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

Thursday, July 1, 2021

2:00 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 Board of Directors 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/97976532090
or
Dial: (669) 900-9128 Meeting ID: 979 7653 2090

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 Board 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 least two (2) working days before the meeting 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 Board 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 Board are requested to complete a speaker's slip and provide it to Clean Power Alliance staff at the beginning of the meeting but no later than immediately prior to the time an agenda item is called.*

Each speaker is limited to two (2) minutes (in whole minute increments) per agenda item with a cumulative total of five 5 minutes to be allocated between the General Public Comment, the entire Consent Agenda, or individual items in the Regular Agenda. Please refer to Policy No. 8 – Public Comment for additional information.

CALL TO ORDER AND ROLL CALL

GENERAL PUBLIC COMMENT

CONSENT AGENDA

1. Approve Minutes from June 3, 2021, Board of Directors Meeting
2. Adopt Resolution No. 21-07-017 to Approve Energy Risk Management Policy Amendments
3. Approve and Authorize the Executive Director to Execute an Amendment No. 1 to the Expansion Feasibility Studies Task Order with MRW & Associates, LLC, for a Not-to-Exceed (NTE) contract value of $137,000
4. Receive and File Community Advisory Committee Report

REGULAR AGENDA

Action Item

5. Approve Collections Policy No. 2021-17

Information Items

6. Presentation on Power Ready Program
7. Presentation on Net Energy Metering Key Issues
8. Presentation on Quarterly Communications Report

MANAGEMENT REPORT

COMMITTEE CHAIR UPDATES

Director Lindsey Horvath, Chair, Legislative & Regulatory Committee
Director Julian Gold, Chair, Finance Committee
Director Robert Parkhurst, Chair, Energy Planning & Resources Committee

BOARD MEMBER COMMENTS

REPORT FROM THE CHAIR

ADJOURN – NEXT REGULAR MEETING SEPTEMBER 2, 2021

Public Records: *Public records that relate to any item on the open session agenda for a regular Board 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 Board. Those documents are available for inspection online at www.cleanpoweralliance.org/agendas.*

MINUTES

REGULAR MEETING of the Board of Directors of the
Clean Power Alliance of Southern California
Thursday, June 3, 2021, 2:00 p.m.

The Board of Directors conducted this meeting in accordance with California Governor Newsom's Executive Order N-29-20 and COVID-19 pandemic protocols.

CALL TO ORDER & ROLL CALL
Chair Diana Mahmud called the meeting to order at 2:02 p.m. and Gabriela Monzon, Clerk of the Board, conducted roll call.

Roll Call				
1	**Agoura Hills**	Deborah Klein Lopez	Director	Remote
2	**Alhambra**	Jeff Maloney	Director	Remote
3	**Arcadia**	Sho Tay	Director	Remote
4	**Beverly Hills**	Julian Gold	Director	Remote
5	**Calabasas**	John Bingham	Alternate	Remote
6	**Camarillo**	Susan Santangelo	Director	Remote
7	**Carson**	Cedric Hicks	Alternate	Remote
8	**Claremont**	Jennifer Stark	Alternate	Remote
9	**Culver City**	Daniel Lee	Director	Remote
10	**Downey**	Sean Ashton	Director	Remote
11	**Hawaiian Gardens**			Absent
12	**Hawthorne**	Alex Monteiro	Director	Remote
13	**Los Angeles County**	Sheila Kuehl	**Vice Chair**	Remote
14	**Malibu**	Steve Uhring	Alternate	Remote
15	**Manhattan Beach**	Hildy Stern	Director	Remote
16	**Moorpark**			Absent
17	**Ojai**	Betsy Stix	Director	Remote
18	**Oxnard**			Absent
19	**Paramount**	Vilma Cuellar Stallings	Director	Remote
20	**Redondo Beach**	Christian Horvath	Director	Remote

21	**Rolling Hills Estates**	Steve Zuckerman	Director	Remote
22	**Santa Monica**	Kevin McKeown	Director	Remote
23	**Sierra Madre**	Robert Parkhurst	Director	Remote
24	**Simi Valley**	Ruth Luevanos	Director	Remote
25	**South Pasadena**	Diana Mahmud	**Chair**	Remote
26	**Temple City**	Fernando Vizcarra	Director	Remote
27	**Thousand Oaks**	Bob Engler	Director	Remote
28	**Ventura City**	Joe Yahner	Alternate	Remote
29	**Ventura County**	Linda Parks	**Vice Chair**	Remote
30	**West Hollywood**	Lindsey Horvath	Director	Remote
31	**Westlake Village**	Kelly Honig	Director	Remote
32	**Whittier**	Henry Bouchot	Alternate	Remote

All votes are unanimous unless otherwise stated.

GENERAL PUBLIC COMMENT

Jane Johnson and Harvey Eder provided public comment.

CONSENT AGENDA

1. Approve Minutes from May 6, 2021, Board of Directors Meeting
2. Approve Support if Amended Position on AB 418 2021/2022 Legislative Session
3. Approve and Authorize the Executive Director to Execute Professional Services Agreements between CPA and (a) Celtis Ventures, Inc., (b) Pastilla, Inc., and (c) Fraser Communications to Support Marketing and Communications Activities
4. Receive and File Q1 Risk Management Team Report
5. Receive and File Q3 Fiscal Year Financial Report
6. Receive and File Community Advisory Committee Report

Motion: Director McKeown, Santa Monica
Second: Director Ashton, Downey
Vote: The consent agenda was approved by a roll call vote.

REGULAR AGENDA

7. Review CPA RFO Status and Approve Power Purchase Agreement(s) (PPA's) and Authorize the Executive Director to Execute the Following Agreements: (a) 15-Year Renewable PPA with Arica Solar, LLC (Arica); (b) 15-Year Renewable PPA with Daggett Solar Power 2 LLC (Daggett 2); (c) 20-Year Renewable PPA with Resurgence Solar II, LLC (Resurgence); (d) 15-Year Renewable PPA with Geysers Power Company, LLC (Geysers)

Natasha Keefer, Director of Power Planning & Procurement, and Erik Nielsen, Senior Manager of Structured Contracts, presented the item and provided an overview of CPA's Request for Offers (RFO) and a review of project summaries. CPA has entered into 15 long-term contracts to date with renewable and storage resources for terms of 10-20 years for a total of 1,344.5 MW of renewables and 715 MW of storage. Five projects are currently online and serving CPA's load, with the remaining MWs coming online in 2021-2023. CPA has two RFOs underway: the 2020 Disadvantaged Communities (DAC) RFO, also known as Power Share, and the 2020 Clean Energy RFO. The DAC RFO is comprised of the DAC Green Tariff and the Community Solar Green Tariff programs. The objective is to secure supply for the Power Share program and enable enrollment of eligible customers. There are three projects currently in exclusive negotiations. The 2020 Clean Energy RFO will secure 1.5 to 2.0 million MWh of annual renewable generation supply; eight of the 13 shortlisted projects entered into exclusive negotiations. Procurement objectives include an emphasis on near-term online project dates to meet regulatory obligations and portfolio diversification, including non-solar resources. Ms. Keefer described CPA's renewable energy and compliance positions, with a majority of the long-term portfolio being solar or solar plus storage; CPA will still have a short position for the 2021-2024 compliance period until additional contracts are signed. Resource diversity will be an important consideration in project selection, including alternative technologies and storage, which is a critical resource during peak reliability hours. Ms. Keefer reviewed project evaluation criteria and valuation results, noting that the 2020 Clean Energy RFO Review Team focused on shortlisting to the first quartile with additional projects in the second quartile if those projects offered an early online date or technology diversity. Mr. Nielsen reviewed the projects and rationale and provided an evaluation summary for each of the four projects (Arica, Daggett 2, Resurgence, and Geysers). The Arica, Daggett 2, and Resurgence Solar + Storage projects had high evaluation criteria scores and an early online date to meet SB 350 compliance. The Geysers geothermal project is the largest facility in the world and provides technology diversity to CPA's portfolio.

Ms. Keefer addressed solar supply chain issues and forced labor, explaining that CPA has taken a proactive leadership role in addressing the prevention of forced labor components in projects by working with developers to include contractual commitments in the PPAs not to include components where this a concern. CPA is one of the first load serving entities (LSEs) to incorporate these kinds of requirements into its PPAs, which provides audit and enforceability rights. The issue, however, is still evolving and CPA continues to push its suppliers to eradicate forced labor components from their supply chain. In response to Director Zuckerman's question regarding battery life, staff clarified that battery life is approximately 10 to 15 years before major maintenance is required; suppliers are contractually required to ensure batteries continue to perform and the supplier will bear the cost of any necessary overhaul during the life of the contract with CPA. Director Parkhurst inquired as to CPA's collaboration with other LSEs or CCAs in trying to create a common Code of Conduct or to put forth pressure to eradicate forced labor issues. Ms. Keefer noted that there was no coordinated effort related to a standardized code of conduct; among the CCAs but clarified that developers have taken independent actions through their trade organizations to develop traceability and audit mechanisms. Industry groups have released a standardized approach to deal with this issue in their supply chains. Director Gold asked if

Geyser's project capacity could be contractually expanded if there were a need to fill CPA's position. Mr. Nielsen clarified that the remaining capacity from Geyser's is already contracted with other offtakers and 50MW is what is available for CPA to contract for; the developer is encouraged to bid additional capacity but would be required to submit a new bid. Responding to Director Monteiro's question, Mr. Nielsen explained that the Geyser's project is already an existing resource and no incremental construction jobs will be created, causing it to receive a medium workforce development score.

Harvey Eder provided public comment.

Motion: Director Horvath, Redondo Beach
Second: Director Ashton, Downey
Vote: Item 7 was approved by a roll call vote.

Chair Mahmud commended staff and members of the Energy Committee for their work in completing contract negotiations that bring CPA closer to meeting its compliance obligations.

8. Adopt Resolution No. 21-06-014 to Approve New Rates for Phase 1 & 2 Non-Residential Customers, Resolution No. 21-06-015 to Approve New Rates for Phase 4 & 5 Non-Residential Customers, and Resolution No. 21-06-016 to Approve New Rates for Phase 3 & 5 Residential Customers

Matt Langer, Chief Operating Officer, provided an overview of the item. The proposed rate changes reflect a process over several months to reach the Board-approved rates approach and meet FY 2021/22's revenue requirements. The adopted Cost of Service (COS) rate setting approach establishes a CARE subsidy where CARE customer rates are held at current levels and all other rates go up between 0.4% and 1.4%. The COS for 100% Green residential rates is set to a 9% premium against Southern California Edison (SCE) and subset rates are adjusted to cover the COS. Mr. Langer emphasized relatively small rate differentials for Lean and Clean residential and small business customers compared to rates presented at the May Board meeting, 0.2% and 0.3% respectively; the main drivers behind the increase are forward energy prices and the need to continue to meet the $30 million reserve target. Rate differentials have an average additional bill impact of .40 to .60 cents. Mr. Langer reviewed rate comparison results expected in comparison to SCE after their expected summer 2021 rate adjustment, and the proposed rate adjustments for domestic, CARE, and small business customers Most impactful to customer bills is the increase to SCE delivery charges for all customers, as well as a Power Charge Indifference Adjustment (PCIA) increase. Additionally, Mr. Langer discussed the messaging approach, that will highlight transparency, reflect customer feedback, and tell the CPA story of community investment and customer support. Staff will continue to monitor several SCE rate changes in 2021 and 2022, but CPA's goal is to limit rate changes to once each year. Staff will evaluate how COS could be expanded more broadly; residential customers will be transitioning to default Time of Use (TOU) rates beginning in early 2022.

Director Bouchot asked if rate adjustments could be phased in and expressed concern for customers who have experienced financial hardship. Mr. Langer noted that a phased rate change was previously presented and discussed, but the Board

ultimately felt that it could be perceived as two rate increases; about a third of CPA's customers are on CARE/FERA/Medical Baseline and they will not be impacted; staff is available to assist in communicating rate adjustments. Mr. Bardacke added that CPA is promoting the Arrearage Management Plan (AMP) where customers' past-due balances can get written off if they have balances over $500 and agree to stay current for 12 consecutive months. The state will reimburse CPA for those write-offs. Additionally, the Governor's budget includes two billion dollars for bill relief that is expected to be available to CPA customers. In response to Director Parkhurst's questions relating to the factors behind the PCIA increase, Mr. Langer explained that the PCIA is indeed expected to decrease over in the latter half of the decade; the short-term volatility is related to the cost and value associated with contracts. The value of the resources in the PCIA is forecasted by SCE, and if this over forecast, as was the case in 2020, it results in a "true-up" the following year. Vice Chair Kuehl thanked staff for developing a multitude of options for Board consideration; inquired about communications strategies relating to the effectiveness of the call center and website to track and prevent opt-outs. Mr. Langer noted that CPA does have insight into opt-outs and staff developed talking points for call center representatives. Sherita Coffelt, Director of External Affairs, added that there is a coordinated initiative across the organization to encourage participation in bill assistance programs and opt-downs; website updates include a modified bill calculator that will allow customers to explore their product options and their positive environmental footprint as a CPA customer. Vice Chair Parks thanked staff for their dedication to reaching a middle-ground solution that was considerate in its approach to 100% Green customers; suggested customized messaging and more emphasis on customers' priorities in CPA messaging. Director Hicks expressed concern that Carson's low opt-out percentage could change due to the rate increase and requested messaging that emphasizes the positive environmental impact of remaining a CPA customer. Director Maloney noted that preemptive toolkits that emphasize energy reduction during peak summer months, highlight different products, and bill relief options, would all be helpful to Board Members. Director Lee noted that resources relating to bill forgiveness and rate increases can encourage customer retention. Director Horvath, West Hollywood, highlighted CPA's unique ability to keep the decision-making power within its communities and offer options for customers' financial circumstances. Ms. Coffelt acknowledged comments and noted that tailored messaging toolkits can be made available to member agencies based on CPA program availability and their priorities. In response to Director Gold's question regarding how opt-outs affect participation in bill assistance programs, Mr. Langer pointed out that the AMP program is administered by SCE, and therefore, if customers opt-in or -out of CPA, they can continue their participation in AMP; Mr. Bardacke added that other programs will require customers to opt-in to CPA, and this will be explicit in the messaging strategy. Director Zuckerman inquired about the Net Energy Metering policy as it relates to rates. Mr. Bardacke noted that the policy does not change with the new rates and CPA has not taken a position on Assembly Bill 1139, but the Board will receive a comprehensive update at the next meeting. Chair Mahmud asked about price disparity as it relates to the COS approach and its impact on TOU rates. Mr. Langer explained that staff applied an equal percentage increase across each time of use period.

Director Cuellar Stallings left the meeting before the vote but supported the item.

Harvey Eder provided public comment.

Motion: Director Ashton, Downey
Second: Director Monteiro, Hawthorne
Vote: Item 8 was approved by a roll call vote.

9. Approve FY 2021/2022 Budget

Mr. McNeil reviewed the FY 2021/22 budget process and schedule. Key takeaways include rising energy costs offset by increasing revenue arising from retail rate increases; budgeted net operating expenses set to decline even as CPA makes investments in staff, customer programs, communications, and data & systems. Mr. McNeil discussed the net energy revenue, which reflects Board-approved policies and ratemaking approach as well as higher energy and resource adequacy (RA) costs and incorporates cost savings from Board-approved power content changes. The budget includes an allocation for bad debt equal to 0.5% of revenue, with consideration of the overall economic recovery, suspension of disconnections, state bill relief programs, and upcoming CPA collections activities. Mr. McNeil discussed operating expenses, income, reserve policy, and budget priorities, which are to contain costs; build out the middle to lower levels of the organization; properly resource management of energy costs; invest in customer programs and communications. More than 90% of costs are composed of the cost of energy and about 40% of expenses are fixed by regulatory or contractual obligations. CPA projects a $97 million budgeted net position and an increase in reserves to $114 million by the end of the fiscal year, consistent with CPA's reserve policy.

Motion: Director Gold, Beverly Hills
Second: Vice Chair Kuehl, Los Angeles County
Vote: Item 9 was approved by a roll call vote.

10. Presentation on Quarterly Communications Report

This item was rescheduled to the following meeting.

MANAGEMENT REPORT

Mr. Bardacke provided a report on SB 612, highlighting that it recently passed the State Senate and will move to the State Assembly's utilities committees; recent CPUC action on the PCIA has narrowed CPA's chances to the legislative avenue to accomplish its goals. A request for updated support letters will go out to the Board. Mr. Bardacke additionally highlighted CPA's efforts in transportation electrification and the upcoming launch of electric vehicle charger incentives as well as resources available to member agencies to launch independent efforts if interested.

In response to Director Ashton's request, Mr. Bardacke noted that staff will inform the Board of key assembly members to contact.

COMMITTEE CHAIR UPDATES

Director Horvath thanked staff and Board Members that engaged in the efforts to move SB 612 through to the State Assembly.

Director Gold shared that the Finance Committee completed its budget process and thanked the Board for their support in approval of the budget.

Director McKeown noted that one of the approved PPAs was for a replacement project that offered a better net value than its predecessor, which speaks to CPA's reputation and respect amongst energy developers. Director McKeown also announced his retirement from the Santa Monica City Council, emphasizing that his participation in shaping CPA and bringing 100% renewable electricity to the City of Santa Monica was one of his greatest accomplishments.

BOARD MEMBER COMMENTS

Vice Chair Parks congratulated Director McKeown and thanked him for his environmental commitment to the region. Vice Chair Kuehl commented that Director McKeown's environmental advocacy was evident from the beginning of his political career and thanked him for his contribution in the environmental arena. Directors Lopez and Horvath expressed gratitude for Director McKeown's leadership, impact, and service.

REPORT FROM THE CHAIR

Chair Mahmud thanked Director McKeown for his service on the Energy and Executive Committees and his participation in the RFO review team, and dedication, concern, and care for the objectives of the organization. Chair Mahmud announced her appointment of Director Parkhurst, Sierra Madre, as the new Chair of the Energy Committee, and congratulated Director Ashton for his appointment as Chair to the Transportation Committee at the Southern California Association of Governments.

ADJOURN

Chair Mahmud adjourned the meeting at 4:41 p.m.

Return to Agenda

Staff Report – Agenda Item 2

To:	Clean Power Alliance (CPA) Board of Directors
From:	Matthew Langer, Chief Operating Officer
Approved By:	Ted Bardacke, Executive Director
Subject:	Energy Risk Management Policy (ERMP) Amendments
Date:	July 1, 2021

RECOMMENDATION

Adopt Resolution No. 21-07-017 to approve ERMP amendments.

BACKGROUND

In July 2018, the Board approved an ERMP that governs the framework by which the Board, staff, and consultants conduct power procurement and related business activities. The ERMP establishes a staff-level Risk Management Team (RMT) and is supplemented by an Energy Risk Hedging Strategy, which sets the minimum and maximum procurement amounts CPA will undertake for various energy products.

The ERMP and associated hedging strategy is based on industry best practices which means that it evolves as CPA develops further operational experience and/or new market and regulatory conditions unfold. The Board has approved amendments in July of 2019 and 2020 to reflect changes in business or regulatory conditions or other minor/administrative revisions.[1] It is anticipated that amendments to the ERMP will be proposed, at a minimum, on an annual basis.

COMMITTEE ACTION

The Executive Committee was provided a high-level overview of the proposal at its June 16, 2021, meeting. The proposed 2021 amendments were then reviewed by the Energy

[1] https://cleanpoweralliance.org/wp-content/uploads/2019/07/071819_CPA-Board-AgendaPacket_web.pdf
https://cleanpoweralliance.org/wp-content/uploads/2020/07/070920-CPA-Board-of-Directors-Agenda-Packet-.pdf

Planning & Resources Committee (Energy Committee) at its June 23rd meeting. The Energy Committee provided input but did not take any formal action due to a lack of quorum.

SUMMARY OF PROPOSED ERMP AMENDMENTS

Middle Office

- System of Record – Consistent with CPA's ongoing in-sourcing of middle office functions, the description of CPA's system of record, the system that stores CPA's transaction information, has been updated to reflect that CPA is housing all transaction information within its own internal systems. CPA also stores transaction data within its Scheduling Coordinator's transaction data management system as a redundancy, which is a common industry practice.
- Risk Analytics Metrics – The proposed updates reflect Gross Margin[2] as the central financial result that risk metrics are applied to, as recommended by CPA's Manager of Risk. The rationale for this proposed change is that it reflects the ultimate "bottom line" representation of CPA's financial outcome each period, excluding Operating Expenses that are managed separately and are outside the scope of this ERMP. Per industry standard, Gross Margin is the appropriate high-level financial result to target, report and manage.
- Credit Policy – The maximum amount of any credit limit extended to a counterparty has been adjusted from $40 million to $50 million. The increase reflects CPA's increased financial capacity to incur more credit risk and will be used to support additional transactions with CPA's most creditworthy counterparties.

Long-Term Procurement

Per the original ERMP, contracts with terms longer than 5-years require Board approval. The proposed amendments address specific long-term procurement considerations not previously contemplated under the ERMP:

- Investor-Owned Utility (IOU) Allocations - CPA is expecting to have an opportunity to secure long-term renewable allocations from SCE within the PCIA proceeding. The proposed changes in the ERMP reflect that CPA may contract for these

[2] Gross Margin is equal to Revenue minus Cost of Goods Sold (i.e. cost of energy procurement).

allocations, and any proposed contracts should be considered by the Board using a similar approval process to long-term PPAs because long-term renewable allocations represent long-term commitments to renewable energy purchases and may offset purchases with new-build renewable resources that CPA would otherwise do.

- Eligibility for Request for Offer (RFO) Review Team members – CPA's current practice of evaluating PPA RFOs includes an RFO Review Team comprised of staff and a subset of board members that serve on the Energy Committee. Because some Energy Committee Board members may have conflicts related to PPA approvals, particularly for local procurement projects located within their member jurisdictions (e.g., Power Share and Power Ready programs), the proposed changes broaden eligibility for RFO Review Team members to other members of the Board, in consultation with the Board Chair and Chair of the Energy Committee.

Hedging Targets

Fixed-Price Energy Hedge Targets

Fixed price energy hedges are the principal way that CPA manages energy market price risk which fluctuates from day to day. CPA hedges by purchasing energy at a fixed price for a specific period of time (e.g., hourly, daily, monthly, annually), thus locking in certainty and limiting the risk of higher prices.

In the near-term, CPA predominantly employs Fixed Price Block Energy contracts, which provide for suppliers to deliver a predetermined volume of energy at a constant delivery rate. As CPA enters into long-term, fixed price contracts for renewable and/or carbon-free energy, these will likewise hedge CPA's market risk and, subsequently, reduce the required volume of Fixed Price Block Energy purchases.

The minimum and maximum hedge targets for the Calendar Year +3 through Calendar Year +5 timeframes have been adjusted to account for the additional fixed price hedging resulting from long-term fixed price renewable energy contracts, as shown in the table below:

Time Period	Minimum Hedge %	Maximum Hedge %
Prompt 1-4 Quarters	85	110
Balance of prompt year not covered by Prompt 4 Quarters	65	90
Current Calendar Year (CY) + 2	40	~~70~~80
CY + 3	30	~~60~~70
CY + 4	30	~~60~~70
CY + 5	30	~~50~~70

Renewable Energy Hedge Targets

To meet its emissions reduction and renewable energy goals, CPA purchases renewable energy, comprised of both Product Content Category 1 (PCC1) and Product Content Category 1 (PCC2) renewable energy.[3] These purchases are made with both short-term and long-term contracts. To lower costs and comply with long-term contracting mandates, a growing share of CPA's renewable energy supply will be through long-term contracts.

The most recent version of the ERMP has separate hedge targets for PCC1 and PCC2 products. Because of new regulations and changing market conditions, drivers of PCC1 and PCC2 procurement has changed. Given the growing percentage of long-term contracts in CPA's portfolio (all PCC1) and considerations related to PCC2 procurement (emissions impacts, pricing), hedge targets should be determined based on CPA's total renewable energy demand. Staff will then optimize procurement between PCC1 and PCC2 RECs based on economic and emissions value. Therefore, the hedge targets now reflect the targets for overall renewable energy procurement, as shown below:

Time Period	Minimum Hedge %	Maximum Hedge %
Prompt Calendar Year	65	100
PY + 1	45	95
PY + 2	30	90
PY + 3	30	85
PY + 4	30	80

[3] PCC1 RECs are generally sources from in-state facilities (highest quality). PCC2 RECs are generated from facilities located out-of-state and imported into the state, and may have associated emissions from this imported energy.

Carbon Free Energy Hedge Targets

In addition to renewable energy, CPA also procures carbon free energy, which is comprised of non-renewable large hydro resources, to meet its emissions and product content requirements. Due to expected tightening of carbon free hydroelectric supply to California, proposed max hedge targets have been increased to allow for longer-term (e.g., 4-year) hydro commitments, if they become available, as shown below:

Time Period	Minimum Hedge %	Maximum Hedge %
Prompt Calendar Year	75	100
PY + 1	50	75
PY + 2	25	50
PY + 3	0	~~25~~40
PY + 4	0	~~10~~40

Resource Adequacy Hedge Targets

CPA has a compliance obligation to meet Resource Adequacy (RA) requirements for local, flex, and system capacity. The proposed increases to minimum hedge percentages account for executed long-term contracts that fulfill CPA's RA requirements (i.e., storage). The proposed increases to maximum hedge percentages reflect potential additional long-term procurement, including potential future capacity mandates from the CPUC. Proposed changes are reflected below:

Time Period	Minimum Hedge % (applicable to all months)	Maximum Hedge % (applicable to peak month only)
Prompt Calendar Year	90	100
PY + 1	50	95~~0~~
PY + 2	30	90~~80~~
PY + 3	~~0~~20	80~~30~~
PY + 4	~~0~~20	80~~30~~

Other Changes

Several other minor or clean up revisions are made throughout the document that reflect CPA's operational history related to procurement activities.

ERMP Acknowledgements

The ERMP requires CPA representatives, including the Board, participating in any activity or transaction within the scope of the ERMP to sign, on an annual basis or upon any

revision, an acknowledgement of their responsibilities, duties, obligations, and compliance under the ERMP. In tandem with the amendment to the ERMP, staff will be asking the Board, as it has in prior years, to complete their annual acknowledgement forms. The forms will be emailed to the Directors in a subsequent communication from the Clerk of the Board.

ATTACHMENTS

1) Resolution No. 21-07-017
2) Proposed ERMP Amendments (redline)

RESOLUTION NO. 21-07-017

RESOLUTION OF THE BOARD OF DIRECTORS OF CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA ADOPTING AND APPROVING THE AMENDED ENERGY RISK MANAGEMENT POLICY

THE BOARD OF DIRECTORS OF CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA HEREBY RESOLVES AS FOLLOWS:

WHEREAS, Clean Power Alliance of Southern California (formerly known as Los Angeles Community Choice Energy Authority) ("Clean Power Alliance" or "CPA") was formed on June 27, 2017;

WHEREAS, on April 5, 2018, the CPA Board of Directors ("Board") adopted Resolution 18-005 delegating authority to the Executive Director for certain activities related to power procurement;

WHEREAS, on July 12, 2018, the Board adopted Resolution 18-006 approving the Energy Risk Management Policy ("ERMP") which establishes a framework by which the Board, staff, and consultants conduct power procurement and related business activities that may impact the risk profile of CPA;

WHEREAS, the ERMP specifies that CPA will review the policy on an annual basis in order to determine if the ERMP should be amended, supplemented, or updated to account for changing business conditions and/or regulatory requirements;

WHEREAS, in July of 2019 and 2020, the Board approved amendments to the ERMP to account for changing business or regulatory conditions as well as administrative adjustments; and,

WHEREAS, CPA has considered the prevailing business conditions and regulatory environment and determined that refinements or updates to certain functions or activities are necessary or beneficial.

