



**MEETING of the Executive Committee of the
Clean Power Alliance of Southern California
Wednesday, April 15, 2020
1:30 p.m.**

Listen to the Executive Committee meeting (Audio Only):

Call: (877) 309-2074 Conference Code: 167-806-428

All Participants must press “#” to join the meeting.

SPECIAL NOTICE REGARDING PUBLIC COMMENT: Pursuant to Paragraph 11 of Executive Order N-29-20, executed by the Governor of California on March 17, 2020, and as a response to mitigating the spread of Coronavirus known as COVID-19, the Executive Committee will allow members of the public to participate and address Committee Members during the meeting via teleconference only. Below are the ways to participate:

- Members of the public are encouraged to submit written comments on any agenda item to publiccomment@cleanpoweralliance.org up to two (2) hours before the meeting.
- If you desire to provide public comment during the meeting, you must contact staff at (213) 269-5889 at the beginning of the meeting but no later than immediately before the agenda item is called.
 - You will be asked to provide a phone number to call you during the meeting. You will also be asked for your name (or other identifying information) **similar to** filling out a speaker card so that you can be called when it is your turn to speak.
 - You will be called during the comment section for the agenda item on which you wish to speak.
 - You may be put on hold until your name is called by CPA staff.
 - You will be able to speak to the Committee for the allotted amount of time. Please be advised that all public comments must otherwise comply with our Public Comment Policy.
 - Once you have spoken, or the allotted time has run out, the phone call will be discontinued.

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 the Clerk of the Board at gmonzon@cleanpoweralliance.org or (213) 269-5870. 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.

Clean Power Alliance Executive Committee Meeting
April 15, 2020

PUBLIC COMMENT POLICY: *The General Public Comment item is reserved for persons wishing to address the Committee on any Clean Power Alliance-related matters not on today's agenda. Public comments on matters on today's Consent Agenda and Regular Agenda shall be heard at the time the matter is called. Comments on items on the Consent Agenda are consolidated into one public comment period.*

Each speaker is customarily limited to two (2) minutes (in whole minute increments) per agenda item with a cumulative total of five (5) minutes to be allocated between the General Public Comment, the entire Consent Agenda, or individual items in the Regular Agenda. Please refer to Clean Power Alliance Policy No. 8 – Public Comments for more information.

I. CALL TO ORDER AND ROLL CALL

II. GENERAL PUBLIC COMMENT

III. CONSENT AGENDA

1. [Approve Minutes from March 18, 2020 Executive Committee Meeting](#)

IV. REGULAR AGENDA

2. [Oral Update from Executive Director on CPA Operations](#)
3. [Review Draft Agenda for May 7, 2020 Board of Directors Meeting](#)

V. COMMITTEE MEMBER COMMENTS

VI. ADJOURN

Public Records: *Public records that relate to any item on the open session agenda for a Committee 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 Committee. The public records are available for inspection online at www.cleanpoweralliance.org.*

MEETING of the Executive Committee of the
Clean Power Alliance of Southern California
Wednesday, March 18, 2020 1:30 p.m.

MINUTES

Conference Center at Cathedral Plaza
Conference Room 6
555 W. Temple Street
Los Angeles, CA 90012

The Executive Committee conducted this meeting in accordance with California Governor Newsom's Executive Order N-29-20 and COVID-19 pandemic protocols.

I. WELCOME AND ROLL CALL

Chair Diana Mahmud called the meeting to order at 1:31 p.m. and Clerk of the Board Gabriela Monzon conducted roll call.

Roll Call			
Beverly Hills	Julian Gold	Committee Member	Remote
Los Angeles County	Sheila Kuehl	Vice Chair	Remote
Oxnard	Carmen Ramirez	Committee Member	Remote
Rolling Hills Estates	Steve Zuckerman	Committee Member	Remote
Santa Monica	Kevin McKeown	Committee Member	Remote
South Pasadena	Diana Mahmud	Chair	Present
Ventura County	Linda Parks	Vice Chair	Remote
West Hollywood	Linsey Horvath	Committee Member	Remote

II. GENERAL PUBLIC COMMENT

There were no public comments.

III. CONSENT AGENDA

1. Approve Minutes from February 19, 2020 Executive Committee Meeting

Motion: Committee Member McKeown, Santa Monica

Second: Committee Member Zuckerman, Rolling Hills Estates

Vote: Item 1 was approved by a roll call vote, with 7 ayes and 1 abstain by Committee Member Ramirez.

IV. REGULAR AGENDA

2. Oral Update from Executive Director on CPA Operations

Ted Bardacke, Executive Director, provided an oral update, inclusive of the following topics: Covid-19 response, CPA's actions to secure temporary office space; the transition of billing and customer service to remote operations; and implementation of a business continuity plan. Mr. Bardacke also provided updates on CPA's outreach to customers to raise awareness of SCE's suspension of disconnections and other customer protections. Lastly, Mr. Bardacke elaborated on CPA's analysis of load shifts, load declines and trends from past recessions, which will assist in predicting cash flow and budget forecasting.

Vice Chair Kuehl asked for clarification on CPA's need to share information that Edison is responsible for; Director Gold asked staff about the options to offload power CPA has committed to purchasing and reaffirming plans and contingencies with the bank; and Director Ramirez inquired about guidelines and protective measures received from the California Public Utilities Commission (CPUC).

In response to questions and comments, Mr. Bardacke clarified that: CPA has informed customers about a hold in disconnections, but that CPA does not control disconnections; more detailed updates can be made available to the Finance Committee relating to financial impacts; staff is in constant contact with its financial institution; and indicated that most activity and guidance has occurred in the legislature rather than the CPUC, which staff is consistently monitoring.

Vice Chair Parks asked for a time table on the use of temporary office space; Director Horvath expressed concern with planned power outages and asked staff to confirm if those have been delayed; and Director McKeown indicated that staff should inform the Energy Committee of any delays from power providers, to plan for alternate purchases to cover loads.

