



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

Thursday, April 22, 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/92762023431>

or

Dial: (669) 900-9128 Meeting ID: 927 6202 3431

**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](mailto: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](mailto: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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Clean Power Alliance Community Advisory Committee  
April 22, 2021

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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. 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.*

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## **CALL TO ORDER AND ROLL CALL**

## **GENERAL PUBLIC COMMENT**

## **CONSENT AGENDA**

1. [Approve Minutes from March 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. [Election of a CAC Vice Chair Officer Position](#)
5. [2021 Rate Setting Options](#)
6. [Fiscal Year 2021/2022 Budget Priorities](#)

## **COMMITTEE MEMBER COMMENTS**

## **ITEMS FOR FUTURE AGENDAS**

## **ADJOURN – NEXT MEETING ON MAY 20, 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](http://www.cleanpoweralliance.org/agendas).*

**MINUTES**

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

Thursday, March 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**

Vice Chair Angus Simmons called the meeting to order at 1:00 p.m. and the Clerk of the Board, Gabriela Monzon, conducted roll call.

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

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 Tom, San Gabriel Valley

**Second:** Committee Member Lesser, South Bay

**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, welcomed new Committee Members Debbie West and Vern Novstrup; thanked Committee Members Hernandez and Fromer for their participation in CPA's Virtual Lobby Day and for their support on Senate Bill (SB) 612; and Committee Member Gutierrez for coordinating a community event with the SaMoCAN organization.

4. Nomination Period for CAC Vice Chair Officer Position

Vice Chair Simmons and Board Clerk, Gabriela Monzon, announced the opening of the nomination period for a Vice Chair Officer position representing Los Angeles County.

5. 2021 Energy Portfolio Mix and Rate Scenarios

Matt Langer, Chief Operating Officer, provided a summary of Southern California Edison (SCE) increases on delivery charges and the Power Charge Indifference Adjustment (PCIA) fee, in addition to an expected increase in June 2021, that will keep the PCIA flat, but increase the generation rate by approximately 1.5% to 3%, and delivery around 10%. The Board agreed to delaying a rate change until the start of fiscal year (FY) 2021/2022 that saved about \$44 million. Some factors which have placed upward pressure on CPA's costs include Resource Adequacy (RA) increase of 72% from FY 20/21; energy market price increase of 43% from FY 20/21; bad debt expense increase of 18%; and congestion revenue rights (CRRs) market value increase to 75%. Mr. Langer emphasized that SCE set its rates based on a forecast from the Fall of 2020, which may drive SCE to raise rates in the first quarter of 2022 to make up the difference. Mr. Langer noted that the Executive Committee concurred with staff recommended changes to the power content of the Lean Power and Clean Power products and explained that those changes would be for calendar years 2021 and 2022 only; staff identified ways to reduce overhead costs such as modifications to the Calpine contract, distribution of some customer mailers via email, and adjustments to the banking agreement. 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 FY 21/22. The Clean Power product content recommendation involves a shift 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.

Committee Member Lesser inquired as to why staff did not move forward with cost saving recommendations earlier even if they were not necessary to address revenue shortfalls; Mr. Langer explained that they are meant to be temporary because CPA would be procuring less renewable portfolio standard (RPS) eligible energy, but is still committed to its long-term decarbonization goals by adding new renewable energy to the grid, and adhering to targets established in the Integrated resources Plan (IRP). In response to Committee Members Gutierrez’s question regarding rising energy costs for reliability, Mr. Langer clarified that although the addition of renewable energy and storage to the grid is growing quickly, it is not keeping pace with the older fleet of natural gas and other resources retiring during certain times of the day; in addition to the market response from last year’s heat events and stricter regulations set forth by the California Public Utilities Commission (CPUC). Committee Member Bugarin asked about the exclusion of large hydro as a renewable resource and Mr. Langer clarified that though RPS laws did not acknowledge large hydro as renewable energy, the larger policy concern was to avoid the encouragement of new dams that could have greater environmental impacts.

