



**REGULAR MEETING of the Finance Committee of the
Clean Power Alliance of Southern California**

Wednesday, September 26, 2018

11:00 a.m.

REVISED

555 W. 5th Street, 35th Floor

Los Angeles, CA 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 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:

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

*Camarillo City Hall
601 Carmen Drive, Camarillo, CA 93010*

*Carson City Hall
Executive Conference Room
701 E. Carson Street, Carson, CA 90745*

*Rolling Hills Estates City Hall
4045 Palos Verdes Drive N., Rolling Hills Estates, CA 90274*

I. WELCOME & 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. As with all public comment, members of the public who wish to address the Committee are requested to complete 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 staff. Speakers are customarily limited to two minutes, but an extension can be provided at the discretion of the Committee Chair.

III. GENERAL ANNOUNCEMENTS

IV. REGULAR AGENDA

1. Approve Minutes from August 22, 2018 Finance Committee Meeting
2. July and August 2018 Monthly Dashboards
3. August and September 2018 Risk Management Team Reports

V. COMMITTEE MEMBER COMMENTS

VI. ADJOURN

Public records that relate to any item on the open session agenda for a regular 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 Committee. The Board of Directors has designated Clean Power Alliance, 555 W. 5th Street, 35th Floor, Los Angeles, CA 90013, for making those public records available for inspection. The documents are also available online at

www.cleanpoweralliance.org.

REGULAR MEETING of the Finance Committee of the
 Clean Power Alliance of Southern California
 Wednesday, August 22, 2018, 11:00 a.m.

555 W. 5th Street,
 1st Floor, WeWork Room 1A
 Los Angeles, CA 90013

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

Manhattan Beach City Hall
 2nd Floor Conference Room
 1400 Highland Ave., Manhattan Beach, CA
 90266

Camarillo City Hall
 601 Carmen Drive, Camarillo, CA 93010

Rolling Hills Estates City Hall
 4045 Palos Verdes Drive N., Rolling Hills
 Estates, CA 90274

Carson City Hall
 Executive Conference Room
 701 E. Carson Street, Carson, CA 90745

MINUTES

I. WELCOME & ROLL CALL

Chair Julian Gold called the meeting to order. Jennifer Ward, CPA Head of Local Government Affairs, conducted roll call.

Roll Call				
1	Beverly Hills	Julian Gold	Committee Chair	Present
2	Camarillo	Tony Trembley	Committee Member	Present
3	Carson	Reata Kulcsar	Committee Member	Present
4	Manhattan Beach	Amy Howorth	Committee Member	Present
5	Rolling Hills Estates	Steve Zuckerman	Committee Member	Present

II. PUBLIC COMMENT

The following individual provided public comments: Harvey Eder (Public Solar Power Coalition).

III. REGULAR AGENDA

Clean Power Alliance Finance Committee Minutes
August 22, 2018

1. Approved Minutes from July 25, 2018 Finance Committee Meeting

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

2. Approved Financial Policy #1 – Credit Card Policy and Procedures

Ted Bardacke, CPA Executive Director, indicated that CPA has secured a corporate credit card for business related expenditures and a policy is needed, which CPA's accountant, Maher Accountancy, adopted from Sonoma Clean Power's policy, but added several components including a quarterly review by the Finance Committee. Mr. Bardacke reported that he is the only card holder at this time and CPA's Employee Handbook reflects per diem limits for spending. Regarding the requirement for prior document for transactions above \$5,000 and anticipated recurring payments that are less than \$5,000, Chair Gold suggested that staff highlight these recurring payments and Committee Member Zuckerman suggested the policy be amended to require prior documented approval for goods and services over \$5,000 for a single transaction or to a single vendor within one month. Staff agreed to make this amendment. Chair Gold asked if the card accrues any benefits and how these will be handled, and Mr. Bardacke responded that the benefits are in the form of cash back directly to the card balance. Chair Gold suggested that lost or stolen cards be reported to both the Executive Director and the CFO/Finance Manager, and staff indicated it would reflect that in the policy.

Motion: Rolling Hills Estates, Committee Member Zuckerman. Second: Manhattan Beach, Committee Member Amy Howorth. Vote: Item 2 was approved by a unanimous roll call vote.