Vice Chair Kuehl expressed concern over staff having to meet in person and encouraged the executive team to facilitate remote meetings for staff and elected officials.

Mr. Bardacke clarified that the temporary office space is only half functional, there is no furniture, and would need a full cleaning, but that it could, however, be used as a physical location for board and committee meetings if needed. Matt Langer, Chief Operating Officer, added that SCE has spoken with CPA about power outages and service interruptions. Natasha Keefer, Director of Power Planning & Procurement, indicated that staff is not aware of any project delays but is closely monitoring activity and will provide updates as needed. Mr. Bardacke indicated that all staff has been informed of the possibilities of working remotely for an extended period.

In response to Director Zuckerman's questions relating to default rate changes and permanent office space, Mr. Bardacke explained that the default rate change deadline has been informally extended to May 1 for jurisdictions that have previously agendized the default change; added that the City of Manhattan Beach decided to delay consideration of the default change until later this year; and that staff is working on keeping CPA's office move project on track and that may impact budget amendments and emergency delegation of authority.

3. Review Draft Agenda for April 2, 2020 Board of Directors Meeting

Mr. Bardacke provided an overview of the items on the April 2 Board of Directors meeting agenda, including numerous updates to the Board, budget amendments, and the election of At-Large positions on the Executive Committee.

Mr. Bardacke discussed the need for a delegation of authority to the Executive Committee, indicating it would be in effect only under emergency declarations delineated in a resolution, and that the authority would relate to non-energy contracts, workforce, long-term PPA's, banking agreements, and the continuity of business operations.

Chair Mahmud thanked staff for the prompt drafting of a resolution and expressed concern for the lack of delegation of authority in situations where it may be needed, hoping to present a resolution to the full board.

Discussion ensued amongst Committee Members relating to limitations of a resolution as it pertains to a delegation of authority. Committee members expressed interest in holding a special meeting of the Board where a broad resolution may be introduced and based on feedback, can be narrowed down to the liking of the full Board of Directors.

The Committee discussed the impact of a delay to the Local Programs Strategic Plan. Mr. Bardacke indicated that the Plan would not be negatively impacted, as many of the local programs are already in the works and others are already in the budget. Mr. Bardacke added that the signing authority for the Executive Director would also be introduced for Board consideration, explaining that this request for the increase would be limited to office move expenses.

In response to Committee Member questions, Mr. Bardacke clarified that the signing authority increase has been common amongst other CCAs and that it is needed primarily to maintain the move on schedule, including use of a temporary workspace, as staff does not plan to continue the use of WeWork facilities.

The Committee suggested staff hold a special meeting of the Board of Directors for the purposes of discussing emergency delegations of authority and continue to plan for an April 2 board meeting that would include the election of At-Large positions of the Executive Committee.

Mr. Bardacke provided further details on the April 2 agenda, indicating that an amendment to the FY 2019/20 budget would be necessary to increase the capital expenditure budget.

Committee members discussed the Local Programs Strategic Plan, with Director Zuckerman asking about the role of the Community Advisory Committee in providing feedback on the development of the local programs; Vice Chair Kuehl emphasized the importance for the inclusion of tools to support low-income communities to receive incentives and Director Gold stated that it is unknown how the financial climate will affect CPA's general financial position of CPA and how that will affect commitment to local programs.

In response to Committee member discussions, Mr. Bardacke explained that the Community Advisory Committee provided input early in the development of the local programs strategies and based on that feedback, staff made numerous improvements to the Plan to better show how certain local program strategies impact specific customer segments and markets. Lastly, Mr. Bardacke stated that most programs will be budget dependent, particularly those that are still in planning stages, and the focus will be to maintain programs that are initially at zero or low cost.

There were no public comments on this item.

V. CLOSED SESSION

PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

Title: Executive Director
Government Code Section 54957

There was no reportable action from Closed Session.

VI. COMMITTEE MEMBER COMMENTS

Committee members provided feedback on a date and time for a special meeting of the Board of Directors.

VII. ADJOURN

Chair Mahmud adjourned the meeting at 3:48 p.m.

DRAFT



Staff Report – Agenda Item 2

To: Clean Power Alliance (CPA) Executive Committee
From: Ted Bardacke, Executive Director
Subject: Oral Update from the Executive Director on CPA Operations
Date: April 15, 2020

On April 15, 2020, the Executive Director will provide an oral report to the Executive Committee updating them on current operational activities and CPA's response to the COVID-19 situation.



Staff Report – Agenda Item 3

To: Clean Power Alliance (CPA) Executive Committee
From: Ted Bardacke, Executive Director
Subject: Review Draft Agenda for May 7, 2020 Board of Directors Meeting
Date: April 15, 2020

Staff will provide an overview of the proposed agenda items for the May 7, 2020 Board of Directors (Board) meeting for review and feedback from the Executive Committee. The Draft Board agenda is attached to this staff report. Information on the main items for Board consideration is provided below.

REGULAR AGENDA

The following items are recommended for inclusion on the Regular Agenda of the May Board meeting.

Approve Energy Storage Agreement(s) – 2019 Reliability RFO (Action)

In October 2019, CPA launched its 2019 Reliability Request for Offers (RFO) to comply with its incremental capacity procurement obligations in the CPUC Integrated Resource Plan Procurement Track¹. CPA received a robust response to the RFO from 41 conforming standalone storage projects. On December 18, 2019, the Energy Planning & Resources Committee approved a shortlist of projects that were recommended by a team of reviewers, consisting of three Board members from the Energy Committee and senior CPA staff, to proceed with energy storage agreement (ESA) negotiations. CPA entered exclusive negotiations for six (6) standalone storage projects for contracts 15 years in length or longer, including the Luna Storage project approved by the Board on April 2, 2020.

¹ D.19-11-016 orders CPA to procure, on a cumulative basis, 98.4 MW by 8/1/2021, 147.7 MW by 8/1/2022, and 196.9 MW by 8/1/2023.