Committee Member Fromer asked about the differing upward pressure on SCE and CPA rates; Mr. Langer explained that SCE sets its rates based on the previous year’s November forecast, and an anticipated shortfall in revenue is not enough to drive an SCE mid-year rate adjustment. CPA’s rate setting process considers more up-to-date information and can therefore plan ahead to cover cost forecasts. Vice Chair Simmons requested clarification on the benefits of short-term versus long-term hydropower contracts; Mr. Langer clarified that hydroelectric commitments tend to be short-term, while long-term contracts tend to be a mix of both, but the timing would not necessarily drive better pricing; confirmed that it is expected that CPA’s portfolio will include a larger portion of long-term renewables at affordable prices. Responding to Committee Member Novstrup’s questions about behind-the-meter (BTM) solar and large hydro, Mr. Langer confirmed that BTM is not eligible under RPS, but it does reduce CPA’s load. Committee Member Burke asked how changing the power product content of Lean and Clean rates will affect CPA’s ability to meet IRP targets. Mr. Langer indicated that compliance with the IRP will not be affected by these changes as they are meant to be temporary for calendar years 2021 and 2022, but staff will also focus on the anticipated convergence of the Lean and Clean products as minimum renewable energy requirements increase in IRP and RPS laws.

Mr. Langer continued to explain that CPA’s initial cost of service (COS) analysis compares 2021-2022 FY forecasted costs and revenues by individual rate family and product and establishes specific assumptions as a baseline, including a \$30 million contribution to reserves, no contingency in the budget and no use of the fiscal stabilization fund; and the COS identified an \$87 million shortfall to be addressed through rates. Mr. Langer reviewed the COS observations by product

and rate group, and discussed expected comparisons of rates as of June 1<sup>st</sup> which indicated a higher premium for Lean and Clean CARE customers. Mr. Langer introduced three different rate options that recover CPA's revenue target. This expected increase in CARE customer rates propelled the creation of a fourth scenario that addresses the increase in CARE percentages. Under scenario four, CARE customer rates are held at current levels and an equal increase was given to all non-CARE customers to reach revenue target.

In response to Committee Member Fromer's questions regarding legal or regulatory restraints on COS, Mr. Langer noted that CPA does maintain some flexibility in the COS and the approaches fall within those boundaries.

Mr. Langer reviewed scenario one in detail, Average Percentage Change (APC), noting that the increase is spread equally across most products and customer groups, and is the simplest approach to communicate to customers. Scenario two involves a COS-informed approach in which each product covers its cost of service overall, and although it addresses imbalance between products, the rate increase is uneven and creates a small price differential between the Clean and 100% Green rates. Scenario three takes a policy-based approach that maintains domestic customers well below the COS and all other classes above the COS and could result in significant opt outs as it increases premiums for all non-residential customers. Mr. Langer reviewed next steps, noting that staff continue to refine analysis and scenarios based on input; discussed the timeline for rate setting, and noted that budget development is ongoing based on the rate setting approach.

Committee Member Gutierrez asked if there is anticipated federal assistance for agencies like CPA and when the COVID-19 assistance will end. Mr. Langer noted that CPA does not anticipate federal relief; bill assistance continues to focus on encouraging customers to use payment plans and sign up for CARE assistance. Committee Member Fromer observed that a breakdown of customer financial needs may provide a rational economic based approach. Committee Member Lesser inquired as to industry insight on customer tolerance for rate increases and what may be the best way to provide more access to CPA's 100% Green power product. Mr. Langer noted that this situation is quite unique, and there is limited understanding of the customer threshold on rate increases, but the most cost sensitive customers are business customers. Committee Member Bugarin observed that there is an opportunity to highlight demand response programs and other local programs to provide further customer assistance.

