



MEETING of the Executive Committee of the Clean Power Alliance of Southern California

Wednesday, October 20, 2021

1:30 p.m.

SPECIAL NOTICE: Pursuant to the Proclamation of the State of Emergency by Governor Newsom on March 4, 2020, AB 361, and enacting Resolutions, and as a response to mitigating the spread of COVID19, the Executive Committee will conduct this meeting remotely.

[Click here to view a Live Stream of the Meeting on YouTube](#)

If the YouTube stream is not working, please use the zoom link.

*There may be a streaming delay of up to 60 seconds. This is a view-only live stream.

To Listen to the Meeting:

<https://us06web.zoom.us/j/86842423936>

or

Dial: (720) 707-2699 Meeting ID: 868 4242 3936

PUBLIC COMMENT: Members of the public may submit their comments by one of the following options:

- Email Public Comment: Members of the public are encouraged to submit written comments on any agenda item to clerk@cleanpoweralliance.org up to four hours before the meeting. Written public comments will be announced at the meeting and become part of the meeting record. Public comments received in writing will not be read aloud at the meeting.
- Provide Public Comment During the Meeting: Please notify staff via email at clerk@cleanpoweralliance.org at the beginning of the meeting but no later than immediately before the agenda item is called.
 - You will be asked for your name and phone number (or other identifying information) similar to filling out a speaker card so that you can be called on when it is your turn to speak.
 - You will be called upon during the comment section for the agenda item on which you wish to speak on. When it is your turn to speak, a staff member will unmute your phone or computer audio.
 - You will be able to speak to the Committee for the allotted amount of time. Please be advised that all public comments must otherwise comply with our Public Comment Policy.
 - Once you have spoken, or the allotted time has run out, you will be muted during the meeting.

If unable to connect by Zoom or phone and you wish to make a comment, you may submit written comments during the meeting via email to: clerk@cleanpoweralliance.org.

While downloading the Zoom application may provide a better meeting experience, Zoom does not need to be installed on your computer to participate. After clicking the webinar link above, click "start from your browser."

Clean Power Alliance Executive Committee Meeting
October 20, 2021

Meetings are accessible to people with disabilities. Individuals who need 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 materials, should contact the Clerk of the Board at clerk@cleanpoweralliance.org or (323) 640-7664. Notification in advance of the meeting will enable us to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it.

PUBLIC COMMENT POLICY: *The General Public Comment item is reserved for persons wishing to address the Committee on any Clean Power Alliance-related matters not on today's agenda. Public comments on matters on today's Consent Agenda and Regular Agenda shall be heard at the time the matter is called. Comments on items on the Consent Agenda are consolidated into one public comment period.*

Each speaker is customarily limited to two (2) minutes (in whole minute increments) per agenda item with a cumulative total of five (5) minutes to be allocated between the General Public Comment, the entire Consent Agenda, or individual items in the Regular Agenda. Please refer to Clean Power Alliance [Policy No. 8 – Public Comments](#) for more information.

CALL TO ORDER AND ROLL CALL

GENERAL PUBLIC COMMENT

CONSENT AGENDA

1. Approve Minutes from September 15, 2021 Executive Committee Meeting

REGULAR AGENDA

2. Oral Update from the Executive Director on CPA Operations
3. Review Draft Agenda for November 4, 2021 Board of Directors Meeting
4. Implementation of CPA's Workforce Development Initiative
5. Presentation on Potential Pre-Pay Contract Structure
6. Staffing Update

CLOSED SESSION

7. PUBLIC EMPLOYEE PERFORMANCE EVALUATION: (Government Code Section 54957)

Title: General Counsel

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8. PUBLIC EMPLOYEE - LABOR NEGOTIATION (Government Code Section 54957.6)

Clean Power Alliance representatives: Chair Diana Mahmud, Vice Chair Sheila Kuehl, and Vice Chair Linda Parks

Unrepresented employees: Executive Director and General Counsel

COMMITTEE MEMBER COMMENTS

ADJOURN – NEXT MEETING NOVEMBER 17, 2021

***Public Records:** Public records that relate to any item on the open session agenda for a Committee 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, or a majority of, the members of the Committee. Public records are available for inspection online at www.cleanpoweralliance.org/agendas.*

MINUTES

MEETING of the Executive Committee of the
Clean Power Alliance of Southern California
Wednesday, September 15, 2021, 1:30 p.m.

The Executive Committee conducted this meeting in accordance with California Governor Newsom's Executive Order N-29-20 and COVID-19 pandemic protocols.

CALL TO ORDER AND ROLL CALL

Vice Chair Linda Parks called the meeting to order at 1:30 p.m. and Raynette Tom, Executive Assistant, conducted roll call.

Roll Call			
Agoura Hills	Deborah Klein Lopez	Committee Member	Remote
Beverly Hills	Julian Gold	Committee Member	Remote
Camarillo	Susan Santangelo	Committee Member	Remote
Los Angeles County	Gary Gero	Alternate Committee Member	Remote
Rolling Hills Estates	Steve Zuckerman	Committee Member	Remote
Sierra Madre	Robert Parkhurst	Committee Member	Absent
South Pasadena	Diana Mahmud	Chair	Absent
Ventura County	Linda Parks	Vice Chair	Remote
West Hollywood	Lindsey Horvath	Committee Member	Absent

All items are unanimously approved unless otherwise stated.

