

Community Advisory Committee Meeting

Thursday, February 14, 2019

1:00 p.m.

I. Welcome & Introductions

II. Public Comment

III. Regular Agenda

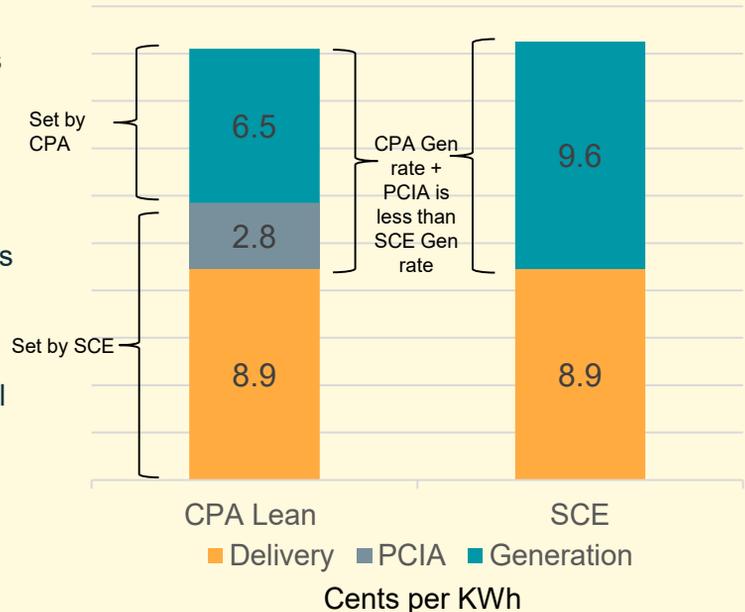
Item 1

Clean Power Alliance Rate Development

CPA Rate Structure

- SCE bundled customer rates consist of generation charges and delivery charges
- When a customer joins CPA, SCE charges them an “exit fee” known as the PCIA
- CPA only controls the generation charges for its customers
- CPA adds together the PCIA and CPA’s generation charges to determine the total generation rate its customer pay
- If the PCIA plus generation charges is less than SCE’s generation rate, CPA’s customers realize a discount to SCE
- If the PCIA increases, CPA must lower generation rates or reduce discounts to remain competitive, reducing reserves

CPA vs. SCE Rate Structure – Lean Rate Domestic



- Because generation charges are roughly half of the total bill, a 10% increase in generation rates equals ~5% increase on the customers total bill

2019 Rate Setting Messaging

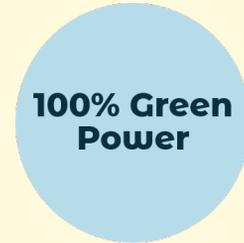
- This rate setting process is unprecedented and unlikely to be repeated in 2020 – largely a result of SCE’s power market losses
- Regardless of changes in SCE rates and PCIA, we will consistently communicate that CPA rates fall within the following ranges



Lean Power provides 36% renewable energy content at the lowest possible cost, 1-2% more affordable as compared to Southern California Edison 2019 rates



Clean Power provides 50% renewable energy content that is 0-1% more affordable as compared to SCE’s 2019 base rates



100% Green Power provides 100% renewable energy content and allows you to support the environment, at a 7-9% overall bill premium to SCE’s 2019 base rates

Item 2

Communications and Outreach

The Top 6 Questions Commonly Asked About Clean Power Alliance

Who is Clean Power Alliance? Is it legitimate or are we subsidizing a private start up? How much are your board members paid?

Clean Power Alliance is a Joint Powers Authority (JPA) governed by an uncompensated Board of Directors which includes an elected official from each member city and county. Having a Board of local elected officials means that Clean Power Alliance answers to the community!

Clean Power Alliance is a self-sustaining organization financed exclusively by the payments received from their customers based on the electricity they consume. Clean Power Alliance does not receive tax dollars. During its start-up phase, Clean Power Alliance received a \$10 million loan from Los Angeles County and acquired additional credit from a private bank. The start-up loan from L.A. County is due to be repaid in September 2020.

Why was I automatically enrolled as a Clean Power Alliance customer? Why haven't I heard anything about this?

