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

Wednesday, March 17, 2021

1:30 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 Executive Committee will conduct this meeting remotely.

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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.

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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 February 17, 2021 Executive Committee Meeting

REGULAR AGENDA

2. Oral Update from the Executive Director on CPA Operations
3. Cost of Service Results & 2021 Rate Scenarios
4. Proposed Billing and Data Manager Contract Amendment and Extension with Calpine Energy Solutions
5. Review Draft Agenda for April 1, 2021 Board of Directors Meeting

CLOSED SESSION

6. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
   Title: Executive Director
   Government Code Section 54957

COMMITTEE MEMBER COMMENTS

ADJOURN – NEXT MEETING APRIL 21, 2021

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/agendas.*

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MINUTES

MEETING of the Executive Committee of the

Clean Power Alliance of Southern California

Wednesday, February 17, 2021 1:30 p.m.

The Executive 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 Diana Mahmud called the meeting to order at 1:33 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
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	Absent

All items are unanimously approved unless otherwise stated.

GENERAL PUBLIC COMMENT
There were no public comments.

CONSENT AGENDA

1. Approve Minutes from January 20, 2021 Committee Meeting

Motion: Committee Member Zuckerman, Rolling Hills Estates
Second: Committee Member Gold, Beverly Hills
Vote: Item 1 was approved by a roll call vote with a minor edit made to the Committee Member comments.

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REGULAR AGENDA

2. Oral Update from the Executive Director on CPA Operations

Ted Bardacke, Executive Director, discussed some of CPA's milestone dates, provided an update on the February 19, 2021 Board Reception and an update on new Board member orientations.

3. 2021 Rates Update & Potential Energy Portfolio Cost Reduction Actions

Matt Langer, Chief Operating Officer, explained that effective February 1, 2021, Southern California Edison (SCE) delivery charges increased about 14% for all customers, the Power Charge Indifference Adjustment (PCIA) fee increased by 27% for CPA customers, and SCE generation rates remained flat. Another rate change is expected in June 2021, which will keep the PCIA flat but will increase generation by approximately 1.5% to 3%, and delivery rates likely more than 10%. Some factors which have placed upward pressure on CPA's costs include Resource Adequacy (RA) and energy market prices, bad debt expense, and congestion revenue rights (CRR) market values. RA costs have sharply increased in 2021 due to tight supply exacerbated by more restrictive regulations by the California Public Utilities Commission (CPUC) and CRR net revenues are expected to decline due to lower allocations by the California Independent System Operator (CAISO), leaving increased cost to procure CRRs to hedge congestion. Mr. Langer explained that energy prices are forecast to increase due to concerns of tight supply during the evening ramp and the risk of summer heat events; bad debt expense has increased sharply due to COVID-related economic impacts and the suspension of disconnections. CPA will encourage customers to participate in the CPUC-directed Arrearage Management Plan (AMP) administered by SCE. Mr. Langer discussed cost reduction opportunities for the Lean Power product, currently targeting 40% renewables and made up primarily of PCC 2 resources, and summarized staff recommendation of changing the target to 40% carbon-free energy which would result in savings of about $7.2 million in fiscal year (FY) 2021/2022. Additionally, Mr. Langer reviewed the staff recommendation to shift the Clean Power product content from 50% renewables target to 50% clean energy target, with 40% RPS and 10% carbon-free, which would result in FY 21/22 savings of about $9.3 million. Staff did not recommend changes to the 100% Green Power product because it adheres to a "gold standard" 100% PCC1 renewable portfolio and changing to PCC2 will result in minimal cost savings. Mr. Langer summarized the impacts of the individual product content options from staff recommendations on CPA's overall energy portfolio; discussed opportunities to reduce costs in the operating budget, including data management, mandatory mailers, and banking and insurance agreements. Lastly, Mr. Langer reviewed next steps, noting that refinement of costs and revenue forecasts is ongoing, and staff will return to the Executive Committee with a detailed cost of service analysis, a financial model, and options for further mitigating costs and revenue impacts.