Per CPA's Energy Risk Management Policy, any power purchase transactions greater than 5 years require approval by the Board. Staff may bring up to two (2) of the remaining five (5) short-listed projects to the May Board meeting for consideration. These projects would fulfill CPA's 2022 and 2023 procurement obligations as well as provide a backstop should there be any issues with the Luna project. All shortlisted projects are projected to have a positive Net Present Value for CPA.

Approve Power Purchase Agreement(s) – 2019 Clean Energy RFO (Action)

In October 2019, CPA launched its 2019 Clean Energy Request for Offers (RFO) targeting procurement of 1-2 million MWh of annual renewable energy. CPA received a robust response to the Utility Scale Track of the RFO from 59 conforming renewable and renewable plus storage projects. On January 22, 2020, the Energy Planning & Resources Committee approved a shortlist of projects that were recommended by a team of reviewers, consisting of three Board members from the Energy Committee and senior CPA staff, to proceed with power purchase agreement (PPA) negotiations. CPA entered exclusive negotiations for eight (8) renewable or renewable plus storage projects for contracts 15 years in length or longer.

Per CPA's Energy Risk Management Policy, any power purchase transactions greater than 5 years require approval by the Board. Staff may bring up to two (2) of these eight (8) short-listed projects to the May Board meeting for consideration. These projects will help fulfill CPA's long-term contracting compliance obligation, lower CPA's renewable energy costs, and expand the overall supply of renewable energy and storage capacity in California.

Adopt New Rates (Action)

Staff plans to present proposed rate changes for all CPA customers to the Board on May 7, 2020. These rate changes follow Southern California Edison's (SCE) implementation of its 2020 annual rate changes on April 13, 2020. The SCE rate change includes a modest increase to its generation rates, as well as a reduction of the Power Charge Indifference Adjustment (PCIA) based on removal of the PCIA trigger that charged CPA

customers for SCE's 2018 revenue under collection. The net effect of the decrease to PCIA is a reduction in generation-related charges for CPA customers below the Board-approved bill comparison ranges. SCE's rate change also includes a significant increase to transmission and delivery rates. Overall, average CPA customer bills will be going up approximately 7%, almost entirely due to increasing SCE transmission and delivery rates.

Staff conducted an analysis of the financial impacts of bringing CPA's rates back in line with the Board approved bill comparison targets. A May rate adjustment that does not change CPA's current bill comparison targets (1% savings for Lean Power, cost parity with SCE for Clean Power, and a 9% premium for 100% Green Power and cost-recovery for large customer "subset" rates) is projected to result in a net positive revenue impact of \$23 million over a 12-month period. This revenue projection remains highly uncertain given the emerging impacts from COVID-19.

Staff also analyzed the cost to reassess key elements of CPA bill comparison targets, including moving to the lower end of the established discount/premium ranges and the current approach to pricing for subset customers.

The total cost to move to the lower end of the current bill comparison range for all customers in each of the three CPA rate products would be \$17 million.

Separately, the cost to bring all of the subset rate classes (TOU-8, TOU-GS-3, TOU-PA-2, TOU-PA-3, and Streetlighting) back into cost parity for their winter rates would be \$18 million.

Given the high cost to make these adjustments, the current financial and load uncertainty caused by the Governor's Stay at Home guidelines, and 2021 PCIA/rate risk, staff is not recommending implementing these macro changes to the overall rate setting approach. However, there are two additional opportunities to deviate from the current rate setting approach about which staff is seeking input from the Executive Committee.

First, staff's preliminary analysis indicates that the revenue impact to bring the streetlighting rate class out of the subset category and realign pricing to the normal CPA rate comparison range is less than one million dollars. This change would provide an economic benefit to CPA member agencies at a time when local government budgets are suffering, while enabling those agencies and customers that opted out their streetlights to return those accounts back to CPA. Staff will conduct further analysis of streetlight rates and cost of service prior to the May Board meeting but would like to discuss removing streetlight rates from the subset group as a potential recommendation to the Board if the analysis confirms staff's initial findings.

Second, staff recognizes that many CPA customers are enduring a period of unprecedented economic distress. The Board may wish to respond to this distress by offering some form of direct assistance. Staff would like to discuss the possibility of offering one million dollars of rate relief to customers adversely impacted by the current crisis. Staff identified a number of potential methods for dispersing these funds for discussion with the Executive Committee, including:

- Apply a small discount to certain vulnerable rate classes, which would provide a very moderate rate reduction spread across a broad customer base;
- Provide direct relief in the form of a rate assistance fund for customers who apply or meet certain conditions;
- Donate funds to organizations providing assistance to impacted customers. This donation could be in the form of general assistance or be energy-related.

Presentation on FY 2020/2021 Budget Priorities

Staff will make a presentation and take Board member input on FY 2020/2021 Budget Priorities. A draft of that presentation is provided as Attachment 3 and staff will solicit input from the Executive Committee on the Budget Priorities.

CONSENT AGENDA

The following items are recommended for inclusion on the Consent Agenda of the May Board meeting.

2020/21 Legislative Positions

Due to a truncated and uncertain legislative session that will largely be focused on COVID-19, CPA expects to see fewer bills and a tighter focus on bills that legislators deem to be priority legislation. Despite these changes, CPA will continue to take positions on key bills that affect our business. At the April Legislative & Regulatory Committee meeting, staff will be bringing proposed positions on several bills related to increasing IOU transparency, resiliency, and decarbonization. Should the Legislative & Regulatory Committee vote to recommend positions on these bills, they will be presented to the Board for consideration at its May meeting.

Potential bills to be addressed are:

- AB 2689 (Kalra) – This bill updates the Investor-Owned Utility (IOU) confidentiality provisions to allow a broader range of market experts to participate in complex IOU cost recovery proceedings and support CPUC oversight to protect customers from unreasonable or unjustified IOU rate increases. CalCCA is sponsoring this bill.
- SB 45 (Allen) – This bill would enact the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2020, which would go to voters at the November 3, 2020 statewide general election.
- SB 1215 (Stern) – This bill would establish the Local Government De-energization Event Resiliency Program, administered by the Office of Emergency Services (OES), to support state and local government efforts to enhance public safety, protect vulnerable populations and individuals, and improve resiliency in response to public safety power shutoff (PSPS) events.
- SB 1035 (Rubio) – This bill would direct the California Energy Commission to create a targeted program to provide grants to eligible entities to provide financial assistance to low-income households for the purchase of low-carbon emitting appliances.

