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

Thursday, February 7, 2019
2:00 p.m.

Conference Center at Cathedral Plaza
Conference Room 6
555 W. 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 Government Center
Channel Islands Conference Room, 4th Floor Hall of Administration
800 South Victoria Avenue, Ventura, CA 93009
I. WELCOME AND 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 three minutes, but is at the discretion of the Chair.

III. CONSENT AGENDA

1. Approve Minutes from December 13, 2018 Board of Directors Meeting

2. Adopt Resolution No. 19-02-001 to Approve Adjustments to 2019 Time of Use Domestic Rate Schedules (Phase 3)

3. Approve Amended Task Order No. 1 between CPA and MRW & Associates for Rate Setting and Cost of Service Consulting Services

4. Approve Amended Task Order No. 1 between CPA and LevelTen Energy for Long-Term RFO Support Consultant Services

5. Approve Amended Task Order No. 1 between CPA and The Energy Authority for Scheduling Coordinator and CRR Management Services

6. Approve Policy No. 7 for CPA Net Energy Metering (NEM)

7. Approve Professional Legal Services Agreement between CPA and Hall Energy Law PC

8. Approve Professional Legal Services Agreement between CPA and Akin Gump Strauss Hauer & Feld, LLP

9. Approve Professional Legal Services Agreement between CPA and the Clean Energy Counsel
10. Receive and File Fiscal Year 2017/2018 Audit

IV. REGULAR AGENDA

Action Items

11. Approve Clean Power Alliance Bylaws and Advance Notice of Intent to Request Approval of Amendment Number 3 to the Clean Power Alliance of Southern California (CPA) Joint Powers Agreement and to Adopt the CPA Bylaws

12. Appoint One Member to the Community Advisory Committee Representing Unincorporated Los Angeles County

Information and Discussion Items

13. Discuss Financial Reserve Policy

14. Presentation on Long-Term Renewables Request for Offers

V. MANAGEMENT UPDATE

VI. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to Government Code section 54956.9(d)(2) or (3): 1

VII. COMMITTEE CHAIR UPDATES

Director Lindsay Horvath, Chair Legislative & Regulatory Committee
Director Julian Gold, Chair, Finance Committee
Director Carmen Ramirez, Chair, Energy Planning & Resources Committee
Director Meaghan Sahli-Wells, Chair, Communications & Outreach Ad Hoc Committee

VIII. BOARD MEMBER COMMENTS

IX. REPORT FROM THE CHAIR

X. ADJOURN – TO MARCH 7, 2019
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, or a majority of, the members of the Board. The Board 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 Board of Directors of the
Clean Power Alliance of Southern California
Thursday, December 13, 2018, 2:00 p.m.

Metro Headquarters, 4th Floor, Plaza View Room
One Gateway Plaza, Los Angeles, CA 90012

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

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

Whittier City Hall – Admin Conference Room
13230 Penn Street, Whittier, CA 90602

MINUTES

I. WELCOME AND ROLL CALL

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

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<tr>
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## II. PUBLIC COMMENT

There were no public comments.

## III. PUBLIC HEARING

1. Conducted Public Hearing to Consider Addendum No. 3 to the Implementation Plan and Adopted Resolution No. 18-017 to Approve Addendum No. 3 to the Implementation Plan and Authorized Staff to Submit Agenda Page 6
the Addendum as attached, or in a substantially similar form, to the California Public Utilities Commission on or before December 31, 2018.

Chair Mahmud opened the public hearing and asked for public testimony. There was no public testimony from any of the meeting locations. Chair Mahmud closed the public hearing.

Motion: West Hollywood, Director Lindsey Horvath. Second: Claremont, Director Calaycay. Vote: Item 1 passed by a unanimous roll call vote.

IV. CONSENT AGENDA

2. Approved Minutes from November 15, 2018 Board of Directors Meeting

Motion: Claremont, Director Calaycay. Second: Culver City, Director Sahli-Wells. Vote: Item 2 passed by a unanimous roll call vote.

V. REGULAR AGENDA

3. Adopted Resolutions No. 18-018 and 18-019 to Approve Adjustments to Clean Power Alliance 2019 Rates for Existing Non-Residential Customers (Phases 1 & 2) and 2019 Rates for Residential Customers (Phase 3)

Motion: Santa Monica, Director McKeown. Second: Los Angeles County, Vice Chair Kuehl. Vote: Item 3 passed by a unanimous roll call vote.

4. Approved 2019 Legislative & Regulatory Policy Platform

During the Board’s discussion of the 2019 Legislative & Regulatory Policy Platform, language adjustments related to the following categories were discussed by the members:

Under policy principle number three:

- Revise to state: Supporting recognition that electricity is an essential
service and that CPA should have the ability to set electric rates that are affordable for all.

Under rate payer advocacy and social justice:

- Strikeout workforce development from the second bullet point and add a bullet point to state: Supports workforce development with a focus on new, stable, well-paying local jobs and participation in the green economy.

Under environmental leadership

- Include reference that states: encouraging movement towards 100% renewable energy.

Motion: Santa Monica, Director McKeown. Second: Rolling Hills Estates, Director Zuckerman. Vote: Item 4 passed, with the stated amendments, by a unanimous roll call vote.

VI. LEGISLATIVE & REGULATORY UPDATE
No update was provided, as there was extensive discussion during Item 4.

VII. MANAGEMENT UPDATE
Executive Director, Ted Bardacke updated the Board on the following: Phase 1 and 2 Operations, Phase 3 enrollment preparations, the impacts of the Woolsey and Hill fires, Long – Term Power Procurement, Staffing, Community Advisory Committee and, the 2019 Schedule of Meetings. Mr. Bardacke noted that CPA is unlikely to hold a meeting in January 2019, unless urgent business matters arise.

VIII. BOARD MEMBER COMMENTS
There were no Board Member comments.

IX. REPORT FROM THE CHAIR
Chair Mahmud thanked Director Lindsey Horvath for sending letters to the CPUC in response to the trigger issue and asked that a copy be sent to Commissioner
Gusman, Ed Randolph, and members of the State Senator and Assembly.

Chair Mahmud announced that there is a vacancy on the Executive Committee for the At Large position. She also announced, that the Bylaws will be submitted to the Board in February proposing two dedicated At-Large Positions, one for LA County as well as one for the Ventura County.

Chair Mahmud suggested that the July and August 2019 board meetings be either combined or possibly move the August meeting date.

In closing, Chair Mahmud wished everyone a wonderful holiday.

X. ADJOURN

Chair Mahmud adjourned the meeting.
RECOMMENDATION
Adopt Resolution 19-02-001 to approve the adjustment of three Time of Use Domestic (TOU-D) rate schedules included in CPA’s Phase 3 rates.

SUMMARY
On December 13, 2018, the Board adopted Resolution 18-019 approving residential customer generation rates for Phase 3. These rates were set in accordance with the Board-approved bill comparison ranges and were based on SCE’s then-current rates, with the knowledge that SCE would not have new generation rates on January 1, 2019 due to the CPUC delaying its decision on SCE’s Energy Resource Recovery Account (ERRA) Application.

Despite the delay in SCE’s ERRA Application, SCE implemented other rate changes on January 1, 2019 that impact three residential rate schedules. These rate schedules are TOU-D-A, TOU-D-4 and TOU-D-5. These are tiered rates, meaning the customer’s total average rate varies based on the customer’s usage, due to a credit that is applied to a fixed baseline amount of customer usage. Effective January 1, 2019, SCE lowered the baseline credit for these three rate schedules, meaning the total average rate is now
different than before, depending on a customer’s total usage. Under the new rate, high users will see a slight decrease to their previous rates and low users will see a slight increase. To maintain the Board-approved bill comparison ranges (i.e. 1-2% savings for Lean Power, 0-1% savings for Clean Power, and 7-9% premium for 100% Green Power), CPA must update its rates so that the Board-approved bill comparison ranges are maintained regardless of a customer’s total usage.

CPA’s proposed adjusted TOU-D-A, TOU-D-4 and TOU-D-5 rates, provided as Attachment 2, were calculated to meet the Board-approved bill comparison ranges for each product option. Subsequent to Board approval of Resolution 18-020, the adjusted TOU-D-A, TOU-D-4 and TOU-D-5 rate schedules will be incorporated into CPA’s Phase 3 rates. They will be retroactively effective to February 1, 2019, and staff will update the listing of all CPA rates accordingly. No customers have been billed at the old rates.

Attachment: 1) Resolution 19-02-001 and CPA TOU-D-A, TOU-D-4 and TOU-D-5 Rate Schedules
RESOLUTION NO. 19-02-001

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA
TO APPROVE ADJUSTED 2019 DOMESTIC TIME OF USE RATE SCHEDULES
FOR PHASE 3

THE BOARD OF DIRECTORS OF THE CLEAN POWER ALLIANCE OF SOUTHERN
CALIFORNIA DOES HEREBY FIND, RESOLVE, AND ORDER AS FOLLOWS:

WHEREAS, the Clean Power Alliance of Southern California (formerly known
as Los Angeles Community Choice Energy Authority) (“Clean Power Alliance” or
“CPA”) was formed on June 27, 2017; and

WHEREAS, the CPA Board of Directors directed staff to procure power supply to
provide three energy products (36% renewable, 50% renewable, and 100% renewable)
and maximize non-emitting energy resources for the non-renewable portions of the
portfolio; and

WHEREAS, the CPA Board of Directors also sought to set rates that are lower
or competitive with those offered by SCE for similar products and provide price stability.

NOW THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS
OF THE CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA:

1. The proposed TOU-D-4, TOU-D-5, and TOU-D-A rate schedules as presented
in Attachment 1 are hereby approved.

APPROVED AND ADOPTED this ____ day of ___________ 2019.

__________________________________________
Chair

ATTEST:

__________________________________________
Secretary
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Energy Rates are shown in $/kWh
RECOMMENDATION
Authorize the Executive Director to execute an Amended Task Order No. 1 with MRW and Associates (MRW) for Rate Setting and Cost of Service Analysis, increasing the not-to-exceed (NTE) amount from $158,120 to $238,090.

BACKGROUND
In August 2018, Clean Power Alliance Board of Directors authorized execution of the Master Agreement and Task Order No. 1 with MRW to support activities related to CPA’s 2019 rate setting. This Task Order was the result of a competitive request for bids from CPA’s pre-qualified provider list that included three bidders.

Under MRW Task Order No. 1, MRW has completed a rate setting process analysis; developed a cost of service model, a rate setting model and a revenue model; and worked with CPA staff to develop rates that were adopted by the Board in both November 2018 and December 2018. MRW has also provided rate projections and other rate-related consulting services for CPA.
AMENDED TASK ORDER NO. 1 WITH MRW AND ASSOCIATES

Since MRW Task Order No. 1 was executed in August 2018, SCE’s 2019 rate setting was delayed, primarily as a result of SCE’s large undercollection in 2018 and the SCE’s related Trigger Application. This caused numerous rate changes and schedule delays by SCE that are highly unusual. As a result, CPA’s rate setting was delayed and has undergone multiple iterations to match SCE’s ever-changing rates.

The original schedule and budget anticipated setting rates just twice. Now, due to the need to develop as many as five rate iterations, a budget increase is necessary to continue receiving support from MRW.

Staff is proposing to amend Task Order No. 1 to increase the original contract amount to account for the increased number of iterations and extended timeline. The additional cost to complete the scope of work is $79,970, increasing the original NTE amount of $158,120 to $238,090.

FISCAL IMPACT

Expenditures associated with the proposed Amendment are included in the Board approved FY2018/19 Budget.

Attachment: 1) Amended Task Order No. 1 with MRW and Associates
Exhibit E-1

MASTER AGREEMENT TASK ORDER
(Time and Materials Basis)

MRW & ASSOCIATES LLC

Second Amended Task Order No. 1  CPA Master Agreement No. 2018-08-03

Project Title: Rate Setting and Cost of Service Analysis

Period of Performance: August 17, 2018 to April 30, 2019

CPA Project Director: Matthew Langer

CPA Task Order Manager: Matthew Langer

I. GENERAL

Contractor shall satisfactorily perform all Services detailed in the Task Order Description attached hereto as Exhibit E-1A, on a time and materials basis, in compliance with the terms and conditions of Contractor’s Master Agreement identified above.

II. PERSONNEL

Contractor shall provide the below-listed personnel whose labor rates are as shown:

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<th>Skill Category</th>
<th>Rate Setting and Cost of Service Analysis</th>
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<td>Name: Mary Neal</td>
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<td>Name: Anna Casas</td>
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<td>Name: Naina Gupta</td>
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<td>Name: George Randolph</td>
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<td>Name: Brandon Charles</td>
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<tr>
<td>Name: William Monsen</td>
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III. PAYMENT

A. The Total Maximum Amount that CPA shall pay Contractor for all Services to be provided under this Task Order shall not exceed Two Hundred Thirty Eight Thousand and Ninety Dollars ($238,090).

B. Contractor shall invoice CPA only for hours actually worked, in accordance with the terms and conditions of Contractor’s Master Agreement. Travel time for each Contract personnel shall be billed at half (50%) the hourly labor rate specified in Section II above, provided that all travel shall be approved in writing and in advance by CPA. Contractor shall be responsible for limiting the number of hours worked by Contractor personnel under this TASK ORDER, not to exceed the Total Maximum Amount in III.A, above.

Agenda Page 16
C. Contractor shall satisfactorily perform and complete all required Services in accordance with Statement of Work notwithstanding the fact that total payment from CPA shall not exceed the Total Maximum Amount.

D. Contractor shall submit all invoices under this Task Order to:

Clean Power Alliance  
Attn: Accounts Payable  
555 West 5th Street, 35th Floor  
Los Angeles, CA 90013.

IV. SERVICES

In accordance with Master Agreement Section 2 (Work), Contractor may not be paid for any task, deliverable, service, or other work that is not specified in this Task Order, and/or that utilizes personnel not specified in this Task Order, and/or that exceeds the Total Maximum Amount of this Task Order, and/or that goes beyond the expiration date of this Task Order.

ALL TERMS OF THE MASTER AGREEMENT SHALL REMAIN IN FULL FORCE AND EFFECT. THE TERMS OF THE MASTER AGREEMENT SHALL GOVERN AND TAKE PRECEDENCE OVER ANY CONFLICTING TERMS AND/OR CONDITIONS IN THIS TASK ORDER. NEITHER THE RATES NOR ANY OTHER SPECIFICATIONS IN THIS TASK ORDER ARE VALID OR BINDING IF THEY DO NOT COMPLY WITH THE TERMS AND CONDITIONS OF THE MASTER AGREEMENT.

Contractor’s signature on this Task Order document confirms Contractor’s awareness of the terms and conditions of the Master Agreement and specifically with the provisions of Section 2 (Work) of the Master Agreement, which establishes that Contractor shall not be entitled to any compensation whatsoever for any task, deliverable, service, or other work:

A. That is not specified in this Task Order, and/or
B. That utilizes personnel not specified in this Task Order, and/or
C. That exceeds the Total Maximum Amount of this Task Order, and/or
D. That goes beyond the expiration date of this Task Order.

REGARDLESS OF ANY ORAL PROMISE MADE TO CONTRACTOR BY ANY CLEAN POWER ALLIANCE PERSONNEL WHATSOEVER.

MRW & ASSOCIATES LLC  
By: ____________________________  
Name: Mark Fulmer  
Title: Principal  
Date: ______

CLEAN POWER ALLIANCE  
By: ____________________________  
Name: Ted Bardacke  
Title: Executive Director  
Date: ______
Exhibit E-1A

TASK ORDER DESCRIPTION

Rate Setting and Cost-of Service Analysis

SUMMARY

Support CPA’s 2019 ratemaking by developing and implementing a rate setting process. Support CPA’s efforts to provide customer-friendly rates that also meet CPA’s financial objectives by analyzing the cost of service for CPA’s various rates. Use the rate setting process and cost of service analysis to design rate classes and tiered rate offerings.

TASK LIST

1. Rate Setting Process analysis
   a. Evaluate CPAs existing rate setting methodology (discount relative to SCE rates for 36% and 50% tiers; premium rate for 100% tier)
      i. Analyze existing rates and tiered offerings
      ii. Identify gaps and opportunities for improvement in CPA’s existing Rate Setting Process. Questions to consider include, but are not limited to:
         1. Are all necessary rate elements considered in Rate Setting approach?
         2. Should rates be set as a discount to SCE generation rates or overall rates?
         3. Should each rate tier (36%, 50%, 100%) be set as at a rate relative to SCE rates or should higher tier rates be set based on a variable adder on base rates?
         4. What other rate setting approaches should CPA consider?
   b. Recommend improvements for 2019 Rate Setting Process based on above analysis and incorporating best practices from other CCAs

   Task 1 deliverables: Written assessment of CPA Rate Setting Process approach; recommendations; timeline for implementation.

2. Ratemaking tools
   a. Cost-of-Service Model
      i. COS Model will compare the revenues from CPA’s actual or projected rates with CPA’s actual or projected costs of power and overheads to determine the profitability of each rate class and tier.
         1. COS Model shall accept cost assumptions from CPA’s financial model and analyze the profitability of each rate class

1 All models shall be produced in Excel and provided to CPA in unlocked formats.
ii. Consultant shall identify rate classes that are insufficiently profitable and recommend alternative approaches, if needed

b. Rate Setting Model (RSM)
   i. Develop a model to set rates based on various assumptions and scenarios
      1. RSM shall incorporate relevant insights from Task 1 to ensure completeness and adherence to best practices
      2. RSM shall have flexibility to apply a single rate discount across all rate classes or unique rate discount to each rate class or tier
      3. RSM shall produce outputs that are compatible with CPA’s financial model and easily transferable into customer rate sheets
      4. COS Model shall be integrated with RSM in order to quickly assess the impact of various scenarios to cost of service results

Task 2 deliverables: Rate Setting Model and COS Model. Analysis of insufficiently profitable rate classes and recommended remedial action. Review sessions with CPA staff to provide training on how the models work and discuss key findings.

3. Final Rate Setting Implementation
   a. Residential Rate Classes
      i. Using the approach and tools adopted in Tasks 1 and 2, develop 2019 rates based on updated rates from SCE and other inputs
      ii. Create rate sheets and rate/cost comparisons for use by CPA’s data manager and for distribution to customers
         1. This shall include Joint Rate Comparisons (JRC) for joint mailers with SCE and JRCs for all rates to be posted on CPA’s website
         2. Rate sheets for use by CPA’s data manager will be produced in a format acceptable to the data manager
   b. Non-Residential Rate Classes
      i. Using the approach and tools adopted in Tasks 1 and 2, develop 2019 rates based on updated rates from SCE and other inputs
      ii. Based on input from CPA staff, design custom rates to address the needs of key customer classes and uses such as Electric Vehicle charging and water agencies.
      iii. Create rate sheets and rate/cost comparisons for use by CPA’s data manager and for distribution to customers
         1. This shall include Joint Rate Comparisons (JRC) for joint mailers with SCE and JRCs for all rates to be posted on CPA’s website
         2. Rate sheets for use by CPA’s data manager will be produced in a format acceptable to the data manager
   c. Transit and Water Agency Rate Design
      i. Participate in focus groups with key water and transit agency customers in order to identify unique customer rate design needs
      ii. Based on feedback from focus groups, work with CPA staff to design rates that fulfill water and transit agency customer needs.

Task 3 deliverables: Final 2019 rates and customer rate sheets and comparisons.
4. As-Needed Consulting
   a. Provide consulting services for matters related to rates, but outside of the specific scope of work identified in Task 1, 2 and 3.
   b. The parties will agree in advance when a request falls under Task 4.

   Task 4 deliverables: TBD, as needed.

SCHEDULE AND COORDINATION

Each task listed above will be undertaken in close coordination with CPA staff. The consultant will discuss initial findings or approaches for each task with CPA staff before developing final work products in order to avoid rework. Staff will provide timely feedback and input in developing the work product.

Existing timelines for CPA and SCE rate setting drive the schedule for the Task Order. The key events for CPA's 2019 Rate Setting Process are listed below. Note: rows shaded in grey are milestones that inform the schedule, but do not indicate Task Order due dates.

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 16 Board Meeting</td>
<td>CPA finalizes rate options (e.g. 36% RPS, 50% RPS, 100% RPS) and Task Order</td>
</tr>
<tr>
<td>August 20</td>
<td>Task Order kick-off with consultant</td>
</tr>
<tr>
<td>August – October</td>
<td>CPA members select default rate option with conservative guidance on savings vs. SCE</td>
</tr>
<tr>
<td>August 31</td>
<td>Complete Task 1: Rate Setting Process Analysis</td>
</tr>
<tr>
<td>October 1</td>
<td>Complete Task 2a: COS Model for all customer classes</td>
</tr>
<tr>
<td>November 1</td>
<td>Complete Task 2b: Rate Setting Model</td>
</tr>
<tr>
<td>Early November</td>
<td>SCE files updated rate forecast</td>
</tr>
<tr>
<td>November 10</td>
<td>Complete Task 3a: Residential Rate Setting</td>
</tr>
<tr>
<td>Mid November Board Meeting</td>
<td>CPA sets Residential rates (in time for Dec pre-enrollment notice)</td>
</tr>
<tr>
<td>March</td>
<td>SCE Advice Letter setting final rates (effective TBD)</td>
</tr>
<tr>
<td>April 30</td>
<td>Update Task 3a, if necessary: Residential Rate Setting</td>
</tr>
<tr>
<td>February-May Board Meetings</td>
<td>CPA calibrate Residential rates as needed</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td>April 30</td>
<td>Complete Task 3b: Non-Residential Rate Setting</td>
</tr>
<tr>
<td>February-April Board Meetings</td>
<td>Set and calibrate Commercial rates</td>
</tr>
</tbody>
</table>
RECOMMENDATION
Authorize the Executive Director to execute an Amended Task Order No. 1 with LevelTen Energy for long-term Request for Offers (RFO) support services, increasing the not-to-exceed (NTE) amount from $185,000 to $208,000.

BACKGROUND
In August 2018, Clean Power Alliance Board of Directors authorized execution of the Master Agreement and Task Order No. 1 with LevelTen Energy for consulting services supporting CPA’s 2018 Long-Term Clean Energy RFO. This Task Order was the result of a competitive Request for Qualification (RFQ) process that included nine bidders.

Under LevelTen Energy’s Task Order No. 1, which is currently underway, LevelTen has provided various support services, including solicitation design, RFO administration, offer evaluation, and support for the Longlist and Shortlist Selection process.

AMENDED TASK ORDER NO. 1 WITH LEVELTEN ENERGY
During the 2019 Long-Term Clean Energy RFO, CPA received a robust, competitively-priced response from standalone energy storage facilities. While the original Task Order
No. 1 included the assessment of standalone energy storage offers within its scope, the Task Order did not include the level of effort required to evaluate standalone energy storage offers given the competitive nature of pricing and the complexity of offer structures received.

Staff is proposing to amend Task Order No. 1 to include additional scope related to detailed standalone energy storage financial modeling and the addition of a subcontractor, EnergyGPS, who offers specialized expertise in energy storage analytics, including a proprietary energy storage valuation and modeling tool.

The addition of this scope of work is $23,000, increasing the original NTE amount of $185,000 to $208,000.

**FISCAL IMPACT**

Expenditures associated with the proposed Amendment are included in the Board approved FY2018/19 Budget.

Attachment: 1) Amended Task Order No. 1 with LevelTen Energy
Exhibit E-1
MASTER AGREEMENT TASK ORDER
(FIXED PRICE PER DELIVERABLE BASIS)

LEVELTEN ENERGY

First Amended Task Order No. 1 CPA Master Agreement No. 2018-08-04

Project Title: Long-Term RFO Support Services
Period of Performance: August 20, 2018 to March 30, 2019
CPA Project Director: Natasha Keefer
CPA Task Order Manager: Natasha Keefer

I. GENERAL
Contractor shall satisfactorily perform all Services detailed in the Task Order Description attached hereto as Exhibit E-1A, on a time and materials basis, in compliance with the terms and conditions of Contractor’s Master Agreement identified above.

II. PERSONNEL
Contractor shall provide the below-listed personnel whose labor rates are as shown:

<table>
<thead>
<tr>
<th>Skill Category</th>
<th>Long-Term RFO Support Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>Bryce Smith</td>
</tr>
<tr>
<td>Name</td>
<td>Cathy d’Almeida</td>
</tr>
<tr>
<td>Name</td>
<td>Rob Collier</td>
</tr>
<tr>
<td>Name</td>
<td>Chris Watmore</td>
</tr>
<tr>
<td>Name</td>
<td>Mitchell Reay</td>
</tr>
<tr>
<td>Name</td>
<td>Rob Harmon</td>
</tr>
<tr>
<td>Name</td>
<td>Jason Tundermann</td>
</tr>
</tbody>
</table>

In addition to the Personnel listed in the original Task Order No. 1, Contractor shall provide the below-listed personnel whose labor rates are as shown:

<table>
<thead>
<tr>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tim Belden</td>
</tr>
<tr>
<td>Alan Comnes</td>
</tr>
<tr>
<td>Joel Turkheimer</td>
</tr>
<tr>
<td>Andy Boomer</td>
</tr>
</tbody>
</table>
CPA understands that the Personnel identified in Section II, above, are subcontractors of Contractor and CPA hereby consents to such personnel providing the services detailed in this amended Task Order. However, by consenting to the use of a subcontractor in this Task Order, this does not constitute an implied or express waiver of CPA’s rights, including but not limited to CPA’s right to reject LevelTen Energy’s use of subcontractors on any other Task Orders under the Master Agreement. All of CPA’s rights are reserved.

III. PAYMENT

A. The Total Maximum Amount that CPA shall pay Contractor for all Services to be provided under this Task Order shall not exceed Two Hundred Eight Thousand Dollars ($208,000). Payment shall be paid upon delivery of and acceptance of work product by CPA with the following payment schedule:

   a. $92,500 after Tasks 1 and 2 are complete
   b. $115,500 after Task 3 is complete

B. Contractor shall satisfactorily provide and complete all required deliverables in accordance with Statement of Work notwithstanding the fact that total payment from CPA for all deliverables shall not exceed the Total Maximum Amount in III.A, above.

C. Contractor shall submit all invoices under this Task Order to:

   Clean Power Alliance
   Attn: Accounts Payable
   555 West 5th Street, 35th Floor
   Los Angeles, CA 90013.

IV. SERVICES

In accordance with Master Agreement Section 2 (Work), Contractor may not be paid for any task, deliverable, service, or other work that is not specified in this Task Order, and/or that utilizes personnel not specified in this Task Order, and/or that exceeds the Total Maximum Amount of this Task Order, and/or that goes beyond the expiration date of this Task Order.

ALL TERMS OF THE MASTER AGREEMENT SHALL REMAIN IN FULL FORCE AND EFFECT. THE TERMS OF THE MASTER AGREEMENT SHALL GOVERN AND TAKE PRECEDENCE OVER ANY CONFLICTING TERMS AND/OR CONDITIONS IN THIS TASK ORDER. NEITHER THE RATES NOR ANY OTHER SPECIFICATIONS IN THIS TASK ORDER ARE VALID OR BINDING IF THEY DO NOT COMPLY WITH THE TERMS AND CONDITIONS OF THE MASTER AGREEMENT.

Contractor’s signature on this Task Order document confirms Contractor’s awareness of the terms and conditions of the Master Agreement and specifically with the provisions of Section 2 (Work) of the Master Agreement, which establishes that Contractor shall not be entitled to any compensation whatsoever for any task, deliverable, service, or other work:

A. That is not specified in this Task Order, and/or
B. That utilizes personnel not specified in this Task Order, and/or
C. That exceeds the Total Maximum Amount of this Task Order, and/or
D. That goes beyond the expiration date of this Task Order.
REGARDLESS OF ANY ORAL PROMISE MADE TO CONTRACTOR BY ANY CLEAN POWER ALLIANCE PERSONNEL WHATSOEVER.

LEVELTEN ENERGY

By: ____________________________
Name: Bryce Smith
Title: CEO
Date: _____

CLEAN POWER ALLIANCE

By: ____________________________
Name: Ted Bardacke
Title: Executive Director
Date: _____

Agenda Page 26
Exhibit E-1A

TASK ORDER DESCRIPTION

Long-Term RFO Support Services

SUMMARY

Support CPA’s 2018 long-term solicitation for renewable energy contracts, including solicitation design, requests for offer (RFO) administration, and offer evaluations. Services will include a 6-month license for the LevelTen Marketplace Platform.

TASK LIST

1. In advance of the launch of the RFO, support solicitation design and offer selection criteria
   a. Support CPA’s development of the solicitation scope and process design, including refinement of scope of work and schedule
   b. Develop offer selection criteria using a balanced offer selection approach that addresses both quantitative and qualitative factors including energy and capacity value, credit, regulatory compliance, local resource development, environmental impact, workforce development, and impact to Disadvantaged Communities. Selection criteria will incorporate input from CPA’s Board of Directors and the public.
   c. Develop a contact list of a competitive pool of providers and release an RFO pre-launch notification to these providers

   Task 1 deliverables: Final solicitation process and schedule; framework for offer qualification and selection criteria, pre-launch notification

2. Administration of requests for offer of renewable energy projects
   a. Review and provide input on CPA’s form power purchase agreement (PPA) - initial draft to be provided by CPA
   b. Prepare solicitation materials and a comprehensive solicitation protocol to be issued to potential providers
   c. Provide a webinar and manage Q&A process to ensure conforming proposals are provided
   d. Project manage the solicitation process to ensure key dates are met

   Task 2 deliverables: Written solicitation protocol; host site for receipt of offers; miscellaneous RFO administration services

3. Proposal evaluation and portfolio risk assessment
   a. Perform risk, market, and financial analysis of individual projects and portfolios of projects to assess value and assist CPA with constructing the optimal portfolio of projects for CPA, including both renewable, renewable plus storage, and standalone storage offers

   Task 3 deliverables: Analysis report

1 Unless otherwise agreed by CPA in writing prior to the start of work under this Task Order, all models shall be produced in Excel and provided to CPA in unlocked formats.
b. Longlist Selection: analyze project developers, project dynamics, and financial analysis to filter offers to an initial list of qualified and conforming project offers  
c. Shortlist Selection: perform advanced analytics on shortlisted projects to identify the most attractive projects to procure

**Task 3 deliverables:** Evaluation of all submitted offers and analysis of selected CPA portfolio; short-list offer selection

**SCHEDULE AND COORDINATION**

Each task listed above will be undertaken in close coordination with CPA staff. The consultant will discuss initial findings or approaches for each task with CPA staff before developing final work products in order to avoid rework. Staff will provide timely feedback and input in developing the work product.

The key events for CPA’s 2018 Long-term Renewable Energy RFO are listed below and may be subject to change. Note: rows shaded in grey are milestones that inform the schedule, but do not indicate Task Order due dates.

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 16 Board Meeting</td>
<td>CPA finalizes Long-term RFO Services Task Order and receives Board and public comment input on long-term RFO</td>
</tr>
<tr>
<td>August 20</td>
<td>Task Order kick-off with consultant</td>
</tr>
<tr>
<td>August 23</td>
<td>Complete Task 1a: Solicitation Design</td>
</tr>
<tr>
<td>August 31</td>
<td>Complete Task 1b and 1c: Complete selection criteria frame and release solicitation pre-launch notice</td>
</tr>
<tr>
<td>September 26</td>
<td>CPA Energy Committee Meeting, receive feedback on solicitation</td>
</tr>
<tr>
<td>September 28</td>
<td>Complete Task 2a and 2b: Finalize form PPA and complete solicitation protocol</td>
</tr>
<tr>
<td>October 1</td>
<td>Launch RFO</td>
</tr>
<tr>
<td>October 8</td>
<td>Complete Task 2c: Conduct RFO Webinar</td>
</tr>
<tr>
<td>October 26</td>
<td>Close RFO and complete Task 2d: RFO administration</td>
</tr>
<tr>
<td>November 9</td>
<td>Complete Task 3a and 3b: Perform individual contract and portfolio analysis and Longlist selection</td>
</tr>
<tr>
<td>Date</td>
<td>Task Description</td>
</tr>
<tr>
<td>--------------</td>
<td>----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>January 18</td>
<td>Complete Task 3c: Shortlist selection for RPS and storage projects</td>
</tr>
<tr>
<td>February 7</td>
<td>CPA Board meeting – update Board on shortlist selection and contract negotiation</td>
</tr>
<tr>
<td>April/May</td>
<td>Complete Task 4: Complete contract negotiations and summary for CPA Board approval process</td>
</tr>
<tr>
<td>April/May</td>
<td>CPA Board consideration of final offers and fully negotiated contracts</td>
</tr>
<tr>
<td>April/May</td>
<td>CPA execution of RFO awardee contracts</td>
</tr>
</tbody>
</table>

**SUPPLEMENTAL TERMS AND CONDITIONS**

Any capitalized terms used but not defined in these supplemental terms and conditions shall have the meanings ascribed to them in the Master Agreement.

