

**Regular Meeting of the Executive Committee of the
Peninsula Clean Energy Authority (PCEA)
AGENDA**

**Monday, May 12, 2025
10:00 am**

PLEASE NOTE: This meeting will be held in a hybrid format with both in-person and Zoom participation options for members of the public; Board members shall appear in person.

In-Person Meeting Location:

PCEA Lobby, 2075 Woodside Road, Redwood City, CA 94061
Office of Supervisor Gauthier, 500 County Center, 5th Floor, Redwood City, CA 94063

Zoom, Virtual Meeting Link: <https://pencleanenergy.zoom.us/j/83252507093>
Meeting ID: 832-5250-7093 Passcode: 2075 Phone: +1 (669) 444-9171

This meeting of the Peninsula Clean Energy Executive Committee will be held at the Peninsula Clean Energy Lobby: 2075 Woodside Road, Redwood City, CA 94061 and by teleconference pursuant to California Assembly Bill 2449 and the Ralph M. Brown Act, CA Gov't Code. Section 54950, et seq. **Members of the Committee are expected to attend the meeting in person** and should reach out to our General Counsel for Peninsula Clean Energy, Jennifer Stalzer, with questions or accommodation information (jstalzer@smcgov.org). For information regarding how to participate in the meeting remotely, please refer to the instructions at the end of the agenda. In addition, a video broadcast of the meeting can be viewed at <https://www.peninsulacleanenergy.com/meetings-events> following the meeting.

Public Participation

The PCEA Executive Committee meeting may be accessed through Zoom online at <https://pencleanenergy.zoom.us/j/83252507093>. The meeting ID is: 832 5250 7093 and the passcode is: 2075. The meeting may also be accessed via telephone by dialing +1(669) 444-9171. Enter the webinar ID: 832 5250 7093, then press #. (Find your local number: <https://pencleanenergy.zoom.us/u/kTIH1Ocod>). Peninsula Clean Energy uses best efforts to ensure audio and visual clarity and connectivity. However, it cannot guarantee the connection quality.

Members of the public can also attend this meeting physically at the **Peninsula Clean Energy Lobby** at 2075 Woodside Road, Redwood City, CA 94061.

Written public comments may be emailed to PCEA Board Clerk, Nelly Wogberg (nwogberg@peninsulacleanenergy.com) and such written comments should indicate the specific agenda item on which the member of the public is commenting.

Spoken public comments will be accepted during the meeting in the Board Room(s) or remotely through Zoom at the option of the speaker. Please use the "Raise Your Hand" function in the Zoom platform, or press *6 if you phoned into the meeting, to indicate that you would like to provide comment.

Please note that Peninsula Clean Energy Executive Committee meetings are a limited public forum, and

all public comment must relate to something that is within the subject matter jurisdiction of the Committee. If comments do not relate to the subject matter jurisdiction of the Committee, we will stop the comment and move on to the next speaker. General Counsel will assist in identifying comments that are not related to the subject matter jurisdiction of the Committee.

ADA Requests

Individuals who require special assistance or a disability related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting, should contact Nelly Wogberg, Board Clerk, by 10:00 a.m. on the day before the meeting at (nwogberg@peninsulacleanenergy.com). Notification in advance of the meeting will enable PCEA to make reasonable arrangements to ensure accessibility to this meeting, the materials related to it, and your ability to comment.

Closed Captioning is available for all PCEA Board meetings. While watching the video broadcast in Zoom, please enable captioning.

CALL TO ORDER / ROLL CALL / APPROVE TELECONFERENCE PARTICIPATION UNDER AB 2449

This item is reserved to approve teleconference participation request for this meeting by Director pursuant to Brown Act revisions of AB 2449 due to an emergency circumstance to be briefly described.

PUBLIC COMMENT

This item is reserved for persons wishing to address the Committee on any PCEA-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. Members of the public who wish to address the Committee are customarily limited to two minutes per speaker. The Committee Chair may increase or decrease the time allotted to each speaker.

ACTION TO SET AGENDA AND TO APPROVE CONSENT AGENDA ITEMS

1. [Approval of Minutes from the April 14, 2025 Executive Committee Meeting](#)

REGULAR AGENDA

2. Chair Report (Discussion)
3. CEO Report (Discussion)
5. [Discussion of Future Facilities Plan for Peninsula Clean Energy \(Discussion\)](#)
6. [Recommend to the Board of Directors Approval of a Contract with Lunar Energy for a Distributed Energy Resource Management System \(DERMS\) \(Action\)](#)
7. Committee Members' Reports (Discussion)

ADJOURNMENT

Public records that relate to any item on the open session agenda are available for public inspection. The records are available at the Peninsula Clean Energy offices or on PCEA Website at: <https://www.peninsulacleanenergy.com>.

