



**REGULAR MEETING of the Board of Directors of the
Peninsula Clean Energy Authority (PCEA)
Thursday, June 25, 2020
6:30 pm**

PLEASE NOTE: for Video conference: <https://meetings.ringcentral.com/j/1495607425>

for Audio conference: dial 1-623-404-9000, or 1-773-231-9226,

then enter the Meeting ID: 149 560 7425 followed by #

You will be instructed to enter your participant ID followed by #.

NOTE: Please see attached document for additional detailed teleconference instructions.

PCEA shall make every effort to ensure that its video conferenced meetings are accessible to people with disabilities as required by Governor Newsom's March 17, 2020 Executive Order N-29-20. Individuals who need special assistance or a disability-related modification or accommodation (including auxiliary aids or services) to participate in this meeting, or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting, should contact Anne Bartoletti, Board Clerk, at least 2 working days before the meeting at abartoletti@peninsulacleanenergy.com. Notification in advance of the meeting will enable PCEA to make best efforts to reasonably accommodate accessibility to this meeting and the materials related to it.

If you wish to speak to the Board, please use the "Raise Your Hand" function on the Ring Central platform. If you have anything that you wish to be distributed to the Board and included in the official record, please send to abartoletti@peninsulacleanenergy.com.

CALL TO ORDER / ROLL CALL

PUBLIC COMMENT

This item is reserved for persons wishing to address the Board on any PCEA-related matters that are as follows: 1) Not otherwise on this meeting agenda; 2) Listed on the Consent Agenda and/or Closed Session Agenda; 3) Chief Executive Officer's or Staff Report on the Regular Agenda; or 4) Board Members' Reports on the Regular Agenda. Public comments on matters not listed above shall be heard at the time the matter is called.

As with all public comment, members of the public who wish to address the Board shall be given an opportunity to do so by the Board Chair during the videoconference meeting. Speakers are customarily limited to two minutes, but an extension can be provided to you at the discretion of the Board Chair.

ACTION TO SET AGENDA and TO APPROVE CONSENT AGENDA ITEMS

This item is to set the final consent and regular agenda, and for the approval of the items listed on the consent agenda. All items on the consent agenda are approved by one action.

REGULAR AGENDA

1. Chair Report (Discussion)
2. CEO Report (Discussion)
3. Citizens Advisory Committee Report (Discussion)
4. Audit and Finance Committee Report (Discussion)
5. Approve Fiscal Year 2020-2021 Budget (Action)
6. Approve Citizens Advisory Committee Recommendations for Operational Improvements (Action)
7. Authorize Chief Executive Officer to execute a Distributed Energy Storage Agreement for Resilience with Sunrun Inc. and any necessary ancillary documents in an amount not to exceed \$5,500,000 and for a term from January 1, 2022 through December 31, 2032 (Action)
8. Authorize Chief Executive Officer to execute a contract amendment to Agreement with TerraVerde Energy, LLC for Distributed Resource Adequacy Capacity Request for Proposals in an amount not to exceed \$220,000 and for a term through December 31, 2021 (Action)
9. Approve Contract with CLEAResult for Building Electrification Program in an amount not to exceed \$3 Million (Action)
10. Review Preliminary Integrated Resource Plan (IRP) Results (Discussion)
11. Board Members' Reports (Discussion)

CONSENT AGENDA

12. Approve Update to Revised Conflict of Interest Code for Peninsula Clean Energy (Action)
13. Approve Revised Employee Handbook (Action)
14. Approve a contract between Peninsula Clean Energy and the County of San Mateo (SMC) Office of Sustainability (OOS) for Climate Action Plan (CAP) support and Updated Emissions Inventory, not to exceed amount of \$95,000 (Action)
15. Authorize Chief Executive Officer to execute an Agreement with Ascend Analytics for long-term renewable energy contract RFO development and evaluation services in an amount not to exceed \$145,000 for a term through December 31, 2020 (Action)

16. Approve a Contract Amendment to consultant contract with Siemens, Inc. in an amount not to exceed \$105,000 (Action)
17. Approve Renewal of Contract with Maher Accountancy (Action)
18. Approval of the Minutes for the May 28, 2020 Meeting (Action)

INFORMATION ONLY REPORTS

19. Marketing and Outreach Report
20. Regulatory and Legislative Report
21. Community Energy Programs Report
22. Procurement Report
23. Resiliency Strategy Report

Public records that relate to any item on the open session agenda for a regular board meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the Board. The Board has designated the Peninsula Clean Energy office, located at 2075 Woodside Road, Redwood City, CA 94061, for the purpose of making those public records available for inspection. The documents are also available on the PCEA's Internet Web site located at: <http://www.peninsulacleanenergy.com>.

Instructions for Joining a RingCentral Meeting via Computer or Phone

Best Practices:

- Please mute your microphone when you are not speaking to minimize audio feedback
- If possible, utilize headphones or ear buds to minimize audio feedback
- If participating via videoconference, audio quality is often better if you use the dial-in option (Option 1 below) rather than your computer audio

Options for Joining

- A. Videoconference with Phone Call Audio (*Recommended*) – see Option 1 below
- B. Videoconference with Computer Audio – see Option 2 below
- C. Calling in from iPhone using one-tap – see Option 3 below
- D. Calling in via Telephone/Landline – see Option 4 below

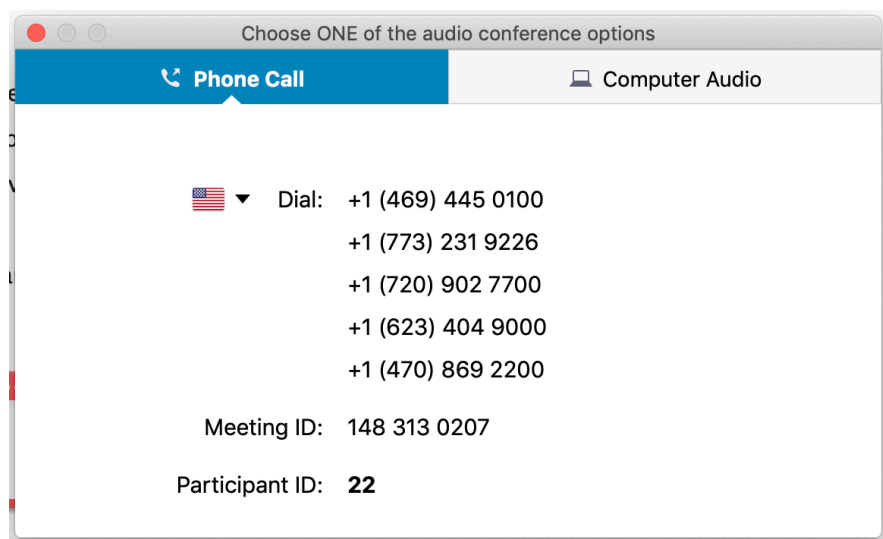
Videoconference Options:

Prior to the meeting, we recommend that you install the RingCentral Meetings application on your computer by clicking here: <https://www.ringcentral.com/apps/rc-meetings>

If you want full capabilities for videoconferencing (audio, video, screensharing) you must download the RingCentral application.

Option 1 Videoconference with Phone Call Audio (Recommended):

1. From your computer, click on the following link:
<https://meetings.ringcentral.com/j/1495607425>
2. The RingCentral Application will open on its own or you will be instructed to Open RingCentral Meetings.
3. After the application opens, the pop-up screen below will appear asking you to choose ONE of the audio conference options. Click on the Phone Call option at the top of the pop-up screen.

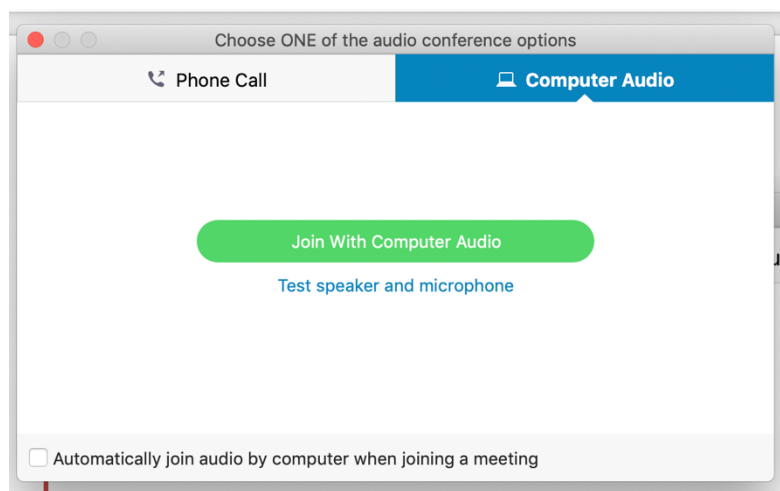


IMPORTANT: Please do not use the Participant ID that is in the picture to the left. Enter the Participant ID that appears on your own personal pop-up.

- Please dial one of the phone numbers for the meeting (it does not matter which one):
 - +1 (623) 404 9000
 - +1 (469) 445 0100
 - +1 (773) 231 9226
 - +1 (720) 902 7700
 - +1 (470) 869 2200
- You will be instructed to enter the meeting ID: **149 560 7425 followed by #**
- You will be instructed to enter in your **Participant ID followed by #**. Your Participant ID is unique to you and is what connects your phone number to your RingCentral account.
- After a few seconds, your phone audio should be connected to the RingCentral application on your computer.
- In order to enable video, click on “Start Video” in the bottom left hand corner of the screen. This menu bar is also where you can mute/unmute your audio.

Option 2 Videoconference with Computer Audio:

- From your computer, click on the following link:
- <https://meetings.ringcentral.com/j/1495607425>
- The RingCentral Application will open on its own or you will be instructed to Open RingCentral Meetings.
- After the application opens, the pop-up screen below will appear asking you to choose ONE of the audio conference options. Click on the Computer Audio option at the top of the pop-up screen.



- Click the green **Join With Computer Audio** button
- In order to enable video, click on “Start Video” in the bottom left hand corner of the screen. This menu bar is also where you can mute/unmute your audio.

Audio Only Options:

Please note that if you call in/use the audio only option, you will not be able to see the speakers or any presentation materials in real time.

Option 3: Calling in from iPhone using one-tap

Click on one of the following “one-tap” numbers from your iPhone. Any number will work, but dial by your location for better audio quality:

+1(623)4049000,,1495607425# (US West)

+1(720)9027700,,1495607425# (US Central)

+1(773)2319226,,1495607425# (US North)

+1(469)4450100,,1495607425# (US South)

+1(470)8692200,,1495607425# (US East)

This is the call-in number followed by the meeting ID. Your iPhone will dial both numbers for you.

You will be instructed to **enter your participant ID followed by #**

If you do not have a participant ID or do not know it, you can stay on the line and you will automatically join the meeting

Option 4: Calling in via Telephone/Landline:

Dial a following number based off of your location:

+1(623)4049000 (US West)

+1(720)9027700 (US Central)

+1(773)2319226 (US North)

+1(469)4450100 (US South)

+1(470)8692200 (US East)

You will be instructed to enter the **meeting ID: 149 560 7425 followed by #**

You will be instructed to enter your **participant ID followed by #**.

If you do not have a participant ID or do not know it, you can stay on the line and you will automatically join the meeting.



**PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence**

DATE: June 18, 2020
BOARD MEETING DATE: June 25, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority (PCE) Board of Directors
FROM: Jan Pepper, Chief Executive Officer
SUBJECT: CEO Report

REPORT:

PCE Staffing Update

We are excited to welcome three new members to the PCE team.

Matthew Rutherford joined the PCE Reg/Leg department as a Regulatory Analyst on June 15, 2020.

Greg Miller, an Energy Systems PhD student at UC Davis, joined PCE on June 15, 2020, as a summer intern. Greg will conduct research regarding how to meet our 24x7 renewable energy goal by 2025 and write a report on his results.

Dave Fribush started on June 1, 2020, as a consultant for a six month term as Manager of Distributed Energy Resources Strategy.

We currently have one open position for a Data Manager.

Impact of COVID-19 Crisis on PCE and what we are doing

A verbal report will be provided at the Board of Directors meeting, including changes in Peninsula Clean Energy load.

Merced County Update

Peninsula Clean Energy presented to the Los Banos City Council on June 3 on becoming a CCA. The Los Banos City Council voted unanimously to go forward with a technical study to evaluate joining the costs and benefits of CCA and to consider joining with PCE.

Update on Portable Battery Program for Medically Vulnerable Customers

A verbal update will be provided at the Board of Directors meeting including which batteries are being ordered, the timing for the delivery, and other program specifics.

PG&E Bankruptcy Update

PG&E has received approval from the bankruptcy court for their \$58 billion restructuring package so they can exit bankruptcy by the June 30 deadline, which will enable them to be eligible for the state wildfire fund. PG&E also pleaded guilty to 85 felonies for the 85 people who were killed in the 2018 Camp Fire. The company will be fined \$4 million - because PG&E is a company and not a person, this is the limit on the fines.

Other Meetings and Events Attended by CEO

Gave presentation on June 5, 2020 at the San Diego Energy District 2020 Virtual Symposium on "Leveraging Funds to Expand the Reach of CCA Programs".

Recorded video for Sustainable San Mateo County awards presentation on Reach Codes which will be aired on July 10.

Participate in weekly and monthly CalCCA board meetings

Participate in MAG5 meetings

Call in to regular COVID-19 update calls with County health officials



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: June 9, 2020
BOARD MEETING DATE: June 25, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Vote

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Andy Stern, Chief Financial Officer
SUBJECT: Approve the Fiscal Year 2020-2021 Budget with Total Operating Expenses not to exceed \$225,642,453

RECOMMENDATION:

Approve the Fiscal Year 2020-2021 Budget with Total Operating Expenses not to exceed \$225,642,453.

BACKGROUND:

On May 9, 2020 and May 28, 2020, Staff presented the draft Fiscal Year 2020-2021 budget to the Audit & Finance Committee and Board of Directors, respectively, receiving comments and input. On June 8, 2019, Staff presented an updated version of the Budget to the Audit and Finance Committee incorporating those comments.

In prior years, the Budget has been approved based a number of approved expense categories. At the end of the fiscal year, an evaluation was done to determine if any of the various expense categories was over budget. In the event that any one of the expense categories was over, even if the total of expenses was well under the authorized level, a Board amendment was required to authorize minor expense overages. At the direction of the Audit and Finance Committee, the budget approval for the Fiscal Year 2020-2021 year is structured to approve a not-to-exceed level of Total Operating Expenses. That will enable shifting of expenses between categories without returning to the Board for approval of an amendment. However, in the event that Total Operating Expenses do exceed the approved level, review and approval by the Board to authorize such expenses would be required.

DISCUSSION:

Fiscal Year 2020-2021 (July 1, 2020 through June 30, 2021) budget presentation and details will be provided for review. The bottom-up approach included discussions with the department heads to develop their portions of the budget. The draft budget has been updated to reflect additional refinement of select revenue and expense categories. Approval by the Board of the maximum Total Operating Expenses is requested.

ATTACHMENTS:

The final version of the proposed Fiscal Year 2020-2021 Budget and 5-year Projections.

RESOLUTION NO. _____

**PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO, STATE OF
CALIFORNIA**

* * * * *

**RESOLUTION THAT THE BOARD OF DIRECTORS APPROVE THE FISCAL YEAR
2020-2021 BUDGET FOR PENINSULA CLEAN ENERGY WITH TOTAL OPERATING
EXPENSES NOT TO EXCEED \$225,642,453**

RESOLVED, by the Board of Directors of the Peninsula Clean Energy Authority (PCEA) of the County of San Mateo, State of California, that

WHEREAS, the Audit and Finance Committee of the Peninsula Clean Energy Authority reviewed a draft budget for Fiscal Year 2020-2021 and the underlying assumptions at its meeting on May 9, 2020 and a revised draft of the same on June 8, 2020, and

WHEREAS, the Board of Directors of the Peninsula Clean Energy Authority reviewed a draft budget for Fiscal Year 2020-2021 and the underlying assumptions at its meeting on May 28, 2020, and

WHEREAS, the Audit and Finance Committee of PCEA reviewed an updated revised draft version of the budget for Fiscal Year 2020-2021 at its meeting on June 8, 2020, and

WHEREAS, the Audit and Finance Committee of the Peninsula Clean Energy Authority passed a resolution at its meeting on June 8, 2020 recommending that the

Board of Directors of the Peninsula Clean Energy Authority approve the revised draft version of the budget for Fiscal Year 2020-2021 with Total Operating Expenses in an amount not-to-exceed \$225,642,453.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the PCEA Board of Directors approves the Fiscal Year 2020-2021 budget with total operating expenses not to exceed \$225,642,453.

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**PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence**

DATE: June 12, 2020
BOARD MEETING DATE: June 25, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority (PCE) Board of Directors

FROM: Citizens Advisory Committee and Kirsten Andrews-Schwind, Senior Manager of Community Relations

SUBJECT: Approve Citizens Advisory Committee (CAC) Recommendations for Operational Improvements

RECOMMENDATION: Approve the Peninsula Clean Energy Citizens Advisory Committee (CAC) Recommendations for Operational Improvements.

BACKGROUND:

On February 23, 2017, the PCE Board of Directors approved a proposal and a resolution on the formation of a new Citizens Advisory Committee (CAC), and outlined the structure and objectives for the CAC. Currently, the objectives for the CAC are as follows:

1. Act as a liaison to the community.
2. Provide feedback on PCE policy and operational objectives.
3. Engage in outreach to the community and encourage participation in PCE offerings.
4. Assist with legislative advocacy in conjunction with staff and Board.
5. Provide a forum for community discussions on strategies to reduce carbon emissions.

The CAC has made valuable contributions to PCE over the last several years, including but not limited to: staffing outreach events, assisting in reach code advocacy, and advising on special projects like an RFP for Community Pilot Programs and the creation of the Electric Eco Hero Student Activity Packet. At the PCE Board of Directors'

Strategic Planning Retreat on January 11, 2020, several Board members suggested that the CAC create an annual work plan as a way to further engage Committee members. The CAC discussed their priorities and work planning process at their meetings on February 13 and April 9, 2020, and formed a Work Planning Working Group on April 9 consisting of Allen Brown, Michael Closson, Janet Creech, Scott Harmon and Jason Mendelson. The CAC Work Planning Working Group was tasked with creating a draft work plan to bring back to the full Committee.

Discussion:

The CAC Work Planning Working Group met on April 22 and April 29, 2020 and created two draft documents: Recommendations for CAC Operational Improvements (the “Recommendations”) and Peninsula Clean Energy Citizens Advisory Committee (CAC) 2020 Work Plan (the “Work Plan”). The Work Plan will continue to be amended and discussed by the CAC at their upcoming meeting(s). Members of the CAC wanted to bring the Recommendations to the Board for consideration and approval before taking formal action on their Work Plan. The Recommendations were amended by the CAC at their meeting on May 14, 2020 and approved by the CAC at their meeting on June 11, 2020 and are included as Attachment 1 to the accompanying resolution. The Recommendations include suggestions to clarify the CAC’s role and improve its effectiveness in meeting its objectives, as well as revisions to the format of monthly CAC meetings. In this document, the CAC lists out three recommendations that require consideration and approval by the Board in addition to other recommendations that will require ongoing attention from staff and CAC members. The three recommendations that require Board approval are:

- A.1. Add a sixth item to CAC’s objectives: “Form working groups, as determined by the CAC membership, to assist PCE’s staff and Board with projects of importance to the organization.”
- A.2. Recommend that a PCE Board member be appointed as an official liaison to the CAC.
- A.3. Enhance processes for reviewing and recommending the addition of new Advisory Committee members when filling open positions by increasing CAC involvement in their screening and selection.

Attachments:

- 1. CAC Recommendations for Operational Improvements

RESOLUTION NO. _____

PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO,

STATE OF CALIFORNIA

* * * * *

**RESOLUTION APPROVING THE PENINSULA CLEAN ENERGY CITIZENS
ADVISORY COMMITTEE (CAC) RECOMMENDATIONS FOR OPERATIONAL
IMPROVEMENTS**

RESOLVED, by the Peninsula Clean Energy Authority of the County of San Mateo, State of California (“Peninsula Clean Energy” or “PCE”), that

WHEREAS, PCE was formed on February 29, 2016; and

WHEREAS, Section 3.5 of the PCE Joint Powers Agreement states that the “Board may establish any advisory commissions, boards, and committees as the Board deems appropriate to assist the Board”; and

WHEREAS, the Board approved the creation of a Citizens Advisory Committee (“Committee” or “CAC”) on February 23, 2017, and outlined the structure and objectives for the Committee; and

WHEREAS, CAC members created a set of recommendations they believe would improve their effectiveness as an advisory body; and

WHEREAS at their meeting on June 11, 2020, the CAC took action to bring the following three recommendations to the Board for consideration and approval:

A.1. Add a sixth item to CAC’s objectives: “Form working groups, as determined by the CAC membership, to assist PCE’s staff and Board with projects of importance to the organization.”

A.2. Recommend that a PCE board member be appointed as an official liaison to the CAC.

A.3. Enhance processes for reviewing and recommending the addition of new Advisory Committee members when filling open positions by increasing CAC involvement in their screening and selection; and

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board approves recommendations A.1., A.2., and A.3. from the Peninsula Clean Energy Citizens Advisory Committee (CAC) Recommendations for Operational Improvements (Attachment 1).

* * * * *

Attachment 1: CAC Recommendations for Operational Improvements

Recommendations that require Board approval:

A.1. Add a sixth item to CAC's objectives: "Form working groups, as determined by the CAC membership, to assist PCE's staff and Board with projects of importance to the organization." *[This would formalize a CAC function that is already taking place. See this link for the other five objectives: <https://www.peninsulacleanenergy.com/wp-content/uploads/2015/08/PCE-CAC-Objectives.pdf>]*

A.2. Recommend that a PCE board member be appointed as an official liaison to the CAC. *[This would formalize a practice that is already underway. It could be the Board Chair or another board member. Ideally this person would function in the liaison role for a fairly long period of time – e.g. one year.]*

A.3. Enhance processes for reviewing and recommending the addition of new Advisory Committee members when filling open positions by increasing CAC involvement in their screening and selection. *[Selecting members of the CAC is the Board's decision. But it seems that existing CAC members should be able to suggest areas of expertise we'd like to have on the committee and suggest possible candidates to fill vacancies. Also, some of us could be available to field questions from applicants.]*

Other recommendations that will require ongoing attention from staff and CAC members:

B.1. Recommend, in accordance with the CAC's second objective ("provide input . . . on PCE's general policy and operational objectives"), that major PCE decisions be consistently presented to the CAC before being finalized and the board informed of the CAC's comments and suggestions on these matters. *[Jan Pepper has responded positively to this recommendation.]*

B.2. Formalize a process for enhancing CAC engagement with PCE staff on targeted projects (Form working groups that match the expertise and interests of CAC members with relevant projects; select chairpersons of working groups to report back to the CAC on their progress). *[This would improve the process that is already underway.]*

B.3. Sponsor periodic public forums on critical issues of importance to PCE customers. (CAC Objective 5.) *[We can start this by brainstorming possible public forum topics.]*

B.4. Receive slides and other materials from staff in advance of their presentations to CAC meetings. *[We made a nice start on this with our last meeting's discussion of the proposed E-Bike program. Let's continue operating in this fashion.]*

B.5. Develop an annual CAC workplan that will set out the committee's priorities each year. *[This would help us allocate our time and energy to the topics we think are most important and have them sanctioned by the Board and staff. We can start discussing an annual workplan at our June or July CAC meeting.]*

B.6. Expand awareness of the skills and expertise on the CAC (e.g., create a more detailed bio for each CAC member that is shared among ourselves and with the staff and board to facilitate increased collaboration). *[This is already taking place. Every time a new member is added to the CAC, that person should create and share such a bio.]*

B.7. Appoint a timekeeper at the start of each meeting to monitor the meeting's timing and flow. *[We can implement this starting with our June CAC meeting.]*

B.8. Conclude every CAC meeting with the identification of "next steps" to be accomplished by working groups and/or committee members. *[We can implement this starting with our June CAC meeting. Perhaps this should be part of our committee chair's role?]*

B.9. Create a better balance in our CAC monthly meetings between staff reports and time for reports on and discussion of our working groups' activities. *[We recognize the great importance of staff reports but also want to empower our working groups. See B.10. below.]*

B.10. Except in rare instances, limit individual staff reports to the committee (including discussions) to 20 minutes in length and total staff reports per meeting to 60 minutes. *[This time breakdown would be a goal, not a rule. Ideally, as with staff reports, working group reports should be part of the CAC agenda and slides (when available) provided in advance of the meeting.]*



**PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence**

DATE: June 15, 2020
BOARD MEETING DATE: June 25, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Jan Pepper, Chief Executive Office
Siobhan Doherty, Director of Power Resources
Peter Levitt, Associate Manager of DER Strategy

SUBJECT: Authorize Chief Executive Officer to execute a Distributed Energy Storage Agreement for Resilience with Sunrun Inc. and any necessary ancillary documents in an amount not to exceed \$5,500,000, and for a term from January 1, 2022 through December 31, 2032. (Action)

RECOMMENDATION: Authorize Chief Executive Officer to execute a Distributed Energy Storage Agreement for Resilience with Sunrun Inc. and any necessary ancillary documents in an amount not to exceed \$5,500,000, and for a term from January 1, 2022 through December 31, 2032

BACKGROUND:

Peninsula Clean Energy staff have negotiated an agreement with Sunrun, Inc. to install 1 – 5 MW (4 – 20 MWh) of battery energy storage systems on single family and multi-family residences in San Mateo County, with a minimum of 10% installed for low income customers, customers on CARE, FERA or Medical Baseline rates or located in a disadvantaged community. Peninsula Clean Energy will help connect Sunrun to customers and purchase grid services to help meet Resource Adequacy (RA) compliance requirements from these systems during times of regular grid operation. This will help decrease the system cost for the end customer, who can use the battery storage systems to manage time of use charges and provide backup power during grid outages, such as PSPS events.

We expect that over 200 Peninsula Clean Energy customer accounts will be able to benefit from the clean energy backup power provided through this program, and the total

volume of customers served could reach into the thousands. Additionally, Sunrun will adhere to Peninsula Clean Energy's Policy 10 related to an Inclusive and Sustainable Workforce. This is a first of its kind initiative and will deliver multiple benefits to our community by providing clean power, resiliency and creating jobs in San Mateo County.

In January 2020, the Board approved the Energy Resiliency Strategy. One of the programs described in this strategy was the Distributed Resource Adequacy program. This program is now being called the Power on Peninsula – Distributed Energy Storage program. The program leverages distributed solar + storage resources to help Peninsula Clean Energy meet our RA compliance requirements¹ while providing resiliency benefits to residents and businesses in San Mateo County.

In response to the public safety power shutoff (PSPS) events last fall, in November 2019, Peninsula Clean Energy issued a joint solicitation with three other Bay Area load serving entities (LSEs) including East Bay Community Energy (EBCE), Silicon Valley Clean Energy (SVCE), and Silicon Valley Power (SVP) to procure RA from customer-sited battery storage backup systems. The joint solicitation targeted over 30MW of RA across the four LSEs, from both residential and commercial systems, which is estimated to translate to approximately 6,000 homes and hundreds of businesses getting clean backup power in San Mateo, Alameda, and Santa Clara counties.

Proposals were due in December 2019, and Peninsula Clean Energy received 20 proposals. Staff, with the support of consultant TerraVerde Energy, conducted a rigorous RFP evaluation process over multiple months. The process included in-person interviews with eight shortlisted bidders, as well as numerous follow-up conversations to clarify proposals and collaborate on an implementation plan.

The proposal submitted by Sunrun, Inc. was selected to provide services in the residential sector for both single-family and multi-family residences.² Sunrun was selected based on the economics of their proposal, their approach to customer engagement, their depth of experience installing similar systems and providing similar services, and staff confidence in their ability to successfully execute on this program.

Sunrun was founded in 2007 and is based in San Francisco, CA. Sunrun has developed over 1.8 GW of residential solar capacity for over 270,000 customers across 22 states, the District of Columbia, and Puerto Rico. Since 2016, Sunrun has added residential storage to a growing number of its solar installations, starting in Hawaii and growing quickly in California. They have installed over 8,000 residential solar+ storage systems to date. Additionally, Sunrun has a multifamily residential project pipeline in the Bay Area, with a focus on affordable housing. Their current multi-family home portfolio includes over 11 MW in development across over 75 sites. The multi-family projects serve both common area and tenant area loads under long-term agreements with the

¹ RA is a regulatory mechanism to ensure that there is enough generation on the grid to ensure reliability. All load serving entities (LSEs) including CCAs are required to comply with the CPUC RA program and procure RA based on the amount of load they serve.

² Staff is also currently negotiating a contract with a commercial provider and expects to bring to the Board for approval later this summer.

property owner. During a grid outage, backup power isolates the common area load so that tenants may convene there to access electricity. In addition to Sunrun's experience installing, operating, and maintaining battery storage technologies, Sunrun has been a national leader in aggregating customer-sited systems to provide grid services, including in the New England and California markets.

DISCUSSION:

Over the past several months, staff has drafted and negotiated a Distributed Energy Storage Agreement, Customer Data Non-Disclosure Agreement, and Co-Marketing Agreement with Sunrun. We are requesting approval to execute the Distributed Energy Storage Agreement and any necessary ancillary agreements.

Under the Distributed Energy Storage Agreement, Sunrun commits to install a solar and battery storage installation, or a battery storage retrofit installation at Peninsula Clean Energy's single family and multi-family residential customers. Each system installed under this program is required to be islandable so that our customers have access to backup power in the event of a power outage. During normal grid operations, Sunrun will operate the batteries to help Peninsula Clean Energy meet our RA compliance obligations.

Peninsula Clean Energy's purchase of the RA benefits of the systems will decrease the cost of the system for customers but will not cover the full cost of the system. Customers will still enter into an agreement with Sunrun for the remaining cost and will receive the benefits of the system. In addition to the backup power benefits, the systems installed at our customers' sites can help customers save money on their electricity bills. One of the ways that customers save money on their electricity bills is by managing their Time of Use (TOU) energy rates, in which rates are higher during peak hours when electricity is more expensive and lower during the day, thereby motivating customers to use more electricity during lower cost times. Currently, residential customers can elect to enroll in TOU rates, but by September 2021, all residential customers will be enrolled in TOU rates. Under this program, customers will be able to generate solar during the day, store that generation in batteries, and reduce on-peak evening energy usage by using electricity stored in the batteries instead of from the grid. The current peak period for Peninsula Clean Energy's residential rates is 4pm-9pm, meaning the batteries will be dispatched during those hours.

Currently, there are two ways that distributed energy storage systems can help Peninsula Clean Energy meet its RA requirements: (1) reducing customers' peak energy demand (load modification) and (2) through a mechanism called Proxy Demand Response (PDR). Using distributed energy storage to provide RA benefits is still a relatively new concept and the rules may change during the contract term. The Distributed Energy Storage Agreement allows Sunrun to provide and Peninsula Clean Energy to receive RA benefits through either method, and includes provisions on how the two parties will work together if the rules change.

Under the first method, the batteries will be operated to reduce customers' energy usage during peak demand periods (load modification) thereby reducing RA compliance

requirements. The LSEs (led by East Bay Community Energy) have worked with the California Energy Commission (CEC) to develop this load modification approach to meet our RA obligation. Every year, Peninsula Clean Energy submits a peak demand forecast to the CEC. This forecast is used by the CEC to set Peninsula Clean Energy's annual RA procurement obligation. The energy storage systems under this contract will be dispatched on a daily basis during Peninsula Clean Energy's highest peak hours, which will decrease Peninsula Clean Energy's peak load, which will reduce our RA obligation and thereby also reduce our wholesale energy procurement volumes. This approach with the CEC is new, and not fully tested yet. Because there is still some uncertainty, the Agreement includes a Product Transition clause that allows Peninsula Clean Energy to receive RA benefits through Proxy Demand Response (PDR).

PDR is a mechanism for behind the meter resources to bid into the CAISO markets and receive RA credit. The PDR methodology has several drawbacks which result in a higher cost and lower RA benefits. The lower RA benefits are primarily because PDR measures how much customer load a resource can reduce rather than how much energy capacity a resource can provide to the grid. Therefore, we have set up the Agreement to prioritize load modification and use PDR as a backup mechanism. PDR was founded on traditional demand response principles, and energy storage devices do not fit well with this program. To be eligible to provide PDR and to determine the volume of capacity a resource can deliver, a demand response provider must go through a Load Impact Protocols study process with the CPUC. This process is complex, expensive and time intensive.

In conjunction with the Distributed Energy Storage Agreement, Peninsula Clean Energy and Sunrun will sign a Customer Data Sharing Non-Disclosure Agreement and Co-Marketing Agreement. These agreements will ensure customer data security and define the rules of engagement with respect to marketing campaigns. Under the co-marketing agreement, Peninsula Clean Energy will identify and connect Sunrun to customers that are best positioned to participate in this program. This should allow for faster deployment of the program and help defray the cost of customer acquisition.

Peninsula Clean Energy and Sunrun have developed a co-marketing approach that we expect will lead to increased customer participation. As part of this co-marketing approach, Sunrun will provide customers that sign up for participation in this program an upfront monetary incentive of \$1,000. While the details of this incentive are not yet finalized, we think this will motivate many Peninsula Clean Energy customers to participate.

Time is of the essence. Peninsula Clean Energy is striving to launch the program as soon as possible before the 2020 fire season. Because acquiring customers and getting new solar and storage systems installed can take up to 6 months, customer enrollment and system installation will continue through 2022.

This agreement is a major step forward in meeting Peninsula Clean Energy's organizational priorities and helping to achieve our strategic goals. The promotion of clean energy technologies in San Mateo County will help us to meet our goal to install 20

MW by 2025 and will help our effort to source 100% carbon-free energy by 2025 on a time coincident basis. In addition, this directly aligns with our strategic goal to implement greenhouse emission-reducing energy programs.

FISCAL IMPACT:

This capacity procurement will reduce Peninsula Clean Energy's RA obligation by up to 5 MW over the ten-year term and is budgeted under Peninsula Clean Energy's power resources budget. The negotiated capacity price is slightly higher than purchasing resource adequacy via traditional bilateral contracts, which is generally sourced from existing natural gas power plants.

Given the range of capacity volume delivered through this program, Peninsula Clean Energy will be committing between \$400,000 - \$5,500,000 in capacity payments over the ten-year term. This range is dependent on the final installed capacity and whether we receive RA benefits through load modification or PDR.

RESOLUTION NO. _____

PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO,

STATE OF CALIFORNIA

* * * * *

**RESOLUTION AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE A
DISTRIBUTED ENERGY STORAGE AGREEMENT FOR RESILIENCE WITH
SUNRUN INC. AND ANY NECESSARY ANCILLARY DOCUMENTS IN AN AMOUNT
NOT TO EXCEED \$5,500,000, AND FOR A TERM FROM JANUARY 1, 2022
THROUGH DECEMBER 31, 2032.**

RESOLVED, by the Peninsula Clean Energy Authority of the County of San Mateo, State of California (“Peninsula Clean Energy” or “PCE”), that

WHEREAS, PCE was formed on February 29, 2016; and

WHEREAS, in October 2019, Peninsula Clean Energy customers experienced three Public Safety Power Shutoff events, wherein over 55,000 Peninsula Clean Energy customers lost electricity; and

WHEREAS, in November 2019, Peninsula Clean Energy released a Request for Proposals for Resource Adequacy Capacity with three other Load Serving Entities: East Bay Community Energy (EBCE), Silicon Valley Clean Energy (SVCE), and Silicon Valley Power (SVP); and

WHEREAS, in January 2020, Peninsula Clean Energy’s Board of Directors approved a Resiliency Strategy that budgets \$10 million for resiliency programs over three years; and

WHEREAS, PCE selected Sunrun, Inc. through the Request for Proposals for Resource Adequacy Capacity and desires to contract with Sunrun, Inc; and

WHEREAS, Peninsula Clean Energy would like to reduce future greenhouse gas emissions by incentivizing the deployment of clean distributed energy resources (DERs) in San Mateo County; and

WHEREAS, Peninsula Clean Energy has a robust, existing, annual resource adequacy procurement obligation; and

WHEREAS, DERs can help offset Peninsula Clean Energy’s resource adequacy procurement obligation through Load Modification and Proxy Demand Response; and

WHEREAS, staff is presenting to the Board for its review an action to approve the execution of a Distributed Energy Storage Agreement with Sunrun.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board approves the authorization of the Chief Executive Officer to execute a Distributed Energy Storage Agreement with Sunrun Inc. and any necessary ancillary documents in an amount not to exceed \$5,500,000, and for a term from January 1, 2022 through December 31, 2032.

* * * * *

DISTRIBUTED ENERGY STORAGE AGREEMENT FOR RESILIENCE

COVER SHEET

Seller: Sunrun Inc., a Delaware corporation

Buyer: Peninsula Clean Energy Authority, a California joint powers authority

Execution Date:

Description of Portfolio: Distributed energy storage systems at residential locations operated by Seller to provide grid services (Load Modification or Capacity Attributes) for Buyer and resiliency benefits for Customers.

Initial Contract Amount (Load Modification): 1.0 MW for 4 hours per day (4.0 MWh per day)

Final Contract Amount (Load Modification): 1.0 MW for 4 hours per day (4.0 MWh per day); or if Seller elects a higher amount pursuant to Section 3.6, the amount elected by Seller and specified here on its return of a new first page of this Cover Sheet (_____ MW for 4 hours per day).

Contract Price (Load Modification): [REDACTED]

Initial Contract Amount (Capacity Attributes):

System RA Attributes: 0.4 MW

Local RA Attributes (Greater Bay Local Reliability Area): 0.4 MW

Final Contract Amount (Capacity Attributes): Equal to the Initial Contract Amount (Capacity Attributes); or if Seller elects higher amounts pursuant to Section 3.6, the amounts elected by Seller and specified below on its return of a new first page of this Cover Sheet.

System RA Attributes: _____ MW

Local RA Attributes (Greater Bay Local Reliability Area): _____ MW

Contract Price (Capacity Attributes): [REDACTED]

Milestones:

Phase 1 Milestones:

| Milestone | Date |
|----------------------------|------------|
| Customer Agreements Signed | [REDACTED] |

| Milestone | Date |
|--|-----------------|
| Load Modifying Resource Dispatch Plan Submitted | March 1, 2021 |
| Construction Start Deadlines | [REDACTED] |
| Commercial Operation Date | [REDACTED] |
| Expected Initial Delivery Date | January 1, 2022 |

Phase 2 Milestones, if Seller elects to increase the amount of Product to be delivered hereunder pursuant to Section 3.6 (as used in the table below, a percentage of Final Contract Amount refers to a percentage of the incremental change in Contract Amount beyond the amount included in Seller's Portfolio at, and applies only to Projects installed after, the Initial Delivery Date):

| Milestone | Date |
|--|-----------------|
| Customer Agreements Signed | [REDACTED] |
| Load Modifying Resource Dispatch Plan Submitted | March 1, 2022 |
| Construction Start Deadlines | [REDACTED] |
| Commercial Operation Date | [REDACTED] |
| Expected Secondary Delivery Date | January 1, 2023 |

Delivery Term: 10 Contract Years

Performance Assurance and Damage Payment Amounts:

Initial Development Security: [REDACTED]

Secondary Development Security: An amount equal to [REDACTED]/kW multiplied by the difference between the Final Contract Amount and the Initial Contract Amount in kW.

Delivery Term Security: An amount equal to [REDACTED]/kW multiplied by the Contract Amount in kW.

Damage Payment: [REDACTED]

Secondary Damage Payment: An amount equal to [REDACTED]/kW multiplied by the difference between the Final Contract Amount and the Initial Contract Amount in kW.

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ENERGY STORAGE AGREEMENT FOR RESILIENCE

This Energy Storage Agreement for Resilience (“**Agreement**”) is made by and between the buyer (“**Buyer**”) and the seller (“**Seller**”) as of the execution date (“**Execution Date**”), in each case as set forth on the cover sheet (“**Cover Sheet**”) to this Agreement. Seller and Buyer are referred to each individually as a “**Party**” and collectively as the “**Parties**.”

RECITALS

WHEREAS, Seller intends to develop, design, permit, construct, and operate the Projects in the Portfolio; and

WHEREAS, Seller desires to sell, and Buyer desires to purchase, on the terms and conditions set forth in this Agreement, the Product;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the sufficiency and adequacy of which are hereby acknowledged, the Parties agree to the following:

ARTICLE 1: DEFINITIONS

1.1 **Contract Definitions.** Capitalized terms used in this Agreement have the following meanings, unless otherwise specified:

“**Affiliate**” of a Person means any other Person that (a) directly or indirectly controls the specified Person; (b) is controlled by or is under direct or indirect common control with the specified Person; or (c) is an officer, director, employee, representative or agent of the Person. For the purposes of this definition, “control”, when used with respect to any specified Person, means the power to direct the management or policies of the specified Person, directly or indirectly, through one or more intermediaries.

“**Agreement**” has the meaning set forth in the preamble.

“**Availability Incentive Payments**” has the meaning set forth in the CAISO Tariff.

“**Availability Standards**” has the meaning set forth in the CAISO Tariff.

“**Balancing Authority**” has the meaning set forth in the CAISO Tariff.

“**Bankrupt**” means with respect to any entity, such entity that (a) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar Law, (b) has any such petition filed or commenced against it which remains unstayed or undismissed for a period of ninety (90) days, (c) makes an assignment or any general arrangement for the benefit of creditors, (d) otherwise becomes bankrupt or insolvent (however evidenced), (e) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (f) is generally unable to pay its debts as they fall due.

“**Bid**” has the meaning set forth in the CAISO Tariff.

“**Business Day**” means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday in California.

“**Buyer**” has the meaning set forth in the preamble to this Agreement.

“**Buyer Group**” has the meaning set forth in Section 15.1.

“**CAISO**” means the California Independent System Operator Corporation or any successor entity performing similar functions.

“**CAISO Grid**” means the system of transmission lines and associated facilities of the Participating Transmission Owners that have been placed under the CAISO’s operational control.

“**CAISO Markets**” has the meaning set forth in the CAISO Tariff.

“**CAISO Tariff**” means the CAISO Fifth Replacement FERC Electric Tariff and protocol provisions, including any CAISO-published procedures or business practice manuals, as they may be amended, supplemented or replaced (in whole or in part) from time to time.

“**Capacity Attributes**” means, any and all of the following attributes:

- (a) System RA Attributes,
- (b) Local RA Attributes,
- (c) Flexible RA Attributes, and
- (d) Other Capacity Attributes.

“**Capacity Attributes Conditions**” has the meaning set forth in Section 5.2(b).

“**CARB**” means the California Air Resources Board or any successor entity performing similar functions.

“**CARE**” means the California Alternate Rates for Energy Program and any successor thereto.

“**CEC**” means the California Energy Resources and Conservation Development Commission (a.k.a California Energy Commission) or any successor entity performing similar functions.

“**Change of Control**” in the case of Seller, means any circumstance in which Seller’s Ultimate Parent ceases to be the Ultimate Parent or to own, directly or indirectly through one or more intermediate entities, more than fifty percent (50%) of the outstanding equity interests in Seller; provided that in calculating ownership percentages for all purposes of the foregoing:

(a) any ownership interest in Seller held by its Ultimate Parent indirectly through one or more intermediate entities shall not be counted towards the Ultimate Parent's ownership interest in Seller unless the Ultimate Parent directly or indirectly owns more than fifty percent (50%) of the outstanding equity interests in each such intermediate entity; and

(b) ownership interests in Seller owned directly or indirectly by any Lender (including any tax equity provider) shall be excluded from the total outstanding equity interests in Seller.

“Charging Energy” means the amount of Energy withdrawn from the Utility Distribution Company's electrical system, Participating Transmission Owner's electrical system, the CAISO Grid, or otherwise, to be stored by the Project.

“Claim” has the meaning set forth in Section 15.1(a).

“Co-Marketing Agreement” means the Resilient Capacity Program Marketing Plan between Seller and Buyer dated as of the Execution Date of this Agreement.

“Commercial Operation” means, with respect to a Project, that it has received permission to operate from the Utility Distribution Company, and has met the conditions set forth in Appendix IV applicable to the Project, and with respect to the Portfolio, that the Portfolio has met the conditions as set forth in Appendix IV applicable to the Portfolio.

“Commercial Operation Date” means the date on which a Project or the Portfolio achieves Commercial Operation.

“Compliance Obligations” means the RAR, Local RAR, Flexible RAR, and any other resource adequacy or capacity procurement requirements, or associated reliability requirements, imposed on Load Serving Entities (as defined in the CAISO Tariff) by the CPUC pursuant to the CPUC Decisions, by the CAISO, by the WECC, by NERC, or by any other Governmental Authority having jurisdiction.

“Compliance Showings” means the total combination of (a) through (d) below that a Load Serving Entity (as defined in the CAISO Tariff) is required to make to the CPUC pursuant to the CPUC Decisions, or to any Governmental Authority having jurisdiction, whether on an annual, monthly or other periodic basis: (a) Local RAR compliance or advisory showings (or similar or successor showings), (b) System RAR compliance or advisory showings (or similar or successor showings), (c) Flexible RAR compliance or advisory showings (or similar or successor showings), and (d) other Capacity Attributes compliance or advisory showings (or similar or successor showings).

“Conditions Precedent” means those obligations of Seller as set forth in Section 4.2 in respect to the Initial Delivery Date or Section 4.3 in respect to the Secondary Delivery Date, as applicable.

“Confidential Information” has the meaning set forth in Section 20.1.

“**Confirmation Notice**” means a Downward Change Confirmation Notice or an Upward Change Confirmation Notice, as applicable.

“**Construction Delay Cure Period**” has the meaning set forth in Section 3.1(c).

“**Construction Delay Damages**” means liquidated damages in an amount equal to (a) the total Development Security amount required hereunder, divided by (b) ninety (90).

“**Construction Start**” means (i) acquisition of all Governmental Approvals, (ii) engagement of each Contractor, (iii) execution of Customer Agreements, and (iv) ordering of all essential equipment and supplies, in each case as reasonably necessary so that physical construction of the applicable number of Projects of the Portfolio may begin and proceed to completion without foreseeable interruption of material duration and, in the case of (iii), sufficient for the ongoing ownership and operation of the applicable number of Projects in accordance with this Agreement.

“**Construction Start Deadline**” has the meaning set forth in the Cover Sheet.

“**Contract Amount**” means in the first Contract Year, the Initial Contract Amount as set forth on the Cover Sheet, and in all subsequent Contract Years, the Final Contract Amount as set forth on the Cover Sheet.

“**Contract Price**” means the amount set forth on the Cover Sheet for Load Modification or Capacity Attributes, as applicable.

“**Contract Year**” means a period of twelve (12) consecutive months starting on January 1; provided that the first Contract Year shall commence on the Initial Delivery Date and may be less than twelve (12) months.

“**Contractor**” means the EPC Contractor and its subcontractors, as well as Seller or Seller’s Affiliates if any such entities are developing, constructing, operating or maintaining the Project during the Term, and any entity or person under contract with Seller or Seller’s Affiliates for the purpose of developing, constructing, operating or maintaining the Project during the Term.

“**Costs**” means, with respect to the Non-Defaulting Party, brokerage fees, commissions and other similar third party transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements that replace this Agreement; and all reasonable attorneys’ fees and expenses incurred by the Non-Defaulting Party in connection with the termination of this Agreement.

“**Cover Sheet**” has the meaning set forth in the preamble to this Agreement.

“**CPM**” means “Capacity Procurement Mechanism” and has the meaning set forth in the CAISO Tariff and is inclusive of any successor mechanisms authorized by CAISO.

“**CPM Capacity**” has the meaning set forth in the CAISO Tariff.

“**CPUC**” or “**Commission**” means the California Public Utilities Commission or any successor entity performing similar functions.

“**CPUC Decisions**” means CPUC Decisions 04-01-050, 04-10-035, 05-10-042, 06-04-040, 06-06-064, 06-07-031, 07-06-029, 08-06-031, 09-06-028, 10-06-036, 11-06-022, 12-06-025, 13-06-024, 14-06-050, 15-06-063, 16-06-045, 17-06-027 and 19-10-021 and any other existing or subsequent decisions, resolutions or rulings related to resource adequacy, as may be amended from time to time by the CPUC.

“**Credit Rating**” means, with respect to any entity, the rating then assigned to such entity’s unsecured, senior long-term debt obligations (not supported by third party credit enhancements) or if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such entity as an issuer rating by S&P or Moody’s. If ratings by S&P and Moody’s are not equivalent, the lower rating shall apply.

“**Customer**” means a Person that is either a PCE Customer or a Non-PCE Customer.

“**Customer Agreement**” means Seller’s agreement with a Customer for the installation and operation of a Project as part of the Portfolio and meeting the requirements for such agreement specified herein.

“**Customer Information**” means Customer-related information that is subject to CPUC rules, regulations or orders or other applicable Laws regarding customer privacy, including California Public Utilities Code Section 8380 et seq.

“**DAC**” means a community scoring in the top twenty-five percent (25%) on the CalEnviroScreen 3.0 tool.

“**Damage Payment**” means amount set forth on the Cover Sheet.

“**Defaulting Party**” means the Party that is subject to an Event of Default.

“**Delay Damages**” means any Construction Delay Damages, IDD Delay Damages, or SDD Delay Damages.

“**Delay Notice**” has the meaning set forth in Section 4.1(b)(i).

“**Delivered Quantities**” has the meaning set forth in Section 5.2(c).

“**Delivery Term**” has the meaning set forth in Section 2.2(b).

“**Delivery Term Security**” means (i) cash or (ii) a Letter of Credit in an amount equal to the amount set forth in the Cover Sheet.

“**Demand Response Provider**” or “**DRP**” has the meaning set forth in the CAISO Tariff.

“**Demand Response Provider Agreement**” has the meaning set forth in the CAISO Tariff.

“Development Security” means (i) cash or (ii) a Letter of Credit in an amount equal to either (a) the Initial Development Security as set forth on the Cover Sheet and/or (b) the Secondary Development Security as set forth on the Cover Sheet, as applicable.

“Discharging Energy” means the amount of Energy delivered to the Utility Distribution Company’s electrical system, Participating Transmission Owner’s electrical system, the CAISO Grid, or otherwise, from the Project.

“Dispatch Plan Deadline” means, with respect to each Contract Year, the earlier of March 1 of the prior year, or such other date which is thirty (30) days prior to the date on which Buyer is required to submit its annual aggregate peak demand forecast pursuant to rules and published guidance of the CEC.

“Downward Change Confirmation Notice” has the meaning set forth in Section 6.7(a)(i).

“Downward Change Notice” has the meaning set forth in Section 6.7(a)(i).

“Early Termination Date” has the meaning set forth in Section 7.2(a).

“Electric System Upgrades” means any upgrades, including Network Upgrades, Distribution Upgrades, or Interconnection Facilities (as these terms are defined in the CAISO Tariff), that are determined to be necessary by the CAISO, Participating TO, or Utility Distribution Company, as applicable, to physically and electrically interconnect the Project to the Utility Distribution Company’s/Participating TO’s electric system for delivery of Energy from the Project such that the Project can provide Product at all times during the Delivery Term.

“Energy” means single- or three-phase, 60-cycle alternating current electric energy, measured in MWhs.

“Engineer” means a Licensed Professional Engineer or a person that has training and experience in the power industry specific to the technology of the Portfolio and the operation of similar projects within the CAISO Markets that is reasonably acceptable to Buyer.

“Environmental Costs” means costs incurred in connection with acquiring and maintaining all environmental permits and licenses for the Product, and the Product’s and Portfolio’s compliance with all applicable environmental Laws, rules and regulations, including capital costs for pollution mitigation or installation of emissions control equipment required to permit or license the Product or Portfolio, all operating and maintenance costs for operation of pollution mitigation or control equipment, costs of permit maintenance fees and emission fees as applicable, and the costs of all emission reduction credits, marketable emission trading credits, and any costs related to greenhouse gas emissions, required by any applicable environmental Laws, rules, regulations, and permits to operate, and costs associated with the disposal and clean-up of hazardous substances introduced to a Site or the Portfolio.

“EPC Contract” means the Seller’s engineering, procurement and construction contract with the EPC Contractor.

“**EPC Contractor**” means Seller’s engineering, procurement and construction contractor or such Person performing those functions.

“**Event of Default**” means a Seller’s Event of Default or a Party’s Event of Default.

“**Execution Date**” has the meaning set forth in the preamble.

“**Exigent Circumstance**” means actual or imminent harm to life or safety, public health, third-party owned property, including a Site, or the environment due to or arising from the Portfolio or portion thereof.

“**Expected Initial Delivery Date**” has the meaning set forth on the Cover Sheet.

“**Expected Secondary Delivery Date**” has the meaning set forth on the Cover Sheet.

“**FERA**” means the Family Electric Rate Assistance Program and any successor thereto.

“**FERC**” means the Federal Energy Regulatory Commission or any successor entity performing similar functions.

“**Flexible RA Attributes**” means any and all flexible resource adequacy attributes, as may be identified at any time during the Delivery Term by the CPUC, CAISO or other Governmental Authority having jurisdiction that can be counted toward Flexible RAR, exclusive of any System RA Attributes, Local RA Attributes, or Other Capacity Attributes.

“**Flexible RAR**” means the flexible resource adequacy requirements established for Load Serving Entities (as defined in the CAISO Tariff) by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Authority having jurisdiction.

“**Force Majeure**” means any event or circumstance that wholly or partly prevents or delays the performance of any material obligation arising under the Agreement, but only if and to the extent (x) such event is not within the reasonable control, directly or indirectly, of the Party seeking to have its performance obligation excused thereby, (y) the Party seeking to have its performance obligation excused thereby has taken all reasonable precautions and measures in order to prevent or avoid such event or mitigate the effect of such event on such Party’s ability to perform its obligations under the Agreement and which by the exercise of due diligence such Party could not reasonably have been expected to avoid and which by the exercise of due diligence it has been unable to overcome, and (z) such event is not the direct or indirect result of the negligence or the failure of, or caused by, the Party seeking to have its performance obligations excused thereby. Additionally:

(a) Force Majeure may include:

(i) acts of God, including landslide, lightning, earthquake, storm, hurricane, flood, drought, tornado, or other natural disasters and weather-related events affecting an entire region which caused failure of performance;

(ii) transportation accidents affecting delivery of equipment only if such accident occurs prior to the applicable Commercial Operation Date for the affected Project(s);

(iii) sabotage, riot, acts of terrorism, war and acts of public enemy; or

(iv) restraint by court order or other Governmental Authority.

(b) Force Majeure does not include:

(i) Covid-19-related restrictions unless they are more restrictive than any such current or prior restrictions, as of the Effective Date, that were imposed by a Governmental Authority and are or would have been (had they remained in effect) applicable to the events or circumstances related to the Force Majeure claim;

(ii) a failure of performance of any third party, including Participating TO, Utility Distribution Company, or any other party providing electric interconnection, distribution or transmission service;

(iii) breakage or malfunction of equipment (except to the extent that such failure was caused by an event that would otherwise satisfy the definition of a Force Majeure event as defined above);

(iv) a strike, work stoppage or labor dispute limited only to any one or more of Seller, Seller's Affiliates, the EPC Contractor or subcontractors thereof or any other third party employed by Seller to work on the Project;

(v) Seller's ability to sell the Product at a price greater than the price set forth in this Agreement;

(vi) Seller's inability to obtain permits or approvals of any type for the construction, operation or maintenance of the Portfolio, unless caused solely by an event of Force Majeure of the specific type described in any of subsections (a)(i) through (a)(iv) above;

(vii) Seller's inability to complete interconnection by the applicable Expected Initial Delivery Date, unless such delay is caused solely by an event of Force Majeure of the specific type described in any of subsections (a)(i) through (a)(iv) above;

(viii) Seller's inability to obtain sufficient Charging Energy, fuel, power or materials to operate the Portfolio (including as a result of any Public Safety Power Shutoff), except if Seller's inability to obtain sufficient Charging Energy, fuel, power or materials is caused solely by an event of Force Majeure of the specific type described in any of subsections (a)(i) through (a)(iv) above;

(ix) Seller's failure to obtain additional funds, including funds authorized by a state or the federal government or agencies thereof, to supplement the payments made by Buyer pursuant to this Agreement;

(x) Seller's failure to obtain Customer Agreements, unless caused solely by an event of Force Majeure of the specific type described in any of subsections (a)(i) through (a)(iv) above;

(xi) Economic hardship;

(xii) Seller's failure to obtain or retain Customers;

(xiii) any failure of a Customer to perform (whether or not due to Force Majeure affecting a Customer); or

(xiv) Seller's failure to obtain equipment, materials, or supplies unless caused solely by an event of Force Majeure of the specific type described in any of subsections (a)(i) through (a)(iv) above.

"Force Majeure Failure" has the meaning set forth in Section 8.1(d).

"Gains" means, with respect to any Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from the termination of this Agreement, determined in a commercially reasonable manner. Factors used in determining the economic benefit to a Party may include, without limitation, reference to information supplied by one or more third parties, which shall exclude Affiliates of the Non-Defaulting Party, including without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs, all of which should be calculated for the remaining Delivery Term to determine the value of the Product.

"Generally Accepted Accounting Principles" means the standards for accounting and preparation of financial statements established by the Federal Accounting Standards Advisory Board (or its successor agency) or any successor standards adopted pursuant to relevant SEC rule.

"Governmental Approval" means all authorizations, consents, approvals, waivers, exceptions, variances, filings, permits, orders, licenses, exemptions, notices to and declarations of or with any Governmental Authority and shall include those siting and operating permits and licenses, and any of the foregoing under any applicable environmental Law, that are required for the development, use and operation of the Project, including any approvals required under the California Environmental Quality Act.

"Governmental Authority" means any federal, state, provincial, local or municipal government, any political subdivision thereof or any other governmental, congressional or parliamentary, regulatory, or judicial instrumentality, authority, body, agency, department, bureau, or entity with authority to bind a Party at law, including CAISO; *provided, however*, that "Governmental Authority" shall not in any event include any Party.

"Hazardous Substance" means, collectively, (a) any chemical, material or substance that is listed or regulated under applicable Laws as a "hazardous" or "toxic" substance or waste, or as a "contaminant" or "pollutant" or words of similar import, (b) any petroleum or petroleum

products, flammable materials, explosives, radioactive materials, asbestos, urea formaldehyde foam insulation, and transformers or other equipment that contain polychlorinated biphenyls, and (c) any other chemical or other material or substance, exposure to which is prohibited, limited or regulated by any Laws.

“IDD Cure Period” has the meaning set forth in Section 4.1(b)(i).

“IDD Delay Damages” means liquidated damages in an amount equal to (a) the Initial Development Security amount required hereunder, divided by (b) sixty (60).

“Indemnifiable Loss(es)” has the meaning set forth in Section 15.1(a).

“Initial Delivery Date” has the meaning set forth in Section 2.2(b).

“Interconnection Agreement” means the agreement(s) and associated documents (or any successor agreement and associated documentation approved by FERC or the CPUC) by and among Seller or a Customer and, as applicable, the Utility Distribution Company, the Participating Transmission Owner, and the CAISO, governing the terms and conditions of the interconnection of the Projects with the Utility Distribution Company’s or CAISO’s grid, including any description of the plan for interconnecting the Projects to the applicable grid.

“Interest Rate” has the meaning set forth in Section 9.2.

“Joint Powers Agreement” means that certain Joint Powers Agreement dated February 29, 2016 under which Buyer is organized as a Joint Powers Authority in accordance with the Joint Powers Act.

“Law” means any statute, law, treaty, rule, regulation, ordinance, code, Permit, enactment, injunction, order, writ, decision, authorization, judgment, decree or other legal or regulatory determination or restriction by a court or Governmental Authority of competent jurisdiction, including any of the foregoing that are enacted, amended, or issued after the Execution Date, and which become effective during the Term; or any binding interpretation of the foregoing.

“Lender” means, collectively, (A) in the case of Seller, any Person (i) providing senior or subordinated construction, interim or long-term debt, equity or tax equity financing or refinancing for or in connection with the development, construction, purchase, installation or operation of the Facility, whether that financing or refinancing takes the form of private debt, equity, public debt or any other form (including financing or refinancing provided to a member or other direct or indirect owner of Seller), including any equity or tax equity investor directly or indirectly providing financing or refinancing for the Facility or purchasing equity ownership interests of Seller and/or its Affiliates, and any trustee or agent acting on their behalf, (ii) providing interest rate or commodity protection under an agreement hedging or otherwise mitigating the cost of any of the foregoing obligations and/or (iii) participating in a lease financing (including a sale leaseback or leveraged leasing structure) with respect to the Facility, and (B) in the case of Buyer, any Person (i) providing senior or subordinated short-term or long-term debt or equity financing or refinancing for or in connection with the business or operations of Buyer, whether that financing or refinancing takes the form of private debt, equity, public debt or any other form, and any trustee

or agent acting on their behalf, and/or (ii) providing interest rate or commodity protection under an agreement hedging or otherwise mitigating the cost of any of the foregoing obligations.

“Letter of Credit” means one or more irrevocable, standby letters of credit issued by a U.S. commercial bank or a foreign bank with a U.S. branch with such bank having a Credit Rating of at least A- with an outlook designation of “stable” from S&P or A3 with an outlook designation of “stable” from Moody’s, in a form substantially similar to the letter of credit set forth in Appendix V.

“LIBOR” means the London Interbank Offered Rate for the corresponding deposits of U.S. dollars.

“Licensed Professional Engineer” means a person acceptable to Buyer in its reasonable judgment who (a) is licensed to practice engineering in California in accordance with applicable Law including Cal. Bus. & Prof. Code §§ 6700 *et seq.*, (b) has training and experience in the power industry specific to the technology of the Project, (c) has no economic or familial relationship, association, or nexus with Seller or Buyer, other than to meet the obligations of Seller pursuant to this Agreement, (d) is not a representative of a consultant, engineer, contractor, designer or other individual involved in the development of the Project or of a manufacturer or supplier of any equipment installed at the Project, and (e) is licensed in an appropriate engineering discipline for the required certification being made.

“Load Modification” means a reduction of Buyer’s retail customer demand that allows for a reduction to the forecast of Buyer’s demand that is used by the CEC or other Governmental Authority to establish Buyer’s RAR.

“Load Modifying Resource” means a generation or storage system that is capable of being dispatched to provide Load Modification.

“Load Modifying Resource Dispatch Plan” means a one-year plan, submitted for each Contract Year of the Delivery Term, specifying on a month by month basis the hours of day during which the Contract Amounts will be delivered from the Portfolio and in a form reasonably acceptable to Buyer.

“Local Capacity Area” has the meaning set forth in the CAISO Tariff.

“Local RA Attributes” means any and all resource adequacy attributes or other locational attributes associated with a physical location or point of electrical interconnection within the CAISO’s Balancing Authority, that can be counted toward a Local RAR, and related to the Local Capacity Areas identified in the Cover Sheet, as such areas may be modified at any time during the Delivery Term by the CPUC, CAISO or other Governmental Authority having jurisdiction.

“Local RAR” means the local resource adequacy requirements established for Load Serving Entities (as defined in the CAISO Tariff) by the CPUC pursuant to CPUC Decisions, or by any other Governmental Authority having jurisdiction. Local RAR may also be known as local area reliability, local resource adequacy, local resource adequacy procurement requirements, or local capacity requirement in other regulatory proceedings or legislative actions.

“**Losses**” means, with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from termination of this Agreement, determined in a commercially reasonable manner. Factors used in determining economic loss to a Party may include, without limitation, reference to information supplied by one or more third parties, which shall exclude Affiliates of the Non-Defaulting Party, including without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs, all of which should be calculated for the remaining Delivery Term to determine the value of the Product. If the Non-Defaulting Party is the Seller, then “Losses” shall exclude any loss of federal or state tax credits, grants, or benefits related to the Project or generation therefrom or any costs or fees related to the Site or Portfolio.

“**Low Income**” means, with respect to a Customer, that such Customer has a household income at or below eighty percent (80%) of San Mateo County's median income or at or below the threshold designated as low income by the Department of Housing and Community Development's list of state income limits adopted pursuant to Health and Safety Code (H&SC) Section 50093.

“**Medical Baseline Program**” means the program administered by the Utility Distribution Company that provides a financial benefit to customers who have special energy needs due to qualifying medical conditions, and any successor program thereto.

“**Milestone**” means the deadlines for the events set forth on the Cover Sheet.

“**Monthly Payment**” has the meaning set forth in Section 5.2(c).

“**Moody's**” means Moody's Investors Service, Inc., or its successor.

“**MUA Decision**” has the meaning set forth in Section 4.2(i).

“**Must Offer Obligations**” means Seller's obligation to Bid or cause Seller's SC to Bid the Portfolio into the CAISO Markets due to delivery of the Product to Buyer and in accordance with the CAISO Tariff.

“**MW**” means megawatts in alternating current, unless expressly stated in terms of direct current.

“**NERC**” means the North American Electric Reliability Corporation or any successor entity performing similar functions.

“**Non-Availability Charges**” has the meaning set forth in the CAISO Tariff.

“**Non-Defaulting Party**” has the meaning set forth in Section 7.2.

“**Non-Disclosure Agreements**” means the Non-Disclosure Agreement between Peninsula Clean Energy Authority and Sunrun Inc. regarding Customer Information and the Non-Disclosure Agreement between Peninsula Clean Energy Authority and Sunrun Inc. each dated as of the Execution Date of this Agreement.

“**Non-PCE Customer**” means a retail electricity customer that could obtain retail electricity service from Buyer but that is served by a Load Serving Entity other than Buyer.

“**Notice**” unless otherwise specified in this Agreement, means written communications by a Party to be delivered by hand delivery, United States mail, overnight courier service, or electronic messaging (e-mail).

“**Notice of Claim**” has the meaning set forth in Section 15.2(a).

“**Notify**” means to provide a Notice.

“**NOC**” or “**Net Qualifying Capacity**” has the meaning given to “Net Qualifying Capacity” in the CAISO Tariff as may be updated from time to time.

“**Operational Characteristics**” means the operational characteristics set forth in Appendix II.

“**Other Capacity Attributes**” means, exclusive of System RA Attributes, Local RA Attributes, and Flexible RA Attributes, any (a) current or future capacity characteristics or attributes, including the ability to generate or charge at given capacity levels, the ability to ramp up or down at a given rate, flexibility or dispatchability attributes, and locational attributes, as may be identified at any time during the Delivery Term by any applicable Law, or voluntary or mandatory program of any Governmental Authority or other Person, (b) certificate, tag, or credit, intended to commoditize or otherwise attribute value resulting from or associated with the characteristics set forth in subsection (a) of this definition, and (c) any accounting construct so that the characteristics or values set forth in subsections (a) or (b) hereof may be counted toward any Compliance Obligations.

“**Other Programs**” has the meaning set forth in Section 5.4(f).

“**Participating Transmission Owner**” or “**Participating TO**” means an entity that (a) owns, operates and maintains transmission lines and associated facilities or has entitlements to use certain transmission lines and associated facilities and (b) has transferred to the CAISO operational control of such facilities or entitlements to be made part of the CAISO Grid.

“**Party**” or “**Parties**” has the meaning set forth in the preamble of this Agreement.

“**Party’s Event of Default**” has the meaning set forth in Section 7.1(b).

“**PCE Customer**” means a retail electricity customer of Buyer.

“**Performance Assurance**” means collateral provided by Seller to Buyer to secure Seller’s obligations under this Agreement and includes Development Security and Delivery Term Security.

“**Permit**” means any waiver, exemption, variance, franchise, permit, authorization, consent, ruling, certification, license or similar order of or from, or filing or registration with, or notice to, any Governmental Authority that authorizes, approves, limits or imposes conditions upon a specified activity.

“**Person**” means any individual, sole proprietorship, corporation, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, incorporated organization, institution, public benefit corporation, unincorporated organization, government entity or other entity.

“**Portfolio Modification**” has the meaning set forth in Section 5.4(e).

“**Portfolio Safety Plan**” means Seller’s written plan that includes the Safeguards and plans to comply with the Safety Requirements, as such Safeguards and Safety Requirements are generally outlined in Appendix VI.

“**Product**” has the meaning set forth in Section 5.1(a).

“**Product Transition**” has the meaning set forth in Section 5.2(b).

“**Product Transition Trigger**” shall mean any of the following: (1) the CEC no longer accepts Buyer’s submission of Load Modifying Resources as a means of reducing Buyer’s annual peak demand forecast, (2) the proportion between the aggregate amount of Load Modifying Resources submitted by Buyer, to the aggregate CEC reduction in Buyer’s annual peak demand forecast, falls below eighty percent (80%), or (3) a determination by Buyer, in its sole discretion, that Capacity Attributes are the preferred Product, which determination shall be made in respect of the third Contract Year or later.

“**Progress Report**” means a reasonably detailed progress report including the items set forth in Appendix III.

“**Project**” or “**Projects**” means the energy storage facilities installed at the Sites as more particularly described in Appendices I, II, and IX, including all appurtenant facilities, communications and control systems, and equipment, from which Seller has agreed to provide the Product to Buyer pursuant to this Agreement, and which meet all related CEC criteria, as applicable, for delivery of the Load Modification Product.

“**Proxy Demand Resource**” or “**PDR**” has the meaning set forth in the CAISO Tariff.

“**Prudent Operating Practice**” means those practices, methods, codes and acts engaged in or approved by a significant portion of the electric power industry and applicable to energy storage facilities during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time a decision is made, that could have been expected to accomplish a desired result at reasonable cost consistent with good business practices, reliability, safety and expedition. Prudent Operating Practices are not intended to be limited to the optimum practices, methods, or acts to the exclusion of others, but rather to those practices, methods and acts generally accepted or approved by a significant portion of the electric power industry in the relevant region, during the relevant time period, as described in the immediately preceding sentence. Prudent Operating Practices also includes taking reasonable steps to ensure that:

(a) Safeguards are implemented and maintained for the Portfolio and at each Site and are sufficient to address reasonably foreseeable incidents and to comply with best public health and employee safety practices in connection with the Covid-19 pandemic;

(b) equipment, material, and supplies are sufficient and accessible to operate the Portfolio safely and reliably;

(c) operating personnel are trained, equipped, and capable of responsible operation and maintenance of the Portfolio and at each Site, including identifying and responding to System Emergencies, emergencies, or Exigent Circumstances originating from or impacting the Portfolio or Site;

(d) the Portfolio's material components and control systems are designed, manufactured, and configured to meet the standard of durability and safety generally used for electric power or energy storage facilities operating in the relevant region; and

(e) the Portfolio is appropriately designed, operated, maintained, monitored, and tested to ensure it continues to function safely, reliably, and consistent with the intended design specifications, applicable Laws, and Permits, and over the complete range of environmental conditions reasonably expected to occur at each Site.

“Quarterly Report” means the report provided by Seller to Buyer within 30 days after each March 31, June 30, September 30, and December 31 following the Initial Delivery Date in a form reasonably acceptable to Buyer.

“Reliability Organization” means an “Electric Reliability Organization” as defined in Section 215(a)(2) of the Federal Power Act or a “regional entity” as defined in Section 215(a)(7) of the Federal Power Act.

“Remedial Action Plan” has the meaning set forth in Section 3.5.

“Remediation Event” means the occurrence of any of the following with respect to the Portfolio or a Site: (a) an Exigent Circumstance (b) a Serious Incident; (c) a change in the nature, scope, or requirements of applicable Laws, Permits, codes, standards, or regulations issued by Governmental Authorities which requires modifications to the Safeguards; (d) a material change to the manufacturer's guidelines that requires modification to equipment or the Portfolio's operating procedures; (e) a failure or compromise of an existing Safeguard; (f) Notice by Buyer pursuant to Section 11.1, in its sole discretion, that the Portfolio Safety Plan is not consistent with the Safety Requirements; or (g) any actual condition related to the Portfolio or a Site with the potential to adversely impact the safe construction, operation, or maintenance of the Portfolio or a Site.

“Remediation Period” means the time period between the first occurrence of the Remediation Event and the resolution of such Remediation Event which period may not exceed a total of ninety (90) days; provided, however, that Seller may request to extend the Remediation Period by up to ninety (90) days if Seller is unable to resolve the Remediation Event within the initial ninety (90) day period despite exercising diligent efforts (and Buyer shall not unreasonably withhold approval of such extension).

“**Requirements**” means Prudent Operating Practices and all applicable requirements of Law, the Utility Distribution Company, the Transmission Provider, Governmental Approvals, the CAISO, CEC, CPUC, CARB, FERC, NERC and WECC.

“**Resold Product**” has the meaning set forth in Section 5.1(b).

“**Resource Adequacy**” means the procurement obligation of load serving entities, including Buyer, as such obligations are described in the CPUC Decisions, as those obligations may be altered from time to time, and all other capacity procurement obligations established by any other entity, including the CAISO.

“**Resource Adequacy Plan**” has the meaning set forth in the CAISO Tariff.

“**Resource Adequacy Requirement**” or “**RAR**” means the Resource Adequacy or successor program requirements established by the CPUC, CAISO or any other regional entity, including submission of a Supply Plan or Resource Adequacy Plan, including System RAR, Flexible RAR and Local RAR.

“**RMR**” means “**Reliability Must-Run**” and has the meaning set forth in, and as used in, the CAISO Tariff.

“**RMR Generation**” has the meaning set forth in the CAISO Tariff.

“**RUC Availability Payments**” has the meaning set forth in the CAISO Tariff.

“**S&P**” means Standard and Poor’s Financial Services, LLC (a subsidiary of The McGraw-Hill Companies, Inc.) or its successor.

“**Safeguard**” means any procedures, practices, or actions with respect to the Portfolio, a Site or Work for the purpose of preventing, mitigating, or containing foreseeable accidents, injuries, damage, release of hazardous material or environmental harm.

“**Safety Remediation Plan**” means a written Notice from Seller to Buyer containing information about a Remediation Event, including (a) the date, time and location of first occurrence, (b) the circumstances surrounding cause, (c) impacts, and (d) detailed information about Seller’s plans to resolve the Remediation Event.

“**Safety Requirements**” means Prudent Operating Practices and all applicable safety-related (construed broadly) requirements of Law, the Utility Distribution Company, the Transmission Provider, Governmental Approvals, the CAISO, CARB, FERC, NERC and WECC.