Committee Member Zuckerman asked for the amount paid for RA in the last year and how big of a factor it is in the equation, to which Mr. Langer noted that RA plays a very significant role, even more so than CRRs and bad debt expense. Vice Chair Kuehl opined that substituting renewables with large scale hydroelectric (hydro) power in the Lean Power product makes the most sense, even though hydro is misconceived to not be renewable, and in the Clean Power product,

replacing the 50% renewables target to 50% clean energy target maintains consistent messaging that CPA continues to surpass SCE renewables.

Committee Member Gold agreed with staff recommendations of reducing GHG emissions and maintaining the organization's financial viability to continue providing service to customers. Vice Chair Parks likewise agreed with staff recommendations and noted that hydropower is commonly mistaken to be renewable. Chair Mahmud asked for clarification as to the impact of long-term power purchase agreements on RA; inclusion of assistance to utilities in the federal COVID relief bill; and asked for further information on plans for the reduction of loan and insurance costs. Mr. Langer indicated that CPA does receive credit for RA in long-term contracts, especially those with storage, that will enhance CPA's ability to hedge long-term; however, it will not have a significant effect for much of 2021, in which CPA will have to meet its compliance position in another manner. Mr. Bardacke clarified that the federal COVID relief bill does not include relief directly related to utilities, but staff can verify; and explained that a loan amendment with River City Bank is forthcoming which reduces interest cost and loan fees. Committee Member Zuckerman asked if changing the timeline for presentation to the Board could mean dealing with cost reductions and pricing at the same time. Mr. Bardacke clarified that presenting cost reduction options in April will present a more holistic approach to dealing with revenue, while also providing more time to refine cost and revenue forecasts.

The Executive Committee reached a consensus on the proposed changes to the Lean and Clean product content and directed staff to present cost reductions and a comprehensive approach to revenue impacts as deemed appropriate for the next Board meeting in April rather than in March.

4. <u>Salary Survey Results and Creation of Pay Ranges</u>

Monique Edwards-Greer, Director of Technology, Data, and People explained that CPA has conducted a salary and benefits benchmark study in collaboration with three other Community Choice Aggregators (CCAs), intending to establish Board-approved, data-driven salary ranges broad enough to allow CPA to attract and retain talent and accommodate career advancement for existing staff. Dr. Edwards-Greer noted that it was vital that the study be transparent in all aspects, be adaptable to a growing organization, and recognize highly specialized positions at CPA. Additionally, Dr. Edwards-Greer stated that CPA, the other CCAs, and the consultant established 27 benchmark jobs with the goal of a representative cross-section by junction and job level; reviewed the methodology for gathering compensation data, including that the consultant, Mercer, used compensation data from the four participating CCAs; industry data from surveys, and energy utility and public sector data. Dr. Edwards-Greer clarified that the compensation study includes market data for base salary and total cash compensation (TCC); the benefits study reviewed retirements, health, paid leave, and life insurance/disability. The study found that CPA's pay is approximately 6% below the CCA perspective median, with base salary within 10% of market median against three perspectives: general industry, utilities/energy, and public sector. The TCC is less competitive against the market, and the benefits package is competitive, except when compared to public sector organizations that offer rich benefits to make up for a lack of incentive pay. In aggregate, Dr. Edwards-Greer stated that CPA has a strong foundation to build on and there are opportunities to

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align with the market and enhance the competitiveness of the overall package. Dr. Edwards-Greer reviewed the gap analysis, provided examples of survey results, and provided an analysis of the benefits valuations, emphasizing that CPA ranked 4% above the market median with most benefits ranking competitively, except for short-term disability. Dr. Edwards-Greer concluded with a request that the Executive Committee provide input on methodology to establish salary ranges, including the establishment of ranges between the 50th and 75th percentile of benchmarks; inclusion of TCC benchmarks into the salary ranges; and use of different industry categories for different job areas when creating ranges.