NOW, THEREFORE, BE IT DETERMINED, AFFIRMED, AND ORDERED BY THE BOARD OF DIRECTORS OF THE CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA that the attached ERMP, presented as Exhibit A, as amended therein, is hereby approved as of July 1, 2021;

IT IS FURTHER DETERMINED, AFFIRMED, AND ORDERED, any power procurement activity that falls outside the parameters of the ERMP, as amended herein, shall be brought to the Board for consideration;

IT IS FURTHER DETERMINED, AFFIRMED, AND ORDERED that any and all acts authorized pursuant to this Resolution and performed prior to the passage of this Resolution are hereby ratified and approved;

IT IS FURTHER DETERMINED, AFFIRMED, AND ORDERED that this Resolution shall be continuing and remain in full force and effect; and,

IT IS FURTHER DETERMINED, AFFIRMED, AND ORDERED that the approval of the ERMP is not a "project" under Section 21065 of the Public Resources Code and under California Environmental Quality Act ("CEQA") Guidelines Sections 15378(a) and is exempt under CEQA Guidelines Section 15061(b)(3).

ADOPTED AND APPROVED this ____ day of _____ 2021.

_____
Diana Mahmud, Chair

ATTEST:

_____
Gabriela Monzon, Secretary

Energy Risk Management Policy

July ~~9~~1,
~~2020~~2021

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Section 1: ENERGY RISK MANAGEMENT POLICY OVERVIEW

1.1 Background and Purpose

The Clean Power Alliance of Southern California (CPA) is a Joint Powers Authority (JPA) administering a Community Choice Aggregation (CCA) program in Southern California. CPA service territory currently includes 32 jurisdictions – 30 cities and the unincorporated parts of Los Angeles and Ventura Counties. CPA members presently include the following:

Counties:

Los Angeles

Ventura

Cities:

Agoura Hills	Hawaiian Gardens	Santa Monica
Alhambra	Hawthorne	Sierra Madre
Arcadia	Manhattan Beach	Simi Valley
Beverly Hills	Malibu	South Pasadena
Calabasas	Moorpark	Temple City
Camarillo	Ojai	Thousand Oaks
Carson	Oxnard	Ventura
Claremont	Paramount	West Hollywood
Culver City	Redondo Beach	Westlake Village
Downey	Rolling Hills Estates	Whittier

CCA, authorized in California under AB 117 and SB 790, allows local governments, including counties and cities, to purchase wholesale power supplies for resale to their residents and businesses as an alternative to electricity provided by an Investor Owned Utility (IOU). For CPA members, that IOU is Southern California Edison (SCE). Electricity procured by CPA to serve customers is delivered over SCE's transmission and distribution system.

CPA exists to serve its local government members, and the residences and businesses located within their respective communities. CPA's specific objectives are to provide its customers with a reliable supply of electricity, at competitive electric rates, sourced from a generation portfolio with lower greenhouse gas (GHG) emissions and higher renewable content than the incumbent utility, SCE. CPA also has goals to be a catalyst for local economic development and give its member agencies greater choice in the energy procured for their residents.

To meet these commitments, CPA must procure electric power supplies and operate in the wholesale energy market which exposes CPA, and ultimately the customers that it serves, to various risks. The intent of the Energy Risk Management Policy (ERMP) is to provide CPA, and by extension its customers, with a

framework to identify, monitor and manage risks associated with procuring power supplies and operating in wholesale energy markets.

The Energy Risk Management Policy (ERMP), including its appendices, establishes CPA's Energy Risk Program.

1.2 Scope

Unless otherwise explicitly stated in the ERMP or other policies approved by the CPA Board of Directors (Board), the ERMP applies to all power procurement and related business activities that may impact the risk profile of CPA. The ERMP documents the framework by which CPA staff and consultants will:

- Identify and quantify risk
- Develop and execute procurement strategies
- Develop controls and oversight
- Monitor, measure and report on the effectiveness of the ERMP

To ensure its successful operation, CPA has partnered with experienced consultants to provide power supply services. Specific to power procurement, CPA has partnered with a third-party Scheduling Coordinator that augments CPA's internal Front (scheduling), Middle (monitoring) and Back (settlement) Office related activities as discussed at Section 4.3. The Scheduling Coordinator supporting CPA's power procurement activities will adhere to and be governed by the ERMP in providing these services to CPA. In addition, the Scheduling Coordinator's activities executed on CPA's behalf will be governed by its own risk management policies and procedures, and prudent industry practices.

1.3 Energy Risk Management Objective

The objective of the ERMP is to provide a framework for conducting procurement activities that maximize the probability of CPA meeting the goals listed in Section 2.1.

Pursuant to the ERMP, CPA will identify and measure the magnitude of the risks to which it is exposed and that contribute to the potential for not meeting identified goals.

1.4 ERMP Administration

The ERMP has been reviewed and approved by the Board. The Executive Director in consultation with the Risk Management Team (collectively, the "RMT"), as defined in Section 4.2, and the Board must approve amendments to the ERMP, except for appendices D, E, and F, which may be amended with approval of the Executive Director, in consultation with the RMT. The Executive Director must give notice to the Board of any amendment it makes to an appendix or a reference policy or procedure document.

Section 2: GOALS AND RISK EXPOSURES

2.1 ERMP Goals

To help ensure its long-term success, CPA has outlined the following goals:

- Build a portfolio of resources with lower GHG emissions and higher renewable content than SCE;
- Meet reliability requirements established by the State of California, and operate in a manner consistent with Prudent Utility Practice (defined as the practices generally accepted in the utility industry to ensure safe, reliable, compliant and expeditious operations);
- Maintain competitive retail rates with SCE after adjusting for exit fees (currently the Power Charge Indifference Adjustment or PCIA) and Franchise Fees paid by CPA customers;
- Emphasize during the initial years of operation the funding of financial reserves to meet the following long-term business objectives:
    - Stabilize rates by dampening year-to-year variability in power supply costs;
    - Establish an investment-grade credit rating to maximize the ability of CPA to engage in long-term acquisition or development of generation supplies consistent with ERMP goals; and
    - Provide a source of equity capital for investment in generation.

The goals outlined above are incorporated into the financial models and metrics that are used to monitor and measure risk and ERMP success. It is important to note that the goals listed above are not intended to be a comprehensive list of goals for CPA. Rather, the above reflect the overarching goals critical to CPA's long-term financial success and that will guide the ERMP.

2.2 Risk Exposures

For the purpose of the ERMP, risk exposure is assessed on all transactions (energy, environmental attributes, and capacity) as well as the risk exposure of open positions and the impacts of these uncertainties on CPA's load obligations.

CPA faces a range of risks during launch and ongoing operation including:

- Customer opt-out risk
- Market risk
- Regulatory risk
- Volumetric risk
- Model risk
- Operational risk
- Counterparty credit risk
- Reputation risk

2.2.1 Customer Opt-Out Risk

Customer opt-out risk may be realized by any condition or event that creates uncertainty within, or a diminution of, CPA's customer base. Customer opt-out risk is manifested in two separate ways.

First, the ability of customers to return to bundled service from SCE creates uncertainty in CPA's revenue stream, which is critical for funding ERMP goals and achieving the investment grade credit rating needed to successfully operate over the long-term.

Second, customer opt-out risk can potentially challenge the ability of CPA to prudently plan for, and cost-effectively implement, long-term resource commitments made on behalf of its member communities and the customers it serves.

CPA will manage customer opt-out risk through the following means:

- Implement a key accounts program and maintain strong relationships with the local community including elected leaders, stakeholders and all of the customers CPA serves;
- Actively monitor and advocate for the interests of CPA and its customers in SCE ratemaking proceedings, California Public Utilities Commission (CPUC) proceedings that potentially affect exit fees paid by CPA customers, as well as all regulatory and legislative proceedings where an adverse outcome may challenge the ability of CPA to deliver on customer commitments;
- Regularly monitor and report actual and projected financial results including probability-based and stress-tested financial results assuming a range of possible future outcomes with respect to:
    - Future SCE generation and PCIA rates;
    - Future market costs for energy, environmental attributes and capacity; and
    - Anticipated or threatened regulatory actions, when appropriate.
- Adopt, implement and update, as needed, a formal Energy Risk Hedging Strategy (Appendix B) describing the strategy that CPA will follow for engaging in procurement activities; and
- Evaluate expansion of CPA's customers base through incorporation of other eligible communities into the CCA.

2.2.2 Market Risk

Market risk is the uncertainty of CPA's financial performance due to variable commodity market prices (market price risk) and uncertain price relationships (basis risk). Variability in market prices creates uncertainty in CPA's procurement costs, which has a direct impact on customer rates. CPA will manage market risk through:

- Regular measurement;
- Execution of approved procurement;
- Hedging and Congestion Revenue Right strategies; and
- Use of the Limit Structure set forth in the ERMP (see limits in Section 5.1.2 and Appendix B).

2.2.3 Regulatory and Legislative Risk

CPA and other CCAs are subject to an evolving legal and regulatory landscape. Additionally, CCAs are in direct competition with California's IOUs in supplying retail electricity and the IOUs face the risk of stranded investments in generating assets and power purchase agreements procured in the past to serve now departing CCA loads. The manner in which such stranded costs of these legacy power supplies are allocated to departing CCA loads is subject to change based on various proceedings at the CPUC. The outcome of such proceedings will directly affect the cost of power for CPA's customers, as well as impact the rate competitiveness of CPA.

In addition to exit fees, potential regulatory and/or legislative changes could affect the ability of CPA to exercise local control over the manner and means of procuring power supplies to serve its customers.

CPA will manage regulatory and legislative risks by:

- Regularly monitor and analyze legislative and regulatory proceedings impacting CCAs; and
- Actively participate in, and advocate for, the interests of CPA and its customers during regulatory and legislative proceedings.

2.2.4 Volumetric Risk

Volumetric risk reflects the potential uncertainty in the quantity of different power supply products (e.g., renewable energy, Carbon Free Energy and capacity) required to meet the needs of CPA customers. This uncertainty can lead to adverse financial outcomes, as well as create potential for CPA to fail to meet reliability or renewable energy compliance requirements established by the State of California and/or the CPA Board. Customer load is subject to fluctuation due to customer opt-outs or departures, temperature deviation from normal, unforeseen changes in the growth of behind the meter generation by CPA customers, unanticipated energy efficiency gains, new or improved technologies, as well as local, state and national economic conditions. CPA will manage volumetric risk by taking steps to:

- Implement robust short- and long-term load and generation supply forecast methodologies, including regular monitoring of forecast accuracy through time and refining such forecasts, including by incorporating CPA's actual load data into forecasts as such data becomes available;
- Account for volumetric uncertainty in load and/or generation supply in in the Energy Risk Hedging Strategy;
- Monitor trends in customer onsite generation, economic shifts, and other factors that affect electricity customer consumption and composition; and
- Proactively engage with customers in developing distributed energy resources and behind-the-meter generation and energy efficiency programs so as to better forecast changes in load.

2.2.5 Model Risk

Model risk has potential for an inaccurate or incomplete representation of CPA's actual or forecast financial performance due to deficiencies in models and/or information systems used to capture all transactions. CPA will manage model risk by:

- RMT ratification of models used to forecast financial performance, net positions and/or measure risk;
- Ongoing review of model outputs;
- A requirement to record all procurement transactions in a single trade capture system; and
- Ongoing update and improvement of models as additional information and expertise is acquired and industry best practices evolve.

2.2.6 Operational Risk

Operational risk is the uncertainty of CPA's financial performance due to weaknesses in the quality, scope, content, or execution of human resources, technical resources, and/or operating procedures within CPA. Operational risk can also be exacerbated by fraudulent actions by employees or third parties or inadequate or ineffective controls. CPA will manage operational risk through:

- The controls set forth in the ERMP;
- RMT oversight of procurement activity;
- Timely and effective reporting to the Executive Director in consultation with the RMT, and the Board;
- Implementation of a compliance training program for CPA staff;
- Ongoing CPA and Scheduling Coordinator staff education/training and participation in industry forums; and
- Annual audits to test compliance with the ERMP.

2.2.7 Counterparty Credit Risk

Counterparty credit risk is the potential that a counterparty will fail to perform or meet its obligations in accordance with terms agreed to under contract. CPA's exposure to counterparty credit risk is controlled by the limit controls set forth in the Credit Policy described in Section 6.

2.2.8 Reputation Risk

Reputation risk is the potential that CPA's reputation is harmed, causing customers to opt-out of CPA service and migrate back to SCE. Reputational risk is also the potential that energy market participants view CPA as an untrustworthy business partner, thus reducing the pool of potential counterparties and/or having counterparties apply a CPA-specific risk premium to pricing. Reputational risk is managed through:

- Implementation of and adherence to the ERMP;
- Engaging in ethical, transparent and honest business practices during trading activities; and
- Establishment and adherence to industry best practices including both those adopted by other CCAs, as well as those adopted by traditional municipal electric utilities.

Section 3: BUSINESS PRACTICES

3.1 General Conduct

It is the policy of CPA that all Board members, staff, and consultants (collectively referred to "CPA Representatives"), adhere to standards of integrity, ethics, conflicts of interest, compliance with statutory law and regulations and other applicable CPA standards of personal conduct while employed by or affiliated with CPA. Towards this end, all persons performing marketing and trading functions on behalf of CPA shall be subject to, read, understand, and abide by the provisions contained in the CPA Code of Marketing and Trading Practices (see Appendix F).

3.2 Trading for Personal Accounts

All CPA Representatives participating in any transaction or activity within the coverage of the ERMP are required to comply with the CPA Conflict of Interest Code approved by the Fair Political Practices Commission and are obligated to give notice in writing to CPA of any legal, financial or personal interest such person has in any counterparty that seeks to do business with CPA, and to identify any real or potential conflict of interest such person has or may have with regard to any existing or potential contract or transaction with CPA, within 48-hours of becoming aware of the conflict of interest. Written notice should be submitted to the Executive Director substantially in the form of the letter notification shown in Appendix E. This written notice obligation shall be in addition to the regulations or requirements of the Fair Political Practices Commission (e.g., Statement of Economic Interests, Form 700) and any policy adopted by the CPA Board of Directors, including but not limited to the Vendor Communication Policy No. 2019-10.

Further, all persons are prohibited from personally participating in any transaction or similar activity that is within the coverage of the ERMP, or prohibited by California Government Code Section 1090, and that is directly or indirectly related to the trading of electricity and/or environmental attributes as a commodity.

If there is any doubt as to whether a prohibited condition exists, then it is the CPA Representative's responsibility to discuss the possible prohibited condition with CPA General Counsel.

3.3 Adherence to Statutory Requirements

All CPA Representatives are required to comply with rules promulgated by the State of California, CPUC, California Energy Commission, Federal Energy Regulatory Commission (FERC), Commodity Futures Trading Commission (CFTC), and other regulatory agencies.

Congress, FERC and CFTC have enacted laws and regulations that prohibit, among other things, any action or course of conduct that actually or potentially operates as a fraud or deceit upon any person in connection with the purchase or sale of electric energy or transmission services. These laws also prohibit any person or entity from making any untrue statement of fact or omitting a material fact where the omission would make a statement misleading. Violation of these laws can lead to both civil and criminal actions against the individual involved, as well as CPA. The ERMP is intended to comply with these laws, regulations and rules and to avoid improper conduct on the part of anyone employed by CPA. These procedures may be modified from time to time based on legal requirements, auditor recommendations,

and other considerations.

In the event of an investigation or inquiry by a regulatory agency, CPA will provide legal counsel to employees provided the subject of the investigation is within the employee's course and scope of employment. However, CPA reserves the right to refrain from providing legal counsel if it reasonably appears to the CPA General Counsel and Executive Director that the employee was either not acting in good faith or was acting outside the course and scope of his or her employment.

CPA employees are prohibited from working for another power supplier, CCA or utility while they are simultaneously employed by CPA unless an exception is authorized by the Board.

3.4 Transaction Type

Authorized transaction types are listed in Appendix C. Each approved transaction type that is listed is included to either meet a mandatory procurement obligation required of all Load Serving Entities (LSE) serving retail loads in California; and/or alternatively, the approved product is needed for CPA to meet an identified ERMP goal. Major transaction types include:

- Resource Adequacy Capacity is a mandatory procurement obligation that ensures adequate generation supplies are available on a planning basis to reliably meet the requirements of electric consumers in the California Independent System Operator (CAISO) balance authority;
- Portfolio Content Category 1 (PCC1) and Portfolio Content Category 2 (PCC2) renewable energy must be procured by CPA to comply with the state of California's Renewable Portfolio Standard, as required by SB 350. CPA has made a voluntary decision to purchase incremental quantities of PCC1 and/or PCC2 renewable energy to exceed the renewable portfolio content of the incumbent utility;
- Carbon Free Energy is a voluntary purchase of specified source energy from large hydroelectric generation than enables CPA to provide its customers with electricity sourced from generators producing low GHG emissions so that member agencies can meet their climate action plans and CPA can contribute to combatting climate change;
- Physical Energy products are a voluntary purchase made by CPA to provide cost certainty and rate stability for customers; and
- The CAISO is the largest grid operator in the state of California and CPA members lie within its balancing area. CAISO operates Day-Ahead, Fifteen Minute and Real-Time Markets and other ancillary markets necessary for reliable operation of the grid. CPA is required to participate in CAISO markets. Acquisition of the CAISO products listed in Appendix C either result from mandatory participation in CAISO's markets, or are useful for managing short-term market risks associated with CAISO's markets.

The strategy for using and procuring the approved products is described in further detail in the Energy Risk Hedging Strategy.

3.4.1 Exceptions

New transaction types may provide CPA with additional flexibility and opportunity but may also introduce new risks. Therefore, transaction types not included in Appendix C must be approved by the RMT and the Board prior to execution using the process defined below.

When seeking approval for a new transaction type, a New Transaction Type Approval Form, as shown in Appendix D, is to be drafted describing all significant elements of the proposed transaction. The proposal write-up will, at a minimum, include:

- A description of the benefit to CPA, including the purpose, function and expected impact on costs (i.e.; decrease costs, manage volatility, control variances, etc.);
- Identification of the in-house and/or external expertise that will manage and support the new or non-standard transaction type;
- Assessment of the transaction's risks, including any material legal, tax or regulatory issues;
- How the exposures to the risks above will be managed by the Limit Structure;
- Proposed valuation methodology (including pricing model, where appropriate);
- Proposed reporting requirements, including any changes to existing procedures and system requirements necessary to support the new transaction type;
- Proposed accounting methodology; and
- Proposed work flows/methodology (including systems).

It is the responsibility of the Middle Office to ensure that relevant departments have reviewed the proposed transaction type and that material issues are resolved prior to submittal to the Board for approval. If the transaction type is approved, Appendix C to the ERMP will be updated to reflect its addition.

3.5 Counterparty Suitability

All counterparties with whom CPA transacts must be reviewed for creditworthiness and assigned a Credit Limit as described in Section 6.

3.6 System of Record

Since information systems play a vital role ~~in~~ for CPA's trading and risk management abilities, CPA shall maintain and secure a System of Record. ~~ensure that the information systems and technology used to store all transaction information are maintained and secure.~~ CPA's transaction and contract data ~~s~~ are also stored in its Scheduling Coordinator's energy trading and risk management system.

CPA's ~~Information~~ Technology and Data and Systems group supports the security, integrity, and recoverability of the System of Record. The Scheduling Coordinator has assigned a Database Administrator (DBA) that is charged with database security and maintenance for the Scheduling Coordinator's transaction database. For data ~~security~~recoverability, transaction data stored in the ~~s~~System of ~~r~~Record ~~will be~~is replicated daily to ensure data redundancy and is backed-up ~~to an off-site location~~via cloud-based applications.

All transaction records will be maintained in US dollars and will be separately recorded and categorized by type of transaction and other characteristics, in line with standard industry practice. This ~~system~~ System of ~~record~~ Record shall be auditable~~,~~ and audited as appropriate.

3.7 Transaction Valuation

Transaction valuation and mark-to-market (valuing of an asset based on its current market price) reporting

of positions shall be based on independent, publicly available, market-observed prices (replacement costs) whenever possible. In the event there are not market-observed prices, the value of CPA's transactions shall follow a notional value calculation (the total nominal dollar value of a transaction over its full duration) or other methodology approved as part of the new product approval process.

All transactions and open positions will be valued daily.

3.8 Stress Testing

In addition to limiting and measuring risk using the methods described herein, stress testing shall also be used to examine performance of the CPA portfolio under potential adverse conditions. Stress testing is used to understand the potential variability in CPA's projected procurement costs and resulting impacts on customer rates and CPA's competitive positioning associated with low probability events. The Middle Office will perform stress-testing of the portfolio as directed by the RMT.

3.9 Trading Practices

As previously noted, CPA exists to serve its customers. The scope of its wholesale market operations is limited to that which is required to meet the power supply obligations of its customers consistent with ERMP goals. It is the expressed intent of the ERMP to prohibit wholesale market activities that result in procurement of any power supply product beyond that which is required to meet an identifiable need of CPA customers. The purchase or sale of any power supply product beyond what is reasonably anticipated to be needed to meet the requirements of CPA customers is a speculative transaction and is prohibited.

In the course of developing operating plans and conducting procurement activities, CPA recognizes that staff must employ reasonable expertise and judgment, and it is not the intent of the ERMP to restrain the legitimate application of analysis and market expertise in executing procurement strategies intended to minimize costs or maximize the value of generation within the constraints of the ERMP. If any questions arise as to whether a proposed transaction(s) constitutes speculation, the RMT shall review the transaction(s) to determine whether the transaction(s) would constitute speculation and shall document its findings. As used here, "speculation" means the act of trading an asset with the expectation of realizing financial gain resulting from a change in price in the asset being transacted.

Staff and consultants engaged in procurement activities will also observe the following practices:

- Persons shall conduct business in good faith and in accordance with all applicable laws, regulations, tariffs and rules;
- Persons shall not arrange or execute wash trades (i.e., offsetting transactions where no financial risk is taken);
- Persons shall not disseminate known false or misleading information or engage in transactions to exploit such information;
- Persons shall not game or otherwise interfere with the operation of a well-functioning competitive market;
- Persons shall not collude with other market participants; and
- Persons shall immediately report any known or suspected violation of the ERMP.

3.10 Training

CPA recognizes the importance of ongoing education to manage risk and to contribute to ERMP success. Towards this end, CPA will observe the following practices:

- All employees executing procurement transactions on behalf of CPA must receive appropriate training in the attributes of each product type that they transact, how the product furthers the portfolio objectives of CPA, and how the risk profile of CPA is impacted by procurement of each product;
- All employees executing procurement activities shall complete required and available energy market compliance training as determined by the Chief Operating Officer once per calendar year and acknowledge receipt of said training in writing;
- The Human Resources Department shall maintain records of each employee's training status.

Section 4: ORGANIZATIONAL STRUCTURE AND RESPONSIBILITIES

4.1 Board of Directors Responsibilities

The Board has the responsibility to review and approve the ERMP. With this approval, the Board acknowledges responsibility for understanding the risks CPA is exposed to through its CCA activity and how the policies outlined in the ERMP help CPA manage the associated risks. The Board is also responsible to:

- Provide strategic direction to CPA;
- Consider transactions beyond authorities delegated to the Executive Director in consultation with the RMT;
- Consider changes to the Energy Risk Hedging Strategy (see Appendix B); and
- Consider new transaction types not currently listed in the ERMP (see Appendix C).

4.2 Risk Management Team

The RMT is responsible for implementing, maintaining and overseeing compliance with the ERMP and for maintaining the Energy Risk Hedging Strategy. At a minimum, the members of the RMT shall include the Executive Director and at least two additional CPA staff members with experience in energy markets selected at the sole discretion of the Executive Director.

The primary goal of the RMT is to ensure that the procurement activities of CPA are executed within the guidelines of the ERMP and are consistent with Board directives. The RMT shall consider and propose changes to the ERMP when conditions dictate.

Pursuant to direction and delegation from the Board of Directors and the limitations specified by this ERMP, the Executive Director, in consultation with the RMT, maintains authority over procurement activities for CPA. This authority includes, but is not limited to, taking any or all actions necessary to ensure compliance with the ERMP.

The RMT responsibilities may include, but are not limited to:

- Maintain the Energy Risk Hedging Strategy and ensure that all procurement strategies and related protocols are consistent with the ERMP;
- Review financial and risk models and subsequent changes;
- Establish counterparty Credit Limits;
- Review initial counterparty credit review models and methods for setting and monitoring Credit Limits and subsequent changes;
- Review reports as described in the ERMP;
- Meet to review actual and projected financial results and potential risks;
- Keep apprised of any change in the environment in which CPA operates that has a material effect upon the risk profile of CPA;
- Review summaries of limit violations and recommend corrective actions, if necessary; and

- Review the effectiveness of CPA's energy risk measurement methods.

4.3 Segregation of Duties

CPA shall work to maintain a segregation of duties, also referred to as "separation of function," to help manage and control the risks outlined in the ERMP. Individuals responsible for legally binding CPA to a transaction will not also perform confirmation or settlement functions without supplemental, transparent, and auditable controls. CPA also will leverage the organizational structure of the Scheduling Coordinator's Middle and Back offices to help maintain a segregation of duties. The Front, Middle and Back Office responsibilities for CPA are described below.

4.3.1 Front Office

The Front Office is headed by the Director of Power Planning & Procurement. The Front Office has overall responsibility for (1) managing all activities related to procuring and delivering resources needed to serve CPA load, (2) analyzing fundamentals affecting load and supply factors that determine CPA's net position, and (3) transacting within the limits of the ERMP and associated policies to balance loads and resources and maximize the value of CPA assets through the exercise of approved optimization strategies. Other duties associated with these responsibilities include:

- Assist in the development and analysis of risk management hedging products and strategies, and bring recommendations to the RMT;
- Prepare a monthly operating plan for the prompt month (the month following the current month) that gives direction to the Day-Ahead and Real-Time Market trading and scheduling staff regarding the bidding and scheduling of CPA's resource portfolio in the CAISO market;
- Calculate and maintain the net forward positions (a forecast of the anticipated electric demands compared to existing resource commitments) of CPA for all power products (energy, renewable energy, Carbon Free Energy and Resource Adequacy Capacity);
- Develop, price and negotiate hedging products;
- Oversee scheduling of load and resources into CAISO;
- Keep accurate records of all executed transactions;
- Manage and facilitate the transaction execution process for power supply transactions through coordination of the following activities:
    - Notify Front Office personnel of any anticipated unique physical delivery or scheduling issues;
    - Work with Middle Office personnel and legal counsel to establish a contract, evaluate counterparty creditworthiness and secure additional credit from the counterparty, if necessary;
    - Work with Middle Office, as needed, to perform an analysis of the potential transaction to evaluate the effect on CPA's portfolio risks;
    - Notify Back Office of terms and conditions affecting settlement to ensure that the necessary settlement procedures are in place.