“**Scheduling Coordinator**” or “**SC**” has the meaning set forth the CAISO Tariff. Under the terms of this Agreement, the SC may be Seller or Seller’s designated agent (i.e., a third-party).

“**SDD Delay Damages**” means liquidated damages in an amount equal to (a) the Secondary Development Security amount required hereunder, divided by (b) sixty (60).

“**SEC**” means the U.S. Securities and Exchange Commission, or any successor entity performing similar functions.

“**Secondary Delivery Date**” has the meaning set forth in Section 2.2(b).

“**Security Interest**” has the meaning set forth in Section 10.3(a).

“**Seller**” has the meaning set forth in the preamble to this Agreement.

“**Seller’s Event of Default**” has the meaning set forth in Section 7.1(a).

“**Seller’s Initial Portfolio List**” has the meaning set forth in Section 4.2.

“**Seller’s Portfolio**” or “**Portfolio**” means the Projects, Customers and the corresponding Sites assembled by Seller for purposes of delivering the Product to Buyer under this Agreement, as such Seller’s Portfolio may be amended in accordance with this Agreement from time to time.

“**Seller’s Portfolio List**” has the meaning set forth in Section 5.4(d).

“**Serious Incident**” means a harmful event that occurs on a Site during the Term arising out of, related to, or connected with the Project or the Site that results in any of the following outcomes: (a) any injury to or death of a member of the general public; (b) the death or permanent, disabling injury to operating personnel, Seller’s Contractors or subcontractors, Seller’s employees, agents, or consultants, or authorized visitors to the Site; (c) any property damage greater than one hundred thousand dollars (\$100,000.00); (d) release of hazardous material above the limits, or violating the requirements, established by Permits, codes, standards, regulations, Laws or Governmental Authorities; (e) environmental impacts exceeding those authorized by Permits or applicable Law.

“**Settlement Amount**” means an amount equal to the greater of (a) the amount of Delivery Term Security required under this Agreement and (b) the Non-Defaulting Party’s Costs and Losses, on the one hand, netted against its Gains, on the other. The Settlement Amount does not include consequential, incidental, punitive, exemplary or indirect or business interruption damages.

“**Shortfall**” means any difference between a Delivered Quantity and a Contract Amount.

“**Shortfall LDs**” means a payment in the amount equal to twelve (12) times the product of the Contract Amount and the Contract Price, paid by Seller to Buyer within ten (10) Business Days of a failure by Seller to deliver Delivered Quantities equal to the Contract Amount in any month during the Delivery Term.

“**Showing Month**” means each calendar month of the Delivery Term that is the subject of the Compliance Showings, as set forth in the CPUC Decisions. For illustrative purposes only, pursuant to the CPUC Decisions in effect as of the Execution Date, the monthly Compliance Showings made in June are for the Showing Month of August and the annual Compliance Showing made in October is for the twelve (12) Showing Months of the following year.

“**Site(s)**” means the real property on which each Project comprising the Portfolio is located, as identified in Appendix I and Appendix IX, as updated by Seller pursuant to Section 5.4(e).

“**Site Control**” means that Seller owns the Site and the Project or has demonstrable contractual rights to the Site sufficient for the permitting, control, development and operation of the Project.

“**Supply Plan**” has the meaning set forth in the CAISO Tariff.

“**System Emergency**” has the meaning set forth in the CAISO Tariff.

“**System RA Attributes**” means any and all resource adequacy attributes, as may be identified at any time during the Delivery Term by the CPUC, CAISO or other Governmental Authority having jurisdiction, that can be counted toward a System RAR.

“**System RAR**” means the resource adequacy requirements established for Load Serving Entities (as defined in the CAISO Tariff) by the CPUC pursuant to CPUC Decisions, or by any other Governmental Authority having jurisdiction.

“**Tax**” or “**Taxes**” means all U.S. federal, state and local and any foreign taxes, levies, assessments, surcharges, duties and other fees and charges of any nature imposed by a Governmental Authority, whether currently in effect or adopted during the Term, including ad valorem, excise, franchise, gross receipts, import/export, license, property, sales and use, stamp, transfer, payroll, unemployment, income, and any and all items of withholding, deficiency, penalty, additions, interest or assessment related thereto.

“**Term**” has the meaning set forth in Section 2.2(a).

“**Terminated Transaction**” has the meaning set forth in Section 7.2(a).

“**Termination Payment**” has the meaning set forth in Section 7.3.

“**Transmission Provider**” means the CAISO.

“**Ultimate Parent**” means the Person that owns, directly or indirectly through one or more intermediate entities, more than fifty percent (50%) of the outstanding equity interests in Seller and is not controlled (as defined within the definition of “Affiliate”) by any other Person; provided that in calculating ownership percentages or determining “control” for all purposes of the foregoing:

(a) any ownership interest in Seller held by a Person indirectly through one or more intermediate entities shall not be counted towards such Person’s ownership interest in Seller unless such Person directly or indirectly owns more than fifty percent (50%) of the outstanding equity interests in each such intermediate entity; and

(b) except (i) for purposes of determinations in accordance with paragraph (a) above and (ii) for purposes of determining ownership of the direct equity interests in Seller,

any ownership interest held or control exercised by a natural person shall not be taken into account.

“**Upward Change Confirmation Notice**” has the meaning set forth in Section 6.7(a)(ii).

“**Upward Change Notice**” has the meaning set forth in Section 6.7(a)(ii).

“**Utility Distribution Company**” has the meaning set forth in the CAISO Tariff.

“**WECC**” means the Western Electricity Coordinating Council or its successor entity with similar functions.

“**Work**” means (a) work or operations performed by a Party or on a Party’s behalf; and (b) materials, parts or equipment furnished in connection with such work or operations; including (i) warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of “a Party’s work”; and (ii) the providing of or failure to provide warnings or instructions.

1.2 **Rules of Interpretation**. In this Agreement, except as expressly stated otherwise or unless the context otherwise requires:

(a) headings and the rendering of text in bold and italics are for convenience and reference purposes only and do not affect the meaning or interpretation of this Agreement;

(b) words importing the singular include the plural and vice versa and the masculine, feminine and neuter genders include all genders;

(c) the words “hereof”, “herein”, and “hereunder” and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement;

(d) a reference to an article, section, paragraph, clause, Party, appendix, or exhibit is a reference to that section, paragraph, clause of, or that Party, appendix, or exhibit to, this Agreement unless otherwise specified;

(e) a reference to a document or agreement, including this Agreement means such document, agreement or this Agreement including any amendment or supplement to, or replacement, novation or modification of this Agreement, but disregarding any amendment, supplement, replacement, novation or modification made in breach of such document, agreement or this Agreement;

(f) a reference to a Person includes that Person’s successors and permitted assigns;

(g) the term “including” means “including without limitation” and any list of examples following such term shall in no way restrict or limit the generality of the work or provision in respect of which such examples are provided;

(h) references to any statute, code or statutory provision are to be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or reenacted, and include references to all bylaws, instruments, orders and regulations for the time being made thereunder or deriving validity therefrom unless the context otherwise requires;

(i) in the event of a conflict, a mathematical formula or other precise description of a concept or a term shall prevail over words providing a more general description of a concept or a term;

(j) references to any amount of money shall mean a reference to the amount in United States Dollars;

(k) words, phrases or expressions not otherwise defined herein that (i) have a generally accepted meaning in Prudent Operating Practice shall have such meaning in this Agreement or (ii) do not have well known and generally accepted meaning in Prudent Operating Practice but that have well known and generally accepted technical or trade meanings, shall have such recognized meanings;

(l) the terms “year” and “calendar year” mean the period of months from January 1 through and including December 31; the term “month” means a calendar month unless otherwise indicated, and a “day” means a 24-hour period beginning at 12:00:01 a.m. and ending at 12:00:00 midnight; provided that a “day” may be 23 or 25 hours on those days on which daylight savings time begins or ends, respectively;

(m) unless otherwise specified herein, where the consent of a Party is required, such consent shall not be unreasonably withheld or unreasonably delayed;

(n) when an action is required to be completed on a Business Day, such action must be completed prior to 5:00 p.m. on such day, Pacific Standard Time, and actions occurring after 5:00 p.m. (such as the delivery of a Notice) will be deemed to have occurred on the following Business Day;

(o) all references to Product mean each and all components of the Product unless the context infers a particular component of Product; and

(p) each Party acknowledges that it was represented by counsel in connection with this Agreement and that it or its counsel reviewed this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

Article 2: TERM

2.1 **Effectiveness**. Upon execution by both Parties, this Agreement shall be effective and binding as of the Execution Date.

2.2 **Term.**

(a) The “**Term**” of this Agreement shall commence upon the Execution Date and shall continue until the expiration of the Delivery Term (unless terminated earlier in accordance with the terms of this Agreement).

(b) The “**Delivery Term**” is the period commencing on the Initial Delivery Date and continuing for the number of Contract Years specified on the Cover Sheet. The “**Initial Delivery Date**” is the first day of the first full calendar month for which Product in the Contract Amount is delivered; provided that Initial Delivery Date may not occur until satisfaction of the Conditions Precedent set forth in Section 4.2. If the Seller elects to increase the amount of Product delivered hereunder pursuant to Section 3.6, the “**Secondary Delivery Date**” is the first day of the first full calendar month for which Product in the Final Contract Amount is delivered; provided that Secondary Delivery Date may not occur until satisfaction of the Conditions Precedent set forth in Section 4.3.

Article 3: PROJECT DEVELOPMENT

3.1 **Project Construction.**

(a) Seller shall develop, design and construct the Portfolio in a timely fashion in order to perform Seller’s obligations under this Agreement.

(b) Seller shall cause Construction Start to occur no later than the applicable Construction Start Deadline. Seller shall provide Notice to Buyer certifying the occurrence of Construction Start on or before the applicable Construction Start Deadline, which Notice will identify the applicable Projects, include reasonable evidence of the satisfaction of each requirement contained in the definition of Construction Start and include such other information as reasonably requested by Buyer.

(c) If Construction Start is not achieved on or before the applicable Construction Start Deadline, then for each day beginning with the day after the applicable Construction Start Deadline through and including the date on which Construction Start occurs for the required Projects, for a period beyond the applicable Construction Start Deadline lasting no more than ninety (90) days (“**Construction Delay Cure Period**”), Seller shall pay Construction Delay Damages to Buyer. Buyer shall invoice Seller for the amount of any Construction Delay Damages. Seller agrees that Buyer may draw any Construction Delay Damages that are due to Buyer from the Development Security after providing an invoice for the amounts due. Prior to the expiration of the Construction Delay Cure Period, so long as Seller has paid Construction Delay Damages to Buyer in accordance with this Section 3.1(c), Seller’s failure to achieve Construction Start on or before the applicable Construction Start Deadline shall not be deemed a Seller’s Event of Default. If Seller achieves the Initial Delivery Date on the applicable Expected Initial Delivery Date, any Construction Delay Damages paid by Seller for the applicable Construction Start Deadline shall be refunded to Seller. If Seller achieves the Secondary Delivery Date on the applicable Expected Secondary Delivery Date, any Construction Delay Damages paid by Seller for the applicable Phase 2 Construction Start Deadline shall be refunded to Seller. Seller shall

include the request for refund of the Construction Delay Damages with the first invoice to Buyer after the applicable Initial Delivery Date or Secondary Delivery Date.

3.2 **Interconnection.** Seller shall (a) execute all necessary Interconnection Agreements for the Projects in the Portfolio, (b) comply with all terms and conditions contained therein as necessary for the safe and reliable delivery of the Product, and (c) arrange, schedule and be responsible for any and all electric distribution and transmission service including any Governmental Approvals required for the foregoing. Seller shall fulfill all contractual, metering and applicable interconnection requirements, including Electric System Upgrades and those requirements set forth in the Utility Distribution Company's applicable tariffs, the Participating Transmission Owner's applicable tariffs, the CAISO Tariff and implementing CAISO standards and requirements, so as to be able to deliver the Product to Buyer.

3.3 **Metering.** At Seller's expense, Seller shall obtain and maintain one or more CAISO resource IDs dedicated exclusively to the Project and shall install, or cause to be installed, all necessary metering and telemetry required by the CAISO to deliver the Product. CAISO-required meters shall be owned, maintained and operated by Seller at Seller's sole cost and expense. In addition, Seller shall install, and shall maintain throughout the Delivery Term unless Buyer exercises its Product Transition rights under Section 5.2, a revenue-grade meter reasonably satisfactory to Buyer and capable of measuring and demonstrating on a monthly basis the sufficiency of the Load Modification Delivered Quantities.

3.4 **Progress Reports.** Within fifteen (15) days after the close of every calendar month, starting with the first calendar month following the Execution Date and until the Initial Delivery Date, or, if applicable, the Secondary Delivery Date, Seller shall provide to Buyer a Progress Report in a Notice and agree to regularly scheduled meetings between representatives of Buyer and Seller to review such monthly reports and discuss Seller's construction progress. Seller shall also provide Buyer with any reasonable requested documentation, subject to the confidentiality restrictions set forth in this Agreement, directly related to the achievement of Milestones within ten (10) Business Days of receipt of such request by Seller.

3.5 **Remedial Action Plans.** If Seller anticipates that it will not be able to timely satisfy any Milestone set forth on the Cover Sheet, Seller shall submit to Buyer no later than thirty (30) days prior to the relevant deadline a remedial action plan ("**Remedial Action Plan**"), which will describe in detail the actual delay, any anticipated delay beyond the scheduled deadline, the cause of the delay, and Seller's proposed course of action to achieve the missed deadline, any subsequent Milestones, and the Initial Delivery Date by the Expected Initial Delivery Date, or, if applicable, the Secondary Delivery Date by the Expected Secondary Delivery Date. Delivery of a Remedial Action Plan shall not relieve Seller of any obligation under this Agreement.

3.6 **Election to Increase Contract Amount.** No later than March 1, 2021, Seller shall specify by written Notice to Buyer whether it elects to increase the amount of Product to be delivered hereunder, and what such amounts for both Load Modification Product and Capacity Attribute Product shall be; provided, in respect of the Load Modification Product, that such amount is greater than ■ MW but no greater than ■ MW for 4 hours per day, and in respect of the Capacity Attribute Product that such amounts for the System RA Attributes and Local RA Attributes (i) are greater than ■ MW but no greater than ■ MW, (ii) reflect the Capacity

Attributes available based on the Portfolio's allocation of single-family homes (which as of the Effective Date have an expected average capacity value of ■ kW per Project) and multi-family homes (which as of the Effective Date have an expected average capacity value of ■ kW per Project), and (iii) are equal to one another. Seller shall include in such written Notice a new first page to the Cover Sheet specifying the Final Contract Amount for both Load Modification and Capacity Attribute Product. If and only if Seller makes such an election, Seller shall (i) comply with the Phase 2 Milestones as set forth in the Cover Sheet and their applicable obligations (including as related to Construction Delay Damages, Progress Reports, and Remedial Action Plans), (ii) post Development Security in accordance with Section 10.1 in the amount of the Secondary Development Security as set forth on the Cover Sheet, and (iii) satisfy the Conditions Precedent for the Secondary Delivery Date in accordance with Section 4.3.

Article 4: INITIAL DELIVERY DATE AND SECONDARY DELIVERY DATE

4.1 Timing of the Initial Delivery Date and Secondary Delivery Date.

(a) **Initial Delivery Date and Secondary Delivery Date.** Seller shall cause the Initial Delivery Date to occur on, and not prior to, the Expected Initial Delivery Date. If Seller elects to increase Product delivered hereunder pursuant to Section 3.6, Seller shall cause the Secondary Delivery Date to occur on, and not prior to, the Expected Secondary Delivery Date.

(b) Failure to Meet Expected Initial Delivery Date.

(i) Seller shall provide Buyer with advance Notice of any expected delay in achieving the Initial Delivery Date by the Expected Initial Delivery Date, including a true and reasonably detailed explanation of the cause of such delay ("**Delay Notice**"), at least ninety (90) days in advance of the Expected Initial Delivery Date (or, if Seller's anticipation of such delay does not arise until after such advance window, then as soon as reasonably possible following such anticipation arising). For each day beginning with the day after the Expected Initial Delivery Date through and including the date on which the Initial Delivery Date occurs, for a period beyond the Expected Initial Delivery Date lasting no more than one hundred eighty (180) days ("**IDD Cure Period**"), Seller shall pay IDD Delay Damages to Buyer. Buyer shall invoice Seller for the amount of any IDD Delay Damages. Buyer may draw any IDD Delay Damages that are due to Buyer from the Development Security after providing an invoice for the amounts due.

(ii) Prior to the expiration of the IDD Cure Period, so long as Seller has provided the Delay Notice to Buyer and paid IDD Delay Damages to Buyer in accordance with this Section 4.1(b), Seller's failure to achieve the Initial Delivery Date on the Expected Initial Delivery Date shall not be deemed a Seller's Event of Default. Upon (A) Seller's failure to provide a Delay Notice to Buyer in accordance with this Section 4.1(b), (B) Seller's failure to pay IDD Delay Damages in accordance with this Section 4.1(b), or (C) Seller's failure to achieve the Initial Delivery Date prior to the expiration of the IDD Cure Period, in each case for any reason other than a Force Majeure extension or a Buyer Event of Default, Seller will be deemed a Defaulting Party pursuant to Section 7.1(a)(v).

(iii) Upon the expiration of the IDD Cure Period, if Seller has failed to achieve the Initial Delivery Date with respect to the entire Portfolio but is capable of achieving the

Initial Delivery Date with respect to Projects of the Portfolio which could provide no less than eighty percent (80%) of the Contract Amount, then Buyer shall have the right, in lieu of terminating this Agreement based on such event of default, to reduce the Contract Amount accordingly and allow Seller to declare the Initial Delivery Date based on such reductions, in exchange for Seller's one-time payment to Buyer of [REDACTED] for every percentage below the original Contract Amount.

(c) **Failure to Meet Expected Secondary Delivery Date.**

(i) Seller shall provide Buyer with advance Notice of any expected delay in achieving the Secondary Delivery Date by the Expected Secondary Delivery Date, including a true and reasonably detailed explanation of the cause of such delay, at least ninety (90) days in advance of the Expected Secondary Delivery Date (or, if Seller's anticipation of such delay does not arise until after such advance window, then as soon as reasonably possible following such anticipation arising). For each day beginning with the day after the Expected Secondary Delivery Date through and including the date on which the Secondary Delivery Date occurs, for a period beyond the Expected Secondary Delivery Date lasting no more than one hundred eighty (180) days ("**SDD Cure Period**"), Seller shall pay SDD Delay Damages to Buyer. Buyer shall invoice Seller for the amount of any SDD Delay Damages. Buyer may draw any SDD Delay Damages that are due to Buyer from the Development Security after providing an invoice for the amounts due.

(ii) Upon Seller's failure to pay SDD Delay Damages in accordance with this Section 4.1(c) for any reason other than a Force Majeure extension or a Buyer Event of Default, Seller will be deemed a Defaulting Party pursuant to Section 7.1(a)(v).

(iii) Upon the expiration of the SDD Cure Period, if Seller has failed to achieve the Secondary Delivery Date with respect to the entire Portfolio but is capable of achieving the Secondary Delivery Date with respect to Projects of the Portfolio which could provide no less than eighty percent (80%) of the Final Contract Amount, then Buyer shall have the right, in lieu of terminating the delivery of additional Product hereunder based on such failure, to reduce the Final Contract Amount accordingly and allow Seller to declare the Secondary Delivery Date based on such reductions, in exchange for Seller's one-time payment to Buyer of [REDACTED] for every percentage below the original Final Contract Amount. If Buyer elects to not allow a declaration by Seller of Secondary Delivery Date at such reduced amount, the Final Contract Amount will automatically revert to an amount equal to the Initial Contract Amount as set forth on the Cover Sheet, and Seller shall pay the Secondary Damage Payment to Buyer, such payment shall be Seller's sole liability and Buyer's sole remedy for Seller's failure to achieve the Secondary Delivery Date as required hereunder.

4.2 **Conditions Precedent to the Initial Delivery Date.** The following obligations of Seller are Conditions Precedent to the Initial Delivery Date and must be satisfied by Seller through the delivery of appropriate documentation, to Buyer's reasonable satisfaction, at least seventy-five (75) days before the Initial Delivery Date, unless a different deadline is expressly set forth below, in which case such other deadline shall govern:

(a) Seller shall have provided to Buyer then-current, correct and complete copies of Seller's most recent annual report, audited consolidated financial statements (including notes thereto), unaudited consolidated financial statements (including notes thereto), and

organizational documents and any amendments thereto; provided, however, that if Seller is a publicly-traded corporation on a nationally-recognized stock exchange, and its financial statements and SEC filings are publicly available at the website investors.sunrun.com, then Seller shall not be required to provide financial or organizational documents or reports under this Section 4.2(a).

(b) Seller shall have secured all CAISO agreements, certifications and approvals, and all Governmental Approvals, as are necessary for the safe and lawful operation and maintenance of the Portfolio and to enable Seller to deliver the Product to Buyer at the Contract Amounts.

(c) Seller shall have executed a Customer Agreement with each Customer whose Project is to be a part of the Portfolio as necessary for the safe and lawful operation of the Project and to enable Seller to deliver the Product to Buyer in the Contract Amounts, including after a Product Transition, and such Customer Agreements shall remain valid and in full force and effect.

(d) Seller shall have constructed or caused to be constructed the Projects that are to be part of the Portfolio as of the Initial Delivery Date in accordance with this Agreement to enable Seller to satisfy the obligations of the Seller herein, including the provision of the Product in the Contract Amounts from the Project as a Load Modifying Resource and after a Product Transition.

(e) Seller shall have provided to Buyer a certification of Seller and an Engineer, substantially in the form attached hereto as Appendix IV, demonstrating that Commercial Operation of the Portfolio and of all the Projects comprising the Portfolio has occurred, including (i) satisfactory installation, completion and commissioning of the Project(s) at the Site(s) that are comprising the Portfolio as set forth in Seller's Initial Portfolio List and (ii) that the Project(s) comprising the Portfolio as set forth in Seller's Initial Portfolio List, can deliver, in aggregate, the Product in the applicable Contract Amounts as a Load Modifying Resource and after a Product Transition.

(f) Seller shall have executed and complied with any necessary Interconnection Agreement(s) and installed any necessary metering to deliver Product to Buyer in the Contract Amounts, including upon a Product Transition, in each case in accordance with the CAISO Tariff and any applicable tariffs of the Utility Distribution Company and the Participating Transmission Owner.

(g) Seller shall have submitted to Buyer a Portfolio Safety Plan.

(h) Seller shall have provided Buyer with (A) Seller's Portfolio List in accordance with Section 5.4(d) that demonstrates Projects and Customers under executed Customer Agreements with Seller sufficient for Seller to deliver, in aggregate, Product in the Contract Amounts ("**Seller's Initial Portfolio List**"), and (B) a description of the Projects and Portfolio set forth in Appendix I. If Seller provides to Buyer Seller's Initial Portfolio List, but prior to the occurrence of the Initial Delivery Date Seller changes Seller's Initial Portfolio List, then this Condition Precedent shall not be satisfied and the date on which Seller provides to Buyer

a changed Seller's Portfolio List in accordance with this Agreement shall constitute provision of Seller's Initial Portfolio List for purposes of this Condition Precedent.

(i) Seller shall have provided to Buyer an attestation, in the form attached hereto as Appendix VII, that Seller is following all of the rules set forth in CPUC Decision 18-01-003 on Multiple-Use Application Issues, issued January 17, 2018, regarding the multiple-use applications of energy storage facilities (the "**MUA Decision**").

(j) Seller shall have provided to Buyer documentation of Seller's compliance with the dual participation requirements of Section 5.4(f).

(k) Seller shall have delivered to Buyer all insurance documents required under Article 16.

(l) Seller shall have provided Delivery Term Security to Buyer as required by Section 10.2.

(m) Seller shall have paid Buyer for all amounts owing under this Agreement, if any, including Delay Damages.

(n) No Event of Default on the part of Seller shall have occurred and be continuing and no Remediation Event shall have occurred and remain unresolved.

(o) No later than the Dispatch Plan Deadline, Seller shall have delivered to Buyer a Load Modifying Resource Dispatch Plan for the first Contract Year and Buyer has accepted such Load Modifying Resource Dispatch Plan in accordance with Section 6.5.

4.3 **Conditions Precedent to the Secondary Delivery Date.** The following obligations of Seller are Conditions Precedent to the Secondary Delivery Date and must be satisfied by Seller through the delivery of appropriate documentation, to Buyer's reasonable satisfaction, at least seventy-five (75) days before the Secondary Delivery Date, unless a different deadline is expressly set forth below, in which case such other deadline shall govern:

(a) Seller shall have secured all CAISO agreements, certifications and approvals, and all Governmental Approvals, as are necessary for the safe and lawful operation and maintenance of the Portfolio and to enable Seller to deliver the Product to Buyer at the Contract Amount.

(b) Seller shall have executed a Customer Agreement with each Customer whose Project is to be a part of the Portfolio as necessary for the safe and lawful operation of the Project and to enable Seller to deliver the Product to Buyer in the Contract Amount, including after a Product Transition, and such Customer Agreements shall remain valid and in full force and effect.

(c) Seller shall have constructed or caused to be constructed the Projects that are to be part of the Portfolio as of the Secondary Delivery Date in accordance with this Agreement to enable Seller to satisfy the obligations of the Seller herein, including the provision of the Product

in the Contract Amount from the Project as a Load Modifying Resource and after a Product Transition.

(d) Seller shall have provided to Buyer a certification of Seller and an Engineer, substantially in the form attached hereto as Appendix IV, demonstrating that Commercial Operation of the Portfolio and of all the Projects comprising the Portfolio has occurred, including (i) satisfactory installation, completion and commissioning of the Project(s) at the Site(s) that are comprising the Portfolio as set forth in Seller's Secondary Portfolio List and (ii) that the Project(s) comprising the Portfolio as set forth in Seller's Secondary Portfolio List, can deliver, in aggregate, the Product in the applicable Contract Amount as a Load Modifying Resource and after a Product Transition.

(e) Seller shall have executed and complied with any necessary Interconnection Agreement(s) and installed any necessary metering to deliver Product to Buyer in the Contract Amounts, including upon a Product Transition, in each case in accordance with the CAISO Tariff and any applicable tariffs of the Utility Distribution Company and the Participating Transmission Owner.

(f) Seller shall have provided Buyer with (A) Seller's Portfolio List in accordance with Section 5.4(d) that demonstrates Projects and Customers under executed Customer Agreements with Seller sufficient for Seller to deliver, in aggregate, Product in the Final Contract Amount ("Seller's Secondary Portfolio List"), and (B) a description of the Projects and Portfolio set forth in Appendix I. If Seller provides to Buyer Seller's Secondary Portfolio List, but prior to the occurrence of the Secondary Delivery Date Seller changes Seller's Secondary Portfolio List, then this Condition Precedent shall not be satisfied and the date on which Seller provides to Buyer a changed Seller's Portfolio List in accordance with this Agreement shall constitute provision of Seller's Secondary Portfolio List for purposes of this Condition Precedent.

(g) Seller shall have provided to Buyer documentation of Seller's compliance with the dual participation requirements of Section 5.4(f).

(h) Seller shall have provided Delivery Term Security to Buyer as required by Section 10.2.

(i) Seller shall have paid Buyer for all amounts owing under this Agreement, if any, including Delay Damages.

(j) No Event of Default on the part of Seller shall have occurred and be continuing and no Remediation Event shall have occurred and remain unresolved.

(k) No later than the Dispatch Plan Deadline, Seller shall have delivered to Buyer a Load Modifying Resource Dispatch Plan for the second Contract Year and Buyer has accepted such Load Modifying Resource Dispatch Plan in accordance with Section 6.5.

4.4 **Cooperation in Connection with Initial Delivery Date**. The Parties agree that, in order for Seller to achieve the Initial Delivery Date, the Parties may have to perform certain of their Delivery Term obligations in advance of the Initial Delivery Date. The Parties shall cooperate

with each other in order for Buyer to be able to utilize the Contract Amounts of Product beginning on the applicable Initial Delivery Date.

4.5 **Confirmation of Initial Delivery Date and Secondary Delivery Date.** Once each of the Conditions Precedent has been satisfied by Seller (other than any Condition Precedent that may only be satisfied as of the Initial Delivery Date or Secondary Delivery Date, as applicable), Seller shall certify such satisfaction to Buyer in a Notice confirming the anticipated occurrence of the applicable Initial Delivery Date or Secondary Delivery Date. Buyer shall Notify Seller of any disagreement that Seller has satisfied such Conditions Precedent (with reasonable detail in regard to each Condition Precedent) within fifteen (15) Business Days of Seller's Notice. No later than seven (7) Business Days following the applicable Initial Delivery Date or Secondary Delivery Date, Buyer shall provide a Notice to Seller confirming the occurrence of the applicable Initial Delivery Date or Secondary Delivery Date.

Article 5: TRANSACTION

5.1 **Product.**

(a) During the Term, Seller grants, pledges, assigns and otherwise commits and shall deliver exclusively to Buyer, all Load Modification or, upon a Product Transition pursuant to Section 5.2(b), all Capacity Attributes, in each case that may be calculated or derived from the Projects and their Operational Characteristics (collectively, the "**Product**"), pursuant to the terms and conditions contained herein. Operational Characteristics shall not be modified during the Term. During the Term, Seller shall not sell, deliver, use or transfer, in any way, or permit any entity other than Buyer to claim, any Capacity Attributes.

(b) Buyer shall have the right to re-sell all or a portion of the Product purchased under this Agreement ("**Resold Product**").

5.2 **Purchase and Sale Obligation.**

(a) **Initial Product.** During the Delivery Term, unless and until a Product Transition occurs under Section 5.2(b), Seller shall deliver to Buyer all Load Modification, including in the Contract Amounts, pursuant to the protocols and in consideration of the payments set forth in Section 5.2(c).

(b) **Product Transition.** At any time during the Delivery Term, but only upon the occurrence of a Product Transition Trigger, Buyer may, by no less than seventy-five (75) days written notice to Seller, elect to receive Capacity Attributes rather than Load Modification from the Portfolio (the "**Product Transition**"). If Buyer's reason for electing the Product Transition Trigger is based entirely on the third subsection of the definition of "Product Transition Trigger" herein, then the Contract Price for Capacity Attributes will increase to [REDACTED]/kW-month for the remainder of the Delivery Term. Upon receipt of a Product Transition notice from Buyer, and as a condition to Buyer's obligation to take and pay for Capacity Attributes for the remainder of the Delivery Term, Seller shall within ninety (90) days satisfy the conditions precedent set forth in Part One of Appendix XIII ("**Capacity Attributes Conditions**"). Failure of Seller to satisfy the Capacity Attributes Conditions within such ninety (90) days shall be an Event of Default by Seller. Commencing on the first day of the First Showing Month after Seller's satisfaction of the Capacity

Attributes Conditions, and for each day of each Showing Month during the remainder of the Delivery Term, Seller shall deliver to Buyer and Buyer shall pay for all Capacity Attributes of Product, including in the Contract Amounts, pursuant to the protocols and in consideration of the payments set forth in Part Two of Appendix XIII. Upon a Product Transition, and for remainder of the Delivery Term the Product shall be Capacity Attributes and not Load Modification and Seller shall have no further obligation to provide, or to comply with any provision of this Agreement that is limited to, Load Modification. For clarity, the Product Transition may occur a maximum of one (1) time during the Delivery Term. Seller shall bear all costs and expenses related to the Product, the Project and the Customers associated with a Product Transition.

(c) Payment. The provisions of this Section 5.2(c) shall apply unless a Product Transition occurs, in which case the provisions of Part Two of Appendix XIII shall become effective and replace this Section 5.2(c).

(i) Each monthly invoice prepared by Seller pursuant to Article 9 shall include meter data reasonably satisfactory to Buyer substantiating the quantity of Load Modification, in MW for 4 hours per day, delivered to Buyer from the Portfolio consistent with the Load Modifying Resource Dispatch Plan for the applicable month (the “**Delivered Quantities**”). At no time shall Delivered Quantities exceed the Contract Amount.

(ii) For all Load Modification that Seller delivers during the Delivery Term in accordance with this Agreement, Buyer shall, in accordance with Article 9, pay Seller a monthly payment (“Monthly Payment” or “MP”) as follows:

$$MP = DQ \times CP$$

where,

DQ = Delivered Quantities; and

CP = Contract Price.

(iii) For clarity, Buyer has no obligation to pay Seller for Load Modification that is delivered outside the parameters of the applicable Load Modifying Resource Dispatch Plan.

5.3 **Allocation of CAISO Payments and Costs.**

(a) Except as may otherwise be provided in this Agreement, Seller shall retain any revenues it may receive from and pay all costs charged by, the CAISO or any other third party with respect to the Portfolio. Buyer is to receive and retain all revenues associated with the Contract Amounts of Product during the Term, including any capacity and availability revenues from the Capacity Procurement Mechanism, or its successor, RUC Availability Payments, or its successor, each as defined in the CAISO Tariff.

(b) To the extent that the Project is subject to the terms of the Availability Standards, Non-Availability Charges, and Availability Incentive Payments of the CAISO Tariff, the Parties agree that any Availability Incentive Payments are for the benefit of Seller and for

Seller's account and that any Non-Availability Charges are the responsibility of Seller and for Seller's account.

5.4 **Customers.**

(a) **Seller Obligation to Obtain Customers.** Seller shall obtain or cause to be obtained the Customers necessary to enable the safe and reliable delivery of Product in the Contract Amounts to Buyer during the Delivery Term. Seller shall enter into a Customer Agreement with each such Customer, complete all necessary registration forms regarding such Customers, submit any necessary documentation regarding such Customers and comply with all other requirements of the Utility Distribution Company, CAISO, CPUC or any other applicable Governmental Authority. In connection with but without limiting the foregoing, Seller shall at all times comply with the Co-Marketing Agreement.

(b) **Customers Eligible for Inclusion in Project.** Product provided to Buyer must come exclusively from Projects installed at Sites listed in Seller's Portfolio List in accordance with Section 5.4(d). Unless a Product Transition has occurred, all of the Projects and Sites must be associated with and subject to Customer Agreements with PCE Customers. After a Product Transition has occurred, no less than eighty percent (80%) of the Projects and Sites must be associated with and subject to Customer Agreements with PCE Customers.

(c) **Seller's Portfolio.** Seller shall cause Seller's Portfolio at all times during the Delivery Term to deliver at least [REDACTED] of the Contract Amount from assets associated with single-family residential Customer accounts, at least [REDACTED] of the Contract Amount from assets associated with multi-family residential Customer accounts, and at least ten percent (10%) of the Contract Amount from assets associated with DAC, Low Income Customer, CARE/FERA or Medical Baseline Program Customer accounts.

(d) **Seller's Portfolio List.** As of the date first submitted in accordance with Section 4.2 and throughout the Delivery Term, Seller shall maintain a list of Customers in Seller's Portfolio in the form and containing the information set forth in Appendix IX ("**Seller's Portfolio List**"). Only Customers that have valid and effective Customer Agreements and complete and operating Projects on Site shall be included on Seller's Portfolio List. If any of the Customer information in Seller's Portfolio List changes during the Delivery Term, such change shall be deemed a Portfolio Modification pursuant with Section 5.4(e) and upon completion of such Portfolio Modification, Seller shall submit to Buyer an updated Seller's Portfolio List reflecting all changes since the previous Seller's Portfolio List. In addition, Seller shall provide any additional Customer information reasonably requested by Buyer in connection with this Agreement.

(e) **Portfolio Modification.** The Parties agree and acknowledge that Seller may add or remove a Customer from Seller's Portfolio (a "**Portfolio Modification**") at any time during the Delivery Term, subject to the requirements of this Section 5.4 and Article 11, and provided that Seller shall Notify Buyer of any Portfolio Modification within thirty (30) days following its occurrence. Seller shall provide Buyer a signed Portfolio Modification certification in the form set forth in Appendix X as part of its next issued Quarterly Report. For any new Customer added as part of a Portfolio Modification, Seller shall provide, upon Buyer's request, a

copy of the Customer Agreement. A Portfolio Modification may not alter (i) the Portfolio from the Portfolio description set forth in Appendix I as of the Execution Date, (ii) the Operational Characteristics, or (iii) the Portfolio's ability to deliver Product in the Contract Amounts throughout the Delivery Term. A Portfolio Modification will not alter nor relieve any of Seller's obligations under this Agreement, including Seller's obligations under Section 5.4(c).

(f) **Dual Participation.** Seller may include in Seller's Portfolio those Customers that are registered in programs or resources administered by Buyer, the CPUC, the CAISO, the Utility Distribution Company, or applicable Governmental Authority ("**Other Programs**"), provided that (i) participation of Customers in both Seller's Portfolio and Other Programs does not impair (in whole or in part) Seller's ability to perform its obligations under this Agreement (including Section 14.4) and (ii) Seller complies with all rules and requirements of Other Programs set forth by Buyer, the CPUC, the CAISO, the Utility Distribution Company, or applicable Governmental Authority. For the avoidance of doubt, a failure by Seller or a Customer to achieve participation in Other Programs shall not in any way limit or excuse Seller's obligations to Buyer under this Agreement.

(g) **Customer Agreements.** Upon request by Buyer, and without limiting Buyer's rights under Article 17, Seller shall provide to Buyer copies of Customer Agreements pertaining to 10% or fewer of total Projects installed for delivery of Product, selected at Buyer's discretion. Seller shall provide to each Customer, prior to the execution of a Customer Agreement, a plain-language disclosure explaining in easily understandable terms, in the primary language spoken by the relevant Customer, the Customer's material rights and obligations under the Customer Agreement. Each Customer Agreement shall at a minimum, contain the following terms and conditions, and such other terms and conditions as are commercially reasonable and necessary to permit Seller to perform its obligations under this Agreement.

(i) Seller shall secure and maintain Site Control for the duration of the Delivery Term.

(ii) Each Customer of a multifamily account shall agree to allow Buyer, the Utility Distribution Company, the Commission, and/or the CEC, and the authorized representatives of such entities, reasonable access to the Site and Customers' facilities to conduct measurement and evaluation activities related to this Agreement.

(iii) Seller shall provide ongoing maintenance and customer support for the Projects consistent with Prudent Operating Practices.

(iv) Seller shall treat all Customer-specific information as confidential, except as reasonably necessary to comply with this Agreement and applicable Requirements.

(h) **Customer Incentive Payment.** Seller shall make any incentive payment to each Customer as set forth in the Co-Marketing Agreement.

(i) **Seller's Relationship with Customer.** The terms and conditions of the Customer Agreements governing the relationship between Seller and a Customer with respect to such Customer's participation in Seller's Portfolio are independent of Buyer, and Buyer shall have

no responsibility with respect to such Customers. Seller shall independently resolve any disputes arising between Seller and any Customer. Seller acknowledges and agrees that, notwithstanding anything to the contrary set forth herein, any Buyer review, request, or requirement related to any Customer Agreement will not in any way be construed to mean that such Customer Agreement is accurate, acceptable to Buyer, suitable for its intended purpose, in compliance with any applicable Law or other requirement, or endorsed for the benefit of any other party, including Seller. Further, Seller acknowledges and agrees that Buyer shall have no liability to Seller or any other third party with respect to any Customer Agreement material so reviewed, requested or required by Buyer or on Buyer's behalf.

Article 6: OPERATIONS

6.1 **Operations.** Seller shall at all times retain operational control of the Portfolio and be responsible for operation and maintenance of the Portfolio, and Buyer shall have no liability for the failure of Seller, any Customer, or any Project owner or operator to comply with any applicable Law, Requirements, or other requirement of the Transmission Provider or Utility Distribution Company, including any penalties, charges or fines imposed for such noncompliance.

(a) **Islanding.** All Projects shall be capable of operating independently, and notwithstanding any outage (including any Public Safety Power Shutoff), of the Utility Distribution Company's electrical system, Participating Transmission Owner's electrical system or the CAISO Grid.

6.2 **Charging and Discharging Energy.** As between Buyer and Seller, Seller shall be responsible for procuring and delivering all of the Charging Energy to the Portfolio and managing all Discharging Energy from the Portfolio per applicable safety standards, and paying all of the associated costs of such Charging Energy and Discharging Energy.

6.3 **Standard of Care.** In performing all of its obligations under this Agreement, including in its scheduling, interconnection, operation and maintenance of the Portfolio, Seller shall comply with all Requirements and Safety Requirements.

6.4 **Buyer's Use and Certification of Product.**

(a) During the Term, Seller shall take all actions, including executing all documents or instruments, complying with all applicable registration, certification and reporting requirements of all applicable Governmental Authorities and other Persons, as such requirements may be amended from time to time, that are necessary to ensure that Buyer can use Product (including, solely in the event of a Product Transition, enabling Buyer to apply Product towards Buyer's Compliance Obligations), or sell Resold Product, at all times during the Delivery Term. Promptly following Buyer's written request, Seller agrees to take all actions and execute or provide any documents, information, or instruments with respect to Product reasonably necessary to enable Buyer to comply with the requirements of any Governmental Authority.

(b) During the Delivery Term, Seller shall, at no cost to Buyer, obtain and maintain CAISO and all applicable Governmental Authority certification(s) for all elements of the Product for which certification is or may become required in order to enable Buyer to receive and use such Product (including, solely in the event of a Product Transition, use of such Product to

satisfy its Compliance Obligations). If Buyer is required under applicable Law to obtain such certification, Seller shall take all actions within its control to ensure that Buyer is able to secure such certification. Seller, at no cost to Buyer, shall take all other actions during the Delivery Term, including submission of all reports and other filings with CAISO and applicable Governmental Authorities, that are required to be taken by Seller to ensure that Buyer can receive the Product and shall take all actions within its control to assist Buyer in taking actions required to be taken by Buyer with regard to receipt of Product.

6.5 **Dispatch.** The provisions of this Section 6.5 shall apply unless a Product Transition occurs, in which case the provisions of Part Three of Appendix XIII shall become effective and replace this Section 6.5.

(a) For each Contract Year, Seller shall submit to Buyer a Load Modifying Resource Dispatch Plan on or before the Dispatch Plan Deadline. The Load Modifying Resource Dispatch Plan shall include such actions, terms and conditions as are necessary to enable Seller to provide the Load Modification in the Contract Amount.

(b) No less than thirty (30) days before the Dispatch Plan Deadline, Seller shall provide to Buyer a proposed Load Modifying Resource Dispatch Plan for the coming Contract Year. If such proposed Load Modifying Resource Dispatch Plan complies with the requirements of this Agreement and provides for delivery of the Contract Amount of Load Modification, Buyer shall, within fourteen (14) days of receipt, either (i) approve the proposed Load Modifying Resource Dispatch Plan by Notice to Seller (and the proposed Load Modifying Resource Dispatch Plan shall become the Load Modifying Resource Dispatch Plan), or (ii) request changes to the proposed Load Modifying Resource Dispatch Plan. If Buyer proposes changes to proposed Load Modifying Resource Dispatch Plan that would not demonstrably, materially and adversely affect Seller, Seller shall incorporate such changes (with no other modifications) into, and send to Buyer by the Dispatch Plan Deadline, a revised Load Modifying Resource Dispatch Plan (which shall become the Load Modifying Resource Dispatch Plan). If Buyer's proposed changes would demonstrably, materially and adversely affect Seller, Seller shall notify Buyer within five (5) days of its receipt of Buyer's proposed changes and meet and confer with Buyer in good faith, and provide such information as reasonably requested by Buyer, concerning the effect of Buyer's proposed changes. If, after the Parties' meetings, Buyer agrees to compensate Seller for the demonstrable, material and adverse effect of its proposed changes to Seller's proposed Load Modifying Resource Dispatch Plan, Seller shall incorporate such changes (with no other modifications) into, and send to Buyer by the Dispatch Plan Deadline, a revised Load Modifying Resource Dispatch Plan (which shall become the Load Modifying Resource Dispatch Plan).

(c) At all times during the Delivery Term, Seller shall operate the Portfolio as specified in the applicable Load Modifying Resource Dispatch Plan to provide the Contract Amounts of Load Modification, and shall bear all costs and expenses associated with such operation

6.6 **Information Sharing and Shared Learning.** Seller understands and acknowledges that Buyer is entering into this Agreement in part to gain operational and market information regarding the performance, efficiency, operations, maintenance, and multiple uses of energy storage and storage assets as an integral part of Buyer's portfolio of assets to meet its

customers' needs as well as to gain an understanding of the impact of energy storage on load forecasting as a load serving entity. Throughout the Term, Seller agrees to share such information with Buyer, including meter data and hourly charging and discharging data at least on an aggregated basis but excluding cost or similar proprietary information, upon Buyer's request, with such information to be treated by Buyer as Confidential Information. Seller shall provide such applicable meter data to Buyer in a format and to a platform specified by Buyer that is reasonably acceptable to Seller. For information related to Seller's multiple uses of the Project, Seller shall promptly provide Notice to Buyer any time it provides any services, attributes, or products from the Portfolio to a third party.

6.7 **Changes in Law.**

(a)

(i) In the event of any change in Requirements by the CEC, CPUC, CAISO, or other Governmental Authority or Person results in a *decrease* to the amount of Product that may be calculated or derived from the Projects and their Operational Characteristics (including any extension by the CEC, CPUC or CAISO of the required duration of energy storage resources for Load Modification or, after a Product Transition, Resource Adequacy), Seller shall exercise commercially reasonable efforts to maintain the Contract Amounts. If despite such efforts Seller is unable to maintain the Contract Amounts as a result of such change in requirements, then either Party may provide Notice to the other Party, once it is reasonably evident that the Contract Amounts cannot be maintained, specifying the altered amounts of Product ("**Downward Change Notice**"). Following a Downward Change Notice, Buyer will confirm via Notice to Seller the amended Contract Amount based on such change and the date that Seller shall commence delivery of such amended amounts ("**Downward Change Confirmation Notice**").

(ii) In the event of any change in Requirements by the CEC, CPUC, CAISO, or other Governmental Authority or Person results in an *increase* to the amount of Product that may be calculated or derived from the Projects and their Operational Characteristics (including in the case of a new category of Load Modification or after a Product Transition, Capacity Attributes), then either Party shall provide Notice to the other Party as soon as practicable following knowledge of such change specifying the altered amounts of Product ("**Upward Change Notice**"). Following an Upward Change Notice, Buyer shall have sole discretion over whether to accept a corresponding increase to the Contract Amount. If Buyer chooses to accept such increase, Buyer will confirm via Notice to Seller the amended Contract Amount based on such change and the date that Seller shall commence delivery of such amended amounts ("**Upward Change Confirmation Notice**"). If Buyer declines to accept any such increase, Seller shall have the right to sell to third parties any resulting Capacity Attributes (but, for the avoidance of doubt, not Load Modification) that is in excess of the Contract Amount.

(iii) The Contract Amount shall automatically adjust upon the date set forth in the Confirmation Notice without further need for the Parties to amend this Agreement. Until such date, Seller shall continue to deliver the Contract Amount of Product as stated prior to the Confirmation Notice, unless otherwise required by Law or other Requirements.

(b) In the event a centralized capacity market develops within the WECC region, Buyer will have exclusive right to offer, bid, or otherwise submit the Product for re-sale in such markets, or to cause Seller or Seller's SC to do so, and Buyer shall retain and receive any and all related revenues.

(c) Except in the event of a change of CEC criteria for delivery of Load Modification Product, if a change in CAISO, CEC or CPUC Requirements renders this Agreement or any provisions hereof incapable of being performed or administered, then either Party may request that Buyer and Seller enter into negotiations to make the minimum changes to this Agreement necessary to make this Agreement capable of being performed and administered, while attempting to preserve to the maximum extent possible the benefits, burdens, and obligations set forth in this Agreement as of the Execution Date. Upon delivery of such a request, Buyer and Seller shall engage in such negotiations in good faith. If Buyer and Seller are unable, within sixty (60) days after delivery of such request, to agree upon changes to this Agreement or to resolve issues relating to changes to this Agreement, then either Party may submit issues pertaining to changes to this Agreement to the dispute resolution process set forth in Section 19.2. Notwithstanding the foregoing, (i) a change in cost or available source of revenue (or other financial benefit), or any change in the retail rates, time of use periods or rate structure of Buyer or the Utility Distribution Provider, shall not in and of itself be deemed to render this Agreement or any of the provisions hereof incapable of being performed or administered, or constitute, or form the basis of, a Force Majeure, and (ii) all of unaffected provisions of this Agreement shall remain in full force and effect during any period of such negotiation or dispute resolution.

(d) Without limitation or modification of Section 6.7(a) or Section 6.7(c), in the event of any change in Requirements by the CPUC, CEC, CAISO, or other Governmental Authority or Person that significantly modifies the market mechanisms or regulatory construct for delivery of Load Modification or (after a Product Transition) Capacity Attributes from resources similar to and including the Project (but that does not fall under Section 6.7(c)), either Party may provide Notice to the other Party requesting that the Parties discuss in good faith changes to this Agreement that would enable each Party to preserve to the maximum extent possible the benefits, burdens, and obligations set forth in this Agreement as of the Execution Date. Upon delivery of such a request, Buyer and Seller shall engage in such negotiations in good faith for a period of at least sixty (60) days but shall have no further obligation or rights under this Section 6.7(d).

(e) In the event that a change in Buyer's or the Utility Distribution Company's rates results in adverse changes to the economic benefits provided to Customers under the Customer Agreement, upon request by Buyer, Buyer and Seller shall take commercially reasonable efforts to make changes to the Load Modifying Resource Dispatch Plan to maximize benefits for Customers.

Article 7: EVENTS OF DEFAULT; REMEDIES

7.1 Events of Default.

(a) Seller will be deemed a Defaulting Party upon the occurrence of any of the following (each a "**Seller's Event of Default**"):

(i) Seller fails to satisfy a Performance Assurance requirement set forth in Article 10;

(ii) any material misrepresentation or omission, in any metering or submetering, Load Modifying Resource Dispatch Plan, Supply Plan, Seller's Portfolio List, report, or Notice with regard to delivery of the Product, or undue delay or withholding of such data, report or Notice, which misrepresentation or undue delay or withholding is not cured within ten (10) Business Days of Buyer's receipt thereof;

(iii) Seller intentionally or knowingly delivers, or attempts to deliver Product that is not produced by the Project;

(iv) Seller fails to achieve Construction Start by the applicable Construction Start Deadline for reasons other than Force Majeure, subject to Section 3.1(c);

(v) Seller fails (A) to deliver a Delay Notice in accordance with Section 4.1(b)(i), (B) to pay IDD Delay Damages or SDD Delay Damages in accordance with Section 4.1(b)(i) or Section 4.1(c)(i), or (C) to achieve an Initial Delivery Date by the applicable Expected Initial Delivery Date for reasons other than Force Majeure, subject to Section 4.1(b)(ii);

(vi) Seller fails in any month to deliver Delivered Quantities to Buyer equal to the Contract Amounts (unless Buyer has received Shortfall LDs in lieu of Delivered Quantities); provided that Shortfall LDs may not be used to avoid a Seller's Event of Default (A) during the months of August and September (unless a Product Transition has occurred) or (B) more than three (3) times in any twelve (12) month period during the Delivery Term;

(vii) Seller's Portfolio fails to meet the requirements of Section 5.4(c), and such failure is not remedied within thirty (30) days after Notice from Buyer;

(viii) Seller fails to satisfy the Capacity Attributes Conditions as and when required in Section 5.2(b);

(ix) Seller fails to own or have demonstrable control over the Portfolio;

(x) In respect of any Contract Year, aggregate Delivered Quantities are less than eighty-five percent (85%) of the Contract Amounts for such period;

(xi) Seller is in material default under either of the Non-Disclosure Agreements, and all applicable cure periods expressly stated thereunder associated with such default have expired;

(xii) with respect to any outstanding Letter of Credit provided for the benefit of Buyer that is not then required under this Agreement to be canceled or returned, the failure by Seller to provide for the benefit of Buyer either (1) cash, or (2) a substitute Letter of Credit from a different issuer meeting the criteria set forth in the definition of Letter of Credit, in each case, in the amount required hereunder within five (5) Business Days after Seller receives Notice of the occurrence of any of the following events:

(A) the issuer of the outstanding Letter of Credit shall fail to maintain a Credit Rating of at least “A-” by S&P or “A3” by Moody’s;

(B) the issuer of such Letter of Credit becomes Bankrupt;

(C) the issuer of the outstanding Letter of Credit shall fail to comply with or perform its obligations under such Letter of Credit and such failure shall be continuing after the lapse of any applicable grace period permitted under such Letter of Credit;

(D) the issuer of the outstanding Letter of Credit shall fail to honor a properly documented request to draw on such Letter of Credit;

(E) the issuer of the outstanding Letter of Credit shall disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, such Letter of Credit;

(F) such Letter of Credit fails or ceases to be in full force and effect at any time; or

(G) Seller shall fail to renew or cause the renewal of each outstanding Letter of Credit on a timely basis as provided in the relevant Letter of Credit and as provided in accordance with this Agreement, and in no event less than thirty (30) days prior to the expiration of the outstanding Letter of Credit.

(b) Either Party will be deemed a Defaulting Party upon the occurrence of any of the following (each a “Party’s Event of Default”):

(i) the failure by such Party to make, when due, any payment required pursuant to this Agreement and such failure is not remedied within ten (10) Business Days after Notice thereof;

(ii) any representation or warranty made by such Party under this Agreement is false or misleading in any material respect when made or when deemed made or repeated, and such default is not remedied within thirty (30) days after Notice thereof, or such longer additional period, not to exceed an additional thirty (30) days, if the Defaulting Party is unable to remedy such default within such initial thirty (30) days period despite exercising best efforts;

(iii) the failure by such Party to perform any material covenant or obligation set forth in this Agreement, including any failure by Seller to comply with all Requirements and Safety Requirements in accordance with Section 6.3, except to the extent constituting a separate Event of Default, and such failure is not remedied within thirty (30) days after Notice thereof, or such longer additional period, not to exceed an additional thirty (30) days, if the Defaulting Party is unable to remedy such default within such initial thirty (30) days period despite exercising best efforts;

(iv) such Party becomes Bankrupt;

(v) such Party assigns this Agreement or any of its rights hereunder other than in compliance with Article 18; or

(vi) such Party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of Law or pursuant to an agreement reasonably satisfactory to the other Party.

7.2 **Remedies; Declaration of Early Termination Date.** If an Event of Default with respect to a Defaulting Party has occurred, the other Party ("**Non-Defaulting Party**") shall have the following rights:

(a) to send Notice, designating a day, no earlier than the day such Notice is deemed to be received and no later than twenty (20) days after such Notice is deemed to be received, as an early termination date of this Agreement ("**Early Termination Date**") that terminates this Agreement (the "**Terminated Transaction**") and ends the Delivery Term effective as of the Early Termination Date;

(b) to accelerate all amounts owing between the Parties, and to collect as liquidated damages (i) the Damage Payment, in the case of an Event of Default by Seller occurring before the Initial Delivery Date, including an Event of Default under Section 7.1(a)(v), or (ii) the Termination Payment calculated in accordance with Section 7.3 below, in the case of any other Event of Default by either Party;

(c) to withhold any payments due to the Defaulting Party under this Agreement;

(d) to suspend performance; or

(e) to exercise any other right or remedy available at law or in equity, including specific performance or injunctive relief, except where an express and exclusive remedy or measure of damages is provided under this Agreement;

(f) provided, that payment by the Defaulting Party of the Damage Payment or Termination Payment, as applicable, shall constitute liquidated damages and the Non-Defaulting Party's sole and exclusive remedy for any Terminated Transaction and the Event of Default related thereto.

7.3 **Termination Payment.** The Termination Payment ("**Termination Payment**") for a Terminated Transaction shall be the aggregate of the Settlement Amount plus any or all other amounts due to or from the Non-Defaulting Party as of the Early Termination Date, including the Secondary Damage Payment in the case of an Event of Default by Seller occurring after the Initial Delivery Date and before the Secondary Delivery Date, netted into a single amount. The Non-Defaulting Party shall calculate a Settlement Amount for the Terminated Transaction as of the Early Termination Date. Third parties supplying information for purposes of the calculation of Gains or Losses may include, without limitation, dealers in the relevant markets, end-users of the

relevant product, information vendors and other sources of market information. The Settlement Amount shall not include consequential, incidental, punitive, exemplary, indirect or business interruption damages. Without prejudice to the Non-Defaulting Party's duty to mitigate, the Non-Defaulting Party shall not have to enter into replacement transactions to establish a Settlement Amount. Each Party agrees and acknowledges that (a) the actual damages that the Non-Defaulting Party would incur in connection with a Terminated Transaction would be difficult or impossible to predict with certainty, (b) the Damage Payment or Termination Payment, as applicable, is a reasonable and appropriate approximation of such damages, and (c) the Damage Payment or Termination Payment, as applicable, is the exclusive remedy of the Non-Defaulting Party in connection with a Terminated Transaction but shall not otherwise act to limit any of the Non-Defaulting Party's rights or remedies if the Non-Defaulting Party does not elect a Terminated Transaction as its remedy for an Event of Default by the Defaulting Party.

7.4 **Notice of Payment of Termination Payment.** As soon as practicable after a Terminated Transaction, Notice shall be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Damage Payment or Termination Payment and whether the Termination Payment is due to or from the Non-Defaulting Party. The Notice shall include a written statement explaining in reasonable detail the calculation of such amount and the sources for such calculation. The Termination Payment shall be made to or from the Non-Defaulting Party, as applicable, within ten (10) Business Days after such Notice is effective.

7.5 **Disputes with Respect to Termination Payment.** If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within five (5) Business Days of receipt of the Non-Defaulting Party's calculation of the Termination Payment, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute. Disputes regarding the Termination Payment shall be determined in accordance with Article 19.

7.6 **Rights and Remedies Are Cumulative.** Except where an express and exclusive remedy or measure of damages is provided, the rights and remedies of a Party pursuant to this Article 7 shall be cumulative and in addition to the rights of the Parties otherwise provided in this Agreement.

Article 8: FORCE MAJEURE

8.1 Force Majeure.

(a) **Effect of Force Majeure.** A Party shall not be considered to be in default in the performance of its obligations to the extent that the failure or delay of its performance is due to a Force Majeure event, and the non-affected Party shall be excused from its corresponding performance obligations for the period of the affected Party's failure or delay of performance. The burden of proof for establishing the existence and consequences of an event of Force Majeure lies with the Party initiating the claim.

(b) **Notice of Force Majeure.** The Party desiring to invoke the Force Majeure event as a cause for delay in its performance of, or failure to perform, any obligation hereunder, shall provide prompt Notice, in no event later than ten (10) days after such Party is or reasonably

should have been aware of the Force Majeure event, to the other Party in the form of a letter identifying the event of Force Majeure and describing in detail the particulars of the occurrence giving rise to the Force Majeure event including the expected duration, when known, and the effect of such Force Majeure event. Failure to provide timely Notice constitutes a waiver of a claim of Force Majeure. Promptly, but in any event within ten (10) days after a Notice is given pursuant to the preceding sentence, the Parties shall meet to discuss the basis and terms upon which the arrangements set out in this Agreement shall be continued taking into account the effects of such event of Force Majeure.

(c) **Mitigation of Force Majeure**. The suspension of a Party's performance under the Agreement due to a claim of Force Majeure shall be of no greater scope and of no longer duration than is required by the Force Majeure event. A Party suspending performance due to Force Majeure shall take, or cause to be taken, such action as may be necessary to void, or nullify, or otherwise to mitigate, in all material respects, the effects of such event of Force Majeure. The Parties shall take all reasonable steps to resume normal performance under this Agreement after the cessation of any Force Majeure event. If Seller cannot meet the Expected Initial Delivery Date as a result of a Force Majeure event declared by Seller in accordance with this Agreement, then Seller shall work diligently to resolve the effect of the Force Majeure and provide evidence of its efforts promptly upon Buyer's written request.

(d) **Force Majeure Failure**. Subject to Section 8.1(a), Buyer shall have the right, but not the obligation, to terminate this Agreement after the occurrence of the following, each constituting a "**Force Majeure Failure**":

(i) during the Delivery Term:

(A) due to a Force Majeure event, Seller is excused from meeting its obligations under this Agreement (including any failure to deliver Delivered Quantities to Buyer equal to the Contract Amounts) for a period greater than one hundred eighty (180) days; or

(B) the Project is destroyed or rendered inoperable by an event of Force Majeure.

(ii) due to a Force Majeure event, in whole or in part, the Initial Delivery Date does not occur within one hundred eighty (180) days after the Expected Initial Delivery Date.

(e) **Effect of Termination for Force Majeure Failure**. If Buyer exercises its termination right in connection with a Force Majeure Failure under Section 8.1(d), then the Agreement shall terminate without further liability of either Party to the other, effective upon the date set forth in Buyer's Notice of termination, subject to each Party's satisfaction of all of the final payment and survival obligations set forth in Section 21.3.

Article 9: INVOICING AND PAYMENT

9.1 **Invoicing**. Seller shall deliver an invoice (in a form reasonably acceptable to Buyer), in arrears, to Buyer no later than ten (10) Business Days after the end of each month of the Delivery Term for all amounts due from Buyer to Seller under this Agreement, including, as applicable: (a) the Monthly Payment, and (b) other compensatory adjustments required by this

Agreement, including adjustments for Taxes. Each invoice shall (i) contain data sufficient to document and verify all amounts included therein, including any relevant records, invoices, or settlement data from CAISO, necessary to verify the accuracy of any amount and (ii) be in a format specified by Buyer.

9.2 **Payment.** Buyer shall make payment to Seller by wire transfer or ACH payment to the bank account provided on each monthly invoice. Buyer shall pay undisputed invoice amounts within forty-five (45) days after receipt of the invoice. If such due date falls on a weekend or legal holiday, such due date shall be the next Business Day. Payments made after the due date will be considered late and will bear interest on the unpaid balance. If the amount due is not paid on or before the due date or if any other payment that is due and owing from one Party to another is not paid on or before its applicable due date, a late payment charge shall be applied to the unpaid balance and shall be added to the next billing statement. Such late payment charge shall be calculated based on an annual interest rate equal to the three-month LIBOR, plus two percent (2%) (the “**Interest Rate**”). If the due date occurs on a day that is not a Business Day, the late payment charge shall begin to accrue on the next succeeding Business Day.

9.3 **Payment Adjustments; Billing Errors.** Payment adjustments shall be made if Buyer or Seller discovers there have been good faith inaccuracies in invoicing that are not otherwise disputed under Section 9.4 or an adjustment to an amount previously invoiced or paid is required due to a correction of data by CAISO. If the required adjustment is in favor of Buyer, Buyer’s next monthly payment shall be credited in an amount equal to the adjustment. If the required adjustment is in favor of Seller, Seller shall add the adjustment amount to Buyer’s next monthly invoice. Adjustments in favor of either Buyer or Seller shall bear interest, until settled in full, in accordance with Section 9.2, accruing from the date on which the adjusted amount should have been due.

9.4 **Billing Disputes.** A Party may, in good faith, dispute the correctness of any invoice or any adjustment to an invoice rendered under this Agreement or adjust any invoice for any arithmetic or computational error within twelve (12) months of the date of the invoice, or adjustment to an invoice, was rendered. In the event an invoice or portion thereof, or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be required to be made when due. Any invoice dispute or invoice adjustment shall be in writing and shall state the basis for the dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved. Upon resolution of the dispute, any required payment shall be made within five (5) Business Days of such resolution along with interest accrued at the Interest Rate from and including the original due date to but excluding the date paid. Inadvertent overpayments shall be returned via adjustments in accordance with Section 9.3. Any dispute with respect to an invoice is waived if the other Party is not notified in accordance with this Section 9.4 within twelve (12) months after the invoice is rendered or subsequently adjusted, except to the extent any misinformation was from a third party not affiliated with any Party and such third party corrects its information after the twelve (12) month period. If an invoice is not rendered within twelve (12) months after the close of the month during which performance occurred, the right to payment for such performance is waived.

9.5 **Netting of Payments.** The Parties hereby agree that they shall discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in

which case all amounts owed by each Party to the other Party for the purchase and sale of Product during the monthly billing period under this Agreement or otherwise arising out of this Agreement, including any related damages, interest, and payments or credits, shall be netted so that only the excess amount remaining due shall be paid by the Party who owes it.

Article 10: PERFORMANCE ASSURANCE

10.1 **Seller's Development Security**. To secure its obligations under this Agreement, Seller shall deliver Initial Development Security to Buyer within thirty (30) days of the Execution Date. Seller shall maintain the Development Security in full force and effect and Seller shall within five (5) Business Days after any draw thereon replenish the Development Security in the event Buyer collects or draws down any portion of the Development Security for any reason permitted under this Agreement other than to satisfy a Damage Payment, Secondary Damage Payment, or Termination Payment, as applicable. In the case of the Initial Development Security, upon the earlier of (a) Seller's delivery of the Delivery Term Security, or (b) sixty (60) days after termination of this Agreement, Buyer shall return Development Security in the amount of the Initial Development Security to Seller, less the amounts drawn in accordance with this Agreement. If Seller elects to increase the amount of Product delivered hereunder pursuant to Section 3.6, then Seller shall increase the Development Security by the amount of the Secondary Delivery Security within five (5) Business Days of Seller's Notice to Buyer of such election. In the case of the Secondary Development Security, upon the earlier of (a) Seller's delivery of additional Delivery Term Security pursuant to Section 10.2, or (b) sixty (60) days after termination of this Agreement, Buyer shall return Development Security in the amount of the Secondary Development Security to Seller, less the amounts drawn in accordance with this Agreement.

10.2 **Seller's Delivery Term Security**. To secure its obligations under this Agreement, Seller shall deliver Delivery Term Security to Buyer on or before the Initial Delivery Date. If Seller elects to increase the amount of Product delivered hereunder pursuant to Section 3.6, then Seller shall deliver additional Delivery Term Security to correspond to the increased Contract Amount on or before the Secondary Delivery Date. Seller shall maintain the Delivery Term Security in full force and effect, and shall within five (5) Business Days after any draws made by Buyer in accordance with this Agreement (other than to satisfy a Termination Payment) replenish the Delivery Term Security, until the following have occurred: (a) the Delivery Term has expired or terminated early; and (b) all payment obligations of Seller then due and payable under this Agreement, including compensation for penalties, Termination Payment, indemnification payments or other damages are paid in full (whether directly or indirectly such as through set-off or netting). Following the occurrence of both events, Buyer shall promptly return to Seller the unused portion of the Delivery Term Security.

10.3 **First Priority Security Interest in Cash or Cash Equivalent Collateral**.

(a) To secure its obligations under this Agreement, and until released as provided herein, Seller hereby grants to Buyer a present and continuing first-priority security interest ("**Security Interest**") in, and lien on (and right to net against), and assignment of the Development Security, Delivery Term Security, any other cash collateral and cash equivalent collateral posted pursuant to Sections 10.1 and 10.2 and any and all interest thereon or proceeds resulting therefrom or from the liquidation thereof, whether now or hereafter held by, on behalf

of, or for the benefit of Buyer, and Seller agrees to take all action as Buyer reasonably requires in order to perfect Buyer's Security Interest in, and lien on (and right to net against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or any time after the occurrence of a Seller's Event of Default or a Party's Event of Default on the part of Seller, an Early Termination Date resulting from a Seller's Event of Default or a Party's Event of Default on the part of Seller, or an occasion provided for in this Agreement where Buyer is authorized to retain all or a portion of the Development Security or Delivery Term Security, Buyer may do any one or more of the following (in each case subject to the final sentence of this Section 10.3):

(i) Exercise any of its rights and remedies with respect to the Development Security and Delivery Term Security, including any such rights and remedies under Law then in effect;

(ii) Draw on any outstanding Letter of Credit issued for its benefit and retain any cash held by Buyer as Development Security or Delivery Term Security; and

(iii) Liquidate all Development Security or Delivery Term Security (as applicable) then held by or for the benefit of Buyer free from any claim or right of any nature whatsoever of Seller, including any equity or right of purchase or redemption by Seller.

(b) Buyer shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce Seller's obligations under this Agreement (Seller remains liable for any amounts owing to Buyer after such application), subject to Buyer's obligation to return any surplus proceeds remaining after these obligations are satisfied in full.

10.4 Seller Financial Information. If requested by Buyer, Seller shall deliver to Buyer (a) within one hundred twenty (120) days following the end of each fiscal year, a copy of Seller's annual report containing unaudited consolidated financial statements for such fiscal year, if available, (or audited consolidated financial statements for such fiscal year if otherwise available) and (b) within sixty (60) days after the end of each of its first three fiscal quarters of each fiscal year, a copy of such Seller's quarterly report containing unaudited consolidated financial statements for such fiscal quarter, if available. In all cases the statements shall be for the most recent accounting period and shall be prepared in accordance with Generally Accepted Accounting Principles. Notwithstanding anything else herein to the contrary, to the extent Seller is a publicly-traded corporation on a nationally-recognized stock exchange, and its financial statements and SEC filings are publicly available at the website investors.sunrun.com, Seller's obligation to deliver financial statements pursuant to Section 10.4 herein shall be waived.

Article 11: SAFETY

11.1 Safety.

(a) Seller shall, and shall cause its Affiliates and Contractors to, design, construct, operate, and maintain the Portfolio and conduct all Work or cause all Work to be conducted in accordance with the Safety Requirements. Seller shall, and shall cause its Affiliates and Contractors to, take all actions to comply with the Safety Requirements.

(b) Prior to Seller's execution of a Contractor's contract, Seller shall demonstrate to Buyer that the Contractor has the qualifications, experience, and safety record to develop, construct, operate and maintain the Portfolio, as applicable. During the period that a Contractor is conducting Work, Seller shall cause the Contractor to meet and comply with the Safety Requirements.

(c) Seller shall document a Portfolio Safety Plan and incorporate the Portfolio Safety Plan's features into the design, development, construction, operation, and maintenance of the Portfolio. Seller shall submit for Buyer's review a Portfolio Safety Plan, in a format acceptable to Buyer, which must demonstrate (A) Seller's plans to comply with the Safety Requirements and (B) Seller's consideration of the Project Safety Plan items in Part Two (Project Design and Description) of Appendix VI. Upon Notice to Buyer, Seller may deviate from any specific procedures identified in the Portfolio Safety Plan while designing, developing, constructing, operating, or maintaining the Portfolio, if in Seller's judgment, the deviation is necessary to design, develop, construct, operate, or maintain the Project safely or in accordance with the Safety Requirements.

(d) Throughout the Delivery Term, Seller shall update the Safeguards and the Portfolio Safety Plan as required by Safety Requirements or as necessitated by a Safety Remediation Plan. Seller shall provide such updated Portfolio Safety Plan to Buyer within thirty (30) days of any such updates. Throughout the Delivery Term, Buyer shall have the right to request Seller to provide its Portfolio Safety Plan, or portions thereof, and demonstrate its compliance with the Safety Requirements within thirty (30) days of Buyer's Notice.

(e) Seller shall remove any Contractor that engages in repeated, material violations of the Portfolio Safety Plan or Safety Requirements, unless doing so would present an ongoing material adverse effect to the operation of the Project.

11.2 **Reporting Serious Incidents.** Seller shall provide Notice of a Serious Incident to Buyer within five (5) Business Days of occurrence. The Notice of Serious Incident must include the time, date, and location of the incident, the Contractor or Customer(s) involved in the incident (as applicable), the circumstances surrounding the incident, the immediate response and recovery actions taken, and a description of any impacts of the Serious Incident. Seller shall cooperate and provide reasonable assistance, and cause each of its Contractors and Customer(s) to cooperate and provide reasonable assistance, to Buyer with any investigations and inquiries by Governmental Authorities that arise as a result of the Serious Incident.

11.3 **Remediation.**

(a) Seller shall resolve any Remediation Event within the Remediation Period. Within ten (10) Business Days of the date of the first occurrence of any Remediation Event, Seller shall provide a Safety Remediation Plan to Buyer for Buyer's review.

(b) Seller shall cooperate, and cause each of its Contractors to cooperate, with Buyer in order for Seller to provide any report relating to a Remediation Event, in a form and level of detail that is acceptable to Buyer which incorporates information, analysis, investigations or documentation, as applicable or as requested by Buyer.

11.4 **Buyer Review.** Seller acknowledges and agrees that, notwithstanding anything to the contrary set forth herein, any review, request, or requirement of any materials provided under this Article 11 will not in any way be construed to mean that such material is accurate, acceptable to Buyer, suitable for its intended purpose, in compliance with any applicable Law or other requirement, or endorsed for the benefit of any other party, including Seller. Further, Seller acknowledges and agrees that Buyer shall have no liability to Seller or any other third party with respect to any material so reviewed, requested or required by Buyer or on Buyer's behalf.

Article 12: TAXES

12.1 **Taxes.** Seller shall pay or cause to be paid all Taxes (a) on or with respect to the Portfolio and (b) on or with respect to the sale and making available of Product to Buyer that are imposed on Product prior to its delivery to Buyer at the time and place contemplated under this Agreement. Buyer shall pay or cause to be paid all Taxes on or with respect to the delivery to and purchase by Buyer of Product that are imposed on Product at and after its delivery to Buyer at the time and place contemplated under this Agreement (other than withholding or other Taxes imposed on Seller's income, revenue, receipts or employees), if any. If a Party is required to remit or pay Taxes that are the other Party's responsibility hereunder, such Party shall promptly pay the Taxes due and then seek and receive reimbursement from the other for such Taxes. In the event any sale of Product hereunder is exempt from or not subject to any particular Tax, Buyer shall provide Seller with all necessary documentation within thirty (30) days after the Execution Date to evidence such exemption or exclusion. If Buyer does not provide such documentation, then Buyer shall indemnify, defend, and hold Seller harmless from any liability with respect to Taxes from which Buyer claims it is exempt.

12.2 **Cooperation.** Each Party shall use reasonable efforts to implement the provisions of and administer this Agreement in accordance with the intent of the Parties to minimize all Taxes, so long as no Party is materially adversely affected by such efforts. The Parties shall cooperate to minimize Tax exposure; *provided, however*, that neither Party shall be obligated to incur any financial or operational burden to reduce Taxes for which the other Party is responsible hereunder without receiving due compensation therefor from the other Party.

