MINUTES

REGULAR MEETING of the Board of Directors of the
Clean Power Alliance of Southern California
Thursday, May 6, 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 2:00 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**	Mary Sue Maurer	Director	Remote
6	**Camarillo**	Susan Santangelo	Director	Remote
7	**Carson**	Reata Kulcsar	Alternate	Remote
8	**Claremont**	Corey Calaycay	Director	Remote
9	**Culver City**	Daniel Lee	Director	Remote
10	**Downey**	Sean Ashton	Director	Remote
11	**Hawaiian Gardens**	Ramie Torres	Alternate	Remote
12	**Hawthorne**	Alex Monteiro	Director	Remote
13	**Los Angeles County**	Sheila Kuehl	**Vice Chair**	Remote
14	**Malibu**	Mikke Pierson	Director	Remote
15	**Manhattan Beach**	Hildy Stern	Director	Remote
16	**Moorpark**	Janice Parvin	Director	Remote
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**	Carmen Ramirez	Alternate	Remote
30	**West Hollywood**	Lindsey Horvath	Director	Remote
31	**Westlake Village**	Phillippe Eskandar	Alternate	Remote
32	**Whittier**	Vicki Smith	Alternate	Remote

All votes are unanimous unless otherwise stated.

GENERAL PUBLIC COMMENT

One written public comment was received and distributed to the Board of Directors.

CONSENT AGENDA

1. Approve Minutes from April 1, 2021 Board of Directors Meeting
2. Approve Positions on SB 757, AB 585, and SB 533 in the 2021/2022 Legislative Session
3. Approve Two California Electric Vehicle Infrastructure Project (CALeVIP) Agreements with the Center for Sustainable Energy for Program Implementation Services in Los Angeles County and Ventura County, with an Initial Financial Contribution of $1,640,000 for Both Agreements and Authorize the Executive Director to Execute the Agreements
4. Receive and File Community Advisory Committee Report

Motion: Director Parvin, Moorpark
Second: Director Monteiro, Hawthorne
Vote: The consent agenda was approved by a roll call vote with one abstention from Director Eskandar on item 2 only.

REGULAR AGENDA

5. Approve a 15-year Renewable Power Purchase Agreement with OrHeber 2, LLC, and Authorize the Executive Director to Execute the Agreement

Erik Nielsen, Senior Manager of Structured Contracts, presented the item and provided an overview of CPA's 2020 Clean Energy Request for Offers (RFO) and portfolio considerations. The RFO supports CPA in meeting regulatory obligations and load requirements with a diverse portfolio of cost effective and clean technologies, including non-solar resources. Mr. Nielsen reviewed CPA's long-term renewable energy position, noting that CPA has successfully contracted for 12 long term Power Purchase Agreements (PPAs), five of which are currently serving CPA customers. A majority of the long-term portfolio is solar or solar plus storage. If approved, the Heber South project would represent approximately 1% of CPA's load and provides valuable technology diversity. Mr. Nielsen emphasized that CPA will still have a short position for the 2021-2024 compliance period but intends to close the short position as more PPAs are approved by the Board. Mr. Nielsen reviewed the project and rationale, and provided an evaluation summary, explaining that the project scored a medium in the workforce development criteria because it is an existing project and will not create construction jobs; noting that the project is in a disadvantaged community and will support the retention of jobs in that area. The project will provide important portfolio diversification benefits, as it will produce during evening and non-solar hours and support GHG reduction during those hours.

In response to Directors Ramirez and Zuckerman's questions, staff indicated there is one other shortlisted geothermal project in negotiations with a 50 MW resource; because the OrHeber 2 is located in the Imperial Irrigation District Balancing Authority CPA must match the generation with annual import allocation rights to receive Resource Adequacy attributes in the CAISO. Director Horvath, West Hollywood, asked if there were environmental or other impacts to the surrounding neighborhoods beyond job creation and economic benefits; Director Parkhurst asked about compliance in the 2021-2024 timeframe. Natasha Keefer, Director of Power Planning & Procurement, explained that there are no additional environmental impacts in the operation of the plant nor incremental development from the continued operations of the plant. Mr. Nielsen indicated that CPA would meet its compliance requirements, but it remains unknown to what extent it will be able to exceed compliance; five out of the 13 shortlisted projects did not enter exclusivity.

Motion: Director Horvath, Redondo Beach
Second: Director Ramirez, Ventura County
Vote: Item 5 was approved by a roll call vote.

