

MEETING of the Energy Planning & Resources Committee
of the Clean Power Alliance of Southern California
Wednesday, September 25, 2019, 12:15 p.m.
555 W. 5th Street, 35th Floor, Los Angeles, CA 90013

MINUTES

Arcadia Public Works Service Center
11800 Goldring Road
Arcadia, CA 90166

Carson City Hall Executive Conference Room
701 E. Carson Street
Carson, CA 90745

Santa Monica City Hall – Room 201
1685 Main Street,
Santa Monica, CA 90401

Malibu City Hall
23825 Stuart Ranch Road
Malibu, CA 90265

Thousand Oaks Public Works Conference Room
2100 Thousand Oaks Boulevard,
Thousand Oaks, CA 91362

I. WELCOME & ROLL CALL

Committee Chair Ramirez called the meeting to order at 12:18 p.m. and Board Secretary Rigoberto Garcia called the roll.

| ROLL CALL | | | |
|----------------------|-----------------|------------------|---------|
| Arcadia | Tom Tait | Committee Member | Absent |
| Carson | Reata Kulcsar | Committee Member | Remote |
| Malibu | Skylar Peak | Committee Member | Remote |
| Oxnard | Carmen Ramirez | Committee Chair | Present |
| Santa Monica | Kevin McKeown | Committee Member | Remote |
| Sierra Madre | John Harabedian | Committee Member | Present |
| Thousand Oaks | Helen Cox | Committee Member | Remote |

II. GENERAL PUBLIC COMMENT

There were no public comments.

III. CONSENT AGENDA

1. Approve minutes from September 4, 2019 Energy Committee Meeting
2. Receive and file September 2019 Risk Management Team Report

Committee Member McKeown requested the minutes under section V. (Committee Member Comments) be amended to reflect that CPA was experiencing the first peak air conditioning season test.

Motion: Committee Member McKeown, Santa Monica.

Second: Committee Member Peak, Malibu.

Vote: Item 1 was approved as amended and Item 2 was approved as submitted by a roll call vote 5-0-2, with Committee Member Tait absent and Committee Member Cox abstaining.

IV. REGULAR AGENDA

3. Staff update on Power Purchase Agreements

Natasha Keefer, Director of Power Planning & Procurement, circulated a summary of existing and potential Power Purchase Agreements (PPAs) in preparation for the 2019 RFO process. Ms. Keefer highlighted two projects under negotiation; the Arizona Wind project which will be presented at the October Board of Directors meeting; and a Solar + Storage project anticipated to be considered at the December Board of Directors meeting.

Ted Bardacke, Executive Director, discussed educating investors on projects of interest to CPA and getting developers comfortable with CPA's risk profile. Mr. Bardacke indicated developers require third-party financing and tax equity investments. Committee Chair Ramirez inquired about tax equity. Ms. Keefer responded that solar projects are eligible for the Federal Investment Tax Credit and some projects require investors who can monetize those tax credits. Ms. Keefer indicated that the program levels off by 2022 but is subject to extension.

Committee Member Kulcsar commented that the Committee first heard about the Arizona Wind project at the previous meeting and asked if the Arizona Wind project proposal would be coming back to the committee or going next to the Board of Directors meeting. Ms. Keefer responded that the proposal would go to the Board of Directors for consideration at the October meeting. Committee Member Kulcsar commented that more time and information would be beneficial to evaluate the scope and details of the project. Ms. Keefer and Mr. Bardacke responded that the timeline was discussed at the previous Committee meeting and part of the reason for the quick turnaround is the 2020 online date and the need to enter into a PPA beginning in October partially due to tax credit eligibility on the developer side. Ms. Keefer also indicated that this project was presented with a detailed staff report to the Energy Committee at its previous meeting last month. Committee Member Kulcsar commented she was surprised the project escalated without additional information provided at the Committee level; and that she does not support the project moving forward.

Public Comments:

Jennifer Kropke, Attorney IBEW, expressed transparency concerns on negotiations and inquired how many upcoming wind projects are available with an online date between 2020 and 2024.

Luis Amezcua, Sierra Club, supported Ms. Kropke's comments, questioned the Arizona Wind Project, and asked if an RFO for wind-only was in consideration.

Ms. Keefer responded that the Energy Risk Management Policy allows for bilateral negotiations in addition to the annual RFO process. She indicated that projects that staff finds are valuable to CPA customers and in unique situations are taken to the Board of Directors for separate consideration. Mr. Bardacke indicated that the Committee previously placed a wind project on the shortlist during the 2018 RFO, but by the time CPA was ready to negotiate, the developer had sold it to another agency. Ms. Keefer lastly responded that the 2019 RFO has no preference in technology and welcome all technology that meet CPA needs.

Committee Member Harabedian asked whether the Arizona Wind project would set a precedent for future bilateral negotiations and questioned what reasons there would be for not sticking with solar projects within California. Ms. Keefer indicated that there are load needs during nighttime that would require additional forms of production such as wind, hydro, geothermal. Ms. Keefer specified that with California going to 100% renewable energy, it's going to be difficult to meet the state's procurement needs only with solar. Mr. Bardacke added that the 2019 RFO will have two tracks, one of which will focus on local projects within Los Angeles and Ventura Counties.

Committee Chair Ramirez commented she wants to see more local projects but does not want to see CPA struggle to achieve its goal.

Mr. Harabedian told the committee that he was stepping down from the CPA Board of Directors and introduced John Capoccia, Councilmember from Sierra Madre, who was taking his place on both the Board and the Energy Committee. Mr. Bardacke welcomed Mr. Capoccia and thanked Committee Member Harabedian for his contributions to the Energy Committee and CPA in general.

