



**MEETING of the Executive Committee of the
Clean Power Alliance of Southern California
Wednesday, May 20, 2020
1:30 p.m.**

Listen to the Executive Committee meeting (Audio Only):

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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 clerk@cleanpoweralliance.org up to four 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 clerk@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
May 20, 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.

CALL TO ORDER AND ROLL CALL

GENERAL PUBLIC COMMENT

CONSENT AGENDA

1. [Approve Minutes from April 15, 2020 Executive Committee Meeting](#)

REGULAR AGENDA

2. [Oral Update from Executive Director on CPA Operations](#)
3. [Review Draft Agenda for June 4, 2020 Board of Directors Meeting \(Revised\)](#)
4. [Review Draft FY 2020/2021 Annual Budget](#)

COMMITTEE MEMBER COMMENTS

CLOSED SESSION

5. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Potential initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9: (1)

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. 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, April 15, 2020 1:30 p.m.

MINUTES

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 1:34 p.m. and Clerk of the Board Gabriela Monzon conducted roll call.

Roll Call			
Agoura Hills	Deborah Klein Lopez	Committee Member	Remote
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	Remote
Ventura County	Linda Parks	Vice Chair	Remote
West Hollywood	Lindsey Horvath	Committee Member	Remote

All items are unanimously approved unless otherwise stated.

II. GENERAL PUBLIC COMMENT

There were no public comments.

III. CONSENT AGENDA

1. Approve Minutes from March 18, 2020 Executive Committee Meeting

Motion: Vice Chair Kuehl, Los Angeles County

Second: Committee Member Zuckerman, Rolling Hills Estates
Vote: Item 1 was approved by a roll call vote, with 1 abstention by Committee Member Lopez.

IV. REGULAR AGENDA

2. Oral Update from Executive Director on CPA Operations

Ted Bardacke, Executive Director, provided an oral update on CPA's actions to secure temporary office space and the organization's financial status during the COVID-19 pandemic.

In response to Chair Mahmud and Committee Member Zuckerman's questions, Mr. Bardacke explained that trends would be more notable in May and that CPA budgets for one half of one percent non-payment, however, non-payment has been less than that.

3. Review Draft Agenda for May 7, 2020 Board of Directors Meeting

Mr. Bardacke discussed CPA's progress on renewable energy and storage deals, noting that suppliers continue to see the organization as a well-managed partner to conduct business with.

Vice-Chair Kuehl asked for clarity on the process for prioritizing projects for recommendation to the Board. Matt Langer, Chief Operations Officer, responded that projects are prioritized based on the complexity of negotiations and the viability of such projects. Chair Mahmud added that scoring of proposals was based on various metrics, but because of counterparties' responses, the highest priority projects will not necessarily be those for which negotiations are completed first. Mr. Langer continued to describe the process, noting that once agreements were received from counterparties, priority is placed on those that can be completed in a more timely manner and within those projects, CPA begins negotiations with parties whose projects conform to IRP mandated deadlines.

Mr. Langer provided a presentation on rate adjustments for 2020, including the following topics: proposed rate adjustments, a comparison of generation related charges for residential and non-residential customers, average customer bills for Lean, Clean, and 100% Green, and also provided additional details on streetlighting rates, COVID-19 financial relief, and a summary of next steps.

Committee Member Zuckerman asked if rate increases are due to line hardening and other wildfire protections, and Mr. Langer confirmed that is

the case and that forecast was based on the status quo low and the rate-setting approach for subset rates would continue.

Vice-Chair Parks opined that providing a bigger discount off 100% Green rate would make more sense, based on the guiding concept that CPA provides a cleaner composition with comparable rates to Edison; and Committee Member Lopez asked for further information on the call center training surrounding the explanation of the rate increase due to generation or transmission costs. Vice-Chair Kuehl asked if staff needed direction on streetlighting rates and expressed support for the policy, stating that it would be a benefit to agencies. Committee Member Zuckerman added that an explanation about rate adjustments included in customers' bills would help to clarify the increase.

Mr. Bardacke responded that call center staff know to address the details on the bill, including changes in delivery vs. generation rates.

Committee Member Gold agreed that communication relating to a rate increase due to transmission costs would be necessary and expressed concern over revisiting the rate setting process. Chair Mahmud asked if staff was aware of the stability of Edison's rate methodology to prevent costly implementation of a streetlighting program. Chair Mahmud further explained that as Edison was seeing a continual diminution of generation services within its territory, it is anticipated the agency would focus on revenue generation activities. Committee Member Lopez inquired about the ongoing cost for the streetlighting program.

Mr. Langer clarified that the streetlighting program would need to be sustainable enough to prevent member agencies from opting in and out; and added that to continue the policy, staff would evaluate the total difference in revenue from rates set at the SCE comparison level or at the cost of service level and indicated staff can work with member cities to conduct custom impact rate analysis. The Committee directed staff to discuss the streetlighting rate policy in more detail at the next Board of Directors meeting.

Committee Member McKeown pointed out that more outreach and focus on messaging can inform customers that rate increases are impacted by the rise in generation fees from Edison and Committee Member Horvath agreed with committee member comments and expressed support for a rate assistance program.

Mr. Bardacke presented an idea for providing \$1 million worth of assistance for customers impacted by COVID-19. Key questions to be answered are should CPA offer this, should it be spread across many customers or more targeted assistance, and if the assistance should be tied to energy or in the form of general relief like donations to food banks.

Chair Mahmud discussed Prop 26 and requested that the General Counsel vet the legality of a rate assistance program. At Chair Mahmud's request, Mr. Bardacke clarified that in addition to suspending disconnections, Edison extended payment plans, eliminated CARE rates verification and doubled credits on electricity bills through the energy assistance fund.

Discussion ensued amongst Committee Members, with most members expressing support for providing targeted rate assistance to customers. Committee Member Zuckerman encouraged the participation and input of Community Advisory Committee Members in the development of the rate assistance program. Mr. Bardacke thanked the Executive Committee for input and noted that the feedback provided more insight to develop proposals to bring to the Board of Directors.

