MEETING of the Community Advisory Committee of the Clean Power Alliance of Southern California

Thursday, March 18, 2021

1:00 p.m.

SPECIAL NOTICE: 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 COVID-19, the Community Advisory Committee will conduct this meeting remotely.

Click here to view a Live Stream of the Meeting on YouTube
*There may be a streaming delay of up to 60 seconds. This is a view-only live stream.

To Listen to the Meeting:
https://zoom.us/j/93021591959
or
Dial: (669) 900-9128 Meeting ID: 930 2159 1959

PUBLIC COMMENT: Members of the public may submit their comments by one of the following options:

- **Email Public Comment:** 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. Written public comments will be announced at the meeting and become part of the meeting record. Public comments received in writing will not be read aloud at the meeting.

- **Provide Public Comment During the Meeting:** Please notify staff via email at clerk@cleanpoweralliance.org at the beginning of the meeting but no later than immediately before the agenda item is called.
  - You will be asked for your name and phone number (or other identifying information) similar to filling out a speaker card so that you can be called on when it is your turn to speak.
  - You will be called upon during the comment section for the agenda item on which you wish to speak on. When it is your turn to speak, a staff member will unmute your phone or computer audio.
  - 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, you will be muted during the meeting.

If unable to connect by Zoom or phone and you wish to make a comment, you may submit written comments during the meeting via email to: clerk@cleanpoweralliance.org.

While downloading the Zoom application may provide a better meeting experience, Zoom does not need to be installed on your computer to participate. After clicking the webinar link above, click “start from your browser.”
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. As with all public comment, members of the public who wish to address the Committee are requested to complete a speaker’s slip and provide it to Clean Power Alliance staff at the beginning of the meeting but no later than immediately prior to the time an agenda item is called.

Each speaker is 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 Policy No. 8 – Public Comment for additional information.

**CALL TO ORDER AND ROLL CALL**

**GENERAL PUBLIC COMMENT**

**CONSENT AGENDA**

1. Approve Minutes from February 18, 2021 Community Advisory Committee Meeting
2. Update on the CAC 2020/2021 Adopted Work Plan

**REGULAR AGENDA**

3. Oral Update from the Executive Director on CPA Operations
4. Nomination Period for CAC Vice Chair Officer Position
5. 2021 Energy Portfolio Mix and Rate Scenarios
6. Oral Update from the Policy Director on CPA Legislative Activities

**COMMITTEE MEMBER COMMENTS**

**ITEMS FOR FUTURE AGENDAS**

**ADJOURN – NEXT MEETING ON APRIL 22, 2021**

**Public Records:** Public records that relate to any item on the open session agenda for a regular 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. The public records are available for inspection online at www.cleanpoweralliance.org/agendas.
MINUTES
MEETING of the Community Advisory Committee of the
Clean Power Alliance of Southern California
Thursday, February 18, 2021
1:00 p.m.

The Community Advisory Committee conducted this meeting in accordance with California Governor Newsom’s Executive Order N-29-20 and COVID-19 pandemic protocols.

CALL TO ORDER AND ROLL CALL
Chair David Haake called the meeting to order at 1:00 p.m. and the Board Clerk conducted roll call.

<table>
<thead>
<tr>
<th>East Ventura/West LA County</th>
<th>Angus Simmons (Vice-Chair)</th>
<th>Remote</th>
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</thead>
<tbody>
<tr>
<td>East Ventura/West LA County</td>
<td>Jennifer Burke</td>
<td>Remote</td>
</tr>
<tr>
<td>San Gabriel Valley</td>
<td>Richard Tom</td>
<td>Remote</td>
</tr>
<tr>
<td>San Gabriel Valley</td>
<td>Kim Luu</td>
<td>Remote</td>
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<tr>
<td>West/Unincorporated Ventura County</td>
<td>Lucas Zucker</td>
<td>Absent</td>
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<tr>
<td>South Bay</td>
<td>David Lesser</td>
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<td>South Bay</td>
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<td>Remote</td>
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<tr>
<td>Gateway Cities</td>
<td>Jaime Lopez</td>
<td>Remote</td>
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<tr>
<td>Gateway Cities</td>
<td>Genaro Bugarin</td>
<td>Remote</td>
</tr>
<tr>
<td>Westside</td>
<td>Cris Gutierrez</td>
<td>Remote</td>
</tr>
<tr>
<td>Westside</td>
<td>David Haake (Chair)</td>
<td>Remote</td>
</tr>
<tr>
<td>Unincorporated Los Angeles County</td>
<td>Neil Fromer</td>
<td>Remote</td>
</tr>
<tr>
<td>Unincorporated Los Angeles County</td>
<td>Kristie Hernandez</td>
<td>Remote</td>
</tr>
</tbody>
</table>