1. Ownership of Contractor or Subcontractor Intellectual Property. It is understood and agreed that in performing services under the Task Order, Contractor or Subcontractor may incorporate Contractor or Subcontractor Intellectual Property (as defined below) into Work Product. The Parties acknowledge and agree that all Contractor or Subcontractor Intellectual Property shall be and at all times remain the sole property of Contractor or Subcontractor, respectively. If, during the course of performing the services under the Task Order, Contractor or Subcontractor includes or incorporates any Contractor or Subcontractor Intellectual Property into any Work Product, Contractor and Subcontractor hereby grant to CPA a nonexclusive, royalty-free, perpetual, worldwide license to use such Contractor or Subcontractor Intellectual Property for the sole and limited purpose of using the Work Product delivered for or related to the original and amended Task Order.

“Contractor Intellectual Property” means any non-public information related to the LevelTen Marketplace or the LevelTen Platform, and any proprietary information, trade secrets, and know-how of Contractor or related to the LevelTen Marketplace or the LevelTen Platform that is disclosed to CPA by Contractor, directly or indirectly, in writing, orally, or by inspection or observation of tangible items. Contractor Intellectual Property includes, but is not limited to, developer information, project specific pricing, technical data, suppliers and supplier agreements, financing methodologies, funding and/or financing sources, financing costs and rates, employee information, research, product plans, products, services, customer lists, development plans, inventions, processes, formulas, technology, designs, drawings, marketing and other business information related to the LevelTen Marketplace or the LevelTen Platform.

“Subcontractor Intellectual Property” means any non-public information provided by EnergyGPS Consulting, LLC, and any proprietary information, trade secrets, and know-how of subcontractor that is disclosed to CPA by subcontractor, directly or indirectly, in writing, orally, or by inspection or observation of tangible items. Subcontractor Intellectual Property includes, but is not limited to, EnergyGPS Consulting, LLC’s developer information, project specific pricing, technical data, suppliers and supplier agreements, financing methodologies, funding and/or financing sources, financing costs and rates, employee information, research, product plans, products, services,
customer lists, development plans, inventions, processes, formulas, technology, designs, drawings, and marketing.

“LevelTen Marketplace” means an online renewable energy marketplace developed by Contractor that aggregates both PPA buyers and sellers, allowing them to connect and transact with regard to renewable energy products and services.

“LevelTen Platform” means the LevelTen Marketplace and its underlying analytics platform.

2. Confidentiality. CPA agrees to keep all Contractor or Subcontractor Intellectual Property confidential, not to use such Contractor or Subcontractor Intellectual Property except for the purposes described in the Task Order, and to return or destroy all tangible and electronic embodiments of such Contractor or Subcontractor Intellectual Property upon request of Contractor or Subcontractor. In addition, CPA shall cause any third parties who may become privy to such Contractor or Subcontractor Intellectual Property to execute a similar confidentiality agreement.

3. Punitive and Exemplary Damages. Under no circumstances shall Contractor or Subcontractor have any liability with respect to its obligations under the Task Order for loss of profits, or consequential, special, indirect, exemplary, incidental or punitive damages, regardless of whether Contractor or Subcontractor has been advised of the possibility of such damages occurring, and regardless of whether such liability is based on contract, tort, negligence, strict liability products liability, or otherwise. In no event shall Contractor or Subcontractor be liable to CPA or its subsidiaries or affiliates (or their respective officers, directors, shareholders, employees, members, managers, agents and assigns), as applicable, for direct damages arising under the Task Order in excess of $1,000,000 for any claims which are subject to contractors insurance or up to $208,000 for any claims which are not subject to contractors insurance.
EXHIBIT E-1B

FORMS REQUIRED FOR EACH TASK ORDER
BEFORE WORK BEGINS

E-1B-1 CERTIFICATION OF EMPLOYEE STATUS

E-1B-2 CERTIFICATION OF NO CONFLICT OF INTEREST

E-1B-3 CONTRACTOR ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

E-1B-4 CONTRACTOR NON-EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

E-1B-5 PROTECTION FOR CONFIDENTIAL INFORMATION POLICY ACKNOWLEDGMENT

E-1B-6 PRIVACY AND CUSTOMER CONFIDENTIALITY POLICY ACKNOWLEDGMENT
Exhibit E-1B-1

CERTIFICATION OF EMPLOYEE STATUS

(Note: This certification is to be executed and returned to CPA with Contractor's executed Task Order. Work cannot begin on the Task Order until CPA receives this executed document.)

LEVELTEN ENERGY

First Amended Task Order No. 1 CPA Master Agreement No. 2018-08-04

I CERTIFY THAT: (1) I am an Authorized Official of Contractor; (2) the individual(s) named below is(are) this organization's employee(s) or subcontractors; (3) applicable state and federal income tax, FICA, unemployment insurance premiums, and workers’ compensation insurance premiums, in the correct amounts required by state and federal law, will be withheld as appropriate, and paid by Contractor for the individual(s) named below for the entire time period covered by the attached Task Order. The Contractor shall be solely responsible for any and all payments to its employees or subcontractors.

EMPLOYEES/SUBCONTRACTORS

1. BRYCE SMITH
2. CATHY D'ALMEIDA
3. ROB COLLIER
4. CHRIS WATMORE
5. MITCHELL REAY
6. ROB HARMON
7. JASON TUNDERMANN

In addition to the Personnel identified in the original Task Order No.1, the Certification applies to the following Personnel:

1. TIM BELDON
2. ALAN COMNES
3. JOEL TURKHEIMER
4. ANDY BOOMER

I declare under penalty of perjury that the foregoing is true and correct.
Signature of Authorized Official

BRYCE SMITH
Printed Name of Authorized Official

CEO
Title of Authorized Official

Exhibit E-1B-2
CERTIFICATION OF NO CONFLICT OF INTEREST

(Note: This Certification is to be executed and returned to CPA with Contractor's executed Task Order. Work cannot begin on the Task Order until CPA receives this executed document.)

LEVELTEN ENERGY

First Amended Task Order No. 1 CPA Master Agreement No. 2018-08-04

The Clean Power Alliance will not contract with, and shall reject any response to the Pre-Qualification RFQ submitted by, the persons or entities specified below, unless the Executive Director finds that special circumstances exist which justify the approval of such contract:

1. Employees of CPA or staff of any of the members or members of the Board of CPA.
2. Profit-making firms or businesses in which its employees may have participated in the preparation of the bid or proposal of the Task Order.

Contractor hereby declares and certifies that no Contractor personnel, nor any other person acting on Contractor’s behalf, who prepared and/or participated in the preparation of the bid or proposal submitted for the Task Order specified above, including any subcontractors engaged in work associated with this Task Order, has a conflict that would prevent them from completing the Task Order.

I declare under penalty of perjury that the foregoing is true and correct.

________________________________________
Signature of Authorized Official

BRYCE SMITH
Printed Name of Authorized Official

CEO
Title of Authorized Official

Date
CONTRACTOR ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

LEVELTEN ENERGY

First Amended Task Order No. 1 CPA Master Agreement No. 2018-08-04

GENERAL INFORMATION:
The Contractor referenced above has entered into a Master Agreement with the Clean Power Alliance to provide certain services to CPA. Contractor is required to sign this Contractor Acknowledgement and Confidentiality Agreement.

CONTRACTOR ACKNOWLEDGEMENT:
Contractor understands and agrees that the Contractor employees, consultants, outsourced vendors, subcontractors, and independent contractors (Contractor’s Staff) that will provide services in the above referenced agreement are Contractor's sole responsibility. Contractor understands and agrees that Contractor’s Staff must rely exclusively upon Contractor for payment of salary and any and all other benefits payable by virtue of Contractor’s Staff’s performance of work under the above-referenced Master Agreement.

Contractor understands and agrees that Contractor’s Staff are not employees of CPA for any purpose whatsoever and that Contractor’s Staff do not have and will not acquire any rights or benefits of any kind from CPA by virtue of my performance of work under the above-referenced Master Agreement. Contractor understands and agrees that Contractor’s Staff will not acquire any rights or benefits from CPA pursuant to any agreement between any person or entity and CPA.

CONFIDENTIALITY AGREEMENT:
Contractor and Contractor’s Staff may be involved with work pertaining to services provided by the CPA and, if so, Contractor and Contractor’s Staff may have access to confidential data and information pertaining to persons and/or entities receiving services from CPA. In addition, Contractor and Contractor’s Staff may also have access to proprietary information supplied by other vendors doing business with CPA. CPA has a legal obligation to protect all such confidential data and information in its possession, especially data and information. Contractor and Contractor’s Staff understand that if they are involved in CPA work, CPA must ensure that Contractor and Contractor’s Staff, will protect the confidentiality of such data and information. Consequently, Contractor must sign this Confidentiality Agreement as a condition of work to be provided by Contractor’s Staff for CPA.

Contractor and Contractor’s Staff hereby agrees that they will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced Master Agreement between Contractor and the CPA. Contractor and Contractor’s Staff agree to forward all requests for the release of any data or information received to CPA Project Director.

Contractor and Contractor’s Staff agree to keep confidential all records and all data and information pertaining to persons and/or entities receiving services from CPA, Contractor proprietary information and all other original materials produced, created, or provided to Contractor and Contractor’s Staff under the above-referenced Master Agreement. Contractor and Contractor’s Staff agree to protect these confidential materials against disclosure to other than Contractor or CPA employees who have a need to know the information. Contractor and Contractor’s Staff agree that if proprietary information supplied by other CPA vendors is provided during this employment, Contractor and Contractor’s Staff shall keep such information confidential.

Contractor and Contractor’s Staff agree to report any and all violations of this agreement by Contractor and Contractor’s Staff and/or by any other person of whom Contractor and Contractor’s Staff become aware.

Contractor and Contractor’s Staff acknowledge that violation of this Confidentiality and Acknowledgement Agreement may subject Contractor and Contractor’s Staff to civil and/or criminal action and that CPA may seek all possible legal redress.

SIGNATURE: ___________________________ DATE: _____/_____/

PRINTED NAME: BRYCE SMITH TITLE CEO
Exhibit E-1B-4

(CONTRACTOR NON-EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT)

Contractor Name: LEVELTEN ENERGY
Employee/Subcontractor Name: ______________________

First Amended Task Order No. 1
CPA Master Agreement No. 2018-08-04

GENERAL INFORMATION:
The Contractor referenced above has entered into a Master Agreement with the CPA to provide certain services to CPA. CPA requires your signature on this Contractor Non-Employee Acknowledgement and Confidentiality Agreement.

NON-EMPLOYEE/SUBCONTRACTOR ACKNOWLEDGEMENT:
I understand and agree that the Contractor referenced above has exclusive control for purposes of the above-referenced Master Agreement. I understand and agree that I must rely exclusively upon the Contractor referenced above for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referred Master Agreement.

I understand and agree that I am not an employee of the CPA for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from CPA by virtue of my performance of work under the above-referenced Master Agreement. I understand and agree that I do not have and will not acquire any rights or benefits from CPA pursuant to any agreement between any person or entity and CPA.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced Master Agreement is contingent upon my passing, to the satisfaction of CPA, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of CPA, any such investigation shall result in my immediate release from performance under this and/or any future agreements with the CPA.

CONFIDENTIALITY AGREEMENT:
I may be involved with work pertaining to services provided by CPA and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from CPA. In addition, I may also have access to proprietary information supplied by other vendors doing business with CPA. CPA has a legal obligation to protect all such confidential data and information in its possession, especially data and information. I understand that if I am involved in CPA work, CPA must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by the above-referenced Contractor for CPA. I have read this agreement and have taken due time to consider it prior to signing.

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced Master Agreement between the above-referenced Contractor and CPA. I agree to forward all requests for the release of any data or information received by me to the above-referenced Contractor.

I agree to keep confidential all data and information pertaining to persons and/or entities receiving services from CPA, Contractor proprietary information, and all other original materials produced, created, or provided to or by me under the above-referenced Master Agreement. I agree to protect these confidential materials against disclosure to other than the above-referenced Contractor or CPA employees who have a need to know the information. I agree that if proprietary information supplied by other CPA vendors is provided to me, I shall keep such information confidential.

I agree to report to the above-referenced Contractor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to the above-referenced Contractor upon completion of this Master Agreement or termination of my services hereunder, whichever occurs first.

SIGNATURE: ___________________________ DATE: ____/____/____

PRINTED NAME: ___________________________
Exhibit E-1B-5

PROTECTION OF CONFIDENTIAL INFORMATION POLICY ACKNOWLEDGEMENT

Contractor Name: LEVELTEN ENERGY  
Employee/Subcontractor Name: _______________________

First Amended Task Order No. 1  
CPA Master Agreement No. 2018-08-04

I have read the Protection of Confidential Information Policy and understand its provisions.

I understand that to ensure the protection of the integrity of CPA’s confidential information as well as the confidentiality of others, confidential information may not be shared with unauthorized individuals within or outside of the organization and may not be transmitted via email.

I accept responsibility for any action performed under my user name and password, or as a representative of CPA.

I understand that handling and use of confidential information in violation of the Protection of Confidential Information Policy may result in discipline, up to and including terminations and/or termination of roles, responsibilities, contracts, or agreements.

By signing this form, I agree to abide by the policy currently in place and I agree to review periodically any changes or modifications. I understand that my regular review of the policy is required. I understand updates to the policy are available online.

SIGNATURE: ___________________________  DATE: _____/_____/_____

PRINTED NAME: ___________________________

POSITION: ___________________________
Exhibit E-1B-6

(TO BE FILLED OUT WITH EACH EMPLOYEE OR SUBCONTRACTOR WORKING ON THE PROJECT)

PRIVACY AND CUSTOMER CONFIDENTIALITY POLICY ACKNOWLEDGEMENT

Contractor Name: LEVELTEN ENERGY
Employee/Subcontractor Name: ______________________

First Amended Task Order No. 1
CPA Master Agreement No. 2018-08-04

I have read the Privacy and Customer Confidentiality Policy and understand its provisions.

I understand that to ensure the protection of the integrity of CPA’s confidential information as well as the confidentiality of others, confidential information may not be shared with unauthorized individuals within or outside of the organization and may not be transmitted via email.

I accept responsibility for any action performed under my user name and password, or as a representative of CPA.

I understand that handling and use of confidential information in violation of the Privacy and Customer Confidentiality Policy may result in discipline, up to and including termination and/or termination of roles, responsibilities, contracts, or agreements.

By signing this form, I agree to abide by the policy currently in place and I agree to review periodically any changes or modifications. I understand that my regular review of this policy is required. I understand updates to this policy are available online.

SIGNATURE: ______________________________________ DATE: _____/_____/_____
PRINTED NAME: ________________________________
POSITION: ________________________________
RECOMMENDATION
Authorize the Executive Director to execute an Amended Task Order No. 1 with The Energy Authority (TEA) for Scheduling Coordinator and congestion revenue rights (CRR) Management Services to update the fixed-fee structure.

BACKGROUND
In October 2017, Clean Power Alliance (then LACCE) Board of Directors authorized execution of a three-year Resource Management Agreement (RMA) with TEA for a variety of services related to power procurement and delivery, including scheduling coordination with the California Independent System Operator (CAISO), power trading activities, load and energy price forecasting, risk management, and CRR management. This RMA was the result of a competitive Request for Proposals (RFP) process that included 11 bidders.

At the same time, the Board authorized the execution of Task Order No. 1 under the RMA for scheduling coordination and congestion revenue rights services for three years at a fixed fee of between $20,000 and $50,000 per month depending on load. The fee was structured as a blend of a monthly charge plus a fixed-fee per MWh demand per phase:
As seen in the table, above, Task Order No. 1 only contemplated three phases of enrollments.

This Task Order requires amendment for two reasons:

1. At the time the Task Order was executed, the Task Order did not contemplate a four-phase enrollment schedule.
2. Data on actual load usage is not tracked by enrollment phase, so settling the Task Order on a per load per phase basis may lead to inaccurate billing.

**AMENDED TASK ORDER NO. 1 WITH TEA**

Staff is proposing to amend Task Order No. 1 to update the fixed-fee structure based on an incremental fee applicable to total Phase 2-4 load, as follows:

<table>
<thead>
<tr>
<th>Description of Service</th>
<th>Base Fixed Monthly Fee</th>
<th>Incremental Fee Phase 2-4 Loads $/MWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Scheduling Coordinator Services (Monthly Fee beings on the Services Start Date)</td>
<td>$9,583 per month</td>
<td>$0.0128</td>
</tr>
<tr>
<td>Congestion Revenue Rights Management (Monthly Fee begins with Phase 2)</td>
<td>$9,166 per month</td>
<td>$0.0128</td>
</tr>
</tbody>
</table>

The $0.0128 fixed $/MWh fee was calculated in order to equal the total incremental expected payments under the original Task Order. The Base Fixed Monthly Fee will remain the same.

**FISCAL IMPACT**

None.

Attachment: 1) Amended Task Order No. 1 with TEA
TEA First Amended Task Order for Scheduling Coordinator and CRR Management Services

The Energy Authority, Inc. ("TEA") and the Clean Power Alliance of Southern California ("CPA") agree that the terms and conditions contained herein constitute the “Task Order for Scheduling Coordinator and Congestion Revenue Rights ("CRR") Management Services” (the “Task Order”) referred to and hereby incorporated by reference as part of the certain Resource Management Agreement made and effective as of the day of December, 2017 (the “RMA”). TEA and CPA are sometimes referred to herein individually as a “Party,” or collectively as the “Parties.” Defined terms used herein but not specifically defined shall have the meanings set forth in the RMA or in the CAISO Tariff.

Section 1 Scope of Services.

During the term of this Task Order, TEA shall provide to CPA certain program operation services (hereinafter, the “Operational Services” or “Program Operations”) as more particularly described herein. For purposes of this Task Order, the Operational Services provided by TEA are separated into and described in Section 1.1 (Power Purchases and Policies), Section 1.2 (Program Administration and Compliance), and Section 1.3 (Support Tasks).

Section 1.1 Power Purchases.

Subject to the terms and conditions of the RMA, TEA shall provide Scheduling Coordinator (“SC”) services on behalf of CPA for Transactions with the California Independent System Operator (“CAISO”). For purposes of this Task Order, “Transactions” means the purchase and sale of electricity products, including energy, capacity, and ancillary services.

Section 1.2 Program Administration and Compliance.

1.2.1 Regulatory and CAISO Tariff Compliance.

TEA will monitor CAISO market trends, issues and rules changes, and provide a written summary to CPA of any issues or rules that TEA determines from time to time may impact CPA’s operations and procurement decisions.

TEA will prepare the month ahead and year ahead Resource Adequacy (“RA”) filings for CPA staff to review and sign. TEA will submit the RA Filing on behalf of CPA to the California Public Utilities Commission (“CPUC”) and CAISO. TEA will also settle any disputes in the RA showings with the suppliers, California Public Utilities Commission (“CPUC”), and/or the CAISO as needed.

As requested by CPA, TEA will (i) make data available to CPA from its systems of records that may be useful for preparing portfolio compliance reports such as Power Content Label Reporting and Renewables Portfolio Standard (“RPS”) Compliance Reporting, and (ii) assist CPA with Western Renewable Energy Generation Information System (“WREGIS”) registration and ongoing management for purpose of Renewable Energy Credit (“REC”) procurement and retirement.

1.2.2 This section reserved.

1.2.3 This section reserved.
1.2.4 Accounting Services.

During the term of this Task Order, TEA will support CPA by providing requested CPA data and information in the possession or control of TEA related to Operational Services for financial accounting, settlement, CPA audits, and to support ongoing CPA operations.

1.2.5 Wholesale Power Procurement.

TEA shall be the SC for CPA in the CAISO market and will perform the following tasks in performance of its duties and responsibilities as SC on CPA’s behalf:

- **Maintain Credit Facilities with CAISO.** Subject to the requirements of Section 2 herein, TEA shall maintain credit with the CAISO sufficient to make all payments to, and receive payments from, CAISO as SC on behalf of CPA.
- **Provide Daily Forecast of CPA Hourly Loads.** Each business day, TEA will generate an hourly forecast of loads for the next seven (7) days for CPA.
- **Submit Demand Bids to Day Ahead (“DA”) Market.** TEA will submit Demand Bids to the CAISO Day Ahead Market to meet CPA’s forecasted load requirements. TEA will monitor and compare Demand Bid information resident in the CAISO portal with submitted information and use commercially reasonable efforts to validate Day Ahead Market data submissions.
- **Submit Supply Bids to DA Market (both economic and self-schedule).** As and when CPA directly enters into supply agreements with power suppliers or generators (“CPA Counterparties”) to acquire the output of a specific generating resource, TEA will provide the scheduling and settlement activities required to schedule CPA’s supply agreements with CAISO. For any supply agreements linked to a specific generation source, CPA will require CPA Counterparties to provide TEA with a forecast of expected hourly generation levels, and related information, that TEA will use in submitting day-ahead supply offers to CAISO.
- **Register and Maintain Commercial Model and Resource Adequacy.** TEA shall assist CPA in identifying CPA’s information required to register and maintain CPA’s assets, if any, in the CAISO commercial model. TEA shall assist CPA in identifying CPA’s information required to comply with CAISO’s RA requirements in accordance with the CAISO Tariff.
- **Settlement Validation and Allocation of Costs.** TEA shall use reasonable efforts to validate all CAISO invoices. Should TEA and CPA jointly elect to dispute a CAISO invoice amount, TEA shall file an initial dispute with CAISO pursuant to the CAISO Tariff. Once a dispute determination has been made by CAISO, further appeals or action by TEA on CPA’s behalf shall be provided as requested and paid for by CPA on a time and materials basis using the billing rates provided in Section 8 herein.
- **CRR Bid Strategy Development and Implementation.** Beginning with phase 2 of Operational Services, TEA shall manage the annual CRR nomination and allocation process on behalf of CPA. Annually, TEA shall provide CPA with a written estimate of the dollar value of the potential CRRs based upon historic and forecasted Locational Marginal Prices for the source and sink pricing nodes associated with the applicable source and load pricing nodes, and TEA shall consult with CPA to select the CRRs to nominate. Selection of any CRRs to nominate will be at CPA’s sole discretion. TEA shall nominate any CRRs selected by CPA and TEA will notify CPA of the CRRs awarded to TEA for CPA’s account. TEA shall review all settlement statements and invoices associated with any such CRRs for accuracy.
• **Additional Specified Tasks.**

  In addition to the above, TEA will provide the following services:
  
  ○ Import schedules, as required, including preparing e-tags.
  ○ Coordination of unit outages with generation operators and CAISO.
  ○ Inter-SC Trades (“ISTs”) for system energy, capacity and ancillary services Transactions.

  *1.2.6 This section reserved.*

  *1.2.7 This section reserved.*

  *1.2.8 Assistance with Continuous Risk Management.*

  TEA shall assist CPA in establishing a formal framework for performing continuous risk management that shall be memorialized in the form of an CPA Board of Directors-approved risk management policy and procedures manual. TEA shall also assist CPA in drafting risk management reporting requirements.

  **Section 1.3 Additional Services and Support.**

  Upon request of CPA, TEA will provide additional services, which may include, but not be limited to, the following:

  • Be available on a monthly basis for meetings with CPA during which time CCA-related risks are reviewed, discussed, and as appropriate, risk mitigation strategies are reviewed and approved by CPA.

  • Assist CPA, as necessary, with review of CPA’s Joint Powers Agreement and suggested CCA-related policy additions to support long-term program operations and governance. This may include consideration of certain Joint Powers Agency subcommittees and policies specific to the CCA program.

  • Assist CPA with community outreach, and participate in CPA Board and other community meetings involving the services being provided under this Task Order, as necessary.

  • Provide assistance with negotiations and contracting with existing or new local generation facilities, including CPA Counterparties, if any, which CPA may elect to pursue.

  **Section 2. CAISO Credit Requirements.**

  During the Initial Term, unless otherwise provide herein, CPA will provide credit support for energy, capacity, and ancillary services Transactions (“CAISO Transactions”) made by TEA on behalf of CPA with CAISO. Subject to the requirements described below, TEA will, during the Initial Term of this Task Order, provide credit support for CAISO to enable CPA to transact with wholesale market participants, through CAISO, for the procurement of energy, capacity and ancillary services on behalf of CPA. TEA will support CPA’s operations, subject to the following requirements:

  • Operational Service Fees (as defined herein) will not accrue prior to the start of Operational Services, which is anticipated to be the 1st day of February, 2018 (“Services Start Date”);
• The net open energy position that CPA directs or authorizes TEA to procure from CAISO day-ahead and real-time energy markets may not exceed 10 percent (the “CAISO Monthly Threshold”) of forecasted CPA volumes for any month; and  
• TEA will maintain credit requirements with CAISO sufficient to support the CAISO Monthly Threshold throughout the Initial Term.

Section 2.1 Payment and Other Obligations.

During the term of this Task Order:

(1) CPA shall pay all ongoing energy purchases from CAISO made by TEA as SC on behalf of CPA on a current basis, as more particularly described in Section 7 herein.

(2) Prior to TEA’s participation in CAISO markets on behalf of CPA, and as requested by TEA, CPA will timely provide financial information, bank statements, and other financial records evidencing CPA’s ability to meet its short term financial obligations, as may be necessary in the commercially reasonable judgment of TEA (“Credit Verification”).

(3) Unless otherwise agreed to by the Parties, CPA shall be responsible for funding the CAISO CRR Candidate Holder Minimum Participation Requirement, if any, directly with CAISO.

Section 2.2 CPA Option to Use TEA’s Credit Solution.

Upon at least thirty (30) days’ written notice provided by CPA to TEA (the “Option Notice”), CPA may exercise CPA’s option to use TEA’s Credit Solution (“Credit Solution”), subject to the following conditions:

(1) Prior to exercising the Credit Solution option, CPA must be current on amounts owed to TEA pursuant to this Task Order.

(2) Upon providing the Option Notice to TEA, for a period of eighteen (18) months thereafter (the “Deferred Fee Period”) TEA shall allow CPA to defer payments owed to TEA for (i) Operational Service Fees (as defined herein) and (ii) CAISO settlement amounts due, subject to the following conditions:
   a. Payment for any TEA invoice may be deferred up to a maximum of one hundred (100) days;
   b. Total deferred payments outstanding at any time due to TEA may not exceed four million dollars ($4,000,000); and
   c. TEA shall be entitled to the compensation specified in Section 4.1.2 herein.

(3) The Credit Solution is subject to CPA meeting specified obligations, and establishing required accounts and funding, as more particularly described in Section 2.3 herein.

Notwithstanding the forgoing, unless otherwise mutually agreed upon by the Parties, CPA’s option to exercise and use the Credit Solution shall expire nine (9) months after commencement of the Initial Term.
Section 2.3  

**Lock-Box Pledge Account.**

Upon receipt of the Option Notice provided pursuant to Section 2.2 herein, TEA shall provide the Credit Solution to CPA, subject to the following Lock-Box Account requirements and CPA obligations:

1. CPA hereby grants a present and continuing first priority security interest in and lien upon the funds, which are deposited by SCE from payments by CPA customers, in a lock box pledge account (the “Lock Box Account”) as funding for ongoing energy purchases from CAISO made by TEA as SC on behalf of CPA. If CPA exercises the Credit Solution option, then CPA shall execute and deliver a (i) deposit account control agreement, substantially in the form attached hereto as Exhibit “A” (the “Control Agreement”), or (ii) an agreement which will similarly protect TEA’s rights to funds in the Lock Box Account pari-passu with other creditors of CPA having rights to the Lock Box Account. CPA shall direct SCE to deposit such funds and payments in the Lock Box Account. The Lock Box Account shall be held at a commercial bank regulated by the Federal Deposit Insurance Corporation (“FDIC”) and the Office of the Comptroller of the Currency (“OCC”) (the “CPA Bank”). At all times the CPA Bank shall meet the following additional requirements: (i) the bank’s lowest long-term deposit rating among Standard & Poor’s, Moody’s, and Fitch Ratings Services must be at least an “A” or “A2” as applicable, (ii) the bank must have assets of at least $5 billion, and (iii) the bank must be a U.S. bank willing and able to issue standby letters of credit (the “Minimum Requirements”). All funds transferred from SCE shall be first deposited in the Lock Box Account, and the priority of disbursement of funds from the Lock Box Account shall be that no disbursement of any such funds shall be made prior to sufficient funding of the electronic withdrawals (i.e., direct debit or ACH payment) by TEA for weekly CAISO Transactions for prior month(s) activity and the current month estimated CAISO Transactions (“CAISO Power Payments”). Disbursements shall be applied to oldest aged invoices first. On a monthly basis, CPA shall not make disbursements to any third party prior to paying TEA for CAISO Power Payments.

2. The Credit Solution is contingent upon the Parties establishing a mutually acceptable minimum balance requirement for the Lock Box Account (the “Minimum Balance”). During the Deferred Fee Period, CPA shall fund each current month, and any past due amounts owed to TEA, for CAISO Power Payments from the Lock Box Account. In addition, during the Deferred Fee Period, CPA shall retain funds in the Lock Box Account to maintain the Minimum Balance (the “Operating Funding”). CPA shall fund such Operating Funding in the amounts the Parties mutually determine for Target Columns (a) and (b) on Schedule “A” attached hereto. During the Deferred Fee Period, CPA shall provide TEA with the continuous ability to view the activity in and balance of the funds in the Lock Box Account.

Section 2.4  

This section reserved.

Section 3  

**Term and Termination of this Task Order.**

Section 3.1  

**Term of Task Order.**

Operational Services provided under this Task Order shall commence on the Services Start Date and shall continue until the end of the Initial Term (as defined in the RMA). Upon expiration of the Initial Term, the term of this Task Order shall be extended on an annual basis (each a “Renewal Term”), unless and until terminated pursuant to Section 3.2 herein.

Section 3.2  

**Termination.**
Either Party may terminate this Task Order (i) as allowed under the terms of the RMA; or (ii) by providing a minimum of ninety (90) days prior written notice of a designated termination date to the other Party (the “Termination Notice Period”), provided, however, if the Credit Solution is in effect, then the Termination Notice Period shall extend until the end of the Deferred Fee Period.

Section 4. Compensation for Services Provided Under This Task Order.

Section 4.1 Compensation for Services.

4.1.1 Operational Services.

For the Operational Services defined in Sections 1.1 and 1.2 of this Task Order, CPA shall pay to TEA specified fees on a monthly basis (the “Operational Service Fees”) as more particularly described in the table below.

<table>
<thead>
<tr>
<th>Description of Service</th>
<th>Base Fixed Monthly Fee</th>
<th>Incremental Fee Phase 2-4 Loads¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Scheduling Coordinator Services ² (Monthly Fee begins on the Services Start Date)</td>
<td>$9,583 per month</td>
<td>$0.0128</td>
</tr>
<tr>
<td>Congestion Revenue Rights Management (Monthly Fee begins with Phase 2)</td>
<td>$9,166 per month</td>
<td>$0.0128</td>
</tr>
</tbody>
</table>

¹ "Loads” refers to the wholesale load of CPA.

² This amount includes the cost of developing the initial Energy Risk Management Plan and Procurement Strategy discussed in the Approach Section.