Mr. Bardacke provided a presentation of budget priorities for fiscal year 2020/2021, discussing staffing and program goals. Mr. Bardacke added that a discussion on organizational and personal goals would be part of the closed session discussion. Chair Mahmud and Vice-Chair Kuehl praised the Executive Director's leadership and commended CPA staff.

There were no public comments on this item.

V. COMMITTEE MEMBER COMMENTS

Chair Mahmud welcomed Committee Member Lopez to the Executive Committee.

VI. ADJOURN

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

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: May 20, 2020

On May 20, 2020, the Executive Director will provide an oral report to the Executive Committee updating them on current operational activities.



Staff Report – Agenda Item 3

To: Clean Power Alliance (CPA) Executive Committee

From: Ted Bardacke, Executive Director

Subject: Review Draft Agenda for June 4, 2020 Board of Directors Meeting

Date: May 20, 2020

Staff will provide an overview of the proposed agenda items for the June 4, 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.

CONSENT AGENDA

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

Scheduling Coordinator and Congestion Revenue Rights Management Services Contract

CPA's three-year contract with TEA for Scheduling Coordinator (SC) and Congestion Revenue Rights (CRR) Management Services is expiring on December 20, 2020. To participate in the California Independent System Operator (CAISO) market, a company must be a certified SC or retain the services of a certified SC to act on their behalf. On March 23, 2020, CPA issued a Request for Proposals (RFP) for CAISO SC Coordinator Services and CRR Portfolio Management for a term beginning in June 2020 until October 31, 2022, which includes a 4-month transition period between providers, if needed. The scope of services includes a 7-day, 24-hour CAISO market interface, resource optimization, CAISO settlement validation, several Middle Office functions, and CRR management.

Minimum qualifications include CAISO certification, experience with providing SC services for CAISO load-serving entities (LSEs) with loads greater than 1,000 GWh per year, experience with providing SC services for generating assets including intermittent renewable resources and storage assets, and experience with providing CRR portfolio management services for CAISO LSEs.

CPA received seven responses to the RFP, is currently conducting interviews, and will present its proposed selection to the Board for consideration in June.

Approve Task Order No. 5 with The Energy Authority (TEA)

The current Task Order (TEA-#4) with TEA for Power Procurement and Advisory Services expires at the end of June 2020. In conjunction with the new SC Services Contract, CPA is seeking a short-term new Task Order (TEA-#5) with TEA for limited Power Procurement and Advisory Services, focused primarily on Middle Office functions (including counterparty credit monitoring, deal capture, and cost of energy modeling) until the new SC contract will subsume Middle Office services. Changes to the Task Order reflect a significantly reduced scope of work given CPA's in-sourcing of key power procurement staff as well as moving many services from hourly based to fixed fee based. The Task Order is under negotiation and a final contracted amount will be presented to the Board in June for consideration.

REGULAR AGENDA

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

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

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 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 five years require approval by the Board. At the May Board meeting, two of the eight shortlisted Clean Energy contracts were approved. Staff may bring up to three of the remaining six short-listed projects to the June 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 Resolution No. 20-06-009 to Approve Rate Change for Phase 1 & 2

On January 31, 2019, the CPUC approved SCE's request to recover part of its costs related to its \$825 million 2018 undercollection from departing CPA customers through the PCIA. This retroactive cost recovery is known as the "trigger." Implementation of the trigger by SCE resulted in a one-year increase to the PCIA for customers who enrolled in 2019. CPA's Phase 1 and 2 commercial customers, because they enrolled in 2018, were charged a lower PCIA by SCE than Phase 4 commercial customers because they did not pay the trigger and they received a credit in the PCIA to refund overcollections in the PCIA. Therefore, in April 2019 CPA elected to "bifurcate" its commercial rates, so that all customers on the same rate schedule would pay the same overall rate after taking into account the PCIA.

The ERRA trigger was removed from the PCIA in April 2020, but the credit for Phase 1 and 2 customers remained. As a result, CPA continued to bifurcate commercial rates when it adopted rates in May 2020 in order to ensure that all customers would continue to pay the same overall rate regardless of when they were enrolled in CPA.

On May 13, SCE filed an Advice Letter that removed the credit from the PCIA for Phase 1 and 2 customers.¹ The resulting PCIA rates are now the same for all commercial customers, so bifurcated rates are no longer required. Staff recommends adoption of adjusted rates for Phase 1 and 2 customers to match the rates of Phase 4 customers approved at the May 2020 Board meeting. The total generation charges (CPA rate plus PCIA) paid by Phase 1 and 2 customers will not change and bill comparisons will be unaffected. Staff projects that this recommended rate change will result in a \$2.5 million reduction in revenue over a 12-month period.

Approve Local Programs Strategic Plan

Over the past 12 months, CPA has been engaged in a strategic planning process which has now produced a strategy that will guide CPA's investments in local programs over the 2020 – 2025 time period. This process included public stakeholder engagement, input from the Board at the June 2019 Board retreat and the October 2019 and December 2019 Board meetings and several rounds of review by CPA's Community Advisory Committee.

The process was bolstered by technical work provided by a consulting team made up of ARUP and Cadmus and was informed by several parallel CPA activities, including planning and implementation work for the CPA Power Response program, the 2019 Peak Management Program pilot, engagement with the CALeVIP Electric Vehicle (EV) charger incentive program, and the pending funding application before the CPUC for CPA's Community Solar/100% Green Discount program.

At the June 4 Board meeting, staff will request that the Board approve the Local Programs Strategy, which is an outcome of the strategic planning process. Specifically, staff will be seeking:

- Approval of three broad program categories:
 - Resiliency and Grid Management

¹ SCE's rate change also includes an increase to FERC transmission rates, resulting in an overall bill increase of approximately 2% for all customers. This rate increase is entirely on the SCE delivery portion of the bill and is outside CPA's control.

