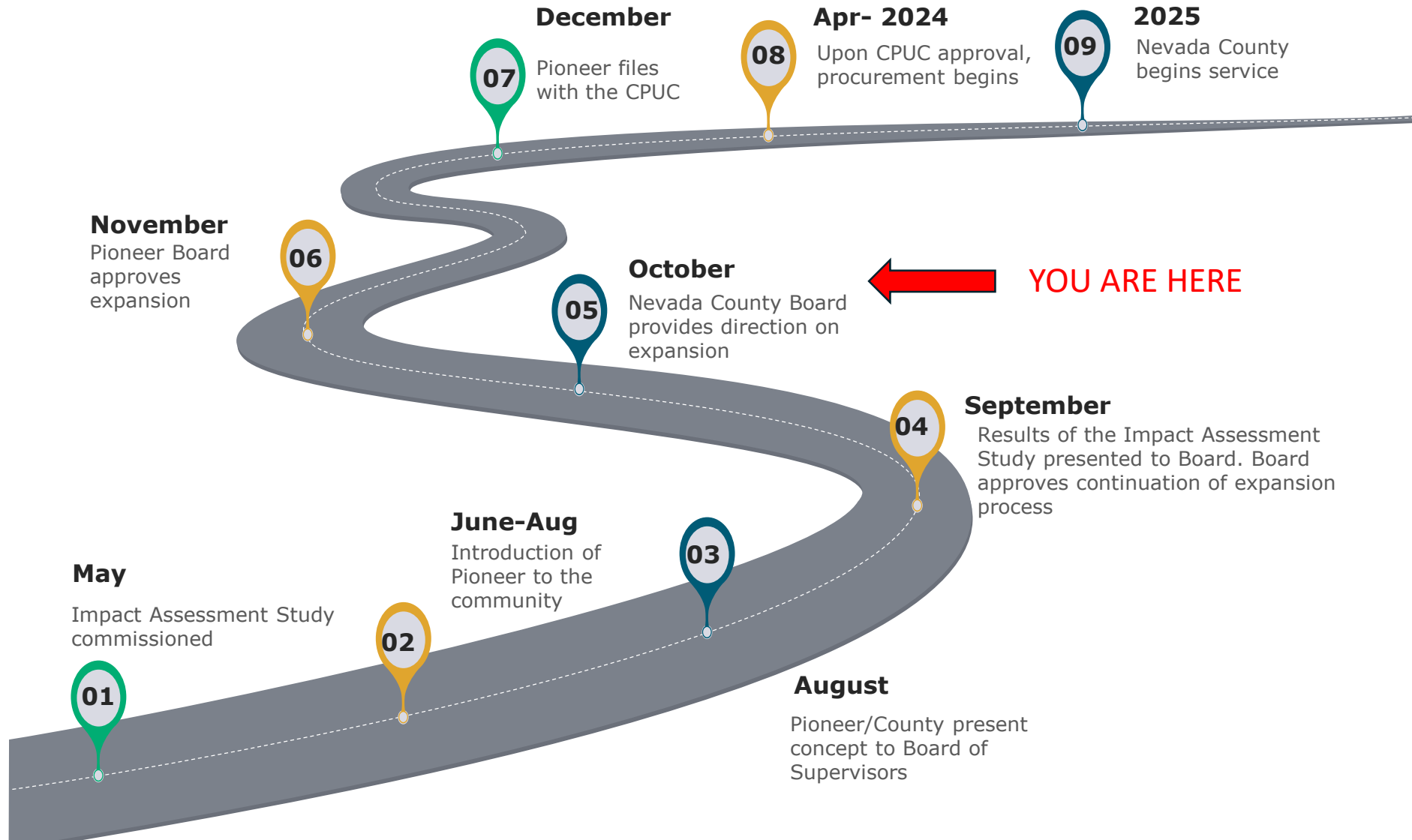


Joining Pioneer Community Energy Update

Nevada County Board of Supervisors

October 10, 2023

Roadmap



What is an impact assessment study?