Instructions for Joining a Zoom Meeting via Computer or Phone

Best Practices:

- Please mute your microphone when you are not speaking to minimize audio feedback
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- If participating via videoconference, audio quality is often better if you use the dial-in option (option 2 below) rather than your computer audio

Options for Joining

- Videoconference with Computer Audio - see Option 1 below
- Videoconference with Phone Call Audio - see Option 2 below
- Calling in via Telephone/Landline - see Option 3 below

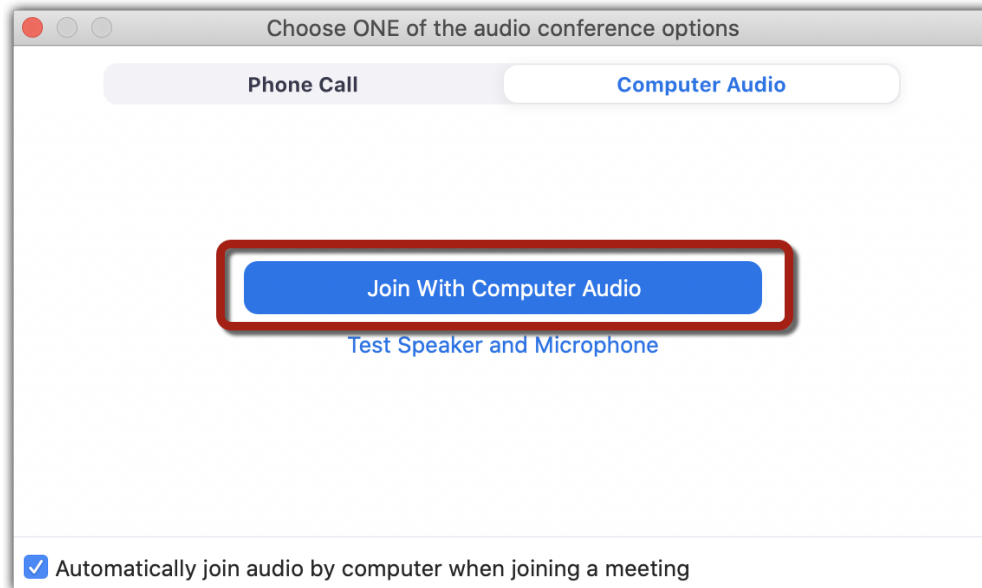
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Prior to the meeting, we recommend that you install the Zoom Meetings application on your computer by clicking here <https://zoom.us/download>.

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Option 1 Videoconference with Computer Audio:

- From your computer, click on the following link that is also included in the meeting calendar invitation: <https://pencleanenergy.zoom.us/j/83252507093>
- The Zoom application will open on its own or you will be instructed to open Zoom.
- 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.

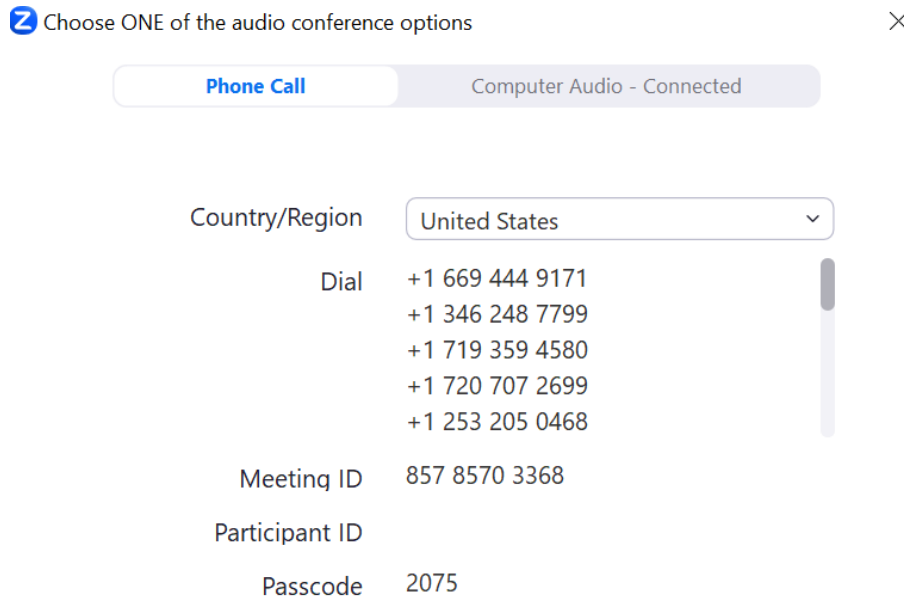


- Click the blue, "Join with Computer Audio" button.
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Option 2 Videoconference with Phone Call Audio

- From your computer, click on the following link that is also included in the meeting calendar invitation: <https://pencleanenergy.zoom.us/j/83252507093>
- The Zoom Application will open on its own or you will be instructed to Open Zoom.

- 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.



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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 via Telephone/Landline:

- Please dial +1 (669) 444-9171.
- You will be instructed to enter the meeting ID: **832-5250-7093 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 press # to stay on the line.
- You will be instructed to enter the meeting passcode **2075 followed by #.**



PENINSULA CLEAN ENERGY AUTHORITY
JPA Board Correspondence

DATE: May 9, 2025
MEETING DATE: May 12, 2025
VOTE REQUIRED: Majority Vote

TO: Honorable Peninsula Clean Energy Authority Executive Committee
FROM: Nelly Wogberg, Board Clerk
SUBJECT: Approval of Minutes from the April 14, 2025 Executive Committee Meeting

RECOMMENDATION

Approval of Minutes from the April 14, 2025 Executive Committee Meeting

ATTACHMENTS:

[04-14-2025 EC Draft Minutes.pdf](#)



Regular Meeting of the Executive Committee of the Peninsula Clean Energy Authority (PCEA) Minutes

Monday, April 14, 2025
10:00 a.m.
Zoom Video Conference and Teleconference

CALL TO ORDER



Meeting was called to order at 10:01 a.m. in virtual teleconference and in the Peninsula Clean Energy Authority lobby, and 1507 Viscaino Road, Pebble Beach, CA 94010.