Mr. Langer emphasized that part of CPA's appeal to customers is not just competitive rates, but its ability to directly impact the communities it serves through local customer programs. Ms. Coffelt added that customer communication strategy will be important in educating customers about the many benefits CPA has to offer, including Power Share and the Arrearage Management Plan, among other factors that differentiate CPA from SCE. Lastly, Committee Member Gutierrez encouraged CAC members to help customers understand the rate increases and would like the communication strategy to include broader coverage of the energy industry; Ms. Coffelt noted that CAC members can provide input on effective language in their respective communities.

6. Oral Update from the Policy Director on CPA Legislative Activities

Gina Goodhill, Policy Director, provided an update on Senate Bill (SB) 612, noting that CPA's Virtual Lobby Day included participation from 15 Board members and two CAC members that helped to elevate CPA's work in its communities; the goal of Lobby Day was to update elected officials on CPA's activities in the last year, but also impress upon them, the importance of SB 612. Lobby Day resulted in two of CPA's elected officials agreeing to co-author SB 612, resulting in a total of 20 co-authors for the bill. Ms. Goodhill also noted that there are numerous incoming support letters from member cities for SB 612 before its committee hearing; and CPA will conduct targeted outreach among its member agencies.

**COMMITTEE MEMBER COMMENTS**

Committee Member Lesser thanked staff for a well-coordinated Board reception in February. Committee Member Gutierrez shared that the Santa Monica sustainability staff created easy-to-understand content on CPA's greenhouse gas emissions to share with the community.

**ITEMS FOR FUTURE AGENDAS**

Vice Chair Simmons requested a review of the California Electric Vehicle Incentive Program.

**ADJOURN**

Vice Chair Simmons thanked staff for the valuable information presented and adjourned the meeting at 2:36 p.m.

## Staff Report – Agenda Item 2

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**To:** Clean Power Alliance (CPA) Community Advisory Committee (CAC)

**From:** Christian Cruz, Community Outreach Manager

**Approved by:** Ted Bardacke, Executive Director

**Subject:** Update on 2020/2021 Adopted Work Plan

**Date:** April 22, 2021

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### **RECOMMENDATION**

Receive and file.

### **DISCUSSION**

#### **CAC Events Calendar**

CPA staff has been working on implementing an events calendar for the Committee that will allow CAC members to share events with other CAC members. CPA staff expects the calendar to be live by the end of April 2021. Staff requests that any CAC members with information about upcoming events please forward that information via email to the Community Outreach Manager, Christian Cruz

#### **CAC Listserv**

As outlined in Section 1 of the CAC work plan, staff continues to coordinate with all CAC members to develop a listserv comprised of community stakeholders and groups. This listserv will be activated by staff to disseminate information from the CAC, such as meeting information, local programs information, upcoming events, or any CPA/CAC information items that staff or the CAC deem urgent or necessary. This is a living list and will be updated as CAC members continue to provide names and contact information over time. Staff encourages all CAC members to continue to forward any contacts they think would be good to include in the list.

### **Member Agency Dashboard**

In March, staff launched a public facing member agency dashboard that is intended to provide a visual representation of the impact that each member agency is having through its partnership with CPA. In addition to the data that CPA currently provides to each member agency, staff has begun to provide each member agency an aesthetically designed snapshot that can be forwarded from member agency staff to their respective city councils and community stakeholders. An example is included as attachment 2.

### **Legislative Update**

In February, Policy Director Gina Goodhill, provided the CAC with a legislative preview. During the discussion, she highlighted the need to garner support for SB 612 (Portantino). This bill would ensure fair and equal access to the benefits of the resources that all customers pay for, as well as require the California Public Utilities Commission (CPUC) to recognize the value of GHG-free energy in legacy contracts. As such, staff requested the CAC activate their networks to obtain letters of support prior to the bill being heard in committee. CAC members received a fact sheet and a template letter of support to be used in their engagement with local communities. Several CAC members have been actively engaged and are expected to obtain letters of support prior to the bill being heard in committee. SB 612 (Portantino) will be heard in front of the Senate Energy, Utilities and Communication Committee on April 26<sup>th</sup>.

