MEETING of the Executive Committee of the
Clean Power Alliance of Southern California
Wednesday, February 16, 2022
1:30 p.m.

SPECIAL NOTICE: Pursuant to the Proclamation of the State of Emergency by Governor Newsom on March 4, 2020, AB 361, and enacting Resolutions, and as a response to mitigating the spread of COVID19, the Executive Committee will conduct this meeting remotely.

To Listen to the Meeting:
https://us06web.zoom.us/j/86842423936
or
Dial: (720) 707-2699 Meeting ID: 868 4242 3936

While downloading the Zoom application may provide a better meeting experience, Zoom does not need to be installed on your computer to participate. After clicking the webinar link above, click “start from your browser.”

PUBLIC COMMENT: Members of the public may submit their comments by one of the following options:

- Email Public Comment: Members of the public are encouraged to submit written comments on any agenda item to clerk@cleancoweralliance.org up to four hours before the meeting. Written public comments will be announced at the meeting and become part of the meeting record. Public comments received in writing will not be read aloud at the meeting.

- Provide Public Comment During the Meeting: Please notify staff via email at clerk@cleancoweralliance.org at the beginning of the meeting but no later than immediately before the agenda item is called.
  - You will be asked for your name and phone number (or other identifying information) similar to filling out a speaker card so that you can be called on when it is your turn to speak.
  - You will be called upon during the comment section for the agenda item on which you wish to speak on. When it is your turn to speak, a staff member will unmute your phone or computer audio.
  - You will be able to speak to the Committee for the allotted amount of time. Please be advised that all public comments must otherwise comply with our Public Comment Policy.
  - Once you have spoken, or the allotted time has run out, you will be muted during the meeting.

If you wish to make a comment other than by Zoom or phone, you may submit written comments during the meeting via email to: clerk@cleancoweralliance.org.

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact the Clerk of the Board at
PUBLIC COMMENT POLICY: The General Public Comment item is reserved for persons wishing to address the Committee on any Clean Power Alliance-related matters not on today’s agenda. Public comments on matters on today’s Consent Agenda and Regular Agenda shall be heard at the time the matter is called. Comments on items on the Consent Agenda are consolidated into one public comment period. Each speaker is customarily limited to two (2) minutes (in whole minute increments) per agenda item with a cumulative total of five (5) minutes to be allocated between the General Public Comment, the entire Consent Agenda, or individual items in the Regular Agenda. Please refer to Clean Power Alliance Policy No. 8 – Public Comments for more information.

CALL TO ORDER AND ROLL CALL

GENERAL PUBLIC COMMENT

CONSENT AGENDA

1. Approve Minutes from January 19, 2022 Executive Committee Meeting Minutes

REGULAR AGENDA

2. Oral Update from the Chief Executive Officer on CPA Operations
3. Review Draft Agenda for March 3, 2022 Board of Directors Meeting
4. FY 2022/23 Rates Outlook and Options

COMMITTEE MEMBER COMMENTS

ADJOURN – NEXT MEETING MARCH 16, 2022

Public Records: Public records that relate to any item on the open session agenda for a Committee Meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all, or a majority of, the members of the Committee. Public records are available for inspection online at www.cleanpoweralliance.org/agendas.
MINUTES
MEETING of the Executive Committee of the
Clean Power Alliance of Southern California
Wednesday, January 19, 2022, 1:30 p.m.

Pursuant to the Proclamation of the State of Emergency by Governor Newsom on March 4, 2020, AB 361, and enacting Resolutions, and as a response to mitigating the spread of COVID19, the Executive Committee conducted this meeting remotely.

CALL TO ORDER AND ROLL CALL
Chair Mahmud called the meeting to order at 1:30 p.m. and Raynette Tom, Interim Board Clerk, conducted roll call.

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<th>Roll Call</th>
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<td><strong>Agoura Hills</strong></td>
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<td><strong>West Hollywood</strong></td>
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All items are unanimously approved unless otherwise stated.

GENERAL PUBLIC COMMENT
None.