4.1.2 Credit Solution.

If the Credit Solution option is exercised by CPA, as more particularly described in Section 2.0 herein, CPA shall pay TEA on a monthly basis the amount of $0.125 per megawatt hour multiplied times the CCA wholesale load (the “Credit Solution Fee”), in addition to any amounts owed under Section 4.1.1 herein. If the Credit Solution option has not been exercised by CPA, then CPA shall not owe TEA the Credit Solution Fee.

4.1.3 This section reserved.

4.1.4 Hourly Rate.

For additional services defined in Section 1.3, or not otherwise provided for in this Task Order and requested by CPA, CPA shall pay TEA on a time and materials basis using an hourly billing rate of $215.00, as more particularly described in Section 8 herein.

4.1.5 CPA Power Obligations.
CPA obligations to pay TEA for power procurement on behalf of CPA (‘‘Power Obligations’’) are separate from any Operational Service Fees owed to TEA for TEA Services. After the Initial Term of the RMA and this Task Order, compensation and Operational Service Fees owed to TEA will be adjusted on an annual basis by the greater of (i) 3% or (ii) the U.S. Government Consumer Price Index for All Urban Consumers (the ‘‘CPI-U’’) beginning on the second anniversary of the RMA Effective Date.

Section 5. Controlling Terms and Conditions.

The provisions of this Task Order are subject to the Terms and Conditions of the RMA between the Parties. If any provisions of this Task Order conflict with any provisions in the RMA, the provisions of the RMA shall take precedence. Capitalized terms found in this Task Order, and not defined herein, shall have the meaning assigned to such terms in the RMA.

Section 6. Expenses and Reimbursement.

Actual out-of-pocket expenses for travel and participation in on-site meetings are in addition to the compensation outlined in Sections 1 and 4 herein. Travel costs such as airfare, hotel, ground transportation, per diem or meals (hereinafter, ‘‘Expenses’’) will be billed in the amount incurred by TEA for actual out-of-pocket cost, without any additional mark-up by TEA. Any Expenses incurred shall be billed for the month in which the Expenses are incurred. Air travel will be purchased at coach class fares, with advance purchase discounted tickets used when scheduling permits. Expense reports detailing all Expenses, along with receipts, shall be presented to CPA for reimbursement.

Section 7. Settlement, Billing, and Payment Terms.

Section 7.1 CAISO Settlement, Billing, and Payments.

TEA shall provide services as SC representing CPA with CAISO. TEA shall provide CPA with a statement of CAISO settlement activities on a regular basis in coordination with CAISO’s settlement calendar (i.e., currently weekly). Additionally, each month TEA shall provide CPA with an aggregate or estimate of CAISO Transactions based on available information from CAISO. For CAISO Transactions executed by TEA as principal for CPA’s account within CAISO, CPA shall owe TEA for the CAISO Transactions, and TEA shall make weekly payments to CAISO in a timely matter contingent upon the following:

1. Pursuant to Section 2.0 herein, and unless CPA is using TEA’s Credit Solution to defer payments, CPA shall make payment to TEA at least one (1) business day in advance of TEA’s weekly payment to CAISO for CAISO Transactions made on behalf of CPA (the ‘‘CAISO Payments’’). The CAISO Payments will reflect actual weekly CAISO Transactions based on CAISO settlement invoices; and

2. Provided CPA is current on all amount and obligations owed to TEA, TEA will return to CPA any funds received from CAISO on behalf of CPA (hereinafter, ‘‘CAISO Credits’’) either within seven (7) days of receipt, or if preferred, apply such CAISO Credits as a credit on the following weekly invoice(s) with respect to the CAISO Payments due from CPA. In the event that a Late Payment (as defined herein) has occurred, then TEA will automatically retain any amounts of CAISO Credits to apply to future payments owed by TEA to CAISO on behalf of CPA.
TEA shall use reasonable efforts to validate CAISO invoices based on a review of actual CAISO charges. Should TEA and CPA jointly elect to dispute a CAISO invoice amount, such dispute shall be in accordance with Section 1.2.5 of this Task Order.

Section 7.2  Direct CPA Counterparties.

During the Term, TEA shall not be responsible for credit support or payments for trading counterparties, if any, which have direct supply agreements between CPA and such counterparties.

Section 7.3  Physical Bilateral Power Transactions.

During the Term, TEA shall not be responsible for credit support or payments for Transactions for CPA with counterparties, other than CAISO, ("Bilateral Transactions").

Section 7.4  This section reserved.

Section 7.5  Hourly Billing and Payments.

TEA billable hourly fees, if any, will be tracked and itemized for each month in which TEA services are performed under this Task Order. TEA will bill CPA on a monthly basis for the amount of fees owed as Operational Service Fees, or other billable hourly fees (hereinafter, “Compensation”) pursuant to Section 4 of this Task Order, plus Expenses, if any. Such billable amounts will be itemized on the same monthly invoice(s) related to CAISO Transactions, and as agreed upon by the Parties.

For Operational Service Fees due under this Task Order, CPA shall pay each invoice no later than thirty (30) days after receiving the invoice from TEA. CPA will send payment as designated in Section 7.6 herein, or as otherwise designated by TEA. Notwithstanding the forgoing, CPA shall have the option to defer such Operation Services Fee as provided under the Credit Solution.

Section 7.6  Payment Information.

Unless otherwise provided by TEA, CPA will send payment via electronic funds transfer to TEA’s bank account addressed to:

The Energy Authority, Inc.
301 W. Bay Street, Suite 2600
Jacksonville, Florida 32202
Attention: Daina Dean, Accounting

The Parties agree to cooperate to develop and supplement the procedures related to billing and payments for the orderly implementation Sections 7.1 through 7.5 herein; provided, however, that nothing herein shall require either Party to agree to an amendment to the terms of those sections of this Task Order.

Section 7.7  CPA Failure to Pay.

CPA’s failure to make timely payments to TEA or fund amounts required under this Task Order shall be considered a breach. In the event such breach is not cured within three (3) days following written notice by TEA, then CPA shall be in default (an “Event of Default”). Upon the occurrence of an Event of Default, TEA may, without waiving any other remedies:
Section 7.8 Late Payments.

Unless CPA is operating under the Credit Solution to defer payments, any payment that is not received by TEA on or before the date required shall incur a late fee, which shall be calculated by multiplying the total undisputed outstanding balance by the lesser of (i) the Interest Rate (as described in RMA Section 25.2), or (ii) the maximum rate allowable by state law (the “Late Fee”) for the number of days which the balance remains outstanding.

Section 8. Billing Rates and Additional Work.

The TEA Billing Rate applicable to any work performed by TEA during the Initial Term for which TEA is compensated on the basis of actual hours worked by TEA staff is $215 per hour (the “Hourly Rate”). During the Initial Term, TEA may perform additional work (“Additional Work”) which is not described in this Task Order or included in the Operational Services Fees. CPA shall pay TEA for such Additional Work on a time and materials basis. After the Initial Term, Billing Rates are subject to annual adjustment and modification by mutual agreement of the Parties. From time to time, CPA may request, and TEA may provide CPA with, additional services not described herein, and specifically described in a separate Task Order agreed to in writing by CPA and TEA.

Section 9. Functions Performed by CPA.

Unless otherwise mutually agreed to by the Parties, activities not expressly provided for herein are considered not within the scope of services for this Task Order and shall be performed by CPA or third parties, unless otherwise addressed in a separate Task Order.

Section 10. Amendment.

This Task Order may only be amended by an instrument in writing signed by each Party’s authorized representative.

Section 11. Exhibits.

The following documents are attached hereto and incorporated herein:

1. Schedule A – Funding and Balance Requirements
2. Exhibit A - Deposit Account Control Agreement

[Signature Page to Follow]
IN WITNESS WHEREOF, the Parties hereto have caused this Task Order to be executed by their respective duly authorized representatives as of the date written in the first paragraph of this Task Order.

CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA

By: ____________________________
Name: Ted Bardacke
Its: Executive Director
Date: ____________________________

THE ENERGY AUTHORITY, INC.

By: ____________________________
Name: Joanie C. Teofilo
Its: President and CEO
Date: ____________________________
### Schedule “A”

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<tr>
<th>Month</th>
<th>(a) Lock Box Operating Funding Target</th>
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Staff Report – Agenda Item 6

To: Clean Power Alliance (CPA) Board of Directors

From: Matthew Langer, Chief Operating Officer

Approved By: Ted Bardacke, Executive Director

Subject: Approve Policy No. 7 for CPA Net Energy Metering (NEM)

Date: February 7, 2019

RECOMMENDATION
Approve the Clean Power Alliance Net Energy Metering (NEM) Policy for customers with onsite solar or other renewable generation systems.

BACKGROUND
At the November 15, 2018 regular meeting, the Board adopted a Net Surplus Compensation Rate (NSCR) for CPA NEM customers. Although CPA has served NEM customers since Phase 1 implementation in February 2018, a written policy had not been posted to inform the public of the detailed mechanics of CPA’s NEM Program. This policy will serve as formal documentation for the administration of CPA’s NEM Program. The proposed CPA NEM Policy has been developed in consultation with CPA’s accounting firm, Maher Accountancy, and CPA’s billing administrator, Calpine Energy Solutions and has taken into account existing NEM customer feedback.

PURPOSE OF THE NEM POLICY
The purpose of the proposed NEM Policy is to formally define the CPA NEM Program and provide clarity to customers and solar installers regarding administrative details. Customers with rooftop solar are a highly engaged customer group, and questions regarding NEM are among the most common type of question received by the CPA’s call
center. In addition to the proposed NEM Policy, CPA staff has created a NEM fact sheet that explains the CPA NEM Program in easy-to-understand, FAQ-style language that will be available on the CPA website and as a printed handout.

**NET ENERGY METERING POLICY DETAILS**

Net Energy Metering is a mechanism whereby customers with eligible onsite renewable generation, most commonly rooftop solar, can offset their energy bills for energy consumed from the grid with the energy they generate. The program is primarily intended for customers to serve their onsite load. However, CPA does provide Net Surplus Compensation (NSC) to customers that generate more energy than they consume during a twelve-month period at the Board-approved NSC rate, i.e. 10% higher than SCE’s most recent NSC rate.

When an eligible customer who already participates in SCE’s NEM program becomes a CPA customer, they will automatically be enrolled in CPA’s NEM program. An existing CPA customer who is new to solar will be automatically enrolled in the CPA NEM Program once their application is reviewed and approved by SCE. While it is the intent of CPA to offer a NEM program that functions similarly to the SCE NEM program, CPA has elected to make some changes to our program for the benefit of our customers and to simplify administration for CPA.

**Monthly Settlements**

SCE NEM customers receive an annual settlement reconciling all their charges and credits over a 12-month “relevant period.” For SCE NEM customers, this annual settlement process can result in a large settlement bill at the end of the relevant period if they consumed more energy than they generated during the twelve months. CPA proposes to bill its NEM customers for any generation charges that exceed generation credits on a monthly basis; any excess generation credits will be rolled over and used as a credit on the customer’s next monthly bill. As the majority of NEM customers are net consumers of energy, this will allow most CPA NEM customers to pay a more manageable monthly bill instead of receiving a larger annual settlement bill. For
customers who are net generators of energy, they will still be able carry their credits forward from month-to-month until they reach the annual true-up, as described below.

**April Annual True-Up**
CPA will perform its annual true-up for customers to determine if they are net generators at the end of April of each year, whereas SCE NEM customers are “trued-up” by SCE each year on the customer’s NEM anniversary date. CPA has elected to perform annual true-ups for all customers at the end of April in order to simplify administration of the program. CPA will not be performing its first NEM true up until April of 2020, allowing all customers for Phases 1-4 at least 12 months of generation prior to their first true-up.

**Net Surplus Compensation Cap**
CPA is also proposing a cap of $10,000 for any Net Surplus Compensation cash-outs. Net Energy Metering is intended to allow customers to serve their onsite load and compensates them when they generate more than they use, or “over-generate”. Over-generation is a rare occurrence and when it does occur, typically does not result in a large surplus of generation. To ensure the CPA NEM Program is functioning according to its intent to allow customers to serve their onsite load, CPA is proposing the $10,000 cap on cash-outs. This cap is not expected to impact any residential NEM customers, as a customer would have to produce upwards of 33 times their annual usage to reach the cap.

The cap does have the potential to impact a very small minority of large commercial customers. In order to generate enough net surplus energy to exceed the $10,000 cap, a commercial customer would need to have set aside a large amount of land to produce solar energy but have a relatively small amount of load to use the energy onsite. This set of circumstances is rare. However, CPA does not have the necessary data from SCE to gain insight into its customers’ historical Net Surplus cash-outs. Absent a cap or the historical data, CPA would be exposed to unknown financial risk.

Attachment: 1) Proposed CPA Net Energy Metering (NEM) Policy
APPLICABILITY: Clean Power Alliance of Southern California’s (CPA) Net Energy Metering Program (CPA NEM Program) is available to those CPA customers who are eligible under Southern California Edison’s (SCE) net energy metering program pursuant to the following SCE rate schedules: (i) Schedule NEM (Net Energy Metering); (ii) Schedule NEM-ST (Net Energy Metering Successor Tariff), (iii) Schedule NEM-V (Virtual Net Energy Metering for Multi-Tenant and Multi-Meter Properties); (iv) Schedule NEM-V-ST (Virtual Net Energy Metering for Multi-Tenant and Multi-Meter Properties Successor Tariff); (v) Schedule MASH-VNM (Multifamily Affordable Solar Housing Virtual Net Metering); (vi) Schedule MASH-VNM-ST (Multifamily Affordable Solar Housing Virtual Net Metering Successor Tariff); (vii) Schedule BG-NEM (Biogas Net Energy Metering); and (viii) Schedule FC-NEM (Fuel Cell Net Energy Metering) (jointly referred to as “SCE NEM Rate Schedules”). These SCE Rate Schedules are available at: https://www.sce.com/regulatory/tariff-books/rates-pricing-choices/other-rates and may be amended or replaced by SCE from time to time.

CPA customers must provide SCE with a completed SCE NEM Application and comply with all other SCE requirements before being eligible for the CPA NEM Program. Eligible CPA customers who meet the requirements for the SCE NEM Program will be automatically enrolled in the CPA NEM Program.

RATES: All rates for the CPA NEM Program will be in accordance with the customer’s otherwise-applicable CPA rate schedule (CPA OAS). Nothing in this policy will supersede any SCE authorized charges.

CHARGES & BILLING: CPA’s charges for energy (kWh) will be calculated at the CPA OAS and billed on the net metered usage, as described below.

a) For a customer with Non-Time of Use (TOU) Rates:

   If the customer is a “Net Consumer,” having overall positive usage during a specific billing cycle, the customer will be billed in accordance with the customer’s CPA OAS.

   If the customer is a “Net Generator,” having overall negative usage during a specific billing cycle, any net energy production shall be valued at the applicable rate as set forth in the customer’s CPA OAS. The calculated value of any net energy production shall be credited to the customer according to the CPA OAS and applied as described in Sections (c) and (d).

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1 Only applicable to grandfathered NEM 1.0 customers. Please visit https://www.sce.com/residential/generating-your-own-power/net-energy-metering for more information.
b) For a customer with TOU Rates:

If the customer is a Net Consumer during any discrete TOU period reflected within a specific billing cycle, the net kWh consumed during such TOU period shall be billed in accordance with applicable TOU period-specific rates/charges, as described in the customer’s OAS.

If the customer is a Net Generator during any discrete TOU period reflected within a specific billing cycle, any net energy production shall be valued at the applicable rate as set forth in the customer’s CPA OAS. The calculated value of such net energy production shall be credited to the customer according to the CPA OAS and applied as described in Sections (c) and (d).

c) Monthly Settlement of CPA Charges/Credits:

Each customer will receive a statement as part of its monthly SCE bill indicating any accrued charges for electric energy usage during the current billing cycle. When a customer’s net energy production results in an accrued credit balance in excess of currently applicable charges, the value of any net energy production during the billing cycle (in excess of currently applicable charges) shall be valued at the CPA OAS and noted on the customer’s bill, including the quantity of any surplus NEM production (measured in kWh), and carried over as a bill credit for use in a subsequent billing cycle(s).

A customer who has accrued credits during previous billing cycles will see such credits applied against currently applicable charges, reducing otherwise applicable charges by an equivalent amount to such credits. Any remaining credits reflected on the customer’s billing statement shall be carried forward to subsequent billing cycle(s) until either the excess the credit is used to satisfy current charges or an annual account true-up is performed.

d) CPA True-Up & Cash-Out Processes:

i) CPA Annual True-Up: Net surplus energy is defined as any generation that exceeds total customer energy usage during the relevant period of time, as measured in kWh. During the April billing cycle of each year beginning in April 2020, CPA will determine whether or not each customer has produced net surplus energy, as measured in kWh, over the most recent twelve (12) billing cycles, or the period of time extending from the customer’s commencement of participation in the CPA NEM Program (the “Relevant Period”). If the customer has not produced net surplus energy during the Relevant Period, any NEM credits generated through participation in the NEM Program in excess of currently applicable CPA charges shall be set to zero. However, if a customer has produced net surplus NEM energy resulting in a credit balance in excess of currently applicable CPA charges, then CPA shall credit such customer an amount equal to the current Net Surplus Compensation rate per kWh, as defined in CPA Net Surplus Compensation Rate Schedule, multiplied by the quantity of net surplus NEM energy produced by the customer during the Relevant Period, consistent with CPA’s Annual Cash-Out practice in (ii), below. The CPA Net Surplus Compensation Rate Schedule will be posted to CPA’s website and updated monthly. CPA Net Surplus Compensation Schedule can be viewed at https://cleanpoweralliance.org/wp-content/uploads/2019/01/CPA-NSCR.pdf.
ii) CPA Annual Cash-Out: During the April billing cycle of each year, any current customer deemed to have a net surplus value of more than $100, as determined during the Annual True-Up process will be sent a payment by check for the credit balance on their account up to a maximum of $10,000, as determined through CPA's Annual True-Up process. Customers receiving direct payment will have an equivalent credit removed from their NEM account balance at the time of check issuance. In the event that customers do not have a net surplus credit balance exceeding $100, such credit balance will be carried forward to offset future CPA charges. All NEM accounts will be reset to zero kilowatt hours annually as of the customer’s May billing cycle and the only NEM credits that will be carried forward on the customer’s account will be credits for net surplus energy balance less than $100.

iii) CPA Cash-Out for Terminations: Customers who close their electric account through SCE or move outside of the CPA service area prior to the April billing cycle of each year and have produced net surplus NEM energy, as measured in kWh, resulting in a credit balance in excess of currently applicable CPA charges, shall receive a payment by check equal to the rate per kWh, as defined in CPA Net Surplus Compensation Schedule, multiplied by the net surplus NEM energy, up to a maximum of $10,000. Payments will be released 30 days after final billing to allow for any revised usage and/or adjustments from SCE.

e) SCE NEM Program:

Customers are subject to applicable terms and conditions and billing procedures of SCE for SCE charges as described in SCE NEM Rate Schedules. Customers should be aware that while CPA settles balances for generation on a monthly basis, SCE will continue to calculate charges for delivery, transmission and other services annually, and CPA NEM credits cannot be applied to any SCE charges.

Customers are encouraged to review SCE NEM Rate Schedules at https://www.sce.com/regulatory/tariff-books/rates-pricing-choices/other-rates.

f) Return to SCE Bundled Service:

CPA customers participating in the CPA NEM Program may opt out and return to SCE’s bundled service, subject to any applicable restrictions imposed by SCE. If a CPA customer opts out, CPA will perform a true-up of their account, in consideration of section (d)(iii), at the time of return to SCE bundled service. For details concerning opting out of CPA service, please contact CPA Customer Service at 888-585-3788 or customerservice@cleanpoweralliance.org.
RECOMMENDATION
Authorize the Executive Director to Execute a Professional Services Agreement between CPA and Hall Energy Law, PC (Hall Energy) for legal services in an amount not-to-exceed (NTE) $58,000.

BACKGROUND
On March 19, 2018, the CPA Executive Director entered into a contract under his delegated authority with Troutman Sanders (Troutman) to obtain the services of Stephen Hall, a partner who is recognized as one of the preeminent attorneys in the specialized field of community choice aggregator energy procurement. On October 4, 2018, the Board authorized CPA to increase the contract amount for Troutman to a total NTE amount of $325,000 to enable Stephen Hall to continue to provide energy procurement related legal services.

In January 2019, CPA was made aware that Stephen Hall had left Troutman and opened his own law firm, Hall Energy Law PC (Hall Energy). CPA understands that Troutman does not have an attorney who offers the same expertise and experience regarding
energy procurement as Stephen Hall. Accordingly, CPA has terminated the agreement with Troutman.

Stephen Hall has represented CPA in all of its short-term energy contracting since early 2018. If authorized, this contract would transfer the amount remaining on Troutman's NTE, $58,000, to Hall Energy. This transfer will not increase the total NTE nor the budgeted amount for Stephen Hall’s services.

To provide for continuity and for the requisite level of expertise, CPA staff is requesting authorization to execute an agreement with Hall Energy for legal services.

**FISCAL IMPACT**

None.

Attachment: 1) Professional Legal Services Agreement between CPA and Hall Energy Law PC
AGREEMENT FOR

PROFESSIONAL LEGAL SERVICES

BY AND BETWEEN

CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA
(“CPA”)

AND HALL ENERGY LAW PC
(“FIRM”)

February 7, 2019
(Date of Agreement)

Firm Address: PO Box 10406, Portland, OR 97296
Firm Tax ID No.: 83-2765511
Firm Telephone: (503) 477-9354 (direct) (503) 313-0755 (mobile)
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AGREEMENT FOR PROFESSIONAL LEGAL SERVICES

("AGREEMENT")

RECITALS

WHEREAS, CPA desires to contract for professional legal services related to CPA’s power procurement including drafting and negotiating short term power purchase agreements and associated confirmation documents, and for expertise concerning federal requirements related to CPA’s power procurement; and

WHEREAS, FIRM has the legal competence and specialized expertise to provide professional legal services;

WHEREAS, CPA desires to retain FIRM's services;

NOW, THEREFORE, CPA and FIRM agree as follows:

I. Term and Termination:

A. Period of Performance:

This AGREEMENT shall begin on the date set forth on the cover page hereto and shall continue indefinitely and at least until the completion of the case(s) or matter(s) assigned by CPA to FIRM hereunder, unless earlier terminated as set forth herein.

B. Termination and/or Suspension:

1. Termination and/or Suspension for CPA's Convenience:

   a) Services performed under this AGREEMENT may be terminated or suspended in whole or in part by CPA at any time, when CPA, in its sole discretion, deems such termination or suspension to be in the CPA'S best interest. CPA shall terminate or suspend services by delivering to FIRM a written notice specifying the extent to which services are terminated or suspended and the effective date of the termination or suspension.

   b) After receiving a Notice of Termination or Suspension, unless otherwise directed by CPA, FIRM shall:

      1) Stop services on the date and to the extent specified in the Suspension or Termination Notice.
2) Complete services not terminated or suspended by the Notice.

3) Submit a Closing Report to CPA as set forth below.

4) Submit, no later than thirty (30) calendar days after the date of suspension or termination is effective, a final electronic (e-bill) for all services performed prior to suspension or termination. If FIRM fails to submit a final e-billing within the time allowed, CPA may determine, on the basis of information available, the amount, if any, to be paid to FIRM. CPA’s determination shall be final.

2. Termination For FIRM's Default:

a) Services performed under this AGREEMENT may be terminated in whole or in part by CPA when FIRM:

1) Fails to perform the service(s) within the time specified or any CPA approved extension, or

2) Fails to perform any of the AGREEMENT's other provisions or fails to make progress and endangers the performance of AGREEMENT's terms.

b) CPA shall give written notice to FIRM of FIRM's default. CPA, in its sole discretion, shall decide whether the default is of such a nature that the FIRM should be given a period to cure the default, and, if so, the cure period shall be specified in the notice.

c) If CPA wholly or partially terminates services under this AGREEMENT, replacement services may be obtained from another law firm or any other source with terms and in a manner CPA deems appropriate. FIRM shall be liable to CPA for any excess costs for these required services.

3. Termination for Professional Conflict of Interest:

If either FIRM or CPA determines a matter of professional conflict has arisen during FIRM's engagement which should not or cannot be postponed until the conclusion of FIRM's representation of CPA, FIRM or CPA may immediately give written notice to terminate this AGREEMENT. FIRM shall continue to provide high quality, professional legal representation until the appropriate substitutions can be made.
4. Closing Report Upon Termination or Suspension:
   
a) Immediately upon the termination or suspension of this AGREEMENT for any reason, FIRM shall deliver a Closing Report to CPA. The Closing Report shall include, for each case or matter assigned to FIRM which in whole or in part is terminated or suspended, the following:

   1) A brief description of the facts and current status,
   2) A discussion of the applicable law, and
   3) A list and description of all future scheduled court appearances, and applicable deadlines.

b) Immediately upon any termination or suspension, FIRM shall, at its own cost, deliver to CPA all evidence, files and attorney work product for each case or matter for which work under this AGREEMENT has been terminated or suspended. This includes any computerized indices, programs and document retrieval systems created or used for the case or matter. If FIRM's services include pending litigation, FIRM shall file the appropriate substitution of counsel with the court when instructed by CPA.

II. FIRM's Services and Responsibilities:

   A. Supervising Attorney:

   1. FIRM shall appoint a Supervising Attorney for work performed under this AGREEMENT. The person designated as FIRM's Supervising Attorney, and any changes in this designation, shall be promptly communicated in writing to CPA.

   2. FIRM's Supervising Attorney shall have full authority to act for FIRM on all daily operational matters under this AGREEMENT and shall serve as or designate lead counsel for all law and motion appearances, pretrial and trial proceeding(s), settlement conference(s) or meetings of counsel for parties, depositions, document productions, and all court and other proceedings in which substantive rights of the parties may be determined. Designation of Lead Counsel shall be subject to approval by CPA.

   B. Legal Representation:

   1. FIRM recognizes that the CPA Counsel is the authorized legal representative for the CPA and its officers and employees. Subject to the direction and control of CPA Counsel, FIRM shall provide CPA with high quality legal advice and representation consistent with this
AGREEMENT, the Rules of Professional Conduct, and all applicable laws and court rules.

2. FIRM shall provide representation with fully qualified staff at the least costly billing category. Consistent with this requirement, FIRM may use its discretion in determining which of FIRM's attorneys or paralegals will be assigned to work on CPA matters, except that FIRM will not utilize any attorney or paralegal on any CPA matter where the CPA has requested that the attorney or paralegal not be used.

3. FIRM represents and warrants that it is legally authorized to practice law in California as it pertains to the professional legal services described in the RECITALS.

4. FIRM shall keep CPA informed of all significant developments in each case or matter assigned to FIRM and shall provide CPA with copies of all significant documents.

5. FIRM acknowledges that nothing in this AGREEMENT is intended, nor will be construed, as creating any exclusive arrangement between CPA and FIRM. Nothing in this AGREEMENT will restrict CPA from obtaining similar services from other firms or sources.

III. CPA's Duties and Responsibilities:

A. Supervising Attorney:

1. CPA shall appoint its General Counsel as CPA’s Supervising Attorney for each case or matter assigned to FIRM.

2. CPA's Supervising Attorney shall have full authority to act for CPA on all daily operational matters under this AGREEMENT and shall review and approve all FIRM's reports, whether written or oral, and any change in FIRM's Supervising Attorney.

B. Duties and Responsibilities:

1. CPA shall make available to FIRM all documents and other information possessed by CPA which are relevant to any case or other matter assigned to FIRM under this AGREEMENT.

2. CPA shall assist FIRM in obtaining CPA records and/or information necessary to respond to discovery and to help familiarize the FIRM with CPA operations and policies.

3. CPA shall review and approve as appropriate:
a) All reports, requests, and other services provided by FIRM under this AGREEMENT.

b) Any proposed tactical maneuver or trial strategy.

c) All recommended settlement proposals. Approval of proposed settlement recommendations is subject to CPA's settlement approval procedures.

d) All billing statements in accordance with procedures referenced in this AGREEMENT.

4. CPA may review all correspondence and judicial, administrative and other documents.

5. CPA will evaluate FIRM's performance under this AGREEMENT and may report this evaluation to CPA's Board of Directors. CPA reserves the right to conduct an audit of any and all aspects of FIRM's compliance with this AGREEMENT. Any such audit may be conducted by CPA staff or a contract auditor, in CPA's sole discretion.

IV. Compensation:

A. CPA Counsel Billing Requirements:

All charges by FIRM, whether for fees or attorney work, or for reimbursement for expenses incurred shall be in accordance with the CPA Counsel Billing Requirements. Said Billing Requirements will be made available to FIRM and may be amended by CPA at any time. CPA shall provide FIRM with any amended Billing Requirements promptly after they are promulgated.

B. Fees:

1. FIRM shall provide legal services at the hourly billing rates for attorneys and paralegals set forth in Exhibit A to this AGREEMENT.

2. The billing rates set forth in Exhibit A may be subject to periodic review and adjustment as agreed between CPA and FIRM. Any billing rate change shall be in writing and be executed as an amendment to Exhibit A.

C. Expenses:

1. Non-Reimbursable Expenses: Certain expenses incurred by FIRM in providing services under this AGREEMENT shall be considered FIRM overhead which shall not be reimbursed by CPA, but which shall be borne by FIRM as expenses included within the hourly billing rates set forth in Exhibit A. Expenses which will not be reimbursed and which should not be billed are the following:
CLEAN POWER ALLIANCE BOARD OF DIRECTORS

AGENDA ITEM 7 – ATTACHMENT 1

a) Postage.

b) Telephone charges (both local and long distance).

c) Facsimile/Telecopier charges.

d) Mileage/Parking within the counties of Los Angeles, Orange, Riverside, San Bernardino and Ventura.

e) On-line subscription, connection or other costs for computerized research. (Attorney and paralegal time incurred conducting such research may be billed.)

f) Document reproduction. (See below for large volume exception.)

g) Staff time or overtime for performing secretarial, clerical, or word processing functions.

h) Time spent complying with CPA audits or billing inquiries.

i) Charges for services or expenses incurred which have not been authorized by CPA.

2. Reimbursable Ordinary Expenses: CPA shall reimburse FIRM for its actual out-of-pocket expenses, but without any additional costs for having advanced the funds, for the following:

a) Deposition costs (other than video taping unless approved as set forth below).

b) Transcript fees.

c) Filing fees for which the CPA is not exempt.

d) Messenger service if specifically requested by the CPA's Supervising Attorney, if required because of an emergency over which the FIRM has no control, or if necessary to ensure the safekeeping of sensitive documents or materials.

e) Process service fees.

3. Reimbursable Extraordinary Expenses: CPA shall reimburse FIRM for its actual out-of-pocket expenses, but without any additional costs for having advanced the funds, for the following, but only if FIRM has obtained prior approval from CPA:

a) Outside vendor document reproductions which, because of the volume or format requirements, are impractical to complete in-house.
b) Consultants.
c) Experts.
d) Investigative services.
e) Expenses for travel outside the Counties of Los Angeles, Orange, Riverside, San Bernardino and Ventura. Reimbursement for such travel expenses will be limited to the amount CPA's employees may claim for such travel. Information on such limits will be made available to FIRM upon request at the time FIRM seeks permission for such travel.
f) Videotaping of depositions.
g) Extraordinary computerized research requirements meeting the criteria set forth in the CPA Counsel Billing Requirements.
h) Other extraordinary expenses for which FIRM has obtained prior approval from CPA.

V. Invoices and Payments to FIRM:

A. Billing (E-Billing):

The FIRM shall submit all invoices for attorney fees and reimbursable expenses to CPA.

B. E-Bills:

1. FIRM shall submit invoices for services and for reimbursable expenses monthly in arrears, or quarterly in arrears if approved by CPA.