Vice Chair Kuehl commented that CPA should err on the higher side of salary ranges to attract and/or retain employees who have more choices about where to live; noted that the better practice is to incorporate TCC benchmarks into the creation of salary ranges but remain open to discussing short-term incentives; stated that there was some uncertainty as to which benchmark industries to use for which classifications and to be mindful of that. Committee Member McKeown noted that the current structure has been favorable to younger, lower-level employees and cash compensation for staff at the highest level will have to be modified and emphasized that the personnel budget for CPA is a small percentage of the entire budget, which should make it easier to adjust to new ranges. Vice Chair Parks agreed that CPA should look at the TCC when compared with other agencies and hoped that increases can remain in the single digits, perhaps offered over a period of time. In response to a question from Committee Member Lopez regarding specific reasons for employee turnover, Mr. Bardacke explained that career advancement and development, as well as TCC, may be significant in retaining staff and addressing employee turnover. Committee Member Zuckerman asked if changing the disability package would impact the short-term disability benefits gap and if there are other incentives like employee contributions. Dr. Edwards-Greer explained that adjusting short-term disability did not affect TCC significantly, but it is an area of improvement and that CPA has a board-approved match contribution to the 403(b) that offers to vest 4% over three years. Committee Member Gold asked if the study addressed signing bonuses and other relocation/housing incentives. Mr. Bardacke noted that the employee handbook gives the Executive Director the ability to award such incentives on a case-by-case basis and it is exercised when necessary at the range of $10-$20 thousand, granted on certain terms, and was not included as part of the study.

In response to Vice Chair Kuehl's question about the short-term disability package, Dr. Edwards-Greer clarified that CPA employees participate in the California State Disability Insurance (SDI) program and Vice Chair Kuehl noted that participation in SDI also includes participation in the federal Family and Medical Leave Act. Chair Mahmud added that the administration of the CA SDI program at the organization is less complicated and automatic; incentives should be added to the TCC instead at the 50th to 75th percentile. Chair Mahmud also emphasized that although there are efforts for cost reduction concerning rates, salary raises are relatively small compared to the total budget overall and employee retention is an important investment in the organization to prevent disruption caused by turnover. In response to Chair Mahmud's question about the Power job category counterpart in the public sector such as municipal utilities, Mr. Bardacke noted that Mercer included municipal utilities as part of the energy/utilities perspective, not the public sector perspective. Committee Member McKeown cautioned that with regard to job architecture, CPA should avoid salary triggers for management to avoid a need

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for salary increases at all levels if some employees at lower levels were due for or merited increases.

5. Review Draft Agenda for March 4, 2021 Board of Directors Meeting

Mr. Bardacke briefly discussed the March 4th regular agenda, which will include the salary ranges as an action item, a presentation on AMP, and the election of a Ventura County at-large position on the Executive Committee. Additionally, Mr. Bardacke explained that the Management Update will include an update on the 2021 rates discussion.

COMMITTEE MEMBER COMMENTS

None.

ADJOURN

Chair Mahmud adjourned the meeting at 3:28 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:	March 17, 2021

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

- Remote Work
- Staff Rotations
- 2021 Summer Reliability Preparations

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Staff Report – Agenda Item 3

To:	Clean Power Alliance (CPA) Executive Committee
From:	Matt Langer, Chief Operating Officer
Approved by:	Ted Bardacke, Executive Director
Subject:	Cost of Service Results & 2021 Rate Scenarios
Date:	March 17, 2021

RECOMMENDATION

Receive and provide input.

ATTACHMENT

1) Cost of Service Results and 2021 Rate Scenarios Presentation

CLEAN POWER ALLIANCE

Locally powered energy innovation.

Item 3
Cost of Service Results and 2021 Rate Scenarios

March 17, 2021

Agenda

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

2021 Rates Recap

- As discussed at recent Board meetings, 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 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 mean 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

Cost Considerations (cont.)

- In February the Executive Committee 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

- Staff presented ways to reduce overhead costs; all have made progress
  - Data Manager: modify Calpine contract, similar to recent actions of other CCAs
  - Customer Mailers: reduce costs by sending certain mailers via email
  - Banking and Insurance: renew loan and insurance agreements at lower costs

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, 2020
    - $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

*Apx. 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

	Lean	Clean	100% Green
Domestic	1%	2%	8%
Domestic-CARE	2%	3%	3%
GS-1-E GS-2-D	1%	2%	9%
Traffic Control	1%	2%	7%

Rate Comparison Results by Scenario – Typical Rates

Scenario 1: Average Percentage Change

	Lean	Clean	100% Green
Domestic	4%	4%	11%
Domestic-CARE	6%	7%	7%
GS-1-E GS-2-D	4%	5%	13%
Traffic Control	3%	4%	10%