Article 13: LIMITATIONS

13.1 **No Consequential Damages.** EXCEPT TO THE EXTENT PART OF AN EXPRESS REMEDY OR MEASURE OF DAMAGES HEREIN, OR PART OF AN ARTICLE 15 INDEMNITY CLAIM, OR INCLUDED IN A LIQUIDATED DAMAGES CALCULATION, OR ARISING FROM FRAUD OR INTENTIONAL MISREPRESENTATION, NEITHER PARTY SHALL BE LIABLE TO THE OTHER OR ITS INDEMNIFIED PERSONS FOR ANY SPECIAL, PUNITIVE, EXEMPLARY, INDIRECT, OR CONSEQUENTIAL DAMAGES, OR LOSSES OR DAMAGES FOR LOST REVENUE OR LOST PROFITS, WHETHER FORESEEABLE OR NOT, ARISING OUT OF, OR IN CONNECTION WITH THIS AGREEMENT.

13.2 Waiver and Exclusion of Other Damages.

(a) EXCEPT AS EXPRESSLY SET FORTH HEREIN, THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. ALL LIMITATIONS OF LIABILITY CONTAINED IN THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THOSE PERTAINING TO SELLER'S LIMITATION OF LIABILITY AND THE PARTIES' WAIVER OF CONSEQUENTIAL DAMAGES, SHALL APPLY EVEN IF THE REMEDIES FOR BREACH OF WARRANTY PROVIDED IN THIS AGREEMENT ARE DEEMED TO "FAIL OF THEIR ESSENTIAL PURPOSE" OR ARE OTHERWISE HELD TO BE INVALID OR UNENFORCEABLE.

(b) FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS AND EXCLUSIVE REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED.

(c) TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, INCLUDING UNDER SECTIONS 3.1(c), 4.1(b), 4.1(c), 7.1(a)(vi), 7.2 AND 7.3, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, THAT OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT, AND THAT THE LIQUIDATED DAMAGES CONSTITUTE A REASONABLE APPROXIMATION OF THE ANTICIPATED HARM OR LOSS. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. THE PARTIES HEREBY WAIVE ANY RIGHT TO CONTEST SUCH PAYMENTS AS AN UNREASONABLE PENALTY.

(d) THE PARTIES ACKNOWLEDGE AND AGREE THAT MONEY DAMAGES AND THE EXPRESS REMEDIES PROVIDED FOR HEREIN ARE AN ADEQUATE REMEDY FOR THE BREACH BY THE OTHER OF THE TERMS OF THIS AGREEMENT, AND EACH PARTY WAIVES ANY RIGHT IT MAY HAVE TO SPECIFIC PERFORMANCE WITH RESPECT TO ANY OBLIGATION OF THE OTHER PARTY UNDER THIS AGREEMENT.

Article 14: REPRESENTATIONS; WARRANTIES; COVENANTS

14.1 Seller's Representations and Warranties. As of the Execution Date, Seller represents and warrants as follows:

(a) Seller is a Corporation, duly organized, validly existing and in good standing under the laws of the State of Delaware and is qualified to conduct business in the State of California and each jurisdiction where the failure to so qualify would have a material adverse effect on the business or financial condition of Seller.

(b) Seller has the power and authority to enter into and perform this Agreement and is not prohibited from entering into this Agreement or discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Agreement. The execution, delivery and performance of this Agreement by Seller has been duly authorized by all necessary action on the part of Seller (evidence of such due authorization Seller shall provide to Buyer if requested) and does not and will not require the consent of any trustee or holder of any indebtedness or other obligation of Seller or any other party to any other agreement with Seller.

(c) The execution and delivery of this Agreement, consummation of the transactions contemplated herein, and fulfillment of and compliance by Seller with the provisions of this Agreement will not conflict with or constitute a breach of or a default under any Law presently in effect having applicability to Seller, subject to any permits that have not yet been obtained by Seller, the documents of formation of Seller or any outstanding trust indenture, deed of trust, mortgage, loan agreement or other evidence of indebtedness or any other agreement or instrument to which Seller is a party or by which any of its property is bound.

(d) This Agreement has been duly executed and delivered by Seller. This Agreement is a legal, valid and binding obligation of Seller enforceable in accordance with its terms, except as limited by laws of general applicability limiting the enforcement of creditors' rights or by the exercise of judicial discretion in accordance with general principles of equity.

(e) Each of the Projects in the Portfolio is located in San Mateo County in the State of California.

(f) Seller will be responsible for obtaining all permits necessary to construct and operate the Project and Seller will be the applicant on any California Environmental Quality Act documents.

(g) Seller is familiar with conflict of interest Laws, including the California Political Reform Act, and Buyer's board policies governing conflicts of interest; Seller is in compliance with such Laws and board policies and does not know of any facts that would violate such Laws and board policies; Seller and its officers and agents have not, directly or indirectly, offered, paid, promised, or authorized the giving of money or anything of value to any employee, director, officer of Buyer or governmental official in Alameda County, California for the purpose of influencing any act or decision of such employee, director, officer or government official in her official capacity; no officer or agent of Seller (i) is a government official in Alameda County, California or a family member of a government official in Alameda County, California or (ii) has a personal, business, or other relationship or association with any government official in Alameda County, California or family member thereof who may have responsibility for or oversight of any activities of Buyer; Seller does not employ any government official in Alameda County, California or family member thereof.

(h) Seller is not, and during the Term of this Agreement will not be, a Public Utility under Section 216 of the California Public Utilities Code.

14.2 **Buyer's Representations and Warranties.** As of the Execution Date, Buyer represents and warrants as follows:

(a) Buyer is a joint powers authority and a validly existing community choice aggregator, duly organized, validly existing and in good standing under the laws of the State of California and the rules, regulations and orders of the California Public Utilities Commission, and is qualified to conduct business in each jurisdiction of the Joint Powers Agreement members. All Persons making up the governing body of Buyer are the elected or appointed incumbents in their positions and hold their positions in good standing in accordance with the Joint Powers Agreement and other Law.

(b) Buyer has the power and authority to enter into and perform this Agreement and is not prohibited from entering into this Agreement or discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Agreement, except where such failure does not have a material adverse effect on Buyer's performance under this Agreement. The execution, delivery and performance of this Agreement by Buyer has been duly authorized by all necessary action on the part of Buyer and does not and will not require the consent of any trustee or holder of any indebtedness or other obligation of Buyer or any other party to any other agreement with Buyer.

(c) The execution and delivery of this Agreement, consummation of the transactions contemplated herein, and fulfillment of and compliance by Buyer with the provisions of this Agreement will not conflict with or constitute a breach of or a default under any Law presently in effect having applicability to Buyer, the documents of formation of Buyer or any outstanding trust indenture, deed of trust, mortgage, loan agreement or other evidence of indebtedness or any other agreement or instrument to which Buyer is a party or by which any of its property is bound.

(d) This Agreement has been duly executed and delivered by Buyer. This Agreement is a legal, valid and binding obligation of Buyer enforceable in accordance with its terms, except as limited by laws of general applicability limiting the enforcement of creditors' rights or by the exercise of judicial discretion in accordance with general principles of equity.

(e) Buyer warrants and covenants that with respect to its contractual obligations under this Agreement, it will not claim immunity on the grounds of sovereignty or similar grounds with respect to itself or its revenues or assets from (i) suit, (ii) jurisdiction of court (provided that such court is located within a venue permitted in law and under the Agreement), (iii) relief by way of injunction, order for specific performance or recovery of property, (iv) attachment of assets, or (v) execution or enforcement of any judgment; provided, however that nothing in this Agreement shall waive the obligations or rights set forth in the California Tort Claims Act (Government Code Section 810 et seq.).

(f) Buyer is a "local public entity" as defined in Section 900.4 of the Government Code of the State of California.

14.3 **General Covenants.** Each Party covenants that commencing on the Execution Date and continuing throughout the Term it shall continue to be duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and to be qualified to conduct business in the State of California and each jurisdiction where the failure to so qualify would have a material adverse effect on its business or financial condition.

14.4 **Covenants of Seller.** Seller covenants to and for the benefit of Buyer that throughout the Delivery Term (unless another time period is specified):

(a) Seller will (i) acquire and maintain all Governmental Approvals necessary for the construction, operation, and maintenance of the Portfolio consistent with Safety Requirements, including any approvals required under the California Environmental Quality Act, (ii) Notify Buyer of any material modifications or lapse in renewal of Governmental Approvals, and (iii) at Buyer's request, provide to Buyer digital copies of any Governmental Approvals.

(b) Seller will use reasonable efforts to ensure that all employees hired by Seller, and its Contractors, that will perform construction work or provide services at the Site related to construction of the Project are paid wages at rates not less than those prevailing for workers performing similar work in the locality as provided by applicable California Law, if any. Nothing herein shall require Seller or its Contractors to comply with, or assume liability created by other inapplicable provisions of any California labor Laws. Buyer agrees that Seller's obligations under this Section 14.4(b) will be satisfied upon the execution of a project labor agreement with the principal trade unions related to construction of the Project.

(c) Seller shall perform the obligations related to workforce development and community investment set forth in Appendix XII.

(d) Seller will deliver the Product to Buyer free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any Person.

(e) Seller will take no action or permit any Person (other than Buyer) to take any action that would impair in any way Buyer's ability to rely on the Portfolio in order to satisfy its Compliance Obligations.

(f) Seller shall operate the Project during the Delivery Term in accordance with Appendices I and II and Safety Requirements.

(g) Seller shall comply with all Utility Distribution Company, Participating Transmission Owner, and CAISO Tariff requirements applicable to energy storage facilities.

(h) Seller shall follow all the rules set forth in Appendix A of the MUA Decision. The Parties agree that for the purposes of application of the MUA Decision, all Product delivered pursuant to this Agreement shall be a "reliability service."

Article 15: INDEMNITIES

15.1 Indemnity by Seller.

(a) Seller shall defend, indemnify and hold harmless Buyer, its directors, officers, agents, attorneys, employees, and representatives (“**Buyer Group**”) from and against all third party or Customer claims arising out of this Agreement, the Non-Disclosure Agreements or the Co-Marketing Agreement, and other demands, losses, liabilities, penalties, and expenses, including reasonable attorneys’ and expert witness fees, however described (collectively, “**Claims**”), which arise out of or relate to or are in any way connected with (i) Seller’s delivery of the Product to Buyer, (ii) Seller’s or its Affiliates’ ownership, development, construction, operation or maintenance of the Portfolio, including the Project(s) and the Site(s); (iii) Seller’s or its Affiliates’ actions or inactions, including Seller’s breach of this Agreement or other agreements related to the development, construction, ownership, operation or maintenance of the Project(s), Seller’s Portfolio, Customer(s), or Site (including any Claims relating to a Shortfall); (iv) any environmental matters associated with the Portfolio, including the disposal and transportation of Hazardous Substances by or on behalf of the Seller or at the Seller’s direction or agreement; (v) any agreement between Seller or its Affiliates and a third party including any Customer Agreement; (vi) the participation of Customers in the Portfolio (or the solicitation thereof); or (vii) Seller’s or its Affiliates’ violation of any applicable Law, Requirements, or other requirements of Transmission Provider, Utility Distribution Company, NERC, WECC or Reliability Organization; in each case including any loss, claim, action or suit, for or on account of injury to, bodily or otherwise, or death of, persons, or for damage to or destruction or economic loss of property belonging to Buyer, Seller, Seller’s Affiliates, Customers, or others, excepting only such losses, to the extent solely caused by the willful misconduct or gross negligence of a member of the Buyer Group (collectively, “**Indemnifiable Losses**”).

(b) Seller shall defend, indemnify and hold harmless the Buyer Group harmless from and against all Claims incurred by or brought against Buyer in connection with Environmental Costs.

15.2 Notice of Claim.

(a) **Notice of Claim.** Subject to the terms of this Agreement and upon obtaining knowledge of an Indemnifiable Loss for which it is entitled to indemnity under this Article 15, Buyer will promptly Notify Seller in writing of any Claim which Buyer has determined has given or could give rise to an Indemnifiable Loss under Section 15.1. The Notice is referred to as a “**Notice of Claim**.” A Notice of Claim will specify, in reasonable detail, the facts known to Buyer regarding the Indemnifiable Loss. Within ten (10) days after a Notice of Claim has been given to Seller, Seller shall assume the defense of such Claim. If the Seller fails to assume the defense of a claim meriting indemnification, Buyer may at the expense of Seller contest, settle, or pay such claim, provided that settlement or full payment of any such claim may be made only following consent of Seller or, absent such consent, written opinion of the Buyer’s counsel that such claim is meritorious or warrants settlement.

(b) **Failure to Provide Notice.** A failure to give timely Notice or to include any specified information in any Notice as provided in this Section 15.2 will not affect the rights

or obligations of any Party hereunder except and only to the extent that, as a result of such failure, any Party which was entitled to receive such Notice was deprived of its right to recover any payment under its applicable insurance coverage or was otherwise materially damaged as a direct result of such failure and, provided further, Seller is not obligated to indemnify Buyer for the increased amount of any Indemnifiable Loss which would otherwise have been payable to the extent that the increase resulted from the failure to deliver timely a Notice of Claim.

15.3 **Defense of Claims.** If Seller fails to take reasonable steps necessary to defend diligently a Claim for an Indemnifiable Loss within ten (10) days after receiving Notice from Buyer that Buyer believes Seller has failed to take such steps, or if Seller has not undertaken fully to indemnify Buyer in respect of all Indemnifiable Losses relating to the matter, Buyer may assume its own defense, and Seller will be liable for all costs or expenses, including attorneys' fees, paid or incurred in connection therewith. Without the prior written consent of Buyer, Seller will not enter into any settlement of any Claim which would lead to liability or create any financial or other obligation on the part of Buyer for which Buyer is not entitled to indemnification hereunder; provided, however, that Seller may accept any settlement without the consent of Buyer if such settlement provides a full release to Buyer and no requirement that Buyer acknowledge fault or culpability. If a firm offer is made to settle a Claim without leading to liability or the creation of a financial or other obligation on the part of Buyer for which Buyer is not entitled to indemnification hereunder and Seller desires to accept and agrees to such offer, Seller will give Notice to Buyer to that effect. If Buyer fails to consent to such firm offer within ten (10) calendar days after its receipt of such Notice, Buyer may continue to contest or defend such Claim and, in such event, the maximum liability of Seller to such Claim will be the amount of such settlement offer, plus reasonable costs and expenses paid or incurred by Buyer up to the date of such Notice.

15.4 **Subrogation of Rights.** Upon making any indemnity payment, Seller will, to the extent of such indemnity payment, be subrogated to all rights of the Buyer against any third party in respect of the Indemnifiable Loss to which the indemnity payment relates; provided that (a) Seller is in compliance with its obligations under this Agreement in respect of such Indemnifiable Loss, and (b) until Buyer recovers full payment of its Indemnifiable Loss, any and all claims of the Seller against any such third party on account of said indemnity payment are hereby made expressly subordinated and subjected in right of payment to Buyer's rights against such third party. Without limiting the generality or effect of any other provision hereof, Buyer and Seller shall execute upon request all instruments reasonably necessary to evidence and perfect the above-described subrogation and subordination rights.

15.5 **Rights and Remedies are Cumulative.** The rights and remedies of a Party pursuant to this Article 15 are cumulative and in addition to the rights of the Parties otherwise provided in this Agreement, except with respect to any expressly exclusive remedies herein.

Article 16: INSURANCE

16.1 **Insurance.** Throughout the Term, Seller shall procure and maintain the following insurance coverage and require and cause its Contractors to maintain the same levels of coverage. For the avoidance of doubt, the obligations of the Seller in this Section 16.1 constitute a material obligation of this Agreement.

(a) **Workers' Compensation and Employers' Liability.**

(i) If it has employees, workers' compensation insurance indicating compliance with any applicable labor codes, acts, Laws or statutes, California state or federal, where Seller performs Work.

(ii) Employers' liability insurance will not be less than one million dollars (\$1,000,000) for injury or death occurring as a result of each accident. With regard to bodily injury by disease, the one million dollar (\$1,000,000) policy limit will apply to each employee.

(b) **Commercial General Liability.**

(i) Commercial general liability insurance, including products and completed operations and personal injury insurance, in a minimum amount of two million dollars (\$2,000,000) per occurrence, and an annual aggregate of not less than five million dollars (\$5,000,000), endorsed to provide contractual liability in said amount, specifically covering Seller's obligations under this Agreement and including Buyer as an additional named insured.

(ii) An umbrella insurance policy in a minimum limit of liability of ten million dollars (\$10,000,000).

(iii) Defense costs shall be provided as an additional benefit and not included within the limits of liability. Such insurance shall contain standard cross-liability and severability of interest provisions.

(c) **Business Auto.**

(i) Business auto insurance for bodily injury and property damage with limits of one million dollars (\$1,000,000) per occurrence.

(ii) Such insurance shall cover liability arising out of Seller's use of all owned (if any), non-owned and hired vehicles, including trailers or semi-trailers in the performance of the Agreement."

(d) **Construction All-Risk Insurance.** During the construction of the Project prior to the Initial Delivery Date, construction all-risk form property insurance covering the Project and naming Seller (and Lender if any) as the loss payee.

(e) **Contractor's Pollution Liability.**

(i) If the scope of Work involves areas of known pollutants or contaminants, pollution liability coverage will be required to cover bodily injury, property damage, including clean-up costs and defense costs resulting from sudden, and accidental conditions, including the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, hydrocarbons, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any water course or body of water shall be maintained.

(ii) The limit will be at least two million dollars (\$2,000,000) each occurrence for bodily injury and property damage.

(iii) The policy will endorse Buyer as additional insured.

16.2 **Evidence of Insurance.** Within ten (10) days after the Execution Date and upon annual renewal thereafter, Seller shall deliver to Buyer certificates of insurance evidencing the coverage required under this Agreement. These certificates shall specify that Buyer shall be given at least thirty (30) days' prior Notice by Seller in the event of any material modification, reduction, cancellation or termination of coverage. Such insurance shall be primary coverage without right of contribution from any insurance of Buyer.

16.3 **Failure to Comply.** If Seller fails to comply with any of the provisions of this Article 16, Buyer may, but is not obligated, to purchase the insurance coverage required under Section 16.1 and set off the cost thereof from any amounts owed by Buyer to Seller under this Agreement.

Article 17: RECORDS AND AUDIT RIGHTS

17.1 **Operations Logs.** Seller shall maintain a complete and accurate log of all material operations. Such log will include, but not be limited to, information on charging, discharging, availability, maintenance performed, outages, energy characteristics of the energy storage systems and similar information relating to the availability, testing and operation of the Portfolio. Seller shall provide daily Portfolio charging and discharging data electronically to Buyer on a monthly basis. At the request of Buyer or any Governmental Authority having jurisdiction over any of the Requirements, Seller shall provide all operational information described above and all records demonstrating that the Project is operated and maintained in accordance with Requirements.

17.2 **Records and Audit.**

(a) Seller shall provide access to such financial records and personnel required by Buyer in order to facilitate Buyer's compliance with applicable Law and Generally Accepted Accounting Principles.

(b) To facilitate payment and verification, each Party shall maintain all books and records necessary for billing and payments, including copies of all invoices under this Agreement, for a period of at least five (5) years or as otherwise required by Law. Seller will make all records available to Buyer at its principal place of business during normal working hours.

17.3 **General Audit Right.** Buyer has the right during normal working hours, and after reasonable Notice, to examine Seller's records to the extent reasonably necessary to verify (a) Seller's compliance with this Agreement (including Section 14.4), (b) the accuracy of any statement including the Portfolio Safety Plan or other documents that supplement this Agreement, and (c) any charge, or computation made pursuant to this Agreement. If such examination reveals any material inaccuracy, necessary adjustments shall be made promptly.

17.4 **State Auditor.** In accordance with Government Code Section 8546.7, Seller may be subject to audit by the California State Auditor with regard to Seller's performance of this Agreement if the compensation under this Agreement exceeds ten thousand dollars (\$10,000.00).

17.5 **Data Request Cooperation.** Each Party shall use reasonable efforts to assist the other Party in gathering information for and preparing responses to data requests and other inquiries from Governmental Authorities or Public Records Act requests that are related to or associated with the Portfolio, delivery of Product or this Agreement, subject to the requirements of Article 20.

Article 18: ASSIGNMENT

18.1 **General Prohibition on Assignments.** Except as provided below, neither Party may directly or indirectly assign this Agreement or its rights or obligations under this Agreement, without the prior written consent of the other Party, which consent shall not be unreasonably withheld. Any Seller Change of Control or direct or indirect change of control of Buyer (whether voluntary or by operation of law) will be deemed an assignment and will require the prior written consent of the other Party, which consent shall not be unreasonably withheld.

18.2 **Collateral Assignment.**

(a) Subject to the provisions of this Section 18.2, Seller has the right to assign this Agreement as collateral for any financing or refinancing of the Portfolio or the Projects. Seller has the right to assign its interests in the Projects and Customer Agreements to an Affiliate that is and remains under the direct or indirect control of Seller in connection with any financing or refinancing of the Projects.

(b) In connection with any collateral assignment of this Agreement for purposes of the financing or refinancing of the Project by Seller, Buyer agrees to work with Seller and Lender to agree upon a consent to collateral assignment of this Agreement ("**Collateral Assignment Agreement**"). The Collateral Assignment Agreement must be in form and substance agreed to by Buyer, Seller and Lender.

18.3 **Unauthorized Assignment; Costs.**

(a) Any assignment or purported assignment in violation of this Article 18 is void.

(b) No assignment of this Agreement shall be effective unless such assignment is memorialized in a written agreement signed by the assignee and, except in connection with a collateral financing, in which agreement the assignee assumes all of the assignor's obligations and liabilities under this Agreement.

(c) Seller shall be responsible for Buyer's reasonable costs associated with the preparation, review, execution and delivery of documents in connection with any assignment of this Agreement, including without limitation reasonable attorneys' fees.

Article 19: DISPUTE RESOLUTION

19.1 **Governing Law.** This Agreement and the rights and duties of the Parties hereunder shall be governed by and construed, enforced and performed in accordance with the laws of the State of California, without regard to principles of conflicts of Law. To the extent enforceable at such time, each Party waives its respective right to any jury trial with respect to any litigation arising under or in connection with this agreement. The Parties agree that any litigation arising with respect to this Agreement is to be venued in the Superior Court for the County of San Mateo, California.

19.2 **Dispute Resolution.** In the event of any dispute arising under this Agreement, within ten (10) days following the receipt of a written Notice from either Party identifying such dispute, the Parties shall meet, negotiate and attempt, in good faith, to resolve the dispute quickly, informally and inexpensively. If the Parties are unable to resolve a dispute arising hereunder within the earlier of either thirty (30) days of initiating such discussions, or within forty (40) days after Notice of the dispute, either Party may seek any and all remedies available to it at Law or in equity, subject to the limitations set forth in this Agreement.

19.3 **Attorneys' Fees.** In any proceeding brought to enforce this Agreement or because of the breach by any Party of any covenant or condition herein contained, the prevailing Party shall be entitled to reasonable attorneys' fees (including reasonably allocated fees of in-house counsel) in addition to court costs and any and all other costs recoverable in said action.

Article 20: CONFIDENTIAL INFORMATION

20.1 **Confidential Information.** The following constitutes "**Confidential Information**," whether oral or written, and whether delivered by Seller to Buyer or by Buyer to Seller: (a) proposals and negotiations of the Parties in the negotiation of this Agreement; (b) the terms and conditions of this Agreement; and (c) information that either Seller or Buyer stamps or otherwise identifies as "confidential" or "proprietary" or words of similar import before disclosing it to the other. Confidential Information does not include (i) information that was publicly available at the time of the disclosure, other than as a result of a disclosure in breach of this Agreement; (ii) information that becomes publicly available through no fault of the recipient; (iii) information that was rightfully in the possession of the recipient (without confidential or proprietary restriction) at the time of delivery or that becomes available to the recipient from a source not subject to any restriction against disclosing such information to the recipient; and (iv) information that the recipient independently developed without a violation of this Agreement.

20.2 **Duty to Maintain Confidentiality.** The Party receiving Confidential Information shall treat it as confidential, and shall adopt reasonable information security measures to maintain its confidentiality, employing the higher of (a) the standard of care that the receiving Party uses to preserve its own confidential information, or (b) a standard of care reasonably tailored to prevent unauthorized use or disclosure of such Confidential Information. Confidential Information may be disclosed by the recipient if and to the extent such disclosure is required (a) by Law, (b) pursuant to an order of a court or (c) in order to enforce this Agreement. The Party that originally discloses Confidential Information may use such information for its own purposes, and may publicly disclose such information at its own discretion. Notwithstanding the foregoing, Seller

acknowledges that Buyer is required to make portions of this Agreement available to the public in connection with the process of seeking approval from its board of directors for execution of this Agreement. Buyer may, in its discretion, redact certain terms of this Agreement as part of any such public disclosure, and will use reasonable efforts to consult with Seller prior to any such public disclosure. Seller further acknowledges that Buyer is a public agency subject to the requirements of the California Public Records Act (Cal. Gov. Code section 6250 et seq.). Upon request or demand from any third person not a Party to this Agreement for production, inspection and/or copying of this Agreement or other Confidential Information provided by Seller to Buyer, Buyer shall, to the extent permissible, notify Seller in writing in advance of any disclosure that the request or demand has been made; provided that, upon the advice of its counsel that disclosure is required, Buyer may disclose this Agreement or any other requested Confidential Information, whether or not advance written notice to Seller has been provided. Seller shall be solely responsible for taking whatever steps it deems necessary to protect Confidential Information that is the subject of any Public Records Act request submitted by a third person to Buyer.

20.3 **Irreparable Injury; Remedies.** Buyer and Seller each agree that disclosing Confidential Information of the other in violation of the terms of this Article 20 may cause irreparable harm, and that the harmed Party may seek any and all remedies available to it at Law or in equity, including injunctive relief and/or notwithstanding Section 13.1, consequential damages.

20.4 **Disclosure to Lender.** Notwithstanding anything to the contrary in this Article 20, Confidential Information may be disclosed by Seller to any potential Lender or any of its agents, consultants or trustees so long as the Person to whom Confidential Information is disclosed agrees in writing to be bound by the confidentiality provisions of this Article 20 to the same extent as if it were a Party.

20.5 **Disclosure to Credit Rating Agency.** Notwithstanding anything to the contrary in this Article 20, Confidential Information may be disclosed by either Party to any nationally recognized credit rating agency (e.g., Moody's Investors Service, Standard & Poor's, or Fitch Ratings) in connection with the issuance of a credit rating for that Party or its affiliates, provided that any such credit rating agency agrees in writing to maintain the confidentiality of such Confidential Information.

20.6 **Customer Information.** Buyer and Seller shall comply with all applicable Laws relating to the protection of Customer Information, including California Public Utilities Code Section 8380, *et seq.* and the "Rules Regarding Privacy and Security Protections for Energy Usage Data" adopted by the CPUC.

Article 21: GENERAL PROVISIONS

21.1 **Entire Agreement; Integration; Exhibits.** This Agreement constitutes the entire agreement and understanding between Seller and Buyer with respect to the subject matter hereof and supersedes all prior agreements relating to the subject matter hereof, which are of no further force or effect. The Cover Sheet and any exhibit, appendix, or other attachment hereto is an integral part hereof and is made a part of this Agreement by reference. This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed

against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof.

21.2 **Amendments**. This Agreement may only be amended, modified or supplemented by an instrument in writing executed by duly authorized representatives of Seller and Buyer; *provided*, that, for the avoidance of doubt, this Agreement may not be amended by electronic mail communications.

21.3 **Survival**. Applicable provisions of this Agreement shall continue in effect after termination, to the extent necessary to enforce or complete the duties, obligations or responsibilities of the Parties arising prior to termination. Notwithstanding anything to the contrary in this Agreement, (a) all rights under Sections 15.1 through 15.5 (Indemnities) and any other indemnity rights survive the end of the Term without limit, (b) all audit rights under Sections 17.2 and 17.3 survive the end of the Term for an additional one (1) year, or as required by applicable Law, (c) all rights and obligations under Article 20 (Confidentiality) survive the end of the Term without limit, and (d) all provisions relating to limitations of liability survive without limit.

21.4 **Waivers**. Waiver by a Party of any default by the other Party shall not be construed as a waiver of any other default. Any waiver of a default under this Agreement must appear in a writing signed by the waiving Party.

21.5 **No Agency, Partnership, Joint Venture or Lease**. Seller and the agents and employees of Seller shall, in the performance of this Agreement, act in an independent capacity and not as officers or employees or agents of Buyer. Under this Agreement, Seller and Buyer intend to act as Product seller and Product purchaser, respectively, and do not intend to be treated as, and shall not act as, partners in, co-venturers in or lessor/lessee with respect to the Project, the Product or any business related to the Project. This Agreement shall not impart any rights enforceable by any third party other than a permitted successor or assignee bound to this Agreement or, to the extent set forth herein, any Lender or indemnitee. In no event shall Buyer's receipt or review of any Seller submission, or Buyer's monitoring of Project data or cooperation in Project operations be construed as an assumption of any responsibility, liability or obligation of Seller for the design, construction or operation of the Project.

21.6 **Severability**. In the event that any provision of this Agreement is unenforceable or held to be unenforceable, the Parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby. The Parties shall, however, use their best endeavors to agree on the replacement of the void, illegal or unenforceable provision(s) with legally acceptable clauses which correspond as closely as possible to the sense and purpose of the affected provision and this Agreement as a whole.

21.7 **Mobile Sierra**. Notwithstanding any provision of this Agreement, neither Party shall seek, nor shall they support any third party seeking, to prospectively or retroactively revise the rates, terms or conditions of service of this Agreement through application or complaint to the FERC pursuant to the provisions of the Federal Power Act, absent prior written agreement of the Parties. Further, absent the prior written agreement in writing by both Parties, the standard of review for changes to the rates, terms or conditions of service of this Agreement proposed by a

Party, a non-Party, or the FERC acting sua sponte shall be the “public interest” standard of review set forth in *United States Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), and clarified by *Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish*, 554 U.S. 527 (2008) and *NRG Power Mrkt’g, LLC v. Maine Pub. Util. Comm’n*, 558 U.S. 165 (2010).

21.8 **Counterparts**. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original.

21.9 **Electronic Delivery**. This Agreement may be duly executed and delivered by a Party by execution and electronic format (including portable document format (.pdf)) delivery of the signature page of a counterpart to the other Party, provided that any digital signatures are in compliance with California Code of Regulations, Title 2, Division 7, Chapter 10, Sections 22000 – 22005.

21.10 **No Recourse to Members of Buyer**. Buyer is organized as a joint powers authority in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) pursuant to its Joint Powers Agreement and is a public entity separate from its constituent members. Buyer shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Seller shall have no rights and shall not make any claims, take any actions or assert any remedies against any of Buyer’s constituent members, or the employees, directors, officers, consultants or advisors or Buyer or its constituent members, in connection with this Agreement.

21.11 **Forward Contract**. The Parties acknowledge and agree that this Agreement constitutes a “forward contract” within the meaning of the U.S. Bankruptcy Code, and Buyer and Seller are “forward contract merchants” within the meaning of the U.S. Bankruptcy Code. Each Party further agrees that, for all purposes of this Agreement, each Party waives and agrees not to assert the applicability of the provisions of 11 U.S.C. § 366 in any bankruptcy proceeding wherein such Party is a debtor. In any such proceeding, each Party further waives the right to assert that the other Party is a provider of last resort to the extent such term relates to 11 U.S.C. § 366 or another provision of 11 U.S.C. § 101-1532.

21.12 **Further Assurances**. Each of the Parties hereto agree to provide such information, execute and deliver any instruments and documents and to take such other actions as may be necessary or reasonably requested by the other Party which are not inconsistent with the provisions of this Agreement and which do not involve the assumptions of obligations other than those provided for in this Agreement, to give full effect to this Agreement and to carry out the intent of this Agreement.

Article 22: NOTICES

22.1 **Addresses for the Delivery of Notices**. Any Notice required, permitted, or contemplated hereunder shall be in writing, shall be addressed to the Party to be notified at the address set forth on Appendix VIII or at such other address or addresses as a Party may designate for itself from time to time by Notice hereunder.

22.2 **Time of Delivery.** Each Notice required, permitted, or contemplated hereunder shall be deemed to have been validly served, given or delivered as follows: (a) if sent by United States mail with proper first class postage prepaid, three (3) Business Days following the date of the postmark on the envelope in which such Notice was deposited in the United States mail; (b) if sent by a regularly scheduled overnight delivery carrier with delivery fees either prepaid or an arrangement with such carrier made for the payment of such fees, the next Business Day after the same is delivered by the sending Party to such carrier; (c) if sent by electronic communication (including electronic mail or other electronic means) and if concurrently with the transmittal of such electronic communication the sending Party provides a copy of such electronic Notice by hand delivery, United States mail, or express courier, at the time indicated by the time stamp upon delivery; or (d) if delivered in person, upon receipt by the receiving Party. Notwithstanding the foregoing, Notices of outages or other scheduling or dispatch information or requests, may be sent by electronic communication and shall be considered delivered upon successful completion of such transmission.

SIGNATURES

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the Execution Date.

SUNRUN INC.

PENINSULA CLEAN ENERGY AUTHORITY

By: *Michael V. Sachdev*
Name: Michael Sachdev
Title: SVP, Development

By: _____
Name: _____
Title: _____

APPENDIX I

DESCRIPTION OF PORTFOLIO

The following describes the Project to be constructed, operated and maintained by Seller through the Term in accordance with the Agreement.

A. PORTFOLIO DESCRIPTION

Portfolio name: Peninsula Resilient Capacity Resource

Energy storage technology of Projects: Li-ion

Interconnection:

CAISO transmission access charge area (e.g. PG&E): PG&E

B. PORTFOLIO SIZE

Nameplate capacity (aggregate): Minimum: 2 MW; Maximum: 11 MW

APPENDIX II

OPERATIONAL CHARACTERISTICS

The following describes the Operational Characteristics to determine the amount of Product (Load Modification and Capacity Attributes) the Portfolio can provide.

SINGLE-FAMILY PROJECT OPERATIONAL CHARACTERISTICS

Physical Location and Point of Interconnection

Shall be as set forth in Appendix I-A.

Discharging and Charging

Maximum continuous discharge power (Dmax): 8.7 MW

Minimum continuous discharge power (Dmin): 0 MW

Maximum discharge duration at constant Dmax: 1.8 (hours)

Maximum continuous charge power (Cmax): 8.7 MW (From PV Only)

Minimum continuous charge power (Cmin): 0 MW

Maximum charge duration at constant Cmax: 2.12 (hours)

Amount of Energy released to fully discharge: 15.7 MWh

Amount of Energy required to fully charge: 18.42 MWh

Round-trip efficiency: 85 %

Ramp Rates

[Describe ramp rates. If ramp rates vary with loading level, please provide a ramp rate for each segment within the operational range in which it differs. If ramp rates vary based on the operating mode (e.g. regulation), please provide separately.]

Dmin to Dmax: 8.7 MW/second

Cmin to Cmax: 10.24 MW/second

Dmax to Dmin: 8.7 MW/second

Cmax to Cmin: 10.24 MW/second

System Response Time

[Timing should commence with system at a steady-state starting value and end when system has reached a steady-state ending value. Idle means that the system is neither charging nor discharging, but is online and available for immediate operation. Time should include time from notification.]

Idle to Dmax: 900 seconds

Idle to Cmax: 900 seconds

Dmax to Cmax: 900 seconds

Cmax to Dmax: 900 seconds

Dmin to Cmin: 900 seconds

Cmin to Dmin: 900 seconds

[For the purpose of filling out this Appendix, Discharge (Charge) Start-up Time is the amount of time needed to go from non-operation to Dmin (Cmin). (The state of non-operation includes but is not limited to being unsynchronized to the grid.) Provide in seconds if appropriate.]

Discharge Start-up time (from notification to Dmin): 900 seconds

Charge Start-up time (from notification to Cmin): 900 seconds

Discharge Start-up Fuel: Zero MMBtu

Starts and other Run Time Limitations

[Describe start limitations. Include any daily or annual start limitations. Insert constraints, if any, on run hours and a brief description of the reason for such constraint(s).]

Start limitations: n/a

Run hour limitations: stored PV energy capacity defines the limit on run hours

[Describe minimum times.]

The minimum run time after a Discharge Start-up is Zero seconds

The minimum run time after a Charge Start-up is Zero seconds

The minimum down time after a shutdown is Zero seconds

MULTI-FAMILY PROJECT OPERATIONAL CHARACTERISTICS

Physical Location and Point of Interconnection

Shall be as set forth in Appendix I-A.

Discharging and Charging

Maximum continuous discharge power (Dmax): 1.35 MW

Minimum continuous discharge power (Dmin): 0 MW

Maximum discharge duration at constant Dmax: 4 (hours)

Maximum continuous charge power (Cmax): 1.35 MW

Minimum continuous charge power (Cmin): 0 MW

Maximum charge duration at constant Cmax: 4.49 (hours)

Amount of Energy released to fully discharge: 5.2 MWh

Amount of Energy required to fully charge: 5.8 MWh (from PV)

Round-trip efficiency: 89.5 %

Ramp Rates

[Describe ramp rates. If ramp rates vary with loading level, please provide a ramp rate for each segment within the operational range in which it differs. If ramp rates vary based on the operating mode (e.g. regulation), please provide separately.]

Dmin to Dmax: 1.35 MW/second

Cmin to Cmax: 1.45 MW/second

Dmax to Dmin: 1.35 MW/second

Cmax to Cmin: 1.45 MW/second

System Response Time

[Timing should commence with system at a steady-state starting value and end when system has reached a steady-state ending value. Idle means that the system is neither

charging nor discharging, but is online and available for immediate operation. Time should include time from notification.]

Idle to Dmax: 900 seconds

Idle to Cmax: 900 seconds

Dmax to Cmax: 900 seconds

Cmax to Dmax: 900 seconds

Dmin to Cmin: 900 seconds

Cmin to Dmin: 900 seconds

[For the purpose of filling out this Appendix, Discharge (Charge) Start-up Time is the amount of time needed to go from non-operation to Dmin (Cmin). (The state of non-operation includes but is not limited to being unsynchronized to the grid.) Provide in seconds if appropriate.]

Discharge Start-up time (from notification to Dmin): 300 seconds

Charge Start-up time (from notification to Cmin): 300 seconds

Discharge Start-up Fuel: Zero MMBtu

Starts and other Run Time Limitations

[Describe start limitations. Include any daily or annual start limitations. Insert constraints, if any, on run hours and a brief description of the reason for such constraint(s).]

Start limitations: n/a

Run hour limitations: stored PV energy capacity defines the limit on run hours

[Describe minimum times.]

The minimum run time after a Discharge Start-up is Zero seconds

The minimum run time after a Charge Start-up is Zero seconds

The minimum down time after a shutdown is Zero seconds

**APPENDIX III
PROGRESS REPORTING FORM**

Each Monthly Progress Report shall be delivered in the form of a Microsoft Excel file and include the following items:

1. Executive Summary & Table. In addition to a brief narrative summary of progress, the executive summary shall include the following table:

| | Last Month's Progress | Cumulative Progress | Total Target | Cumulative / Total (%) |
|---|------------------------------|----------------------------|---------------------|-------------------------------|
| Customer Enrollment (All Customers) | | | | |
| Number of Customers Enrolled | | | | |
| Associated Battery Capacity (MW-AC) | | | | |
| Associated New PV (MW-DC) | | | | |
| LI-DAC Customer Enrollment | | | | |
| Number of LI-DAC Customer Enrolled | | | | |
| Associated Battery Capacity (MW-AC) | | | | |
| Milestone Progress | | | | |
| Commenced Installation (Battery Capacity, MW-AC) | | | | |
| Commenced Operation (Battery Capacity, MW-AC) | | | | |

2. Project Assessment Table, including the following details for each project:
 - a. Customer Name
 - b. Customer SAID
 - c. Service Address
 - d. Site Address
 - e. PCE Customer (True or False)

- f. LI-DAC (True or False)
 - g. Status of engagement (offered, enrolled, or declined)
 - h. Date of Enrollment (customer agreement executed)
 - i. Relationship Originator (Seller or Buyer)
 - j. Project status (declined, pre-construction, construction, operational)
 - k. Date Construction Commenced
 - l. Date Operation Commenced (Commercial Operation Date)
 - m. Solar PV Project Type (existing or new install)
 - n. Solar PV Capacity (kWdc)
 - o. Battery Power Capacity (kWac)
 - p. Battery Energy Capacity (kWh)
 - q. Battery OEM
 - r. Battery Inverter OEM
 - s. Battery Round Trip Efficiency (%) as of Project installation
 - t. Project Provides Backup Power for Customer (True or False)
 - u. Data related to existing installations (if available or provided by site host):
 - i. Date of solar PV installation
 - ii. Name of installer organization
 - iii. Ownership structure (PPA, lease, cash deal, PACE, other)
 - iv. Term length of PPA or lease
3. Project Documentation for 10% of total Projects in Portfolio including:
- a. Project Contract (between Seller and Customer)
 - b. Project Drawings (permitted plan set including single line diagram and equipment specifications)
 - c. Projected Customer Benefits (including a proposal and / or cash flow pro forma)
 - d. Proof of Construction Commencement

- e. Commissioning Report
 - f. Proof of Commencement of Operation
 - g. Project Photos including installed equipment and point of interconnection
4. Progress Summary: summary of activities during the previous month, including any OSHA labor hour reports.
 5. Forecast of activities scheduled for the next three months including the same table values as listed in Section 1 – Executive Summary.
 6. List of issues that are likely to potentially affect achievement of the Milestones and the Initial Delivery Date, including corresponding measures being taken to address the issues.
 7. Progress and schedule of the EPC Contract, all major equipment supply agreements, Governmental Approvals, technical studies, and financing arrangements.
 8. Compliance with workforce and prevailing wage requirements.
 9. Any other documentation reasonably requested by Buyer.

APPENDIX IV

**CERTIFICATION
FOR COMMERCIAL OPERATION**

This certification of commercial operation (“Certification”) is delivered by each of _____ (“Seller”) and _____ (“Engineer”) to Peninsula Clean Energy Authority (“Buyer”) in accordance with the terms of that certain Energy Storage Resource Adequacy Agreement dated _____ (“Agreement”) by and between Seller and Buyer. All capitalized terms used in this Certification but not otherwise defined herein shall have the respective meanings assigned to such terms in the Agreement.

Seller and Engineer each hereby certifies and represents to Buyer the following, severally and not jointly:

- (1) Each of the Projects in the Portfolio has been completed and commissioned and became commercially operable on or before */ /*.
- (2) The Portfolio has been constructed in accordance with Appendix I of the Agreement.
- (3) The Portfolio has been constructed in accordance with the Portfolio Safety Plan.
- (4) The Portfolio is capable of producing and delivering Product (Load Modification or Capacity Attributes, as applicable) in the Contract Amounts, and a performance test was conducted to confirm this capability.
- (5) The Project(s) at the Site(s) that are comprising the Portfolio are as set forth in Seller’s Initial Portfolio List.
- (6) Seller has designed and built each of the Projects in the Portfolio to have a design life for the Delivery Term in accordance with Prudent Operating Practices, including to meet the system requirements set forth in Section 6.1(a) of the Agreement.
- (7) The design and construction of each of the Projects in the Portfolio was carried out by a qualified organization in accordance with the designs and requirements of the original equipment manufacturer.

| | |
|----------------------------|--------------------------|
| SELLER: | ENGINEER: |
| Signature: _____ | Signature: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |
| Date: _____ | Date: _____ |
| | License Number: _____ |
| LPE Stamp (if applicable): | |

APPENDIX V

FORM OF LETTER OF CREDIT

[Issuing Bank Letterhead and Address]

IRREVOCABLE STANDBY LETTER OF CREDIT NO. [XXXXXXXX]

Date:
Bank Ref.:
Amount: US\$[XXXXXXXXXX]
Expiry Date:

Beneficiary:

Peninsula Clean Energy Authority, a California joint powers authority
[Address]

Ladies and Gentlemen:

By the order of _____ (“Applicant”), we, [insert bank name and address] (“Issuer”) hereby issue our Irrevocable Standby Letter of Credit No. [XXXXXXXX] (the “Letter of Credit”) in favor of Peninsula Clean Energy Authority, a California joint powers authority (“Beneficiary”), [Address], for an amount not to exceed the aggregate sum of U.S. \$[XXXXXXXX] (United States Dollars [XXXXXX] and 00/100), pursuant to that certain Energy Storage Resource Adequacy Agreement dated as of _____ and as amended (the “Agreement”) between Applicant and Beneficiary. This Letter of Credit shall become effective immediately and shall expire on _____, 201_.

Funds under this Letter of Credit are available to you against your draft(s) drawn on us at sight, referencing thereon our Letter of Credit No. [XXXXXXXX] accompanied by your dated statement purportedly signed by your duly authorized representative, in the form attached hereto as Exhibit A.

We hereby agree with the Beneficiary that all drafts drawn under and in compliance with the terms of this Letter of Credit, that such drafts will be duly honored upon presentation to the drawee at [insert bank address]. Payment shall be made by Issuer in U.S. dollars with Issuer’s own immediately available funds promptly and no later than the business day immediately following our receipt of a drawing certificate from Beneficiary in the form attached hereto as Exhibit A.

Partial draws are permitted under this Letter of Credit.

It is a condition of this Letter of Credit that it shall be deemed automatically extended without an amendment for a one year period beginning on the present expiry date hereof and upon each anniversary for such date, unless at least one hundred twenty (120) days prior to any such expiry

date we have sent to you written notice by overnight courier service that we elect not to extend this Letter of Credit, in which case it will expire on its the date specified in such notice. No presentation made under this Letter of Credit after such expiry date will be honored.

Notwithstanding any reference in this Letter of Credit to any other documents, instruments or agreements, this Letter of Credit contains the entire agreement between Beneficiary and Issuer relating to the obligations of Issuer hereunder.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 Revision) International Chamber of Commerce Publication No. 600 (the "UCP"), except to the extent that the terms hereof are inconsistent with the provisions of the UCP, including but not limited to Articles 14(b) and 36 of the UCP, in which case the terms of this Letter of Credit shall govern. In the event of an act of God, riot, civil commotion, insurrection, war or any other cause beyond Issuer's control (as defined in Article 36 of the UCP) that interrupts Issuer's business and causes the place for presentation of the Letter of Credit to be closed for business on the last day for presentation, the expiry date of the Letter of Credit will be automatically extended without amendment to a date thirty (30) calendar days after the place for presentation reopens for business.

Please address all correspondence regarding this Letter of Credit to the attention of the Letter of Credit Department at [insert bank address information], referring specifically to Issuer's Letter of Credit No. [XXXXXXXX]. For telephone assistance, please contact Issuer's Standby Letter of Credit Department at [XXX-XXX-XXXX] and have this Letter of Credit available.

[Bank Name]

[Insert officer name]
[Insert officer title]

(DRAW REQUEST SHOULD BE ON BENEFICIARY’S LETTERHEAD)

Drawing Certificate

[Insert Bank Name and Address]

Ladies and Gentlemen:

The undersigned, a duly authorized representative of Peninsula Clean Energy Authority, a California joint powers authority, [Address], as beneficiary (the “Beneficiary”) of the Irrevocable Letter of Credit No. [XXXXXXXX] (the “Letter of Credit”) issued by [insert bank name] (the “Bank”) by order of _____ (the “Applicant”), hereby certifies to the Bank as follows:

1. Applicant and Beneficiary are party to that certain Energy Storage Resource Adequacy Agreement dated as of _____, 20__ (the “Agreement”).
2. Beneficiary is making a drawing under this Letter of Credit in the amount of U.S. \$ _____ because an event for which Beneficiary is entitled to make a drawing under this Letter of Credit pursuant to the Agreement has occurred.
3. The undersigned is a duly authorized representative of Peninsula Clean Energy Authority, a California joint powers authority and is authorized to execute and deliver this Drawing Certificate on behalf of Beneficiary.

You are hereby directed to make payment of the requested amount to Peninsula Clean Energy Authority, a California joint powers authority by wire transfer in immediately available funds to the following account:

[Specify account information]

Peninsula Clean Energy Authority

Name and Title of Authorized Representative

Date _____

APPENDIX VI

PORTFOLIO SAFETY PLAN AND DOCUMENTATION

Portfolio Safety Plan Elements:

Part One: Safety Requirements and Safety Programs

Identify the applicable safety-related codes, standards, and regulations (CSR) which govern the design, construction, operation, maintenance of the Project using the proposed technology.

Describe the Seller's and the Seller's Contractor(s)' safety programs and policies. Describe Seller's compliance with any safety-related industry standards or any industry certifications (American National Standards Institute (ANSI), International Organization for Standardization (ISO), etc.), if applicable.

Part Two: Portfolio Design and Description

Describe Seller's safety engineering approach to select equipment and design systems and the Portfolio to reduce risks and mitigate the impacts of safety-related incidents, including cascading failures, excessive temperatures, thermal runaways, fires, explosions, disk fractures, hazardous chemical releases.

Describe the results of any failure mode effects analyses (FMEA) or similar safety engineering evaluations. In the case of lithium ion batteries, describe the safety-related reasons, including design features and historical safety records, for selecting particular anode and cathode materials and a particular manufacturer.

Provide a list of major facility components, systems, materials, and associated equipment, which includes but is not limited to, the following information:

- a) Equipment manufacturer's datasheet, model numbers, etc.,
- b) Technical specifications,
- c) Equipment safety-related certifications (e.g. UL),
- d) Safety-related systems, and
- e) Approximate volumes and types of hazardous materials expected to be on Site.

Part Three: Portfolio Safety Management

Identify and describe any hazards and risks to life, safety, public health, property, or the environment due to or arising from the Portfolio. Describe the Seller's applicable site-specific safety plans, risk mitigation, Safeguards and layers of protection, including but not necessarily limited to:

- a) Engineering controls,
- b) Work practices,
- c) Administrative controls,
- d) Personal protective equipment and procedures,
- e) Incident response and recovery plans,
- f) Contractor pre-qualification and management,

- g) Operating procedures,
- h) Emergency plans,
- i) Training and qualification programs,
- j) Disposal, recycle, transportation and reuse procedures, and
- k) Physical security measures.

APPENDIX VII

MUA DECISION ATTESTATION

This attestation is delivered by _____ (“Seller”) to Peninsula Clean Energy Authority (“Buyer”) in accordance with the terms of that certain Energy Storage Resource Adequacy Agreement dated _____ (“Agreement”) by and between Seller and Buyer. All capitalized terms used in this attestation but not otherwise defined herein shall have the respective meanings assigned to such terms in the Agreement.

Seller hereby certifies and represents to Buyer, as of the date set forth below, that with regard to the Portfolio, Seller is following all the rules set forth in Appendix A of CPUC Decision 18-01-003 on Multiple-Use Application Issues, issued January 17, 2018, regarding the multiple-use applications of energy storage facilities.

EXECUTED by SELLER this _____ day of _____, 20__.

| |
|------------------|
| Signature: _____ |
| Name: _____ |
| Title: _____ |

APPENDIX VIII
NOTICES

| SELLER | BUYER |
|---------------------------------------|--------------|
| All Notices: [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] |

APPENDIX IX

SELLER’S PORTFOLIO LIST

as of [_____]

| Customer Service Account Number | Customer name | Physical address of Site | Total Project capacity installed as part of the Portfolio | Project capacity installed to meet capacity associated with Operational Characteristics | Project capacity installed in excess of capacity associated with Operational Characteristics | Project manufacturer(s) and model number(s) installed at Site with corresponding Portfolio capacity | Customer type (i.e., residential, commercial, municipal) | Project description (e.g., stand-alone storage, solar + storage, multi-family, disadvantaged community, etc.) | CAISO Resource ID | Sub-LAP |
|---------------------------------|---------------|--------------------------|---|---|--|---|--|---|-------------------|---------|
| | | | | | | | | | | |

By submitting this Seller’s Portfolio List to Buyer, Seller attests as of the date signed below, that all of the information is accurate and that the Customers and Projects comprising Seller’s Portfolio List are in compliance with the terms of the Agreement.

| | |
|------------|-------|
| Signature: | _____ |
| Name: | _____ |
| Title: | _____ |
| Date: | _____ |

APPENDIX X

PORTFOLIO MODIFICATION CERTIFICATION

This certification of commercial operation for a Portfolio Modification (“Portfolio Modification Certification”) is delivered by each of _____ (“Seller”) and _____ (“Engineer”) to Peninsula Clean Energy Authority (“Buyer”) in accordance with the terms of that certain Energy Storage Resource Adequacy Agreement dated _____ (“Agreement”) by and between Seller and Buyer. All capitalized terms used in this Portfolio Modification Certification but not otherwise defined herein shall have the respective meanings assigned to such terms in the Agreement.

Seller and Engineer each hereby certifies and represents to Buyer the following, severally and not jointly:

- (1) Each of the Projects in the Portfolio affected by the Portfolio Modification became commercially operational on or before [].
- (2) Each of the Projects in the Portfolio affected by the Portfolio Modification have been constructed in accordance with Appendix I of the Agreement.
- (3) The Portfolio is capable of producing and delivering Product in the Contract Amounts, and a performance test was conducted to confirm this capability.
- (4) Seller has designed and built each of the Projects in the Portfolio affected by the Portfolio Modification to have a design life for the Delivery Term in accordance with Prudent Operating Practices, including to meet the system requirements set forth in Section 6.1(a) of the Agreement.
- (5) The design and construction of each of the Projects in the Portfolio affected by the Portfolio Modification was carried out by a qualified organization in accordance with the designs and requirements of the original equipment manufacturer.
- (6) The Portfolio as modified under the Portfolio Modification is able to operate in a manner consistent with the Safety Requirements.

| | |
|----------------------------|--------------------------|
| SELLER: | ENGINEER: |
| Signature: _____ | Signature: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |
| Date: _____ | Date: _____ |
| | License Number: _____ |
| LPE Stamp (if applicable): | |

APPENDIX XI

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APPENDIX XII

WORKFORCE DEVELOPMENT AND COMMUNITY INVESTMENT OBLIGATIONS

For Multifamily Projects, 90% of all workers employed on in support of the Projects by Seller or through Contractors shall be paid not less than the prevailing rate of wages for the appropriate craft, classification, type of worker and locality as determined by the Director of the State Department of Industrial Relations in accordance with Division 2, Part 7, Chapter 1 of the California Labor Code, or as set out in the wage determination of the U.S. Secretary of Labor, whichever is higher.

Seller shall make commercially reasonable effort to: Cause San Mateo County residents to provide at least 50% of the work hours associated with the construction, operation, and maintenance of the Projects; hire graduates of state-certified apprenticeship training programs, such as Cypress Mandela and Rising Sun Energy Center, in support of the construction, operation, and maintenance of the Projects.

For Single-family Projects, Seller will use reasonable efforts to ensure that employees hired by Seller, and its Contractors, that will perform construction work or provide services at the Site related to construction of the Project are paid wages at rates not less than those prevailing for workers performing similar work in the locality as provided by applicable California Law, if any. Nothing herein shall require Seller or its Contractors to comply with, or assume liability created by other inapplicable provisions of any California labor Laws.

Sunrun will leverage its existing partnership with GRID Alternatives in the low-income solar space to provide workforce development and training in every installation provided to low-income customers. GRID will leverage its Installer Basic Training (IBT) offering to train participants from local communities in solar, and aim to bring storage installation and market knowledge into the training offering as well. Overall, GRID has trained more than 17,000 individuals in solar installation since its inception, and is confident that it can train and hire from local communities onto installations in this offering.

Sunrun is confident that its proposed project will meet and exceed PCE's workforce development requirements. Sunrun maintains a significant employment presence in and around San Mateo County, including five sales and install branches serving the Greater Bay Area. Sunrun prioritizes use of state-approved training and apprenticeship programs and provides prevailing wages related to project construction, operations, and maintenance whenever possible. Related costs and impacts to project deployment timeline are factored into project deployment milestones.

Furthermore, Sunrun focuses its recruitment programs on diversity, following tailored candidate sourcing strategies in an effort to create an internal workforce that mirrors the diversity of its customer base. Sunrun is intentional about recruiting a diverse workforce by sourcing a diverse slate of candidates, creating diverse talent pipelines, and attending diversity and inclusion career fairs and workforce development workshops. Sunrun has also created a messaging platform that highlights our diversity and inclusion efforts and initiatives in order to attract diverse candidates. To hold itself accountable, Sunrun has created performance metrics for diversity recruitment, it

analyzes employee demographic data, and it embeds diversity and inclusion into organizational goals.

In 2018-19, Sunrun has taken more steps to develop supply chain management processes to improve performance with respect to supplier diversity. Establishing Sunrun as a committed market participant with respect to supplier diversity aligns with Sunrun's internal values and will help ensure it maintains its license to operate, all while supporting broader diversity initiatives in the industry and the markets Sunrun serves.

Sunrun aims to provide equal opportunity for businesses owned by historically underrepresented communities to bid on supply chain contracts. This includes minority-, women-, disabled-, veteran-, and LGBTQ-owned businesses. As stated in Sunrun's Vendor Code of Conduct, vendors are expected to demonstrate a commitment to inclusive business practices, including diversity in their workplaces, and to deliver innovative solutions that reflect the diverse experiences, thoughts, and identities represented throughout their business.

Sustainability is core to Sunrun's values, product, and operations.

APPENDIX XIII

RA-SPECIFIC CONDITIONS AND TERMS

PART ONE: CAPACITY ATTRIBUTES CONDITIONS PRECEDENT

1. Seller shall have provided to Buyer a new certification of Seller and an Engineer, substantially in the form attached hereto as Appendix IV, demonstrating that the Project(s) comprising the Portfolio as set forth in Seller's Portfolio List, can deliver, in aggregate, the Capacity Attributes of Product in the applicable Contract Amounts.
2. Seller shall have secured all CAISO and Governmental Approvals as are necessary for the safe and lawful operation and maintenance of the Project and to enable Seller to deliver the Capacity Attributes of the Product to Buyer at the Contract Amounts (including as a Proxy Demand Resource).
3. Seller shall have provided to Buyer all documentation reasonably requested by Buyer demonstrating that the Portfolio successfully completed all applicable testing and registration procedures required by CAISO to Bid into the CAISO Markets, including as a Proxy Demand Resource, in a manner sufficient to enable delivery of the Contract Amounts of Product to Buyer.
4. Seller shall have obtained certification of Product in accordance with the CAISO Tariff and CPUC requirements applicable to Product, including as a Proxy Demand Resource, (i) resulting in certifications of not less than the Contract Amounts and (ii) so as to ensure the Portfolio is fully deliverable such that Seller is able to deliver Product in the Contract Amounts to Buyer for purposes of counting towards Buyer's Compliance Obligations.
5. Seller shall have provided documentation demonstrating Seller's calculations related to and attendant fulfillment of the CAISO NQC criteria, or any revised Resource Adequacy criteria, for the Portfolio.
6. In accordance with the procedures in Part Three below, Seller shall have submitted, or shall have caused its SC to have submitted, a Notice to Buyer including Seller's proposed Supply Plan for the first Showing Month, and Seller shall have properly submitted, or shall have caused its SC to have properly submitted, a Supply Plan to CAISO and the CPUC for the first Showing Month and in connection with Seller's annual Compliance Showing, if applicable.
7. Seller shall provide to Buyer a copy of the executed Demand Response Provider Agreement.

PART TWO: RA-SPECIFIC PAYMENT TERMS

1. The lowest daily quantity that Seller submits for each of the Capacity Attributes in a Supply Plan shall be deemed to be the amount of the respective Capacity Attributes that Seller has delivered for such Showing Month ("Delivered Quantities"). At no time shall Delivered Quantities exceed the Contract Amount.

2. For all Capacity Attributes of the Product that Seller delivers during the Delivery Term in accordance with this Agreement, Buyer shall, in accordance with Article 9, pay Seller a monthly payment (“Monthly Payment” or “MP”) as follows:

$$MP = DQ \times CP$$

where,

DQ = Delivered Quantities of all System RA Attributes, Local RA Attributes, and Flexible Attributes; and

CP = Contract Price.

PART THREE: RA-SPECIFIC OPERATIONAL COVENANTS

1. Seller shall be the Demand Response Provider or shall designate a qualified third party to fulfill such role for the Portfolio. The Demand Response Provider shall have a Demand Response Provider Agreement in place with CAISO and complete all other requirements for Demand Response Providers in accordance with the CAISO Tariff. Seller shall notify Buyer of any changes to the Demand Response Provider Agreement within five (5) days of such changes taking effect. Seller shall ensure that all registration requirements are satisfied and shall provide information to Buyer and the CAISO to allow the CAISO to establish performance evaluation methodologies in accordance with the CAISO Tariff and the applicable Business Practice Manuals.

2. Seller shall be the SC or shall designate a qualified third party to fulfill such role for the Portfolio in order to deliver Product to Buyer during the Delivery Term in accordance with the terms of this Agreement. Seller shall be solely responsible for all costs associated with the SC. Seller shall take, or cause its SC to take, all necessary steps to qualify itself and the Portfolio in such other manner identified and approved by the CAISO and CPUC that permits Seller to provide Product to Buyer.

3. Seller shall comply, and shall cause its DRP, SC, each Customer, and each Project owner and operator to comply, with all applicable CAISO Tariff provisions, CPUC Decisions and all other applicable rules, requirements or Laws, including any Bidding of the Portfolio to meet any Must Offer Obligations, in order to deliver the Product to Buyer and allow Buyer to use the Product to satisfy Buyer’s Compliance Obligations. Seller shall be solely responsible for all costs associated with Seller’s participation in the CAISO Markets in respect of the Portfolio.

4. Seller shall not accept, and shall cause the Portfolio’s SC to not accept, any proposed CPM or RMR designation by the CAISO unless and until Buyer has agreed to accept such designation in a Notice. In addition, Seller shall promptly Notify, or cause the Portfolio’s SC to promptly Notify, Buyer within one (1) Business Day of the time Seller or the SC receives a proposal from CAISO to designate any portion of the Product as CPM Capacity or RMR Generation.

5. Seller shall provide buyer access to the CAISO Portal(s) applicable to the Portfolio in order to view market awards or send Buyer a copy of the Portfolio’s market awards no later than 16:00 each day the Portfolio is bid in to the CAISO Day-Ahead or Hour-Ahead market.

6. No later than fifteen (15) Business Days prior to the applicable Compliance Showing deadlines for each Showing Month, Seller shall submit, or cause its SC to submit, a Notice to Buyer which includes Seller's proposed Supply Plan for such Showing Month in a format and to a platform as Notified by Buyer to Seller prior to such deadline. No later than ten (10) Business Days before the applicable Compliance Showing deadlines for each Showing Month, Buyer may Notify Seller of any necessary corrections to the Supply Plan and Seller shall implement any such corrections in the Supply Plan that it submits, or causes to be submitted, to the CAISO. In the event that Buyer does not Notify Seller of any such corrections to the proposed Supply Plan, Seller shall submit the Supply Plan to CAISO and the CPUC as it was proposed by Notice to Buyer.

7. After following the foregoing procedure, Seller shall submit, or cause to be submitted, a Supply Plan to CAISO and the CPUC, in accordance with the applicable Compliance Showing deadlines for each Showing Month, to identify and confirm the Product to be delivered to Buyer (or, with regard to Resold Product, Buyer's designee) for each day within the applicable Showing Month. For each of the Capacity Attributes of Product that Seller submits in its Supply Plan in the applicable Showing Month, Seller shall not submit an amount greater than the Contract Amount of each of the respective Capacity Attributes.

8. Throughout the Delivery Term, Seller shall take all commercially reasonable actions and execute all documents or instruments reasonably necessary to ensure (a) Buyer's rights to the Contract Amounts for the sole benefit of Buyer or any third party to whom Buyer may, in its sole discretion, convey some or all the Contract Amounts and (b) that Buyer may use the Contract Amounts to meet its Compliance Obligations. Such commercially reasonable actions shall include, without limitation cooperating with and providing, and causing the Projects' SC to cooperate with and provide, requested supporting documentation to the CAISO, the CPUC, or any other Governmental Authority responsible for administering the applicable Compliance Obligations, including to demonstrate that the Contract Amounts can be delivered to the CAISO controlled grid for the minimum hours required to satisfy the Compliance Obligations, as applicable, pursuant to the "deliverability" standards established by the CAISO or other Governmental Authority of competent jurisdiction.

END OF AGREEMENT



**PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence**

DATE: June 15, 2020
BOARD MEETING DATE: June 25, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Jan Pepper, Chief Executive Officer
Siobhan Doherty, Director of Power Resources
Peter Levitt, Associate Manager of DER Strategy

SUBJECT: Authorize Chief Executive Officer to execute Amendment 1 to Agreement with TerraVerde Energy, LLC for Distributed Resource Adequacy Capacity Request for Proposals in an amount not to exceed \$220,000 and for a term through December 31, 2021. (Action)

RECOMMENDATION: Authorize Chief Executive Officer to execute Amendment 1 to Agreement with TerraVerde Energy, LLC for Distributed Resource Adequacy Capacity Request for Proposals in an amount not to exceed \$220,000 and for a term through December 31, 2021.

BACKGROUND:

At this evening's Board meeting, PCE staff recommends that the Board authorize the CEO to execute a contract with Sunrun, Inc. to install battery storage systems on single family and multi-family residences in San Mateo County. Staff is also negotiating an agreement with a vendor to install systems at commercial locations in San Mateo County and plan to bring to the Board for approval later this summer.

Staff recommends authorizing the CEO to execute an amendment to the current agreement with TerraVerde Energy, LLC to support the implementation of this program. Staff initially hired TerraVerde in January 2020 to support evaluation of proposals from the 2019 Distributed Resource Adequacy Request for Proposals. Under this initial task, TerraVerde has provided a very high quality of work and staff believe that their support will be instrumental in ensuring a successful implementation of the program.

DISCUSSION:

In January 2020, the Board approved the Energy Resiliency Strategy. One of the programs described in this strategy was the Distributed Resource Adequacy program. This program is now being called the Power on Peninsula – Distributed Energy Storage Program. This program leverages distributed solar + storage resources to help Peninsula Clean Energy meet its resource adequacy (RA) compliance requirements¹ while providing resiliency benefits to residents and businesses in San Mateo County.

In November 2019, in response to the public safety power shutoff program (PSPS) events last fall, Peninsula Clean Energy issued a joint solicitation with three other Bay Area load serving entities (LSEs) including East Bay Community Energy (EBCE), Silicon Valley Clean Energy (SVCE), and Silicon Valley Power (SVP) for RA from customer-sited battery storage backup systems. The joint solicitation targeted over 30MW of RA across the four LSEs, from both residential and commercial systems, which is estimated to translate to approximately 6,000 homes and hundreds of businesses getting clean backup power in San Mateo, Alameda, and Santa Clara counties.

Proposals were due in December 2019 and Peninsula Clean Energy received 20 proposals. Staff selected TerraVerde Energy to help support a rigorous RFP evaluation process over multiple months. During this time, they provided proposal evaluation support, attendance and participation throughout in-person interviews with eight shortlisted bidders, and assistance and advisory throughout the final selection process.

To date, Peninsula Clean Energy has committed \$20,000 on RFP evaluation services with TerraVerde. Staff is requesting the approval of an amendment to expand TerraVerde's scope of work for an additional cost of \$200,000. The total not-to-exceed cost between the original agreement and this amendment is \$220,000 for a term through December 2021. Under the expanded scope of work, TerraVerde will conduct analysis to identify target customers, ensure vendor compliance with their contracts, provide reporting to staff and provide end of year reports on lessons learned and recommendations for expanding distributed generation in San Mateo County. Staff also considered a vendor for program administrator that East Bay Community Energy worked with during the RFP process. Based on experience and qualifications and ability to complete the scope of work, staff recommended contracting with TerraVerde.

TerraVerde has demonstrated a high degree of thoroughness and subject matter expertise throughout the RFP evaluation process and has been instrumental in helping Peninsula Clean Energy think through several critical elements of the program. Below is a summary of their work to date and the additional tasks included in the amendment:

Task 1: RFP Evaluation (Original Contract):

¹ RA is a regulatory mechanism to ensure that there is enough generation on the grid to ensure reliability. All load serving entities (LSEs) including CCAs are required to comply with the CPUC RA program and procure RA based on the amount of load they serve.

- Develop an evaluation matrix to support Peninsula Clean Energy's review of 20 proposals
- Organize, host, and support in-person interviews with eight shortlisted bidders
- Help develop a final shortlist of five shortlisted bidders and formulate a follow-up Q&A with each
- Support the final two awardees for the residential and commercial sectors.

Tasks 2 through 4 are the expanded tasks reflected in the amendment.

Task 2:

- Identify target residential, multi-family, and commercial target customers in order to increase program speed & scale
- Utilize TerraVerde software to perform clustering analyses for customer segment target groups

Task 3:

- Establish & manage an efficient project qualification program oversight model to ensure that projects enrolled in this program comply with program specifications
- Develop a data sharing protocol and project assessment table to support compliance
- Review a subset of project documents to validate compliance
- Ensure smooth integration with Peninsula Clean Energy's PowerPath database

Task 4:

- Manage vendor performance and provide actionable reporting to Peninsula Clean Energy by organizing routine meetings with vendors, identifying critical issues and facilitating the completion of those issues with Peninsula Clean Energy staff
- Provide monthly and annual reports to Peninsula Clean Energy staff
- Provide end of year reports on status and recommendations for replicating and scaling program

TerraVerde's support on the above tasks is not only vital to the successful implementation of this program, but their continued expert perspective will allow Peninsula Clean Energy to adopt best practices for future iterations of this program.

This effort is a major step forward in maintaining Peninsula Clean Energy's organizational priorities and helping to achieve our strategic goals, and TerraVerde can play a vital role to ensuring its success. The promotion of clean energy technologies helps us in our effort to source 100% carbon-free energy by 2025 that aligns supply and consumed demand on a 24x7 basis. Lastly, this directly aligns with our strategic goal to implement greenhouse emission-reducing energy programs.

FISCAL IMPACT:

In January 2020, the Board approved a 3-year, \$10 million budget for energy resiliency efforts. \$1,870,000 of that budget was allocated for program administration support. The \$200,000 amendment that PCE staff is requesting that the Board approve will come out of this portion of that budget.

RESOLUTION NO. _____

PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO,

STATE OF CALIFORNIA

* * * * *

**AUTHORIZATION OF CHIEF EXECUTIVE OFFICER TO EXECUTE AMENDMENT 1
TO AGREEMENT WITH TERRAVERDE ENERGY, LLC FOR DISTRIBUTED
RESOURCE ADEQUACY CAPACITY REQUEST FOR PROPOSALS IN AN AMOUNT
NOT TO EXCEED \$220,000 AND FOR A TERM THROUGH DECEMBER 31, 2021.**

RESOLVED, by the Peninsula Clean Energy Authority of the County of San Mateo, State of California (“Peninsula Clean Energy” or “PCE”), that

WHEREAS, PCE was formed on February 29, 2016; and

WHEREAS, in October 2019, Peninsula Clean Energy customers experienced three Public Safety Power Shutoff events, wherein over 55,000 Peninsula Clean Energy customers lost electricity; and

WHEREAS, in November 2019, Peninsula Clean Energy released a Request for Proposals for Resource Adequacy Capacity with three other LSEs – East Bay Community Energy (EBCE), Silicon Valley Clean Energy (SVCE), and Silicon Valley Power (SVP); and

WHEREAS, in January 2020, Peninsula Clean Energy’s Board of Directors approved a Resiliency Strategy that budgets \$10 million for resiliency programs over three years; and

WHEREAS, TerraVerde played an important role in evaluating responses to that RFP; and

WHEREAS, continued program administration support can help ensure the successful implementation the Distributed Resource Adequacy Capacity program; and

WHEREAS, TerraVerde will provide program administration support including identifying target customers, ensuring vendors are meeting the terms of the contract, performing due diligence to ensure projects are being built to meet the contract requirements, providing regular reports to Peninsula Clean Energy staff and providing an annual report on lessons learned and opportunities to expand or scale this type of program.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board approves the authorization of the Chief Executive Officer to execute a contract amendment to agreement with TerraVerde energy, LLC for the purpose of evaluating and providing guidance regarding the Distributed Resource Adequacy Capacity Request for Proposals in an amount not to exceed \$220,000 and for a term through December 31, 2021.

* * * * *



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: June 19, 2020
BOARD MEETING DATE: June 25, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Jan Pepper, Chief Executive Officer, Peninsula Clean Energy
Rafael Reyes, Director of Energy Programs

SUBJECT: Building Electrification Programs – Contract with CLEAResult for administration of Heat Pump Water Heater Program

RECOMMENDATION

Delegate authority to the Chief Executive Officer to execute Contract with CLEAResult up to \$3 million over 4 years to administer the Heat Pump Water Heater Program.

BACKGROUND

Peninsula Clean Energy’s mission is to reduce greenhouse gas (GHG) emissions in San Mateo County. California’s goal is to be carbon neutral by 2045 and PCE aims to support the County in meeting that goal through investment in local community programs. Natural gas usage in buildings accounts for 20% of directly inventoried GHG emissions in the County. However, based on available research, natural gas emissions may be nearly double metered usage when accounting for methane leakage in the gas supply chain. Electrifying all new and existing buildings is necessary to achieve the carbon neutral goal.

In September 2018, the Board approved the PCE Program Roadmap, which identifies programs for 2019 and beyond to include measures on building electrification. In January 2019, the Board approved a technical assistance program for local governments for the development of local building codes, or “reach codes”, to deliver increased electric vehicle (EV) readiness and all-electric buildings in new construction. Five jurisdictions in San Mateo County have adopted some form of reach code and additional cities are in-progress. In January 2020, the Board approved: (1) an extension and enhancement of the technical assistance program for new construction, and (2) a new building electrification consumer awareness program, for a combined total of \$650,000.

In May 2020, the Board approved a four-year \$6.1 million Existing Building Electrification plan for existing buildings covering appliance incentives, a low-income home upgrade program and supporting program elements including innovation pilots, administration and other needs.

The initial programs outlined as part of the Existing Building Electrification plan were:

1. Heat Pump Water Heater Program

This program would provide an incentive to customers in single family homes to replace gas water heaters with an electric heat pump water heater (HPWH). For funding leverage, customer clarity, and ease of administration, the PCE HPWH program is intended to be integrated with the existing BayREN Home+ Program. The contract would be with the national consultancy CLEAResult, which administers the BayREN Home+ Program. The program and contract are described in more detail in the discussion section below.