- Electrification
- Local Energy Procurement
- Approval of seven initial program concepts within those categories
 1. **Clean Back Up for Essential Facilities:** Installation of clean energy generation and storage at essential community facilities that can act as resilience hubs (Resiliency and Grid Management)
 2. **Demand Response – Energy Storage:** Partnering with customers to utilize energy storage systems for demand response, reliability, and/or resiliency (Resiliency and Grid Management)
 3. **Peak Management Pricing:** Incentives for commercial and public agency customers to reduce their energy consumption during periods of grid stress, high greenhouse gas (GHG) emissions, and elevated wholesale energy prices (Resiliency and Grid Management)
 4. **Publicly Accessible Electric Vehicle Charging:** Incentives for publicly accessible electric vehicle chargers, typically using match funding with other state and regional programs (Electrification)
 5. **Building Electrification Codes:** Technical assistance and incentives for cities and counties to develop local building codes to encourage the electrification and decarbonization of the building sector (Electrification)
 6. **Community Solar:** Develop small-scale local generation projects in disadvantaged communities (DAC) that provide bill discounts to neighboring residents (Local Energy Procurement – CPUC funded)
 7. **100% Green Discount:** Provide low-income customers with additional bill discounts for renewable energy generated in disadvantaged communities (Local Energy Procurement – CPUC funded)
- Ratification of a 2020 – 20205 local procurement goal of 175MW, or 7% of CPA’s planned purchases of new renewable energy and storage capacity of the same timeframe. Achievement of this goal would result in approximately \$220 million dollars of new investment in Los Angeles and Ventura Counties.

Some of the recommended program concepts are already in the process of implementation while others still need further planning, assessment, and program design work before being implemented. The table below shows current implementation status:

Program	Implementation Status
Clean Back Up Power for Essential Facilities	Design and Planning
Demand Response – Energy Storage	Implementation and Evaluation of the Power Response pilot in 2020/2021; Design and Planning for expanded program
Peak Management Pricing	Completed Evaluation of 2019 pilot; Board approved implementation of expanded 2020 program with rates in May 2020
Public EV Charging	2021 program launch in Ventura County; Assessment underway for Los Angeles County
Building Electrification Code Technical Assistance Incentive	2020/2021 Technical Assessment
Community Solar	Program design concept and funding request submitted to CPUC for funds already allocated to CPA; awaiting approval
100% Green Discount	Program design concept and funding request submitted to CPUC for funds already allocated to CPA; awaiting approval

Approval of these seven program concepts does not limit CPA to just these programs for the 2020 – 2025 time period. The Draft FY 2020/21 budget, for example, includes a contingency for short-term efforts that may arise where CPA nimbleness could address an immediate need in one of the three broad program categories (i.e. Resilience and Grid Management, Electrification, and Local Energy Procurement) that have been identified as the key areas of focus for CPA.

Approve FY 2020/2021 Budget

This item is subject to a separate staff report and presentation for Executive Committee review.

ATTACHMENTS

- 1) [Draft June 4, 2020 Board Meeting Agenda](#)
- 2) [March 18, 2020 Executive Committee Presentation on Local Programs Strategic Plan](#)



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

Thursday, June 4, 2020

2:00 p.m.

CALL TO ORDER AND ROLL CALL

GENERAL PUBLIC COMMENT

CONSENT AGENDA

1. Approve Minutes from May 7, 2020 Board of Directors Meeting
2. Scheduling Coordinator/Congestion Revenue Rights (CRR) Management Services Contract
3. Approve Task Order No. 5 with The Energy Authority (TEA)
4. Receive and File Community Advisory Committee Monthly Report

REGULAR AGENDA

5. Approve Power Purchase Agreement – 2019 Clean Energy RFO
6. Adopt Resolution No. 20-06-009 to Approve Rate Change for Phases 1 & 2
7. Approve Proposed FY 2020/21 Budget
8. Approve Local Programs Strategic Plan

MANAGEMENT UPDATE

COMMITTEE CHAIR UPDATES

Director Lindsey Horvath, Chair, Legislative & Regulatory Committee

Director Julian Gold, Chair, Finance Committee

Director Kevin McKeown, Chair, Energy Planning & Resources Committee

BOARD MEMBER COMMENTS

REPORT FROM THE CHAIR

CLOSED SESSION

9. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Potential initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9: (1)