2. Each e-bill must also include a signed dated declaration of FIRM's Supervising Attorney with the following statement:

"I have personally examined this e-bill. All entries are in accordance with the AGREEMENT for Professional Legal Services, are correct and reasonable for the services performed and the cost incurred, and no item on this statement has been previously billed to CPA."

3. Each e-bill shall be itemized to include:

a) Staffing level(s), hourly rates and specific activities for each attorney and/or paralegal.

1) Each activity shall be coded using the appropriate Universal Task Based Management System (UTBMS) legal fees and expense code for electronic billing.
2) Each billing entry shall include a detailed description of specific activities for each attorney and/or paralegal.

3) All receipts for expenses shall be scanned and attached to the e-bill.

4) No attorney or paralegal may be utilized on a matter until an hourly billing rate for that person has been approved by the CPA. All time must be billed at the approved hourly rate.

4. FIRM shall maintain in a form subject to audit, and in accordance with generally accepted accounting principles, backup documentation to support all entries included in the monthly billing statement. Such documentation shall be available to CPA upon request.

C. Payments

1. CPA shall make payment(s) for services rendered under this AGREEMENT monthly (quarterly if approved by CPA) in arrears based on the itemized billing statement(s) FIRM submits to CPA.

2. CPA's legal and accounting staff shall review all billing statements for reasonableness of the time billed as well as full compliance with this AGREEMENT and all CPA Counsel Billing Requirements.

3. CPA shall make its best effort to process payments promptly after receiving FIRM's e-bill. However, CPA shall not pay interest or finance charges on any outstanding balance(s).

4. Payments to FIRM are conditioned upon FIRM's compliance with all provisions of this AGREEMENT, including but not limited to, Paragraphs II(C) and VIII(B).

VI. Notices:

All notices and required reports shall be written and hand-delivered or mailed by first class, postage prepaid, addressed to CPA or FIRM at the addresses below, or at any other address CPA or FIRM shall provide in writing to each other:

A. If to FIRM:

Hall Energy Law PC
Attn: Stephen C. Hall
PO Box 10406
Portland, OR 97296
steve@hallenergylaw.com
B. If to CPA:

Clean Power Alliance of Southern California
Attn: Theodore Bardacke
555 West 5th Street, 35th Floor
Los Angeles, California 90013

With a copy to:

Nancy Whang
General Counsel, Clean Power Alliance
555 West 5th Street, 35th Floor
Los Angeles, California 90013
Email: nwhang@cleanpoweralliance.org

VII. Assignment:

A. No part of this AGREEMENT or any right or obligation arising from it is assignable without CPA's written consent.

B. Any attempt by FIRM to assign or subcontract services relating to this AGREEMENT without CPA's consent shall constitute a material breach of this AGREEMENT.

VIII. Standard Terms and Conditions:

The following standard CPA contract terms and conditions are included herein as part of this AGREEMENT and are fully binding on the parties hereto:

A. Indemnification:

FIRM shall indemnify, defend and save harmless CPA, its agents, officers and employees from and against any and all liability expense, including defense costs and legal fees, and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury, or property damage (including FIRM's property), in connection with FIRM's operations or its services, including any workers' compensation suits, liability or expense, arising from or connected with services performed under this AGREEMENT. Notwithstanding any provision to the contrary, FIRM'S indemnification obligations under this AGREEMENT are expressly subject to the terms and limits of Firm’s insurance obligation set forth below.

B. Insurance:

Without limiting FIRM's indemnification of CPA and its officers, agents and employees, FIRM shall provide and maintain at its own expense the following programs of insurance covering FIRM's operations during the term of this AGREEMENT. FIRM shall use insurers satisfactory to CPA' Risk Manager and shall deliver evidence of a satisfactory
insurance to CPA on or before the effective date of this AGREEMENT. Evidence shall specifically identify this AGREEMENT and shall contain express conditions that CPA is to be given written notice by registered mail at least thirty (30) days in advance of any modification or termination of any program insurance.

1. Liability: Such insurance shall be primary to and not contributing with any other insurance maintained by CPA, shall name the Clean Power Alliance of Southern California as an additional insured, and shall include, but not be limited to:

   a) Comprehensive General Liability insurance endorsed for Premises-Operations, Products/Completed Operations, Contractual, Broad Form Property Damage, and Personal Injury with a combined single limit of not less than $1,000,000 per occurrence.

   If the above insurance is written on a Claims Made Form, the insurance shall be endorsed to provide an extended reporting period of not less than five years following termination of this AGREEMENT.

   b) Professional liability insurance with a liability limit of at least $1,000,000 per claim. In lieu of naming CPA as an additional insured, the policy may be endorsed as follows:

   "Insurance afforded by this policy shall also apply to the liability assumed by the insured under the agreement with the Clean Power Alliance of Southern California for legal services, provided such liability results from an error, omission, or negligent act of the insured, its officers, employees, agents, or subcontractors. All other provisions of this policy remain unchanged."

   c) Comprehensive Auto Liability endorsed for all owned, non-owned, and hired vehicles with a combined single limit of at least $300,000 per occurrence.

2. Workers' Compensation: A program of Workers' Compensation insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employers Liability with a $1,000,000 limit, covering all persons providing services on behalf of FIRM and all risks to such persons under this AGREEMENT.

3. Failure to Procure Insurance: Failure on the part of FIRM to procure or maintain required insurance shall constitute a material breach for which CPA may immediately terminate or suspend this AGREEMENT.

C. Independent Contractor Status:
1. This AGREEMENT is not intended, and shall not be construed to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between CPA and FIRM.

2. FIRM understands and agrees that all FIRM personnel furnishing services to CPA under this AGREEMENT are employees solely of FIRM and not of CPA for purposes of workers' compensation liability.

3. FIRM shall bear the sole responsibility and liability for furnishing workers' compensation benefits to any FIRM personnel for injuries arising from services performed under this AGREEMENT.

D. Warranty Against Contingent Fees:

1. FIRM warrants that no person or selling agency has been employed or retained to solicit or secure this AGREEMENT upon an agreement or understanding for a commission, percentage, brokerage or contingent fee.

2. For breach or violation of this warranty, CPA shall have the right to terminate this AGREEMENT, and in its sole discretion, to deduct from the AGREEMENT price or consideration, or otherwise recover, the full amount of any such commission, percentage, brokerage or contingent fee.

E. Governing Laws:

This AGREEMENT shall be governed by and construed in accordance with the laws of the State of California and any action brought by either party on this AGREEMENT shall be brought in Los Angeles County.

F. Compliance with Applicable Law:

1. FIRM shall comply with all applicable Federal, State, and local laws, rules, regulations and ordinances, and all provisions required thereby to be included in this AGREEMENT are hereby incorporated herein.

2. FIRM shall indemnify and hold harmless the CPA, and its officers, agents, and employees, from and against any and all liability, damages, costs, and expenses, including, but not limited to, defense costs and attorneys' fees, arising from or related to any violation on the part of FIRM or its employees, agents, or subcontractors of any such laws, rules, regulations, ordinances, or directives.

G. Record Retention and Inspection:

Within ten (10) days of CPA's written request, FIRM shall allow CPA or authorized State or Federal agencies or any duly authorized representative to have the right to access, examine, audit, excerpt, copy or transcribe any pertinent transaction, activity, time cards or other records relating to this AGREEMENT.
FIRM shall keep such material, including all pertinent cost accounting, financial records and proprietary data for a period of four (4) years after termination or completion of this AGREEMENT unless CPA's written permission is given to dispose of material prior to the end of such period or until such time as all audits are complete, whichever is later. In the event that records are located outside Los Angeles, FIRM shall pay CPA for travel and per diem costs when an inspection or audit is required.

H. Confidentiality:

1. FIRM shall maintain the confidentiality of all information which it may acquire arising out of or connected with activities under this AGREEMENT in accordance with all applicable Federal, State and CPA laws, regulations, ordinances and directives relating to confidentiality, including the Code of Professional Responsibility. FIRM shall inform all of its principals, employees and agents providing services hereunder of the confidentiality provisions of this AGREEMENT.

2. FIRM shall ensure that all attorneys, paralegals, and secretarial and clerical personnel having access to information relevant to FIRM's provision of services under this AGREEMENT, are aware of and acknowledge the confidentiality requirements set forth in paragraph 1, above.

3. These confidentiality obligations shall survive this AGREEMENT's termination or expiration.

I. Communications With CPA:

FIRM recognizes that its communications with CPA and its agents and employees, officers and/or representatives are subject to the attorney-client privilege. FIRM warrants that it shall not disclose, or use in any manner other than in the furtherance of FIRM's representation of CPA, any privileged information obtained from CPA or its officers, agents, or employees. FIRM understands that the CPA General Counsel is the legally empowered legal representative of the CPA and its officers and employees and FIRM shall not without specific direction from CPA General Counsel communicate with, advise or represent the CPA's Board of Directors or other CPA officers or employees.

J. Conflict of Interest:

1. No CPA employee whose position with CPA enables such employee to influence the award of this AGREEMENT or any competing AGREEMENT, and no spouse or economic dependent of such employee, shall be employed in any capacity by FIRM or have any other direct or indirect financial interest in this AGREEMENT. No officer or employee of FIRM who may financially benefit from the performance of work hereunder shall in any way participate in the CPA's approval, or ongoing
evaluation, of such work, or in any way attempt to unlawfully influence CPA's approval or ongoing evaluation of such work.

2. FIRM shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this AGREEMENT. FIRM warrants that it is not now aware of any facts that create a conflict of interest. If FIRM hereafter becomes aware of any facts that might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to CPA. Full written disclosure shall include, but is not limited to, identification of all persons implicated and a complete description of all relevant circumstances. Failure to comply with the provisions of this Paragraph shall be a material breach of this AGREEMENT.

K. Authorization Warranty:

FIRM represents and warrants that the signatory to this AGREEMENT is fully authorized to obligate FIRM and that all corporate acts necessary to the execution of this AGREEMENT have been accomplished.

L. Changes and Amendments of Terms:

CPA reserves the right to change any portion of the work required under this AGREEMENT, or amend its terms and conditions as may become necessary.

M. Validity:

The invalidity in whole or in part of any provision of this AGREEMENT shall not void or affect the validity of any other provision.

N. Waiver:

No waiver of a breach of any provision of this AGREEMENT by either party shall constitute a waiver of any other breach of the provision or any other provision of this AGREEMENT. Failure of either party to enforce any provision of this AGREEMENT at any time shall not be construed as a waiver of that provision. CPA's remedies as described in this AGREEMENT shall be cumulative and additional to any other remedies in law or equity.

O. Remedies Reserved to CPA:

The remedies reserved to CPA shall be cumulative and additional to any other remedies provided in law or equity.

P. Complete Agreement and Interpretation:

This AGREEMENT supersedes all prior communications and all previous written and oral agreements, and shall constitute the complete and exclusive statement of
understanding between CPA and FIRM relating to the subject matter of this AGREEMENT. No provision of this AGREEMENT is to be interpreted for or against either party because that party's legal representative drafted such provision.

Executed as of the date set forth on the cover page to this AGREEMENT:

CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA

By

________________________________________
Theodore Bardacke
Executive Director

Approved as to Form:

By

________________________________________
Nancy Whang
General Counsel
Clean Power Alliance

FIRM: HALL ENERGY LAW PC

Print Name of Firm

By s/Stephen Hall
EXHIBIT A

HOURLY BILLING RATES

Hall Energy Law PC

Energy Procurement Counsel. Contemplated services include negotiating the following documentation with CPA’s selected energy suppliers and marketers (i) EEI Master Agreements to enable transactions with counterparties, (ii) Confirmations for transactions for energy, renewable energy, carbon free energy and resource adequacy products using confirmations under the EEI Master Agreement and WSPP Agreements, (iii) agreements to establish a “Lockbox” structure to provide collateralization for transactions with CPA’s selected suppliers, (iv) ancillary documentation required or provided by energy suppliers and marketers (e.g., NDAs, letters of credit, parent guarantees, legal opinions, authority documents and board resolutions); and (v) providing ongoing legal counsel, as requested, related to energy procurement. These legal services are collectively referred to below as the “Engagement.”

The total amount of fees for the Engagement shall not exceed fifty eight thousand dollars ($58,000.00) (the “Initial Authorized Budget”) without written authorization from CPA. CPA will not be responsible for any fees incurred in excess of the Initial Authorized Budget unless expressly authorized by CPA in writing. CPA and the FIRM acknowledge that the Initial Authorized Budget is not an estimate of the total costs required to complete the Engagement.

**Staff Title**
Stephen Hall (Partner): $595/hr
To: Clean Power Alliance (CPA) Board of Directors

From: Nancy Whang, General Counsel

Approved by: Ted Bardacke, Executive Director

Subject: Professional Legal Services Agreement between CPA and Akin Gump Strauss Hauer & Feld LLP

Date: February 7, 2019

RECOMMENDATION
Authorize the Executive Director to execute the attached draft Professional Legal Services Agreement (Agreement) between CPA and Akin Gump Strauss Hauer & Feld LLP (Akin Gump), or a substantially similar Agreement, in an amount not-to-exceed (NTE) $25,000 per project for up to nine projects, with an aggregate NTE total in the amount of $225,000.

Alternatively, in the event CPA is unable to finalize the attached draft Agreement with Akin Gump, authorize the Executive Director to Execute a substantially similar Professional Legal Services Agreement or revise an existing agreement with a qualified law firm specializing in PPAs for an NTE aggregate total of $225,000 for up to nine projects.

SUMMARY
An integral part of becoming a fully functioning energy provider that meets CPA's environmental objectives and offers customers competitive, clean energy options is the purchase of long-term renewable energy and storage contracts. On October 4, 2018, CPA
launched a Request for Offers (RFO) seeking proposals for long-term renewable energy generation and energy storage facilities to meet CPA’s needs.

The RFO shortlist process will be complete in February 2019. At this point, CPA will begin negotiations for power purchase agreements (PPAs) with up to 11 shortlisted counterparties.

PPAs relating to renewable and storage energy are highly specialized and complex, requiring special legal counsel to ensure they are properly developed and executed. Accordingly, on January 4, 2019, CPA requested proposals from six law firms who specialize in PPAs. Akin Gump was one of the law firms which submitted a proposal to CPA. Subsequently, CPA interviewed members of the Akin Gump team. The Akin Gump team demonstrated their expertise and experience in this specialized area. In addition, Akin Gump has a number of resources with energy procurement experience, which can enable them to negotiate up to nine renewable projects by May 30, 2019.

Under the proposed Agreement, Akin Gump will negotiate and draft PPAs and ancillary related agreements (e.g., NDAs) for up to nine renewable projects at an NTE amount of $25,000 per project for an aggregate NTE total of $225,000.

Staff is requesting authorization to enter into the draft Agreement with Akin Gump, or in a substantially similar form, to provide legal services to negotiate and draft PPAs for up to nine renewable projects.

As of the date of this Staff Report, negotiations with Akin Gump are not complete. The RFO shortlist process is scheduled to be completed in February 2019 with PPA negotiations starting soon thereafter. In the event CPA cannot finalize the attached draft Agreement with Akin Gump and given the timing of the RFO shortlist, CPA recommends authorizing the Executive Director to Execute a Professional Legal Services Agreement or revise an existing agreement with a qualified law firm specializing in PPAs for an NTE aggregate total of $225,000 for up to nine projects. Should this alternative route be taken,
staff will provide the Board with a copy of the executed Agreement at the March 2019 Regular Meeting.

**FISCAL IMPACT**
Expenditures associated with the proposed Agreement are included in the Board approved FY2018/19 Budget

Attachment: 1) Draft Professional Legal Services Agreement between CPA and Akin Gump
DRAFT

AGREEMENT FOR

PROFESSIONAL LEGAL SERVICES

BY AND BETWEEN

CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA
(“CPA”)

AND AKIN GUMP STRAUSS HAUER
& FELD LLP
(“FIRM” or “Akin Gump”)

February 7, 2019
(Date of Agreement)

Firm Address: 1999 Avenue of the Stars, Suite 600
Firm Tax ID No.: XXXX
Firm Telephone: 213-254-1216
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AGREEMENT FOR PROFESSIONAL LEGAL SERVICES

("AGREEMENT")

RECITALS

WHEREAS, CPA desires to contract for professional legal services related to CPA’s power procurement including drafting and negotiating long-term power purchase agreements and related ancillary documents arising from CPA’s Request for Offer (RFO); and

WHEREAS, FIRM has the legal competence and specialized expertise to provide professional legal services described above;

WHEREAS, CPA desires to retain FIRM's services for various projects that will be confirmed in writing from time to time;

NOW, THEREFORE, CPA and FIRM agree as follows:

I. Term and Termination:

A. Period of Performance:

This AGREEMENT shall begin on the date set forth on the cover page hereto and shall continue indefinitely and at least until the completion of the case(s) or matter(s) assigned by CPA to FIRM hereunder, unless earlier terminated as set forth herein or as prescribed by the applicable rules of professional conduct.

B. Termination and/or Suspension:

1. Termination and/or Suspension for CPA's Convenience:

a) Services performed under this AGREEMENT may be terminated or suspended in whole or in part by CPA at any time, when CPA, in its sole discretion, deems such termination or suspension to be in the CPA'S best interest. CPA shall terminate or suspend services by delivering to FIRM a written notice specifying the extent to which services are terminated or suspended and the effective date of the termination or suspension.

b) After receiving a Notice of Termination or Suspension, unless otherwise directed by CPA, FIRM shall:

1) Stop services on the date and to the extent specified in the Suspension or Termination Notice.
2) Complete services not terminated or suspended by the Notice.

3) Submit a Closing Report to CPA as set forth below.

4) Submit, no later than thirty (30) calendar days after the date of suspension or termination is effective, a final electronic (e-bill) for all services performed prior to suspension or termination. If FIRM fails to submit a final e-billing within the time allowed, CPA may determine, on the basis of information available, the amount, if any, to be paid to FIRM. CPA's determination shall be final.

2. Termination For FIRM's Default:

a) Services performed under this AGREEMENT may be terminated in whole or in part by CPA when FIRM:

1) Fails to perform the service(s) within the time specified or any CPA approved extension, or

2) Fails to perform any of the AGREEMENT's other provisions or fails to make progress and endangers the performance of AGREEMENT's terms.

b) CPA shall give written notice to FIRM of FIRM's default. CPA, in its sole discretion, shall decide whether the default is of such a nature that the FIRM should be given a period to cure the default, and, if so, the cure period shall be specified in the notice.

c) If CPA wholly or partially terminates services under this AGREEMENT, replacement services may be obtained from another law firm or any other source with terms and in a manner CPA deems appropriate.

3. Termination for Professional Conflict of Interest:

If either FIRM or CPA determines a matter of professional conflict has arisen during FIRM's engagement which should not or cannot be postponed until the conclusion of FIRM's representation of CPA, FIRM or CPA may immediately give written notice to terminate this AGREEMENT. FIRM shall continue to provide high quality, professional legal representation until the appropriate substitutions can be made, subject to the FIRM'S duties under the applicable rules of professional conduct.
4. Closing Report Upon Termination or Suspension:

a) Immediately upon the termination or suspension of this AGREEMENT for any reason, FIRM shall deliver a Closing Report to CPA. The Closing Report shall include, for each case or matter assigned to FIRM which in whole or in part is terminated or suspended, the following:

1) A brief description of the facts and current status,
2) A discussion of the applicable law, and
3) A list and description of all future scheduled court appearances, and applicable deadlines.

b) Immediately upon any termination or suspension, FIRM shall, at its own cost, deliver to CPA all evidence, files and attorney work product for each case or matter for which work under this AGREEMENT has been terminated or suspended. This includes any computerized indices, programs and document retrieval systems created or used for the case or matter. If FIRM's services include pending litigation, FIRM shall file the appropriate substitution of counsel with the court when instructed by CPA.

II. FIRM's Services and Responsibilities:

A. Supervising Attorney:

1. FIRM shall appoint a Supervising Attorney for work performed under this AGREEMENT. The person designated as FIRM's Supervising Attorney, and any changes in this designation, shall be promptly communicated in writing to CPA.

2. FIRM's Supervising Attorney shall have full authority to act for FIRM on all daily operational matters under this AGREEMENT and shall serve as or designate lead counsel for all law and motion appearances, pretrial and trial proceeding(s), settlement conference(s) or meetings of counsel for parties, depositions, document productions, and all court and other proceedings in which substantive rights of the parties may be determined. Designation of Lead Counsel shall be subject to approval by CPA.

B. Legal Representation:

1. FIRM recognizes that the CPA Counsel is the authorized legal representative for the CPA and its officers and employees. Subject to the direction and control of CPA Counsel, FIRM shall provide CPA with high quality legal advice and representation consistent with this
AGREEMENT, the Rules of Professional Conduct, and all applicable laws and court rules.

2. FIRM shall provide representation with fully qualified staff and will endeavor to do so at the least costly billing category. Consistent with this requirement, FIRM may use its discretion in determining which of FIRM's attorneys or paralegals will be assigned to work on CPA matters, except that FIRM will not utilize any attorney or paralegal on any CPA matter where the CPA has requested that the attorney or paralegal not be used.

3. FIRM shall keep CPA informed of all significant developments in each case or matter assigned to FIRM and shall provide CPA with copies of all significant documents.

4. FIRM acknowledges that nothing in this AGREEMENT is intended, nor will be construed, as creating any exclusive arrangement between CPA and FIRM. Nothing in this AGREEMENT will restrict CPA from obtaining similar services from other firms or sources.

III. CPA's Duties and Responsibilities:

A. Supervising Attorney:

1. CPA shall appoint its General Counsel as CPA’s Supervising Attorney for each case or matter assigned to FIRM.

2. CPA's Supervising Attorney shall have full authority to act for CPA on all daily operational matters under this AGREEMENT and shall review and approve all FIRM's reports, whether written or oral, and any change in FIRM's Supervising Attorney.

B. Duties and Responsibilities:

1. CPA shall make available to FIRM all documents and other information possessed by CPA which are relevant to any case or other matter assigned to FIRM under this AGREEMENT.

2. CPA shall assist FIRM in obtaining CPA records and/or information necessary to respond to discovery and to help familiarize the FIRM with CPA operations and policies.

3. CPA shall review and approve as appropriate:
   
a) All reports, requests, and other services provided by FIRM under this AGREEMENT.

b) Any proposed tactical maneuver or trial strategy.
c) All recommended settlement proposals. Approval of proposed settlement recommendations is subject to CPA's settlement approval procedures.

d) All billing statements in accordance with procedures referenced in this AGREEMENT.

4. CPA may review all correspondence and judicial, administrative and other documents.

5. CPA will evaluate FIRM's performance under this AGREEMENT and may report this evaluation to CPA's Board of Directors. CPA reserves the right to conduct an audit of any and all aspects of FIRM's compliance with this AGREEMENT. Any such audit may be conducted by CPA staff or a contract auditor, in CPA's sole discretion.

IV. Compensation:

A. CPA Counsel Billing Requirements:

All charges by FIRM, whether for fees or attorney work, or for reimbursement for expenses incurred shall be in accordance with the CPA Counsel Billing Requirements. Said Billing Requirements will be made available to FIRM and may be amended by CPA at any time. CPA shall provide FIRM with any amended Billing Requirements promptly after they are promulgated.

B. Fees:

1. FIRM shall provide legal services at the not-to-exceed amount of $25,000 for each project assigned to Akin for an aggregate total not to exceed $225,000.00 and at the hourly billing rates for attorneys and paralegals set forth in Exhibit A to this AGREEMENT.

2. The billing rates set forth in Exhibit A may be subject to review and adjustment as agreed between CPA and FIRM. Any billing rate change shall be in writing and be executed as an amendment to Exhibit A.

C. Expenses:

1. Non-Reimbursable Expenses: Certain expenses incurred by FIRM in providing services under this AGREEMENT shall be considered FIRM overhead which shall not be reimbursed by CPA, but which shall be borne by FIRM as expenses included within the hourly billing rates set forth in Exhibit A. Expenses which will not be reimbursed and which should not be billed are the following:

   a) Postage.
b) Telephone charges (both local and long distance).

c) Facsimile/Telecopier charges.

d) Mileage/Parking within the counties of Los Angeles, Orange, Riverside, San Bernardino and Ventura.

e) On-line subscription, connection or other costs for computerized research. (Attorney and paralegal time incurred conducting such research may be billed.)

f) Document reproduction. (See below for large volume exception.)

g) Staff time or overtime for performing secretarial, clerical, or word processing functions.

h) Time spent complying with CPA audits or billing inquiries.

i) Charges for services or expenses incurred which have not been authorized by CPA.

2. Reimbursable Ordinary Expenses: CPA shall reimburse FIRM for its actual out-of-pocket expenses, but without any additional costs for having advanced the funds, for the following:

a) Deposition costs (other than video taping unless approved as set forth below).

b) Transcript fees.

c) Filing fees for which the CPA is not exempt.

d) Messenger service if specifically requested by the CPA's Supervising Attorney, if required because of an emergency over which the FIRM has no control, or if necessary to ensure the safekeeping of sensitive documents or materials.

e) Process service fees.

3. Reimbursable Extraordinary Expenses: CPA shall reimburse FIRM for its actual out-of-pocket expenses, but without any additional costs for having advanced the funds, for the following, but only if FIRM has obtained prior approval from CPA:

a) Outside vendor document reproductions which, because of the volume or format requirements, are impractical to complete in-house.

b) Consultants.
c) Experts.

d) Investigative services.

e) Expenses for travel outside the Counties of Los Angeles, Orange, Riverside, San Bernardino and Ventura. Reimbursement for such travel expenses will be limited to the amount CPA's employees may claim for such travel. Information on such limits will be made available to FIRM upon request at the time FIRM seeks permission for such travel.

f) Videotaping of depositions.

g) Extraordinary computerized research requirements meeting the criteria set forth in the CPA Counsel Billing Requirements.

h) Other extraordinary expenses for which FIRM has obtained prior approval from CPA.

V. Invoices and Payments to FIRM:

A. Billing (E-Billing):

The FIRM shall submit all invoices for attorney fees and reimbursable expenses to CPA.

B. E-Bills:

1. FIRM shall submit invoices for services and for reimbursable expenses monthly in arrears, or quarterly in arrears if approved by CPA.

2. Each e-bill must also include a signed dated declaration of FIRM's Supervising Attorney with the following statement:

"I have personally examined this e-bill. All entries are in accordance with the AGREEMENT for Professional Legal Services, are correct and reasonable for the services performed and the cost incurred, and no item on this statement has been previously billed to CPA."

3. Each e-bill shall be itemized to include:

   a) Staffing level(s), hourly rates and specific activities for each attorney and/or paralegal.

      1) Each activity shall be coded using the appropriate Universal Task Based Management System (UTBMS) legal fees and expense code for electronic billing.
2) Each billing entry shall include a detailed description of specific activities for each attorney and/or paralegal.

3) All receipts for expenses shall be scanned and attached to the e-bill.

4) No attorney or paralegal may be utilized on a matter until an hourly billing rate for that person has been approved by the CPA. All time must be billed at the approved hourly rate.

4. FIRM shall maintain in a form subject to audit, and in accordance with generally accepted accounting principles, backup documentation to support all entries included in the monthly billing statement. Such documentation shall be available to CPA upon request.

C. Payments

1. CPA shall make payment(s) for services rendered under this AGREEMENT monthly (quarterly if approved by CPA) in arrears based on the itemized billing statement(s) FIRM submits to CPA.

2. CPA's legal and accounting staff shall review all billing statements for reasonableness of the time billed as well as full compliance with this AGREEMENT and all CPA Counsel Billing Requirements.

3. CPA shall make its best effort to process payments promptly after receiving FIRM's e-bill. However, CPA shall not pay interest or finance charges on any outstanding balance(s).

4. Payments to FIRM are conditioned upon FIRM's material compliance with all provisions of this AGREEMENT, including but not limited to, Paragraph VIII(B).

VI. Notices:

All notices and required reports shall be written and hand-delivered or mailed by first class, postage prepaid, addressed to CPA or FIRM at the addresses below, or at any other address CPA or FIRM shall provide in writing to each other:

A. If to FIRM:

Akin Gump
Attn: Andrea Lucan
1999 Avenue of the Stars, Suite 600
Los Angeles, CA 90067
alucan@akingump.com
B. If to CPA:

Clean Power Alliance of Southern California  
Attn: Theodore Bardacke  
555 West 5th Street, 35th Floor  
Los Angeles, California 90013

With a copy to:

Nancy Whang  
General Counsel, Clean Power Alliance  
555 West 5th Street, 35th Floor  
Los Angeles, California 90013  
Email: nwhang@cleanpoweralliance.org

VII. Assignment:

A. No part of this AGREEMENT or any right or obligation arising from it is assignable without CPA's written consent.

B. Any attempt by FIRM to assign or subcontract services relating to this AGREEMENT without CPA's consent shall constitute a material breach of this AGREEMENT.

VIII. Standard Terms and Conditions:

The following standard CPA contract terms and conditions are included herein as part of this AGREEMENT and are fully binding on the parties hereto:

A. Indemnification:

FIRM shall indemnify, defend and save harmless CPA, its agents, officers and employees from and against any and all liability expense, including defense costs and legal fees, and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury, or property damage (including FIRM's property), in connection with FIRM's operations or its services, including any workers' compensation suits, liability or expense, arising from or connected with the negligent, or fraudulent performance or willful misconduct of services performed under this AGREEMENT, unless such liability expense is caused by the fraud, willful misconduct or negligence of CPA, its agents, officers or employees in which case there shall be an assessment of FIRM's comparative and contributory fault. Notwithstanding any provision to the contrary, FIRM’S indemnification obligations under this AGREEMENT are expressly subject to the terms and limits of Firm’s insurance obligation set forth below.

B. Insurance:
Without limiting FIRM's indemnification of CPA and its officers, agents and employees, FIRM shall provide and maintain at its own expense the following programs of insurance covering FIRM's operations during the term of this AGREEMENT. FIRM shall use insurers satisfactory to CPA' Risk Manager and shall deliver evidence of a satisfactory insurance to CPA on or before the effective date of this AGREEMENT. Evidence shall specifically identify this AGREEMENT and shall contain express conditions that CPA is to be given written notice by registered mail at least thirty (30) days in advance of any modification or termination of any program insurance.

1. Liability: Such insurance shall be primary to and not contributing with any other insurance maintained by CPA, shall name the Clean Power Alliance of Southern California as an additional insured, and shall include, but not be limited to:

   a) Comprehensive General Liability insurance endorsed for Premises-Operations, Products/Completed Operations, Contractual, Broad Form Property Damage, and Personal Injury with a combined single limit of not less than $1,000,000 per occurrence.

   If the above insurance is written on a Claims Made Form, the insurance shall be endorsed to provide an extended reporting period of not less than five years following termination of this AGREEMENT.

   b) Professional liability insurance with a liability limit of at least $5,000,000 per claim. In lieu of naming CPA as an additional insured, the policy may be endorsed as follows:

   "Insurance afforded by this policy shall also apply to the liability assumed by the insured under the agreement with the Clean Power Alliance of Southern California for legal services, provided such liability results from an error, omission, or negligent act of the insured, its officers, employees, agents, or subcontractors. All other provisions of this policy remain unchanged."

   c) Comprehensive Auto Liability endorsed for all owned, non-owned, and hired vehicles with a combined single limit of at least $300,000 per occurrence.

2. Workers' Compensation: A program of Workers' Compensation insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employers Liability with a $1,000,000 limit, covering all persons providing services on behalf of FIRM and all risks to such persons under this AGREEMENT.

3. Failure to Procure Insurance: Failure on the part of FIRM to procure or maintain required insurance shall constitute a material breach for which CPA may immediately terminate or suspend this AGREEMENT.
C. Independent Contractor Status:
   1. This AGREEMENT is not intended, and shall not be construed to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between CPA and FIRM.
   2. FIRM understands and agrees that all FIRM personnel furnishing services to CPA under this AGREEMENT are employees solely of FIRM and not of CPA for purposes of workers' compensation liability.
   3. FIRM shall bear the sole responsibility and liability for furnishing workers' compensation benefits to any FIRM personnel for injuries arising from services performed under this AGREEMENT.