2. Low Income Home Upgrade Program

Building off the existing “Healthy Homes” low-income turnkey home upgrade pilot (implemented as part of the 2018 Community Pilots program), this program would provide no-cost home repairs and upgrades, energy efficiency, and electrification measures to low-income single-family homes. PCE plans to release a Request for Proposals this summer to select the implementer for this program. The contract for the selected implementer would be brought to the Board at a later date.

3. Harvest Thermal Technology Pilot

This program would pilot a new innovative technology from Harvest Thermal Inc. that combines residential space and water heating into a unified heat pump electric system with a single water storage tank to potentially enable electrification at a lower capital and operating cost than undertaking two separate retrofits. The contract with Harvest Thermal will be brought to the Board at a later date.

DISCUSSION

Staff is seeking approval by the Board on the Contract with CLEAResult to administer the Heat Pump Water Heater Program, with authorization for refinement by the CEO.

The Heat Pump Water Heater program would provide an incentive to customers in single family homes (1 – 4 units) to replace gas and electric resistance water heaters with an electric heat pump water heater (HPWH). The objectives for this program would be to reduce GHG emissions from water heating, foster the early market of HPWHs in the region, develop a workforce familiar with HPWHs, and create/sustain jobs.

Some HPWH programs already exist. Currently, Silicon Valley Clean Energy (SVCE) is running a pilot program with a base incentive of up to \$2,300 per HPWH, including additional adders for electric panel upgrades. BayREN alone provides \$1,000 and is not expected to be sufficient to drive significant adoption due to the high cost of a HPWH.

SVCE's program data indicates the average installed cost of a HPWH is about \$5,000 compared to about \$1,500 for new natural gas storage water heater. The \$2,000 incentive is more comparable to those offered by the successful Sacramento Municipal Utility District (SMUD) program. Sonoma Clean Power is planning to implement a layered HPWH incentive with BayREN in their territory.

For funding leverage, customer clarity and ease of administration, the proposed PCE program would build on the existing BayREN Home+ program, which provides incentives for energy efficiency and electrification measures, free assistance from Home Energy Advisors, and a contractor network of vetted contractors. The BayREN Home+ program is administered by the national consultancy CLEAResult (coincidentally PCE's technical assistance partner for the EV Ready infrastructure program), which was selected by BayREN through a public solicitation process. PCE's contract with CLEAResult would enable the creation of a single application to streamline the customer experience and an additional incentive for San Mateo County residents in addition to the BayREN incentive.

As part of the Contract, CLEAResult would:

- Make enhancements to their existing customer and contractor application portal.
- Train Home Energy Advisors and participating contractors on the benefits of electrification and PCE program requirements.
- Review applications and approve payments.
- Provide regular reporting and supporting documentation on program participants and installed measures in the County.

The proposed contract with CLEAResult is for up to \$3,000,000 for four years. \$2,750,000 of this are reserved for customer incentive funds, which are intended to support replacement of up to 1,200 HPWHs over the four years. PCE's additive incentives are anticipated to be \$1,000 to \$1,500 (depending on the unit type) for the HPWH for a total customer incentive of \$2,000 to \$2,500, plus an additional incentive of up to \$1,500 if a service panel upgrade is needed to be able to accommodate the added load. Final incentive levels will be determined as part of program design and may vary over time. Other appliances may be added over time as well. The CLEAResult administration budget is expected to be up to \$250,000. This includes a one-time startup fee of approximately \$25,000 and an anticipated \$60 processing fee per appliance rebate application (i.e. total payments to CLEAResult will depend on appliance volume).

PCE staff is recommending for approval the attached draft contract with CLEAResult pending refinement by the CEO.

RESOLUTION NO. _____

PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

* * * * *

RESOLUTION DELEGATING AUTHORITY TO THE CHIEF EXECUTIVE OFFICER TO EXECUTE AN AGREEMENT WITH CLEARRESULT TO ADMINISTER THE HEAT PUMP WATER HEATER PROGRAM IN AN AMOUNT NOT TO EXCEED \$3,000,000 OVER FOUR YEARS

RESOLVED, by the Peninsula Clean Energy Authority of the County of San Mateo, State of California (“PCE”), that

WHEREAS, PCE was formed on February 29, 2016; and

WHEREAS, reducing greenhouse gasses (GHG) is an organizational priority for PCE, to mitigate the adverse impacts of climate change on the public’s wellbeing and the economy; and

WHEREAS, natural gas usage in buildings accounts for 20% of directly inventoried GHG emissions within the County; and

WHEREAS, PCE provides low-carbon electricity that can power appliances for all building needs; and

WHEREAS, facilitating the replacement of natural gas appliances, such as water heaters, with electric appliances in existing buildings to reduce GHG emissions is part of PCE’s program roadmap approved by the Board; and

WHEREAS, in May 2020, PCE Board approved \$6,100,000 over four years for an existing building electrification plan, which included a Heat Pump Water Heater Program and \$2,800,000 in incentives for electric appliances and service panel upgrades; and

WHEREAS, the Bay Area Regional Energy Network (BayREN) Home+ Program already has a Bay Area-wide program providing rebates for energy efficiency and electric appliances; and;

WHEREAS, for funding leverage, customer clarity and ease of administrator, PCE staff recommend aligning the Heat Pump Water Heater Program with BayREN’s Home+ Program; and

WHEREAS, CLEARResult administers BayREN’s Home+ Program; and

WHEREAS, PCE staff and CLEARResult have negotiated and agreed on the core terms of an agreement to be effective from approximately July 2019 through December 2024 in an amount not to exceed \$3,000,000.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board delegates authority to the Chief Executive Officer to finalize and execute the agreement with CLEARResult in an amount not to exceed \$3,000,00 over four years and in a form approved by the General Counsel.

* * * * *

AGREEMENT BETWEEN THE PENINSULA CLEAN ENERGY AUTHORITY AND CLEARRESULT CONSULTING, INC.

This Agreement is entered into this _____ day of July, 2020, by and between the Peninsula Clean Energy Authority, a joint powers authority of the state of California, hereinafter called "PCEA," and CLEARresult Consulting Inc. hereinafter called "Consultant."

* * *

Whereas, pursuant to Section 6508 of the Joint Exercise of Powers Act, PCEA may contract with independent Consultants for the furnishing of services to or for PCEA; and Whereas, it is necessary and desirable that Consultant be retained for the purpose of administering incentives to PCEA Single Family customers for installation of Heat Pump Water Heaters in place of natural gas water heaters.

Now, therefore, it is agreed by the parties to this Agreement as follows:

1. Exhibits and Attachments

The following exhibits and attachments are attached to this Agreement and incorporated into this Agreement by this reference:

Exhibit A—Services
Exhibit B—Payments and Rates

2. Services to be performed by Consultant

In consideration of the payments set forth in this Agreement and in Exhibit B, Consultant shall perform services for PCEA in accordance with the terms, conditions, and specifications set forth in this Agreement and in Exhibit A.

3. Payments

In consideration of the services provided by Consultant in accordance with all terms, conditions, and specifications set forth in this Agreement and in Exhibit A, PCEA shall make payment to Consultant based on the rates and in the manner specified in Exhibit B. PCEA reserves the right to withhold payment if PCEA determines that the quantity or quality of the work performed is unacceptable. In no event shall PCEA's total fiscal obligation under this Agreement exceed:

- Up to two hundred and fifty thousand dollars (\$250,000) in administrative costs (program startup and processing fees);
- Up to two million, seven hundred and fifty thousand dollars (\$2,750,000) in incentive funds;
- For a total of up to three million dollars (\$3,000,000) in incentive funds and administrative expenses.

In the event that PCEA makes any advance payments, Consultant agrees to refund any amounts in excess of the amount owed by PCEA at the time of contract termination or expiration. Invoices should be sent to PCE contract administrator and finance@peninsulacleanenergy.com.

4. Term

Subject to compliance with all terms and conditions, the term of this Agreement shall be from July 1, 2020, through December 31, 2024.

5. Termination; Availability of Funds

This Agreement may be terminated by Consultant or by the Chief Executive Officer of PCEA or his/her designee at any time without a requirement of good cause upon thirty (30) days' advance written notice to the other party. Subject to availability of funding, Consultant shall be entitled to receive payment for work/services provided prior to termination of the Agreement. Such payment shall be that prorated portion of the full payment determined by comparing the work/services actually completed to the work/services required by the Agreement.

PCEA may terminate this Agreement or a portion of the services referenced in the Attachments and Exhibits based upon the unavailability of Federal, State, or PCEA funds by providing written notice to Consultant as soon as is reasonably possible after PCEA learns of said unavailability of outside funding.

6. Contract Materials

At the end of this Agreement, or in the event of termination, all finished or unfinished documents, data, studies, maps, photographs, reports, and other written materials (collectively referred to as "contract materials") prepared by Consultant under this Agreement shall become the property of PCEA and shall be promptly delivered to PCEA. Upon termination, Consultant may make and retain a copy of such contract materials if permitted by law.

7. Relationship of Parties

Consultant agrees and understands that the work/services performed under this Agreement are performed as an independent Consultant and not as an employee of PCEA and that neither Consultant nor its employees acquire any of the rights, privileges, powers, or advantages of PCEA employees.

8. Hold Harmless

a. General Hold Harmless

Consultant shall indemnify and save harmless PCEA and its officers, agents, employees, and servants from all claims, suits, or actions of every name, kind, and description resulting from this Agreement, the performance of any work or services required of Consultant under this Agreement, or payments made pursuant to this Agreement brought for, or on account of, any of the following:

- (A) injuries to or death of any person, including Consultant or its employees/officers/agents;
- (B) damage to any property of any kind whatsoever and to whomsoever belonging;
- (C) any sanctions, penalties, or claims of damages resulting from Consultant's failure to comply, if applicable, with the requirements set forth in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended; or
- (D) any other loss or cost, including but not limited to that caused by the concurrent active or passive negligence of PCEA and/or its officers, agents, employees, or servants. However, Consultant's duty to indemnify and save harmless under this Section shall not apply to injuries or damage for which PCEA has been found in a court of competent jurisdiction to be solely liable by reason of its own negligence or willful misconduct.

The duty of Consultant to indemnify and save harmless as set forth by this Section shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

b. Release and Hold Harmless in Customer/Subcontractor Contracts

PCEA shall have the opportunity to review, prior to their execution, any contracts executed by Consultant to implement this Agreement. In addition, unless waived in advance in writing by PCEA, any such contracts shall contain the following terms:

#. Release of Claims Against, and Hold Harmless of, Peninsula Clean Energy Authority

Customer/Subcontractor also discharges and releases the Peninsula Clean Energy Authority (PCEA) and its officers, employers, employees, and agents from and against any and all claims, demands, liabilities, obligations, damages or chose in action, legal or equitable, of whatever kind or nature, including negligence by PCEA, in which Customer/Subcontractor, and Customer/Subcontractor's successors in interest, heirs, estates or personal representatives, or family members, now may have or assert, or may have had in the past or may have in the future, against PCEA as the result of, based upon, arising out of, or connected with PCEA's involvement with the Project. Customer/Subcontractor is on notice of and hereby specifically and expressly waives the provisions of California Civil Code § 1542, which provides that a "general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

Customer/Subcontractor also agrees to indemnify and hold harmless PCEA from any and all claims, actions, suits, procedures, costs, expenses, damages, and liabilities, including attorney's fees and costs, brought as a result of PCEA's involvement with the Project, and to reimburse PCEA for any such expenses incurred.

For purposes of this provision, PCEA is hereby intended to be a third-party beneficiary of any and all contracts executed by Consultant to implement this Agreement, pursuant to California Civil Code § 1559.

9. Assignability and Subcontracting

Consultant shall not assign this Agreement or any portion of it to a third party or subcontract with a third party to provide services required by Consultant under this Agreement without the prior written consent of PCEA. Any such assignment or subcontract without PCEA's prior written consent shall give PCEA the right to automatically and immediately terminate this Agreement without penalty or advance notice.

10. Payment of Permits/Licenses

Consultant bears responsibility to obtain any license, permit, or approval required from any agency for work/services to be performed under this Agreement at Consultant's own expense prior to commencement of said work/services. Failure to do so will result in forfeit of any right to compensation under this Agreement.

11. W9 Form and Submission of Invoices

Prior to submitting an invoice to PCE, Consultant shall submit a completed W9 form electronically to PCE's designated program manager. Consultant understands that no invoice will be paid by PCE unless and until a W9 Form is received by PCE. Consultant shall email all invoices to PCE's designated program manager. Invoices shall not be submitted by other means.

12. Insurance

a. General Requirements

Consultant shall not commence work or be required to commence work under this Agreement unless and until all insurance required under this Section has been obtained and such insurance has been approved by PCEA, and Consultant shall use diligence to obtain such insurance and to obtain such approval. Consultant shall furnish PCEA with certificates of insurance evidencing the required coverage, and there shall be a specific contractual liability endorsement extending Consultant's coverage to include the contractual liability assumed by Consultant pursuant to this Agreement. These certificates shall specify or be endorsed to provide that thirty (30) days' notice must be given, in writing, to PCEA of any pending change in the limits of liability or of any cancellation or modification of the policy.

b. Workers' Compensation and Employer's Liability Insurance

Consultant shall have in effect during the entire term of this Agreement workers' compensation and employer's liability insurance providing full statutory coverage. In signing this Agreement, Consultant certifies, as required by Section 1861 of the California Labor Code, that (a) it is aware of the provisions of Section 3700 of the California Labor Code, which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Labor Code, and (b) it will comply with such provisions before commencing the performance of work under this Agreement.

c. Liability Insurance

Consultant shall take out and maintain during the term of this Agreement such bodily injury liability and property damage liability insurance as shall protect Consultant and all of its employees/officers/agents while performing work covered by this Agreement from any and all claims for damages for bodily injury, including accidental death, as well as any and all claims for property damage which may arise from Consultant's operations under this Agreement, whether such operations be by Consultant, any subcontractor, anyone directly or indirectly employed by either of them, or an agent of either of them. Such insurance shall be combined single limit bodily injury and property damage for each occurrence and shall not be less than the amounts specified below:

- Comprehensive General Liability... \$1,000,000
(Applies to all agreements)
- Motor Vehicle Liability Insurance... \$1,000,000
(To be checked if motor vehicle used in performing services)
- Professional Liability..... \$1,000,000
(To be checked if Consultant is a licensed professional)

PCEA and its officers, agents, employees, and servants shall be named as additional insured on any such policies of insurance, which shall also contain a provision that (a) the insurance afforded thereby to PCEA and its officers, agents, employees, and servants shall be primary insurance to the full limits of liability of the policy and (b) if the PCEA or its officers, agents, employees, and servants have other insurance against the loss covered by such a policy, such other insurance shall be excess insurance only. In the event of the breach of any provision of this Section, or in the event any notice is received which indicates any required insurance coverage will be diminished or canceled, PCEA, at its option, may, notwithstanding any other provision of this Agreement to the contrary, immediately declare a material breach of this Agreement and suspend all further work and payment pursuant to this Agreement.

13. Compliance With Laws

All services to be performed by Consultant pursuant to this Agreement shall be performed in accordance with all applicable Federal, State, County, and municipal laws, ordinances, and regulations, including but not limited to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Federal Regulations promulgated thereunder, as amended (if applicable), the Business Associate requirements set forth in Attachment H (if attached), the Americans with Disabilities Act of 1990, as amended, and Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination on the basis of disability in programs and activities receiving any Federal or County financial assistance. Such services shall also be performed in accordance with all applicable ordinances and regulations, including but not limited to appropriate licensure, certification regulations, provisions pertaining to confidentiality of records, and applicable quality assurance regulations. In the event of a conflict between the terms of this Agreement and any applicable State, Federal, County, or municipal law or regulation, the requirements of the applicable law or regulation will take precedence over the requirements set forth in this Agreement. Consultant will timely and accurately complete, sign, and submit all necessary documentation of compliance.

14. Non-Discrimination and Other Requirements

a. General Non-discrimination

No person shall be denied any services provided pursuant to this Agreement (except as limited by the scope of services) on the grounds of race, color, national origin, ancestry, age, disability (physical or mental), sex, sexual orientation, gender identity, marital or domestic partner status, religion, political beliefs or affiliation, familial or parental status (including pregnancy), medical condition (cancer-related), military service, or genetic information.

b. Equal Employment Opportunity

Consultant shall ensure equal employment opportunity based on objective standards of recruitment, classification, selection, promotion, compensation, performance evaluation, and management relations for all employees under this Agreement. Consultant's equal employment policies shall be made available to PCEA upon request.

c. Section 504 of the Rehabilitation Act of 1973

Consultant shall comply with Section 504 of the Rehabilitation Act of 1973, as amended, which provides that no otherwise qualified individual with a disability shall, solely by reason of a disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination in the performance of any services this Agreement. This Section applies only to contractors who are providing services to members of the public under this Agreement.

d. Compliance with County's Equal Benefits Ordinance

With respect to the provision of benefits to its employees, Consultant shall comply with Chapter 2.84 of the County Ordinance Code, which prohibits contractors from discriminating in the provision of employee benefits between an employee with a domestic partner and an employee with a spouse. In order to meet the requirements of Chapter 2.84, Consultant must certify which of the following statements is/are accurate:

- Consultant complies with Chapter 2.84 by offering the same benefits to its employees with spouses and its employees with domestic partners.
- Consultant complies with Chapter 2.84 by offering, in the case where the same benefits are not offered to its employees with spouses and its employees with domestic partners, a cash payment to an employee with a domestic partner that is equal to Consultant's cost of providing the benefit to an employee with a spouse.
- Consultant is exempt from having to comply with Chapter 2.84 because it has no employees or does not provide benefits to employees' spouses.
- Consultant does not comply with Chapter 2.84, and a waiver must be sought.

e. Discrimination Against Individuals with Disabilities

The nondiscrimination requirements of 41 C.F.R. 60-741.5(a) are incorporated into this Agreement as if fully set forth here, and Consultant and any subcontractor shall abide by the requirements of 41 C.F.R. 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.

f. History of Discrimination

Consultant must check one of the two following options, and by executing this Agreement, Consultant certifies that the option selected is accurate:

- No finding of discrimination has been issued in the past 365 days against Consultant by the Equal Employment Opportunity Commission, Fair Employment and Housing Commission, or any other investigative entity.

- Finding(s) of discrimination have been issued against Consultant within the past 365 days by the Equal Employment Opportunity Commission, Fair Employment and Housing Commission, or other investigative entity. If this box is checked, Consultant shall provide PCEA with a written explanation of the outcome(s) or remedy for the discrimination.

g. Reporting; Violation of Non-discrimination Provisions

Consultant shall report to the Chief Executive Officer of PCEA the filing in any court or with any administrative agency of any complaint or allegation of discrimination on any of the bases prohibited by this Section of the Agreement or Section 13, above. Such duty shall include reporting of the filing of any and all charges with the Equal Employment Opportunity Commission, the Fair Employment and Housing Commission, or any other entity charged with the investigation or adjudication of allegations covered by this subsection within 30 days of such filing, provided that within such 30 days such entity has not notified Consultant that such charges are dismissed or otherwise unfounded. Such notification shall include a general description of the circumstances involved and a general description of the kind of discrimination alleged (for example, gender-, sexual orientation-, religion-, or race-based discrimination).

Violation of the non-discrimination provisions of this Agreement shall be considered a breach of this Agreement and subject the Consultant to penalties, to be determined by the Chief Executive Officer, including but not limited to the following:

- i. termination of this Agreement;
- ii. disqualification of the Consultant from being considered for or being awarded a PCEA contract for a period of up to 3 years;
- iii. liquidated damages of \$2,500 per violation; and/or
- iv. imposition of other appropriate contractual and civil remedies and sanctions, as determined by the Chief Executive Officer.

To effectuate the provisions of this Section, the Chief Executive Officer shall have the authority to offset all or any portion of the amount described in this Section against amounts due to Consultant under this Agreement or any other agreement between Consultant and PCEA.

15. Compliance with County Employee Jury Service Ordinance

Consultant shall comply with Chapter 2.85 of the County's Ordinance Code, which states that Consultant shall have and adhere to a written policy providing that its employees, to the extent they are full-time employees and live in San Mateo County, shall receive from the Consultant, on an annual basis, no fewer than five days of regular pay for jury service in San Mateo County, with jury pay being provided only for each day of actual jury service. The policy may provide that such employees deposit any fees received for such jury service with Consultant or that the Consultant may deduct from an employee's regular pay the fees received for jury service in San Mateo County. By signing this Agreement, Consultant certifies that it has and adheres to a policy consistent with Chapter 2.85. For purposes of this Section, if Consultant has no employees in San Mateo County, it is sufficient for Consultant to provide the following written statement to County: "For purposes of San Mateo County's jury service ordinance, Consultant certifies that it has no full-time employees who live in San Mateo County. To the extent that it hires any such employees during the term of its Agreement with San Mateo County, Consultant shall adopt a policy that complies with Chapter 2.85 of the County's Ordinance Code." The requirements of Chapter 2.85 do not apply if this Agreement's total value listed Section 3, above, is less than one-hundred thousand dollars (\$100,000), but Consultant acknowledges that Chapter 2.85's requirements will apply if this Agreement is amended such that its total value meets or exceeds that threshold amount.

16. Retention of Records; Right to Monitor and Audit

(a) Consultant shall maintain all required records relating to services provided under this Agreement for three (3) years after PCEA makes final payment and all other pending matters are closed, and Consultant

shall be subject to the examination and/or audit by PCEA, a Federal grantor agency, and the State of California.

(b) Consultant shall comply with all program and fiscal reporting requirements set forth by applicable Federal, State, and local agencies and as required by PCEA.

(c) Consultant agrees upon reasonable notice to provide to PCEA, to any Federal or State department having monitoring or review authority, to PCEA's authorized representative, and/or to any of their respective audit agencies access to and the right to examine all records and documents necessary to determine compliance with relevant Federal, State, and local statutes, rules, and regulations, to determine compliance with this Agreement, and to evaluate the quality, appropriateness, and timeliness of services performed.

17. Merger Clause; Amendments

This Agreement, including the Exhibits and Attachments attached to this Agreement and incorporated by reference, constitutes the sole Agreement of the parties to this Agreement and correctly states the rights, duties, and obligations of each party as of this document's date. In the event that any term, condition, provision, requirement, or specification set forth in the body of this Agreement conflicts with or is inconsistent with any term, condition, provision, requirement, or specification in any Exhibit and/or Attachment to this Agreement, the provisions of the body of the Agreement shall prevail. Any prior agreement, promises, negotiations, or representations between the parties not expressly stated in this document are not binding. All subsequent modifications or amendments shall be in writing and signed by the parties.

18. Controlling Law; Venue

The validity of this Agreement and of its terms, the rights and duties of the parties under this Agreement, the interpretation of this Agreement, the performance of this Agreement, and any other dispute of any nature arising out of this Agreement shall be governed by the laws of the State of California without regard to its choice of law or conflict of law rules. Any dispute arising out of this Agreement shall be venued either in the San Mateo County Superior Court or in the United States District Court for the Northern District of California.

19. Notices

Any notice, request, demand, or other communication required or permitted under this Agreement shall be deemed to be properly given when both: (1) transmitted via facsimile to the telephone number listed below or transmitted via email to the email address listed below; and (2) sent to the physical address listed below by either being deposited in the United States mail, postage prepaid, or deposited for overnight delivery, charges prepaid, with an established overnight courier that provides a tracking number showing confirmation of receipt.

In the case of PCEA, to:

Name/Title: Jan Pepper, Chief Executive Officer
Address: 2075 Woodside Road, Redwood City, CA 94061
Telephone: 650-260-0100
Email: jpepper@peninsulacleanenergy.com

In the case of Consultant, to:

Name/Title: Joanne O'Neill, Program Director
Address: 180 Grand Avenue, Suite 850, Oakland, CA 94612
Telephone: 415.965.3023
Facsimile: N/A
Email: joanne.oneill@clearesult.com

20. Electronic Signature

If both PCEA and Consultant wish to permit this Agreement and future documents relating to this Agreement to be digitally signed in accordance with California law, both boxes below must be checked. Any party that agrees to allow digital signature of this Agreement may revoke such agreement at any time in relation to all future documents by providing notice pursuant to this Agreement.

For PCEA: If this box is checked by PCEA, PCEA consents to the use of electronic signatures in relation to this Agreement.

For Consultant: If this box is checked by Consultant, Consultant consents to the use of electronic signatures in relation to this Agreement.

21. No Recourse Against PCEA's Member Agencies

Consultant acknowledges and agrees that PCEA is a Joint Powers Authority, which is a public agency separate and distinct from its member agencies. All debts, liabilities, or obligations undertaken by PCEA in connection with this Agreement are undertaken solely by PCEA and are not debts, liabilities, or obligations of its member agencies. Consultant waives any recourse against PCEA's member agencies.

* * *

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In witness of and in agreement with this Agreement's terms, the parties, by their duly authorized representatives, affix their respective signatures:

PENINSULA CLEAN ENERGY AUTHORITY

By:
Chief Executive Officer, Peninsula Clean Energy Authority

Date:

CLEAResult Consulting Inc..

Consultant's Signature

Date:

DRAFT

Exhibit A

In consideration of the payments set forth in Exhibit B, Consultant shall provide the following services:

Overview

Peninsula Clean Energy's (PCE) mission is to reduce greenhouse gas (GHG) emissions in San Mateo County. Emissions from transportation and building natural gas use comprise the largest two sources of GHGs within the county. One of the largest sources of emissions within buildings is residential water heating. Single family homes typically have individual natural gas water heaters that supply hot water and this project aims to reduce emissions by offering incentives to homeowners to replace these natural gas appliances with high efficiency heat pump water heaters (HPWHs).

The Bay Area Regional Energy Network (BayREN) administers the Home+ program, a Bay Area wide single-family energy efficiency rebate program that includes heat pump water heaters (HPWHs). CLEAResult Inc. is the implementer of this regional program, and this project will allow PCE customers to receive additional PCE sponsored rebates by streamlining the application process and outreach. Through this effort, PCE anticipates incentivizing up to 1,200 HPWHs over a four-year period and develop a robust contractor network capable of installing this technology within the San Mateo County.

Objectives

1. Incentivize the installation of up to 1,200 HPWHs in San Mateo County
2. Ensure customers are educated on electrification benefits and options and receive maximum incentives available through a streamlined experience
3. Achieve "very satisfied" customer satisfaction in at least 90% post project customer surveys
4. Foster local contractor activity by ensuring contractors from San Mateo County within the BayREN participating network are trained and monitored to maintain their "active" status
5. Provide detailed data on customer actions to PCE to support current and future decarbonization programs

Consultant Tasks

1. Administrative Tasks

Consultant shall provide the following:

1.1. Kickoff Meeting

Participate in a kickoff meeting with PCE to review objectives, budget, timeline, administrative processes and contract at a mutually determined time. The kickoff will include a detailed project plan prepared by the consultant.

1.2. Monthly Progress Report & Call

Provide a monthly 1-2 page report and associated call with the designated PCE contract administrator by the 5th of the following month outlining project progress, mutually identified key metrics, challenges encountered, any executed sub-contracts, and objectives for the following month. The report will be submitted with an Expense Report (1.3) and invoice. Major supplementary documentation developed in the course of work must also be submitted with the Progress Report. Details of progress report are included in Table 3.3.1.

1.3. Expense report

Provide a monthly expense report documenting activities completed, and applications processed. The expense report must include the total expenditures for the quarter and running expense total.

1.4. Subcontracts

All subcontracts will be provided to PCE Director of Energy Programs for review and approval prior to execution to verify compliance with contract terms.

1.5. Site visits

Participate in project site visits with the designated PCE contract administrator at a mutually determined date. If the project has multiple sites, PCE may request site visits to each site.

1.6. Annual report

Provide an annual report (appropriate for public distribution) within 1 month of calendar year end and the end of the contract period or as mutually determined, which includes:

1. Executive summary
2. Itemized description of outcomes for each project objective
3. Itemized description of any additional accomplishments
4. Summary of each retrofit project including home characteristics, installation specifications, costs (itemized by equipment and installation)
5. Identified key barriers to scale deployment and options for resolving those barriers
6. Evaluated conclusions drawn from the project including lessons learned and recommendations for future work
7. Financial summary comparing expenditures to the project budget
8. Supplemental documentation which must include, as appropriate, technical designs, permits, equipment specifications, photographs of installed equipment and participants, and materials developed for partner use.

2. Start-up Activities

2.1. Define Program Requirements

Consultant shall work with PCE to develop final Program Requirements. The Program Requirements are to be generally consistent with existing BayREN Home+ HPWH requirements but may include differences where mutually deemed appropriate. Consultant shall review the prospective PCE incentive levels for HPWHs and panel upgrades including requirements and eligibility. Consultant shall assist in comparing with other similar programs, estimate probable uptake rate, evaluate how other incentives might be incorporated such as the Self-Generation Incentive Program (SGIP), identify likely challenges and provide recommendations to address them.

Draft incentive levels are:

- \$1,000 to \$1,500 for HPWHs depending size and features
- \$1,500 for service panel upgrades where needed

The customer application eligibility will be mutually determined by PCE staff and Consultant and at a minimum will include the following:

- The PG&E service address be located within San Mateo County
- The building type is single family detached or attached up to 4 units
- The new HPWH is replacing either an existing natural gas water heater or an electric resistance water heater
- The new HPWH have a minimum efficiency factor (UEF) of 3.1

Any subsequent changes to eligibility requirements by the Consultant or PCE must be mutually agreed upon.

2.2. BayREN Home+ Website, Customer Collateral and Contractor Portal Enhancements

Consultant shall develop, test, and implement updates in the BayREN Home+ Website and Contractor Portal related to PCE heat pump water heater measure application requirements, and develop reports, dashboards, and other reporting tools as determined by PCE. Consultant shall update all relevant Customer Collateral with appropriate information about the program. Contractor shall provide the Customer Collateral to PCE for review of not less than one week prior to final edits.

2.3. Incentive Processor and Participating Contractor Training

Consultant shall train incentive processors on new Quality Control (QC) protocols, train program participating contractors on measure and rebate requirements and update participating contractor Training Material, incorporate measure and rebate requirements into the participating Contractor Handbook and participation agreement as necessary. The Contractor training shall include high level information on the benefits and trend towards all-electric appliances and electric vehicles. The Contractor Handbook shall include the incentive requirements, QC protocols, contractor evaluation criteria and procedures in the event of contractors not meeting QC requirements.

Contractor shall provide the Contractor Handbook and Training Material to PCE for review of not less than one week prior to final edits. Consultant shall provide Contractor Training to all contractors serving San Mateo County.

2.1. Energy Advisor Training

Consultant shall train staff providing Energy Advising support to San Mateo County residents related to energy efficiency and electrification measures to the San Mateo County customers. The training shall include ensuring Energy Advisors are able to communicate the benefits of building electrification and encourage them to replace natural gas appliances with all-electric appliances. Consultant shall provide Training Objectives and Primary Training Materials to PCE for review no less than one week prior to making final edits. PCE staff will be provided the opportunity to listen in on training sessions.

2.2. Program Manual

Consultant shall create or update (if already existing) the Program Manual outlining the details of the customer and contractor experience in the BayREN Home+ program with the added PCE program components. Consultant shall provide that manual PCE within three months of contract execution. Prior to the final draft Consultant shall provide the manual to PCE for review of not less than one week prior to final edits. Consultant shall provide the updated program manual to PCE any time there is a major update.

2.3. System Integration

Consultant shall work with PCE to integrate Incentive Data as outlined in Task 3.5 into its CRM platform. The contractor set up a mutually determined secure data transfer method such as Secure File Transfer Protocol (SFTP) to transfer data no less than twice per month.

2.4. Deliverables:

1. Program Requirements
2. Updated BayREN Home+ Website and Customer Collateral including PCE incentives
3. Updated BayREN Home+ participating Contractor Portal and Training Material
4. Updated Contractor Handbook
5. Executed Contractor Training and Incentive Processor Training
6. Energy Advisor Training Objectives and Primary Training Materials
7. Executed Energy Advisor Training
8. Updated BayREN Home+ Program Manual
9. System Integration Data Transfer Method and Data Transfers

3. Ongoing Program Support

3.1. Incentive Application Management

Consultant shall manage all incentive applications including confirming eligibility, reviewing all appropriate documentation, and issuing payments for eligible incentive applications within 7 days of receipt of a complete and compliant application. Consultant shall continuously monitor the application management process to ensure timely execution and high-quality customer service.

3.2. Energy Advising Support

Consultant shall provide Energy Advising support to customers via the BayREN Home+ advise line. The Energy Advisor shall explain to customers the benefits of building electrification to the San Mateo County customer and encourage them to replace natural gas appliances with all-electric. The Energy Advisor shall provide information on PCE heat pump water heater measure application requirements and rebate support. The Consultant shall coordinate with PCE on messaging home electrification best practices to the customer and Participating Consultant. The Consultant shall include an energy advisor report related to San Mateo County customers as part of the monthly reports.

3.3. Ongoing Training and Quality Control

Consultant shall provide Ongoing Training to incentive processors, Energy Advisors, and Contractors consistent with the program startup as needed when onboarding new staff or contractors, and when substantive program modifications are made.

Consultant shall perform Quality Control (QC) procedures to ensure contractors' work quality. Quality Control shall include at least one customer installation visit (Primary QC) and at least two QC assessments on submitted materials and photographs (Secondary QC) with every new contractor. Consultant shall repeat QC procedures as needed in the event of problems with contractor performance. Contractors with repeated problems will be removed from the program based on the evaluation criteria documented in the Contractor Handbook (Task 2.3).

Consultant shall execute customer Satisfaction Surveys for every HPWH installation to assess customer satisfaction with the contractor, product installed and BayREN program. The survey shall be executed within two weeks of the installation or otherwise as mutually determined. Consultant shall provide the survey questionnaire to PCE for review of not less than one week prior to final edits.

3.4. Program Monitoring Metrics & Continuous Improvement

Consultant shall provide Ongoing Program Monitoring Metrics in the monthly reports (Task 1.2). The metrics shall include but are not limited to data identified below. Final Program Monitoring Metrics shall be mutually determined. Consultant shall review the Monitoring Metrics with PCE to identify program improvement needs and implement such improvements as mutually deemed appropriate.

Monitoring Metrics:

Energy Advisors

1. Calls received from San Mateo County
2. Customer request type (all types, including non-water heater inquiries)
3. Whether customer proactively requested information on HPWHs
4. Whether customer was converted from intention to install a gas water heater to electric
5. Identification of key concerns

Contractors

1. New contractors registered, trained, and with QC completions
2. Installations by contractor
3. Contractor error rates as identified in the QC processes and incentive processing

Customers

1. How customers hear about the incentives
2. Satisfaction with the contractor
3. Satisfaction with the HPWH
4. Satisfaction with the BayREN program
5. Concerns and recommendations

3.5. Incentive Data

Consultant shall provide a monthly report with summary statistics (Task 1.2) and provide comprehensive data on every transaction with to PCE as outlined in Task 2.3 System Integration. Data provided is to be mutually determined but anticipated to include details as outlined below:

Customer info

| |
|--|
| Account Name |
| Account Address |
| City |
| Zip code |
| Email |
| Phone |
| PG&E Account # |
| PG&E SAID |
| Rebate Payee |
| Home info & installation measure info |
| Date installed |
| Contractor(s) name |
| Existing WH fuel type |
| Existing WH make |
| Existing WH model |
| Existing WH years old |
| Existing WH tank size (gals) |
| New HPWH make |
| New HPWH model |
| New HPWH Serial Number |
| New HPWH tank size (gals) |
| New HPWH efficiency factor (UEF) |
| New HPWH Wifi / DR enabled? (Y/N) |
| New HPWH Wifi / DR connected? (Y/N) |
| Thermostatic Mixing Valve installed? (Y/N) |
| Year home built |
| Home Area (square feet) |
| Existing electrical panel capacity |
| Electric panel upgraded? (Y/N) |
| New electric panel capacity (if upgraded) |
| Equipment cost and Installation cost |
| Were other electrification upgrades performed? (Y/N) |
| List of all additional electrification upgrades |
| Were any other Home+ program measures Installed? (Y/N) |
| List of all other Home+ program measures installed |
| Supporting documentation |
| Photo of existing WH |
| Photo of new HPWH |

| |
|---|
| Photo of existing electrical panel |
| Photo of new electrical panel, if upgraded |
| Photo of capped gas line |
| Itemized invoice paid by customer |
| Caz sheet |
| Application form |
| Itemized incentives paid to customer |
| W-9 signed by recipient of payment |
| Energy Advisor Data (For San Mateo County) |
| # of Energy Advisor leads created |
| # of Energy Advisor accounts created |
| Customer surveys administered along with results |
| Participating Contractor Data (For San Mateo County) |
| Active, provisional and probationary contractor details serving SMC |
| Participating Contractor trainings offered through BayREN and associated contractor participation |
| # of projects submitted by contractor |
| Measures installed by contractor |
| Contractor QA/QC data collected |
| Contractor satisfaction surveys and their results |

3.6. Deliverables

1. Incentive Application Management
2. Energy Advisory services
3. Ongoing Training and Quality Control
4. Customer Satisfaction Surveys
5. Program Monitoring Metrics
6. Incentive Data

4. Schedule

| Task | Time since Contract execution |
|-------------------------|--------------------------------------|
| Kick-off meeting | 0 - 2 weeks |
| Start-up Activities | 0 - 3 months |
| Ongoing program support | 3 months – end of contract term |

Exhibit B

In consideration of the services provided by Consultant described in Exhibit A and subject to the terms of the Agreement, PCE shall pay Consultant based on the following fee schedule and terms:

| Tasks | Amount (\$) |
|--|---------------------------|
| Task 2: Start up activities | \$25,000 (one-time fee) |
| Task 3: Ongoing program support | |
| Processing fee/ approved application | \$60 |
| HPWH incentive/ approved application | To be mutually determined |
| Incentive / approved service panel upgrade | To be mutually determined |

Consultant may invoice for the Task 2 Start up Activities fee upon contract execution.

Consultant may invoice for Task 3 ongoing Program Support funds no more than monthly.

Payment is to be issued within 45 days of receipt of invoice.

DRAFT



PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: June 12, 2020
BOARD MEETING DATE: June 25, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Siobhan Doherty, Director of Power Resources
SUBJECT: Review Preliminary Integrated Resource Plan (IRP) Results (Discussion)

BACKGROUND:

All California load serving entities are required to file an Integrated Resource Plan (IRP) with the California Public Utilities Commission (CPUC) in even years. The 2020 IRP is due September 1, 2020. Staff will present slides to provide background on this upcoming compliance filing and review initial results of our analysis. Each Community Choice Aggregator is required to receive approval of its IRP by its governing board before submitting to the CPUC. We plan to bring Peninsula Clean Energy's IRP to the Board for approval in July.



PENINSULA CLEAN ENERGY
JPA Board Correspondence
General Counsel

DATE: June 12, 2020
BOARD MEETING DATE: June 25, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Vote

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Anne Bartoletti, Board Clerk
SUBJECT: Approve Update to Revised Conflict of Interest Code for Peninsula Clean Energy

RECOMMENDATION:

Approve Update to PCE's Conflict of Interest Code

BACKGROUND:

The Political Reform Act (Act) prohibits a public official from using his or her official position to influence a governmental decision in which he or she has a financial interest. Every state and local agency must adopt a conflict of interest code that identifies all officials and employees within the agency who make governmental decisions based on the positions they hold. The individuals in the designed positions must disclose their financial interests as specified in the agency's conflict of interest code.

To help identify potential conflicts of interest, the law requires public officials and employees in designated positions in a conflict of interest code to report their financial interests on a form called Statement of Economic Interests (Form 700). The conflict of interest codes and the Form 700s are fundamental tools in ensuring that officials are acting in the public's best interest and not their own.

The PCE Board approved its first Conflict of Interest Code in March 2016, and approved updates to the Code in June 2018.

DISCUSSION:

The FPPC has instructed that a conflict of interest code must:

1. Provide reasonable assurance that all foreseeable potential conflict of interest situations will be disclosed or prevented;
2. Provide to each affected person a clear and specific statement of his or her duties under the conflict of interest code; and
3. Adequately differentiate between designated employees with different powers and responsibilities.

The Three Components of a Conflict of Interest Code

1. Incorporation Section (Terms of the Code) - This section designates where the Form 700s are filed and retained (i.e., the agency or the FPPC). This section also must reference Regulation 18730, which provides the rules for disqualification procedures, reporting financial interests, and references the current gift limit.
2. List of Designated Positions - The code must list all agency positions that involve the making or participation in making of decisions that “may foreseeably have a material effect on any financial interest.” This covers agency members, officers and employees, and it may include volunteers on a committee if the members make or participate in making government decisions.
3. Detailed Disclosure Categories - A disclosure category is a description of the types of financial interests officials in one or more job classifications must disclose on their Form 700s. The categories must be tailored to the financial interests affected, and must not require public officials to disclose private financial information that does not relate to their public employment.

General Counsel drafted the Conflict of Interest Code, attached hereto as Exhibit A, to comply with these requirements. This is a revision of the Conflict of Interest Code adopted by the Board and approved in March 2016, and updated and approved in June 2018. This revision simply adds new positions.

**Conflict of Interest Code of
PENINSULA CLEAN ENERGY
A Joint Powers Authority**

**County of San Mateo
State of California**

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission (FPPC) has adopted a regulation (2 California Code of Regulations Section 18730) that contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the FPPC to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the FPPC are hereby incorporated by reference. This regulation and the attached Appendix, designating positions and establishing disclosure categories, shall constitute the conflict of interest code of Peninsula Clean Energy.

As directed by Government Code Section 82011, the code reviewing body is the Board of Supervisors for the County of San Mateo. Pursuant to 2 Cal. Code of Regs. Section 18227 and Government Code Section 87500, the County Clerk for the County of San Mateo shall be the official responsible for reviewing and retaining statements of economic interests and making the statements available for public inspection and reproduction.

Individuals holding designated positions shall file their statements of economic interests with Peninsula Clean Energy, which will make the statements available for public inspection and reproduction (Gov. Code Sec. 81008). Upon receipt of the statements, Peninsula Clean Energy shall make and retain copies and forward the originals to the County Clerk.

**Peninsula Clean Energy
Conflict of Interest Code**

List of Designated Positions for Peninsula Clean Energy and Financial Disclosure Categories

Each person holding any position listed below must file statements disclosing the kinds of financial interest shown for the designated employee's position. Statements must be filed at the times and on the forms prescribed by law. Failure to file statements on time may result in penalties including but not limited to late fines.

| Designated Employees | Disclosure Category |
|---|----------------------------|
| Members, Board of Directors | 1,2,3,4 |
| Chief Executive Officer | 1,2,3,4 |
| General Counsel | 1,2,3,4 |
| Associate General Counsel | 1,2,3,4 |
| Chief Financial Officer | 1,2,3,4 |
| Director of Legislative and Regulatory Affairs | 1,2,3,4 |
| Director of Energy Programs | 1,2,3,4 |
| Director of Customer Care | 1,2,3,4 |
| Director of Power Resources | 1,2,3,4 |
| Director of Marketing and Community Affairs | 1,2,3,4 |
| Senior Manager of Community Relations | 1,2,3,4 |
| Senior Regulatory Analyst | 1,2,3,4 |
| Marketing Communications Manager | 1,2,3,4 |
| Strategic Accounts Manager | 1,2,3,4 |
| Associate Manager of Distributed Energy Resources (DER) | 1,2,3,4 |
| Power Resources Manager | 1,2,3,4 |
| Senior Renewable Energy Analyst | 1,2,3,4 |
| Renewable Energy and Compliance Analyst | 1,2,3,4 |
| Office Manager | 1,2,3,4 |
| Consultants* | 1,2,3,4 |

*The Chief Executive Officer, after consultation with the County Counsel, shall review the duties and authority of all consultants retained by Peninsula Clean Energy. Those consultants who, within the meaning of 2 Cal. Code of Regs. Section 18700, et seq., are required to file statements of economic interests, shall do so. During each calendar year, Peninsula Clean Energy shall maintain a list of such consultants for public inspection in the same manner and location as this Conflict of Interest Code. Nothing herein excuses any consultant from any other provision of the Conflict of Interest Code, specifically those dealing with disqualification.

Peninsula Clean Energy
Description of Disclosure Categories

Category 1

A designated person assigned to Category 1 is required to disclose investments which may foreseeably be materially affected by any decision made or participated in by the designated employee.

Category 2

A designated person assigned to Category 2 is required to disclose interests in real property which may be materially affected by a decision made or participated in by the designated employee.

Category 3

A designated person assigned to Category 3 is required to disclose income which may be materially affected by any decision made or participated in by the designated employee.

Category 4

A designated person assigned to Category 4 is required to disclose any business entity in which the designated employee is a director, officer, partner, trustee, or holds any position of management which may be materially affected by any decision made or participated in by the designated employee.



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: June 9, 2020
BOARD MEETING DATE: June 25, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Vote

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Andy Stern, Chief Financial Officer
SUBJECT: Approve adoption of the revised Employee Handbook

RECOMMENDATION:

Approve the revised Peninsula Clean Energy Employee Handbook.

BACKGROUND AND DISCUSSION:

The PCE Employee Handbook is a summary/overview of PCE policies and guidelines. It provides guidance to PCE Staff on policies including Employment, Employee Conduct, Working Conditions, Benefits, Payroll, Leaves of Absences, along with other related issues.

Significant effort has been expended to develop this Handbook, including receiving earlier review from the PCE Executive Committee and input from PCE Staff. The Handbook has been reviewed by PCE's legal counsel. The most recent version of the handbook was issued on November 1, 2018.

A summary of the changes incorporated into the proposed revision of the Employee Handbook was reviewed by the Executive Committee at its meeting on June 8, 2020. A summary of the significant changes is listed below:

- Improved organization for readability and accessibility
 - Removal of unused sections
 - Combined medical, dental, and vision insurance descriptions
 - Creation of separate Safety policy (Illness and Injury Prevention Program)
- Update for new HR legislation

- Gender language updates
- Expanded language around equal employment, non-discrimination, and sexual orientation
- Revised Family leave section to conform to current law
- Incorporated New Parent Leave (i.e. Bonding) Policy (previously adopted, but not included)
- Policy additions/deletions
 - Added pre-employment background checks
 - Removal of re-employment drug testing
 - Added lactation policy
 - Added Personal Leave Policy (previously approved, but not included)
 - Added more flexible work schedule policy
 - Added remote work policy (applicable after Shelter-in-Place Orders expire)
- Additional of employee benefits not included in prior handbook
 - Long-term disability insurance (all employees)
 - Supplemental life insurance – voluntary for employees and dependents

Upon approval of this Handbook by the Board, PCE will distribute it for use by all PCE employees.

ATTACHMENTS:

Redline (showing changes from the prior version) and Clean versions of the Employee Handbook (Version 3): - Issue Date June 25, 2020.

RESOLUTION NO. _____

**PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO, STATE OF
CALIFORNIA**

* * * * *

**RESOLUTION BY THE BOARD OF DIRECTORS TO APPROVE ADOPTION OF THE
REVISED EMPLOYEE HANDBOOK**

RESOLVED, by the Board of Directors of the Peninsula Clean Energy Authority of the County of San Mateo, State of California, that

WHEREAS, the Board of Directors approved Version 2 of the PCE Employee Handbook on December 20, 2018, and

WHEREAS, the current Employee Handbook requires updating to reflect changes in laws, modifications to current policies, and adoption of new employee-related policies, and

WHEREAS, the Executive Committee of PCEA reviewed a draft version of the revised Employee Handbook at its meeting on June 8, 2020.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Board of Directors approves the adoption of the revised Employee Handbook.

* * * * *



EMPLOYEE HANDBOOK

Issue Date (Version 3): June 25, 2020

Peninsula Clean Energy
2075 Woodside Road,
Redwood City, CA 94061

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Attachments (Employee link to Attachments [here](#))

- A. PCE Request to Engage in Supplemental Employment Form
- B. PCE Conflict of Interest Code
- C. PCE Guidelines on Political Activity
- D. PCE Employee Confidentiality Agreement
- E. PCE Customer Confidentiality Policy
- F. PCE Acceptable Use of Electronic Communications Policy
- G. PCE Document Retention and Destruction Policy
- H. Social Media Policy (Forthcoming)
- I. PCE IT Security Policy

SECTION 1: INTRODUCTION TO PENINSULA CLEAN ENERGY

1.101 Welcome to Peninsula Clean Energy!

Dear Staff,

On behalf of everyone at Peninsula Clean Energy (PCE), welcome to the team! You are joining PCE at a very exciting time, for PCE, the industry, and our state. Community Choice Aggregators are challenging communities, states, and countries to make clean, renewable, greenhouse gas-free energy the standard. We are proud to be part of this wave of progress.

Starting a new job is exciting, but at times can be overwhelming. This Employee Handbook has been developed to help you become acquainted with PCE and answer many of your initial questions.

As an employee of Peninsula Clean Energy, you are very important. Your contribution cannot be overstated. We are a mission driven organization, and your role is an important part of achieving our mission – to reduce greenhouse gas emissions in San Mateo County. We first do that by providing cleaner and greener electricity at lower rates than PG&E. Next, we are offering energy related programs that use PCE's clean electricity to reduce greenhouse gas emissions by moving to electric transportation methods. And finally, we will offer electrification programs to reduce GHG emissions in buildings by converting from natural gas use to PCE's clean electricity. We hope the success we have in San Mateo County provides a model for other parts of the state, country, and world to also move toward a clean electric economy!

You are an important part of this process and your work directly influences PCE's reputation.

We are glad you have joined us, and we hope you will find your work to be both challenging and rewarding.

Sincerely,

Jan Pepper
CEO

Employee Handbook Version 3

1.101 About this Handbook

This Employee Handbook contains information about the employment policies and practices of PCE. We expect each employee to read, understand, and comply with all provisions of this Employee Handbook. It describes many of your responsibilities as an employee and outlines the programs developed by PCE to benefit you as an employee. One of our objectives is to provide a work environment that is conducive to both personal and professional growth.

PCE is a Joint Powers Authority (JPA), an independent California public agency that was created separate from any other public agency. The employment laws that apply in the public sector are sometimes different from those in the private sector. If you have previously worked for a for-profit or not-for-profit organization, you may notice some differences.

PCE complies with federal and state law which is in part reflected in this handbook. PCE also complies with any applicable local laws, even though there may not be an express written policy contained in the handbook.

Violations of the policies and procedures outlined in the handbook, as well as violations of any applicable state and/or federal law, may be grounds for discipline up to and including immediate termination.

1.102 New Employee Onboarding

Upon joining PCE, you should have received an e-copy of our Employee Handbook. After reading this Employee Handbook please sign the receipt page and return it to the Chief Financial Officer (CFO). You will be asked to complete personnel, payroll and if applicable, benefit forms which will need to be provided to the CFO.

PCE is a small Agency that thrives on open communication. The operations of your department are the responsibility of your supervisor. (S)he is a good source of information about PCE and your job. However, feel free to speak to the Chief Executive Officer (CEO) if you have questions about PCE or your position.

SECTION 2: EMPLOYMENT

2.101 Nature of Employment

Except for the policy of at-will employment, PCE reserves the right to revise, delete, and add to the provisions of this Employee Handbook at any time without notice. All such revisions, deletions or additions to the Employee Handbook must be in writing and must be signed by the CEO of PCE. No oral statements or representations can change the provisions of this Employee Handbook.

The provisions of this Employee Handbook are not intended to create contractual obligations with respect to any matters it covers nor is this Employee Handbook intended to create a contract guaranteeing that you will be employed for any specific period of time. Any agreement of employment for a specified time period shall be put into writing and signed by the CEO.

Nothing in this Employee Handbook is intended to unlawfully restrict an employee's right to engage in any of the rights guaranteed them by Section 7 of the National Labor Relations Act, including but not limited to, the right to engage in concerted protected activity for the purposes of their mutual aid and/or protection. Nothing in this Employee Handbook will be interpreted, applied or enforced to interfere with, restrain or coerce employees in the exercise of Section 7 rights.

PCE is an at-will employer. This means that regardless of any provision in this Employee Handbook, either PCE or you may terminate the employment relationship at any time, for any reason, with or without cause or notice. Nothing in this employee handbook or in any document or statement, written or oral, shall limit the right to terminate employment at-will. No officer, employee, or representative of PCE is authorized to enter into an agreement, express or implied, with any employee for employment for a specified period of time unless such an agreement is in a written contract signed by the CEO of PCE.

This Employee Handbook refers to current benefit plans maintained by PCE. Refer to the actual plan documents and summary plan descriptions if you have specific questions regarding the benefit plan. Those documents are controlling.

Likewise, if a written employment contract is inconsistent with the Employee Handbook, the written contract is controlling.

2.102 Job Postings

PCE strives to maintain a current job description for each position in PCE. The job description outlines the essential duties and responsibilities of the position. When the duties and/or responsibilities of a position change, the job description should be revised to reflect those changes. If you have any questions or wish to obtain a copy of your position's job description, please see your supervisor.

PCE provides employees an opportunity to indicate their interest in open positions and advance within PCE according to their skills and experience. In general, notices of all regular, full-time job openings are posted, although PCE reserve its sole discretionary right not to post a particular opening.

Posted job openings will be added to PCE's website and the County of San Mateo website and normally remain open for at least two to three weeks but will stay open until filled. Each job posting notice will include the dates of the posting period (if applicable), job title, job summary, essential duties and qualifications.

To be eligible to apply for a posted job, employees must have performed competently in their current position. PCE reserves the right not to accept applications for open positions from an employee who is currently on any type of disciplinary action.

Job posting is a way to inform employees of openings and to identify qualified and interested applicants whose interest might not otherwise be known to PCE. Other recruiting sources may also be used to fill open positions in the best interest of PCE.

2.103 Equal Opportunity Employer

PCE is committed to equal employment opportunity. We will not permit discrimination or harassment against employees or applicants for employment on the basis of race, religion, color, sex (including gender, gender identity, gender expression, transgender, pregnancy, and breastfeeding), national origin, ancestry, disability, medical condition, genetic characteristics or information, marital status, age, sexual orientation (including homosexuality, bisexuality, or heterosexuality, or any other protected class under federal, state, or local law), physical or mental disability (the term disabled or disability shall be construed to apply to those individuals covered by Title 2 California Administrative Code, Sec. 7293.6(c) et seq. and 42 U.S. Code Sec. 12102 and the regulations promulgated pursuant to that section), military or veteran status, or any other basis protected by law,

PCE will afford equal employment opportunity to all qualified employees and applicants as to all terms and conditions of employment, including compensation, hiring, training, promotion, transfer, discipline, and termination.

It is the obligation of every employee to comply with this policy in substance, practice, and in spirit.

You may discuss equal employment opportunity related questions with your supervisor or any other designated member of management.

2.104 Nepotism Prohibited

It is the policy of PCE to recruit, hire, and assign all employees on the basis of merit and performance. Nepotism, the employment of relatives within an organization, may cause serious conflicts and problems with favoritism and employee morale. Nepotism is expressly prohibited at PCE because it is antithetical to PCE's merit-based hiring process.

For purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with an employee is like that of persons who are related by blood or marriage, such as those who are living together.

This policy applies to all employees regardless of gender or sexual orientation.

2.105 Immigration Reform and Control Act

In compliance with the federal Immigration Reform and Control Act of 1986 (IRCA), as amended, and any state law requirements, if applicable, PCE is committed to employing only individuals who are authorized to work in the United States.

Each new employee, as a condition of employment, must complete the Employment Eligibility Verification Form I-9 and present documentation establishing identity and employment eligibility. Former employees who are rehired may also be required to re-complete the form.

If an employee is authorized to work in this country for a limited period of time, the individual will be required to submit proof of renewed employment eligibility prior to expiration of that period to remain employed by PCE.

2.106 Supplemental Employment

Employees may hold supplemental jobs as long as they meet the performance standards of their job with PCE. All employees will be judged by the same performance standards and will be subject to PCE's scheduling demands, regardless of any existing supplemental work requirements.

If PCE determines that an employee's supplemental work interferes with performance or the ability to meet the requirements of PCE as they are modified from time to time, the employee may be asked to terminate the supplemental employment if he or she wishes to remain employed by PCE.

An employee who wishes to engage in supplemental employment must complete the [Attachment A. Request to Engage in Supplemental Employment Form](#). The form must be signed by the employee's supervisor and the CEO.

Supplemental employment that constitutes a conflict of interest is strictly prohibited. If you have a concern regarding a potential or actual conflict, please discuss it with the CEO.

2.107 Americans with Disabilities Act

PCE is committed to complying fully with the Americans with Disabilities Act (“ADA”) and the California Fair Employment and Housing Act (“FEHA”) and ensuring equal employment opportunities to qualified individuals with disabilities. This may include providing reasonable accommodation where appropriate for an otherwise qualified individual to perform the essential functions of the job. All employment practices and activities are conducted on a non-discriminatory basis. Hiring procedures are designed to provide persons with disabilities meaningful employment opportunities. Post-offer pre-employment inquiries are made only regarding an applicant’s ability to perform the duties of the position.

It is your responsibility to notify your supervisor of the need for accommodation. Upon doing so, your supervisor may ask you for your input or the type of accommodation you believe may be necessary or the functional limitations caused by your disability. Also, when appropriate, we may need your permission to obtain additional information from your physician or other medical or rehabilitation professionals. PCE will not seek genetic information in connection with requests for accommodation. All medical information received by PCE in connection with a request for accommodation will be treated as confidential.

Reasonable accommodations for qualified individuals with known disabilities will be made unless doing so would be an undue hardship. All employment decisions are based on the merits of the situation in accordance with defined criteria, not the disability of the individual.

2.108 Access to Personnel Files

PCE maintains a personnel file on each employee. Such files include, but not limited to, employee’s job application, resume, records of training, documentation of performance appraisals and salary increases, and other employment records.

Personnel files are the property of PCE and access to the information they contain is restricted. Generally, only management-level personnel of PCE and your supervisor who have a legitimate reason to review information in a file are permitted to do so.

Upon request, current and former employees may inspect their own personnel files at a mutually agreeable time, on PCE premises in the presence of an authorized PCE management team member. A representative of the employee, with written consent from the employee, may also review an employee’s personnel file. You will be permitted

to see any records regarding your qualification for employment, promotion, wage increases, earnings and deductions, or discipline. You will also be permitted to respond to anything in writing that is in the personnel file and may request that the response be included in the file. The personnel files are the property of PCE, employees may not remove or add items to their file without approval and the file must remain in the custody of PCE at all times.

Additionally, PCE will provide copies of payroll records within fifteen (15) days after a written request has been received. Exceptions include records regarding criminal investigation and any letters of reference maintained by PCE. You will be allowed to have a copy of any document that relates to your performance or any grievance that concerns you. PCE complies with state law record retention requirements for current and former employees.

For more information, contact the CFO.

2.109 Employment Reference and Background Checks

To ensure that individuals who join PCE are well qualified and have a strong potential to be productive and successful, it is the policy of PCE to check the employment references of all applicants.

Regarding current or former PCE employees, PCE will respond in writing or verbally only to those reference check inquiries that are submitted in writing. Responses to such inquiries will confirm only dates of employment and position(s) held. NO other employment data will be released without a written authorization and release signed by the individual who is the subject of the inquiry. Currently, only the CEO is authorized to respond to reference check inquiries. The CEO has the authority to delegate this responsibility as appropriate.

PCE will conduct background checks on all potential new employees to verify prior education and employment claims and research other criminal and governmental databases for prior criminal and/or other adverse activity.

2.110 Changes in Personal Data

To aid you and/or your family in matters of personal emergency, we need to maintain up to date information. It is the responsibility of each employee to promptly notify PCE of any changes in personal data. Personal mailing addresses, telephone numbers, number and names of dependents who are enrolled in benefit plan(s) or are beneficiaries of benefit plan(s), individuals to be contacted in the event of an emergency, educational accomplishments or credentials, and other such status reports should be accurate and

current. If any personal data has changed, please notify your supervisor and the CFO in writing.

Changes that would impact your paycheck or annual reporting documents should be given to the CFO promptly.

2.111 Separation from Employment

The last day worked is the last day of employment for employees who resign or are terminated from PCE employment. All employees will be paid for all accrued and unused vacation and other applicable benefit accruals.

An employee who resigns from PCE service will receive the final paycheck at the end of the current payroll period in which the last day worked falls on the normal pay date for that period.

An employee whose job has been terminated will receive the final paycheck on the last day of employment.

Should you decide to leave your employment with us, we ask that you provide your immediate supervisor with at least two weeks' advance written notice. Your thoughtfulness is appreciated and will be noted favorably should you ever wish to reapply for employment with PCE.

All voluntary terminating employees should complete a brief exit interview prior to leaving. All terminating employees, either voluntary or involuntary, will be provided information about employee benefits, conversion privileges, repayment of outstanding debts to PCE, and return of PCE-owned property. All employees are required to return all equipment including, but not limited to, keys, ID cards, and other PCE property prior to leaving PCE on the last day of work.

Continuation of Group Health Benefits- C.O.B.R.A.

In accordance with Federal law, employees and their families, at their expense, may have a temporary extension of health coverage at group rates in certain instances where coverage under the plan would otherwise terminate. Contact the CFO for more information regarding this benefit,

2.112 Social Security Number Privacy

Officers and employees are permitted to access and use certain personal information, such as Social Security Numbers, only as necessary and appropriate for such persons to carry out their assigned tasks for PCE and in accordance with PCE's policy.

The unauthorized access, viewing, use, disclosure, or the intentionally public display of such information and the unauthorized removal of documents from PCE's premises that contain social security number information is prohibited.

If you come into contact with Social Security Numbers or other sensitive personal information without authorization from PCE or under circumstances outside of your job duties/assigned tasks, you may not use or disclose the information further, but must contact your supervisor and turn over to him/her all copies of the information in whatever form.

When necessary, documents containing social security information will be properly destroyed through shredding or other means prior to disposal to ensure confidential social security information is not disclosed.

SECTION 3: EMPLOYEE CONDUCT

3.101 Conflict of Interest/Code of Ethics

A company's reputation for integrity is its most valuable asset and is directly related to the conduct of its officers and other employees. Therefore, employees must never use their positions with PCE, or any of its customers, for private financial gain, to advance personal financial interests, to obtain favors or benefits for themselves, members of their families or any other individuals, corporations or business entities, or engage in activities, investments or associations that compete with PCE, interferes with an employee's business judgment concerning PCE's best interests, or exploits an employee's position with PCE for personal gain.

PCE strives to adhere to the highest legal and ethical standards applicable in our business. All employees of PCE have an obligation to conduct business within the guidelines that prevent actual or potential conflicts of interest and to comply with [Attachment B. PCE Conflict of Interest Code](#).

Employees of PCE will conduct their personal affairs such that their duties and responsibilities to PCE are not jeopardized and/or legal questions do not arise with respect to their association or work with PCE.

POLITICAL ACTIVITY – PCE employees are public employees because PCE is a JPA under California Government Code Section 6500 et seq. The governing body, the Board of Directors, is comprised of publicly elected representatives of its member jurisdictions. While California law prohibits public employers from barring its officers and employees from participation in political activities, the law permits PCE to develop guidelines prohibiting officers and employees from engaging in political activity during work hours, on agency premises, or using agency property to do so, including email. For more information, please see [Attachment C. Guidelines on Employee Political Activity](#).

This policy does not prevent employees from discussing their wages or other terms of employment.

3.101 Standards of Conduct

Each employee has an obligation to observe and follow PCE's policies and to maintain proper standards of conduct at all times. Failure to adhere to PCE's policies will result in corrective disciplinary measures.

Disciplinary action may include a verbal warning, written warning, suspension with or without pay, and/or termination of employment. The appropriate disciplinary action imposed will be determined by PCE. PCE does not guarantee that one form of action will necessarily precede another.

Among other things, the following may result in disciplinary action, up to and including termination of employment:

- Violation of PCE's policies or safety rules;
- Failing to work in a cooperative manner with management, co-workers, customers and others who do business with PCE;
- Unauthorized or illegal possession, use, or sale of alcohol or controlled substances on work premises or during working hours, while engaged in company activities; [Section 3.107]
- Unauthorized possession, use, or sale of weapons, firearms, or explosives on work premises;
- Theft or dishonesty;
- Inappropriate or violent physical contact;
- Harassment; [Section 3.103]
- Discrimination or retaliation in violation of PCE's EEO and No Harassment policies; [Section 3.103]
- Performing outside work or use of company property, equipment, or facilities in connection with outside work while on company time;
- Engaging in unethical or illegal conduct;
- Unauthorized disclosure of business "secrets" or confidential proprietary information; [Section 3.104]
- Poor attendance or poor performance.

These examples are not exhaustive. We emphasize that termination of employment decisions will be based on an assessment of all relevant factors.

Nothing in this policy is designed to limit an employee's rights under Section 7 of the National Labor Relations Act.

Nothing in this policy is designed to modify PCE's employment-at-will policy.

3.103 No Harassment

We are committed to providing a work environment that is free of unlawful harassment, discrimination and retaliation. In furtherance of this commitment, PCE strictly prohibits all forms of unlawful discrimination and harassment, including: discrimination or harassment on the basis of race, religious creed, color, national origin, ancestry, physical disability, mental disability, protected medical condition (including genetic characteristic), genetic information, marital status, sex (including pregnancy, childbirth or related medical condition, or breast feeding), sexual orientation (including homosexuality, bisexuality, or heterosexuality, or any other protected class under federal, state, or local law), gender, gender identity or expression (including transgender), age for individuals over forty years of age, military or veteran status,

sexual orientation, citizenship status, or any other category protected by applicable state or federal law.

PCE's policy against unlawful harassment, discrimination and retaliation applies to all employees, including supervisors and managers, as well as to all unpaid interns and volunteers. PCE prohibits managers, supervisors and employees from harassing co-workers as well as PCE's customers, vendors, suppliers, independent contractors, and others doing business with PCE. Any such harassment will subject an employee to disciplinary action up to and including immediate termination. PCE likewise prohibits its customers, vendors, suppliers, independent contractors and others doing business with PCE from harassing, discriminating, or retaliating against our managers, supervisors and employees.

Examples of Prohibited Sexual Harassment: Sexual harassment includes a broad spectrum of conduct including harassment based on sex, gender, gender identity or expression, and sexual orientation. By way of illustration only, and not limitation, some examples of unlawful and unacceptable behavior include:

- Unwanted sexual advances;
- Offering an employment benefit (such as a raise, promotion or career advancement) in exchange for sexual favors, or threatening an employment detriment (such as termination or demotion) for an employee's failure to engage in sexual activity;
- Visual conduct, such as leering, making sexual gestures, and displaying or posting sexually suggestive and/or derogatory objects or pictures, drawings, cartoons or posters;
- Verbal sexual advances, propositions, requests or comments;
- Sending or posting sexually-related messages, videos or messages via text, instant messaging, or social media;
- Verbal abuse of a sexual nature, graphic verbal comments about an individual's body, sexually degrading words used to describe an individual, and suggestive or obscene letter, notes or invitations;
- Physical conduct, such as touching, groping, assault, or blocking movement;
- Physical or verbal abuse concerning an individual's gender, gender identity or gender expression; and
- Verbal abuse concerning a person's characteristics such as pitch of voice, facial hair or the size or shape of a person's body, including remarks that a male is too feminine, or a woman is too masculine.

Other Examples of What Constitutes Prohibited Harassment: In addition to the above listed conduct, PCE strictly prohibits harassment concerning any other protected characteristic. By way of illustration only, and not limitation, such prohibited harassment includes:

- Racial or ethnic slurs, epithets, derogatory comments and any other offensive remarks;
- Jokes, whether written, verbal, or electronic;
- Threats, intimidation, and other menacing behavior;
- Assault, impeding or blocking movement, or any physical interference with normal work or movement;
- Inappropriate verbal, graphic, or physical conduct;
- Sending or posting harassing messages, videos or messages via text, instant messaging, or social media; and
- Other harassing conduct based on one or more of the protected categories identified in this policy.

If you have any questions about what constitutes harassing behavior, ask your supervisor or another member of management.

Prohibition Against Retaliation: PCE is committed to prohibiting retaliation against those who themselves or whose family members report, oppose, or participate in an investigation of alleged unlawful harassment, discrimination, or other wrongdoing in the workplace. By way of example only, participating in such an investigation includes, but is not limited to:

- Making or filing an internal complaint with PCE regarding alleged unlawful activity;
- Providing notice to PCE regarding alleged unlawful activity;
- Filing a complaint with a federal or state enforcement or administrative agency;
- Participating in or cooperating with a federal or state enforcement agency conducting an investigation of PCE regarding alleged unlawful activity;
- Testifying as a party, witness, or accused regarding alleged unlawful activity; and
- Assisting another employee who is engaged in any of these activities.

PCE is further committed to prohibiting retaliation against qualified employees who request a reasonable accommodation for any known physical or mental disability and employees who request a reasonable accommodation of their religious beliefs and observances.

Reporting Process – Making a Complaint

Any employee, job applicant, unpaid intern, volunteer, or contractor who believes they have been harassed, discriminated against or retaliated against in violation of this policy by another employee, supervisor, manager or third party doing business with PCE, you should immediately report it orally or in writing to the CEO. In addition, if you observe harassment by another employee, supervisor, manager or non-employee, please report the incident immediately to the CEO. If the CEO is alleged to be involved in the harassment, the Chair of the PCE Board must be notified.

Supervisors who receive any complaint of harassment, discrimination or retaliation must promptly report such complaint immediately to the CEO so that PCE may resolve the complaint internally. As noted above, if the complaint is against the CEO, the Chair of the PCE board should be notified.

Notification of the problem is essential to us. We cannot help to resolve a harassment problem unless we know about it. Therefore, it is your responsibility to bring your concerns and/or problems to our attention, so we can take whatever steps are necessary to address the situation. PCE takes all complaints of unlawful harassment seriously and will not penalize you or retaliate against you in any way for reporting a harassment problem in good faith.

All complaints of unlawful discrimination, harassment, or retaliation which are reported to the CEO or the Chair of the PCE Board, as applicable, will receive a timely response and will be thoroughly investigated in a fair and prompt manner by impartial and qualified personnel. Investigations will be conducted in a manner which provides all parties with appropriate due process, reaches a reasonable conclusion based on evidence collected and ensures timely closure. In addition, PCE will ensure that the investigation is properly documented and tracked for reasonable progress. Upon conclusion of such investigation, appropriate remedial and corrective action will be taken where warranted, including disciplinary action, up to and including immediate termination. PCE prohibits employees, supervisors, and managers from hindering internal investigations and the internal complaint procedure. All complaints of unlawful misconduct reported to the CEO (or the Chair of the PCE Board) will be treated as confidentially as possible, consistent with PCE's need to conduct an adequate and thorough investigation.

Violation of this policy will subject an employee to disciplinary action, up to and including immediate termination. Moreover, any employee, supervisor or manager who condones or ignores potential violations of this policy will be subject to appropriate disciplinary action, up to and including termination. Additionally, under California law, employees may be held personally liable for harassing conduct that violates the California Fair Employment and Housing Act.

This policy is not intended to prohibit employees, job applicants, unpaid interns, volunteers, or contractors from filing complaints with the California Department of Fair Employment and Housing or the federal Equal Employment Opportunity Commission or to prevent them from pursuing other available judicial remedies. These agencies may be contacted as follows:

California Department of Fair Employment and Housing (DFEH)

(800) 884-1684 or www.dfeh.ca.gov

Federal Equal Employment Opportunity Commission (EEOC)

(800) 669-4000 or www.eeoc.gov

Pursuant to California law, PCE as a public employer requires that all supervisory employees take at least two hours of sexual harassment prevention training every two years. Employees promoted to a supervisory position are required to take their first training within six (6) months of promotion. The CFO will monitor and maintain records of all required trainings. PCE will provide the training through an on-line course.

Effective January 1, 2020, all non-supervisory employees are required under California law AB9 to take at least one (1) hour of sexual harassment prevention training every two (2) years. The CFO will monitor and maintain records of all required trainings. PCE will provide the training through an on-line course.

3.104 Protecting PCE Information

Protecting PCE's information is the responsibility of every employee. You are not to discuss PCE's confidential business or proprietary business matters, or share confidential, personal employee information (such as social security numbers, personal banking or medical information) with anyone who does not work for us such as friends, family members, members of the media, or other business entities.

Upon commencement of employment, each PCE employee must sign the [Attachment D. PCE Employee Confidentiality Agreement](#). The protection of confidential business information and trade secrets is vital to the interest and success of PCE. Such confidential information includes, but is not limited to, the following examples:

- Computer programs and codes
- Customer lists and information
- Customer preferences
- Financial information
- Power supply information
- Marketing strategies
- Pending projects and proposals
- Research and development strategies

Employees who improperly use or disclose trade secrets or confidential business information will be subject to disciplinary action, up to and including termination of employment, even if they do not actually benefit from the use or disclosure.

As a public agency, PCE is subject to the California Public Records Act and the open meeting requirements of the Brown Act. Disclosures of information in compliance with these or any other open government requirement is not a violation of this policy. However, employees with access to PCE information are required to follow applicable policies, procedures, and supervisory direction when disclosing information to the public so that PCE may assure that the information released is complete, accurate and

properly presented. For more information please see [Attachment E. Customer Confidentiality Policy](#).

Confidential information does not include information pertaining to the terms and conditions of an employee's employment, including wages. Nothing in this policy is designed to limit an employee's rights under Section 7 of the National Labor Relations Act.

3.105 Use of Personal Devices, including PCE Issued Devices

Upon employment with PCE you will be issued a PCE encrypted laptop. Due to the confidential nature of information at PCE, it is PCE's policy that you are not to utilize any other laptop or similar device (including but not limited to tablets, laptops, or computers) to conduct PCE business. Employees must physically secure their PCE issued devices against theft, loss or unauthorized use, including the use of password protection. This is especially critical if your job duties require you to use your PCE device outside the office. All PCE issued devices will be provided with a temporary password which you will be able to change upon your first log in. If any PCE device is lost or stolen, you must immediately contact your immediate supervisor who will notify the appropriate level of management so that your laptop is completely deactivated.

PCE's IT security policy provides that all PCE work product be stored on the cloud storage system, BOX. Work product, even temporary in process files, must all be file saved to BOX. Since BOX is a cloud storage system and your PCE issued laptops are encrypted, you would be able to access files while not in the office in a protected fashion.