All votes are unanimous unless otherwise stated.

GENERAL PUBLIC COMMENT
There were no public comments.

CONSENT AGENDA
1. Approve Minutes from February 18, 2021 Community Advisory Committee Meeting
2. Update on the CAC 2020/2021 Adopted Work Plan
Motion: Committee Member Gutierrez, Westside
Second: Vice Chair Simmons, East Ventura/West LA County
Vote: The consent agenda was approved by a roll call vote.

REGULAR AGENDA

3. Oral Update from the Executive Director on CPA Operations

Ted Bardacke, Executive Director, discussed: the 2021 Board Reception; the transition to participation rates rather than opt-out rates to reflect the change in customer composition which allows for the tracking of move-ins and move-outs of customers within the service territory.

Committee Member Bugarin asked if language or income levels share a correlation with participation rates. Mr. Bardacke stated that notices go out in English, Spanish, and Chinese, and reviewing the data can help to infer how demographics are related to participation rates.

Lastly, Mr. Bardacke announced that staff is participating in the Santa Monica Climate Action Network’s (SaMoCAN) event to support the CAC members’ goal to bring awareness of CPA’s goals and milestones. Committee Member Gutierrez noted that this is a pilot event to implement the information CAC members receive from CPA staff.

4. Update on California Electric Vehicle Incentive Program (CALeVIP)

Jack Clark, Director of Customer Programs, provided a background of the CALeVIP program, noting that transportation electrification is a key priority in CPA’s Local Programs Strategic Plan; and the program was launched by the State of California to spur the rapid deployment of publicly accessible EV chargers through targeted incentive projects based on regional needs. Mr. Clark discussed the program’s funding mechanisms, specifically the South-Central Coast Incentive Project in Ventura County. Mr. Clark concluded with next steps in finalizing the scope of work on both the Ventura and LA County projects and requested CAC feedback on targeted geographies, potential partners to work with in CPA’s communities, and program design/marketing messaging.

In response to Committee Member questions regarding funding allocations and geographic location of chargers, Mr. Clark noted that parking lots are usually a great choice because of 24/7 access; and clarified that funding is designated for marketing, outreach, and incentives. The maintenance of chargers will be the responsibility of the owners or operators of the property; however, there will be substantial technical assistance on behalf of the California Energy Commission (CEC) and the program administrator to conduct its due diligence and ensure partners are equipped to maintain the EV chargers. Committee Member Lesser suggested that Councils of Governments be tapped as potential partners. Committee Member Bugarin shared that supporting renters who own EV’s is
important; suggested that more emphasis be placed on fast chargers for commuters; suggested that CPA’s program incentives correlate with Southern California Edison’s Charge Ready 2 program; and lastly that it may be possible to collaborate with property owners on peak demand management. Committee Member Lopez suggested that in addition to placing EV chargers in disadvantaged communities, that assistance should be provided to low-income renters to purchase electric vehicles. Mr. Clark added that there is a potential program design to allow for used EV’s for low-income families or renters, and emphasis will be placed in conducting outreach to those communities. Committee Member Fromer echoed comments about focusing on demand management and focusing on community-scale opportunities and suggested that commercial facilities and large employers such as colleges can provide a higher level of accessibility and flexibility in demand. Mr. Clark agreed that demand management elements are important to the program design.

