MINUTES

MEETING of the Community Advisory Committee of the

Clean Power Alliance of Southern California

Thursday, March 18, 2021

1:00 p.m.

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

CALL TO ORDER AND ROLL CALL

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

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

All votes are unanimous unless otherwise stated.

GENERAL PUBLIC COMMENT

There were no public comments.

CONSENT AGENDA

1. Approve Minutes from February 18, 2021 Community Advisory Committee Meeting
2. Update on the CAC 2020/2021 Adopted Work Plan

Motion: Committee Member Tom, San Gabriel Valley
Second: Committee Member Lesser, South Bay
Vote: The consent agenda was approved by a roll call vote.

REGULAR AGENDA

3. Oral Update from the Executive Director on CPA Operations

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

4. Nomination Period for CAC Vice Chair Officer Position

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

5. 2021 Energy Portfolio Mix and Rate Scenarios

Matt Langer, Chief Operating Officer, provided a summary of Southern California Edison (SCE) increases on delivery charges and the Power Charge Indifference Adjustment (PCIA) fee, in addition to an expected increase in June 2021, that will keep the PCIA flat, but increase the generation rate by approximately 1.5% to 3%, and delivery around 10%. The Board agreed to delaying a rate change until the start of fiscal year (FY) 2021/2022 that saved about $44 million. Some factors which have placed upward pressure on CPA's costs include Resource Adequacy (RA) increase of 72% from FY 20/21; energy market price increase of 43% from FY 20/21; bad debt expense increase of 18%; and congestion revenue rights (CRRs) market value increase to 75%. Mr. Langer emphasized that SCE set its rates based on a forecast from the Fall of 2020, which may drive SCE to raise rates in the first quarter of 2022 to make up the difference. Mr. Langer noted that the Executive Committee concurred with staff recommended changes to the power content of the Lean Power and Clean Power products and explained that those changes would be for calendar years 2021 and 2022 only; staff identified ways to reduce overhead costs such as modifications to the Calpine contract, distribution of some customer mailers via email, and adjustments to the banking agreement. Mr. Langer discussed cost reduction opportunities for the Lean Power product, currently targeting 40% renewables and made up primarily of PCC 2 resources, and summarized staff recommendation of changing the target to 40% carbon-free energy which would result in savings of about $7.2 million in FY 21/22. The Clean Power product content recommendation involves a shift from 50% renewables target to 50% clean energy target, with 40% RPS and 10% carbon-free, which would result in FY 21/22 savings of about $9.3 million. Staff did not recommend changes to the 100% Green Power product because it adheres to a “gold standard” 100% PCC1 renewable portfolio and changing to PCC2 will result in minimal cost savings. Mr. Langer summarized the impacts of the individual product content options from staff recommendations on CPA’s overall energy portfolio.

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

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

Mr. Langer continued to explain that CPA’s initial cost of service (COS) analysis compares 2021-2022 FY forecasted costs and revenues by individual rate family and product and establishes specific assumptions as a baseline, including a $30 million contribution to reserves, no contingency in the budget and no use of the fiscal stabilization fund; and the COS identified an $87 million shortfall to be addressed through rates. Mr. Langer reviewed the COS observations by product and rate group, and discussed expected comparisons of rates as of June 1st which indicated a higher premium for Lean and Clean CARE customers. Mr. Langer introduced three different rate options that recover CPA's revenue target. This expected increase in CARE customer rates propelled the creation of a fourth scenario that addresses the increase in CARE percentages. Under scenario four, CARE customer rates are held at current levels and an equal increase was given to all non-CARE customers to reach revenue target.

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

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

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

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

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

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

COMMITTEE MEMBER COMMENTS

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

ITEMS FOR FUTURE AGENDAS

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

ADJOURN

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