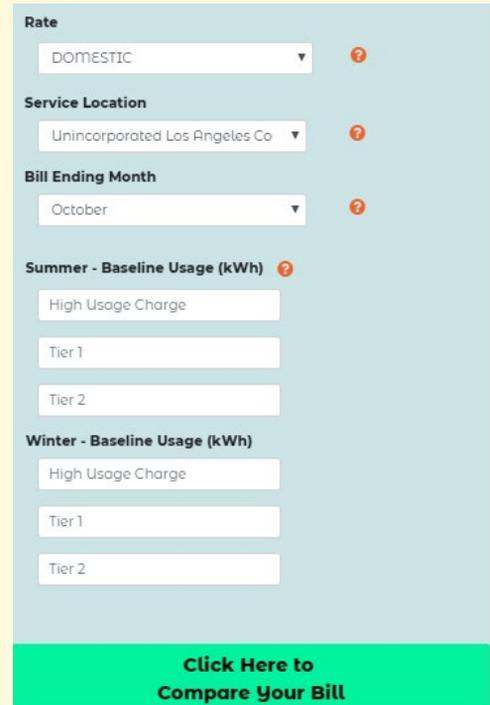
Your City Council or County Board of Supervisors voted to join Clean Power Alliance and selected a default renewable tier for your community. As for automatic enrollment, the 2002 State law that allowed for the creation of community choice aggregation (CCA) mandated automatic enrollment of customers into the CCA as the default energy provider (in this case, Clean Power Alliance).

Clean Power Alliance has mailed all residential customers 2 pre-enrollment notices already and will be sending 2 more after their February enrollment. These are available on their website. Only Clean Power Alliance is responsible for notifying customers of the switch--not SCE.

CPA's website has a lot of helpful information, including a detailed FAQ and rate calculator so you can make an informed decision. You can also call our Customer Service Center at 888-585-3788, or at customerservice@cleanpoweralliance.org with any questions or concerns.

CPA's bill calculator

- Visit cleanpoweralliance.org/compare for information on rates, including a sample rate comparison and full rate schedules.
- Use their rate calculator and compare with a copy of your bill to see how Clean Power Alliance's rate options compare to what you're paying now.



The image shows a screenshot of a web form titled "CPA's bill calculator". The form is set against a light blue background and contains several sections for user input. Each section has a red question mark icon to its right. The sections are: "Rate" with a dropdown menu showing "DOMESTIC"; "Service Location" with a dropdown menu showing "Unincorporated Los Angeles Co"; "Bill Ending Month" with a dropdown menu showing "October"; "Summer - Baseline Usage (kWh)" with three input fields labeled "High Usage Charge", "Tier 1", and "Tier 2"; and "Winter - Baseline Usage (kWh)" with three input fields labeled "High Usage Charge", "Tier 1", and "Tier 2". At the bottom of the form is a bright green button with the text "Click Here to Compare Your Bill".

How do I change my rate? How do I opt out? Do I need to have done it by Feb. 1st?

You always have the choice to change your rate at any time or opt out and return to SCE. You can do so on CPA's [website](#) or by calling 888-585-3788, with your SCE account number on hand.

There is no deadline for changing rates or opting out, contrary to what you may have heard—

- If you opt out **in your first** 60 days of service, you will be returned to SCE bundled service beginning on your next billing cycle and be returned to the SCE rate you were previously on. SCE may charge you a one-time account processing fee (currently set at 50 cents).
- If you would like to opt out **more than** 60 days after your Clean Power Alliance service launch, you'll pay the one-time 50 cent fee, and either:
 1. Return immediately but be on SCE's transitional rates for your first 6 months, then get back onto SCE's normal bundled rates.
 2. Return to SCE service **after 6 months' advance notice** to SCE. Under this option, you will continue to receive service from Clean Power Alliance for the six-month period. After six months, you will be transferred to SCE's standard bundled rates and not be subjected to SCE's transitional rates.

I've learned more about CPA, but I already opted out. How can I return to CPA?

If you opted out of Clean Power Alliance and would like to return to their service, Southern California Edison (SCE) requires you to complete [this form](#). Give CPA a call at **888-585-3788** and they'll walk you through it.

- If you opted out of Clean Power Alliance before starting Clean Power Alliance service may return at any time by calling or emailing CPA.
- If you opted out of Clean Power Alliance after your service launch, SCE requires you to stay with SCE service for a minimum of 12 months before returning to Clean Power Alliance.
- And if you're not sure when you started service, call the Customer Service Center!

How does my purchase of 100% Green Power change anything if I'm getting the same electrons as my neighbor is getting for less money? Why should I pay more for the same electrons?