Quarterly RMT Report Q1 2020

The Quarterly Risk Management Team (RMT) report for January through March 2020 will be included in the Board Agenda Packet as a Receive and File item.

- Attachments:**
- 1) [Draft May 7, 2020 Board Meeting Agenda](#)
 - 2) [Rates Presentation](#)
 - 3) [Budget Priorities Presentation](#)



**REGULAR MEETING of the Board of Directors of the
Clean Power Alliance of Southern California
Thursday, May 7, 2020
2:00 p.m.**

I. CALL TO ORDER AND ROLL CALL

II. GENERAL PUBLIC COMMENT

III. CONSENT AGENDA

1. Approve Minutes from April 2, 2020 Board of Directors Meeting
2. Approve 2020/2021 Legislative Positions
3. Receive and File Quarterly RMT Report Q1 2020

IV. REGULAR AGENDA

4. Approve Energy Storage Agreement – 2019 Reliability RFO
5. Approve Power Purchase Agreement – 2019 Clean Energy RFO
6. Adopt Resolution No. 20-05-XXX to Approve 2020 Rates
7. Presentation on FY 2020/21 Budget Priorities

V. CLOSED SESSION

PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

Title: Executive Director

Government Code Section 54957

VI. MANAGEMENT UPDATE

VII. COMMITTEE CHAIR UPDATES

Director Lindsey Horvath, Chair, Legislative & Regulatory Committee

Director Julian Gold, Chair, Finance Committee

Director Kevin McKeown, Chair, Energy Planning & Resources Committee

VIII. BOARD MEMBER COMMENTS

IX. REPORT FROM THE CHAIR

X. ADJOURN – NEXT REGULAR MEETING ON JUNE 4, 2020

DRAFT



May 2020 Rate Adjustment: Considerations and Recommendations

April 15, 2020

Introduction

- Staff is recommending a rate change effective May 11 to realign CPA rates with the bill comparisons approved by the Board throughout 2019
 - On April 13 SCE will implement its ERRRA rate changes resulting in an increase to generation rates and decrease to the PCIA
 - The net change to overall generation rates plus PCIA is a slight net decrease
 - Average CPA customer bills will go up ~7%, almost entirely due to increases in SCE transmission and delivery rates
- Analysis of financial impacts of realigning with SCE's rates
 - Realigning CPA rates with the latest SCE rate change will result in a \$23 million revenue increase over a 12-month period
 - This assumes no change to CPA's current rate-setting approach for rate comparisons ranges and subset customers
 - The revenue estimate is highly uncertain due to emerging impacts related to COVID-19 stay at home orders

Proposed May Rate Adjustment – DOMESTIC Rate

Rates Approved September 9, 2019

Domestic Rates (cents per kWh)



Proposed Rates for May 11, 2020

DOMESTIC Rates (cents per kWh)



DOMESTIC is the most common residential rate.

*Previous versions of this graphic utilized tariff rates. Exhibit above illustrates rates calculated from the Joint Rate Comparison.

Comparison of Generation Related Charges – Domestic Rate

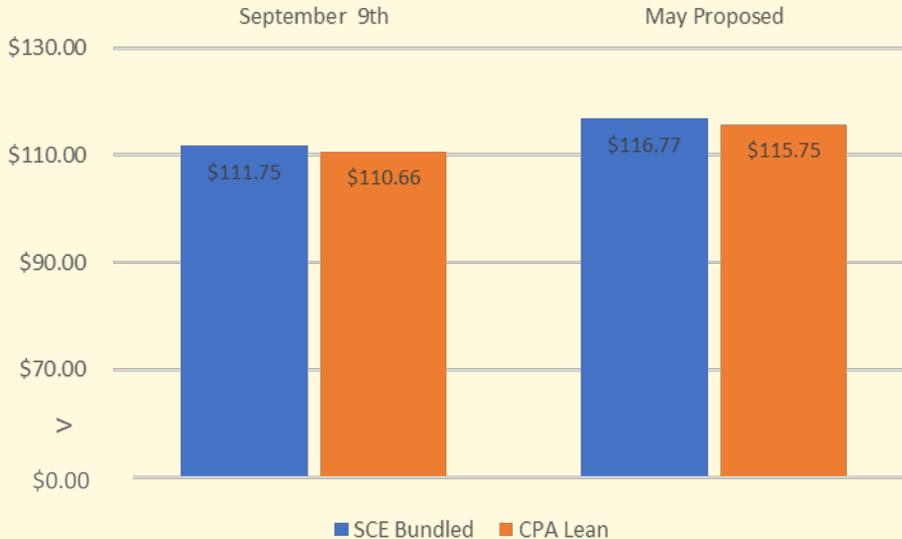
		Generation	PCIA	Total
CPA Lean	Sept 2019	\$0.067	\$0.029	\$0.096
	May Proposed	\$0.070	\$0.024	\$0.094
	% Change	5%	-17%	-2%

CPA Clean	Sept 2019	\$0.069	\$0.029	\$0.098
	May Proposed	\$0.072	\$0.024	\$0.096
	% Change	4%	-17%	-2%

CPA 100% Green	Sept 2019	\$0.086	\$0.029	\$0.115
	May Proposed	\$0.089	\$0.024	\$0.113
	% Change	3%	-17%	-2%

SCE Bundled	Sept 2019	\$0.097	N/A	\$0.097
	April 2020	\$0.096	N/A	\$0.096
	% Change	-1%	N/A	-1%

Average Customer Bill – DOMESTIC (Lean Power)



- Proposed rate change to average residential customer bill is \$5.09 per month.
- **Lean** customer rates would remain 1% less than SCE base rates.