CONSENT AGENDA
1. Approve Minutes from November 17, 2021, Executive Committee Meeting

   Vote: Item 1 was approved by a roll call vote.

REGULAR AGENDA
2. Oral Update from the Chief Executive Officer on CPA Operations
   Ted Bardacke, CEO, discussed the departure of Sr. Director of External Affairs, Sherita Coffelt from CPA, and the rehiring of Gabby Monzon as the Clerk of the Board. Mr. Bardacke informed the Committee of several upcoming items for Board consideration, including budgeting, rate setting, program developments, and power purchase agreements.
3. **Review Draft Agenda for February 3, 2022, Board of Directors Meeting**
   Mr. Bardacke reviewed the consent and regular agenda items and discussed the memorandum of understanding with the Los Angeles Electrical Training Institute for the workforce development program.

4. **Review Draft Amendments to CPA By-laws**
   Mr. Bardacke provided a brief explanation of the need for amendments to the bylaws; the current Chair and Vice-Chairs will not be able to hold officer positions after 2022, due to either term expiration or choosing not to run for local elective office. Thus, the two current Vice-Chairs would have to leave their CPA leadership positions in June 2022. At the same time, if a newly appointed Supervisor wanted to run for Vice-Chair, that Supervisor must have attended 50% of Regular Meetings in the prior 12 months, in accordance with the bylaws. Additionally, approximately half of CPA's Board members are also up for reelection or will be termed out. This will cause a shift in the eligibility of Regular Directors to hold a leadership position. The proposed changes to the bylaws are to set the County Supervisors for each county Member Agency as Vice Chairs automatically, rather than elected; a process is delineated for the election of a Vice Chair in the event that a Vice Chair seeks to run for Chair and wins; a minor edit to allow an immediate past Chair to also be an Alternate Director; and other minor edits for internal consistency.

   In response to Vice Chair Kuehl’s question regarding the eligibility criteria, Nancy Whang, General Counsel, clarified that all Executive Committee members must have attended at least 50% of CPA’s Regular Meetings in the 12 months before the election; the proposed change would eliminate this requirement for Vice-Chairs.

   Vice Chair Kuehl expressed some concern that in Los Angeles County the next appointed representative might not be well versed or involved in CPA’s activities and encouraged discussion on any potential downsides of making the change for Vice Chairs. Vice Chair Parks expressed support for the proposed changes and noted the significance of appointing experienced and knowledgeable County representatives. Committee Member Parkhurst echoed the importance of having educational resources to ensure new members become knowledgeable in CPA activities. Committee Member Eason suggested the possibility of staggering Vice Chair terms. Committee Members Lopez, Santangelo, and Zuckerman also supported the Vice Chair automatic appointment from the respective Boards of Supervisors. In response to Committee Member Gold’s question regarding removal, Ms. Whang explained that the currently bylaws contain a mechanism for removal of Board officers even without cause. Responding to Committee Member Zuckerman’s suggestion, Mr. Bardacke noted that CPA staff has not been involved in the appointment process of member agencies.

   The Executive Committee agreed with the proposed changes and staff indicated that it would proceed with the amendment process.

**CLOSED SESSION**

5. **CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION**
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: 1

Ms. Whang reported that no reportable action was taken and direction was provided to staff.

COMMITTEE MEMBER COMMENTS
Vice Chair Kuehl announced upcoming meetings hosted by the Chief Sustainability Office for both city staff in Los Angeles County cities and for elected officials. Committee Member Parkhurst reported that a meeting was held to evaluate projects for the Reliability RFO. Committee Member Zuckerman inquired about the CPUC proceeding on Resource Adequacy and the position of CPA on net energy metering (NEM). Matt Langer, Chief Operating Officer, explained that the RA proceeding is very complex, but staff will provide an update to the Energy Committee; Mr. Bardacke clarified there is a proceeding at the CPUC for NEM, however, that decision does not determine what CPA can do with regard to NEM; briefly listed CPA’s NEM principles. Vice Chair Parks shared that she may request that the Ventura County Board of Supervisors send an opposition letter to the Governor and the CPUC opposing efforts that will increase costs for solar rooftop.