GENERAL PUBLIC COMMENT

None.

CONSENT AGENDA

1. Approve Minutes from August 18, 2021, Executive Committee Meeting

Motion: Committee Member Santangelo, Camarillo
Second: Committee Member Zuckerman, Rolling Hills Estates
Vote: Item 1 was approved by a roll call vote.

REGULAR AGENDA

2. Oral Update from the Executive Director on CPA Operations

Ted Bardacke, Executive Director, provided an update on the default rate change in the cities of Calabasas, Agoura Hills, and Manhattan Beach; and customer communication, including the power content label (PCL). The PCL is more complicated to understand due to state-mandated formatting, and will be distributed for the first time in a combination of physical mailers and emails to cut costs. Mr. Bardacke also noted that staffing continues to be a focus.

In response to Committee Member Zuckerman's question regarding the PCL, Mr. Bardacke explained that CPA surpasses SCE and the State's renewables levels; however, the addition of greenhouse gas intensity to each product is new due to new accounting methodology of the state that does not classify certain out-of-state renewables as carbon-free and the comparison is on the statewide average and not to SCE. PG&E's GHG emissions are quite low due to the high level of nuclear power in their portfolio and that drives down the state average. Committee Member Parkhurst asked how the default rate changes for the cities moving to the 100% Green rate product will be implemented and if staff heard any community concerns regarding high rates. Mr. Bardacke explained that the default rate change begins on October 9, 2021, and phases in customers on their meter read dates, similar to the enrollment process. Additionally, Mr. Bardacke noted that there was little concern about rates given customer communications and efforts to ensure customers understand their rates choices. Committee Member Lopez echoed those comments; emphasized that there was little to no controversy on the higher rates for the year. Committee Members Lopez complemented the power content label mailer and rates communication overall.

3. Review Draft Agenda for September 2, 2021, Board of Directors Meeting

Mr. Bardacke briefly reviewed items on the consent agenda and discussed several regular agenda items, including an IT/data audit contract and PPAs from the Power Share RFO, which will include the first two community solar projects that will serve disadvantaged communities. In response to Committee Member Gold's questions regarding the number of customers served by the Power Share program and targeted outreach, Mr. Bardacke explained that the program will serve just over 6,000 customers, a small fraction of CPA's customer base and that targeted outreach includes paid media and direct mail to areas where high concentrations of eligible customers reside. Committee Member Gero noted that L.A. County can also be a marketing partner where needed.

Matt Langer, Chief Operating Officer, provided a summary of the residential time-of-use (TOU) default transition. The bulk of CPA residential customers will transition in February and March 2022. CPA will conduct an outreach campaign in coordination with SCE to educate customers about the TOU transition, including several joint notices. The TOU rate will encourage customers to use less energy during system peak times, while also saving money and reducing the need for gas-fired units that increase pollution. Mr. Langer noted that residential customers will

be able to take advantage of CPA's bill protection tariff or have the option to opt out of TOU rates and continue on regular flat rates., and The Board will consider a bill protection tariff at its October meeting. If customers end up paying more on their new TOU rate, the bill protection tariff will allow customers to receive a refund on the difference between their tiered rate and the new TOU rate.

In response to questions from Committee Members Zuckerman, Parkhurst, and Gold,, Mr. Langer noted that this TOU transition will require a large billing implementation effort from Calpine, due to both the generation and transmission charges changing under the new TOU structure and indicated that marketing and outreach can certainly have a behavioral impact. SCE has piloted residential TOU rates with some communities in its jurisdiction and San Diego Gas & Electric has done the same – the behavioral data from those transitions indicate mixed reactions from customers. Customer communication includes bill messaging, social media, and print advertisements. NEM customers will not be affected by the TOU transition. With regard to renters, landlords could face difficulty in encouraging their renters to respond to TOU rate signals; the landlords will have the option to opt out their property and will also be able to take advantage of bill protection. Committee Member Gold shared that Beverly Hills renter population is around 60%, rendering renter outreach vital to encouraging TOU rate participation. Committee Member Lopez suggested partnerships with city staff. Vice Chair Parks asked about bill formatting and funding for the bill tariff. In response to Vice Chair Parks, Mr. Langer explained that the bills will break down usage by the time of use by adding more line items to the bill; the bill protection tariff will be funded by CPA through its budgeting process. Mr. Langer also noted that it may also be difficult to project costs should the Board wish to extend the tariff protection after the one-year term or shorten it; however, the rates are designed to be revenue neutral and therefore, CPA can end up with excess revenue, allowing it to cover costs of the tariff beyond one year. Mr. Bardacke added that a study was previously conducted to explore the impact of TOU rates on CPA's revenue and those results will be provided to the Board once again.

