MINUTES

REGULAR MEETING of the Board of Directors of the
Clean Power Alliance of Southern California
Thursday, July 1, 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 2:05 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 L. 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**			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**	Pam O'Connor	Alternate	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**	Robyn Eason	Alternate	Remote
31	**Westlake Village**	Kelly Honig	Director	Remote
32	**Whittier**	Vicki Smith	Alternate	Remote

All votes are unanimous unless otherwise stated.

GENERAL PUBLIC COMMENT

No 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

Motion: Vice Chair Kuehl, Los Angeles County
Second: Director Vizcarra, Temple City
Vote: The consent agenda was approved by a roll call vote, with an abstention from Director Smith, Whittier.

REGULAR AGENDA

5. Approve Collections Policy No. 2021-17

David McNeil, Chief Financial Officer, presented the item, noting that the 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, reduce CPA's bad debt expense, and reduce upward pressure on rates. CPA plans to contract with one or more collection agents that have experience collecting receivables for SCE and will begin collecting for customers who are no longer receiving services from CPA in September 2021. Staff plans to develop collections implementation processes in consultation with the collection agents during the summer and review those processes with the Finance Committee. Mr. McNeil reviewed the current collection process SCE follows and provided examples of circumstances in which SCE returns receivables to CPA, including accounts closed by the customer and disconnections due to non-payment. SCE has returned $4.3 million of accounts receivables to CPA between April 2020 and March 2021. Mr. McNeil explained that customers are not informed of outstanding CPA balances and at present time, CPA is not equipped to collect payments from these types of customers. Mr. McNeil briefly described the collection agent's compensation structure and the services it would provide, such as informing customers of past due amounts (consistent with the Fair Collections Practices Act), provide payment methods and reporting on collected amounts, and call center services. Additionally, Mr. McNeil provided an overview of the policy, which establishes collection criteria, noticing, the role of the collections agent, its services, and activities, as well as the Executive Director's authority. Mr. McNeil noted that the policy does not discuss CPA's ability to return active customers to SCE and staff intends to address that separately in the future.

In response to Chair Mahmud's questions regarding the proportionate share of payments, and SCE's plans to commence collections in light of the recent state extension on eviction protection to October 1, 2021. Staff confirmed that there is a payment waterfall process that allocates partial payments to SCE and CPA respectively. Those processes vary depending on customer type among other factors. Additionally, the California Public Utilities Commission (CPUC) recently extended the moratorium on disconnections to the end of September to align with the eviction moratorium and allow the utility debt forgiveness funding to work through the system before any disconnection process resumes. The CPUC also ordered those customers whose debt has not been forgiven to automatically be placed on a two-year repayment plan. The collections policy will address monies that are outside of those processes, generally customers who are no longer active. Director Engler asked about the educational component on CPA utility bills, and Mr. McNeil noted that one of the reasons CPA plans to work with an experienced collections agent, is that they are trained and understand the CPA business and are accustomed to explaining utility bills to customers. Responding to Director Monteiro's question, Mr. McNeil explained that the collections that will be initiated in September are for customers that are no longer active CPA customers. Director Kulcsar asked for the reasoning behind removing the $50 or more threshold for credit agency reporting and clarification on penalties and fees. Mr. McNeil explained that staff removed the $50 or more balance threshold for credit reporting to preserve flexibility to engage with the collection agent and determine the best strategy, and eventually make recommendations to the Finance Committee prior to implementation. The collection agency will not collect any penalties and fees, and this may be specified on any collection agent contracts. In response to Director Maurer's question regarding the American Recovery Funds, Ted Bardacke, Executive Director, noted that the state received a significant amount of money that could be allocated to utility debt relief. The state budget also allocated $2 billion to utility bill debt relief, with $1 billion allocated for water utilities and the other $1 billion allocated for electricity and gas customers served by Investor Owned Utilities (IOUs), Publicly Owned Utilities, and CCAs, and CPA is closely monitoring eligibility and budget trailer bill language which will address exactly how the funding will be distributed. Staff hopes that by late summer or early fall, past due amounts owed by CARE and FERA customers will be forgiven, and CPA will be reimbursed for charges written off. In response to Director Gold, Mr. Bardacke noted that about $1.7 billion was owed in IOU territory. Chair Mahmud added that an affirmative statement that CPA's collections policy will not be more aggressive than that of SCE could be included in the policy to ensure that CPA does not go beyond what SCE is doing in its collections policy. Mr. McNeil noted that staff can direct the collection agent to not be more aggressive, but enforceability will be difficult, given that staff does not have enough information about SCE's collection policy. Chair Mahmud commented that although there is some opacity on SCE's collection policy, an affirmative statement would reflect the intent of the Board that CPA does not engage in a collection policy more aggressive than SCE's. Directors Zuckerman and Monteiro agreed.

Motion: Director Monteiro, Hawthorne
Second: Director Gold, Beverly Hills
Vote: Item 5 was approved by a roll call vote, with one no vote from Director Luevanos, Simi Valley; and with a statement of intent from the Board of Directors that CPA's collections policy be less aggressive than that of Southern California Edison.