ADJOURN – NEXT REGULAR MEETING ON JULY 9, 2020



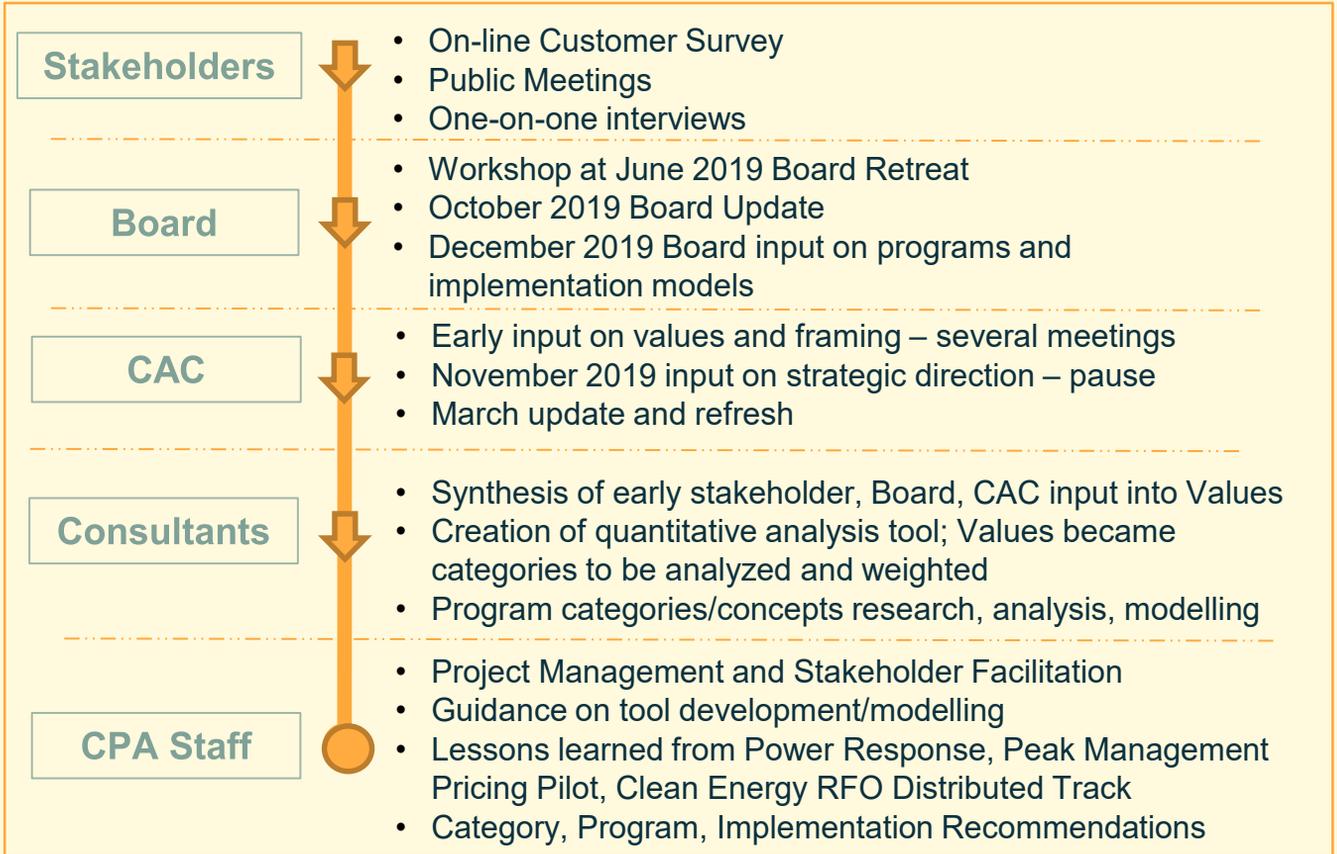
Local Programs Strategic Plan Update

March 18, 2020

Summary

- Local programs will define the CPA brand for most customers
- In May 2019, CPA launched a Local Programs Strategic Planning process to guide the development of local programs for the 2020 – 2025 time period
- At the April 2020 Board Meeting, staff will present the outcomes of this planning process and ask for approval of a strategic direction in key areas:
 - 3 broad program categories
 - 7 initial program concepts within those categories
 - Implementation models and amplification methods
 - Ratify local procurement goal
- Some program concepts are currently being implemented; others are still in the ideation stage
- Programs spending is budget dependent. Some programs are cost-neutral and/or are very low cost. Others require short or long-term spending which results in either a long term positive financial ROI, a social ROI, or both

Process



Different Program Types + Common Issues

Resiliency and Grid Management

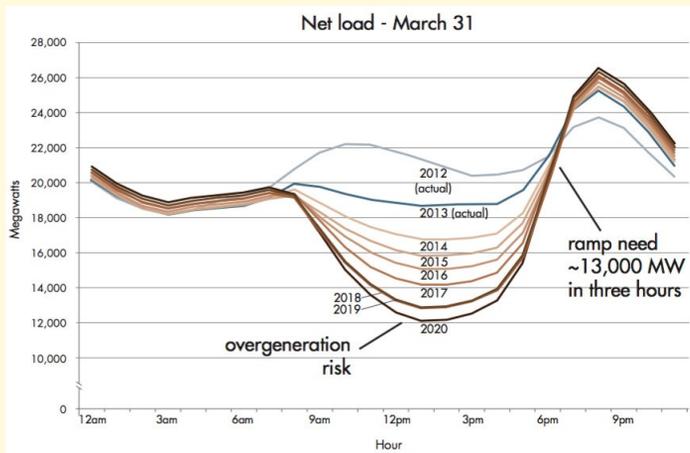
- Demand Response
- Back-Up Power
- Behind-the-Meter Storage

Electrification

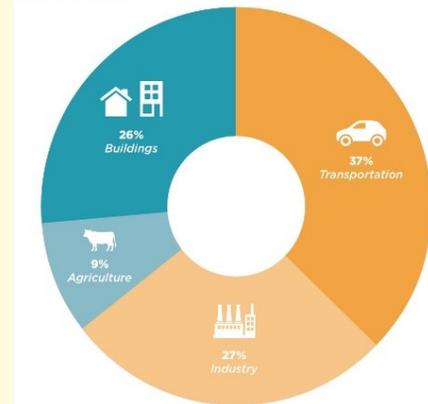
- Charging Infrastructure
- Building Equipment
- Building Codes