ADJOURN
Chair Mahmud adjourned the meeting at 3:04.
The CEO will provide an oral report on CPA operations, including the following:

- Missing Charges for CPA Customers
- Board Meeting Logistics
Staff will provide an overview of the proposed agenda items for the March 3, 2022, Board of Directors meeting for review and feedback from the Executive Committee. The draft Board agenda is attached to this staff report. Information on the main items for Board consideration is provided below.

CONSENT AGENDA

The following items are recommended for inclusion on the Consent Agenda of the March Board meeting.

**NewGen Strategies Task Order Amendment and Contract Clean-up**

Staff is seeking Board approval of agreements with NewGen Strategies and Solutions, LLC (NewGen). On May 13, 2020, CPA executed a Professional Services Agreement with NewGen for technical services in support of CPA’s review of SCE’s 2020 ERRA fillings. The total not to exceed amount (NTE) of the PSA was $71,240. On April 23, 2021, CPA and NewGen entered into Amendment No. 1 to the PSA to allow NewGen to review SCE’s 2021 ERRA filings, with a new cumulative NTE of $102,560. NewGen’s work identified issues in SCE’s filings that, now corrected, will reduce charges to CPA customers.

Separately, as a result of a competitive solicitation, CPA selected NewGen to conduct a Cost of Service study. The Task Order was executed on June 18, 2021 with an NTE of $115,270. Because the Task Order placed the cumulative annual spend with NewGen above the CEO’s signing authority of $125,000, this Task Order should have been approved by the Board. However, due to an oversight, staff did not seek Board approval.
Subsequently, on November 11, 2021 CPA and NewGen entered into Amendment No. 2 to the PSA to increase the NTE by $5,500 to a total of $108,060. For the same reasons of cumulative spend, this Amendment should also have been approved by the Board.

Staff is seeking retroactive approval of the Task Order and PSA Amendment No. 2. Additionally, staff will be seeking Board approval of an Amendment No.1 to the Cost of Service study Task Order to study the impact of Net Energy Metering on CPA’s cost of service. This amount of this amendment is still under discussion but is expected to be approximately $20,000.

**MRW Contract**
Staff is seeking approval of an agreement with MRW and Associates to support CPA’s 2022 rate setting activities. MRW has been CPA’s rates consultant since 2018, successfully helping CPA through the last three years of rate setting. MRW’s rate tools are integrated with CPA’s processes and MRW has deep knowledge of CPA’s rate design making them uniquely qualified to work on our 2022 rates. The agreement will include scope for 2022 rate setting as well as a new tool to analyze historical changes to CPA and SCE rates.

**Bill Positions**
Staff will propose positions on one or more bills in the 2022 Legislative Session. This will include a CalCCA sponsored bill focused on vehicle electrification and may also include federal legislation to develop a program for EV car sharing services for low-income communities.

**By-Laws Revision**
Staff will present a resolution to adopt the revised Bylaws consistent with the discussion at the February 3 Board meeting.
Municipal Financial Advisor Agreement

In October of 2021, Staff presented the Executive Committee and Finance Committees an introduction to prepay transactions. Prepay transactions offer municipal utilities and CCAs an opportunity to reduce renewable energy purchasing costs, in CPA’s case by potentially millions of dollars. To begin preparing for a prepay transaction, including full briefings to the Board, Finance and Executive Committees, CPA needs to contract for services with a Municipal Financial Advisor (MFA). The Municipal Securities Rulemaking Board (MSRB)\(^1\) requires that a MFA represent and support a prepay transaction participant like CPA in the transaction modeling and analysis, structuring negotiations, and document preparation. The MFA would provide project management and advisory services to CPA and assume fiduciary responsibilities to CPA in connection with a potential prepay transaction.

Following the October committee presentations, staff conducted a competitive solicitation to identify qualified vendors to provide MFA services. Three vendors replied to the solicitation. After interviews, staff is recommending Municipal Capital Markets Group, Inc. (MCM) and plan to present a proposed contract with MCM for approval to the Board at the March 3 meeting.