Scenario 2: COS-informed Approach

	Lean	Clean	100% Green
Domestic	4%	6%	8%
Domestic-CARE	6%	9%	9%
GS-1-E GS-2-D	5%	6%	9%
Traffic Control	4%	5%	7%

Scenario 3: Policy-based Approach

	Lean	Clean	100% Green
D	1%	2%	8%
Domestic-CARE	2%	3%	3%
GS-1-E GS-2-D	6%	7%	16%
Traffic Control	5%	6%	12%

Note: each table shows total bill premiums 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

	Status Quo 2017 Vintage	Status Quo 2018 Vintage	Scenario 1: Avg. % Change	Scenario 2: COS-Informed	Scenario 3: Policy-based
GS-3-D	2%	9%	11%	11%	15%
TOU-8-D-SEC	3%	10%	14%	14%	18%
TOU-8-D-PRI	3%	13%	13%	14%	18%
TOU-8-D-SUB	3%	19%	16%	16%	22%
PA-2-D	3%	10%	10%	10%	14%
PA-3-D	2%	16%	13%	14%	18%
Lighting	2%	23%	22%	22%	29%

2018 Vintage Subset Rates: Lean and 100% Green Comparison

Lean

	Status Quo 2018 Vintage	Scenario 1: Avg. % Change	Scenario 2: COS-Informed	Scenario 3: Policy- based
GS-3-D	7%	10%	10%	14%
TOU-8-D-SEC	9%	12%	12%	17%
TOU-8-D-PRI	11%	13%	13%	18%
TOU-8-D-SUB	17%	14%	14%	20%
PA-2-D	8%	9%	9%	13%
PA-3-D	15%	12%	12%	17%
Lighting	21%	20%	20%	27%

100% Green

	Status Quo 2018 Vintage	Scenario 1	Scenario 2	Scenario 3
GS-3-D	12%	17%	17%	21%
TOU-8-D-SEC	14%	20%	20%	25%
TOU-8-D-PRI	17%	21%	21%	26%
TOU-8-D-SUB	26%	24%	24%	31%
PA-2-D	14%	16%	16%	20%
PA-3-D	21%	22%	22%	27%
Lighting	27%	26%	26%	34%

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 Executive Committee 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

Appendix

Rate Comparison Results by Product: Lean Power

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

	Status Quo	Scenario 1	Scenario 2	Scenario 3
Domestic	1%	4%	4%	1%
Domestic-CARE	2%	6%	6%	2%
GS-1-E GS-2-D	1%	4%	5%	6%
Traffic Control	1%	3%	4%	5%
GS-3-D	7%	10%	10%	14%
TOU-8-D-SEC	9%	12%	12%	17%
TOU-8-D-PRI	11%	13%	13%	18%
TOU-8-D-SUB	17%	14%	14%	20%
PA-2-D	8%	9%	9%	13%
PA-3-D	15%	12%	12%	17%
Lighting	21%	20%	20%	27%

Rate Comparison Results by Product: Clean Power

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

	Status Quo	Scenario 1	Scenario 2	Scenario 3
Domestic	2%	4%	6%	2%
Domestic-CARE	3%	7%	9%	3%
GS-1-E GS-2-D	2%	5%	6%	7%
Traffic Control	2%	4%	5%	6%
GS-3-D	9%	11%	11%	15%
TOU-8-D-SEC	10%	14%	14%	18%
TOU-8-D-PRI	13%	13%	14%	18%
TOU-8-D-SUB	19%	16%	16%	22%
PA-2-D	10%	10%	10%	14%
PA-3-D	16%	13%	14%	18%
Lighting	23%	22%	22%	29%

Rate Comparison Results by Scenario: 100% Green Power

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

	Status Quo	Scenario 1	Scenario 2	Scenario 3
Domestic	8%	11%	8%	8%
Domestic-CARE	3%	7%	9%	3%
GS-1-E GS-2-D	9%	13%	9%	16%
Traffic Control	7%	10%	7%	12%
GS-3-D	12%	17%	17%	21%
TOU-8-D-SEC	14%	20%	20%	25%
TOU-8-D-PRI	17%	21%	21%	26%
TOU-8-D-SUB	26%	24%	24%	31%
PA-2-D	14%	16%	16%	20%
PA-3-D	21%	22%	22%	27%
Lighting	27%	26%	26%	34%

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Staff Report – Agenda Item 4

To:	Clean Power Alliance (CPA) Executive Committee
From:	Ted Bardacke, Executive Director
Subject:	Proposed Billing and Data Manager Contract Amendment and Extension
Date:	March 17, 2021

RECOMMENDATION

Review and provide input.