COMMITTEE MEMBER COMMENTS

Responding to Committee Member Zuckerman's question about the JPMorgan credit agreement, Mr. Bardacke clarified that the agreement will be finalized on a schedule that allows CPA to pay its River City Bank line of credit with internally generated cash rather than using funds from another loan.

ADJOURN

Chair Mahmud adjourned the meeting at 2:30 p.m.



Staff Report – Agenda Item 2

To: Clean Power Alliance (CPA) Executive Committee

From: Ted Bardacke, Executive Director

Subject: Oral Update from the Executive Director on CPA Operations

Date: October 20, 2021

The Executive Director will provide an oral report on CPA operations.



Staff Report – Agenda Item 3

To: Clean Power Alliance (CPA) Executive Committee

From: Ted Bardacke, Executive Director

Subject: Review Draft Agenda for November 4, 2021 Board of Directors Meeting

Date: October 20, 2021

Staff will provide an overview of the proposed agenda items for the November 4, 2021, Board of Directors meeting for review and feedback from the Executive Committee. The draft Board agenda is attached to this staff report. Information on the main items for Board consideration is provided below.

CONSENT AGENDA

The following items are recommended for inclusion on the Consent Agenda of the November Board meeting.

Amendment to Agreement with Power Ready Program Engineering Consultant EcoMotion

On November 5, 2020, the Board approved an Agreement with EcoMotion for Consulting Engineering Services in support of the Power Ready program with a NTE amount of \$179,270. The Power Ready Program is a collaboration between CPA and its member agencies, where member agencies can host a solar-paired or standalone battery storage system at one essential facility in each of CPA's 32 member jurisdictions. These solar and storage systems will provide resiliency in essential facilities for their communities by serving as clean backup power during PSPS events, natural disasters, or other outages, while also providing benefits to CPA during normal operation in the form of load shifting or wholesale demand response revenues. CPA anticipates that a potential developer will install these systems and that they will be installed and operated at no direct cost to member agencies.

CPA staff is seeking approval of this contract amendment to extend the EcoMotion Engineering Consulting services for an additional 12 months. EcoMotion has completed the project plan, a majority of the site inventory development and analysis, as well as detailed site assessments. The amendment covers costs for ongoing tasks including site inventory development, additional qualitative site assessments, and request for offer solicitation support. The new total amount of the contract amendment is a NTE of \$152,515.

REGULAR AGENDA

The following items are recommended for inclusion on the Regular Agenda of the November Board meeting.

Workforce Development (Action)

The Executive Committee will receive a presentation on this item and staff is seeking feedback and direction.

Staffing Update (Information)

The Executive Committee will receive a presentation on this item. Staff proposes to give a similar presentation to the full Board following Executive Committee input.

ATTACHMENT

- 1) Draft November 4, 2021 Board Meeting Agenda



**REGULAR MEETING of the Board of Directors of the
Clean Power Alliance of Southern California**

Thursday, November 4, 2021

2:00 p.m.

CALL TO ORDER AND ROLL CALL

GENERAL PUBLIC COMMENT

CONSENT AGENDA

1. Approve Minutes from October 7, 2021 Board of Directors Meeting
2. CAC Board Report
3. Amendment to Agreement with Power Ready Program Engineering Consultant EcoMotion

REGULAR AGENDA

Action Item

4. Work Force Development

Information Item

5. Staffing Update

CLOSED SESSION

MANAGEMENT REPORT

COMMITTEE CHAIR UPDATES

BOARD MEMBER COMMENTS

REPORT FROM THE CHAIR

ADJOURN – NEXT REGULAR MEETING ON DECEMBER 2, 2021



Staff Report – Agenda Item 4

To: Clean Power Alliance (CPA) Executive Committee
From: Gina Goodhill, Policy Director
Approved by: Ted Bardacke, Executive Director
Subject: Workforce Development
Date: October 20, 2021

The Policy Director will provide a presentation on the item.

ATTACHMENT

- 1) Workforce Development Powerpoint Presentation



Item 4: Clean Energy Workforce Development Investment Plan

October 20, 2021



Background and Overview

Mohave Wind Power Purchase Agreement Workforce Investment Fund

“Commencing on the Commercial Operation Date, and on December 1st of each of the next succeeding three (3) years, **Seller shall cause \$250,000 to be invested each year, for a total of \$1,000,000, for workforce development efforts in Los Angeles and Ventura Counties.** The investment plan for utilizing such funds will be developed by Buyer and other interested stakeholders to be determined by Buyer. Seller shall cooperate with Buyer’s implementation of the developed investment plan.”



Board Direction – 12/3/20

- “Green” existing jobs by providing training and resources that will give workers skills necessary to facilitate building and transportation electrification
- Union apprenticeship programs and rapid skills programs for union and non-union pathways



Proposed Programs

Microgrid Maintenance Workforce Training Program:

Partnering with the Los Angeles Clean Tech Incubator (LACI), launch a solar + energy storage maintenance training program to prepare participants with the skills to operate, deploy and maintain microgrid components and software. Upon completion, participants will understand microgrid systems, high-level solar + storage system sizing and feasibility analysis, operation and control software, and electrical design of distribution networks.