ROLL CALL



Participating:

Rick DeGolia, Atherton,
Coleen Mackin, Brisbane
Donna Colson, Burlingame, *Chair, participating from Pebble Beach*
Betsy Nash, Menlo Park
Anders Fung, Millbrae
Marty Medina, San Bruno, *Vice Chair*

Absent:

A quorum was established.

ACTION TO SET AGENDA AND TO APPROVE CONSENT AGENDA ITEMS



Public Comment: None

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

1. Approval of the Minutes for the January 13, 2025 Executive Committee Meeting.

MOTION PASSED: 6-0 (Absent: None)

JURISDICTION	BOARD MEMBER	YES	NO	ABSTAIN	ABSENT
Atherton	Director DeGolia	X			
Brisbane	Director Mackin	X			
Burlingame	Director Colson	X			
Menlo Park	Director Nash	X			
Millbrae	Director Fung	X			
San Bruno	Director Medina	X			

	Totals	6			
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PUBLIC COMMENT



None

REGULAR AGENDA

2. [Chair Report](#)



Chair Colson gave a brief report that included the launch of a standing committee evaluation, to be conducted by a Board Ad-Hoc Committee consisting of herself, Vice Chair Medina, and Directors Mackin, Ragsdale, and Taylor. She also referenced the distribution of the Board of Directors survey and announced a call for members to join the CEO Annual Review Ad-Hoc Committee, which is expected to include Chair Colson, Vice Chair Medina, Director DeGolia, and a representative from the Board of Supervisors, to be confirmed.

3. [CEO Report](#)



Shawn Marshall, Chief Executive Officer, provided a report that covered the following topics: PCE insurance policy for cyber coverage, summer interns, an update on Wright BESS, updates on AB 942 and SB 540, and an update on a newly formed department: the Department of Innovation Strategy.

4. [Discussion on Phase One of Peninsula Clean Energy's 2026-2030 Strategic Planning Process \(Discussion\)](#)



Shalini Swaroop, Chief Operating Officer, and Lester Olmstead Rose, La Piana presented an update to the 2025-2030 Strategic Plan, including the inclusion of a proposed update to Peninsula Clean Energy's Mission and Vision.

Public Comment: None

5. [Recommend to the Board of Directors the Approval of the Draft Program Plan for California Public Utilities Commission \(CPUC\) FLEXmarket Program \(Action\)](#)



Shelby Bush, Energy Efficiency Programs Manager, gave a presentation of the Draft Program Plan for the CPUC FLEXmarket Program.

Public Comment: Eduardo Pelegri-Llopart

MOTION: Director DeGolia moved, seconded by Director Fung to recommend that the Board of Directors Approve the Draft Program Plan for the California Public Utilities Commission (CPUC) FLEXmarket Program.

MOTION PASSED: 6-0 (Absent: None)

JURISDICTION	BOARD MEMBER	YES	NO	ABSTAIN	ABSENT
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Atherton	Director DeGolia	X			
Brisbane	Director Mackin	X			
Burlingame	Director Colson	X			
Menlo Park	Director Nash	X			
Millbrae	Director Fung	X			
San Bruno	Director Medina	X			
Totals		6			

6. [Distributed Energy Resources Framework 2025 - 2030 \(Discussion\)](#)



Rafael Reyes, Senior Director Energy Programs, Jana Kopyciok-Lande, Associate Director, Innovation Strategy, and Peter Levitt, Senior Programs Manager, Distributed Energy Resources gave a presentation on the Distributed Energy Resources framework for 2025-2030.

Public Comment: None

7. [Committee Members' Reports](#)



Chair Colson noted that there will be upcoming appointments to the Executive and Audit & Finance Committees at the April 24, 2025 Board of Directors meeting.

ADJOURNMENT

Meeting was adjourned at 12:05 p.m.



PENINSULA CLEAN ENERGY AUTHORITY
JPA Board Correspondence

DATE: May 2, 2025

MEETING DATE: May 12, 2025

VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority Executive Committee

FROM: Nick Bijur, CFO, Nelly Wogberg, Office Manager, Marc Hershman, Director of Government Affairs, Catherine Hansen, Manager of Human Resources

SUBJECT: Discussion of Future Facilities Plan for Peninsula Clean Energy (Discussion)

RECOMMENDATION

Discussion item only.

BACKGROUND

Peninsula Clean Energy (PCE) first entered into its lease at 2075 Woodside Road in July 2017, occupying 5,968 square feet. In January 2020, PCE expanded into Suite 150 at 2055 Woodside Road, adding 1,692 square feet in an adjacent building for a total footprint of 7,660 square feet. This lease is set to expire on September 30, 2026.