Local Energy Procurement

- Community Solar
- Front-of-the-Meter Storage
- Distributed Track RFO

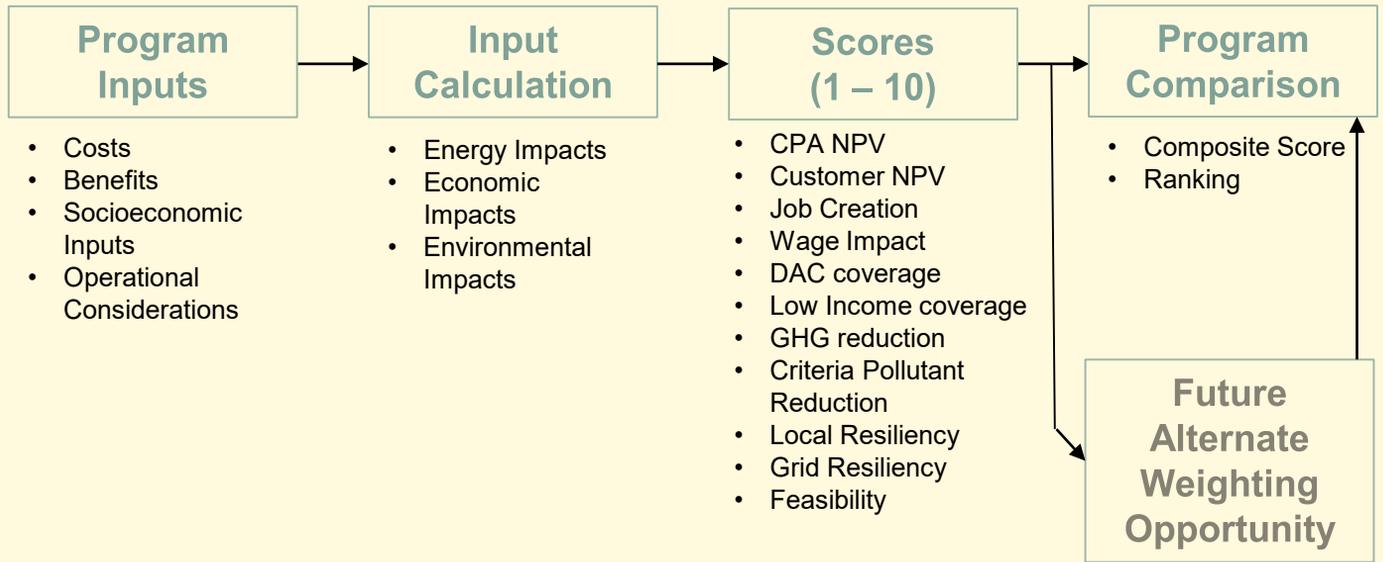


CALIFORNIA END USE GREENHOUSE GAS EMISSIONS¹



Program Comparison Tool

- **Compares** programs for prioritization
- **Analyzes** co-benefits delivered by a particular program
- **Updatable** to changing circumstances and priorities



Program Rankings

- Over 30 different program concepts within the three categories were screened
- 11 programs modelled, weighted by Board/stakeholder/CAC values and goals

Program Rank	Recommended?
1. Clean Back Up Power for CPA Members	Yes
2. Demand Response – Energy Storage	Yes
3. Community Solar	Yes
4. Public EV Charging	Yes
5. Electric Building Reach Code TA/Incentive	Yes
6. 100% Green Discount	Yes
7. Demand Response – Residential Thermostat	No – Pending CPA Power Response pilot outcome
8. All-Electric Post-Fire Rebuild	No – SCE launched program; CPA customers are eligible
9. Distributed Track RFO	No – high long-term costs for short-term benefits
10. Peak Management Program	Yes – strong customer demand; potentially high ROI
11. Natural Gas Appliance Replacement	No – Need to remove market barriers; CPUC likely to fund programs

Cost Considerations

	Initial Cost	Long Term Cost	CPA ROI	Customer ROI	Social ROI
Clean Back-up Power	Low	High	Low	TBD	High
Storage/Demand Response	TBD	TBD	High	Medium	Medium
Community Solar	Zero	Zero	Low	High	High
EV Chargers	Medium	Zero	Medium	TBD	Medium
Electric Building Code	Low	Zero	TBD	TBD	High
100% Green Discount	Zero	Zero	Low	High	Medium
Peak Management	Low	TBD	TBD	Behavior Dependent	Low

Broad Range of Target Markets

	Community Wide and/or CPA Member	Single Family	Multi-Family	Low Income and/or DACs	Commercial Customers
Clean Back-up Power	X				
Storage/Demand Response		X	X	X	X
Community Solar		X	X	X	
EV Chargers	X		X	X	X
Electric Building Code	X	X	X	X	X
100% Green Discount		X	X	X	
Peak Management	X				X

What is not recommended?

- Feed-in-Tariff or Standard Distributed Track RFO
 - 3x to 5x more costly than utility-scale renewables for similar environmental benefits
 - Long-term cost commitments; few long-term community benefits
 - CPA will still procure a significant amount of local resources through lower cost models and/or with additional community benefits
- “Local Return”
 - CPA does not have the financial resources to write large checks – dilution effect would be significant
 - Program design/implementation/capacity issues at many member agencies
 - Positive ROI and broad community impact more likely through single entity

Local Procurement Goal

- At the October 2019 Board Meeting, staff committed to setting a local procurement goal in spring 2020
- Via the Local Programs Strategy and other procurement and planning efforts, CPA staff believes a **175 MW** goal for new energy and storage resources in LA and Ventura Counties is appropriate, achievable, and cost-effective
- The represents **7%** of total projected new energy and storage resources over the next five years, **worth hundreds of million dollars of local investment**

Local Procurement Opportunity	Capacity
Community Solar	3 MW
100% Green Discount	13 MW
2019 Reliability RFO	100+ MW Local
2019 RFO Utility Scale Track	50+ MW Local
2019 RFO Distributed Track	2MW
Essential Facilities Back-up Power	~10MW
Behind the Meter Resource Adequacy	TBD

Amplification Efforts

- **Public Agency Set-Aside for incentive programs** – governments can be assured of some funding availability
- **Innovation Fund** – similar to a “call for projects” to be explored if and when funding is available
- **Targeted Education and Outreach** – general brand awareness; customer acquisition, particularly among hard-to-reach populations
- **Statewide Program Funding** – only where it makes sense
 - Programs that connect directly with the CPA’s mission and the business model
 - Programs that leverage other CPA activities
 - Cases where the CPA can reach particular customer segments more efficiently than other Program Administrators
 - Cases where CPA can effectively use research funds to test new concepts/technology and drive innovation

Implementation Models

- CPA Administered
- Third Party Administered
- Direct Install via Master Contract or Program Partner

Program	Likely Implementation Model
Clean Back-up Power	Direct Install
Storage/Demand Response	Third Party
Community Solar	Direct Install/CPA Administered
EV Chargers	Third Party
Electric Building Code	CPA Administered/Third Party
100% Green Discount	CPA Administered
Peak Management	CPA Administered

Current Status

Program	Status
Clean Back-up Power	Data gathering; Business model development
Storage/Demand Response	Some concepts being tested in CPA Power Response pilot; Additional data gathering in 2020 and 2021
Community Solar	Program design concept and funding request submitted to CPUC
EV Chargers	2021 funding commitment made for Ventura County; Awaiting CEC matching funding; Exploring match funding options for Los Angeles County
Electric Building Code	Data gathering; Other CCA programs have been completed
100% Green Discount	Program design concept and funding request submitted to CPUC
Peak Management	Pilot completed in 2019; program refinement and relaunch in summer 2020

Proposed Board Actions – For ExCom Discussion

- Approve three program categories
- Approve seven program concepts
- Ratify Local Procurement Goal
- Endorse Implementation Models
- Endorse Amplification Efforts



Staff Report – Agenda Item 4

To: Clean Power Alliance (CPA) Executive Committee
From: David McNeil, Chief Financial Officer
Approved By: Ted Bardacke, Executive Director
Subject: Review Draft Fiscal Year 2020/21 Annual Budget
Date: May 20, 2020

RECOMMENDATION

Review and provide input.