Committee Member Gutierrez added that landlords may also be a group to reach out to and staff should consider partnerships with local school and churches; asked how the CALeVIP program can overlap with CPA’s Power Share program. Mr. Clark explained that staff aims to eliminate silos in each initiative as well as reach out to all groups that may be a resource and provide mutually beneficial relationships. Committee Member Tom noted that it is important to identify the type of EV chargers needed in each community and added that local governments can also be partners in the program; Committee Member Burke agreed that local governments can be a supportive partner. In response to Committee Member Luu’s questions about pricing, Mr. Clark explained that staff will explore what pricing will look like for customers before the program is launched.

5. 2021 Legislative Preview and Bill Discussion

Gina Goodhill, Policy Director, provided a brief report on the upcoming legislative priorities for the year, including focus on bills that address building and transportation electrification; reliability; climate action adaptation; and specifically, bills that advance green hydrogen, address offshore wind procurement, accelerate the State’s progress towards 100% renewable or zero-carbon resources; funding for microgrids on critical facilities; and a bill that reestablishes some balance and fairness to the Power Charge Indifference Adjustment (PCIA). Ms. Goodhill discussed the latter PCIA bill, noting that over the last ten years, millions of utility customers have transitioned from Investor-Owned Utilities (IOUs) electric service to Community Choice Aggregators (CCAs), and the customers continue to bear the cost responsibility with IOU customers for legacy resources purchased on their behalf. However, only IOU customers have the right to access the benefits of these resources, such as renewable energy, GHG free energy, and resource adequacy. Ms. Goodhill explained that this bill will ensure CCA customers are able to access their proportionate share of the benefits of IOU legacy contracts for which they are paying and ensures IOUs manage their legacy contracts to maximize their value for IOU and CCA customers alike. Lastly, Ms. Goodhill noted that CPA will host a virtual lobby day on March 10 and shared that CAC members may be asked to provide assistance in advocacy and engagement throughout the community.
Chair Haake requested clarification on green hydrogen; Committee Member Gutierrez asked about a timeline for submittal of support letters and how CAC members can provide support and advocacy where it is most needed. Ms. Goodhill explained that: green hydrogen uses electrolysis and is considered different from hydrogen made from natural gas; support letters can be submitted as soon as possible; and agreed that staff will provide more guidance to CAC members in their advocacy efforts.

Committee Member Hernandez asked how many bills CPA will weigh in on and requested talking points; Committee Member Burke asked for more information on the PCIA bill and requested resources for interacting and advocating in the community; Committee Member Lopez asked why current legislation excludes fair access to legacy resources and the bill’s impact on CPA customers; and Committee Member Gutierrez asked about the impact of the Governor’s recall on the legislative session. Ms. Goodhill clarified that once there is additional language on the PCIA bill, talking points will be finalized and provided, and CPA will weigh-in on bills that are critical to its’ service territory with guidance from the board-approved legislative and regulatory platform. Ms. Goodhill explained that the PCIA bill is sponsored by CalCCA and authored by Senator Portantino, and CPA is not aware of any opposition to the bill; noted that the California Public Utilities Commission has been aware of the lack of fairness in the access to legacy energy resources and the PCIA bill is a response to its lack of action in the regulatory arena. In response to Committee Member Lopez, Mr. Bardacke added that in order to retain current customers and attract new ones, CPA must have competitive rates. Lastly, Ms. Goodhill explained that the Governor and his staff may be focused on addressing the recall effort and other COVID-19 bill relief and have less time to work on other legislative efforts.

Committee Member Gutierrez shared more details on the SaMoCAN event and how this event can bring awareness to the community of CPA’s goals to address climate solutions.


This item was rescheduled to a later date.

**COMMITTEE MEMBER COMMENTS**

In response to Committee Member Lesser’s question about the CAC’s participation at the Board Reception, Mr. Bardacke clarified that CAC members will be asked to provide context to new Board members as to the communities’ needs and other insights that CAC members can offer as Board members begin their tenure on the CPA Board of Directors.

