

MEETING of the Executive Committee of the  
Clean Power Alliance of Southern California  
Wednesday, August 19, 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 1:34 p.m. and Clerk of the Board Gabriela Monzon conducted roll call.

<b>Roll Call</b>			
<b>Agoura Hills</b>	Deborah Klein Lopez	Committee Member	Remote
<b>Beverly Hills</b>	Julian Gold	Committee Member	Remote
<b>Los Angeles County</b>	Gary Gero	Alternate Committee Member	Remote
<b>Oxnard</b>	Carmen Ramirez	Committee Member	Absent
<b>Rolling Hills Estates</b>	Steve Zuckerman	Committee Member	Remote
<b>Santa Monica</b>	Kevin McKeown	Committee Member	Remote
<b>South Pasadena</b>	Diana Mahmud	Chair	Remote
<b>Ventura County</b>	Linda Parks	Vice Chair	Remote
<b>West Hollywood</b>	Lindsey Horvath	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 June 17, 2020 Executive Committee Meeting

**Motion:** Committee Member McKeown, Santa Monica  
**Second:** Committee Member Gero, Los Angeles County  
**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 update on the state-wide rotating outages affecting CPA customers and reported that a high percentage of customers participated in the conservation during peak hours. Mr. Bardacke further explained that CPA was planning on participating in both the investigation of the root cause of the rotating outages and the policy response that may follow. Lastly, Mr. Bardacke elaborated on the internal net position of CPA, which suffered due to the outages; however, the financial outcome at mid-month was decent, given the organization's hedging strategy and increased sales.

In response to Committee Member questions and comments, staff indicated that the whole Resource Adequacy (RA) program was in the midst of a proceeding to be overhauled and that these events would affect that proceeding, which may or may not benefit CPA. Staff further explained that the investigation of the cause for rotating outages would take place both in the legislature and the executive branch of the state. Matt Langer, Chief Operating Officer, noted that that the California Independent System Operator (CAISO), the California Public Utilities Commission (CPUC), and the California Energy Commission (CEC) established peak load and RA requirements that stipulate Load Serving Entities (LSEs) such as CPA, must maintain capacity for 115% of their peak load, and at the beginning of August, the state had enough capacity shown by LSEs or procured by the CAISO.

Chair Mahmud requested that this information continued to be shared with all Board Members to ensure that members had a solid understanding of the situation in order to respond to constituent concerns. Mr. Bardacke agreed and noted that more information would be shared with members as it became available.

Committee Member Gero inquired about CPA's standing in the energy marketplace, Committee Member Horvath asked how forecasting affects the long-term understanding of the situations leading to rotating outages, and Committee Member Lopez thanked staff for providing information and talking points to better inform Board Members.

Mr. Bardacke indicated that CPA was fully hedged on an average day, however, there was some differentiation, with the more expensive hours hedged shorter. Mr. Bardacke also noted that day-ahead forecasts were more telling than monthly forecasts in that they accounted for unforeseen plants coming offline, transmission constraints, or imports that suddenly became unavailable.

Mr. Bardacke continued to discuss new member potential expansion and discussed plans for CPA to conduct a feasibility study for the City of Long Beach, pending a vote from its City Council.

In response to questions from Committee Members Zuckerman and Gero, Mr. Bardacke stated that enrolling coastal cities such as Long Beach had its benefits if CPA was able to hedge at low energy prices, but a disadvantage if energy prices were high, and a feasibility study would analyze that; and clarified that the previous feasibility study conducted by the City of Long Beach focused on starting their own CCA rather than joining one.

Mr. Bardacke noted that the Phase X missing enrollments were nearly completed and provided an update on the COVID-19 bill credit program. David McNeil, Chief Financial Officer, added that there was a deterioration of accounts receivables, but CPA was also generating a surplus to allow it to offset that deterioration and meet financial targets.

3. Discussion of the 2020-2021 Power Charge Indifference Adjustment (PCIA) Rate

Mr. Langer provided a presentation of the item, noting that Southern California Edison (SCE) was expected to raise PCIA rates due to an undercollection caused by the capped PCIA in 2020. Mr. Langer stated that CPA was considering various scenarios for the timing and severity of the PCIA rate increase and its impact on customers and CPA's financial position. Mr. Langer explained that the PCIA is an "exit fee" CCA customers pay to reimburse SCE for the above-market cost resources procured on their behalf and noted that in 2018 the CPUC altered the method for calculating the PCIA, and 2020 is the first year that the decision is in full effect. Mr. Langer explained that the 2018 CPUC decision also implemented a cap on annual PCIA increases and required SCE to track undercollections resulting from the cap, called PCIA Undercollection Balancing Account (PUBA). When PUBA reaches 7% of the total expected annual PCIA collections, Mr. Langer explained that SCE must file a "trigger" application to propose a PCIA increase that would exceed the cap. Mr. Langer provided an overview of amortization scenarios and concluded that CPA continued to analyze the impact on the agency and its customers. Mr. McNeil added that staff was also going to recommend the creation of a fiscal stabilization fund that could allow CPA to maintain competitive rates for customers while managing the impact to CPA's financial position.

Committee Member McKeown warned of the public perception of CPA and the renewable energy movement if rates increased considerably and encouraged the development of methods to absorb such shocks to rates. Committee Member Gero asked how the scenarios could affect cost comparisons between SCE and CPA. Mr. Langer clarified that the scenarios presented only one isolated variable and could change based on market movements. CPA's actions.

Committee Member Zuckerman and Gold asked about the overall fiscal impact on CPA and its credit covenants and if the PCIA was expected to remain high. Staff indicated that the PUBA balance was not an amount owed by CPA and therefore did not affect CPA's covenants and clarified that the next few months would provide a better picture of how to move forward but noted that CPA was in a position to influence SCE's next steps. Lastly, staff explained that the forecast of the PCIA was predicated on knowing the value of energy, RA, and renewable portfolio standards, which are all large variables that could trigger a more steady or lower PCIA.

Chair Mahmud suggested using excess revenue to absorb an increase and Mr. Bardacke agreed and added that the stabilization fund would precisely address the use of excess revenue for these situations.

4. Provide Direction to the Executive Director on the California Electric Vehicle Incentive Program (CALeVIP)

Mr. Bardacke provided a brief oral report. The Executive Committee provided direction to the Executive Director to sign a Letter of Intent to the CEC for the 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.

5. Review Draft Agenda for September 3, 2020 Board of Directors Meeting

Mr. Bardacke briefly discussed the stabilization fund and the inclusion of energy contracts for approval that include solar plus storage.

**COMMITTEE MEMBER COMMENTS**

None.

**ADJOURN**

Chair Mahmud adjourned the meeting at 3:28 p.m.