### **NEXT STEPS**

In the next couple of months, staff will review key items such as, CPA's Power Share RFO Shortlist update, 2021-22 budget, potential rate changes and communication strategies, and a draft agenda for the CAC retreat.

### **ATTACHMENT**

- 1) [Adopted CAC Workplan \(for reference only\)](#)
- 2) [Member Agency Dashboard Example](#)

## Clean Power Alliance of Southern California Community Advisory Committee 2020-21 Workplan

*Adopted September 17, 2020*

Clean Power Alliance (CPA) believes in a clean energy future that is local, where communities are empowered, and customers are given a choice about the source of their energy. We are Southern California's locally operated electricity provider across Los Angeles and Ventura counties, offering clean renewable energy at competitive rates.

In furtherance of its mission and goals, CPA's Joint Powers Agreement establishes a Community Advisory Committee (CAC) to provide a venue for ongoing community support and engagement in the policy direction of the organization.

The CAC is comprised of a total of 15 members representing customers or key stakeholders residing or working in seven (7) geographical regions comprising CPA's service territory, as follows:

- A. Three (3) members from the East Ventura/West Los Angeles County Region.
- B. Two (2) members from the West/Unincorporated Ventura County.
- C. Two (2) members from the Westside region in Los Angeles County.
- D. Two (2) members from the South Bay region in Los Angeles County.
- E. Two (2) members from the Gateway Cities region in Los Angeles County.
- F. Two (2) members from the San Gabriel Valley region in Los Angeles County.
- G. Two (2) members from the Unincorporated Los Angeles County.

In 2020, the CAC undertook a visioning process to identify priority issues and activities for 2020-2021. This process resulted in development of the 2020-2021 CAC work plan. The work plan is intended to guide CAC member activities over the coming year and serve as a tool for CAC, CPA staff, and CPA Board communication, collaboration, and impact assessment. It will also inform the development of more detailed individual CAC member and region-specific objectives and work plans for this time period. The work plan organizes CAC-related activities into three categories: 1) CPA Commitments to Support the CAC; 2) CAC Member Commitments; and 3) Opportunities for Expanded CAC Engagement; and outlines planned activities and timelines for each.

### **1. CPA Commitments to Support the CAC**

- Present key CPA Board items to the CAC for review and input in advance of Board decision making, including:
  - Long-term clean energy/storage requests for offers (RFOs)
  - Rate setting
  - Legislative and regulatory platforms
  - Annual budget and budget amendments
  - Local program design and evaluation
  - Workforce development
- Support CAC chair, co-chairs, and individual members in development of individual and region-specific objectives and work plans
- Support the convening of CAC working groups as needed to define 2021 objectives and activities for priority topics/initiatives identified in the CAC work plan

- Develop and deliver targeted educational materials and trainings for CAC members including an orientation manual and video tutorials on CPA and energy topics
- Develop CAC master list of community/stakeholder groups and contacts with input from CAC members
- Facilitate communication and alignment between the CAC and the Board of Directors.

## **2. CAC Member Commitments**

- Solicit stakeholder input as needed and provide input and feedback to the CPA Board on key policy and planning topics, including:
  - Long-term clean energy/storage requests for offers (RFOs)
  - Legislative and regulatory platforms
  - Rate setting
  - Annual budget and budget amendments
  - Local program design and evaluation
  - Workforce development
- Work with CAC co-chairs and CPA staff to develop individual member and region-specific objectives and work plans
- Participate in CPA-organized outreach activities in their respective region (e.g., Earth Day events)
- Build relationships with community leaders and organizations in impacted and hard to reach communities
- Follow CPA on social media and engage as needed/appropriate to raise awareness of CPA in community and region
- Respond to community questions/comments and alert CPA staff to community commentary that may warrant staff engagement
- Engage in CAC trainings and review of CAC materials
- Work with staff to identify community stakeholders in all regions and provide contact lists for development of master CAC list
- Convene a working group on community outreach/education to identify objectives and activities for 2021
- Participate in annual CAC retreat to establish 2021-2022 goals and priorities.

