

MINUTES

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

The Board of Directors conducted this meeting remotely, pursuant to the Proclamation of the State of Emergency by Governor Newsom on March 4, 2020, AB 361, and enacting CPA Resolutions, and as a response to mitigating the spread of COVID-19

CALL TO ORDER & ROLL CALL

Chair Diana Mahmud called the meeting to order at 2:00 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	Michael McConville	Alternate	Remote
6	Camarillo	Susan Santangelo	Director	Remote
7	Carson	Reata Kulcsar	Alternate	Remote
8	Claremont	Jennifer Stark	Alternate	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	Jessica Sandifer	Alternate	Remote
17	Ojai	Betsy Stix	Director	Remote
18	Oxnard	Bert Perello	Director	Remote
19	Paramount			Absent
20	Redondo Beach	Ted Semaan	Alternate	Remote

21	Rolling Hills Estates	Steve Zuckerman	Director	Remote
22	Santa Monica	Gleam Davis	Director	Remote
23	Sierra Madre	Robert Parkhurst	Director	Remote
24	Simi Valley	Ruth Luevanos Samantha Argabrite	Director Alternate	Remote
25	South Pasadena	Diana Mahmud	Chair	Remote
26	Temple City	Fernando Vizcarra	Director	Remote
27	Thousand Oaks	Kevin McNamee	Director	Remote
28	City of Ventura	Joe Yahner	Alternate	Remote
29	Ventura County	Linda Parks	Vice Chair	Remote
30	West Hollywood	Robyn Eason	Alternate	Remote
31	Westlake Village	Ned Davis	Director	Remote
32	Whittier	Vicki Smith	Alternate	Remote

All votes are unanimous unless otherwise stated.

GENERAL PUBLIC COMMENT

No general public comment was made.

CONSENT AGENDA

1. Adopt Resolution 22-03-025 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 the Board Secretary and appoint Raynette Tom as alternate Board Secretary
4. Adopt Resolution 22-03-026 to Amend and Restate the CPA Bylaws
5. Approve Support Position on AB 1814 in the 2021/2022 California Legislative Session and Support Position on HR 6662 in the 117th Congressional Session
6. NewGen Cost of Service Task Order and Amendment
 - a. Ratify Amendment No. 2 to the Professional Services Agreement Amendment with NewGen Strategies and Solutions LLC (NewGen) for review of SCE's ERRAs filings with a total Not to Exceed (NTE) amount of \$108,060
 - b. Ratify Cost of Service Study Task Order Issued to NewGen with an NTE amount of \$115,270
 - c. Approve Amendment No. 1 to Cost of Service Study Task Order increasing the total NTE amount to \$130,370
7. Approve Agreement with MRW to Support 2022 Rate Setting Activities
8. Receive and File FY 2021/22 Q2 Financial Report
9. Receive and File Q4 2021 Risk Management Report
10. Receive and File Q4 2021 Communications Report

11. Receive and File Community Advisory Committee Monthly Report

Motion: Director Gold, Beverly Hills
Second: Vice Chair Kuehl, Los Angeles County
Vote: The consent agenda was approved by a roll call vote.

REGULAR AGENDA

12. Fiscal Year (FY) 2022/2023 Rates Outlook

Matt Langer, Chief Operating Officer, provided a brief informational presentation. Mr. Langer explained that the PCIA is dropping approximately 85% in 2022 and described the impact of the drop; CPA customers will see bill reductions of 6-7% beginning in March 2022. The primary driver for the decrease is historically high energy market forward prices in 2022 which reduce the above market cost of Southern California Edison's (SCE) PCIA portfolio. Mr. Langer discussed impacts to CPA's competitive position; itemized several considerations for FY 22/23 rates, including reserve targets, changing competitive environment in the future, achieving an investment grade credit rating, and upcoming default changes. Mr. Langer detailed the specifics of CPA's progress towards obtaining an investment-grade credit rating and reviewed the benefits a credit rating, such as an increase in the number of financial institutions willing to finance long-term renewable and energy storage projects, reduce costs, and enhance CPA's reputation in the legislative, regulatory, and commercial arenas. In 2023, early forecasts project a higher PCIA and lower SCE generation rates; CPA will have less flexibility and can accumulate more reserves this year to balance its competitive position in the following year. Mr. Langer outlined two 'bookend' cases to present a wide range of possibilities for how CPA might set rates in FY 2022/23. The lowest revenue case will maintain most rates the same, with a narrow differential between the three rate products, end the 2021 CARE rate freeze and contribute an additional \$17 million compared to current revenues. In the high revenue case, the Clean Power rate is priced the same as SCE's base rate, which together with all other assumptions in the low-revenue case, will contribute an additional \$185 million compared to current revenues. Mr. Langer reviewed the impact of ending the CARE rate freeze, however, all cases set CPA CARE rates at or below SCE CARE rates. CPA's load forecast and financial projections will be updated in March, and staff will return to the Executive Committee and the Board in April/May with a recommended approach. Rate adoption will take place at the June Board meeting with the adoption of the FY 22/23 budget.

