

MEETING of the Executive Committee of the
Clean Power Alliance of Southern California
Wednesday, September 18, 2019, 1:30 p.m.

MINUTES

555 West 5th Street, 35th Floor
Los Angeles, CA 90013

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

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

I. WELCOME AND ROLL CALL

Chair Diana Mahmud called the meeting to order at 1:31 p.m. and Board Secretary Rigo Garcia conducted roll call.

| Roll Call | | | |
|------------------------------|-----------------|----------------------------|---------------------|
| Beverly Hills | Julian Gold | Committee Member | Remote |
| Los Angeles County | Sheila Kuehl | Vice Chair | Present |
| Oxnard | Carmen Ramirez | Committee Member | Remote (1:36 p.m.) |
| Rolling Hills Estates | Steve Zuckerman | Committee Member | Present |
| Santa Monica | Kevin McKeown | Committee Member | Present |
| South Pasadena | Diana Mahmud | Chair | Present |
| Ventura County | Linda Parks | Vice Chair | Present (2:20 p.m.) |
| West Hollywood | Robyn Eason | Alternate Committee Member | Present |

II. GENERAL PUBLIC COMMENT

There were no public comments.

III. CONSENT AGENDA

1. Approve Minutes from August 21, 2019 Executive Committee Meeting

Motion: Committee Member McKeown, Santa Monica

Second: Committee Member Zukerman, Rolling Hills Estates

Vote: Item 1 was approved by roll call vote 6-0-2, Vice Chair Parks and Committee Member Ramirez absent.

IV. REGULAR AGENDA

2. Receive Report from the Executive Director

Ted Bardacke, Executive Director, provided an update on recent news of San Diego, Chula Vista, La Mesa, Encinitas, and Imperial Beach's interest to form a CCA. Vice Chair Kuehl asked if the formation would provide more pressure on purchasing or have repercussions. Mr. Bardacke indicated the answer is multifaceted given the State's goal to achieve 100% renewable energy by 2035. The deadline would introduce additional renewable energy purchase opportunities but also bring in new buyers to the market. Mr. Bardacke indicated that with San Diego looking to go live by 2022 it would be beneficial to secure PPA's sooner than later. Matt Langer, Chief Operating Officer, also commented that as decarbonization regulations initiate, the competition for clean energy projects would increase. Committee Member Zukerman indicated the 2035 deadline could also incentivize projects with possible assistance from State legislation.

Mr. Bardacke provided updates on the following items: cool summer weather is leading consumers to use less energy; reported good news that the cap on Direct Access (DA) was raised but CPA would lose less than 1% in load; announced that Jones Lang LaSalle IP, Inc. (JLL) was selected as the real estate broker to provide sustainable design options for a permanent CPA office. Committee Member Ramirez suggested the new permanent

location be near a Metro stop, to which staff concurred. Mr. Bardacke discussed a recent CPUC decision on Resource Adequacy (RA) that was a result of Once-through Cooling (OTC) plants phasing out in Southern California. Mr. Bardacke indicated that the RA projections affect the entire state but the Southern California Edison (SCE) territory providers are being asked to bear the weight of producing 2,500 MW of new capacity, of which CPA would be responsible for 350 MW. Mr. Bardacke suggested that a silver lining may be that the CPUC wants CCAs to be a part of solution rather than mandating a pro-rated bill to pay. Lastly, Mr. Bardacke indicated CPA would participate in filing a response to the CPUC to address concerns.

Committee Member McKeown requested staff share information on the OTC plant information and asked what the deadline was for submitting comments. Mr. Langer responded that he would share preliminary information and get confirmation on the deadline to submit comments. Vice Chair Kuehl asked if there was sufficient data and analysis provided to warrant Southern California being singled out for procurement. Mr. Langer responded that the data was parsed out throughout the State and there was a system shortfall, and the CPUC considered either importing from out-of-state or building new capacity in-state; in line with that comment, PG&E and San Diego commented that they did not want to do any new procurement but SCE said there should be procurement and that was the reason for the proposed decision.

