

MEETING of the Executive Committee of the
Clean Power Alliance of Southern California
Wednesday, September 16, 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 1:31 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	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 August 19, 2020 Executive Committee Meeting

Motion: Committee Member Gold, Beverly Hills
Second: Vice Chair Kuehl, 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, discussed the Labor Day weekend heat storms, including customer outreach and conservation efforts, emphasizing that the financial impact to the organization could be notable, due to demand spiking on a Sunday, when CPA is less hedged. Mr. Bardacke stated that the Labor Day grid stress differed from the August events in that there were no outages, both imports and renewable energy performed as expected, and a major concern was due a natural gas powerplant going offline, leading to a broader policy discussion on reliability and the importance of diversity in the portfolio. Mr. Bardacke discussed the focus on climate change from both the Governor and the legislative/regulatory arenas that will direct CPA's legislative priorities in the coming year.

Mr. Bardacke also reviewed the retail loads by member jurisdictions for the previous year that provide data to be used in a weighted vote by the Board if ever needed.

Committee Member Zuckerman asked about the number of Time of Use (TOU) customers and how that number can impact conservation efforts. Matt Langer, Chief Operating Officer, indicated that the number was low and that CPA's eventual transition to Residential TOU rates will be accompanied by an educational campaign, but conservation efforts largely rely on customer behavior. Chair Mahmud commented that this customer behavior may be dependent on both the sensitivity of customers to price elasticity and their efforts to conserve energy.

3. Review Draft Agenda for October 1, 2020 Board of Directors Meeting

Mr. Bardacke briefly discussed appointments to the Community Advisory Committee (CAC) and their recent efforts to develop a workplan establishing minimum commitments and goals. Mr. Bardacke also highlighted the power purchase agreement (PPA) item, stating that the project was the last remaining one from the 2018 Clean Energy Request for Offers (RFO) and noted that it scored high in environmental stewardship as it is located on the site of a former natural gas power plant.

Chair Mahmud complemented staff for the recruitment of quality candidates and for running an efficient CAC program. In response to Chair Mahmud's clarifying question regarding the 2020 Clean Energy RFO, Mr. Bardacke stated the RFO would be launched in late October, focusing on procurement priorities for CPA and include lessons learned from previous years' RFO's. Committee Member McKeown thanked staff for the behind-the-scenes work that occurs in finalizing negotiations once the Energy Committee concludes selection and approval of projects. Chair Mahmud inquired about the CalCCA letter referencing the formation of a Joint Powers Authority (JPA)

for cooperative procurement of large-scale procurement, to which Mr. Bardacke responded, that although CPA participated in the joint Request for Information (RFI), staff did not see an incentive to participate in a procurement JPA just yet, and the current course of action is to pursue long duration procurement through CPA's 2020 RFO.

Mr. Bardacke summarized the COVID-19 Bill assistance item, highlighting that because CPA met its financial thresholds, this permitted the use of additional funds as previously approved by the Board of Directors. Mr. Bardacke noted that the spending of funds would be accounted for as a reduction in revenue to better reflect their use, and this would negate the need for a budget adjustment. Mr. Bardacke explained that the bill assistance program would be reevaluated towards the end of the year as staff considers the potential resumption of customer disconnections in April 2021 and the new statewide ratepayer-funded program that would help reimburse Investor Owned Utilities (IOUs) and Community Choice Aggregators (CCAs) for writing off bad debt for customers at risk of disconnection.

Committee Member Zuckerman asked if and how customer payments bifurcate into delivery and generation charges and how that might affect collections. Staff clarified that payments are applied to the total bill and SCE acts as CPA's collection agent. CPA staff, however, intend to present a collections policy to the Finance Committee that will dictate collection protocol for CPA customers.

4. Update on New Member Expansion Activities

Mr. Bardacke provided an overview of the item, highlighting CPA's reactive approach to requests from interested parties in the last year, rather than a more pro-active approach to expansion. Mr. Bardacke reviewed some of the insight gained in the last year, specifically, that interest from some community members and/or council members may not necessarily be reflective of the overall sentiment of the City; the amount of staff time and effort it took to pursue all requests was significant; and lastly, there were several process improvements to be made for the next year, notably to allow CPA to seek only partial recovery of costs for feasibility studies. Mr. Bardacke noted that staff would also seek feedback on the qualitative evaluation of opportunities for expansion that arise in the next year.