6. Presentation on Power Ready Program

Jack Clark, Director of Customer Programs, and Tyler Aguirre, Customer Programs Manager, provided an overview of the item. Mr. Clark described the need for resilience where climate change and certain energy policies are leading to more frequent power outages, increased wildfire threat, and grid stress due to high heat. CPA's Power Ready program was designed with member agency needs and interests in mind, allowing each interested 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. During normal operations, CPA will use batteries to maximize avoided wholesale costs which will put downward pressure on CPA's overall cost structure. Ms. Aguirre provided an overview of the program design, describing site selection, Power Purchase Agreement (PPA) execution incentives to lower costs, net energy metering savings, billing, and benefits. Ms. Aguirre reviewed some of the top benefits of the program, specifically, that member agencies host a turnkey clean backup power system that provides islanded power during outages and reducing local emissions. Member agencies submitted candidate sites that were later evaluated to determine their potential; CPA and its engineering consultant, EcoMotion, have sought to learn more about each of the sites, including basic program eligibility, community benefit, and confirming sufficient rooftop space. Top sites were identified for 22 member agencies, with others pending, though no sites are officially selected until a Memorandum of Understanding (MOU) is executed; summarized case studies from the Cities of West Hollywood and Ventura. Ms. Aguirre concluded with an overview of the next steps in the process and the timeline, including site visits, MOU executions, PPA and RFO development, and public relations with anticipated development on the first site in quarter 3 of 2022.

Vice Chair Kuehl thanked staff for the significant progress of the program and for consideration of potential county sites located outside of a city's jurisdiction.

Responding to Director Zuckerman, Ms. Aguirre that discharging methods have not been finalized. In response to Director Horvath, Redondo Beach, Ms. Aguirre confirmed that CPA worked with city staff to identify their sites, and though there is potential to expand to multiple facilities in the future, Mr. Clark added that CPA will exercise caution when growing the program so as to not overcomplicate the design and implementation. In response to Director Luevanos, Matt Langer, Chief Operating Officer, clarified that CPA can also work with other agencies located within a city's jurisdiction if that city prefers to offer other facilities that are not municipally owned. Director Monteiro asked about funding sources and the possibility of choosing multiple city-owned sites, to which staff clarified that the program structure currently allows for only one site per member agency; funding will come from the savings generated on each site through NEM.

Director Klein Lopez thanked CPA staff for the launch of this much-needed program. Director Ramirez commented that a new battery storage project recently opened in the greater Oxnard area. Director Parkhurst opined that a communications plan can pique the interest of the media.

Chair Mahmud asked for further details on sizing of the installation of both solar panels and storage; Ms. Aguirre noted that for sizing solar, staff is focusing on the annual load at each site and EcoMotion has generated conceptual solar sizing based on the annual load and evaluating site characteristics that could impact how much solar can be accommodated at a site. CPA cannot install an amount of solar that exceeds the annual load on the meter. Storage is also conceptually sized to generate an optimal amount of savings through regular operation with an additional portion reserved for critical loads during outages. Conceptual sizing may shift through the site visit process and as developers propose varying sized storage equipment. Chair Mahmud commented that this program allows Board members to show a substantial and tangible benefit of participating in CPA while providing opportunities for member agencies to add further similar installations using the same program parameters.

7. Presentation on Net Energy Metering (NEM) Key Issues

C.C. Song presented the item. Ms. Song explained that Net Energy Metering (NEM) has played an important role in growing local clean energy in California and creating clean energy jobs; as the cost of rooftop solar continues to decline, it might be necessary to revisit the subsidy. As California's electricity grid evolves, subsidies may be better directed towards resources like storage to replace fossil fuel resources kept online to meet evening energy needs. While the NEM proceeding at the CPUC does not directly impact CPA's ratemaking, the results could impact CPA's competitive position and its redesign of the NEM tariff. Staff put together a set of principles for NEM re-design that will inform CPA's own rate design deliberations after the CPUC decision has been issued. Ms. Song reviewed some of the reasons for revisiting NEM (also referred to as NEM 3.0), specifically decreasing installation costs, appropriately valuing the benefits of distributed generation; and, discussed CPUC adopted principles for NEM re-design. Assembly Bill 1139, which was intended to redesign NEM, faced some opposition as it would have significantly lowered the compensation for NEM customers and is now inactive. Ms. Song reviewed how CPA's legislative/regulatory principles applied to CPA's positions on the CPUC proposals. For legacy treatment, staff principles are that once NEM 3.0 is effective, existing customers maintain their rate structure for 20 years from interconnection date. Ms. Song then discussed the proposal to align the rate design with an avoided cost concept that would be less generous than the retail rate but more generous than the wholesale rate. Customers currently pay non-bypassable charges, however, the minimum bill amount doesn't appropriately pay for the cost of maintaining the grid, which could create reliability issues. Therefore, staff thinks it may be appropriate to introduce a fixed charge to fund the distribution and transmission grid cost, consistent with a cost-of-service approach for CPA's rate setting. Ms. Song noted that this charge would be assessed by the investor-owned utilities and applied on distribution and transmission side of the bill. Lastly, CPA proposes keeping low-income customers on the more generous retail compensation rate and potentially broaden the definition of low-income. Ms. Song described how all proposals align with CPA's principles to support grid reliability, invest in energy storage, and expand access for low-income customers. Ms. Song summarized next steps and invited feedback from the board on the proposed principles and requests for future discussions relating to NEM.