- Standard practice amongst CCAs when considering expansion
- Shows the impact (financial) to the CCA of expansion
 - Compares the cost of service of the new ratepayers to projected rates at time of expansion to determine if existing ratepayers will need to subsidize new ratepayers
- Key Milestone in the expansion process
 - Go-No-Go Decision

Major components in power supply

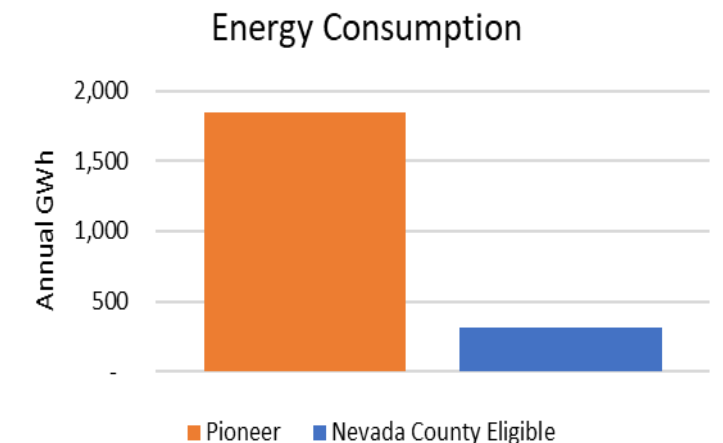
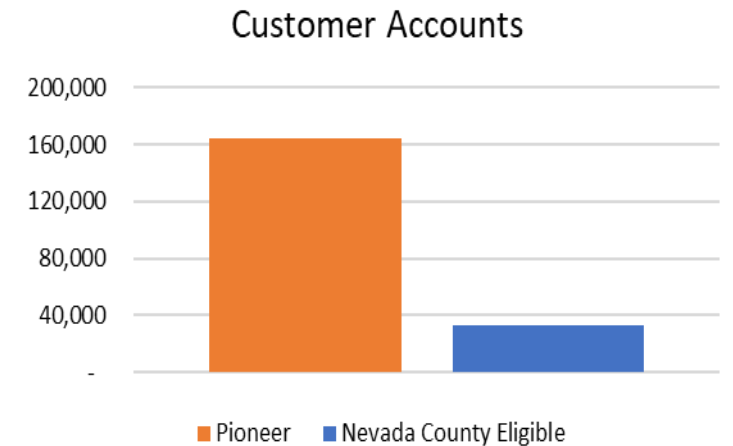
- **Energy** – the electrons that flow on the system
- **Renewable Energy Credits (REC)** - substantiate the ownership rights to the environmental attributes associated with renewable electricity generation
- **Resource Adequacy (RA)** - RA is a regulatory construct intended to promote grid reliability by ensuring there will be sufficient generating resources to serve electric demand under all but the most extreme conditions.

