MEETING of the Executive Committee of the Clean Power Alliance of Southern California

Wednesday, August 19, 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) 713-5995 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) 713-5995. 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.

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 June 17, 2020 Executive Committee Meeting

REGULAR AGENDA

2. Oral Update from Executive Director on CPA Operations
3. Discussion of the 2020-2021 Power Charge Indifference Adjustment (PCIA) Rate
4. Provide Direction to the Executive Director on the California Electric Vehicle Incentive Program (CALeVIP)
5. Review Draft Agenda for September 3, 2020 Board of Directors Meeting

COMMITTEE MEMBER COMMENTS

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, June 17, 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.

WELCOME AND ROLL CALL
Chair Diana Mahmud called the meeting to order at 1:36 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	Robyn Eason	Alternate Committee Member	Remote

All items are unanimously approved unless otherwise stated.

GENERAL PUBLIC COMMENT
There were no public comments.

CONSENT AGENDA

1. Approve Minutes from May 20, 2020 Executive Committee Meeting

Motion: Committee Member Gold, Beverly Hills
Second: Committee Member McKeown, Santa Monica
Vote: Item 1 was approved by a roll call vote.

REGULAR AGENDA

2. Oral Update from Executive Director on CPA Operations

Ted Bardacke, Executive Director, provided an oral update on CPA's new temporary office space, financial performance, and the Covid-19 Customer Bill Assistance program, noting that CPA had spent about $50K per week for bill assistance. Mr. Bardacke also elaborated on the 100% Green Discount Program that was discussed with the California Public Utilities Commission (CPUC) and provided an update on the status of the companion Community Solar Program.

In response to Vice Chair Parks' question about impacts to energy use and cost, staff indicated that revenue forecasts accounted for Shelter in Place impacts to load, which proved to be conservative as April's financial performance exceeded expectations.

Committee Member Gold asked about the estimated number of customers that terminated service. Mr. Bardacke clarified that both "move-in" and "move-out" accounts fluctuate every week and that CPA had not detected an increase in terminated accounts. Mr. Bardacke also noted that due to the activation of missing enrollments from previous years, the number of new customer accounts will rise over the summer as those accounts are enrolled from July through September. David McNeil, Chief Financial Officer, added that while So Cal Edison (SCE) was not disconnecting service for nonpayment, they were to collect past due amounts on CPA's behalf, which also impacted revenues.

Mr. Bardacke continued to provide details on staffing matters and remote meeting options.

Matt Langer, Chief Operating Officer, provided an update on the CPUC's Central Procurement Entity (CPE) decision which established a new entity for local resource adequacy (RA) and removed those obligations from Load Serving Entities (LSEs) such as CPA. Additionally, Mr. Langer noted that CPA had previously pushed for a different settlement that took a "backup" approach where LSEs continued to procure local RA with a CPE providing backup local RA procurement. However, the CPUC opted for a full procurement model which was not optimal for CPA, but staff participated in the creation of a task force that could potentially allow LSEs to receive compensation at a set rate with the value of the compliance provided.

Committee Member Lopez expressed concern for how this type of information was shared with board members who did not have a deep understanding of the energy industry and Committee Member Zuckerman stated this presented an opportunity to discuss education and training for board members.

Committee Member McKeown inquired about local attributes and Chair Mahmud asked about credits and compensation for local RA procurement and if there was a concern for SCE's control of the CPE responsibilities. Mr. Langer explained that dividing local attributes depended on the market and that CPA would not want to be in a position to sell short and buy back in an uncertain market, but was going to push for the CPUC to consider a crediting process. Mr. Langer noted that only compensation, not credit, was available since there was no longer an obligation to procure local RA, but CPA will still own it, which is why a crediting system was beneficial. In response to further questions from Chair Mahmud, Mr. Bardacke clarified that there was an additional proceeding at the CPUC that would aim to address the entire resource adequacy framework.

In response to Committee Member Gold's question about fiscal impact, Mr. Langer indicated that there would be lower costs since local RA obligations would go away, but some costs were becoming non-bypassable charges that potentially impacted revenue.

Committee Member Ramirez and Vice Chair Parks expressed concern for SCE's handling of the new Central Procurement Entity and their corporate responsibilities to their shareholders rather than the public.

Lastly, Mr. Bardacke shared that staff was preparing training for new board members and that CPA intended to continually invest in education for all its board members.

