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

Wednesday, April 21, 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.

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/97676453328
or
Dial: (669) 900-9128 Meeting ID: 976 7645 3328

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.*

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 March 17, 2021 Executive Committee Meeting

REGULAR AGENDA

2. Oral Update from the Executive Director on CPA Operations
3. 2021 Rate Setting Approach Options
4. Review Fiscal Year 2021/2022 Budget Priorities
5. Review Draft Agenda for May 6, 2021 Board of Directors Meeting

COMMITTEE MEMBER COMMENTS

ADJOURN – NEXT MEETING MAY 19, 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.*

Return to Agenda

MINUTES

MEETING of the Executive Committee of the

Clean Power Alliance of Southern California

Wednesday, March 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 1:31 p.m. and Clerk of the Board Gabriela Monzon conducted roll call.

Roll Call			
Agoura Hills	Deborah Klein Lopez	Committee Member	Remote
Beverly Hills	Julian Gold	Committee Member	Remote
Camarillo	Susan Santangelo	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	Remote

All items are unanimously approved unless otherwise stated.

GENERAL PUBLIC COMMENT
There were no public comments.

CONSENT AGENDA

1. Approve Minutes from February 17, 2021 Committee Meeting

Motion: Vice Chair Kuehl, Los Angeles County
Second: Committee Member Gold, Beverly Hills
Vote: Item 1 was approved by a roll call vote.

REGULAR AGENDA

2. Oral Update from the Executive Director on CPA Operations

Ted Bardacke, Executive Director, discussed in detail CPA's remote work status and recent legislative activities. Mr. Bardacke reported that CPA's virtual lobby day was successful in introducing the organization to a broader set of legislators, raising awareness about SB 612 and understanding Sacramento's focus on summer reliability preparation. CPA is contributing to reliability through the launch of battery resources, peak management pricing program, and customer communication.

In response to Committee Member comments regarding in-person meetings, Mr. Bardacke clarified that protocols would be developed in accordance with public health guidelines and that staff would ensure technology is functioning properly before hosting public meetings in the new Board room.

3. Cost of Service Results & 2021 Rate Scenarios

Matt Langer, Chief Operating Officer, provided a synopsis of Southern California Edison (SCE) increases on delivery charges and the Power Charge Indifference Adjustment (PCIA) fee, in addition to the expected increase in June 2021, which will keep the PCIA flat, will increase generation rate by approximately 1.5% to 3%, and delivery rates around 10%. Delaying a rate change until the start of fiscal year 2021-2022 will save about $44 million and allow for rate comparisons to be aligned with the expected SCE June rate change. Due to several market factors placing upward pressure on CPA's costs, the organization must set rates to cover its current cost forecast. Mr. Langer emphasized that SCE set its rates based on a forecast that took place in 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 previously concurred with staff recommended changes to the power content of the Lean Power and Clean Power products and 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.

In response to questions from Chair Mahmud about energy market costs, Mr. Langer clarified that precipitous increases were due largely in response to last year's rolling blackouts and serious heat events; and the economic outlook may affect pricing as well as CPA's load composition.

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, which identified an $87 million shortfall to be addressed through rates. Mr. Langer reviewed the COS observations by product and rate group; and introduced three different rate options that recover CPA's revenue target and impact customer class and rate products differently. Committee Member McKeown observed that 100% Green power customers are paying more than their share and asked how that was possible. Mr. Langer noted that the cost of renewables is going down while system energy and capacity prices are going up. In response to Committee Member Gold's questions regarding the basis for SCE's rates, Mr. Langer clarified that SCE has

different customer geography and different revenue requirements, and Mr. Bardacke added that SCE rates should eventually become a competitive reference but not the index to which CPA compares itself. Mr. Langer highlighted that in all the presented scenarios, 2017 vintage subset customers' rates are adjusted to cover COS.