Total eligible customer outlook

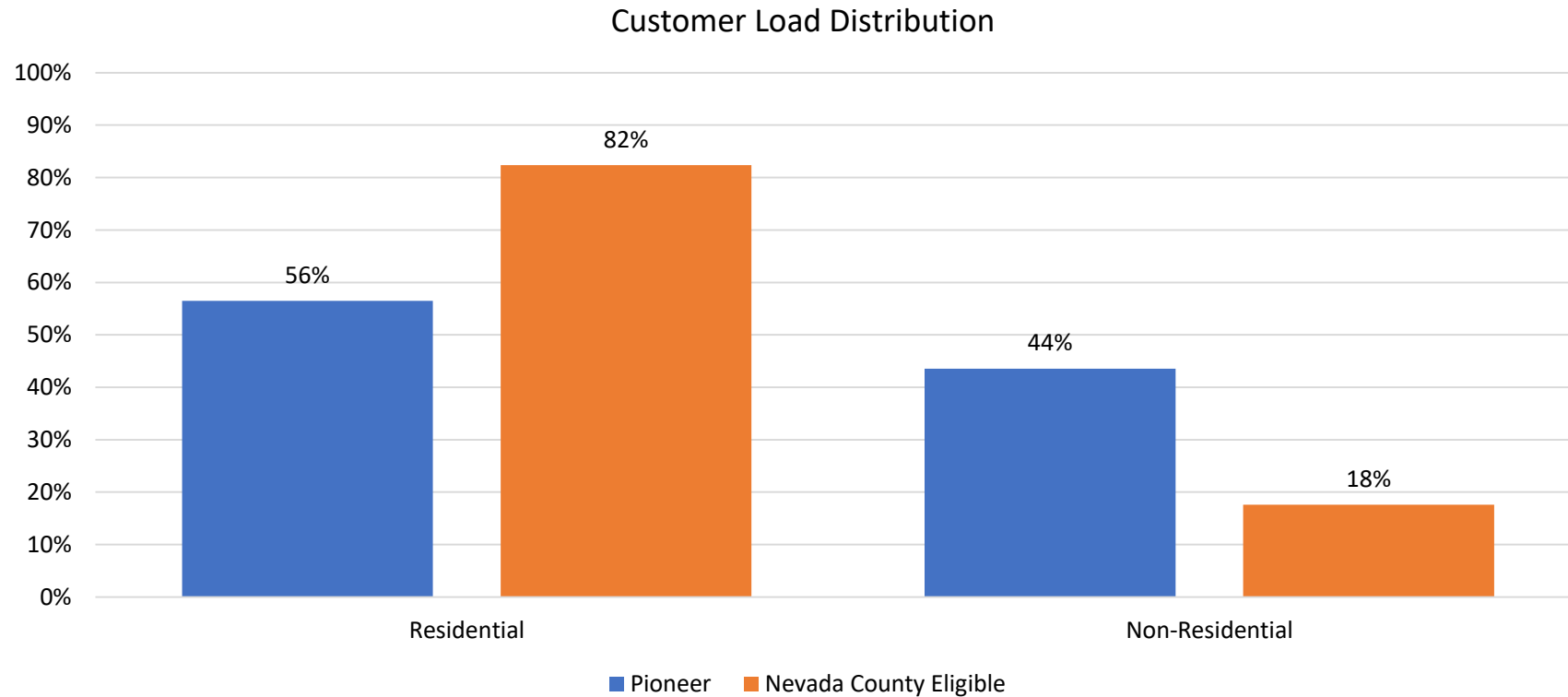
Classification	Accounts	Annual Energy (MWh)	Average Usage (kWh/Mo.)
Residential	30,168	260,511	720
Com/Ind	2,114	54,430	2,146
Ag/Pumping	85	1,016	996
Street Lighting	215	310	120
Total	32,582	316,268	809
Peak Demand (MW)	69		

*Standby accounts excluded

Expansion to Nevada County customers could represent an approximate 17% increase to Pioneer retail sales. Data above are unadjusted for opt-out assumptions.