6. Approve 2021 Rate Setting Approach

Matt Langer, Chief Operating Officer, explained that CPA will need to address an approximately $90 million revenue shortfall through rates to cover the projected cost to serve its customers in FY 2021/22. Mr. Langer emphasized that SCE set its rates based on a forecast that took place in 2020, which complicates CPA's ability to compare its budget with SCE's rates. After much discussion and input from the Board of Directors and the Executive Committee, staff arrived at potential rate setting approaches that meets FY 21/22's revenue requirements. Mr. Langer reviewed the four initial scenarios previously introduced to the Board and reviewed the feedback received from Board and stakeholders, including strong support for CARE customer protection; significant opposition to weighting increases toward commercial customers; concern for 100% Green double-digit premium; and requests for compromise scenarios; and noted that although there was some support for eventually transitioning to Cost-of-Service (COS), there was no consensus on either the Average Percentage Change (APC) vs. COS approaches. The Community Advisory Committee supported protection of low-income customers and some support for a COS approach or income-based rate setting; customer surveys indicated an interest in environmental priorities and a belief that rate increases are justified by increasing costs, investments in reliability, customer programs, and low-income support. Mr. Langer reviewed the updated scenarios based on feedback and discussed expected comparisons of rates as of summer 2021, which illustrate how much more a customer would be paying in percentage terms than if they were on SCE's base rate.

Mr. Langer reviewed option one, APC with CARE subsidy; where CARE customer rates are held at current levels and the increase is spread equally across most products and customer groups. It does not address imbalances in the COS. Option two involves a COS-approach with a CARE subsidy and a 100% Green Target, where CARE customer rates are held at current levels and all other rates go up between 0.4% and 1.4% compared to the previous COS without CARE subsidy. Mr. Langer emphasized that the COS for 100% Green came out below 9%; staff adjusted to help moderate Lean/Clean increases. The impact of keeping CARE customers at their current rates help Lean and Clean jurisdictions, given that 34% of customers in those communities will not receive a commensurate rate increase (via CARE). Option three takes a hybrid approach where CPA would adopt APC for the summer months and transition to COS-informed in October. In summer months when cost pressures are most acute across all rates, the APC would apply; and in starting in October, the COS approach would apply. Customer communication could be challenging with the hybrid scenario as the transition could be viewed as two rate increases. Although the change to COS in October brings 100% Green customers to the 9% target, allowing default changes to proceed as scheduled, there is a risk that customers may opt-out during the summer months when they are not within the target. Mr. Langer specified that staff and the Executive Committee recommends option 2, COS with CARE subsidy and 100% Green target that offers a coherent message to customers. Mr. Langer noted that exact comparisons could change slightly reflecting an updated load forecast and continued changes in energy market prices.

In response to Director Kulcsar's questions regarding bill comparisons and expected SCE rate changes, Mr. Langer clarified that SCE rates going up will improve comparisons; CPA will set rates regardless of the SCE multi-year general rate case results, and staff did not add a contingency. Responding to Director Maurer, Mr. Langer noted that SCE has unequal rate increases for different purposes; and Director Maurer opined that the Board might consider equality across rate increases as a goal; requested a timeline of SCE planned increases and appreciated the sensitivity for those cities that have approved a move to 100% Green. Director Engler inquired about SCE's multiple rate adjustments throughout the year and noted rate changes will lead to some confusion. Director Ramirez asked how wildfires impact rates. Mr. Langer explained that the Power Charge Indifference Adjustment (PCIA) fee went up in February and a bigger summer rate increase is also expected. CPA's rate change will happen at the beginning of the fiscal year but will not line up with SCE's rate changes. Ted Bardacke, Executive Director, added that the goal is to change rates once a year, to build some rate stability. Chair Mahmud commented that energy is a commodity and subject to fluctuations and recalled that CPA's rates were at some point lower than SCE's sometime last year. Additionally, Mr. Langer noted that in October 2020, SCE raised rates significantly due to wildfire liability; when looking at their summer rate increase on the transmission & delivery charges, some of the new spending is related to wildfire mitigation. Director Luevanos asked how granular the communication to customers will be and if other commodities use a cost of service approach. Ms. Langer clarified that COS is a common practice in the utility business and customer communication strategies will likely be high-level and avoid the complexity of detailed procurement and energy cost breakdowns. In response to Chair Mahmud's question, Mr. Langer indicated that SCE has a marginal cost rate setting approach which they would argue has an overlap with COS.