In response to Chair Mahmud's questions, Mr. Langer explained that the vintage is comprised of the different classes of customers based on when they joined the subset, but competitiveness was difficult to achieve because CPA is attempting to match SCE's rate design. Additionally, SCE's June rate increase will not take into consideration that the ERRA includes outdated energy and capacity market prices which may cause SCE to raise rates. Mr. Langer summarized the 2017/2018 vintage PCIA subset rates in all three categories; and explained that CARE customers receive the 100% Green Power rate at the same prices as the Clean Power rate because of subsidies that other 100% Green Power customers pay, and a fourth scenario 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.

Mr. Langer reviewed scenario one in detail, Average Percentage Change (APC), summarizing the impacts to customer groups, and noting that the increase is spread equally across most products and customer groups, and is the simplest approach to communicate to customers, however, it does not address imbalances in the COS. 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.

Committee Member Gold asked about the fiscal impact if subset customers were to opt-out. Mr. Langer emphasized that CPA aims to keep as many customers as possible, but mass departures of subset customers can represent financial loss because of the procurement done on their behalf; however, which customers represent a financial loss varies, depending on which scenario is chosen. Lastly, Mr. Langer reviewed next steps, noting that staff continues to refine its analysis and scenarios based on Executive Committee feedback, and will follow with discussions and decision-making at the Board level in May and June.

Vice Chair Parks asked if there is a direct relationship between rates and the loss of customers; Chair Mahmud asked about the difference between decision-making at the Board level on product content changes and cost reduction, and adoption of a rate setting approach in May. Mr. Langer explained that overall, opt-outs and default rates are not 100% correlated and Mr. Bardacke noted that residential customers are less price-sensitive, and the highest opt-out and opt-down rates have been commercial customers in 100% Green territories. Mr. Bardacke clarified that staff will seek product content changes at the April meeting to be able to realize anticipated savings from those changes along with one other cost reduction item.

Chair Mahmud opined that scenarios one and two should be presented to the Board and shared concern regarding scenario three; Committee Member

Zuckerman agreed that scenarios with the least number of opt-out risks should be presented. Vice Chair Kuehl inquired as to the strategy for explaining the increase in costs to other Board members, despite existing hedging strategies; suggested that scenario one (APC) was a preferable approach to minimize opt-outs and that a policy-based approach might be counterintuitive; appreciated scenario four's consideration of CARE customers; and suggested that scenario three might help Board members understand why the other scenarios make more sense. Mr. Bardacke clarified that Executive Committee guidance was necessary for what rate scenarios to present and how to shape that message. Committee Member Horvath commented that many member cities may also want to highlight the equitable treatment of all customers. Committee Member Gold noted that modeling should reflect multiple years to better understand the financial impacts to CPA and stressed to staff to consider any other cost reduction options to help CPA weather cost increases. Committee Member Santangelo also asked about other modifications to product content that can be made to reduce financial risks. Mr. Langer addressed comments, explaining that the biggest driver is the cost of energy, which would be higher if not for the hedging strategy, and the increase of cost is largely due to market prices and the portion of the portfolio that cannot be bought in advance. Mr. Langer also noted that leaving reserves and other funds untouched will ultimately result in CPA's ability to be competitive and make long-term investments in the grid that will help CPA maintain its capacity position in energy storage and during peak hours.