SUMMARY

Each year CPA develops an annual budget to govern the receipt of revenues and disbursement of expenditures during the upcoming fiscal year. Staff plan to present the Fiscal Year (FY) 2020/21 Budget for the fiscal year beginning July 1, 2020 for consideration by the Board at its June 4, 2020 meeting. The FY 2020/21 Budget is being developed in accordance with the timeline and priorities summarized in the Draft FY 2020-21 Budget presentation (provided as Attachment 1) and reflects the input of the Finance and Executive Committees at their respective April 2020 meetings, as well as the Board at its May 7, 2020 meeting.

The Draft FY 2020/21 Budget (Draft Budget, provided as Attachment 2) reflects the following budget priorities presented to the Executive Committee on April 15, 2020.

1. Developing systems to enhance risk management, cost control and local program design and delivery
2. Augmenting staff resources in the areas of risk management, data analysis, and customer programs
3. Focusing on customer programs that leverage available subsidies and meet CPA's existing commitments

The Finance Committee requested additional information about Staffing and Technical Services costs and this information is summarized below. Following the Executive Committee meeting, staff will be turning the Draft Budget into a Proposed Budget for final review by the Finance Committee prior to presentation to the full Board.

The Draft Budget incorporates the estimated impacts of Shelter in Place (SIP) restrictions and the onset of a recession on customer usage, revenue, cost of energy and bad debt expense projections.

The Draft Budget sets forth changes to the following budget line items:

Revenue – electricity net (-\$48,783,000, 6% decrease): Budgeted electricity revenues are based on estimates of customer electricity usage and retail electricity rates. Budgeted revenues include the rate change approved by the Board in May 2020 and a rate decrease for Phase 1 and 2 customers that will be presented to the Board in June 2020. Budgeted revenues include an allowance for doubtful accounts equal to 1.25% of revenues or \$9.4 million. Revenues are lower than FY 2019/20 Budgeted revenues due to the expected impact of Shelter in Place and the current recession on customer demand for electricity and a change in the allowance for doubtful accounts from 0.5% of revenues to 1.25% of revenues, an increase of 2.5x.

Other revenue (+556,000, +5560% increase): Other revenue includes operating revenue from sources other than retail electricity sales. Other revenue includes funding from the California Public Utilities Commission (CPUC) that would support the Community Solar program. Funding is contingent on approval from the CPUC. Staff expect approval in the first quarter of FY2020/21. Funding from the CPUC would offset expenditures budgeted in the Staffing and Technical services budget line items.

Cost of energy (-\$54,997,000, 7% decrease): Cost of energy includes expenses associated with the purchase of system energy, renewable energy, resource adequacy, and charges by the California Independent Systems Operator (CAISO) for load, and

services performed by the CAISO. CAISO charges for load are based on customer energy use and prices at the Default Load Aggregation Point (DLAP). Credits for energy generation scheduled into the CAISO market and revenues arising from Congestion Revenue Rights (CRRs) are netted from the cost of energy. CAISO credits for energy generation are based on wholesale energy deliveries and Locational Margin Prices (LMPs). CRRs are financial instruments created by the CAISO which enable load serving entities, such as CPA, to manage price differences between wholesale energy delivery locations and retail use points. Expenditures are lower than those budgeted in FY 2019/20 due to lower expected demand for electricity due to SIP, the current recession and forecast market energy prices that are low.

Staffing (+\$3,145,000; 68% increase): Staffing costs include salaries and benefits payable in accordance with CPA's Board-approved Employee Handbook and reflect the internal benchmark expenditure target of no more than 1% of energy revenue. Increased costs result from the full year effect of staff hired during FY 2019/20, the full year effect of benefit changes approved by the Board in September 2019, and planned hiring of new staff principally in the areas of data systems, risk management, and customer programs. The proposed \$3.145 million increase in budgeted staffing costs is composed of the following:

Draft Staffing Increase Detail	Amount (\$)	% of Total
FY 2019-20 unspent funds	(424,000)	-13%
Planned and potential new hires	1,449,839	46%
Full Year Impact of benefit enhancements approved In September 2019	114,000	4%
Full Year Impact of staff hired durring FY 2019-20	1,659,000	53%
Other Increases	346,161	11%
Total Increase	3,145,000	100%

Technical services (+\$1,075,000; 64% increase): Technical services comprise scheduling coordination (SC), short and long-term energy contracting, risk and portfolio management related services, and planning/support services for customer programs where engineering or other technical expertise is required. Scheduling coordinators provide a variety of services including scheduling generating assets and customer energy use into the California Independent System Operator (CAISO) markets, managing CRR

purchases and sales, validating CAISO invoices and providing risk management and energy contract management software.

In nearly all cases, contracts for technical services for FY 2020/21 are under negotiation or RFOs for technical services have not yet occurred. The following table summarizes budget planning and assumptions.

	FY 2019/21	FY 2020/21	Difference (\$)	Difference (%)
Scheduling Coordinator services	534,000	737,000	203,000	38%
Energy planning and risk management services	219,000	590,000	371,000	169%
Procurement support	610,000	350,000	(260,000)	-43%
Program planning support services	0	472,222	472,222	n/a
Program planning support services (CPUC funded)		345,000	345,000	
Other services and contingencies	414,000	602,778	188,778	46%
Total	1,777,000	2,752,000	975,000	55%

In dollar terms, approximately 75% of the proposed increase is in program planning support services. Expenditures to support the Community Solar Program are contingent upon and will be offset by funding by the CPUC as described in the Other revenue section above. Program planning support services will also support engineering and other consulting services that will support the Clean Back-up Power program.

The increase in SC and CRR management partly reflects costs associated with scheduling storage resources that will be coming on-line in 2021. Storage is a dispatchable resource and will become a key component of CPA's energy portfolio. Optimizing revenues for these resources requires specialized expertise and additional effort on the part of the SC. Part of the increase is also attributable to a budget contingency for a three-month transition period to a new scheduling coordinator beginning in July 2020.