Committee Member Lopez shared an event with Committee Members that will address variability and vulnerability to climate change and coastal risks in Los Angeles County and requested that staff explore a centralized calendar for CAC members’ use.
ITEMS FOR FUTURE AGENDAS

Committee Member Hernandez requested a retreat for the committee for CAC strategic planning and team building.

Committee Member Bugarin requested that items be explored which can spotlight activities of Committee Members in each of the CAC’s subregions.

ADJOURN

Chair Haake thanked staff for the valuable information presented and adjourned the meeting at 2:51 p.m.
Staff Report – Agenda Item 2

To: Clean Power Alliance (CPA) Community Advisory Committee
From: Christian Cruz, Community Outreach Manager
Approved by: Ted Bardacke, Executive Director
Subject: Update on 2020/2021 Adopted Work Plan
Date: March 18, 2021

RECOMMENDATION
Receive and file.

DISCUSSION
On February 18th, the CAC requested that staff develop a calendar for CAC members to post upcoming events that would be of interest to members. Staff will provide a recommendation to the CAC on how best to implement a calendar at the April 15th CAC meeting.

Staff is currently developing a CAC listserv. As outlined in the work plan, this listserv will be used by CAC members to provide their key stakeholders with information on financial assistance programs, local programs, upcoming events, legislative calls to action, etc.

The information distributed through the listserv is intended to:

- Help build on the relationships already established between CAC members, community leaders and organizations within CPA territory, and impacted and hard to reach communities.
- Respond to community questions/comments on key topics such as, how to read your bill, PCIA, program launches, workforce development, etc.
- Provide additional information and enhance outreach on renewable energy, climate issues, and renewable energy initiatives within communities, particularly those that have been historically marginalized.
• Deliver targeted educational materials to specific regions or communities.

The CAC listserv will be ready for use by April 1st, 2021.

Additionally, consistent with Section 1 of the CAC work plan, CPA staff assisted the Westside Region CAC members to identify a region-specific objective to hold educational workshops on CPA and on the benefits of renewable energy. On February 25th, Committee Members Cris Gutierrez and David Haake hosted a workshop with Santa Monica’s Climate Action Network (SaMoCAN) on renewable energy and CPA’s impact on reducing GHG emissions. Executive Director Ted Bardacke attended this workshop and provided information on CPA’s progress, agency goals, industry challenges, and opportunities.

On February 19th, various CAC members participated in the virtual CPA Board of Directors reception, which featured a keynote address from the Chair of the California Energy Commission, David Hochschild, and a virtual tour of three of CPA’s new energy facilities. Finally, various CAC members also participated in CPA’s Lobby Day on March 10th, which allowed CAC members to showcase CPA’s work and to share CPA’s top legislative priorities with state elected officials.

NEXT STEPS
In the coming months, staff will bring to the CAC the Draft FY2021-2022 Budget, Power Share RFO Shortlist update, and a draft agenda for the CAC retreat in addition to updates on the calendar and listserv projects. Staff will request feedback on each of these items. Additionally, staff will continue to provide targeted educational toolkits on CPA programs, such as CALeVIP, once they become available.

ATTACHMENT
1) Adopted CAC Workplan (for reference only)
To: Clean Power Alliance (CPA) Community Advisory Committee

From: Ted Bardacke, Executive Director

Subject: Oral Update from the Executive Director on CPA Operations

Date: March 18, 2021

The Executive Director will provide an oral report on CPA operations.
Staff Report – Agenda Item 4

To: Clean Power Alliance (CPA) Community Advisory Committee

From: Gabriela Monzon, Clerk of the Board

Approved By: Ted Bardacke, Executive Director

Subject: Nomination Period for Vice Chair Officer Position

Date: March 18, 2021

DISCUSSION

The CAC represents seven geographic subregions, with a total of 15 members, and advises the Board of Directors on certain policy and planning matters. As specified in CPA’s bylaws, the CAC shall appoint from among themselves by a majority vote of those members present one Chair and two Vice Chairs. At least one of the Vice Chairs shall be a member representing the Los Angeles County subregion. The vacancy in the Los Angeles County Vice Chair position was created upon the departure of former CAC Member Robert Parkhurst.