Chair Mahmud asked that the presentation to the Board include some explanation of CPA's assumption that SCE has underestimated its cost of energy and reassure newer Board members that CPA will eventually reach more rate stability as its ability to enter into long-term energy contracts grows. Chair Mahmud expressed a preference for sharing up to two scenarios to the Board and asked if a scenario may be presented that would also enable CPA to use reserve funds to maintain CARE customers at a lower rate. Mr. Langer responded that the cost to do that would be approximately $12 million, but staff recommends against using reserves for that purpose because there are no contingencies in the budget and CPA may tap into reserves to make up for higher-than-expected prices later on. Chair Mahmud noted that some Board members may be concerned when seeing lighting increases and Mr. Langer explained that in scenarios one and two there is a slight decrease and scenario four displays a 3% increase, but scenarios can still be adjusted to reflect the desires of the Committee to preserve rates for a certain customer class, and; noted that customer programs such as the Arrearage Management Program (AMP) may help the financial road bumps, but won't significantly address the $87 million shortfall. Committee Member McKeown expressed a preference for two options to be shared with the Board and agreed that a multi-year perspective is beneficial in the rate setting process and that the process should avoid negative impact on loyal customers who have opted for 100% Green power. Based on these comments, Mr. Langer suggested that scenario two be dropped in favor of adding four and keeping scenario three, and Committee Member McKeown expressed support for options that fulfill the overall mission and maintain a large broad customer base with some renewable energy across all customer classes. Committee Member Zuckerman suggested changing CPA's messaging to focus on the environmental benefits of being a customer rather than discounted rates. Committee Member Lopez noted a preference for keeping only viable scenarios in the presentation to the Board and avoiding negative impacts on 100% Green power customers. Committee Member Horvath

added that customer messaging will be important, especially if the rate setting process adversely affects communities of color and asked how the budget would be affected by SCE undercollections this year. Staff responded that SCE undercollections will not impact CPA financially the way it did in its' launch year, and a longer-term forecast on costs is possible, but long-term rate comparisons are difficult to accomplish.

Chair Mahmud expressed strong support for the inclusion of scenario two and Committee Member McKeown posed the idea of eliminating the Lean Power rate and inquired as to the financial impact and viability of that option. Mr. Langer explained that the financial impact may be hard to define at this point, but as the renewable portfolio standards increase, there will be a natural convergence of the Lean and Clean power products. Mr. Bardacke added that staff is evaluating this possible convergence. Committee Member Zuckerman expressed a strong preference for scenario two.

Mr. Bardacke thanked the Executive Committee for their feedback and highlighted that staff will present more succinct options to the Board in the coming months.

4. Proposed Billing and Data Manager Contract Amendment and Extension

Committee Member McKeown noted that there were concerns previously about Calpine's political aims relating to energy and asked if those differences have been resolved. Mr. Bardacke explained that staff does not have any concerns with moving forward with a contract amendment and extension nor services provided by Calpine and welcomes their growing role in assisting CPA's distributed resources programs.

In response to Vice Chair Kuehl's suggestion that it be made clear that the services will be re-bid at the end of the extension period, Nancy Whang, General Counsel, noted that CPA intends to bid these services following this amendment, Calpine is aware of that fact, and that staff will evaluate other ways to specify rebidding requirements for instance in the contract recitals to ensure both parties understanding of this requirement.

5. Review Draft Agenda for April 1, 2021 Board of Directors Meeting

The Executive Committee reviewed the agenda, and no discussion took place.

CLOSED SESSION

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

Ms. Whang reported that no action was taken but direction was provided to staff.

COMMITTEE MEMBER COMMENTS

None.

ADJOURN

Chair Mahmud adjourned the meeting at 4:13 p.m.

Return to Agenda

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:	April 21, 2021

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

- SB 612 Advocacy Activities

Return to Agenda

Staff Report – Agenda Item 3

To:	Clean Power Alliance (CPA) Executive Committee
From:	Ted Bardacke, Executive Director
Subject:	2021 Rate Setting Approach Options
Date:	April 21, 2021

RECOMMENDATION

Provide feedback and make recommendation on rate setting approach to the Board of Directors.

ATTACHMENT

1) 2021 Rate Setting Approach Options Presentation

CLEAN POWER ALLIANCE

Locally powered energy innovation.