4.3.2 Middle Office

The Middle Office functions will be the responsibility of the Chief Financial Officer. The Middle Office provides market and credit risk oversight, has responsibility for development of risk management policies and procedures, monitors compliance with the same, and keeps management and the Board informed on risk management issues. CPA will maintain its Middle Office functions independent from the front and back office functions.

Middle Office responsibilities include the following:

- Create and ensure compliance with policies outlining standard procedures for conducting business;
- Oversee short-term and long-term load forecasting;
- Estimate and publish daily forward monthly power and natural gas price curves for a minimum of the balance of the current year through the next calendar year;
- Verify the net forward positions of CPA for all power products;
- Ensure that CPA adheres to all risk policies and procedures;
- Implement and enforce credit policies and limits;
- Confirm~~s~~ all transactions conform to commercial terms and ~~reconciles differences with the trading counterparties~~alert~~s~~ Front Office to discrepancies;
- Ensure all trades have been entered into the ~~appropriate system~~ System of ~~record~~Record as well as the Scheduling Coordinator's transaction data management system;
- Ensure that all CAISO Day-Ahead, Fifteen Minute and Real-Time Market delivery volumes and prices are entered into a transaction database;
- Review models and methodologies and recommend RMT approval, as needed;
- ~~Maintain a record of all transactions in a single trade capture system; and~~
- Mark unrealized and realized gains and losses associated with CPA hedge activity.
- Development and maintain financial and energy risk management models as directed by the RMT
- Develop and maintain load forecasting models and perform long term load forecasts as directed by RMT

4.3.3 Back Office

The Back Office functions will be the responsibility of the Chief Financial Officer. It provides support with a wide range of administrative activities necessary to execute and settle transactions and to support the risk control efforts (e.g., transaction entry and/or checking, data collection, billing, etc.) consistent with the ERMP. Through its partnership with the Scheduling Coordinator, CPA will maintain its Back Office functions independent from the Front and Middle Office functions.

Back Office responsibilities include the following:

- Ensuring timely and accurate financial reporting;
- Maintaining a system of financial controls and business processes that control financial risk;

- Maintaining the overall financial security of transactions undertaken on behalf of CPA;
- Carrying out month-end checkout of all transactions each month; and
- Validation and prompt payment of energy related invoices payable by CPA and resolving disputes with counterparties;
- Generation and prompt collection of energy related invoices payable by counterparties

Section 5: DELEGATION OF AUTHORITY

5.1 Risk Limits

The following limits apply to all CPA procurement activities. These limits are Board-approved and define the limits that CPA must operate within. The metrics and management of risk within these limits is further described in the Energy Risk Hedging Strategy.

5.1.2 Delegation Authority

Through its approval of the ERMP, the Board has delegated operations and oversight to the Executive Director, in consultation with the RMT, as outlined through the ERMP. Specifically, to facilitate daily operations of the CCA, the Board has delegated transaction execution authorities shown in the table below.

Position	*Term Limit**	*Counterparty Limit*	*Notional Value Limit (per transaction)*	*Notional Value Limit (annual)*
Executive Director in consultation with the RMT	5 years	Pursuant to Credit Policy	Board-approved limits set in the Energy Risk Hedging Strategy	
Executive Director	1 year	Pursuant to Credit Policy	$10m	$80m[1]

*Term is the total duration of the contract, defined as the number of days between the beginning flow date and the ending flow date, inclusive.

For operational flexibility, the Executive Director will have the authority to delegate transaction execution authority to either the Chief Operating Officer or Director of Power Planning & Procurement, as needed. Any delegation will be documented in writing and contain any limitations or exclusions that the Executive Director deems necessary.

For a transaction to be valid, it must conform to each of the four limits specified in the above table.

These limits will be applied to wholesale power procurement outside of transactions directly executed with the CAISO. These limits provide CPA the needed authority to manage risks as they arise. Transactions falling outside the delegations above require Board approval prior to execution.

Transactions with CAISO and CAISO administrative fees are excluded from this table. CAISO transactions are limited to those required for scheduling contracts in the CAISO market and for balancing CPA's load and resources.

[1] Annual limits intended to reflect approximately 10% of annual power supply costs.

5.1.3 Long-Term Procurement

Long-term procurement, defined as contract terms greater than 5 years will be subject to Board approval. Long-term contracts are procured through solicitations~~ or ~~, bilateral negotiations, or regulatory proceedings, with oversight including shortlist approvals or ~~project~~ procurement recommendations, provided by the Energy Resources & Planning Committee of the Board.

All long-term contracts are evaluated using standard evaluation criteria, including economic value over the life of the contract and any additional evaluation criteria established by the Energy Resources & Planning Committee and consistent with Board policy directives. Proposals received in solicitations, including all pricing and other confidential submission information, are reviewed by an RFO Review Team comprised of the Executive Director, additional Staff members as determined by the Executive Director, and a subset of Board members serving on the Energy Resources and Planning Committee, unless otherwise determined appropriate by the Executive Director and General Counsel in consultation with the Board Chair and Chair of the Energy Resources and Planning Committee. Proposals, either from solicitations, ~~or~~ bilateral negotiations, or regulatory proceedings, are evaluated by the Energy Resources & Planning Committee and approved for contract negotiations. Final awards are then presented for Board consideration in accordance with applicable law.[2]

Any amendments to a Board-approved long-term contract that make material changes to the terms of the contract including, but not limited to, changes to price, volume, project size, commercial operation date, counterparty security requirements, or other amendments that impact the evaluation criteria upon which a project was approved must be also approved the Board.

Minor, non-core amendments, or additional agreements that are administrative in nature or arising from the counterparties effectuating their obligations related to the project under normal course of business (e.g., implementing project financing, consent to collateral assignment, assignments, changes to progress reporting forms, insurance obligations, or termination), may be approved by the Executive Director.

All procurement executed under the delegation above~~,~~ must align with CPA's underlying risk exposure (i.e., load requirements, locational and temporal) that is being hedged consistent with the Energy Risk Hedging Strategy. The RMT will consider risks associated with executed or planned long-term procurement within its evaluation of overall portfolio risk and procurement decision-making.

5.1.4 Volume Limits

Transactions should not be executed that exceed CPA's energy, capacity, or renewable or Carbon Free Energy requirements. If there is an adjustment to CPA requirements resulting in the volume of existing transactions exceeding CPA's requirements, the RMT will determine the ~~offsetting strategy deployed in sufficient proportion to mitigate the encroachment~~most favorable strategy to appropriately rebalance the portfolio.

An exception to the above limits may be made by the RMT if executing a transaction exceeding load will minimize costs or is necessary to ensure compliance. For example, procuring RA for the entire year could cause CPA to hold excess RA in certain months. Such a transaction would be acceptable if a lower cost

[2] Awards will be presented without market sensitive information (i.e., pricing or other sensitive commercial terms) for Board consideration in accordance with applicable law.

alternative transaction or set of transactions that more closely matches monthly needs is unavailable.

5.1.5 Locational Limits

The delivery location for all transactions must support the requirements of CPA's source or sink locations.

5.1.6 CAISO Submission Limits

CPA shall bid at least 80% of its forecast load requirements in the Day-Ahead Market and bids shall not exceed 100% of forecast load requirements.

CPA shall offer no more than 100% of the forecasted generation capability in the Day-Ahead Market. CPA shall follow CAISO protocols for all activity within CAISO.

5.2 Monitoring, Reporting and Instances of Exceeding Risk Limits

The Middle Office is responsible for monitoring and reporting compliance with all limits within the ERMP. If a limit or control is violated, the Middle Office will send notification to the trader responsible for the violation and the RMT. The RMT will discuss the cause and potential remediation of the exceedance to determine next steps for curing the exceedance.

Section 6: CREDIT POLICY AND COUNTERPARTY SUITABILITY

Prior to execution of any transaction, the Front Office will verify that CPA has executed a master agreement with the counterparty, that the counterparty has been evaluated for creditworthiness, and that an approved Credit Limit has been established. No transactions may be executed without first ensuring the transaction falls within the unutilized Credit Limit for the counterparty or has been approved on an exception basis by the RMT.

6.1 Master Enabling Agreements and Confirmations

Transactions are governed by master agreements, the forms of which must be prepared by CPA General Counsel and approved by the Board. No transactions may be executed without a fully executed master agreement being on file. Written confirmations of each transaction will contain standard commercial terms and provisions. Material modifications or additions to standard commercial terms in confirmations require approval by legal counsel.

It is CPA's policy to confirm all transactions in writing. All confirmations received from counterparties will be matched against trades in the ~~s~~System of ~~r~~Record. Any discrepancies between a confirmation and the ~~s~~System of ~~r~~Record may be handled by the Front Office representative that executed the transaction, or if necessary, a Middle Office representative will seek resolution with the counterparty. All confirmations will be kept on file.

6.1.1 Exceptions

It is standard industry practice to not provide written confirmation of certain short-term transactions with a term of one day or less. Additionally, CPA may agree with certain counterparties to alternative methods for confirming certain transactions. Transactions executed in a recorded telephone conversation or recorded instant message in which the offer and acceptance shall constitute the agreement of the parties must be confirmed in writing after-the-fact, with notice being provided to the counterparty within 72 hours.

6.2 Counterparty Suitability

All counterparties shall be evaluated for creditworthiness by the Middle Office prior to execution of any transaction and no less than annually thereafter. Additionally, counterparties shall be reviewed if a change has occurred, or is perceived to have occurred, in market conditions or in a company's management or financial condition. This evaluation, including any recommended increase or decrease to a Credit Limit, shall be documented in writing and include all information supporting such evaluation in a credit file for the counterparty.

Counterparty Credit Limits, and credit and payment terms will be recommended by the Middle Office for approval by the RMT consistent with CPA's Credit Protocols. The Middle Office will undertake credit analysis that shall include, at a minimum, an evaluation of current audited financial statements or other supplementary data and consider factors such as:

- Liquidity
- Leverage (debt)
- Profitability
- Net worth
- Cash flow
- Proposed collateral and other contract terms

Counterparty's senior unsecured or corporate credit rating will be obtained from one of the nationally recognized rating agencies (S&P, Moody's, and/or Fitch) if available. Trade and banking references, and any other pertinent information, may also be used in the review process.

When establishing credit and payment terms, RMT will consider the Credit Limit of the counterparty, current exposure to the counterparty, the product type and tenor of existing and/or future transactions, notional value of proposed or future transactions with the counterparty and the availability/scarcity and commercial significance of the product being traded. A counterparty may choose to provide a guarantee from a third party, provided the third party satisfies the criteria for a Credit Limit as outlined herein.

6.3 Maximum Credit Limit

Each new counterparty Credit Limit or increase to an existing limit will be reviewed by the RMT. The maximum amount of any Credit Limit extended to a counterparty shall not exceed $~~4~~50,000,000[3] unless approved in writing by the Board.

6.4 Credit Review Exceptions

Counterparties not subject to the above credit review criteria include those associated with Day-Ahead and current day purchases where risks associated with market movements ~~is~~ are minimal.

6.5 Credit Limit and Monitoring

The Middle Office will monitor the current credit exposure for each counterparty with whom CPA transacts and include such information in the Current Counterparty Credit Risk Report. This report will be submitted to the RMT for review pursuant to the reporting requirements outlined in Section 7.

Current credit exposure is a measure of the known exposures and composed of two primary exposures – (1) realized exposure, and (2) forward exposure. Realized exposure, a payable or receivable amount owed between counterparties, is a measurement of cash flow for billed and unbilled transactions. Forward exposure is a measure of current unrealized exposure and includes the measure of a counterparty's incentive to fulfill contractual obligations. Forward exposure measures the risk associated with having a payment default or the need to replace a transaction in the event of delivery default.

6.6 CPA Credit Support

Counterparties may require CPA to post a form of credit support, such as cash or a letter of credit. The

[3] Approximately ~~5~~6% of annual power supply costs in 2021.

Middle Office will ensure that any CPA credit support requirements are evaluated and approved within the context of the overall transaction approval as specified herein.

Section 7: POSITION TRACKING AND MANAGEMENT REPORTING

A vital element in the ERMP is the regular identification, measurement and communication of risk. To effectively communicate risk, all risk management activities must be monitored on a frequent basis using risk measurement methodologies that quantify the risks associated with CPA's procurement-related business activities and performance relative to identified goals.

Minimum reporting requirements are shown below. The reports outlined below will be presented to the RMT. Reports will be generated weekly unless otherwise noted.

- **Financial Model Forecast**

  Latest projected financial performance, marked to current market prices, and shown relative to CPA's financial goals.

- **Net Position Report**

  Latest forward net position report, by product type (energy, PCC1, PCC2, Carbon Free Energy and RA capacity) for the current and prompt year.

- **Counterparty Credit Exposure**

  Current counterparty credit exposure compared against limits approved by CPA, as well as the limit assigned to CPA by the counterparty.

- **Monthly Risk Analysis**

  Cash ~~Flow~~ flow ~~at Risk and~~ forecasting and stress testing of financial forecasts relative to financial goals. Gross margin at risk reporting. Additional discussion of the specific ~~Cash Flow at Risk metric~~gross margin at risk reporting ~~that CPA will use,~~ and its application~~,~~ is provided in the Energy Risk Hedging Strategy.

- **Quarterly Board Report**

  Update on activities, projected financial performance, and general market outlook to be presented quarterly at Board meetings, communicated in a way to ensure CPA confidentiality and market sensitive data is not released.

Section 8: ERMP REVISION PROCESS

The ERMP will evolve over time as market and business factors change. At least on an annual basis, the Executive Director, in consultation with the RMT, will review the ERMP and associated procedures to determine if they should be amended, supplemented, or updated to account for changing business conditions and/or regulatory requirements. If an amendment is warranted, the ERMP amendment will be submitted to the Board for approval. Changes to ERMP appendices may be approved and implemented by the Executive Director, in consultation with the RMT, with the exception of new transaction types and changes to the Energy Risk Hedging Strategy, which also require Board approval.

8.1 Acknowledgement of ERMP

All CPA Representatives participating in any activity or transaction within the scope of the ERMP or in the case of a consultant, an executive of the consultant or a delegated representative authorized to bind the consultant with regard to ERMP obligations shall sign, on an annual basis or upon any revision, a statement approved by the Executive Director, in consultation RMT, that such CPA Representative has:

- Read the ERMP;
- Understands the terms and agreements of said ERMP;
- Will comply with said ERMP;
- If an employee, understands that any violation of said ERMP shall subject the employee to discipline up to and including termination of employment;
- If a consultant, understands that any violation of said ERMP may be grounds for consultant contract termination; and
- If a Board member, understands that any violation of said ERMP shall subject the Board member to action by the Board.

8.2 ERMP Interpretations

Questions about the interpretation of any matters of the ERMP should be referred to the Executive Director.

All legal matters stemming from the ERMP will be referred to CPA counsel.

Appendix A: DEFINITIONS

Back Office: That part of a trading organization which handles transaction accounting, confirmations, management reporting, and working capital management.

CAISO: California Independent System Operator. CAISO operates a California bulk power transmission grid, administers the State's wholesale electricity markets, and provides reliability planning and generation dispatch.

Carbon Free Energy: Energy that is generated from a specific zero carbon emitting generating asset. It is commonly used to note energy from large hydroelectric or nuclear generation that while non-carbon emitting, is not an RPS-eligible generation source. Sometimes referred to as specified source energy.

CCA: Community Choice Aggregator. CCAs allow local government agencies such as cities and/or counties to purchase and/or develop generation supplies on behalf of their residents, businesses and municipal accounts.

CFTC: Commodity Futures Trading Commission. The CFTC is a U.S. federal agency that is responsible for regulating commodity futures and swap markets. Its goals include the promotion of competitive and efficient futures markets and the protection of investors and market participants against manipulation, abusive trade practices and fraud.

Congestion Revenue Right: A point-to-point financial instrument in the Day-Ahead Energy Market that entitles the holder to receive compensation for or requires the holder to pay certain congestion related transmission charges that arise when the transmission system is congested.

Credit Limit: The maximum amount of financial exposure one party is willing to extend to another.

Day-Ahead Market: The short-term forward market conducted by an Organized Market prior to the operating day. It is intended to efficiently allocate transmission capacity and facilitate purchases and sales of energy and scheduling of bilateral transactions.

FERC: Federal Energy Regulatory Commission. FERC is a federal agency that regulates the interstate transmission of electricity, natural gas and oil. FERC also reviews proposals to build liquefied natural gas terminals, interstate natural gas pipelines, as well as licenses hydroelectric generation projects.

Front Office: That part of a trading organization which solicits customer business, services existing customers, executes trades and ensures the physical delivery of commodities.

Franchise Fee: A franchise fee is a percentage of gross receipts that an IOU pays cities and counties for the right to use public streets to provide gas and electric service. The franchise fee surcharge is a percentage of the transmission (transportation) and generation costs to customers choosing to buy their energy from third parties. IOUs collect the surcharges and pass them through to cities and counties.

IOU: An Investor Owned Utility (IOU) is a business organization providing electrical and/or natural gas services to both retail and wholesale consumers and is managed as a private enterprise.

Limit Structure: A set of constraints that are intended to limit procurement activities.

Middle Office: That part of a trading organization that measures and reports on market risks, develops risk management policies and monitors compliance with those policies, manages contract administration and credit, and keeps management and the Board informed on risk management issues.

PCIA: Power Cost Indifference Adjustment or successor. The PCIA is intended to compensate IOUs for their stranded costs when a bundled customer departs and begins taking generation services from a CCA.

Portfolio Content Category 1 (PCC1) Renewable Energy: Energy and bundled Renewable Energy Credits that is simultaneously procured from an RPS-Eligible Facility that is directly interconnected to the distribution or transmission grid within a California balancing authority area (CBA); or that is not directly interconnected to a CBA but is delivered to a CBA without substituting electricity from another source.

Portfolio Content Category 2 (PCC2) Renewable Energy: Energy and bundled Renewable Energy Credits that is simultaneously purchased from an RPS-Eligible Facility, but the energy is firmed and shaped with substitute electricity scheduled into a CBA within the same calendar year as the renewable energy is generated.

Portfolio Content Category 3 (PCC3) Renewable Energy: Renewable Energy Credits from RPS-eligible facilities that do not meet the definition of PCC1 or PCC2.

Real-Time Market: The real-time market is a spot market in which LSEs can buy power to meet the last few increments of demand not covered in their day ahead schedules, up to 75 minutes before the start of the trading hour.

Resource Adequacy Capacity: A capacity product whereby a Seller commits to a must offer obligation of its generator in the CAISO market and on behalf of a specified Load Serving Entity.

RPS-Eligible Facility: Defined under CA Public Utilities Code § 399.11 et seq. and CA Public Resources Code § 25740 et seq. as an electrical generating facility using technologies such as biomass, solar thermal, photovoltaic, wind, geothermal, fuel cells using renewable fuels, small hydroelectric generation of 30 megawatts or less, ocean wave, ocean thermal, or tidal current.

Settlement: Settlement is the process by which counterparties agree on the dollar value and quantity of a commodity exchanged between them during a particular time interval.

Stress testing: Stress testing is the process of simulating different financial outcomes to assess potential impacts on projected financial results. Stress testing typically evaluates the effect of negative events to help inform what actions may be taken to lessen the negative consequences should such an event occur.

System of Record (SOR): An ~~information~~information storage system ~~(commonly implemented on a computer systemcomputer system running a database management systemdatabase management system)~~ that is the authoritative data source for a given ~~data elementdata element~~ or piece of information.

Appendix B: ENERGY RISK HEDGING STRATEGY

1.1 Introduction

CPA is routinely exposed to commodity price risk and volume variability risk in the normal conduct of serving the power supply requirements of its customers.

This Energy Risk Hedging Strategy (ERHS) describes the strategy and framework that CPA will use to hedge the power supply requirements of its customers. Specific focus is on procurement of the following market-based products:

- Fixed Priced Energy
- Portfolio Content Category 1 Renewable Energy
- Portfolio Content Category 2 Renewable Energy
- Carbon Free Energy
- Resource Adequacy Capacity

In addition to market-based transactions entered into pursuant to this ERHS, CPA will also enter into longer-term power purchase agreements (PPAs) pursuant to statutory requirements (e.g., SB 350 mandate to, by 2021, procure a minimum of 65 percent of RPS requirements under a 10-year or longer power purchase agreement), as well as voluntary long-term resource acquisition decisions made independently by CPA pursuant to its Integrated Resource Plan or other approved Board-approved strategies. Long-term Power Purchase Agreements (PPAs) will count as hedges as described later in this ERHS.

2.1 Governance

This ERHS shall be updated, as necessary, from time to time and governed by the Energy Risk Management Policy (EMRP) approved by the CPA Board of Directors.

3.1 Hedging Program Goals

The overall goal of the ERHS is to identify exposure to commodity prices, quantify the financial impact variability in commodity prices, load requirements and generation output may have on the ability of CPA to meet its financial program goals, and manage the associated risk.

The primary goals that guide this ERHS are:

- Acquire a portfolio of resources with lower greenhouse gas emissions and higher renewable content than SCE;
- Meet reliability requirements established by the state of California, and operate in a manner consistent with prudent utility practice;

- Maintain competitive retail rates with SCE after adjusting for exit fees (currently the Power Charge Indifference Adjustment or PCIA) and Franchise Fees paid by CPA customers;
- Build financial reserves to ensure the CPA's long-term financial objectives are achieved.

All hedging activities will be conducted to achieve results consistent with the above goals and to meet the power supply requirements of CPA's customers. Any transaction that cannot be directly linked to a requirement of serving CPA's customers, or that serves to reduce risk is prohibited.

4.1 Hedging Targets and Strategies

4.1.1 Fixed Price Energy

Fixed Price Energy purchases provide for suppliers to deliver energy – for which CPA will receive energy market revenues – to CPA at a fixed price. They are used to manage the electricity commodity price risk that the CPA faces as a Load Serving Entity. Specific to CPA's customers, Fixed Price Energy hedges are used to provide cost certainty and rate stability.

CPA predominantly employs Fixed Price Block Energy contracts, which provide for suppliers to deliver a predetermined volume of energy at a constant delivery rate. As CPA enters into long- term, fixed price contracts for renewable and/or carbon-free energy, these will likewise hedge CPA's market risk and, subsequently, reduce the required volume of Fixed Price Block Energy purchases.

When assessing its requirements for Fixed Price Energy, CPA will use an econometric model to forecast hourly energy requirements and monthly peak demand by customer load class. The model will use historical data to estimate relationships between energy consumption and economic, demographic and/or weather variables. The model will be refined through time as additional load and other data is acquired.

CPA will observe the following schedule when hedging its Fixed Price Energy Requirements. The Minimum and Maximum hedge % represent the Fixed Price Energy planned or under contract divided by forecasted load.

Time Period	Minimum Hedge %	Maximum Hedge %
Prompt 1-4 Quarters	85	110
Balance of prompt year not covered by Prompt 4 Quarters	65	90
Current Calendar Year (CY) + 2	40	~~70~~80
CY + 3	30	~~60~~70
CY + 4	30	~~60~~70
CY + 5	30	~~50~~70

The hedge schedule for the Prompt Quarter will be measured as of 5 days prior to the first day of the quarter (e.g., on September 27, 2019, CPA will have hedged 85 to 110 percent of its projected energy requirements during Q4 2019 to Q3 2020).

The minimum hedge level will be achieved by implementing a time-driven programmatic strategy. Time-driven programmatic hedges are executed at a predetermined rate pursuant to a time schedule and without regard for market conditions. The purpose of these hedging transactions is to achieve a reduction

in variability in power supply costs by gradually increasing the amount of energy hedged as the actual date of consumption approaches. Time-driven strategies avoid the inherent impossibility of trying to consistently and accurately "time the market" to purchase energy at least cost when making hedging decisions. Additionally, a load serving entity the size of CPA needs to spread its procurement efforts over time to effectively manage the potential negative price impacts of procuring a large volume of energy, over a short period of time, in an illiquid market.

Hedging decisions to reach targets between the minimum and maximum hedge levels will be based on price-driven or opportunistic strategies. The purpose of price-driven or opportunistic strategies is to capitalize on market opportunities when conditions are favorable. CPA will base its decision to execute opportunistic hedges on the anticipated impact to projected power supply costs and the resulting reduction in risk.

Opportunistic hedges may be executed when energy price levels are favorable to lowering the cost of power relative to established program goals and financial projections; alternatively, opportunistic hedges can be executed in adverse market conditions relative to financial goals in order to reduce the potential negative impact of continued upward trending commodity prices relative to established goals.

In executing this ERHS, Fixed-Price Energy hedges may be modified, repositioned or unwound for the purpose of maintaining hedge coverage that matches changes in forecast electric load. This includes the ability of the CPA to use liquid market products to hedge average loads over a defined time period and then later modify its hedges to more precisely match load.

4.1.2 ~~Portfolio Content Category 1~~ Renewable Energy

In order to cost-effectively meet its GHG-reduction and renewable energy goals, CPA intends to meet a growing share of its energy supply requirements with renewable energy, a large portion of which will be Product Content Category 1 (PCC1) renewable energy. PCC1 renewable energy is sourced from a renewable generator that is either directly interconnected to the California Independent System Operator (CAISO) or another California Balancing Authority or directly scheduled into CAISO without use of substitute energy. CPA shall diversify its renewable energy portfolio further by incorporating Portfolio Content Category 2 (PCC2) renewable energy purchases. PCC2 renewable energy is sourced from renewable generators located outside the state of California where that generation is "firmed and shaped" for delivery into California. PCC2 purchases are typically less expensive and shorter in term than PCC1, so they provide a cost-effective and flexible method of augmenting CPA's renewable energy purchases to meet renewable portfolio content commitments to customers. However, not all PCC2 renewable energy is emissions-free; therefore, CPA must assess the value of PCC2s against its respective emissions intensity. In addition, RPS compliance rules set minimum requirements for PCC1 and PCC2 as a percentage of the total RPS compliance portfolio, which CPA will abide by in its procurement of both products.

In order to manage price risk of long-term renewable energy, and to allow CPA to prudently and methodically build a portfolio of long-term assets, CPA intends to meet its ~~PCC1~~ renewable energy targets with a

blend of short and long-term contracts. CPA intends to fully comply with long-term contracting requirements mandated by SB 350; therefore, executed and planned long-term ~~PCC1~~ renewable contracts will be reflected in CPA's renewable energy ~~PCC1~~ positions.

CPA shall observe the following schedule while hedging its ~~PCC1~~ renewable energy requirements. This hedge schedule shall first be measured on December 1, 2020 and then on December 1 of each subsequent year for the Prompt Calendar year and the two following calendar years.

