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

Wednesday, June 20, 2018
1:30 p.m.

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

Beverly Hills City Hall
4th Floor, Conference Room 4B
455 N. Rexford Drive
Beverly Hills, CA 90210

DoubleTree by Hilton Hotel Ontario Airport
Cajon Peak Room
222 N. Vineyard Ave
Ontario, CA 91764

I. WELCOME AND ROLL CALL

II. PUBLIC COMMENT

This 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 agenda shall be heard at the time the matter is called.

III. CONSENT AGENDA

1. Approve Minutes from May 16, 2018 Executive Committee Meeting

2. Approve Minutes from June 6, 2018 Executive Committee Special Meeting
IV. REGULAR AGENDA

3. Review Draft Agenda for July 12, 2018 Board of Directors Meeting
4. Discuss Letter to Legislators re: Customer Choice and CPUC White Paper
5. Discuss June 22, 2018 Board Retreat Preparation

V. COMMITTEE MEMBER COMMENTS

VI. ADJOURN
REGULAR MEETING of the Executive Committee of
Clean Power Alliance of Southern California

May 16, 2018, 1:30 p.m.

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

Ventura County Hall of Administration
CEO Channel Island Conference Room
800 South Victoria Avenue
Ventura, CA 93009

MINUTES

I. WELCOME AND ROLL CALL

Secretary Jacquelyn C. Betha conducted roll call.

<table>
<thead>
<tr>
<th>Roll Call</th>
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<tbody>
<tr>
<td>1 Beverly Hills</td>
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<td>2 Hawthorne</td>
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<td>3 LA County</td>
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<td>4 Oxnard</td>
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<td>5 Rolling Hills Estates</td>
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<td>6 South Pasadena</td>
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<td>7 Ventura County</td>
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<td>8 West Hollywood</td>
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<td>Member of the Public</td>
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II. PUBLIC COMMENT

There were no public comments in person or from the remote locations.

III. REGULAR AGENDA

1. Approved Minutes from April 18, 2018 Executive Committee Meeting
The Minutes from the April 18, 2018 Executive Committee Meeting were reviewed and approved. Motion: Director Kuehl (County of Los Angeles). Second: Director Gold (Beverly Hills). Vote: Unanimous approval from the Committee Members present and at remote location.

2. Reviewed Draft Agenda for June 7, 2018 Board of Directors Meeting

The Committee discussed taking off from the Consent Agenda the item regarding designation of a Treasurer because the County of Los Angeles is currently providing Treasury services.

Staff reported that the RFQ for pre-qualified providers went out and staff will seek Board approval on the Master Agreement for services on June 7.

Chair Mahmud asked questions regarding the Customer Privacy Policy and adopting a policy to add to the website.

The Committee discussed the draft Regular Agenda items for the June 7 Board meeting, including the Delegation of Authority for the Integrated Resource Plan and the Fiscal Year 2018-2019 budget, which staff indicated is anticipated to be presented to the Finance Committee for review on May 18, 2018.


The Committee discussed a response to recent concerns and misguided accusations expressed by the CPUC regarding casting customer choice as a threat to energy reliability, specifically comments made by the CPUC President and a recently released CPUC draft white paper. To address these and other general regulatory / legislative issues, CPA would like to send a letter to Southern California State Legislators. To provide context, the Committee discussed coordinating the distribution of this letter in advance of a joint CPUC / California Energy Commission en banc, and talked about a potential press strategy or op ed publication in association with the letter to legislators.
4. Discussed June 22, 2018 Board Retreat

The Committee discussed the agenda for the retreat, and the invited speaking guests. Retreat breakout sessions will include: rate making and product options; financial goals and best practices; planning for local programs; and potentially others. Staff will ask participants for feedback in advance of the retreat.

IV. CLOSED SESSION

5. PUBLIC EMPLOYMENT
 (Government Code Section 54857)
 Recruitment of General Counsel

There were no reportable actions from the Closed Session.