Since the lease began, PCE's staff has grown significantly and, importantly, we use the office space differently than we did in PCE's earlier years. Our staff currently stands at 63 people, of which ~25% live out of the area in different parts of the state. The current office space includes 20 workstations and 7 enclosed offices along with a kitchen, two small conference rooms and the larger boardroom.

In Spring of 2020, PCE adopted a "remote-first" workplace policy to establish work and operating procedures through the pandemic. Thereafter, remote-first became a valuable talent acquisition and retention tool allowing PCE to establish a competitive staffing advantage. By retaining the policy we have been able to expand our hiring footprint and offer workplace flexibility, which ranks in the top two employee benefits in recent staff surveys. That said, our local staff values in-person connection and regularly uses the office for daily work and in-person team meetings. Many local staff come into the office 1-2 days per week, and some more often. In addition, we host quarterly all-staff meetings that currently require off-site meeting space rentals to accommodate our size, which comes with additional logistical and cost impacts.

To help guide the future of PCE's physical workspace, an internal Workplace of Choice Committee was formed consisting of staff from across multiple departments. This committee has been tasked with assessing organizational needs, gathering staff input, and helping shape

recommendations for a future office that aligns with PCE's values, space needs, and hybrid work model.

To support the work of this committee, PCE initiated a broker selection process by interviewing four leading commercial real estate firms in the area. After a competitive review, JLL Commercial Real Estate was selected for their strong alignment with PCE's values, including a clear commitment to Diversity, Equity, Accessibility, and Inclusion (DEAI) principles, deep knowledge of the San Mateo County real estate market, the strength and diversity of their team, and their overall preparedness and professionalism during the interview process. It is also worth noting that PCE does not pay for JLL's services; their fee will be paid by the selected building owner/landlord.

DISCUSSION

PCE has outgrown its current office space in both capacity and functionality. While staffing growth has slowed and staff is typically not in the office at the same time, the space is not configured to support how we work today - especially in terms of space flexibility, large team/Board meetings, and encouraging public engagement.

One area of growing challenge is the Board room. At 900 square feet, it offers limited flexibility and space, particularly given the transition to hybrid public meetings. Board meetings benefit from a layout that allows for unobstructed visuals, movement, and inclusive participation for both in-person and remote attendees. The current limitations hinder our ability to fully serve the public and uphold our commitments to physical accommodations. Internal planning and JLL's assessment suggests that a boardroom of ~1,500 square feet would better support our needs going forward.

In terms of location, JLL analyzed the residential zip codes of Bay Area staff and identified Belmont or nearby as the "center of gravity" for staff who currently come into the office weekly. A future office located in or near this area would improve access for staff and Board members, while also offering better public transit options and a more central location within the County. Accessibility for the public to attend Board meetings or visit the office would also be improved as our current office is served by only a single bus line from the Redwood City Transit Center, limiting public, Board, and staff transportation options. A more transit-connected location would enhance public access and align more closely with PCE's equity and community engagement goals.

JLL also completed a "needs assessment" based on projected staffing and expected in-office use. While the total square footage recommended of at least 8,000 square feet, is similar to what we currently occupy, a key difference is configuration and the ability to have all the space in a single, flexible layout. Unlike our current setup, where Suite 150 is located in a separate building, a more unified and intentionally designed office would better support team collaboration, large and hybrid meetings, and day-to-day operations.

A recent staff survey also helped clarify the amenities that matter most to employees when considering their work environment. Key priorities in rank order include ample parking, walkability to restaurants and amenities, access to public transportation, natural light, and fresh, modern workspaces that foster productivity and encourage more use of the office.

In a new office, PCE would seek:

- A larger, more accessible Board room designed for hybrid participation
- Improved access for staff, the Board, and the public, including transit accessibility and welcoming facilities
- Sufficient space to host quarterly all-staff gatherings
- A greater number of flexible workstations to support individual and collaborative in-office work
- Employee amenities such as parking, proximity to food and services, natural lighting, and modern workspace design that uses the space to reflect current needs.

With all of this in mind, the Workplace of Choice Committee toured the following office sites across the region:

- 2075 Woodside Road, Redwood City (current office)
- 401 Warren Street, Redwood City
- 805 Veterans Blvd, Redwood City
- 999 Main Street, Redwood City (purchase opportunity)
- 993 Laurel Street, San Carlos
- 555 El Camino Real, San Carlos
- 400 S. El Camino Real, San Mateo
- 520 S. El Camino Real, San Mateo
- 1300 S. El Camino Real, San Mateo
- 287 Lorton Ave, Burlingame
- 1440 Chapin Ave, Burlingame
- 200 Park Road, Burlingame
- 152 N Rollins Road, Millbrae

Staff has developed a short-list of preferred sites based on location, space layout, and observed amenities which will be shared at the Executive Committee meeting. Before proceeding, staff is seeking feedback and direction from the Executive Committee on key factors such as location, cost considerations, staff and public amenity priorities, and which possible office sites should be further evaluated for potential lease discussions.

Please note that although we are over a year away from a potential office move, in all cases PCE would not be obligated to begin rent payments until October 2026. However, there may be tenant improvements that would require a lease agreement to be in place sooner rather than later to meet our Fall 2026 timeline.