Participants: 40

Program Commencement: February 2022

Funding: \$50,000 for the entire cohort

Sustainable Cybersecurity Training: Partnering with IBEW-affiliated training centers (Los Angeles Electrical Training Institute and the Electrical Construction Industry in Ventura County) to fund equipment to train electricians on how to wire advanced electric buildings and infrastructure while decreasing the risk of cyberattack. Students will train in the networking and cybersecurity requirements associated with electric system technologies in networked buildings and transportation infrastructure.

Participants: Approximately 204 over 3 years

Program Commencement: February 2022

Funding: \$348,500 for training equipment



Programs

LACI Advanced Prototyping Center (APC) Fellowship Program

- LACI's Advanced Prototyping Center (APC) Fellowship Program is a multi-tiered workforce training pipeline program which provides technical training, interpersonal skills, and industry-recognized certifications to help underrepresented groups succeed in the green economy. Select participants are matched with LACI startups and partners for internships and potential job opportunities.



APC Fellowship continued

- Launched in 2019
- 5 Cohorts to date with 124 graduated fellows in total
- 100% have earned an Industry-Recognized Credential
- 74% placed in gainful employment or pursuing post-secondary education
- Recruitment criteria: high school diploma or equivalent; part of an underrepresented group; currently under/unemployed; proof of low-to-moderate income status



APC Microgrid Cohort

- Microgrid maintenance training program to prepare participants with the skills to operate, deploy and maintain solar + storage components.
- Physical class for 6-8 weeks in Los Angeles; recruitment will focus on students from LA and Ventura Counties
- Other potential partners include ElectricFish, IBEW Local 11, Schneider Electric, Engie
- Potential post-training career pathways include Microgrid Field Technician; IBEW-11 Electrical Training Institute Inside Wireman; Solar Field Operations
- CPA will inform curriculum in addition to other engagement opportunities
- Initial funding would cover one cohort (\$50,000) with the option for additional cohorts after program evaluation



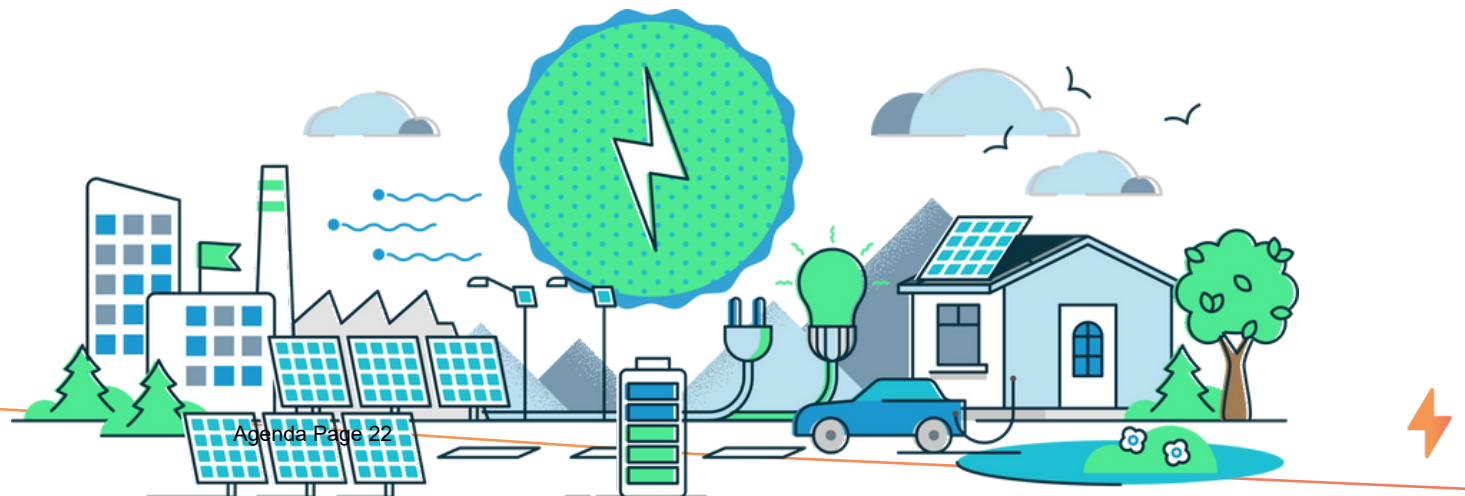
Los Angeles Electrical Training Institute + Electrical Construction Industry in Ventura County

- Training facilities for students seeking to become IBEW/NECA certified electricians. Primarily but not limited to IBEW Local 952 and IBEW Local 11.
- Electrical apprentices work directly under the supervision of instructors and a qualified journeyman electrician, and are trained through classroom instruction, hands on training and testing.
- 5-year apprenticeship model composed of mandatory on-the-job training, work-based learning and mentorship overseen by journey-level workers already employed and a minimum of 900 hours of theory and hands-on classroom instruction.