Item 3
2021 Rate Setting Approach Options

Wednesday, April 21, 2021

Rates Recap

- CPA must adopt new rates in June in concert with the FY 2021/22 budget
- At the May 6 Board meeting, staff will request formal adoption of a “rate-setting approach” so that final rates which meet CPA’s FY 2021/22 revenue requirement can be prepared
- At the April 1 Board meeting, three possible rate setting approach options were presented to the Board, followed by a robust discussion
- Based on Board feedback, staff has refined some options, discarded others, and developed new ones, which will be presented today
- Staff seeks direction from the Executive Committee on options to be presented to the Board in May, including a recommendation from the Executive Committee should a consensus or majority preference emerge

Initial Scenarios

- Four options were presented:
  1) Average Percentage Change (APC): All rate classes have an equal percentage increase.
     a) Without low-income subsidy
     b) With low-income subsidy, keeping CARE rates flat
  2) Cost of Service Informed: Rates for Lean, Clean, and 100% Green are set to cover their cost of service
  3) Residential Subsidy: Domestic rates are held at current levels and commercial customers get large increases to meet total revenue requirement
- Each of these scenarios would have met CPA's revenue requirement

Board Feedback

- Strong support for CARE customer protection
  - Staff strongly supports; important as 29% of CPA residential customers are CARE customers, including 34% in Lean/Clean jurisdictions where rate increases could be largest
- Significant opposition to weighting increases toward commercial customers
  - Staff supports; risk of opt-outs and revenue deficiency very high
- No consensus on APC vs. COS
- Concern for 100% Green going into double-digit premium
  - Particular concern for new cities that decided to opt-up to 100% Green this year – repercussions there and elsewhere
- General philosophical support for COS – but maybe not so abruptly
- Requests for a middle path, tweaks, or compromise scenarios

Scenario Development Work

- Updated load forecast and cost projections – no significant changes
- Eliminated Residential Subsidy scenario (Option 3) from consideration
- Maintained APC with CARE protection as baseline APC scenario
- Developed new COS-informed scenario that incorporated CARE customer protection and attempted to moderate increases on Lean/Clean customers by adjusting 100% Green rates to top of the 7% - 9% range
- Developed a hybrid scenario that implements both APR and COS scenarios at different times of the year based on unique 2021 circumstances
- **Important Caveat:** Rate premiums for all scenarios are based on estimates of future SCE rate changes; staff estimates are based on the best available information about timing and magnitude of the changes; CPA could decide to change rates later in the year in response to SCE rate changes

Rate Comparison Results Expected Comparison as of Summer

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

	Lean	Clean	100% Green
Residential	1.2%	1.8%	7.9%
Residential-CARE	1.8%	2.8%	2.8%
Small/Medium Business	0.8%	1.6%	8.7%

Option 1: Average Percentage Change with CARE Subsidy

	Lean	Clean	100% Green
Residential	4.1%	4.9%	11.8%
Residential-CARE	1.8%	2.8%	2.8%
Small/Medium Business	4.6%	5.5%	13.4%

Key Considerations

- CARE customer rates are held at current levels
- Increase spread equally across most products and customer groups is a simple approach and easy to communicate to customers
- Does not address any current imbalances in COS

Average monthly bill premiums

	Lean	Clean	100% Green
Residential	$6.96	$8.24	$19.76
Residential-CARE	$1.94	$3.08	$3.08
Small Business	$10.20	$12.17	$29.94

Note: each table shows total bill premiums between CPA rates and SCE's base rate based on estimated summer SCE rate change.

Option 2: Cost of Service with CARE + 100% Green Target

	Lean	Clean	100% Green
Residential	5.4%	6.2%	8.8%
Residential-CARE	1.8%	2.8%	2.8%
Small/Medium Business	6.1%	7.0%	9.5%

Key Considerations

- CARE customer rates are held at current levels – all other rates go up between 0.4% and 1.4% compared to previous COS w/o CARE subsidy
- 100% Green residential still had room to move up to ~9% target; adjusted those rates up to help moderate Lean/Clean increases
- As with previous COS, significant impact on Lean/Clean, though 34% of customers in those communities would see no rate increase (via CARE)

Average monthly bill premiums

	Lean	Clean	100% Green
Residential	$9.00	$10.34	$14.81
Residential-CARE	$1.94	$3.08	$3.08
Small Business	$13.57	$15.64	$21.07

Note: each table shows total bill premiums between CPA rates and SCE's base rate based on estimated summer SCE rate change.