BACKGROUND

Calpine Energy Solutions has served as CPA's Billing and Data Manger since inception, having been selected through a competitive process in 2018. At a cost of almost $12 million per year, the contract is CPA's single largest non-energy expense, accounting for more than one-third of operating expenses. The current contract with Calpine runs through August 2022. Calpine serves a similar Billing and Data Manager role for all but three CCA programs in California and every operating CCA in Southern California Edison (SCE) territory.

Contract Extension Proposal

Staff proposes to amend the scope and extend the contract with Calpine for three additional years to 2025, with an optional fourth year, to achieve significant near-term cost savings and provide stability for this key function of CPA's operations.

While details on scope amendments remain in negotiation, key features of the amended contact include:

- A reduction in per meter fees to $0.85/$0.78 from the current $1.03/$0.90 per meter,[1] along with the introduction an inflation adjuster of up to 2.5% per year on the per meter fee and a fixed $25,000 monthly fee.
- Amendments to scope that would refine what is considered Calpine's "base service" and "ad hoc" service for which CPA would be charged an hourly rate of $150/hr. Charges for ad hoc services would be for those services where Calpine offers CPA self-service tools or underlying data but for which CPA elects to have Calpine perform the analysis or service function instead of performing the function in-house.
- No-cost provision of three annual changes to all of CPA's generation ("value") rates and, annually, 6,946 changes to individual rates on a structural basis, excluding changes related to the upcoming default to residential TOU rates. More than three value changes or structural changes greater than the allotted amount would be subject to a fixed cost schedule.
- Various changes to Service Level commitment thresholds that Calpine must meet or be subject to specified damages.
- CPA's DER pilot (Power Response) operates under the umbrella of the Calpine agreement, approved by the Board separately in October of 2019. The pilot agreement expires at the end of March. Staff are exploring options with Calpine and its subcontractor Olivine to extend the DER service for 6 months as a bridge to when CPA can formally end the pilot and launch a restructured Power Response program.
- An end to Calpine's sponsorship of the partnership with the Local Government Commission (LGC) to host CPA's quarterly Sustainable Energy Incubator events and technical assistance services.
- Annual donation of 2% of contract value, approximately $200,000/year, to qualified community-based 501(c)(3) organizations in CPA territory that help to advance CPA's community outreach and diversity, equity, and inclusion efforts. CPA will

[1] The higher fee is for the first 500,000 meters and the lower fee is for every meter above the 500,000 threshold. This differential accounts for economies of scale for a large Calpine customer like CPA.

provide input to Calpine on the types of organizations that should receive these annual donations.

Assuming CPA's current number of customer meters, 500 hours of ad hoc service requests annually, and historic level of value and structural rate changes, staff estimates the contract extension and amendment would result in approximately $1.4 million (12%) of cost savings in FY 2021/2022, compared to the current fiscal year. These savings would assist CPA with keeping operating costs stable in the coming years.[2]

Commercial Rationale

The new contract structure and proposed reduced costs are in line with, or better than, recent agreements that other CCAs have signed with Calpine.

Calpine is the dominant player in the Billing and Data Manager market and the only service provider with a track record of serving CCAs in SCE territory. Switching providers would introduce a new level of risk to CPA's operations, particularly at a time when SCE is changing its entire billing system software (referred to as CSRP); Calpine has been intimately involved in SCE's billing system transition planning.

The length of the contract extension allows the Billing and Data Manager market to further develop and for CPA to develop internal systems that could allow it to in-source or parse out other functions to other providers in the future.

The services provided by LGC are no longer needed as CPA now has the staff capability to organize these types of events in-house at its new office when the ability to gather in-person is restored; CalCCA and others currently offer virtual events that are similar to those organized by LGC for CPA. LGC provided customized technical assistance to five

[2] Cost savings compared to FY 2020/21 would decline over time due to introduction of an inflation adjuster; however, the contract extension proposal does provide anticipated cost savings in every year of the contract extension even in the unlikely event that inflation hits the annual 2.5% cap every year.

member agencies (Camarillo, Carson, Culver City, Malibu, West Hollywood); each of these engagements has been successfully completed.