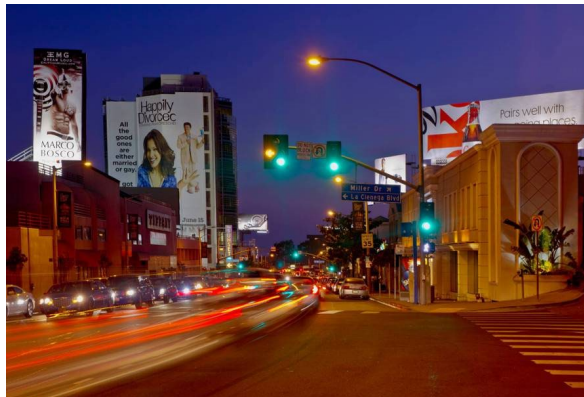
Western Electrical Cybersecurity Apprenticeship Training for Smart Buildings & Smart Cities

- Smart buildings and cities use smart technology (sensors, software, and online connectivity) and data analysis to optimize building and city functions. Energy conservation, efficiency, and transportation are all part of a smart city model.
- Several of CPA's programmatic priorities – such as CALeVIP, Power Ready, and Power Response – rely on smart devices that are integrated into an energy management system.
- With increased connectivity comes increased risk for physical or cyberattacks.



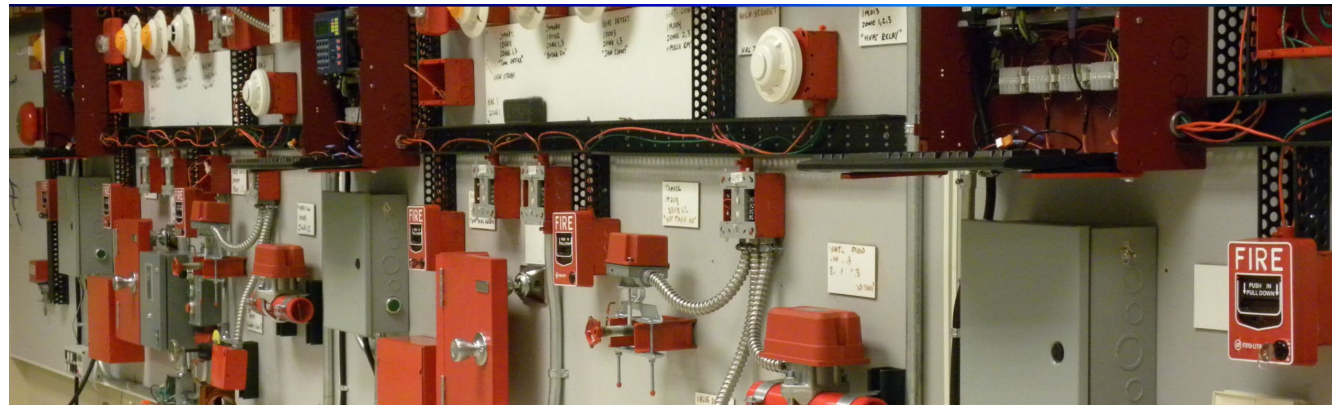
Western Electrical Cybersecurity Apprenticeship Training for Smart Buildings & Smart Cities

- This training expands existing electrical apprenticeships to address emerging smart cities and cybersecurity issues for building and transportation infrastructure and building automation and load flexible buildings systems.
- Current security measures for smart infrastructure are focused on IT-centric networking and cybersecurity experts.
- This training program will focus on training electricians to secure the wiring, switching and control systems in smart infrastructure projects to build resilience against cascading failures.



Western Electrical Cybersecurity Apprenticeship Training & Smart Buildings Smart Cities

- Physical classes will be in Los Angeles and Ventura
- Program has received funding from Department of Labor for curriculum development (led by UC Davis) and for several labs and teacher trainings.
- Program will become part of mandatory apprentice training
- CPA funds would cover additional lab equipment and/or additional training
 - Two apprentices/electricians can train on one training lab board
 - Greater Los Angeles needs 22 boards; Ventura needs 8. Each Board costs \$20,500 and lasts several years before needing to have parts replaced
- Funding would cover $\frac{1}{2}$ of Los Angeles lab equipment and $\frac{3}{4}$ of Ventura lab equipment = \$348,500



Next Steps

- Executive Committee reviews proposed investments and provides feedback
- Staff submits proposed investments to full board for approval and solicits feedback to inform the development of MOUs
- CPA staff brings MOUs to Board for approval as necessary depending on funding levels
- Current proposals utilize 40% of the \$1 million funding and covers years 2021-2022. Evaluation and refinement prior to years 2023-2024



Questions



Staff Report – Agenda Item 5

To: Clean Power Alliance (CPA) Executive Committee
From: David McNeil, Chief Financial Officer
Approved by: Ted Bardacke, Executive Director
Subject: Prepayment Financing
Date: October 20, 2021

The CFO will provide a presentation on the item.