3. Review Draft Agenda for July 9, 2020 Board of Directors Meeting

Mr. Bardacke discussed the consent and regular agenda items for the July 9th meeting. Mr. Bardacke highlighted that the Energy Risk Management Policy's annual amendments were going to address hedging strategy updates, incorporate long term contracts, improve risk management responsibilities, and create separate internal controls.

Natasha Keefer, Director of Power Planning & Procurement, provided an update on preliminary results of the Integrated Resource Plan (IRP), explaining that staff was recommending to the Board that delegation of authority be given to the Energy Committee as the governing board for approval of the IRP. Ms. Keefer stated that this delegation was necessary to accommodate for the changes brought on by the CPUC's decision to require two compliance portfolios – one achieving the statewide 46 million metric ton (MMT) greenhouse gas (GHG) emissions target, and one achieving a statewide 38 MMT target, and that CPA may indicate a preference for one or the other.

Committee Member Zuckerman asked if the IRP depended on sources of generation that were not currently owned by CPA or contracted for and if all submitters were working off the same cost curves. Ms. Keefer clarified that the IRP's purpose was to help determine what new resources needed to be developed to achieve the statewide GHG targets. Ms. Keefer added that everyone was working from assumptions designated by the CPUC even if CPA had a different view of the future.

4. Discuss 2020 Board of Directors Retreat

Mr. Bardacke requested feedback from the Executive Committee on the content and timing for the Board retreat.

Committee Members McKeown, Lopez, and Zuckerman all expressed interest in meeting in person when feasible while Vice Chair Kuehl suggested ways to structure a virtual meeting to elicit conversations amongst board members. Committee Member Ramirez encouraged the use of topics that allowed for the framing of a greater long-term vision for CPA and Vice Chair Parks added that materials made available in advance could help stimulate conversations. Committee Member Gold similarly noted a preference for meeting in person and using topics that will innovate, aspire, and uplift the organization rather than a more typical business meeting.

In response to Chair Mahmud's inquiry about timelines, Mr. Bardacke noted that a retreat could be put together by staff in approximately 8 weeks, but that a later date could be beneficial to put together an event that aligns with the Committee's desires to have an in-person retreat if possible.

COMMITTEE MEMBER COMMENTS

Vice Chair Parks wished all Committee Members safety in their communities and Vice Chair Kuehl expressed gratitude for the community's involvement.

Committee Members expressed interest in having a training for all board members on the basics of Community Choice Aggregators and the various components of the electric utility industry.

Mr. Bardacke agreed that training was vital, and staff was going to prepare training for both existing and new board members.

ADJOURN

Chair Mahmud adjourned the meeting at 3:17 p.m.

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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:	August 19, 2020

The Executive Director will provide an oral report on the following items:

- Expansion/New Member Recruitment
- Phase X Enrollment
- Financial Performance/Customer Payments
- COVID-19 Bill Credit and Customer Program Status
- Staffing Updates

Return to Agenda

Staff Report – Agenda Item 3

To:	Clean Power Alliance (CPA) Executive Committee
From:	Matthew Langer, Chief Operating Officer
Approved by:	Ted Bardacke, Executive Director
Subject:	2020-2021 PCIA Rate
Date:	August 19, 2020

BACKGROUND

Southern California Edison (SCE) is expected to file an application with the California Public Utilities Commission (CPUC) in the next several months to raise Power Charge Indifference Adjustment (PCIA) rates for CPA's customers due to an undercollection in PCIA revenues. The reason for the undercollection is that 2020 PCIA rates were capped, per CPUC rules, to prevent a large PCIA rate increase in 2020. However, CPUC rules also state that if the amount above the cap exceeds a certain "trigger" threshold, SCE is required to file an application proposing a rate increase to bring the balance below the threshold. Staff forecasts the total undercollection could reach upwards of $80 million and exceed the threshold by July or August.

Staff is modelling various scenarios for the timing and severity of the PCIA rate increase along with the impacts on overall customer charges and CPA's financial position. Additionally, staff is monitoring a large overcollection in SCE generation rates, which could cause SCE bundled customer generation rates to decrease later this year or early next year. The attached presentation discusses these issues in greater detail and covers potential actions CPA could take in response.

ATTACHMENT

1) 2020-2021 PCIA Rates Presentation

CLEAN POWER ALLIANCE
Locally powered energy innovation.