D. Warranty Against Contingent Fees:
   1. FIRM warrants that no person or selling agency has been employed or retained to solicit or secure this AGREEMENT upon an agreement or understanding for a commission, percentage, brokerage or contingent fee.
   2. For breach or violation of this warranty, CPA shall have the right to terminate this AGREEMENT, and in its sole discretion, to deduct from the AGREEMENT price or consideration, or otherwise recover, the full amount of any such commission, percentage, brokerage or contingent fee.

E. Governing Laws:

   This AGREEMENT shall be governed by and construed in accordance with the laws of the State of California and any action brought by either party on this AGREEMENT shall be brought in Los Angeles County.

F. Compliance with Applicable Law:
   1. FIRM shall comply with all applicable Federal, State, and local laws, rules, regulations and ordinances, and all provisions required thereby to be included in this AGREEMENT are hereby incorporated herein.
   2. FIRM shall indemnify and hold harmless the CPA, and its officers, agents, and employees, from and against any and all liability expense, including damages, costs, and expenses, defense costs and attorneys’ fees, arising from or related to any violation on the part of FIRM or its employees, agents, or subcontractors of any such laws, rules, regulations, ordinances, or directives, unless such liabilities are caused by the violation of law, fraud, willful misconduct or negligence of CPA, its agents, officers or employees in which case there shall be an assessment of FIRM’s comparative and contributory fault.

G. Record Retention and Inspection:
Within ten (10) days of CPA's written request, FIRM shall allow CPA or authorized State or Federal agencies or any duly authorized representative to have the right to access, examine, audit, excerpt, copy or transcribe any pertinent transaction, activity, time cards or other records relating to this AGREEMENT. FIRM shall keep such material, including all pertinent cost accounting, financial records and proprietary data for a period of four (4) years after termination or completion of this AGREEMENT unless CPA's written permission is given to dispose of material prior to the end of such period or until such time as all audits are complete, whichever is later. In the event that records are located outside Los Angeles, FIRM shall pay CPA for travel and per diem costs when an inspection or audit is required.

H. Confidentiality:

1. FIRM shall maintain the confidentiality of all information which it may acquire arising out of or connected with activities under this AGREEMENT in accordance with all applicable Federal, State and local laws, regulations, ordinances and directives relating to confidentiality, including the Code of Professional Responsibility. FIRM shall inform all of its principals, employees and agents providing services hereunder of their confidentiality obligations under law and/or this AGREEMENT.

2. FIRM shall ensure that all attorneys, paralegals, and secretarial and clerical personnel having access to information relevant to FIRM's provision of services under this AGREEMENT, are aware of and acknowledge their confidentiality obligations as set forth in paragraph 1, above.

3. These confidentiality obligations shall survive this AGREEMENT's termination or expiration.

I. Communications With CPA:

FIRM recognizes that its communications with CPA and its agents and employees, officers and/or representatives are subject to the attorney-client privilege. FIRM warrants that it shall not disclose, or use in any manner other than in the furtherance of FIRM's representation of CPA, any privileged information obtained from CPA or its officers, agents, or employees. FIRM understands that the CPA General Counsel is the legally empowered legal representative of the CPA and its officers and employees and FIRM shall not without specific direction from CPA General Counsel communicate with, advise or represent the CPA's Board of Directors or other CPA officers or employees.

J. Conflict of Interest:
1. No CPA employee whose position with CPA enables such employee to influence the award of this AGREEMENT or any competing AGREEMENT, and no spouse or economic dependent of such employee, shall be employed in any capacity by FIRM or have any other direct or indirect financial interest in this AGREEMENT. No officer or employee of FIRM who may financially benefit from the performance of work hereunder shall in any way participate in the CPA's approval, or ongoing evaluation, of such work, or in any way attempt to unlawfully influence CPA's approval or ongoing evaluation of such work.

2. FIRM shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this AGREEMENT. FIRM warrants that it is not now aware of any facts that create a conflict of interest. If FIRM hereafter becomes aware of any facts that might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to CPA. Full written disclosure shall include, but is not limited to, identification of all persons implicated and a complete description of all relevant circumstances. Failure to comply with the provisions of this Paragraph shall be a material breach of this AGREEMENT.

K. Authorization Warranty:

FIRM represents and warrants that the signatory to this AGREEMENT is fully authorized to obligate FIRM and that all corporate acts necessary to the execution of this AGREEMENT have been accomplished.

L. Changes and Amendments of Terms:

CPA reserves the right to change any portion of the work required under this AGREEMENT, or amend its terms and conditions as may become necessary, subject to the FIRM’s acknowledgement and acceptance concerning any amendment.

M. Validity:

The invalidity in whole or in part of any provision of this AGREEMENT shall not void or affect the validity of any other provision.

N. Waiver:

No waiver of a breach of any provision of this AGREEMENT by either party shall constitute a waiver of any other breach of the provision or any other provision of this AGREEMENT. Failure of either party to enforce any provision of this AGREEMENT at any time shall not be construed as a waiver of that provision. CPA's remedies as described in this AGREEMENT shall be cumulative and additional to any other remedies in law or equity.
O. Remedies Reserved to CPA:

The remedies reserved to CPA shall be cumulative and additional to any other remedies provided in law or equity.

P. Complete Agreement and Interpretation:

This AGREEMENT supersedes all prior communications and all previous written and oral agreements, and shall constitute the complete and exclusive statement of understanding between CPA and FIRM relating to the subject matter of this AGREEMENT. No provision of this AGREEMENT is to be interpreted for or against either party because that party's legal representative drafted such provision.

Executed as of the date set forth on the cover page to this AGREEMENT:

CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA

By

Theodore Bardacke
Executive Director

Approved as to Form:

By

Nancy Whang
General Counsel
Clean Power Alliance

FIRM: Akin Gump LLP

Print Name of Firm

By s/Andrea Lucan
EXHIBIT A

HOURLY BILLING RATES

Akin Gump LLP

Long-Term Power Procurement Counsel related to Renewables or Renewables plus Storage projects, as each such project shall be confirmed in writing from time to time. Contemplated services include negotiating and drafting (i) power purchase agreements (jointly referred to as “PPAs”); and (ii) any ancillary documentation required or provided by project developers (e.g., NDAs, letters of credit, parent guarantees, legal opinions, authority documents and board resolutions) for up to 9 projects assigned to Akin Gump and confirmed in writing. CPA anticipates contract negotiations to be finalized and closed by May 30, 2019. These legal services are collectively referred to below as the “Engagement.”

The total amount of fees for the Engagement shall not, without written authorization from CPA, exceed twenty-five thousand dollars ($25,000.00) for each project (i.e. matter) assigned to Akin Gump for an aggregate total amount not to exceed two hundred twenty-five thousand dollars ($225,000.00) (the “Initial Authorized Budget”). CPA will not be responsible for any fees incurred in excess of the Initial Authorized Budget unless expressly authorized by CPA in writing. CPA and the FIRM acknowledge that the Initial Authorized Budget is not an estimate of the total costs required to complete the Engagement.

Staff Title
Andrea Lucan (Partner): $785/hr
Daniel Lynch (Counsel): $735/hr
Jeff Quinn-Cane (Counsel): $715/hr
Nolan Thomas (Associate): $535/hr
RECOMMENDATION
Authorize the Executive Director to Execute a Professional Legal Services Agreement between CPA and Clean Energy Counsel (CEC) in an amount not to exceed (NTE) $49,000 for up to two stand-alone storage projects.

SUMMARY
An integral part of becoming a fully functioning energy provider that meets CPA’s environmental objectives and offers customers competitive, clean energy options is the purchase of long-term renewable energy and storage contracts. On October 4, 2018, CPA launched the Request for Offers (RFO) seeking proposals for long-term renewable energy generation and energy storage facilities to meet CPA’s needs.

The RFO shortlist process will be complete in February 2019. At this point, CPA will begin negotiations for power purchase agreements (PPAs) with up to 11 shortlisted counterparties.

PPAs relating to stand-alone storage energy are highly specialized and complex, requiring special legal counsel to ensure they are properly developed and executed.
Accordingly, on January 4, 2019, CPA requested proposals from six (6) law firms who specialize in PPAs. CPA received a proposal from CEC and CPA interviewed members of the CEC team. Todd Larsen on the CEC team demonstrated his exceptional expertise and experience in the stand-alone storage area.

Under the proposed Professional Services Agreement, CEC will negotiate and draft PPAs and ancillary related agreements (e.g., NDAs) for up to two stand-alone storage projects at a NTE amount of $49,000.

Staff is requesting authorization to enter into a Professional Services Agreement with CEC to provide legal services to negotiate and draft stand-alone storage power purchase agreements.

**FISCAL IMPACT**

Expenditures associated with the proposed Agreement are included in the Board approved FY2018/19 Budget.

Attachment: 1) Professional Legal Services Agreement between CPA and CEC
AGREEMENT FOR

PROFESSIONAL LEGAL SERVICES

BY AND BETWEEN

CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA
(“CPA”)

AND CLEAN ENERGY COUNSEL, LLP
(“FIRM” or “CEC”)

February 7, 2019
(Date of Agreement)

Firm Address: 555 Montgomery Street, Suite 1205
Firm Tax ID No.: 47-1968415
Firm Telephone: 650-291-0444
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AGREEMENT FOR PROFESSIONAL LEGAL SERVICES

("AGREEMENT")

RECITALS

WHEREAS, CPA desires to contract for professional legal services related to CPA’s stand-alone storage procurement including drafting and negotiating long-term power purchase agreements and related ancillary documents arising from CPA’s Request for Offer (RFO); and

WHEREAS, FIRM has the legal competence and specialized expertise to provide professional legal services, described above;

WHEREAS, CPA desires to retain FIRM's services;

NOW, THEREFORE, CPA and FIRM agree as follows:

I. Term and Termination:

A. Period of Performance:

This AGREEMENT shall begin on the date set forth on the cover page hereto and shall continue indefinitely and at least until the completion of the case(s) or matter(s) assigned by CPA to FIRM hereunder, unless earlier terminated as set forth herein.

B. Termination and/or Suspension:

1. Termination and/or Suspension for CPA's Convenience:

   a) Services performed under this AGREEMENT may be terminated or suspended in whole or in part by CPA at any time, when CPA, in its sole discretion, deems such termination or suspension to be in the CPA’S best interest. CPA shall terminate or suspend services by delivering to FIRM a written notice specifying the extent to which services are terminated or suspended and the effective date of the termination or suspension.

   b) After receiving a Notice of Termination or Suspension, unless otherwise directed by CPA, FIRM shall:

       1) Stop services on the date and to the extent specified in the Suspension or Termination Notice.
2) Complete services not terminated or suspended by the Notice.

3) Submit a Closing Report to CPA as set forth below.

4) Submit, no later than thirty (30) calendar days after the date of suspension or termination is effective, a final electronic (e-bill) for all services performed prior to suspension or termination. If FIRM fails to submit a final e-billing within the time allowed, CPA may determine, on the basis of information available, the amount, if any, to be paid to FIRM. CPA's determination shall be final.

2. Termination For FIRM's Default:
   a) Services performed under this AGREEMENT may be terminated in whole or in part by CPA when FIRM:
      1) Fails to perform the service(s) within the time specified or any CPA approved extension, or
      2) Fails to perform any of the AGREEMENT's other provisions or fails to make progress and endangers the performance of AGREEMENT's terms.
   b) CPA shall give written notice to FIRM of FIRM's default. CPA, in its sole discretion, shall decide whether the default is of such a nature that the FIRM should be given a period to cure the default, and, if so, the cure period shall be specified in the notice.
   c) If CPA wholly or partially terminates services under this AGREEMENT, replacement services may be obtained from another law firm or any other source with terms and in a manner CPA deems appropriate.

3. Termination for Professional Conflict of Interest:
   If either FIRM or CPA determines a matter of professional conflict has arisen during FIRM's engagement which should not or cannot be postponed until the conclusion of FIRM's representation of CPA, FIRM or CPA may immediately give written notice to terminate this AGREEMENT. FIRM shall continue to provide high quality, professional legal representation until the appropriate substitutions can be made.

4. Closing Report Upon Termination or Suspension:
   a) Immediately upon the termination or suspension of this AGREEMENT for any reason, FIRM shall deliver a Closing
Report to CPA. The Closing Report shall include, for each case or matter assigned to FIRM which in whole or in part is terminated or suspended, the following:

1) A brief description of the facts and current status,
2) A discussion of the applicable law, and
3) A list and description of all future scheduled court appearances, and applicable deadlines.

b) Immediately upon any termination or suspension, FIRM shall, at its own cost, deliver to CPA all evidence, files and attorney work product for each case or matter for which work under this AGREEMENT has been terminated or suspended. This includes any computerized indices, programs and document retrieval systems created or used for the case or matter. If FIRM's services include pending litigation, FIRM shall file the appropriate substitution of counsel with the court when instructed by CPA.

II. FIRM's Services and Responsibilities:

A. Supervising Attorney:

1. FIRM shall appoint a Supervising Attorney for work performed under this AGREEMENT. The person designated as FIRM's Supervising Attorney, and any changes in this designation, shall be promptly communicated in writing to CPA.

2. FIRM's Supervising Attorney shall have full authority to act for FIRM on all daily operational matters under this AGREEMENT and shall serve as or designate lead counsel for all law and motion appearances, pretrial and trial proceeding(s), settlement conference(s) or meetings of counsel for parties, depositions, document productions, and all court and other proceedings in which substantive rights of the parties may be determined. Designation of Lead Counsel shall be subject to approval by CPA.

B. Legal Representation:

1. FIRM recognizes that the CPA Counsel is the authorized legal representative for the CPA and its officers and employees. Subject to the direction and control of CPA Counsel, FIRM shall provide CPA with high quality legal advice and representation consistent with this AGREEMENT, the Rules of Professional Conduct, and all applicable laws and court rules.

2. FIRM shall provide representation with fully qualified staff at the least costly billing category. Consistent with this requirement, FIRM may use
its discretion in determining which of FIRM's attorneys or paralegals will be assigned to work on CPA matters, except that FIRM will not utilize any attorney or paralegal on any CPA matter where the CPA has requested that the attorney or paralegal not be used.

3. FIRM shall keep CPA informed of all significant developments in each case or matter assigned to FIRM and shall provide CPA with copies of all significant documents.

4. FIRM acknowledges that nothing in this AGREEMENT is intended, nor will be construed, as creating any exclusive arrangement between CPA and FIRM. Nothing in this AGREEMENT will restrict CPA from obtaining similar services from other firms or sources.

III. CPA's Duties and Responsibilities:

A. Supervising Attorney:

1. CPA shall appoint its General Counsel as CPA’s Supervising Attorney for each case or matter assigned to FIRM.

2. CPA's Supervising Attorney shall have full authority to act for CPA on all daily operational matters under this AGREEMENT and shall review and approve all FIRM's reports, whether written or oral, and any change in FIRM's Supervising Attorney.

B. Duties and Responsibilities:

1. CPA shall make available to FIRM all documents and other information possessed by CPA which are relevant to any case or other matter assigned to FIRM under this AGREEMENT.

2. CPA shall assist FIRM in obtaining CPA records and/or information necessary to respond to discovery and to help familiarize the FIRM with CPA operations and policies.

3. CPA shall review and approve as appropriate:

   a) All reports, requests, and other services provided by FIRM under this AGREEMENT.

   b) Any proposed tactical maneuver or trial strategy.

   c) All recommended settlement proposals. Approval of proposed settlement recommendations is subject to CPA's settlement approval procedures.
d) All billing statements in accordance with procedures referenced in this AGREEMENT.

4. CPA may review all correspondence and judicial, administrative and other documents.

5. CPA will evaluate FIRM's performance under this AGREEMENT and may report this evaluation to CPA's Board of Directors. CPA reserves the right to conduct an audit of any and all aspects of FIRM's compliance with this AGREEMENT. Any such audit may be conducted by CPA staff or a contract auditor, in CPA's sole discretion.

IV. Compensation:

A. CPA Counsel Billing Requirements:

All charges by FIRM, whether for fees or attorney work, or for reimbursement for expenses incurred shall be in accordance with the CPA Counsel Billing Requirements. Said Billing Requirements will be made available to FIRM and may be amended by CPA at any time. CPA shall provide FIRM with any amended Billing Requirements promptly after they are promulgated.

B. Fees:

1. FIRM shall provide legal services at the hourly billing rates for attorney(s) and if applicable, paralegals set forth in Exhibit A to this AGREEMENT, subject to the “Collar”, as defined in Exhibit A, for each stand-alone storage project assigned to CEC; provided, for any amounts that exceed the Collar amount, FIRM shall obtain CPA’s prior written authority.

2. The billing rates set forth in Exhibit A may be subject to review and adjustment as agreed between CPA and FIRM. Any billing rate change shall be in writing and be executed as an amendment to Exhibit A.

C. Expenses:

1. Non-Reimbursable Expenses: Certain expenses incurred by FIRM in providing services under this AGREEMENT shall be considered FIRM overhead which shall not be reimbursed by CPA, but which shall be borne by FIRM as expenses included within the hourly billing rates set forth in Exhibit A. Expenses which will not be reimbursed and which should not be billed are the following:

   a) Postage.

   b) Telephone charges (both local and long distance).

   c) Facsimile/Telecopier charges.
d) Mileage/Parking within the counties of Los Angeles, Orange, Riverside, San Bernardino and Ventura.

e) On-line subscription, connection or other costs for computerized research. (Attorney and paralegal time incurred conducting such research may be billed.)

f) Document reproduction. (See below for large volume exception.)

g) Staff time or overtime for performing secretarial, clerical, or word processing functions.

h) Time spent complying with CPA audits or billing inquiries.

i) Charges for services or expenses incurred which have not been authorized by CPA.

2. Reimbursable Ordinary Expenses: CPA shall reimburse FIRM for its actual out-of-pocket expenses, but without any additional costs for having advanced the funds, for the following:

a) Deposition costs (other than video taping unless approved as set forth below).

b) Transcript fees.

c) Filing fees for which the CPA is not exempt.

d) Messenger service if specifically requested by the CPA's Supervising Attorney, if required because of an emergency over which the FIRM has no control, or if necessary to ensure the safekeeping of sensitive documents or materials.

e) Process service fees.

3. Reimbursable Extraordinary Expenses: CPA shall reimburse FIRM for its actual out-of-pocket expenses, but without any additional costs for having advanced the funds, for the following, but only if FIRM has obtained prior approval from CPA:

a) Outside vendor document reproductions which, because of the volume or format requirements, are impractical to complete in-house.

b) Consultants.

c) Experts.

d) Investigative services.
e) Expenses for travel outside the Counties of Los Angeles, Orange, Riverside, San Bernardino and Ventura. Reimbursement for such travel expenses will be limited to the amount CPA's employees may claim for such travel. Information on such limits will be made available to FIRM upon request at the time FIRM seeks permission for such travel.

f) Videotaping of depositions.

g) Extraordinary computerized research requirements meeting the criteria set forth in the CPA Counsel Billing Requirements.

h) Other extraordinary expenses for which FIRM has obtained prior approval from CPA.

V. Invoices and Payments to FIRM:

A. Billing (E-Billing):

The FIRM shall submit all invoices for attorney fees and reimbursable expenses to CPA.

B. E-Bills:

1. FIRM shall submit invoices for services and for reimbursable expenses monthly in arrears, or quarterly in arrears if approved by CPA.

2. Each e-bill must also include a signed dated declaration of FIRM's Supervising Attorney with the following statement:

"I have personally examined this e-bill. All entries are in accordance with the AGREEMENT for Professional Legal Services, are correct and reasonable for the services performed and the cost incurred, and no item on this statement has been previously billed to CPA."

3. Each e-bill shall be itemized to include:

a) Staffing level(s), hourly rates and specific activities for each attorney and/or paralegal.

1) Each activity shall be coded using the appropriate Universal Task Based Management System (UTBMS) legal fees and expense code for electronic billing.

2) Each billing entry shall include a detailed description of specific activities for each attorney and/or paralegal.
3) All receipts for expenses shall be scanned and attached to the e-bill.

4) No attorney or paralegal may be utilized on a matter until an hourly billing rate for that person has been approved by the CPA. All time must be billed at the approved hourly rate.

4. FIRM shall maintain in a form subject to audit, and in accordance with generally accepted accounting principles, backup documentation to support all entries included in the monthly billing statement. Such documentation shall be available to CPA upon request.

C. Payments

1. CPA shall make payment(s) for services rendered under this AGREEMENT monthly in arrears based on the itemized billing statement(s) FIRM submits to CPA.

2. CPA's legal and accounting staff shall review all billing statements for reasonableness of the time billed as well as full compliance with this AGREEMENT and all CPA Counsel Billing Requirements.

3. CPA shall make its best effort to process payments promptly after receiving FIRM's e-bill. However, CPA shall not pay interest or finance charges on any outstanding balance(s).

4. Payments to FIRM are conditioned upon FIRM's compliance with all provisions of this AGREEMENT, including but not limited to, Paragraph VIII(B).

VI. Notices:

All notices and required reports shall be written and hand-delivered or mailed by first class, postage prepaid, addressed to CPA or FIRM at the addresses below, or at any other address CPA or FIRM shall provide in writing to each other:

A. If to FIRM:

Clean Energy Counsel
Attn: Todd Larsen
555 Montgomery Street, Suite 1205
San Francisco, CA 94111
todd@cleanenergycounsel.com

B. If to CPA:

Clean Power Alliance of Southern California
VII. Assignment:

A. No part of this AGREEMENT or any right or obligation arising from it is assignable without CPA's written consent.

B. Any attempt by FIRM to assign or subcontract services relating to this AGREEMENT without CPA's consent shall constitute a material breach of this AGREEMENT.

VIII. Standard Terms and Conditions:

The following standard CPA contract terms and conditions are included herein as part of this AGREEMENT and are fully binding on the parties hereto:

A. Indemnification:

FIRM shall indemnify, defend and save harmless CPA, its agents, officers and employees from and against any and all liability expense, including defense costs and legal fees, and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury, or property damage (including FIRM's property), in connection with FIRM's operations or its services, including any workers' compensation suits, liability or expense, arising from or connected with services performed under this AGREEMENT. Notwithstanding any provision to the contrary, FIRM’S indemnification obligations under this AGREEMENT are expressly subject to the terms and limits of Firm’s insurance obligation set forth below.

B. Insurance:

Without limiting FIRM's indemnification of CPA and its officers, agents and employees, FIRM shall provide and maintain at its own expense the following programs of insurance covering FIRM's operations during the term of this AGREEMENT. FIRM shall use insurers satisfactory to CPA' Risk Manager and shall deliver evidence of a satisfactory insurance to CPA on or before the effective date of this AGREEMENT. Evidence shall specifically identify this AGREEMENT and shall contain express conditions that CPA is
to be given written notice by registered mail at least thirty (30) days in advance of any modification or termination of any program insurance.

1. Liability: Such insurance shall be primary to and not contributing with any other insurance maintained by CPA, shall name the Clean Power Alliance of Southern California as an additional insured, and shall include, but not be limited to:

   a) Comprehensive General Liability insurance endorsed for Premises-Operations, Products/Completed Operations, Contractual, Broad Form Property Damage, and Personal Injury with a combined single limit of not less than $1,000,000 per occurrence.

   If the above insurance is written on a Claims Made Form, the insurance shall be endorsed to provide an extended reporting period of not less than five years following termination of this AGREEMENT.

   b) Professional liability insurance with a liability limit of at least $2,000,000 per claim. In lieu of naming CPA as an additional insured, the policy may be endorsed as follows:

       "Insurance afforded by this policy shall also apply to the liability assumed by the insured under the agreement with the Clean Power Alliance of Southern California for legal services, provided such liability results from an error, omission, or negligent act of the insured, its officers, employees, agents, or subcontractors. All other provisions of this policy remain unchanged."

   c) Comprehensive Auto Liability endorsed for all owned, non-owned, and hired vehicles with a combined single limit of at least $300,000 per occurrence.

2. Workers' Compensation: A program of Workers' Compensation insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employers Liability with a $1,000,000 limit, covering all persons providing services on behalf of FIRM and all risks to such persons under this AGREEMENT.

3. Failure to Procure Insurance: Failure on the part of FIRM to procure or maintain required insurance shall constitute a material breach for which CPA may immediately terminate or suspend this AGREEMENT.

C. Independent Contractor Status:

1. This AGREEMENT is not intended, and shall not be construed to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between CPA and FIRM.
2. FIRM understands and agrees that all FIRM personnel furnishing services to CPA under this AGREEMENT are employees solely of FIRM and not of CPA for purposes of workers' compensation liability.

3. FIRM shall bear the sole responsibility and liability for furnishing workers' compensation benefits to any FIRM personnel for injuries arising from services performed under this AGREEMENT.

D. Warranty Against Contingent Fees:

1. FIRM warrants that no person or selling agency has been employed or retained to solicit or secure this AGREEMENT upon an agreement or understanding for a commission, percentage, brokerage or contingent fee.

2. For breach or violation of this warranty, CPA shall have the right to terminate this AGREEMENT, and in its sole discretion, to deduct from the AGREEMENT price or consideration, or otherwise recover, the full amount of any such commission, percentage, brokerage or contingent fee.

E. Governing Laws:

This AGREEMENT shall be governed by and construed in accordance with the laws of the State of California and any action brought by either party on this AGREEMENT shall be brought in Los Angeles County.

F. Compliance with Applicable Law:

1. FIRM shall comply with all applicable Federal, State, and local laws, rules, regulations and ordinances, and all provisions required thereby to be included in this AGREEMENT are hereby incorporated herein.

2. FIRM shall indemnify and hold harmless the CPA, and its officers, agents, and employees, from and against any and all liability, damages, costs, and expenses, including, but not limited to, defense costs and attorneys' fees, arising from or related to any violation on the part of FIRM or its employees, agents, or subcontractors of any such laws, rules, regulations, ordinances, or directives.

G. Record Retention and Inspection:

Within ten (10) days of CPA's written request, FIRM shall allow CPA or authorized State or Federal agencies or any duly authorized representative to have the right to access, examine, audit, excerpt, copy or transcribe any pertinent transaction, activity, time cards or other records relating to this AGREEMENT. FIRM shall keep such material, including all pertinent cost accounting, financial records and proprietary data for a period of four (4) years after termination or completion of this AGREEMENT unless CPA's written permission is given to dispose of material prior to the end of such period or until such time as all audits
H. Confidentiality:

1. FIRM shall maintain the confidentiality of all information which it may acquire arising out of or connected with activities under this AGREEMENT in accordance with all applicable Federal, State and CPA laws, regulations, ordinances and directives relating to confidentiality, including the Code of Professional Responsibility. FIRM shall inform all of its principals, employees and agents providing services hereunder of the confidentiality provisions of this AGREEMENT.

2. FIRM shall ensure that all attorneys, paralegals, and secretarial and clerical personnel having access to information relevant to FIRM's provision of services under this AGREEMENT, are aware of and acknowledge the confidentiality requirements set forth in paragraph 1, above.

3. These confidentiality obligations shall survive this AGREEMENT's termination or expiration.

I. Communications With CPA:

FIRM recognizes that its communications with CPA and its agents and employees, officers and/or representatives are subject to the attorney-client privilege. FIRM warrants that it shall not disclose, or use in any manner other than in the furtherance of FIRM's representation of CPA, any privileged information obtained from CPA or its officers, agents, or employees. FIRM understands that the CPA General Counsel is the legally empowered legal representative of the CPA and its officers and employees and FIRM shall not without specific direction from CPA General Counsel communicate with, advise or represent the CPA's Board of Directors or other CPA officers or employees.

J. Conflict of Interest:

1. No CPA employee whose position with CPA enables such employee to influence the award of this AGREEMENT or any competing AGREEMENT, and no spouse or economic dependent of such employee, shall be employed in any capacity by FIRM or have any other direct or indirect financial interest in this AGREEMENT. No officer or employee of FIRM who may financially benefit from the performance of work hereunder shall in any way participate in the CPA's approval, or ongoing evaluation, of such work, or in any way attempt to unlawfully influence CPA's approval or ongoing evaluation of such work.
2. FIRM shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this AGREEMENT. FIRM warrants that it is not now aware of any facts that create a conflict of interest. If FIRM hereafter becomes aware of any facts that might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to CPA. Full written disclosure shall include, but is not limited to, identification of all persons implicated and a complete description of all relevant circumstances. Failure to comply with the provisions of this Paragraph shall be a material breach of this AGREEMENT.

K. Authorization Warranty:

FIRM represents and warrants that the signatory to this AGREEMENT is fully authorized to obligate FIRM and that all corporate acts necessary to the execution of this AGREEMENT have been accomplished.

L. Changes and Amendments of Terms:

CPA reserves the right to change any portion of the work required under this AGREEMENT, or amend its terms and conditions as may become necessary.

M. Validity:

The invalidity in whole or in part of any provision of this AGREEMENT shall not void or affect the validity of any other provision.

N. Waiver:

No waiver of a breach of any provision of this AGREEMENT by either party shall constitute a waiver of any other breach of the provision or any other provision of this AGREEMENT. Failure of either party to enforce any provision of this AGREEMENT at any time shall not be construed as a waiver of that provision. CPA's remedies as described in this AGREEMENT shall be cumulative and additional to any other remedies in law or equity.

O. Remedies Reserved to CPA:

The remedies reserved to CPA shall be cumulative and additional to any other remedies provided in law or equity.

P. Complete Agreement and Interpretation:

This AGREEMENT supersedes all prior communications and all previous written and oral agreements, and shall constitute the complete and exclusive statement of understanding between CPA and FIRM relating to the subject matter of this AGREEMENT. No provision of this AGREEMENT is to be interpreted for or
against either party because that party's legal representative drafted such provision.

Executed as of the date set forth on the cover page to this AGREEMENT:

CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA

By

__________________________
Theodore Bardacke
Executive Director

Approved as to Form:

By

__________________________
Nancy Whang
General Counsel
Clean Power Alliance

FIRM: Clean Energy Counsel, LLP
Print Name of Firm

By

__________________________
Todd A. Larsen
EXHIBIT A

HOURLY BILLING RATES

Clean Energy Counsel, LLP

Long-Term Power Procurement Counsel for stand-alone energy storage projects. Contemplated services include (a) drafting the RFO pro forma stand-alone energy storage power procurement agreement (“PPA”) (the service under (a) shall be referred to as “Drafting the Storage PPA”), and (b) drafting and negotiating (i) PPAs, and (ii) any ancillary documentation required or provided by project developers (e.g., NDAs, letters of credit, parent guarantees, legal opinions, authority documents and board resolutions) for up to 2 projects assigned to CEC (the service under (b) shall be referred to as “Negotiating the Storage PPA”). CPA anticipates contract negotiations to be finalized and closed by May 30, 2019. These legal services are collectively referred to below as the “Engagement.”

The total amount of fees for Drafting the Storage PPA under the Engagement shall not, without prior written authorization from CPA, exceed seventeen thousand dollars ($17,000.00) (the “Initial Authorized Budget for PPA”). If CEC’s billable fees exceed the Initial Authorized Budget, CEC shall be responsible for all fees incurred between the Initial Authorized Budget and twenty-one thousand two hundred fifty dollars ($21,250.00) (the “PPA Collar”).

The total amount of fees for “Negotiating Storage PPA for each matter assigned to CEC under the Engagement shall not, without prior written authorization from CPA, exceed sixteen thousand dollars ($16,000.00) (the “Initial Authorized Budget for Negotiations”). If CEC’s billable fees exceed the Initial Authorized Budget, CEC shall be responsible for all fees incurred between the Initial Authorized Budget and nineteen thousand dollars ($19,000.00) (the “Negotiation Collar”).

For any fees that exceed the PPA Collar or the Negotiation Collar, CPA will pay CEC at the hourly rates, specified below, provided that CPA expressly authorizes the additional work in writing. CPA and the FIRM acknowledge that the Initial Authorized Budgets for PPA or for Negotiations are not an estimate of the total costs required to complete the Engagement.