V. COMMITTEE MEMBER COMMENTS

There were no additional Committee Member comments.

VI. ADJOURN

Chair Mahmud adjourned the Executive Committee to June 20, 2018.
SPECIAL MEETING of the Executive Committee of
Clean Power Alliance of Southern California

June 6, 2018, 2:00 p.m.

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

Ventura County Hall of Administration
4th Floor Channel Island Conference Room
800 South Victoria Avenue
Ventura, CA 93009

Beverly Hills City Hall
4th Floor Conference Room 4B
455 N. Rexford Drive
Beverly Hills, CA 90210

MINUTES

I. WELCOME AND ROLL CALL

Chair Mahmud called the meeting to order. Secretary Jacquelyn C. Betha conducted roll call.

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<thead>
<tr>
<th>Roll Call</th>
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<tbody>
<tr>
<td>1</td>
<td>Beverly Hills</td>
<td>Julian Gold</td>
<td>Director</td>
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<td>2</td>
<td>Hawthorne</td>
<td>Angie Reyes English</td>
<td>Director</td>
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<td>3</td>
<td>Los Angeles County</td>
<td>Gary Gero</td>
<td>Alternate</td>
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<td>4</td>
<td>Oxnard</td>
<td>Carmen Ramirez</td>
<td>Director</td>
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<td>5</td>
<td>Rolling Hills Estates</td>
<td>Steve Zuckerman</td>
<td>Director</td>
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<td>6</td>
<td>South Pasadena</td>
<td>Diana Mahmud</td>
<td>Chair</td>
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<td>7</td>
<td>Ventura County</td>
<td>Linda Parks</td>
<td>Vice-Chair</td>
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<tr>
<td>8</td>
<td>West Hollywood</td>
<td>Lindsey Horvath</td>
<td>Director</td>
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II. PUBLIC COMMENT

There were no public comments in person or from the remote locations.
III. CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
   Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: (1)

   There were no reportable actions from the Closed Session.

IV. ADJOURN

   Chair Mahmud adjourned the meeting.
REGULAR MEETING of the Board of Directors of the
Clean Power Alliance of Southern California
Thursday, July 12, 2018
2:00 p.m.
DRAFT
Los Angeles County Hall of Administration
Room 140
500 West Temple Street
Los Angeles, California 90012

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
Jacquelyn Betha, at least two (2) working days before the meeting at
jbetha@cleanpoweralliance.org or (213) 269-5870, ext.1001. 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.

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

Calabasas City Hall – Council Conference Room
100 Civic Center Way, Calabasas, CA 91301

Ventura County Hall of Administration – 4th Floor Channel Island Conference Room
800 South Victoria Avenue, Ventura CA 93009

Whittier City Hall – Admin. Committee Room
13230 Penn Street, Whittier, CA 90602
I. WELCOME & ROLL CALL

II. PUBLIC COMMENT

This item is reserved for persons wishing to address the Board on any Clean Power Alliance-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.

As with all public comment, members of the public who wish to address the Board are requested to complete a speaker’s slip and provide it to Clean Power Alliance staff. If you have anything that you wish to be distributed to the Board and included in the official record, please hand it to a member of the staff who will distribute the information to the Board members and staff. Speakers are customarily limited to two minutes, but an extension can be provided at the discretion of the Board Chair.

III. CONSENT AGENDA

1. Approve Minutes from June 7, 2018 Board of Directors Meeting
2. Approve Minutes from June 22, 2018 Board of Directors Retreat
3. Approve Resolution Authorizing Clean Power Alliance to access state and federal level summary criminal history information for employment, licensing or certification purposes.

IV. REGULAR AGENDA

4. Review 2019 Ratemaking Schedule and Phase-In Scenarios
5. Approve Selection of XXX for Data Management and Call Center Services and Authorize Executive Director to Execute Contract with XXX.