Item 3
2020-21 PCIA Rate Update

August 19, 2020

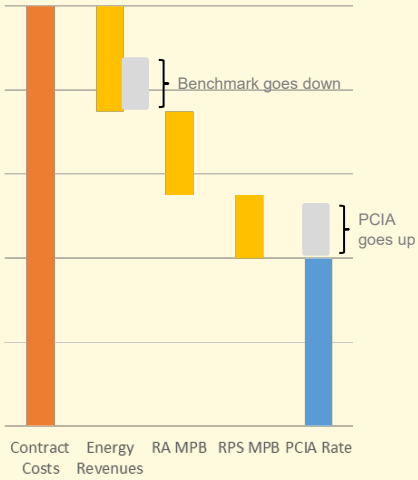
Executive Summary

- SCE is expected to file an application in the next several months to raise PCIA rates due to an undercollection in the PCIA
- The undercollection is due to the impact of capped PCIA rates and will total upwards of $80 million in charges to CPA customers
- CPA is considering various scenarios for the timing and severity of the PCIA rate increase along with the impacts to customers and CPA's financial position
- CPA is also monitoring a large overcollection in SCE generation rates, that could cause SCE bundled customer rates to decrease later this year or early next year

PCIA Fundamentals

- The Power Charge Indifference Adjustment (PCIA) is the "exit fee" CCA customers pay to reimburse SCE for the above-market costs of the energy resources procured on behalf of those customers
- In 2018, the CPUC adopted the Alternate Proposed Decision (Peterman) in the PCIA reform proceeding which altered the method for calculating the PCIA
  - 2019 was a transition year and 2020 is the first year all the new rules are in effect
- The PCIA rate is based on the difference between actual Brown Power market energy revenues, Renewables and RA contract costs and Market Price Benchmarks for each
- When Brown Power prices are low (COVID-19 impact) or renewables or RA are inexpensive PCIA rate goes up

Simplified PCIA Calculation Example

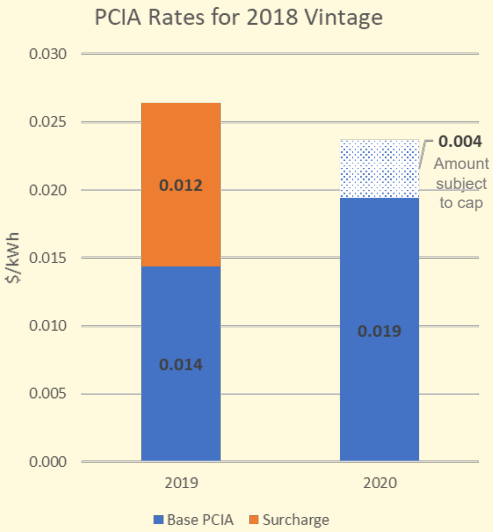


PCIA Cap

- The 2018 PCIA decision implemented a cap on annual PCIA increase of $0.005/kWh.
- It also requires the SCE to track “undercollections” as a result of the cap over the year in an account called the PCIA Undercollection Balancing Account (PUBA)
  - When the cap is in effect, a balance accumulates each month in PUBA representing the difference between the uncapped rate and the capped rate
  - This balance is essentially a debt that CPA customers owe to SCE
- If the undercollection balance in PUBA reaches 7% of total expected annual PCIA collections SCE must file a “trigger” application to propose how they will bring the balance down to below 7%
- Any uncollected amounts in PUBA at the end of each year are added to the subsequent year’s PCIA
- The cap and trigger mechanism creates a conflict: PCIA increases are capped at $0.005/kWh, but if the cap results in a large undercollection then SCE must propose a PCIA increase that would exceed the cap

2020 PCIA Activity

- In 2020, CPA customers' PCIA went down because of removal of 2018 ERRA undercollection trigger
  - However, the underlying PCIA rates excluding the 2018 undercollection went up the full $0.005/kWh to the cap
  - Without the cap, underlying PCIA rates would have gone up by more than $0.01/kWh
- With increased residential load (COVID-19), the PUBA balance is going up more quickly than expected



- SCE's June PUBA report leads staff to believe SCE will hit its 7% undercollection balance in July or August. 2020 PCIA rates went into effect in April and SCE only started providing PUBA data in June
- The PUBA trigger amount is $29 million, but could reach $80 million by year end