Time Period	Minimum Hedge %	Maximum Hedge %
Prompt Calendar Year	65	100
PY + 1	~~60~~45	95
PY + 2	~~45~~30	90
PY + 3	~~45~~30	~~90~~85
PY + 4	~~45~~30	~~90~~80

~~**4.1.3 Portfolio Content Category 2 Renewable Energy**~~

~~CPA shall diversify its renewable energy portfolio further by incorporating Portfolio Content Category 2 (PCC2) renewable energy purchases. PCC2 renewable energy is sourced from renewable generators located outside the state of California where that generation is "firmed and shaped" for delivery into California. PCC2 purchases are typically less expensive and shorter in term than PCC1, so they provide a cost-effective and flexible method of augmenting CPA's renewable energy purchases to meet renewable portfolio content commitments to customers.~~

~~CPA will observe the following schedule when hedging its PCC2 renewable energy requirements. The hedge schedule shall be measured on December 1 of each year for the Prompt Calendar year and the two subsequent calendar years.~~

~~Time Period~~	~~Minimum Hedge %~~[4]	~~Maximum Hedge %~~
~~Prompt Calendar Year~~	~~50~~	~~100~~
~~PY + 1~~	~~35~~	~~75~~
~~PY + 2~~	~~20~~	~~50~~
~~PY + 3~~	~~0~~	~~25~~
~~PY + 4~~	~~0~~	~~10~~

~~4.1.4~~4.1.3 Carbon Free Energy

In pursuit of its GHG-reduction objections, CPA shall augment its renewable energy purchases outlined above with energy purchases from carbon-free energy generating facilities, which are typically hydro-

~~[4] RPS compliance rules set minimum requirements for PCC1 procurement and maximum limits for PCC2 procurement as a percentage of the total RPS compliance portfolio. If insufficient PCC2 product is available in the market, the Risk Management Team may approve shifting volumes from the PCC2 hedge schedule into the PCC1 hedge schedule.~~

electric resources located in California that are too large to qualify as Eligible Renewable Resources (30 MW or greater) or located outside of California. Similar to PCC2 renewable energy contracts, carbon-free energy purchases are typically short-term, most frequently one to three years in length.

CPA may have the opportunity to receive free carbon free allocations from SCE. Hedging activity should consider these allocations and expected allocations should be included in the hedging percentage.

CPA will observe the following schedule when hedging its Carbon-Free renewable energy requirements. The hedge schedule shall be measured on December 1 of each year for the Prompt Calendar year and the two subsequent calendar years.

Time Period	Minimum Hedge %	Maximum Hedge %
Prompt Calendar Year	75	100
PY + 1	50	75
PY + 2	25	50
PY + 3	0	~~25~~40
PY + 4	0	~~10~~40

In setting the above targets, it is important to note that the purchase of Carbon Free Energy is a voluntary requirement set by the CPA Board to exceed SCE's GHG emissions goals. In determining the total volume of Carbon Free Energy to be hedged, the CPA Board may elect to increase or reduce the total quantity of Carbon Free Energy included in CPA's portfolio as it seeks to balance multiple program objectives, including financial goals such as targets for financial reserves and retail rates. ~~The Board will determine CPA's target quantity of Carbon Free Energy annually during the rate-setting process.~~

~~4.1.5~~4.1.4 Resource Adequacy Capacity

As a Load-Serving Entity (LSE) in California, CPA is required to demonstrate both annually and monthly that it has secured sufficient energy capacity to provide for its share of California's energy load; this capacity is referred to as Resource Adequacy (RA). Because CPA serves customers in SCE's service territory, CPA has local RA requirements specific to the Los Angeles Basin and Big Creek/Ventura local areas, as well as general RA requirements for Southern California ("South of Path 26 System"), a portion of which must be Flexible RA. Flexible RA requirements ensure resources are available on the grid to provide ancillary services such as ramping and regulation.

RA is typically transacted via contracts that vary in length from one month to three years, and it is currently bought and sold via a bilateral market, which not only provides cost-effective contracting opportunities but also proves at times to be fragmented and volatile. While a waiver process exists to excuse LSEs from their RA requirements, it is the goal of CPA to meet all RA requirements, including local, flex, and system products, and not use the RA waiver process.

CPA will observe the following schedule when hedging its RA requirements. The hedge schedule shall be measured for the system RA product by month that CPA is required to procure on December 1 of each year for the Prompt Calendar year and the two subsequent calendar years.

Time Period	Minimum Hedge % (applicable to all months)	Maximum Hedge % (applicable to peak month only)[5]
Prompt Calendar Year	90	100
PY + 1	50	~~90~~95
PY + 2	30	9~~8~~0
PY + 3	~~0~~20	~~30~~80
PY + 4	~~0~~20	~~30~~80

~~4.1.6~~4.1.5 Congestion Revenue Rights (CRRs)

As a CAISO market participant, CPA has congestion risk associated with serving its customer load. CPA manages congestion risks by preferring day ahead scheduling of energy delivered at SP-15, and by resource assessment and selection consistent with this Policy. Once energy is procured, CPA manages congestion risk through the prudent management of CRRs, which are financial instruments used to hedge against transmission congestion costs encountered in the CAISO day-ahead market. The RMT is responsible for overseeing the management of CRRs and CRR trading. The CRR portfolio will be managed by CPA's Scheduling Coordinator as directed by the RMT. CRRs are transacted to effectively manage portfolio congestion risk. Trading of CRRs for speculative purposes is not permitted.

[5] Due to the variable nature of CPA's monthly RA requirements, non-peak months may exceed the applicable Maximum Hedge %.

5.1 Hedge Program Metrics

The success of the Energy Risk Hedging Strategy will be measured by realizing power supply costs in line with the budgeted power supply costs used to set customer rates, as well as by reducing CPA's exposure to commodity price risk.

Current projected power supply costs will be compared to budgeted power supply costs where budgeted costs will be based on the assumptions used at the time customer generation rates are set. Current power supply costs shall use all fixed priced contracts executed as of the date of the report. All open positions will be marked to market and compared to the budgeted power supply costs.

The Front and Middle Office will use a variety of industry standard metrics to evaluate open positions and potential hedge transactions. RMT will review these metrics when making price-driven or opportunistic hedging decisions to ensure that the transactions are consistent with the goals of the Energy Risk Hedging Strategy. These metrics will be updated and reported on a monthly basis.

6.1 Reporting Requirements

The following ~~reports are~~reporting is required to manage the hedge program and to ensure its success:

- Net ~~Position~~ position ~~Report~~ report for each product
- Current ~~Projected~~ projected ~~Power~~ power ~~Supply~~ supply ~~Costs~~ costs compared to budget
- ~~Power Supply Cost~~Gross margin at Risk
- GHG intensity

Appendix C: AUTHORIZED TRANSACTION TYPES

All transaction types listed below must be executed within the limits set forth in the ERMP. Definitions for each product are provided in Appendix A.

- **CAISO Market Products**
  - **Day-Ahead Market Energy** (Energy purchased from the CAISO Day-Ahead Market.)
  - **Real-Time Market Energy** (Energy purchased from the CAISO in the Real-Time Market)
  - **Congestion Revenue Rights** (A point-to-point financial instrument in the Day-Ahead Energy Market that entitles the holder to receive compensation for or requires the holder to pay certain congestion related transmission charges that arise when the transmission system is congested.)
  - **Convergence Bids** (Financial positions, either demand or supply, taken in the Day-ahead Market and liquidated in the Real-Time Market.)
  - **Inter-Scheduling Coordinator Trades** (A trade between two Scheduling Coordinators that is a settlement service that CAISO offers to parties of a bilateral contract as a means of offsetting CAISO settlement charges against bilateral contractual payment responsibilities.)
- **Physical Energy Products**
  - **Short-Term Energy** (Energy traded in the CAISO market or bilaterally for a duration less than one year.)
  - **Long-Term Energy (**Energy traded in the CAISO market or bilaterally for a duration greater than one year.)
  - **Physical Over-the-Counter (OTC) Options** (Call options that give the buyer the right, but not the obligation, to buy an underlying power product at agreed upon terms as detailed in a confirmation agreement; or put options that give the seller the right, but not the obligation, to sell an underlying power product at agreed upon terms as detailed in a confirmation letter.)
- **Resource Adequacy Capacity** (A capacity product whereby a Seller commits to a must offer obligation of its generator in the CAISO market and on behalf of a specified Load Serving Entity.)
- **Import Capability Rights** (Entitles an LSE to count Resource Adequacy products at a specified import location toward its Resource Adequacy Requirements.)
- **Physical Environmental Products**
  - **PCC1, PCC2 and PCC3 Renewable Energy** (see definition in Appendix A)[6]
  - **Carbon Free Energy** (see definition in Appendix A)
  - **Air Resource Board Allowances** (An allowance is a tradeable permit issued by the California Air Resource Board to emit one metric ton of a carbon dioxide equivalent greenhouse gas emission.)
- **Financial Hedging Products**
  - **Futures Contracts** (A contract to buy or sell a commodity (electricity) at a predetermined price at a specified time in the future. Futures Contracts are standardized for quality and quantity to facilitate trading on a futures exchange (e.g., Intercontinental Exchange).)

[6] Clean Power Alliance's Joint Power's Agreement discourages the purchase and use of PCC3 products. PCC3 products will only be acquired under exceptional circumstances requiring the use of this product to achieve the agency's environmental and financial goals.

- **Swaps** (Financial contracts in which one party agrees to pay a cash flow calculated by multiplying a fixed volume by a fixed price (fixed price payer) and the other party agrees to pay a cash flow calculated by multiplying the same fixed volume times a market reference index price (floating price payer). At settlement, the party owing the higher amount pays the net difference. Swaps are transacted in over-the-counter markets.)
- **Call and Put Options** (Call options give the buyer the right, but not the obligation, to purchase energy or other instruments. Put options give the buyer the right, but not the obligation, to sell energy or other instruments.)
- **Options on Swaps (Swaptions)** (call options give the buyer the right, but not the obligation, to enter into a swap transaction as the fixed price payer. A put option gives the buyer the right, but not the obligation, to enter into a swap transaction as the floating priced payer.)

- **Transmission** (The reservation and transmission of capacity and energy between two points on a transmission provider's system.)
- **Tolling Agreements** (Agreement between a power buyer and a power generator, under which the buyer supplies the fuel, either physically or financially, and receives an amount of power generated based on an assumed conversion rate at an agreed cost.)

Appendix D: NEW TRANSACTION TYPE APPROVAL FORM

New Transaction Type Approval Form

Prepared By:

Date:

New Transaction Type Name:

Business Rationale and Risk Assessment:

- Product description – including the purpose, function, expected impact on net revenues (i.e., increase, manage volatility, control variances, etc.) and/or benefit to CPA
- Identification of the in-house or external expertise that will be relied upon to manage and support the new or non-standard transaction
- Assessment of the transaction's risks, including any material legal, tax or regulatory issues
- How the exposures to the risks above will be managed by the limit structure
- Proposed valuation methodology (including pricing model, where appropriate)
- Proposed reporting requirements, including any changes to existing procedures and system requirements necessary to support the new product
- Proposed accounting methodology
- Proposed Middle Office work flows/methodology, including systems
- Brief description of the responsibilities of various departments within CPA who will have any manner of contact with the new or non-standard transaction

Reviewed by:

Director of Power Planning & Procurement	**Date**
Chief Operating Officer	**Date**
Executive Director	**Date**

Appendix E: NOTICE OF CONFLICT OF INTEREST

To: [insert title]

Declaration of Conflict of Interest

I understand that I am obligated to give notice in writing to Clean Power Alliance of any interest or relationship that I may have in any counterparty that seeks to do business with Clean Power Alliance, and to identify any real or potential conflict of interest such counterparty has or may have with regard to any existing or potential contract or transaction with Clean Power Alliance, within 48-hours of becoming aware of the conflict of interest.

I would like to declare the following existing/potential conflict of interest situation arising from the discharge of my duties concerning Clean Power Alliance activities covered by the scope of the ERMP:

a) Persons/companies with whom/which I have official dealings and/or private interests:

_____

_____

b) Brief description of my duties which involved the persons/companies mentioned in item a) above.

_____

_____

Position and Name: _____

Signature: _____

Date: _____

Appendix F: CODE OF MARKETING AND TRADING PRACTICES

See next page.

Clean Power Alliance of
Southern California
Code of Marketing and Trading Practices
July 12, 2018

Definitions

Marketing and Trading Employee – Any employee, contractor, consultant, or agent of CPA who engages in procurement activity.

Scope of Code

This Code of Marketing and Trading Practices (the "Code") applies to all CPA Marketing and Trading Employees. Each person subject to this Code is required to read, understand, and abide by the provisions contained in this Code.

Purpose

In addition to demonstrating CPA's commitment to ethical business practices, this Code is designed to ensure that CPA complies with its obligations under state and federal laws, rules and regulations promulgated by various governmental agencies, and applicable policies adopted by CPA. This Code defines and affirms the values and principles that CPA's Marketing and Trading Employees must follow in conducting their business activities. The Code is intended to complement the other policies, procedures and processes of CPA and to guide traders and marketers as they negotiate transactions, arrange for transmission, and manage risk.

Compliance with the Code allows CPA to assure its counterparties, potential customers, regulators, and the public that its business activities are, and will continue to be, conducted with integrity and unlawful/unethical trading practices will not be tolerated.

Questions about compliance with industry and company regulations as well as with this Code should be referred to CPA's General Counsel.

Policy

CPA's Marketing and Trading Employees shall:

1. Conduct business in good faith and in accordance with all applicable laws, regulations, tariffs and rules.
2. Endeavor to always act in the best interests of CPA's customers.
3. Not disseminate, cause to be disseminated or facilitate the dissemination of known false or misleading information, or engage in transactions in order to exploit known false or misleading information.
4. Engage only in transactions with legitimate business purposes.
5. Not knowingly arrange or execute wash trades.
6. Not engage in any activity with the intent to alter any market price or otherwise interfere with the normal operation of a well -functioning competitive market.
7. Not engage in price reporting or furnishing transaction prices to any entity that collects prices to be used in the calculation of a price index or for distribution to subscribers, without prior written approval of CPA's General Counsel.
8. Not collude with other market participants to: (i) affect the price of any commodity; (ii) allocate territories, customers or products; or (iii) otherwise restrain competition.

9. Not engage in transactions for commodities or services without the intention of providing those specific commodities or services.
10. Not reserve service, attempt to reserve service, access information, or attempt to access information from any transmission service provider except through means available to all eligible customers.
11. Successfully complete yearly CPA compliance training.
12. Comply with requirements that trading and marketing activities are recorded and retained.
13. Cooperate with any audit or investigation into trading and marketing activities.

Duty to Report Violations and Non-Retaliation Clause

A Marketing and Trading Employee who believes that a violation of the Code has occurred is required to promptly notify CPA's Chief Operating Officer. CPA shall make every effort to ensure the confidentiality of the reporting Marketing and Trading Employee. If the reporting Marketing and Trading Employee is a CPA employee, CPA shall not discharge, suspend, demote, harass, layoff, deny a promotion, or take any other retaliatory action against that employee solely as a result of the act of reporting a suspected violation of the code. This in no way affects CPA's rights as an employer with respect to all other issues. CPA will monitor and follow up to ensure that employees who have reported alleged violations have not been subject to retaliation.

Disciplinary Action

Any failure to abide by this Code, including the Duty to Report Violations, will result in disciplinary action. All potential violations are handled on a case-by-case basis and will result in a full review by, at minimum, the following individuals: the CPA employee's immediate supervisor and CPA's General Counsel. Factors that are considered in setting the disciplinary action plan include but are not limited to: source of violation discovery (self-reported, peer-reported, reported by a third party, via internal procedures, or the result of an audit), intent (accidental or intentional), type and magnitude of risk that the CPA employee exposed CPA to (financial, reputation, etc.), and frequency of the violation (first offense or history of multiple offenses).The disciplinary actions taken may involve demotion, loss of compensation (suspension without pay), and termination of employment.

I have read CPA's Code of Marketing and Trading Practices, understand its requirements, and agree to abide by its provisions.

_____	_____	_____
Signature	Printed Name	Date

Return to Agenda

Staff Report – Agenda Item 3

To:	Clean Power Alliance (CPA) Board of Directors
From:	Karen Schmidt, Senior Advisor for Strategy
Approved by:	Ted Bardacke, Executive Director
Subject:	Task Order Amendment for Expansion Feasibility Studies
Date:	July 1, 2021

RECOMMENDATION

Approve and authorize the Executive Director to execute an amendment to the Expansion Feasibility Studies Task Order (Task Order Amendment). The amended Task Order expands the scope of work to include additional prospective member agencies, extends the project timeline through 2022, and increases the Not-to-Exceed (NTE) contract value from $35,000 to $137,000.

BACKGROUND/DISCUSSION

In May 2021, CPA executed a Task Order with MRW following a Task Order solicitation, under the Executive Director's signing authority, to conduct a pre-feasibility study on the financial impact of having one new prospective member city join CPA. Pre-feasibility studies allow CPA to make a preliminary impact assessment of prospective new member agencies joining CPA prior to undertaking the effort and expense of a full feasibility study, which requires a commitment of funds by the prospective agency and may require action by the prospective agency's governing body.

The proposed Task Order Amendment will expand MRW's pre-feasibility analysis to include four additional prospective cities who have either expressed interest in CPA and/or are representative placeholders for other prospective member agencies throughout the region. The Task Order Amendment will also allow for additional

pre-feasibility and full feasibility studies to be conducted in 2022, when rates and the economic environment may be more favorable for cities considering joining CPA.

CPA received proposals from three bidders in response to the original Task Order solicitation released in April 2021, covering the full scope of work in the proposed Task Order Amendment. Staff recommended selection of MRW for the Task Order based on MRW's competitive pricing, demonstrated expertise and experience in conducting CCA feasibility studies and cost of service analyses, and responsiveness to the Task Order's specifications. To expedite analysis for a prospective member agency that was considering the possibility of joining CPA in 2021, the initial Task Order was executed in May 2021 with the scope narrowed to a single pre-feasibility study for that individual agency, allowing the project to launch in May 2021.

Scope of Work

The scope of work in the proposed Task Order Amendment includes the following tasks:

- Task 1: Complete a pre-feasibility study for one prospective member agency, utilizing the most recent actual load data available from SCE. Since the launch of the initial Task Order in May, this agency has decided it will defer consideration of joining CPA to 2022. The pre-feasibility study will inform and expedite both CPA's and the prospective agency's evaluation next year.
- Task 2: Complete pre-feasibility studies for four additional prospective member agencies which CPA has identified as potentially attractive expansion candidates and the pre-feasibility analysis of which will help inform CPA's overall expansion strategy and priorities in 2022 and beyond.
- Task 3: Building on the experience from the 2021 analyses in Tasks 1 and 2, conduct pre-feasibility studies in the first half of 2022 on additional potential candidate agencies and update selected 2021 pre-feasibility studies of member agencies by utilizing updated load, rate and financial forecasts. These studies will inform decision-making by CPA and candidate agencies on whether to undertake full feasibility studies in Task 4.

- Task 4: Conduct full feasibility studies for up to two prospective member candidates identified in Task 3 during the summer of 2022, to inform the Board's consideration of extending an invitation to those agencies to join CPA in the fall of 2022.

Terms and Pricing

MRW will be compensated for time and materials according to hourly rates provided as part of the contractor's proposal and represented in the attached contract subject to the specified Not-to-Exceed (NTE) amounts for each Task. The total NTE for the Amended Task Order is $137,000.

FISCAL IMPACT

The proposed contract costs are included the FY 2021/2022 budget. Prospective member agencies for whom CPA undertakes a full feasibility study (Task 4) in 2022 will be asked to pay a $10,000 fee to CPA as an indicator of their commitment to the process and to partially offset the study cost.

ATTACHMENT

1) MRW Expansion Feasibility Studies Task Order Amendment No. 1 (redline)

EXHIBIT E-2

MASTER AGREEMENT TASK ORDER

(TIME AND MATERIALS BASIS)

MRW & Associates, LLC

Work Order No. 2 CPA Master Agreement No._____

Project Title: Expansion Feasibility Studies

Period of Performance: May 07, 2021 to ~~June 30, 2021~~October 31, 2022

CPA Project Director: Ted Bardacke

CPA Task Order Manager: Karen Schmidt

I. GENERAL

Contractor shall satisfactorily perform all Services detailed in the Task Order attached hereto as Exhibit E2-A, on a time and materials basis, in compliance with the terms and conditions of Contractor's Master Agreement identified above.

II. PERSONNEL

Contractor shall provide the below-listed personnel whose labor rates are as shown:

Name/Category Mark Fulmer/Principal @ $330.00/hour.

Name/Category Mary Neal/Senior Project Manager @ $299.00/hour.

Name/Category Carlo Bencomo-Jasso/Senior Associate @ $260.00/hour.

Name/Category Michelle Mann/Associate @ $190/hour.

III. PAYMENT

A. The Total Maximum Amount that County shall pay Contractor for all Services to be provided under this Task Order shall not exceed ~~Thirty-five~~One Hundred Thirty-Seven Thousand Dollars (~~$35,000.00~~$137,000.00).

B. Contractor shall invoice CPA only for hours actually worked, in accordance with the terms and conditions of Contractor's Master Agreement. Contractor shall be responsible for limiting the number of hours worked by Contractor personnel under this TASK ORDER, not to exceed the Total Maximum Amount in III.A, above.

In addition, Contractor shall not exceed more than the following for each of the Tasks listed in the Task List without the prior written consent from the CPA Project Director:

- Tasks 1 and 2: $50,000.00 total for both Tasks
- Task 3: $52,000.00, which includes a not-to-exceed in the amount of $12,000 for the first Prospective Agency (as defined in Task 2, below), and a not-to exceed in the amount of $10,000 for each subsequent Prospective Agency for a total of up to five agencies
- Task 4: $35,000.00, which includes a not-to-exceed in the amount of $20,000 for the first Prospective Agency (as defined in Task 2, below), and a not-to exceed in the amount of $15,000 for each subsequent Prospective Agency for a total of up to two agencies

C. Contractor shall satisfactorily perform and complete all required Services in accordance with Statement of Work notwithstanding the fact that total payment from CPA shall not exceed the Total Maximum Amount.

D. Contractor shall submit all invoices under this Task Order to:

Clean Power Alliance
Attn: Chief Financial Officer
801 S. Grand Ave., Suite 400r
Los Angeles, CA 90017

Electronic submittal of invoices (via email) shall be an acceptable means of delivery. Such electronic invoices shall be delivered to accountspayable@cleanpoweralliance.org

IV. SERVICES

In accordance with Master Agreement Section 2 (Work), Contractor may not be paid for any task, deliverable, service, or other work that is not specified in this Task Order, and/or that utilizes personnel not specified in this Task Order, and/or that exceeds the Total Maximum Amount of this Task Order, and/or that goes beyond the expiration date of this Task Order.

ALL TERMS OF THE MASTER AGREEMENT SHALL REMAIN IN FULL FORCE AND EFFECT. THE TERMS OF THE MASTER AGREEMENT SHALL GOVERN AND TAKE PRECEDENCE OVER ANY CONFLICTING TERMS AND/OR CONDITIONS IN THIS TASK ORDER. NEITHER THE RATES NOR ANY OTHER SPECIFICATIONS IN THIS TASK ORDER ARE VALID OR BINDING IF THEY DO NOT COMPLY WITH THE TERMS AND CONDITIONS OF THE MASTER AGREEMENT.

Contractor's signature on this Task Order document confirms Contractor's awareness of the terms and conditions of the Master Agreement and specifically with the provisions of Section 2 (Work) of the Master Agreement, which establishes that Contractor shall not be entitled to any compensation whatsoever for any task, deliverable, service, or other work:

A. That is not specified in this Task Order, and/or
B. That utilizes personnel not specified in this Task Order, and/or
C. That exceeds the Total Maximum Amount of this Task Order, and/or
D. That goes beyond the expiration date of this Task Order.

REGARDLESS OF ANY ORAL PROMISE MADE TO CONTRACTOR BY ANY CLEAN POWER ALLIANCE PERSONNEL WHATSOEVER.

CONTRACTOR	CLEAN POWER ALLIANCE
By: _____	By: _____
Name: _____	Name: Ted Bardacke
Title: _____	Title: Executive Director
Date: _____	Date:

Exhibit E2-A

MRW TASK ORDER DESCRIPTION

Expansion Pre-Feasibility Study

SUMMARY

MRW will assist Clean Power Alliance in perform a preliminary CCA feasibility study that examine the potential costs and revenues should selected ~~cities~~agencies join CPA. The study will be based on available historical usage data and/or usage data from current CPA member ~~cities~~agencies with similar load profiles. Study results will inform CPA's consideration of conducting a full feasibility assessment in Summer 2021.

TASK LIST

Task 1. Pre-Feasibility Study

MRW will conduct a Pre-Feasibility Study for a ~~city~~ prospective member agency identified by CPA ("Prospective ~~City~~Agency") for which CPA has ~~2016~~ 2017-2020 load data from SCE.

Task 1.A. For the Prospective ~~City~~Agency, MRW will:

i. Review the load data as provided by the ~~city~~Prospective Agency.
ii. Review how prior studies took the high-level data that SCE typically provides communities considering CCA formation and adapted it for feasibility assessment. This includes how the data are used to calculate billing determinants and customer class load profiles.
~~iii. Based on the data from subtasks 1.A.(i) and 1.A.(ii), MRW will modify the data for the analysis here. CPA will provide MRW with historical class average load shapes for a neighboring city, identified by MRW, which is already a CPA member. MRW will then apply these load shares to the new city's load to derive a full load profile.~~
~~iv.~~iii. Forecast load change to calendar year 2023. MRW will apply load growth factors provided by CPA or from the most recent California Energy Commission's Integrated Energy Policy Report (2020) load forecast to get the total projected load in 2023.

Task 1.A. Deliverable: Full 2023 forecasted load profile for the Prospective ~~City~~Agency.

Task 1.B. MRW will work with CPA staff to determinate the best approach to provide the Pre-Feasibility Study Report for the Prospective ~~City~~Agency in the time frame needed. Key factors to be considered will include:

i. Estimate the incremental cost to CPA to serve the Prospective ~~City~~Agency in calendar year 2023. CPA will provide to MRW the incremental cost to serve new customers and load (i.e., their "open position" costs) for 2023 based on 2023 Prospective ~~City~~Agency load and customer count forecasts provided by MRW in a format satisfactory to CPA. To develop a total COS for each class, unit costs will be multiplied by the estimated energy, coincident peak demand, and customer counts developed in Tasks 1A and 1b.

ii. Estimate the revenues from the Prospective ~~City~~Agency in calendar year 2023. Revenues from the ~~city~~agency will depend upon the customer makeup and assumed CPA rate option the ~~city~~agency would be defaulted into. CPA will provide rate assumptions, including demand and energy rates for each rate class that can be used for this purpose.

iii. Key metrics to present to the CPA Board and Prospective ~~City~~Agency i) revenues by class under each of the three CPA default rate options, ii) total costs to serve the ~~city~~agency under each of the rate options; iii) estimates of the GHG emissions and RPS impacts under each of the rate options, iv) the class cost of service for each ~~city~~agency and v) additional information that will inform CPA's decision to invite the Prospective ~~City~~Agency to join CPA.