7. Update on 2018 Integrated Resource Plan

V. LEGISLATIVE & REGULATORY UPDATE

VI. REPORT FROM THE EXECUTIVE DIRECTOR

VII. BOARD MEMBER COMMENTS

VIII. REPORT FROM THE CHAIR

IX. ADJOURN

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 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 www.cleanpoweralliance.org.
2019 Ratemaking Schedule and Phasing Scenarios
Considerations – Rates Relative to SCE and Financial

- SCE recently forecast a 6% to 7% reduction in 2019 generation rates.
- Forecast updated in early November, with final rates filed in late-December. Actual rates will be different than the forecast.
- Highly risky for CPA to set 2019 rates before knowing SCE rates, particularly for complex/TOU commercial rates:
  - Risk of setting rates that are higher than SCE – opt-out and public perception risk
  - Risk of setting rates that are too low – unnecessary financial risk, loss of opportunity to accumulate reserves
- Based on cost of service and rate seasonality, it is advantageous to phase in residential customers in winter/spring and commercial customer at the beginning of summer.
Considerations – Operational

- Pre-enrollment notices released 60 days prior to customer enrollment
- Rates need to be set before pre-enrollment notices are released
- Member agencies need a window of time to elect default options with adequate and accurate information
- CPA/SCE need at least one month interval between each phase of enrollment for system clean up and high volume of customer interaction
- March 2019 is a black-out month for CCA enrollment in SCE territory due to system-wide TOU Peak Pricing migration
- SCE billing system upgrade in Jan 2020 creates high risk for any CCA enrollments after July 1, 2019
Implementation Plan – Option 1

Dec: Required Pre-Enrollment Notice for February Implementation*
Jan: HOLD
Feb: Resi Customers 3 + 21 Cities
Mar: HOLD/SCE Blackout
Apr: Resi Customers 7 Cities
May: HOLD
June: Non-Resi Customers 21 + 7 Cities

Implementation Plan – Option 2

Dec: Required Pre-Enrollment Notice for February Implementation*
Jan: HOLD
Feb: Resi Customers 3 + 21 Cities
Mar: HOLD/SCE Blackout
Apr: Non-Resi Customers 21 + 7 Cities
May: HOLD
June: Resi Customers 7 Cities

Implementation Plan – Option 3

Dec: Required Pre-Enrollment Notice for February Implementation*
Jan: HOLD
Feb: Resi Customers 3 + 21 Cities
Mar: HOLD/SCE Blackout
Apr: HOLD
May: Resi Customers 7 Cities
June: Resi Customers and Non-Resi Customers 21 + 7 Cities
# Proposed Rate Setting Timeline

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
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<tbody>
<tr>
<td>August Board Meeting</td>
<td>Determine rate options (e.g. 36% RPS, 50% RPS, 100% RPS)</td>
</tr>
<tr>
<td>August – October</td>
<td>Members select default rate option with conservative guidance on savings vs. SCE</td>
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<tr>
<td>Early November</td>
<td>SCE ERRA Filing setting revenue requirements – Rates can be inferred</td>
</tr>
<tr>
<td>Mid November Board Meeting</td>
<td>Set Residential rates (potentially with true up discount mechanism)</td>
</tr>
<tr>
<td>Late December</td>
<td>SCE Advice Letter setting final rates (effective January 1)</td>
</tr>
<tr>
<td>February Board Meeting</td>
<td>Set Commercial rates</td>
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</table>
Implementation Plan – Option 1

- Required Pre-Enrollment Notice for February Implementation*
- HOLD
- Resi Customers 3 + 21 Cities
- HOLD/SCE Blackout
- Resi Customers 7 Cities
- HOLD
- Non-Resi Customers 21 + 7 Cities

Implementation Plan – Option 2

- Required Pre-Enrollment Notice for February Implementation*
- HOLD
- Resi Customers 3 + 21 Cities
- HOLD/SCE Blackout
- Resi Customers 7 Cities
- HOLD
- Non-Resi Customers 21 + 7 Cities
- HOLD
- Resi Customers 7 Cities