Option 3: Hybrid – Different Approaches at Different Times

- Under this option, CPA would adopt APC for the summer months (July through September) and then transition to COS-informed in October
- Revenue requirement still met

Key Considerations

- Summer months are when cost pressures are most acute across all rates; APC deals with those pressures equally
- Transition from APC to COS makes rate increases on non-CARE Lean/Clean customers a more gradual, two-step process
- Change to COS in October bringing 100% Green to within 9% target allows for default changes to proceed on schedule
- Change in approach after summer allows for tweaks to rates in fall if appropriate based on SCE rates and summer financial results
- Customer communications will be challenging but manageable

Summary

- CPA will have a challenging rate competitiveness environment in the second half of 2021 regardless of rate setting approach ultimately adopted
- Both APC and COS approaches have “fairness” merits
- Holding low-income rates constant protects 29% of CPA’s residential customer base and 34% of those on Lean/Clean rates from rate increases
- Hybrid option may be a desirable approach if consensus on either APC or COS is not achievable
- **STAFF REQUEST: Executive Committee feedback on potential approaches and a recommendation to the Board.**

Return to Agenda

Staff Report – Agenda Item 4

To:	Clean Power Alliance (CPA) Executive Committee
From:	David McNeil, Chief Financial Officer
Approved by:	Ted Bardacke, Executive Director
Subject:	Review FY 2021/2022 Budget Priorities
Date:	April 21, 2021

RECOMMENDATION

Receive and file.

ATTACHMENT

1) FY 2021/2022 Budget Priorities Presentation

CLEAN POWER ALLIANCE

Locally powered energy innovation.

Item 4
FY 2021/22 Budget Priorities

Wednesday, April 21, 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
- A FY 2020/21 amended budget will be presented to the Finance Committee and Board adjusting retail revenues and energy costs resulting in a budgeted $24 million increase in the net position

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 28, 2021 (Finance) – FY 2021/22 Budget Priorities & Draft Operating Expense Budget + FY 2020/21 Budget Amendment
- May 6, 2021 (Board) – Budget Priorities + FY 2020/21 Budget Amendment
- 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