FISCAL IMPACT

Rent at PCE's current office is approximately \$50,000 per month, which equates to \$6.60 per square foot. Likely alternatives range from \$50,000 (current rent) up to \$75,000 per month, or \$600,000 - \$900,000 per year. In addition, most of the office space being considered will also require some capital investment to build-out or upgrade the office. It is possible that such investment will be fully or partially funded by the landlord as part of the negotiation process. PCE's out-of-pocket capital expense could range from \$200,000 - \$1.5 million in tenant improvements depending on the location.



PENINSULA CLEAN ENERGY AUTHORITY
JPA Board Correspondence

DATE: May 2, 2025
MEETING DATE: May 12, 2025
VOTE REQUIRED: Majority Vote

TO: Honorable Peninsula Clean Energy Authority Executive Committee

FROM: Jana Kopyciok-Lande, Associate Director of Innovation Strategy

SUBJECT: Recommend to the Board of Directors Approval of a Contract with Lunar Energy for a Distributed Energy Resource Management System (DERMS) (Action)

RECOMMENDATION

Approval of a main services agreement (MSA) and two sub-contracts (“Scopes”) with Lunar Energy for a Distributed Energy Resource Management System (DERMS) with a term of 5 years and a not-to-exceed budget of \$3.1 million.

BACKGROUND

Peninsula Clean Energy’s (PCE) mission is to reduce greenhouse gas (GHG) emissions by expanding access to sustainable and affordable energy solutions. PCE offers several programs to support the decarbonization of homes, businesses and the grid across three core technology areas: building electrification (BE), distributed energy resources (DERs) and transportation electrification (TE).

As part of its Strategic Planning process, PCE has identified a need to further foster the development of DERs. DERs are defined as follows:

***Distributed Energy Resources (DERs)** are assets on the distribution grid, either on the consumer’s side of the energy meter (behind-the-meter (BTM)) or in front of the customer meter connected to the distribution grid (front-of-the-meter (FTM)). They can be used individually or in aggregate to provide value to the grid and individual customers. Importantly, PCE will focus on “clean” DERs, which do not emit greenhouse gases (GHGs) in their operations.*

PCE will aggregate BTM DERs under a “**Virtual Power Plant**” (VPP) which is a collection of load flexibility technologies that are located at a customer site that can be aggregated together and flexibly managed to meet grid needs. Load Flexibility Technologies include solar and battery energy storage systems (BESS), electric vehicles (EVs), heat pump water heaters (HPWHs), smart control thermostats (SCT) and other energy efficiency (EE) measures.

PCE’s customers have one of the highest adoption rates of BTM DERs in the United States.

There are roughly 40,000 solar systems, 6,500 storage systems[1], 60,000 zero emission vehicles (ZEVs)[2], 440 HPWHs[3] and 1,500 heat pump HVAC systems [4] in PCE's service area. As part of its DER Plan for 2025 – 2030, PCE has proposed the development of a VPP that aggregates 15 MW of customer-sited resources in PCE's service area for the benefit of the customer, PCE, and the grid.[5] The software platform underlying such a VPP is called a "Distributed Energy Resource Management System" (DERMS). A DERMS is defined as follows:

*A **Distributed Energy Resource Management System (DERMS)** is a centralized software system that helps load serving entities (LSEs) monitor, control, and optimize behind-the-meter (BTM) DERs to provide reliable, clean, and cost-effective power.*

PCE launched a [request for proposal \(RFP\) for Customer Demand Flexibility Services](#) in September 2024 to procure a DERMS platform. In the following section, PCE staff provides a summary of the RFP process and recommends approval of a contract with Lunar Energy to provide DERMS services to PCE for the next 5 years. A briefing on the DERMS RFP results was provided to the Board's Program sub-committee on January 7, 2025.

[1] Per California Distributed Generation Statistics at <https://www.californiadgstats.ca.gov/downloads/>

[2] Per the California Energy Commission's light duty vehicle count at <https://www.energy.ca.gov/data-reports/energy-almanac/zero-emission-vehicle-and-infrastructure-statistics-collection/light>

[3] The number of HPWH is likely much higher but this is the only publicly available data (via TechCleanCA)

[4] Per the TECH Clean California program at <https://techcleanca.com/>

[5] The target of 15 MW is based on "dispatchable capacity", i.e. the capacity that PCE intends to shift and modify with its DERMS platform. This is different than a Device's nameplate capacity which refers to the capacity of a Device under certain standard conditions in a testing environment.

DISCUSSION

RFP Process

PCE's RFP for Customer Demand Flexibility Services ("DERMS RFP") launched on September 11, 2024. The RFP sought a service provider to establish a DERMS platform that could manage, control and flexibly dispatch BTM DERs in PCE's service area to the benefit of the customer, PCE and the grid. The RFP was split in two parts: Under Part 1, PCE is targeting procurement of *existing capacity* in PCE's service area under an "all-in" capacity contract with a third party provider. In Part 2, PCE is seeking to integrate capacity from existing and new customer energy programs under the PCE VPP over the next 5 years. PCE collaborated with Silicon Valley Clean Energy (SVCE) on the RFP.