Director Gold favored the second option, noting that CPA is at a point where it must run its business independent of SCE's actions and expressed dislike for raising rates twice and spreading an increase evenly without regard to cost. Director Santangelo agreed that option 2 is a better approach and noted concern for the optics of option 3 where the second rate change will increase Lean/Clean rates, but decrease the 100% Green rate. Director McKeown also supported option 2, adding that SCE has the capital resources to buffer against short-term revenue shortfalls; option 2 reflects feedback from the Board stakeholders. Director Lopez supported option 2 and thanked staff for supporting those cities that will eventually transition to 100% Green. Director Luevanos expressed support for option 2, avoiding even the optics of two rate increases. Director Monteiro agreed with previous comments and noted that option 2 is in line with CPA's goal to protect communities that want to eventually transition to 100% Green.

Motion: Director Gold, Beverly Hills
Second: Director McKeown, Santa Monica
Vote: Item 6 was approved by a roll call vote.

Chair Mahmud thanked the Board of Directors for their support of staff recommendations and the approval of this item illustrates CPA's commitment to addressing the impacts of climate change.

7. Approve 2020/2021 Budget Amendment

David McNeil, Chief Financial Officer, presented the item, explaining that an amendment is needed to increase budgeted energy costs and authorize a transfer from the fiscal stabilization fund according to the policy. The increased energy costs resulted from the heat waves experienced in the Summer of 2020 and higher spot market prices. CPA also experienced higher capacity costs than previously budgeted for. Operating expenses remain unchanged; the amendment reflects a budgeted end of period net position of $67.3 million and end of period reserves of $84.7 million.

Motion: Vice Chair Kuehl, Los Angeles County
Second: Director Gold, Beverly Hills
Vote: Item 7 was approved by a roll call vote.

8. Presentation on 2021/2022 Budget Priorities

Mr. McNeil provided a summary of CPA's budget process and operational priorities which have guided the process. Energy market risk is increasing, and CPA is mitigating that risk through long-term renewable and storage projects. In-sourcing has reduced projected spending; the amended Calpine contract provides room for investments in customer programs and community engagement to improve customer experience and increase access to assistance programs. CPA's key priorities are to contain net operating expenses to current levels and a 50% reduction in capital outlay; to reduce use of consultants by investing in staff and technology; developing scalable business models for customer programs while leveraging third-party funds whenever possible. Mr. McNeil summarized upcoming activities that aim to increase brand awareness and loyalty, activities to support customer assistance programs with high return on investments (ROI), and program marketing support. Customer programs were split into three categories of funding including reimbursable programs, such as Power Share; state funded; and strategic with long-term ROI or community benefits potential. Mr. McNeil highlighted considerations for staffing, including mid and junior level hiring across the organization to build internal capacity and support; a continued focus on retention; and budgeting for current staff cost of living adjustments (COLA), merit increases, and full-year impacts from new hires while maintaining staffing costs at industry-leading 1% - 1.2% of total revenue. Investments in communications and customer programs can mitigate potential opt-outs during a time of cost pressure. Investments in data and technology, long-term contracting, and expansion of staff will build internal resources and result in operational efficiencies.

In response to Director Ramirez's question, Mr. McNeil clarified that CPA plans to hire a dedicated staff member that will manage cybersecurity risks; Vice Chair Kuehl emphasized the importance of attracting and hiring talent to increase the number of employees in the industry CPA operates in with a commitment to public service, and to continuously ratify CPA's commitment to diversity.

MANAGEMENT REPORT

Mr. Bardacke provided a report on SB 612, highlighting that it recently passed on an 11 to 1 vote at the Senate Energy, Utilities, and Communications Committee; every Senator representing a part of CPA territory voted for the bill and is a testament to the advocacy efforts of the Board and staff. Mr. Bardacke reminded Board members of the recently released 2020 Annual Impact Report and touched briefly on other customer service and communications activities.

COMMITTEE CHAIR UPDATES

Director Horvath shared that the Legislative and Regulatory Committee had a productive discussion on CPA's priority legislation.

Director Gold shared that the Finance Committee will continue the budgeting process in the coming weeks.

Director McKeown reported progress on CPA's energy portfolio, including several Requests for Offers (RFOs); the Energy Committee worked on the Disadvantaged Community RFO, which is subsidized by the state of California, and encourages small local renewable energy production. The projects will come to the Board of Directors soon.

BOARD MEMBER COMMENTS

Director Monteiro wished Board Members a happy Mother's Day.

REPORT FROM THE CHAIR

Chair Mahmud encouraged Board Members to participate in CPA's policy committees that provide a deeper dive into technical subjects; sign up for the demand response program; strongly encouraged Board Members to become familiar with Time of Use pricing which will become mandatory next year.

ADJOURN

Chair Mahmud adjourned the meeting at 4:10 p.m.