

MEETING of the Executive Committee of the
Clean Power Alliance of Southern California
Wednesday, October 21, 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 September 16, 2020 Executive Committee Meeting

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

REGULAR AGENDA

2. Root Cause Analysis on Rotating Outages

Ted Bardacke, Executive Director, provided a summary of the preliminary root cause analysis of the rotating outages and associated grid stress that occurred throughout the state in mid-August. Mr. Bardacke noted that three main causes were identified in the analysis, the first was a climate change induced extreme heat storm across the western United States. The second cause identified resource planning targets that have traditionally focused on the system peak hours, but which failed to meet demand in the early evening hours. Notably, Mr. Bardacke explained that during this time, due to outages and other deficiencies, natural gas missed its resource adequacy (RA) target. The third root cause was identified in the market design and industry practices and how those collectively caused problems in managing the grid in real-time. Mr. Bardacke explained that Load Serving Entities (LSEs) were under-scheduled by 7% during the net peak on August 15th, and although load forecasts will always deviate from actual load, load forecasting tools have not been designed to optimally perform in extreme conditions. Mr. Bardacke discussed the near-term actions that were recommended by the California Public Utilities Commission (CPUC), California Energy Commission (CEC), and the California Independent System Operator (CAISO) (Joint Agencies), and noted that legislators expressed frustration with the Joint Agencies' lack of planning as a whole and recognized the urgency in planning for next summer. Lastly, Mr. Bardacke explained that the analysis highlights the importance of CPA's focus on reliability and commitments to new capacity and helping to contribute to California's near and long-term clean energy future.

Vice Chair Kuehl asked if CPA could improve forecasting; Committee Member Zuckerman requested clarity about the excess resources CPA has procured; and Committee Member Gold asked about the possibility of the state taking over utilities.

Staff clarified that day-ahead forecasting needs overall improvement but a main focus was on understanding the actual performance of different resources and creating enough cushion in the forecast to handle unexpected occurrences in the system and anticipate peaks. Additionally, Natasha Keefer, Director of Power Planning and Procurement, noted that under the Integrated Resource Plan (IRP) procurement track, CPA is required to procure additional capacity and that it has exceeded those requirements, so it is doing its part for reliability next summer. Lastly, Mr. Bardacke clarified that it would be a wildfire safety event that could cause the state to acquire utilities, and notably, the recent outages were a system-wide event where not one LSE was responsible, however, there are discussions in the legislative area around the establishment of a central reliability authority.

Committee Member McKeown noted that coastal communities in CPA territory do not experience as much fluctuation in load and asked how CPA can protect itself from being required to prepare for extreme load variation it may not experience. Staff clarified that while forecasting might be less difficult, changes in weather patterns can cause peak usage, and resource adequacy is based on when the system peak is the highest and on CPA customers' peak, therefore CPA is indeed responsible solely for the actual load of its customers. In response to a question from Vice Chair Parks regarding the potential for residential solar panels and storage to reduce strain on the system, Mr. Bardacke explained that the outages illustrated the opportunity for maximizing the ability of demand response to contribute to the system reliability overall. Chair Mahmud added that the installation of solar panels should require battery storage and asked if the lack of natural gas appearing when needed during the outages was anticipated, to which Mr. Bardacke explained that there was no indication of intentional withholding of that resource.

3. Update on Power Charge Indifference Adjustment (PCIA)

Matt Langer, Chief Operating Officer, provided an update on the PCIA, noting that Southern California Edison's (SCE) PCIA undercollection balancing account (PUBA) is projected to reach \$68.6 million by the end of the year and CPA customers are responsible for \$57.3 million of that balance. SCE provided two options for moving forward: Option 1 would amortize the full PUBA balance on top of potentially capped 2021 PCIA rates and option 2 would amortize 80% of the PUBA balance as part of uncapped 2021 PCIA rates. Additionally, Mr. Langer described three main items that would impact CPA rates: SCE's Energy Resource Recovery Account (ERRA) generation rate, the PCIA, and PUBA. Mr. Langer explained that SCE's generation rates were on track to decrease significantly in 2021 due to lower than expected CAISO market prices but heat events in August and September have reversed this trend, leading to upward pressure on SCE's ERRA rates. The same market forces are leading to downward pressure on 2021 PCIA rates even though they are still expected to go up.

Mr. Langer noted that staff is evaluating available information to assess the best position to take on the two options presented in SCE's PUBA trigger filing; and that SCE's November ERRA update will provide a good indication of 2021 ERRA and PCIA rates.

Committee Member Ramirez asked how staff planned to communicate changes to customers and Committee Member McKeown added that if possible, it should be differentiated in the electricity bills. Mr. Bardacke noted that SCE rates will go into effect sometime in the first quarter of 2021, and CPA would follow with its' adjustment in April, and therefore there is some time to get the right messaging out to customers and clarified that the bill will differentiate charges. In response to Chair Mahmud's question

regarding working with other Community Choice Aggregators (CCAs), Mr. Bardacke explained that there are discussions with other CCAs that have also employed the same expert witness that will provide further guidance on SCE's options.

4. Review Draft Agenda for November 5, 2020 Board of Directors Meeting

Mr. Bardacke provided an overview of the items on the regular agenda, noting that the Power Purchase Agreement is the last one from the 2019 Request for Offers (RFO) process and is a Los Angeles County project with workforce and economic development opportunities; and announced that CPA is launching the 2020 RFO. Additionally, Mr. Bardacke noted that the agenda will also include a review of CPA's 2019-2020 Financial Statements and staff will provide a presentation on the Distributed Energy Resources Pilot program that highlights demand response and lessons learned from the program as staff moves to scale it forward.

In response to a question from Committee Member Zuckerman regarding a joint CCA RFO for long-term procurement, Mr. Bardacke clarified that CPA did participate in a joint Request for Information (RFI) but is not participating in the RFO, primarily because CPA is a large enough LSE that it can potentially develop its own long duration storage and it will compare valuations across different kinds of resources and mixes.

Vice Chair Kuehl asked how CPA will protect customers against aggressive sales tactics if incentive programs shifted to a third-party implementer and Committee Member Zuckerman asked about school districts as potential sites for the program. Mr. Bardacke clarified that this program implementer would have a high level of CPA oversight and explained that the pilot focused on facilities with existing infrastructure but moving forward, it may include a shift to incentives for new infrastructure at which point schools will become good potential sites.

CLOSED SESSION

5. PUBLIC EMPLOYMENT
(Government Code Section 54957)
Title: Executive Director

6. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:
(Government Code Section 54957)
Title: General Counsel

There was no reportable action from Closed Session.

COMMITTEE MEMBER COMMENTS

Committee Members agreed on solar chargers as a departing token of appreciation for outgoing Board Members.

ADJOURN

Chair Mahmud adjourned the meeting at 3:25 p.m.