## **3. Opportunities for Expanded CAC Engagement**

Beyond the minimum and ongoing commitments listed in the sections above, CAC members identified the following priorities for deeper engagement in 2020-2021:

- Education on CPA, energy, and climate issues in partnership with K-12 institutions and youth organizations
- Addressing community resilience needs and opportunities around demand response
- Developing a list of current green energy jobs and promoting them through various platforms.

CAC co-chairs and CPA staff will work with CAC members to convene working group(s) as needed starting in Q4 2020 to develop specific objectives and work plans for each of the priority areas identified above and bring recommendations back to the full CAC for review. Potential activities to be detailed in the workplans may include:

- Pursue deeper and/or more frequent engagement with Board on key topics:
  - Provide regular (quarterly, semi-annual or annual) reports to Board members in their region
  - Help organize meetings with community stakeholders and/or elected officials in their region to solicit input on specific topics or issues

- Research and develop recommendations to the Board on key items of interest (e.g., metrics on workforce development or program impact, legislation, CPUC hearings)
- Pursue deeper and/or broader community engagement
  - Recruit and partner with educational institutions, community organizations, interns or volunteers on specific projects or campaigns (e.g., an “opt up” social media campaign, a series of local program enrollment events)
  - Actively post about CPA on social media and write op-eds or letters to the editors
  - Work with CPA staff to develop and communicate key metrics on CPA programs and impacts

The CAC will review and modify this work plan as needed based on evolving CPA needs, community priorities, and Board recommendations and requests.



### Whittier SNAPSHOT

In Whittier 30,113 customers (96% of active customers) have Clean Power!  
**Thank you, Whittier, for being a CPA customer. You're helping lead the way toward our green energy future and supporting your community through customer programs and job creation!**

Since CPA's launch, our member agencies have successfully prevented **890,000 metric tons of GHG** from entering our environment!

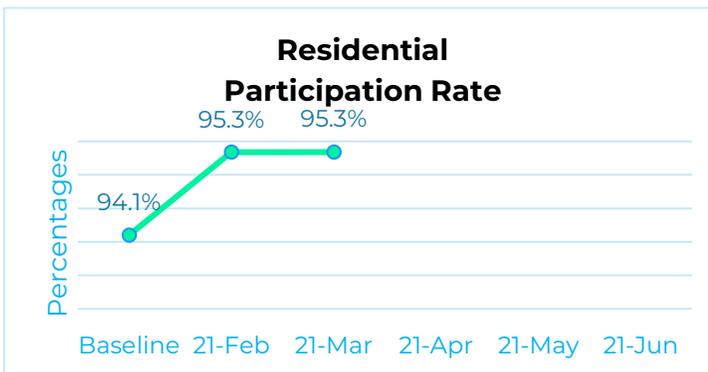


### Participation Rate

Whittier residential participation rate is now at **97%**.

Participation from commercial customers is **99%**. You are making great strides toward a green energy future

Whittier's overall participation rate is now **98%**



## Whittier Active Customers

In March, Whittier had **30,726** active customers.

Out of **32,129** eligible customers

Whittier has **27,112** residential customers

and

**3,614** commercial customers actively participating in CPA.



## Los Angeles County Active Customers

For Los Angeles County, there are a total of 743,228 active customers.

There are **652,930** residential active customers, and **90,298** commercial customers.

The total active customers for Los Angeles County for the month of March

**743,228**



## Active Customers by Option

CPA now has **1,005,858** customers with an average participation rate now at **95%**

Member agencies with a default option of Clean Power see an average participation rate of **96%**

**52.5%** of CPA's active customers use Clean Power



### Staff Report – Agenda Item 3

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**To:** Clean Power Alliance (CPA) Community Advisory Committee

**From:** Ted Bardacke, Executive Director

**Subject:** Oral Update from the Executive Director on CPA Operations

**Date:** April 22, 2021

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The Executive Director will provide an oral report on CPA operations.