By October 30, 2024, PCE had received 17 proposals in response to the DERMS RFP. Five proposals were shortlisted and interviews were completed in early December with the shortlisted service providers. Following the interviews, the three leading proposals were evaluated in detail regarding each service provider's experience, proposed solution, fit and creativity, number of integrations with original equipment manufacturers (OEMs), and cost. By the end of January 2025, PCE identified Lunar Energy as the recommended DERMS service provider for PCE.

Lunar Energy

Lunar Energy is a battery manufacturer and DERMS provider based in Mountain View, CA. Lunar was founded in 2020 and focuses on the deployment of the Gridshare software platform which allows for end-to-end DER engagement, enrollment, deployment and settlement under a VPP structure. Lunar has deployed its Gridshare platform to over 100,000 DERs globally in markets in North America, Europe and Asia. In California, Lunar is the DERMS provider for Ava Community Energy. Lunar's strongest experience lies with the integration of BESS under a DERMS platform, which is a high priority for PCE. Most of Lunar's proposal was focused on residential customer engagement, but Lunar can also reach commercial and industrial customers (C&I) through partners and subcontractors (e.g. ICF and Cascade Energy). Lunar has shown to be a flexible and motivated partner throughout the RFP process, making it a good fit for growing, learning, and innovating jointly with PCE staff in this new area of work.

Contract Structure

PCE is engaging with Lunar on several different pathways to grow PCE's VPP over the next 5 years. This broad engagement is reflected in the contract structure. PCE has developed a Main Services Agreement (MSA) with Lunar that describes the overarching terms and conditions for providing the DERMS software services. Under the MSA, various sub-contracts (called "Scopes") are being developed that each reflect the various pathways for integrating capacity from BTM DERs under a DERMS platform. Importantly, PCE staff are bringing only the MSA, Scope 1 and Scope 2 for approval to the PCE Executive Committee, and soon the Board, at this time. These Scopes must be prioritized to allow for the integration of resources deployed under PCE's Solar + Battery Savings (SBS) Program under the DERMS platform as soon as possible. Resources deployed under the SBS program must meet a requirement to enroll under a Qualified Demand Response (DR) program to be able to access incentives under the Self-Generation Incentive Program (SGIP), which is the main funding source for the PCE SBS program at this time. The DERMS platform is integral for the establishment of the Qualified DR program and therefore, approval of the MSA, Scope 1 and Scope 2 must be prioritized. The MSA, Scope 1 and Scope 2 contracts are currently under final negotiation and will be included in the packet for the Board of Directors meeting on May 22. Scope 3 and 4 are briefly described below but will be further developed over the course of 2025 and brought back to the Board of Directors for approval later this year.

The **MSA** describes the legal terms and conditions between Lunar and PCE in the provision of the software services. **Scope 1 (DERMS Platform)** is an overarching Scope that outlines the technical details and cost structure for establishing a DERMS platform for PCE. It describes the tasks and deliverables provided by the Service Provider in the delivery of the Gridshare platform and outlines the program administration services provided by Lunar. Scope 1 also establishes the fee structure for the software services and sets the not-to-exceed (NTE) budget for the set-up and fixed fees incurred by Lunar. Finally, Scope 1 describes the service level agreements (SLAs) regarding the software services and load shift performance that apply across all Scopes under the MSA. Both the service fees and SLAs are further described below.

PCE is already offering several upfront incentive programs to its customers that support the installation of BTM DERs in PCE's service area. **Scope 2 (CCA Programs)** establishes the framework to onboard Devices deployed under these PCE-administered programs to the DERMS platform. Scope 2 leverages the general tasks, fee structure and SLAs outlined in

