MINUTES

REGULAR MEETING of the Energy Planning & Resources Committee

of the Clean Power Alliance of Southern California

Wednesday, May 26, 2021, 12:15 p.m.

The Energy Planning & Resources Committee 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

Committee Chair McKeown called the meeting to order at 12:15 p.m. and Clerk of the Board, Gabriela Monzon, conducted roll call.

ROLL CALL			
Alhambra	Jeffrey Maloney	Committee Member	Remote
Arcadia	Tom Tait	Committee Member	Remote
Carson	Reata Kulcsar	Committee Member	Remote
Santa Monica	Kevin McKeown	Chair	Remote
Sierra Madre	Robert Parkhurst	Committee Member	Remote
Thousand Oaks	Helen Cox	Committee Member	Absent
Ventura County	Carmen Ramirez	Committee Member	Remote

All votes are unanimous, unless otherwise stated.

GENERAL PUBLIC COMMENT

There was no public comment.

CONSENT AGENDA

1. Approve Minutes from April 28, 2021, Energy Committee Meeting
2. Receive and File April 2021 Risk Management Team Reports

Motion: Committee Member Tait, Arcadia
Second: Committee Member Ramirez, Ventura County
Vote: The consent agenda was approved by a roll call vote.

REGULAR AGENDA

3. Receive 2020 Request for Offers (RFO) Status Update and Approve Replacement of One 2020 Clean Energy RFO Shortlisted Project as Recommended by the Review Team

   Natasha Keefer, Director of Power Planning & Procurement, provided an overview of CPA's current long-term portfolio; there are 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. The objective is to secure supply for the CPA Power Share program and enable enrollment, with three projects in exclusive negotiations. The 2020 Clean Energy RFO will secure 1.5 to 2.0 million MWh of annual renewable generation supply to meet SB 350 compliance in 2021-2024 and portfolio diversification; eight of the 13 shortlisted projects entered into exclusive negotiations. CPA's current portfolio is largely solar; therefore, resource diversity will be an important consideration in selection, including alternative technologies and storage, which is a critical resource during peak reliability hours.

Erik Nielsen, Sr. Manager of Structured Contracts, discussed the proposed substitution of the Red Bluff renewable energy complex, developed by Clearway. A portion of the Red Bluff project, Victory, is no longer available and Clearway has offered replacement MWs from its Dagget 2 solar + storage project. Dagget 2 was not previously offered to CPA because Clearway was marketing the project elsewhere. Mr. Nielsen reviewed a comparison of Victory and Dagget 2 and concluded that the latter ranks higher than the original offer on both quantitative and qualitative criteria, with an earlier online date. CPA expects to exceed its compliance target by 1.8% in the 2021/24 compliance period with Dagget 2; removing it would only result in a 1.2% exceedance and provides a 0.6% buffer to account for unexpected project delays impacting compliance. If approved as a replacement, CPA will proceed with negotiations for Dagget 2, in addition to wrapping up three other contracts.

In response to Committee Member Parkhurst, Ms. Keefer clarified that the PPA's for Board consideration in June are from the Energy Committee's previously approved 13 shortlisted projects. Chair McKeown noted that the Biden administration has now allowed offshore wind in the State of California and CPA can contribute greatly but wondered how CPA expected to get into that market. Ms. Keefer explained that California has been interested in the development of offshore wind, and CPA's Integrated Resource Plan includes offshore wind starting in 2030.

Chair McKeown commented that Clearway's offer to replace a project no longer available, reflects well on CPA as a respected organization by its vendors. Committee Member Ramirez noted that CPA is in a very competitive position due to its customer base, leadership, and management; asked if CPA must outbid others for projects and if contracts can still fall through after Board approval. Ms. Keefer explained that as the largest CCA, CPA has established itself as a credible counterparty and a commercially reasonable organization with a large demand making CPA an important customer to its developers. However, there are some disadvantages in that it is now competing in a highly aggressive market against other CCAs and corporate buyers that have aggressive environmental goals. There are also a lot of solicitations occurring at the same time and CPA does not yet have a credit rating which negatively impacts its leverage. With regard to contracting, staff screens reputable developers that already have interconnection agreements, site control, and permitting. PPAs include numerous provisions to ensure CPA is protected and developers meet their contractual requirements; delays are more likely than project failures. In response to Committee Member Kulcsar's question, Ms. Keefer explained that CPA will allow Clearway to make this replacement, noting that Clearway is not planning to market the replaced project elsewhere; clarified that the long-standing relationship with Clearway allows for some leeway but does not open the door for other developers to do this. Chair McKeown echoed some initial skepticism but after careful review, the RFO Review Team recommended the replacement project with full confidence.

Motion: Committee Member Maloney, Alhambra
Second: Committee Member Parkhurst, Sierra Madre
Vote: Item 3 was approved by a roll call vote.

COMMITTEE MEMBER COMMENTS

Committee Member Ramirez requested further analysis of the Western Community Energy (WCE) bankruptcy. Ted Bardacke, Executive Director, offered further details on the circumstances surrounding the bankruptcy, noting that WCE's high number of low-income customers were highly impacted by COVID-19 thereby increasing their bad debt, the 2020 heat events, as well as some poorly executed risk management decisions, and relatively low reserves, all affected WCE's operations.

Responding to Committee Member Parkhurst's question about oil companies participating in the energy market, Mr. Bardacke explained that there are not enough projects in California for all companies to achieve their environmental goals. The industry in California will either have to go out of state for projects or make more project sites available in-state.

ADJOURN

Chair McKeown adjourned the meeting at 1:08 p.m.