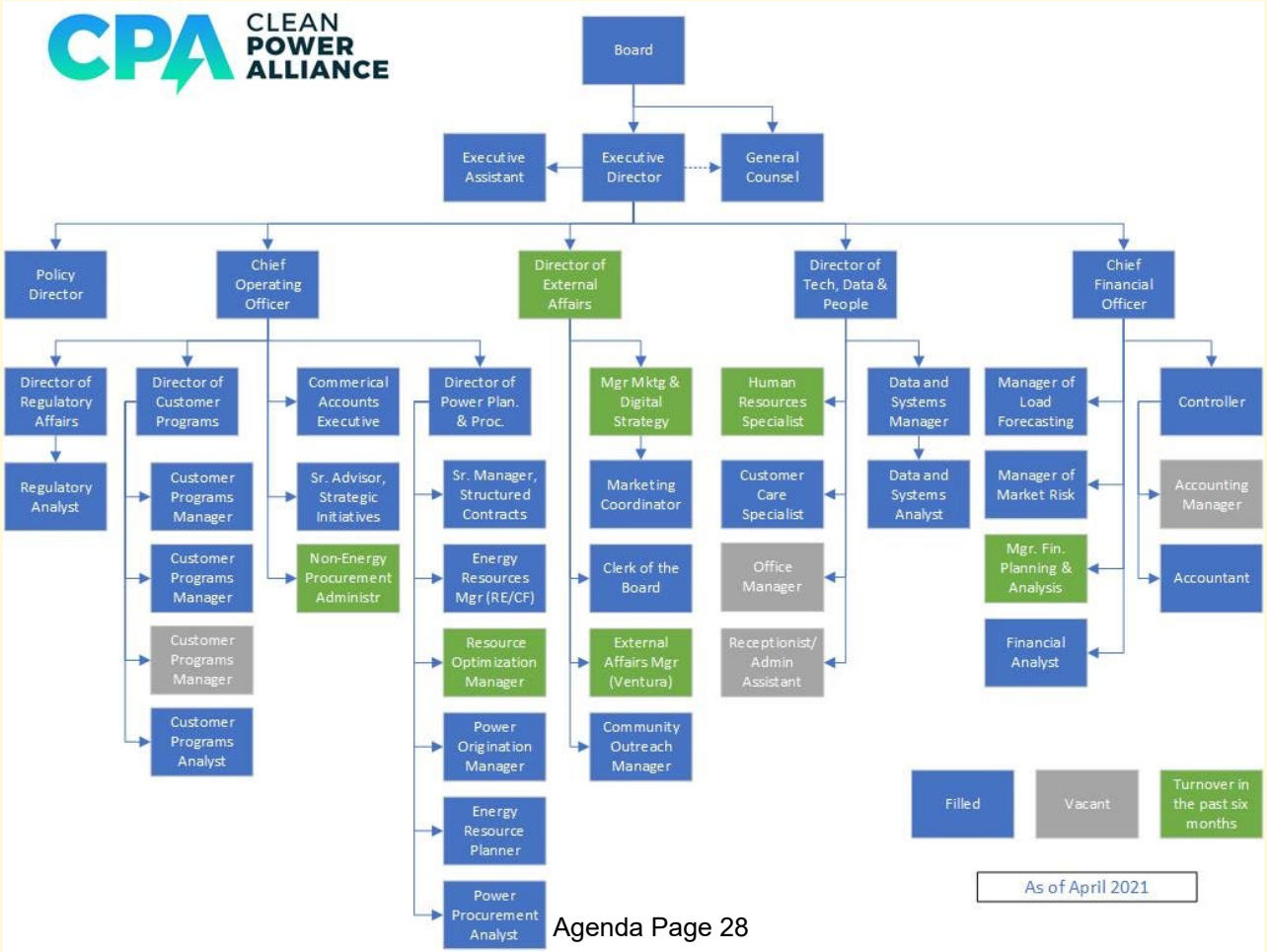
Customer Communications

- **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)

Current Organizational Chart



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

Return to Agenda

Staff Report – Agenda Item 5

To:	Clean Power Alliance (CPA) Executive Committee
From:	Ted Bardacke, Executive Director
Subject:	Review Draft Agenda for May 6, 2021 Board of Directors Meeting
Date:	April 21, 2021

Staff will provide an overview of the proposed agenda items for the May 6, 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 May Board meeting.

Legislative Bill Positions

Staff will propose policy positions for additional bills in the 2021/2022 Legislative Session. These bills would focus on resiliency and consumer protection as it relates to rooftop solar.

Digital Marketing, Website, Social Media, and As-Needed External Affairs Services Contract

In three short years, CPA has become the largest CCA and the top provider of 100% Green Power in the entire country. Despite these impressive accomplishments, CPA has relatively low brand awareness. According to a digital survey conducted by staff prior to the Power Share launch, less than 50% of respondents in English, Spanish and Mandarin were aware of CPA. By comparison, SCE's awareness with these same respondents was over 80%.

During the next fiscal year, CPA is planning to launch several new customer programs, bring five new clean energy facilities online, promote bill assistance programs such as Power Share, AMP, and CARE/FERA, implement new rates, support rate default changes, transition to TOU rates, redesign the website and refresh the current brand. With the proper investment in marketing and communications, the programs and activities listed above will elevate CPA's brand in a way that allows the organization to be more successful in its efforts to acquire new customers, mobilize current customers in the fight against climate change and potentially attract new members.

To support the CPA External Affairs team in executing a comprehensive marketing and communications plan to support the brand and the agency initiatives, staff will propose executing contracts for one or more marketing firms specializing in digital platforms. For this RFP, CPA received six responses, is currently conducting interviews, and will present a recommendation at the May board meeting.