2020 – 2021 PCIA: SCE Trigger Application

- Depending on whether the trigger is reached in July or August, the earliest SCE could likely implement a rate change is December or January
  - SCE has 60 days to file the application, the CPUC has 60 days to act and SCE needs 30-60 days to implement a rate change
- The trigger application must describe a proposed method to bring the balance down to between 0% and 7% in the calendar year, if feasible.
  - SCE is not precluded from proposing alternative recovery schedules.
- CPA estimates its customers will be required to pay back, via an increase to the PCIA rate, $55-$72 million to bring the PUBA balance comfortably below 7%
- CPA is evaluating several scenarios for amortization of the PUBA balance
  - Although SCE will propose one or more options in its trigger application, CPA may be able to influence the outcome

SCE Trigger Application Amortization Scenarios

Amortization Period	Timing	Residential Customer Bill Increase*	TOU-GS1-E Commercial Customer Bill Increase*	Revenue reduction to maintain CPA rate comparison targets*
3 months	12/2020-2/2021: Implement ASAP and pay full balance prior to 2021 ERRA	$11.81-$15.17 (10%-13%)	$21.72-$27.89 (12%-15%)	$55-$72 million
12 months	2/2021-2/2022: Aligned with 2021 ERRA	$2.81-$3.60 (2%-3%)	$5.16-$6.63 (3%-4%)	$55-$72 million
15 months	12/2020-2/2022: Begin paying balance ASAP and spread out to overlap with 2021 ERRA	$2.27-$2.91 (2%-3%)	$4.17-$5.35 (2%-3%)	$55-$72 million

*Estimated monthly cost over amortization period of PCIA rate increase for typical customer absent action by CPA to mitigate bill impacts; ranges show impact of PUBA amortization to a 0%-4% balance

2020 – 2021 PCIA: Next Steps

- Advocate for an amortization of the PUBA balance that is in the interest of CPA's customers and mindful of CPA's financial position
- Continue to analyze the impact to CPA and its customers of the PCIA increase
  - The exact impact to CPA's revenues is not yet known because of the likely overlap with 2021 generation and PCIA rate changes
- Monitor potential generation rate decrease for SCE customers
- Staff is evaluating the creation of a Stabilization Fund that would allow CPA to defer revenue in years when financial results are strong to be used in years when financial results are not as strong or are stressed
  - The Stabilization Fund could be used maintain competitive rates for CPA's customers while managing the impact to CPA's financial position
  - The Stabilization Fund is likely to be proposed to the Board in September, which will introduce the PCIA cap/trigger issue

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Staff Report – Agenda Item 4

To:	Clean Power Alliance (CPA) Executive Committee
From:	Karen Schmidt, Interim Director of External Affairs
Approved by:	Ted Bardacke, Executive Director
Subject:	California Electric Vehicle Incentive Program (CALeVIP)
Date:	August 19, 2020

RECOMMENDATION

Provide direction to the Executive Director on submittal of a Letter of Intent (LOI) to the California Energy Commission (CEC) for the California Electric Vehicle Incentive Program (CALeVIP) indicating CPA's intent to participate in an incentive program to support the installation of Level 2 electric vehicle chargers in Los Angeles County with a minimum financial contribution of $1,000,000 in 2021 and the potential for additional funding between 2021–2023.

BACKGROUND

CALeVIP was launched to spur the rapid deployment of publicly accessible Level 2 EV Chargers (L2) and Level 3 Direct Current Fast Chargers (DCFC) through targeted incentive projects based on regional needs. The State of California has allocated $58 million in current funding for the CALeVIP program and up to $200 million in future funding, with the expectation of awarding a total of $20 million to $30 million annually for three to four regional initiatives. The state funds are administered by the CEC.

In January 2020 the CPA Board approved submission of an LOI to CEC to contribute $533,000 for CALeVIP incentives funds for Ventura County in 2021, with the potential for additional funding between 2021-2023, as part of a South-Central Coast CALeVIP project covering Ventura, Santa Barbara and San Luis Obispo counties ("South-Central Coast Project").

In July 2020 CEC advised CPA that CEC funding for the South-Central Coast Project in 2021 is pending, predicated on the State's approval of a one-time transfer of $51 million in unspent funds from the Alternative and Renewable Fuel and Vehicle Technology Fund. The approval is under consideration by the State legislature this month. CPA and its Ventura County Board Members have been active in lobbying for this one-time transfer to be made.