Modern communication includes the frequent use of cell/smart phones. PCE does not provide PCE issued cell/smart phones. You will be required to use your personal cell/smart phone for PCE business. A taxable phone allowance will be provided to all employees to compensate them for the use of their personal device for PCE business.

Non-exempt employees may not use their personal devices for work purposes outside of their normal work schedule without authorization in advance from their immediate supervisor. This includes but is not limited to reviewing, sending, and responding to e-mails or text messages, and responding to or making calls. Time spent by non-exempt employees using their own devices to perform work outside of regular working hours must be included on their time sheet.

Employees are expected to exercise the same discretion in using their personal devices while working as is required for using PCE owned devices. This includes, but is not limited to, compliance with PCE policies pertaining to harassment, discrimination, retaliation, trade secrets, proprietary business and confidential information, electronic communications, and ethics. Employees must also comply with all applicable state, federal and local laws governing the use of such electronic devices. Failure to follow

policies, procedures and/or applicable laws may result in disciplinary action up to and including termination of employment. Please [see Attachment F. Acceptable Use of Electronic Communications Policy](#) and [Attachment I. Technology Security Policy for further information](#).

3.106 Smoking in the Workplace

PCE is committed to providing a safe and healthy environment for employees and visitors. Smoking, including the use of e-cigarettes, is not permitted. In addition, local ordinances and provisions of our office lease regarding smoking must be adhered to. Violations of this policy may result in disciplinary action, up to and including termination of employment.

3.107 Drug and Alcohol Use

It is PCE's desire to provide a drug-free, alcohol-free, healthful, and safe workplace. To comply with the federal Drug-Free Workplace Act of 1988, PCE requires that employees not report to work if their ability to perform their job duties is impaired due to alcohol or drug use. Further, PCE employees may not use alcohol or illegal drugs and/or prescription drugs without a prescription during work hours, breaks, or at any time while on paid status and/or on work premises. Exceptions to the use of alcohol on work premises for special events may be made at the sole discretion of the CEO of PCE.

No employee may directly or through others sell or provide illegal or illegally obtained drugs while in a paid status.

Employees who are convicted of a criminal drug violation occurring in the workplace must notify their supervisors as soon as possible.

PCE will attempt to reasonably accommodate an employee with chemical dependencies (alcohol or drugs), if the employee voluntarily wishes to seek treatment and/or rehabilitation before being found in violation of this policy. Employees desiring that assistance should request an unpaid treatment or rehabilitation leave of absence.

PCE is committed to providing assistance to its employees to overcome substance abuse problems. PCE will reasonably accommodate any employee who wishes to voluntarily enter and participate in an alcohol or drug rehabilitation program. This accommodation may include an adjusted work schedule or time off without pay, provided the accommodation does not impose an undue hardship on PCE. Employees may use any accrued sick or vacation benefits while on leave under this policy. However, additional benefits will not be earned during the unpaid portion of the leave of absence. A leave of absence under this section will be subject to the same provisions

and rules as apply to medical leaves of absence. PCE will safeguard the privacy of an employee's participation in a rehabilitation program.

Employees should notify the CEO if they need to request an accommodation under this policy.

PCE support for treatment and rehabilitation does not obligate PCE to employ any person who violates the PCE drug and alcohol abuse policy or whose job performance is impaired because of substance abuse. PCE is also not obligated to continue to employ any person who has participated in treatment or rehabilitation if that person's job performance remains impaired as a result of alcohol or drug dependency.

Your employment or continued employment with PCE is conditioned upon your full compliance with the foregoing policy. Any violation of this policy may result in disciplinary action, up to and including termination of employment. Further, any employee who violates this policy who is subject to termination of employment, may be permitted in lieu of termination of employment, at PCE's sole discretion, to participate in and successfully complete an appropriate treatment, counseling or rehabilitation program as recommended by a substance abuse professional as a condition of continued employment and in accordance with applicable federal, state, and local laws.

Various federal, state, and local laws protect the rights of individual with disabilities and others with regard to the confidentiality of medial information, medical treatment, and the use of prescription drugs and substances taken under medical supervision. Nothing contained in this policy is intended to violate such regulations or interfere with individual rights thereunder.

3.108 Drug Testing

PCE is committed to providing a safe, efficient, and productive work environment for all employees. In support of this commitment, PCE seeks to provide a workplace that is free from the harmful effects of drug and alcohol abuse. To further its interest in service to the community, avoiding accidents, promoting and maintaining a safe and productive workplace and protecting PCE property, equipment, and operation, PCE may conduct drug and alcohol testing, as provided in this policy. This policy is intended to apply to all employees, regardless of appointment type or time basis, including, without limitation, full-time, part-time, regular, temporary and management employees.

Using or being under the influence of drugs or alcohol on the job may pose serious safety and health risks. It is also a violation of PCE policy. Please see the policy on Drug and Alcohol Use in Section 3.107 above. To help ensure a safe and healthful working environment, job applicants and employees may be subject to drug and alcohol testing and may be asked to provide body substance samples (such as urine) to

determine the use of drugs or alcohol in violation of PCE policies under the following circumstances:

- **Reasonable suspicion testing:** Employees will be subject to testing where there is reasonable suspicion that the employee has violated PCE's drug and alcohol use policies. Reasonable suspicion is the good faith belief based on specific articulable perception and reasonable inferences drawn from such perceptions that an employee may have violated this policy and that testing may reveal facts and evidence related to that perceived violation. Perceptions or reasonable inferences supporting reasonable suspicion may include, but are not limited to, an employee's manner, disposition, muscular movement, appearance, unusual behavior, speech or breath odor; information provided by an employee, law enforcement official or other person believed to be reliable; or other surrounding circumstances. For purposes of ordering testing, reasonable suspicion will only exist where the CEO and another member of PCE's executive leadership team has reviewed circumstances in a particular case and concurs in the finding of reasonable suspicion.
- **Follow up testing:** An employee who has been found to be in violation of PCE's drug and alcohol use policies may be required to submit to periodic, unannounced testing for one year, starting on a date established by the CEO.

For testing, the employee will be referred to an independent Substance Abuse and Mental Health Services Administration (SAMHSA) certified medical clinic or laboratory, which will administer the test. PCE will pay the cost of the test and reasonable transportation cost to the testing facility. The applicant or employee will have an opportunity to alert the clinic or laboratory personnel to any prescription or non-prescription drugs that she or he has taken that may affect the outcome of the test. Positive results from initial screening will be confirmed by a second testing method and will not be reported as positive without confirmation. In the event of a reported positive test, the applicant or employee may have the same sample retested at a laboratory of the employee's choice at the employee's expense.

Testing or drug testing under this policy may include amphetamines and methamphetamines, cocaine, marijuana/cannabinoids (THC), opiates (narcotics), phencyclidine (PCP), barbiturates, benzodiazepines, methaqualone, and alcohol. Cut-off levels for determining a positive test will be those established in the SAMHSA Mandatory Guidelines for Federal Drug Testing Programs. The cut-off level for a positive alcohol test (both initial and confirmation) will be 0.02 percent (0.02 gm/210 liters of breath or 0.02 gm/deciliter of blood or 0.02 mg/ml of urine). Testing will normally be performed by urinalysis or, for alcohol testing, may also include breath testing. The substances for which drug and alcohol tests are performed and cut-off levels may be modified from time-to-time with prior written notice from the CEO or amendment of this policy.

If an employee who is subject to testing refuses to cooperate with the administration of the test, the refusal will be considered a positive test result. A refusal to cooperate includes, but is not limited to, refusing to appear for a test; unreasonably failing to submit a sample for testing; tampering with, substituting, adulterating, masking or water-loading a sample; or obstructing or not fully cooperating with testing procedures.

All records of the circumstances and results of substance testing under this policy will remain confidential applicant or personnel records. Laboratory reports and test results will be maintained in a file separate from an employee's personnel file. Information may only be released to the employee who was tested or other individuals designated in writing by the employee; to a medical review officer; to the extent necessary to properly supervise or assign the employee; as necessary to determine what action should be taken in response to the test results and for use in responding to appeals, litigation or administrative proceedings arising from or related to the test or related actions.

Questions concerning this policy, or its administration should be directed to the CEO.

3.109 Attendance and Punctuality

Attendance and punctuality are important factors for your success within PCE. We work as a team and this requires that each person be in the right place at the right time. For scheduled days off, employees are required to notify their supervisor as far in advance as possible, and to submit a request through the Personal Time Off (PTO) request system. In addition, it is also required that employees update their company calendar so that their fellow employees are aware of their time off schedule. If you are going to be late for work, notify your supervisor as far in advance as is feasible under the circumstances.

If you are absent for three days without prior approval and/or without notifying PCE, it will be assumed that you have voluntarily terminated your employment with PCE, and you will be removed from the payroll effective as of the first day of that three day absence.

3.110 Personal Appearance

Employees are expected to maintain high standards of personal cleanliness and present a neat and professional appearance.

Our customers' satisfaction represents the most important and challenging aspect of our business. Whether or not your job responsibilities place you in direct customer contact, you represent PCE with your appearance as well as your actions. The properly attired individual helps to create a favorable image for PCE, to the public and fellow

employees. PCE maintains a business casual environment. All employees should use discretion in wearing attire that is appropriate for their job.

3.111 Non-Solicitation

PCE believes employees should have a work environment free from interruptions of a non-work-related nature, as work time is for work. For purposes of this policy, solicitation includes, but is not limited to, collection of any debt or obligation, raffles of any kind or chance taking, the sale of merchandise or business services, or the attempt to sell any product or service. Such interruptions can be both detrimental to the quality of work and efficiency and may not be respectful of others' job responsibilities.

Employees may not engage in solicitation for any purpose during work time, which includes the working time of the employee who seeks to solicit and the employee who is being solicited. Although solicitation is not encouraged, it is permitted if it is limited to the employee's break and lunch time and kept out of active working areas. Nothing in this policy is intended to restrict an employee's statutory rights, including discussing terms and conditions of employment.

3.112 Acceptable Use of Electronic Communications/Workplace Monitoring

This policy provides guidelines for electronic communications created, sent, received, used, transmitted, or stored using PCE's communication systems or equipment and employee provided systems or equipment used either in the workplace, during working time or to accomplish work tasks. "Electronic communications" include, among other things, messages, images, text data or any other information used in e-mail, instant messages, text messages, voice mail, fax machines, computers, personal digital assistants (including tablets or similar devices), pagers, telephones, cellular and mobile phones including those with cameras, Intranet, Internet, back-up storage, information on a memory or flash key or card, jump or zip drive or any other type of internal or external removable storage drives. In the remainder of this policy, all these communication devices are collectively referred to as "systems."

Acceptable Uses of Our Systems: Employees may use our systems to communicate internally with co-workers or externally with customers and other business acquaintances for business purposes.

PCE Control of Systems and Electronic Communications: All electronic communications contained in PCE systems are PCE records and/or property. Although an employee may have an individual password to access our systems, the systems and communications belong to PCE. The systems and electronic communications are accessible to PCE at all times, including periodic unannounced inspections. Our

systems and electronic communications are subject to use, access, monitoring, review, recording and disclosure without further notice. Employee communications on our system are not confidential or private.

PCE's maintains the right to access, monitor, record, use, and disclose electronic communications sent on PCE systems without further notice to the employee.

Personal Use of Our Systems: Personal communications in our systems are treated the same as all other electronic communications and will be used, accessed, recorded, monitored, and disclosed by PCE at any time without further notice. Since all electronic communications and systems can be accessed without advance notice, employees should not assume confidentiality.

Proprietary Business Information: Proprietary business information means confidential and proprietary materials related to PCE's trade secrets, business models, business services, sales agreements, pricing information, customer lists, inventions, vendor agreements, strategic business or marketing plans, expansion plans, contracts, non-public financial performance information and other information that derives economic value by being protected from public consumption or competitors, and may only be used on PCE systems. Proprietary business information **may not** be downloaded, saved, or sent to a personal laptop, personal storage device, or personal email account under any circumstances. Proprietary business information does not restrict employee rights to discuss their wages, hours or other terms of employment.

Prohibited Uses of Our Systems: Employees may not use PCE systems in a manner that is unlawful, wasteful of PCE resources, or unreasonably compromises employee productivity or the overall integrity or stability of PCE's systems. These tools are provided to assist employees with the execution of their job duties and should not be abused. Examples of prohibited uses include, among other things, sexually explicit messages, images, cartoons, or jokes; propositions or love letters; ethnic or racial slurs; or any other message or image that may be in violation of company policies.

In addition, employees may not use PCE systems:

- To download, save, send or access any discriminatory, obscene, or malicious or knowingly false material;
- To download, save, send or access any music, audio or video file unless business related;
- To download anything from the internet (including shareware or free software);
- To download, save, send or access any site or content that PCE might deem "adult entertainment;"
- To attempt or to gain unauthorized or unlawful access to computers, equipment, networks, or systems of PCE or any other person or entity;
- In connection with any infringement of intellectual property rights, including but not limited to copyrights;

- In connection with the violation or attempted violation of any law; and
- To improperly transmit proprietary business information or client material such as pricing information or trade secrets.

Electronic Forgery: An employee may not misrepresent, disguise, or conceal his or her identity or another's identity in any way while using electronic communications; make changes to electronic communications without clearly indicating such changes; or use another person's account, mail box, password, etc. without prior written approval of the account owner and without identifying the actual author.

Intellectual Property Rights: Employees must always respect intellectual property rights, including copyrights and trademarks.

System Integrity, Security, and Encryption: PCE contracts with an IT service provider – All Covered – to provide various IT support, including security. PCE encrypts all computers to maintain system integrity and security. All systems passwords and encryption keys must be available and known to PCE's IT service provider. Employees may not install password or encryption programs. Employees may not use the passwords and encryption keys belonging to others.

Applicable Laws: Numerous state and federal laws apply to electronic communications. PCE complies with applicable laws. Employees also must comply with applicable laws and should recognize that an employee could be personally liable and/or subject to fine and imprisonment for violation of applicable laws.

Consequences of Policy Violations: Violations of this policy may result in disciplinary action up to and including immediate termination of an employee's employment as well as possible civil liabilities or criminal prosecution. Where appropriate, PCE may advise legal officials or appropriate third parties of policy violations and cooperate with official investigations. We will not, of course, retaliate against anyone who reports possible policy violations or assists with investigations.

If you have questions about the acceptable use of our systems or the content of electronic communications, ask the CEO for clarification.

3.113 Company Document Management

PCE uses the cloud-based platform BOX (www.box.com) as a document management system. All employees are required to save all PCE related documents on BOX without exception. This will allow PCE to access the documents in the event of lost laptop/Mac and maintain the security of PCE documents.

3.114 Social Media

“Social media” includes all means of communicating or posting information or content of any sort on the Internet, including an employee’s own or someone else’s web log or blog, journal or diary, personal web site, social networking or affinity web site, web bulletin board or chat room, whether or not the platform is associated or affiliated with PCE.

In general, all official PCE social media postings will be managed by the Communication and Outreach department.

To protect PCE’s interests, employees must adhere to the following guidelines:

- Other than for PCE business purposes, employees may not post on a personal blog or personal social networking site during their work hours or at any time using PCE equipment or property. PCE’s electronic communication systems are for business use only.
- If an employee identifies himself or herself as an employee of PCE on any social networking site for purposes other than PCE-authorized business purposes, the communication must include a disclaimer that the views expressed do not necessarily reflect the view of the PCE management.
- All rules regarding confidential business information apply to blogs and social networking sites. Any information that cannot be disclosed through a conversation, a written note, or an e-mail also cannot be disclosed on a blog or social networking site. The transmission of confidential or proprietary information without the permission of PCE is prohibited.
- If an employee mentions PCE in a blog or elsewhere on social media, or it is reasonably clear that the employee is referring to PCE or a position taken by PCE, and also expresses a political opinion or an opinion regarding PCE’s position, action, or products, the post must specifically disclose the employee’s relationship with PCE and note that the opinion expressed is a personal opinion and not PCE’s position.
- Any conduct which is impermissible under law if expressed in any other form or forum is impermissible if expressed through a social networking site. For example, posted material that is discriminatory, defamatory, libelous, or malicious is forbidden. PCE’s policies, including but not limited to the Equal Employment Opportunity, Sexual Harassment, Harassment and Workplace Violence policies apply equally to employee comments on social networking sites even if done on nonworking time.

Nothing in this policy is designed to limit an employee's right under Section 7 of the National Labor Relations Act, including discussing wages or other terms of employment.

If you have questions or need further guidance, please contact the Communications and Outreach Manager.

3.115 Contact with PCE

The location of PCE employees during business hours should be known to a supervisor. All PCE employees will keep an updated electronic calendar reflecting his or her whereabouts during work hours.

3.116 Customer and Public Relations

PCE's reputation is built on excellent service and quality work. To maintain this reputation requires the active participation of every employee.

The opinions and attitudes that customers (and vendors) have toward PCE may be influenced by the actions of one employee for a long period of time. It is sometimes easy to take a customer for granted, but when this occurs, we run the risk of losing not only that customer, but his or her associates, friends, or family who may also be customers or prospective customers. Each employee must be sensitive to the importance of providing courteous treatment in all working relationships.

SECTION 4: WORKING CONDITIONS

4.101 Expectation of Privacy

PCE reserves the right to search, without employee consent, all areas over which PCE maintains control or joint control with the employee. Therefore, employees should have no expectation of privacy at PCE or joint controlled workplace areas which include, but are not limited to, offices, cubicles, work locations, employer provided or designated parking areas, desk, computers (including electronic files), voicemail, e-mail, PCE issued cell phones, or rest or eating areas.

Desks, file cabinets, and other storage devices, including electronic storage, may be provided for the convenience of employees but remain the sole property of PCE. Accordingly, they, as well as any articles found within them, can be inspected by any supervisor or other authorized representative of PCE at any time, with or without prior notice.

4.102 Performance Reviews

Your performance is important to PCE. Once each year, on or about your anniversary date, your supervisor will review your job progress within PCE and help you set new job performance plans.

New employees will generally be reviewed at the end of their introductory period. (Refer to 6.101 for definition)

Our performance review program provides the basis for better understanding between you and your supervisor, with respect to your job performance, potential and development within PCE.

The CFO will monitor the timely completion of the annual performance reviews.

4.103 Coaching, Counseling, and Progressive Discipline

Notwithstanding 4.102, your employment at PCE is at-will and as such may be terminated without advance notice, with or without reason or cause, and without right of appeal. PCE in its sole discretion as an at-will employer maintains the right to provide coaching, counseling, and progressive discipline to employees. Such coaching, counseling, and/or progressive discipline will be provided if, in the opinion of management, it would be of mutual benefit to PCE and the employee.

While performance reviews are generally thought of as being a positive, skill-building process, coaching, counseling, and progressive discipline will be employed, when considered necessary so that employee issues can be corrected at early stage, assist the employee to correct the problem, prevent reoccurrence, and prepare the employee for satisfactory performance in the future.

If disciplinary action is deemed warranted, it may call for any of five steps which include, but are not limited to: verbal warning, written warning, suspension with or without pay, demotion, or termination of employment. Although PCE may take a progressive discipline approach, the CEO has the right to determine what disciplinary action is appropriate in each situation. The CEO is not required to treat each incident as a step in a series of progressive discipline any may terminate an employee based on his/her discretion.

If a supervisory employee believes an employee needs to be coached, counseled, or disciplined, such conversations will take place with two management/supervisory employees present. Prior to any discussions, the matter should be discussed with the CEO to ensure that the actions being contemplated are appropriate.

4.104 Talk to Us

We encourage you to bring your questions, suggestions and complaints to our attention. We will carefully consider each of these in our continuing effort to improve operations.

If you believe you have a problem, present the situation to your supervisor so that the problem can be settled by examination and discussion of the facts. We hope that your supervisor will be able to satisfactorily resolve most matters.

If you still have questions after meeting with your supervisor or if you would like further clarification on the matter, request a meeting with the CEO who will review the issues and meet with you to discuss possible solutions.

Your suggestions and comments on any subject are important, and we encourage you to take every opportunity to discuss them with us. If at any time you do not feel comfortable speaking with your supervisor or the next level of management, you may discuss your concern with any other member of management with whom you feel comfortable.

4.105 Safety

Safety can only be achieved through teamwork at PCE. Each employee, supervisor and manager must practice safety awareness by thinking defensively, anticipating unsafe situations, and reporting unsafe conditions immediately.

Each employee is expected to obey safety rules and to exercise caution in all work activities. Employees must comply with all occupational safety and health standards and regulations established by the Occupational Safety and Health Act and state and local regulations. Employees are expected to report all work-related injuries or illnesses

immediately to the supervisor. In compliance with California law, and to promote the concept of a safe workplace, PCE maintains an Injury and Illness Prevention Program (IIPP). The [PCE - Injury and Illness Prevention Program](#) is available to all employees and/or employee representatives for review by request from the CFO.

Some of the best safety improvement ideas come from employees. Those with ideas, concerns, or suggestions for improved safety in the workplace are encouraged to raise them with their supervisor, or with another supervisor or manager. Reports and concerns about workplace safety issues may be made anonymously if the employee wishes. All reports can be made without fear of retaliation.

A violation of a safety precaution is an unsafe act. A violation may lead to disciplinary action, up to and including termination of employment.

4.106 Visitors

If you are expecting a visitor, please notify your supervisor. All visitors must first check in at the reception area. Visitors are not allowed in any locked and/or secured area of the building without being accompanied by an authorized employee. Under no circumstances will visitors be allowed in confidential and/or unauthorized areas.

4.107 Workplace Violence

Violence by an employee or anyone else against an employee, supervisor or member of management will not be tolerated. The purpose of this policy is to minimize the potential risk of personal injuries to employees at work and to reduce the possibility of damage to PCE property in the event someone, for whatever reason, may be unhappy with a PCE decision or action by an employee or member of management.

If you receive or overhear any threatening communications from an employee or outside third party, report it to the CEO at once. Do not engage in either physical or verbal confrontation with a potentially violent individual. If you encounter an individual who is threatening immediate harm to an employee or visitor to our premises, contact an emergency agency (such as 911) immediately.

All reports of work-related threats will be kept confidential to the extent possible, investigated and documented. Employees are expected to report and participate in an investigation of any suspected or actual cases of workplace violence and will not be subjected to disciplinary consequences for such reports or cooperation. Violations of this policy, including your failure to report or fully cooperate in PCE's investigation, may result in disciplinary action, up to and including termination of employment.

Possession, use, or sale of weapons, firearms or explosives on work premises, while operating PCE equipment or vehicles for work-related purposes or while engaged in PCE business off premises is forbidden except where expressly authorized by PCE and permitted by state and local laws. This policy applies to all employees, including but not limited to, those who have a valid permit to carry a firearm.

If you are aware of violations or threats of violations of this policy, you are required to report such violations or threats of violations to the CEO immediately.

Violations of this policy will result in disciplinary action, up to and including termination of employment.

4.108 Travel/Expense Accounts

PCE will reimburse employees for reasonable expenses incurred through pre-approved business travel or business entertainment. All cash advances must be accounted for and expense receipts are required.

If you are an employee NOT subject to the taxable auto allowance, the following business expenses will be reimbursed, subject to pre-approval:

- Travel Expense, including cab or peer-to-peer ride sharing services
- Automobile/Mileage (rate per mile will be reimbursed at the prevailing IRS rate.

All employees will have the following business expenses reimbursed, subject to pre-approval:

- Airfare or train travel in coach or economy class, or equivalent if personal car is used
- Car rental fees, only for compact or mid-sized cars
- Lodging
- Tips and incidental expenditures
- Cost of meals, provided that the cost is reasonable. Any and all alcohol expenses will be excluded and not reimbursed.

This list is not all-inclusive. See the CFO regarding additional reimbursable business expenses.

Certain employees, Directors and Managers, will be provided a taxable auto allowance monthly which is paid in lieu of submitting for reimbursements for miles driven for PCE business.

SECTION 5: BENEFITS

5.101 Employee Benefits

PCE offers a comprehensive set of employee benefit programs to supplement our employees' regular wages. Several of the programs (e.g., Social Security, workers' compensation, state disability, and unemployment insurance) cover all employees in the manner prescribed by prevailing law.

This Employee Handbook describes the benefit plans maintained by PCE as of the date of publication of the handbook. Refer to the actual plan documents and summary plan descriptions if you have specific questions regarding the most up to date benefit plan.

PCE reserves the right to modify and/or terminate its benefits at any time. We will keep you informed of any changes. Employee access to actual plan documents and Summary Plan Descriptions can be found at this link [here](#).

5.101(a) Health Insurance (Medical, Dental, and Vision)

Eligible full-time employees may enroll in health insurance plans covering medical, dental and vision. Employees are also permitted to enroll their eligible dependents based on the definitions in the plans. Eligibility may be defined by state law and/or by the insurance contract. Participating employees or dependents are also covered under our medical insurance plan's prescription drug program

Following submittal and approval of the plan applications, employees will be covered on the first day of the month following the start of employment. If employment starts on the first day of the month, coverage will be effective on employment start date.

To assist with the cost of this insurance, PCE pays a substantial portion of the cost of insurance coverage. Depending on the insurance coverage, dependent coverage may require sharing of some of the cost of the employee contribution through payroll deductions. Refer to the current HR Benefits Summary located [here](#) for a summary description of dependent coverage.

Information regarding eligibility of continuation of coverage following employment termination can be found at Section 5.105.

Refer to the actual plan document and summary plan description if you have specific questions regarding eligibility for coverage or other aspects of each benefit plan. Those documents are controlling.

Enrollment forms and a booklet containing the details of the plan and eligibility requirements are contained in your on-boarding materials. Completed forms should be returned to the CFO.

5.101(b) Long Term Disability Insurance

PCE pays the full cost of long-term disability insurance in the event an employee is unable to work for longer than 90 days due to illness or injury. Coverage is at 60% of the base compensation at the time of disability up to a maximum of \$5,000 per month. Coverage begins on the first day of the month following start of employment. In the case that employment starts on the first day of the month, coverage begins on that day.

Refer to the actual plan document and summary plan description if you have for specific questions regarding your eligibility for coverage or other aspects of this benefit plan. Those documents are controlling

5.101(c) Social Security and Unemployment Insurance

During your employment, you and PCE both contribute funds to the federal government to support the Social Security program. This program is intended to provide you with retirement benefit payments and medical coverage once you reach retirement age.

Unemployment Insurance - Upon separation from employment from PCE, you may be entitled to state and federal unemployment insurance benefits. In the event of employment termination, required documents regarding eligibility will be shared with you. Please direct questions to the CFO and/or the CEO.

5.101(d) Life Insurance

Eligible full-time employees may enroll in a plan to provide basic life insurance coverage of \$50,000 effective as of the first day of the month following employment start date. If employment starts on the first day of the month, coverage will be effective on employment start date. Eligibility may be defined by state law and/or by the insurance contract. You must complete an insurance form and designate your beneficiary.

PCE pays the full cost of the monthly insurance premium for basic life insurance.

Refer to the actual plan document and summary plan description if you have specific questions regarding your eligibility for coverage or other aspects of this benefit plan. Those documents are controlling.

Employee are also eligible to apply for Supplemental Life Insurance in excess of the basic \$50,000 level for themselves or their eligible spouse and/or dependents. The cost of Supplemental life Insurance is fully paid by employees through payroll deduction. Employees are required to pay for the full cost of supplemental life insurance for their spouse and dependents.

Enrollment forms and a booklet containing the details of the plan and eligibility requirements are contained in your on-boarding materials. Completed forms should be returned to the CFO.

5.101(e) Section 125 Plan

PCE offers a pretax contribution option for employees to participate in a Section 125 plan that enables contributions toward health insurance premiums and out-of-pocket medical expenses and/or dependent care expenses on a “pre- tax”, rather than an “after tax” basis. Eligible full-time employees may enroll in the plan effective on the first day of the month following thirty days of employment, although pre-tax payroll deductions for health insurance premiums will start upon the enrollment date of those plans.

Premium contributions and contributions toward other qualified expenses are deducted from gross pay before income taxes and Social Security is calculated. If you wish to participate in this plan, enrollment forms are contained in your on-boarding materials. Completed forms should be returned to the CFO.

Changes cannot be made to pretax contributions until the next open enrollment period unless your family status changes, or you become eligible for a special enrollment period due to a loss of coverage. We will notify you in advance of any open enrollment period. Family status changes include marriage, divorce, death of a spouse or child, birth or adoption of a child or termination of employment of your spouse. A change in election due to a change in family status shall be effective the next pay period.

5.101(f) Retirement Plans

PCE provides eligible employees with a defined contribution program administered by the County of San Mateo. This plan is made up composed of two parts:

1. 457(b) Deferred Compensation Plan (Employee contributions). Employees can voluntarily contribute to a 457(b) deferred compensation plan according to the current IRS limitations. PCE will match all employee contributions up to 4% of salary (although PCE contributions will be contributed to the 401(a) Retirement Plan described below).
2. 401(a) Retirement Plan (PCE contributions). PCE provides a contribution of 6% of salary to the 401(a) Retirement Plan on behalf of each employee. PCE also provides a matching contribution to the 401(a) Retirement Plan on behalf of any employee who contributes to the 457(b) Deferred Compensation Plan (described above). The PCE match will be provided in an amount equal to the employee’s 457(b) contribution up to a maximum of 4% of the employee’s salary. All PCE contributions vest in equal annual amounts over four (4) years based on the first

day of employment.

The link to the Summary Plan Description link is shown in an earlier section. In the event of any conflict in the description of any plan, the official plan documents, which are available for your review, shall govern. If you have any questions regarding this plan, please contact the plan administrator.

5.101(g) State Disability Insurance

All employees are eligible for disability insurance benefits when an illness, injury, or pregnancy-related disability prevents them from working and they meet all the eligibility requirements. The benefits are calculated as a percentage of your salary up to a weekly maximum, as specified by law, for up to fifty-two (52) weeks.

Employees who apply for this benefit must provide written notice of disability, including a doctor's certificate stating the nature of the disability and the expected date of return to work. The employee is responsible for filing a claim and other forms promptly and accurately with the Employment Development Department. A claim form may be obtained from the Employment Development Department by telephone, letter, or in person. The cost of this insurance is fully paid by the employee..

5.101(h) California Paid Family Leave Insurance

The State of California may provide partial wage benefits to eligible employees for up to a maximum of six weeks for the following reasons:

- To bond with a new child after birth or placement for adoption or foster care;
- To care for a serious health condition of an employee's child, parent, spouse, registered domestic partner, grandparent, grandchild, sibling or parent-in-law.

The Paid Family Leave Act provides benefits based on past quarter earnings for up to six weeks in a 12-month period. The cost of the insurance is fully paid by PCE. The 12-month period begins on the first day an employee submits a claim.

To be eligible for benefits, employees may be required to provide medical and/or other information that supports a claim for time off to bond with a new child or to care for a child, parent, spouse or registered domestic partner with a serious health condition. In addition, there is a seven-calendar-day waiting period before benefits begin.

You are responsible for filing your claim for family leave insurance benefits and other forms promptly and accurately with the Employment Development Department. A claim form may be obtained from the Employment Development Department by telephone,

letter, the Internet or in person. All eligibility and benefit determinations are made by the Employment Development Department.

You may not be eligible for Paid Family Leave benefits if you are receiving State Disability Insurance, Unemployment Compensation Insurance or Workers' Compensation benefits.

The Paid Family Leave Act does not provide a right to leave, job protection or return to work rights. Further, this policy does not provide additional time off. However, family leave insurance may provide compensation during an approved leave pursuant to any company provided leave.

As noted, PCE will assist you with maneuvering through the various aspects of federal and state allowed leaves, in the event the need arises during your employment.

5.102 Workers' Compensation

Occupational injuries or illnesses are covered by our Workers' Compensation insurance policy. This insurance is provided at no cost to you. If you are injured on the job, no matter how slightly, report the incident to your immediate supervisor as soon as reasonably possible. Consistent with applicable state law, failure to report an injury within a reasonable time period could jeopardize your claim. We ask for your assistance in alerting management to any condition that could lead to or contribute to an employee accident.

PCE will integrate sick leave, vacation, and then compensatory time, with temporary disability payments for an employee who is eligible for workers' compensation. The employee will continue in pay status and receive pay until accumulated paid leave and authorized compensatory time hours have been depleted to the nearest hour. Any employee who is eligible for temporary disability payments under the workers' compensation law will, for the duration of such payments, receive only that portion of the employee's regular salary that, together with said payments, will equal the employee's regular salary. Workers' compensation leave will run concurrently with Family Care Leave.

5.103 Lactation Breaks

PCE will provide a reasonable amount of break time to accommodate an employee's need to express breast milk for the employee's child. The break time should, if possible, be taken concurrently with other break periods already provided. Non-exempt employees should clock out for any time taken that does not run concurrently with normally scheduled rest periods, and such time generally will be unpaid, in accordance with state law.

No provision of this policy applies or is enforced if it conflicts with or is superseded by any requirement or prohibition contained in a federal, state, or local law or regulation. If you have knowledge of such a conflict or a potential conflict you should contact your immediate supervisor.

For further information, refer to the [PCE - Lactation Policy](#).

5.104 No Pets in the Workplace

PCE is responsible for assuring the health and safety of all employees. In keeping with this objective, PCE does not permit employees to bring pets to work. Animals may pose a threat of infection and may cause allergic reactions in other employees. The only exception to this is if an employee or visitor requires a qualified service dog, as defined by the Americans with Disabilities Act (ADA), California state law, or other relevant statute.

5.105 COBRA

You and/or your covered dependents will have the opportunity to continue medical and/or dental and vision benefits for a period of up to 36 months under the provisions of the Consolidated Omnibus Budget Reconciliation Act ("COBRA") when group medical and/or dental and vision coverage for you and/or your covered dependents would otherwise end due to your death or because:

- your employment terminates, for a reason other than gross misconduct; or
- your employment status changes due to a reduction in hours; or
- your child ceases to be a "dependent child" under the terms of the medical and/or dental and vision plan; or
- you become divorced or legally separated; or
- you become entitled to Medicare.

In the event of divorce, legal separation, or a child's loss of dependent status, you or a family member must notify the plan administrator within sixty (60) days of the occurrence of the event. The plan administrator will notify the individuals eligible for continuation coverage of their right to elect COBRA continuation coverage. For more information regarding COBRA, you may contact the CFO.

SECTION 6: PAYROLL

6.101 Categories of Employment

In most cases, PCE employees will be regularly scheduled to work at least a 40-hour workweek. However, for purposes of this handbook, FULL TIME EMPLOYEES are defined as those who are scheduled to regularly work at least a 32-hour workweek. Any schedule that is less than the standard 40-hour workweek would require approval of PCE's CEO. Working time does not include lunch periods or any other periods in which employees are not in paid status.

PART TIME EMPLOYEES are scheduled to regularly work less than 32 hours each week.

In addition to the preceding categories, employees are also categorized as "exempt" or "non-exempt."

NON-EXEMPT EMPLOYEES are entitled to overtime pay as required by applicable law.

EXEMPT EMPLOYEES are not entitled to overtime pay and may also be exempt from minimum wage requirements pursuant to applicable federal and state laws. Managers and directors, who are, by definition, exempt, have defined job responsibilities that may require additional time over and above the standard work week, including attendance at evening meetings or on weekends. See section under Management Leave.

Upon hire, PCE will notify you of your employment classification.

6.101(a) Anniversary Date

The first day you report to work will be entered in PCE's records as your anniversary date. This date is used to calculate some of the benefits PCE offers. If you have any questions regarding your anniversary date, please see your supervisor.

6.102 Licensing Requirements

Driver's License/Driving Record – Employees holding positions where the operation of a motor vehicle is an essential duty of the position must present and maintain a valid driver's license and acceptable driving record. PCE will be responsible for providing such information to our insurer. Changes to your driving record must be reported to your supervisor immediately. Violations of this policy may result in immediate termination of your employment. Please provide a copy of your driver's license to the CFO annually.

6.103 Payday

You will be paid semimonthly on the fifth and the twentieth of the month for the periods that end on the last day of the previous month and the fifteenth of the month, respectively.

PCE provides for direct deposit of your paycheck. If you desire to have your paycheck deposited directly into an account of your choosing, please complete the necessary paperwork (contained in your on-boarding packet) and return it to the CFO. Depending on your date of hire and when you return the necessary paperwork, direct deposit may not take effect for your first paycheck.

When a payday falls on a holiday, PCE will attempt to provide pay on the working day immediately prior to the holiday, but you will be paid no later than (or your bank account will be credited) the first working day after the holiday. If the payday is a Saturday or Sunday, you will be paid (or your bank account will be credited) on the preceding Friday.

Please review your paycheck/paystub for errors at each pay period. If you find a mistake, please report it to the CFO immediately. Corrections, as necessary, will be processed through the next pay period's paycheck.

6.104 Pay Advances

PCE does not provide for pay advances on unearned wages to employees.

6.105 Timekeeping

As noted under 6.101, each employee at PCE will be designated either non-exempt or exempt according to certain aspects of federal and state wage and hour laws. As a public agency, some California wage and hour provisions may not apply to PCE.

Non-exempt employees must record hours worked in addition to time off on their electronic timecard (i.e. Paychex or other as specified by management). The timecard must be submitted to the supervisor on the last day of each reporting period as noted under 6.103. Accurately recording all your time is required in order to ensure that you are paid for all hours worked. You are expected to follow the established procedures in keeping an accurate record of your hours worked. PCE follows the overtime requirements in the by Fair Labor Standards Act ("FLSA") which are further described in 6.106. Additionally, non-exempt employees who are required to drive from home at the beginning of a workday to a location other than PCE offices may count as work any such time that is more than the regular commute to PCE. Overtime work must always

be approved before it is performed, except in the case of an emergency. Non-exempt employees must record all overtime worked on their electronic timecard.

Exempt employees should also accurately record time worked as well as leave time taken through the electronic timecard (i.e. Paychex or other as specified by management).

Altering, falsifying, tampering with time records, or recording time on another employee's time recorded is prohibited. This policy prohibits both over reporting and under reporting of hours worked for non-exempt employees. No supervisor may authorize any non-exempt employee to work "off the books" or "off the clock".

Non-exempt employees should not report to work prior to their scheduled starting time or stay after the scheduled stopping time without express, prior authorization from their supervisor. Federal law does not permit an employer to allow non-exempt employees to volunteer time to their employer in the same capacity as their regular work.

Exempt employees, while receiving a set salary which is intended to compensate the individual for any hours worked, are still required to accurately record time worked in accordance with applicable wage and hour laws. All employees subject to this policy are required to accurately record all time worked and leave taken.

For purposes of this section, a workweek shall be from Monday at 12:01 am through Sunday at 11:59 pm each week.

6.106 Overtime (Non-Exempt Only)

There will be times when non-exempt employees will need to work overtime so that we may meet the needs of our customers. Every attempt will be made to provide you ample notice in the event that extra work time may be required, and managers and employees should make reasonable efforts to adjust schedules to minimize overtime. However, this may not be always possible. If you are a non-exempt employee, you must have all overtime approved in advance by your supervisor.

Generally, unless an alternate workweek is in effect or state law dictates otherwise, non-exempt workers will be paid at a rate of time and one-half their regular rate of pay ("Standard Overtime") for either: (a) each hour worked in excess of forty (40) hours in a week; or (b) for the first eight (8) hours of work on a seventh day of work in a single workweek (as defined in section 6.105). Generally, unless an alternate workweek is in effect or state law dictates otherwise, non-exempt workers will be paid at a rate of double ("Double Time") their regular rate of pay for: (a) hours worked in excess of twelve (12) hours in a day; and (b) hours worked in excess of eight (8) hours on a seventh day of work in a single workweek. In accordance with applicable laws, rest and recovery periods may count as hours worked.

For non-exempt employees, Standard Overtime will be paid as described above. However, in some circumstances as described in Section 7.101, employees may elect to forego the payment of overtime in exchange for Comp Time. If you have any questions concerning overtime pay, please check with the CFO.

6.107 Meal, Rest, and Recovery Time (Non-Exempt Only)

Except for certain exempt employees, all employees who work five or more hours in a day are required to take an uninterrupted 30-minute unpaid duty-free meal period to commence no later than the end of the fifth hour of work and a second uninterrupted 30-minute meal period free from all duty to commence no later than the end of the tenth hour, should an employee work that many hours in any given day. Only in limited circumstances, discussed below, can meal periods be waived. For this reason, unless there is a written agreement for an on-duty meal period approved by PCE, employees must record the beginning and ending time of their meal period in the timekeeping system every day. It is also our policy to relieve such employees of all duties during their meal periods, with the employee being at liberty to use the meal period time as the employee wishes.

An employee cannot be required to work during a meal period, in accordance with applicable law. If PCE fails to provide an employee with a required meal period, the employee will be paid one additional hour of pay at the employee's regular rate of compensation.

PCE schedules all work assignments with the expectation that all employees will take their duty-free meal periods and we encourage you to do so. Employees may be asked to confirm in writing that they have been relieved of all duty and otherwise provided all their daily meal periods during the pertinent pay period, or in the alternative, identify any meal periods they missed. At no time may any employee perform off-the-clock work or otherwise alter, falsify, or manipulate any aspect of their timekeeping records to inaccurately reflect or hide meal periods or time spent working during meal periods.

No PCE manager or supervisor is authorized to instruct an employee how to spend his or her personal time during a meal period. You should immediately report a manager's or supervisor's instruction to skip or work during a meal period to the CFO or CEO.

Waiver of Meal Period: You may waive your meal periods only under the following circumstances:

- If you complete your workday in six hours, you may waive your meal period.
- If you work more than ten (10) hours in a day you may waive your second meal period, but only if you have taken your first meal period and you do not work more than twelve (12) hours that day.

Please speak to your immediate supervisor for clarification on whether you are entitled to waive your second meal period. Any time you elect to waive a meal period you must submit a written request and receive prior written authorization from your immediate supervisor.

You may not waive meal periods to shorten your workday or to accumulate meal periods for any other purpose.

On Duty Meal Period: In limited situations, certain designated employees may be required to work an on-duty meal period due to the nature of the employee's duties. Only if the nature of your job duties requires it, and you and PCE have agreed to an on-duty meal period in writing, will you be permitted to take an on-duty meal period. In this situation, your on-duty meal period will be paid and treated as hours worked.

Non-exempt employees will also receive one uninterrupted, duty free 10-minute paid break for every four hours worked (or major fraction thereof). Rest periods will occur as close to the middle of a four-hour work period as is practical. This time must be approved by your supervisor each day.

Rest periods are counted as hours worked, and thus, you are not required to record your rest periods on your timesheets or timecards. However, no supervisor is authorized or allowed to instruct or allow an employee to waive a rest or recovery period, and they cannot be used to shorten the workday or be accumulated for any other purpose. Employees may be required to confirm that they have been provided an opportunity to take all their rest or recovery periods during the pertinent pay period. Meal and rest periods may not be combined.

6.108 Paycheck Deductions and Set-Offs

PCE is required by law to make certain mandatory deductions from your paycheck each pay period. Mandatory deductions typically include federal and state income taxes, Social Security (FICA) and Medicare taxes, and State of California Disability taxes. In addition, depending on your benefits election, there may be additional deductions. All deductions and the amount of the deductions are listed on your pay stub. These deductions are totaled each calendar year for you on your Form W-2, Wage and Tax Statement.

PCE will not make deductions to an employee's pay which are prohibited by state or federal law or regulation, including those established by the United States Department of Labor. You will be reimbursed in full for any isolated, inadvertent, or improper deductions, as defined by law.

If questions or concerns about any pay deductions arise, discuss and resolve them with the CFO.

6.109 Work Location and Schedules

PCE's policies are intended to treat its employees as professionals. As employees of a public agency, PCE expects its employees to understand that the local ratepayers are responsible for employee salaries, and, therefore, employee actions and work should always be fair to those ratepayers. While there are not specific working hours in which every employee must be at work, every employee is scheduled and expected to work at least eight (8) hours per workday, not including mandatory time off for a lunch period.

The management of PCE feels that the company culture is best developed and maintained based on as many employees as possible spending the bulk of their time in PCE's offices working alongside their fellow employees maximizing staff face-to-face interaction. However, PCE management also strives to provide an environment that encourages work-life balance by providing some opportunities for remote work and flexible work schedules. To the extent that meetings require face-to-face time, employees are expected to exhibit flexibility to alter their remote or flexible work schedules to best meet PCE's business needs.

Remote Work

PCE recognizes there are times that employees may need to, or prefer to, work remotely (i.e. "telecommute") for personal reasons and/or for private, project-oriented work. With approval of his/her supervisor, an employee is permitted to work in a remote working environment provided that such work is not more than two (2) days per week on a regular basis.

If employees are working remotely, the following guidelines must be adhered to:

- Employees should be available via instant chat for quick resolution of issues for the same hours that would apply if they were working in the office
- Employees should be available to participate in conference calls via phone and/or video, as appropriate, for the same hours that would apply if they were working in the office
- Employees must update their calendars, as far in advance as possible, as to their working status and availability (e.g. "working remotely" or "WFH" or "working offsite")

Employees are asked to exercise reasonable judgment regarding when to work from home and when to be in the office. Such judgment should be based on the value of meetings with external visitors or other employees based on the content and purpose of specific meetings. In addition, employees are asked to follow the lead of their supervisor as to when meetings should be attended in person.

The right to telecommute can be rescinded at any time if the employee's supervisor feels that an employee's performance is not satisfactory for any reason. In addition, some positions may not be eligible for the same amount or any telecommuting based on the nature of the work and/or the need to be in PCE's office.

Flexible Work Schedule

PCE recognizes that employees have different commutes and personal clocks. Employees are generally expected to arrive prior to 9:00 am and are expected to work at least eight (8) hours per day, not including mandatory time off for a lunch period (a "normal workday"). With approval of his/her supervisor, an employee is permitted to establish a flexible schedule that enables an employee to regularly arrive between 7:00 am and 10:00 am as long as the workday meets the overall criteria of a normal workday. In the event that an employee is approved for a flexible schedule, each such employee is responsible for reflecting his/her schedule on the company calendar so that all employees are informed about the employee's work schedule. Notwithstanding the above, all employees are required to exhibit flexibility in their schedules to meet with fellow employees outside their normal work schedules to help meet PCE's business needs as required.

Staffing needs and operational demands may necessitate variations in starting and ending times, as well as variations in the total hours that may be scheduled each day and week. PCE reserves the right to assign and change individual work schedules, as needed

6.112 Garnishment/Child Support

When an employee's wages are garnished by a court order, PCE is legally bound to withhold the amount indicated in the garnishment order from the employee's paycheck. PCE will, however, honor applicable federal and state guidelines that protect a certain amount of an employee's income from being subject to garnishment.

SECTION 7: LEAVES OF ABSENCE

7.101 Vacation/Management Leave/Comp Time

All employees are eligible to accrue vacation. At PCE we believe that taking time away from work is essential to maintain both good physical and mental health. To this end, PCE encourages all employees to take full advantage of their earned vacation. Payment in lieu of time-off is not permitted by PCE.

The following provides PCE's vacation policy for both full-time and part-time employees.

All full-time employees are eligible for vacation. Vacation will accrue for full-time employees as follows:

| Employment Seniority | Days Accrued/Year | Hours Accrued/Year | Hours Accrued/ Pay Period |
|--|-------------------|--------------------|---------------------------|
| Hire date to end of 3rd year of employment | 10 | 80 | 3.34 |
| Beginning of 4th year to end of 8th year | 15 | 120 | 5.00 |
| Beginning of 9th year and after | 20 | 160 | 6.67 |

Part-time regular employees will accrue vacation according to their FTE percentage.

Vacation benefits do not accrue when an employee is on unpaid leave or during other periods of unpaid absence, except as defined by law.

Vacation accrual may not exceed 1.5 times an employee's current annual entitlement. Once this maximum is reached, all further accruals will cease until leave is taken. For ease of reference, the maximum accruals are:

- Hire date to completion of third year of employment: 15 days (120 hours)
- Beginning of fourth year to completion of eighth year: 22.5 days (180 hours)
- Beginning of ninth year and after: 30 days (240 hours)

Given the small number of staff at PCE, it is generally appreciated if employees can provide their time off plans with as much notice as possible. Employees should request time off by email to their supervisor and either copy the CFO on the request (to ensure that the CFO knows that the supervisor has been made aware of the request) or forward a copy of the supervisor's approval to the CFO. Once the CFO is informed, the request can be approved in PCE's time off tracking system. Length of employment may determine priority in scheduled vacation times.

At the end of employment, eligible employees will be paid for accrued but unused vacation, up to the maximum accrual amount. Any accrued vacation at the end of employment will be paid at the employee's then current base pay rate at the time of

vacation for the number of hours absent. It does not include overtime or any special forms of compensation such as incentive, commission, bonuses, or shift differentials.

Management Leave - As noted in 6.101, directors and managers may at times be required to attend business related meetings and work obligations on weekends or weeknights beyond regularly scheduled PCE Citizens Advisory Committee and PCE Board Meetings. To provide compensation for the additional time necessary to attend such meetings, PCE provides Director and Manager-level employees (and higher, if applicable) 80 hours of management leave granted on the 1st day of each calendar year. However, for an employee that starts employment with PCE at any time after December 31, 2018, management leave will be granted as of the first day of employment per the following schedule applicable for the remainder of the then current calendar year:

- Hire date between January 1 through March 31: 80 hours
- Hire date between April 1 through June 30: 60 hours
- Hire date between July 1 through September 30: 40 hours
- Hire date between October 1 through December 31: 20 hours

The regularly scheduled PCE Citizens Advisory Committee and PCE Board Meetings are part of the regular expected work for managers and directors and are not covered by Management Leave. Management Leave is not carried over; i.e. any management leave not taken in the calendar year in which it was granted will not be carried over to subsequent years. Any unused Management Leave will not be paid out at the end of your employment.

Compensatory Time (Comp Time): Other Exempt Employees - Other exempt employees (i.e. non-managers or directors who are otherwise not eligible for Management Leave) are entitled to one (1) hour of Comp Time for each hour worked on special projects and off-site weekend events (excluding regularly scheduled PCE Citizens Advisory Committee and PCE Board Meetings) during times other than their regular scheduled workweek. The accrual of Comp Time is limited to sixteen (16) hours in any one pay period, and the maximum amount of Comp Time that an employee may have “accrued” at any time is forty (40) hours. Any questions or concerns about the appropriate use or tracking of accrued Comp Time should be discussed with the CFO. Any unused Comp Time will not be paid out at the end of your employment.

Compensatory Time (Comp Time): Non-Exempt Employees – Non-exempt employees may elect to accrue Comp Time in lieu of cash payment for Standard Overtime. At each pay period, eligible employees will either submit Standard Overtime hours through PCE’s payroll system for payment at the rate of one and one-half their regular rate of pay or submit a request that PCE accrue the same hours for future Comp Time use. For each hour of eligible Standard Overtime, employees will accrue one and one-half hours of accrued Comp Time. The accrual of such Comp Time is limited to a maximum of forty (40) hours. Once the accrual maximum is reached, each additional

hour of Standard Overtime will be paid out in cash regardless of the employee's election. Any questions or concerns about the appropriate use or tracking of accrued Comp Time should be discussed with the CFO. Any unused Comp Time accrued by non-exempt employees will be paid out at the end of employment.

7.102 Paid Sick Leave

In accordance with the Healthy Workplaces, Healthy Families Act of 2014, sick leave will accrue and be used according to the terms outlined in this policy for all employees.

All full-time employees are entitled to paid sick leave of up to ten (10) days per year (i.e., 80 hours), accruing at the rate of 3.33 hours per pay period. The maximum accrual is eighty hours of sick leave. Upon reaching the accrued level of eighty hours, further sick leave will not accrue until the sick leave is used and the accrual falls below the maximum threshold. Part-time employees will accrue sick leave based on their FTE percentage subject to a minimum of twenty-four (24) hours per year.

Sick days taken prior to an employee's ninetieth day of employment will not be paid. Eligible employees are entitled to use accrued paid sick days beginning on or after the ninetieth day of employment. The rate of pay shall be the employee's regular rate of pay at the time sick leave is taken.

Accrued paid sick leave may be used for:

1. Diagnosis, care, or treatment or preventive care of an existing health condition, for an employee;
2. Diagnosis, care or treatment or preventative care of an existing health condition for an employee's family member. For the purposes of sick leave under this policy, PCE defines "family member" as the employee's spouse or registered domestic partner and/or either of their parents, sibling, child, child's spouse, grandparents, or grandchildren. Special consideration will also be given to any other person whose association with the employee was similar to any of the above relationships.
3. In addition, with appropriate certification, an employee who is a victim of domestic violence, sexual assault, or stalking may use accrued paid sick leave under this policy for the following reasons:
 - To obtain or attempt to obtain any relief, including, but not limited to, a temporary restraining order, restraining order, or other injunctive relief, to help ensure the health, safety or welfare of the victim or the victim's child;
 - To seek medical attention for injuries caused by domestic violence, sexual assault, or stalking;
 - To obtain services from a domestic violence shelter, program or rape crisis center;

- To obtain psychological counseling related to an experience of domestic violence, sexual assault, or stalking; or
 - To participate in safety planning and take other actions to increase safety from future domestic violence, sexual assault, or stalking, including temporary or permanent relocation.
4. Up to five (5) days of sick leave may be used as bereavement leave to take time off due to the death of an immediate family member. This is in addition to the time off described in the Bereavement Leave section. On a case by case basis, additional time without pay may be granted for bereavement leave at the discretion of the CEO.

If the need to use paid sick leave is foreseeable, you must provide PCE with reasonable advance notification. If the need to use paid sick leave is not foreseeable, please provide notice to your immediate supervisor of your intent to use paid sick leave as soon as practicable, preferably no later than one hour after your scheduled starting time. Employees who must leave work due to illness or sick leave condition should likewise advise their supervisor. It is the responsibility of every employee to keep his or her supervisor advised as to the anticipated duration and expected date of return.

Accrued, but unused sick leave will not be paid out at the end of your employment. If an employee is separated and rehired by the employer within one year from the date of separation, previously accrued and unused paid sick days shall be reinstated, and the employee shall be entitled to use those previously accrued and unused paid sick days and to accrue additional paid sick days upon rehiring.

This leave may run concurrently with any other leave where permitted by state and federal law.

Employees will not be discriminated or retaliated against for taking or requesting leave in accordance with this policy.

Sick leave for Temporary Employees – Sick leave for temporary employees is provided in accordance with the California Healthy Workplace, Healthy Families Act of 2014 (Paid Sick Leave Law – AB 1522). According to the Act and per PCE guidelines for temporary employees, temporary employees hired on or after July 31, 2015 are eligible to accrue twenty-four (24) hours of paid sick leave per year. Pro rata accruals will be provided for contracts that are less than one year in duration. Leave accruals may carry over from year to year. There is no cash out for sick leave upon termination. PCE defines a temporary employee as an employee that has been hired for a contracted specified period (typically for a specified project or assignment).

7.103 Bereavement Leave

Full-time employees are eligible immediately upon hire for three paid days for the death of an immediate family member. Members of the immediate family include spouse,

registered domestic partner, parents, brothers, sisters, children, children of registered domestic partner, grandchildren, grandparents, parents-in-law, and parents of registered domestic partner.

Exempt employees may be provided time off with pay when necessary to comply with state and federal wage and hour laws. Requests for bereavement leave should be made to your immediate supervisor as soon as possible who will communicate this information to the CFO to ensure payroll is processed correctly. PCE reserves the right to request written verification of an employee's familial relationship to the deceased and his or her attendance at the funeral service as a condition of the bereavement pay.

7.104 Family Medical Leave

Family and Medical Leave (FMLA) and California Family Rights Act (CFRA)

Although PCE is subject to FMLA or CFRA, PCE has fewer than 50 employees and therefore, has no eligible employees under the law. However, PCE is committed to providing similar benefits to those provided by federal and state laws for employers of 50 or more employees, by providing family and medical care leave for qualified employees.

For information on Family Care Leave, please refer to the [PCE - Family Care Leave Policy](#).

7.105 New Parent Leave

New Parent Leave is a California law that provides full-time employees time off for the purpose of bonding with the employee's new child. This leave applies to a newborn child, either by birth or adoption, or foster care placement of a child with the employee. The law provides protection of an employee's job during a baby bonding leave period. An employee is eligible for up to 12 weeks of unpaid baby bonding time within one year of the birth of the child, or for an adoption or foster care placement, as long as the employee has met the qualifications of more than 12 months of service and at least 1,250 hours of service with PCE during the 12-month period prior to commencing leave.

In addition to California law, PCE provides supplemental bonding leave. For employees who have been employed with PCE full time for at least six (6) months prior to the birth or new placement of a child, PCE will provide full pay to the employee during the first 120 hours of that bonding leave. For any such employee who has been employed with PCE full time for at least six (6) months prior to the birth or new placement of a child, PCE will provide up to an additional 120 hours of unpaid leave. Any leave time under PCE's supplemental bonding leave will be part of any authorized leave under California's new parent leave provisions described above.

As referenced in an earlier section, California Paid Family Leave (PFL) is available to employees during the baby bonding period to provide pay during those days not covered by PCE's supplemental bonding leave pay if the employee files a claim with EDD. No more than six (6) weeks of PFL benefits may be paid within any 12-month period.

[https://www.edd.ca.gov/disability/How to File a DI Claim in SDI Online.htm](https://www.edd.ca.gov/disability/How_to_File_a_DI_Claim_in_SDI_Online.htm)

During a New Parent Leave, employees will be required to pay the normal payroll deduction amount(s) for the employee-paid portion of dependent health coverage and supplemental life insurance under the group health plans that would have applied had the employee not been on leave. Since normal payroll will not be processed, and therefore employee deductions will not be possible, employees will be required to repay PCE for the applicable amount either during the leave or in full upon the employee's return.

7.106 Pregnancy Disability Leave

Pregnant employees are eligible for an unpaid leave of absence up to four (4) months (i.e., the working days you would normally work in one-third of a year or 17 1/3 weeks, unless your hours vary from month to month in which case PCE will use a monthly four-month average of the hours worked prior to commencing leave) for disabilities relating to pregnancy, childbirth, or related medical conditions per pregnancy.

A pregnant employee will be allowed to be absent for the period during which, in the opinion of her attending physician she is temporarily disabled because of pregnancy, childbirth or a related medical condition.

Pregnancy Leave is without pay. However, employees can use any accrued vacation time or other accrued paid time off as part of pregnancy disability leave before taking the remainder of your leave on an unpaid basis. The substitution of any paid leave will not extend the duration of your pregnancy disability leave. PCE will assist you with designing your leave to your best possible financial advantage.

Whenever an employee is also receiving Family Care leave under PCE policy, Pregnancy Disability Leave and Family Care leave will run concurrently. When an employee is eligible for Family Care Leave under PCE's policy, terms and conditions of the Family Care Leave policy also apply to the taking of Pregnancy Disability Leave

Employees who are granted leaves for pregnancy will be returned to their same position to the extent required by state law. Upon the advice of your health care provider, you may also be entitled to reasonable accommodation, to the extent required by law, for conditions related to pregnancy, childbirth or related medical conditions. You should

promptly notify PCE of the need for a reasonable accommodation (refer to 7.109). In addition, a transfer to a less strenuous or hazardous position or to less strenuous or hazardous duties may be available pursuant to your request, if such a transfer is medically advisable.

When an employee's leave is foreseeable and at least 30 days' notice has been provided, and if a medical certification is requested, the employee must provide it before the leave begins. Otherwise please give PCE notice as soon as is practicable if the need is an emergency or unforeseeable.

Prior to the start of the leave, PCE will require a written medical certification from the employee's health care provider. The certification must include a statement that the employee is disabled due to pregnancy, the date on which the employee became disabled due to pregnancy, the probable duration of the period or periods of disability, and an explanatory statement that, due to disability, the employee is unable to work at all or is unable to perform any one or more of the essential functions of her position without undue risk to herself, the successful completion of her pregnancy, or to other persons.

An employee may request a transfer to a less strenuous or hazardous position or to less strenuous or hazardous duties. Such a request must be based on the certification of the health care provider that the transfer is medically advisable and will be granted if the transfer can be reasonably accommodated.

In addition, an employee may request a reasonable accommodation, with the advice of her health care provider when the accommodation is needed due to pregnancy, childbirth or related medical conditions

Sick and vacation leave do not accrue while an employee is on unpaid pregnancy disability leave.

Leave may be taken intermittently or on a reduced work schedule if the employee's health care provider determines that it is medically advisable for the employee to take intermittent leave. Employees may also take intermittent leave for prenatal care appointments and for pregnancy-related illness. If an employee requests intermittent leave or a reduced schedule leave that is foreseeable based on planned medical treatment, the employee may be transferred to an alternative position for the duration of the leave (unless the employee's health care provider disapproves for medical reasons).

In the event your leave exceeds the anticipated date of return, it is your responsibility to provide further certification from your health care provider that you are unable to perform your job or job duties and the revised anticipated date of return. Depending on your eligibility, medical insurance may be continued during your leave in accordance with the applicable plan document, COBRA, or provisions of federal/state law relating to unpaid medical leave. Employees who choose not to return from leave may be required

to refund premium payments made by PCE on their behalf, when permitted by state law.

7.106 Holidays

Full-time employees are eligible to receive holiday pay immediately upon date of hire if they were scheduled to work on the day on which the holiday is observed and worked on both the regularly scheduled working days immediately preceding and immediately following the holiday (unless an absence on either day is approved in advance by the employee's supervisor).

Standard Holidays - PCE normally observes the following standard holidays during the year:

- New Year's Day
- Martin Luther King Jr. Day
- Presidents' Day
- Memorial Day
- Independence Day
- Labor Day
- Columbus Day
- Veterans' Day
- Thanksgiving Day
- Day After Thanksgiving Day
- Christmas Day

If a holiday falls on Saturday, it normally is observed on the preceding Friday. If a holiday falls on Sunday, it normally is observed on the following Monday. Any unused floating holidays will not be paid out at the end of your employment.

Floating Holidays – Full-time employees are also granted up to four (4) floating holidays granted on the 1st day of each calendar year to be used at the employee's discretion throughout the year. However, for an employee that starts employment with PCE at any time after December 31, 2018, the number of floating holidays available for the remainder of the then current calendar will be per the following schedule:

- Hire date between January 1 through March 31: 4 days
- Hire date between April 1 through June 30: 3 days
- Hire date between July 1 through September 30: 2 days
- Hire date between October 1 through December 31: 1 day

7.106 Voting Leave

PCE believes that every employee should have the opportunity to vote in state or federal elections, general primary, or special primary. Any employee who does not have sufficient time outside of working hours to vote in a statewide election may request up to two paid hours off to vote. We reserve the right to select the hours you are excused to vote.

Notify your immediate supervisor of the need for voting leave as soon as possible. When you return from voting leave, you must present a voter's receipt to your supervisor. This will provide documentation for your timesheet entry.

7.107 Jury Duty

PCE encourages employees to fulfill their civic responsibilities by serving jury duty when required. Employees may request paid jury duty leave, up to five (5) days. Exempt employees will receive their full weekly salary for any workweek interrupted by jury service if they work at least a portion of the workweek. If an exempt employee does not work at all during the workweek due to jury service, he or she will not be paid for that workweek. Alternatively, in this latter case, the employee could charge the week to vacation.

Employees must show the jury duty summons to their immediate supervisor as soon as possible so that the supervisor may make the appropriate arrangements to accommodate their absence. Employees are generally expected to report for work whenever the court schedule permits. For those employees who are not residents of the County of San Mateo, this may not be feasible.

Either PCE or the employee may request an excuse or deferment from jury duty if, in PCE's judgement, the employee's absence during the originally summoned time frame would create serious operational difficulties. It is noted that most court systems have very stringent requirements for a complete dismissal from service. As a result, PCE is committed to ensure that if called, you will be able to serve at a time that can be accommodated.

If you are obliged to serve on a long-term trial (i.e., greater than five (5) days), PCE will provide you with all the regular health, dental, vision, etc. benefits for the full term of the jury duty absence. Benefit accruals such as vacation, sick leave, or holiday benefits will be suspended during the unpaid jury duty leave and will resume upon return to active employment.

7.108 Military Leave and Civil Air Patrol

Employees who are required to fulfill military obligations in any branch of the Armed Forces of the United States or in state military service will be given the necessary time off and reinstated in accordance with federal and state law.

The time off will be unpaid, except where state law dictates otherwise. Exempt employees may be provided time off with pay when necessary to comply with state and federal wage and hour laws.

Accrued vacation (if any) may be used for this leave if the employee chooses, but PCE will not require the employee to use vacation. Military orders should be presented to your immediate supervisor upon receipt so that arrangements for leave can be made as early as possible before departure. Employees are required to give notice of their service obligations to PCE unless military necessity makes this impossible. You must notify the CFO and your supervisor of your intent to return to employment based on requirements of the law. Within the limits of such orders, the supervisor may determine when the leave is to be taken and may modify the employee's work schedule to accommodate the request for leave. Your benefits may continue to accrue during the period of leave in accordance with state and federal law.

This policy does not apply to employees who serve as first responders or disaster service workers for a local, state, or federal agency to the same or a simultaneous emergency operational mission.

Employees may substitute accrued vacation for unpaid leave but are not required to exhaust accrued leave prior to taking leave under this policy.

Additional information regarding any of the aforementioned military leaves may be obtained from the CFO.

7.109 Personal Leave

Under special circumstances, full-time employees who have completed one year of employment may be granted an unpaid personal leave of absence for up to sixty (60) days. The granting of this type of leave is normally for compelling reasons and is dependent upon the written approval of the CEO. Employees requesting a personal leave of absence must submit the request in writing stating the reason(s) for the requested leave at least twenty-one (21) days in advance of the requested leave. In emergency situations written notice must be provided as soon as possible. PCE has sole discretion in determining whether the leave will be granted. If granted, PCE and the employee will agree on a specific return to work date, although the employee is free to shorten the time at his/her discretion.

While on leave, retirement contributions and matching will be suspended consistent with the unpaid period.

While on leave, an employee will not accrue vacation or sick hours, and will not be eligible for holiday pay.

During the leave, some benefits may be continued through COBRA. Under COBRA, the employee will be required to pay for the full cost of benefits (e.g. medical, dental and vision insurance) if coverage is continued during the leave period.

PCE will make reasonable efforts to return the employee to the former position, or, if not possible for business reasons, to a similar position when the employee returns from a leave of absence. PCE's need to fill a position may override its ability to hold a position open until an employee returns from leave. Notwithstanding the foregoing, in the event of a company-wide reduction-in-force, PCE shall not be required to return the employee to any position after the leave of absence is over.

In the event that the former position is not available upon return from a Personal Leave of Absence, PCE retains the discretion to determine the similarity of any available positions for any reassignment and the employee's qualifications. Failure to return from a personal leave of absence upon the expiration of the leave will be considered a voluntary resignation.

7.110 Bone Marrow and Organ Donation Leave

Employees are eligible to receive up to thirty (30) business days of paid leave to serve as an organ donor and up to five business days of paid leave to serve as a bone marrow donor in a one-year period. The one-year period is measured from the date the employee's leave begins and shall consist of twelve (12) consecutive months.

Employees must be employed by PCE for at least 90 days immediately preceding the commencement of leave. Such leave must be requested in writing.

When available, the employee must utilize up to five business days of accrued but unused sick or vacation leave for initial bone marrow donation leave and up to two weeks of accrued but unused sick or vacation leave for initial organ donation leave. Please provide the CFO with written physician verification of the purpose and length of each leave. For more information regarding this leave, please see the CFO.

7.111 Domestic Violence Leave

PCE will not discriminate or retaliate against employees based on their status as a victim of domestic violence, sexual assault, or stalking or for taking time off from work to obtain or attempt to obtain any relief, including but not limited to, a temporary restraining order, restraining order, or other injunctive relief to help ensure the health, safety, or welfare of a victim or his or her child. To the extent required by law, PCE will provide reasonable accommodation to victims of domestic violence, sexual assault, or stalking who request the accommodation for the safety of the victim while at work.

7.112 Victims of Felony Crimes Leave

PCE will grant reasonable and necessary leave from work without pay, to employees who are victims, or whose spouse, child, stepchild, brother, stepbrother, sister, stepsister, mother, stepmother, father, stepfather, registered domestic partner, or child of a registered domestic partner is a victim of a violent or serious felony or felonious theft or embezzlement, for the purposes of attending legal proceedings related to the crime.

Affected employees may elect to use accrued paid vacation, personal leave and/or sick leave in lieu of unpaid leave. When feasible, affected employees must provide PCE with notice of the employee's need for leave, including a copy of the notice of the scheduled proceeding. If notice is not feasible, affected employees must provide documentation evidencing the legal proceeding requiring the employee's absence within a reasonable time after leave is taken. Exempt employees may be provided time off with pay when necessary to comply with state and federal wage and hour laws.

7.113 Time Off for School-Related Activities

Parents, step-parents, guardians, or grandparents with school children from kindergarten through grade 12, or who attend licensed child daycare facilities, are provided unpaid time off (up to a maximum of four (4) hours in one (1) calendar month and 20 hours in one (1) calendar year) or vacation or personal leave to participate in school or day care activities. PCE may require proof of an employee's participation in these activities. The employee must provide reasonable advance notice to their supervisor before taking any time off under this section.

If you are the parent or guardian of a child who is suspended and are required to appear at the child's school, you may take time off without pay if you provide reasonable notice to your supervisor of the need for time off.

Exempt employees may be provided time off with pay when necessary to comply with state and federal wage and hour laws.

Receipt of Employee Handbook and Employment-At-Will Statement

This is to acknowledge that I have received a copy of the Peninsula Clean Energy Employee Handbook and I understand that it contains information about the employment policies and practices of PCE. I agree to read and comply with this Employee Handbook. I understand that the policies outlined in this Employee Handbook are management guidelines only, which in a developing business will require changes from time to time. I understand that PCE retains the right to make decisions involving employment as needed to conduct its work in a manner that is beneficial to the employees and PCE. I understand that this Employee Handbook supersedes and replaces any and all prior Employee Handbooks and any inconsistent verbal or written policy statements.

I understand that except for the policy of at-will employment, PCE reserves the right to revise, delete, and add to the provisions of this Employee Handbook at any time without further notice. All such revisions, deletions or additions to the Employee Handbook will be in writing and will be signed by the CEO of PCE. I understand that no oral statements or representations can change the provisions of this Employee Handbook.

I understand that this Employee Handbook is not intended to create contractual obligations with respect to any matters it covers and that the Employee Handbook does not create a contract guaranteeing that I will be employed for any specific time period.

PCE IS AN AT-WILL EMPLOYER. THIS MEANS THAT REGARDLESS OF ANY PROVISION IN THIS EMPLOYEE HANDBOOK, EITHER PCE OR I MAY TERMINATE THE EMPLOYMENT RELATIONSHIP AT ANY TIME, FOR ANY REASON, WITH OR WITHOUT CAUSE OR NOTICE. NOTHING IN THIS EMPLOYEE HANDBOOK OR IN ANY DOCUMENT OR STATEMENT, WRITTEN OR ORAL, SHALL LIMIT THE RIGHT TO TERMINATE EMPLOYMENT AT-WILL. NO OFFICER, EMPLOYEE OR REPRESENTATIVE OF PCE IS AUTHORIZED TO ENTER INTO AN AGREEMENT, EXPRESS OR IMPLIED, WITH ME OR ANY OTHER EMPLOYEE FOR EMPLOYMENT FOR A SPECIFIED PERIOD OF TIME UNLESS SUCH AGREEMENT IS IN A WRITTEN CONTRACT SIGNED BY THE CEO OF PCE.

I understand that this Employee Handbook refers to current benefit plans maintained by PCE and that I must refer to the actual plan documents and summary plan descriptions as these documents are controlling.

I have read and understand the Vacation Policy in this Employee Handbook.

Initials _____ Date _____

I also understand that if a written contract is inconsistent with the Employee Handbook, the written contract is controlling.

If I have questions regarding the content or interpretation of this Employee Handbook, I will ask my supervisor or a member of management.

NAME _____

DATE _____

EMPLOYEE
SIGNATURE _____



PENINSULA CLEAN ENERGY

EMPLOYEE HANDBOOK

Issue Date (Version 3): June 25, 2020

Deleted: 2

Deleted: November 1, 2018

Peninsula Clean Energy
2075 Woodside Road,
Redwood City, CA 94061

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Attachments (Employee link to Attachments [here](#))

- A. PCE Request to Engage in Supplemental Employment Form
- B. PCE Conflict of Interest Code
- C. PCE Guidelines on Political Activity
- D. PCE Employee Confidentiality Agreement
- E. PCE Customer Confidentiality Policy
- F. PCE Acceptable Use of Electronic Communications Policy
- G. PCE Document Retention and Destruction Policy
- H. Social Media Policy (Forthcoming)
- I. PCE IT Security Policy

**SECTION 1: INTRODUCTION TO PENINSULA CLEAN
ENERGY**

1.101 Welcome to Peninsula Clean Energy!

Dear Staff,

On behalf of everyone at Peninsula Clean Energy (PCE), welcome to the team! You are joining PCE at a very exciting time, for PCE, the industry, and our state. Community Choice Aggregators are challenging communities, states, and countries to make clean, renewable, greenhouse gas-free energy the standard. We are proud to be part of this wave of progress.

Starting a new job is exciting, but at times can be overwhelming. This Employee Handbook has been developed to help you become acquainted with PCE and answer many of your initial questions.

As an employee of Peninsula Clean Energy, you are very important. Your contribution cannot be overstated. We are a mission driven organization, and your role is an important part of achieving our mission – to reduce greenhouse gas emissions in San Mateo County. We first do that by providing cleaner and greener electricity at lower rates than PG&E. Next, we are offering energy related programs that use PCE's clean electricity to reduce greenhouse gas emissions by moving to electric transportation methods. And finally, we will offer electrification programs to reduce GHG emissions in buildings by converting from natural gas use to PCE's clean electricity. We hope the success we have in San Mateo County provides a model for other parts of the state, country, and world to also move toward a clean electric economy!

You are an important part of this process and your work directly influences PCE's reputation.

We are glad you have joined us, and we hope you will find your work to be both challenging and rewarding.

Sincerely,

Jan Pepper
[CEO](#)

~~Deleted:~~ Chief Executive Officer

[Employee Handbook Version 3](#)

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1.101 About this Handbook

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This Employee Handbook contains information about the employment policies and practices of PCE. We expect each employee to read, understand, and comply with all provisions of this Employee Handbook. It describes many of your responsibilities as an employee and outlines the programs developed by PCE to benefit you as an employee. One of our objectives is to provide a work environment that is conducive to both personal and professional growth.