The Vice Chair’s responsibilities include:

- Conducting monthly and special meetings when the Chair is not available;
- Properly implement Robert’s Rules of Order when the Chair is not available; and
- Overall CAC meeting management and voting when the Chair is not available.

NEXT STEPS

Any interested CAC member representing a subregion in Los Angeles County can submit their name for consideration or nominate another member. All nominations must be provided to the Board Clerk by 5 p.m. on March 26, 2021 via email at gmonzon@cleanpoweralliance.org. Procedures for the election will be determined by the number of nominees. If more than one nominee, staff will distribute written ballots. If there is one nominee, election will occur via rollcall vote. Elections for the Vice Chair officer position will take place at the April 22, 2021 CAC meeting.
Staff Report – Agenda Item 5

To: Clean Power Alliance (CPA) Community Advisory Committee
From: Matt Langer, Chief Operating Officer
Approved by: Ted Bardacke, Executive Director
Subject: 2021 Energy Portfolio Mix and Rate Scenarios
Date: March 18, 2021

RECOMMENDATION
Receive and provide input.

ATTACHMENT
1) 2021 Energy Portfolio Mix and Rate Scenarios Presentation
Item 5
2021 Energy Portfolio Mix and Rate Scenarios

Thursday, March 18, 2021
Agenda

• 2021 Rates recap
• Cost Considerations
• Cost of Service Analysis
• Rate Change Scenarios
• Rate Comparisons
• Next Steps
2021 Rates Recap

• SCE changed rates on Feb. 1, 2021
  • SCE Delivery charges up ~14% for all customers
  • PCIA up 27% for CPA customers
  • SCE generation rates flat
• SCE is expected to change rates again June 2021
  • SCE Delivery will increase again for all customers; likely more than 10%
  • PCIA for CPA customers stay flat
  • SCE generation rates increase ~1.5%-3%
• Full year impact of adjusting CPA rates downward based on February SCE rates and PCIA would have resulted in a revenue reduction of 8% or ~$65 million
• Delaying a rate change until the start of FY 2021/22 will save ~$44 million and allow for rate comparisons to be more aligned with SCE’s expected June rate change
Cost Considerations

- A number of factors are placing upward pressure on CPA’s costs
  - Resource Adequacy prices: 72% increase vs. FY20/21
  - Energy market prices: 43% increase vs. FY20/21
  - Bad debt expense: 18% increase vs. FY20/21
  - Congestion Revenue Rights (CRRs): 75% increase vs. FY20/21

- The timing of SCE’s rate setting process means SCE’s rates do not fully reflect current market conditions
  - SCE’s generation rates were set based on forecasts of energy and capacity prices in Fall 2020
  - Since then, energy forwards and capacity prices have risen significantly
  - These impacts are not reflected in the rates SCE implemented in February nor will they be reflected in the expected June rate change

- If SCE’s rates do not cover costs in 2021, they will raise rates in Q1 2022 to make up the difference; CPA must set rates to cover its current cost forecast
Renewable and Carbon Free Content of CPA's Rate Products

- In February the Executive Committee discussed methods to reduce energy costs associated with renewable and carbon-free purchases and concurred with staff recommended changes to power content of the Lean Power and Clean Power products
  - Lean Power would change from 40% renewable to 40% carbon free (large hydro) saving $7.2 million
  - Clean Power would change from 50% renewable to 50% clean (40% renewable and 10% carbon free) saving $9.3 million
- These changes would be for calendar year 2021 and 2022 only
- Board consideration of these changes is scheduled for April
Cost Reduction Opportunities: Lean Power Content

- The Lean Power product is currently targeting 40% renewables, made up primarily of PCC2 resources (out of state renewables)