3. Received update on July 2018 to December 2019 financial outlook, including SCE payment trends, energy market price trends, and SCE rate scenarios

Mr. Bardacke indicated that staff will continue to bring this monthly snapshot to the Finance Committee for review on a monthly basis, but due to timing, the July and August Monthly Dashboards will both be provided in September. Matt Langer, Chief Operating Officer, indicated that Committee Members are able to

Clean Power Alliance Finance Committee Minutes
August 22, 2018

share this information with their fellow Councilmembers as an update, but to keep in mind that this information is not audited, just a snapshot in time. Mr. Langer then provided an update on CPA's financial outlook and energy market price trends, indicating that prices are up significantly this summer due to retirement of gas-fired generation, natural gas delivery constraints, and the recent heat wave. Mr. Langer reported that CPA's Energy Risk Management Policy and Risk Hedging Strategy keeps CPA well insulated from this market volatility. The Committee discussed the Power Charge Indifference Adjustment (PCIA), and staff indicated the impacts of the PCIA are factored into CPA's projections. The Committee members expressed appreciation for the information and format of this presentation.

IV. COMMITTEE MEMBER COMMENTS

Committee Member Howorth commented that she is pleased with the information discussed and thanked her fellow Committee members for their good questions and expertise.

V. ADJOURN

Chair Gold adjourned the meeting.

July 2018



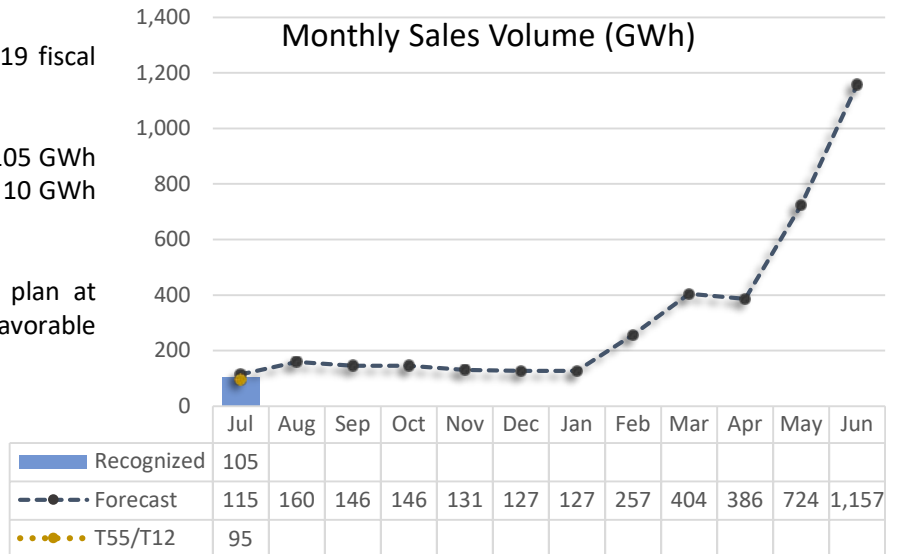
CUSTOMERS	SALES VOLUME	REVENUE	MARGIN	Δ in NET ASSETS
34,000 TOTAL	105 GWh	\$9.3M	\$3.9M (41%)	\$3.4
6,900 INVOICED			Margin \$	P&L
206 OPT OUT			Bud \$3.2 Act \$3.9	Revenue \$9.3 COE \$5.5 OpEx & Other \$0.4 Net \$3.4
			Margin %	
			Bud 31.7% Act 41.6%	

July marks the first month of the 2018/19 fiscal year.

July Revenue of \$9.3MM accounted for 105 GWh in net retail consumption. This comes in 10 GWh short of the volume forecast.

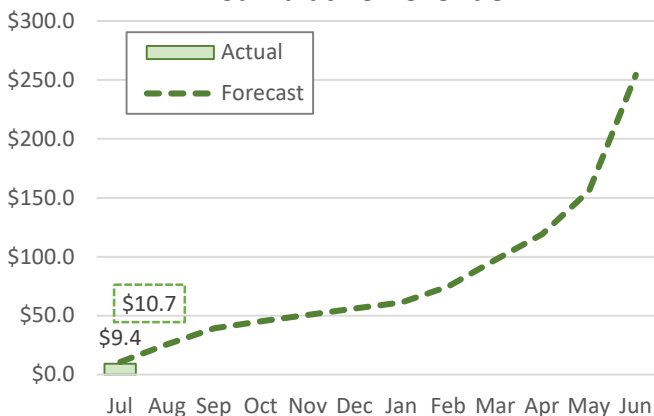
Margins for July were modestly above plan at \$3.9M compared to \$3.3 due to a favorable hedge position during the month.