MRW will work with CPA to find the right balance between accuracy, precision, and timing so that the Task 1.C. memo can be completed in a timely way.

Task 1.B. Deliverable: Detailed outline of analytical approach for Pre-Feasibility Study for the Prospective ~~City~~Agency.

Task 1.C. Per the approach coming out of Task 1.B., MRW will analyze the following for the Prospective ~~City~~Agency:

i. MRW will calculate the expected revenues from new customers by rate class, using rates provided by CPA, under each of CPA's three default rate products: Lean, Clean, and 100% Green Power.

ii. MRW will prepare a table of projected revenues, costs, net income and margin (%) for the Prospective ~~City~~Agency under each default rate product as well as a comparison table of 2023 projected revenues, costs, net income and margin for CPA's current customers by rate product.

iii. MRW will prepare estimates of the greenhouse gas emissions and renewable portfolio standard procurement impacts of the ~~city~~agency joining CPA, assuming different power product mix on the Lean, Clean, and 100% Green products.

iv. MRW will analyze and report the cost of service by rate class for the ~~city~~agency.

A detailed memo will be drafted in language appropriate for the audience, which may include ~~city~~agency leaders and staff interested in CCA but not conversant in its details and jargon.

~~If desired and a~~At the direction of CPA, MRW will meet with CPA management, CPA Board Members, the Prospective ~~City~~Agency's management and ~~City Council~~governing body, or interested community members to describe the preliminary study results and implications. These will be held via computer conferencing platforms until the State of California rules that non-essential air travel is safe.

Task 1.C. Deliverable: Detailed memo summarizing the analysis for the Prospective City that can be shared with interested parties.

Task 2: Pre-Feasibility Studies #2-5

MRW will conduct Pre-Feasibility Studies for four Additional Prospective Agencies identified by CPA for which CPA does not possess historical load data.

Task 2.A. For the four Additional Prospective Agencies, MRW will work with CPA staff to develop appropriate proxies for customer count, billing determinants, and load shapes, using the following as a starting point:

i. Identify agencies already served by CPA that resemble the Additional Prospective Agencies. Criteria may include number and type of households, average incomes, square footage of businesses, and amount of industry.
ii. Data for the Additional Prospective Agencies and potential CPA proxy agencies ("Proxy Agencies") will be gathered. MRW will review state and local databases for data such as population, households, size and age of housing stock, type, and square footage of businesses (e.g., large retail, small retail, office, etc.). MRW will use these data to identify Proxy Agencies that will be used to estimate load for Prospective Agencies.
iii. CPA will then provide MRW the class-specific load profiles of the Proxy Agencies. Using ratios or other metrics, MRW will estimate the number of customers per class, average load per customer, and number of customers enrolled in the CARE, FERA, and Medical Baseline programs for each of the Additional Prospective Agencies being analyzed. Based on these data, MRW will develop billing determinants and load profiles for each customer class. The level of detail will be a function of the data available. MRW anticipates that at least three "classes" will be modeled: residential (SCE Schedule D), Small Commercial (GS-1 and GS-2) and Large Commercial (GS-3 and TOU-8). Additional classes and detail will be added as the data suggests as reasonable.
iv. Forecast load change to calendar year 2023. MRW will apply load growth factors provided by CPA or from the most recent California Energy Commission's Integrated Energy Policy Report (2020) load forecast.

Task 2.A. Deliverable: Full 2023 forecasted load profiles for the four Additional Prospective Agencies.

Task 2.B. For the four Additional Prospective Agencies, MRW will outline the analytical approach for the Pre-Feasibility Studies, following the same basic process as Task 1.B. and reflecting the experience MRW gained in Task 1.

Task 2.B. Deliverable: Updated outline of analytical approach for Pre-Feasibility Study for the Additional Prospective Agencies.

Task 2.C. Per the approach coming out of Task 2.B., MRW will analyze the following for each of the Prospective Agency, utilizing the same basic process as Task 1.C. and reflecting the experience MRW gained in Task 1:

i. MRW will calculate the expected revenues from new customers by rate class, using rates provided by CPA, under each of CPA's three default rate products: Lean, Clean, and 100% Green Power, or a combination thereof.
ii. MRW will prepare a table of projected revenues, costs, net income and margin (%) for each Additional Prospective Agency under each default rate product as well as a comparison table of 2023 projected revenues, costs, net income and margin for CPA's current customers by rate product.

iii. MRW will prepare estimates of the greenhouse gas emissions and renewable portfolio standard procurement impacts of the agency joining CPA, assuming different power product mix on the Lean, Clean, and 100% Green products.
iv. MRW will analyze and report the cost of service by rate class for each agency.

Detailed memos will be drafted for each Additional Prospective Agency in language appropriate for the audience, which may include agency leaders and staff interested in CCA but not conversant in its details and jargon.

At the direction of CPA, MRW will meet with CPA management, CPA Board of Directors or Board Members, Additional Prospective Agencies' management and governing bodies, or interested community members to describe the preliminary study results and implications. These will be held via computer conferencing platforms until the State of California rules that non-essential air travel is safe.

Task 2.C. Deliverables: Detailed memos summarizing the analysis for each Additional Prospective Agency that can be shared with interested parties.

Task 3. 2022 Pre-Feasibility Studies

MRW understands that CPA may ask it to update the 2021 pre-feasibility study in 2022 for some or all of the Prospective Agencies in Task 1 and 2 and/or incorporate additional selected agencies into the analysis, for a total of up to five agencies. MRW expects this task to following the same basic process as Tasks 1 and 2 and reflect the experience MRW gained in performing those tasks.

MRW expects the time frame to complete Task 3 to be similar to that to complete Tasks 1 and 2: about 3 to 4 weeks for one or two agencies plus another week for each additional agency.

Task 3 Deliverables: Detailed memos summarizing the analysis for Prospective Agency that can be shared with interested parties.

Task 4. 2022 Feasibility Studies

For one or two of the Prospective Agencies identified by CPA after completion of Task 3, MRW will update the Task 3 study and report utilizing recent usage data for those Agencies obtained from SCE and any other updated information. Key factors to be updated include:

i. MRW will update the load forecast for the Prospective Agency using usage data obtained from SCE for that agency. This will allow for more accurate and precise analysis of the cost to serve and revenues for the agency.
ii. CPA will update the cost projections for the agency based on the updated 2023 Load Forecasts provided by MRW.

At the direction of CPA, MRW will meet with CPA management, CPA Board of Directors or Board Members, the agency's management and governing body, or interested community members to describe the preliminary study results and implications. These will be held via computer conferencing platforms until the State of California rules that non-essential air travel is safe.

MRW expects the time frame to complete Task 4 to be about 4 weeks after receiving the SCE load data for one agency plus another week for each additional agency.

Task 4 Deliverables: Detailed memos summarizing the analysis for each agency that can be shared with interested parties.

SCHEDULE AND COORDINATION

Each task listed above will be undertaken in close coordination with CPA staff. The consultant will discuss initial findings or approaches for each task with CPA staff before developing final work products in order to avoid rework. Staff will provide timely feedback and input in developing the work product.

Key Task Order due dates are shown below. Note: rows shaded in grey are milestones that inform the schedule, but do not indicate Task Order due dates. Due dates may be adjusted slightly by CPA to adhere to CPA's regular cadence of official meetings, noticing requirements, stakeholder availability, holidays, etc.

Date	Action
Week of May 7, 2021	CPA Task Order Executed/Work Begins
Week of May 7, 2021	Task Order Kick-off Meeting
~~May 14~~August 31, 2021	Task #1~~.A.~~ Deliverables Due
~~May 21~~August 31, 2021	Task #~~1.B.~~2 Deliverables Due
May ~~28, 2021~~2022 (TBD by CPA)	Task #~~1.C.~~3 Deliverables Due
August 2022 (TBD by CPA)	Task #4 Deliverables Due

Return to Agenda

Staff Report – Agenda Item 4

To:	Clean Power Alliance (CPA) Board of Directors
From:	Christian Cruz, Community Outreach Manager
Approved By:	Ted Bardacke, Executive Director
Subject:	Community Advisory Committee (CAC) Report
Date:	July 1, 2021

RECOMMENDATION

Receive and file.

JUNE MEETING REPORT

At the June meeting, the CAC received an update and presentation on diversity, equity and inclusion (DEI) planning and a legislative update.

CPA DEI Planning

CPA Senior Advisor for Strategy, Karen Schmidt, provided an update on the CPA DEI plan. The development of a DEI plan within CPA is an opportunity to create and ensure meaningful change as a community-based energy provider grounded in values of equity and inclusion as part of sustainability. In addition, the final plan would also meet state requirements as outlined in SB 255 (Bradford), and would be a vehicle for annual reporting, communication, and accountability. The objectives for the planning process are as follows:

- Institutionalize diversity, equity and inclusion values and intentions specified in the JPA
- Create transparency and accountability for progress on DEI goals
- Drive leadership and innovation
- Communicate CPA's impact

- Increase environmental and economic justice outcomes in the utility industry, which has historically lagged

The CAC provided input for inclusion in the plan, such as ensuring that the terms “equity” and “diversity” are clearly defined in the DEI plan; include categories such as language, race, gender diversity, and most in need; including a school educational component to promote other avenues to disseminate information about renewable energy. The CAC also requested that given the scale of the DEI effort, that staff prioritize the goals within the areas of Internal DEI, Program and Community Investments, and Supplier Diversity to ensure CPA makes tangible progress.

CPA Legislative Update

Policy Director, Gina Goodhill, provided a brief legislative update to the CAC. As CPA nears the end of the first year of a two-year legislative cycle, SB 612 (Portantino) continues to move forward through the State Assembly, despite the CPUC’s recent decision, which adopted a key element from the bill that requires Investor-Owned Utilities (IOUs) to open access to renewable energy benefits to all customers who pay for them. The decision does not provide the same access to resource adequacy and does not address the major issues, that SB 612 (Portantino) is looking to resolve. Staff requested that CAC members continue to advocate for Letters of Support from community groups and have them submitted to the State Assembly as soon as possible.

ATTACHMENT

1) CAC Meeting Attendance

Community Advisory Committee Attendance										
2021										
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct
East Ventura/West LA County										
Angus Simmons (Vice Chair)	✓	✓	✓	✓	✓	✓				
Jennifer Burke	✓	✓	✓	A	✓	✓				
Debbie West			✓	✓	✓	✓				
San Gabriel Valley										
Richard Tom	✓	✓	✓	✓	✓	✓				
Kim Luu		✓		✓	✓	✓				
West/Unincorporated Ventura County										
Lucas Zucker	A	A	A	A	A	A				
Vern Novstrup			✓	✓	✓	✓				
South Bay										
David Lesser	✓	✓	✓	✓	✓	✓				
Emmitt Hayes	✓	✓	✓	✓	A	✓				
Gateway Cities										
Jaime Lopez	✓	✓	A	✓	✓	A				
Genaro Bugarin	✓	✓	✓	✓	✓	✓				
Westside										
Cris Gutierrez	✓	✓	✓	✓	✓	✓				
David Haake (Chair)	✓	✓	A	✓	✓	✓				
Unincorporated LA County										
Neil Fromer	✓	✓	✓	✓	✓	A				
Kristie Hernandez	✓	✓	✓	✓	✓	✓				

Major Action Items and Presentations

January

Executive Director Update
Power Share Program Update
Reserve Policy Amendment

February

Executive Director Update
CALeVIP update
2021 Legislative Priorities Preview

March

Vice Chair Nominations
2021 Energy Portfolio Mix and Rate Scenarios
2021 CPA Lobby Day Update

April

Vice Chair Election
2021 Rate Setting Options
FY 2021/2022 Budget Priorities

May

Power Share CS-GT RFO
Rate Change Communication Strategy

June

DEI Planning Update
Legislative Update

Return to Agenda

Staff Report – Agenda Item 5

To:	Clean Power Alliance (CPA) Board of Directors
From:	David McNeil, Chief Financial Officer
Approved by:	Ted Bardacke, Executive Director
Subject:	Approve Proposed Collections Policy
Date:	July 1, 2021

RECOMMENDATION

Approve proposed Collections Policy No. 2021-17.

SUMMARY

The Collection Policy is intended to govern the collection of accounts receivable that are no longer being collected by Southern California Edison (SCE) and have been returned to CPA. Collecting returned receivables can reduce past due accounts receivable balances and reduce CPA's bad debt expense, thus reducing upward pressure on rates for all other customers. The Finance Committee reviewed the Collection Policy and recommended its approval to the Board.

CPA plans to contract with a third-party collection agent or agents with experience collecting receivables for SCE and begin collections activities no earlier than September 2021. With the parameters of a collection policy in place, staff plans to develop collections processes in consultation with the collection agent(s) and CPA's data manager Calpine and review these processes with the Finance Committee at its August 26, 2021 meeting. Staff anticipates that the collection agents will be compensated based on a percentage of the CPA charges they collect.

BACKGROUND

CPA charges appear on SCE bills and are collected by SCE. During the normal course of business, SCE returns receivables – charges owed by customers to CPA – that SCE is no longer required to collect. Examples of circumstances in which SCE returns receivables to CPA include:

- accounts that are closed (move outs)
- a customer has been disconnected due to non-payment
- a customer is bankrupt
- active accounts with receivables more than 180 day past due

SCE suspended disconnections in March 2020 and increased the threshold for returning receivables to CPA for active accounts to 360 days. Receivables associated with active accounts are not being returned to CPA by SCE, though this practice may resume in the fall of 2021. The disconnection process is scheduled to resume in the fall of 2021 following appropriate noticing by SCE.

Between March 2020 and March 31, 2021, SCE returned $4.3 million of accounts receivables to CPA.

Summary of Returned Receivables as of March 31, 2021

Amount Owed per Account	Number of Accounts	Total Owed ($)
$100+	4,959	1,414,615
$50-$99.99	15,231	1,026,979
$25-$49.99	32,322	1,142,000
$00.01-$24.99	60,400	757,000
Grand Total	112,905	4,333,423

CPA plans to contract with a collection agent or agents with experience collecting electric utility bills for SCE to collect returned receivables for CPA. This includes the large volume of returned receivables no longer being collected by SCE and receivables SCE will return to CPA in the future. At present customers whose receivables are returned to CPA do not have charges appearing on a current SCE bill, are not informed that they have outstanding balances with CPA, and are not offered a method to pay CPA charges. The collection agent would provide the following services;

- Inform customers of past due amounts owed to CPA consistent with the Fair Collections Practices Act and any other laws or regulations governing the collection of past due balances
- Provide methods of payment and collect past due funds from customers[1]
- Provide reporting of amounts collected and uncollectable balances to CPA and its data manager to enable CPA to accurately report accounts receivable and record write offs
- Provide customer call center services and provide customers with final SCE bills evidencing CPA charges

Staff plans to develop and define collections processes in consultation with the collection agent(s). Some of the issues that will be determined through the development of these operational processes include;

- determining collections practices appropriate for different amounts owed, such as determining amounts below which it is not cost effective to attempt to collect
- determining situations in which customer nonpayment will be reported to a credit rating agency
- determining criteria to identify customers that are experiencing hardship and are unable to pay. CPA would not pursue collections for these accounts.

Staff plans to review proposed collections processes with the Finance Committee at its August 26, 2021 meeting. Collection activity is expected to begin in September beginning with the sending of pre-collections notices to customers whose accounts receivable have been returned by SCE.

[1] CPA does not currently have the infrastructure to collect payments from customers and relies on SCE to perform this service.

Collections Policy Summary

Purpose

The purpose of the collections policy is to govern the collections of receivables that are no longer being collected by SCE and have been returned by SCE to CPA.

Eligibility

Any customer account that has outstanding CPA charges that are not subject to collection by SCE may be referred for collections to a collection agency or agencies designated by CPA. Customers that were enrolled in the California Alternate Rates for Energy (CARE), Family Electric Rate Assistance (FERA), or Medical Baseline programs at the time SCE returns a receivable to CPA and which owe a balance of $500 or less are exempted from the above provision and will not be sent to a collections agency.

Notices

CPA may send active customers that continue to be billed and collected by SCE one or more late payment notices informing them that their past due CPA charges are owed to SCE and informing them that if they do not pay these charges to SCE or enter into a payment arrangement with SCE they may be referred to a collection agent designated by CPA.

When SCE returns accounts receivable to CPA, CPA or its collection agent will send the customer a pre-collections notice informing them that charges owed to CPA are outstanding and that the customer's account is collectible through a collection agent designated by CPA..

CPA plans to engage one or more collection agents to collect past due funds from CPA customers on CPA's behalf. The Collection Agent retained by CPA shall comply with all laws or regulations relating to consumer protection, customer confidentiality, credit reporting or monitoring, and debt collections. CPA will review the practices and results of the Collection Agent annually and will take action to address concerns. CPA may

authorize the Collection Agent to reach settlements with customers; settlements of $2,500 or more must be approved by the Executive Director; settlements more than $125,000 must be approved by the Board. No CPA interest, penalties, or fees will be assessed on any customer account.

If customer has not paid within 180 days following the initiation of the collections process, the Collection Agent may report the customer to a credit rating agency. Collections Agent is authorized to pursue legal action on CPA's behalf.

The Executive Director is authorized to approve policy exceptions, for instance, in cases of customer hardship (inability to pay), unforeseeable events (pandemic), or other exigent circumstances (customers about to receive utility bill relief).

FISCAL IMPACT

If approved, the proposed Collections Policy is expected to have a positive fiscal impact by reducing accounts receivable and bad debt expense and increasing cash receipts.

ATTACHMENTS

1) Proposed Collections Policy No. 2021-17
2) Collections Policy Presentation

Policy Title	Collections Policy		
Policy Number	2021-17	Effective:	

Proposed

I. PURPOSE

This policy establishes Clean Power Alliance's (CPA) rules governing late payment and pre-collection notifications to customers, and the process by which a third-party collection agent will collect past due CPA charges on CPA's behalf.

II. COLLECTIONS

A. All customers must pay all outstanding CPA charges for the period in which the customer received service from CPA.

B. Late Payment Notifications

1. Customers may be sent a late payment notice to a customer's last known mailing address or if customer consented to receive electronic notices or electronic bills, at customer's last known e-mail address if the account has a CPA balance that is 90 days or more past due and the customer is not on a payment arrangement with Southern California Edison (SCE).

2. Late payment notices will indicate that an outstanding balance is overdue and that failure to pay CPA charges to SCE or to enter into a payment arrangement with SCE may result in being referred to a collection agent designated by CPA.

C. Collections Criteria

1. Except as provided in Section C.2., any customer account with an outstanding CPA charge that is not subject to collection by SCE may be referred for collections to a collection agency designated by CPA.

2. Customers enrolled in the California Alternate Rates for Energy (CARE), Family Electric Rate Assistance (FERA), or Medical Baseline programs at the time SCE returns a receivable to CPA are not subject to the collections criteria in Section C.1. if the balance is $500 or less.

D. Pre-Collection Notification

1. Any customer account that meets the collections criteria specified in Section II.C. may receive a pre-collection notice informing the customer that charges owed to CPA are outstanding and that the customer's account is collectible through a collection agent designated by CPA.

2. Pre-collection notifications will be sent no earlier than September 1, 2021.

E. Collection Agent

1. CPA may engage one or more collection agents to collect past due funds from CPA customers on CPA's behalf (Collection Agent).

2. Once CPA sends a customer account to the Collection Agent, the customer must work directly with the Collection Agent to resolve outstanding charges owed.

3. The Collection Agent retained by CPA shall comply with all laws or regulations relating to consumer protection, credit reporting or monitoring, debt collections, customer confidentiality, or other similar laws or regulations.

4. The Collection Agent is prohibited from selling information provided by CPA to the Collection Agent

5. On no less than an annual basis, CPA shall review the practices and results of the Collection Agent and shall take immediate action to address any performance concerns.

6. CPA may authorize the Collection Agent to reach settlements with customers that result in the recovery of past due funds. Negotiated settlements with a customer in the amount of $2,500 or more must be approved by the Executive Director or the Executive Director's designee. Negotiated settlements with a customer in excess of $125,000 must be approved by the Board of Directors.

7. No CPA interest, penalties, or fees will be assessed on any customer account.

8. If customer has not paid within 180 days following the initiation of the collections process, the Collection Agent may file credit reporting information on the customer with all applicable credit monitoring agencies.

9. Collections Agent is authorized to pursue legal action on behalf of CPA.

F. Executive Director Discretion. The Executive Director or the Executive Director's designee may, in their discretion, cancel, recall an account from the Collection Agent, or otherwise deviate from the collection process specified in this policy for reasons including but not limited to cases of unforeseeable events, exigent circumstances, or customer hardship.

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Item 5
Proposed Collections Policy

July 1, 2021

Recommendation:

Approve Proposed Collections Policy

Summary

- The Collection Policy will govern the collection of accounts receivable that are no longer being collected by Southern California Edison (SCE) and have been returned to CPA
- Collecting returned receivables can reduce past due accounts receivable balances and reduce CPA's bad debt expense, thereby reducing upward pressure on rates
- CPA plans to contract with a third-party collection agent or agents with experience collecting receivables for Southern California Edison and begin collections of closed accounts (customers no longer receiving service from CPA) in September 2021
- The Finance Committee reviewed the Collection Policy and recommends its approval to the Board
- Staff plans to develop collections implementation processes in consultation with the collection agent(s) during the summer and review those processes with the Finance Committee at its August 26, 2021 meeting prior to the initiation of collection activities in September.

Collections - Background

- CPA charges appear on SCE bills and are collected by SCE. During the normal course of business, SCE returns receivables – charges owed by customers to CPA – that SCE is no longer required to collect
- Examples of circumstances in which SCE returns receivables to CPA
  - accounts are closed by the customer (move outs)
  - a customer has been disconnected due to non-payment
  - a customer is bankrupt
  - active accounts with receivables more than 180 day past due
- SCE suspended disconnections in April 2020 and increased the threshold for returning receivables from active accounts to 360 days +. The disconnection process is scheduled to resume this fall following appropriate noticing by SCE
- SCE has returned $4.3 million of accounts receivables to CPA between April 1, 2020 and March 31, 2021

Collections - Background

- Currently, customers whose receivables are returned to CPA do not have charges appearing on a current SCE bill, are not informed that they have outstanding balances with CPA and are not offered a method to pay CPA charges. CPA does not have the internal capacity to collect payments from customers

- The collection agent would be compensated by retaining a percentage of funds recovered from past due accounts in return for providing the following services;

  - Inform customers of past due amounts owed to CPA consistent with the Fair Collections Practices Act and any other laws or regulations governing the collection of past due balances

  - Provide methods of payment and collect past due funds from customers

  - Provide reporting to CPA of amounts collected and uncollectable balances to CPA and its data manager to enable CPA to accurately report accounts receivable and record write offs

  - Provide customer call center services and provide customers with final SCE bills evidencing CPA charges

Collections Policy Overview

- Purpose: The purpose of the collections policy is to govern collections of receivables that are no longer being collected by SCE and have been returned by SCE to CPA.

- Collections Criteria:

  - Any customer account that has outstanding CPA charges are not subject to collection by SCE may be referred for collections to a collection agency or agencies designated by CPA.

  - CARE, FERA and Medical Baseline customers owing less than $500 are excepted

- Notices:

  - Late Payment Notices – Active CPA customers with CPA late payment balances outstanding 90 days or more may receive late payment notices from CPA encouraging them to pay or enter into a payment arrangement with SCE and advising them that failure to do so may result in them being referred to a collection agent designated by CPA. Late payment notifications will begin later in the fall.

  - Pre-Collection Notices – Customers meeting the above Collections Criteria may a pre-collections notice informing the customer that the customer's account will be referred to a collection agent. Pre-collection notifications will begin no earlier than September 1, 2021.

Collections Policy Overview

- Collections Agent: CPA may engage one or more collection agents to collect past due funds from CPA customers on CPA's behalf. The Collection Agent retained by CPA shall comply with all laws or regulations relating to consumer protection, credit reporting or monitoring and debt collections. Collections agents will be prohibited from selling information provided by CPA. CPA will review the practices and results of the Collection Agent annually and will take action to address any concerns.

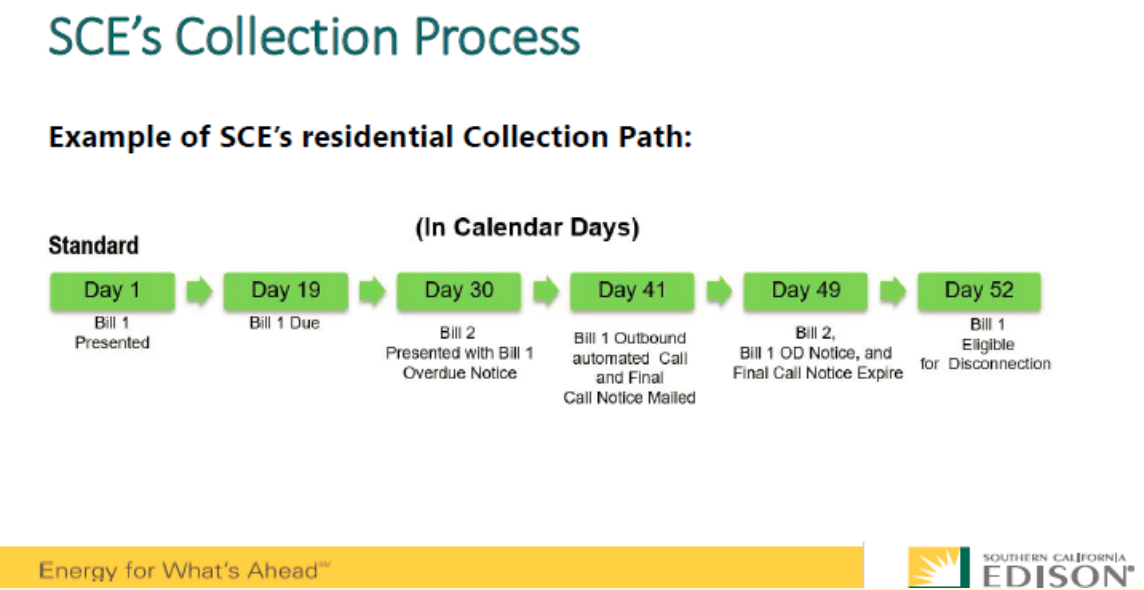
- CPA may authorize the Collection Agent to reach settlements with customers; settlements of $2,500 or more must be approved by the Executive Director; settlements more than $125,000 must be approved by the Board

- No CPA interest, penalties, or fees will be assessed on any customer account.

- If customer has not paid within 180 days following the initiation of the collections process, the Collection Agent may report the customer to a credit rating agency. Collections Agent is authorized to pursue legal action

A. Executive Director Discretion: The ED may cancel, recall an account from the Collection Agent, or otherwise deviate from the collection process specified in this policy for reasons including but not limited to cases of exigent circumstances, unforeseeable events, or customer hardship.

SCE Collections Process – Disconnection Example



- SCE's disconnection and collection process is complex. The example above reflects a portion of their process
- In the above example, CPA collections would begin once the customer has been disconnected and the receivable returned to CPA
- Disconnection process (beginning with notices) is anticipated to resume in the fall of 2021

Recommendation:

Approve Proposed Collections Policy

Thank you. Questions?