<table>
<thead>
<tr>
<th>Lean Power Option</th>
<th>FY 2021/2022 Savings</th>
<th>Considerations</th>
</tr>
</thead>
</table>
| 1. Meet 40% renewables target with unbundled RECs (PCC3)                          | ~$4.6 million        | • Maintains current renewable content target  
• JPA discourages use of unbundled RECs  
• Results in higher GHG emissions profile |
| 2. Change target to 40% carbon-free energy (large hydro)  
STAFF RECOMMENDATION             | ~$7.2 million        | • Lower GHG emissions profile than current Lean Power target or Option 1 above  
• Reduces overall CPA renewables portfolio  
• Move from renewables to carbon-free highlights the value tradeoff for the Lean Power product |

- Product content is measured for the calendar year, so each of these scenarios would also yield savings in FY 20/21 and FY 22/23
Cost Reduction Opportunities: Clean Power Content

- The Clean Power product is currently targeting 50% renewables, made up of a mix of PCC1 (in-state) and PCC2 (out-of-state) resources.

<table>
<thead>
<tr>
<th>Clean Power Option</th>
<th>FY 2021/2022 Savings</th>
<th>Considerations</th>
</tr>
</thead>
</table>
| 1. Shift from 50% renewables target to 50% clean energy target (45% RPS, 5% carbon free) | ~$5.4 million         | • Renewables continue to surpass SCE  
• Reduces overall CPA renewables portfolio  
• GHG emissions profile continues to be lower than SCE |
| 2. Shift from 50% renewables target to 50% clean energy target (40% RPS, 10% carbon free) | ~$9.3 million         | STAFF RECOMMENDATION                                                              |
Cost Reduction Opportunities: 100% Green Power Content

- The 100% Green Power product is currently 100% renewables, made up of solely PCC1 resources

<table>
<thead>
<tr>
<th>100% Green Power Option</th>
<th>FY 2021/2022 Savings</th>
<th>Considerations</th>
</tr>
</thead>
</table>
| 1. Shift from 100% PCC1 target to 90% and 10% PCC2 | ~$0.5 million         | • The value proposition of 100% Green Power is based around a “Gold Standard” 100% PCC1 renewable portfolio  
  • PCC2 renewables are close in price to PCC1, resulting in minimal cost savings |
| 2. Shift from 100% PCC1 target to 80% and 20% PCC2   | ~$1.0 million         |                                                                                 |

STAFF RECOMMENDS NO CHANGES TO THE 100% GREEN POWER PRODUCT
**Power Content Emissions Impacts**

- The following table shows the impact of the individual product content options from the previous slides on CPA’s overall energy portfolio.
- The 100% Green Options would not change total renewable and carbon free content and are not shown.

<table>
<thead>
<tr>
<th>Year</th>
<th>Portfolio Renewable</th>
<th>Portfolio Carbon Free</th>
<th>Total Portfolio GHG Free</th>
</tr>
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<tbody>
<tr>
<td>2020</td>
<td>60.9%</td>
<td>6.6%</td>
<td>56.8%</td>
</tr>
<tr>
<td>2021</td>
<td>-8.8%</td>
<td>4.6%</td>
<td>6.5%</td>
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<tr>
<td>2021</td>
<td>0.0%</td>
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<td>-2.1%</td>
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<tr>
<td>2021</td>
<td>-5.6%</td>
<td>-1.3%</td>
<td>-4.7%</td>
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<tr>
<td>2021</td>
<td>-2.9%</td>
<td>-3.9%</td>
<td>-4.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Portfolio Renewable</th>
<th>Portfolio Carbon Free</th>
<th>Total Portfolio GHG Free</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>46.5%</td>
<td>9.9%</td>
<td>58.5%</td>
</tr>
</tbody>
</table>

*Staff recommendation
Cost of Service Analysis

• Working with CPA’s rates consultant MRW, staff has conducted a Cost of Service (COS) analysis

• The initial cost of service analysis compares 2021/2022 Fiscal Year forecasted costs and revenues by individual rate family and product, for example:
  • Each rate product (i.e. Lean, Clean, 100% Green) can be analyzed to see if it is covering its costs as a group
  • Domestic customers on the Lean rate or GS-1 customers on the Clean rate (or any other iteration) can be viewed separately to see if those particular customers are covering their costs
Cost of Service Analysis (cont.)