Implementation Plan – Option 3

- Required Pre-Enrollment Notice for February Implementation*
- HOLD
- Resi Customers 3 + 21 Cities
- HOLD/SCE Blackout
- Resi Customers 7 Cities
- HOLD
- HOLD
- Resi Customers 7 Cities and Non-Resi Customers 21 + 7 Cities

* Implementation
Energy Risk Management Policy
Overview

- Staff plans to bring a proposed Energy Risk Management Policy (ERMP) and FY 18-19 Procurement Plan to the Board for approval at the July 12, 2018 Board meeting.

- The ERMP is a critical component of procurement cost oversight and development of future procurement strategies.

- The ERMP will replace the current “percentage of annual load” procurement authority of the Executive Director with a more robust risk-based approach that includes more factors and layers of approval.

- The Procurement Plan will propose a solicitation schedule for energy hedges, renewable energy, RA, and carbon-free procurement for 2019-2021.
EMRP Policy Purpose

- Provide a framework for conducting trading activities and mix of short and long-term contracting to ensure CPA’s long-term viability

- Identify and measure the magnitude of risks to which CPA is exposed:
  - Market, regulatory, volumetric, model, operational, counterparty credit, and reputational risk*

*The policy is not intended to address all risks faced by CPA, only those related to procurement
The Energy Risk Management Policy will include:

- Risk management governance, including establishment of a staff-level Risk Management Committee (RMC)
  - Members include the Executive Director, COO, and Director of Power Planning & Procurement*
- Delegation of daily procurement responsibilities, including specific limits on transaction types, terms, values, and volumes
- Description of risk measurement, valuation, and stress test methodologies
- Credit policy, including max credit limits, monitoring protocols, and counterparty concentrations

*Additional members may be added as CPA brings on additional staff (e.g. CFO)
The EMRP establishes processes, controls, and reporting requirements to ensure compliance and appropriate risk oversight of Front, Mid, and Back office functions.

- Front office – trading and contract origination
- Mid office – market and credit risk oversight
- Back office – settlements and billing, contract admin

Actual front, middle, back office functions will be performed by a mixture of staff and consultants (TEA).
Open Areas

- Between now and the Board Meeting, Staff is finalizing:
  - Risk measurement metrics and limits
  - Necessary internal systems and processes to comply with ERMP controls
  - Interaction between the RMC and the Board
    - ED/RMC authority levels (Based on time, value, type, etc.)
    - Protection of sensitive market information and risk profile
  - Procurement Plan solicitation schedule – still weighted towards closing short-term positions
June 20, 2018

Dear Honorable Senators and Assembleymembers:

The Clean Power Alliance of Southern California is one of the state’s newest Community Choice Aggregation (CCA) Joint Powers Authority, made up of 31 local agencies across Los Angeles and Ventura Counties. These agencies have banded together to provide cleaner electricity at competitive rates, offering a choice in electricity service providers for the first time to nearly 3 million residents in our region.

Over the past several weeks, the President of the California Public Utilities Commission (CPUC) has made several statements to the Legislature and at CPUC meetings claiming that the rise of CCAs is creating a risk of a new electricity reliability crisis. Earlier this month, his office also distributed a draft white paper (the “Green Book”) on the future of electricity regulation in an era of customer choice that portrayed CCAs as a problem to be dealt with rather than an opportunity to be grasped.

While we agree that the regulatory landscape for electricity is changing and that new frameworks for collaboration across multiple actors in California could be beneficial, we would caution against paying much heed to allegations about reliability that are not based on fact. Specifically, we would like to point out that CCAs across California have and continue to meet their Resource Adequacy requirements. As Clean Power Alliance ramps up service, we intend to do the same and seek to collaborate with the Investor Owned Utilities (IOUs), Publicly Owned Utilities, the California Independent System Operator and state regulators to provide the reliable electricity system our constituents expect and deserve.