Staff Title
Todd Larsen (Lead Counsel): $425/hr
RECOMMENDATION
Receive and file.

SUMMARY
On June 30, 2018 CPA ended its first fiscal year (FY) of operations. CPA’s annual financial statements were prepared by its FY 2017/18 fiscal agent, the County of Los Angeles, in cooperation with CPA staff. The County of Los Angeles selected the independent auditing firm BCA Watson Rice to audit CPA’s financial results. BCA Watson Rice is an accredited auditing firm. BCA Watson Rice completed its audit in December 2018. The auditor’s report is included in the CPA’s Audited FY 17/18 financial statements.

The auditor’s opinion is that CPA’s FY 17/18 financial statements:

Present fairly, in all material respects, the financial position of CPA as of June 30, 2018, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.
This is a positive outcome and generally considered a “clean” audit opinion. The letter from BCA Watson Rice to the CPA Board of Directors outlines its auditing methodology and provides additional information concerning its work.

The FY 17/18 financial statements present revenues, expenditures and cash flows that occurred during the 12 months ending June 30, 2018 and assets, liabilities and net position as of June 30, 2018. The FY 17/18 financial statements also contain a management discussion and analysis of the financial results and notes to the financial statements.

CPA began serving a small number of customers in February 2018 and began earning revenues at that time. Revenue from Phase 2 customers began accruing on a limited basis in June 2018.

During the year CPA recorded revenues of $3.4 million, expenses totaling $6 million and a loss of $2.6 million. As of June 30, 2018, assets totaled $9.6 million, liabilities $12.3 million and the net position was negative $2.7 million. CPA financed its operations with customer revenues and a loan from the County of Los Angeles.

CPA’s FY 17/18 financial results reflect the start-up nature of CPA operations and are in-line with expectations.

Attachments: 1) CPA Audited Fiscal Year 2017/18 Financial Statements
               2) Auditor letter to CPA Board of Directors
CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA

Basic Financial Statements
with Independent Auditor’s Report

For the Fiscal Year Ended June 30, 2018
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Basic Financial Statements

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INDEPENDENT AUDITOR’S REPORT

To the Board of Directors of the
Clean Power Alliance of Southern California

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the Clean Power Alliance of Southern California (CPA) as of and for the fiscal year ended June 30, 2018, and the related notes to the basic financial statements, which collectively comprise CPA’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Basic Financial Statements

CPA’s management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of CPA as of June 30, 2018, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2018 on our consideration of CPA’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering CPA’s internal control over financial reporting and compliance.

Torrance, California
December 20, 2018

BCA Watson Rice, LLP
The Management’s Discussion and Analysis provides an overview of the Clean Power Alliance of Southern California’s (CPA) financial activities as of and for the year ended June 30, 2018. The information presented here should be considered in conjunction with the audited financial statements.

Contents of this report

This report is divided into the following sections:

- Management’s discussion and analysis, which provides an overview of operations.
- The basic financial statements, which offer information on CPA’s financial status:
  - The *Statement of Net Position* includes all of CPA’s assets, liabilities, and net position using the accrual basis of accounting. The Statement of Net Position provides information about the nature and amount of resources and obligations at a specific point in time. Over time, an increase or decrease in net position may serve as a useful indicator of CPA’s financial position.
  - The *Statement of Revenues, Expenses, and Changes in Net Position* reports all of CPA’s revenue and expenses for the years shown. All changes in fund net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing or related cash flows. Thus, revenue and expenses are reported in this statement for some items that will result in cash flows in future periods.
  - The *Statement of Cash Flows* reports the cash provided and used by operating activities, as well as other sources and uses, such as capital asset acquisitions. Consequently, only transactions that affect CPA’s cash accounts are recorded in this statement. A reconciliation is provided at the bottom of the *Statement of Cash Flows* to assist in the understanding of the difference between cash flows from operating activities and operating income or loss.
  - Notes to the basic financial statements, which provide additional details and information related to the basic financial statements.

**NATURE OF OPERATIONS**

CPA was formed pursuant to California Assembly Bill 117 which enables communities to purchase power on behalf of their residents and businesses and creates retail choice for electric generation services.

CPA, formerly Los Angeles Community Choice Energy (LACCE), was created as a California Joint Powers Authority on June 27, 2017. CPA was established to study, promote, develop, conduct, operate, and manage energy programs in Southern California. Governed by an appointed board of directors (Board), CPA has the authority to set rates for the services it furnishes, incur indebtedness, and issue bonds or other obligations. CPA acquires electricity from commercial suppliers and delivers it through existing physical infrastructure and equipment managed by the California Independent System Operator (CAISO) and Southern California Edison (SCE).
The parties to CPA’s Joint Powers Agreement consist of local governments whose governing bodies elect to join CPA. Pursuant to the Public Utilities Code, when new parties join CPA, all electricity customers in its jurisdiction automatically become default customers of CPA for electric generation, provided that customers are given the option to “opt out”.

CPA’s goal is to provide customers with competitively priced and affordable electricity with high renewable energy content and low greenhouse gas emissions. CPA offers its customers three electricity services to choose from: Lean Power, Clean Power, and 100% Green Power. Lean Power provides 36% renewable energy content, Clean Power provides 50% renewable energy support, and 100% Green Power provides 100% renewable energy content.

CPA began operations in February 2018 by serving approximately 1,800 municipal accounts.

Financial Reporting

CPA presents its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) for proprietary funds, as prescribed by the Governmental Accounting Standards Board (GASB).

FINANCIAL HIGHLIGHTS

The following table is a summary of CPA’s assets, liabilities, and net position as of June 30:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>$ 9,621,793</td>
</tr>
<tr>
<td>Noncurrent assets</td>
<td>7,250</td>
</tr>
<tr>
<td>Total assets</td>
<td>9,629,043</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>2,470,275</td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td>9,835,608</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>12,305,883</td>
</tr>
<tr>
<td>Net position</td>
<td></td>
</tr>
<tr>
<td>Unrestricted (deficit)</td>
<td>(2,676,840)</td>
</tr>
<tr>
<td>Total net position</td>
<td>$ (2,676,840)</td>
</tr>
</tbody>
</table>

Current Assets

Current assets totaled $9,622,000 as of June 30, 2018. Current assets are mostly comprised of the following items: $3,296,000 in cash and restricted cash in a depository account, $2,702,000 invested in the Los Angeles County Investment Pool, $741,000 in accounts receivable and other receivables, $908,000 in accrued revenue, and $1,950,000 in security deposits.

Current Liabilities

Current liabilities totaled $2,470,000 as of June 30, 2018 and consist primarily of $1,513,000 of electricity delivered to customers that is not yet due to be paid by CPA and $940,000 in accounts payable.
for service providers and other operating expenses. CPA is required to collect and remit taxes on certain customer sales and had a current liability of $17,000 for these taxes as of June 30, 2018.

Noncurrent Liabilities

Noncurrent liabilities consist entirely of a $9,836,000 loan payable to the County of Los Angeles. This non-interest bearing loan supported CPA’s start up and continuing operating costs. The loan is due for repayment on September 30, 2020.

The following table is a summary of CPA’s results of operations:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>$ 3,382,705</td>
</tr>
<tr>
<td>Interest income</td>
<td>7,126</td>
</tr>
<tr>
<td>Total income</td>
<td>3,389,831</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>6,066,671</td>
</tr>
<tr>
<td>Decrease in net position</td>
<td>$(2,676,840)</td>
</tr>
</tbody>
</table>

Operating Revenues

Operating revenues for the year consist of electricity sales to customers. CPA began providing service to customers beginning in February 2018.

Operating Expenses

The major operating cost incurred during the fiscal year was $3,299,000 in energy purchases to support customer sales. Other operating expenses include costs for the start-up and implementation of the agency, costs associated with the enrollment of new customers, as well as costs to support ongoing operations. Prior to receiving payments from its customers, operating expenses were financed by a loan from the County of Los Angeles.

Change in Net Position

The change in net position represents the difference between revenues and expenses. CPA’s expenses exceeded its revenues resulting in a negative change in net position. The negative change in net position was consistent with its implementation plan. The negative net position was financed by accounts payable and debt.

PURCHASE COMMITMENTS AND ECONOMIC OUTLOOK

During the normal course of business, CPA enters into various agreements, including renewable energy agreements and other power purchase agreements to purchase power and electricity capacity. CPA enters into power purchase agreements in order to comply with state law and voluntary targets for renewable and greenhouse gas (GHG) free products. California law established a Renewable Portfolio Standard (RPS) that requires load-serving entities, such as CPA, to gradually increase the amount of renewable energy they deliver to their customers. In October 2015, the California Governor signed Senate Bill (SB) 350,
the Clean Energy and Pollution Reduction Act of 2015 into law. SB 350 became effective January 1, 2016, and increases the amount of renewable energy that must be delivered by most load-serving entities, including CPA, to their customers from 33% of their total annual retail sales by the end of the 2017-2020 compliance period, to 50% of their total annual retail sales by the end of the 2028-2030 compliance period, and in each three-year compliance period thereafter. SB100, signed into law by the California Governor in September 2018, increased this 2030 target by 60% of total annual retail sales.

SB 350 provides compliance flexibility and waiver mechanisms, including increased flexibility to apply excess renewable energy procurement in one compliance period to future compliance periods. Beginning January 1, 2021, at least 65% of the procurement a retail seller, such as CPA, counts toward the renewables portfolio standard requirement of each compliance period shall be from its contracts of ten years or more in duration. CPA manages risks associated with these commitments by aligning purchase commitments with expected demand for electricity and assuring diversity of technologies, geographical locations, and suppliers.

Commitments under power purchase agreements totaled approximately $225 million as of June 30, 2018.

Management intends to continue its conservative use of financial resources and expects to generate operating surpluses in future years.

CONTACTING CPA’S FINANCIAL MANAGEMENT

This financial report is designed to provide CPA’s customers, creditors, and other interested parties with a general overview of the Organization’s finances and to demonstrate CPA’s accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to Chief Financial Officer, Clean Power Alliance, 555 W. 5th Street, 35th Floor, Los Angeles, CA 90013.
BASIC FINANCIAL STATEMENTS
ASSETS
Current assets
- Cash and cash equivalents (Note 4) $2,546,067
- Investment in Los Angeles County Investment Pool (Note 4) 2,701,780
- Accounts receivable, net of allowance for doubtful accounts (Note 5) 660,508
- Other receivables 75,800
- Interest receivables 5,092
- Accrued revenue 907,546
- Prepaid expenses 25,000
- Deposits (Note 2) 1,950,000
- Restricted cash 750,000
  Total current assets 9,621,793

Noncurrent assets
- Rent security deposits 7,250
  Total assets 9,629,043

LIABILITIES
Current liabilities
- Accounts payable 940,351
- Accrued cost of electricity 1,512,698
- User taxes and energy surcharges due to other governments (Note 2) 17,226
  Total current liabilities 2,470,275

Noncurrent liabilities
- Loan payables to County of Los Angeles (Note 6) 9,835,608
  Total liabilities 12,305,883

NET POSITION
Unrestricted (deficit) $ (2,676,840)

See accompanying notes to the basic financial statements.
### Operating Revenues

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity sales, net</td>
<td>$3,343,365</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>39,340</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td><strong>3,382,705</strong></td>
</tr>
</tbody>
</table>

### Operating Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of electricity</td>
<td>3,298,724</td>
</tr>
<tr>
<td>Staff compensation</td>
<td>222,051</td>
</tr>
<tr>
<td>Consultants and other professional fees</td>
<td>2,418,688</td>
</tr>
<tr>
<td>General and administration</td>
<td>127,208</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>6,066,671</strong></td>
</tr>
<tr>
<td>Operating loss</td>
<td>(2,683,966)</td>
</tr>
</tbody>
</table>

### Nonoperating Revenues (Expenses)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>7,126</td>
</tr>
</tbody>
</table>

### Change in Net Position

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net position at beginning of year</td>
<td>-</td>
</tr>
<tr>
<td>Net position at end of year</td>
<td>$(2,676,840)</td>
</tr>
</tbody>
</table>

See accompanying notes to the basic financial statements.
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

Cash Flows From Operating Activities
Receipts from electricity sales $ 2,155,770
Payments to suppliers for goods and services (3,309,957)
Deposits and collateral paid (1,950,000)
Net cash used by operating activities (3,104,187)

Cash Flows From Non-Capital Financing Activities
Loan proceeds 9,100,000
Net cash provided by non-capital financing activities 9,100,000

Cash Flows From Investing Activities
Interest income 2,034
Net cash provided by investing activities 2,034

Net change in cash and cash equivalents 5,997,847
Cash and cash equivalents at beginning of year -
Cash and cash equivalents at end of year $ 5,997,847

Reconciliation to the Statement of Net Position
Cash and cash equivalents $ 2,546,067
Investment in Los Angeles County Investment Pool 2,701,780
Restricted cash 750,000
Cash and cash equivalents $ 5,997,847

See accompanying notes to the basic financial statements.
Reconciliation of Operating Loss to Net Cash Used by Operating Activities

<table>
<thead>
<tr>
<th>Adjustment to reconcile operating loss to net cash used by operating activities:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in accounts receivable</td>
<td>(660,508)</td>
</tr>
<tr>
<td>Increase in other receivable</td>
<td>(75,800)</td>
</tr>
<tr>
<td>Increase in accrued revenue</td>
<td>(907,546)</td>
</tr>
<tr>
<td>Increase in prepaid expenses</td>
<td>(25,000)</td>
</tr>
<tr>
<td>Increase in deposits</td>
<td>(1,950,000)</td>
</tr>
<tr>
<td>Increase in rent security deposits</td>
<td>(7,250)</td>
</tr>
<tr>
<td>Increase in accounts payable</td>
<td>940,351</td>
</tr>
<tr>
<td>Increase in accrued cost of electricity</td>
<td>1,512,698</td>
</tr>
<tr>
<td>Increase in user taxes and energy surcharges due to other governments</td>
<td>17,226</td>
</tr>
<tr>
<td>Increase in loans payable</td>
<td>735,608</td>
</tr>
</tbody>
</table>

Net cash used by operating activities                  $ (3,104,187)

See accompanying notes to the basic financial statements.
1. REPORTING ENTITY

The Clean Power Alliance of Southern California (CPA) is a joint powers authority created on June 27, 2017. As of June 30, 2018, participating communities consist of the following local governments:

<table>
<thead>
<tr>
<th>Unincorporated Los Angeles County</th>
<th>Moorpark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unincorporated Ventura County</td>
<td>Ojai</td>
</tr>
<tr>
<td>Agoura Hills</td>
<td>Oxnard</td>
</tr>
<tr>
<td>Alhambra</td>
<td>Paramount</td>
</tr>
<tr>
<td>Arcadia</td>
<td>Redondo Beach</td>
</tr>
<tr>
<td>Beverly Hills</td>
<td>Rolling Hills Estates</td>
</tr>
<tr>
<td>Calabasas</td>
<td>Santa Monica</td>
</tr>
<tr>
<td>Camarillo</td>
<td>Sierra Madre</td>
</tr>
<tr>
<td>Claremont</td>
<td>Simi Valley</td>
</tr>
<tr>
<td>Carson</td>
<td>South Pasadena</td>
</tr>
<tr>
<td>Culver City</td>
<td>Temple City</td>
</tr>
<tr>
<td>Downey</td>
<td>Thousand Oaks</td>
</tr>
<tr>
<td>Hawaiian Gardens</td>
<td>Ventura</td>
</tr>
<tr>
<td>Hawthorne</td>
<td>West Hollywood</td>
</tr>
<tr>
<td>Malibu</td>
<td>Whittier</td>
</tr>
<tr>
<td>Manhattan Beach</td>
<td></td>
</tr>
</tbody>
</table>

CPA is separate from and has no right to receive financial support from its members. CPA is governed by a Board of Directors whose membership is composed of elected officials representing each one of its member communities.

CPA was established as a Community Choice Aggregation Program under California Public Utilities Code Section 366.2 to study, promote, develop, conduct, operate, and manage energy programs in Southern California, and to exercise all other powers necessary and incidental to accomplishing these objectives. A key objective of CPA is to provide electric service that includes the use of renewable sources and reduces greenhouse gas emissions.

CPA began providing electricity to customers in February 2018. Electricity is acquired from commercial suppliers and delivered through existing physical infrastructure and equipment managed by the CAISO and SCE.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

CPA’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. CPA’s operations are accounted for as a governmental enterprise fund and are reported using the economic resources measurement focus and the accrual basis of accounting – similar to business enterprises. Accordingly, revenues are recognized when they are earned and expenses are recognized.
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING (Continued)

at the time liabilities are incurred. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

CPA’s financial statements are presented in accordance with the provisions of GASB No. 34 Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted.

These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of June 30, 2018, CPA had $0 net investment in capital assets.

Restricted net position – This component of net position represents restricted assets net of liabilities that relate to those specific restricted assets. A restricted asset is an asset for which constraints have been placed on the asset’s use by creditors, contributors, laws, or regulations of other governments, or as a consequence of a restriction established by the reporting entity’s own governing body at the time a particular fee, charge, levy, or assessment was approved. These restrictions must be narrower than the general purposes for which the reporting government can use its resources. As of June 30, 2018, CPA had $0 restricted net position.

Unrestricted net position – When both restricted and unrestricted net position are available, restricted resources are depleted first before the unrestricted resources are used. As of June 30, 2018, CPA had $2.68 million in unrestricted net deficit.

SECURITY DEPOSITS

Various energy contracts entered into by CPA require CPA to provide the supplier with a security deposit. The deposits are generally held for the term of the contract. Deposits with energy suppliers are classified as current or noncurrent assets depending on the length of the time the deposits will be held. Other components of deposits include those for regulatory and other operating purposes.

CAPITAL ASSETS

As of June 30, 2018, CPA did not have capital assets or an accounting policy governing capital assets. During the current fiscal year, CPA adopted a new policy and will report capital assets based on this policy for future years.
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUE RECOGNITION

CPA recognizes revenue on the accrual basis. This includes invoices issued to customers during the period and electricity estimated to have been delivered but not yet billed. Revenues are recorded when earned, regardless of the timing of the related cash flows.

ELECTRICAL POWER PURCHASED

During the normal course of business CPA purchases electric power from numerous suppliers. Electricity costs include the cost of energy and capacity arising from bilateral contracts with energy suppliers as well as generation credits, and load and other charges arising from CPA’s participation in the CAISO centralized market. These costs are recognized as “Cost of electricity” in the Statement of Revenues, Expenses and Changes in Net Position.

To comply with the State of California’s Renewable Portfolio Standards (RPS) and voluntary targets, CPA acquires RPS eligible renewable energy evidenced by Renewable Energy Certificates (Certificates) recognized by the Western Renewable Energy Generation Information System (WREGIS). CPA obtains Certificates with the intent to retire them. An expense is recognized at the point that the cost of the RPS eligible energy is due and payable to the supplier. CPA purchases capacity commitments from qualifying generators to comply with the California Energy Commission’s Resource Adequacy Program. The goals of the Resource Adequacy Program are to provide sufficient resources to the CAISO to ensure the safe and reliable operation of the grid in real time and to provide appropriate incentives for the siting and construction of new resources needed for reliability in the future.

STAFFING COSTS

CPA pays employees semi-monthly and fully pays its obligation for benefits each month. CPA does not provide pension, post-employment healthcare or other fringe benefits and, accordingly, no related liability is recorded in these financial statements.

INCOME TAXES

CPA is a Joint Powers Authority under the provision of the California Government Code and is not subject to federal or state income or franchise taxes.

USER TAXES AND ENERGY SURCHARGES DUE TO OTHER GOVERNMENTS

CPA is required by governmental authorities to collect and remit taxes on certain customer sales. These taxes do not represent revenues or expenses to CPA.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
3. PRONOUNCEMENTS ISSUED AND IMPLEMENTED DURING THE YEAR

In June 2015, GASB issued Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions.” This Statement is to improve accounting and financial reporting by governments for postemployment benefits other than pensions (other postemployment benefits or OPEB) and improves information about financial support that is provided by other entities for making decisions, assessing accountability, and creating additional transparency. This Statement replaces Statements No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”; as amended, and No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans”. As of June 30, 2018, CPA did not have a postemployment benefit plan in place and this Statement did not have an impact to the financial statements.

In March 2016, GASB issued Statement No. 81, “Irrevocable Split Interest Agreements.” This Statement is to improve accounting and financing reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The provisions of this Statement are effective for financial statements for reporting periods beginning after December 15, 2016. As of June 30, 2018, CPA did not have irrevocable split interest agreements in place and this Statement did not have an impact to the financial statements.

In March 2017, GASB issued Statement No. 85, “Omnibus 2017.” This Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements, including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and OPEB). This Statement includes requirements for the timing and measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus, and simplification of certain aspects of the alternative measurement method for OPEB. The provisions of Statement No. 85 are effective for financial statements for reporting periods beginning after June 15, 2017. Implementation of this Statement did not have an impact on the CPA’s financial statements for the fiscal year ended June 30, 2018.

In May 2017, GASB issued Statement No. 86, “Certain Debt Extinguishment Issues.” This Statement is to improve consistency in accounting and financing reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The provisions of Statement No. 86 are effective for financial statements for reporting periods beginning after June 15, 2017. Implementation of GASB Statement No. 86 did not have an impact on CPA’s financial statements for the fiscal year ended June 30, 2018.
4. CASH AND INVESTMENTS

Pooled Cash and Investments

Cash and investments as of June 30, 2018 are classified in the accompanying financial statements as follows:

<table>
<thead>
<tr>
<th>Statement of Net Position:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,546,067</td>
</tr>
<tr>
<td>Investment in the County Treasury Pool</td>
<td>2,701,780</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>750,000</td>
</tr>
<tr>
<td>Total cash and investments</td>
<td>$5,997,847</td>
</tr>
</tbody>
</table>

Cash and investments as of June 30, 2018 consist of the following:

| Equity in Los Angeles County investment pool | $2,701,780 |
| Cash deposits                                 | 3,296,067  |
| Total cash and investments                    | $5,997,847 |

Cash Deposits

CPA maintains its cash in a bank demand deposit and restricted non-interest bearing depository account, which at times may exceed federally insured limits. As of June 30, 2018, CPA had deposits of $2,546,067 in available cash and $750,000 in restricted cash within a non-interest bearing depository account.

Although the demand and restricted deposits with a financial institution were in excess of federal depository insurance limits, management believes that CPA is not exposed to any significant credit risk or losses related to cash in bank.

Equity in the Cash and Investment Pool of the County of Los Angeles

CPA has investments in the Los Angeles County Treasury Pool. CPA is a voluntary participant in that pool. This pool is governed by and under the regulatory oversight of the Los Angeles County Treasurer and Tax Collector.

CPA has not adopted an investment policy separate from that of the County. The fair value of CPA’s investment in this pool is reported in the accompanying financial statements at amounts based upon CPAs pro-rata share of the fair value calculated by the County for the entire County portfolio. The balance available for withdrawal is based on the accounting records maintained by the Los Angeles County Auditor-Controller, which are recorded on an amortized cost basis.

Investments are stated at fair value and are valued on a monthly basis. The Treasurer categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using other observable inputs such as matrix pricing techniques or based on quoted prices for assets in markets that are not active. Matrix Pricing is used to value securities based on the securities’ relationship.
4. CASH AND INVESTMENTS (Continued)

Equity in the Cash and Investment Pool of the County of Los Angeles (Continued)

to benchmark quoted prices. Level 3 inputs are significant unobservable inputs. Securities classified in Level 3 are valued using the income approach such as discounted cash flow techniques. Investment in an external government investment pool is not subject to reporting within the level hierarchy.

Investments Authorized by Debt Agreements

Investment of debt proceeds is governed by provisions of debt agreements, rather than the general provisions of the California Government Code or the County’s investment policy. The table below identifies the investment types that are authorized. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

<table>
<thead>
<tr>
<th>Authorized Investment Type</th>
<th>Maximum Maturity</th>
<th>Maximum Percentage of Portfolio</th>
<th>Maximum Investment In One Issuer</th>
<th>Minimum Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury Notes, Bills and Bonds</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>U.S. Agency Securities</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Local Agency Obligations</td>
<td>5 years</td>
<td>10%</td>
<td>10%</td>
<td>None</td>
</tr>
<tr>
<td>Asset-Backed Securities</td>
<td>5 years</td>
<td>20%</td>
<td>$750 million</td>
<td>AA</td>
</tr>
<tr>
<td>Bankers' Acceptances</td>
<td>180 days</td>
<td>40%</td>
<td>$750 million</td>
<td>A-1/P-1/F1</td>
</tr>
<tr>
<td>Negotiable Certificate of Deposits</td>
<td>3 years</td>
<td>30%</td>
<td>$750 million</td>
<td>P-1/A</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>270 days</td>
<td>40%</td>
<td>$1.5 billion</td>
<td>A-1/P-1/F1</td>
</tr>
<tr>
<td>Corporate and Medium-Term Notes</td>
<td>3 years</td>
<td>30%</td>
<td>$750 million</td>
<td>A-1/P-1/F1</td>
</tr>
<tr>
<td>Local Agency Investment Fund</td>
<td>N/A</td>
<td>$65 million</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Money Market Mutual Funds</td>
<td>N/A</td>
<td>15%</td>
<td>10%</td>
<td>AAA</td>
</tr>
<tr>
<td>Repurchase Agreements</td>
<td>30 days</td>
<td>$1 billion</td>
<td>$500 million</td>
<td>None</td>
</tr>
<tr>
<td>Reverse Repurchase Agreements</td>
<td>92 days</td>
<td>$500 million</td>
<td>$250 million</td>
<td>None</td>
</tr>
<tr>
<td>Forwards, Futures, and Options</td>
<td>90 days</td>
<td>$100 million</td>
<td>$50 million</td>
<td>A</td>
</tr>
<tr>
<td>Interest Rate Swaps</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>A</td>
</tr>
<tr>
<td>Securities Lending Agreements</td>
<td>92 days</td>
<td>20%</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Supranationals</td>
<td>5 years</td>
<td>30%</td>
<td>None</td>
<td>AA</td>
</tr>
</tbody>
</table>

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County’s Investment Policy limits most investment maturities to less than five years, with the exception of U. S. Treasury Notes, Bills, and Bonds and U.S Agency Securities which may have maturities beyond five years. The County Treasurer manages the Pool and mitigates exposure to declines in fair value by generally investing in short-term investments with maturities of six months or less and by holding all investments to maturity.

Information about CPAs exposure to interest rate risk as a result of its equity in the cash and investment pool of the County is provided by disclosures in the notes to the basic financial statements of the County that shows the distribution of the County’s investments by maturity.
4. CASH AND INVESTMENTS (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Totals</th>
<th>12 Months Or Less</th>
<th>13 to 24 Months</th>
<th>More Than 24 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA County Treasury Pool</td>
<td>$2,701,780</td>
<td>$2,701,780</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

Disclosures Related to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the County’s investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type. The County investment policy establishes minimum acceptable credit ratings for investments from any two nationally recognized statistical rating organizations. These guidelines are summarized in the notes to the basic financial statements of the County.

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Totals</th>
<th>Minimum Legal Rating</th>
<th>Exempt From Disclosure</th>
<th>Rating as of Fiscal Year End</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA County Treasury Pool</td>
<td>$2,701,780</td>
<td>None</td>
<td>$</td>
<td>$2,701,780</td>
</tr>
</tbody>
</table>

Concentration of Credit Risk

There are no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. All investments of CPA are in an investment pool. Although CPA has no limitations on the amount that can be invested in any one issuer beyond those stipulated by the California Government Code, all investments are in the Los Angeles County Treasury Pool which is subject to the County investment policy limitations on the amount of pooled funds that may be invested in any one issuer.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. CPA does not have significant separate certificates of deposit or demand accounts with fiscal agents that are subject to disclosable custodial credit risk (as defined by GASB Statement No. 40).
4. CASH AND INVESTMENTS (Continued)

Custodial Credit Risk (Continued)

CPA does not have direct investments in securities subject to disclosable custodial credit risk (as defined by GASB Statement No. 40).

GASB Statement No. 3 exempts participating entities from classifying their pool investments in categories of credit risk; however, GASB Statement No. 40 requires disclosures of common deposit and investment risks related to credit risks, concentration of credit risk, interest rate risk, and foreign currency risk. Information on common deposit and investment risks for the entire County Treasury Pool is presented in Note 5 to the County of Los Angeles Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018.

5. ACCOUNTS RECEIVABLE

The majority of account collections occur within the first few months following customer invoicing. CPA records reserves for its estimated uncollectible accounts as a reduction to the related operating revenue in the Statements of Revenues, Expenses and Changes in Net Position. Charges to the reserve for uncollectible accounts for fiscal year 2017-18 were $0.

6. LOANS PAYABLE

In August 2017, CPA and the County of Los Angeles executed a Memorandum of Understanding (MOU) to provide a non-interest bearing loan to CPA in an amount not to exceed $10 million to be repaid June 30, 2018. In April 2018, the County’s Board of Supervisors approved an extension of the repayment term of the loan to June 30, 2019. In August 2018, the County’s Board of Supervisors approved a further extension of repayment of the loan to September 30, 2020. The purpose of the loan was to investigate the feasibility of implementing a community choice aggregation program as well as to provide for other working capital needs.

During the fiscal year 2017-18, CPA received $9,100,000 of cash loan proceeds and $735,608 noncash loan proceeds from the County of Los Angeles.

7. RISK MANAGEMENT

CPA is exposed to various insurable risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions; employment practices; and other risks. CPA purchases general liability and other insurance from various commercial carriers with policy terms continuing to May 2019.

8. COMMITMENTS

As of June 30, 2018, CPA had outstanding non-cancelable commitments of approximately $225 million for energy and capacity that has not yet been provided under purchase agreements that continue to December 2020.

CPA had outstanding non-cancelable commitments to professional service providers for services yet to be performed of $296,097 under agreements that continue to June 2019.
9. SUBSEQUENT EVENTS

On July 12, 2018 CPA’s Board adopted the Energy Risk Management Policy (ERMP). The ERMP establishes CPA’s Energy Risk Program and applies to all power procurement and related business activities that may impact the risk profile of CPA. The ERMP documents the framework by which CPA staff and consultants will identify and quantify risk, develop and execute procurement strategies, develop controls and oversight and monitor, and measure and report on the effectiveness of the ERMP. Risks covered by the ERMP include market price risk, credit risk, volumetric risk, operational risk, opt-out risk, legislative and regulatory risk, and other risks arising from operating as a Community Choice Aggregation and participating in California energy markets.

On August 7, 2018 CPA entered into a Revolving Credit Agreement with River City Bank. The Agreement includes a $20 million line of credit that can be used to support the issuance of letters of credit and to provide working capital.

In September 2018, new legislation was passed in the California legislature that expands direct access for commercial customers throughout the State. It is unknown what the impact of this will be on CPA or how much commercial load might be eligible under this direct access expansion.

On October 5, 2018, CPA elected to no longer participate in the Los Angeles County Investment Pool and withdrew its funds from the pool. The funds were transferred to River City Bank.

On October 11, 2018, the California Public Utilities Commission (CPUC) issued a decision revising the calculation methodology of the Power Charge Indifference Adjustment (PCIA) charge. The PCIA is an exit fee charged by investor-owned utilities, including SCE, to customers that switch to another provider of electricity generation service, including CPA. The fee is designed to cover above-market costs from contracts that the utilities entered into but no longer need and cannot sell in the market for the price they paid. In November 2018, SCE requested that the CPUC permit an increase in the PCIA to allow SCE to recoup costs incurred in 2018. This request is under review by the CPUC. CPA is monitoring the implementation of the CPUC’s October decision and SCE’s November request and the possible impact to its customers.
December 20, 2018

To the Board of Directors of the
Clean Power Alliance of Southern California

We have audited the basic financial statements of Clean Power Alliance of Southern California (CPA) as of and for the year ended June 30, 2018, and have issued our report thereon dated December 20, 2018. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

Our responsibility, as described by professional standards, is to form and express an opinion about whether the basic financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of CPA solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and our firm have complied with all relevant ethical requirements regarding independence.
Qualitative Aspects of the Entity’s Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by CPA is included in Note 2 to the basic financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2018. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments. There were no sensitive accounting estimates affecting the basic financial statements.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There were no sensitive disclosure affecting the basic financial statements.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no uncorrected financial statement misstatements.
In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no material, corrected financial statement misstatements.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to CPA’s basic financial statements or the auditor’s report. No such disagreements arose during the course of the audit.

**Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter dated December 20, 2018.

**Management’s Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with CPA, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as CPA’s auditors.

This report is intended solely for the information and use of the Board of Directors, management and others within CPA and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

BCA Watson Rice, LLP
Staff Report – Agenda Item 11

To: Clean Power Alliance (CPA) Board of Directors
From: Nancy Whang, General Counsel
Approved By: Ted Bardacke, Executive Director
Subject: Approve Clean Power Alliance Bylaws and Advance Notice of Intent to Request Approval of Amendment Number 3 to the Clean Power Alliance of Southern California (CPA) Joint Powers Agreement and to Adopt the CPA Bylaws
Date: February 7, 2019

RECOMMENDATIONS
1. Approve the Clean Power Alliance Bylaws.
2. Direct the Executive Director to bring before the Board Amendment Number 3 of the Joint Powers Agreement (JPA) and a Resolution to Adopt the CPA Bylaws at a Regular Meeting on or after March 7, 2019.

BACKGROUND
The Clean Power Alliance’s Joint Powers Agreement (JPA), Section 3.1.12 authorizes the Board of Directors to develop Operating Policies and Procedures, including but not limited to Bylaws, to implement the affairs of CPA. Bylaws are intended to provide a more detailed structure and process concerning governance, internal organization, procedures for the Board, Executive Committee, and standing committees, and guidance for other aspects of CPA’s operations.

The Executive Committee reviewed and provided feedback on the proposed Bylaws at the duly-noticed Executive Committee meetings held on November 8, 2018, December 5, 2018, and January 16, 2019. CPA staff also reviewed the Bylaws from various
Community Choice Aggregators (CCAs), JPAs, and other regional government agencies, to gather best practices and applicable policies.

**SUMMARY OF BYLAWS PROVISIONS**

The Bylaws generally include provisions relating to eligibility, election or appointment, terms/term limits and removal of Board Directors, Officers, and Committee Chairs; a process to address vacancies; and, further refinement/definition of Standing Committee, General Counsel, and Treasurer roles and responsibilities.

A summary of specific categories covered in the Bylaws is provided below:

1. **Purpose and Definitions**: Establishes the function of these Bylaws and the relationship between Bylaws and JPA, while confirming that the JPA will govern in the event of conflict with Bylaws.
2. **Board of Directors**: Defines the Board of Directors and specifies the process for removal for cause (as required under the JPA, § 4.2.2.).
3. **Internal Organization**: Defines election process, and terms and term limits of Board Officers and specifies the role of the CPA Treasurer and General Counsel. The change in terms and term limits will require an amendment to the JPA.
4. **Committees**: Defines the composition and governance of the Executive Committee and defines the following committees as Standing Committees: (a) Finance, (b) Energy Planning & Resources, and, (c) Legislative & Regulatory. The Bylaws further explain certain processes for the Community Advisory Committee (CAC) and authorizes the CAC to establish Bylaws. In addition, the Bylaws specify the Board’s authority to establish Ad Hoc committees. Specifies appointment process and terms for Board Chairs.
5. **Meetings**: Specifies the regular meeting schedule for the CPA Board, and establishes meeting schedules for the appointment of Committee Chairs and election of At-Large Executive Committee members, which will occur every 2 years. Also provides additional guidance and procedures for Closed Session
meetings. This section will supersede the existing Closed Session Communication Policy.

6. **Voting:** Confirms voting process as established in the JPA and authorizes the voting rights for any votes required under the Bylaws. The election process authorized in the Bylaws will need to be reflected in Section 4.10 of the JPA.

7. **Vacancies:** Defines vacancy and prescribes processes to address vacancies for Board Directors, Officers, At-Large Executive Committee members, and Committee Chairs.

The proposed Bylaws would have the practical effect of keeping the CPA’s current Board Officers, Standing Committee Chairs and At-Large Members in their positions until early 2020. However, should the Bylaws be approved, the Board will conduct an election at its next regularly scheduled Board meeting for two new At-Large members of the Executive Committee, one representing Ventura County (newly created position per the Bylaws, see Article VI, Section 1), and one representing Los Angeles County to replace a current vacancy.

**ADVANCED NOTICE OF INTENT TO FOR JPA AMENDMENT NO. 3**

Pursuant to Section 4.11.1, subdivision (d), of the JPA, CPA must provide 30 days advance notice of the intent to amend the JPA or adopt the Bylaws. In conjunction with the Board’s approval of the CPA Bylaws, staff is seeking direction to provide 30 days advance notice to bring JPA Amendment Number 3 and a resolution for adoption of the Bylaws to the Board at a Regular Meeting on or after March 7, 2019.

Attachment: 1) CPA Bylaws
BYLAWS FOR
CLEAN POWER ALLIANCE
OF SOUTHERN CALIFORNIA

PREAMBLE

The Clean Power Alliance of Southern California1 (the “Alliance”) was established on June 27, 2017 pursuant to the execution of the Joint Powers Agreement (“JPA”). The members of the Alliance are referred to individually as “Party” or “Local Agency” or collectively, as “Parties” or “Local Agencies” in these Bylaws. The JPA and any Amendments to the JPA shall collectively be referred to as the “Agreement.”

ARTICLE I
PURPOSE AND DEFINITIONS

Section 1. Purpose of Bylaws. The Agreement authorizes the Board of Directors to develop Operating Policies and Procedures, including but not limited to Bylaws, to implement the affairs of the Alliance. By approving these Bylaws, the Board intends to provide additional definition concerning governance, internal organization, Board committees, and other matters addressed in these Bylaws.

Section 2. Definitions. Unless specifically defined in these Bylaws, all defined terms shall have the same meaning ascribed to them in the Agreement.

Section 3. Precedence. If any provision of these Bylaws conflicts with any provision of the Agreement, the Agreement shall prevail, and these Bylaws shall be amended to eliminate such conflict.

ARTICLE II
BOARD OF DIRECTORS

Section 1. Board of Directors. The Alliance shall be governed by a Board of Directors composed of one representative of each of the Parties (“Board”).

Section 2. Appointment of Directors by Party. Consistent with Section 4.2 of the Agreement, the governing body of each Party shall appoint and designate in writing to the Alliance one regular Director (“Regular Director”) and up to two alternate Directors (“Alternate Director”) who may vote on matters when the Regular Director is absent for a Board meeting.

Section 3. Resignation. In addition to meeting a Party’s requirements concerning resignation, a Director may resign at any time by giving written notice to the Chair and the Board Secretary.

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1 The Alliance was originally established and known as The Los Angeles Community Choice Energy Authority (“LACCE”). LACCE’s name was changed in Amendment No. 2 to the original JPA on April 5, 2018.
Any resignation is effective upon receipt of the written notice or at a time designated in the written notice. A vacancy shall be filled as specified in Article IX.

Section 4. Removal for Cause.

a. Grounds for Removal. A Director may be removed for cause. Cause shall be defined for the purposes of this section as follows:

i. Unexcused absences by a Regular Director from three (3) consecutive Board meetings except an “unexcused absence” shall not be applied against a Regular Director if any one of the Alternate Directors from a Party attends a Board meeting in place of that Regular Director. An unexcused absence shall not include an absence due to vacation, illness or medical appointment, family emergency, jury duty, religious observance, or some other unavoidable conflict, if the Regular Director notifies the Alliance of the conflict in writing;

ii. Unauthorized disclosure of confidential information or documents from a closed session or the unauthorized disclosure of information or documents provided to the Director on a confidential basis and whose public disclosure may be harmful to the interests of the Alliance;

iii. Willful violation of any of the Alliance’s Operating Policies and Procedures;

iv. Has been found by a final order or judgment of any court to be of unsound mind;

v. Has been convicted of a felony; or,

vi. Fails or ceases to meet any required qualification that was in effect at the beginning of that Director’s current term of office.


i. If a Director is considered to have met any of the Grounds for Removal specified in Article II, Section 4.a., above, the matter shall be referred to the Executive Committee for investigation and consideration of removal of such Director.

ii. Prior to considering the removal, the Executive Committee shall provide written notice to the Director proposed for removal and the governing body that appointed such Director at least thirty (30) days prior to the meeting at which the proposed removal will be considered by the Executive Committee. The notice shall state the grounds for removal, a brief summary of the supporting facts, and the date of the scheduled hearing on the removal (“Removal Notice”). The Director proposed for removal shall be given an opportunity to be heard and to submit any supporting oral or written evidence at the meeting. Upon consideration of the evidence presented, the Executive Committee shall issue a written recommendation to the Board concerning the removal of such Director within ten (10) business days after the removal matter is heard by the Executive Committee, unless the Chair determines that additional time is needed. A copy of the recommendation shall be sent to the Director proposed for

Agenda Page 150
removal and the governing body that appointed such Director within three (3) business days of the issuance of the written recommendation.

iii. If the Executive Committee recommends a Director’s removal, this recommendation shall be considered by the full Board at the next Regular Meeting following the issuance of the Executive Committee’s written recommendation. A copy of the Removal Notice and any evidence presented to the Executive Committee shall be provided to the Board. A Director shall not be removed for cause from the Board unless two-thirds of all present Directors (excluding the Director subject to removal) vote in favor of the removal.

**ARTICLE III**

**INTERNAL ORGANIZATION**

Section 1. Election of Board Officers. The Board shall elect from among themselves one Chair and two Vice-Chairs (“Board Officers”). One of the Vice-Chairs shall be a Director representing a Party located in the County of Los Angeles, and the other Vice-Chair shall be a Director representing a Party located in the County of Ventura. Vice-Chairs shall be elected by a vote of the Regular Directors of Parties located in their respective Counties. The candidate who receives the greatest number of votes from voting Regular Directors shall be elected. In the event of a tie, a roll call vote shall be held until a winner is selected.

Commencing in 2020, the current Chair shall announce the nomination period for Board Officer elections at a Regular Meeting. The election shall occur at the next Regular Meeting following the Chair’s announcement.

Section 2: Eligibility Requirements for Board Officers. The following minimum eligibility requirements must be met in order for a Regular Director to be elected Chair or Vice-Chair of the Board.

a. The potential candidate must be a Regular Director;

b. The potential candidate must have attended at least 50% of the Alliance’s Regular Meetings in the prior 12 months; and,

c. The potential candidate must affirm that his/her elected term as a member of the governing body of a Party will not prevent the potential candidate from serving a full term as a Board Officer.

Section 3. Extension of Term of Office. If, for any reason, the election of a new Board Officer is not made, the then current officer shall continue to serve in his/her position until an election is held at a meeting of the Board.

Section 4. Term of Board Officers. Board Officers shall serve a two-year term commencing on the first day of the Fiscal Year (as defined in Section 7.1 of the Agreement) and ending on the last day of the following Fiscal Year two years later except that the term of office for current Board
Officers shall end on March 31, 2020. Commencing in 2020, a Regular Director shall not serve in the same Board Officer position for more than two consecutive full two-year terms.

Section 5. Removal of Board Officers. The Board may remove any of the Board Officers, with or without cause, by a two-thirds vote of the present Directors of the Board at a Regular Meeting of the Board. If removal is being considered, three or more Directors must provide written notice of the proposed removal to the affected Director and to the Executive Director. Thirty (30) days after the receipt of the notice, the Executive Director shall place the removal vote on the agenda at the next Regular Meeting of the Board.

Section 6. Appointment of Treasurer. The Chief Financial Officer (“CFO”) of the Alliance shall act as the Treasurer of the Alliance. In the event of a vacancy, the Board Chair shall appoint a qualified person to act as the interim Treasurer within ninety (90) days of the date the position becomes vacant and the interim Treasurer shall remain in that role until a new CFO is named. The Treasurer shall:

a. Possess the powers of, and shall perform any functions required by applicable law, including those duties described in the Government Code Section 6505.5 and the Agreement, and which may be prescribed by the Board or these Bylaws.

b. Prepare, maintain, and update as needed reserve and investment policies governing the Alliance’s building of reserves and management of investments respectively.

c. Prepare any other reports or policies that the Board or the Finance Committee requires.

Section 7. General Counsel. The General Counsel shall be the attorney for the Board and the Alliance and shall represent the Board and the Alliance in all actions, hearings, and proceedings for or against the Alliance, or when the Alliance may be legally interested. The General Counsel shall also be the legal advisor to the Board and by extension, to the Alliance’s officers and employees in their official capacity. When requested, the General Counsel shall give written legal advice or opinions to the Board or to any Alliance officer or employee.

The General Counsel may delegate her/his authority by designating other attorney(s) on a limited or temporary basis to assist in the performance of her/his duties.

ARTICLE IV
BOARD MEETINGS

Section 1. Regular Meetings. The regular meetings of the Board (“Regular Meeting”) shall be held on the first Thursday of each month at 2 PM, unless the Chair and the Executive Director agree that a Regular Meeting should be held on another day and time.

Section 3. Closed Session.

a. Confidentiality. All information presented to the Board in closed session shall be confidential. No person attending a closed session may disclose any matter discussed in the session except as provided below.
b. Discussions with Local Agency Governing Bodies and Local Agency Legal Counsel. A Director may disclose information obtained in a closed session that has direct financial or liability implications for the Director’s Local Agency, to the following individuals: i) Legal counsel of the Director’s governing body for purposes of obtaining advice on whether the matter has direct financial or liability implications for that Local Agency; and ii) Other members of the governing body of the Local Agency present in a closed session of that Local Agency.

Prior to disclosing any information obtained in a closed session to legal counsel of the Director’s Local Agency or other members of the legislative body of the Director’s Local Agency, the Director shall notify the General Counsel of the intention to discuss the matter with their Local Agency’s legal counsel or other members of the legislative body. This notification shall provide the General Counsel with an opportunity to discuss with the Local Agency’s legal counsel whether the matter has direct financial or liability implications for the Director’s Local Agency.

c. Procedure.

i. The General Counsel and Executive Director shall designate staff members and others who shall remain in the closed session to assist the Board in its deliberations.

ii. Any Director who has not attended a closed session and wishes to be advised of the content of the session may inquire of any Director who attended the closed session. The person contacted may advise the inquiring Director of the content of the session. The advised Director shall not disclose the matter for which the session was held.

iii. The General Counsel shall be consulted before an item is placed on the Closed Session agenda.

d. Alternate Directors Participation. Any designated Alternate Director of the legislative body of a Local Agency who is also a member of the legislative body of a Local Agency and who is attending a properly noticed meeting of the Alliance in lieu of a Local Agency Regular Director may participate in a closed session meeting of the Alliance.

ARTICLE V

RULES GOVERNING COMMITTEES

Section 1. Establishment of Committees. Section 5.9 of the Agreement establishes the Executive Committee, the Finance Committee, and the Community Advisory Committee, and authorizes the Board to establish additional policy committees. The Finance Committee and the policy committees identified in Article VII shall collectively be referred to as “Standing Committees.” The duties and authority of all Committees shall be subject to the approval and direction of the Board.

Section 2. Committee Voting. Action by a Committee on matters shall require an affirmative vote of a majority of the Director members who are present at the meeting unless otherwise specified in these Bylaws.
Section 3. Ad Hoc Committees. The Board may create Ad Hoc Committees from time to time, to undertake special assignments on behalf of the Board. An Ad Hoc committee shall exist for a specified term or until its special assignments are completed, whichever comes first, but its existence may be extended for an added term or added assignments by action of the Board. The Board Chair shall appoint the Chair of any Ad Hoc Committee. Any Ad Hoc Committee membership shall be governed by Article VII, Section 2.

Section 4. Eligibility Requirements. The following minimum eligibility requirements must be met in order for a Director to be elected to as an At-Large member of the Executive Committee or appointed as a Standing Committee Chair.

a. The potential candidate must be a Regular Director;

b. The potential candidate must have attended at least 50% of the Alliance’s Regular Meetings in the prior 12 months; and,

c. The potential candidate must affirm that his/her elected term as a member of the governing body of a Party will not prevent the potential candidate from serving a full term as an Executive committee member or a Standing Committee Chair.

Section 5. Removal of a Committee Member. Except as otherwise provided in Article III, Section 5, the Board may remove any Committee member from office, including any At-Large member of the Executive Committee or a Standing Committee Chair, with or without cause, by a two-thirds vote of the present Directors of the Board at a Regular Meeting of the Board.

Section 6. Open Meeting Requirements. The meetings of the committees established by the Board shall be governed by the provisions of the Ralph M. Brown Act (Government Code Section 54950 et seq.).

ARTICLE VI

EXECUTIVE COMMITTEE

Section 1. Executive Committee. The duties of the Executive Committee shall be to review and provide advice to the Executive Director and the entire Board on policy, operation, and organizational matters, and perform such other responsibilities, tasks, or activities as delegated to it by the Board.

The Executive Committee shall consist of the following ten (10) Regular Directors:

a. The Chair of the Board, who shall serve as Chair of the Executive Committee;

b. The two Vice-Chairs of the Board, who shall serve as the Vice-Chairs of the Executive Committee;

c. The Chair from each of the Standing Committees;

d. The immediate past Chair of the Board;
e. Two (2) At-Large Directors, each of which represent a Party located in the County of Los Angeles; and,

f. One (1) At-Large Director, who represents a Party located in the County of Ventura.

Section 2. Election of At-Large Executive Committee Members. The Regular Directors of Parties located in the County of Los Angeles shall elect from among themselves two At-Large members subsequent to the election of the Board Officers. The Regular Directors of Parties located in the County of Ventura shall elect from among themselves one At-Large member subsequent to the election of the Board Officers. The candidate who receives the greatest number of votes among voting Regular Directors, or in the event that two positions are being filled, the top two candidates with the greatest number of votes among voting Regular Directors shall be elected. In the event of a tie, a roll call vote shall be held until a winner is selected.

The Chair shall announce the nomination period for the At-Large members at a Regular Meeting. The election shall occur at the next Regular Meeting following the Chair’s announcement.

Section 3. Term of At-Large Executive Committee Members and Immediate Past Chair. The At-Large Executive Committee members and when applicable, the immediate past Chair shall serve a two-year term, concurrent with the term of the Board Officers.

Section 4. Extension of Term of Executive Committee Members. If, for any reason, the election of new At-Large Directors is not made, the then current Directors shall continue to serve in his/her position until an election is held at a Regular Meeting of the Board.

Section 5. Alternate Directors in Executive Committee. Except as otherwise provided in Section 5.1 of the Agreement or Article IV, Section 3 of the Bylaws, in the event a Regular Director member of the Executive Committee is unavailable to attend a duly-noticed meeting of the Executive Committee, an Alternate Director representing the same Party may attend the Executive Committee meeting in place of that Regular Director provided that an Alternate Director shall not vote on any matter requiring Executive Committee action.

Section 6. Tie-Break in Executive Committee Vote. In the event of a tie vote of the Executive Committee, the matter shall be referred to the Board for a percentage vote in accordance with Section 4.10.1 of the Agreement.

ARTICLE VII

STANDING COMMITTEES

Section 1. Appointment and Term of Standing Committee Chairs. Commencing in 2020, the Board Chair shall appoint the Chairs of each Standing Committee after the Board Chair is elected. The Chairs of each Standing Committee shall be appointed to a two-year term concurrent with the term of the Board Officers. If, for any reason, the appointment of new Committee Chairs is not made, the then-current Committee Chair shall continue to serve in his/her position until an appointment is made by the Chair at a meeting of the Board.
Section 2. Standing Committee Membership. Any Director or Alternate Director who wishes to join a Standing Committee may become a member of that Committee. A Director or Alternate Director who wishes to join a Committee shall notify the Board Chair and the Board Secretary in writing of their intention to join. In no event shall the number of Directors in any one Standing Committee constitute a quorum of the Board and in no event shall a Party be represented on any one Standing Committee by more than one Director member.

Section 3. Alternate Directors in Standing Committees. Except as otherwise provided in Article IV, Section 3 of the Bylaws, in the event a Director member of a Standing Committee is unavailable to attend a duly-noticed meeting of that Committee, an alternate Director representing the same Party as the absent Director may attend and if applicable, vote in the Committee meeting in place of the absent Director.

Section 4. Finance Committee. The Standing Finance Committee’s duties shall include but not be limited to reviewing and recommending to the Executive Director and the Board:

a. Fiscal year budgets;

b. Financial policies and procedures including a reserve and investment policy; and,

c. Other measures ensuring the sound financial management of the Alliance or as similarly directed by the Board.

The Finance Committee shall select an Independent Auditor who shall perform a financial audit of accounts of the Alliance on an annual basis. The Independent Auditor shall be accredited in the State of California and provide independent, accurate, and timely assessments of the Alliance’s financial activities in compliance with generally accepted government auditing standards.

The Finance Committee shall recommend to the Board an Internal Auditor. The Internal Auditor may assess compliance with the Alliance’s financial policies and procedures; review the Alliance’s internal processes or the adequacy of financial controls; make recommendations for improvement; and any similar duties as the Board may direct.

Section 5. Energy Planning & Resources Committee (“Energy Committee”). There shall be a Standing Energy Committee whose duties shall be to review and provide advice to the Executive Director, the Executive Committee, and the Board on policy, operation and organizational matters related to the Alliance’s procurement and development of electric power supplies; the identification and quantification of risk within the energy market; promotion of renewable energy projects and programs; and any similar duties as the Board may direct.

Section 6. Legislative and Regulatory Committee. There shall be a Standing Legislative and Regulatory Committee whose duties shall be to review and provide advice to the Executive Director and the Board on policy, operation and organizational matters related to the Alliance’s legislative and regulatory principles, priorities, and strategies; to promote the Alliance’s interests by protecting local control and autonomy; to ensure fair treatment of the Alliance’s customers by regulatory bodies; and any similar duties as the Board may direct.
ARTICLE VIII

COMMUNITY ADVISORY COMMITTEE (“CAC”)

Section 1. Purpose. Pursuant to Section 5.9.1(c) of the Agreement, the CAC shall be an advisory committee formed to advise the Board on community outreach and engagement issues; to outreach to key stakeholder communities; and to undertake any assignments as directed by the Board. The CAC is not a Standing Committee.

Section 2. CAC Member Selection Process. On an ongoing basis, the Alliance’s staff shall accept and solicit applications from customers that reside or work within the Alliance’s territory to become a member of the CAC. Commencing in 2020, a list of all CAC member applicants by geography, skills and association, along with copies of all completed applications, shall be provided to the Board and the Board shall select CAC members from this list of CAC applicants.

Section 3. CAC Membership. The CAC shall be comprised of a total of 15 members representing customers or key stakeholders residing or working in the seven (7) geographical regions, as follows:

a. Three (3) members from the East Ventura/West Los Angeles County Region.
b. Two (2) members from the West/Unincorporated Ventura County.
c. Two (2) members from the Westside region in Los Angeles County.
d. Two (2) member from the South Bay region in Los Angeles County.
e. Two (2) member from the Gateway Cities region in Los Angeles County.
f. Two (2) member from the San Gabriel Valley region in Los Angeles County.
g. Two (2) member from the Unincorporated Los Angeles County.

Section 4. CAC Officers. The CAC shall appoint from among themselves by majority vote one Chair and two Vice-Chairs. At least one of the Vice Chairs shall be a member residing in the jurisdiction of a Party located in the County of Ventura. The CAC may establish Bylaws of the CAC (“CAC Bylaws”) governing the operation of the CAC. Any CAC Bylaws shall be drafted by the seated CAC members. Prior to becoming effective, any CAC Bylaws, including any amendments thereto, must be approved by a majority of the seated CAC members who are present at a meeting. The CAC Chair, or designee, shall be the liaison between the Board and the CAC and to the extent requested by each Board subject to the limits of the Agreement and applicable law.

Section 5. CAC Term. The initial term of service for current CAC members shall expire at the Board Meeting in April 2020. Thereafter, the term of service of each CAC member will be two years commencing at the Board Meeting in May and expiring in April two years later. There shall be no limit to the number of terms a CAC member may serve.
Section 6. CAC Quorum and Voting. Fifty percent (50%) of the seated CAC members shall constitute a quorum for the transaction of business. Action of the CAC on all matters shall require an affirmative vote of a majority of all members who are present at the subject meeting.

Section 7. CAC Member Removal. A CAC member may be removed by a majority vote of the Board, with or without cause.

Section 8. CAC Vacancies.

a. Whenever a vacancy occurs among the CAC Officers during that officer’s term of office, the CAC shall hold an election to fill such vacancy within 90 days of the date of the vacancy if there are 90 days or more in the term at the time the vacancy occurs.

b. Whenever a vacancy occurs for a CAC member during that member’s term of office, the Board shall fill such vacancy.

Section 9. Reimbursements. CAC members may seek reimbursement of expenses incurred to attend a duly-notice CAC meeting or a Board authorized meeting in compliance with “CPA Reimbursements for Board of Directors” policy, Policy No. CPA2018-05.

ARTICLE IX
DIRECTOR VACANCIES

Section 1. Vacancy Definition. A vacancy shall exist in the case of death; resignation; expiration of term; termination or withdrawal of membership from the Alliance; removal of a Director by the governing body of a Party that designated and appointed the member Director; removal of a Director by the Board; or when a Director, who is an elected member of a Party, ceases to be an elected member, including term limits.

Section 2. Vacancy of a Director. Whenever a vacancy occurs for a Regular Director or Alternate Director representing a Party, the affected Party shall comply with Section 4.3 of the Agreement and the appointment and designation shall occur in a manner consistent with each Party’s rules, regulations, bylaws, policies, or procedures. In addition, the affected Party shall notify the Executive Director in writing no later than five (5) business days after a replacement Director is appointed or elected by the governing body.

Section 3. Vacancy of a Regular Director serving as a Board Officer. Whenever a vacancy occurs of a Regular Director serving as a Board Officer during that officer’s term of office, the Board shall hold an election to fill such vacancy within 90 days of the date of the vacancy if there are 90 days or more in the term at the time the vacancy occurs. The election of a Board Officer shall be consistent with Article III, Section 1.

Section 4. Vacancy of At-Large Executive Committee Member. Whenever a vacancy occurs for an At-Large Executive Committee member, during that member’s term of office, the Board shall hold an election to fill such vacancy within 90 days of the date of the vacancy if there are 90 days or more in the term at the time the vacancy occurs. The election of an At-Large Executive
Committee Member shall be consistent with Article VI, Sections 1.e and f., and Article VI, Section 2.

**Section 5. Vacancy of Standing Committee Chairs.** Whenever a vacancy occurs for a Standing Committee Chair, during that Standing Committee Chair’s term of office, the Board Chair shall fill such vacancy within 90 days of the date of the vacancy if there are 90 days or more in the term at the time the vacancy occurs.

**Section 6. Remaining Term.** Any Director appointed or elected to fill a vacancy before the expiration of the term for which her or his predecessor was appointed shall serve for the remainder of such term.

**ARTICLE X**

**VOTING**

Voting on Alliance matters shall be held in accordance with the requirements of Sections 4.10 and 4.11 of the Agreement and these Bylaws.
To: Clean Power Alliance (CPA) Board of Directors

From: Jennifer Ward, Head of Local Government Affairs

Approved By: Ted Bardacke, Executive Director

Subject: Appoint One Member to the Community Advisory Committee for 2019-2020 Representing Unincorporated Los Angeles County

Date: February 7, 2019

RECOMMENDATION
Appoint one member to the Community Advisory Committee (CAC) for 2019-2020 to represent unincorporated Los Angeles County, and direct staff to continue seeking additional applications for a second unincorporated LA County appointment.

SUMMARY
On June 7, 2018, the Board of Directors approved a structure for the CAC. CPA staff and the Board’s CAC Ad Hoc Committee have been working since then to collect and review applications for CPA’s inaugural CAC, which will provide input to the CPA Board of Directors on various policy and planning issues as well as be a voice for CPA in their respective communities. Staff worked with member jurisdictions and stakeholders to solicit interest in the CAC through an outreach campaign, which produced a candidate pool for six of the seven geographic regions for the CAC.

On November 15, the Board of Directors moved forward with the appointment process for 13 qualified candidates in the six regions, with the understanding that CPA would seek to fill the remaining two vacancies representing Unincorporated Los Angeles County by the end of January 2019.

Staff worked in collaboration with the County Executive Office and Supervisorial Offices through various communication channels to collect applications from a variety of
candidates. To date, staff received five eligible applicants for the unincorporated LA County CAC positions, however all five applicants were from the Fifth District. As such, in consultation with the Executive Office and Fifth District Supervisor’s Office, staff is recommending the Board appoint one member to the CAC at this time. Staff will continue working across LA County to encourage qualified candidates to apply from other areas.

**RECOMMENDED CAC CANDIDATE**

The following Unincorporated Los Angeles County CAC applicant is being recommended by CPA staff for the Board’s consideration. CAC members are appointed for a two-year term. This recommendation is based on a review of five applications and consultation with the Fifth District Supervisory Office, as well as the County’s Chief Sustainability Officer and CPA Board Alternate, Gary Gero. An application summary for the recommended candidate is provided as an attachment to this staff report.

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<tr>
<th>UNINCORPORATED LA COUNTY</th>
<th>2 positions available. 5 applicants.</th>
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<td>Recommended appointment:</td>
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<td>• Neil Frommer</td>
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<th>APPOINTED CAC MEMBERS</th>
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<td><strong>East Ventura/West LA County</strong></td>
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<tr>
<td>Appointed members:</td>
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<td>• Angus Simmons</td>
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<td>• Laura Brown</td>
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<td>• Rocio Gonzalez</td>
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| **San Gabriel Valley** | (Alhambra, Arcadia, Claremont, Sierra Madre, South Pasadena, Temple City) |
| Appointed members: |                                    |
| • Richard Tom        |                                    |
| • Robert Parkhurst   |                                    |

| **West/Unincorporated Ventura County** | (Ojai, Oxnard, Ventura, Unincorporated Ventura County) |
| Appointed members: |                                    |
| • Lucas Zucker       |                                    |
| • Steven Nash        |                                    |

| **South Bay** | (Carson, Hawthorne, Manhattan Beach, Redondo Beach, Rolling Hills Estates) |
| Appointed members: |                                    |
| • Qiuana Williams  |                                    |
| • William Larson   |                                    |

| **Gateway Cities** | (Downey, Hawaiian Gardens, Paramount, Whittier) |
| Appointed members: |                                    |
| • Jaime Abrego     |                                    |
| • Jordan Salcido   |                                    |

| **Westside** | (Beverly Hills, Culver City, Malibu, Santa Monica, West Hollywood) |
| Appointed members: |                                    |
| • Cris Gutierrez  |                                    |
| • David Haake     |                                    |
CAC ACTIVITIES FOR 2019

After the appointment of the first 13 CAC members, staff held orientation meetings and briefed incoming CAC members on CPA’s various activities and operations. CPA staff also began discussing goals and potential areas for CAC involvement in 2019 and beyond. The CAC intends to hold its first meeting on February 14, 2019, and to establish a formal meeting schedule at that time. Some of the topics to be discussed during the first meetings of the CAC include:

- **Initial Priorities** – Proposed priorities and potential projects for the CAC to establish and review upon its formation. These priorities can include but are not limited to: (i) providing input on the local programs strategic plan process, (ii) establishing the TerraGen/CPA STEM Scholarship program parameters, (iii) establishing roles and procedures for the Committee, and (iv) identifying stakeholders and outreach opportunities for CAC members. Staff will also work with the CAC to develop a process for communicating and information sharing between the CAC and the Board.

- **Workplan** – Staff will work with CAC members to draft an initial CAC workplan utilizing the framework approved by the Board in June 2018, as a starting point. It is anticipated this workplan will specify short-term and longer-term goals and priorities along with guidelines for the CAC’s operations and activities.