ATTACHMENT

- 1) Clean Energy Prepayment Financing Powerpoint Presentation



Item 5: Clean Energy Prepayment Financing

October 20, 2021



Summary

- Prepayment financings (“prepays”) are well-established financing mechanisms that allow municipal utilities to leverage their status as issuers of non-taxable debt to reduce costs incurred under existing power purchase agreements
- Two northern California CCAs, East Bay Community Energy and Silicon Valley Clean Energy, facilitated the issuance of prepayment bonds in September 2021, a first for CCAs and the first prepays to be Green Bond certified
- Prepays offer the opportunity to reduce existing renewable energy PPA costs by 5-10% or \$3 to \$5 MWh. Savings originate from the difference between the (higher) taxable and (lower) non-taxable borrowing rates. The recipient of the prepayment (typically a bank) pays a non-taxable interest rate and passes on the savings (the difference between its taxable borrowing rate and the lower, non-taxable rate) to CPA in the form of lower PPA payments
- Prepays typically involve a guaranteed savings over a 30-year purchase commitment period and would entail minimal risk to CPA

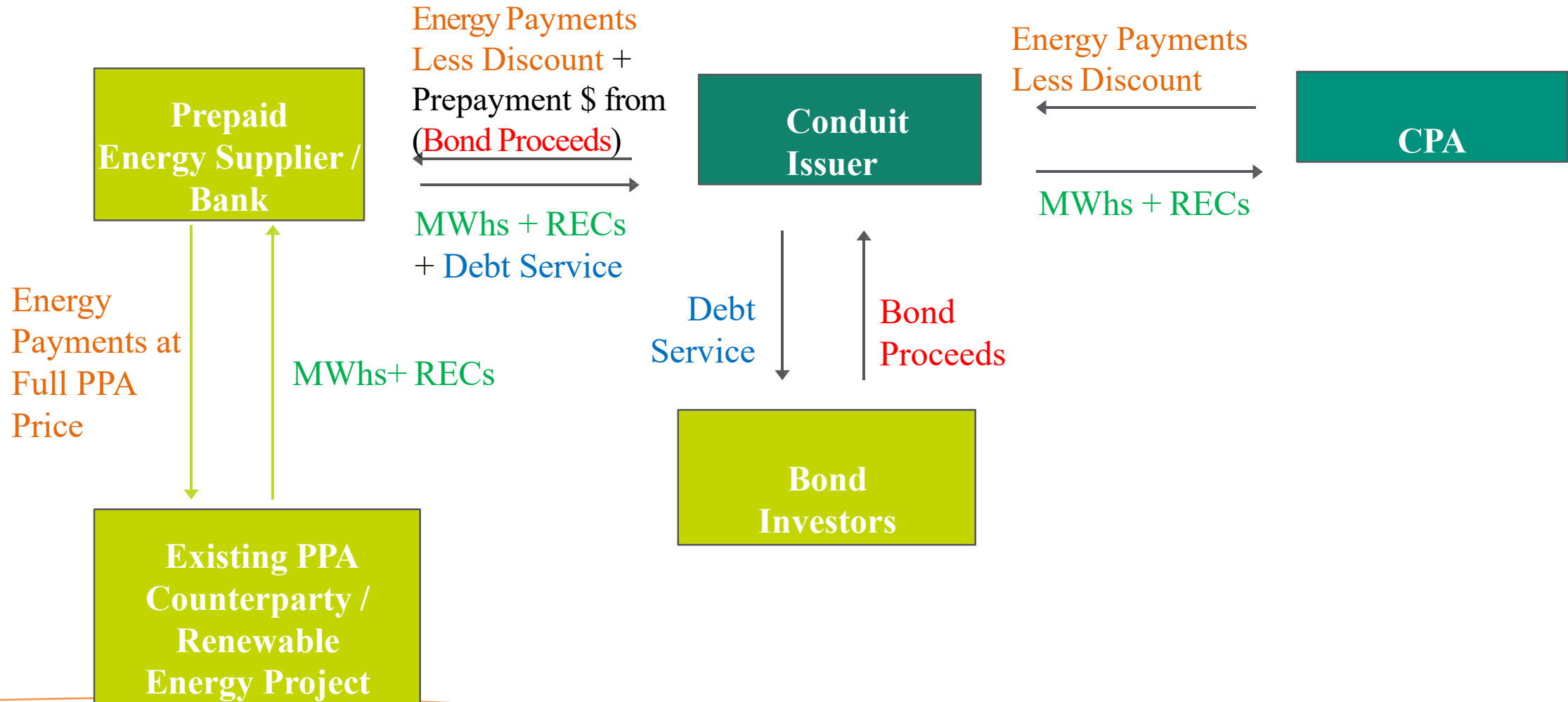


Thirteen Prepayments Totaling Over \$7.2 Billion Have Been Completed in California; Two Transactions Completed by CCAs in September 2021