The Legislature promoted the creation of CCAs in the wake of the last energy crisis, noting their similarity to municipal utilities, which remained financially stable as the IOUs either became insolvent or were on the brink of insolvency. By introducing a level of public oversight at the local level, accountability increases, and risky market manipulation is discouraged. In the meantime, Clean Power Alliance already expects to meet the 2030 State mandate of 50% renewable energy content in 2019, eleven years earlier than required. This voluntary action is also the kind of leadership our local communities can provide by engaging closely with our customers and leveraging our collective purchasing power.
In summary, we expect that as CCAs continue to enjoy success in collectively achieving greenhouse gas reductions in the electricity sector in a decentralized manner that is affordable, reliable and fair to all customers, their perceived threat to IOUs will prompt calls for new legislation and regulatory action.

We urge you to communicate with us to make sure you have all the facts and perspectives when considering any legislation concerning CCA operation, and pledge to work closely with you to meet our mutual environmental goals for the State and our local communities.

Sincerely,

Diana Mahmud  
Chair, Clean Power Alliance  
Councilmember, City of South Pasadena

Sheila Kuehl  
Vice-Chair, Clean Power Alliance  
Supervisor, County of Los Angeles

Linda Parks  
Vice-Chair, Clean Power Alliance  
Supervisor, County of Ventura

Lindsey Horvath  
Chair, Legislative Committee, Clean Power Alliance  
Councilmember, City of West Hollywood

Ted Bardacke  
Executive Director, Clean Power Alliance

Enclosure: CalCCA Fact Sheet on CPUC Draft “Green Book”
CPUC Draft “Green Book”  
A Report in Search of a Problem

Community Choice Aggregators (CCAs) were enabled by the California Legislature in the wake of the energy crisis, as part of the solution, allowing local communities to take control of the energy they buy and to address constraints on competition that contributed to the crisis.

Highly-regulated, locally-controlled CCAs were designed to make energy markets less risky and protect ratepayers. CCAs are performing as intended – providing reliable, affordable and clean energy to local customers and delivering innovative programs that address both local needs and state goals.

Reliability
As entities created in response to the last energy crisis, CCAs take seriously their obligation to meet California’s Resource Adequacy (RA) requirements and have been meeting their responsibility to “keep the lights on.”

The draft paper overlooks the fact that the California Independent System Operator (CAISO), the Federal Energy Regulatory Commission (FERC) and the Western Electricity Coordinating Council (WECC) have the primary responsibility for reliability.

Affordability
CCAs and other forms of energy choice create opportunities for energy consumers to take action on climate change, affordability and local benefits. Previously, the IOU monopolies in communities meant consumers had no choice.

Now, customers have a choice in who provides their energy and where program revenues are invested. CCAs are governed by local elected officials, putting the needs of their communities, not shareholders, first.

Decarbonization
CCAs offer the ability to procure renewable energy that meets the needs and perspectives of their communities. Additionally, CCAs have helped drive decarbonization efforts to help meet the state’s emission reduction goals.

The Bottom Line
The CPUC paper fails to recognize the important role CCAs play within their communities. Where IOUs get a guaranteed rate of return that goes to corporate and institutional shareholders, CCAs invest their revenues right back into their communities through programs that serve their customers’ needs and further our state’s decarbonization goals – rather than pumping up stock prices. There is no risk of an energy crisis and no need for additional legislative engagement.
I. Welcome & Opening Remarks

II. CCA Leadership Panel

Dawn Weisz, CEO, Marin Clean Energy
Nick Chaset, CEO, East Bay Community Energy
Tom Habashi, CEO, Monterey Bay Community Power

III. Breakout Discussions

1. Ratemaking and Product Options
2. Financial Goals and Best Practices
3. Planning for Local Programs

IV. Breakout Discussion Report Outs

V. Wrap Up & Next Steps