Buying 100% Green Power is not symbolic. It is true that both you and your neighbor's electricity comes across the same transmission lines. But by signing up for 100% renewable power, **that amount** of renewable energy will be purchased on your behalf and put on the grid. So, as a Clean Power Alliance customer, your energy choices directly impact the overall amount of renewable power Clean Power Alliance is buying.

Is there enough renewable energy available to meet CPA's needs? What happens if not?

CPA has bought enough short-term energy to ensure immediate reliability and are currently in their long-term procurement process to build more renewable capacity. These renewable sources are carbon free and include geothermal, solar, wind, battery storage, and hydroelectric.

CPA's first long-term purchase of renewable energy was a new set of wind turbines operating right here in Southern California. Over the next few years, CPA will build a diverse portfolio of long-term renewable energy sources, including energy storage.

As for ensuring accountability of Clean Power Alliance's renewable purchases, California has set up a system to track renewable energy deliveries. Every kilowatt of energy must be certified by the CEC and tracked in an independent tracking system, called the Western Renewable Energy Generation Information System, for CPA to count it as renewable energy. Each year, Clean Power Alliance reports its total renewable energy purchases to the CPUC, who verifies both the legitimacy of the renewable energy and the total amount.

Item 3

Voyager Scholarship Program

CPA Wind Turbine



Distribution Options

- **Option 1:** Provide a total of five scholarships, per year, of \$7,500 to cover the cost of a student's chosen program, books, exam fees and other miscellaneous items required by the program. Two scholarships each would be reserved community college students in Los Angeles and Ventura Counties, with a fifth scholarship awarded to a candidate irregardless of program location. This option would allow for the greatest impact, as it would relieve the student of the monetary burden to pay for and attend a program of their choice.
- **Option 2:** Provide funds in \$500 increments that would allow for a total of seventy-five scholarships, per year. Fifty scholarships would be reserved for community college students in Los Angeles County and twenty-five for Ventura County. This option would create smaller scholarships that would help cover the cost of a small portion of a student's program and my not relieve them of the monetary burden, and likely would require them to be awarded multiple scholarships or secure additional financial assistance to pay for their program. Additionally, it would create a large pool of awardees that would each have to be monitored to assure they are meeting the requirements of the scholarship.

Item 4

Long Term Renewables Request for Offers (RFO)

Background

- CPA procures renewable energy to meet its regulatory requirements and the high demand of CPA's customers for renewable energy, while maintaining competitive rates
 - CPA plans to meet the SB100 60% renewable requirement starting in 2019, 11 years ahead of schedule
- CPA launched its first long-term clean energy RFO in October 2018 and will be releasing future annual RFOs to meet its large need for affordable and clean energy resources
- Long-term renewable contracts are generally cheaper than short-term contracts and may even be lower than brown power; therefore, securing these contracts is critical for minimizing the cost of CPA's robust environmental goals

CPA 2018 Clean Energy RFO

- In the 2018 RFO, CPA targets procurement of 1-2 million MWh annually from multiple projects
 - This represents approx. 7-15% of total load and 10-20% of CPA's total renewable demand
- CPA received a robust response (234 facilities) for renewable, renewable + storage, and standalone storage offers
- Today's presentation includes an update on the RFO process and the Final Shortlist selection¹

(1) Due to RFO confidentiality requirements, project-specific information (e.g. project names and pricing) are not included

RFO Process

- The Energy Committee approved an Initial Shortlist project portfolio with input from the RFO review team, including Board members Carmen Ramirez and Kevin McKeown
- The Initial Shortlist was invited to participate in a re-opening of the RFO, in order to provide their best pricing and offerings
- The Final Shortlist¹ was determined on Feb. 7th and represents approx. \$1 billion of potential clean energy commitments over the next 15 years
- Given pricing of long-term renewables, the Final Shortlist has the opportunity to save CPA customers approx. \$40m per year (5% of total procurement costs) compared to short-term contracts

(1) The Final Shortlist is a subset of the Initial Shortlisted projects

Project Evaluation

- CPA developed an evaluation method that balances 6 critical procurement objectives:

\$ Value

Environmental
Stewardship

Workforce
Development

Development
Risk

Benefits to
DACs¹

Project
Location

- Criteria and rankings were developed in consultation with environmental, labor, and DAC groups