Return to Agenda

Staff Report – Agenda Item 6

To:	Clean Power Alliance (CPA) Board of Directors
From:	Tyler Aguirre, Customer Programs Manager
Approved by:	Ted Bardacke, Executive Director
Subject:	Power Ready Program
Date:	July 1, 2021

Staff will provide an update on the Power Ready program.

ATTACHMENT

1) Power Ready Program Update Presentation

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CPA Power Ready Program

Power Ready

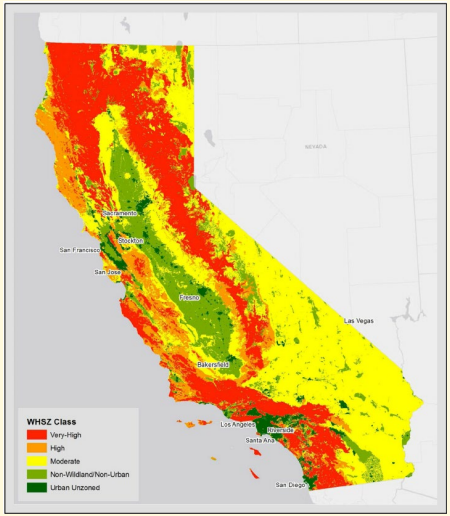
1. The Need for Resilience
2. Power Ready Overview
3. Program Design
4. Site Selection
5. Portfolio to Date and Site Examples
6. Memorandum of Understanding (MOU)
7. Request for Offers (RFO) Process
8. Timeline and Next Steps

The Need for Resilience

Climate change and certain energy policies are leading to more frequent, unexpected power outages:

- Increased wildfire threat and severity
- Public Safety Power Shutoff (PSPS) events
- Increased summer grid stress due to high heat

CPA member cities and counties sometimes do not have backup power systems at their critical facilities – and when they do have those systems they are often reliant on diesel generators that contribute to local GHG emissions and poor air quality.



Fire Hazard Severity Zones of California.

CPA's goal was to develop a program that could help member agencies achieve a level of resilience for critical loads and serve its member communities, and help agencies take advantage of available CPUC funding for battery storage (Self Generation Incentive Program, or SGIP).

Power Ready Overview

CPA designed Power Ready to allow each interested CPA member agency the opportunity to host a solar powered battery storage system at a facility that provides a critical community or municipal function in times of an outage.

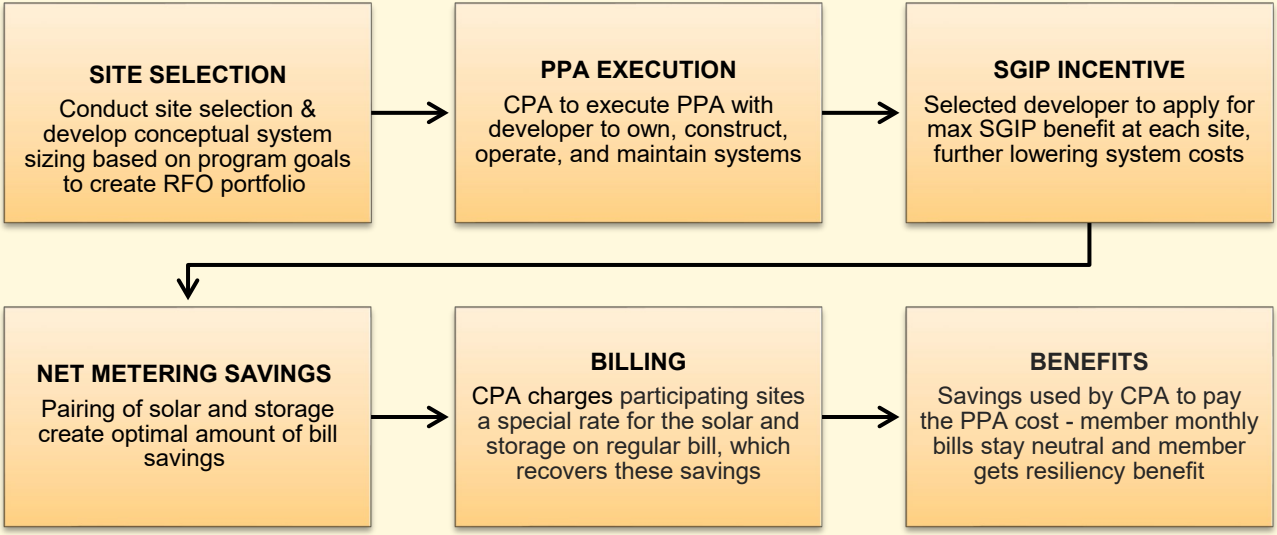
- In normal operation, CPA will use these batteries to maximize avoided wholesale cost, which puts downward pressure on CPA's overall cost structure.
- During outages, the member agency will get the benefit of islanded[1] backup power.

Types of facilities:

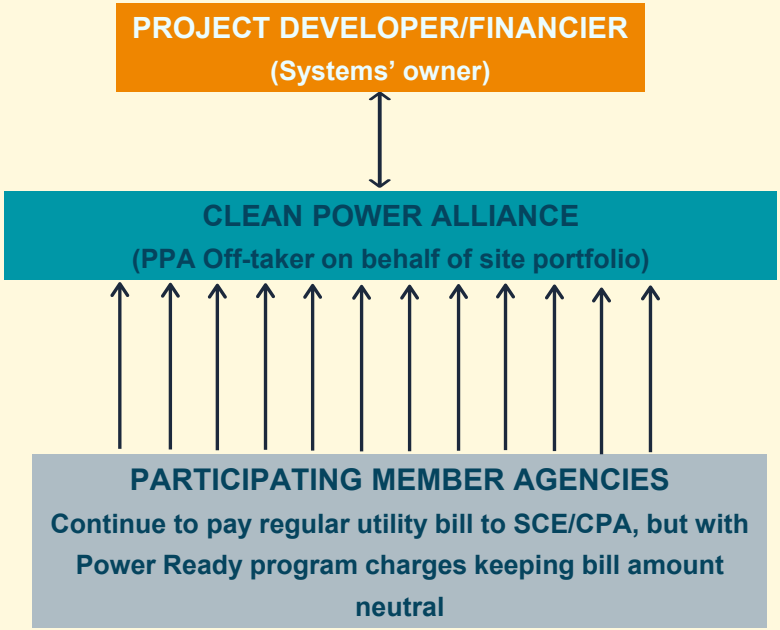
- Community Centers/Parks
- City Halls/Civic Centers
- Police/Fire Stations
- Public Works
- Other

[1]Islanding means that the system can operate independently from the grid. Normally, solar is interconnected so that if the grid goes down, solar is inoperable. With a battery, an islanded solar system can operate indefinitely.

Program Design



Program Design



CPA going to market with a portfolio of sites is expected to yield lower price per kWh than if agencies were to contract themselves for single sites

Program Benefits

Member Agency	CPA	Community
• Host a turnkey clean backup power system that provides islanded power during outage • No up-front cost and monthly bills stay neutral • At least four hours of backup for **critical** loads • CPA will cover any additional PPA cost not recovered by bill savings • The developer handles all operations and maintenance • Member agency staff learn about hosting battery storage	• Agencies host the batteries that CPA will optimize during normal operations • Offers CPA opportunity for demand side management/demand response • Lowers procurement costs during most expensive hours • Lowers RA cost over time	• Systems contribute to enhanced grid resilience • Community gets the benefits of a resilient critical facility during an outage • Reduced local emissions associated with diesel generators

Site Selection

CPA has been working with engineering consultant EcoMotion since November on developing the site portfolio to accompany the RFO.

CPA and EcoMotion hosted two webinars in January to kick off the site selection process and introduce member agency staff to the program.

Member agencies were asked to submit their top five candidate sites. EcoMotion analyzed each site's 2019 load data to determine whether the site had sufficient load to offset, and analyzed conceptual solar siting based on the sites' rooftop or carport solar potential.

During phone meetings with each agency, EcoMotion and CPA discussed the following with agencies to learn more about each site, including:

- Confirming they met basic program eligibility
- Verifying the site's community benefit/critical function
- Sufficient rooftop space for solar with minimal shading
- Roof and switchgear in good condition
- Whether there are existing critical load panels

Portfolio To Date

Top Site Identified (22)		Top Site Identification Pending (2)	No Site Identified* but Potential County Site (4)	No Site Identified* (4)
Agoura Hills Arcadia Beverly Hills Calabasas Camarillo Carson Culver City Hawaiian Gardens Hawthorne LA County Malibu	Moorpark Oxnard Redondo Beach Santa Monica Sierra Madre South Pasadena Ventura Ventura County West Hollywood Westlake Village Whittier	Alhambra Manhattan Beach	Claremont Ojai (adjacent) Paramount Simi Valley	Downey Rolling Hills Estates Temple City Thousand Oaks

*No sites large enough/eligible, existing solar arrangements, sites served by Direct Access, or no response.

Based on conceptual sizing, the total portfolio currently contains:

- 8 MWh Storage
- 5 MW Solar

While site selections are not final until an MOU is executed and the site visit concludes, these figures are representative of the portfolio CPA anticipates being able to release with the RFO. If any member agencies have not executed the MOU by the RFO release date but still want to participate, CPA will contemplate a second round RFO.

Site Visits

EcoMotion has prepared and reviewed conceptual solar sizing/siting with agencies. Siting is highly dependent on location characteristics and could be:

- Carport
- Rooftop
- Ground mount

EcoMotion will now begin conducting site visits to verify physical aspects of site feasibility.

- Sufficient space for battery
- Roof issues/setbacks
- Switchgear location/condition
- Meter location
- Existing critical load panels/generators
- Ability to isolate critical loads

Case Study: West Hollywood

Site: Community Center at Plummer Park

Critical Use Case: Cooling Center, Backup Emergency Operations Center

Solar Potential: 181 kW (about 80% of site's annual load

Storage Potential: 267 kWh

Working with West Hollywood staff, CPA and EcoMotion identified the Community Center at Plummer Park as West Hollywood's priority site for Power Ready. The site has sufficient load to offset with solar and storage in order to create optimal value, and ample roof space to install the solar. Other considered sites had insufficient load or insufficient space for solar.

Case Study: West Hollywood

Anticipated location of battery

Case Study: City of Ventura

Site: Community Park

Critical Use Case: Emergency Operations / Evacuation Center

Solar Potential: 400 kW (about 85% of annual load

Storage Potential: 800 kWh

City staff, CPA, and EcoMotion identified Community Park as City of Ventura's priority site for Power Ready. There is ample space in the parking lot to construct carport solar structures to offset this site's considerable loads, with no shading. Other considered locations had issues with shading and roof type, or existing solar that supplied most of site load.

Case Study: City of Ventura

Anticipated location of battery

Memorandum of Understanding (MOU)

- CPA has developed an MOU that will serve as the agency's agreement for their site to be included in the RFO portfolio
- The MOU contains program details and roles of each party
- Site selections are not final until the site visit concludes, however, CPA wants participating agencies to have the MOU as soon as possible to begin their internal approval process
- Site will be specified in MOU prior to execution
- Agencies will have until the end of August 2021 to execute

Request for Offers (RFO)

- After execution of MOUs from participating agencies, CPA is anticipating to release the RFO in September 2021
- There is already lots of interest in Power Ready from the solar and storage developer market
- Power Ready is an innovative program and will be a unique PPA – CPA will want to take plenty of time to select and negotiate with developer

Next Steps and Timeline

- **Site Visits:** EcoMotion will begin visiting the member sites in person
- **MOU:** The participating member agencies and CPA will execute the MOU
- **PPA and RFO Development:** CPA is planning to issue the RFO at the end of the summer to enter into a PPA with a developer for the construction of the systems
- **Public Relations:** This is an exciting and innovative program, and we will want to start getting the word out soon! The release of the RFO will be accompanied by media, with materials to be made available to member agencies.

Jun-Aug 2021
- MOU Executions
- Site Visits
- Prepare PPA Pro Forma

Sept-Oct 2021
- Open RFO
- Media Relations

Nov-Feb 2022
- RFO Evaluation and Selection

Mar-July 2022
- PPA Negotiation
- Board Approval

Q3 2022
- Break Ground

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Appendix

FAQ

- **Will the batteries disrupt site operations?** No**.** Batteries will not disrupt day to day site operations and will be operated by developer in conjunction with CPA.
- **How long will the program last?** 20 years (anticipated).
- **What happens at the end of the program term?** Cities can buy the systems or the developer will remove them.
- **What happens during an outage?** In most cases the battery will automatically kick in, pre-wired to power the loads that the cities identify as most critical.
- **How long does the battery last?** It will vary by site, as well as by the level of active load management by facility staff during an outage, but CPA's goal is to maintain at least four hours on reserve for critical loads.
- **Who is responsible for maintenance?** Replacement and maintenance will be handled by the developer.
- **How will NEM 3.0 affect the program?** CPA is actively monitoring NEM 3.0 proceedings for any potential impacts to the program.

Return to Agenda

Staff Report – Agenda Item 7

To:	Clean Power Alliance (CPA) Board of Directors
From:	C.C. Song, Director of Regulatory Affairs Matt Langer, Chief Operating Officer
Approved by:	Ted Bardacke, Executive Director
Subject:	Net Energy Metering Update
Date:	July 1, 2021

RECOMMENDATION

Review and provide input.

ATTACHMENT

1) NEM Key Issues Presentation

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Item 7
Evolution of Net Energy Metering: Key Issues

July 1, 2021

Executive Summary

- Net Energy Metering (NEM) has been an important subsidy to spur the growth of local clean energy adoption. California leads the nation in rooftop solar installation, which has created thousands of clean energy jobs.
- As the cost of rooftop solar continues to decline, the current level of subsidy may not be necessary. As California's electricity grid evolves, subsidies may be better directed towards resources such as storage that are needed in the evening to replace fossil fuel resources.
- While the NEM proceeding at the CPUC does not directly impact CPA's own ratemaking, the results could impact our competitive position and spur a redesign of CPA's NEM tariff.
- CPA staff have put together a set of principles for NEM re-design for **discussion and feedback**, which will inform CPA's own rate design deliberations after the CPUC decision has been issued.

NEM Background

History of NEM in California

- Established in 1995 as a subsidy to facilitate the installation of small, customer-sited renewable generation
- Subsidy is in rate design; customers receive credit based on **retail rates** for excess energy generated and fed back to the grid
- NEM has played an important role in encouraging the growth of rooftop solar, which has led to decline in technology cost
- California leads the nation in rooftop solar generation at 8,500 MW, creating thousands of local clean energy jobs
- Rising electricity costs and mandate for solar on all new low-rise housing will continue to drive installations

NEM 2.0

- NEM 2.0 was adopted in 2016 by the CPUC and made modifications to the original NEM tariff to align with policy objectives
  - **Rates**: New NEM customers were required to be on TOU rates, still at the retail level
  - **Fees and charges**: New NEM customers must pay an interconnection fee, a minimum bill, and other applicable non-bypassable charges (such as Public Purpose Program Charge and DWR bond)
- CPUC designated 2019 as the year to re-examine NEM tariff structure
  - Proceeding opened in 2020; costs, technology, grid needs have evolved significantly since 2016

Legislative and Regulatory Updates

Reasons for Revisiting NEM

- As the cost of installing rooftop solar has gone down, the subsidy may not need to be as generous as it used to be in order to encourage continued adoption

- A new rate design should appropriately value the benefits of distributed generation, and ensure that the cost of serving distributed generation customers is not disproportionately borne by low-income customers

- The CPUC adopted the below principles for NEM re-design:
  - Ensure equity among customers
  - Enhance consumer protection measures
  - Coordinate with other California energy policies, including SB 100, Integrated Resources Planning, building energy efficiency standards, etc.

AB 1139

- Authored by Assemblywoman Lorena Gonzalez (D-San Diego); sponsored by the Coalition of Utility Employees
- Original bill would have lowered the compensation NEM customers receive from the **retail rate to the wholesale rate**, reduced how long a customer can remain on the retail rate, and removed sustainable solar growth as a state policy goal
- Amended bill removed discussion of compensation rate, maintained legacy treatment for 20 years
- Original bill opposed by over 50 groups, in some cases due to the process (circumventing a CPUC proceeding) rather than the policy
- Moved to inactive file after it failed to get off the Assembly floor

CPUC NEM 3.0 Issues

Key issues under consideration at the CPUC include:

- **Legacy treatment** for existing NEM customers, and timeline for transition to new NEM tariff
- **Export compensation**: compensation for NEM customers when they export excess energy to the grid
- **Non-bypassable Charges**: include existing non-bypassable charges such as Public Purpose Program Fund, DWR Charge; fixed charge for distribution/transmission services
- **Incentives for low-income and disadvantaged customers**

CPA Objectives and NEM Proposals

CPA's Principles for NEM Re-Design

Staff has drafted the following NEM principles based on adopted CPA policy platforms:

- **Support Grid Reliability:** NEM is clean, local capacity that can be an important tool to reduce fossil fuel dependency and contribute to grid reliability

- **Invest in Energy Storage:** NEM incentives can further California's decarbonization goals by targeting investments in storage to meet the evolving needs of California's electricity grid

- **Expand Access for Low-Income Customers:** NEM incentives are underutilized by low-income households and communities, and a redesign of the tariff should increase adoption in underserved communities

Legacy Treatment for Existing NEM Customers

- **Proposal:** NEM 1.0 and 2.0 customers should maintain the existing legacy treatment of 20 years (NEM 1.0 already received this treatment when NEM 2.0 was adopted). Energy storage rebates could be provided to NEM 1.0 and 2.0 customers as an incentive to default to NEM 3.0 compensation schedule

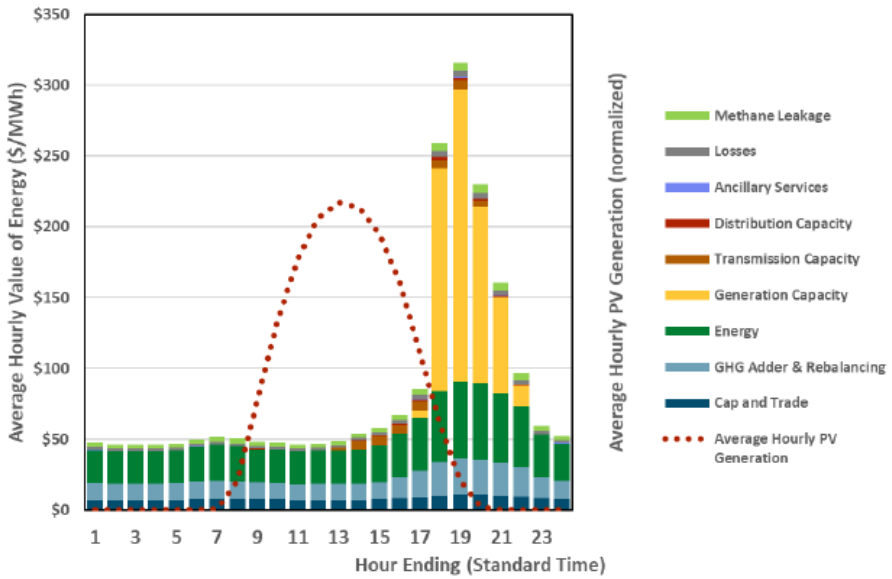
- **Alignment with CPA principles**:

Support Grid Reliability	Invest in Energy Storage	Expand Access for Low-Income Customers
Encourage storage adoption	Incentivize storage by providing rebates	N/A

Compensation Rate for New NEM Customers

- **Context:** California's greatest energy need is between 4-9 pm, and this need is largely met by natural gas resources. The value of distributed resources increases significantly if they can be used during these hours

Figure 4. 2020 Hourly Average Avoided Costs and Solar Generation, Annual Averages



Source: E3 NEM Whitepaper

Compensation Rate for New NEM Customers

- **Proposal:** Export compensation should be based on “avoided cost” to send price signals to customers to incentivize shift energy consumption during towards daytime hours and/or to encourage energy storage adoption that can shift energy export to the evening. The avoided cost-based rate value is between retail rate and wholesale rate

- **Alignment with CPA principles**:

Support Grid Reliability	Invest in Energy Storage	Expand Access for Low-Income Customers
Encourage energy export behavior that aligns with grid needs	Incentivize storage by providing higher value export rate during critical peak hours	Additional revenues can be utilized to subsidize low-income NEM customers

Non-Bypassable Charges and Fixed Charge

- **Proposal:** Non-bypassable charges, including the Public Purpose Program Charge (PPPC), should continue to be assessed based on usage. A fixed charge may be introduced to fund the cost of serving customers based on the size of the installation.

- **Alignment with CPA principles**:

Support Grid Reliability	Invest in Energy Storage	Expand Access for Low-Income Customers
Compensate the utilities for cost of service of maintaining the distribution and transmission grid	Potentially frees up more funds to fund storage rebates	Directly contribute to PPPC, and generate additional revenues to fund incentives for low-income customers

Incentives for Low-Income Customers

- **Context:** Although there has been a slight increase in NEM adoption in lower income zip codes, expanding rooftop solar access for low-income customers would likely require further subsidization
- **Proposal:** Compensate low-income customers at retail rate, and broaden the definition of low-income to include customers with income below 80% of the area median income
- **Alignment with CPA principles:**

Support Grid Reliability	Invest in Energy Storage	Expand Access for Low-Income Customers
N/A	A more generous compensation for low-income customers could incentivize storage adoption	Maintain a more generous compensation rate for low-income customers

Summary: CPA's NEM Objectives and Goal Alignment

	Support Grid Reliability	Invest in Energy Storage	Expand Access for Low-Income Customers
Legacy Treatment: Existing NEM customers should maintain their rates for 20 years from interconnection date. Existing NEM customers would be eligible for storage rebates, and in turn default to the new NEM tariff.	X	X	
Export Compensation: For new NEM customers, the compensation schedule should be set based on the value of customer-sited generation's contribution to the grid, at the time of export.	X	X	X
Non-bypassable and Fixed Charges: Customers should continue to pay other non-bypassable charges; a cost-of-service based distribution/transmission charge may be assessed.	X	X	X
Low-Income Incentives: Maintain a more generous compensation schedule for customers from underserved communities for the first 10 years to incentivize distributed energy resource adoption.		X	X

Next steps

- Today: Board feedback on principles and/or requests for information the Board would like to see in future discussions of NEM

- CPUC Proceeding
  - Settlement discussions finalized by August 27
  - Decision will likely be issued in Q4 2021

- CPA will revisit NEM with the Board once the CPUC decision has been issued to evaluate rate-setting from both a policy and competitive perspective

Return to Agenda

Staff Report – Agenda Item 8

To:	Clean Power Alliance (CPA) Board of Directors
From:	Sherita Coffelt, Director of External Affairs
Approved by:	Ted Bardacke, Executive Director
Subject:	Quarterly Communications Report
Date:	July 1, 2021

The Director of External Affairs will provide a communications report.

ATTACHMENT

1) Quarterly Communications Presentation

CLEAN POWER ALLIANCE
Locally powered energy innovation.

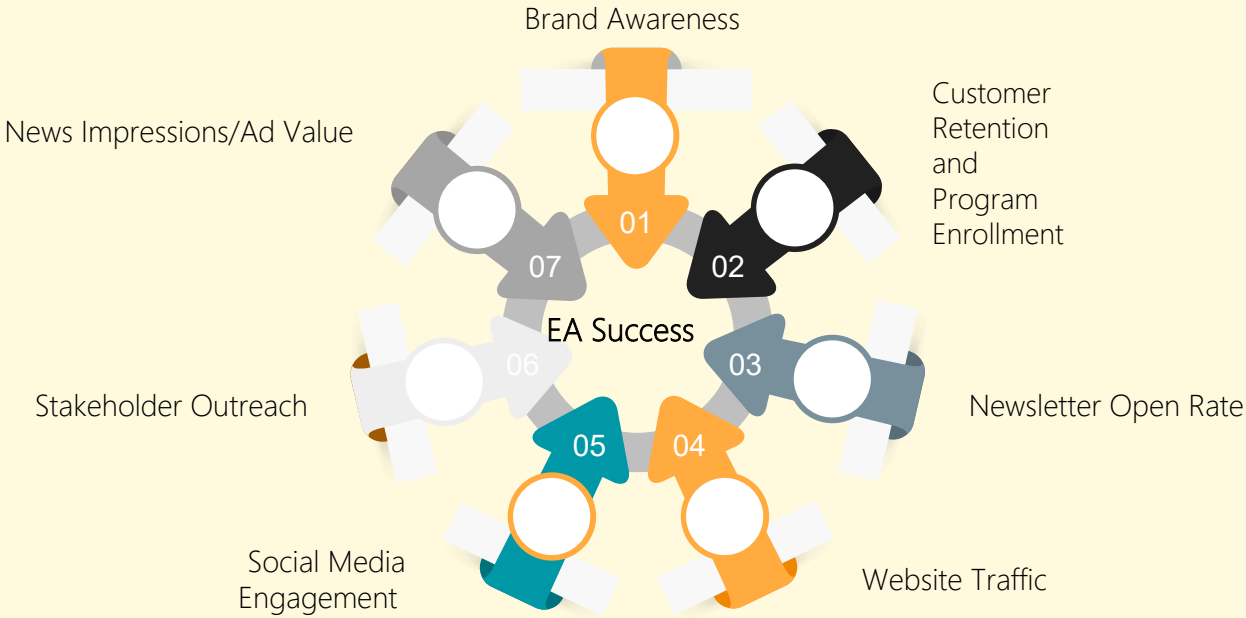
Item 8
Quarterly External Affairs Update

July 1, 2021

Agenda

- Measuring EA Effectiveness
- Sample Dashboard
- Perceptions about CPA
- EA activities and campaigns
  - Earth Month
  - AMP
  - Power Share
  - Media outreach
- Brand audit
- Brand refresh preview
- FY 2021-2022 Q1 preview
- Community Advisory Committee Members
- Member Agency Data and Dashboard Reports

Key Metrics for Measuring Effectiveness of External Affairs



Measuring Our Performance - Dashboard

Metrics	Q1 (Jan – March)	Q2 (April -June)	Q3	Q4	2020
Power Share (enrollments)	83/6300 goal	463 /6300 goal	XX	XX	XX
Arrearage Management Program (AMP)	400 enrollments; $150,000 in billing	1,824 enrollments; $866,926.78 in billing			
Website Traffic	53,944 views	69,210 views	XX	XX	XX
Social Media Engagement Rate	4.2%	6.1%	XX	XX	XX
Newsletter open rate	33%	29.5%	XX	XX	XX
PR Impressions Ad Value	500,000,000 imp $3.2 million ad value				

Key Survey Findings

Cost

35% concerned about cost

- Eight out of ten respondents say saving $250 is a compelling message (more compelling than a percentage.)

Comparatively

- 47% of Americans are willing to pay more monthly to get their electricity from 100% renewable energy sources*
- Roughly half of Americans think electricity from solar (48%) and wind (45%) will get cheaper over the next decade* (Yale Climate Opinion)

100% Clean Energy is "Very Compelling"

89% Spanish speaking

78% Mandarin speaking

49% English speaking

The majority of respondents were neutral to both SCE and CPA.