Attachment: 1) CAC Unincorporated LA County Applicant Summary
Community Advisory Committee Applicant Summary

Candidate: Neil Fromer  
Subregion: Unincorporated LA County  
Eligible Candidate: Yes

Section 1: Personal Contact Information
A. Home Address: Altadena, CA
B. Occupation: Research Administrator, Executive Director, Resnick Sustainability Institute, Caltech

Section 2: Qualifications
A. Experience serving on advisory committees / public commission / similar bodies:
   • Served as an advisor to the More Than Smart program which worked with the CPUC and the major IOUs to develop a more rigorous scientific analysis of their capability to integrate renewables and distributed resources on the grid.
B. Experience with outreach or community leadership:
   • As an advisor to the UCLA AEC project funded by the CEC, I worked with community outreach groups to understand the energy usage and needs of the local communities.
C. Experience or expertise in energy field:
   • I have extensive experience with research to support penetration of DER, through my work at Caltech. We are researching technology to better control and manage a distributed grid, with solar, storage, EVs and other smart devices all participating to improve the sustainability, reliability and efficiency of the distribution sector. This work has been done in conjunction with the CPUC, SCE, PGE, and SDGE, as well as with CAISO.
   • My work touches on technology and market design. I co-authored our institute’s first report on this subject in 2012 (Grid 2020: towards a policy of renewable and distributed energy resources (http://resnick.caltech.edu/docs/R_Grid.pdf), and currently working with the US Dept. of Energy on a 2035 update.
   • I also have 15 years of development of solar and energy efficiency technologies, at research institutions and with commercial entities. Other skills / knowledge / experience to bring to Committee:
D. Other skills / knowledge / experience to bring to Committee:
   • I am an engineer with a problem-solving mentality and a desire to bring affordable clean energy to as many people as possible in an effort to fight climate change. I am a collaborative team-player and I look to make connections and leverage my network to help make change happen.

Section 3: Additional Information
A. Why you are interested / what you hope to achieve:
   • believe that clean power is essential for our energy future, and that too often the underserved communities suffer from being unable to access the most effective technologies. All affiliations / councils / committees currently a member of:
     • WAEC (Whittier Area Environmental Coalition)
     • Cleaner Greener Whittier (my own group I’ve formed).
B. All affiliations / councils / committees currently a member of:
   • Board member: Seed Consulting Inc.
   • Board member: Brimstone Energy
   • Advisory board member: SkyVen Solar Technologies
   • Board member: the FLOW Rocket Fund cleantech accelerator program
   • Steering committee member: LA2028 Olympics sustainability and legacy team
   • Advisor: Cyclotron Road Technology Incubator
   • Advisor: UCLA Advanced Energy Community Project
   • Scientific advisor: More Than Smart (part of the CPUC's DRP planning process)
   • Advisory board member: LA2050 initiative
Community Advisory Committee Applicant Summary

- Member: Underwriter’s Laboratory 8703 Standards Technical Panel

C. List other languages / ability to support non-English speaking communities:

D. Anything else you would like CPA to know:

- As stated above, I have been following the development of CCAs for a number of years and have been excited about the arrival of the LA area CCA. I am well connected to CCA programs around the state and would love to be able to coordinate the efforts of these agencies for maximum impact.

Section 4: Commitment

- Ability to make commitment:

  - I am happy to be able to commit to attending all meetings possible. I live and work in the San Gabriel Valley, and although I travel occasionally for work, I should be able to attend most meetings in person. I am happy to participate via videoconference on the rare occasions that in person meetings are impossible. Signed to certify electric holder in CPA service territory and meet eligibility requirements? Yes.

- Signed to certify electric holder in CPA service territory and meet eligibility requirements? Yes.
To: Clean Power Alliance (CPA) Board of Directors

From: David McNeil, Chief Financial Officer

Approved By: Ted Bardacke, Executive Director

Subject: Reserve Policy

Date: February 7, 2019

RECOMMENDATION
Discuss and provide input.

SUMMARY
Staff presents a Draft Financial Reserve Policy (attached) to the Board of Directors to solicit its review and input. Staff plans to present the Proposed Reserve Policy to the Board for approval at its March 2019 meeting.

At CPA’s Board retreat in June 2018, Board members discussed a future Reserve Policy and received research regarding how other CCAs designed their reserve policies. This Draft Reserve Policy incorporates an assessment of CPA’s financial needs, expectations of stakeholders and energy market participants, best practices incorporated in reserve policies of other CCAs, as well as input from the Board at the June 2018 retreat and the Finance Committee at its January 2019 meeting.

Adequate reserves will enable CPA to satisfy working capital requirements, procure energy at competitive rates, adhere to contractual financial covenants, obtain and
maintain an investment grade credit rating, cover unanticipated expenditures, and support rate stability.

If approved, the Draft Reserve Policy would have an indirect fiscal impact by providing a policy framework for adding to and maintaining reserves as part of CPA’s annual budget and rate setting processes. Under the proposed policy, annual reserve contribution targets would be determined in conjunction with annual budget and rate setting processes.

The reserve calculation methodology appears in Table A below for information and illustrative purposes and is intended to be read in conjunction with the Draft Reserve Policy.

<table>
<thead>
<tr>
<th>Table A</th>
<th>FY 2017/18</th>
<th>FY 2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reserve Projections</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A Reserve target minimum (% of G)</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>B Reserve target maximum (% of G)</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>C=AxG Reserve target minimum ($)</td>
<td>74,768,000</td>
<td>259,931,000</td>
</tr>
<tr>
<td>D=BxG Reserve target maximum ($)</td>
<td>124,614,000</td>
<td>433,218,000</td>
</tr>
<tr>
<td>E Actual &amp; Estimated Reserves ($)</td>
<td>(2,677,000)</td>
<td>30,323,000</td>
</tr>
<tr>
<td>F=E/G Reserve %</td>
<td>N/A</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

**Annual Expenses**

<table>
<thead>
<tr>
<th>FY 2018/19</th>
<th>FY 2019/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated annual operating expenses and cost of energy for the upcoming fiscal year</td>
<td>249,228,000</td>
</tr>
</tbody>
</table>

Attachment: 1) Draft Reserve Policy
Reserve Policy

1. PURPOSE

Adequate reserves will enable CPA to satisfy working capital requirements, procure energy at competitive rates, adhere to contractual covenants, obtain and maintain an investment grade credit rating, cover unanticipated expenditures, and support rate stability.

The Reserve Policy outlines the appropriate target levels (minimum and maximum) of reserves. Reserves are defined as the Net Position which represents the difference between CPA’s assets and liabilities as defined by the Government Accounting Standards Board and consistent with generally accepted accounting principles.

2. POLICY

Reserve Target Levels
CPA shall grow reserves to maintain a minimum reserve target equal to 30% of total operating budget expenditures, with a goal of increasing the reserve to a maximum reserve target of 50% of total operating budget expenditures. Reserves shall not exceed 75% of total operating budget expenditures.

Operating budget expenditures consist of operating expenses and the cost of energy. Reserve percentages and target percentages represent reserves divided by the following years’ total operating budget expenditures.

Funding the Target Amount
Funding reserves will come from an excess of revenues over expenditures. The contribution to reserves is determined through CPA’s budgeting and rate setting processes and events impacting revenues and expenditures that occur during the year.

Excess Reserves
If reserve funds exceed the maximum level, CPA will consider enhancing programs expenditures, capital improvements, paying down debt, and reducing rates.

Periodic Review of Targets
If CPA’s risks decline or new risk factors emerge as a result of changes in the industry, legislation, or economic conditions, the reserve target will be reviewed, and the funding level may be adjusted accordingly.

Reporting
Reserve levels will be monitored during the fiscal year and reported in CPA’s annual audited financial statements.
To: Clean Power Alliance (CPA) Board of Directors
From: Natasha Keefer, Director of Power Procurement & Planning
Approved By: Ted Bardacke, Executive Director
Subject: Presentation on Long-Term Renewables Request for Offers
Date: February 7, 2019

RECOMMENDATION
Receive and file.

SUMMARY
CPA staff will provide a presentation on the progress of CPA’s Long-Term Renewables Request for Offers (RFO).
Phase 1 and 2 Operations
Largely as a result of a shift in staffing levels at SCE to handle CCA billing exceptions, the vast majority of Phase 1 and 2 delayed billing and customer data transfer issues that had built up during the months of October and November have been cleared. This has enabled both CPA and SCE to enter Phase 3 operations with a relatively clean slate in their data management and billing systems. The delayed billing issues resulted in one opt-out by a medium-size commercial customer. CPA and SCE continue to use an escalation plan at the senior executive level to address similar billing and customer service issues as they arise.

CPA’s financial performance through November remained strong, with positive financial results compared to the approved budget. While cumulative revenue for the fiscal year is 6% lower than projected, cumulative margin is $5.6 million ahead of projections. Margins continue to narrow, as expected, as customers are now fully converted to lower margin winter rates. The monthly performance dashboard for November is provided as Attachment 1 to this report. CPA’s CFO, in collaboration with the Finance Committee, will be making some adjustments to the dashboard layout and presentation in conjunction with the closing of the first six months of Fiscal Year 2018/2019.

Phase 3 Outreach Activities
Since November, CPA staff has actively engaged directly with approximately 2,000 eligible customers via 16 community presentations, seven City Council presentations, and
tabling at two events. Particular emphasis on direct outreach has been in Ventura County, where CPA is a topic of great interest, in Spanish and Chinese speaking areas, and with residents of affordable housing and mobile home parks.

In February, CPA staff is scheduled to make community presentations in Unincorporated Lancaster and Palmdale, Alhambra, Agoura Hills, Oxnard, Redondo Beach, South Pasadena, Thousand Oaks, Ventura, and Ventura County. Board members and jurisdictional staff have been extremely helpful in identifying these opportunities for CPA and we welcome further invitations.

Board members, jurisdictional staff and members of our Community Advisory Committee have also played an important role in customer engagement using the member agency communications toolkit, addressing customer questions and providing information about CPA on social media. CPA’s number of Facebook followers has increased 25% and Twitter followers by 50%. In areas where discussion of CPA has been intense on social media, CPA experimented with paid Facebook ads with some success and will be expanding that effort in the coming months.

**Phase 3 Post Enrollment Notices**

Enrolled customers will begin receiving the first of two Phase 3 post-enrollment notices later this week. Post-enrollment notices have been redesigned to emphasize rate options, clarify opt-out procedures, help customers understand their new bills, and message the upcoming system-wide (SCE and CPA) rate and fee increase as a result of SCE’s 2018 revenue shortfall and the CPUC decision to charge CPA’s new customers for a portion of that shortfall.

**Customer Service Center Operations**

CPA’s dedicated call center is fully operational in Irwindale with a staff of over 60 customer service representatives. During the month of January, the call center handled almost 10,000 calls with an average wait time 12 seconds. 98.55% of calls were answered within one minute and 99% of calls were answered within 3 minutes. Call center scripts are
being continually updated in response to customer feedback and CPA’s monitoring of online discussions.

In addition, the Interactive Voice Recognition (IVR) system handled an additional 10,000 calls in January. CPA’s online bill comparison tool has been used almost 20,000 times.

**Opt-Actions**
As of January 30, CPA’s overall opt-out rate is 1.83%, well within the target opt-out rate of no more than 10%. The number of customers choosing to opt-up (0.04%) or opt-down (0.49%) is much higher than in Phase 2 and we believe a sign that many customers are actively engaging in making an informed choice. A full set of opt-action data by city is attached and will be publicly reported on a monthly basis.

When examining the report, please note the following:

- Objections to being automatically enrolled remains the number one reason customers cite for opting-out
- There is only a small correlation between opt-out rates and default tier. The highest opt-out rate is in a 100% Green default city and the second lowest opt-out rate is in a 100% Green default city. Two of the six highest opt-out rates are in the Lean Power tier. And across the entire service territory, Clean Power jurisdictions have the lowest opt-out rates.
- An assumption by many customers that they had to make a choice by January 31, 2019 we believe is partly responsible for the recent spike in opt-outs. While this assumption has been driven by social media traffic, this is consistent with other CCA enrollment experiences around the state.

**Rate Setting Schedule**
CPA originally planned to adopt 2019 residential rates at the November 2018 board meeting and non-residential rates at the February 2019 Board meeting. This schedule anticipated that SCE would file its annual Energy Resource Recovery Account (ERRA) Application in November, receive approval from the CPUC in December, and adopt rates effective January 1, 2019. However, the schedule has been significantly delayed as a
result of SCE’s $825 million undercollection in 2018 and the related Trigger Application SCE filed with the CPUC in November. As a result, the Board has already adopted 2019 rates twice, once in November and December.

Going forward, SCE is planning to implement a change to time of use (TOU) periods on March 1. This change will impact most non-residential customers as well some residential customers who have opted into TOU rates. Staff anticipates presenting new rates to reflect the TOU change at the regular March 7 Board meeting. Also at the March 7 Board meeting, staff will propose rates for Phase 4 non-residential customers based on SCE’s then-effective rates. This will give commercial customers visibility into CPA’s rates at the time pre-enrollment notices are sent for the May launch.

Staff also expects SCE’s ERRA Application to be considered by the CPUC at its February 21 voting meeting. If ERRA is approved at that time, SCE will likely file its rates in mid-March for an effective date around April 1. Staff would then develop rates and a special CPA Board meeting would be held in late March to adopt final 2019 for all customer classes (Phases 1-4), effective early April.

Based on the unpredictability of CPUC actions regarding SCE rates, this schedule is subject to change.

**Staffing**

Ted Tardif has been hired as Energy Resources Manager. Ted joins us from Shell Energy where he was a marketer of renewable energy and led Shell’s load forecasting and Resource Adequacy compliance activities. Ted has also worked as a settlements analyst for the California Independent System Operator (CAISO). At CPA, Ted will focus on energy supply portfolio management activities, including power supply contracting, load forecasting, counterparty management, settlements support, and other financial reporting, along with management of renewable energy certificate accounts and reporting of greenhouse gas emissions. Ted is a native of Sacramento and began at CPA on February 4.
**Contracts Executed in December and January Under Executive Director Authority**

Nicole Evans Strategies was contracted to assist CPA communications around SCE’s attempts to charge CPA customers for a portion of their 2018 revenue shortfall for a not-to-exceed amount of $10,000.

**Upcoming Events**

CPA’s Community Advisory Committee will be holding its inaugural meeting on February 14. CPA will host its first quarterly Sustainable Energy Incubator workshop on February 21 in collaboration with the Local Government Commission (flyer attached). CalCCA, the trade organization representing CCA interests statewide, has selected Redondo Beach as the site of annual conference, to be held November 6-7.

Attachments:  
1) Customer Status Report  
2) November 2018 Financial Dashboard  
3) Risk Management Team Report – 4th Quarter 2018  
4) Sustainable Energy Incubator Event Invitation
### Clean Power Alliance - Customer Status Report - As of January 30, 2019

#### Opt Percentage by City & County

<table>
<thead>
<tr>
<th>CPA Cities &amp; Counties</th>
<th>Default Tier</th>
<th>Total Eligible Accounts</th>
<th>Opt Up %</th>
<th>Opt Mid %</th>
<th>Opt Down %</th>
<th>Opt Out %</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGOURA HILLS</td>
<td>Lean Power</td>
<td>7,443</td>
<td>0.19%</td>
<td>0.09%</td>
<td>0.00%</td>
<td>2.86%</td>
</tr>
<tr>
<td>ALHAMBRA</td>
<td>Clean Power</td>
<td>30,870</td>
<td>0.03%</td>
<td>0.00%</td>
<td>0.10%</td>
<td>0.37%</td>
</tr>
<tr>
<td>ARCADIA</td>
<td>Lean Power</td>
<td>19,862</td>
<td>0.05%</td>
<td>0.03%</td>
<td>0.00%</td>
<td>0.54%</td>
</tr>
<tr>
<td>BEVERLY HILLS</td>
<td>Clean Power</td>
<td>15,341</td>
<td>0.08%</td>
<td>0.00%</td>
<td>0.20%</td>
<td>0.27%</td>
</tr>
<tr>
<td>CALABASAS</td>
<td>Lean Power</td>
<td>9,130</td>
<td>0.09%</td>
<td>0.09%</td>
<td>0.00%</td>
<td>1.05%</td>
</tr>
<tr>
<td>CAMARILLO</td>
<td>Lean Power</td>
<td>25,846</td>
<td>0.19%</td>
<td>0.15%</td>
<td>0.00%</td>
<td>4.34%</td>
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<tr>
<td>CARSON</td>
<td>Clean Power</td>
<td>25,323</td>
<td>0.02%</td>
<td>0.00%</td>
<td>0.13%</td>
<td>0.42%</td>
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<tr>
<td>CLAREMONT</td>
<td>Clean Power</td>
<td>11,829</td>
<td>0.16%</td>
<td>0.00%</td>
<td>0.52%</td>
<td>2.94%</td>
</tr>
<tr>
<td>CULVER CITY</td>
<td>100% Green Power</td>
<td>16,517</td>
<td>0.00%</td>
<td>0.29%</td>
<td>0.71%</td>
<td>0.66%</td>
</tr>
<tr>
<td>DOWNEY</td>
<td>Clean Power</td>
<td>34,105</td>
<td>0.01%</td>
<td>0.00%</td>
<td>0.09%</td>
<td>0.39%</td>
</tr>
<tr>
<td>HAWAIIAN GARDENS</td>
<td>Clean Power</td>
<td>3,223</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.34%</td>
</tr>
<tr>
<td>HAWTHORNE</td>
<td>Lean Power</td>
<td>25,361</td>
<td>0.03%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.19%</td>
</tr>
<tr>
<td>LOS ANGELES COUNTY</td>
<td>Clean Power</td>
<td>318,135</td>
<td>0.04%</td>
<td>0.00%</td>
<td>0.22%</td>
<td>0.77%</td>
</tr>
<tr>
<td>MALIBU</td>
<td>Clean Power</td>
<td>6,123</td>
<td>0.07%</td>
<td>0.00%</td>
<td>0.16%</td>
<td>0.54%</td>
</tr>
<tr>
<td>MANHATTAN BEACH</td>
<td>Clean Power</td>
<td>14,350</td>
<td>0.14%</td>
<td>0.00%</td>
<td>0.61%</td>
<td>0.80%</td>
</tr>
<tr>
<td>MOORPARK</td>
<td>Clean Power</td>
<td>11,587</td>
<td>0.14%</td>
<td>0.00%</td>
<td>1.02%</td>
<td>7.21%</td>
</tr>
<tr>
<td>OJAI</td>
<td>100% Green Power</td>
<td>3,124</td>
<td>0.00%</td>
<td>0.19%</td>
<td>1.38%</td>
<td>1.66%</td>
</tr>
<tr>
<td>OXNARD</td>
<td>100% Green Power</td>
<td>50,727</td>
<td>0.00%</td>
<td>0.19%</td>
<td>0.75%</td>
<td>1.82%</td>
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<tr>
<td>PARAMOUNT</td>
<td>Lean Power</td>
<td>12,954</td>
<td>0.01%</td>
<td>0.01%</td>
<td>0.00%</td>
<td>0.13%</td>
</tr>
<tr>
<td>REDONDO BEACH</td>
<td>Clean Power</td>
<td>29,908</td>
<td>0.07%</td>
<td>0.00%</td>
<td>0.35%</td>
<td>0.61%</td>
</tr>
<tr>
<td>ROLLING HILLS ESTATES</td>
<td>100% Green Power</td>
<td>3,542</td>
<td>0.03%</td>
<td>0.51%</td>
<td>1.24%</td>
<td>2.17%</td>
</tr>
<tr>
<td>SANTA MONICA</td>
<td>100% Green Power</td>
<td>48,648</td>
<td>0.00%</td>
<td>0.15%</td>
<td>0.66%</td>
<td>1.63%</td>
</tr>
<tr>
<td>SIERRA MADRE</td>
<td>Clean Power</td>
<td>4,901</td>
<td>0.20%</td>
<td>0.00%</td>
<td>0.45%</td>
<td>1.41%</td>
</tr>
<tr>
<td>SIMI VALLEY</td>
<td>Lean Power</td>
<td>41,879</td>
<td>0.08%</td>
<td>0.08%</td>
<td>0.00%</td>
<td>4.73%</td>
</tr>
<tr>
<td>SOUTH PASADENA</td>
<td>100% Green Power</td>
<td>12,368</td>
<td>0.00%</td>
<td>0.11%</td>
<td>0.53%</td>
<td>0.76%</td>
</tr>
<tr>
<td>TEMPLE CITY</td>
<td>Lean Power</td>
<td>11,761</td>
<td>0.02%</td>
<td>0.02%</td>
<td>0.00%</td>
<td>0.57%</td>
</tr>
<tr>
<td>THOUSAND OAKS</td>
<td>100% Green Power</td>
<td>46,112</td>
<td>0.00%</td>
<td>0.90%</td>
<td>3.14%</td>
<td>8.93%</td>
</tr>
<tr>
<td>VENTURA</td>
<td>100% Green Power</td>
<td>40,082</td>
<td>0.00%</td>
<td>0.47%</td>
<td>1.45%</td>
<td>4.37%</td>
</tr>
<tr>
<td>VENTURA COUNTY</td>
<td>100% Green Power</td>
<td>30,471</td>
<td>0.00%</td>
<td>0.35%</td>
<td>1.60%</td>
<td>4.45%</td>
</tr>
<tr>
<td>WEST HOLLYWOOD</td>
<td>100% Green Power</td>
<td>23,716</td>
<td>0.00%</td>
<td>0.08%</td>
<td>0.23%</td>
<td>0.25%</td>
</tr>
<tr>
<td>WHITTIER</td>
<td>Clean Power</td>
<td>28,605</td>
<td>0.03%</td>
<td>0.00%</td>
<td>0.17%</td>
<td>0.72%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>963,843</strong></td>
<td><strong>0.04%</strong></td>
<td><strong>0.11%</strong></td>
<td><strong>0.50%</strong></td>
<td><strong>1.83%</strong></td>
</tr>
</tbody>
</table>

#### Opt Percentage by Default Tier

<table>
<thead>
<tr>
<th>Default Tier</th>
<th>Total Eligible Accounts</th>
<th>Opt Up %</th>
<th>Opt Mid %</th>
<th>Opt Down %</th>
<th>Opt Out %</th>
</tr>
</thead>
<tbody>
<tr>
<td>100% Green Power</td>
<td>275,307</td>
<td>0.00%</td>
<td>0.36%</td>
<td>1.29%</td>
<td>3.39%</td>
</tr>
<tr>
<td>Clean Power Power</td>
<td>534,300</td>
<td>0.05%</td>
<td>0.00%</td>
<td>0.24%</td>
<td>0.87%</td>
</tr>
<tr>
<td>Lean Power</td>
<td>154,236</td>
<td>0.08%</td>
<td>0.06%</td>
<td>0.00%</td>
<td>2.37%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>963,843</strong></td>
<td><strong>0.04%</strong></td>
<td><strong>0.11%</strong></td>
<td><strong>0.50%</strong></td>
<td><strong>1.83%</strong></td>
</tr>
</tbody>
</table>

**Note:** These percentages include statistics from Phase 1 and 2 customers in unincorporated Los Angeles County, Rolling Hills Estates, and South Pasadena
November 2018

November Revenue of $4.5M accounted for 131 GWh in net retail consumption. This comes in on track with budget, but due to SCE billing issues, the final meter read adjustments may vary more that usual.

Margins dropped this month as winter rates went into effect. Note that for the YTD, Margin is still favorable primarily due to delayed timing of REC deliveries.

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

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

YTD Revenue $2.9M (6%) below budget. YTD Margin Dollars exceeding budget by $5.6M.

Data Definitions:
CUSTOMERS: Invoiced: Unique Account Numbers billed during Calendar Month. Total and Opt-out from Calpine Exec Summary, includes opt out and ~2,800 unoccupied.
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 Scheduling Coordinator, includes Wholesale sales as reduction in cost.
MARGIN: Electricity Sales less Cost of Electricity.
CASH & CASH EQUIVALENTS: Total Checking / Savings, including cash held by county, less restricted cash in lockbox.

Recognized: see sales volume above
T55/T12: Best available estimate of Meter usage data, as submitted to CAISO.
I. Introduction

The Board of Directors of Clean Power Alliance (CPA) approved an Energy Risk Management Policy (ERMP) at its July 12, 2018 meeting, which provides the framework for conducting procurement activities in a manner that maximizes the probability of CPA meeting its portfolio, reliability, and financial goals.

The ERMP requires quarterly reporting to the Board on the activities, projected financial performance, and general market outlook facing CPA. The Risk Management Team (RMT)\textsuperscript{1} submits this report in accordance with this requirement. The RMT also reports on ERMP compliance to both the Finance Committee and Energy Planning & Resources Committee on a monthly basis.

II. Risk Management Team Activities

The RMT is responsible for implementing, maintaining and overseeing compliance with the ERMP and for maintaining the Energy Risk Hedging Strategy. The primary goal of the RMT is to ensure that the procurement activities of CPA are executed within the guidelines of the ERMP and are consistent with Board directives. A number of business practices are prescribed in the ERMP. What follows is a summary of CPA’s compliance with these practices as outlined in the Policy.

A. ERMP Acknowledgement Form

It is the policy of CPA that all CPA Representatives participating in any activity or transaction within the scope of the ERMP shall sign, on an annual basis or upon any revision, a statement acknowledging compliance with the ERMP. Execution of the ERMP Acknowledgement Form was completed by Board members, relevant CPA staff, and relevant consultants.

There are no existing or potential conflicts of interest to report. All business has been conducted consistent with applicable laws and regulations.

B. Transaction Types

The ERMP approved in July 2018 included an initial list of approved transaction types. All products that have been purchased or sold by CPA during the current quarterly period represent an approved

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\textsuperscript{1} The RMT is comprised of CPA’s Executive Director, Chief Operating Officer, Chief Financial Officer, and Director of Power Planning and Procurement.
transaction type as listed in Appendix C of the ERMP. There are no new transaction types presently under consideration by the RMT that will require Board Approval prior to execution.

C. Counterparty Suitability

The ERMP requires that all counterparties with whom CPA transacts must be reviewed for creditworthiness and assigned a credit limit. A formal Counterparty Credit Protocol document that describes the method for evaluating counterparties and establishing a credit limit is under development by CPA’s Chief Financial Officer and the Portfolio Manager. The Protocol is expected to be approved by the Executive Director, in consultation with the RMT, and enacted in Q1 2019.

Pursuant to the ERMP, no counterparty credit limit may exceed $40 million. CPA is fully compliant with this obligation, and there are no credit limit violations to report for the current quarter.

D. System of Record

As required by the ERMP, all transactions are being stored in CPA’s Portfolio Manager’s (currently TEA) trading and risk management system. Similarly, all transaction approvals are being logged and stored on TEA’s servers, which information is being made available to CPA staff via a secure web portal. The transaction record also includes the confirmation letters for each transaction.

E. Position Tracking and Management Reporting

In order to manage risk, the ERMP requires the regular production of various reports. The current status of each report required by policy follows:

- **Financial Model Forecast**: CPA and TEA continue to refine CPA’s financial modeling capability. The financial model currently captures all CPA energy and RA contracts, and imports forward energy price information from ICE Data Service. CPA and TEA continue to develop budget to actual comparison and reporting functionality.

- **Net Position Report**: Short- and long-term net position reports are in production and directly linked to TEA’s trade capture system. The short-term net position report updates daily and incorporates the current weather outlook for the next 60 days to show net positions for the current and next months. The long-term net position report assumes normal weather and shows net positions through the balance of the current year and prompt four years.

- **Counterparty Credit Exposure**: CPA is fully compliant. CPA is receiving daily updates of counterparty credit exposures on both a notional and mark-to-market basis.

- **Monthly Risk Analysis**: Still to be implemented. The ERMP requires both stress testing of financial results, as well as probability-based assessments of future financial projections. This activity has been placed on hold while CPA and TEA works to fully integrate TEA’s trade capture system and financial model. Once this is complete, CPA anticipates being able to implement stress testing and probability-based risk analysis.

- **Quarterly Board Report**: subject of this report.
F. Delegation of Authority

All executed transactions during the current period have been approved consistent with the Delegation of Authority outlined in Section 5 of the ERMP.

G. Limit and Other Compliance Violations

The ERMP requires that transaction volumes should not be executed that exceed the requirements of meeting CPA’s load (energy and capacity), renewable and/or carbon free energy requirements. The following policy deviations have been reported to the Finance Committee and Energy Planning & Resources Committee:

<table>
<thead>
<tr>
<th>Policy Deviation</th>
<th>Required Action</th>
<th>Month of Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPA is short of procurement targets for PCC1 and PCC2 energy in 2020 and 2021.</td>
<td>CPA will issue another short-term clean energy RFO in the beginning of 2019. CPA is also engaging in bilateral discussions with counterparties.</td>
<td>December 2018</td>
</tr>
<tr>
<td>CPA ran a 2019-2023 clean energy RFO and has purchased enough PCC1 and PCC2 to meet 2019 targets but did not receive sufficient bids to meet 2020 and 2021 targets.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CPA is short of procurement targets for Carbon Free energy in 2019-2021.</td>
<td>CPA will issue a short-term clean energy RFO in the beginning of 2019.</td>
<td>December 2018</td>
</tr>
<tr>
<td>CPA is short of target for RA procurement in 2021.</td>
<td>CPA will issue an RA RFO in the beginning of 2019 for needs in 2021 and beyond; however, some regulatory uncertainty exists related to pending CPUC actions on local RA procurement.</td>
<td>December 2018</td>
</tr>
</tbody>
</table>

H. Training

The ERMP acknowledges the importance of ongoing education as part of its risk management framework. Consistent with this, the ERMP outlines certain training requirements. CPA anticipates implementing training during the first half of 2019 as it builds out its staff.

I. Hedging Strategy

CPA is fully compliant with the hedging strategy provided in Appendix A of the ERMP with the exceptions described in Section G.

At this time, CPA staff does not foresee any changes to its hedging strategy. Staff will continue to evaluate the efficacy of CPA’s hedging strategy, and if warranted, suggest changes.

III. Financial Performance

Staff are preparing the results for the first six months of FY 2018/19 (July 1 through December 31, 2018) and plan to present these to the Finance Committee and Executive Committee at the February 2019 meetings.
CLEAN POWER ALLIANCE BOARD OF DIRECTORS

AGENDA ITEM V – ATTACHMENT 3

CPA recorded the following revenue and margin (electricity revenue less cost of energy) results for the 5 months ending November 30, 2018 (FY 2018/19 Year to Date).

IV. General Market Outlook

Resource Adequacy Proceeding
On November 21, the California Public Utilities Commission (CPUC) issued a proposed decision (PD) in its Resource Adequacy (RA) proceeding. The PD would establish SCE, PG&E and SDG&E as central buyers for all local RA in their territories starting in 2020. If adopted, this would mean that CPA would no longer be responsible for procuring any local RA, but could sell local RA it holds to the central buyer. CPA is continuing to monitor the proceeding and is coordinating a response through CalCCA.
Sustainable Energy Incubator Series
Building Electrification & Decarbonization

Clean Power Alliance, in partnership with the Local Government Commission, will be hosting its first Sustainable Energy Incubator Workshop to share the latest approaches to advancing decarbonization and transitioning to full electrification in the future. Speakers will discuss the path to decarbonization, provide best practices for implementation, and how to integrate equipment and service providers.

Featured presentation topics and speakers

Setting the Stage for Building Decarbonization
Panama Bartholomy, Director, Building Decarbonization Coalition
Garrett Wong, Sr. Sustainability Manager, City of Santa Monica

Practical Considerations and Application
Rachel Moscovich, Associate, Integral Group
Kevin Clark, Regional Sales Manager, Rheem

February 21, 2019
12:00 – 3:00 PM

WeWork
First Floor Auditorium
555 W 5th St.,
Los Angeles, CA, 90013

To attend this workshop, RSVP by clicking here. Lunch will be provided.

For more information, contact Christian Cruz, Community Outreach Manager: ccruz@cleanpoweralliance.org.