(1) Disadvantaged Communities

Success Rates

- It is anticipated that some selected projects may not successfully come online, either due to unsuccessful power purchase agreement (PPA) negotiations or development failure¹
- To ensure that the selected portfolio meets the RFO's volume target², each project's expected output has been adjusted using an industry-standard success factor:

Resource Type	Success Rate
RPS Only	70%
RPS + Storage	60%
Standalone Storage	50%

(1) CPA included financial penalties via the RFO process and PPA provisions to ensure CPA is compensated for project failure

(2) 1-2 million MWh of annual renewable generation

Approach to Portfolio Creation

- All portfolio options to include both competitively-priced, low-risk projects and a mix that score High on Qualitative Criteria
- Staff initially took three approaches to developing portfolios that meet critical objectives of CPA's clean energy procurement:

1

Value

Projects fall within the top quartile of value

2

Diversity

Projects selected to ensure diverse resource mix

3

Early Online Dates

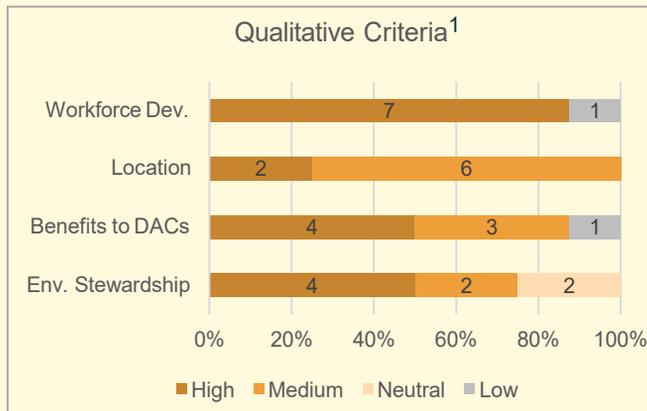
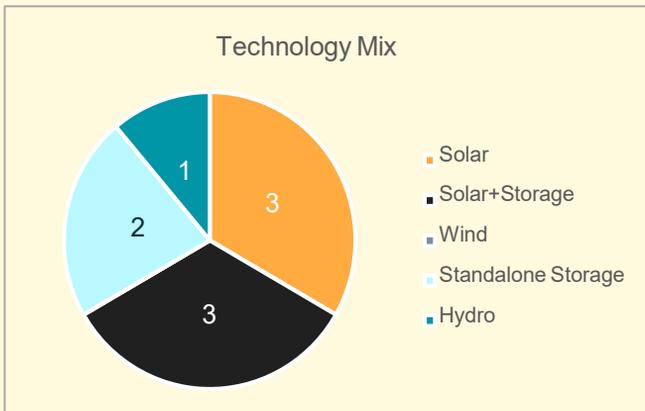
Includes projects with Q1 2021 and earlier online dates

4

The RFO Review Team developed a 4th **Recommended Portfolio**, taking the best selections from the initial three options, which the Energy Committee approved for the Initial Shortlist

Final Shortlist Overview

- 9 projects were selected for the Final Shortlist, including 2 standalone energy storage projects, from 8 unique developers
- 8 projects are new construction coming online by Q4 2021; 1 existing small hydro project was also selected
- All Final Shortlisted projects fall within the top quartile of value, with the exception of the hydro project, which was selected for resource diversity
- All projects are located within California; two are located within Los Angeles county
- In addition to value, the portfolio ranks well on qualitative criteria



(1) Existing projects were not assigned qualitative rankings

Final Shortlist Project List

Project Name	Type	Value Rank	Size (MW)	County	COD	Dev. Risk	Enviro. Stewardship	DAC	Project Location	Workforce Dev.
Project A	Standalone Energy Storage	ES 1	50-99	Los Angeles	Q1 2022	77.5	High	Medium	High	High
Project B	Standalone Energy Storage	ES 6	5-49	Los Angeles	Q2 2021	81.0	High	High	High	High
Project C	Solar	7	200-250	Riverside	Q4 2021	80.5	Neutral	Low	Medium	Low
Project D	Solar	8	150-199	Riverside	Q4 2021	76.5	Medium	Medium	Medium	High
Project E	Solar+Storage	10	100-149	Kern	Q4 2021	89.0	Medium	High	Medium	High
Project F	Solar+Storage	15	200-250	Riverside	Q4 2021	78.0	High	High	Medium	High
Project G	Solar+Storage	20	150-199	Kern	Q4 2020	94.5	High	Medium	Medium	High
Project H	Solar	31	50-99	Kings	Q4 2021	76.0	Neutral	High	Medium	High
Project I	Hydro	105	5-49	Butte	Q4 2021	Existing	Existing	Existing	Existing	Existing