What Consumers Think

800 Facebook and database members from communities served were recently asked to give feedback on:

- their familiarity and perception of CPA
- their support of clean energy as a whole
- key motivators

Low Awareness & Confusion

Only 23% Spanish speaking and 30% Mandarin speaking respondents are familiar with CPA

- Eight out of ten Spanish (83%) and Mandarin (86%) respondents are familiar with SCE

Community Benefits

90%+ prefer using clean energy and would like more communities to move towards clean energy.

- 9 out of 10 of ALL respondents support *every* CPA program

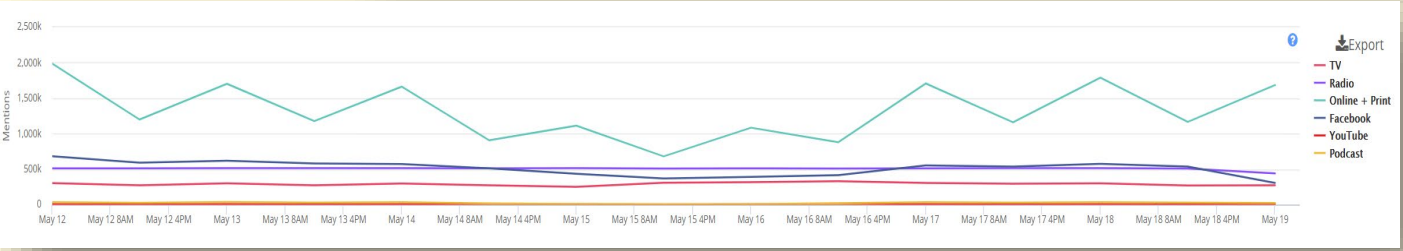
Communication Channels

- Majority mentioned several digital news sources (online, social media, email)
- 30% mentioned email
- 18% said they got their news online
- 6% mentioned social media

Media Relations – Mostly positive stories

Sample stories:

- First geothermal facility
- National Geographic
- Chair Mahmud Earth Day op-ed
- Ted Bardacke SB 612 op-ed
- Power Response CAISO
- Rates outreach in Malibu and Calabasas
- Calabasas default change



Community Advisory Committee

At full capacity

- Staff in conjunction with member agencies and community organizations have recruited potential CAC members through social media postings, flyers, and distributing information through partner list servs.
- In the last few months five new members have been appointed to the CAC representing three sub-regions.
- Each CAC member was appointed by the Board based on their passion for community engagement and relevant experience.
- Upon appointment each new CAC member is provided in-depth onboarding, which includes review of historical context about CCA's, the mission of CPA, CPA rate options, CAC work plan, and how the CAC operates as a Brown Act committee.

Vern Novstrup (West/Unincorporated Ventura County)

Jennifer Burke (East Ventura/West L.A. County)

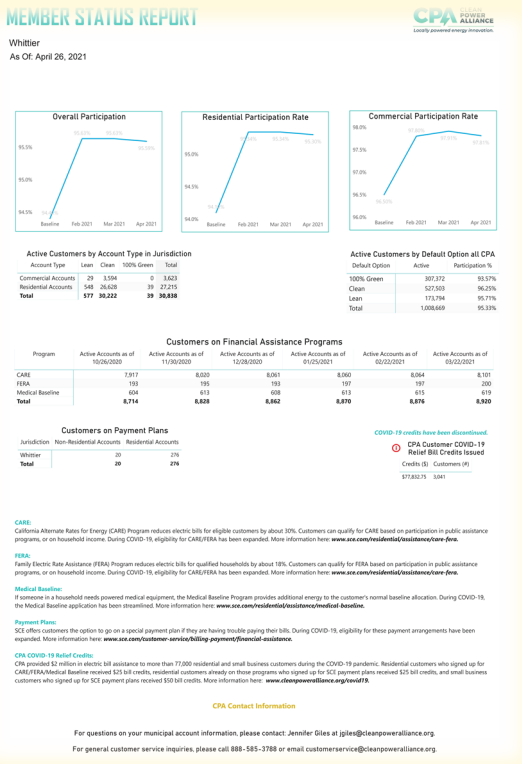
Jaime Lopez (Gateway Cities)

Genaro Bugarin (Gateway Cities)

Debby West (East Ventura/West L.A. County)

Member Agency Data and Dashboard Reports

Continued evolution in both format and content



MEMBER STATUS REPORT

CPA CLEAN POWER ALLIANCE
Locally powered energy innovation.

Whittier
As Of: April 26, 2021

Overall Participation

Residential Participation Rate

Commercial Participation Rate

Active Customers by Account Type in Jurisdiction

Account Type	Lean	Clean	100% Green	Total
Commercial Accounts	29	3,594	0	3,623
Residential Accounts	548	26,628	39	27,215
Total	**577**	**30,222**	**39**	**30,838**

Active Customers by Default Option all CPA

Default Option	Active	Participation %
100% Green	307,372	93.57%
Clean	527,503	96.25%
Lean	173,794	95.71%
Total	1,008,669	95.33%

Customers on Financial Assistance Programs

Program	Active Accounts as of 10/26/2020	Active Accounts as of 11/30/2020	Active Accounts as of 12/28/2020	Active Accounts as of 01/25/2021	Active Accounts as of 02/22/2021	Active Accounts as of 03/22/2021
CARE	7,917	8,020	8,061	8,060	8,064	8,101
FERA	193	195	193	197	197	200
Medical Baseline	604	613	608	613	615	619
Total	**8,714**	**8,828**	**8,862**	**8,870**	**8,876**	**8,920**

Customers on Payment Plans

Jurisdiction	Non-Residential Accounts	Residential Accounts
Whittier	20	276
Total	**20**	**276**

COVID-19 credits have been discontinued.

CPA Customer COVID-19 Relief Bill Credits Issued

Credits ($)	Customers (#)
$77,832.75	3,041

CARE:
California Alternate Rates for Energy (CARE) Program reduces electric bills for eligible customers by about 30%. Customers can qualify for CARE based on participation in public assistance programs, or on household income. During COVID-19, eligibility for CARE/FERA has been expanded. More information here: ***www.sce.com/residential/assistance/care-fera.***

FERA:
Family Electric Rate Assistance (FERA) Program reduces electric bills for qualified households by about 18%. Customers can qualify for FERA based on participation in public assistance programs, or on household income. During COVID-19, eligibility for CARE/FERA has been expanded. More information here: ***www.sce.com/residential/assistance/care-fera.***

Medical Baseline:
If someone in a household needs powered medical equipment, the Medical Baseline Program provides additional energy to the customer's normal baseline allocation. During COVID-19, the Medical Baseline application has been streamlined. More information here: ***www.sce.com/residential/assistance/medical-baseline.***

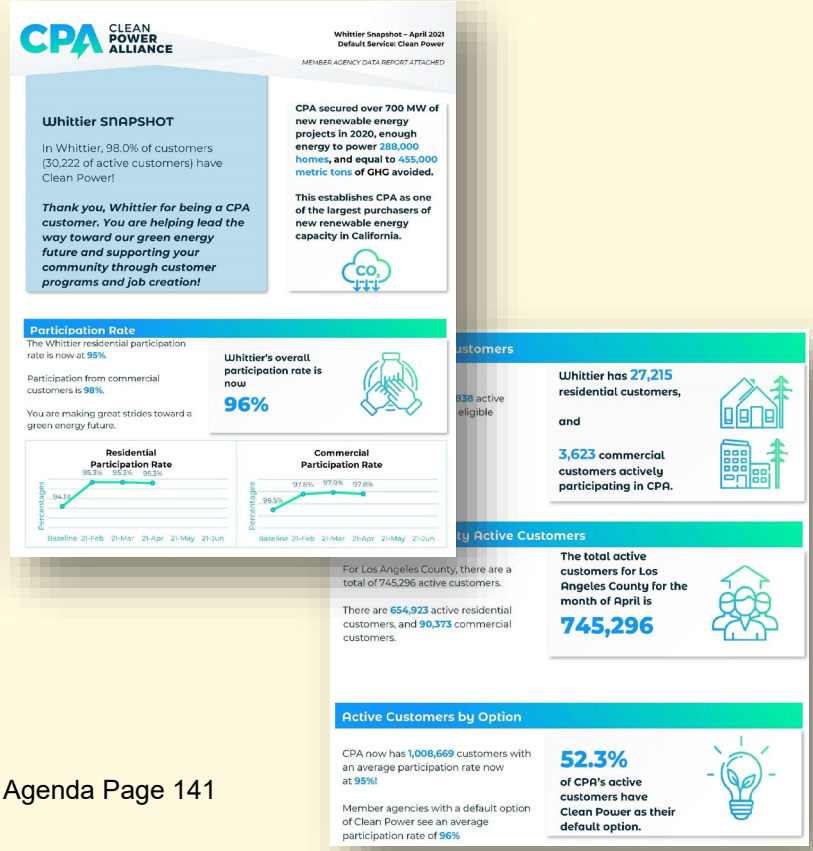
Payment Plans:
SCE offers customers the option to go on a special payment plan if they are having trouble paying their bills. During COVID-19, eligibility for these payment arrangements have been expanded. More information here: ***www.sce.com/customer-service/billing-payment/financial-assistance.***

CPA COVID-19 Relief Credits:
CPA provided $2 million in electric bill assistance to more than 77,000 residential and small business customers during the COVID-19 pandemic. Residential customers who signed up for CARE/FERA/Medical Baseline received $25 bill credits, residential customers already on those programs who signed up for SCE payment plans received $25 bill credits, and small business customers who signed up for SCE payment plans received $50 bill credits. More information here: ***www.cleanpoweralliance.org/covid19.***

CPA Contact Information

For questions on your municipal account information, please contact: Jennifer Giles at jgiles@cleanpoweralliance.org.

For general customer service inquiries, please call 888-585-3788 or email customerservice@cleanpoweralliance.org.



CPA CLEAN POWER ALLIANCE

Whittier Snapshot – April 2021
Default Service: Clean Power

MEMBER AGENCY DATA REPORT ATTACHED

Whittier SNAPSHOT

In Whittier, 98.0% of customers (30,222 of active customers) have Clean Power!

Thank you, Whittier for being a CPA customer. You are helping lead the way toward our green energy future and supporting your community through customer programs and job creation!

CPA secured over 700 MW of new renewable energy projects in 2020, enough energy to power 288,000 homes, and equal to 455,000 metric tons of GHG avoided.

This establishes CPA as one of the largest purchasers of new renewable energy capacity in California.

Participation Rate

The Whittier residential participation rate is now at **95%**.

Participation from commercial customers is **98%**.

You are making great strides toward a green energy future.

Whittier's overall participation rate is now
96%

Residential Participation Rate

Commercial Participation Rate

Whittier has 27,215 residential customers,

and

3,623 commercial customers actively participating in CPA.

For Los Angeles County, there are a total of 745,296 active customers.

There are **654,923** active residential customers, and **90,373** commercial customers.

The total active customers for Los Angeles County for the month of April is
745,296

Active Customers by Option

CPA now has **1,008,669** 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%**

52.3%
of CPA's active customers have Clean Power as their default option.

Earth Month
#restoreourEarth

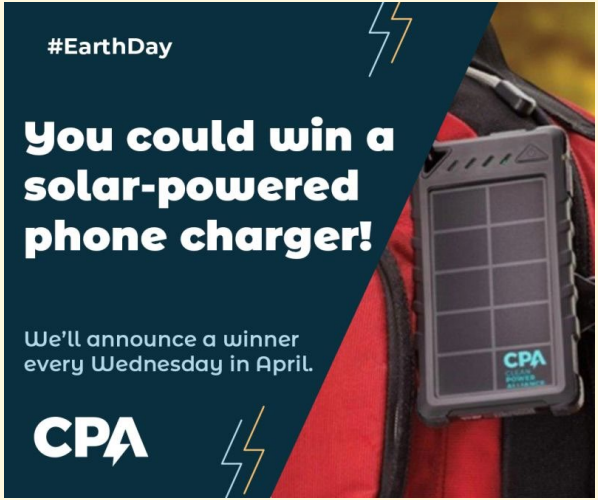
Clean Power Alliance
1,282 followers
1mo •

On Wednesdays, we are showcasing what our community partners are doing to celebrate #EarthDayEveryday. If you live in Ventura County, Surfrider Foundation is cleaning up their beach on Saturday, April 24. Put it on your calendar today! More information at: https://bit.ly/2Rfd1ds.

Op-Ed | Help Restore Our Earth with Your Electricity Choice this Earth Day

Since becoming a locally created Joint Powers Authority in 2017, CPA has grown to represent 32 member agencies, including 30 cities across Los Angeles

By **Op-Ed | The South Pasadenan News** - April 15, 2021



Clean Power Alliance
1,282 followers
1mo •

Thanks National Geographic for including CPA in your article about Americans wanting more renewable energy and how CCA's are taking action toward a greener future. "There is huge unmet demand for renewable energy. E ...see more

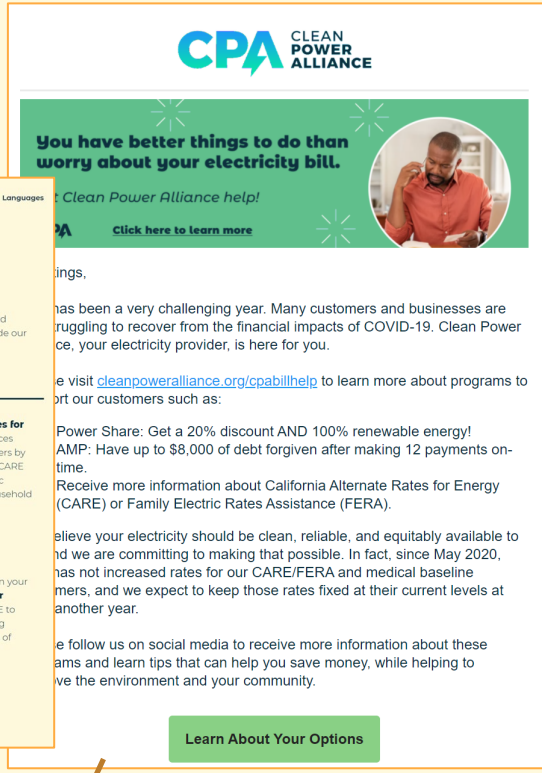
Americans want more renewable energy. Can 'community choice' help them get it?

nationalgeographic.com • 8 min read

AMP/Bill Assistance

14,000 eligible owing more than $7 million
1441 signed up owing more than $700,000

Total Clicks: 5,144
Click Rate: 10%
Cost per Click: $0.05



Webpage Views: 1,283
Avg Time: 1:39

27.5% opened
788 clicked to website
Resulted in Power Share enrollments

Power Share

94,000 eligible, 6000+ availability
456 signed up

- First CCA in the state to launch
- First large scale program launch with marketing support
- Power Share moved from 8th most visited to most visited after the homepage
- 3 languages
- Facebook, Twitter, Instagram, Google Search
- **Total Clicks: 36,822**

CPA CLEAN POWER ALLIANCE
Locally powered energy innovation.

Residential Customers | Commercial Customers | Customer

Get renewable energy and cut your bill up to $250+* per year with CPA's Power Share.

You can **double the savings** if you participate in the California Alternate Rates for Energy (CARE) or Family Electric Rates Assistance (FERA) programs.**

See if you qualify to save.

Need help locating your customer number?

Customer Number From Your Bill*
Note: this is NOT your Service Account Number.
000000000000

Last Name*
Enter Last Name

Service Location ZIP Code*
00000

Let's Find Out

* indicates required field

To learn more about Power Share, please scroll down.

Averigüe ahora si cumple con los requisitos para Power Share

查看您是否可以加入 Power Share

CPA CLEAN POWER ALLIANCE

Power Sharing is Caring

You can help to save the environment by using clean energy! Qualified customers can save 20% on your bill with our new Power Share program.

With Power Share, disadvantaged communities get all the benefits of clean power:

- Financial – save 20% on your electric bill (an average customer can receive $172 a year off your bill)
- Environmental – by using solar-generated clean power, when you turn on the lights you can reduce harmful emissions leading to cleaner air
- Health – cleaner air means better health for you, your family, friends, and neighbors

The 20% Power Share discount will be applied to customers' already discounted California Alternate Rates for Energy (CARE) or Family Electric Rates Assistance (FERA) programs, if you participate in CARE or FERA.** This can lead to an overall bill discount of approximately 35-45%.

To learn more about Power Share and to sign-up for the program, visit: cleanpoweralliance.org/powershare.

Averigüe ahora si cumple con los requisitos para Power Share

查看您是否可以加入Power Share

Power Share Optimizations

Have seen a 300% increase in enrollments in 1 month

Targeting

Limited, priority outreach at beginning

Creative

Use pictures and video instead of drawings

Website

Reduced page loading time	Added an option for visitors to get a reminder email

In-person events

Will target areas in key communities for in-person outreach and sign-ups

Rates Communications Strategy

Outreach Objectives:

- Retain CPA customers (Reduce opt-outs; encourage opt-downs to avoid opt-outs if necessary)
- Differentiate CPA through transparency and advanced notification re: rate changes
- Communicate full story on CPA's value to its communities (Community investment, program opportunities, GHG reductions, job creation, and competitive rates)

Strategies:

- Transparency and opportunity for engagement regarding energy costs and rate changes
- Concurrent campaigns on bill assistance and how to save money and reduce emissions by saving electricity

Messaging Approach

Transparency

- Advertised on bills during April and May

Listen to feedback

- People care about reliability, environmental impact and cost in that order
- People want to know how they can save money

Tell the CPA story

- Economic development
- Community investment
- Environmental impact
- Percentage of total bill
- Low-income support and DEI efforts

Promote Bill Assistance Options

- Power Share
- AMP
- CARE/FERA
- COVID-19 Housing

Messaging on energy efficiency and ways to reduce usage (lower bills and emissions)

Timeline

Date(s)	Outreach Activity
April – June	Bill message promoting opportunity to provide feedback and cleanpoweralliance.org
April – June	Webpage with information on 2021-2022 budget priorities, rates and CPA community investment as well as survey for feedback
April 8 and May 13	Newsletter article requesting feedback
May and June	Update website content, calculator, move in mailers and all collateral material re: new rates and power source content; notify subset customers
July	Continue Bill Assistance Campaign; Launch save electricity, money and the Earth campaign

Brand Audit

Visual Design | Audit Takeaways

Logo
Logo evokes power and strength with an approachability. Custom letterform 'A' bolt creates allegiance to the company's offering while being an ownable aspect of the logo word mark.

Typography
Although the fonts look friendly, they take away from the importance and impact of CPA's mission.
Type hierarchy is confusing and unrefined.

Color
The current color palette is soft, feels overtly beige and although secondary palette is friendly, colors as a whole convey an overly playful tone, which may take away from impact of the brand.

Images
The page needs actual images of people, infrastructure, and lifestyle to communicate CPA's services more clearly.

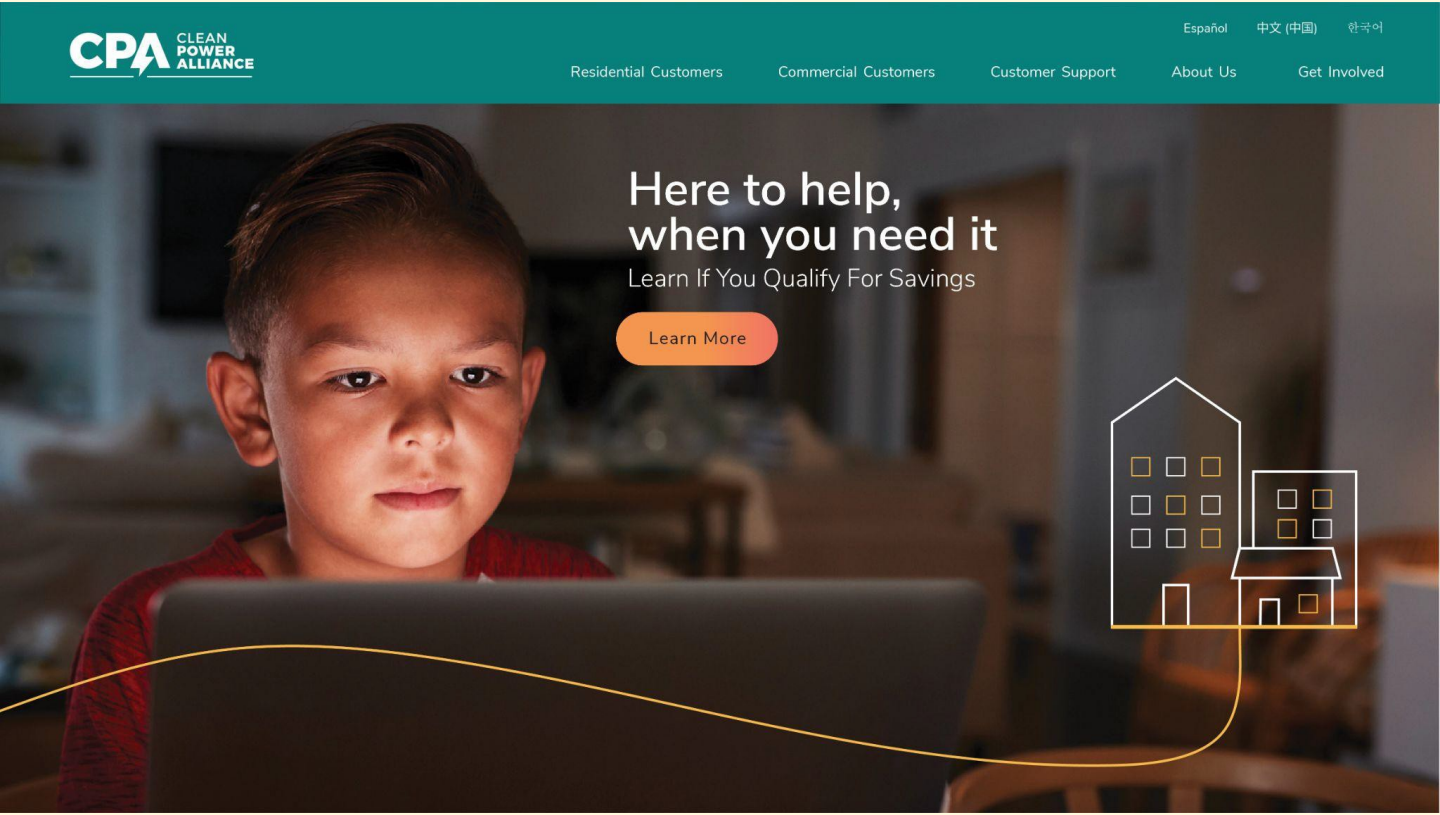
Layout
The website feels cluttered, type heavy and lacking a clear hierarchy. Defining sections and allowing more breathing room can improve readability and navigation.

Brand Evolution

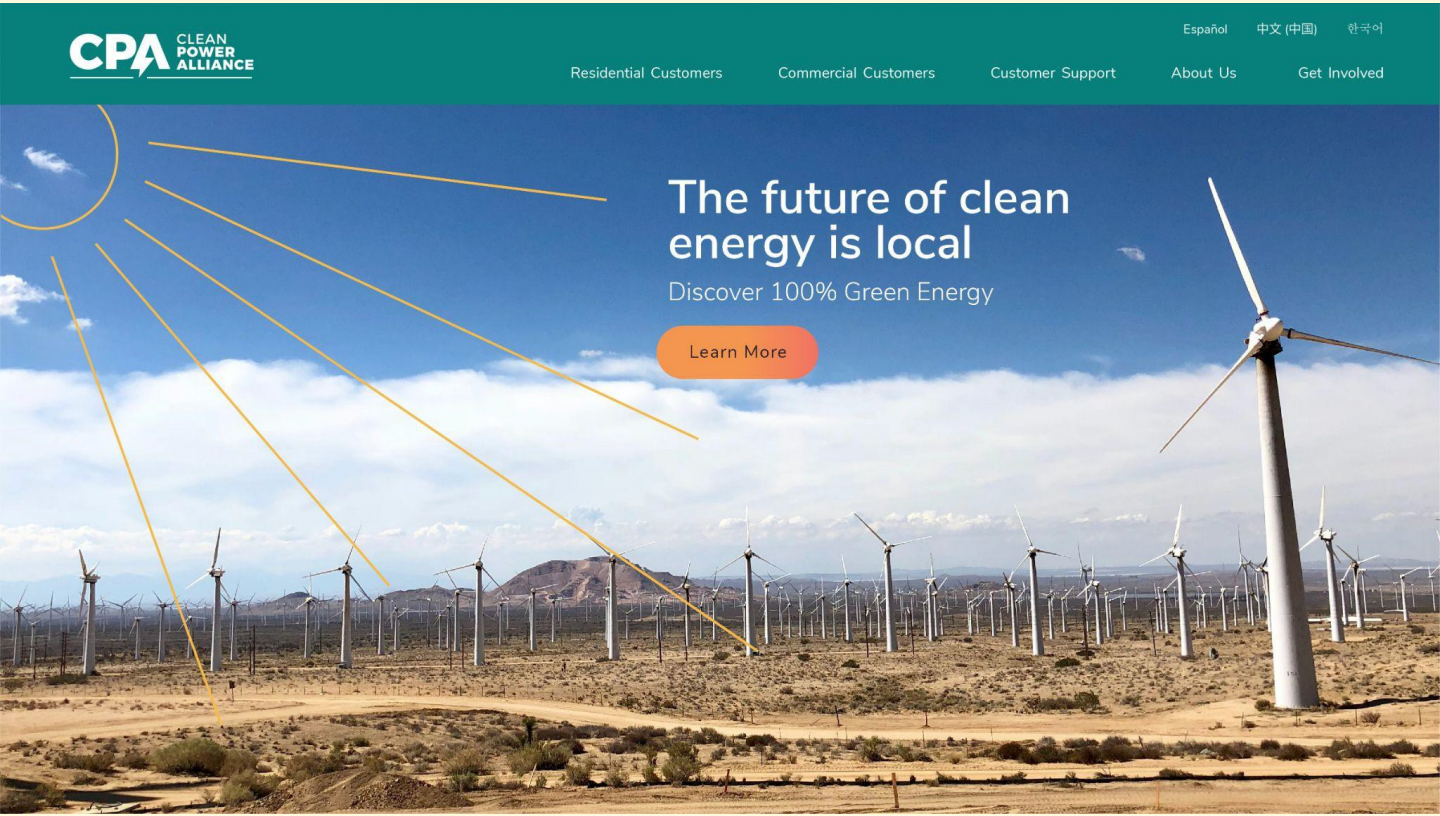
Powering Community

Mission-driven, this direction strives to communicate the commitment to better energy for all.

With a mix of bright colors inspired by nature; sun, sky, land, and photography that shows how power makes our lives brighter, this evolution is empowering, innovative and approachable.

