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 Power Purchase Agreement with Resurgence Solar II, LLC (Resurgence); (d) 15-Year Renewable Power Purchase Agreement 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.