In response to questions from Board members, staff clarified the following: the credit rating process takes two to three months once a rating agency is formally engaged and CPA will be required to demonstrate its ability to achieve the required financial targets. Due to the delayed deadline for submittal of the Integrated Resource Plan (IRP) and the significant number of member agencies that changed their default rate, staff deferred a decision on changes to its three rate options this year and will bring that discussion back to the Board at a later date. Last year's rate setting process revealed that each rate product was covering its cost, with smaller gaps between Clean and 100% Green, and this year's rate setting reflects those readjustments and updates to cost of service show narrow differentials being maintained. Director Gold shared four factors that should drive CPA's rate setting process: credit rating, adequate reserves, rate stability, and continuing to meet CPA's promised value proposition.

Chair Mahmud asked about the status of the PCIA proceeding at the CPUC. Mr. Langer indicated that volatility reflects a PCIA mechanism working as intended; a CPUC-adopted decision last year determined the disposition of all the PCIA resources. In the decision, IOUs offer the opportunity to receive an allocation of renewable energy resources. CPA can receive its share and lock in the value of those long-term resources to ensure they do not go unused. Chair Mahmud asked follow-up questions regarding resource adequacy attributes of long-term resources; insight into the remaining SCE contracts affecting the PCIA; and SCE's implementation of a rate reduction in this calendar year. Mr. Langer clarified that SCE keeps all resource adequacy attributes; it will be at least 10 years before the first tranche of long-term contracts end and the PCIA burden starts to diminish. Mr. Langer stated that a SCE rate reduction is possible if they overcollect but they usually don't see that in time to propose a mid-year adjustment.

In response to questions by Vice Chair Kuehl concerning any downsides to the higher revenue approach and the rationale behind ending the CARE rate freeze, Mr. Langer explained that the higher revenue approach would advance CPA's progress towards an investment grade credit rating while still remaining very competitive with SCE. Regarding the CARE rate freeze, Mr. Langer said that CARE customers would still be paying less with CPA this year than they would with SCE. Vice Chair Kuehl expressed concern that ending the CARE rate freeze may send an unwelcome message to customers during an enduring difficult economic time. Vice Chair Parks expressed a desire to see significantly fewer changes made to rates over time.

Harvey Eder provided public comment. Mr. Langer clarified that SCE's rate change went into effect on March 1st and though CPA led efforts at the CPUC to shift the PCIA mechanism to benefit its ratepayers, the results were mixed.

CLOSED SESSION

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

Nancy Whang, General Counsel, stated that the Board voted to authorize the Chief Executive Officer to sign a settlement agreement with HDSI, LLC, wherein HDSI will pay CPA \$3.25 million and CPA will return HDSI's contingent payment of \$5.25 million to resolve the dispute between CPA and HDSI concerning delays in achieving commercial operation and whether those delays were excused due to force majeure or otherwise pursuant to the Power Purchase Agreement (PPA). The vote was 28 to 0 in favor of approval. There was no public comment on this item.

MANAGEMENT REPORT

Mr. Bardacke discussed the billing issues from the previous month; thanked the internal customer care and external affairs teams for their contributions; noted that some cities were more significantly impacted than others, but processes have been established to ensure advanced warning is given should any such issue occur again. Mr. Bardacke extended apologies to the Board members personally impacted and stated that CPA is addressing reputational impacts as well. Mr. Bardacke provided an update on the Power Share program, noting that CPA has surpassed 1/3 of the 6,300-enrollment goal and is

receiving customer testimonials in English and Spanish. Mr. Bardacke discussed default rate changes in the cities of Claremont and South Pasadena and stated that CPA is on track to have more than half of its customers on 100% Green by the end of the year. Lastly, with regard to fiscal status, Mr. Bardacke indicated that CPA has paid \$10 million of its \$30 million county loan and is on track to repay the rest of by June.

COMMITTEE CHAIR UPDATES

Director Gold, Finance Committee Chair, reported that the Committee has discussed clean energy prepayment transactions.

Director Parkhurst, Energy Planning & Resources Committee Chair, reported that the Committee discussed energy policy issues affecting CPA.

BOARD MEMBER COMMENTS

Director Perello thanked Chair Mahmud for her prompt response following his comments at the end of the last Board meeting. Director Ashton announced this departure from the CPA Board and Downey City Council on March 18, 2022; expressed appreciation for staff and Board members' support. Chair Mahmud, Board members, and Mr. Bardacke all thanked Director Ashton for his early support of and involvement in CPA. Director Santangelo requested Board members submit letters of support for the default rate change in the City of Camarillo. Director Monteiro thanked Mr. Bardacke and Policy Director, Gina Goodhill, for the invitation to participate in a sustainability roundtable discussion.

REPORT FROM THE CHAIR

Chair Mahmud referenced a report issued by the Intergovernmental Panel on Climate Change (IPCC) with a policymaker summary that illustrates why CPA's work is important for its communities. Chair Mahmud reminded the Board of upcoming items for consideration, including the adoption of rates and the budget, and thanked the Board members for their strong participation in Board meetings.

ADJOURN

Chair Mahmud adjourned the meeting at 3:33 p.m.