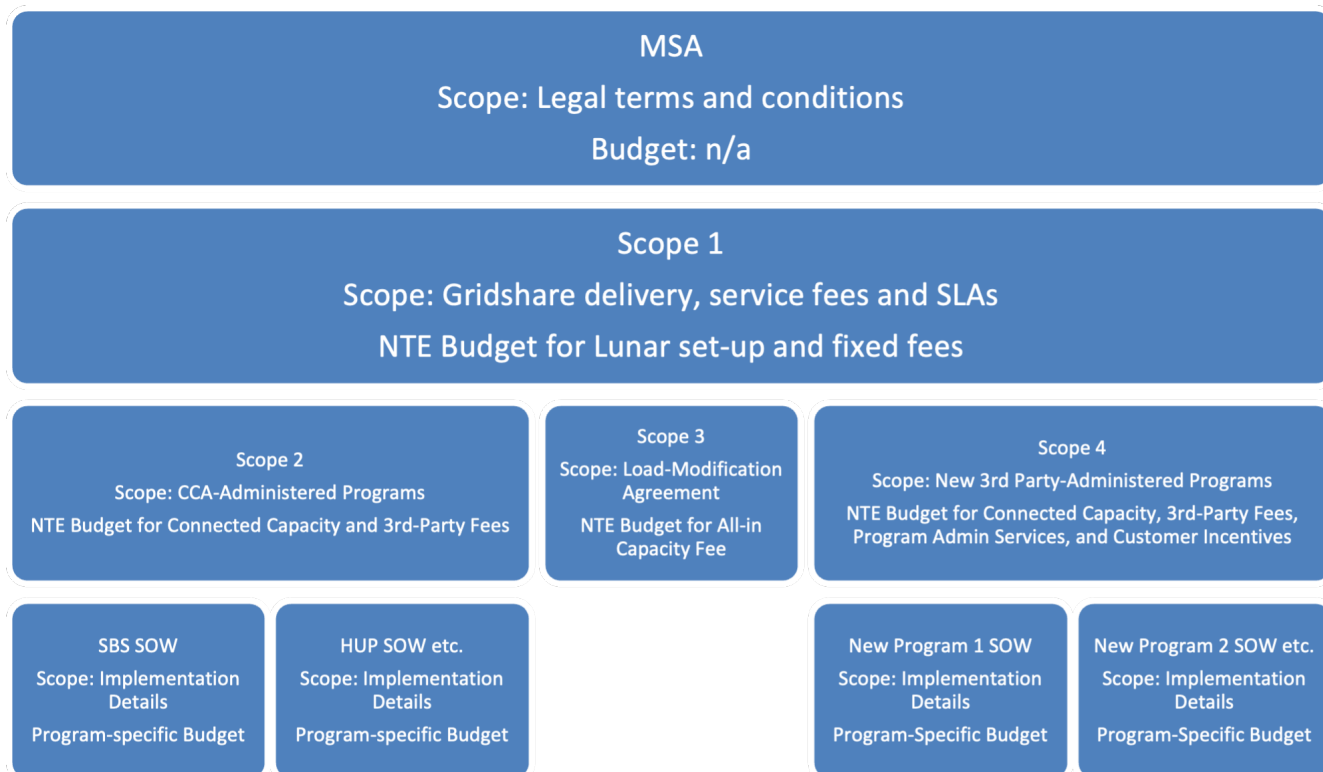
Scope 1 and provides additional details regarding the roles and responsibilities of each party regarding the integration of PCE-administered programs under the DERMS platform. Programs currently included under Scope 2 are the PCE [Solar + Battery Savings \(SBS\) Program](#), the [Home Upgrade Program \(HUP\)](#) and two PCE programs focused on municipal entities (i.e., the [GovPV](#) and [GovBE](#) programs[1]). In the future, additional programs may be added to this list as PCE continues to evolve its customer energy programs offering.[2]

Scope 2 includes a not-to-exceed (NTE) budget for Lunar's Connected Capacity Fee and third-party fees to integrate Devices installed under the DERMS platform as further outlined below. This NTE budget is based on the currently existing PCE programs outlined above. For each of these programs, PCE and Lunar will draft a program-specific Statement of Work ("Program SOW") that elaborates on the details of program implementation such as program eligibility requirements, term, participating subcontractors, baselining methodology, measurement and evaluations, data needs, and program-specific SLAs. To allow for efficient integration of new programs and Devices under the DERMS platform, these detailed Program SOWs will not go to the Board for approval, as has been customary for PCE energy programs to date. The Board of Directors has oversight of program task, deliverables, and spending via the NTE budgets established in the Scopes, as well as via the annual reporting on objectives and key results (OKRs) in the annual planning process.

Scope 3 (Load Modification Agreement) defines the terms, conditions, fee structure commitments, and penalties for Lunar to sell capacity from *existing BTM Devices* that are already installed in PCE's service area under the DERMS platform. Unlike Scope 2, where PCE is driving the installation of new devices through programs, Lunar will be responsible for recruiting and enrolling customers under the DERMS platform under Scope 3 and PCE will pay an "all-in" capacity fee to Lunar for the provision of such services. This all-in capacity fee covers all costs that Lunar incurs in the provision of services offered under Scope 3. This follows the example of the Sunrun contract under which PCE has been procuring load modification capacity since 2022.

Scope 4 (3rd Party Programs) focuses on the integration of Devices deployed under new energy programs that will be administered by 3rd party implementers. In contrast to Scope 2, the 3rd party implementer would be responsible for bringing new Devices to the DERMS platform under this Scope. Scope 4 will include an NTE budget for Lunar's Connected Capacity Fee, third-party fees, program administration fees for the 3rd-party administrator, and customer incentives that are necessary to integrate Devices installed under 3rd Party-administered programs under the DERMS platform. Similarly to Scope 2, Lunar and PCE will draft a Program SOW for each new 3rd-party program to be developed under Scope 4.