Chair Mahmud commented this is an area where CPA provides a benefit to its agencies by assisting the City of Oxnard and Redondo Beach in their battle against the decision.

There were no public comments made on this item.

3. Review Draft Agenda for October 3, 2019 Board of Directors Meeting

Mr. Bardacke provided an update on the upcoming Board of Directors meeting, which includes items on the Local Programs Strategic Plan, the DER pilot, and one Power Purchase Agreement. During the Local Programs stakeholder engagement process, Mr. Bardacke indicated that the number one priority from stakeholders was the desire to reduce the cost premium of 100% Green Power. Another area of interest was jobs and economic development and providing resources within the service territory. Mr. Bardacke indicated both priorities are at odds with one another because it's more costly to do procurement within the service area.

Committee Member Zuckerman asked what the payback was on residential battery storage and whether there is consideration cost sharing with batteries. Mr. Bardacke indicated there are many variables, but the only way it would benefit CPA is if the battery storage was aggregated.

Chair Mahmud asked in what areas are programs going to be made available. Mr. Bardacke responded that the three pilot programs leverage existing infrastructure, and CPA could learn and determine how to add additional value. CPA could focus on disadvantaged communities where customers may not have the means to install items such as smart thermostats. Chair Mahmud asked if CPA can piggyback on the CPUC leveraged rebates program. Mr. Bardacke affirmed that was possible. Vice Chair Parks asked if there could be a separate RFP for supplementary renewable energy for emergencies. Mr. Bardacke responded CPA could issue a Request for Information, where CPA outlines the problems and bidders would propose solutions in the wildfire areas. Vice Chair Kuehl commented that in disaster areas the issue is more related to distribution versus local procurement and needs to be tied to local distribution and customer resiliency.

On long-term power contracting status and process, Ms. Keefer provided an update regarding CPA's procurement of long-term power contracts including the start of the 2019 Clean Energy RFO. Ms. Keefer provided an overview of the 2018 RFO resulting in 1.2 million MWh with 11 shortlisted projects, seven exclusive negotiations, and two executed PPAs under negotiation. Ms. Keefer provided an overview of the 2019 RFO, specifying there would be two tracks; first, a utility-scale procurement track of 10 MW or larger; and second, a distributed procurement track less than 10 MW and located within Los Angeles and Ventura Counties. The distributed procurement track seeks to encourage new clean energy resources and economic development within CPA's service territory.

Chair Mahmud inquired, given the CPUC mandate for CPA to procure 350 MWh, will staff prioritize some negotiations over others to reach the compliance threshold. Ms. Keefer responded there is no consensus yet on the IRP mandated procurement to maintain a separate RFO process for the mandate, and added that the mandate could be reached by other means including, distributed, battery, anything with an RA value. Committee Member Zuckerman asked if CPA's consultants use linear programming models to compare aggregates and at what length. Ms. Keefer responded that CPA uses production simulation models to generate a price forecast using 10-year models.

Ms. Keefer discussed factors driving CPA's long-term procurement efforts, including compliance requirements, cost savings potential, load-resource balance and portfolio diversity considerations, and desire to invest in new renewable energy development. SB 350 requires CPA to secure at least 65% of its Renewables Portfolio Standard (RPS) obligations through long-term (10+ years) contracts over the 2021-2024 compliance period. Within this time period, it is advantageous for CPA to secure projects with earlier online dates to help reduce its procurement costs and reduce the need to "catch up" with additional procurement in later years.