Average Customer Bill – DOMESTIC (Clean Power)



- Proposed rate change to average residential customer bill is \$5.03 per month.
- **Clean** customer rates would remain at parity with SCE base rates.

Average Customer Bill – DOMESTIC (100% Green Power)

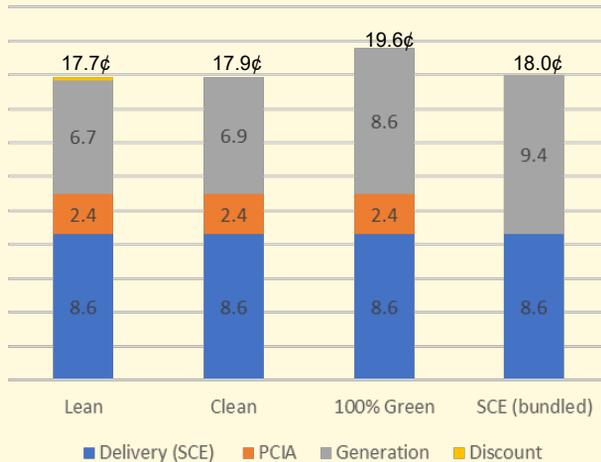


- Proposed rate change to average residential customer bill is \$4.54 per month.
- **100% Green** customer rates would remain at 9% premium to SCE base rates.

Proposed May Rate Adjustment – TOU-GS-1-E Rate

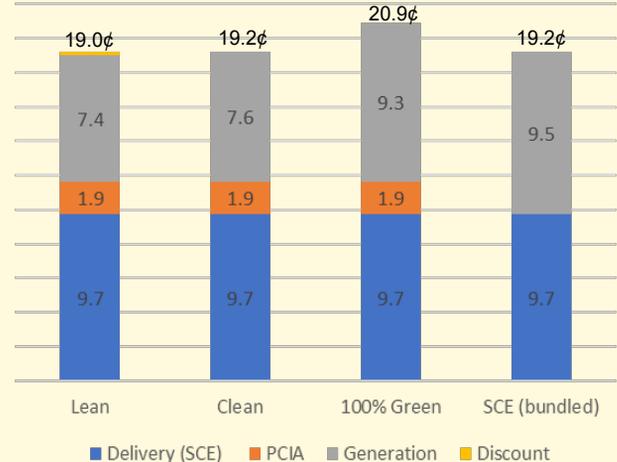
Rates Approved September 9, 2019

TOU-GS-1-E Rates (cents/kWh)



Proposed Rates for May 7, 2020

TOU-GS-1-E Rates (cents per kWh)



TOU-GS-1-E is the most common commercial rate.

Comparison of Generation Related Charges – TOU-GS-1-E Rate

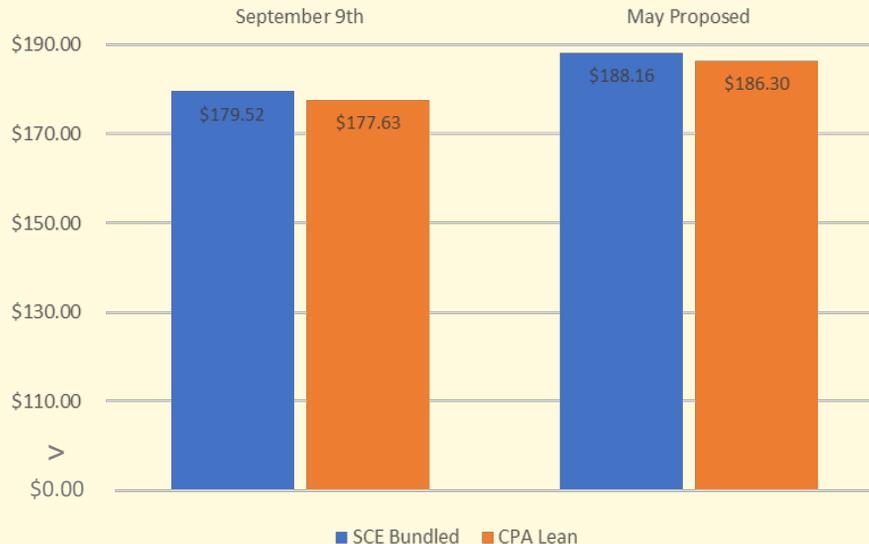
		Generation	PCIA	Total
CPA Lean	Sept 2019	\$0.067	\$0.024	\$0.091
	May Proposed	\$0.074	\$0.019	\$0.094
	% Change	10%	-22%	3%

CPA Clean	Sept 2019	\$0.069	\$0.024	\$0.093
	May Proposed	\$0.076	\$0.019	\$0.095
	% Change	10%	-22%	2%

CPA 100% Green	Sept 2019	\$0.086	\$0.024	\$0.110
	May Proposed	\$0.093	\$0.019	\$0.112
	% Change	8%	-22%	1%

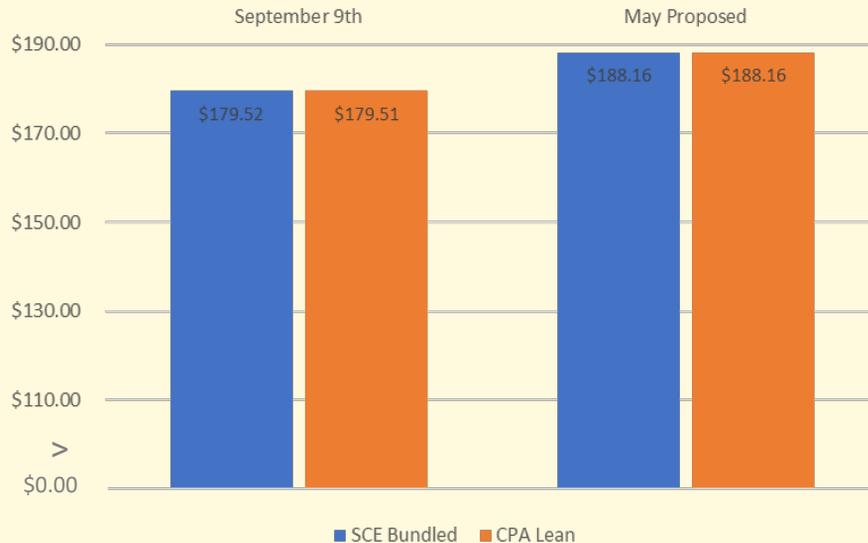
SCE Bundled	Sept 2019	\$0.094	N/A	\$0.094
	April 2020	\$0.095	N/A	\$0.095
	% Change	1%	N/A	1%

Average Customer Bill – TOU-GS-1-E (Lean Power)



- Proposed rate change to average small business customer bill is \$8.67 per month.
- **Lean** customer rates would remain 1% less than SCE base rate.