2018 RFO Results – Local Project Selection

234 Facilities



211 RPS or
RPS+Storage



23 Standalone
Storage



6 Conforming
& Local



13 Conforming
& Local



2 Initial
Shortlist

- Prior to the RFO launch, CPA anticipated a limited response from projects located in CPA territory, based on interconnection queue data
- In the RFO, CPA had the greatest opportunity to contract for local standalone energy storage projects
- Of the renewable project bids received, locally-sited projects scored poorly on price and/or qualitative criteria and were not selected
- CPA's RFO evaluation criteria signal to the market a demand for local projects; CPA hopes to a more robust response from local projects in the future

Local Development Opportunities

- This year, CPA will launch a local programs strategic planning process to guide the selection and development of local program investment in 2020 to 2025
- CPA is also planning the implementation of a DER Project Pilot, to be launched by January 1, 2020
- In conjunction with these efforts, CPA also plans to study the feasibility of a Local Clean Energy RFO

Summary and Next Steps

- The 2018 Clean Energy RFO Final Shortlist achieves value, procurement objectives, and qualitative benefits and represents a significant clean energy commitment by CPA
- CPA will bring PPAs for the Board's consideration and approval on a rolling basis during Spring/Summer
- CPA will have additional opportunities to contract for attractive projects in the 2019 Clean Energy RFO and will be assessing a variety of local program opportunities through its local programs strategic plan process

APPENDIX

Developer Risk

Projects ranked from best (100) to worst (0) score

- The developer risk metric is a composite score based on a number of factors impacting project risk:
 - Site control
 - Interconnection status
 - Environmental screens
 - Land use and permits
 - Project financing

Environmental Stewardship

Projects are ranked high, medium, neutral, and low based on the following prioritization:

HIGH

- Demonstrates multiple benefits (provides additional societal, health, economic, water saving, or environmental benefits beyond the climate and GHG reduction benefits of renewable energy)

MEDIUM

- Located in an area designated as a preferred renewable energy zone and received required land use entitlement permits

NEUTRAL

- Project does not demonstrate either preference or avoidance criteria

LOW

- Project is located in a high conflict area

Workforce Development

Projects will be ranked high, medium, and low based on the following prioritization:

HIGH

- The project will use targeted-hire, union labor, or multi-trade project labor agreements (including requirements for state-apprenticeship graduates)

MEDIUM

- The project does not have a labor agreement, but can demonstrate prevailing wage and some union labor and targeted hire commitments

LOW

- The project does not demonstrate prevailing wage, union labor, and targeted hire commitments

Project Location

Projects will be ranked high, medium, and low based on the following prioritization:

HIGH

- In Los Angeles and Ventura counties

MEDIUM

- Other counties within California

LOW

- Out of state projects

Benefits to DACs

Projects will be ranked high, medium, and low based on the following prioritization:

HIGH

- Located within a DAC and demonstrates DAC workforce and community development benefits

MEDIUM

- Project not located within a DAC but can demonstrate DAC benefits and has completed community outreach

LOW

- Project does not demonstrate DAC benefits

Item 5

Committee Procedures

CAC Bylaws:

The CAC shall appoint from among themselves by majority vote of those members present one Chair and two Vice-Chairs. At least one Vice-Chair must be from a Ventura County subregion

Election Procedure:

Any CAC member interested in serving as Chair, or one of the Vice-Chairs must submit their name for consideration by March 6, 2016 via email to Christian Cruz at ccruz@cleanpoweralliance.org

Election Procedure:

On March 14, 2019 an election will be held, and each candidate will be given three minutes to address the CAC. In addition, candidates may also distribute a written statement to the CAC members.

Once all candidates have spoken, staff will distribute ballots. When voting, CAC members must select only one candidate per position, sign and date their ballot.

Election Procedure:

Staff will tally the ballots and announce the results.
Candidates must receive the majority of the votes for each position.

In the event of a runoff, the top two candidates will be announced and the election procedure will be repeated until one candidate receives the majority of the votes.

IV. Committee Member Comments

V. Adjourn

**Next meeting will be March 14, 2019
in Ventura County**