Figure 1: DERMS Contract Structure:



Service Fees and Budgets

As noted above, Scope 1 outlines the service fee structure that applies to the software services under the MSA. The fee structure incorporates the following fixed and volumetric costs:

- **Lunar Set-up and Fixed Fees**
 - One-time set-up fee for the Gridshare platform: \$60,000
 - Annual platform fee for the Gridshare platform: \$120,000
 - One-time fee to integrate the Gridshare platform with PCE's Customer Relationship Management (CRM) system: \$20,000
- **Lunar Connected Capacity Fee**
 - Lunar charges a tiered fee for connecting devices under the DERMS platform. This Connected Capacity Fee is based on a reference capacity value that is established upfront by the parties in the Scope 1 contract for each technology type.^[3] The Connected Capacity fee decreases as the number of managed Devices^[4] grows, thereby giving both parties an incentive to scale the amount of capacity connected to the platform:
 - up to 5 MW of capacity: \$28/kW-year
 - 5 – 15 MW of capacity: \$21/kW-year
 - Over 15 MW of capacity: \$15/kW-year
- **Third-Party Fees**
 - One-time Aggregator set-up fees: certain Aggregators (like Tesla and Rheem) charge set up fees to account for the incremental software work associated with the technical integration of the device to the DERMS platform. These set-up fees can go up to \$50,000 per Aggregator but are not common. Lunar will bill those fees to PCE as a pass-through expense.
 - Ongoing API fees: Most OEMs charge an ongoing fee to allow integration of

the device under a DERMS platform. These API fees will be billed by Lunar as a pass-through to PCE. API fees vary by technology type and are estimated as:

- BESS – up to \$84/ Device-year
- EV and EVSE - \$10-40/ Device-year
- SCT - \$12-15/ Device-year
- HPWHs – \$35-40/ Device-year
- **Program Administration Fees**
 - Lunar’s administrative costs for providing the software services are included in the fixed fees and Connected Capacity Fee outlined above.
 - Third-Party program administrators may charge additional fees for program administration services. These fees will be described in the respective Scopes (i.e., mostly Scope 4).
- **Lunar Hourly Rates**
 - Hourly rates for Lunar staff are specified in Scope 1 to allow for contracting with Lunar on specific additional tasks outside of the provision of services under the MSA under a future contract amendment

It must be highlighted that under this fee structure, most of the costs under the contract (except for the setup and fixed fees) only apply when devices are integrated under the DERMS platform. Additionally, volumetric fees paid to Lunar (i.e., the Connected Capacity Fee) decrease as economies of scale are achieved. Finally, Lunar is providing discounts to PCE due to the collaboration with SVCE – Lunar offered a discount on the annual platform fee and the capacity tiers under the Connected Capacity Fee are calculated based on capacity provided by both CCAs, therefore enabling quicker reduction of the Connected Capacity Fee.

Service Level Agreements and Load Shift Guarantees

In addition to the cost reduction measures mentioned above, the DERMS contract also incorporates several provisions to ensure that Lunar is encouraged to provide the Services under the contract in an efficient and streamlined manner.

First, the MSA (section 8) allows PCE to terminate the contract with Lunar both for cause and for convenience (i.e. without cause). Second, Scope 1 establishes clear SLAs for the provision of *software services*, as well as associated performance credits. Any technical issue that may arise in the provision of software services under the MSA is categorized into four severity levels, with each severity level having clear response and resolution timelines established for Lunar. If these timelines are not met, a performance credit is paid by Lunar to PCE which is set at 2% of the service fee for severity level 1 and 2 and 0.5% of the service fee for severity level 3 and 4.[5] Third, Scope 1 also establishes load shift performance guarantees. For BESS, Lunar commits to shifting a minimum of 95% of available energy[6] in the devices during dispatch events. For all other load shifting technologies, Lunar commits to achieving actual load shift delivery within a +/- 25% performance band compared to a mutually agreed upon forecast. If load shift performance falls outside of the expected performance over a 2 months period, Lunar will pay SVCE a performance credit of 1% of the Connected Capacity Fee of the affected DER Program or preset group for each percentage of excess deviation outside the +/- 25% tolerance band. Fourth, each of the Scopes outlines clear deliverables with specific timelines for core program administration services provided by Lunar.

[1] The GovPV program is currently not included under Scope 2 as PCE is already working with another provider to offer load flexibility services to the fleets under GovPV. The integration of EVs under the DERMS platform will be further discussed in the summer and fall of 2025.

[2] Potential future new program offerings could include load flexibility programs for commercial and industrial (C&I) customers, as well as EV management programs.

[3] Reference capacity values are: BESS – minimum of the inverter output power and the nameplate energy capacity minus the backup reserve divided by 2 hours; Light-duty EV or EVSE – 0.5kW, Residential SCT – 0.4kW, Residential HPWH – 0.3kW. For non-residential customer Devices, the reference capacity value is based on the nominated capacity.

[4] The number of managed Devices is calculated jointly between PCE and SVCE, therefore leading to economies of scale and cost savings more quickly for the CCAs.

[5] The Service Fee is defined as the Annual Platform Fee and the Connected Capacity Fee, calculated on a monthly basis

[6] Available energy is defined as energy that is not reserved for other use cases (like resiliency set asides) and excluding Devices that are online at the time of dispatch.

FISCAL IMPACT

The following NTE budgets are incorporated into Scope 1 and Scope 2 under the DERMS MSA for the duration of the 5-year contract term:

1. Scope 1 – Lunar set-up and fixed fees - \$700,000
2. Scope 2 – Lunar Connected Capacity Fee and 3rd party fees -\$2.4 million

The total NTE budget for the MSA, Scope 1 and Scope 2 with Lunar Energy amounts to \$3.1 million over 5 years.

Scopes of work and NTE budgets for Scope 3 and Scope 4 will be developed over the course of 2025 and brought back to the Board of Directors for approval later this year.