PCE is a [Joint Powers Authority \(JPA\)](#), an independent California public agency that was created separate from any other public agency. The employment laws that apply in the public sector are sometimes different from those in the private sector. If you have previously worked for a for-profit or not-for-profit organization, you may notice some differences.

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PCE complies with federal and state law which is in part reflected in this handbook. PCE also complies with any applicable local laws, even though there may not be an express written policy contained in the handbook.

Violations of the policies and procedures outlined in the handbook, as well as violations of any applicable state and/or federal law, may be grounds for discipline up to and including immediate termination.

1.102 New Employee Onboarding

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Upon joining PCE, you [should have received](#) an e-copy of our Employee Handbook. After reading this Employee Handbook please sign the receipt page and return it to the [Chief Financial Officer \(CFO\)](#). You will be asked to complete personnel, payroll and if applicable, benefit forms which will need to be provided to the [CFO](#).

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PCE is a small Agency [that thrives on open communication](#). The operations of your department are the responsibility of your supervisor. (S)he is a good source of information about PCE and your job. However, feel free to speak to the [Chief Executive Officer \(CEO\)](#) if you have questions about PCE or your position.

Deleted: and our doors are always open

Deleted: hereall employees should feel free to talk to all others at any time

SECTION 2: EMPLOYMENT

2.101 Nature of Employment

Except for the policy of at-will employment, PCE reserves the right to revise, delete, and add to the provisions of this Employee Handbook at any time without notice. All such revisions, deletions or additions to the Employee Handbook must be in writing and must be signed by the CEO of PCE. No oral statements or representations can change the provisions of this Employee Handbook.

Deleted: Chief Executive Officer

The provisions of this Employee Handbook are not intended to create contractual obligations with respect to any matters it covers nor is this Employee Handbook intended to create a contract guaranteeing that you will be employed for any specific period of time. Any agreement of employment for a specified time period shall be put into writing and signed by the CEO.

Deleted: Chief Executive Officer

Nothing in this Employee Handbook is intended to unlawfully restrict an employee's right to engage in any of the rights guaranteed them by Section 7 of the National Labor Relations Act, including but not limited to, the right to engage in concerted protected activity for the purposes of their mutual aid and/or protection. Nothing in this Employee Handbook will be interpreted, applied or enforced to interfere with, restrain or coerce employees in the exercise of Section 7 rights.

PCE is an at-will employer. This means that regardless of any provision in this Employee Handbook, either you or PCE may terminate the employment relationship at any time, for any reason, with or without cause or notice. Nothing in this employee handbook or in any document or statement, written or oral, shall limit the right to terminate employment at-will. No officer, employee, or representative of PCE is authorized to enter into an agreement, express or implied, with any employee for employment for a specified period of time unless such an agreement is in a written contract signed by the CEO.

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PCE IS AN AT-WILL EMPLOYER. THIS MEANS THAT REGARDLESS OF ANY PROVISION IN THIS EMPLOYEE HANDBOOK, EITHER YOU OR PCE MAY TERMINATE THE EMPLOYMENT RELATIONSHIP AT ANY TIME, FOR ANY REASON, WITH OR WITHOUT CAUSE OR NOTICE. NOTHING IN THIS EMPLOYEE HANDBOOK OR IN ANY DOCUMENT OR STATEMENT, WRITTEN OR ORAL, SHALL LIMIT THE RIGHT TO TERMINATE EMPLOYMENT AT-WILL. NO OFFICER, EMPLOYEE OR REPRESENTATIVE OF PCE IS AUTHORIZED TO ENTER INTO AN AGREEMENT—EXPRESS OR IMPLIED—WITH ANY EMPLOYEE FOR EMPLOYMENT FOR A SPECIFIED PERIOD OF TIME UNLESS SUCH AN AGREEMENT IS IN A WRITTEN CONTRACT SIGNED BY THE CHIEF EXECUTIVE OFFICER OF PCE.

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This Employee Handbook refers to current benefit plans maintained by PCE. Refer to the actual plan documents and summary plan descriptions if you have specific questions regarding the benefit plan. Those documents are controlling.

Likewise, if a written employment contract is inconsistent with the Employee Handbook, the written contract is controlling.

2.102 Job Postings

PCE strives to maintain a current job description for each position in PCE. The job description outlines the essential duties and responsibilities of the position. When the duties and/or responsibilities of a position change, the job description should be revised

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to reflect those changes. If you have any questions or wish to obtain a copy of your position's job description, please see your supervisor.

PCE provides employees an opportunity to indicate their interest in open positions and advance within PCE according to their skills and experience. In general, notices of all regular, full-time job openings are posted, although PCE reserve its sole discretionary right not to post a particular opening.

Posted job openings will be added to PCE's website and the County of San Mateo website and normally remain open for at least two to three weeks but will stay open until filled. Each job posting notice will include the dates of the posting period (if applicable), job title, job summary, essential duties and qualifications.

To be eligible to apply for a posted job, employees must have performed competently in their current position. PCE reserves the right not to accept applications for open positions from an employee who is currently on any type of disciplinary action.

Job posting is a way to inform employees of openings and to identify qualified and interested applicants whose interest might not otherwise be known to PCE. Other recruiting sources may also be used to fill open positions in the best interest of PCE.

2.103 Equal Opportunity Employer

PCE is committed to equal employment opportunity. We will not permit discrimination or harassment against employees or applicants for employment on the basis of race, religion, color, sex (including gender, gender identity, gender expression, transgender, pregnancy, and breastfeeding), national origin, ancestry, disability, medical condition, genetic characteristics or information, marital status, age, sexual orientation (including homosexuality, bisexuality, or heterosexuality, or any other protected class under federal, state, or local law), physical or mental disability (the term disabled or disability shall be construed to apply to those individuals covered by Title 2 California Administrative Code, Sec. 7293.6(c) et seq. and 42 U.S. Code Sec. 12102 and the regulations promulgated pursuant to that section), military or veteran status, or any other basis protected by law.

PCE will afford equal employment opportunity to all qualified employees and applicants as to all terms and conditions of employment, including compensation, hiring, training, promotion, transfer, discipline, and termination.

It is the obligation of every employee to comply with this policy in substance, practice, and in spirit.

Deleted: To apply for an open position, employees should submit a cover letter and resume as directed on the job posting, listing

Deleted: job-related skills and accomplishments. Materials should also describe how current experience with PCE, and prior work experience and/or education qualifies them for the position.¶

Deleted: 2.103 Employee Relations Philosophy¶

¶ We are committed to providing the best possible climate for maximum development and goal achievement for all employees. Our practice is to treat each employee as an individual. We seek to develop a spirit of teamwork; individuals working together to attain a common goal.¶

¶ To maintain an atmosphere where these goals can be accomplished, we provide a comfortable and progressive workplace. Most importantly, we have a workplace where communication is open, and problems can be discussed and resolved in a mutually respectful atmosphere. We consider individual circumstances and the individual employee.¶

¶ **We firmly believe that with direct communication, we can continue to resolve any difficulties that may arise and develop a mutually beneficial relationship.**¶

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You may discuss equal employment opportunity related questions with your supervisor or any other designated member of management.

2.104 Nepotism Prohibited

It is the policy of PCE to recruit, hire, and assign all employees on the basis of merit and performance. Nepotism, the employment of relatives within an organization, may cause serious conflicts and problems with favoritism and employee morale. Nepotism is expressly prohibited at PCE because it is antithetical to PCE's merit-based hiring process.

For purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with an employee is like that of persons who are related by blood or marriage, such as those who are living together.

This policy applies to all employees regardless of gender or sexual orientation.

2.105 Immigration Reform and Control Act

In compliance with the federal Immigration Reform and Control Act of 1986 (IRCA), as amended, and any state law requirements, if applicable, PCE is committed to employing only individuals who are authorized to work in the United States.

Each new employee, as a condition of employment, must complete the Employment Eligibility Verification Form I-9 and present documentation establishing identity and employment eligibility. Former employees who are rehired may also be required to re-complete the form.

If an employee is authorized to work in this country for a limited period of time, the individual will be required to submit proof of renewed employment eligibility prior to expiration of that period to remain employed by PCE.

2.106 Supplemental Employment

Employees may hold supplemental jobs as long as they meet the performance standards of their job with PCE. All employees will be judged by the same performance standards and will be subject to PCE's scheduling demands, regardless of any existing supplemental work requirements.

If PCE determines that an employee's supplemental work interferes with performance or the ability to meet the requirements of PCE as they are modified from time to time, the

Deleted: PCE is committed to equal employment opportunity. We will not discriminate against employees or applicants for employment on any legally recognized basis ["protected class"] including, but not limited to: race; color; religion; genetic information; national origin; sex; pregnancy, childbirth, or related medical conditions; age; disability; citizenship status; uniform servicemember status; or any other protected class under federal, state, or local law.

In California, the following also are a protected class: race; religious creed; color; national origin; ancestry; physical disability; mental disability; medical condition, including genetic characteristics; genetic information; marital status; sex; pregnancy, childbirth or related medical conditions or breast feeding; perceived pregnancy; actual or perceived gender; gender identity or expression (including transgender); sexual orientation; civil air patrol membership; service in the military forces of the State of California or of the United States; military and veteran status; lawful conduct occurring during nonworking hours away from PCE premises; age [40 or over]; and citizenship status. Included in the definition of each protected category is the perception of membership in a protected category and an individual's association with an actual or perceived member of a protected category.

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employee may be asked to terminate the supplemental employment if he or she wishes to remain employed by PCE.

An employee who wishes to engage in supplemental employment must complete the [Attachment A: Request to Engage in Supplemental Employment Form](#). The form must be signed by the employee's supervisor and the CEO.

Supplemental employment that constitutes a conflict of interest is strictly prohibited. If you have a concern regarding a potential or actual conflict, please discuss it with the CEO.

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2.107 Americans with Disabilities Act

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PCE is committed to complying fully with the Americans with Disabilities Act ("ADA") and the California Fair Employment and Housing Act ("FEHA") and ensuring equal employment opportunities to qualified individuals with disabilities. This may include providing reasonable accommodation where appropriate for an otherwise qualified individual to perform the essential functions of the job. All employment practices and activities are conducted on a non-discriminatory basis. Hiring procedures are designed to provide persons with disabilities meaningful employment opportunities. Post-offer pre-employment inquiries are made only regarding an applicant's ability to perform the duties of the position.

It is your responsibility to notify your supervisor of the need for accommodation. Upon doing so, your supervisor may ask you for your input or the type of accommodation you believe may be necessary or the functional limitations caused by your disability. Also, when appropriate, we may need your permission to obtain additional information from your physician or other medical or rehabilitation professionals. PCE will not seek genetic information in connection with requests for accommodation. All medical information received by PCE in connection with a request for accommodation will be treated as confidential.

Reasonable accommodations for qualified individuals with known disabilities will be made unless doing so would be an undue hardship. All employment decisions are based on the merits of the situation in accordance with defined criteria, not the disability of the individual.

2.108 Access to Personnel Files

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PCE maintains a personnel file on each employee. Such files include: employee's job application, resume, records of training, documentation of performance appraisals and salary increases, and other employment records.

Personnel files are the property of PCE and access to the information they contain is restricted. Generally, only management-level personnel of PCE and your supervisor who have a legitimate reason to review information in a file are permitted to do so.

Upon request, current and former employees may inspect their own personnel files at a mutually agreeable time, on PCE premises in the presence of an authorized PCE management team member. [A representative of the employee, with written consent from the employee, may also review an employee's personnel file.](#) You will be permitted to see any records regarding your qualification for employment, promotion, wage increases, earnings and deductions, or discipline. [You will also be permitted to respond to anything in writing that is in the personnel file and may request that the response be included in the file. The personnel files are the property of PCE, employees may not remove or add items to their file without approval and the file must remain in the custody of PCE at all times.](#)

Additionally, PCE will provide copies of payroll records within fifteen (15) days after a written request has been received. Exceptions include records regarding criminal investigation and any letters of reference maintained by PCE. You will be allowed to have a copy of any document that relates to your performance or any grievance that concerns you. PCE complies with state law record retention requirements for current and former employees.

For more information, contact the [CFO](#).

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2.109 [Employment Reference and Background Checks](#)

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To ensure that individuals who join PCE are well qualified and have a strong potential to be productive and successful, it is the policy of PCE to check the employment references of all applicants.

Regarding current or former PCE employees, PCE will respond in writing or verbally only to those reference check inquiries that are submitted in writing. Responses to such inquiries will confirm only dates of employment and position(s) held. NO other employment data will be released without a written authorization and release signed by the individual who is the subject of the inquiry. Currently, only the CEO is authorized to respond to reference check inquiries. The CEO has the authority to delegate this responsibility as appropriate.

[PCE will conduct background checks on all potential new employees to verify prior education and employment claims and research other criminal and governmental databases for prior criminal and/or other adverse activity.](#)

2.110 Changes in Personal Data

To aid you and/or your family in matters of personal emergency, we need to maintain up to date information. It is the responsibility of each employee to promptly notify PCE of any changes in personal data. Personal mailing addresses, telephone numbers, number and names of dependents who are enrolled in benefit plan(s) or are beneficiaries of benefit plan(s), individuals to be contacted in the event of an emergency, educational accomplishments or credentials, and other such status reports should be accurate and current. If any personal data has changed, please notify your supervisor and the CFO in writing.

Changes that would impact your paycheck or annual reporting documents should be given to the CFO promptly.

2.111 Separation from Employment

The last day worked is the last day of employment for employees who resign or are terminated from PCE employment. All employees will be paid for all accrued and unused vacation and other applicable benefit accruals.

An employee who resigns from PCE service will receive the final paycheck at the end of the current payroll period in which the last day worked falls on the normal pay date for that period.

An employee whose job has been terminated will receive the final paycheck on the last day of employment.

Should you decide to leave your employment with us, we ask that you provide your immediate supervisor with at least two weeks' advance written notice. Your thoughtfulness is appreciated and will be noted favorably should you ever wish to reapply for employment with PCE.

All voluntary terminating employees should complete a brief exit interview prior to leaving. All terminating employees, either voluntary or involuntary, will be provided information about employee benefits, conversion privileges, repayment of outstanding debts to PCE, and return of PCE-owned property. All employees are required to return all equipment including, but not limited to, keys, ID cards, and other PCE property prior to leaving PCE on the last day of work.

Continuation of Group Health Benefits- C.O.B.R.A.

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In accordance with Federal law, employees and their families, at their expense, may have a temporary extension of health coverage at group rates in certain instances where coverage under the plan would otherwise terminate. Contact the CFO for more information regarding this benefit.

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2.112 Social Security Number Privacy

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A final paycheck will be provided in accordance with any applicable California law. 1

Officers and employees are permitted to access and use certain personal information, such as Social Security Numbers, only as necessary and appropriate for such persons to carry out their assigned tasks for PCE and in accordance with PCE's policy.

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The unauthorized access, viewing, use, disclosure, or the intentionally public display of such information and the unauthorized removal of documents from PCE's premises that contain social security number information is prohibited.

If you come into contact with Social Security Numbers or other sensitive personal information without authorization from PCE or under circumstances outside of your job duties/assigned tasks, you may not use or disclose the information further, but must contact your supervisor and turn over to him/her all copies of the information in whatever form.

When necessary, documents containing social security information will be properly destroyed through shredding or other means prior to disposal to ensure confidential social security information is not disclosed.

SECTION 3: EMPLOYEE CONDUCT

3.101 Conflict of Interest/Code of Ethics

A company's reputation for integrity is its most valuable asset and is directly related to the conduct of its officers and other employees. Therefore, employees must never use their positions with PCE, or any of its customers, for private financial gain, to advance personal financial interests, to obtain favors or benefits for themselves, members of their families or any other individuals, corporations or business entities, or engage in activities, investments or associations that compete with PCE, interferes with an employee's business judgment concerning PCE's best interests, or exploits an employee's position with PCE for personal gain.

PCE strives to adhere to the highest legal and ethical standards applicable in our business. All employees of PCE have an obligation to conduct business within the guidelines that prevent actual or potential conflicts of interest and to comply with [Attachment B: PCE Conflict of Interest Code](#).

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Employees of PCE will conduct their personal affairs such that their duties and responsibilities to PCE are not jeopardized and/or legal questions do not arise with respect to their association or work with PCE.

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POLITICAL ACTIVITY – PCE employees are public employees because PCE is a JPA under California Government Code Section 6500 et seq. The governing body, the Board of Directors, is comprised of publicly elected representatives of its member jurisdictions. While California law prohibits public employers from barring its officers and employees from participation in political activities, the law permits PCE to develop guidelines prohibiting officers and employees from engaging in political activity during work hours, on agency premises, or using agency property to do so, including email. For more information, please see [Attachment C: Guidelines on Employee Political Activity](#).

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This policy does not prevent employees from discussing their wages or other terms of employment.

3.101 Standards of Conduct

Each employee has an obligation to observe and follow PCE's policies and to maintain proper standards of conduct at all times. Failure to adhere to PCE's policies will result in corrective disciplinary measures.

Disciplinary action may include a verbal warning, written warning, suspension with or without pay, and/or termination of employment. The appropriate disciplinary action imposed will be determined by PCE. PCE does not guarantee that one form of action will necessarily precede another.

Among other things, the following may result in disciplinary action, up to and including termination of employment: [some of the specific items listed below are referenced to sections that follow]

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- Violation of PCE's policies or safety rules;
- Failing to work in a cooperative manner with management, co-workers, customers and others who do business with PCE;
- Unauthorized or illegal possession, use, or sale of alcohol or controlled substances on work premises or during working hours, while engaged in company activities; [Section 3.107]
- Unauthorized possession, use, or sale of weapons, firearms, or explosives on work premises;
- Theft or dishonesty;
- Inappropriate or violent physical contact;
- Harassment; [Section 3.103]
- Discrimination or retaliation in violation of PCE's EEO and No Harassment policies; [Section 3.103]
- Performing outside work or use of company property, equipment, or facilities in connection with outside work while on company time;
- Engaging in unethical or illegal conduct;
- Unauthorized disclosure of business "secrets" or confidential proprietary information; [Section 3.104]
- Poor attendance or poor performance.

These examples are not exhaustive. We emphasize that termination of employment decisions will be based on an assessment of all relevant factors.

Nothing in this policy is designed to limit an employee's rights under Section 7 of the National Labor Relations Act.

Nothing in this policy is designed to modify PCE's employment-at-will policy.

3.103 No Harassment

We are committed to providing a work environment that is free of unlawful harassment, discrimination and retaliation. In furtherance of this commitment, PCE strictly prohibits all forms of unlawful discrimination and harassment, including: discrimination or harassment on the basis of race, religious creed, color, national origin, ancestry, physical disability, mental disability, protected medical condition (including genetic characteristic), genetic information, marital status, sex (including pregnancy, childbirth

or related medical condition, or breast feeding), sexual orientation (including homosexuality, bisexuality, or heterosexuality, or any other protected class under federal, state, or local law), gender, gender identity or expression (including transgender), age for individuals over forty years of age, military or veteran status, sexual orientation, citizenship status, or any other category protected by applicable state or federal law.

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PCE's policy against unlawful harassment, discrimination and retaliation applies to all employees, including supervisors and managers, as well as to all unpaid interns and volunteers. PCE prohibits managers, supervisors and employees from harassing co-workers as well as PCE's customers, vendors, suppliers, independent contractors, and others doing business with PCE. Any such harassment will subject an employee to disciplinary action up to and including immediate termination. PCE likewise prohibits its customers, vendors, suppliers, independent contractors and others doing business with PCE from harassing, discriminating, or retaliating against our managers, supervisors and employees.

Examples of Prohibited Sexual Harassment: Sexual harassment includes a broad spectrum of conduct including harassment based on sex, gender, gender identity or expression, and sexual orientation. By way of illustration only, and not limitation, some examples of unlawful and unacceptable behavior include:

- Unwanted sexual advances;
- Offering an employment benefit (such as a raise, promotion or career advancement) in exchange for sexual favors, or threatening an employment detriment (such as termination or demotion) for an employee's failure to engage in sexual activity;
- Visual conduct, such as leering, making sexual gestures, and displaying or posting sexually suggestive and/or derogatory objects or pictures, drawings, cartoons or posters;
- Verbal sexual advances, propositions, requests or comments;
- Sending or posting sexually-related messages, videos or messages via text, instant messaging, or social media;
- Verbal abuse of a sexual nature, graphic verbal comments about an individual's body, sexually degrading words used to describe an individual, and suggestive or obscene letters, notes or invitations;
- Physical conduct, such as touching, groping, assault, or blocking movement;
- Physical or verbal abuse concerning an individual's gender, gender identity or gender expression; and
- Verbal abuse concerning a person's characteristics such as pitch of voice, facial hair or the size or shape of a person's body, including remarks that a male is too feminine, or a woman is too masculine.

Other Examples of What Constitutes Prohibited Harassment: In addition to the above listed conduct, PCE strictly prohibits harassment concerning any other protected characteristic. By way of illustration only, and not limitation, such prohibited harassment includes:

- Racial or ethnic slurs, epithets, derogatory comments and any other offensive remarks;
- Jokes, whether written, verbal, or electronic;
- Threats, intimidation, and other menacing behavior;
- Assault, impeding or blocking movement, or any physical interference with normal work or movement;
- Inappropriate verbal, graphic, or physical conduct;
- Sending or posting harassing messages, videos or messages via text, instant messaging, or social media; and
- Other harassing conduct based on one or more of the protected categories identified in this policy.

If you have any questions about what constitutes harassing behavior, ask your supervisor or another member of management.

Prohibition Against Retaliation: PCE is committed to prohibiting retaliation against those who themselves or whose family members report, oppose, or participate in an investigation of alleged unlawful harassment, discrimination, or other wrongdoing in the workplace. By way of example only, participating in such an investigation includes, but is not limited to:

- Making or filing an internal complaint with PCE regarding alleged unlawful activity;
- Providing notice to PCE regarding alleged unlawful activity;
- Filing a complaint with a federal or state enforcement or administrative agency;
- Participating in or cooperating with a federal or state enforcement agency conducting an investigation of PCE regarding alleged unlawful activity;
- Testifying as a party, witness, or accused regarding alleged unlawful activity; and
- Assisting another employee who is engaged in any of these activities.

PCE is further committed to prohibiting retaliation against qualified employees who request a reasonable accommodation for any known physical or mental disability and employees who request a reasonable accommodation of their religious beliefs and observances.

[Reporting Process – Making a Complaint](#)

[Any employee, job applicant, unpaid intern, volunteer, or contractor who believes they been harassed, discriminated against or retaliated against in violation of this policy by](#)

Deleted: What You Should Do If You Feel You Are Being or Have Been Harassed, Discriminated Against or Retaliated Against

another employee, supervisor, manager or third party doing business with PCE, you should immediately report it orally or in writing to the CEO. In addition, if you observe harassment by another employee, supervisor, manager or non-employee, please report the incident immediately to the CEO. If the CEO is alleged to be involved in the harassment, the Chair of the PCE Board must be notified.

Supervisors who receive any complaint of harassment, discrimination or retaliation must promptly report such complaint immediately to the CEO so that PCE may resolve the complaint internally. As noted above, if the complaint is against the CEO, the Chair of the PCE board should be notified.

Notification of the problem is essential to us. We cannot help to resolve a harassment problem unless we know about it. Therefore, it is your responsibility to bring your concerns and/or problems to our attention, so we can take whatever steps are necessary to address the situation. PCE takes all complaints of unlawful harassment seriously and will not penalize you or retaliate against you in any way for reporting a harassment problem in good faith.

All complaints of unlawful discrimination, harassment, or retaliation which are reported to the CEO or the Chair of the PCE Board, as applicable, will receive a timely response and will be thoroughly investigated in a fair and prompt manner by impartial and qualified personnel. Investigations will be conducted in a manner which provides all parties with appropriate due process, reaches a reasonable conclusion based on evidence collected and ensures timely closure. In addition, PCE will ensure that the investigation is properly documented and tracked for reasonable progress. Upon conclusion of such investigation, appropriate remedial and corrective action will be taken where warranted, including disciplinary action, up to and including immediate termination. PCE prohibits employees, supervisors, and managers from hindering internal investigations and the internal complaint procedure. All complaints of unlawful misconduct reported to the CEO (or the Chair of the PCE Board) will be treated as confidentially as possible, consistent with PCE's need to conduct an adequate and thorough investigation.

Violation of this policy will subject an employee to disciplinary action, up to and including immediate termination. Moreover, any employee, supervisor or manager who condones or ignores potential violations of this policy will be subject to appropriate disciplinary action, up to and including termination. Additionally, under California law, employees may be held personally liable for harassing conduct that violates the California Fair Employment and Housing Act.

This policy is not intended to prohibit employees, job applicants, unpaid interns, volunteers, or contractors from filing complaints with the California Department of Fair Employment and Housing or the federal Equal Employment Opportunity Commission or

Deleted: – If you feel that you are being or have been harassed, discriminated against or retaliated against in violation of this policy by another employee, supervisor, manager or third party doing business with PCE, you should immediately contact the Chief Executive Officer. In addition, if you observe harassment by another employee, supervisor, manager or non-employee, please report the incident immediately to the CEO. If the CEO is alleged to be involved in the harassment, the Chair of the PCE Board must be notified. ¶

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to prevent them from pursuing other available judicial remedies. These agencies may be contacted as follows:

California Department of Fair Employment and Housing (DFEH)

(800) 884-1684 or www.dfeh.ca.gov

Federal Equal Employment Opportunity Commission (EEOC)

(800) 669-4000 or www.eeoc.gov

Pursuant to California law, PCE as a public employer requires that all supervisory employees take at least two hours of sexual harassment prevention training every two years. Employees promoted to a supervisory position are required to take their first training within six (6) months of promotion. The CFO will monitor and maintain records of all required trainings. PCE will provide the training through an on-line course.

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Effective January 1, 2020, all non-supervisory employees are required under California law AB9 to take at least one (1) hour of sexual harassment prevention training every two (2) years. The CFO will monitor and maintain records of all required trainings. PCE will provide the training through an on-line course.

3.104 Protecting PCE Information

Protecting PCE's information is the responsibility of every employee. You are not to discuss PCE's confidential business or proprietary business matters, or share confidential, personal employee information (such as social security numbers, personal banking or medical information) with anyone who does not work for us such as friends, family members, members of the media, or other business entities.

Upon commencement of employment, each PCE employee must sign the Attachment D: PCE Employee Confidentiality Agreement. The protection of confidential business information and trade secrets is vital to the interest and success of PCE. Such confidential information includes, but is not limited to, the following examples:

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- Computer programs and codes
- Customer lists and information
- Customer preferences
- Financial information
- Power supply information
- Marketing strategies
- Pending projects and proposals
- Research and development strategies

Employees who improperly use or disclose trade secrets or confidential business information will be subject to disciplinary action, up to and including termination of employment, even if they do not actually benefit from the use or disclosure.

As a public agency, PCE is subject to the California Public Records Act and the open meeting requirements of the Brown Act. Disclosures of information in compliance with these or any other open government requirement is not a violation of this policy. However, employees with access to PCE information are required to follow applicable policies, procedures, and supervisory direction when disclosing information to the public so that PCE may assure that the information released is complete, accurate and properly presented. For more information please see [Attachment E: Customer Confidentiality Policy](#).

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Confidential information does not include information pertaining to the terms and conditions of an employee's employment, including wages. Nothing in this policy is designed to limit an employee's rights under Section 7 of the National Labor Relations Act.

3.105 Use of Personal Devices, including PCE Issued Devices

Upon employment with PCE you will be issued a PCE encrypted laptop. Due to the confidential nature of information at PCE, it is PCE's policy that you are not to utilize any other laptop or similar device (including but not limited to tablets, laptops, or computers) to conduct PCE business. Employees must physically secure their PCE issued devices against theft, loss or unauthorized use, including the use of password protection. This is especially critical if your job duties require you to use your PCE device outside the office. All PCE issued devices will be provided with a temporary password which you will be able to change upon your first log in. If any PCE device is lost or stolen, you must immediately contact your immediate supervisor who will notify the appropriate level of management so that your laptop is completely deactivated.

PCE's IT security policy provides that all PCE work product be stored on the cloud storage system, BOX. Work product, even temporary in process files, must all be file saved to BOX. Since BOX is a cloud storage system and your PCE issued laptops are encrypted, you would be able to access files while not in the office in a protected fashion.

Modern communication includes the frequent use of cell/smart phones. PCE does not provide PCE issued cell/smart phones. You will be required to use your personal cell/smart phone for PCE business. A taxable phone allowance will be provided to all employees to compensate them for the use of their personal device for PCE business.

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Non-exempt employees may not use their personal devices for work purposes outside of their normal work schedule without authorization in advance from their immediate

supervisor. This includes but is not limited to reviewing, sending, and responding to e-mails or text messages, and responding to or making calls. Time spent by non-exempt employees using their own devices to perform work outside of regular working hours must be included on their time sheet.

Employees are expected to exercise the same discretion in using their personal devices while working as is required for using PCE owned devices. This includes, but is not limited to, compliance with PCE policies pertaining to harassment, discrimination, retaliation, trade secrets, proprietary business and confidential information, electronic communications, and ethics. Employees must also comply with all applicable state, federal and local laws governing the use of such electronic devices. Failure to follow policies, procedures and/or applicable laws may result in disciplinary action up to and including termination of employment. [Please see Attachment F: Acceptable Use of Electronic Communications Policy and Attachment I: Technology Security Policy for further information.](#)

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3.106 Smoking in the Workplace

PCE is committed to providing a safe and healthy environment for employees and visitors. Smoking, including the use of e-cigarettes, is not permitted. In addition, local ordinances and provisions of our office lease regarding smoking must be adhered to. Violations of this policy may result in disciplinary action, up to and including termination of employment.

3.107 Drug and Alcohol Use

It is PCE's desire to provide a drug-free, alcohol-free, healthful, and safe workplace. To comply with the federal Drug-Free Workplace Act of 1988, PCE requires that employees not report to work if their ability to perform their job duties is impaired due to alcohol or drug use. Further, PCE employees may not use alcohol or illegal drugs and/or prescription drugs without a prescription during work hours, breaks, or at any time while on paid status and/or on work premises. Exceptions to the use of alcohol on work premises for special events may be made at the sole discretion of the CEO of PCE.

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No employee may directly or through others sell or provide illegal or illegally obtained drugs while in a paid status.

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Employees who are convicted of a criminal drug violation occurring in the workplace must notify their supervisors as soon as possible.

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PCE will attempt to reasonably accommodate an employee with chemical dependencies (alcohol or drugs), if the employee voluntarily wishes to seek treatment and/or rehabilitation before being found in violation of this policy. Employees desiring that assistance should request an unpaid treatment or rehabilitation leave of absence.

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PCE is committed to providing assistance to its employees to overcome substance abuse problems. PCE will reasonably accommodate any employee who wishes to voluntarily enter and participate in an alcohol or drug rehabilitation program. This accommodation may include an adjusted work schedule or time off without pay, provided the accommodation does not impose an undue hardship on PCE. Employees may use any accrued sick or vacation benefits while on leave under this policy. However, additional benefits will not be earned during the unpaid portion of the leave of absence. A leave of absence under this section will be subject to the same provisions and rules as apply to medical leaves of absence. PCE will safeguard the privacy of an employee's participation in a rehabilitation program.

Employees should notify the CEO if they need to request an accommodation under this policy.

PCE support for treatment and rehabilitation does not obligate PCE to employ any person who violates the PCE drug and alcohol abuse policy or whose job performance is impaired because of substance abuse. PCE is also not obligated to continue to employ any person who has participated in treatment or rehabilitation if that person's job performance remains impaired as a result of alcohol or drug dependency.

Your employment or continued employment with PCE is conditioned upon your full compliance with the foregoing policy. Any violation of this policy may result in disciplinary action, up to and including termination of employment. Further, any employee who violates this policy who is subject to termination of employment, may be permitted in lieu of termination of employment, at PCE's sole discretion, to participate in and successfully complete an appropriate treatment, counseling or rehabilitation program as recommended by a substance abuse professional as a condition of continued employment and in accordance with applicable federal, state, and local laws.

Various federal, state, and local laws protect the rights of individual with disabilities and others with regard to the confidentiality of medial information, medical treatment, and the use of prescription drugs and substances taken under medical supervision. Nothing contained in this policy is intended to violate such regulations or interfere with individual rights thereunder.

3.108 Drug Testing

PCE is committed to providing a safe, efficient, and productive work environment for all employees. In support of this commitment, PCE seeks to provide a workplace that is free from the harmful effects of drug and alcohol abuse. To further its interest in service to the community, avoiding accidents, promoting and maintaining a safe and productive workplace and protecting PCE property, equipment, and operation, PCE may conduct drug and alcohol testing, as provided in this policy. This policy is intended to apply to all employees, regardless of appointment type or time basis, including, without limitation, full-time, part-time, regular, temporary and management employees.

Using or being under the influence of drugs or alcohol on the job may pose serious safety and health risks. It is also a violation of PCE policy. Please see the policy on Drug and Alcohol Use in Section 3.107 above. To help ensure a safe and healthful working environment, job applicants and employees may be subject to drug and alcohol testing and may be asked to provide body substance samples (such as urine) to determine the use of drugs or alcohol in violation of PCE policies under the following circumstances:

- **Reasonable suspicion testing:** Employees will be subject to testing where there is reasonable suspicion that the employee has violated this policy or the policy on Drug and Alcohol Use. Reasonable suspicion is the good faith belief based on specific articulable perception and reasonable inferences drawn from such perceptions that an employee may have violated this policy and that testing may reveal facts and evidence related to that perceived violation. Perceptions or reasonable inferences supporting reasonable suspicion may include, but are not limited to, an employee's manner, disposition, muscular movement, appearance, unusual behavior, speech or breath odor; information provided by an employee, law enforcement official or other person believed to be reliable; or other surrounding circumstances. For purposes of ordering testing, reasonable suspicion will only exist where the CEO and another member of PCE's executive leadership team has reviewed circumstances in a particular case and concurs in the finding of reasonable suspicion.
- **Follow up testing:** An employee who has been found to be in violation of this policy or the Drug and Alcohol policy may be required to submit to periodic, unannounced testing for one year, starting on a date established by the CEO.

For testing, the employee will be referred to an independent Substance Abuse and Mental Health Services Administration (SAMHSA) certified medical clinic or laboratory, which will administer the test. PCE will pay the cost of the test and reasonable transportation cost to the testing facility. The applicant or employee will have an opportunity to alert the clinic or laboratory personnel to any prescription or non-prescription drugs that she or he has taken that may affect the outcome of the test. Positive results from initial screening will be confirmed by a second testing method and will not be reported as positive without confirmation. In the event of a reported positive

Deleted: <#>Pre-employment/promotional testing: Employees being hired or promoted may be required to pass a drug test as a condition of the offer or promotion. An employee will only be asked to complete testing after a conditional offer of employment or promotion is made. Such an offer is contingent on passing the drug test. ¶

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test, the applicant or employee may have the same sample retested at a laboratory of the employee's choice at the employee's expense.

Testing or drug testing under this policy may include amphetamines and methamphetamines, cocaine, marijuana/cannabinoids (THC), opiates (narcotics), phencyclidine (PCP), barbiturates, benzodiazepines, methaqualone, and alcohol. Cut-off levels for determining a positive test will be those established in the SAMHSA Mandatory Guidelines for Federal Drug Testing Programs. The cut-off level for a positive alcohol test (both initial and confirmation) will be 0.02 percent (0.02 gm/210 liters of breath or 0.02 gm/deciliter of blood or 0.02 mg/ml of urine). Testing will normally be performed by urinalysis or, for alcohol testing, may also include breath testing. The substances for which drug and alcohol tests are performed and cut-off levels may be modified from time-to-time with prior written notice from the [CEO](#) or amendment of this policy.

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If an employee who is subject to testing refuses to cooperate with the administration of the test, the refusal will be considered a positive test result. A refusal to cooperate includes, but is not limited to, refusing to appear for a test; unreasonably failing to submit a sample for testing; tampering with, substituting, adulterating, masking or water-loading a sample; or obstructing or not fully cooperating with testing procedures.

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All records of the circumstances and results of substance testing under this policy will remain confidential applicant or personnel records. Laboratory reports and test results will be maintained in a file separate from an employee's personnel file. Information may only be released to the employee who was tested or other individuals designated in writing by the employee; to a medical review officer; to the extent necessary to properly supervise or assign the employee; as necessary to determine what action should be taken in response to the test results and for use in responding to appeals, litigation or administrative proceedings arising from or related to the test or related actions.

Questions concerning this policy or its administration should be directed to the CEO.

3.109 Attendance and Punctuality

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Attendance and punctuality are important factors for your success within PCE. We work as a team and this requires that each person be in the right place at the right time. [For scheduled days off, employees are required to notify their supervisor as far in advance as possible, and to submit a request through the Personal Time Off \(PTO\) request system. In addition, it is also required that employees update their company calendar so that their fellow employees are aware of their time off schedule. If you are going to be late for work, notify your supervisor as far in advance as is feasible under the circumstances.](#)

If you are absent for three days without prior approval and/or without notifying PCE, it will be assumed that you have voluntarily terminated your employment with PCE, and you will be removed from the payroll effective as of the first day of that three day absence.

3.110 Personal Appearance

Employees are expected to maintain high standards of personal cleanliness and present a neat and professional appearance.

Our customers' satisfaction represents the most important and challenging aspect of our business. Whether or not your job responsibilities place you in direct customer contact, you represent PCE with your appearance as well as your actions. The properly attired individual helps to create a favorable image for PCE, to the public and fellow employees. PCE maintains a business casual environment. All employees should use discretion in wearing attire that is appropriate for their job.

3.111 Non-Solicitation

PCE believes employees should have a work environment free from interruptions of a non-work-related nature, as work time is for work. For purposes of this policy, solicitation includes, but is not limited to, collection of any debt or obligation, raffles of any kind or chance taking, the sale of merchandise or business services, or the attempt to sell any product or service. Such interruptions can be both detrimental to the quality of work and efficiency and may not be respectful of others job responsibilities.

Employees may not engage in solicitation for any purpose during work time, which includes the working time of the employee who seeks to solicit and the employee who is being solicited. Although solicitation is not encouraged, it is permitted if it is limited to the employee's break and lunch time and kept out of active working areas. Nothing in this policy is intended to restrict an employee's statutory rights, including discussing terms and conditions of employment.

3.112 Acceptable Use of Electronic Communications/Workplace Monitoring

This policy provides guidelines for electronic communications created, sent, received, used, transmitted, or stored using PCE's communication systems or equipment and

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¶ If you are going to be late for work or absent, notify your supervisor as far in advance as is feasible under the circumstances, but before the start of your workday. If you are absent for three days without notifying PCE, it is assumed that you have voluntarily abandoned your position with PCE, and you will be removed from the payroll. [Refer to Section 2.112]¶

¶ While the management of PCE recognizes that at times employees may need to work remotely due to circumstances out of their control, e.g., a sick child or parent, PCE does not advocate a policy of "telecommuting". At all times, employees are expected to conduct their official PCE duties at PCE's office or, as applicable, at a vendor's place of business or other site location. In the event an employee does need to telecommute, such accommodation must be approved by your supervisor. We would anticipate that such accommodations would only be necessary if there is a mandatory deadline of some work project/product that cannot be extended. Absent such extenuating circumstances, the employee may be required to take a compensated absence. Exceptions to this policy require approval by the CEO.¶

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Deleted: When working you should focus on your duties and not engage in activities that would interfere with your own work or the work of others.

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¶ Distribution of any type (materials, goods, paper) by employees is prohibited in work areas at any time, whether or not the employees are on working time. Electronic distribution is subject to [Attachment F: Acceptable Use of Electronic Communications Policy](#) and may not occur during the employee's working time. Non-employees are prohibited from distributing materials to employees on PCE premises at any time. Literature that violates PCE's EEO and No Harassment policies, including threats of violence, or that is knowingly and recklessly false is never permitted. Nothing in this policy is intended to restrict an employee's statutory rights, including discussing terms and conditions of employment.¶

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employee provided systems or equipment used either in the workplace, during working time or to accomplish work tasks. "Electronic communications" include, among other things, messages, images, text data or any other information used in e-mail, instant messages, text messages, voice mail, fax machines, computers, personal digital assistants (including tablets or similar devices), pagers, telephones, cellular and mobile phones including those with cameras, Intranet, Internet, back-up storage, information on a memory or flash key or card, jump or zip drive or any other type of internal or external removable storage drives. In the remainder of this policy, all these communication devices are collectively referred to as "systems."

Acceptable Uses of Our Systems: Employees may use our systems to communicate internally with co-workers or externally with customers and other business acquaintances for business purposes.

PCE Control of Systems and Electronic Communications: All electronic communications contained in PCE systems are PCE records and/or property. Although an employee may have an individual password to access our systems, the systems and communications belong to PCE. The systems and electronic communications are accessible to PCE at all times, including periodic unannounced inspections. Our systems and electronic communications are subject to use, access, monitoring, review, recording and disclosure without further notice. Employee communications on our system are not confidential or private.

PCE's maintains the right to access, monitor, record, use, and disclose electronic communications sent on PCE systems without further notice to the employee.

Personal Use of Our Systems: Personal communications in our systems are treated the same as all other electronic communications and will be used, accessed, recorded, monitored, and disclosed by PCE at any time without further notice. Since all electronic communications and systems can be accessed without advance notice, employees should not assume confidentiality.

Proprietary Business Information: Proprietary business information means confidential and proprietary materials related to PCE's trade secrets, business models, business services, sales agreements, pricing information, customer lists, inventions, vendor agreements, strategic business or marketing plans, expansion plans, contracts, non-public financial performance information and other information that derives economic value by being protected from public consumption or competitors, and may only be used on PCE systems. Proprietary business information **may not** be downloaded, saved, or sent to a personal laptop, personal storage device, or personal email account under any circumstances. Proprietary business information does not restrict employee rights to discuss their wages, hours or other terms of employment.

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Prohibited Uses of Our Systems: Employees may not use PCE systems in a manner that is unlawful, wasteful of PCE resources, or unreasonably compromises employee productivity or the overall integrity or stability of PCE's systems. These tools are provided to assist employees with the execution of their job duties and should not be abused. Examples of prohibited uses include, among other things, sexually explicit messages, images, cartoons, or jokes; propositions or love letters; ethnic or racial slurs; or any other message or image that may be in violation of company policies.

In addition, employees may not use PCE systems:

- To download, save, send or access any discriminatory, obscene, or malicious or knowingly false material;
- To download, save, send or access any music, audio or video file unless business related;
- To download anything from the internet (including shareware or free software);
- To download, save, send or access any site or content that PCE might deem "adult entertainment;"
- To attempt to or gain unauthorized or unlawful access to computers, equipment, networks, or systems of PCE or any other person or entity;
- In connection with any infringement of intellectual property rights, including but not limited to copyrights;
- In connection with the violation or attempted violation of any law; and
- To improperly transmit proprietary business information or client material such as pricing information or trade secrets.

Electronic Forgery: An employee may not misrepresent, disguise, or conceal his or her identity or another's identity in any way while using electronic communications; make changes to electronic communications without clearly indicating such changes; or use another person's account, mail box, password, etc. without prior written approval of the account owner and without identifying the actual author.

Intellectual Property Rights: Employees must always respect intellectual property rights, including copyrights and trademarks.

System Integrity, Security, and Encryption: PCE contracts with an IT service provider – All Covered – to provide various IT support, including security. PCE encrypts all computers to maintain system integrity and security. All systems passwords and encryption keys must be available and known to PCE's IT service provider. Employees may not install password or encryption programs. Employees may not use the passwords and encryption keys belonging to others.

Applicable Laws: Numerous state and federal laws apply to electronic communications. PCE complies with applicable laws. Employees also must comply with

applicable laws and should recognize that an employee could be personally liable and/or subject to fine and imprisonment for violation of applicable laws.

Consequences of Policy Violations: Violations of this policy may result in disciplinary action up to and including immediate termination of an employee's employment as well as possible civil liabilities or criminal prosecution. Where appropriate, PCE may advise legal officials or appropriate third parties of policy violations and cooperate with official investigations. We will not, of course, retaliate against anyone who reports possible policy violations or assists with investigations.

If you have questions about the acceptable use of our systems or the content of electronic communications, ask the [CEO](#) for clarification.

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3.113 [Company Document Management](#)

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PCE uses the cloud-based platform BOX (www.box.com) as a document management system. All employees are required to save all PCE related documents on BOX without exception. This will allow PCE to access the documents in the event of lost laptop/Mac and maintain the security of PCE documents.

3.114 [Social Media](#)

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"Social media" includes all means of communicating or posting information or content of any sort on the Internet, including an employee's own or someone else's web log or blog, journal or diary, personal web site, social networking or affinity web site, web bulletin board or chat room, whether or not the platform is associated or affiliated with PCE.

In general, all official PCE social media postings will be managed by the Communication and Outreach department.

To protect PCE's interests, employees must adhere to the following [guidelines](#):

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- Other than for PCE business purposes, employees may not post on a personal blog or personal social networking site during their work hours or at any time using PCE equipment or property. PCE's electronic communication systems are for business use only.
- If an employee identifies himself or herself as an employee of PCE on any social networking site for purposes other than PCE-authorized business purposes, the

communication must include a disclaimer that the views expressed do not necessarily reflect the view of the PCE management.

- All rules regarding confidential business information apply to blogs and social networking sites. Any information that cannot be disclosed through a conversation, a written note, or an e-mail also cannot be disclosed on a blog or social networking site. The transmission of confidential or proprietary information without the permission of PCE is prohibited.
- If an employee mentions PCE in a blog or elsewhere on social media, or it is reasonably clear that the employee is referring to PCE or a position taken by PCE, and also expresses a political opinion or an opinion regarding PCE's position, action, or products, the post must specifically disclose the employee's relationship with PCE and note that the opinion expressed is a personal opinion and not PCE's position.
- Any conduct which is impermissible under law if expressed in any other form or forum is impermissible if expressed through a social networking site. For example, posted material that is discriminatory, defamatory, libelous, or malicious is forbidden. PCE's policies, including but not limited to the Equal Employment Opportunity, Sexual Harassment, Harassment and Workplace Violence policies apply equally to employee comments on social networking sites even if done on nonworking time.

Nothing in this policy is designed to limit an employee's right under Section 7 of the National Labor Relations Act, including discussing wages or other terms of employment. If you have questions or need further guidance, please contact the Communications and Outreach Manager.

3.115 Contact with PCE

The location of PCE employees during business hours should be known to a supervisor. All PCE employees will keep an updated electronic calendar reflecting his or her whereabouts during work hours.

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3.116 Customer and Public Relations

PCE's reputation is built on excellent service and quality work. To maintain this reputation requires the active participation of every employee.

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The opinions and attitudes that customers (and vendors) have toward PCE may be influenced by the actions of one employee for a long period of time. It is sometimes easy to take a customer for granted, but when this occurs, we run the risk of losing not only that customer, but his or her associates, friends, or family who may also be customers or prospective customers. Each employee must be sensitive to the importance of providing courteous treatment in all working relationships.

SECTION 4: WORKING CONDITIONS

4.101 Expectation of Privacy

PCE reserves the right to search, without employee consent, all areas over which PCE maintains control or joint control with the employee. Therefore, employees should have no expectation of privacy at PCE or joint controlled workplace areas which include, but are not limited to, offices, cubicles, work locations, employer provided or designated parking areas, desk, computers (including electronic files), voicemail, e-mail, PCE issued cell phones, or rest or eating areas.

Desks, file cabinets, and other storage devices, including electronic storage, may be provided for the convenience of employees but remain the sole property of PCE. Accordingly, they, as well as any articles found within them, can be inspected by any supervisor or other authorized representative of PCE at any time, with or without prior notice.

4.102 Performance Reviews

Your performance is important to PCE. Once each year, on or about your anniversary date, your supervisor will review your job progress within PCE and help you set new job performance plans.

New employees will generally be reviewed at the end of their introductory period. (Refer to 6.101 for definition)

Our performance review program provides the basis for better understanding between you and your supervisor, with respect to your job performance, potential and development within PCE.

The CFO will monitor the timely completion of the annual performance reviews.

4.103 Coaching, Counseling, and Progressive Discipline

Notwithstanding 4.102, your employment at PCE is at-will and as such may be terminated without advance notice, with or without reason or cause, and without right of appeal. PCE in its sole discretion as an at-will employer maintains the right to provide coaching, counseling, and progressive discipline to employees. Such coaching, counseling, and/or progressive discipline will be provided if, in the opinion of management, it would be of mutual benefit to PCE and the employee.

While performance reviews are generally thought of as being a positive, skill-building process, coaching, counseling, and progressive discipline will be employed, when considered necessary so that employee issues can be corrected at early stage, assist

the employee to correct the problem, prevent reoccurrence, and prepare the employee for satisfactory performance in the future.

If disciplinary action is deemed warranted, it may call for any of five steps which include, but are not limited to, verbal warning, written warning, suspension with or without pay, demotion, or termination of employment. Although PCE may take a progressive discipline approach, the CEO has the right to determine what disciplinary action is appropriate in each situation. The CEO is not required to treat each incident as a step in a series of progressive discipline, any may terminate an employee based on his/her discretion.

If a supervisory employee believes an employee needs to be coached, counseled, or disciplined, such conversations will take place with two management/supervisory employees present. Prior to any discussions, the matter should be discussed with the CEO to ensure that the actions being contemplated are appropriate.

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- Deleted: If disciplinary action is deemed warranted, it may call for any of five steps – verbal warning, written warning, suspension with or without pay, demotion, or termination of employment. ¶

4.104 Talk to Us

We encourage you to bring your questions, suggestions and complaints to our attention. We will carefully consider each of these in our continuing effort to improve operations.

If you believe you have a problem, present the situation to your supervisor so that the problem can be settled by examination and discussion of the facts. We hope that your supervisor will be able to satisfactorily resolve most matters.

If you still have questions after meeting with your supervisor or if you would like further clarification on the matter, request a meeting with the CEO who will review the issues and meet with you to discuss possible solutions.

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Your suggestions and comments on any subject are important, and we encourage you to take every opportunity to discuss them with us. If at any time you do not feel comfortable speaking with your supervisor or the next level of management, you may discuss your concern with any other member of management with whom you feel comfortable.

4.105 Safety

Safety can only be achieved through teamwork at PCE. Each employee, supervisor and manager must practice safety awareness by thinking defensively, anticipating unsafe situations, and reporting unsafe conditions immediately.

Each employee is expected to obey safety rules and to exercise caution in all work activities. Employees must comply with all occupational safety and health standards and regulations established by the Occupational Safety and Health Act and state and local regulations. Employees are expected to report all work-related injuries or illnesses immediately to the supervisor. In compliance with California law, and to promote the concept of a safe workplace, PCE maintains an Injury and Illness Prevention Program. For further information, refer to The Injury and Illness Prevention Program plan which is available to all employees and/or employee representatives for review by request from the CFO.

Some of the best safety improvement ideas come from employees. Those with ideas, concerns, or suggestions for improved safety in the workplace are encouraged to raise them with their supervisor, or with another supervisor or manager. Reports and concerns about workplace safety issues may be made anonymously if the employee wishes. All reports can be made without fear of retaliation.

A violation of a safety precaution is an unsafe act. A violation may lead to disciplinary action, up to and including termination of employment.

4.106 Visitors

If you are expecting a visitor, please notify your supervisor. All visitors must first check in at the reception area. Visitors are not allowed in any locked and/or secured area of the building without being accompanied by an authorized employee. Under no circumstances will visitors be allowed in confidential and/or unauthorized areas.

4.107 Workplace Violence

Violence by an employee or anyone else against an employee, supervisor or member of management will not be tolerated. The purpose of this policy is to minimize the potential risk of personal injuries to employees at work and to reduce the possibility of damage to PCE property in the event someone, for whatever reason, may be unhappy with a PCE decision or action by an employee or member of management.

If you receive or overhear any threatening communications from an employee or outside third party, report it to the CEO at once. Do not engage in either physical or verbal confrontation with a potentially violent individual. If you encounter an individual who is threatening immediate harm to an employee or visitor to our premises, contact an emergency agency (such as 911) immediately.

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¶ Notify your supervisor of any emergency situation. If you are injured or become sick at work inform your supervisor immediately. An employee fails to do so, receipt of workers' compensation benefits may be impacted.¶

Report all workplace injuries as soon as reasonably possible to your supervisor even if no medical treatment is required. ¶

The use of alcoholic beverages or illegal substances during working hours will not be tolerated. The possession of alcoholic beverages or illegal substances on PCE's property is forbidden, unless at a work-related or special function. Reference should be made to Section 3.107. ¶

Use, adjust, and/or repair machines and equipment only if you are trained and qualified. ¶

Know the proper lifting procedures. Get help when lifting or pushing heavy objects. ¶

Understand your job fully and follow instructions. If you are not sure of the safe procedure, do not guess; inquire with your supervisor. ¶

Know the locations, contents and use of first aid and fire-fighting equipment. ¶

Comply with applicable OSHA standards and/or applicable job safety and health standards as posted. ¶

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All reports of work-related threats will be kept confidential to the extent possible, investigated and documented. Employees are expected to report and participate in an investigation of any suspected or actual cases of workplace violence and will not be subjected to disciplinary consequences for such reports or cooperation. Violations of this policy, including your failure to report or fully cooperate in PCE's investigation, may result in disciplinary action, up to and including termination of employment.

Possession, use, or sale of weapons, firearms or explosives on work premises, while operating PCE equipment or vehicles for work-related purposes or while engaged in PCE business off premises is forbidden except where expressly authorized by PCE and permitted by state and local laws. This policy applies to all employees, including but not limited to, those who have a valid permit to carry a firearm.

If you are aware of violations or threats of violations of this policy, you are required to report such violations or threats of violations to the CEO immediately.

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Violations of this policy will result in disciplinary action, up to and including termination of employment.

4.108 Travel/Expense Accounts

PCE will reimburse employees for reasonable expenses incurred through pre-approved business travel or business entertainment. All cash advances must be accounted for and expense receipts are required.

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If you are an employee NOT subject to the taxable auto allowance, the following business expenses will be reimbursed, subject to pre-approval:

- Travel Expense, including cab or peer-to-peer ride sharing services
- Automobile/Mileage (rate per mile will be reimbursed at the prevailing IRS rate.)

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All employees will have the following business expenses reimbursed, subject to pre-approval:

- Airfare or train travel in coach or economy class, or equivalent if personal car is used
- Car rental fees, only for compact or mid-sized cars
- Lodging
- Tips and incidental expenditures
- Cost of meals, provided that the cost is reasonable. Any and all alcohol expenses will be excluded and not reimbursed.

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This list is not all-inclusive. See the [CFO](#) regarding additional reimbursable business expenses.

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Certain employees, Directors and Managers, will be provided a taxable auto allowance monthly which is paid in lieu of submitting for reimbursements for miles driven for PCE business.

SECTION 5: BENEFITS

5.101 Employee Benefits

PCE [offers a](#) comprehensive set of employee benefit programs to supplement our employees' regular wages. Several of the programs (e.g., Social Security, workers' compensation, state disability, and unemployment insurance) cover all employees in the manner prescribed by prevailing law.

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This Employee Handbook describes the benefit plans maintained by PCE as of the date of publication of the handbook. Refer to the actual plan documents and summary plan descriptions if you have specific questions regarding the most up to date benefit plan.

PCE reserves the right to modify and/or terminate its benefits at any time. We will keep you informed of any changes. Employee access to Summary Plan Descriptions can be found at this link [here](#).

5.101(a) Health Insurance (Medical, Dental, and Vision)

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[Eligible full-time employees may enroll in health insurance plans covering medical, dental and vision. Employees are also permitted to enroll their eligible dependents based on the definitions in the plans. Eligibility may be defined by state law and/or by the insurance contract. Participating employees or dependents are also covered under our medical insurance plan's prescription drug program.](#)

[Following submittal and approval of the plan applications, employees will be covered on the first day of the month following the start of employment. If employment starts on the first day of the month, coverage will be effective on employment start date.](#)

[To assist with the cost of this insurance, PCE pays a substantial portion of the cost of insurance coverage. Depending on the insurance coverage, dependent coverage may require sharing of some of the cost of the employee contribution through payroll deductions. Refer to the current HR Benefits Summary located \[here\]\(#\) for a summary description of dependent coverage.](#)

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¶ To assist you with the cost of this insurance, PCE will pay up to \$1,000 per month towards the cost of the monthly insurance premium for the employee-only coverage. You are responsible for the full cost of such insurance premium cost for any dependents. The employee is responsible for payment through payroll deduction of any premium cost in excess of PCE's payment amount.¶

Information regarding eligibility of continuation of coverage following employment termination can be found at Section [5.108](#).

Refer to the actual plan document and summary plan description (link located at Section [5.101](#)) if you have specific questions regarding [eligibility](#) for coverage or other aspects of [each](#) benefit plan. Those documents are controlling.

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Enrollment forms and a booklet containing the details of the plan and eligibility requirements are contained in your on-boarding materials. Completed forms should be returned to the [CFO](#).

5.101(b) Long Term Disability Insurance

PCE pays the full cost of long-term disability insurance in the event an employee is unable to work for longer than 90 days due to illness or injury. Coverage is at 60% of the base compensation at the time of disability up to a maximum of \$5,000 per month. Coverage begins on the first day of the month following start of employment. In the case that employment starts on the first day of the month, coverage begins on that day.

Refer to the actual plan document and summary plan description (link located at Section 5.101) if you have for specific questions regarding your eligibility for coverage or other aspects of this benefit plan. Those documents are controlling

5.101(c) Social Security and Unemployment Insurance

During your employment, you and PCE both contribute funds to the federal government to support the Social Security program. This program is intended to provide you with retirement benefit payments and medical coverage once you reach retirement age.

Unemployment Insurance - Upon separation from employment from PCE, you may be entitled to state and federal unemployment insurance benefits. In the event of employment termination, required documents regarding eligibility will be shared with you. Please direct questions to the [CFO](#) and/or the [CEO](#).

5.101(d) Life Insurance

Eligible full-time employees may enroll in a plan to provide [basic](#) life insurance coverage of \$50,000 effective as of the first day of the month following employment start date. If employment starts on the first day of the month, coverage will be effective on employment start date. Eligibility may be defined by state law and/or by the insurance contract. You must complete an insurance form and designate your beneficiary.

PCE [pays](#) the full cost of the monthly insurance premium [for basic life insurance](#).

Refer to the actual plan document and summary plan description (link located at Section 5.101) if you have specific questions regarding your eligibility for coverage or other aspects of this benefit plan. Those documents are controlling.

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~~Deleted:~~ [5.101\(b\) Dental Insurance](#)

Eligible full-time employees may enroll in an employee only, an employee plus dependents, an employee plus spouse, or a family contract effective as of the first day of the month following employment start date. If employment starts on the first day of the month, coverage will be effective on employment start date. Eligibility may be defined by state law and/or by the insurance contract.

To assist you with the cost of this insurance, PCE will pay the full cost of the monthly insurance premium for the employee-only coverage. In addition, PCE will pay for the cost of up to \$300 per year of insurance premium for each dependent added to the plan. The employee is responsible for payment through payroll deduction of any premium cost in excess of PCE's payment amount.

Information regarding eligibility of continuation of coverage following employment termination can be found at Section 5.108.

Refer to the actual plan document and summary plan description (link located at Section 5.101) if you have specific questions regarding your eligibility for coverage or other aspects of this benefit plan. Those documents are controlling.

Enrollment forms and a booklet containing the details of the plan and eligibility requirements are contained in your on-boarding materials. Completed forms should be returned to the Chief Financial Officer.

~~5.101(c) Vision Care Plan~~

Eligible full-time employees may enroll in an employee only, an employee plus dependents, an employee plus spouse, or a family contract effective as of the first day of the month following employment start date. If employment starts on the first day of the month, coverage will be effective on employment start date. Eligibility may be defined by state law and/or by the insurance contract.

To assist you with the cost of this insurance, PCE will pay the full cost of the monthly insurance premium for the employee and all eligible dependents.

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Employee are also eligible to apply for Supplemental Life Insurance in excess of the basic \$50,000 level for themselves or their eligible spouse and/or dependents. The cost of Supplemental life Insurance is fully paid by employees through payroll deduction. Employees are required to pay for the full cost of supplemental life insurance for their spouse and dependents.

Enrollment forms and a booklet containing the details of the plan and eligibility requirements are contained in your on-boarding materials. Completed forms should be returned to the CFO.

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5.101(e) Section 125 Plan

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PCE offers a pretax contribution option for employees to participate in a Section 125 plan that enables contributions toward health insurance premiums and out-of-pocket medical expenses and/or dependent care expenses on a “pre- tax”, rather than an “after tax” basis. Eligible full-time employees may enroll in the plan effective on the first day of the month following thirty days of employment, although pre-tax payroll deductions for health insurance premiums will start upon the enrollment date of those plans.

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Premium contributions and contributions toward other qualified expenses are deducted from gross pay before income taxes and Social Security is calculated. If you wish to participate in this plan, enrollment forms are contained in your on-boarding materials. Completed forms should be returned to the CFO.

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Changes cannot be made to pretax contributions until the next open enrollment period unless your family status changes, or you become eligible for a special enrollment period due to a loss of coverage. We will notify you in advance of any open enrollment period. Family status changes include, marriage, divorce, death of a spouse or child, birth or adoption of a child or termination of employment of your spouse. A change in election due to a change in family status shall be effective the next pay period.

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5.101(f) Retirement Plans

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PCE provides eligible employees with a defined contribution program administered by the County of San Mateo. This plan is made up composed of two parts:

1. 457(b) Deferred Compensation Plan (Employee contributions). Employees can voluntarily contribute to a 457(b) deferred compensation plan according to the current IRS limitations. PCE will match all employee contributions up to 4% of salary (although PCE contributions will be contributed to the 401(a) Retirement

[Plan described below\).](#)

2. [401\(a\) Retirement Plan \(PCE contributions\).](#) PCE provides a contribution of 6% of salary to the 401(a) Retirement Plan on behalf of each employee. PCE also provides a matching contribution to the 401(a) Retirement Plan on behalf of any employee who contributes to the 457(b) Deferred Compensation Plan (described above). The PCE match will be provided in an amount equal to the employee's 457(b) contribution up to a maximum of 4% of the employee's salary. All PCE contributions vest in equal annual amounts over four (4) years based on the first day of employment.

The Summary Plan Description link is above in [Section 5.101](#). In the event of any conflict in the description of any plan, the official plan documents, which are available for your review, shall govern. If you have any questions regarding this plan, please contact the plan administrator.

5.101(g) State Disability Insurance

All employees are eligible for disability insurance benefits when an illness, injury, or pregnancy-related disability prevents them from working and they meet all the eligibility requirements. The benefits are calculated as a percentage of your salary up to a weekly maximum, as specified by law, for up to fifty-two (52) weeks.

Employees who apply for this benefit must provide written notice of disability, including a doctor's certificate stating the nature of the disability and the expected date of return to work. The employee is responsible for filing a claim and other forms promptly and accurately with the Employment Development Department. A claim form may be obtained from the Employment Development Department by telephone, letter, or in person. The cost of this insurance is fully paid by the employee.

5.101(h) California Paid Family Leave Insurance

The State of California may provide partial wage benefits to eligible employees for up to a maximum of six weeks for the following reasons:

- [To bond with a new child after birth or placement for adoption or foster care;](#)
- [To care for a serious health condition of an employee's child, parent, spouse, registered domestic partner, grandparent, grandchild, sibling or parent-in-law.](#)

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Deleted: PCE provides eligible employees with a defined contribution plan administered by the County of San Mateo. This plan is made up of two parts: A 401(a) retirement plan where PCE's contributions are made, and a 457(b) deferred compensation plan where voluntary employee contributions are made. The combined plan is intended to be used in combination with your Social Security benefits and personal resources to provide you with supplemental income upon retirement. Summary details of the combined plan are as follows:¶

¶ PCE provides a contribution of 6% of salary in a 401(a) retirement plan. PCE also provides up to an additional 4% contribution to the 401(a) retirement plan as a match of employee contributions to a 457(b) deferred compensation plan described below. All PCE contributions vest in equal annual amounts over four (4) years based on your first day of employment.¶ Employee can voluntarily contribute to a 457(b) deferred compensation plan according to IRS limits (\$18,500 in 2018 and \$19,000 in 2019; an additional \$6,000 is permitted if over 50 years old). All contributions to this plan are eligible for the additional 4% employer match to the 401(a) retirement plan described above.¶

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The Paid Family Leave Act provides benefits based on past quarter earnings for up to six weeks in a 12-month period. The cost of the insurance is fully paid by PCE. The 12-month period begins on the first day an employee submits a claim.

To be eligible for benefits, employees may be required to provide medical and/or other information that supports a claim for time off to bond with a new child or to care for a child, parent, spouse or registered domestic partner with a serious health condition. In addition, there is a seven-calendar-day waiting period before benefits begin.

You are responsible for filing your claim for family leave insurance benefits and other forms promptly and accurately with the Employment Development Department. A claim form may be obtained from the Employment Development Department by telephone, letter, the Internet or in person. All eligibility and benefit determinations are made by the Employment Development Department.

You may not be eligible for Paid Family Leave benefits if you are receiving State Disability Insurance, Unemployment Compensation Insurance or Workers' Compensation benefits.

The Paid Family Leave Act does not provide a right to leave, job protection or return to work rights. Further, this policy does not provide additional time off. However, family leave insurance may provide compensation during an approved leave pursuant to any company provided leave.

As noted, PCE will assist you with maneuvering through the various aspects of federal and state allowed leaves, in the event the need arises during your employment.

5.102 Workers' Compensation

On the job Occupational injuries or illnesses are covered by our Workers' Compensation insurance policy. This insurance is provided at no cost to you. If you are injured on the job, no matter how slightly, report the incident to your immediate supervisor as soon as reasonably possible. Consistent with applicable state law, failure to report an injury within a reasonable time period could jeopardize your claim. We ask for your assistance in alerting management to any condition that could lead to or contribute to an employee accident.

PCE will integrate sick leave, vacation, and then compensatory time, with temporary disability payments for an employee who is eligible for workers' compensation. The employee will continue in pay status and receive pay until accumulated paid leave and authorized compensatory time hours have been depleted to the nearest hour. Any employee who is eligible for temporary disability payments under the workers'

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compensation law will, for the duration of such payments, receive only that portion of the employee's regular salary that, together with said payments, will equal the employee's regular salary. Workers' compensation leave will run concurrently with Family Care Leave.

5.103 Lactation Breaks

PCE will provide a reasonable amount of break time to accommodate an employee's need to express breast milk for the employee's child. The break time should, if possible, be taken concurrently with other break periods already provided. Non-exempt employees should clock out for any time taken that does not run concurrently with normally scheduled rest periods, and such time generally will be unpaid, in accordance with state law.

No provision of this policy applies or is enforced if it conflicts with or is superseded by any requirement or prohibition contained in a federal, state, or local law or regulation. If you have knowledge of such a conflict or a potential conflict you should contact your immediate supervisor.

For further information, refer to Attachment XX Lactation Policy

5.104 No Pets in the Workplace

PCE is responsible for assuring the health and safety of all employees. In keeping with this objective, PCE does not permit employees to bring pets to work. Animals may pose a threat of infection and may cause allergic reactions in other employees. The only exception to this is if an employee or visitor requires a qualified service dog, as defined by the Americans with Disabilities Act (ADA), California state law, or other relevant statute.

5.105 COBRA

You and/or your covered dependents will have the opportunity to continue medical and/or dental and vision benefits for a period of up to 36 months under the provisions of the Consolidated Omnibus Budget Reconciliation Act ("COBRA") when group medical and/or dental and vision coverage for you and/or your covered dependents would otherwise end due to your death or because:

- your employment terminates, for a reason other than gross misconduct; or
- your employment status changes due to a reduction in hours; or

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The following is PCE's IIPP as required by CalOSHA. Questions regarding this policy should be directed to the CFO. The CFO is also charged with maintaining all the administrative information required under this policy.

Purpose

PCE is dedicated to providing a safe and healthy work environment for its employees. The IIPP is part of this effort and involves the participation by all PCE employees in assisting in the effort to ensure a work environment where employees can work in a safe and healthy manner.

Responsibility

All managers and supervisors are responsible for implementing and maintaining the IIPP in their work areas and for answering worker questions about the IIPP or directing them to the Chief Executive Officer or his/her designee.

Compliance

Management is responsible for ensuring that all safety and health policies and procedures are clearly communicated and understood by all employees. Managers are expected to enforce the rules fairly and uniformly.

All employees are responsible for using safe work practices, for following all directives, policies and procedures, and for assisting in maintaining a safe work environment. PCE's procedures to ensure that all employees comply with the rules and maintain a safe work environment include:

Informing workers of the provisions of the IIPP;
Recognizing employees who perform safe and healthful work practices;

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- your child ceases to be a "dependent child" under the terms of the medical and/or dental and vision plan; or
- you become divorced or legally separated; or
- you become entitled to Medicare.

In the event of divorce, legal separation, or a child's loss of dependent status, you or a family member must notify the plan administrator within sixty (60) days of the occurrence of the event. The plan administrator will notify the individuals eligible for continuation coverage of their right to elect COBRA continuation coverage. For more information regarding COBRA, you may contact the [CFO](#).

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SECTION 6: PAYROLL

6.101 Categories of Employment

In most cases, PCE employees will be regularly scheduled to work at least a 40-hour workweek. However, for purposes of this handbook, FULL TIME EMPLOYEES are defined as those who are scheduled to regularly work at least a 32-hour workweek. Any schedule that is less than the standard 40-hour workweek would require approval of PCE's CEO. Working time does not include lunch periods or any other periods in which employees are not in paid status.

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PART TIME EMPLOYEES are scheduled to regularly work less than 32 hours each week.

In addition to the preceding categories, employees are also categorized as "exempt" or "non-exempt."

NON-EXEMPT EMPLOYEES are entitled to overtime pay as required by applicable law.

EXEMPT EMPLOYEES are not entitled to overtime pay and may also be exempt from minimum wage requirements pursuant to applicable federal and state laws. Managers and directors, who are, by definition, exempt, have defined job responsibilities that may require additional time over and above the standard work week, including attendance at evening meetings or on weekends. Reference should be made to 7.101.

Upon hire, PCE will notify you of your employment classification.

6.101(a) Anniversary Date

The first day you report to work will be entered in PCE's records as your anniversary date. This date is used to calculate some of the benefits PCE offers. If you have any questions regarding your anniversary date, please see your supervisor.

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6.102 Licensing Requirements

Driver's License/Driving Record – Employees holding positions where the operation of a motor vehicle is an essential duty of the position must present and maintain a valid driver's license and acceptable driving record. PCE will be responsible for providing such information to our insurer. Changes to your driving record must be reported to your supervisor immediately. Violations of this policy may result in immediate termination of your employment. Please provide a copy of your driver's license to the CFO annually.

~~Deleted:~~ **Certification, Licensing and Other Requirements** – You will be informed by your supervisor if there are any licensing, certification, or testing requirements for your job. Failure to qualify or to maintain a certification or license may be sufficient cause for termination of employment.¶

6.103 Payday

You will be paid semimonthly on the fifth and the twentieth of the month for the periods that end on the last day of the previous month and the fifteenth of the month, respectively.

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PCE provides for direct deposit of your paycheck. If you desire to have your paycheck deposited directly into an account of your choosing, please complete the necessary paperwork (contained in your on-boarding packet) and return it to the CFO. Depending on your date of hire and when you return the necessary paperwork, direct deposit may not take effect for your first paycheck.

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When a payday falls on a holiday, PCE will attempt to provide pay on the working day immediately prior to the holiday, but you will be paid no later than (or your bank account will be credited) the first working day after the holiday. If the payday is a Saturday or Sunday, you will be paid (or your bank account will be credited) on the preceding Friday.

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Please review your paycheck/paystub for errors at each pay period. If you find a mistake, please report it to the CFO immediately. Corrections, as necessary, will be processed through the next pay period's paycheck.

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6.104 Pay Advances

PCE does not provide for pay advances on unearned wages to employees.

6.105 Timekeeping

As noted under 6.101, each employee at PCE will be designated either non-exempt or exempt according to certain aspects of federal and state wage and hour laws. As a public agency, some California wage and hour provisions may not apply to PCE.

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Non-exempt employees must record hours worked in addition to time off on their electronic timecard (i.e. Paychex or other as specified by management). The timecard must be submitted to the supervisor on the last day of each reporting period as noted under 6.103. Accurately recording all your time is required in order to ensure that you are paid for all hours worked. You are expected to follow the established procedures in keeping an accurate record of your hours worked. PCE follows the overtime requirements in the by Fair Labor Standards Act ("FLSA") which are further described in 6.106. Additionally, non-exempt employees who are required to drive from home at the

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beginning of a workday to a location other than PCE offices may count as work any such time that is more than the regular commute to PCE. Overtime work must always be approved before it is performed, except in the case of an emergency. Non-exempt employees must record all overtime worked on their electronic timecard.

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Exempt employees should also accurately record time worked as well as leave time taken through the electronic timecard (i.e. Paychex or other as specified by management).

Altering, falsifying, tampering with time records, or recording time on another employee's time recorded is prohibited. This policy prohibits both over reporting and under reporting of hours worked for non-exempt employees. No supervisor may authorize any non-exempt employee to work "off the books" or "off the clock".

Non-exempt employees should not report to work prior to their scheduled starting time or stay after the scheduled stopping time without express, prior authorization from their supervisor. Federal law does not permit an employer to allow non-exempt employees to volunteer time to their employer in the same capacity as their regular work.

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Exempt employees, while receiving a set salary which is intended to compensate the individual for any hours worked, are still required to accurately record time worked in accordance with applicable wage and hour laws. All employees subject to this policy are required to accurately record all time worked and leave taken.

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PCE workweek starts on Monday and ends on Sunday.

6.106 Overtime (Non-Exempt Only)

There will be times when non-exempt employees will need to work overtime so that we may meet the needs of our customers. Every attempt will be made to provide you ample notice in the event that extra work time may be required, and managers and employees should make reasonable efforts to adjust schedules to minimize overtime. However, this may not be always possible. If you are a non-exempt employee, you must have all overtime approved in advance by your supervisor.