Average Customer Bill – TOU-GS-1-E (Clean Power)



- Proposed rate change to average small business customer bill is \$8.65 per month.
- **Clean** customer rates would remain at parity with SCE base rates.

Average Customer Bill – TOU-GS-1-E (100% Green Power)



- Proposed rate change to average small business customer bill is \$8.49 per month.
- **100% Green** customer rates would remain at a 9% premium to SCE base rates.

Rate Setting Analysis

Staff also conducted analysis of the cost to reassess key elements of CPA rate setting policy.

- CPA Product Discount/Premium Levels
 - Total cost of moving to the lower end of the current bill comparison range for each of the CPA rate products (Lean, Clean, and 100% Green) for all CPA customers is \$17 million.
- Subset Rate Treatment
 - Separately, the total cost to bring all subset rate classes (TOU-8, TOU-GS-3, TOU-PA-2, TOU-PA-3, and Streetlighting) back into cost parity for winter rates is \$18 million.

Given the significant costs to adjust these policies and financial uncertainty caused by coronavirus related impacts, staff is not recommending any changes to overall rate setting approach at this time.

Rate Setting Opportunities

Staff is seeking input on two potential recommendations that would deviate from the approved rate setting approach.

1. Streetlighting Rates
2. COVID-19 Financial Relief

Streetlighting

- Initial estimates indicate the revenue impact to bring the streetlighting rate class out of the subset category and realign pricing to the normal CPA rate comparison ranges is less than \$1 million.
- This change would provide an economic benefit to CPA member agencies and enable those agencies and customers that opted out their streetlights to return those accounts back to CPA.
- Staff is continuing analysis to confirm initial findings ahead of the May Board meeting.

COVID-19 Financial Relief

Staff recognizes the Board may want to offer some form of assistance to customers adversely impacted by the current crisis. Staff would like to discuss offering \$1 million of rate assistance to customers undergoing economic distress.

Staff has identified the following potential methods for dispersing these funds:

- Apply a small discount to certain vulnerable rate classes, which would provide a very moderate rate reduction spread across a broad customer base;
- Provide direct relief in the form of a rate assistance fund for customers who apply or meet certain conditions;
- Donate funds to organizations providing assistance to impacted customers. This donation could be in the form of general assistance or be energy-related.

Summary

- Staff recommends realigning rates to reflect SCE's April rate change:
 - CPA customers will see a reduction in generation-related charges and an increase in delivery-related charges;
 - Most CPA customer bills will continue to reflect a 1% savings for Lean Power, parity for Clean Power, and a 9% premium for 100% Green Power;
 - Subset winter rates will continue to reflect cost of service.
- Given financial uncertainty due to COVID-19 economic impacts and 2021 rate/PCIA risk orders, staff is not recommending any overall changes to rate setting approach at this time.
- Pending additional analysis, potential recommendation to remove streetlights from the subset rate group.
- Pending Executive Committee feedback, CPA may offer financial assistance to customers impacted by coronavirus.



FY 2020/2021 Budget Priorities: Short-Term Caution, Long-Term Investment

April 15, 2020

Context

- ~92% of Expenses is Cost of Energy
- Macro uncertainty can only be marginally mitigated by changes to Operating Expenses.
- Of Operating Expenses:
 - ~55% is billing and call center (Calpine and SCE)
- 2019/2020 was a significant growth year but we are still building organizational capacity in key areas.
- Much of 2020/2021 Operating Expenditure growth will be paying full-year salaries for new staff hired mid-year.
- Approach is to limit short-term exposure while preparing internally for heightened risk and economic rebound.