While the funding approval for the South-Central Coast Project is pending, CEC has recently informed CPA that it also plans to fund a Level 2 CALeVIP project in Southern California (Los Angeles, Orange, Riverside, San Bernardino counties) in 2021, with the intent of expediting incentive disbursement and job creation during the COVID-19 pandemic, particularly in low-income and disadvantaged communities ("LA Level 2 Project"). The funding will begin to address the large gap (estimated at over 20,000) in Level 2 EV charging stations needed in Southern California in order for the State to achieve its 2025 goals. The LA Level 2 Project will complement the State's $29 million Level 3 (fast charger) project that has been underway in Southern California since 2019 ("LA Level 3 Fast Charger Project"). The amount of proposed CEC funding for the LA Level 2 Project has not been announced though the CEC expects the funding to be between $16-40 million.

Like the LA Level 3 Fast Charger Project and the South-Central Coast Project, the LA Level 2 Project will be administered by the non-profit Center for Sustainable Energy (CSE), utilizing the established CALeVIP online platform and process for public and private sector entities to apply for incentives/rebates to install publicly accessible EV chargers. Incentives are awarded on a first-come, first-served basis. CPA customers will be eligible for both CEC and CPA funds, but CPA funds would be directed solely to CPA customers in its Los Angeles County jurisdictions.

If negotiations with CEC and CSE on the program design and service agreement for the project are successful, staff will bring a final agreement to the Board for approval. To

initiate the process, CPA must submit a non-binding LOI (Attachment 1) to the CEC in August 2020.

Considerations for CPA Participation

CPA's investment in the LA Level 2 Project would increase the amount of incentive funds available to CPA customers in its Los Angeles County jurisdictions on a dollar for dollar basis. Additional benefits to CPA and its customers would include:

- Streamlined application process and expedited disbursement of incentive funds to CPA customers by utilizing the existing, proven CALeVIP platform and marketing, outreach and technical assistance resources (versus the time, high administrative cost, and duplication of CPA setting up its own incentive program).
- Expanded branding reach and marketing via CPA co-branding on the CALeVIP platform and promotional events and materials.
- Ability to offer enrollment in CPA demand response program for EV charging stations to recipients of CALeVIP incentives.

The standard administrative fee to CSE is 7% of contributed incentive funds; i.e., CPA would pay CSE a one-time $70,000 fee for administration of CPA's proposed $1,000,000 incentive fund contribution.

If CEC funds the South-Central Coast Incentive Project in 2021, CPA's contribution to both it and the Los Angeles County project will provide customer access to CPA incentive funds across its entire service territory. If CEC does not fund the South-Central Coast project in 2021, CPA may ask CEC to consider including funding Ventura County incentives through the Southern California project or submit a proposal next year for funding in 2022.

FISCAL IMPACT

Costs associated with the LA Level 2 Project are expected to be incurred primarily in FY 2021/22 and would be included in the FY 2021/22 Budget which staff will submit to the Board for approval at its June 2021 meeting. Some program implementation costs may

be incurred in FY 2020/21. At the present time staff believe that the FY 2020/21 budget for customer programs is sufficient to absorb these program implementation costs. If CEC elects not to fund the South-Central Coast Project, funds in the FY 2020/21 local programs budget line item allocated for this program would be reallocated to the Los Angeles County portion of the CALeVIP program.

ATTACHMENT

1) CALeVIP Letter of Intent

CLEAN POWER ALLIANCE

August 19, 2020

Brian Fauble
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

Subject: 2021 California Electric Vehicle Infrastructure Project (CALeVIP) Project

Mr. Fauble,

Clean Power Alliance is pleased to submit this Letter of Intent that it will, in good faith, work with the California Energy Commission (CEC) and the CALeVIP implementer, Center for Sustainable Energy (CSE), to develop the framework of a regional electric vehicle infrastructure incentive project under the CALeVIP program. Specifically, Clean Power Alliance staff will collaborate with the CEC, CSE and regional stakeholders on the development of a Level 2 Southern California Incentive Project. Clean Power Alliance intends to contribute funding to this project, specifically:

- Clean Power Alliance will provide a total funding commitment of $1,000,000 in incentive funds for Level 2 chargers through the Southern California Incentive Project for the 2021 funding year, subject to CPA Board approval;
- Clean Power Alliance anticipates committing a similar level of funding for each of the 2022 and 2023 funding years, subject to project outcomes and CPA Board approval in 2021 and 2022; and
- In addition to co-funding the Level 2 Southern California Incentive Project, Clean Power Alliance remains committed to working with the CEC to co-fund electric vehicle charger incentives in Ventura County based on levels contemplated in the South-Central Coast project proposal.

Clean Power Alliance's Board of Directors will formally consider these commitments prior to the project launch so that CEC may rely upon Clean Power Alliance's commitment in finalizing the 2021 CALeVIP project roadmap.