## Staff Report – Agenda Item 4

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**To:** Clean Power Alliance (CPA) Community Advisory Committee  
**From:** Gabriela Monzon, Clerk of the Board  
**Approved By:** Ted Bardacke, Executive Director  
**Subject:** Election of Vice Chair Officer Position  
**Date:** April 22, 2021

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### **RECOMMENDATION**

Elect a Vice Chair officer representing a Los Angeles County subregion, as specified in Article VIII, Section 4 of the bylaws.

### **DISCUSSION**

At the March 18, 2021 CAC meeting, Vice Chair Simmons announced the nomination period for one Vice Chair officer representing a Los Angeles County subregion.

Vice Chair 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.

The nomination period for the position closed on Friday, March 26, 2021. During the nomination period, the following nomination was received:

1. Kristie Hernandez, Unincorporated Los Angeles County

Since there is only one nominee, the election of the Vice Chair position will occur via roll call vote during the consideration of this item.

### **ATTACHMENT**

None.

## Staff Report – Agenda Item 5

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**To:** Clean Power Alliance (CPA) Community Advisory Committee

**From:** Ted Bardacke, Executive Director

**Subject:** 2021 Rate Setting Options

**Date:** April 22, 2021

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Staff will provide a presentation on CPA's 2021 rate setting options.

## Staff Report – Agenda Item 6

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**To:** Clean Power Alliance (CPA) Community Advisory Committee  
**From:** Ted Bardacke, Executive Director  
**Subject:** FY 2021-2022 Budget Priorities  
**Date:** April 22, 2021

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### **RECOMMENDATION**

Review and provide input.

### **ATTACHMENT**

- 1) [FY 2021-2022 Budget Priorities Presentation](#)



# **Item 6**

## **FY 2021/22 Budget Priorities**

Thursday, April 22, 2021

# Summary

- CPA is developing its FY 2021/22 Budget for presentation to the Board at the June 3, 2021, Board meeting
- Today is a look at priorities for Operating Expenses (~4% of total costs)
- Key budget priorities for FY 2021/22:
  - Contain net operating expenses to current levels adjusted for inflation (less than 3% increase) and 50% reduction in capital outlay
  - Properly resource the management of energy costs and risk
  - Continue to reduce consultant costs by investing in staff and technology
  - Use savings to increase spending on customer programs and communications, particularly where there is potential ROI
- CAC Feedback is requested on operating budget priorities, particularly in the areas of communications and customer programs

## **FY 2021/22 Budget Process & Schedule**

- January-April 2021 (Staff) – FY 2021/22 Goal Setting, Departmental Budgeting, Rate Design Planning, Energy Cost Projections & Consolidated Budget Planning (ongoing)
- April 21, 2021 (Executive) – Budget Priorities
- April 22, 2021 (Community Advisory Committee) – Budget Priorities, with focus on Communications and Customer Programs
- April 28, 2021 (Finance) – FY 2021/22 Budget Priorities & Draft Operating Expense Budget
- May 6, 2021 (Board) – Budget Priorities
- May 19, 2021 (Executive) – Draft FY 2021/22 Budget
- May 26, 2021 (Finance) – Proposed FY 2021/22 Budget
- June 3, 2021 (Board) – Proposed FY 2021/22 Budget

## Organizational Priorities Context

- Achieve CPA's financial targets
- Achieve CPA's power procurement and GHG emissions targets
- Attract, retain and develop high-performing and diverse staff
- Comply with or surpass all regulatory and legal obligations
- Deliver impactful customer programs
- Develop diversity, equity and inclusion plan
- Establish and improve processes
- Implement Data and Systems Strategic Plan
- Lead and shape regulatory and policy discussions
- Maintain customer participation rates
- Plan for future success