Date	Amt. (\$000)	Issuer	Description	Beneficiary
Jun-06	230,845	Vernon Nat. Gas Fin Auth	Nat Gas	City of Vernon Elec
Jan-07	209,350	Roseville Natural Gas Fin Auth	Nat. Gas	City of Roseville Elec
May-07	757,055	Northern Ca Gas Auth No. 1	Nat. Gas	SMUD
Sep-07	887,360	Long Beach Bond Fin Auth	Nat. Gas	City of Long Beach
Oct-07	504,445	So. Ca. Pub. Power Auth	Nat. Gas	Multiple MOUs
Oct-07	251,695	Long Beach Bond Fin. Auth	Nat. Gas	City of Long Beach
Aug-09	901,620	M-S-R Energy Authority	Nat. Gas	MID/Redding/SVP
Oct-09	514,160	So Ca Pub Power Auth (Windy Flats)	Elec (Wind)	LADWP, Mult. MOUs
Apr-10	778,665	Cal. Statewide Comm Dev Auth	Nat. Gas	SMUD
2010/11	394,700	So Ca Pub Power Auth (Milford 1 & 2)	Elec (Wind)	LADWP, Mult. MOUs
Dec-18	539,615	Northern Ca Energy Auth	Gas/Elec	SMUD
Sep-21	666,749	CCCFA	Renewable/Carbon Free	East Bay Community Energy
Sep-21	567,971	CCCFA	Renewable/Carbon Free	Silicon Valley Community Energy
Total	7,204,230			

Prepay Program Flowchart

(existing PPA is novated from CPA to the Bank/Energy Supplier)



Renewable Energy Prepayment – Example Structure

- Certain rights under existing renewable Power Purchase Agreements (PPAs) are assigned or “novated” to a taxable energy supplier, typically a bank.
- CPA enters into a long-term energy supply agreement with the Conduit bond issuer, matching the term of the Prepay Bonds. PPAs are typically shorter in term (eg 15 years) than the term of the energy supply agreement (eg 30 years), future PPAs are typically novated into the facility to replace novated PPAs that reach expiry.
- **Bonds** are issued through an arms-length conduit issuer, typically a Joint Power Authority, and **are non-recourse** to CPA. Proceeds of the bond issuance are “prepaid” to the energy supplier/bank. Bond obligations are guaranteed by the bank that receives the prepayment
- If program terminates early or prepaid supplier fails to perform, CPA forgoes the future savings and assigned contracts return to status quo
- ***CPA continues to receive and pay for energy and renewable attributes delivered through the PPA***; the terms of the PPAs including scheduling and operations are unchanged. The financing does not impact CPA’s balance sheet or credit metrics



Prepay Transaction Participants & Costs

Transaction and Consultant Costs

- CPA would need to identify and secure services (directly or indirectly) with:
 - **Energy Supplier(s)** – “A” rated (or better) bank to receive prepayment and guaranty the bonds
 - **Conduit Issuer** – Four northern California CCA formed the California Community Choice Financing Authority JPA. CPA will evaluate joining this JPA in order to use its conduit issuer services
 - **Prepay Legal Counsel** – to provide necessary legal opinions to CPA and assist in negotiating transaction documents
 - **Municipal Bond Counsel** – to provide bond and tax opinion concerning the issuance of the debt
 - **PPA Contracts Counsel** – to assist with amending PPAs as necessary to facilitate novation; CPA would use current PPA counsel for this activity
 - **Municipal Financial Advisor** – assist in negotiating the financial terms of the transaction
- With the exception of PPA contracts counsel, consultant fees to complete the prepayment transaction would be paid from bond proceeds if and only if the transaction closes. Membership and transaction fees with the JPA conduit issuer are subject to negotiation



Key Considerations

- It is currently estimated that the size of an **initial bond issuance** would be approximately \$1 billion which represents the discounted value of a 100MW solar project over the 30-year life of the program. The initial term of the bonds would likely be 5-10 years structured to maximize the savings available from the market at that time. After the initial term, Bonds would be repriced (rolled over in the market) at a term to maximize the savings for the next reset period up to the end of the 30-year life of the prepayment. Estimated savings for the initial term are \$1.5-2 million per year
- Provided there is sufficient investor demand for the Prepay Bonds and market conditions are supportive, CPA could facilitate **continuing prepay bond issuances** using prepay eligible renewable PPAs over many years. Following additional bonds issuances, CPA could save \$7-10 million per year on its PPAs
- The economics of prepay transactions are driven by the spread between taxable (corporate) and non-taxable debt which narrow and widen over time. It is unclear how long spreads will remain wide enough to support additional prepay transactions.
- Prepay transactions are complex and require specialized skills. A small number of consultants, counsels and banks have experience with prepayment transactions

Next Steps

- Continue research on prepay structures
- Determine contracting strategy
- Recruit a Finance Manager whose responsibilities will include project managing the prepay financing initiative
- Evaluate and select prepayment consultants, legal counsels, banks and conduit issuers
- Once prepay documents are in near final form they would be presented to the Board with a request that the Board adopt a resolution allowing staff to execute the prepay transaction once a minimum savings threshold can be achieved and all other critical deal terms are met
- With sufficient resources and prioritization and assuming debt markets remain constructive, CPA may be able to arrange an initial prepay financing in the next six to nine months, potentially generating savings for the next fiscal year



Questions

Sample Transaction Terms

Master Energy Supply Agreement

Term of Prepayment

Minimum Savings

- Between CPA and a Conduit Issuer allowing CPA to assign long term energy contracts and purchase energy at a discount to existing PPA price (\$/MWh)
- Up to a 30-year agreement, subject to early termination if program terminates early. The bank has an option to terminate the agreement at the end of the initial reset period (typically 7 to 10 years), if market conditions (interest rate spreads) do not support the minimum discount threshold
- Approximately 8-10% discount for initial reset period (first 5-7 years). Savings are generated by the difference between the taxable borrowing cost of the prepaid supplier (bank) and the tax- exempt rate on the bonds issued to fund the prepayment.