4. Provide feedback on 2019 Long-Term Clean Energy RFP Process – Local Distributed Track Criteria

Natasha Keefer, Director of Power Planning & Procurement, 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 service territory.

Ms. Keefer also indicated that a separate RFO for GHG-free reliability resources was being prepared in response to the recent CPUC proposed decision mandating new procurement in Southern California between 2021 and 2023.

Ms. Keefer indicated that the Utility-Scale track of the 2019 Clean Energy RFO would have the same evaluation criteria as the 2018 Clean Energy RFO, while the distributed track would be evaluated within the same categories of Renewable Energy Credit (REC) Value, Developer Risk, Project Location, Workforce Development, Environmental Stewardship, Benefits to Disadvantaged Communities (DAC), but with enhancements and modifications due to the specific local and smaller-scale projects. Ms. Keefer said discussions with stakeholders about those enhancements are ongoing.

Ms. Keefer asked for committee feedback on including another category called other community benefits which could include resiliency, member agency co-investment, eligible for grant or other funding opportunity, and having a unique technology.

Committee Member Cox inquired what an example of resiliency would be. Ms. Keefer indicated that it's difficult to define without having specific project proposals, but it could mean that the project is providing onsite back-up storage. Committee Chair Ramirez asked if the other community benefit is already encompassed within the existing six criteria. Ms. Keefer indicated an alternative to the additional criteria might be a catch-all question to allow the applicant to provide information outside of the specified criteria sections.

Committee Member McKeown indicated that if a local agency fulfillment policy is being met such as electric vehicle charging stations, then it would be a plus for rating. Committee Member Cox indicated a community benefit could be local back-up sources within the service territory.

Public Comment:

Luis Amezcua, Sierra Club, thanked the Committee for allowing stakeholders to participate in the process.

Ms. Keefer provided the 2019 RFO schedule details indicating the launch would occur in mid-October. Staff may re-work the RFO schedule due in part to the IRP proposed decision. Committee Member McKeown commented that there are many ways to develop an RFO but supported the two-track approach which allows regional applicants to bid into our process and allow local applicants have an advantage with the distributed track.

5. Staff update on Integrated Resource Planning Procurement Proposed Decision

Ted Bardacke, Executive Director, presented the staff report on the CPUC proposed decision that there could be a potential reliability shortfall for capacity statewide. Mr. Bardacke indicated the potential decision is driven by the retirement of Once-through Cooling (OTC) plants along the coast; and intermittent solar without storage coming online. Mr. Bardacke further stated that there is an ongoing debate including CPUC and CAISO on whether a reliability shortfall exists. The Proposed Decision takes the position that there is a reliability shortfall and provided the following recommendations:

First, extend four retirement deadlines of OTC plants in Southern California. Mr. Bardacke discussed two OTC plants in the CPA service territory; Redondo Beach Generating Station and Ormond Beach Generating Station. Mr. Bardacke indicated CPA would take a position to recommend the State Water Resources Control Board not extend the retirement date for the two plants because they are not needed and would harm Disadvantaged Communities. Second, the CPUC projects a shortfall of 2,500 MW statewide but is recommending only the Southern California Edison territory provide the load need. Mr. Bardacke indicated that if all OTC's are extended, that would suggest that there is a 5,000 MW need instead of 2,500 MW. Committee Chair Ramirez indicated the City of Oxnard will ask for Party Action status in the proposed decision.

Mr. Bardacke pointed out that the silver lining in the Proposed Decision is that it allows CCAs to be a part of the solution rather than mandating SCE provide the shortfall and send CCAs an invoice. It provides one of the first times that CPUC acknowledges that CCAs can be a part of the solution without having to use carbon resources. Mr. Bardacke indicated CPA would be providing comments and advocacy letters to activists, legislators, and municipalities. Mr. Bardacke indicated SCE has already launched a preliminary RFO in anticipation of the proposed decision and that CPA is considering a fast-track battery storage solicitation within the service territory to partially meet the proposed decision requirements.

Committee Member McKeown commented that the exposure provided by the Los Angeles Times could generate new allies that align with CPA's environmental goals. Committee Member McKeown asked if Calpine has an interest that conflicts with CPA given that they own approximately 20 gas plants in California. Mr. Bardacke responded that the Calpine division CPA deals with is data management, previously known as Noble, and the division that deals with data management and gas services do not intersect. Mr. Bardacke further indicated that much like SCE, Calpine provide some level of service to CPA while also being a competitor and the relationship is complex.

John Capoccia, Sierra Madre, asked what the CPUC justification is to apply procurement mandates only to providers within the SCE territory. Mr. Bardacke

responded that at this time it is only speculation, but during proceedings SCE was the most vocal about a potential reliability shortfall and implied a willingness to proceed with procurement. Mr. Bardacke indicated he anticipates comments aligned with CPA's interests on the proposed decision from CalCCA and Edison because the future of Diablo Canyon is unclear and could trigger an additional proposed decision on a reliability shortfall.

V. COMMITTEE MEMBER COMMENTS

Committee Member Kulcsar reiterated that the minutes should reflect her view that the proposed Arizona Wind Project item did not provide sufficient information to make a decision and that the list of PPA signed and under negotiation was provided only a few minutes before the start of the Committee meeting.

Committee Chair Ramirez encouraged Committee Members to contact staff if they have additional questions or concerns on items.

VI. ADJOURN at 1:37

Committee Chair Ramirez adjourned the meeting at 1:37 p.m.