MEETING of the Energy Planning and Resources Committee of the
Los Angeles Community Choice Energy Authority
(dba Clean Power Alliance of Southern California)
Wednesday, March 28, 2018
12:00 p.m.

555 West 5th Street, 35th Floor
Los Angeles, California 90013

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 Julie Gomez, at least 2 working days before the meeting at jgomez@ceo.lacounty.gov or (213) 974-1172. 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. Attendees to this meeting are reminded that other attendees may be sensitive to various chemical based products.

If you wish to speak to the Committee, please fill out a speaker's slip. If you have anything that you wish to be distributed to the Committee and included in the official record, please hand it to a member of the staff who will distribute the information to the Committee members and other staff.

Members of the public may also participate in this meeting remotely at the following addresses:

Oxnard City Hall Annex - CONFERENCE Room
300 W Third Street, 4th Floor
Oxnard, CA 93030
I. WELCOME AND ROLL CALL

II. PUBLIC COMMENT

This item is reserved for persons wishing to address the Committee on any LACCE-related matters not on today’s agenda. Public comments on matters on today’s agenda shall be heard at the time the matter is called.

III. REGULAR AGENDA

1. Presentation on Current Energy Contracting Processes, including contracting documents.

2. Discussion of Options for Contract Execution Delegation Authority

IV. COMMITTEE MEMBER COMMENTS

V. STAFF COMMENTS

VI. ADJOURN

Public records that relate to any item on the open session agenda for a regular committee meeting are available for public inspection. The Board has designated the County of Los Angeles, Chief Sustainability Office, Kenneth Hahn Hall of Administration, Room 493, 500 West Temple Street, Los Angeles, CA 90012, for making those public records available for inspection. The documents are also available on our internet website at cleanpoweralliance.org.
Energy Committee Meeting

Phase 2 Procurement Status Report
Agenda

• Agenda Item #1: Phase 2 solicitation goals, schedule, products and indicative prices and volumes

• Overview of Procurement Documents

• Questions

• Agenda Item #2: Delegation of Authority to Executive Director Base and Options

• Preparing for future procurement

• Discussion
Phase 2 Procurement Goals

- Secure 2018 power supply at known/reasonable costs
- Enable consistent rate setting for Phase 2 customers
- Begin purchases for 2019 and 2020 to build a diversified portfolio -- important for rate stability
- Meet initial and basic program objectives
  - Renewable procurement to support 36%, 50%, or 100%
  - Maximize use of carbon-free generation
  - Preference for local resources
- Build contractual infrastructure and supplier relationships to facilitate successful 30x expansion of CPA Program
Solicitation Schedule

3/20: Release Request for Offers
3/23: Indicative Offers Due
3/26: Notify Short List
3/27: Indicative Pricing / Financial Projections to CPA to assist in rate setting
3/28: Energy Committee Meeting
4/5: Board consideration of rates and delegation of authority to execute agreements
4/9: Execute Master Agreements and Lockbox Documents
4/12: Final prices due
      Execute Confirmations
Power Products Being Procured

- Renewable Energy
  - PPC1 (in-state renewable)
  - PCC2 (out-of-state renewable)
- Carbon-free (hydro) Energy
- Fixed-priced Energy
- Resource Adequacy Capacity
  - System
  - Local
  - Flex
- [http://www3.teainc.org/CPA/]
Responses

• 18 total respondents

• Indicative prices consistent with expectations for all products except for RA

• Offered volume meets or exceeds 2018 requirements for 6 of 8 requested products

• Offered volume short of 2018 requirements for 2 products
Shortlist Creation Criteria

• Price
• Environmental impact of proposed energy products
• Preference for energy delivered from resources located (in descending order):
  • Los Angeles or Ventura County
  • Southern California other than above
  • California
• Supplier acceptance of CPA’s standard contracting terms
• Supplier creditworthiness
• Supplier track record of providing similar products
Contracts

• CPA Standard Contracting Documents
  • EEI Master Agreement
    • Enabling agreement between CPA and a supplier that establishes standard terms and conditions for Transactions (see below)
    • The EEI Master is a template, not itself a commitment to buy or sell energy or related products
  • EEI Confirmation
    • Individual purchases of energy or related products are entered into under a confirmation, which once signed by both parties becomes a binding “Transaction.”
    • If a Buyer lacks a credit rating, Transactions must generally be supported by cash deposits, letters of credit, or guarantees from a City or County. Alternatively, certain CCA suppliers will accept a lockbox-type arrangement.
Lockbox Agreements

CPA Supplier_A
CPA Supplier_B
CPA Supplier_C
CPA Supplier_D

Energy Products

CPA

Energy Products

CPA Customer

CPA Paid after Suppliers

Collateral Agent (River City Bank)

Suppliers have First Priority to Lockbox Funds

SCE

Revenues

Revenues collected by SCE on CPA's behalf will be deposited into a dedicated account.

Suppliers will be paid for energy deliveries from that account, administered by River City Bank acting as collateral agent, on behalf of the supplier.

CPA Lockbox Documents:

- Account Control Agreement
- Security Agreement
- Inter-creditor & Collateral Agency Agreement
Questions
Market Purchases Require Delegation of Authority

• Unlike RFPs for long-term power procurement, power suppliers will honor prices for limited period of time through a market solicitation

• Energy buyers need to be able to review, approve and execute confirmations for Transactions within a very short time frame – as little as 1-2 hours

• Meeting scheduled for second week of April to receive final binding prices from suppliers, select winning bids, and execute confirmations for Transactions

• All California JPA-based CCAs have delegated some authority to CEO/Executive Director to enter into market Transactions – and always subject to some conditions
Base Delegation/Conditions
And Options

• Enter into EEI Master Agreements under the current RFO in substantially the same form presented to Board
• Enter into Security Agreements under the current RFO in substantially the same form presented to Board
• Enter into Transactions under the current RFO for:
  • Up to one hundred percent of 2018 estimated requirements
  • Up to fifty percent of 2019 estimated requirements
  • Up to twenty-five percent of 2020 requirements
• Transactions through bilateral negotiations for any remaining requirements for 2018 not obtained under the current RFO
• Other small, local, time-sensitive Transactions subject to the approval of:
  • Board Chair, Energy Committee Chair, Finance Committee Chair, OR
  • Executive Committee
  • Small: 50 MW, 200,000 MWh/year, or 1% of estimated load?
  • Local: California or specifically Southern California?
Preparing for Future Procurement: Summer/Fall 2018 Activities

- Develop and approve Energy Risk Management Policy to provide framework for larger and more complicated procurement processes
- Continue procurement for future years executing at a measured pace to provide:
  - Flexibility to deal with any PCIA scenario
  - Mitigation of market price risk through diversification of suppliers, technologies, and transaction terms
  - RFPs for long-term commitments
- Develop contract and financing structures that allow for long-term commitments to new capacity in both utility scale and local Distributed Energy Resources
Discussion