## Operating Expenses Context

- Energy market risk is increasing, and CPA continues to contract for long term renewable and storage projects involving billions of dollars of financial commitments. Managing these risks and leveraging opportunities is critical to ensuring energy costs are minimized
- In-sourcing of core functions has reduced projected spending on consultants by 30% and improved internal performance and capacity
- Consolidating and extending these benefits and saving is dependent on ensuring continuous coverage of key functions, reducing staff turnover, and addressing opportunities before they become risks; Board-approved salary ranges provide strong framework for doing this in a sustainable manner
- Amended Calpine contract provides room for investments in customer programs and community engagement
- Investments in communications provides better customer experience and helps customers, particularly low-income, access assistance programs

# Customer Communications

- **Brand Awareness and loyalty**
  - Website, customer app, and design standards update
  - Event and Organizational Sponsorships
  - Increased use of email for some required customer communications (potential budget reduction)
- **AMP and customer assistance programs with high ROI potential**
  - Outbound Calling
  - Paid Social Media
  - CBO partnerships
- **Program Marketing Support**
  - Power Share (reimbursable) and Power Response
  - Power Ready Events
  - TOU Transition

# Customer Programs

- **Reimbursable**
  - Power Share/Community Solar (CPUC)
  - Electrification Workforce Development (NextEra)
- **Leverage State Resources**
  - Electric Vehicle Charger Incentives (contract to Board in May)
- **Strategic with long-term ROI or community benefits potential**
  - Power Response/Demand Response
  - Power Ready/Backup Power (RFO and second phase support)
  - Building Electrification Code Incentives (Program Development)
  - Low Carbon Fuel Standard credits for fleets and EV charger operators (Program Development)



## Staffing Overview

- Emphasis on mid and junior level hiring across the organization
  - Building internal capacity for short-term needs and long-term sustainability
  - Support for current functions, particularly in energy and legal
  - Support for deepening of capabilities, particularly in energy, data, risk management, and external affairs
- Continued focus on retention in a highly competitive talent market
- CPA initial budget projects an 8% increase in costs for current staff, including mid-year COLA, merit increases, and full year impacts on staff hired during the current fiscal year.
- An additional 10-12% increase is projected to support new positions.
- Staffing costs would remain at industry-leading 1% – 1.2% of total revenue

## Staffing Investments - Energy, Risk Management, Data

- CPA manages \$800 million annual energy and resource adequacy costs while entering into billions of dollars of long-term renewable energy and storage contracts annually. CPA counterparties are among the largest and most sophisticated energy companies, developers, and banks in the world
- Projects coming on-line in next 18 months include 448MW of energy storage, a dispatchable resource requiring significant expertise to optimize and settle
- Additional procurement and risk management staff in supporting roles are needed to validate energy and storage invoices (new projects coming online), support risk management controls, improve reporting and decision making, and enhance procurement efforts.
- Mid level technology and systems staff are needed to build out and maintain CPA's data warehouse

# Technology Investments - Energy, Risk Management and Data

- CPA has invested in high performing procurement, risk management, and technology/systems staff and related software and systems pursuant to its data and systems strategic plan
- Software and database investments include licenses for Plexos (\$175k annual), an industry leading resource procurement and planning tool, and AWS, Snowflake and other security and analytical data services (\$85k annual) to leverage customer data, electricity usage and prices, retail rates, contracts, and other data
- Customer programs with high ROI potential require a granular understanding of how customers use energy on a monthly, daily, and hourly basis in order to deliver the right energy saving, shifting and electrification solutions to the right customer.
- Development of the data warehouse is key to CPA's capacity to deliver customer focused solutions in the medium and long term

## Summary

- Through recognition of cost savings, CPA can advance organizational priorities while containing operating costs
- Investments in communications and customer programs can mitigate potential opt-outs during a time of pressure on rate competitiveness
- Continued investments in energy/data/risk management staff, technology and systems, though reduced in FY 2021/22, will manage energy cost volatility and are expected to result in additional operational efficiencies
- Expansion of staff at lower levels of the organization can reduce potential for burn-out and build internal resources to prepare for expected levels of staff turnover
- Careful management of a return to CPA's new office can improve staff cohesion and reduce turnover over the long term, though the initial transition back may be uneven