Vice Chair Kuehl noted that only low-income homeowners can participate in the program; commented that maintaining higher compensation rates for low-income customers may not necessarily encourage more participation, given that low-income customer participation is already low even with the current generous subsidy rates; identified a significant downside in that low-income customers may not have the disposable income to invest in the program; and suggested cutting installation costs as another approach. Director Zuckerman echoed concerns on the effectiveness for low-income customers and asked if the grandfathering approach is a CPA or state-funded subsidy. Ms. Song explained that CPA would like to support the policy of maintaining existing legacy treatment for current NEM customers and Mr. Langer clarified that it is a CPA subsidy and a statewide policy; staff is still evaluating the financial impact to CPA as part of its cost of service study; and only NEM 1.0 customers will remain on the legacy rate with NEM 2.0 customers already on TOU rates and all other customers shifting to TOU in the next year. Responding to Director Monteiro's suggestion for rebates to companies after their installation work in low-income communities and questions about the average mid-income, Mr. Langer reminded the Board that the Power Share program is already doing that in disadvantaged communities in CPA territory, and staff has not explored the suggested approach, but it may present significant logistical challenges.

In response to Chair Mahmud's request for clarification on the retail rate for new NEM customers, Ms. Song clarified that new NEM customers would be on a rate less generous than the retail rate but more generous than the wholesale rate and the incentive will be worked into the rate design, where the rate would compensate the customer more in the evening. Chair Mahmud requested participation numbers for each of the NEM categories, including low-income customers; suggested that maintaining the current generous rates for NEM 1.0 participants might be appropriate given that these customers paid a higher price for participating and had a longer waiting period to realize financial benefits, and suggested that staff reevaluate the duration of the grandfather period of NEM 2.0 customers, since the cost of rooftop solar was already decreasing at the time those customers signed up, and they were able to realize a benefit from their investment much sooner. Director Engler noted that all the early participants would likely become concerned about changes made to their compensation.

8. Presentation on Quarterly Communications Report

Sherita Coffelt, Director of External Affairs, reviewed key metrics for measuring effectiveness and performance; noted that CPA is taking a data-driven approach with consideration for stakeholder input. A recent survey prior to the Power Share campaign launch demonstrated interest in clean energy among customers, but low awareness of CPA. To increase CPA's brand awareness, CPA has increased media outreach; redesigned agency dashboards; participated in environmental campaigns; promoted bill assistance programs. Enrollment in Power Share increased by 250%, which speaks to CPA's success in launching the first program of its kind. Ms. Coffelt discussed the different steps in optimizing the program, including targeted outreach, creative photography, website enhancements, and in the future, in-person events and partnerships with community-based organizations and member agencies. Ms. Coffelt covered rates communications strategies to reduce opt-outs, and encourage opt-downs, if necessary, by differentiating CPA through transparency; communicating CPA's full value to its communities; and strategies for transparency and opportunities for engagement regarding energy costs and rate changes. Ms. Coffelt also discussed the rates messaging timeline and approach reflecting the strategies, specifically listening to customer feedback, and promoting bill assistance options. Lastly, Ms. Coffelt reviewed the results of the brand audit, the brand refresh beginning in mid-August, and provided an overview of the department's activities in the coming months.

MANAGEMENT REPORT

Mr. Bardacke provided a report on SB 612, noting that the bill was not heard in the Assembly Utilities Energy Committee after the Chair of the Committee decided to hold the bill that may overturn a regulatory decision from the CPUC; but thanked all Board Members who participated in the outreach to move the bill forward. Mr. Bardacke also explained that SCE's billing transition has begun to cause issues for customers and to CPA's remittances. There are about 20,000 CPA customers affected by billing delays which can lead to cash flow issues and CPA has continued to emphasize with SCE that these issues should be rectified quickly. Mr. Bardacke also advised the Board that a Special Meeting may be called over the summer if CPA was able to reach an agreement to increase its liquidity going into the summer.

Director Zuckerman asked if it would be appropriate for CPA to take a position on H.R. 2307. Mr. Bardacke noted that the Legislative & Regulatory Committee can discuss that in a future meeting.

COMMITTEE CHAIR UPDATES

Director Parkhurst shared that some members of the Energy Committee reviewed the ERMP, reflecting CPA's increasing sophistication in establishing a middle-office to manage contracts.

BOARD MEMBER COMMENTS

Director Ashton invited Board Members to participate in the Independent Cities Association first seminar, where Mr. Bardacke may be one of the panelists.

REPORT FROM THE CHAIR

Chair Mahmud reported that the Los Angeles Regional Water Quality Control Board released a tentative permit for its MS4 Program and encouraged Board Members to address the regional board.

ADJOURN

Chair Mahmud adjourned the meeting at 4:53 p.m.