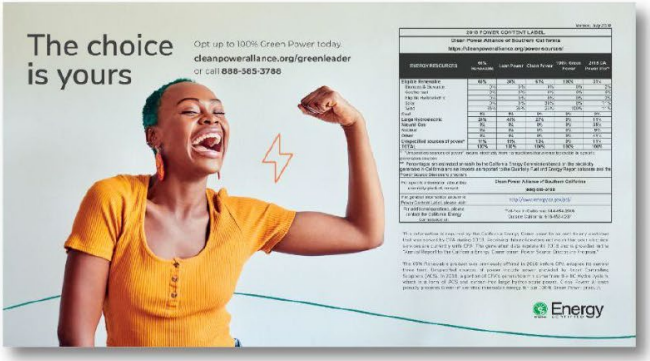


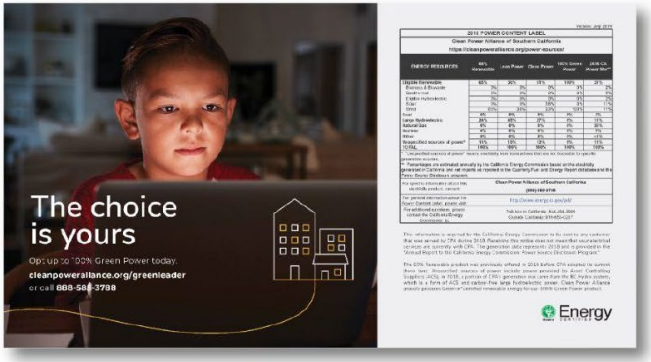
- Adds local photography to the line draws to keep the approachability
- Line drawings will be simple and provide an opportunity for animation



- Exchanging the beige with dark green, evokes reliability and the environment
- Changing the typeface/font to be a little more serious, but still friendly

Side 1





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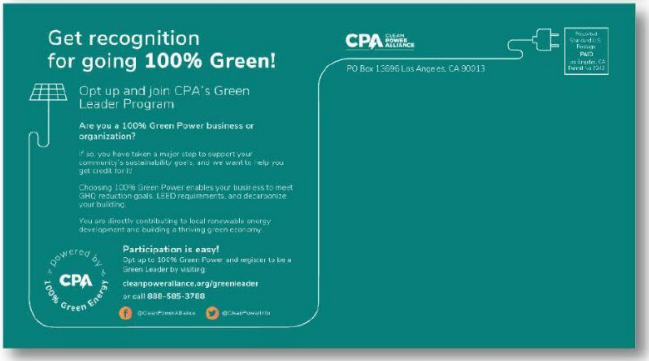
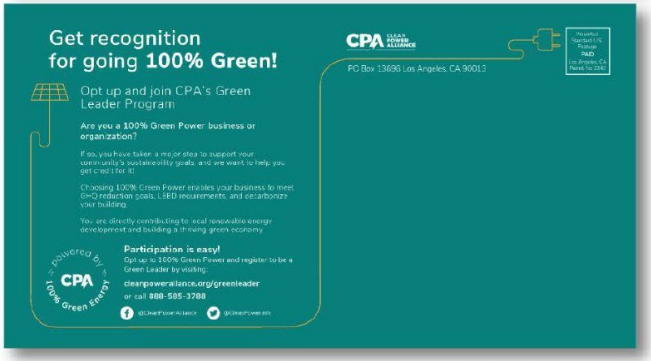




Opt A

Opt B

FY 2021-2022 Q1 Preview

In addition to day-to-day work such as social media, newsletters, media inquiries, public meeting support, speech and presentation support, the EA team will be concentrated on many key initiatives.

2021

July

New rates go into effect
Programs – Power Share, AMP, Power Response, New: CALeVIP

August

Roll-out brand refresh and first phase of web redesign
New facilities online
Start default change communications
Programs – Power Share, AMP, Power Response, New: Residential TOU

September

Phase two of website redesign
CAC Retreat
Program – Power Share, AMP, CALeVIP, Power Response, Residential TOU New: Power Ready

Return to Agenda

Management Report

To: Clean Power Alliance (CPA) Board of Directors

From: Ted Bardacke, Executive Director

Subject: Management Report

Date: July 1, 2021

PCIA/SB 612 Update

CPA's top legislative priority this year is SB 612 (Portantino), which would provide CCA customers access to the benefits of the legacy resources that they pay for through the Power Charge Indifference Adjustment (PCIA). Passage of the bill would bring more balance to the PCIA framework and could reduce CPA's procurement costs for renewable energy, Resource Adequacy, and greenhouse gas free energy over the medium and long-term. The bill passed out of the Senate in late May and is scheduled to be heard in the Assembly Utilities and Energy Committee on June 30. More details on the outcome of this hearing will be provided at the Board meeting.

Relatedly, on May 20, 2021, the California Public Utilities Commission adopted a Revised Proposed Decision on PCIA Adjustment Cap and Portfolio Optimization. The decision adopts some of the recommendations made by the PCIA Working Group (WG) 3 co-chairs (including CalCCA) regarding legacy renewable energy resources, but rejected any allocation of Resource Adequacy (RA) Resources to CCA customers who pay the PCIA and keeps in place an interim allocation of Greenhouse Gas (GHG) Free resources in SCE territory through 2023, with a long-term solution deferred until a later date. The result of the decision is that CCA customers will continue to pay for the above-market costs of all PCIA-eligible resources but will not have access to the RA and GHG-free benefits they are paying for unless a legislative solution is successful.

SCE Billing System Transition – Customer and Financial Impact

In April 2021, SCE replaced its 30-year-old mainframe customer billing system with a new SAP-based system. The goal of the ~$540-million-dollar project, for which SCE will see cost recovery from ratepayers, is to improve quality, reliability, and availability of usage, rate and billing information and improve information to support customer questions, inquiries, and overall support. However, as with any new technology deployment, particularly with complex utility billing systems, there is heightened risk of customer billing issues particularly through the planned 6-month system stabilization period.

CPA and its customers are beginning to experience some impacts from this transition. A key issue has been missing usage, which causes delays in issuing customer bills across SCE service territory, impacting both SCE bundled customers and unbundled (CCA) customers alike. According to SCE, as of June 22, 2021, 19,270 CPA customers have bills delayed one or more billing cycles. This compares to approximately 3,500 customers with delayed bills during the normal course of operations. CPA and its billing manager Calpine have been unable to verify this elevated number as other reconciliation reporting from SCE to CPA has also been delayed.

From a financial perspective, there has been an impact to CPA from these delayed bills. SCE estimates that ~$16 million of revenue owed to CPA is associated with the 19,270 delayed bills. While this revenue should eventually be recovered, the impact on CPA cash flow ahead of this summer is of some concern. Missing usage may have contributed to worse than expected April 2021 financial results (along with accelerated renewable energy purchases). More details can be seen in the monthly financial dashboard included as Attachment 2.

Customer Participation Rate

As of May 24, 2021, CPA's overall participation rate is 95.4% with a total of 1,000,418 active customers, slightly down from the previous month. Customer participation has remained stable over the past several months.

Customer Service Center Performance

Incoming calls to CPA's Customer Service Center in June have been steady, with 1,258 calls as of June 22, compared to 1,437 calls for the entire month of May. In June 99.7% of calls were answered within 60 seconds, and average wait time was 6 seconds.

Program Marketing & Community Outreach

Participation in CPA's Power Share program has grown by over 200% in one month to 501 customers and increase in website visits have increased significantly. An optimized version of the Power Share landing page was launched and has become the second most visited page on our website and CPA is working to make it as easy as possible to convert the thousands of visits into to sign-ups. In our outreach, staff is prioritizing the most vulnerable communities across the CPA service area and has provided electronic materials to board members, member agency staff, CAC members as well as Community Based Organizations to help promote the program. In June, postcards to customers without email addresses on record were sent.

CPA will be continuing to promote other bill assistance measures including the Arrearage Management Program (AMP) and CARE/FERA. These programs will continue to be a critical lifeline as we approach the end of the statewide suspensions on disconnections on September 30, 2021. Approximately 1,800 customers owing more than $866,000 have already signed up for AMP, representing 14% of our nearly 13,000 AMP-eligible CPA customers who have a combined $7.1 million in delinquencies.

This month, the External Affairs team promoted Pride Month on social media and in the monthly newsletter. Additionally, the team sent out a news release on the four PPA's advanced at this month's board meeting. The team also supported this summer's first Flex Alert. There are ongoing campaigns promoting the agency's many bill assistance programs and tips for customers to use less electricity during summer months when energy is more expensive and dirtier.

Contracts Executed in May Under Executive Director Authority

A list of non-energy contracts executed under the Executive Director's signing authority is attached (Attachment 3). The list includes all open contracts as well as all contracts, open or completed, executed in the past 12 months.

ATTACHMENTS

1) Overall Participation Rates by Jurisdiction
2) Monthly Financial Dashboard
3) Non-Energy Contracts Executed under Executive Director Authority

CLEAN POWER ALLIANCE
Locally powered energy innovation.

Clean Power Alliance – Overall Customer Status Report
As of June 21, 2021

Participation by City and County

Jurisdiction	Default Option	Participation Rate	Active Accounts	Lean %	Clean %	100% Green %
Agoura Hills	Lean	94.97%	8,305	99.63%	0.14%	0.24%
Alhambra	Clean	97.76%	34,089	1.20%	98.68%	0.13%
Arcadia	Lean	97.78%	22,544	99.77%	0.15%	0.09%
Beverly Hills	Clean	98.96%	18,738	1.32%	98.55%	0.14%
Calabasas	Lean	97.83%	9,941	99.62%	0.22%	0.17%
Camarillo	Lean	94.87%	28,497	98.78%	0.27%	0.95%
Carson	Clean	96.87%	29,338	1.07%	98.64%	0.30%
Claremont	Clean	94.56%	12,693	1.79%	97.79%	0.43%
Culver City	100% Green	97.15%	19,274	3.28%	1.06%	95.67%
Downey	Clean	97.23%	36,993	1.30%	98.57%	0.14%
Hawaiian Gardens	Clean	97.80%	3,685	1.03%	98.62%	0.35%
Hawthorne	Lean	98.96%	28,519	99.65%	0.12%	0.24%
Los Angeles County	Clean	95.27%	295,833	1.44%	98.32%	0.25%
Malibu	100% Green	96.98%	6,933	2.22%	0.39%	97.39%
Manhattan Beach	Clean	98.04%	15,532	1.88%	94.98%	3.15%
Moorpark	Clean	89.26%	11,506	2.18%	96.96%	0.87%
Ojai	100% Green	93.26%	3,516	5.92%	1.61%	92.48%
Oxnard	100% Green	95.12%	54,990	7.38%	0.42%	92.21%
Paramount	Lean	98.32%	15,683	99.79%	0.13%	0.08%
Redondo Beach	Clean	98.47%	33,422	1.66%	98.09%	0.25%
Rolling Hills Estates	100% Green	94.52%	3,349	4.65%	47.84%	47.52%
Santa Monica	100% Green	97.29%	53,524	3.94%	0.82%	95.25%
Sierra Madre	100% Green	95.46%	5,047	4.49%	3.67%	91.85%
Simi Valley	Lean	92.62%	43,093	99.67%	0.10%	0.24%
South Pasadena	100% Green	97.60%	11,732	2.57%	45.95%	51.49%
Temple City	Lean	97.58%	12,640	99.89%	0.03%	0.08%
Thousand Oaks	100% Green	87.88%	44,263	7.22%	1.15%	91.65%
Ventura	100% Green	93.22%	43,693	5.54%	1.57%	92.90%
Ventura County	100% Green	85.93%	32,213	6.75%	1.58%	91.67%
West Hollywood	100% Green	99.13%	26,419	2.28%	0.40%	97.33%
Westlake Village	Lean	86.88%	3,703	99.73%	0.08%	0.20%
Whittier	Clean	95.64%	30,711	1.40%	98.43%	0.18%
Total		**95.41%**	**1,000,418**	**30.28%**	**37.04%**	**32.68%**

Overall Participation by Default Option

Default Option	Participation Rate
100% Green	94.46%
Clean	96.35%
Lean	95.53%
Total	**95.41%**

Default Option	Active Accounts	% of Active
100% Green	304,953	30.48%
Clean	522,540	52.23%
Lean	172,925	17.29%
Total	**1,000,418**	**100.00%**

CLEAN POWER ALLIANCE

Financial Dashboard

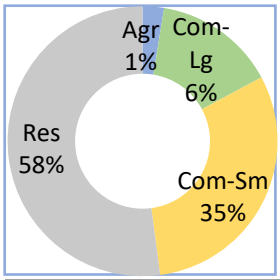
YTD April 2021

Active Accounts
1,008,000

Participation Rate
95.33%

YTD Sales Volume
11,896 GWh

April Sales Volume
795 GWh



Summary of Financial Results

	April				Year- to- Date			
in $000,000's	Actual	Budget	Var	%	Actual	Budget	Var	%
Energy Revenues	$45.6	45.5	0.1	0%	662.9	614.0	49.0	8%
Cost of Energy	$49.7	43.2	6.6	15%	645.8	580.9	64.9	11%
Net Energy Revenue	-$4.1	2.4	-6.5	-272%	17.1	33.0	-15.9	-48%
Operating Expenditures	$2.0	2.6	-0.5	-21%	20.3	26.7	-6.3	-24%
Net Income	-$6.2	-0.2	-6.0		-3.2	6.4	-9.6	-151%

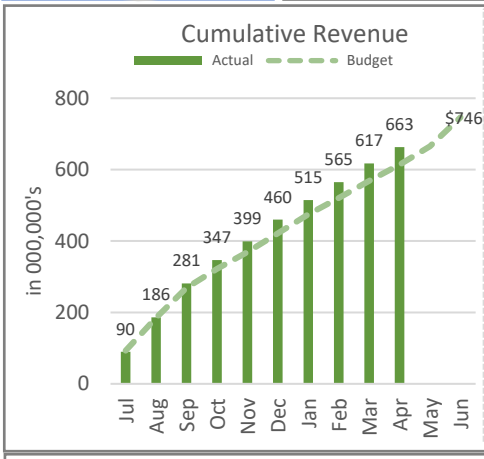
Note: *Numbers may not sum up due to rounding.*

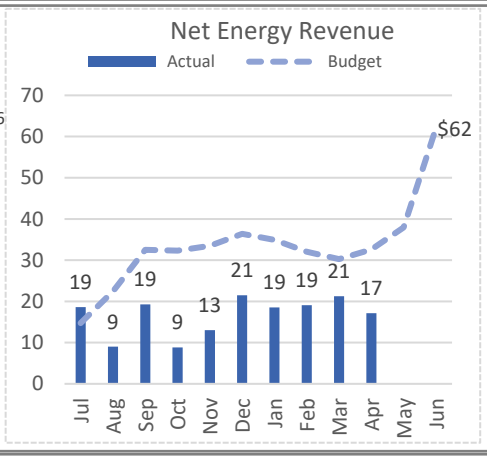
CPA recorded a loss of $6.2 million in April 2021, resulting in a year to date net loss of $3.2 million. April net loss was $6 million below the budgeted loss of $.2 million.

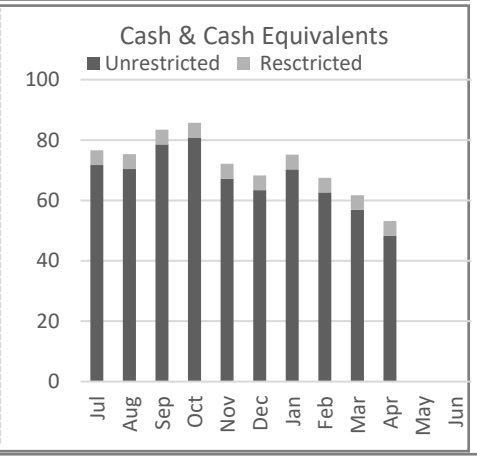
April results were negatively impacted by higher than budgeted renewable energy costs arising from the delivery of renewable energy certificates that occurred sooner than budgeted. The expected annual cost of renewable energy certificates remains unchanged.

As of April 30, 2021 CPA had $48.3 million in cash and cash equivalents, $36.85 million available on its line of credit and no bank or other debt outstanding. The net position was $43.4 million and Fiscal Stabilization Fund balance was $17.39 million. CPA renewed its $37 million credit facility with River City Bank in April 2021.

CPA is in compliance with its bank and other credit covenants and is in sound financial health.







Definitions:
Accounts: Active Accounts represent customer accounts of active customers served by CPA per Calpine Invoice.
Opt-out %: Customer accounts opted out divided by eligible CPA accounts
YTD Sales Volume: Year to date sales volume represents the amount of energy (in gigawatt hours) sold to retail customers
Revenues: Retail energy sales less allowance for doubtful accounts
Cost of energy: Cost of energy includes direct costs incurred to serve CPA's load
Operating expenditures: Operating expenditures include general, administrative, consulting, payroll and other costs required to fund operations
Net income: Net income represents the difference between revenues and expenditures before depreciation and capital expenditures
Cash and Cash Equivalents: Includes cash held as bank deposits.
Year to date (YTD): Represents the fiscal period beginning July 1, 2020

Clean Power Alliance

Non-energy contracts executed under Executive Director authority
Rolling 12 months -- Open contracts shown in Bold

Vendor	Purpose	Month	NTE Amount	Status	Notes
CBE Office Solutions	**Lease of Two (2) Sharp MX-3071 Color Copiers**	**June 2021**	**$75,000**	**Active**	**60/Month Lease June 2021- August 2026 (first 3 months deferred) $275.88/Monthly Lease Cost**
Celtis Ventures, Inc.	**Marketing Support for Power Share program**	**May 2021**	**$65,000**	**Active**	**Original Contract Date: January 2021 NTE $50,000 Amendment #1 - NTE increased to $55,000 in April 2021 Amendment #2 - NTE increased to $65,000 in May 2021 - Extends through 1/15/2022**
Clever Creative Inc.	**CPA Brand Audit and Design Refresh**	**May 2021**	**$55,000**	**Active**	**Original Contract Date: January 2021 NTE $50,000 Amendment #1 - NTE increased to $55,000 in May 2021 - Extends through 6/30/21**
(W)right On Communications, Inc.	On-call External Affairs support services	January 2021	$50,000	Closed	Original Contract Date: January 2021 NTE $50,000 Amendment #1 - NTE increased to $58,000 in May 2021 - Extends through 6/15/21
Polsinelli, LLP	**Legal Service Agreement (Employment, Compliance, General Legal Support related to Commercial Liability, Risk, and Mitigation issues)**	**April 2021**	**$75,000**	**Active**	**Amendment #2 to original Agreement executed on March 8, 2019**
AccuWeather Enterprise Solutions	**Professional Forecasting Weather Services**	**April 2021**	**$9,600**	**Active**	**Addendum to April 2020 Agreement. Extended through March 2023 at $400/mo**
Shute, Mihaly & Weinberger, LLP	**Legal Service Agreement (Regulatory, Administrative, Environmental, Energy Procurement, Public Contracting, Public Entity Governance Laws, Issues and/or Proceedings)**	**April 2021**	**$65,000**	**Active**	
NewGen Strategies and Solutions, LLC	**Regulatory Support for 2021 ERRA forecast proceedings**	**April 2021**	**$102,560**	**Active**	**Amendment #1 to May 2020 Agreement to increase NTE from $71,240 to $102,560**
SCS Engineers	**Professional Services for CARB AB32 GHG Verification**	**April 2021**	**$17,000**	**Active**	

Clean Power Alliance

Non-energy contracts executed under Executive Director authority
Rolling 12 months -- Open contracts shown in Bold

Vendor	Purpose	Month	NTE Amount	Status	Notes
Chapman & Cutler, LLP	**2021 Legal Services (CPA's Credit Agreement)**	**March 2021**	**$20,000**	**Active**	
Wimer Associates	**Facilitation of Staff Training Sessions**	**February 2021**	**$13,600**	**Active**	
Critical Mention, Inc.	**Media Monitoring Service**	**February 2021**	**$6,000**	**Active**	
OpenPath	**New Office Keycard Access Control System**	**January 2021**	**$1,500**	**Active**	
Wrike, Inc	**Project Management Software**	**January 2021**	**$2,100**	**Active**	
Prime Government Solutions, Inc.	**Board and committee meeting agenda management software**	**December 2020**	**$16,000**	**Active**	
MRW & Associates, LLC	**Ratemaking support**	**December 2020**	**$90,000**	**Active**	
Informal Development	**Website repair, development, & as-needed maintenance**	**November 2020**	**$12,000**	**Active**	
Sigma Computing, Inc.	**Business intelligence & analytics software tool**	**October 2020**	**$10,000**	**Active**	
ProComply, Inc.	**Energy regulation compliance training**	**October 2020**	**$5,000**	**Active**	
Langan Engineering and Environmental Services	**GIS support services for CPA's community solar programs and RFO procurement process**	**October 2020**	**$120,000**	**Active**	
Mercer (US) Inc.	**Total remuneration benchmarking study with job architecture and salary structure design**	**October 2020**	**$105,500**	**Active**	**Joint project with three other CCAs**
Gold Coast Transit District	On-bus advertising in Ventura County	October 2020	$2,970	Completed	
Cameron-Cole, LLC	**Independent audit of Greenhouse Gas Emissions**	**September 2020**	**$7,080**	**Active**	
Crown Castle Fiber LLC	**New Office Dedicated Internet Access Service**	**September 2020**	**$ 18,600**	**Active**	
NextLevel Internet, Inc.	**New Office High Speed Internet Service**	**September 2020**	**$ 6,936**	**Active**	
Windstream Services, LLC	**New Office Telephone Service**	**September 2020**	**$ 14,095**	**Active**	
Zero Outages	**New Office Security, Firewall, & Wi-Fi Service**	**September 2020**	**$ 7,608**	**Active**	
Westfall Commercial Interiors	Furniture for New Office	September 2020	$ 296,558	Completed	Signed under expanded authority of up to $500,000 for office relocation design, equipment and construction expenses granted by the Board of Directors on March 25, 2020
Abbot, Stringham and Lynch	2019 CEC Power Source Disclosure Audit	September 2020	$ 13,000	Completed	
Elite Edge Consulting	**Accounting system support and implementation**	**September 2020**	**$ 112,000**	**Active**	
Gold Coast Transit District	On-Bus Advertising in Oxnard & Ventura	August 2020	$ 600	Completed	
Baker Tilly	FY 2019/20 Financial Audit	August 2020	$ 28,000	Completed	

Return to Agenda

Clean Power Alliance

Non-energy contracts executed under Executive Director authority
Rolling 12 months -- Open contracts shown in Bold

Vendor	Purpose	Month	NTE Amount	Status	Notes
Burke, Williams, Sorenson, LLP	Legal Services Agreement (Brown Act, public entity governance issues and other legal services)	July 2020	$ 100,000	Active	
Hall Energy Law PC	Energy Procurement Counsel	July 2020	$ 125,000	Active	
The Harmon Press	Professional Printing Services	July 2020	$ 40,000	Active	
InterEthnica	Written Translation Services, Typesetting, and Graphic Design in Spanish, Chinese, and Korean	July 2020	$ 10,000	Active	
West Coast Mailers	Bulk Mailing Services	July 2020	$ 20,000	Active	
Snowflake Inc.	Engineering Support Services for Load Forecasting Analysis	July 2020	$ 15,000	Active	
CIM/Prime Construction/Pinnacle Communication Services	New Office Space Equipment and Installation: Audio Visual/Security Systems/Data and Communications Cabling	July 2020	$ 361,281	Active	Signed under expanded authority of up to $500,000 for office relocation design, equipment and construction expenses granted by the Board of Directors on March 25, 2020
Adobe Inc.	AdobeSign Secure Electronic Signature Service	June 2020	$ 3,200	Active	
EZ Texting	Peak Management Pricing customer text messaging alerts	May 2020	$ 1,000	Active	
Place and Page	Graphic Design Services	May 2020	$ 30,000	Active	
KnowledgeCity	Employee Training	May 2020	$ 3,745	Active	
Davis Wright Tremaine, LLP	Legal Services Agreement (Regulatory Assistance)	April 2020	$ 125,000	Active	1st Amendment in October 2020 to increase the NTE from $4,000 to $35,000. 2nd Amendment in March 2021 to increase the NTE from $35,000 to $125,000.
Snowflake Inc.	Cloud-Native Elastic Data Warehouse Service	April 2020	$ 36,000	Active	
Amazon Web Services	Cloud-based Database Hosting	April 2020	$ 36,000	Active	
ICE Options Analytics LLC	Trading Platform Subscription Service	March 2020	$ 19,000	Active	
Bold New Directions, Inc.	Management Training	March 2020	$ 17,995	Active	Increased to $20,328 in May 2020
Greenberg Glusker	Legal Services Agreement (PPA Negotiations)	March 2020	$ 59,000	Active	
Omni Government Relations & Pinnacle Advocacy, LLC	Lobbying Services	December 2019	$ 108,000	Active	Renewed for 2021 at same amount
CLG Group	Executive Training	November 2019	$ 15,000	Active	
Inventure Recruitment	Ongoing Recruitment Services	October 2019	$ 120,000	Active	Renewed for 2021 at same amount
JLL	Real Estate Brokerage Services	October 2019	NA	Active	

Commonly Used Acronyms

BESS	Battery Energy Storage System
CAC	Community Advisory Committee
CAISO	California Independent System Operator
CALCCA	California Community Choice Association
CalEVIP	California Electric Vehicle Incentive Program
CARB	California Air Resources Board
CARE	California Alternate Rates for Energy (Low Income Discount Rate)
CCA	Community Choice Aggregation
CEC	California Energy Commission
CPUC	California Public Utilities Commission
DA	Direct Access (Private Retail Energy Supplier)
DAC	Disadvantaged Community (As Defined by Calenviroscreen 3.0)
DER	Distributed Energy Resources
DR	Demand Response
ERMP	Energy Risk Management Policy
ERRA	Energy Resource Recovery Account (SCE Generation Rate Setting)
ESA	Energy Storage Agreement
EVSE	Electric Vehicle Supply Equipment (EV Charger)
FERA	Family Electric Rate Assistance (Low Income Discount Rate)
GHG	Greenhouse Gas
IOU	Investor Owned Utility
IRP	Integrated Resource Plan
JPA	Joint Powers Authority

Commonly Used Acronyms

Kwh	Kilowatt-Hour (A Measure of Energy Used in A One-Hour Period)
Kw	Kilowatt = 1,000 Watts (Watt = A Measure of Instantaneous Power)
LSE	Load Serving Entity
MB	Medical Baseline (Discount Rate for Medical Equipment Needs)
MW	Megawatt = 1,000 Kilowatts
Mwh	Megawatt-Hour = 1,000 Kilowatt-Hours
NEM	Net Energy Metering (Usually for Customers With Solar)
OAT	Other Applicable Tariffs
PCIA	Power Charge Indifference Adjustment (Can Be Called “Exit Fee”)
PCC1	Renewable Energy Generated Inside California
PCC2	Renewable Energy Generated Outside California
PCC3	A REC from A Renewable Resource, Delivered Without Energy
PCL	Power Content Label
POU	Publicly Owned or Municipal Utility
PPA	Power Purchase Agreement
PSPS	Public Safety Power Shutoff
PV	Photovoltaic (Solar) Panels
RA	Resource Adequacy
REC	Renewable Energy Credit
RPS	Renewables Portfolio Standard
T&D	Transmission and Distribution
TOU	Time Of Use (Used to Refer To Rates That Differ By Time Of Day)
WECC	Western Electricity Coordinating Council

END OF DOCUMENT