The Not to Exceed amount in the Municipal Advisor Agreement is expected to be $487,500 per transaction. Compensation to MCM is contingent upon the closing of a prepay bond transaction and would be paid by a third party (not CPA) out of the proceeds of a bond issuance. If a prepay transaction is not completed, no fees would be owed to MCM. In the event CPA terminates the Municipal Advisor Agreement for convenience on the eve of the prepayment transaction close date, i.e. 60 days or less prior to the close of an authorized transaction, MCM will be entitled to receive 75% of the transaction fee as compensation for services performed for CPA up to that point.

CPA plans to introduce prepay transactions, as a discussion item, to the Board in April 2022 and may seek the Board’s approval to contract with additional prepay service providers as early as May 2022. These prepay service providers would also be paid

\(^1\) MSRB was established by Congress to regulate municipal securities markets.
contingent upon the closing of a prepay bond transaction and would also be paid by a third party (not CPA) out of the proceeds of a bond issuance.

MCM will provide support and guidance to Staff and the Board throughout this process. An outcome of this process is that later in the year, the Board could be presented with documents authorizing the completion of a prepay transaction.

**REGULAR AGENDA**

The following items are recommended for inclusion on the Regular Agenda of the March Board meeting.

**FY 2022/23 Rates Outlook and Options**

This item will be subject to a separate presentation

**Net Energy Metering (Potential Item)**

At its January meeting, several members of the Community Advisory Committee expressed a desire for CPA to take a more active role in the CPUC’s Net Energy Metering (NEM) proceeding. Though the NEM proceeding does not directly impact CPA’s NEM program, it could effectuate substantial changes to the Investor-Owned Utility NEM programs and impact the solar industry. At the upcoming February 17, 2022 CAC meeting CPA staff will be providing an overview of the CPA’s objectives for NEM – as discussed with the Board in July – as well as the state of play of the CPUC proceeding now that voting on a Proposed Decision has been put off indefinitely and the proceeding has been reassigned to new CPUC president Alice Reynolds. The CAC will also be presented with options if they would like to take action on the issue.

One outcome of the CAC discussion could be that they recommend to the Board that CPA take a more active role in the proceeding to advocate for certain ideas and/or modifications to the initial CPUC proposal. If that recommendation moves forward, staff will present some options for the Board's consideration at the March meeting.
ATTACHMENTS

1) Draft March 3, 2022 Board Agenda
REGULAR MEETING of the Board of Directors of the
Clean Power Alliance of Southern California
Thursday, March 3, 2022
2:00 p.m.

CALL TO ORDER AND ROLL CALL

GENERAL PUBLIC COMMENT

CONSENT AGENDA

1. Adopt Resolution Finding the Continuing Need to Meet by Teleconference Pursuant to Government Code Section 54953 (e)

2. Approve Minutes from February 3, 2022 Board of Directors Meeting

3. Appoint Gabriela Monzon as Board Clerk and Raynette Tom as Assistant Board Clerk

4. Approve Amended Task Order and Professional Services Agreement Amendment with NewGen Strategies for Cost of Service Study and Review of SCE ERRA Filings

5. Approve Agreement with MRW to Support 2022 Rate Setting Activities

6. Approve Agreement with Municipal Capital Markets Group, Inc. for Municipal Financial Advisor Services

7. Approve Revisions to CPA Bylaws

8. Adopt Positions on Bills for the 2022 Legislative Session

9. Receive and File Q2 Financial Statements for FY 2021/22


11. Receive and File Q4 2021 Communications Report

12. Receive and File Community Advisory Committee Monthly Report
REGULAR AGENDA

13. 2022/23 Rates Outlook and Discussion of Potential Rate Setting Approaches

14. Additional Discussion of Net Energy Metering (POTENTIAL)

CLOSED SESSION

15. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION
   Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: 1

MANAGEMENT REPORT

COMMITTEE CHAIR UPDATES

BOARD MEMBER COMMENTS

REPORT FROM THE CHAIR

ADJOURN – NEXT REGULAR MEETING ON APRIL 7, 2022
Initial 2022 Rate Setting Discussion

February 16, 2022
On January 13, the CPUC approved SCE’s 2022 ERRA Forecast Application for implementation on March 1, 2022.