Vice Chair Kuehl explained that as climate change becomes a more prevalent subject, it can be advantageous to invite all interested cities to join CPA with an affordable flat fee. Vice Chair Parks expressed interest in encouraging all surrounding cities to join but keeping in mind equity as expansion occurs. Committee Member Lopez explained that given the financial situations most cities are facing due to the pandemic, it may be more feasible to tie a flat fee to the size of the City, noting that smaller cities require less analysis; and expressed preference for a default rate of 50%

Clean energy because it is cost-neutral. Committee Member McKeown explained that requiring a substantive indication of interest from interested cities along with a possible subsidized feasibility study could mitigate the costs CPA would incur in the process and noted a preference for allowing cities to join at their preferred rate as a marketing tool for recruitment.

Committee Member Zuckerman asked, if aggressive expansion can be administratively taxing on staff and if it can adversely impact competitive lean rates. Mr. Bardacke responded that broad outreach will require full time staff; noted that inviting cities that were only partially interested to join CPA, may impact the organizational culture; and stated that it was important to conduct some analysis of local internal politics of a city and collaborate with internal staff before dedicating too much staff time in outreach and feasibility. Additionally, David McNeil, Chief Financial Officer stated that expansion inherently created risk, and having strong financial reserves could mitigate risk, but that CPA was not in that position just yet.

Committee Member Ramirez warned that CPA should remain cautious of overextending staff, the organization and maintaining a cohesive set of values. Vice Chair Parks agreed, but also emphasized the need for competitive rates lower than those of Southern California Edison (SCE), which was important in attracting cities such as Simi Valley which may not have otherwise considered joining CPA. Committee Member Horvath expressed strong support for expansion that maintains a high level of engagement to communities but is also considerate of staff time. Vice Chair Kuehl agreed that it was important not to overwhelm staff but opined that during these times where many local government operations are remote, it could be beneficial to pursue engagement and outreach in that manner. Committee Member Gold asked if enrolling too little or too many cities could affect CPA's financial position and how a city's load composition could play into a feasibility analysis. Mr. Bardacke clarified that timing and market response was more likely to impact CPA's financial position and added that both the mix of commercial and residential customers in a city and the number of subset customers will be a considerable factor in a feasibility study. Lastly, Mr. Langer noted that the usage profile of customers is influenced by the local climate and is an important factor in the analysis that will eventually play into the type of procurement the agency does and what rates will look like in the long run. Committee Member Gold commented that the enrollment process should prioritize those cities that will provide a financial benefit to CPA and acknowledge the city's political climate.

Chair Mahmud agreed with the recommendation to establish a flat application fee, which will be considered an expression of interest to join CPA and a commitment on behalf of cities to providing their residents and businesses substantially lower-cost access to 100% renewable energy. Chair Mahmud added that requiring a default rate would not impede customers' ability to opt-down if they needed to and that it was important to provide education to residents on understanding the components of their

bills. Chair Mahmud also noted that although some local governments continue to conduct business remotely, their staff may not currently have the bandwidth to pursue membership in CPA, but an approach to marketing from an environmental commitment standpoint would be more. Committee Member Zuckerman noted that shared values were very important in expansion and ensuring that members shared similar goals and establish minimum environmental commitments. Vice Chair Kuehl suggested reaching out to member cities that joined at the lower rate and ask how a default rate requirement would have affected their decision to join CPA.

Mr. Bardacke thanked the Executive Committee for their feedback and indicated that staff would work on a proactive expansion plan in the near future.

COMMITTEE MEMBER COMMENTS

Committee Member Horvath thanked CPA staff for their contribution to preparing recommendations for A/C retrofitting and upgrades in City of West Hollywood.

In response to Vice Chair Kuehl's question about communication on conservation efforts to member agencies, Mr. Bardacke responded that when there is an anticipated need, cities are provided with social media content to push out to their residents.

ADJOURN

Chair Mahmud adjourned the meeting at 3:02 p.m.