The increase in energy planning and risk management services reflects the increasing complexity of CPA's energy portfolio and the need to undertake integrated resource planning and to model and value new energy risk management products. At the same time, energy planning and risk management costs have been reduced by the insourcing of load forecasting, while decreased procurement costs reflect the successful insourcing

of procurement activities in the areas of energy hedging, short-term renewable energy purchases, and the acquisition of Resource Adequacy.

Other services and contingencies include support for risk management and rate setting.

Legal services (+\$750,000; 68% increase): Legal services support CPA's contracting, including contracting for short-term and long-term energy, resource adequacy, and other non-energy contracting, including banking, finance, and local programs. Legal services also include support for specific regulatory proceedings (e.g., SCE's ERRA Applications, SCE General Rate Case, and other compliance obligations), employment matters, governance, and general liability management. The majority of the budget in this section is shown in the following table.

<u>Legal Service</u>	<u>Major Providers</u>
Energy Contracting	Hall Energy Law Clean Energy Counsel Keyes & Fox Greenberg Glusker
Regulatory Compliance and CPUC Advocacy	Braun Blaising Smith Wynne Keyes & Fox
Employment Law and Compliance	Posinelli
General Liability and Governance	Burke Williams & Sorensen Jarvis Fay & Gipson

The draft budget increase is due primarily to a projected increase in expenses for the expansion of CPA's clean energy contracting into more local projects, intervention in more CPUC ratemaking proceedings, and contingencies. On a per-hour basis, CPA's energy contracting expenses have decreased as a result of diversifying the number of firms CPA works with and the streamlining of many energy contracting standard agreements.

Other services (+\$61,000; 6% increase): Other services represent professional services not budgeted under Technical or Legal services and include costs associated with energy compliance auditing, financial audits and audit support, lobbying services,

non-technical assistance for local programs, and staff support services including recruitment, payroll and benefits administration, IT support, and labor compliance. Many of these services are not yet under contract and will be procured through competitive processes.

The draft budget increase is due primarily to the full year impact of lobbying services, additional staff support services due to a projected increase in headcount, and a one-time project to assist CPA with augmenting its resiliency and business continuity plan.

Communications and marketing services (+\$277,000; 112% increase):

Communications and related services include costs associated with customer outreach, marketing, branding, website management, translation, advertising, special events and sponsorships. The increase in marketing expenses reflects a shift of the majority of CPA's Community Based Organization grant program into FY 2020/2021 and a higher budget for events and sponsorship funding to strengthen CPA's community partnerships.

Customer notices and mailing services (+\$465,000, 116% increase): Notices and mailing services support ongoing communication with CPA customers. Over 95% of the increased mailer costs reflect the CEC-required mailing of CPA's 2019 Product Content Label (PCL) to all 2019 CPA customers in July 2020.¹

Billing data management services (-\$49,000; 0.4% decrease): Billing data manager costs are based on the number of customer meters served by CPA and per-meter rates charged by CPA's billing data manager, Calpine. Billing data management costs include costs associated with the enrollment of Westlake Village and other contingencies.

Service fees – SCE (+\$100,000; 5% increase): Service fees are charged by SCE for a variety of customer billing and administrative services. The increase in Service fees results from an increase in contingencies.

¹ The 2018 PCL mailing in July 2019 was only sent to the approximately 30,000 customers that CPA had in 2018.

Local Programs (-\$90,000 6% decrease): Local programs represent direct costs associated with providing energy programs to CPA customers. Direct costs typically support customer rebates and incentives and payments to third parties for program implementation. The FY 2020/21 local programs budget supports the CPA Power Response pilot program administered by Olivine, provides match funds for electric vehicle charger incentives administered by the Center for Sustainable Energy/CalEVIP program, and includes a contingency to allow for flexibility should new program needs arise.

COVID-19 Bill Assistance (-\$1,000,000): The COVID-19 Relief Program provides bill assistance to help impacted customers manage their electricity payments. The Program is available until \$1 million of program funds are credited to customers. Staff expect the \$1 million of program funds to be used by the end of FY 2019/20.

General and administration (+\$568,000; 75% increase): General and administration costs include office supplies, phone, internet, travel, dues and subscriptions, professional development and other related expenses. One-quarter of the general and administration costs are membership dues for the CCA trade organization, the California Community Choice Association (CalCCA), which are remaining flat this coming Fiscal Year. The majority of the draft budget increase in general and administrative charges are to support CPA's increase staff headcount, including a significant increase in budgeted workers compensation insurance.

Occupancy (+\$516,000; 25% increase): Occupancy costs include the costs of leasing CPA's offices and other associated costs. The increase in occupancy costs arises from increased staffing. Occupancy cost per employee is projected to decline after the planned move to permanent offices and the elimination of the need to rent outside locations for Board and Committee meetings.

Finance and interest expense (+\$74,000; 19% increase): Finance and interest expenses represent fees, borrowing and letter of credit costs associated with CPA's loan facility. Costs include fees associated with a new credit agreement. CPA's current agreement with River City Bank expires in March 2021.

Interest income (-\$399,000; 61% decrease): Interest income represents income earned on funds in savings accounts held by bank and other investment accounts. Decrease in interest income arises from a decrease in interest rates.

Capital outlay (+\$0.00, 0%): Expenditures associated with capital outlay will support the purchase of furniture, computers, security systems and audiovisual equipment used at Board and other meetings, and a contingency for leasehold improvements. The maximum CPA will spend on Capital outlay is a combined total of \$1,074,000 over both FY 2019/20 and FY 2020/21.