Generally, unless an alternate workweek is in effect or state law dictates otherwise, non-exempt workers will be paid at a rate of time and one-half their regular rate of pay ("Standard Overtime") for either: (a) each hour worked in excess of forty (40) hours in a week; or (b) for the first eight (8) hours of work on a seventh day of work in a single workweek (as defined in section 6.105). Generally, unless an alternate workweek is in effect or state law dictates otherwise, non-exempt workers will be paid at a rate of double ("Double Time") their regular rate of pay for: (a) hours worked in excess of

twelve (12) hours in a day; and (b) hours worked in excess of eight (8) hours on a seventh day of work in a single workweek. In accordance with applicable laws, rest and recovery periods may count as hours worked. For purposes of this section, a workweek shall be from Monday at 12:01 am through Sunday at 11:59 pm each week.

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For non-exempt employees, Standard Overtime will be paid as described above. However, in some circumstances as described in Section 7.101, employees may elect to forego the payment of overtime in exchange for Comp Time. If you have any questions concerning overtime pay, please check with the CFO.

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6.107 Meal, Rest, and Recovery Time (Non-Exempt Only)

Except for certain exempt employees, all employees who work five or more hours in a day are required to take an uninterrupted 30-minute unpaid duty-free meal period to commence no later than the end of the fifth hour of work and a second uninterrupted 30-minute meal period free from all duty to commence no later than the end of the tenth hour, should an employee work that many hours in any given day. Only in limited circumstances, discussed below, can meal periods be waived. For this reason, unless there is a written agreement for an on-duty meal period approved by PCE, employees must record the beginning and ending time of their meal period in the timekeeping system every day. It is also our policy to relieve such employees of all duties during their meal periods, with the employee being at liberty to use the meal period time as the employee wishes.

An employee cannot be required to work during a meal period, in accordance with applicable law. If PCE fails to provide an employee with a required meal period, the employee will be paid one additional hour of pay at the employee's regular rate of compensation.

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PCE schedules all work assignments with the expectation that all employees will take their duty-free meal periods and we encourage you to do so. Employees may be asked to confirm in writing that they have been relieved of all duty and otherwise provided all their daily meal periods during the pertinent pay period, or in the alternative, identify any meal periods they missed. At no time may any employee perform off-the-clock work or otherwise alter, falsify, or manipulate any aspect of their timekeeping records to inaccurately reflect or hide meal periods or time spent working during meal periods.

No PCE manager or supervisor is authorized to instruct an employee how to spend his or her personal time during a meal period. You should immediately report a manager's or supervisor's instruction to skip or work during a meal period to the CFO or CEO.

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Waiver of Meal Period: You may waive your meal periods only under the following circumstances:

- If you complete your workday in six hours, you may waive your meal period.
- If you work more than ten (10) hours in a day you may waive your second meal period, but only if you have taken your first meal period and you do not work more than twelve (12) hours that day.

Please speak to your immediate supervisor for clarification on whether you are entitled to waive your second meal period. Any time you elect to waive a meal period you must submit a written request and receive prior written authorization from your immediate supervisor.

You may not waive meal periods to shorten your workday or to accumulate meal periods for any other purpose.

On Duty Meal Period: In limited situations, certain designated employees may be required to work an on-duty meal period due to the nature of the employee's duties. Only if the nature of your job duties requires it, and you and PCE have agreed to an on-duty meal period in writing, will you be permitted to take an on-duty meal period. In this situation, your on-duty meal period will be paid and treated as hours worked.

Non-exempt employees will also receive one uninterrupted, duty free 10-minute paid break for every four hours worked (or major fraction thereof). Rest periods will occur as close to the middle of a four-hour work period as is practical. This time must be approved by your supervisor each day.

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Rest periods are counted as hours worked, and thus, you are not required to record your rest periods on your timesheets or timecards. However, no supervisor is authorized or allowed to instruct or allow an employee to waive a rest or recovery period, and they cannot be used to shorten the workday or be accumulated for any other purpose. Employees may be required to confirm that they have been provided an opportunity to take all their rest or recovery periods during the pertinent pay period. [Meal and rest periods may not be combined.](#)

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6.108 [Paycheck Deductions and Set-Offs](#)

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PCE is required by law to make certain mandatory deductions from your paycheck each pay period. Mandatory deductions typically include federal and state income taxes, Social Security (FICA) and Medicare taxes, and State of California Disability taxes. In addition, depending on your benefits election, there may be additional deductions. All deductions and the amount of the deductions are listed on your pay stub. These

deductions are totaled each calendar year for you on your Form W-2, Wage and Tax Statement.

PCE will not make deductions to an employee's pay which are prohibited by state or federal law or regulation, including those established by the United States Department of Labor. You will be reimbursed in full for any isolated, inadvertent, or improper deductions, as defined by law.

If questions or concerns about any pay deductions arise, discuss and resolve them with the [CFO](#).

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6.109 [Work Location and Schedules](#)

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[PCE's policies are intended to treat its employees as professionals. As employees of a public agency, PCE expects its employees to understand that the local ratepayers are responsible for employee salaries, and, therefore, employee actions and work should always be fair to those ratepayers. While there are not specific working hours in which every employee must be at work, every employee is scheduled and expected to work at least eight \(8\) hours per workday, not including mandatory time off for a lunch period.](#)

Deleted: Generally, employees are expected to arrive and start work between 8:00 am and 9:00 am each day, and work at least eight (8) hours per day, not including breaks or lunchtime. Staffing needs and operational demands may necessitate variations in starting and ending times, as well as variations in the total hours that may be scheduled each day and week. PCE reserves the right to assign and change individual work schedules, as needed.¶

[The management of PCE feels that the company culture is best developed and maintained based on as many employees as possible spending the bulk of their time in PCE's offices working alongside their fellow employees maximizing staff face-to-face interaction. However, PCE management also strives to provide an environment that encourages work-life balance by providing some opportunities for remote work and flexible work schedules. To the extent that meetings require face-to-face time, employees are expected to exhibit flexibility to alter their remote or flexible work schedules to best meet PCE's business needs.](#)

Remote Work

[PCE recognizes there are times that employees may need to, or prefer to, work remotely \(i.e. "telecommute"\) for personal reasons and/or for private, project-oriented work. With approval of his/her supervisor, an employee is permitted to work in a remote working environment provided that such work is not more than two \(2\) days per week on a regular basis.](#)

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[If employees are working remotely, the following guidelines must be adhered to:](#)

- [Employees should be available via instant chat for quick resolution of issues for the same hours that would apply if they were working in the office](#)
- [Employees should be available to participate in conference calls via phone and/or video, as appropriate, for the same hours that would apply if they were working in the office](#)

- Employees must update their calendars, as far in advance as possible, as to their working status and availability (e.g. “working remotely” or “WFH” or “working offsite”)

Employees are asked to exercise reasonable judgment regarding when to work from home and when to be in the office. Such judgment should be based on the value of meetings with external visitors or other employees based on the content and purpose of specific meetings. In addition, employees are asked to follow the lead of their supervisor as to when meetings should be attended in person.

The right to telecommute can be rescinded at any time if the employee’s supervisor feels that an employee’s performance is not satisfactory for any reason. In addition, some positions may not be eligible for the same amount or any telecommuting based on the nature of the work and/or the need to be in PCE’s office.

Flexible Work Schedule

PCE recognizes that employees have different commutes and personal clocks. Employees are generally expected to arrive prior to 9:00 am and are expected to work at least eight (8) hours per day, not including mandatory time off for a lunch period (a “normal workday”). With approval of his/her supervisor, an employee is permitted to establish a flexible schedule that enables an employee to regularly arrive between 7:00 am and 10:00 am as long as the workday meets the overall criteria of a normal workday. In the event that an employee is approved for a flexible schedule, each such employee is responsible for reflecting his/her schedule on the company calendar so that all employees are informed about the employee’s work schedule. Notwithstanding the above, all employees are required to exhibit flexibility in their schedules to meet with fellow employees outside their normal work schedules to help meet PCE’s business needs as required.

Staffing needs and operational demands may necessitate variations in starting and ending times, as well as variations in the total hours that may be scheduled each day and week. PCE reserves the right to assign and change individual work schedules, as needed

6.112 Garnishment/Child Support

When an employee's wages are garnished by a court order, PCE is legally bound to withhold the amount indicated in the garnishment order from the employee's paycheck. PCE will, however, honor applicable federal and state guidelines that protect a certain amount of an employee's income from being subject to garnishment.

SECTION 7: LEAVES OF ABSENCE

7.101 Vacation/Management Leave/Comp Time

All employees are eligible to accrue vacation. At PCE we believe that taking time away from work is essential to maintain both good physical and mental health. To this end, PCE encourages all employees to take full advantage of their earned vacation. Payment in lieu of time-off is not permitted by PCE.

The following provides PCE's vacation policy for both full-time and part-time employees.

All full-time employees are eligible for vacation. Vacation will accrue for full-time employees as follows:

| <u>Employment Seniority</u> | <u>Days Accrued/Year</u> | <u>Hours Accrued/Year</u> | <u>Hours Accrued/ Pay Period</u> |
|---|--------------------------|---------------------------|----------------------------------|
| <u>Hire date to end of 3rd year of employment</u> | <u>10</u> | <u>80</u> | <u>3.34</u> |
| <u>Beginning of 4th year to end of 8th year</u> | <u>15</u> | <u>120</u> | <u>5.00</u> |
| <u>Beginning of 9th year and after</u> | <u>20</u> | <u>160</u> | <u>6.67</u> |

Part-time regular employees will accrue vacation according to their FTE percentage.

Vacation benefits do not accrue when an employee is on unpaid leave or during other periods of unpaid absence, except as defined by law.

Vacation accrual may not exceed 1.5 times an employee's current annual entitlement. Once this maximum is reached, all further accruals will cease until leave is taken. For ease of reference, the maximum accruals are:

- Hire date to completion of third year of employment: 15 days (120 hours)
- Beginning of fourth year to completion of eighth year: 22.5 days (180 hours)
- Beginning of ninth year and after: 30 days (240 hours)

Given the small number of staff at PCE, it is generally appreciated if employees can provide their time off plans with as much notice as possible. Employees should request time off by email to their supervisor and either copy the CFO on the request (to ensure that the CFO knows that the supervisor has been made aware of the request) or forward a copy of the supervisor's approval to the CFO. Once the CFO is informed, the request can be approved in PCE's time off tracking system. Length of employment may determine priority in scheduled vacation times.

At the end of employment, eligible employees will be paid for accrued but unused vacation, up to the maximum accrual amount. Any accrued vacation at the end of

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 Hire date to completion of third year of employment: → 10 days (80 hours/year)¶
 Beginning of fourth year to completion of eighth year: → 15 days (120 hours/year)¶
 Beginning of ninth year and above: → → → 20 days (160 hours/year)¶

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employment will be paid at the employee's then current base pay rate at the time of vacation for the number of hours absent. It does not include overtime or any special forms of compensation such as incentive, commission, bonuses, or shift differentials.

Management Leave - As noted in 6.101, directors and managers may at times be required to attend business related meetings and work obligations on weekends or weeknights beyond regularly scheduled PCE Citizens Advisory Committee and PCE Board Meetings. To provide compensation for the additional time necessary to attend such meetings, PCE provides Director and Manager-level employees (and higher, if applicable) 80 hours of management leave granted on the 1st day of each calendar year. However, for an employee that starts employment with PCE at any time after December 31, 2018, management leave will be granted as of the first day of employment per the following schedule applicable for the remainder of the then current calendar year:

- Hire date between January 1 through March 31: 80 hours
- Hire date between April 1 through June 30: 60 hours
- Hire date between July 1 through September 30: 40 hours
- Hire date between October 1 through December 31: 20 hours

The regularly scheduled PCE Citizens Advisory Committee and PCE Board Meetings are part of the regular expected work for managers and directors and are not covered by Management Leave. Management Leave is not carried over; i.e. any management leave not taken in the calendar year in which it was granted will not be carried over to subsequent years. Any unused Management Leave will not be paid out at the end of your employment.

Compensatory Time (Comp Time): Other Exempt Employees - Other exempt employees (i.e. non-managers or directors who are otherwise not eligible for Management Leave) are entitled to one (1) hour of Comp Time for each hour worked on special projects and off-site weekend events (excluding regularly scheduled PCE Citizens Advisory Committee and PCE Board Meetings) during times other than their regular scheduled workweek. The accrual of Comp Time is limited to sixteen (16) hours in any one pay period, and the maximum amount of Comp Time that an employee may have "accrued" at any time is forty (40) hours. Any questions or concerns about the appropriate use or tracking of accrued Comp Time should be discussed with the CFO. Any unused Comp Time will not be paid out at the end of your employment.

Compensatory Time (Comp Time): Non-Exempt Employees - Non-exempt employees may elect to accrue Comp Time in lieu of cash payment for Standard Overtime. At each pay period, eligible employees will either submit Standard Overtime hours through PCE's payroll system for payment at the rate of one and one-half their regular rate of pay or submit a request that PCE accrue the same hours for future Comp

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Time use. For each hour of eligible Standard Overtime, employees will accrue one and one-half hours of accrued Comp Time. The accrual of such Comp Time is limited to a maximum of forty (40) hours. Once the accrual maximum is reached, each additional hour of Standard Overtime will be paid out in cash regardless of the employee's election. Any questions or concerns about the appropriate use or tracking of accrued Comp Time should be discussed with the CFO. Any unused Comp Time accrued by non-exempt employees will be paid out at the end of employment.

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7.102 Paid Sick Leave

In accordance with the Healthy Workplaces, Healthy Families Act of 2014, sick leave will accrue and be used according to the terms outlined in this policy for all employees.

All full-time employees are entitled to paid sick leave of up to ten (10) days per year (i.e., 80 hours), accruing at the rate of 3.33 hours per pay period. The maximum accrual is eighty hours of sick leave. Upon reaching the accrued level of eighty hours, further sick leave will not accrue until the sick leave is used and the accrual falls below the maximum threshold. Part-time employees will accrue sick leave based on their FTE percentage subject to a minimum of twenty-four (24) hours per year.

Sick days taken prior to an employee's ninetieth day of employment will not be paid. Eligible employees are entitled to use accrued paid sick days beginning on or after the ninetieth day of employment. The rate of pay shall be the employee's regular rate of pay at the time sick leave is taken.

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Accrued paid sick leave may be used for:

1. Diagnosis, care, or treatment or preventive care of an existing health condition, for an employee;
2. Diagnosis, care or treatment or preventative care of an existing health condition for an employee's family member. For the purposes of sick leave under this policy, PCE defines "family member" as the employee's spouse or registered domestic partner and/or either of their parents, sibling, child, child's spouse, grandparents, or grandchildren. Special consideration will also be given to any other person whose association with the employee was similar to any of the above relationships.
3. In addition, with appropriate certification, an employee who is a victim of domestic violence, sexual assault, or stalking may use accrued paid sick leave under this policy for the following reasons:
 - To obtain or attempt to obtain any relief, including, but not limited to, a temporary restraining order, restraining order, or other injunctive relief, to help ensure the health, safety or welfare of the victim or the victim's child;

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- To seek medical attention for injuries caused by domestic violence, sexual assault, or stalking;
- To obtain services from a domestic violence shelter, program or rape crisis center;
- To obtain psychological counseling related to an experience of domestic violence, sexual assault, or stalking; or
- To participate in safety planning and take other actions to increase safety from future domestic violence, sexual assault, or stalking, including temporary or permanent relocation.

4. Up to five (5) days of sick leave may be used as bereavement leave to take time off due to the death of an immediate family member. This is in addition to the time off described in Section 7.103. On a case by case basis, additional time without pay may be granted for bereavement leave at the discretion of the CEO.

If the need to use paid sick leave is foreseeable, you must provide PCE with reasonable advance notification. If the need to use paid sick leave is not foreseeable, please provide notice to your immediate supervisor of your intent to use paid sick leave as soon as practicable, preferably no later than one hour after your scheduled starting time. Employees who must leave work due to illness or sick leave condition should likewise advise their supervisor. It is the responsibility of every employee to keep his or her supervisor advised as to the anticipated duration and expected date of return.

Accrued, but unused sick leave will not be paid out at the end of your employment. If an employee is separated and rehired by the employer within one year from the date of separation, previously accrued and unused paid sick days shall be reinstated, and the employee shall be entitled to use those previously accrued and unused paid sick days and to accrue additional paid sick days upon rehiring.

This leave may run concurrently with any other leave where permitted by state and federal law.

Employees will not be discriminated or retaliated against for taking or requesting leave in accordance with this policy.

Sick leave for Temporary Employees – Sick leave for temporary employees is provided in accordance with the California Healthy Workplace, Healthy Families Act of 2014 (Paid Sick Leave Law – AB 1522). According to the Act and per PCE guidelines for temporary employees, temporary employees hired on or after July 31, 2015 are eligible to accrue twenty-four (24) hours of paid sick leave per year. Pro rata accruals will be provided for contracts that are less than one year in duration. Leave accruals may carry over from year to year. There is no cash out for sick leave upon termination. PCE defines a temporary employee as an employee that has been hired for a contracted specified period (typically for a specified project or assignment).

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7.103 Bereavement Leave

Full-time employees are eligible immediately upon hire for three paid days for the death of an immediate family member. Members of the immediate family include spouse, registered domestic partner, parents, brothers, sisters, children, children of registered domestic partner, grandchildren, grandparents, parents-in-law, and parents of registered domestic partner.

Exempt employees may be provided time off with pay when necessary to comply with state and federal wage and hour laws. Requests for bereavement leave should be made to your immediate supervisor as soon as possible who will communicate this information to the CFO to ensure payroll is processed correctly. PCE reserves the right to request written verification of an employee's familial relationship to the deceased and his or her attendance at the funeral service as a condition of the bereavement pay.

7.104 Family Medical Leave

Family and Medical Leave (FMLA) and California Family Rights Act (CFRA)

Although PCE is subject to FMLA or CFRA, PCE has fewer than 50 employees and therefore, has no eligible employees under the law. However, PCE is committed to providing similar benefits to those provided by federal and state laws for employers of 50 or more employees, by providing family and medical care leave for qualified employees.

For information on Family Care Leave, please refer to Attachment XX [insert reference to Family Care Leave Policy]

7.105 New Parent Leave

New Parent Leave is a California law that provides full-time employees time off for the purpose of bonding with the employee's new child. This leave applies to a newborn child, either by birth or adoption, or foster care placement of a child with the employee. The law provides protection of an employee's job during a baby bonding leave period. An employee is eligible for up to 12 weeks of unpaid baby bonding time within one year of the birth of the child, or for an adoption or foster care placement, as long as the employee has met the qualifications of more than 12 months of service and at least 1,250 hours of service with PCE during the 12-month period prior to commencing leave.

In addition to California law, PCE provides supplemental bonding leave. For employees who have been employed with PCE full time for at least six (6) months prior to the birth

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To qualify for Short Term State Disability Leave, reference should be made to http://www.edd.ca.gov/Disability/About_DI.htm. Forms can be obtained on-line or by asking the Chief Financial Officer. PCE works with the HR department of the County of San Mateo who can provide detailed information about this benefit.

Employees who have worked at least twelve (12) months (these months do not have to be consecutive) and have completed at least 1,250 hours of service in the preceding 12 months, are eligible for Federal Family and Medical Leave ("FMLA") of up to 12 weeks unpaid leave during any twelve-month period. FMLA recognizes several valid reasons for your right to take unpaid leave under this provision. They include:

A serious health condition that leaves the employee unable to perform his or her job

The need to care for a member of the employee's immediate family who is suffering from a serious health condition.

Birth of a child

Adoption of a child

Care of a newborn or newly adopted child.

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Upon returning to work, PCE will reinstate the employee at the same or genuinely equivalent position. If the employee is required to re-instate some necessary requirement for the position, PCE will provide reasonable opportunity for this to be fulfilled.

The provisions of State Disability Leave and FMLA are complex. As your employer, PCE stands ready to provide the necessary assistance to guide you through the rules, should the need occur.

Supplemental PCE Paid Maternity and Paternity Leave (Supplemental Bonding Leave)

As a separate benefit to its employees, PCE offers 240 hours of leave to full-time employees for bonding with the employee's newborn child or the new placement of a child with the employee for the adoption or foster care of the child (Supplemental Bonding Leave). To be eligible, employees must have been employed with PCE full time for at least six months prior to the birth.

or new placement of a child, PCE will provide full pay to the employee during the first 120 hours of that bonding leave. For any such employee who has been employed with PCE full time for at least six (6) months prior to the birth or new placement of a child, PCE will provide up to an additional 120 hours of unpaid leave. Any leave time under PCE's supplemental bonding leave will be part of any authorized leave under California's new parent leave provisions described above.

As referenced in 5.101(h), California Paid Family Leave (PFL) is available to employees during the baby bonding period to provide pay during those days not covered by PCE's supplemental bonding leave pay if the employee files a claim with EDD. No more than six (6) weeks of PFL benefits may be paid within any 12-month period.

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[https://www.edd.ca.gov/disability/How to File a DI Claim in SDI Online.htm](https://www.edd.ca.gov/disability/How_to_File_a_DI_Claim_in_SDI_Online.htm)

During a New Parent Leave, employees will be required to pay the normal payroll deduction amount(s) for the employee-paid portion of dependent health coverage and supplemental life insurance under the group health plans that would have applied had the employee not been on leave. Since normal payroll will not be processed, and therefore employee deductions will not be possible, employees will be required to repay PCE for the applicable amount either during the leave or in full upon the employee's return.

7.106 Pregnancy Disability Leave

Pregnant employees are eligible for an unpaid leave of absence up to four (4) months (i.e., the working days you would normally work in one-third of a year or 17 1/3 weeks, unless your hours vary from month to month in which case PCE will use a monthly four-month average of the hours worked prior to commencing leave) for disabilities relating to pregnancy, childbirth, or related medical conditions per pregnancy.

A pregnant employee will be allowed to be absent for the period during which, in the opinion of her attending physician she is temporarily disabled because of pregnancy, childbirth or a related medical condition.

Pregnancy Leave is without pay. However, employees can use any accrued vacation time or other accrued paid time off as part of pregnancy disability leave before taking the remainder of your leave on an unpaid basis. The substitution of any paid leave will not extend the duration of your pregnancy disability leave. PCE will assist you with designing your leave to your best possible financial advantage.

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Whenever an employee is also receiving Family Care leave under PCE policy, Pregnancy Disability Leave and Family Care leave will run concurrently. When an

employee is eligible for Family Care Leave under PCE's policy, terms and conditions of the Family Care Leave policy also apply to the taking of Pregnancy Disability Leave

Employees who are granted leaves for pregnancy will be returned to their same position to the extent required by state law. Upon the advice of your health care provider, you may also be entitled to reasonable accommodation, to the extent required by law, for conditions related to pregnancy, childbirth or related medical conditions. You should promptly notify PCE of the need for a reasonable accommodation (refer to 7.109). In addition, a transfer to a less strenuous or hazardous position or to less strenuous or hazardous duties may be available pursuant to your request, if such a transfer is medically advisable.

When an employee's leave is foreseeable and at least 30 days' notice has been provided, and if a medical certification is requested, the employee must provide it before the leave begins. Otherwise please give PCE notice as soon as is practicable if the need is an emergency or unforeseeable.

Prior to the start of the leave, PCE will require a written medical certification from the employee's health care provider. The certification must include a statement that the employee is disabled due to pregnancy, the date on which the employee became disabled due to pregnancy, the probable duration of the period or periods of disability, and an explanatory statement that, due to disability, the employee is unable to work at all or is unable to perform any one or more of the essential functions of her position without undue risk to herself, the successful completion of her pregnancy, or to other persons.

An employee may request a transfer to a less strenuous or hazardous position or to less strenuous or hazardous duties. Such a request must be based on the certification of the health care provider that the transfer is medically advisable and will be granted if the transfer can be reasonably accommodated.

Moved down [2]: If an employee requests intermittent leave or a reduced schedule leave that is foreseeable based on planned medical treatment, the employee may be transferred to an alternative position for the duration of the leave (unless the employee's health care provider disapproves for medical reasons). ¶

In addition, an employee may request a reasonable accommodation, with the advice of her health care provider when the accommodation is needed due to pregnancy, childbirth or related medical conditions

Sick and vacation leave do not accrue while an employee is on unpaid pregnancy disability leave.

Leave may be taken intermittently or on a reduced work schedule if the employee's health care provider determines that it is medically advisable for the employee to take intermittent leave. Employees may also take intermittent leave for prenatal care appointments and for pregnancy-related illness. If an employee requests intermittent leave or a reduced schedule leave that is foreseeable based on planned medical

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treatment, the employee may be transferred to an alternative position for the duration of the leave (unless the employee's health care provider disapproves for medical reasons).

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In the event your leave exceeds the anticipated date of return, it is your responsibility to provide further certification from your health care provider that you are unable to perform your job or job duties and the revised anticipated date of return. Depending on your eligibility, medical insurance may be continued during your leave in accordance with the applicable plan document, COBRA, or provisions of federal/state law relating to unpaid medical leave. Employees who choose not to return from leave may be required to refund premium payments made by PCE on their behalf, when permitted by state law.

7.106 Holidays

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Full-time employees are eligible to receive holiday pay immediately upon date of hire if they were scheduled to work on the day on which the holiday is observed and worked on both the regularly scheduled working days immediately preceding and immediately following the holiday (unless an absence on either day is approved in advance by the employee's supervisor).

Standard Holidays - PCE normally observes the following standard holidays during the year:

- New Year's Day
- Martin Luther King Jr. Day
- Presidents' Day
- Memorial Day
- Independence Day
- Labor Day
- Columbus Day
- Veterans' Day
- Thanksgiving Day
- Day After Thanksgiving Day
- Christmas Day

If a holiday falls on Saturday, it normally is observed on the preceding Friday. If a holiday falls on Sunday, it normally is observed on the following Monday. Any unused floating holidays will not be paid out at the end of your employment.

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Floating Holidays – Full-time employees are also granted up to four (4) floating holidays granted on the 1st day of each calendar year to be used at the employee's discretion throughout the year. However, for an employee that starts employment with

PCE at any time after December 31, 2018, the number of floating holidays available for the remainder of the then current calendar will be per the following schedule:

- Hire date between January 1 through March 31: 4 days
- Hire date between April 1 through June 30: 3 days
- Hire date between July 1 through September 30: 2 days
- Hire date between October 1 through December 31: 1 day

Moved up [1]: If a holiday falls on Saturday, it normally is observed on the preceding Friday. If a holiday falls on Sunday, it normally is observed on the following Monday. Any unused floating holidays will not be paid out at the end of your employment. ¶

7.106 Voting Leave

PCE believes that every employee should have the opportunity to vote in state or federal elections, general primary, or special primary. Any employee who does not have sufficient time outside of working hours to vote in a statewide election may request up to two paid hours off to vote. We reserve the right to select the hours you are excused to vote.

Notify your immediate supervisor of the need for voting leave as soon as possible. When you return from voting leave, you must present a voter's receipt to your supervisor. This will provide documentation for your timesheet entry.

7.107 Jury Duty

PCE encourages employees to fulfill their civic responsibilities by serving jury duty when required. Employees may request paid jury duty leave, up to five (5) days. Exempt employees will receive their full weekly salary for any workweek interrupted by jury service if they work at least a portion of the workweek. If an exempt employee does not work at all during the workweek due to jury service, he or she will not be paid for that workweek. Alternatively, in this latter case, the employee could charge the week to vacation.

Employees must show the jury duty summons to their immediate supervisor as soon as possible so that the supervisor may make the appropriate arrangements to accommodate their absence. Employees are generally expected to report for work whenever the court schedule permits. For those employees who are not residents of the County of San Mateo, this may not be feasible.

Either PCE or the employee may request an excuse or deferment from jury duty if, in PCE's judgement, the employee's absence during the originally summoned time frame would create serious operational difficulties. It is noted that most court systems have very stringent requirements for a complete dismissal from service. As a result, PCE is

committed to ensure that if called, you will be able to serve at a time that can be accommodated.

If you are obliged to serve on a long-term trial (i.e., greater than five (5) days), PCE will provide you with all the regular health, dental, vision, etc. benefits for the full term of the jury duty absence. Benefit accruals such as vacation, sick leave, or holiday benefits will be suspended during the unpaid jury duty leave and will resume upon return to active employment.

7.108 Military Leave and Civil Air Patrol

Employees who are required to fulfill military obligations in any branch of the Armed Forces of the United States or in state military service will be given the necessary time off and reinstated in accordance with federal and state law.

The time off will be unpaid, except where state law dictates otherwise. Exempt employees may be provided time off with pay when necessary to comply with state and federal wage and hour laws.

Accrued vacation (if any) may be used for this leave if the employee chooses, but PCE will not require the employee to use vacation. Military orders should be presented to your immediate supervisor upon receipt so that arrangements for leave can be made as early as possible before departure. Employees are required to give notice of their service obligations to PCE unless military necessity makes this impossible. You must notify the [CFO](#) and your supervisor of your intent to return to employment based on requirements of the law. [Within the limits of such orders, the supervisor may determine when the leave is to be taken and may modify the employee's work schedule to accommodate the request for leave.](#) Your benefits may continue to accrue during the period of leave in accordance with state and federal law.

This policy does not apply to employees who serve as first responders or disaster service workers for a local, state, or federal agency to the same or a simultaneous emergency operational mission.

Employees may substitute accrued vacation for unpaid leave but are not required to exhaust accrued leave prior to taking leave under this policy.

Additional information regarding any of the aforementioned military leaves may be obtained from the [CFO](#).



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Deleted: An employee who is a voluntary member of the California Wing of the Civil Air Patrol will be permitted no less than ten (10) days of unpaid leave per calendar year to respond to an emergency operational mission as defined by state law.

To qualify for leave under this policy, a volunteer member must be employed by PCE for at least ninety (90) days immediately preceding the commencement of leave. The employee must give PCE as much notice as is possible of the intended leave dates. Leave for a single emergency operational mission shall not exceed three (3) days, unless an extension of time is granted by the governmental entity that authorized the emergency operational mission, and the extension of the leave is approved by PCE.

PCE may require certification from the proper Civil Air Patrol authority to verify the employee's eligibility for leave. PCE reserves the right to deny the leave request if the employee fails to provide the required certification.

Upon expiration of the leave, PCE will restore the employee to his or her position or to a position with equivalent seniority, benefits, pay and other terms and conditions of employment, unless the employee is not restored because of conditions unrelated to use of leave under this policy.

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Deleted: [7.109 Pregnancy Accommodation](#)

PCE will provide reasonable accommodations to female employees related to pregnancy, childbirth, or related medical conditions, to the extent the accommodation can be made without imposing an undue hardship on the business.

When an employee requests a reasonable accommodation, PCE will explore with the employee the possible means of providing the reasonable accommodation, which may include, but are not limited to:

- allowing more frequent breaks or periodic rest;
- assisting with manual labor;
- modifying job duties;
- modifying work hours/schedules;
- temporary transfer to a less strenuous or less hazardous position; or
- providing a leave of absence.

PCE may require the employee to provide a certification relating to a request for reasonable accommodation that includes the following:

Deleted: [Leave](#)

... [5]

7.109 Personal Leave

Under special circumstances, full-time employees who have completed one year of employment may be granted an unpaid personal leave of absence for up to sixty (60) days. The granting of this type of leave is normally for compelling reasons and is dependent upon the written approval of the CEO. Employees requesting a personal leave of absence must submit the request in writing stating the reason(s) for the requested leave at least twenty-one (21) days in advance of the requested leave. In emergency situations written notice must be provided as soon as possible. PCE has sole discretion in determining whether the leave will be granted. If granted, PCE and the employee will agree on a specific return to work date, although the employee is free to shorten the time at his/her discretion.

While on leave, retirement contributions and matching will be suspended consistent with the unpaid period.

While on leave, an employee will not accrue vacation or sick hours, and will not be eligible for holiday pay.

During the leave, some benefits may be continued through COBRA. Under COBRA, the employee will be required to pay for the full cost of benefits (e.g. medical, dental and vision insurance) if coverage is continued during the leave period.

PCE will make reasonable efforts to return the employee to the former position, or, if not possible for business reasons, to a similar position when the employee returns from a leave of absence. PCE's need to fill a position may override its ability to hold a position open until an employee returns from leave. Notwithstanding the foregoing, in the event of a company-wide reduction-in-force, PCE shall not be required to return the employee to any position after the leave of absence is over.

In the event that the former position is not available upon return from a Personal Leave of Absence, PCE retains the discretion to determine the similarity of any available positions for any reassignment and the employee's qualifications. Failure to return from a personal leave of absence upon the expiration of the leave will be considered a voluntary resignation.

7.110 Bone Marrow and Organ Donation Leave

Employees are eligible to receive up to thirty (30) business days of paid leave to serve as an organ donor and up to five business days of paid leave to serve as a bone marrow donor in a one-year period. The one-year period is measured from the date the employee's leave begins and shall consist of twelve (12) consecutive months. Employees must be employed by PCE for at least 90 days immediately preceding the commencement of leave. Such leave must be requested in writing.

Deleted: Female employees are eligible for an unpaid leave of absence up to four (4) months (i.e., the working days you would normally work in one-third of a year or 17 1/3 weeks, unless your hours vary from month to month in which case PCE will use a monthly four-month average of the hours worked prior to commencing leave) for disabilities relating to pregnancy, childbirth, or related medical conditions per pregnancy.¶

¶ Leave may include, but is not limited to, additional or more frequent breaks, time for prenatal or postnatal medical appointments, doctor-ordered bed rest, severe morning sickness, gestational diabetes, pregnancy-induced hypertension, preeclampsia, recovery from childbirth or loss or end of pregnancy, and/or post-partum depression. Leave may be taken consecutively or intermittently. The amount of leave needed is determined by your health care provider's recommendation.¶

¶ At your option, you can use any accrued vacation time or other accrued paid time off as part of your pregnancy disability leave before taking the remainder of your leave on an unpaid basis. The substitution of any paid leave will not extend the duration of your pregnancy disability leave. It is also noted that you can integrate your FMLA leave benefits. PCE will assist you with designing your leave to your best possible financial advantage.¶

Employees who are granted leaves for pregnancy will be returned to their same position to the extent required by state law. Upon the advice of your health care provider, you may also be entitled to reasonable accommodation, to the extent required by law, for conditions related to pregnancy, childbirth or related medical conditions. You should promptly notify PCE of the need for a reasonable accommodation (refer to 7.109). In addition, a transfer to a less strenuous or hazardous position or to less strenuous or hazardous duties may be available pursuant to your request, if such a transfer is medically advisable.¶

¶ You must give PCE at least thirty (30) days' notice if your need for pregnancy-related disability leave, reasonable accommodation, or transfer is foreseeable. Otherwise please give PCE notice as soon as is practicable if the need is an emergency or unforeseeable.¶

¶ Prior to the start of the leave, PCE will require a written medical certification indicating that you are disabled because of pregnancy or that it is medically advisable for you to be transferred to a less strenuous or ... [6]

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When available, the employee must utilize up to five business days of accrued but unused sick or vacation leave for initial bone marrow donation leave and up to two weeks of accrued but unused sick or vacation leave for initial organ donation leave. Please provide the CFO with written physician verification of the purpose and length of each leave. For more information regarding this leave, please see the CFO.

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7.111 Domestic Violence Leave

PCE will not discriminate or retaliate against employees based on their status as a victim of domestic violence, sexual assault, or stalking or for taking time off from work to obtain or attempt to obtain any relief, including but not limited to, a temporary restraining order, restraining order, or other injunctive relief to help ensure the health, safety, or welfare of a victim or his or her child. To the extent required by law, PCE will provide reasonable accommodation to victims of domestic violence, sexual assault, or stalking who request the accommodation for the safety of the victim while at work.

Deleted: 7.115 Rehabilitation

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¶ PCE is committed to providing assistance to our employees to overcome substance abuse problems. PCE will reasonably accommodate any employee who wishes to voluntarily enter and participate in an alcohol or drug rehabilitation program. This accommodation may include an adjusted work schedule or time off without pay, provided the accommodation does not impose an undue hardship on PCE. Employees may use any accrued sick or vacation benefits while on leave under this policy. However, additional benefits will not be earned during the unpaid portion of the leave of absence. A leave of absence under this section will be subject to the same provisions and rules as apply to medical leaves of absence. PCE will safeguard the privacy of an employee's participation in a rehabilitation program. ¶

¶ Employees should notify the CEO if they need to request an accommodation under this policy. ¶

¶

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7.112 Victims of Felony Crimes Leave

PCE will grant reasonable and necessary leave from work without pay, to employees who are victims, or whose spouse, child, stepchild, brother, stepbrother, sister, stepsister, mother, stepmother, father, stepfather, registered domestic partner, or child of a registered domestic partner is a victim of a violent or serious felony or felonious theft or embezzlement, for the purposes of attending legal proceedings related to the crime.

Affected employees may elect to use accrued paid vacation, personal leave and/or sick leave in lieu of unpaid leave. When feasible, affected employees must provide PCE with notice of the employee's need for leave, including a copy of the notice of the scheduled proceeding. If notice is not feasible, affected employees must provide documentation evidencing the legal proceeding requiring the employee's absence within a reasonable time after leave is taken. Exempt employees may be provided time off with pay when necessary to comply with state and federal wage and hour laws.

7.113 Time Off for School-Related Activities

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Parents, step-parents, guardians, or grandparents with school children from kindergarten through grade 12, or who attend licensed child daycare facilities, are provided unpaid time off (up to a maximum of four (4) hours in one (1) calendar month and 20 hours in one (1) calendar year) or vacation or personal leave to participate in

school or day care activities. PCE may require proof of an employee's participation in these activities. The employee must provide reasonable advance notice to their supervisor before taking any time off under this section.

If you are the parent or guardian of a child who is suspended and are required to appear at the child's school, you may take time off without pay if you provide reasonable notice to your supervisor of the need for time off.

Exempt employees may be provided time off with pay when necessary to comply with state and federal wage and hour laws.

Receipt of Employee Handbook and Employment-At-Will Statement

This is to acknowledge that I have received a copy of the Peninsula Clean Energy Employee Handbook and I understand that it contains information about the employment policies and practices of PCE. I agree to read and comply with this Employee Handbook. I understand that the policies outlined in this Employee Handbook are management guidelines only, which in a developing business will require changes from time to time. I understand that PCE retains the right to make decisions involving employment as needed to conduct its work in a manner that is beneficial to the employees and PCE. I understand that this Employee Handbook supersedes and replaces any and all prior Employee Handbooks and any inconsistent verbal or written policy statements.

I understand that except for the policy of at-will employment, PCE reserves the right to revise, delete, and add to the provisions of this Employee Handbook at any time without further notice. All such revisions, deletions or additions to the Employee Handbook will be in writing and will be signed by the CEO of PCE. I understand that no oral statements or representations can change the provisions of this Employee Handbook.

I understand that this Employee Handbook is not intended to create contractual obligations with respect to any matters it covers and that the Employee Handbook does not create a contract guaranteeing that I will be employed for any specific time period.

THIS COMPANY IS AN AT-WILL EMPLOYER. THIS MEANS THAT REGARDLESS OF ANY PROVISION IN THIS EMPLOYEE HANDBOOK, PCE OR I MAY TERMINATE THE EMPLOYMENT RELATIONSHIP AT ANY TIME, FOR ANY REASON, WITH OR WITHOUT CAUSE OR NOTICE. NOTHING IN THIS EMPLOYEE HANDBOOK OR IN ANY DOCUMENT OR STATEMENT, WRITTEN OR ORAL, SHALL LIMIT THE RIGHT TO TERMINATE EMPLOYMENT AT-WILL. NO OFFICER, EMPLOYEE OR REPRESENTATIVE OF PCE IS AUTHORIZED TO ENTER INTO AN AGREEMENT—EXPRESS OR IMPLIED—WITH ME OR ANY EMPLOYEE FOR EMPLOYMENT FOR A SPECIFIED PERIOD OF TIME. ANY AGREEMENT TO EMPLOYMENT FOR A SPECIFIED PERIOD OF TIME WILL BE PUT INTO WRITING AND SIGNED BY THE CEO OF PCE.

I understand that this Employee Handbook refers to current benefit plans maintained by PCE and that I must refer to the actual plan documents and summary plan descriptions as these documents are controlling.

I have read and understand the Vacation Policy in this Employee Handbook.

Initials _____ Date _____

I also understand that if a written contract is inconsistent with the Employee Handbook, the written contract is controlling.

If I have questions regarding the content or interpretation of this Employee Handbook, I will ask my supervisor or a member of management.

NAME _____

DATE _____

EMPLOYEE
SIGNATURE _____

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**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: June 19, 2020
BOARD MEETING DATE: June 25, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Jan Pepper, Chief Executive Officer, Peninsula Clean Energy
Rafael Reyes, Director of Energy Programs

SUBJECT: Climate Action Planning & County Emissions Inventory – Contract with San Mateo County Office of Sustainability

RECOMMENDATION

Delegate authority to the Chief Executive Officer to execute Contract with San Mateo County Office of Sustainability for up to \$95,000 over 13 months to provide climate action planning (CAP) support to local governments and develop an updated county-wide emissions inventory.

BACKGROUND

Peninsula Clean Energy's mission is to reduce greenhouse gas (GHG) emissions in San Mateo County. California's goal is to be carbon neutral by 2045 and PCE aims to support the County in meeting that goal through investment in local community programs.

The County of San Mateo's Office of Sustainability (OOS) and the City/ County Association of Governments (C/CAG) has supported local governments in their climate action plan (CAP) efforts through the Regionally Integrated Climate Action Planning Suite (RICAPS) since 2011, providing emissions inventories, business-as-usual forecasts, a CAP document template, a menu of CAP measures with cost-benefit analysis, visualization of emissions data, technical consultation and facilitated collaboration. The RICAPS program has been instrumental in enabling robust and well-aligned climate action plans across the County. Through this program, all 21 agencies in the County have engaged with and received substantive support through the program. These activities were carried out by OOS with consulting support from DNV GL.

Funding for the initial set of RICAPS tools was from a set of grants from the Bay Area Air Quality Management District. Since the initial funding, RICAPS has been supported by California Public Utilities Commission (CPUC) approved funding from PG&E with matching funds by C/CAG. In 2018 and the years before, PG&E provided approximately \$150,000 annually to fund RICAPS technical assistance. C/CAG contributed \$50,000 annually, for a total RICAPS budget of approximately \$200,000. PCE supported further development of the RICAPS program with \$75,000 in 2019 to update the template of measures to include nine additional RICAPS measures focused on decarbonization and alignment of renewable electricity supply with demand. In 2019 the CPUC increased cost effectiveness requirements on use ratepayer funds for Local Government Partnership energy efficiency programs, reducing funding from PG&E to approximately \$50,000 and eliminating technical assistance to cities for CAP development after June 30, 2020.

In October 2019, C/CAG and the County surveyed San Mateo County jurisdictions about their climate action planning priorities. The survey indicated that at least 12 cities are planning to update their climate action plans to 2030 in the next few years. Eight are interested in beginning the process in 2020. Even cities that plan to pay for additional assistance from consultants are interested in using the RICAPS tools to ensure consistency within the county. There is significant interest in establishing countywide and even regional initiatives to accelerate electrification of buildings and transportation.

However, it is anticipated that absent additional funding to OOS, most RICAPS activities will likely be terminated. PCE has a separate existing, recently extended, contract with OOS for outreach support on reach codes for \$75,000 from December 1, 2018 through July 30, 2022. The new contract for CAP support will bring the total contracts with OOS to \$170,000, which exceeds the CEO's authorization, so this is being brought to the board for approval.

DISCUSSION

Staff is seeking approval by the Board on the contract with OOS to continue the RICAPS program and to provide to PCE an updated county-wide emissions inventory. The last county-wide inventory dates back to 2015. The emissions inventory is essential for tracking progress on decarbonization. Specific tasks under the contract are as follows.

RICAPS: Provide climate action planning technical support to San Mateo County jurisdictions including:

1. Technical support for monthly RICAPS working group meetings presentations to city and County sustainability staff
2. Updating the RICAP tools including CAP templates, forecasts, menu of measures, cost-benefit analysis tool, and emissions visualization
3. Providing individualized advice and climate action planning technical assistance to cities using the RICAPS tools

4. Tracking city and County progress on climate action planning

Emissions Inventory: Produce a San Mateo County community-wide GHG emissions inventory to quantify GHG emissions produced and identify major sources of emissions for 2019. Specific tasks include:

1. Review proposed GHG inventory methodology with PCE and refine approach as mutually determined and based on best available data
2. Using standard protocols and best available data to quantify GHG emissions by major sources and sectors
3. Provide to PCE all associated data used in the emissions inventory
4. Provide to PCE a professional document or slides describing the inventory results, recommendations and identifying methodological issues
5. Posting emissions inventory data and final document on San Mateo County website as appropriate

PCE staff is recommending for approval the attached draft contract with OOS pending refinement by the CEO.

RESOLUTION NO. _____

**PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO, STATE OF
CALIFORNIA**

* * * * *

**RESOLUTION DELEGATING AUTHORITY TO THE CHIEF EXECUTIVE OFFICER
TO EXECUTE AN AGREEMENT WITH THE COUNTY OF SAN MATEO FOR
CLIMATE ACTION PLANNING CONSULTING AND EMISSIONS INVENTORY IN THE
AMOUNT OF \$95,000 OVER 13 MONTHS**

RESOLVED, by the Peninsula Clean Energy Authority of the County of San Mateo, State of California, that

WHEREAS, PCE was formed on February 29, 2016; and

WHEREAS, reducing greenhouse gasses to reduce the adverse public wellbeing and economic impacts of climate change is an organizational priority for PCE; and

WHEREAS, local government programs for climate action planning in San Mateo County have been well served by the County of San Mateo's Regionally Integrated Climate Action Planning Suite (RICAPS) since 2011; and

WHEREAS, local government climate action planning is a critical part of the County's and Peninsula Clean Energy's climate strategies, and

WHEREAS, funding for RICAPS from its prior sources is being dramatically reduced; and

WHEREAS, the funding reduction of RICAPS would severely reduce or eliminate a program relied on by local governments for climate action planning, and

WHEREAS, the Board wishes to delegate to the Chief Executive Officer authority to contract with the County of San Mateo to continue the RICAPS program and produce an associated emissions inventory.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board delegates authority to the Chief Executive Officer to: Finalize and execute an Agreement with the County of San Mateo with terms consistent with those presented, in a form approved by the General Counsel.

* * * * *

AGREEMENT BETWEEN THE PENINSULA CLEAN ENERGY AUTHORITY AND THE SAN MATEO COUNTY OFFICE OF SUSTAINABILITY

This Agreement is entered into this ____ day of June, 2020, by and between the Peninsula Clean Energy Authority, a joint powers authority of the state of California, hereinafter called "PCEA," and County of San Mateo Office of Sustainability hereinafter called "Contractor."

* * *

Whereas, pursuant to Section 6508 of the Joint Exercise of Powers Act, PCEA may contract with independent contractors for the furnishing of services to or for PCEA; and

Whereas, it is necessary and desirable that Contractor be retained for the purpose of providing local government support for climate action planning and producing a greenhouse gas emissions inventory.

Now, therefore, it is agreed by the parties to this Agreement as follows:

1. Exhibits and Attachments

The following exhibits and attachments are attached to this Agreement and incorporated into this Agreement by this reference:

Exhibit A—Services
Exhibit B—Labor Rates

2. Services to be performed by Contractor

In consideration of the payments set forth in this Agreement and in Exhibit B, Contractor shall perform services for PCEA in accordance with the terms, conditions, and specifications set forth in this Agreement and in Exhibit A.

3. Payments

In consideration of the services provided by Contractor in accordance with all terms, conditions, and specifications set forth in this Agreement and in Exhibit A, PCEA shall make payment to Contractor based on Subcontractor Billing, and Labor based on the hours and rates in the manner specified in Exhibit B. PCEA reserves the right to withhold payment if PCEA determines that the quantity or quality of the work performed is unacceptable. In no event shall PCEA's total fiscal obligation under this Agreement exceed ninety-five thousand dollars (\$95,000). In the event that PCEA makes any advance payments, Contractor agrees to refund any amounts in excess of the amount owed by PCEA at the time of contract termination or expiration. Invoices should be sent to the Director of Energy Programs or designee.

4. Term

Subject to compliance with all terms and conditions, the term of this Agreement shall be from June 1, 2020 through June 30, 2021.

5. Termination; Availability of Funds

This Agreement may be terminated by Contractor or by the Chief Executive Officer of PCEA or his/her designee at any time without a requirement of good cause upon thirty (30) days' advance written notice to the other party. Subject to availability of funding, Contractor shall be entitled to receive payment for work/services provided prior to termination of the Agreement. Such payment shall be that prorated

portion of the full payment determined by comparing the work/services actually completed to the work/services required by the Agreement.

PCEA may terminate this Agreement or a portion of the services referenced in the Attachments and Exhibits based upon the unavailability of Federal, State, or PCEA funds by providing written notice to Contractor as soon as is reasonably possible after PCEA learns of said unavailability of outside funding.

6. Contract Materials

At the end of this Agreement, or in the event of termination, all finished or unfinished documents, data, studies, maps, photographs, reports, and other written materials (collectively referred to as “contract materials”) prepared by Contractor under this Agreement shall become the property of PCEA and shall be promptly delivered to PCEA. Upon termination, Contractor may make and retain a copy of such contract materials if permitted by law.

7. Relationship of Parties

Contractor agrees and understands that the work/services performed under this Agreement are performed as an independent contractor and not as an employee of PCEA and that neither Contractor nor its employees acquire any of the rights, privileges, powers, or advantages of PCEA employees.

8. Hold Harmless

a. General Hold Harmless

Contractor shall indemnify and save harmless PCEA and its officers, agents, employees, and servants from all claims, suits, or actions of every name, kind, and description resulting from this Agreement, the performance of any work or services required of Contractor under this Agreement, or payments made pursuant to this Agreement brought for, or on account of, any of the following:

- (A) injuries to or death of any person, including Contractor or its employees/officers/agents;
- (B) damage to any property of any kind whatsoever and to whomsoever belonging;
- (C) any sanctions, penalties, or claims of damages resulting from Contractor’s failure to comply, if applicable, with the requirements set forth in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended; or
- (D) any other loss or cost, including but not limited to that caused by the concurrent active or passive negligence of PCEA and/or its officers, agents, employees, or servants. However, Contractor’s duty to indemnify and save harmless under this Section shall not apply to injuries or damage for which PCEA has been found in a court of competent jurisdiction to be solely liable by reason of its own negligence or willful misconduct.

The duty of Contractor to indemnify and save harmless as set forth by this Section shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

9. Assignability and Subcontracting

Contractor shall not assign this Agreement or any portion of it to a third party or subcontract with a third party to provide services required by Contractor under this Agreement without the prior written consent of

PCEA. Any such assignment or subcontract without PCEA's prior written consent shall give PCEA the right to automatically and immediately terminate this Agreement without penalty or advance notice.

10. **Payment of Permits/Licenses**

Contractor bears responsibility to obtain any license, permit, or approval required from any agency for work/services to be performed under this Agreement at Contractor's own expense prior to commencement of said work/services. Failure to do so will result in forfeit of any right to compensation under this Agreement.

11. **Insurance**

a. **General Requirements**

Contractor shall not commence work or be required to commence work under this Agreement unless and until all insurance required under this Section has been obtained and such insurance has been approved by PCEA, and Contractor shall use diligence to obtain such insurance and to obtain such approval. Contractor shall furnish PCEA with certificates of insurance evidencing the required coverage, and there shall be a specific contractual liability endorsement extending Contractor's coverage to include the contractual liability assumed by Contractor pursuant to this Agreement. These certificates shall specify or be endorsed to provide that thirty (30) days' notice must be given, in writing, to PCEA of any pending change in the limits of liability or of any cancellation or modification of the policy.

b. **Workers' Compensation and Employer's Liability Insurance**

Contractor shall have in effect during the entire term of this Agreement workers' compensation and employer's liability insurance providing full statutory coverage. In signing this Agreement, Contractor certifies, as required by Section 1861 of the California Labor Code, that (a) it is aware of the provisions of Section 3700 of the California Labor Code, which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Labor Code, and (b) it will comply with such provisions before commencing the performance of work under this Agreement.

c. **Liability Insurance**

Contractor shall take out and maintain during the term of this Agreement such bodily injury liability and property damage liability insurance as shall protect Contractor and all of its employees/officers/agents while performing work covered by this Agreement from any and all claims for damages for bodily injury, including accidental death, as well as any and all claims for property damage which may arise from Contractor's operations under this Agreement, whether such operations be by Contractor, any subcontractor, anyone directly or indirectly employed by either of them, or an agent of either of them. Such insurance shall be combined single limit bodily injury and property damage for each occurrence and shall not be less than the amounts specified below:

Comprehensive General Liability... \$1,000,000

(Applies to all agreements)

Motor Vehicle Liability Insurance... \$1,000,000

(To be checked if motor vehicle used in performing services)

Professional Liability..... \$1,000,000

PCEA and its officers, agents, employees, and servants shall be named as additional insured on any such policies of insurance, which shall also contain a provision that (a) the insurance afforded thereby to PCEA and its officers, agents, employees, and servants shall be primary insurance to the full limits of liability of the policy and (b) if the PCEA or its officers, agents, employees, and servants have other insurance against the loss covered by such a policy, such other insurance shall be excess insurance only.

In the event of the breach of any provision of this Section, or in the event any notice is received which indicates any required insurance coverage will be diminished or canceled, PCEA, at its option, may, notwithstanding any other provision of this Agreement to the contrary, immediately declare a material breach of this Agreement and suspend all further work and payment pursuant to this Agreement.

12. Compliance With Laws

All services to be performed by Contractor pursuant to this Agreement shall be performed in accordance with all applicable Federal, State, County, and municipal laws, ordinances, and regulations, including but not limited to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Federal Regulations promulgated thereunder, as amended (if applicable), the Business Associate requirements set forth in Attachment H (if attached), the Americans with Disabilities Act of 1990, as amended, and Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination on the basis of disability in programs and activities receiving any Federal or County financial assistance. Such services shall also be performed in accordance with all applicable ordinances and regulations, including but not limited to appropriate licensure, certification regulations, provisions pertaining to confidentiality of records, and applicable quality assurance regulations. In the event of a conflict between the terms of this Agreement and any applicable State, Federal, County, or municipal law or regulation, the requirements of the applicable law or regulation will take precedence over the requirements set forth in this Agreement.

Contractor will timely and accurately complete, sign, and submit all necessary documentation of compliance.

13. Non-Discrimination and Other Requirements

a. General Non-discrimination

No person shall be denied any services provided pursuant to this Agreement (except as limited by the scope of services) on the grounds of race, color, national origin, ancestry, age, disability (physical or mental), sex, sexual orientation, gender identity, marital or domestic partner status, religion, political beliefs or affiliation, familial or parental status (including pregnancy), medical condition (cancer-related), military service, or genetic information.

b. Equal Employment Opportunity

Contractor shall ensure equal employment opportunity based on objective standards of recruitment, classification, selection, promotion, compensation, performance evaluation, and management relations for all employees under this Agreement. Contractor's equal employment policies shall be made available to PCEA upon request.

c. Section 504 of the Rehabilitation Act of 1973

Contractor shall comply with Section 504 of the Rehabilitation Act of 1973, as amended, which provides that no otherwise qualified individual with a disability shall, solely by reason of a disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination in the performance of any services this Agreement. This Section applies only to contractors who are providing services to members of the public under this Agreement.

d. Compliance with County's Equal Benefits Ordinance

With respect to the provision of benefits to its employees, Contractor shall comply with Chapter 2.84 of the County Ordinance Code, which prohibits contractors from discriminating in the provision of employee benefits between an employee with a domestic partner and an employee with a spouse. In order to meet the requirements of Chapter 2.84, Contractor must certify which of the following statements is/are accurate:

- Contractor complies with Chapter 2.84 by offering the same benefits to its employees with spouses and its employees with domestic partners.
- Contractor complies with Chapter 2.84 by offering, in the case where the same benefits are not offered to its employees with spouses and its employees with domestic partners, a cash payment to an employee with a domestic partner that is equal to Contractor's cost of providing the benefit to an employee with a spouse.
- Contractor is exempt from having to comply with Chapter 2.84 because it has no employees or does not provide benefits to employees' spouses.
- Contractor does not comply with Chapter 2.84, and a waiver must be sought.

e. Discrimination Against Individuals with Disabilities

The nondiscrimination requirements of 41 C.F.R. 60-741.5(a) are incorporated into this Agreement as if fully set forth here, and Contractor and any subcontractor shall abide by the requirements of 41 C.F.R. 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.

f. History of Discrimination

Contractor must check one of the two following options, and by executing this Agreement, Contractor certifies that the option selected is accurate:

- No finding of discrimination has been issued in the past 365 days against Contractor by the Equal Employment Opportunity Commission, Fair Employment and Housing Commission, or any other investigative entity.
- Finding(s) of discrimination have been issued against Contractor within the past 365 days by the Equal Employment Opportunity Commission, Fair Employment and Housing Commission, or other investigative entity. If this box is checked, Contractor shall provide PCEA with a written explanation of the outcome(s) or remedy for the discrimination.

g. Reporting; Violation of Non-discrimination Provisions

Contractor shall report to the Chief Executive Officer of PCEA the filing in any court or with any administrative agency of any complaint or allegation of discrimination on any of the bases prohibited by this Section of the Agreement or Section 12, above. Such duty shall include reporting of the filing of any and all charges with the Equal Employment Opportunity Commission, the Fair Employment and Housing Commission, or any other entity charged with the investigation or adjudication of allegations covered by this subsection within 30 days of such filing, provided that within such 30 days such entity has not notified Contractor that such charges are dismissed or otherwise unfounded. Such notification shall include a general description of the circumstances involved and a general description of the kind of discrimination alleged (for example, gender-, sexual orientation-, religion-, or race-based discrimination).

Violation of the non-discrimination provisions of this Agreement shall be considered a breach of this Agreement and subject the Contractor to penalties, to be determined by the Chief Executive Officer, including but not limited to the following:

- i. termination of this Agreement;
- ii. disqualification of the Contractor from being considered for or being awarded a PCEA contract for a period of up to 3 years;
- iii. liquidated damages of \$2,500 per violation; and/or
- iv. imposition of other appropriate contractual and civil remedies and sanctions, as determined by the Chief Executive Officer.

To effectuate the provisions of this Section, the Chief Executive Officer shall have the authority to offset all or any portion of the amount described in this Section against amounts due to Contractor under this Agreement or any other agreement between Contractor and PCEA.

14. Compliance with County Employee Jury Service Ordinance

Contractor shall comply with Chapter 2.85 of the County's Ordinance Code, which states that Contractor shall have and adhere to a written policy providing that its employees, to the extent they are full-time employees and live in San Mateo County, shall receive from the Contractor, on an annual basis, no fewer than five days of regular pay for jury service in San Mateo County, with jury pay being provided only for each day of actual jury service. The policy may provide that such employees deposit any fees received for such jury service with Contractor or that the Contractor may deduct from an employee's regular pay the fees received for jury service in San Mateo County. By signing this Agreement, Contractor certifies that it has and adheres to a policy consistent with Chapter 2.85. For purposes of this Section, if Contractor has no employees in San Mateo County, it is sufficient for Contractor to provide the following written statement to County: "For purposes of San Mateo County's jury service ordinance, Contractor certifies that it has no full-time employees who live in San Mateo County. To the extent that it hires any such employees during the term of its Agreement with San Mateo County, Contractor shall adopt a policy that complies with Chapter 2.85 of the County's Ordinance Code." The requirements of Chapter 2.85 do not apply if this Agreement's total value listed Section 3, above, is less than one-hundred thousand dollars (\$100,000), but Contractor acknowledges that Chapter 2.85's requirements will apply if this Agreement is amended such that its total value meets or exceeds that threshold amount.

15. Retention of Records; Right to Monitor and Audit

(a) Contractor shall maintain all required records relating to services provided under this Agreement for three (3) years after PCEA makes final payment and all other pending matters are closed, and Contractor

shall be subject to the examination and/or audit by PCEA, a Federal grantor agency, and the State of California.

(b) Contractor shall comply with all program and fiscal reporting requirements set forth by applicable Federal, State, and local agencies and as required by PCEA.

(c) Contractor agrees upon reasonable notice to provide to PCEA, to any Federal or State department having monitoring or review authority, to PCEA's authorized representative, and/or to any of their respective audit agencies access to and the right to examine all records and documents necessary to determine compliance with relevant Federal, State, and local statutes, rules, and regulations, to determine compliance with this Agreement, and to evaluate the quality, appropriateness, and timeliness of services performed.

16. Merger Clause; Amendments

This Agreement, including the Exhibits and Attachments attached to this Agreement and incorporated by reference, constitutes the sole Agreement of the parties to this Agreement and correctly states the rights, duties, and obligations of each party as of this document's date. In the event that any term, condition, provision, requirement, or specification set forth in the body of this Agreement conflicts with or is inconsistent with any term, condition, provision, requirement, or specification in any Exhibit and/or Attachment to this Agreement, the provisions of the body of the Agreement shall prevail. Any prior agreement, promises, negotiations, or representations between the parties not expressly stated in this document are not binding. All subsequent modifications or amendments shall be in writing and signed by the parties.

17. Controlling Law; Venue

The validity of this Agreement and of its terms, the rights and duties of the parties under this Agreement, the interpretation of this Agreement, the performance of this Agreement, and any other dispute of any nature arising out of this Agreement shall be governed by the laws of the State of California without regard to its choice of law or conflict of law rules. Any dispute arising out of this Agreement shall be venued either in the San Mateo County Superior Court or in the United States District Court for the Northern District of California.

18. Notices

Any notice, request, demand, or other communication required or permitted under this Agreement shall be deemed to be properly given when both: (1) transmitted via facsimile to the telephone number listed below or transmitted via email to the email address listed below; and (2) sent to the physical address listed below by either being deposited in the United States mail, postage prepaid, or deposited for overnight delivery, charges prepaid, with an established overnight courier that provides a tracking number showing confirmation of receipt.

In the case of PCEA, to:

Name/Title: Jan Pepper, Chief Executive Officer
Address: 2075 Woodside Road, Redwood City, CA 94061
Telephone: 650-260-0100
Email: jpepper@peninsulacleanenergy.com

In the case of Contractor, to:

Name/Title: Jim Eggemeyer, Director
Address: 455 County Center 4th Floor
Telephone: 650-363-4189
Email: jeggemeyer@smcgov.org

19. Electronic Signature

If both PCEA and Contractor wish to permit this Agreement and future documents relating to this Agreement to be digitally signed in accordance with California law, both boxes below must be checked. Any party that agrees to allow digital signature of this Agreement may revoke such agreement at any time in relation to all future documents by providing notice pursuant to this Agreement.

For PCEA: If this box is checked by PCEA, PCEA consents to the use of electronic signatures in relation to this Agreement.

For Contractor: If this box is checked by Contractor, Contractor consents to the use of electronic signatures in relation to this Agreement.

20. No Recourse Against PCEA's Member Agencies

Contractor acknowledges and agrees that PCEA is a Joint Powers Authority, which is a public agency separate and distinct from its member agencies. All debts, liabilities, or obligations undertaken by PCEA in connection with this Agreement are undertaken solely by PCEA and are not debts, liabilities, or obligations of its member agencies. Contractor waives any recourse against PCEA's member agencies.

* * *

In witness of and in agreement with this Agreement's terms, the parties, by their duly authorized representatives, affix their respective signatures:

PENINSULA CLEAN ENERGY AUTHORITY

By: _____

Chief Executive Officer, Peninsula Clean Energy Authority

Date: _____

San Mateo County Office of Sustainability

By: _____

Director, Office of Sustainability

Date: _____

Exhibit A

In consideration of the payments set forth in Exhibit B, Contractor shall provide the following services:

Overview

Peninsula Clean Energy's (PCE) mission is to reduce greenhouse gas (GHG) emissions in San Mateo County. As a joint powers authority, PCE is made of twenty-one member jurisdictions: the County of San Mateo and all twenty cities/towns in the County. As local government agencies, cities/towns and the County can create Climate Action Plans (CAP) which outline GHG reduction targets and possible measures on how they could be achieved within their respective territories. The County of San Mateo has provided climate action planning technical support to city/town jurisdictions since 2011. The objective of this contract is to support the County's local government technical assistance for CAPs and produce an annual county-wide GHG emissions inventory.

Objectives

1. Provide technical assistance and support to local governments in their Climate Action Plans
2. Produce a county-wide GHG emissions inventory

Contractor tasks

1 Administrative Tasks

Contractor shall provide the following:

1.1 Kickoff Meeting

Participate in a kickoff meeting with PCE to review objectives, budget, timeline, administrative processes and contract at a mutually determined time. The kickoff will include a detailed project plan prepared by the Contractor.

1.2 Monthly Progress Report & Call

Provide a monthly 1-2 page report and associated call with the PCE contract administrator by the 15th of the following month to the designated PCE contract administrator outlining project progress, challenges encountered, a description of additional funding or resources secured, executed sub-contracts, and objectives for the following month. The report will be submitted with an Expense Report (1.3) and invoice. Major supplementary documentation developed in the course of work must also be submitted with the Progress Report. This supplementary documentation includes executed sub-contracts, technical designs, permits, equipment specifications, photographs of installed equipment, and materials developed for partner use.

Participate in monthly Progress Calls with the designated PCE contract administrator as determined by the PCE, to review project progress.

1.3 Expense report

Provide a quarterly expense report documenting expenses including: labor (hours, rate, total), subcontractor expenses (with invoices), and equipment (with invoices). The expense report must include the total expenditures for the quarter and running expense total.

1.4 Subcontracts

All subcontracts will be provided to PCEA Director of Energy Programs for review prior to execution to verify compliance with contract terms.

1.5 Final report

Provide a final report (2-4 pages) no later than a month prior to the conclusion of the contract which includes:

1. Itemized description of outcomes for each project objective
2. Itemized description of any additional accomplishments
3. Evaluated conclusions drawn from the project including lessons learned and recommendations for future work
4. Supplemental documentation which may include key materials used in RICAPS or related work.

2 Local Government Technical Assistance

Contractor will provide climate action planning technical support to San Mateo County jurisdictions and run the Regionally Integrated Climate Action Planning Suite (RICAPS) program. Contractor activities will include:

1. Hosting of monthly RICAPS working group meetings with city and County sustainability staff
2. Updating the RICAP tools, which include:
 - a. CAP template document
 - b. Business-as-usual forecast
 - c. Menu of emissions reduction measures with measure calculations and worksheets
 - d. Cost-benefit analysis tool
 - e. Visualization of emissions inventory and other data
3. Providing individualized advice and climate action planning technical assistance to cities using the RICAPS tools, such as:
 - a. Verification of current and baseline GHG emissions inventories
 - b. Calculation of forecasted reductions vs. business-as-usual reduction target
 - c. Review of CAP documents to verify compliance with common requirements for qualified GHG reduction strategies
 - d. Assistance with revisions, initial study, and advice regarding CEQA negative declarations

- e. Attending meetings to support CAP development as needed (e.g. kick-off meetings with staff, City Council study sessions, etc.)
4. Tracking city and County progress on climate action planning

3 GHG Emissions Inventory

Contractor will produce a San Mateo County community-wide GHG emissions inventory to quantify GHG emissions produced and identify major sources of emissions for 2019. Contractor activities will include:

1. Review proposed GHG inventory methodology with PCE and refine approach as mutually determined and based on best available data
2. Using standard protocols and best available data to quantify GHG emissions by major sources and sectors including:
 - a. Residential built environment electricity, each city and the County combined
 - b. Residential built environment natural gas, each city and the County combined
 - c. Commercial/industrial built environment electricity
 - d. Commercial/industrial built environment natural gas, if full data set is available
 - e. Transportation and mobile sources by segment (private, fleets, public transport, etc.),
 - f. Water and wastewater
 - g. Solid waste generation
 - h. Agricultural operations
 - i. Any other major source of emissions
3. Provide to PCE all associated data used in the emissions inventory including:
 - a. Data sources
 - b. Raw data, with permission from all cities to share their community data and in adherence to 15-15 privacy rules
 - c. Aggregated results, with permission from all cities to share their community data and in adherence to 15-15 privacy rules
4. Provide to PCE a professional document or slides describing:
 - a. Inventory results in pie chart form
 - b. Comparison with past inventories, including, if feasible, trendlines
 - c. methodologies used and policy issues associated with emissions methodologies used or considered
 - d. identification of uncertainties or inconsistencies
 - e. recommendations for future inventories
5. Posting emissions inventory data and final document on San Mateo County website as appropriate

4 Schedule

| Task | Duration | Completion |
|-----------------------------------|----------|---------------|
| 1. Administrative Tasks | | Ongoing |
| 2. Local gov technical assistance | | Ongoing |
| 3. GHG emissions inventory | 6 months | December 2020 |

Exhibit B

In consideration of the services provided by Contractor described in Exhibit A and subject to the terms of the Agreement, PCEA shall pay Contractor, within thirty (30) days of receiving an invoice. Invoices to PCEA for Contractor Labor shall be submitted no more than monthly for hourly labor costs and shall include classification, hours, and hourly rates based on maximum hourly rated tables below.

All billing to PCEA for subcontracted services to Contractor for this Agreement shall include subcontractor invoicing to Contractor and correspond to the Tasks outlined in this Agreement. Subcontractor Billing shall be provided as a separate line item in the Contractor invoice.

Contractor Labor Rates:

| Classification | Maximum Rate (\$/Hour) |
|--|-------------------------------|
| Resource Conservation Programs Manager | \$118 |
| Senior Sustainability Specialist | \$110 |
| Resource Conservation Specialist III | \$100 |
| Resource Conservation Specialist II | \$93 |
| Resource Conservation Specialist I | \$85 |
| Intern/Fellow | \$40 |

Subcontractor Labor Rates:

| Title | Maximum Rate (\$/Hour) |
|---------------------------------------|-------------------------------|
| Engineer | \$155 |
| Analyst | \$185 |
| Principal Engineer | \$215 |
| Principal Consultant, Head of Section | \$215 |



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: June 19, 2020
BOARD MEETING DATE: June 25, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Jan Pepper, Chief Executive Officer, Peninsula Clean Energy
Siobhan Doherty, Director of Power Resources

SUBJECT: Authorize Chief Executive Officer to execute an Agreement with Ascend Analytics for long-term renewable energy contract RFO development and evaluation services in an amount not to exceed \$145,000 for a term through December 31, 2020. (Action)

RECOMMENDATION

Authorize Chief Executive Officer to execute an Agreement with Ascend Analytics for long-term renewable energy contract RFO development and evaluation services in an amount not to exceed \$145,000 for a term through December 31, 2020. (Action)

BACKGROUND

Peninsula Clean Energy's organizational priority under is to "Design a power portfolio that is sourced by 100% carbon-free energy by 2025 that aligns supply and consumer demand on a 24 x 7 basis". Achieving this priority will require the procurement of additional sources of renewable energy. Staff plan to launch a Request for Offers (RFO) to solicit offers for long-term contracts with renewable energy projects. Quantitative evaluation of renewable energy resources is complex and requires specialized knowledge and tools. Ascend Analytics (Ascend) is a software provider that can provide such specialized analysis.

Staff plan to launch this RFO in collaboration with San Jose Clean Energy (SJCE) and equally share the cost of Ascend services. Peninsula Clean Energy will enter into the agreement with Ascend and SJCE will reimburse their share of the cost via a cost sharing agreement. We have executed similar cost sharing agreements with SJCE in the past

for the purposes of Integrated Resource Planning (IRP) modeling services and resource adequacy (RA) procurement services.

Peninsula Clean Energy has had positive experiences working jointly with other CCAs through resource adequacy procurement and integrated resources planning. Other CCAs have also had positive experiences issuing joint RFOs. Under the joint RFO, respondents will submit one proposal to both Peninsula Clean Energy and SJCE. Ascend will conduct the quantitative evaluation of the submitted projects and then will conduct an evaluation of how the top rated projects fit within each CCA's portfolio. Each CCA will conduct its own qualitative evaluation according to its organization's priorities. If the CCAs are both interested in the same project, we will work together to share the volume of the project according to each organization's needs. Each CCA will execute its own power purchase agreement. We expect that the joint RFO with SJCE will allow for potential economies of scale because together the CCAs will be able to procure a larger volume from any one individual project. We also expect that staff will be able to share and learn from each other.

DISCUSSION

Staff is seeking approval by the Board on the agreement with Ascend. Ascend is a premier provider of software solutions to enable optimal management of power portfolio resources and management of energy risk on both the wholesale and retail side. Peninsula completed a pilot of Ascend's analysis and portfolio risk management software last year and has engaged Ascend in a short-term contract to continue to evaluate these services with the expectation that this would lead to a longer-term contract. Additionally, Ascend has supported at least three CCAs on RFO evaluation and also has extensive experience working with municipal electricity providers and purveyors of retail services providing direct access throughout the United States.

Ascend's unique combination of experience and software tools will be used to support our efforts to quantitatively analyze each of the offered projects and optimize the value of these projects within our current portfolio of resources.

For previous RFOs, we have performed this analysis using a variety of Excel modeling tools mostly developed internally. As the complexity of our power portfolio has increased, the complexity of our analysis needs has increased as well. Ascend's tools and services will provide a much more rigorous and sophisticated approach to modeling including through the use of stochastic analysis tools which will better analyze the inherently incremental nature of renewable resources.