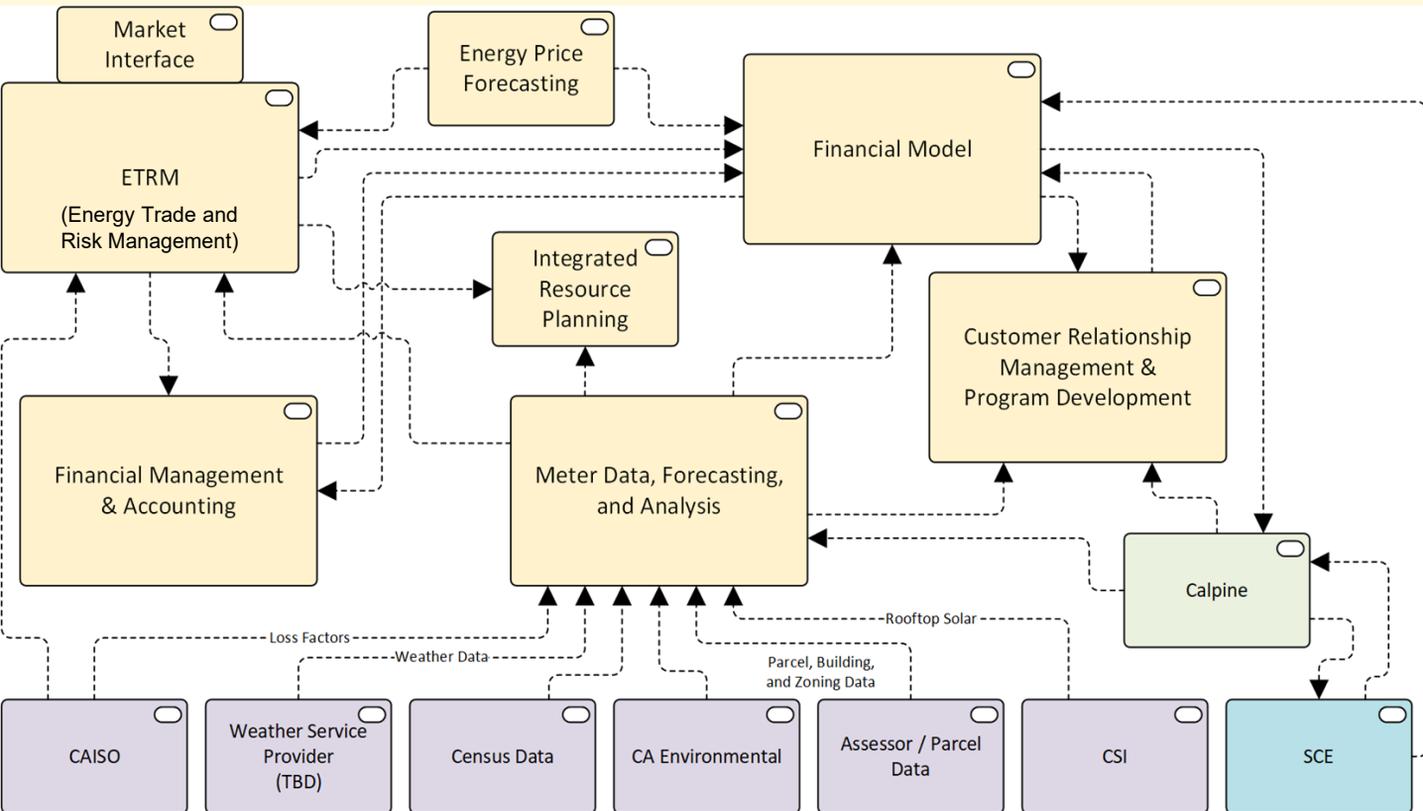
Priorities

- **Systems to Enhance Risk Management, Cost Control and Local Program Design and Delivery**
 - Begin multi-year investment while continuing to in-source
 - Streamline billing/call center services (RFP 2021)
- **Staffing**
 - “Catch-up” hiring not completed in 2019/2020
 - Slow growth rate by half
 - Build out systems, risk management and customer programs teams
- **Programs**
 - Focus on existing commitments
 - Leverage available subsidies

Systems Current State Assessment by *Energy Research Cooperative*

- “CPA has a complex business environment managing a large customer base, commodity management, and sophisticated financial management.”
- “CPA has a high level of subject matter experts working in a sub-optimal data and system environment.”
- “Passing of data from complex spreadsheets, particularly as they are chained across several worksheets, is difficult to control from an audit perspective, difficult to maintain data quality, and creates algorithm/calculation complexity that is not well understood within the organization.”
- Outside consultants “have not met CPA complex risk analytics needs...particularly for intermittent resources.”

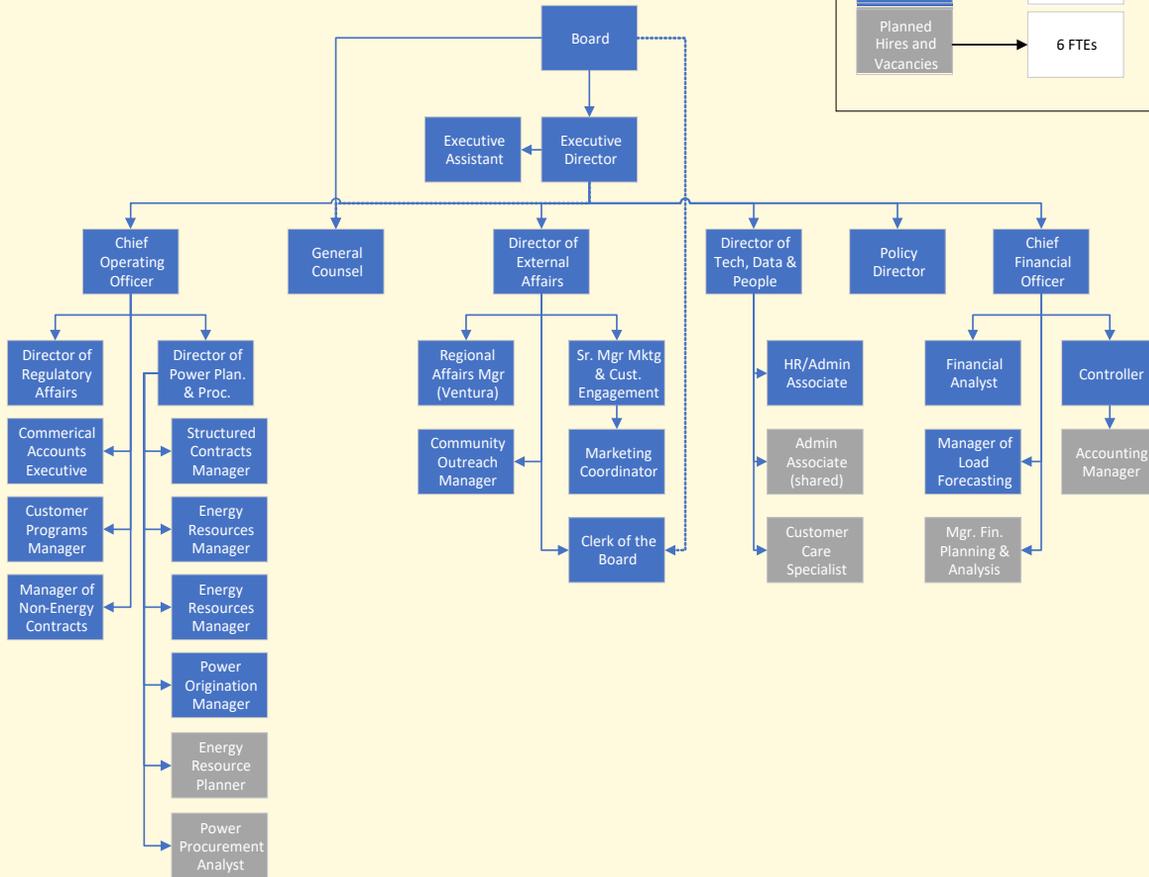
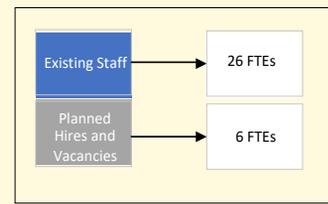
Systems – Future State