Monthly Sales Volume (GWh)

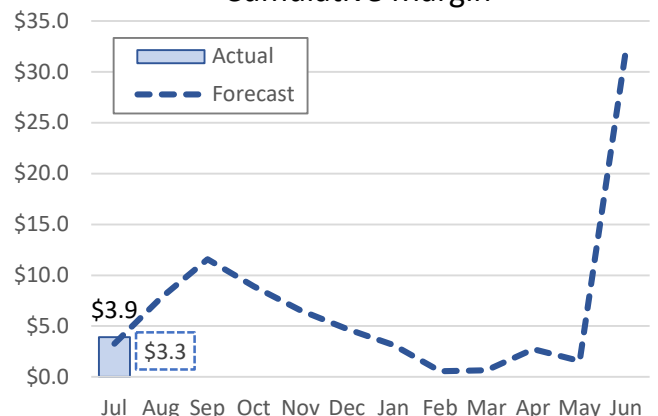


YTD Revenue 12% below budget of \$10.7M. YTD Margin Dollars above budget by \$600k.

Cumulative Revenue



Cumulative Margin



Data Definitions:

- CUSTOMERS: Invoiced: Unique Customers Account Numbers billed during Calendar Month. Total and Opt-out from monthly Calpine Exec Summary.
- REVENUE: Total Company Total Revenue net of bad debt, excluding interest income.
- SALES VOLUME: Total Electricity Usage from estimated meter reads, net of meter adjustments to prior periods invoiced in the current month.
- ELECTRICITY SALES: Electricity Sales, excludes Interest and Other Income.
- COST OF ELECTRICITY: Direct Energy Expenses, excludes Scheduling Coordinator.
- MARGIN \$: Electricity Sales less Cost of Electricity.

ACTUAL: see sales volume above

FORECAST: Volumes from CPA Financial Model (updated 2018-06-18), Revenue from "2018-07-25 Financial Model".

T55/T12: Best available estimate of Meter usage data, as submitted to CAISO.



August 2018



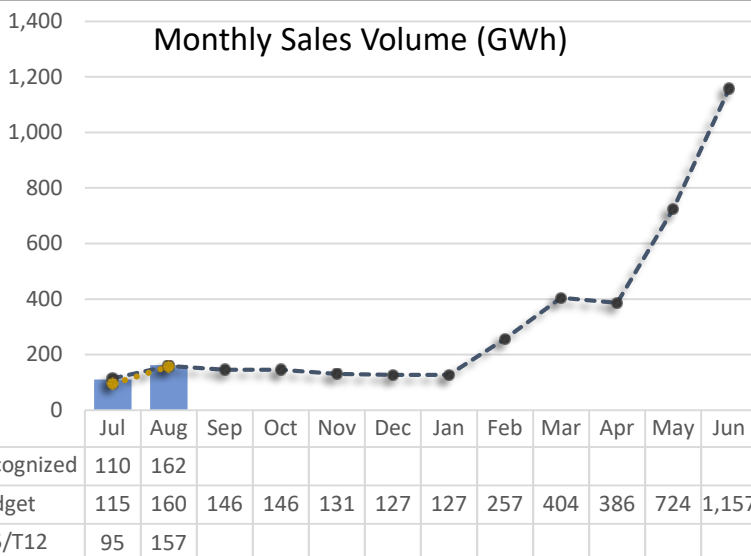
CUSTOMERS	SALES VOLUME	REVENUE	MARGIN	Δ in NET ASSETS
34,000 TOTAL	162 GWh	\$13.4M	\$4.6M (34.7%)	\$4.3
29,000 INVOICED			Margin \$ Bud \$4.5 Act \$4.6 Margin % Bud 30.2% Act 34.7%	P&L Revenue \$13.4 COE \$8.7 OpEx & Other \$0.4 Net \$4.3
301 OPT OUT TO DATE				

August Revenue of \$13.8MM accounted for 162 GWh in net retail consumption. This comes in 2 GWh ahead of Budget with the cumulative usage just 3GWh or 1% behind.