ATTACHMENT

None.

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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 April 1, 2021 Board of Directors Meeting
Date:	March 17, 2021

Staff will provide an overview of the proposed agenda items for the April 1, 2021 Board of Directors 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 April Board meeting.

Legislative Bill Positions

Staff may propose policy positions for additional bills in the 2021/2022 Legislative Session. These bills would likely focus on microgrids, bond funding for climate change mitigation and adaptation, and demand response.

Assistive Technology Time of Use (TOU) Pilot Program

CPA program staff is currently reviewing proposals from providers to implement a customer TOU pilot program that is planned to launch in June 2021. This pilot will test the ability of assistive technology to help residential customers who are migrating to time-of-use rates successfully reduce their consumption in response to summer on-peak pricing. Assistive technology options include energy or price monitoring in-home displays, signaling devices, and mobile applications that alert customers to high priced peak TOU periods and/or provide encouragement to use energy during less expensive TOU periods.

CPA anticipates the TOU pilot program to reach 1,000 – 3,000 of CPA's eligible residential customers who elect to transition to TOU rates ahead of the February 2022 mass default to TOU rates. Depending on the results of the pilot, CPA may expand the program in conjunction with the mass residential TOU default in 2022.

CPA opened two solicitations in February to support this pilot program: one for the provider(s) of the Assistive Technology, and one for a Consultant to assist in the design and evaluation of the pilot. Depending on the contract amount(s), staff may bring these contract(s) to the Board for approval in April.

River City Bank (RCB) Banking Agreement

CPA's two-year, $37 million Credit Agreement with River City Bank (RCB) expires on March 31, 2021. Staff recommends a one-year extension of the current Credit Agreement that aligns with CPA's timeline to obtain an investment grade credit rating. RCB proposes favorable renewal terms that would reduce CPA's costs and given current market conditions, the timing of an RFP for an alternative facility is not optimal. At its February 24, 2021 meeting, the Finance Committee directed staff to negotiate a credit agreement with RCB. Staff plans to present Finance Committee with an updated and final term sheet from RCB and request that it recommend its approval of the final agreement with RCB and any related documentation to the Board at its April 1, 2021 meeting.

REGULAR AGENDA

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

Cost of Service Update and 2021 Rate Design Options

Staff will provide a separate presentation for Executive Committee review. This will be an information item for the Board.

2021 and 2022 Energy Portfolio Content/Cost Reductions

The proposal to change the Lean and Clean product content for 2021 and 2022 to 40% Carbon Free (large hydro) and 40% Renewables + 10% Carbon Free (large hydro) respectively will be presented to the Board for consideration and approval. This proposal already carries the Executive Committee's recommendation from its February 17, 2021 meeting and is expected to save CPA $17.2 million in the coming fiscal year. These savings are accounted for in the projections and rate design options presented in the previous Cost of Service and 2021 Rate Design Options item.

Billing and Data Manager Contract Amendment and Extension

Staff will provide a separate staff report for Executive Committee review.

ATTACHMENT

1) Draft April 1, 2021 Board Meeting Agenda

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

Thursday, April 1, 2021

2:00 p.m.

CALL TO ORDER AND ROLL CALL

GENERAL PUBLIC COMMENT

CONSENT AGENDA

1. Approve Minutes from March 4, 2021 Board of Directors Meeting
2. Approve 2021/2022 Legislative Bill Positions
3. Approve Assistive Technology Time of Use (TOU) Pilot Program
4. Approve River City Bank Banking Agreement
5. Receive and File Community Advisory Committee Report

REGULAR AGENDA
Information Item

6. Cost of Service Update and 2021 Rate Design Options

Action Items

7. 2021 and 2022 Energy Portfolio Content/Cost Reductions
8. Billing and Data Manager Contract Amendment and Extension

MANAGEMENT UPDATE

COMMITTEE CHAIR UPDATES

BOARD MEMBER COMMENTS

REPORT FROM THE CHAIR

ADJOURN – NEXT REGULAR MEETING ON MAY 6, 2021

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