The ERRA Forecast sets SCE’s generation rate and the PCIA for CPA’s customers.

The final rates are expected to be slightly lower than what appeared in SCE’s initial ERRA filing in November.

Now that the PCIA and SCE generation rate are close to finalized, CPA can begin planning for its 2022 rates, which will go into effect on July 1, 2022.

Rates/cost comparisons/financial impact shown are undergoing refinement but are directionally accurate.
Recap: PCIA Impacts

- The PCIA is dropping approximately 85% in 2022
- CPA customers will see bill reductions of ~6% beginning March 2022 with no action required by CPA
- The primary driver for the decrease in the PCIA is historically high energy market forward prices in 2022 which reduce the above market cost of SCE’s PCIA portfolio
  - The 2021 on-peak benchmark for energy was $44.43; the 2022 on-peak benchmark for energy is $71.72

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<th>Average Bill Residential</th>
<th>Current</th>
<th>As of 3/1/22</th>
<th>% Change</th>
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Recap: Competitive Impacts

- SCE’s generation rates are increasing by ~18% beginning March 2022
- The increased SCE generation rate combined with the decreased PCIA will improve CPA’s competitive position versus SCE
- Several factors are leading to increased SCE generation rates
  - A $700+ million undercollection from 2021 resulting from rates that were lower than needed to recover costs
  - Elevated forward prices for energy in 2022
  - Lower PCIA increases bundled customer costs

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Considerations for FY 22/23 Rates

- CPA has more flexibility in its rate setting approach this year due to the lower PCIA and increased SCE generation rate.

- A variety of factors are important to consider as CPA sets rates:
  - Competitiveness
  - Financial impacts, including CPA’s ability to build reserves, increase financial stability and the timeframe to achieve an investment grade credit rating
  - CPA’s value proposition to customers
  - Upcoming default changes
  - 2023 rate outlook

- Three potential rate setting scenarios
  - Option 1: Rates mostly stay the same
  - Option 2: Target Clean Power at parity with SCE
  - Option 3: Target 100% Green at parity with SCE

- All scenarios maintain narrow differentials between the three rate products.

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<tr>
<th>Comparison to SCE Rates</th>
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<th>Option 3</th>
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Option 1: Rates Mostly Stay the Same

- Rate changes are limited to rebalancing rate differentials, ending the 2021 CARE rate freeze and other minor tweaks
- CPA rates are mostly the same, but customers realize significant savings due to lower PCIA
- Impact on contribution to net position (FY22/23): Current + $17 million (increase is due to ending CARE rate freeze)
Option 2: Target Clean Power to Parity

- Clean Power is priced the same as SCE’s base rate; rate differentials are rebalanced based on cost of service; CARE rate freeze ends
- Rates place customers within CPA’s historic rate comparison targets
- Estimated contribution to net position (FY22/23): Current + $185 million

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Option 3: Target 100% Green to Parity

- 100% Green is priced the same as SCE’s base rate; rate differentials are rebalanced based on cost of service; CARE rate freeze ends
- Overall rates are lower than 2021 levels with more favorable rate comparisons
- Estimated contribution to net position (FY22/23): Current + $109 million

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<thead>
<tr>
<th>Small Business Bills</th>
<th>Jan 2021 Typical Bill</th>
<th>Comparison to SCE</th>
<th>March 2022 Typical Bill</th>
<th>Comparison to SCE</th>
<th>July 2022 Typical Bill</th>
<th>Comparison to SCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCE base rate</td>
<td>$233.17</td>
<td></td>
<td>$254.74</td>
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<td>$254.74</td>
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<tr>
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<td>$254.74</td>
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</table>
Impact of Ending CARE Rate Freeze

CPA froze CARE rates at 2020 levels in 2021, in order to mitigate the impact of significant rate increases on our most vulnerable customers.