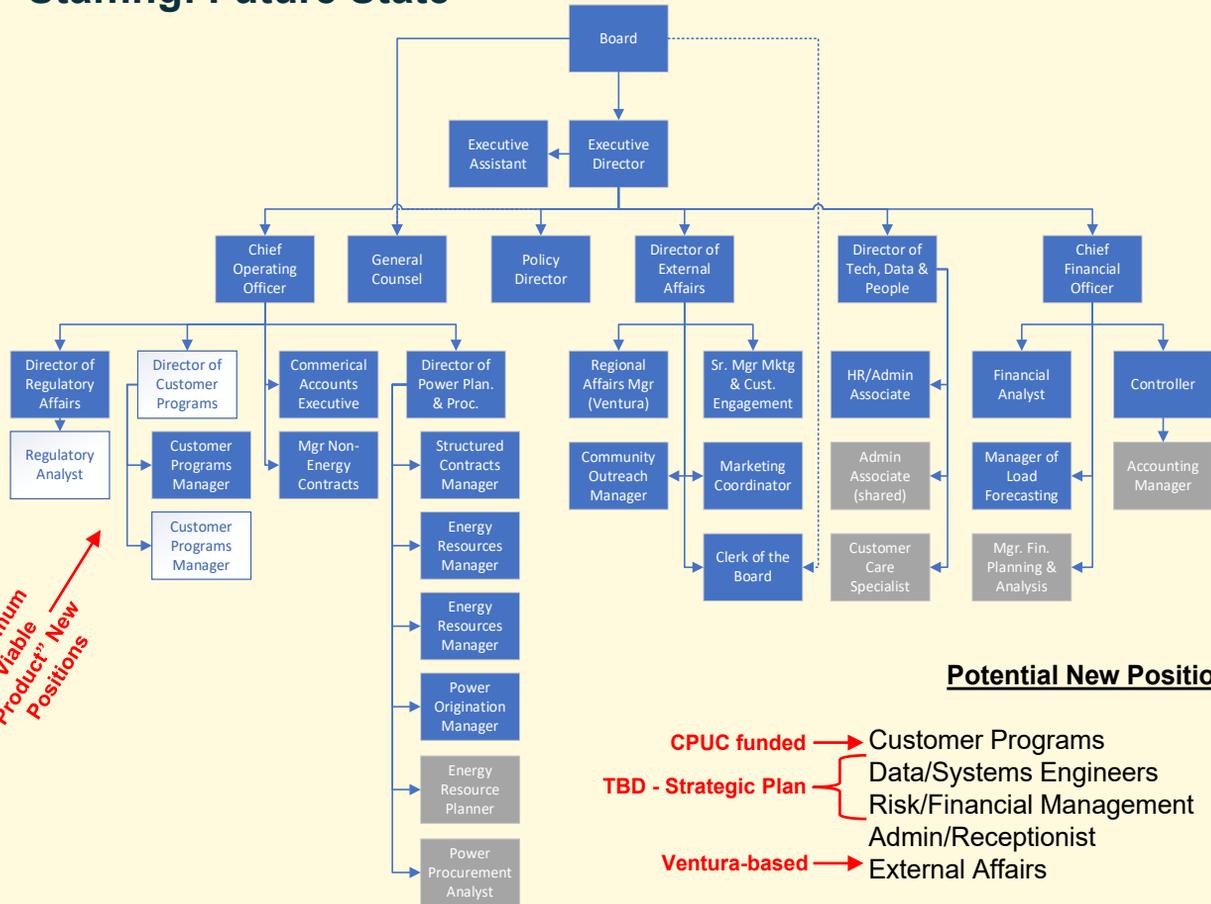
Staffing

- FY 2019/2020 budget targeted FTE of ~30 by end of this fiscal year
- Current FTE is 26, with 6 open and budgeted positions
- Key functional areas are not appropriately staffed
- Budgeting benchmark for staffing:
 - 1% of revenue (0.58% in current year and 2.33% large CCA average)
- Focus on:
 - Systems/Risk Management
 - Programs/Customer Engagement (Partially subsidized)
 - Regulatory

Staffing: Current and Budgeted



Staffing: Future State



Programs ~5% decrease

Program	2020/2021 Status	2020/2021 Costs
CPA Power Response Pilot	Full Implementation	\$750k
Clean Back-up Power	Business model development/RFI	\$250k (consultants)
Storage/Demand Response	Concepts being tested in CPA Power Response	See CPA Power Response
Community Solar	Program design concept and funding request submitted to CPUC	\$ 0 (state subsidy)
EV Chargers	Calendar 2021 funding commitment made for Ventura County; Awaiting CEC matching funding; Exploring match funding options for Los Angeles County in 2022	\$570k (over two FYs)
Electrification Building Codes	Develop Technical Assistance Package	\$75k
100% Green Discount	Program design concept and funding request submitted to CPUC	\$ 0 (state subsidy)
Peak Management	Pilot completed in 2019; program refinement and relaunch in summer 2020	\$10k administrative costs (incentives/payback included in cost of energy)

Schedule

- April 15 (Executive) – Budget Priorities
- April 29 (Finance) – Draft FY 2020/21 Budget
- May 7 (Board) – Budget Priorities
- May 20 (Executive) – Draft FY 2020/21 Budget
- May 27 (Finance) – Proposed FY 2020/21 Budget
- June 4 (Board)- Proposed FY 2020/21 Budget