REGULAR AGENDA

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

California Electric Vehicle Incentive Program Service Agreements

On January 9, 2020, the Board approved CPA's letter of intent to participate in the California Electric Vehicle Infrastructure Project (CALeVIP) South-Central Coast Incentive Project (SCCIP) to support the installation of electric vehicle chargers with a minimum financial contribution of $533,000 in 2021 and the potential for additional funding between 2021-2023. The Ventura County Air Pollution Control District is also a funder of this project.

On August 19, 2020 the Executive Committee approved CPA's letter of intent to commit $1,000,000 in 2021/22 funds to support the installation of electric vehicles chargers in Los Angeles County via CALeVIP's Southern California Incentive Project with the potential for additional funding between 2022-2023.

Both projects are incentive programs for publicly accessible electric vehicle chargers. The program is administered by the Center for Sustainable Energy (CSE) and the California Energy Commission (CEC) provides match funding. Incentive levels generally range from $3,500 or 75% of the project costs (whichever is less) for Level 2, with an additional $500 per connector for projects located in Disadvantaged Communities (DAC) or Low-Income Communities (LIC), and an additional $2,000 for each connector located at Multi-unit dwellings; and up to $60,000 or 75% of the total project costs for Level 3 (DC fast chargers) or up to $80,000, or 75% of the total project costs (whichever is less) for Level 3 if located in a DAC.

The CEC has selected the SCCIP for funding and has informed CPA staff that it intends to fund the Southern California Incentive project as well. Pending completion of contract negotiations, staff will present two contracts with the CEC and CSE to the Board for approval, one contract for each County. *This item could go on consent depending on feedback from the Executive Committee.*

Amendment to FY 2020/21 Budget and Review of FY 2021/22 Budget Priorities

Staff will provide a separate presentation for Executive Committee review.

2020 Clean Energy RFO Power Purchase Agreement (PPA)

In October 2020, CPA launched its 2020 Clean Energy RFO targeting procurement of 1.5-2.0 million MWh of annual renewable energy. CPA received a robust response to the RFO from 105 conforming offers for renewable, renewable plus storage, and standalone storage long-term contracts. The Energy Planning & Resources Committee approved a shortlist of projects to proceed with power purchase agreement (PPA) negotiations during its January 27th meeting. CPA is currently in exclusive negotiations with nine projects.

Per CPA's Energy Risk Management Policy, any power purchase transactions greater than five years require approval by the Board. The shortlist of projects includes a 14 MW existing geothermal facility, to be contracted under a 15-year power purchase agreement, which is expected to be presented for Board consideration in May. The project is compelling due to its early online date and portfolio diversification benefits.

2021 Rate Setting Approach

Staff will provide a separate presentation for Executive Committee review. This will be an action item for the Board. *This item could be moved higher on the agenda depending on feedback from the Executive Committee.*

ATTACHMENT

1) Draft May 6, 2021 Board Meeting Agenda

Return to Agenda

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

Thursday, May 6, 2021

2:00 p.m.

CALL TO ORDER AND ROLL CALL

GENERAL PUBLIC COMMENT

CONSENT AGENDA

1. Approve Minutes from April 1, 2021 Board of Directors Meeting
2. Approve 2021/2022 Legislative Bill Positions
3. Approve Digital Marketing, Website, Social Media and As-Needed External Affairs Services Contract
4. Receive and File Community Advisory Committee Report

REGULAR AGENDA

5. Approve California Electric Vehicle Incentive Program (CALeVIP) Service Agreements
6. Approve Amendment to FY 2020/21 Budget and Review FY 2021/2022 Budget Priorities
7. Approve 2020 Clean Energy RFO Power Purchase Agreement (PPA)
8. Approve 2021 Rate Setting Approach

MANAGEMENT REPORT

COMMITTEE CHAIR UPDATES

BOARD MEMBER COMMENTS

REPORT FROM THE CHAIR

ADJOURN – NEXT REGULAR MEETING ON JUNE 3, 2021