Attachments:

- 1) [Draft FY 2020/21 Budget Presentation](#)
- 2) [Draft FY 2020/21 Budget](#)



Draft FY 2020/2021 Budget

May 20, 2020

FY 2020/21 Budget Schedule

- ✓ April 15 (Executive) – Budget Priorities
- ✓ April 29 (Finance) – Draft FY 2020/21 Budget (Operating Only)
- ✓ 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

Context

- Revenues include new rates approved by the board in May 2020, a probable change to Phases 1 and 2 customer rates in June 2020 and 2.5x increase in bad debt expense
- Load, revenue, cost of energy and bad debt expense reflect CPA base case load and economic forecast. SIP and recession impacts are uncertain
- Budget constraints: ~92% of expenses is cost of energy; ~50% of budgeted operating expenses are fixed by regulatory or contract obligation
- CPA is still building organizational capacity in key areas such as Risk Management, Data Analytics, and Customer programs

Priorities

- **Systems to Enhance Risk Management, Cost Control and Local Program Design and Delivery**
 - Begin multi-year investment while continuing to in-source
 - Most investment will be in staff who will build and run databases and application protocol interfaces in the three key areas
- **Staffing**
 - “Catch-up” hiring not completed in 2019/2020
 - Slow down hiring rate 2020/21
 - Build out systems, risk management and customer programs teams
 - Benchmark of 1% of revenue for staffing costs
- **Programs**
 - Focus on existing commitments
 - Leverage available subsidies

Staffing

- Budgeting benchmark: 1% of revenue
 - 0.58% in current year
 - 2.1% large CCA average
- Key functional areas are not appropriately staffed. Focus on:
 - Systems/Risk Management
 - Programs/Customer Engagement (Partially subsidized)
 - Regulatory
- Increase FTE from current 29, to 40-45 this Fiscal Year
 - Deceleration in hiring and staffing cost increases
 - 40% increase in annualized salary cost in FY 2020/21 compared to 67% in FY 2019/20
 - 2 Customer Programs positions contingent on CPUC funding

CCA Staffing - Budget Comparison Summary

	Clean Power Alliance	Peninsula Clean Energy	Marin Clean Energy	Monterey bay Clean Energy	East Bay Community Energy
Fiscal Year, in \$000	2020-21 (Draft)	2020-21	2020-21	2020-21	2019-20
Revenue	746,508	248,000	445,000	322,584	465,000
Staffing Expense	7,791	6,200	11,800	6,800	6,200
Staffing % of Revenue	1.0%	2.5%	2.7%	2.1%	1.3%

- CCA staffing budgets vary based on size of agency, strategic priorities and stage of development (mature vs start up)
- As a % of revenue, the proposed CPA budget is currently at the low end of the CCA range

CPA Staffing – Annualized Costs Summary

Annualized Staffing Costs as of 5/1/20				
	Salaries	Benefits	Total	Average Salary
Current Staff	4,180,000	1,254,000	5,434,000	144,000
Vacant and under consideration	1,655,000	497,000	2,152,000	118,000
Total	5,835,000	1,751,000	7,586,000	136,000
Increase from Current	40%	40%	40%	
Salary Ranges as of 5/1/20	Low	High		
General Counsel, CFO, COO	206,000	250,000		
Directors	130,000	206,000		
Managers	80,000	175,000		
Analysts & Support Staff	65,000	115,000		

- Senior positions are mostly filled. New positions are primarily technical and middle management
- Salary variation partly reflects experience and specialized expertise
- Benefit costs are lower than public sector norms
- Included in budget is a contingency, possible merit increases, and a mid-year cost of living adjustment (COLA)
- Prior year staff salaries are reported to the state on an annual basis and are recorded publicly

Programs

Program	2020/2021 Status	2020/2021 Costs
CPA Power Response Pilot	Full Implementation	\$750k
Clean Back-up Power	Business model development/RFI	\$275k (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	\$ 345k (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	\$285k
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 Agenda Page 47	\$10k administrative costs (incentives/payback included in cost of energy)

CLEAN POWER ALLIANCE of SOUTHERN CALIFORNIA					
Fiscal Year 2020/2021 BUDGET					
DRAFT - OPERATING EXPENSES					
A	B	C	D	E	
	FY 2019/20 Budget (Amended)	FY 2020/21 Budget	Difference (\$)	Difference (%)	
1	Revenue - Electricity net	794,725,000	745,942,000	(48,783,000)	-6%
2	Other revenue	10,000	566,000	556,000	5560%
3	TOTAL REVENUE	794,735,000	746,508,000	(48,227,000)	-6%
4	Cost of energy	738,943,000	683,946,000	(54,997,000)	-7%
4	TOTAL ENERGY COSTS	738,943,000	683,946,000	(54,997,000)	-7%
5	NET ENERGY REVENUE	55,792,000	62,562,000	6,770,000	12%
OPERATING EXPENSES					
6	Staffing	4,646,000	7,791,000	3,145,000	68%
7	Technical services	1,677,000	2,752,000	1,075,000	64%
8	Legal services	1,099,000	1,849,000	750,000	68%
9	Other services	942,000	1,003,000	61,000	6%
10	Communications and marketing services	248,000	525,000	277,000	112%
11	Customer notices and mailing services	400,000	865,000	465,000	116%
12	Billing data management services	11,930,000	11,881,000	(49,000)	-0.4%
13	Service fees - SCE	2,215,000	2,315,000	100,000	5%
14	Local programs	1,450,000	1,360,000	(90,000)	-6%
15	Covid-19 Bill Assistance	1,000,000	-	(1,000,000)	n/a
16	General and administration	757,000	1,325,000	568,000	75%
17	Occupancy	414,000	516,000	102,000	25%
18	TOTAL OPERATING EXPENSES	26,778,000	32,182,000	5,404,000	24%
19	OPERATING INCOME	29,014,000	30,380,000	1,366,000	5%
20	Finance and interest expense	388,000	462,000	74,000	19%
21	Depreciation	12,000	12,000	-	0%
22	TOTAL NON OPERATING EXPENSES	400,000	474,000	74,000	19%
23	Interest Income	649,000	250,000	(399,000)	-61%
24	TOTAL NON OPERATING REVENUE	649,000	250,000	(399,000)	-61%
25					
26	CHANGE IN NET POSITION	29,263,000	30,156,000	893,000	3%
27	NET POSITION BEGINNING OF PERIOD	15,989,000	45,252,000	29,263,000	183%
28	NET POSITION END OF PERIOD	45,252,000	75,408,000	30,156,000	67%
29	<i>Other Uses</i>				
30	Capital Outlay	1,074,000	1,074,000	-	0%
31	Depreciation	(12,000)	(12,000)	-	0%
32	CHANGE IN FUND BALANCE	44,166,000	29,070,000	(15,096,000)	-34%
33	<i>Note: Funds may not sum precisely due to rounding</i>				
34	Contribution to net position / revenue		4.04%		