Customer load comparison

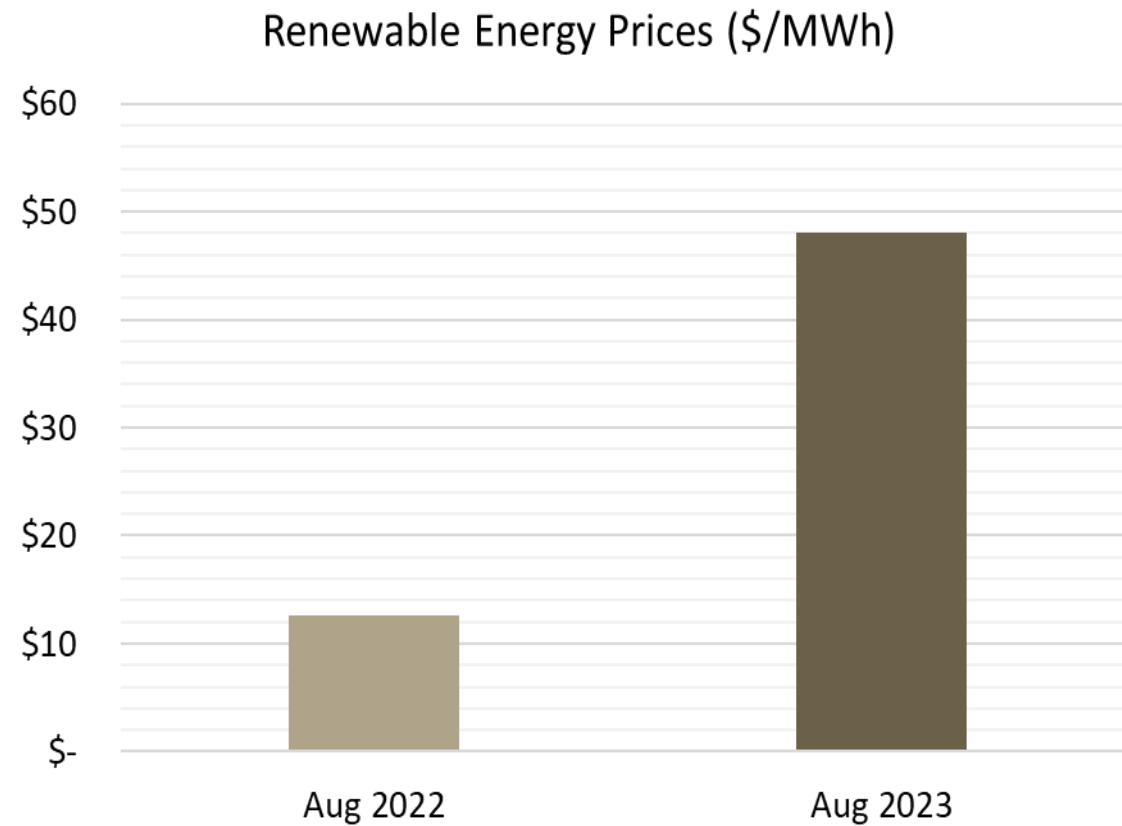
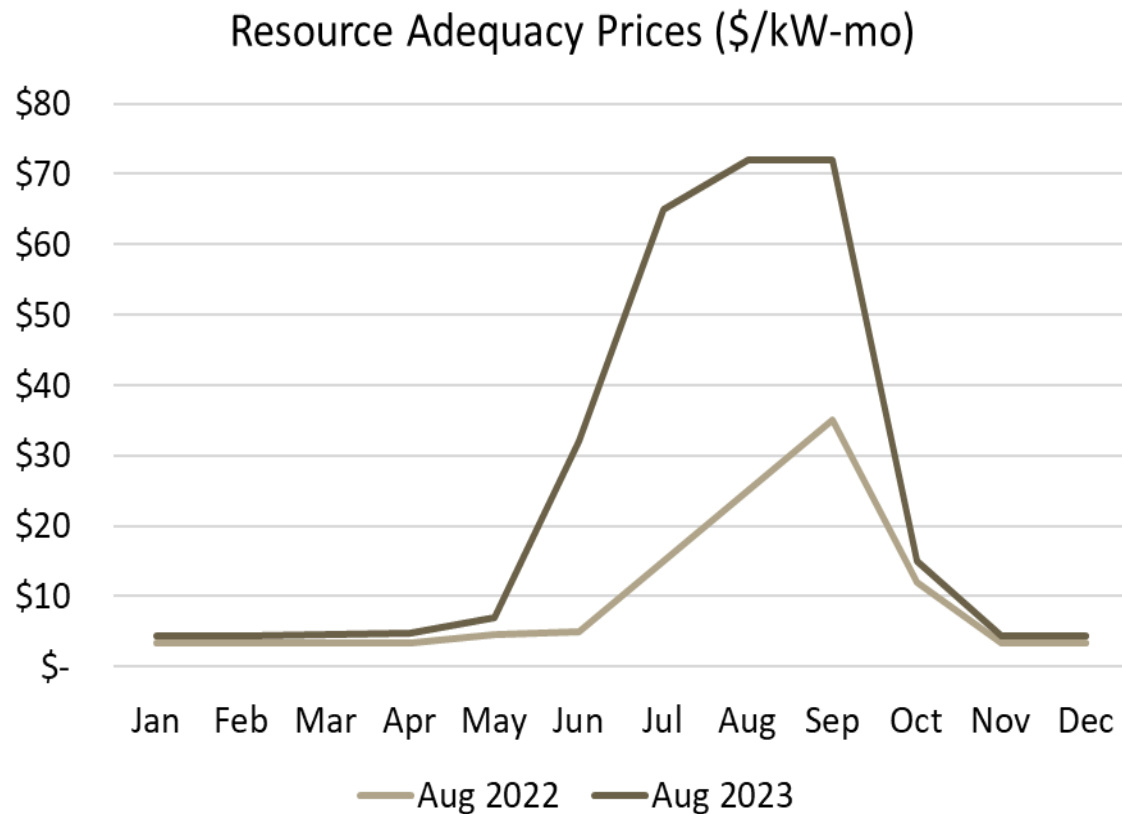