• The initial COS analysis makes several assumptions about fiscal year 2021/2022 to serve as a baseline
  • Revenues: based on current rates and CPA’s most recent load forecast
  • Costs:
    • Most recent energy, capacity, carbon free, renewables, CRR revenue forecast as of March 9, 2021
    • $30 million contribution to reserves
    • Overhead expenses based on initial budget forecast (no overall increase from FY 2020/2021 budget)
    • No contingency is included, and Fiscal Stabilization Fund is not used to offset costs
    • Proposed product content changes/cost savings to Lean and Clean
  • This analysis results in a $87 million shortfall to be addressed in rates
Initial COS Observations by Product

- Overall rate product results are as follows:
  - Lean is 10.9% below cost of service
  - Clean is 15.9% below cost of service
  - 100% Green is 2.3% below cost of service
Initial COS Observations by Rate Group

- Rate group results are as follows:
  - Domestic is $57M below cost of service, and especially acute in Lean and Clean rate products
  - Large commercial customers (Lighting, TOU-8, PA and GS-3) on the 2017 vintage PCIA combined are $15M below cost of service*
  - GS-2 in Lean and Clean together are $7.4M below cost of service
  - GS-1 is flat for Lean and Clean and positive for 100% Green

*Approximately 2400 customers in Unincorporated LA County, South Pasadena and Rolling Hills Estates
Rate Setting Options

Staff modeled three different rate change scenarios, all of which recover CPA’s revenue target, with different impacts by customer class and rate product.

1. **Average Percentage Change (APC):** peanut-butter approach
   - Equal percentage increase to all rate classes to reach revenue target

2. **COS-Informed Approach:** rates set with COS as a general guide
   - Rates for Lean and Clean are increased as a group to match COS

3. **Policy-based Approach:** policy priorities determine rates
   - Domestic rates are held at current levels
   - All other rates are increased by same APC to reach revenue target

- In all scenarios 2017 PCIA vintage Lighting, GS-3, PA, and TOU-8 are added to CPA’s existing subset group and subset rates overall are adjusted to cover cost of service
Rate Comparison Results Expected Comparison as of 6/1

- The table shows total bill premiums between current CPA rates and SCE’s base rate.
- Values reflect comparison based on estimated June SCE rate change.
- These rates do not cover CPA’s costs in FY 2021/22.

<table>
<thead>
<tr>
<th>Category</th>
<th>Lean</th>
<th>Clean</th>
<th>100% Green</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>1%</td>
<td>2%</td>
<td>8%</td>
</tr>
<tr>
<td>Domestic-CARE</td>
<td>2%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>GS-1-E</td>
<td>1%</td>
<td>2%</td>
<td>9%</td>
</tr>
<tr>
<td>GS-2-D</td>
<td>1%</td>
<td>2%</td>
<td>9%</td>
</tr>
<tr>
<td>Traffic Control</td>
<td>1%</td>
<td>2%</td>
<td>7%</td>
</tr>
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# Rate Comparison Results by Scenario – Typical Rates

### Scenario 1: Average Percentage Change

<table>
<thead>
<tr>
<th></th>
<th>Lean</th>
<th>Clean</th>
<th>100% Green</th>
</tr>
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<tbody>
<tr>
<td>Domestic</td>
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### Scenario 2: COS-informed Approach

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### Scenario 3: Policy-based Approach

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Note: each table shows total bill premium between CPA rates and SCE’s base rate under each scenario based on estimated June SCE rate change.
2017 Vintage PCIA Subset Rates

- 2018 vintage PCIA customers in the GS-3, TOU-8, PA-2, PA-3, and Lighting rate classes are part of the “subset” group
  - These customers pay COS rates in the winter and rates indexed to SCE rates in the summer
- 2017 vintage PCIA customers (LA County, South Pasadena, Rolling Hills Estates) were excluded from the subset group when it was established in 2019, due to the lower 2017 vintage PCIA
  - The PCIA is now the same for 2017 and 2018 vintage customers
  - Maintaining the current rate structure for 2017 vintage PCIA subset customers would cost $15 million
    - $12.2 million of these costs are concentrated in ~320 large customers on GS-3 and TOU-8 rates
2017 Vintage Subset Rates: Clean Power Comparison

- The table shows total bill premiums between CPA rates and SCE’s base rate under each scenario based on estimated June SCE rate change for the Clean Power product.