Given the 2022 rate landscape, all the options assume the rate freeze will end this year.

CARE customers will see a large bill discount from March through June and then revert to rates similar to current levels when CPA sets rates in July.

All options set CPA CARE rates at or below SCE CARE rates.

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### Option 1: Rates mostly stay the same

<table>
<thead>
<tr>
<th>CARE Bills</th>
<th>Jan 2021 Typical Bill</th>
<th>Comparison to SCE</th>
<th>March 2022 Typical Bill</th>
<th>Comparison to SCE</th>
<th>July 2022 Typical Bill</th>
<th>Comparison to SCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCE base rate</td>
<td>$108.72</td>
<td>$117.63</td>
<td>$117.63</td>
<td>$117.63</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lean</td>
<td>$111.82</td>
<td>2.9%</td>
<td>$96.62</td>
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<td>$108.11</td>
<td>-8.1%</td>
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<tr>
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<td>$97.70</td>
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<td>-7.4%</td>
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<tr>
<td>100% Green</td>
<td>$112.90</td>
<td>3.8%</td>
<td>$97.70</td>
<td>-16.9%</td>
<td>$108.98</td>
<td>-7.4%</td>
</tr>
</tbody>
</table>

### Option 2: Target Clean Power at parity with SCE

<table>
<thead>
<tr>
<th>CARE Bills</th>
<th>Jan 2021 Typical Bill</th>
<th>Comparison to SCE</th>
<th>March 2022 Typical Bill</th>
<th>Comparison to SCE</th>
<th>July 2022 Typical Bill</th>
<th>Comparison to SCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCE base rate</td>
<td>$108.72</td>
<td>$117.63</td>
<td>$117.63</td>
<td>$117.63</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lean</td>
<td>$111.82</td>
<td>2.9%</td>
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</tr>
<tr>
<td>Clean</td>
<td>$112.90</td>
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<td>$97.70</td>
<td>-16.9%</td>
<td>$117.63</td>
<td>0.0%</td>
</tr>
<tr>
<td>100% Green</td>
<td>$112.90</td>
<td>3.8%</td>
<td>$97.70</td>
<td>-16.9%</td>
<td>$117.63</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

### Option 3: Target 100% Green at parity with SCE

<table>
<thead>
<tr>
<th>CARE Bills</th>
<th>Jan 2021 Typical Bill</th>
<th>Comparison to SCE</th>
<th>March 2022 Typical Bill</th>
<th>Comparison to SCE</th>
<th>July 2022 Typical Bill</th>
<th>Comparison to SCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCE base rate</td>
<td>$108.72</td>
<td>$117.63</td>
<td>$117.63</td>
<td>$117.63</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lean</td>
<td>$111.82</td>
<td>2.9%</td>
<td>$96.62</td>
<td>-17.9%</td>
<td>$112.92</td>
<td>-4.0%</td>
</tr>
<tr>
<td>Clean</td>
<td>$112.90</td>
<td>3.8%</td>
<td>$97.70</td>
<td>-16.9%</td>
<td>$114.10</td>
<td>-3.0%</td>
</tr>
<tr>
<td>100% Green</td>
<td>$112.90</td>
<td>3.8%</td>
<td>$97.70</td>
<td>-16.9%</td>
<td>$114.10</td>
<td>-3.0%</td>
</tr>
</tbody>
</table>
Potential One-Time Spending Options

The favorable rate environment allows for consideration of additional options to complement CPA’s rate setting approach under options 2 or 3.

- Rate stabilization fund
- One-time program spending for member agencies
  - Fleet electrification (vehicles and/or charging)
  - Smart thermostat direct installs
- Other ideas?
Next Steps

- The Board will receive a similar overview in March
- Analysis will be refined based on new information
  - Final March 1 rates will be available from SCE in the coming days
  - The cost of service model will be updated to reflect latest load forecast and financial model
- Staff will return to Executive Committee and the Board in April/May with a recommended approach based on feedback received at the March Board meeting
- Final rate setting will take place at the June Board meeting along with adoption of the FY22/23 budget
Questions