MEETING of the Executive Committee of the

Clean Power Alliance of Southern California

Wednesday, January 15, 2020 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 and Interim Board Secretary Christian Cruz 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
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	Remote
West Hollywood	Lindsey Horvath	Committee Member	Remote

II. GENERAL PUBLIC COMMENT

There were no public comments.

III. CONSENT AGENDA

1. Approve Minutes from December 18, 2019 Executive Committee Meeting

Motion: Vice Chair Kuehl, Los Angeles County
Second: Committee Member McKeown, Santa Monica
Vote: Item 1 was approved by roll call vote, Committee Member Zuckerman abstained.

IV. REGULAR AGENDA

2. Discuss CPA Greenhouse Gas (GHG) Free Procurement Goals and Resources Allocation

Ted Bardacke, Executive Director, provided a presentation on CPA's goals for GHG free procurement and resources allocation. As a background, CPA has a series of decisions to make within a set of given constraints, which include: following the Board-approved reserve policy that meets our credit covenants and makes progress towards a credit rating while lowering costs; offering competitive rates; and developing an energy supply portfolio with a lower GHG emissions intensity than SCE. Mr. Bardacke stated that the two options presented today will provide a savings to CPA regardless of the Committee's decision on which option to go with. CPA has historically been focusing on acquiring renewable energy, which helps increase the demand for renewable energy in the market, thus lowering GHG emissions over time, while providing economic development and other benefits. CPA has been purchasing non-renewable GHG Free Energy that enables it to beat SCE's GHG emissions intensity on all three rate products. Within that strategy, there are three issues CPA faces. First, Mr. Bardacke noted that CPA has been purchasing large hydro energy, however, it has become more expensive to procure. Second, PCC-2 GHG accounting rules are changing set forth by AB 1110, which does not always classify PCC-2 renewable energy as GHG Free Energy, since that classification is now based on the content of substitute energy, which may not be GHG Free.

Third, CPA has an opportunity to accept a free allocation of GHG Free large hydro and/or nuclear from SCE. Mr. Bardacke reviewed the differences between PCC-1, PCC-2 and PCC-3 resources, and indicated that CPA did buy some PCC-3 in 2019 but no PCC-3 purchases are expected in 2020. PCC-2 energy is also getting much more expensive and nearly on par with the cost of PCC-1 if it is backed by GHG Free substitute energy.

CPA is currently looking at the option for an annual agreement with SCE for a free allocation of the environmental attributes related to large hydro or nuclear based on our percentage of load. By taking one or both of those resources, they would each show up on the CPA power content label, a document that CPA is required to publicly distribute annually to all customers. Mr. Bardacke highlighted that the Executive Committee previously recommended that the CPA Board accept the large hydro allocation and decline the nuclear allocation. Staff is bringing this item back for further discussion with the Executive Committee under the new context of the impacts on CPA's overall procurement strategy caused by AB 1110.

Committee Member Gold asked if PCC-1 is affected by AB 1110. Mr. Bardacke stated that PCC-1 is not affected by the new rules. Mr. Bardacke did say that CPA is already purchasing more PCC-1, which will begin to displace PCC-2. Committee Member McKeown asked how the power content label is mandated. Mr. Bardacke clarified that AB 1110 effectively changes the calculations and the resulting layout of the power content label.

Mr. Bardacke stated the cost impact of AB 1110 if CPA maintains the status quo for GHG Free purchases would be a net cost increase to CPA of $7.6 million, and our GHG Free content in the Clean and Lean Power products would go down. Committee Member Gold asked if the price differential is close enough between PCC-1 and PCC-2 that CPA can just move to procuring more PCC-1. Mr. Bardacke noted that it would be cost CPA more than $7.6 million to do that.

Mr. Bardacke reviewed option 1, which states that CPA will decline the nuclear resources, achieve a higher GHG content in CPA's Clean Power product than SCE, and purchase no GHG Free Energy for CPA's Lean Power product. This option would save CPA $4.1 million and provide the agency more head room for reserve targets.

Mr. Bardacke reviewed option 2, which would provide the same $4.1 million in savings, but would also mean that CPA would accept the nuclear resource allocation and that this allocation would appear on CPA's power content label. Committee Member Gold asked if this would be a one-year deal. Matt Langer, Chief Operating Officer, clarified that CPA can make a decision on whether to accept nuclear resources each year, so CPA would have the ability to take nuclear one year and decline it the next year.

Chair Mahmud asked if CPA selects option 2, would this reduce the amount of unspecified sources of energy from the market, and therefore displace energy that CPA would otherwise go into the market to obtain. Mr. Langer clarified that the free allocation means it is a free allocation of the attribute portion of the energy. CPA customers have already paid the full cost of the energy through the PCIA, so it is not displacing energy. The Committee discussed the changes and options with regards to the presentation of this information to customers in the power content label and how customers could be encouraged to opt up to higher energy products. Mr. Langer stated that because CPA is a new CCA the agency does not have to show the power content power label until between July and October 2022.

Vice Chair Kuehl commented that based on the discussion from the last Executive Committee meeting around this topic, that in good conscience

CPA should not accept option 2, which includes nuclear. Therefore, CPA should recommend to the Board option 1, which does not include nuclear, and still provides a savings. Vice Chair Linda Parks and Committee Member Carmen Ramirez expressed support for this option.

Committee Member McKeown motioned to recommend to the Board option 1, which declines the nuclear power, as presented by staff.

There were no public comments on this item.

Motion: Committee Member McKeown, Santa Monica
Second: Vice Chair Kuehl, LA County
Vote: Item 2, option 1 was approved by a unanimous roll call vote.

3. Review Draft Agenda for February 6, 2020 Board of Directors Meeting

Mr. Bardacke indicated that the main item for discussion by the Executive Committee was a proposed policy for jurisdictions to change their default. Vice Chair Kuehl asked about customers that are renters, and if they are in a position to opt out, up or down. Mr. Bardacke clarified that if customers are master metered they pay the landlord directly and do not have the ability to take individual opt actions, but customers who have their own SCE accounts can take individual actions. Jennifer Ward, Director of External Affairs, provided a presentation on the default policy. Ms. Ward highlighted the changes to the policy from the version presented to the Committee last month. First, the revised policy includes a requirement for advanced notice to CPA of a jurisdiction's intent to change their default by January 1st to allow for CPA to plan from a financial and operational perspective. In 2020 however, jurisdictions will have until April 1st to provide that advance notice to CPA. Ms. Ward also covered the policy's required customer communications of a minimum of two notices to notify customers of a default change, and that CPA would cover the costs of those two required notices.

Lastly, the policy sets forth that jurisdictions cannot implement default changes no more than once every two years.

Chair Mahmud asked about CPA cooperation with member agencies on customer notices and asked that policy identify if the CPA or the agency will take the lead on communications. Ms. Ward indicated that the intent would be for CPA to take the lead and that would be made more clear in the policy. Chair Mahmud asked that staff include a sentence in the policy that specifies that CPA would cover the cost of the first default rate change and the member agency will subsequently cover the costs of any other rate product default changes. The Executive Committee determined that this item would best be presented as a regular agenda item for discussion and action by the Board of Directors at its February meeting.

There were no public comments on this item.

V. CLOSED SESSION

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

Report Out: Nancy Whang, General Counsel, reported that no action was taken, but direction was provided.

VI. COMMITTEE MEMBER COMMENTS

There were no Committee Member comments.

VII. ADJOURN

Chair Mahmud adjourned the meeting.