RESOLUTION NO. _____

PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO,

STATE OF CALIFORNIA

* * * * *

**AUTHORIZATION OF CHIEF EXECUTIVE OFFICER TO EXECUTE AN AGREEMENT
WITH ASCEND ANALYTICS FOR LONG-TERM RENEWABLE ENERGY CONTRACT
RFO DEVELOPMENT AND EVALUATION SERVICES IN AN AMOUNT NOT TO
EXCEED \$145,000 AND FOR A TERM THROUGH DECEMBER 31, 2020.**

RESOLVED, by the Peninsula Clean Energy Authority of the County of San Mateo, State of California (“Peninsula Clean Energy” or “PCE”), that

WHEREAS, PCE was formed on February 29, 2016; and

WHEREAS, in April 2020 Board approved a Strategic Plan identifying on of Peninsula Clean Energy’s organizational priorities to “design a power portfolio that is sourced by 100% carbon-free energy by 2025 that aligns supply and consumer demand on a 24 x 7 basis”; and

WHEREAS, Peninsula Clean Energy staff plan to release a Request for Offers (RFO) to solicit renewable energy contracts to meet this priority; and

WHEREAS, quantitative evaluation of renewable energy projects is complex and requires specialized tools and knowledge; and

WHEREAS, Ascend Analytics has the required knowledge, tools, and experience to support the evaluation of the proposed RFO; and

WHEREAS, Peninsula Clean Energy will enter into a cost sharing agreement with San Jose Community Energy (SJCE) wherein SJCE will reimburse Peninsula Clean Energy for their share of the cost of Ascend Analytics' services, which share is approximately 54% of the contract and Peninsula Clean Energy's share is approximately 46% of the contract.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board approves the authorization of the Chief Executive Officer to execute an agreement with Ascend Analytics for long-term renewable energy contract RFO development and evaluation services in an amount not to exceed \$145,000, which will be shared with SJCE via a cost sharing agreement and for a term through December 31, 2020.

* * * * *



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: June 16, 2020
COMMITTEE MEETING DATE: June 25, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Vote

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Andy Stern, Chief Financial Officer
SUBJECT: Maher Accountancy Contract Renewal

RECOMMENDATION:

Staff recommends that the Board authorize renewal of contract between PCE and Maher Accountancy for the period from July 1, 2020 through June 30, 2021. The cost of the accounting services as proposed are \$12,500 per month, plus a fee of \$16,000 for support of the annual audit of the FY2019-2020 financial statements. The total of the contract will be \$166,000.

BACKGROUND/CURRENT STATUS:

Maher Accountancy has been engaged to provide external accounting, payroll, and annual audit support services to PCE since October 1, 2016. A summary of services that are provided as part of the regular monthly Operational Assistance fee is as follows:

- Process payroll, including managing and reporting payroll taxes
- Manage and process Accounts Payable including use of a cloud-based document management system supporting management review of expenses, segregation of duties, and access to source invoice and vendor data
- Set-up of wire transfer payments to vendors paid by wire (Only PCE management is authorized to release wire payments according to Board-authorized policy)
- Maintain the general ledger by posting billings, and accruing revenue/expenses by reconciliation of PCE's data manager reports of customer activity and Accounts Receivable
- Bank reconciliations
- Publish monthly financial statements showing monthly and year-to-date summaries compared to approved budget levels

The current contract for services covers the period from July 1, 2019 through June 30, 2020 was for a total of \$152,000. The fees included in that contract include a cost of \$11,500 on a monthly basis plus a \$14,000 fee for support of the FY2018-2019 audit conducted in the Fall of 2019.

Prior contracts were as follows:

- For the period from October 1, 2016 through June 30, 2017 – Operational Assistance was \$7,500 per month
- For the period from July 1, 2017 through June 30, 2018 – Operational Assistance was \$9,750 per month (plus \$13,500 in support of the annual audit)
- For the period from July 1, 2018, through June 30, 2019 - Operational Assistance was \$10,200 per month (plus \$4,00 in support of the annual audit)

FISCAL IMPACT:

The Cost of the contract for the period from July 1, 2020 through June 30, 2021 would be \$166,000.

RESOLUTION NO. _____

**PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO, STATE OF
CALIFORNIA**

* * * * *

**RESOLUTION AUTHORIZING THE CEO TO SIGN AN AGREEMENT BETWEEN
MAHER ACCOUNTANCY AND THE PENINSULA CLEAN ENERGY AUTHORITY
FOR THE PROVISION OF ACCOUNTING SERVICES IN A FORM APPROVED BY
COUNSEL IN AN AMOUNT NOT TO EXCEED \$166,000**

RESOLVED, by the Peninsula Clean Energy Authority of the County of San Mateo, State of California, that

WHEREAS, PCEA was formed on February 29, 2016; and

WHEREAS, Maher Accountancy was selected to provide accounting, payroll and audit support services to PCEA based on its experience with other CCA programs, expertise in bookkeeping, and the cost-effectiveness of their proposal; and

WHEREAS, PCEA has contracted with Maher Accountancy to provide such services since October 1, 2016; and

WHEREAS, PCEA is currently engaged in a contract with Maher Accountancy to provide such services for the term of July 1, 2019 through June 30, 2020; and

WHEREAS, PCEA is now seeking to sign a contract with Maher Accountancy for the term of July 1, 2020 through June 30, 2021, in an amount not to exceed \$166,000 in substantially the same form as the prior agreement; and

WHEREAS, Maher Accountancy has heretofore provided services to PCEA in a satisfactory manner.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Board delegates authority to CEO to execute said contract with Maher Accountancy in an amount not to exceed \$166,000.

* * * * *



**REGULAR MEETING of the Board of Directors of the
Peninsula Clean Energy Authority (PCEA)
Thursday, May 28, 2020
MINUTES**

Peninsula Clean Energy
Video conference and teleconference
6:30 p.m.

CALL TO ORDER

Meeting was called to order at 6:32 p.m.

ROLL CALL

Present: Dave Pine, County of San Mateo
Carole Groom, County of San Mateo
Jeff Aalfs, Town of Portola Valley, *Chair*
Rick DeGolia, Town of Atherton, *Vice Chair*
Julia Mates, City of Belmont
Donna Colson, City of Burlingame
John Goodwin, Town of Colma
Roderick Daus-Magbual, City of Daly City
Carlos Romero, City of East Palo Alto
Catherine Mahanpour, City of Foster City
Harvey Rarback, City of Half Moon Bay
Laurence May, Town of Hillsborough
Catherine Carlton, City of Menlo Park
Wayne Lee, City of Millbrae
Deirdre Martin, City of Pacifica
Giselle Hale, City of Redwood City
Marty Medina, City of San Bruno
Laura Parmer-Lohan, City of San Carlos
Rick Bonilla, City of San Mateo
Flor Nicolas, City of South San Francisco
Daniel Yost, Town of Woodside
John Keener, Director Emeritus
Pradeep Gupta, Director Emeritus

Absent: City of Brisbane

Staff: Jan Pepper, Chief Executive Officer
 Andy Stern, Chief Financial Officer
 Leslie Brown, Director of Customer Care
 Rafael Reyes, Director of Energy Programs
 Phillip Kobernick, Programs Manager
 Shraddha Mutyal, Programs Manager
 Alejandra Posada, Energy Programs Specialist
 Joseph Wiedman, Director of Legislative and Regulatory Affairs
 KJ Janowski, Director of Marketing and Community Affairs
 Kirsten Andrews-Schwind, Senior Manager of Community Relations
 Siobhan Doherty, Director of Power Resources
 Peter Levitt, Associate Manager of Distributed Energy Resources (DER)
 Mehdi Shahriari, Senior Renewable Energy Analyst
 Sara Maatta, Renewable Energy and Compliance Analyst
 Jennifer Stalzer Kraske, Deputy County Counsel
 Shayna Barnes, Administrative Assistant
 Anne Bartoletti, Board Clerk/Office Manager/Executive Assistant to the CEO

A quorum was established.

PUBLIC COMMENT:

None

ACTION TO SET THE AGENDA AND APPROVE CONSENT AGENDA ITEMS

Motion Made / Seconded: Lee / Bonilla

Motion passed unanimously 18-0 (Absent: County of San Mateo, Brisbane, Menlo Park, Redwood City)

REGULAR AGENDA

1. CHAIR REPORT

Jeff Aalfs—Chair—reported that he is preparing for the performance review of the Chief Executive Officer. He requested volunteers from the Board for a subcommittee to assist in the review process and asked those interested to contact him directly.

2. CEO REPORT

Jan Pepper—Chief Executive Officer—provided an update on staffing, the impact of COVID-19 on Peninsula Clean Energy’s (PCE) load, and the implementation of the strategic plan. Jan reported on the status of the PG&E bankruptcy, outreach to cities in Merced County, and presented how avoided GHG (greenhouse gas) emissions are calculated.

PUBLIC COMMENT:

Mark Roest, SeaWave Battery

3. CITIZENS ADVISORY COMMITTEE REPORT

Desiree Thayer—Chair—reported that the Citizens Advisory Committee (CAC) had two meetings in the past month. At the regular meeting they discussed recommendations for their 2020 Work Plan and they received a presentation on the E-bike program from Phillip Kobernick, Programs Manager. Desiree reported that the CAC called a Special Meeting to discuss the GHG-free allocation from PG&E, and that the CAC members voted unanimously to accept the staff recommendation to accept hydro but not take nuclear, and she asked the Board to accept the staff recommendation.

4. AUDIT AND FINANCE COMMITTEE REPORT

Andy Stern—Chief Financial Officer—reported that the Committee discussed the auditor for Fiscal Year (FY)2019-2020 and FY2020-2021, and reviewed updates to Policy 19, the Investment Policy, which were approved on Consent tonight. He reported the draft FY2020-2021 Budget was reviewed in detail and will be presented to the Board tonight.

5. APPOINTMENTS TO THE EXECUTIVE COMMITTEE AND OTHER STANDING COMMITTEES

Jeff Aalfs reported that he received messages of interest from several Board members, and he is recommending appointing Julia Mates to the Executive Committee as Wayne Lee is stepping down, and he reported no changes to the Audit and Finance Committee. Jeff thanked Wayne for his service on the Executive Committee.

Motion Made / Seconded: Lee / May

Motion passed unanimously 19-0 (Absent: Brisbane, Menlo Park, Redwood City)

6. APPOINTMENTS TO THE CITIZENS ADVISORY COMMITTEE

Wayne Lee reported that the subcommittee on Citizens Advisory Committee Recruitment recommends the reappointment of Michael Closson and Desiree Thayer, and recommends the appointment of Kathryn Green, Terri Givens, and Tim Bussiek.

Motion Made / Seconded: Lee / Colson

Motion passed unanimously 19-0 (Absent: Brisbane, Menlo Park, Redwood City)

7. REVIEW DRAFT FISCAL YEAR 2020-2021 BUDGET

Andy Stern reviewed the impacts to the draft budget from COVID-19 and presented new budget assumptions based on feedback from the Audit and Finance Committee. He presented an updated draft budget with revisions to projected load, revenues, cost of energy, net position, and unrestricted days cash on hand. Andy also presented a revised draft 5-year plan.

Board members discussed financial scenarios, PCE's reserves, and ways that PCE could mitigate

the impacts and unpredictability of COVID-19. Andy reported that the draft budget will continue to be updated with current information and will be brought back to the Audit and Finance Committee in June.

8. APPROVE PG&E GHG-FREE ALLOCATION

Jan Pepper reviewed background information on PG&E's allocation of GHG-free resources (large hydro and nuclear) to LSEs (Load Serving Entities) in PG&E's territory. Jan reviewed load forecasts based on the impact of COVID-19, the reduction in expected allocation volumes, and PCE's GHG-free and Renewable targets.

KJ Janowski—Director of Marketing and Community Affairs—reviewed results from a market research survey that showed most respondents preferred a power mix without nuclear. Jan outlined a staff recommendation to accept the PG&E hydro allocation but not accept the PG&E nuclear allocation.

Board members discussed the market research survey, the Power Content Label, PCE's reputation, the position taken by other CCAs (Community Choice Aggregators) on PG&E's allocations, fiscal responsibility, the reduced dollar value of the allocations, and the pros and cons of accepting the nuclear allocation. The Board reached a general consensus that Directors should consider creating a policy or position on nuclear allocations in the future.

PUBLIC COMMENT:

Gladwyn D'Souza

Michael Closson

Drew, Mid-Peninsula Resident

Motion Made / Seconded: Carlton / Bonilla

Motion to accept the staff recommendation to accept allocation of large hydro and not accept nuclear allocation. Motion passed on a Roll Call vote 11-10 (In Favor: County of San Mateo, Daly City, East Palo Alto, Foster City, Menlo Park, Pacifica, Portola Valley, San Carlos, San Mateo, South San Francisco, Woodside. Opposed: County of San Mateo, Atherton, Belmont, Burlingame, Colma, Half Moon Bay, Hillsborough, Millbrae, Redwood City, San Bruno. Absent: Brisbane)

9. APPROVE EXPENDITURE OF UP TO \$500,000 FOR PORTABLE BATTERY PROGRAM FOR MEDICALLY VULNERABLE CUSTOMERS

Siobhan Doherty—Director of Power Resources—reviewed the impact of the 2019 Public Safety Power Shutoff (PSPS) events to San Mateo County customers, highlighting that customers that rely on medical devices are particularly vulnerable to electricity outages. Siobhan presented a program to provide backup power batteries and portable storage devices to medically vulnerable customers likely to experience PSPS events.

Board members discussed the reliability, duration, and cost of batteries, and liability and redundancy considerations for the program.

PUBLIC COMMENT:

Mark Roest, SeaWave Battery
Drew, Mid-Peninsula Resident
Robert Whitehair, San Mateo Resident
Diane Bailey, Menlo Spark
Elizabeth Lewis

Motion Made / Seconded: Bonilla / Martin

Motion to approve with an amendment to create a subcommittee to consult with staff on the program. Jeff Aalfs, Laura Parmer-Lohan and Rick Bonilla volunteered to serve on the subcommittee. Motion passed unanimously as modified 19-0 (Absent: Brisbane, Menlo Park, Redwood City)

10. APPROVE EXISTING BUILDINGS ELECTRIFICATION PROGRAM

Rafael Reyes—Director of Energy Programs—introduced a program to provide incentives and program support for electric appliances in existing buildings. He reviewed program objectives and budget, and electrification programs in the region.

Rafael presented a Heat Pump Water Heater (HPWH) Program to provide incentives to replace gas with HPWH, a Low Income Program to provide low income home improvements and workforce employment, and a Harvest Thermal Pilot to test new technology providing simultaneous water and space heating through one heat pump in homes.

PUBLIC COMMENT:

Elizabeth Lewis
Tom Kabat, Menlo Spark
Bret Anderson
Robert Whitehair, San Mateo Resident
Diane Bailey, Menlo Spark
Julie Allingham, Carbon Free Silicon Valley (SFSV)
Leane Eberhart, San Mateo Resident
Terry Nagel, Chair, Sustainable San Mateo
Carol Cross, Fossil Free Mid-Peninsula

Motion Made / Seconded: Bonilla / Parmer-Lohan

Motion passed unanimously 18-0 (Absent: Atherton, Brisbane, Menlo Park, Redwood City)

11. BACKGROUND ON INTEGRATED RESOURCE PLAN (IRP) PROCESS

Jeff Aalfs announced that this item will be continued to the June meeting due to the late hour.

12. BOARD MEMBERS' REPORTS

Wayne Lee thanked Kirsten Andrews-Schwind—Senior Manager of Community Relations—and Shayna Barnes—Administrative Assistant—for organizing the CAC applicant interviews, and he congratulated the 2020 graduates.

ADJOURNMENT

Meeting was adjourned at 10:35 p.m.



**PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence**

DATE: June 10, 2020

BOARD MEETING DATE: June 25, 2020

SPECIAL NOTICE/HEARING: None

VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Karen Janowski, Director of Marketing and Community Affairs &
Leslie Brown, Director of Customer Care

SUBJECT: Update on Marketing, Outreach Activities, and Customer Care

BACKGROUND:

The Marketing, Community Affairs, and Customer Care Teams are responsible for enhancing Peninsula Clean Energy's brand reputation, educating and engaging customers, driving participation in programs, and ensuring customer satisfaction. Tactics include community outreach, content creation and storytelling through owned (e.g. online, social media), earned (e.g. public relations), and paid media (advertising), schools engagement programs, and customer care.

DISCUSSION:

Power On Peninsula: Resilience Battery Backup for Medically Vulnerable Residents

Staff from the Energy Resources and Community Relations teams are planning and implementing a program to provide portable backup batteries to medically vulnerable residents in areas likely to be impacted by future Public Safety Power Shutoff (PSPS) events. The eligibility criteria are aligned with California state rebate programs. The geographic focus is areas in high fire-threat zones or areas that were impacted by two or more PSPS events last year (mostly the coast from Montara south to the County border and unincorporated rural mountainous areas). Medical eligibility is aligned with the Medical Baseline program, which serves residents with a life-supporting medical device or medical need that requires electricity.

Eligible **homeowners** will be referred to Peninsula Clean Energy's pre-vetted vendor, Sunrun, to install solar and battery backup systems in their homes. Sunrun will pass on the savings it has received from generous state subsidies that cover nearly 100% of the cost of battery systems. A co-marketing agreement between Peninsula Clean Energy and Sunrun is under review and will be executed simultaneously with the Load Management Agreement.

For eligible **renters**, staff is currently evaluating a donation program for robust portable batteries. Both options are long-term solutions to increase safety, resilience, and independence for medically vulnerable residents.

Peninsula Clean Energy is moving ahead with purchase orders for portable batteries for renters. Manufacturers are currently experiencing heavy demand, and some batteries are back-ordered. Until Peninsula Clean Energy can make batteries available directly, which may be late September or October, residents will also be referred to the Center for Independence for Individuals with Disabilities in San Mateo, which, in coordination with CalFire and Coastsider CERT, operates a portable battery loan program and vouchers for hotel stays for medically vulnerable residents impacted by PSPS events.

Staff also evaluated the option of building on the battery loan program provided by the Center for Independence for Individuals with Disabilities. The loan option was determined to carry significant legal and logistical risks for Peninsula Clean Energy, and the donation option was determined to be preferable.

Staff also began hosting weekly coordination calls between organizations in San Mateo County actively working on backup battery solutions for medically vulnerable residents in areas most likely to be impacted by future Public Safety Power Shutoff (PSPS) events. This group includes:

- City of Half Moon Bay staff (Public Works and Emergency Services)
- CalFire
- County Office of Emergency Services
- County Department of Public Health
- Senior Coastsiders
- Center for Independence for Individuals with Disabilities
- Coastsider CERT

The goal of these calls is to coordinate planning, unify messaging, conduct outreach, and streamline implementation of battery backup programs.

News & Media

On June 9, PCE released a press announcement regarding our [\\$3.6 million extension of low-income customer credits](#). Full coverage of Peninsula Clean Energy in the news can be found on our [News & Media](#) webpage.

Market Research Survey

In April, Peninsula Clean Energy conducted a research study to better understand awareness and attitudes of residents regarding Peninsula Clean Energy, electric vehicles, and building electrification. Results will be used to inform marketing and messaging strategies for current and prospective programs. Results will be presented to the Board at the July 2020 meeting.

ECO100 Statistics

| | |
|--|------|
| Total ECO100 accounts at end of May: | 5990 |
| ECO100 accounts added in the month: | 26 |
| ECO 100 accounts dropped in the month: | 39 |
| Total ECO100 accounts at the end of April: | 6003 |

Of the 39 accounts that dropped out of ECO100, 37 were dropped from PG&E service altogether, two opted down to ECOplus.

New Collateral System Design

The graphic system (i.e. the look and feel through graphic elements, accent colors, fonts, heading treatments, photographic treatments, etc.) that will be applied to marketing collateral has been updated. (Marketing collateral refers to printed and digital materials that are used to communicate to our customers and other stakeholders.) The updated style has the aim of underscoring Peninsula Clean Energy as a trusted resource for the community, emphasizing credibility and innovation while remaining friendly and approachable. The first application of the new system will be for the published Strategic Plan document expected to be available by the end of June.

Enrollment Statistics

Opt-outs decreased from April 2020 (48) to May 2020 (30). The April 2020 opt-out rate was lower than the April 2019 rate, with 52 opt-outs for the month. As of the end of May, the opt-out rate adjusted for move-in/move-outs is 2.63% and our overall participation rate is 97.07% of eligible accounts.

Opt-Outs by City

| CITY | Eligible Ac | Total | TOTAL OPT OUT |
|-----------------------|----------------|--------------|---------------|
| ATHERTON INC | 2,716 | 45 | 1.66% |
| BELMONT INC | 11,962 | 318 | 2.66% |
| BRISBANE INC | 2,537 | 52 | 2.05% |
| BURLINGAME INC | 15,369 | 345 | 2.24% |
| COLMA INC | 761 | 11 | 1.45% |
| DALY CITY INC | 34,162 | 1202 | 3.52% |
| EAST PALO ALTO INC | 7,941 | 316 | 3.98% |
| FOSTER CITY INC | 14,811 | 309 | 2.09% |
| HALF MOON BAY INC | 4,985 | 152 | 3.05% |
| HILLSBOROUGH INC | 4,046 | 93 | 2.30% |
| MENLO PARK INC | 15,844 | 250 | 1.58% |
| MILLBRAE INC | 9,367 | 297 | 3.17% |
| PACIFICA INC | 15,469 | 593 | 3.83% |
| PORTOLA VALLEY INC | 1,684 | 112 | 6.65% |
| REDWOOD CITY INC | 35,210 | 816 | 2.32% |
| SAN BRUNO INC | 16,464 | 685 | 4.16% |
| SAN CARLOS INC | 14,673 | 380 | 2.59% |
| SAN MATEO INC | 44,509 | 1209 | 2.72% |
| SO SAN FRANCISCO INC | 25,239 | 964 | 3.82% |
| UNINC SAN MATEO CO | 24,579 | 729 | 2.97% |
| WOODSIDE INC | 2,288 | 42 | 1.84% |
| Grand Total | 304,616 | 8,920 | 2.93% |
| Adjusted Total | 304,016 | 8,015 | 2.64% |

Table reflects data as of 6/05/2020

In addition to the County of San Mateo, there are a total of 15 ECO100 cities. The ECO100 towns and cities as of June 12, 2020, include: Atherton, Belmont, Brisbane, Burlingame, Colma, Foster City, Half Moon Bay, Hillsborough, Menlo Park, Millbrae, Portola Valley, Redwood City, San Carlos, San Mateo, and Woodside.

The opt-up rates below include municipal accounts, which may noticeably increase the rate in smaller jurisdictions.

Active Accounts by City and ECO100 Opt-Up Rate

| City | Active Accounts | ECO100 Opt-Up % |
|---------------------|------------------------|------------------------|
| Atherton | 2,646 | 2.08% |
| Belmont | 11,642 | 1.58% |
| Brisbane | 2,482 | 3.46% |
| Burlingame | 15,005 | 2.27% |
| Colma | 743 | 4.04% |
| Daly City | 33,051 | 0.27% |
| East Palo Alto | 7,620 | 0.29% |
| Foster City | 14,508 | 2.20% |
| Half Moon Bay | 4,806 | 2.27% |
| Hillsborough | 3,958 | 1.64% |
| Menlo Park | 15,555 | 3.18% |
| Millbrae | 9,084 | 1.17% |
| Pacifica | 14,894 | 1.07% |
| Portola Valley | 1,582 | 93.05% |
| Redwood City | 34,397 | 2.09% |
| San Bruno | 15,832 | 0.56% |
| San Carlos | 14,296 | 2.13% |
| San Mateo | 43,332 | 1.54% |
| So. San Francisco | 24,304 | 0.44% |
| Uninc. San Mateo Co | 23,682 | 2.31% |
| Woodside | 2,251 | 2.53% |
| Grand Total | 295,670 | 2.04% |

Table reflects data as of 6/05/2020



PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence

DATE: June 17, 2020
BOARD MEETING DATE: June 25, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority (PCE) Board of Directors

FROM: Joseph Wiedman, Director of Regulatory and Legislative Affairs
 Jeremy Waen, Manager of Regulatory Affairs
 Doug Karpa, Senior Regulatory Analyst
 Matthew Rutherford, Regulatory Analyst

SUBJECT: Update on PCE's May and June Regulatory and Legislative Activities

SUMMARY:

Late May and early June were extremely busy on the regulatory front as the Commission continues to move forward with decisions on numerous issues confronting the energy sector including resource adequacy, microgrids and resiliency, affordability metrics, disconnection procedures and other matters. Legislative activity continues to be slower than in years past as Sacramento's focus is on the impacts of the COVID pandemic including budgetary concerns. However, significant energy-related bills are winding their way through the legislative process. As discussed in more detail below, PCE, as part of CalCCA (California Community Choice Association), a coalition of CCAs (Community Choice Aggregators) or on its own behalf, submitted seven pleadings at the California Public Utilities Commission (CPUC or Commission) or before other regulatory bodies in the state. PCE's regulatory and legislative team attended two stakeholder meetings over the last month.

DEEPER DIVE:

Regulatory Advocacy and Outreach

R.17-09-020 – Resource Adequacy (RA) – This docket has two pending decisions on RA matters. **RA IMPORTS PD:** On May 18, 2020, the California Public Utilities Commission ("Commission") issued a Proposed Decision Adopting Resource Adequacy Import Requirements ("PD"). The PD addresses the issues scoped for limited rehearing of Decision 19-10-021, which included creating a distinction between resource-specific and resource-non-specific imports and applying a self-scheduling requirement to resource-non-specific contracts. The scope of limited rehearing overlaps with the scope for Track 1 of R.19-11-009 and therefore

the Track 1 record is incorporated into the instant proceeding. The PD largely adopts the Energy Division's Track 1 proposal, with modifications, in an effort to best address speculative supply and double counting issues associated with import Resource Adequacy ("RA") in the near term. On June 8, 2020, CalCCA filed comments on the PD. CalCCA's comments argued a number of major points. First, CalCCA argued that the Commission's narrow definition of "resource specific" import resource adequacy will remove reliable, resource-backed supply from the RA market which would create unnecessary scarcity. CalCCA also argued that the Commission should clarify that the eligibility of 2019 and 2020 RA contracts used for compliance would be determined by applying compliance rules in effect prior to any recent RA rule changes so that requirements of adequate notice to parties is given. CalCCA also argued that grandfathering of existing contracts is necessary so that resources are not left stranded or devalued for compliance purposes. Parties filed reply comments on June 15, 2020. The next step on this PD is for revisions to be released and/or for the Commission to vote on the decision. **Central Procurement PD:** As reported in last month's memo, on March 26, 2020, the assigned administrative law judge issued a proposed decision (PD) rejecting the settlement worked out between CalCCA and numerous other load serving entities to establish a residual centralized procurement model for local resource adequacy resources wherein load serving entities (LSEs) would procure local resource adequacy resources first and a central entity would procure for any gaps stemming from the overall procurement. Instead, the PD proposed to establish PG&E and Southern California Edison (SCE) as sole buyers of local resource adequacy in their transmission access areas (essentially their service territories). Under the PD, LSEs would still be able to procure resources having local resource adequacy value, but the only way to receive the local RA value of those resources would be to offer to sell them to the central buyer or keep the resource for their own use and have the local RA value socialized to all LSEs for free. On April 15, 2020, CalCCA filed opening comments on the PD arguing for support of the settlement and proposing edits to the PD to make it an acceptable framework for central procurement of local RA resources. In particular, CalCCA discussed how the ability of LSEs to receive credit for any local RA value stemming from resources LSE's procure is essential to preserve the full value of resources procured by LSEs to serve their customers and ensure LSEs continue to procure preferred resources such as renewables and storage. On April 20, 2020, CalCCA filed reply comments on the PD and parties' opening comments. CalCCA, many CCAs – including PCE – and allied parties held ex parte meetings with the Commission to highlight the deficiencies of the PD's proposed framework. PCE's ex parte meetings focused on the need for crediting to preserve the ability of PCE to continue on the path to meeting our customers energy needs with renewables on a time coincident basis. PCE staff also focused on revisions to the central procurement framework to ensure any central procurement was done as affordably as possible. Joseph Wiedman and Jeremy Waen attended the ex parte meetings on behalf of PCE. The PD was set for a vote by the Commission at the May 7, 2020 voting meeting. However, the PD was held by staff until at least the Commission's May 28, 2020 voting meeting. Subsequently, the PD was held until the June 11, 2020 voting meeting. Prior to that meeting, a revised PD was issued by the Commission which contained many changes based on party comments. Among the changes was the establishment of a working group to develop a model for crediting load serving entities for shown local resources. The revised decision also tasks the working group with developing a proposal for grandfathering of existing contracts. The decision was also clarified to expressly note that a representative of CCAs would be allowed to sit on the Procurement Review Group monitoring procurement for each of the IOUs. These are positive changes to the PD, but, unfortunately, address concerns with the framework the Commission is establishing rather than more fundamental alternation to the Commission's drift towards centralized procurement of resource adequacy.

R.05-06-040 – Confidentiality OIR – On May 20, 2020 the Commissioner Randolph released a proposed decision that largely granted all of CalCCA’s requests. In addition to amending the Ordering Paragraph and adding a conclusion of law, both as requested, the PD makes clear that CalCCA may seek confidential treatment of a type of data on behalf of all CCAs. However, the PD does not apply the ESP matrix to CCAs as requested. Instead, it applies the IOU matrix. CalCCA argued that much of the information in the IOU matrix simply doesn’t apply to CCAs (e.g., gas price forecasts and generation cost forecasts, detailed resource planning information). The PD notes that “there is no disadvantage to applying the IOU Matrix to CCAs. The purpose of the matrices is to identify what is market-sensitive information. It is not to identify and does not determine what market-sensitive information must be submitted to the Commission by different types of load-serving entities.” This is true: the matrix does not determine whether information must be submitted to the CPUC. However, the IOU matrix does not include RPS compliance filings, which are included in the ESP matrix. The IOU matrix also doesn’t include a category for “supply data” for showing compliance with RA requirements. The ESP matrix makes clear that the RPS information is public unless disclosure of the first three years of forecast retail sales and resource mix data and/or historical retails sales and supply data would reveal the entire net short of the ESP. In addition, the ESP matrix makes supply data for the first 3 years of the forecast period confidential. CalCCA is determining how to proceed. On June 9, 2020, CalCCA filed comments on the PD. CalCCA’s comments argued that the Commission should apply the ESP matrix to CCAs or that specific categories should be added to the IOU and CCA matrices to provide CCAs with the same protections afforded to ESPs.

R.20-05-003 – Integrated Resource Planning (IRP) OIR 2.0 – On May 7, 2020, the Commission voted out the successor rulemaking to R.16-02-007. On June 15, 2020, CalCCA filed comments on the OIR. CalCCA’s comments made three recommendations regarding the new OIR. First, CalCCA recommended at the Commission should create a framework for and prioritize planning for the phase-out and retirement of natural gas generation. Second, CalCCA requested that the Commission clarify that this rulemaking is not the appropriate forum for the development or establishment of a system or flexible resource adequacy (RA) central buyer mechanism. Finally, CalCCA requested that the proceeding be used to develop a process and timeline to ensure procurement needs are timely identified using robust modeling and ensuring that there is a strong nexus between the planning and procurement tracks.

R.19-09-009 – Microgrids OIR – On April 29, 2020, the assigned administrative law judge issued a proposed decision adopting numerous proposals to speed deployment of microgrids in advance of the 2020 wildfire season. The PD proposes to streamline the IOUs interconnection procedures, modernize net energy metering tariffs to allow for charging prior to de-energization events, requiring the IOUs to share information with local and tribal governments to support community deployment of resiliency resources, and approve various IOU proposals for deployment of resources. For PG&E, the PD authorizes PG&E’s Make Ready Program which would deploy resources to interconnect temporary generation at key substations, authorizes PG&E’s Temporary Generation program which would use fossil fuel generators to power substations during a PSPS event, and authorizing the Community Microgrid Enablement Program which would provide dedicated technical and financial resources to communities seeking to deploy microgrids as a means to increase community resilience. The PD does not approve PG&E’s Distributed Generation Enable Microgrids proposal which would have deployed fossil fuel generators on a permanent basis. This later program faced strong opposition from CCAs, environmental groups and communities because the program would result in significant pollution and is inconsistent with state policy to promote deployment of preferred resources. The PD supports CCA engagement in planning and deployment of

resilience resources but does not go as far as CCAs would have liked to have seen in supporting CCAs access to information needed to plan for microgrids. On May 18, 2020, the Joint CCAs filed comments on the PD. The Joint CCAs comments focused on the need to ensure access to data necessary for CCAs to engage in resiliency planning and deployment of resources to serve their communities. The CCAs also focused on the need to recognize CCAs as local government agencies so that IOUs are required to collaborate with CCAs rather than dictate outcomes that may be unacceptable to the communities CCAs represent. On May 26, 2020, the Joint CCAs filed reply comments. The Joint CCA's reply comments requested the Commission reject PG&E's proposals for reduced oversight of its future procurement efforts regarding proposed temporary or permanent generation and make ready work, costs associated with future proposals, reduction in requirements regarding PG&E's outreach to local governments, and PG&E's request that less information be provided to local governments and CCAs regarding PG&E's infrastructure. Joe Wiedman held ex parte meetings with advisors for each Commissioner on June 3-5, 2020 to highlight the concerns raised by the Joint CCAs. Unfortunately, the Commission voted out the PD without significant alterations at its June 11, 2020 voting meeting.

R.18-07-005 – Disconnection OIR – On May 6, 2020, the assigned commissioner and administrative law judge issued a proposed decision adopting extensive rules and other changes to Commission regulation of the three large IOUs designed to reduce the number of residential customer disconnections and to improve reconnection processes for disconnected customers. The proposed decision adopts and makes permanent, with minor modifications, Interim Rules Decision issued in D.18-12-013. This proposed decision builds upon the interim rules by developing additional protections to vulnerable customers by limiting disconnections for customers in subsidized housing, requiring the three IOUs to enroll eligible customers in all applicable benefit programs administered by the IOUs, requiring the IOUs to offer payment plans of 12-month periods, and prohibiting disconnections if there is a Low Income Home Energy Assistance Program (LIHEAP) pledge. Furthermore, the IOUs shall not disconnect any household where children under the age of 12 months are present. This proposed decision prohibits the IOUs from requiring an establishment of service deposit or reestablishment of service deposit, as deposits can adversely impact a household's ability to meet its financial obligations. Additionally, utilities are precluded from charging customers reconnection fees. The proposed decision also requires the IOUs to improve their disconnection notices so that customers are better informed that they are in danger of having their utilities disconnected and are provided information concerning the availability of financial programs which may be available to assist them. This proposed decision establishes new procedures across a variety of programs to ease enrollment and coordination with various other assistance programs. To assist customers with large unpaid arrearages, it creates an Arrearage Management Payment (AMP) plan. To make monthly utility bills manageable, it creates a percentage of income payment plan (PIPP). The proposed decision also requires greater transparency in the IOUs' interactions with CCAs regarding disconnections. Finally, this decision mandates the creation of an enforcement program to ensure that the IOUs are complying with the requirements of this decision. CalCCA filed comments on the PD on May 26, 2020. CalCCA's comments requested that the Commission refine the PD based on recent advice letters filed by the IOU's regarding changes to their disconnection policies stemming from the COVID pandemic. CalCCA noted that many actions discussed in the PD have already been implemented via the IOUs' advice letters. Accordingly, the PD needed to be refined to address ongoing issues regarding management of customer arrearages. CalCCA requested that the Arrearage Management Plans filed by the IOUs be reformed to allow CCAs to receive equal access to funds paid by customers or cost recovery of debts forgiven. Reply comments were filed by CalCCA on June 1, 2020. These comments focused on improvements and the need for further development of

the proposed Arrearage Management Program. The final decision was voted out by the Commission at its June 11, 2020 voting meeting. Prior to the vote, extensive changes were made to the decision which dialed back the protections from disconnection and instead instituted a 12-month payment plan for all households with arrearages. The development of a broad payment plan framework was generally seen as less administratively burdensome to implement and would better maintain customer privacy. The changes also recognized the concerns raised by CalCCA regarding allocation of customer payments to CCAs and established a working group to resolve the matter. CalCCA will be co-lead of the working group. Due to implementation and privacy concerns, the Commission decided not to adopt a PIPP program at this time.

R.18-12-005 – De-energization OIR – On April 27, 2020, the assigned ALJ issued a proposed decision adopting additional de-energization guidelines building off of Resolution ESRB-8 and D.19-05-042. The guidelines adopted by the Commission were extensive and broad covering working groups and advisory boards, de-energization exercises, notification requirements, establishment of community resource centers, restoration of service, transportation resiliency, and additional refinements to guidelines related to medically vulnerable populations. Parties, including the CalCCA, filed comments on the PD on May 18, 2020. CalCCA requested broad changes to the PD across fourteen items. The requested changes were designed to empower local communities to minimize impacts from de-energization through timely access to data, identification of critical facilities needing support during a powershutoff, reforming IOU PSPS management practices to ensure that information is provide to localities with information before/during/after a power shutoff event among other recommendations. The CalCCA filed reply comments on May 26, 2020. CalCCA’s reply comments focused on supporting parties’ requests for more oversight of IOU decisionmaking concerning when to have a power shutoff, the need to address COVID-19 impacts, power restoration notice requirements, requiring collaboration with CCAs, and other matters to strengthen the Commissions oversight of power shutoffs. CalCCA worked extensively with other government entities engaged in the docket to amplify our voices. Unfortunately, none of CalCCA’s requests were adopted in revisions to the decision prior to the Commission’s approval of the decision at its May 28, 2020 voting meeting.

R.14-07-002 – Net Energy Metering – On April 24, 2020, Grid Alternatives filed a petition for modification of D.18-06-027 which requested the Commission expand eligibility for incentives that support deployment of solar and storage in disadvantaged communities. Grid Alternatives comments discussed out current eligibility requirements do not fully encompass the diversity of disadvantaged communities across the state including in service territories of CCAs. Grid Alternatives also requested a doubling of the program budget for the single-family homes solar program to ensure low income homeowners can utilize the program to mitigate impacts from the COVID pandemic. On May 26, 2020, the Joint CCAs, including PCE, filed comments supporting the petition. The Joint CCAs explained how the changes proposed by Grid Alternatives would support ongoing access to vital resources by their communities. Next step is a proposed decision on the petition.

Legislative Advocacy and Outreach

Legislative Calendar

The Assembly has been holding a floor session everyday over the last few weeks to pass out all house of origin bills by the June 19, 2020 deadline. As soon as the work is completed, which typically occurs on the Thursday before the deadline, the Assembly will adjourn for a summer

recess and reconvene on Monday, July 13, 2020. While the deadline for bills to pass policy and fiscal committees in their house of origin has already passed, one bill, SB 350, which would create a contingency plan should PG&E not exit bankruptcy, received a rule waiver. At this time, no other rule waivers have been granted for committees to meet and hear bills.

The Senate has wrapped up all policy committees and fiscal committees with the exception of the Senate Committee on Appropriations suspense file hearing. No date has been set for the hearing, but it is expected to occur after the budget is finalized on June 15, 2020 and before the June 19, 2020 deadline to report fiscal bills to the Senate floor. Unlike the Assembly, the Senate will only hold one week of floor session to finalize their house of origin bills. They are scheduled to have floor session everyday from June 22, 2020 to June 26, 2020. The Senate will not begin their summer recess until July 3, 2020 and, like the Assembly, will reconvene on Monday, July 13, 2020.

The two houses have had different calendars which is very unusual and is primarily a result of the two houses disagreeing on a return date when the shelter in place orders were initially announced. The Assembly returned to work a week earlier and immediately began policy committee hearings. The Senate did not start policy committees until a week after they returned.

One important note is that the July 13, 2020 return date from the summer recess is about three weeks earlier than the original return date of August 3, 2020. While not confirmed, this earlier than normal return date may be related to the possible need to reconvene the Legislature to pass a second, revised state budget based on updated revenues from the tax returns that will coming in as a result of the delayed tax filing date.

Legislation

Most of the recent attention this month has been focused SB 350 (Hill). SB 350 was initially scheduled to be heard on May 28, 2020. However, the committee had requested amendments to the bill, mostly around the governance structure of the entity, that were not initially accepted by the Governor, so the author pulled the bill from the hearing. Over the next few weeks, the committee, Senator Hill and the Governor's office continued to meet and eventually came to an agreement. On Tuesday, June 9th, the bill passed the Assembly Committee on Utilities and Energy on a 12-2 vote. The bill surprisingly received little debate or discussion. The key support testimony for the bill was provided by the Governor's office and the California Coalition of Utility Employees (CUE). Ana Matasantos from the Governor's office testified in support but merely thanked the members of the committee and offered to answer any questions that the committee members may have. The lobbyists for CUE testified that while they don't support breaking up PG&E, they support this contingency plan as it assured their pension and collective bargaining rights. CUE also specifically called out the lack of protections provided in SB 917, a bill by Scott Wiener to replace PG&E, and proposals suggested by San Jose Mayor, Sam Liccardo. Short and uneventful testimony raising minor concerns was also provided by TURN, PG&E and a handful of community organizations and advocates. The bill was heard in the Assembly Committee on Appropriations on Wednesday, June 10, 2020 also. Rule waivers were provided by a floor vote to enable the bill to be heard in the policy and fiscal committees this week.

Other notable actions over the last few weeks include:

- AB 2255 (Eggman). This third failed attempt to mandate long duration pumped storage (AB 2787 in 2018 and SB 772 in 2019 were the others), was scheduled to be heard on May 20, 2020 and again on May 28, 2020. The bill was pulled from the agenda on both

dates largely due to the aggressive lobbying by the opposition coalition led by environmental organizations, energy producers, and renewable trade developers. CalCCA also opposed. The bill is now dead for the year. It is expected that the sponsors will try again in 2021 if not sooner in another bill with another author later this summer.

- AB 2736 (E. Garcia). A companion bill to AB 2255 (above) meant to give the appearance that any long duration pumped storage project that impacts Joshua Tree National Park would have to undergo strict environmental review was also heard. The bill did not provide any additional environmental protections than what was already required of the project developers to obtain their federal license. The bill simply required that the information already provided to the federal government must also be submitted to the relevant state agencies. The bill was aggressively opposed by most of the same organizations that opposed AB 2255. Some organizations argued that AB 2736 was an attempt by the sponsors of AB 2255 to show legislators that they were working to address the environmental concerns raised by opponents. The bill was held in the Assembly Committee on Appropriations last week and is also dead for year. CalCCA did not take a position on the bill.
- AB 3256 (E.Garcia). The Assembly's version of the climate resiliency bond proposal, this bill would place a nearly seven-billion-dollars in general obligation bonds on the November 3, 2020 statewide ballot. Initially described as a climate resiliency proposal, the bill was recently amended and is now being labeled as an economic stimulus bond. The Senate has also proposed a similar measure, SB 45, which proposes \$5.5 billion. CalCCA supported the Senate version as it includes project and planning money specifically for local energy resiliency. AB 3256 passed the Assembly Committee on Appropriations last week and now joins SB 45 in the Assembly Committee on Rules. One of the bills must pass both houses and be signed by the Governor by June 25, 2020 to be eligible for the November 3, 2020 statewide ballot. With no consensus on the proposals between the Governor, Assembly and Senate, passage seems unlikely in the next two weeks.
- SB 801 (Glazer). Along with SB 862 and SB 1312 (listed below), SB 801 is part of a package of bills introduced by the Senate to address some of the issues that surfaced during a Senate oversight hearing in November of 2019 on last year's PSPS events. The bill would require IOUs to provide backup power for certain customers receiving medical baseline allowance. The bill was placed on the Senate Committee on Appropriations suspense file on Tuesday, June 9, 2020 so it will not move forward this year.
- SB 862 (Dodd). This bill will allow PSPS events to be considered state of emergencies or local emergencies and therefore eligible for many of the programs and services that are available during and after such events. This bill also requires IOUs to include individuals with access and functional needs in their wildfire mitigation plans. The bill was placed on the Senate Committee on Appropriations suspense file on Tuesday, June 9, 2020 so it will not move forward this year.
- SB 1215 (Stern). Initially a comprehensive bill aimed at eliminating obstacles to deploying microgrids, many of the provisions in the bill were deleted during the Senate Committee on Energy, Utilities and Communications hearing on June 2nd. The most significant amendment was the deletion of the section that would have allowed the owner of a microgrid to provide power to adjacent properties without being regulated by the CPUC. While the section was stripped from the bill, the committee encourage the

author to continue working on this concept and hopefully come back to the committee with a new proposal at the end of the session. The bill still contains a provision requiring the CPUC to develop a database of critical facilities. CalCCA is currently working on suggested language that would require the IOUs to give CCAs access to necessary grid data to identify and facilitate the development of backup power to critical facilities. The bill was placed on the Senate Committee on Appropriations suspense file on Tuesday, June 9, 2020 which means that it will not move forward this session.

- SB 1312 (McGuire). The last of the Senate PSPS bill trifecta, this bill directs the CPUC to establish protocols that the IOUs must follow to trigger a PSPS event, creates a timeline for grid hardening by IOUs, and imposes fines for compliance failures. CalCCA supports this bill. The bill was placed on the Senate Committee on Appropriations suspense file on Tuesday, June 9, 2020 which means it will not move forward this session.

Bill Positions

| Measure | Author | Summary | Status | Position |
|---------|--------|---|-------------|------------------------|
| AB 56 | Garcia | Allows the CPUC to authorize the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) to undertake procurement of electricity to meet the state’s climate, clean energy, and reliability goals if the PUC makes specified findings. The newly formed authority would be permitted to procure electricity for customers of electrical corporations, community choice aggregators, and electric service providers to attain certain energy, environmental, economic, public health and public safety objectives. | Sen Energy | CalCCA: Oppose |
| SB 45 | Allen | \$5.5 billion natural resources bond proposal for the Nov 2020 Statewide Ballot. The proposal contains \$570 million in resiliency funds that could be tapped by CCAs or member agencies for resiliency projects. | Asm Rules | CalCCA: Support |
| SB 350 | Hill | PG&E contingency plan. | Asm Approps | CalCCA: Watch |
| SB 378 | Wiener | Proposes various consumer and local government protections from PSPS events triggered by IOUs. The bill requires certain IOU equipment reporting requirements, procedures for consumer and local government reimbursements, improved local agency notification requirements, and hefty | Asm Desk | CalCCA: Support |

| | | | | |
|---------|---------|---|----------------|---|
| | | finer for PPS events that are deemed unreasonable by the PUC. | | |
| SB 774 | Stern | This bill would state the intent of the Legislature to enact later legislation to require the commission to develop and implement a program to deploy local clean energy generation and storage systems throughout California. | Asm Energy | CalCCA: Watch |
| SB 862 | Dodd | Clarifies that the provisions of the Emergency Services Act apply to deenergization events as defined. The bill would also expand wildfire mitigation plan protocols for deenergization to address the needs of Access & Functional Needs (AFN) individuals, in addition to utility customers who receive a medical baseline allowance. | Senate Approps | CalCCA: Support |
| SB 1117 | Monning | Eliminates a statutory conflict that results in residents of mobile home parks being charged the electrical corporation rate rather than the CCA rate. | Senate Floor | CalCCA: Support PCE: Support |
| SB 1215 | Stern | Creates the Local Government Deenergization Resiliency Grant Program. Grants are for planning and deployment. | Senate Approps | CalCCA: Support, if Amended |
| SB 1312 | McGuire | Directs CPUC to establish protocols that must be followed for an IOU to trigger a PPS event. Establishes a timeline for grid hardening by IOUs. Establishes fines for compliance failures. | Senate Approps | CalCCA: Support |
| SB 1314 | Dodd | Creates a community resiliency planning grants program. | Senate Approps | CalCCA: Watch |

State Budget

Despite identifying a \$54 billion shortfall (\$13 billion in the current fiscal year, \$51 billion in the out year) in the May Revise released on May 8, 2020 the Legislature and Governor are on target to pass a balanced budget by the constitutionally required June 15, 2020 deadline. PCE team has been monitoring some energy resiliency funding that is under consideration. One item in the budget that was proposed back in January provides \$50 million in grants for local governments to provide backup power to critical services vulnerable to power outages such as schools, election offices, and food storage reserves. Despite many proposals being scrapped in the May Revise due to declining revenues, this program is still in the budget. Unfortunately, the \$250 million allocated as part of the Governor's climate resiliency plan that would have allocated \$25 million for local community planning and \$225 million for microgrid and other projects, did not survive the cuts made to the budget in May.

FISCAL IMPACT:

Not applicable.



PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: June 19, 2020
BOARD MEETING DATE: June 25, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Jan Pepper, Chief Executive Officer, Peninsula Clean Energy
Rafael Reyes, Director of Energy Programs
SUBJECT: Community Programs Report

SUMMARY

The following programs are in progress, and detailed information is provided below:

1. DriveForward Electric Low-Income EV Incentive Program
2. Ride-Hail Electrification Pilot
3. EV Managed Charging Pilot
4. "EV Ready" Charging Incentive Program

The following programs are in hiatus during the shelter-in-place order (last updates included for reference):

5. MUD Low-Power EV Charging Pilot
6. Building and EV Reach Codes
7. New EV Dealer Incentive Program
8. EV Ride and Drives

DETAIL

1. DriveForward Electric Low-Income EV Incentive Program

Background: Launched in March 2019, the DriveForward Electric program provides an incentive up to \$4,000 for the purchase of used plug-in hybrid electric vehicles (PHEVs) and full battery electric vehicles (BEVs) to low- and moderate- income San Mateo County residents with access to a standard outlet at home or at work. The incentives may be combined with other programs such as Clean Cars for All from the Bay Area Air Quality Management District or the state-wide Clean Vehicle Assistance Program from

Beneficial State Foundation. When combined with another program, PCE offers \$2,000 as a follow-on rebate. The program operates in partnership with Peninsula Family Service's (PFS) DriveForward program, a robust program that provides financial coaching and access to financing to help participants purchase reliable used vehicles.

Status: The program is under continuous operation even during the shelter-in-place order.

Key metrics:

- Vehicles sold to-date: 57
- Estimated CO2 emissions avoided over 10 years: 2,100+ tons
- Estimated annual total participant savings: \$58,000+
- The pipeline includes 6 additional clients that have been approved but have not purchased vehicles

2. Ride-Hail Electrification Pilot

Background: This pilot, approved by the Board in March 2020, is PCE's first program for the electrification of new mobility options. The project partners with Lyft and FlexDrive, its rental-car partner, to test strategies that encourage the adoption of all-electric vehicles in ride-hailing applications.

Status: PCEA staff are engaged in contract negotiations with Lyft and FlexDrive and the contract is expected to be executed in the summer with vehicle procurement to follow. Vehicles are anticipated to become available by January.

3. EV Managed Charging Pilot (no change since February)

Background: PCE has entered into a contract with FlexCharging to test managed charging through vehicle-based telematics. The system utilizes existing Connected Car Apps and allows PCE to manage EV charging via algorithms with a goal of shifting more charging to occur during off-peak hours.

Status: Phase 1 of the project, which is testing basic functionality of the App and connectivity with Tesla and Nissan vehicles, was kicked off in January 2020 and is estimated to last about 4-6 months. Approximately 15 volunteers are assisting at this phase. PCE is now able to analyze incoming data from this pilot and is gathering lessons learned from a vehicle-based approach to managed charging. If successful, the project will move to a phase 2, which will begin testing incentive structures for behavior change impact.

4. "EV Ready" Charging Incentive Program

Background: In December 2018 the Board approved \$16 million over four years for EV charging infrastructure incentives (\$12 million), technical assistance (\$2 million), workforce development (\$1 million), and administrative costs (\$1 million). Subsequent to authorization of funding, PCE successfully applied to the California Energy Commission

(CEC) for the CEC to invest an additional \$12 million in San Mateo County for EV charging infrastructure. That application was in conjunction with agencies in Santa Clara County.

Of PCE's \$12 million in incentives, \$8 million will be administered under the CEC's program CALeVIP and \$4 million under a dedicated, complementary PCE program. The dedicated PCE incentives will address critical market segments not addressed by CALeVIP including Level 1 charging, assigned parking in multi-family dwellings, affordable housing new construction, public agency new construction, and charging for resiliency purposes. PCE staff is working on operational readiness for the dedicated program.

Status: Detailed planning for the technical assistance with CLEAResult and systems development for the dedicated PCE incentives are underway. Technical assistance for key accounts and support for inbound project inquiries is intended to launch on June 23rd in conjunction with a CALeVIP workshop which is to outline the final incentives and program requirements, hosted by the CEC. PCE's dedicated incentives is intended to launch in at the end of summer, the contract for CALeVIP is nearing execution, and CALeVIP is expected to launch in October.

5. MUD Low-Power EV Charging Pilot (no change since February)

Background: This project was initially approved by the Board in 2018. This pilot program will conduct a needs assessment among various apartment ownership types, foster new low-power charging technology solutions, pilot them in multi-unit dwellings (MUDs), assess the technologies for possible inclusion in PCE's Charging Incentive Program, and document the results. Energy Solutions was selected as the consultant partner as part of a competitive bid process. The project was kicked off in August 2019.

Status: Business requirements and technology scouting has been completed with a number of innovative technologies identified and assessed. The project team selected Plugzio, an internet-connected 120V outlet, as the pilot technology for the first round of testing. Four apartment properties in Foster City, Millbrae, and San Mateo have been identified as candidates and have tentatively agreed to participation in the pilot. Preparation will begin after the Bay Area shelter in place is lifted and installations are targeted for late-summer 2020.

6. Building and EV Reach Codes (no change since February)

Background: In 2018 the Board approved a building "reach code" initiative to support local governments in adopting enhancements to the building code for low-carbon and EV ready buildings. The initiative is a joint project with Silicon Valley Clean Energy (SVCE). The program includes small grants to municipalities, technical assistance, and tools, including model codes developed with significant community input. The tools and model code language are available on the project website (www.PeninsulaReachCodes.org).

Status: In PCE territory, Brisbane, Menlo Park, Pacifica, San Mateo and San Mateo County have adopted reach codes. Engagement with agency staff and Council presentations are ongoing. Most agencies in San Mateo County are considering some kind of reach code. For building electrification the approach taken by Menlo Park has garnered the most interest. On electric vehicle code, approaches vary. Over 30 agencies across San Mateo and Santa Clara counties are exploring reach codes. Below is a sampling of agencies across PCE and SVCE territories:

| City | Buildings | | | Electric Vehicles |
|---------------------|---|-------------------------------------|--------------------|---------------------------------------|
| | Choice All-Electric or High Efficiency Mixed-Fuel | All-Electric with Limited Gas Usage | Natural Gas Ban | |
| County of San Mateo | | ADOPTED | | EV Ready code (PCE model) |
| Brisbane | | ADOPTED | | Aggressive EV Ready code |
| Menlo Park | | ADOPTED | | Increase chargers & EV Capable (2018) |
| Milpitas | ADOPTED | | | Increase chargers & EV Capable |
| Morgan Hill | | | ADOPTED | |
| Mountain View | | ADOPTED | | Aggressive EV Ready code |
| Pacifica | | ADOPTED | | Increase chargers (2017) |
| Palo Alto | | ADOPTED | | Aggressive EV Ready code |
| San Mateo | ADOPTED | | | Increase chargers & EV Capable |
| San Jose | | ADOPTED | ADOPTED (low rise) | Increase chargers & EV Capable |

To address concerns over impacts to affordable housing, PCE and SVCE are developing funding support programs for EV infrastructure in affordable housing (to cover costs above state code). Development projects that are 100% affordable in cities with reach codes would be eligible.

In addition, the Board approved in January 2020 an extension of the reach code technical assistance plus additional elements:

- Education and training for developers and contractors
- Consumer education program on the benefits of all-electric buildings

These new elements are under development and anticipated to launch in Q2/Q3 2020.

7. New EV Dealer Incentive Program (no change since May)

Background: This program is one of PCE’s two core elements for new EV marketing (the other is the Ride & Drive Program) and is intended to provide time-limited discounts and incentives on EVs to address the up-front cost of which is one of the key barriers to EV adoption. In addition, the program provides a “hook” for broad based marketing across the county intended to not only motivate immediate purchases but also increase awareness and interest in EVs to foster future purchases. The program includes participating dealerships which are selected annually through a competitive process in which dealers were eligible to apply by offering discounts below the Manufacturer’s Suggested Retail Price (MSRP) on their EVs. In addition to the discounts offered, PCE provides an added incentive (\$1,000 for battery electric vehicles and \$700 for plug-in

hybrids) and a \$250 incentive to participating dealerships per vehicle sold/leased. In April 2019, the Board approved the continuation of the New EV Dealer Incentive Program over three years (2019-2021) following a 2018 pilot.

Status: Impact of the 2019 program is under assessment. A community-wide market study was executed in April and the results are being compiled. The market study is intended to indicate the level of awareness and interest in EVs and provide a comparative to a 2018 baseline study.

New EV sales declined about 23% in 2019 as compared to 2018. 14.5% of new vehicle sales were EV in 2019 as compared to 17% in 2018. This was likely due to a number of factors. First, overall personal vehicle sales decreased by about 9% in 2019 as compared to 2018. Second, sales are trending from sedans to SUVs, which currently has limited availability in all-electric models, however new electric SUVs have since come to the market in 2020, providing opportunity for additional adoption. Third, 2018 was an anomalous year due to Model 3 sales. 2018 saw a major increase with over double the sales of 2017 (4892 vehicles, 17% of personal vehicle sales in 2018 compared to 2037 vehicles, 8.5% of sales in 2017). The Model 3 announcement resulted in considerable pent up demand which affected 2019 EV sales. Lastly, there were a number of additional negative market factors in 2019: Chevrolet Bolt supply problems due to General Motor strikes, significant decrease in the federal tax credit incentive for the Bolt, and the California rebate being reduced. The shelter in place order has had a major impact on vehicle purchase demand and EV sales are expected to be severely impacted in 2020.

However, the PCE program was well received:

- Buyer reported significance of promotion: 46% stated the program was crucial in decision, 38% very important, 12% slightly important.
- Dealer reported significance of promotion: 75% of dealers said the PCE program was a 'high' significance in customer's purchase decisions, 25% said 'medium' significance.

Staff is evaluating various changes to the New EV Dealer Incentive Program for FY 2020-2021. It is expected that vehicle sales will decline significantly as a result of COVID-19 and the resulting economic downturn. Program options include increasing the incentive level, adding in used vehicle incentives, and a more equity-driven program model to benefit those impacted most by the situation.

8. EV Ride & Drives (no change since May)

Background: This program is one of PCE's two core elements for new EV marketing (the other is the New EV Dealer Incentive Program). It provides for community and corporate events in which community members can test drive a range of EVs. The program generated 14 events and 1,879 experiences in 2019 and a total of 19 events and 3,033 experiences since inception in 2018. Events have included pre-test drive, post-test drive, and six-month trailing surveys to document changes in customer perception towards EVs and actions taken after the EV experience. Event surveys

indicate that the ride and drive was the first EV experience for 64% of participants and 87% report an improved opinion of EVs. Trailing surveys 6 months or more after events have yielded a 26% response rate and 18% of respondents indicate they acquired an EV after the event.

Status: Due to the COVID-19 pandemic all previously confirmed events beginning in March were cancelled. Two events are tentatively scheduled in September and October. It is likely to even after the shelter-in-place order is lifted large gatherings will continue to have limitations and/or public preferences may be to avoid such events. Staff is exploring other EV engagement strategies that may be able to complement the EV ride & drive objectives, such as hosting virtual EV forums with corporate hosts and potentially working with dealers to offer delivered 'at-home' test drives.



PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: June 12, 2020
BOARD MEETING DATE: June 25, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Jan Pepper, Chief Executive Officer
SUBJECT: Energy Supply Procurement Report – June 2020

BACKGROUND:

This memo summarizes energy procurement agreements entered into by the Chief Executive Officer since the last regular Board meeting in May. This summary is provided to the Board for information purposes only.

DISCUSSION:

The table below summarizes the contracts that have been entered into by the CEO in accordance with the following policy since the last board meeting.

| Execution Month | Purpose | Counterparty | Term |
|------------------------|--|---------------------------------------|-------------|
| June | Purchase of System Resource Adequacy | Elk Hills Power, LLC | -2 months |
| June | Purchase of System Resource Adequacy | Morgan Stanley Capital Group | 1 month |
| June | Sale of System and Local Resource Adequacy | Sonoma Clean Power Authority | 1 month |
| June | Sale of System Resource Adequacy | Bolt Energy Marketing LLC | 1 month |
| -June | Sale of System Resource Adequacy | Valley Electric Association | 1 month |
| May | Sale of Local Resource Adequacy | Silicon Valley Clean Energy Authority | 1 month |

| | | | |
|------|-------------------------|----------------------------------|------------|
| June | Carbon-Free Allocations | Pacific Gas and Electric Company | 6.5 months |
|------|-------------------------|----------------------------------|------------|

In January 2020, the Board approved the following Policy Number 15 – Energy Supply Procurement Authority.

Policy: “Energy Procurement” shall mean all contracting for energy and energy-related products for PCE, including but not limited to products related to electricity, capacity, energy efficiency, distributed energy resources, demand response, and storage. In Energy Procurement, Peninsula Clean Energy Authority will procure according to the following guidelines:

1) Short-Term Agreements:

- a. Chief Executive Officer has authority to approve Energy Procurement contracts with terms of twelve (12) months or less, in addition to contracts for Resource Adequacy that meet the specifications in section (b) and in Table 1 below.
- b. Chief Executive Officer has authority to approve Energy Procurement contracts for Resource Adequacy that meet PCE’s three (3) year forward capacity obligations measured in MW, which are set annually by the California Public Utilities Commission and the California Independent System Operator for compliance requirements.

Table 1:

| Product | Year-Ahead Compliance Obligation | Term Limit |
|----------------------------|---|-----------------|
| Local Resource Adequacy | In years 1 & 2, must demonstrate capacity to meet 100% of monthly local obligation for years 1 and 2 and 50% of monthly local obligation for year 3 by October 31 st of the prior year | Up to 36 months |
| System Resource Adequacy | In year 1, must demonstrate capacity to meet 90% of system obligation for summer months (May – September) by October 31 st of the prior year | Up to 12 months |
| Flexible Resource Adequacy | In year 1, must demonstrate capacity to meet 90% of monthly flexible obligation by October 31 st of the prior year | Up to 12 months |

- c. Chief Financial Officer has authority to approve any contract for Resource Adequacy with a term of twelve (12) months or less if the CEO is unavailable and with prior written approval from the CEO.
- d. The CEO shall report all such agreements to the PCE board monthly.

2) Medium-Term Agreements: Chief Executive Officer, in consultation with the General Counsel, the Board Chair, and other members of the Board as CEO

deems necessary, has the authority to approve Energy Procurement contracts with terms greater than twelve (12) months but not more than five (5) years, in addition to Resource Adequacy contracts as specified in Table 1 above. The CEO shall report all such agreements to the PCE board monthly.

- 3) **Intermediate and Long-Term Agreements:** Approval by the PCE Board is required before the CEO enters into Energy Procurement contracts with terms greater than five (5) years.
- 4) **Amendments to Agreements:** Chief Executive Officer, in consultation with the General Counsel and the Board Chair, or Board Vice Chair in the event that the Board Chair is unavailable, has authority to execute amendments to Energy Procurement contracts that were previously approved by the Board.



PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: June 16, 2020
BOARD MEETING DATE: June 25, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Jan Pepper, Chief Executive Officer
Siobhan Doherty, Director of Power Resources
Peter Levitt, Associate Manager, Distributed Energy Resources (DER) Strategy

SUBJECT: Update on Energy Resiliency Strategy

SUMMARY

On January 23, 2020, the Peninsula Clean Energy Board of Directors approved staff's three-year, \$10 million strategy to deploy local electricity resiliency programs in San Mateo County. Each month, staff will provide an update report to the Board on the status of the programs deployed under this strategy. Any actual budget commitments would need to be approved by Peninsula Clean Energy's Board in accordance with our policies. The full Energy Resiliency Strategy is available on Peninsula Clean Energy's website: https://www.peninsulacleanenergy.com/wp-content/uploads/2020/02/Resiliency-Strategy_January.pdf

The following programs are in progress, and detailed information is provided below:

1. Public Facility Resilience
2. Power on Peninsula – Distributed Energy Storage (formerly Distributed Resource Adequacy (RA))
3. Power on Peninsula - Medically Vulnerable Program
4. Community Resiliency at Faith Institutions – Interfaith Power & Light
5. Future Programs – EVs for Backup Power

DETAIL

1. Public Facility Resilience (Formerly “Municipal Community Resiliency Centers”)

Background

In Q3 2018, East Bay Community Energy (EBCE), in partnership with Peninsula Clean Energy, was awarded a Bay Area Air Quality Management District grant for a scoping study to identify critical facilities that can provide emergency services during natural disasters including for community shelter in the counties of Alameda and San Mateo. These facilities have been studied to evaluate the viability of deploying solar+storage to provide back-up power. Solar+storage at critical facilities can provide a cleaner and more reliable power source than diesel generators and reduce operating costs for the facilities.

This \$300,000, 12-month scoping project has achieved the following two objectives 1) identified a subset of critical facilities in San Mateo and Alameda counties that can serve as community shelters and/or emergency response hubs during power outages related to Public Safety Power Shutoff events or natural disasters (e.g. police and fire depts, recreation centers, libraries, etc); and 2) narrowed that list to select priority sites based on site hazards, proximity to population, and location in a disadvantaged community or low income zone. The project will deliver the following two objectives next: 3) develop a financial model (e.g. rate design or financial incentive) that results in affordable and widespread deployment of resilient solar systems; and 4) design and assist in the collective procurement for solar+storage installations at priority critical facilities to reduce costs for interested agencies.

This project was initiated in Q3 2019, and Peninsula Clean Energy conducted outreach to cities to identify sites and form a preliminary list of prospective facilities. Eleven cities responded by the required deadline and identified 118 facilities for initial study: Belmont, Brisbane, Colma, Foster City, Half Moon Bay, Hillsborough, Millbrae, Pacifica, Redwood City, San Carlos, and San Mateo. These cities' facilities were studied for their solar potential, to understand their risk of fault as a result of natural disasters, and to evaluate the population within a 30-minute walk. This is the first phase of the project, and we intend to include additional cities and facilities in the future.

In January, February, and March, staff met with personnel from each of these 11 cities to review initial evaluations studies, discuss city priorities with respect to backup power needs, and consider potential procurement pathways. Based on the initial study and conversations with the cities, we have narrowed the list of facilities for further evaluation to 49 out of the initial 118 facilities that cities identified.

On May 4, Peninsula Clean Energy released a [Request for Information](#) in partnership with EBCE, seeking guidance from the solar+storage industry on recommendations for

a joint procurement. The RFI posited that CCAs have the knowledge and capability to alleviate some of the pre-development work that goes into solar+storage projects, and that we have a strong financial position that we can leverage for creative procurement practices. It asked industry how to best make use of these unique CCA attributes to drive down project cost and increase deployment scale.

Current Status

Responses to the RFI were due on May 22 and we received 18 responses from solar and storage vendors. Staff at Peninsula Clean Energy, EBCE and our consultant, Arup evaluated responses and had an initial workshop to discuss on June 11. We are continuing to evaluate these responses to determine the best path forward. With a better understanding on how to organize a joint procurement for energy resiliency, EBCE and Peninsula Clean Energy expect to release a Request for Proposals (RFP) later in 2020.

2. Power on Peninsula – Distributed Energy Storage

Background

Power on Peninsula – Distributed Energy Storage (formerly referred to as Distributed Resource Adequacy) is an energy resiliency program run by Peninsula Clean Energy stemming from the energy resiliency strategy published by staff in January 2020, and the joint solicitation for Resource Adequacy Capacity with three other Load-Serving Entities (LSEs) in November 2019. Under this solicitation, Peninsula Clean Energy, East Bay Community Energy, Silicon Valley Clean Energy, and Silicon Valley Power are utilizing LSEs' RA purchasing obligations to motivate new solar+storage systems to provide energy resiliency throughout the Bay Area.

The request for proposals for this solicitation was published in November 2019 with a due date in December. Peninsula Clean Energy received 20 proposals. Since January 2020, Peninsula Clean Energy has reviewed the 20 proposals and interviewed a shortlist of eight respondents. Based on the interviews with shortlisted candidates, we narrowed the list to five candidates. Peninsula Clean Energy has selected two vendors for this program – one to provide RA from systems located on single-family and multi-family homes, and one to provide RA from systems located on commercial sites.

Current Status

Peninsula Clean Energy staff have negotiated a Distributed Energy Storage Agreement with Sunrun, Inc. and are requesting the Board's approval tonight. Under the agreement, Sunrun will install 1 – 5 MW (4 – 20 MWh) of battery energy storage systems on single family and multi-family residences in San Mateo County with a minimum of 10% installed for low income customers, customers on CARE, FERA or Medical Baseline rates, or located in a disadvantaged community. Peninsula Clean Energy will help connect Sunrun to customers via a co-marketing agreement and purchase grid services to help meet RA compliance requirements from these systems during times of regular grid operation. This will help decrease the system cost for the

end customer who can use the battery storage systems to manage time of use charges and during grid outages, such as PSPS events.

In addition to the Distributed Energy Storage Agreement, Peninsula Clean Energy and Sunrun will sign a Customer Data Sharing Non-Disclosure Agreement and Co-Marketing Agreement. These agreements will ensure customer data security while defining the rules of engagement with respect to marketing campaigns. Under the co-marketing agreement, Peninsula Clean Energy will identify and connect Sunrun to customers that are best positioned to participate in this program. This should allow for faster deployment of the program and help defray the cost of customer acquisition.

Peninsula Clean Energy and Sunrun have developed a co-marketing approach that we expect will lead to increased customer participation. As part of this co-marketing approach, Sunrun will provide customers that sign up for participation in this program an upfront monetary incentive of \$1,000. While the details of this incentive are not yet finalized, we think this will motivate many Peninsula Clean Energy customers to participate.

Staff are also in the process of negotiating an agreement with the selected vendor for systems on commercial facilities. We aim to finalize this negotiation and bring to the Board later this summer.

3. Power on Peninsula - Medically Vulnerable Program

Background

Grid outages can be life threatening for people that depend on electricity to power medical equipment. Clean backup power can help customers that depend on medical equipment to remain in their homes during a power outage and have access to electricity. This could also reduce power outage-related calls to emergency services from these customers.

While eligible homeowners will be referred to Sunrun to install solar and battery backup system in their homes, for eligible renters, staff are planning and implementing a program to provide portable backup batteries via donation to medically vulnerable residents in areas likely to be impacted by future Public Safety Power Shutoff (PSPS) events. The eligibility criteria are aligned with state rebate programs. The geographic focus is areas in high fire-threat zones or areas that were impacted by two or more PSPS events last year (mostly the coast from Montara south to the County border and unincorporated rural mountainous areas). Medical eligibility is aligned with the Medical Baseline program, which serves residents with a life-supporting medical device or medical need that requires electricity. This program provides a long-term solutions to increase safety, resilience, and independence for medically vulnerable residents.

Current Status

In mid-May 2020, Peninsula Clean Energy sent an informational questionnaire to eight portable electric battery storage vendors. Five organizations responded, and from

those responses, staff was able to shortlist several vendors for additional consideration. From the responses to the questionnaires and follow-up discussions with shortlisted vendors, staff has identified the following criteria as critical to finalizing vendor selection: capacity price, unit capacity, unit availability, shipping time, and weight.

The product that Peninsula Clean Energy is considering procuring for its customers is the Goalzero Yeti 3000x. The Yeti 3000x is a 70-lb, 3,000Wh battery that should be available to eligible customers in late September. After discharging the battery to power a small electrical appliance, it can be plugged into a standard wall socket to be recharged. Some of the batteries will also come with a 200W solar panel that you can put out to recharge your battery if there is a power outage.

Goalzero is currently experiencing heavy demand as a result of several other California LSE procurements. The earliest delivery dates are estimated as late September or early October. In the short term in the coming months, residents will also be referred to the Center for Independence for Individuals with Disabilities in San Mateo, which operates a portable battery loan program and vouchers for hotel stays for medically vulnerable residents impacted by PSPS events in coordination with CalFire and Coastside CERT.

Peninsula Clean Energy staff also began hosting weekly coordination calls among organizations in San Mateo County actively working on backup battery solutions for medically vulnerable residents in areas most likely to be impacted by future Public Safety Power Shutoff (PSPS) events. This group includes:

- City of Half Moon Bay (Public Works and Emergency Services)
- CalFire
- County Office of Emergency Services
- County Department of Public Health
- Senior Coastsiders
- Center for Independence for Individuals with Disabilities
- Coastside CERT

4. Community Resiliency at Faith Institutions – Interfaith Power & Light

Background

This pilot project seeks to recruit and equip 3-5 faith institutions to be community resilience hubs with clean energy backup power and emergency preparedness plans to respond to community needs during a natural disaster or emergency. Through this pilot, Peninsula Clean Energy will capture practical knowledge to inform and design future resilience programs.

This program is being transitioned to the Power Resources team.

Current Status

The project engaged four congregations across San Mateo County - (1) Hope United Methodist Church, (2) Congregational Church of San Mateo, (3) Peninsula Sinai Congregation, and (4) Unitarian Universalists of San Mateo. Of the four sites, three are currently reviewing bids that range between 20-25 kW PV arrays and ~10-40 kWh storage. In conjunction with the bid review, two congregations are engaging in more detailed emergency preparedness planning to help both inform their operational plans and the required system sizes based on those plans. Projects were anticipated to start mid-2020, however, installations are delayed due to impacts of COVID-19. All three sites are investigating additional options to finance the battery purchase or solicit a donation due to the high cost of the storage system. The fourth congregation, which has not solicited a bid, has plans to construct a new building on their site and is discussing whether to align the solar plus storage project with that new construction project.

The pilot project highlighted two key learnings: (1) what are the best practices for designing an emergency preparedness plan for off-grid operation, and (2) what standards exist for developers to properly size storage for resiliency needs. The seemingly larger storage requirement to support longer duration off-grid operation increases the cost of the storage system reducing financial feasibility of the project.

5. Future Programs

EVs for Backup Power

EVs require powerful batteries and therefore represent an energy asset that can act as a virtual power plant, charging their batteries with renewable energy during the daytime, and discharging their batteries to the grid when there is high demand during evening hours. Additionally, these fleets can provide backup power by reserving a portion of their overall capacity in the event of a power outage. In the U.S., there are some limits around using EVs in this way due to limitations in warranties. However, we expect this to change over time as “V2Home” (Vehicle to Home) programs become implemented by car companies and/or other third-party suppliers.

Staff is tracking several Vehicle to Grid (V2G) companies and pilot projects for possible development with Peninsula Clean Energy. These range from light-duty vehicles (vehicles equipped with Chademo ports, mostly the Nissan Leaf) to heavy-duty school buses. We are developing a V2G program track, which will be incorporated into a larger fleet strategy. This will include day-to-day customer bill management for EV fleets and could potentially include bi-directional grid support and backup emergency power demonstrations.

This program is managed by the PCE Community Energy Programs team.