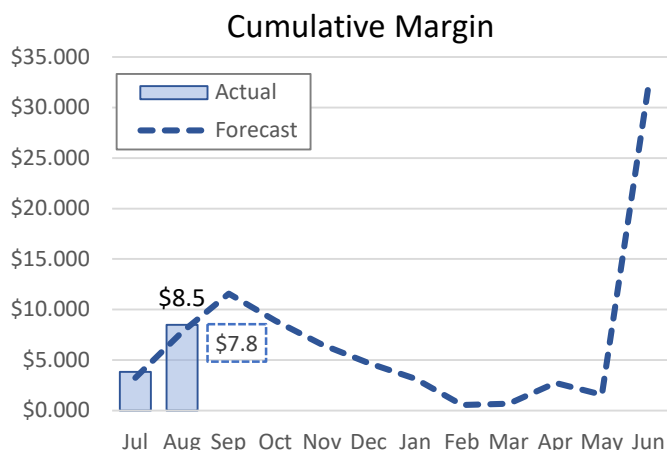
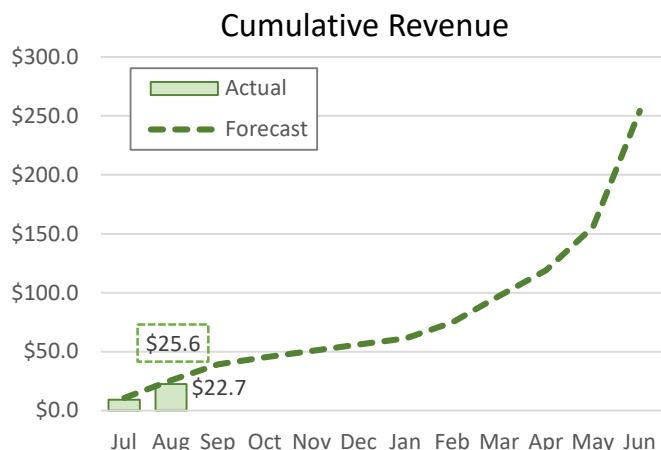
Margins for August were modestly above plan at \$4.7M compared to \$4.5 with cumulative margin ahead of budget by \$700k (37% vs 30%).

The chart to the right shows volume comparison to budgeted volume.

The charts below display cumulative revenue and margin \$ vs budget.



YTD Revenue \$2.9 (1%) below budget of \$22.7M. YTD Margin Dollars above budget by \$700k.



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- COST OF ELECTRICITY: Direct Energy Expenses, excludes Scheduling Coordinator.
- MARGIN \$: Electricity Sales less Cost of Electricity.

ACTUAL: see sales volume above
 Budget: Revenue and Volumes from CPA Financial Model (2018-06-15 used for budget).
 T55/T12: Best available estimate of Meter usage data, as submitted to CAISO.





Staff Report – Agenda Item 3

To: Clean Power Alliance (CPA) Finance Committee
From: Matthew Langer, Chief Operating Officer
Approved by: Ted Bardacke, Executive Director
Subject: August and September 2018 Risk Management Team Reports
Date: September 26, 2018

AUGUST 2018 REPORT

Administrative Activities

- Held first Risk Management Team (RMT) meeting on August 8, 2018.
- The Executive Director appointed Natasha Keefer, Director of Power Planning & Procurement and Matthew Langer, Chief Operating Officer, as members of the RMT. The Executive Director may add the CFO/Finance Manager and an outside industry expert to the RMT at a later date.

Key Actions

- Discussed counterparty credit limit approval process
- Developed plan to establish monthly reports to the Energy Committee and quarterly reports to the Board.
- Reviewed open energy position and approved a plan to procure block energy quantities for 2018, 2019 and 2020 in accordance with the Risk Hedging Strategy.

Policy Compliance

- Identified potential exceedance of hedging limits (over-procurement) for 2019 Flex RA requirement. Exceedance is due to no-cost Flex attributes included in otherwise needed RA purchases. No remedial action is recommended.

SEPTEMBER 2018 REPORT**Key Actions**

- Reviewed hedge performance for August and September
- Approved interim counterparty credit limits based on TEA's standard methodology. Updated credit limits will be adopted based on a CPA-specific methodology currently under development.
- Approved transaction validation checklist and established a related mid-office recording keeping process.
- Reviewed open position and approved the following:
 - RFOs to buy block energy quantities for 2018, 2019 and 2020 in accordance with the Risk Hedging Strategy and sell 2018 block energy length
 - RFOs to buy and sell RA for 2018 and 2019 and individual RA transactions

Policy Compliance

- Reviewed October off-peak (LLH) block energy purchase that mistakenly exceeded CPA's needs. The new transaction validation checklist addresses the issue going forward, and the RMT directed staff to sell the excess energy.
- The RMT noted planned Resource Adequacy (RA) purchases for 2019 result in exceedances of total need for January through May, November and December. This type of exceedance is contemplated under the ERMP. Specifically, the ERMP states that the RMT may approve exceeding RA volume targets if doing so minimizes costs or is necessary for compliance. In this case, it has been necessary to procure RA products quarterly or for the entire year to meet RA requirements in the summer months when RA requirements are highest. Wherever possible, CPA will look to sell excess volumes to minimize total portfolio costs.