Sincerely,

Ted Bardacke
Executive Director

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Staff Report – Agenda Item 5

To:	Clean Power Alliance (CPA) Executive Committee
From:	Ted Bardacke, Executive Director
Subject:	Review Draft Agenda for September 3, 2020 Board of Directors Meeting
Date:	August 19, 2020

Staff will provide an overview of the proposed agenda items for the September 3, 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 September Board meeting.

Clean Energy Request for Offers Administration Services

Staff will be proposing a contract to administer the 2020 Long Term Clean Energy Request for Offers (RFO), including solicitation design, RFO administration, and offer evaluation and selection. A Task Order solicitation was issued on July 27, 2020 and responses are due on August 14, 2020. CPA expects this Task Order to be largely the same as the 2019 Task Order for similar services. Depending on the contract amount, staff may bring this contract to the Board for approval in September.

Legal Services Agreement Contract Amendment

Staff anticipates presenting 1 to 2 legal services agreement amendments increasing the not-to-exceed amounts for services supporting (1) energy procurement; and (2) regulatory services.

With regard to energy procurement, the amendments reflect technological complexity involving the long-term standalone and Renewable Portfolio Standard plus storage Power Purchase Agreements (PPAs). One of the law firms helped CPA refine the storage components of its PPAs. While this work can be leveraged across the other PPAs, the work resulted in an unanticipated increase of fees. In addition, the increase of fees reflects a shift in work. These law firms are approximately 25% to 40% more cost effective than their competitors and have been offering the same level of expertise. Accordingly, CPA has been shifting more work to them and this amendment reflects the growing shift in work.

With regard to regulatory services, the amendment reflects a growing maturity in CPA's engagement on regulatory matters. There is an increased breadth of engagement to include active participation in Southern California Edison's (SCE) request to approve a carbon-free transaction with the Bonneville Power Administration wherein SCE was seeking to impose another non-bypassable charge upon CPA's customers. CPA continues to engage in this proceeding. In addition, this reflects a depth of engagement in the Energy Resource Recovery Account (ERRA) forecast (*see* Item 3 - Power Cost Indifference Adjustment (PCIA) discussion on the Executive Committee agenda) and compliance proceedings. The increased NTE is also intended to allow CPA to engage in a potential SCE PCIA Trigger application.

REGULAR AGENDA

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

Power Purchase Agreement(s)– 2019 Clean Energy RFO

In October 2019, CPA launched its 2019 Clean Energy 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 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 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. Staff may bring up to three of the remaining four 2019 Clean Energy RFO short-listed projects to the September 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.

Stabilization Fund

Staff proposes to create a stabilization fund ("Stabilization Fund") that would allow CPA to defer revenue in years when financial results are strong and apply deferred revenue in years when financial results are negatively impacted by uncontrollable events. Examples of events that may negatively impact financial results are customer delinquencies and write offs arising from the 2020 recession, reduced electricity demand due to Shelter in Place, sudden shocks in energy markets due to wildfires or disruption of grid assets and an increase in the PCIA. Deferring revenue in "good" years would allow CPA to apply these funds in "bad" years, allowing CPA to minimize rate shocks, maintain compliance with financial covenants and achieve annual budget objectives.

The creation of a Stabilization Fund requires the adoption of a resolution by the Board. Staff plans to present a draft resolution to the Finance Committee at its August meeting for discussion and input and plans to present the resolution to the Board for its adoption at its September meeting. Staff plans to defer and transfer revenues to the Stabilization Fund retroactively as of June 30, 2020. For this to occur the resolution would need to occur prior to CPA concluding the audit of its FY 2019/20 Financial Statements.

ATTACHMENT

1) Draft September 3, 2020 Board Meeting Agenda

Return to Agenda

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

Thursday, September 3, 2020

2:00 p.m.

CALL TO ORDER AND ROLL CALL

GENERAL PUBLIC COMMENT

CONSENT AGENDA

1. Approve Minutes from July 9, 2020 Board of Directors Meeting
2. Approve Clean Energy RFO Administration Services
3. Approve Legal Services Agreement Contract Amendment
4. Receive and File Quarter 2 RMT Report
5. Receive and File Community Advisory Committee Monthly Report

REGULAR AGENDA

Action Items:

6. Approve Power Purchase Agreement(s)
7. Adopt Resolution 20-08-011 to Create a Stabilization Fund

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

ADJOURN – NEXT REGULAR MEETING ON OCTOBER 1, 2020