- Clean Power is the rate product for >95% of commercial customers in 2017 vintage jurisdictions.

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## 2018 Vintage Subset Rates: Lean and 100% Green Comparison

### Lean

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### 100% Green

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Note: the tables show total bill premiums between CPA rates and SCE’s base rate under each scenario based on estimated June SCE rate change.
Scenario 1: Average Percentage Change Considerations

- **Observations**
  - Domestic Lean and Clean are below COS; 100% Green above COS
  - GS-1 and GS-2 are significantly above COS
  - 100% Green meets COS overall, Lean and Clean are Below COS

- **Key Considerations**
  - Increase spread equally across most products and customer groups is the simplest approach and easiest to communicate to customers
  - Does not address any current imbalances in COS
  - Lowest overall opt out risk option
  - Customer bill impact
    - $7.46 bill premium for average Domestic* customer on Clean Power
    - $10.87 bill premium for average GS-1 customer on Clean Power

*Including CARE
Scenario 2: COS-informed Approach Considerations

- Observations
  - Each product covers COS overall
  - All Domestic rates below COS; GS-1 and GS-2 above COS

- Key Considerations
  - Addresses COS imbalance between products, but not between customer classes
  - Rate increase is uneven
  - Increase to Clean rate leads to small price differential with 100% Green
  - Customer bill impact
    - $9.43 bill premium for average Domestic* customer on Clean Power
    - $14.13 bill premium for average GS-1 customer on Clean Power

*Including CARE
Scenario 3: Policy-based Approach Considerations

• Observations
  • Domestic well below COS ($56M), all other classes significantly above COS

• Key Considerations
  • Limits impact to CPA’s residential customers, including CARE customers
  • High premiums for all non-residential customers, especially subset customers, could result in significant opt outs
  • Relies heavily on non-residential customers to cover costs, increasing financial risk if these customers opt out
  • Customer bill impact
    • $3.08 bill premium for average Domestic* customer on Clean Power
    • $16.53 bill premium for average GS-1 customer on Clean Power

*Including CARE
Next Steps

• Continue to refine analysis and scenarios based on Board, Executive Committee, CAC, and public input

• At the April Board meeting
  • Discuss 2021 cost drivers
  • Review COS model results and rate setting options
  • Seek decision on product content changes/cost reductions

• Continue budget development with aim of adopting a rate setting approach in May and then final rates and budget at the June Board meeting

• Potential for mid-year adjustment after SCE’s Q1 2022 rate change

• Planning for a different 2022 rate setting process to begin
Rate Comparison Results by Product: Lean Power

- The table shows total bill premiums between CPA rates and SCE’s base rate across various scenarios.

- Values reflect comparison based on estimated June SCE rate change.

<table>
<thead>
<tr>
<th>Product</th>
<th>Status Quo</th>
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Rate Comparison Results by Product: Clean Power

• The table shows total bill premiums between CPA rates and SCE’s base rate across various scenarios

• Values reflect comparison based on estimated June SCE rate change

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Rate Comparison Results by Scenario: 100% Green Power

- The table shows total bill premiums between CPA rates and SCE’s base rate across various scenarios.
- Values reflect comparison based on estimated June SCE rate change.

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To: Clean Power Alliance (CPA) Community Advisory Committee
From: Gina Goodhill, Policy Director
Subject: Oral Update on CPA Legislative Activities
Date: March 18, 2021

The Policy Director will provide an oral report on legislative activities.

End of Document
Return to Agenda