Eligible Nevada County customers represent a proportionately larger residential sector and a smaller commercial sector than Pioneer's current member base.

Key assumptions

- Start Date: A January 2025 service commencement is reflected in the current expansion analysis, which aligns with earliest possible enrollment date per CPUC rules
- Customers and Sales: forecast is based on historical PG&E data and assumes 90% customer participation
- Revenues: based on expected Pioneer rates for the enrollment year
- Incremental Costs: include power supply valued at current market prices (per Pioneer portfolio specifications) and customer billing.
 - Other implementation costs would be incurred, such as utility service fees, marketing and outreach, regulatory and legal representation, internal operations, resource planning and procurement.

Market prices (\$MM)



Fiscal impact summery (current compared to expansion)

	FYE 2025*	FYE 2026	FYE 2027	FYE 2028	Total
Revenue (\$MM)	\$17.97	\$37.06	\$37.25	\$37.43	\$129.72
Operating Expenses (\$MM)	\$17.87	\$49.82	\$51.67	\$52.37	\$171.73
Net Operating Margin (\$MM)	\$0.10	(\$12.76)	(\$14.42)	(\$14.93)	(\$42.02)
Electricity Sales (MWh)	141,076	285,347	286,773	288,207	1,001,403

Avg. Revenue (\$/MWh)	\$127.39	\$129.89	\$129.89	\$129.89	\$129.53
Avg. Expense (\$/MWh)	\$126.70	\$174.60	\$180.18	\$181.70	\$171.49
Avg. Margin (\$/MWh)	\$0.69	(\$44.71)	(\$50.29)	(\$51.81)	(\$41.96)
Avg. Margin (% of Rev)	1%	-34%	-39%	-40%	-32%

*Reflects partial year of service for fiscal year ending June 30, 2025.

Prior to Pioneer expansion, other implementation costs would be incurred. Such costs may be related to utility service fees, marketing and outreach, regulatory and legal representation, internal operations, resource planning and procurement.

Conclusions from the study

- Projected fiscal impacts are negative due to historically high pricing for renewable energy and resource adequacy capacity
- Absent a sharp decrease in market prices, by more than 30%, or Pioneer rate adjustments, expansion would yield negative operating margins
- Wholesale power markets are volatile, and it is possible that market conditions could change before 2025 to make expansion fiscally beneficial

Grass Valley & Nevada City

- Joined the Pioneer JPA in 2023
- Nevada City and Grass Valley will be receiving the same generation rate as our current ratepayers
- Unincorporated parts of the County will *not* receive Pioneer service in January; service will begin when County joins JPA at a later date

Pioneer Board Direction



Adopted resolution approving staff continue with expansion process

Two conditions for Nevada County (if necessary):

(1) A "rate-adder" would be applied to cover the cost to serve Nevada County accounts without subsidization from existing Pioneer customers

(2) October 2025 start date to avoid expensive summer 2025 power procurement

Options for the County

No Wrong Answer



End the Process

- Revisit with the County next year
- Commission a new impact assessment study
- Earliest start date would be 2026

Maintain Course

- County commits to absorbing possible rate difference. Pioneer may still be less expensive option relative to PG&E
- Join the Pioneer Board in Spring 2024
- Long-game view. All the reasons to consider a CCA are still valid

Board direction

- This is NOT an action item
- However, general Board of Supervisor direction will guide Pioneer staff as there are many steps to complete over the next 3 months to be in position to file with the CPUC in December

Questions?

Thank you for meeting with us today.