Ms. Keefer reported that CPA was approached by a developer regarding a time-sensitive opportunity to secure a 20-year PPA with a 300 MW wind project located in Arizona. The PPA offered to CPA is part of a larger 350 MW wind project with a Commercial Online Date of December 31, 2020. Ms. Keefer indicated CPA would save \$8 million annually compared to short-term pricing through this project, and it offers the ability to diversify CPA's resource portfolio. Committee Member Zuckerman commented that Directors may ask about the confidentiality of pricings. Mr. Bardacke responded that certain Energy Committee members have access to the unredacted version, and the project ranks within the top quartile of value. Committee Member Ramirez commented that staff has provided and prepared reports in such a way that make market information understandable and has no reservations about the process.

Vice Chair Kuehl asked if the Arizona Wind Project went through the RFO process. Ms. Keefer responded that the Arizona Wind Project did not go through the RFO process, that CPA received eight wind project proposals for the 2018 RFO, four in-state and four out-of-state, however CPA was not able to get into negotiations with the one in-state wind project selected because it had been contracted out by the time CPA was ready to start negotiations. Mr. Bardacke further responded that there are two processes whereby projects can turn into agreements, one is the RFO process, and the second is presenting unique bi-lateral opportunities to the Board. Mr. Langer added that this project is unique because of the 2020 online date, and there is no time for this project to bid into the 2019 RFO process. Committee Member McKeown asked if this project was one of the 230 projects submitted. Ms. Keefer responded that the project had bid in, but was not a conforming offer at the time. The project is now a conforming offer and it was presented to CPA for consideration. David McNeil, Chief Financial Officer, added that among CCAs, this type of offer is a normal part

of operating procedures. Committee Members discussed the merits of receiving opportunities outside the designated RFO process.

On the non-energy procurement policy, Nancy Whang, General Counsel, reported that the limits of CPA's procurement authority are set forth in Section 3.4 of the Agreement and modeled after CPA has been following LA County policies until it adopts its own and the same is true for CPA's procurement approach. Staff is now proposing a Non-Energy Procurement Policy within the parameters set forth in the Government Code and the JPA. In addition to legal compliance, staff is proposing to adopt a non-energy procurement practice that advances the goals of facilitating efficient CPA business operations, offering fair compensation, enhancing transparency and accountability, and providing local workforce opportunities within a framework of high quality, competitive offerings whenever practical. Ms. Whang sought direction on the delegation of authority as purchasing agent; Committee Members provided no further comment outside staff's recommendation. On services and cost levels requiring competitive bidding, staff recommended \$50,000 for competitive procurement; Chair Mahmud asked if there was a consensus among CCAs; Ms. Whang responded it ranged but did not see anything above \$50,000. For specialized services staff proposed any specialized services with an aggregated contract value of over \$50,000 be competitively secured; Committee Members provided no further comment outside staff's recommendation. For goods, staff proposed establishing a purchase account for general supplies and materials in an amount of \$150,000 each fiscal year and maintaining documented needs; Committee Member McKeown commented that if the proposal is based on Los Angeles County, \$150,000 may be unnecessary given the scale of both organizations. Committee Members asked staff to re-evaluate this service category and authority amounts. For informal bids for goods, staff proposed using the Executive Directors signing authority (\$125,000) as the limit for informal goods that can be purchased without a competitive solicitation; Committee Members suggested simplifying the

process and consider using blanket purchase orders for this category and not have goods be separated. Committee Members suggested staff consider budget line items and procurement/bid policies that mirror what Cities use. Ms. Whang responded that staff would incorporate comments and provide an updated non-energy procurement policy that includes parameters for who designated designee would be an under what circumstances.

V. COMMITTEE MEMBER COMMENTS

Committee Member McKeown reported that the City of Santa Monica moved toward electrifying new construction. Committee Chair Mahmud reported that CPA met with Chair Batjer and Commissioner Randolph of CPUC, along with Director Horvath for a discussion on CPA. Mr. Bardacke thanked the Committee for their commitment to help establish strong policies that help CPA have a good start.

VI. ADJOURN

Chair Mahmud adjourned the meeting 3:40 p.m.