Transaction Terms (continued)

Tax-Exempt Debt, other Financial Terms and Conditions

- CPA will not be party to, responsible for, or account for any bond offering
- Prepaid supplier (bank) is responsible for repayment of the tax exempt debt
- The municipal conduit will issue tax-exempt bonds which will be refinanced in 5-7 years, subject to market conditions
- If bank doesn't perform or cannot remarket the bonds or if CPA needs to exit prepay for some reason, the assigned contracts revert back to CPA at the original price and terms

History and Tax Law Behind Municipal Prepaid Energy Transactions

- Municipal electric and gas utilities (and tax-exempt entities such as CCAs) in the US can prepay for a supply of electricity or natural gas from a taxable (corporate) entity and fund that prepayment with tax-exempt municipal bonds:
 - Must sell that commodity to retail end-users that reside within their traditional service area.
- Prepayment transactions are legal and Codified in US Tax Law: Since first prepayments of natural gas were done in the early 1990's, the IRS issued rules allowing tax-exempt prepayments and Congress enacted legislation specifically allowing the transactions (National Energy Policy Act of 2005; Section 1327).
- Over **90** municipal prepayment transactions totaling over **\$50 Billion** have been completed in the US – **over 95%** of them for natural gas. Natural gas is much easier to “prepay” because the commodity is homogenous and is easy to store.
- Prepayments have **saved** utility ratepayers (natural gas, electricity from gas fired power plants and energy from renewable power projects) **billions of dollars** in reduced rates and energy charges and will continue to do so over the 30 year life of the transactions.



Glossary of Terms

Power Purchase Agreement “PPA” — contract to receive and pay for a specific type of energy (i.e. renewable solar, wind, etc.) at a specific price over the term of the contract (i.e. 15 years)

Tax-exempt Prepayment – payment in advance by a municipal utility for a number of years of contracted energy and financing the prepayment with tax-exempt debt

“Novate” – to assign a PPA contract to another party for a some or all of the contract term

“Recourse to...”– secured or guaranteed by the referenced entity

“Non-recourse...” – *not* secured or guaranteed by the referenced entity **“Conduit issuer”**— entity formed to issue debt but not responsible to repay the debt (non-recourse!)



Staff Report – Agenda Item 6

To: Clean Power Alliance (CPA) Executive Committee
From: Ted Bardacke, Executive Director
Subject: Staffing Update
Date: October 20, 2021

The Executive Director will provide a presentation on the item.

ATTACHMENT

- 1) Staffing Update Powerpoint Presentation



Item 6 - Staffing Update

October 20, 2021



Summary

- Staff turnover has become a significant issue for CPA
- Reasons for departures are varied
- Leadership is taking a number of steps to retain current staff and accelerate hiring
- Creation of new positions
- Budget implications



Turnover

- CPA has a current headcount of 40; goal was to be ~53 by June 2022

Time Frame	Departures	New Hires	Turnover %
Jan – Sept	12	17	30%
July – Sept	6	12	16%

- Impacts on operations, morale, workload has been significant
- Increasing costs for search, onboarding, and training
- 12 open positions (30% of current headcount) on CPA website
- Getting to “steady-state” will take multi-pronged effort



Reasons for Departures

- Salary/Opportunity (Base Wage, Pre-IPO, Signing Bonus, Promotion)
- Burnout
- Full remote/more flexible schedule offerings
- Life priorities
 - Pressures and perspectives arising from COVID-19
 - Organizational “fit”



Response/Actions

- Extra pay for increased responsibility after departures
- Four recruiters under contract and proactive outreach by in-house HR Manager
- Potential expansion of remote work options
- Change in strategic approach – move to “anticipatory hiring”
 - Think farther ahead about organizational needs as opposed to fiscal year targeting
 - Create redundancy in face of potential future departures



Immediate New Positions

- Director of Human Resources
 - Clear organizational need
 - Focus on strategic items to promote retention
 - Coordinate internal DEI efforts
- Rates Manager
 - Losing consultant support
 - Two staff departures
- Financial Strategy and Initiatives Manager
 - Manage cost-savings projects
 - Pre-Pay
 - Credit Rating
 - “Expensive” Customer Identification
- Customer Programs Associate
 - Originally planned for FY 2022/23
- Other anticipatory needs may be identified in the coming months as staffing situation and labor market evolves



Budget Implications

- Increase to Current FY staffing budget of ~\$250k - \$350k (2.5 – 3.5% increase)
 - Will incorporate into typical April/May budget amendment
- Increase in Annualized Salary Cost of ~\$1.25 million (12.5%)
 - Becomes baseline for FY22/23 assuming all positions filled
- Plan to update full Board in November



Questions