



REGULAR MEETING of the Executive Committee of the Clean Power Alliance of Southern California

Wednesday, May 18, 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.

[Click here to view a Live Stream of the Meeting on YouTube](#)

If the YouTube stream is not working, please use the zoom link.

*There may be a streaming delay of up to 60 seconds. This is a view-only live stream.

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@cleanpoweralliance.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@cleanpoweralliance.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@cleanpoweralliance.org.

Clean Power Alliance Executive Committee Meeting
May 18, 2022

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 clerk@cleanpoweralliance.org or (323) 640-7664. Notification in advance of the meeting will enable us to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it.

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 April 20, 2022 Executive Committee Meeting

CLOSED SESSION

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

REGULAR AGENDA

3. Oral Update from the Chief Executive Officer on CPA Operations
4. Review Draft Agenda for June 2, 2022 Board of Directors Meeting
5. Review Draft Fiscal Year 2022/2023 Budget
6. Presentation on the 2022 Integrated Resource Plan (IRP) and Rate Product Discussion

COMMITTEE MEMBER COMMENTS

ADJOURN – NEXT MEETING JUNE 15, 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.*

MINUTESREGULAR MEETING of the Executive Committee of the
Clean Power Alliance of Southern California

Wednesday, April 20, 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 & ROLL CALL

Chair Mahmud called the meeting to order at 1:31 p.m. and Gabriela Monzon, Board Clerk, conducted roll call.

Roll Call			
Agoura Hills	Deborah Klein Lopez	Committee Member	Remote
Beverly Hills	Julian Gold	Committee Member	Remote
Camarillo	Susan Santangelo	Committee Member	Remote
Los Angeles County	Sheila Kuehl	Vice Chair	Remote
Rolling Hills Estates	Steve Zuckerman	Committee Member	Remote
Sierra Madre	Robert Parkhurst	Committee Member	Remote
South Pasadena	Diana Mahmud	Chair	Remote
Ventura County	Linda Parks	Vice Chair	Remote
West Hollywood			Absent

Rachel Dimond from West Hollywood was also in attendance, observing for Committee Member Horvath. (Ms. Dimond was subsequently appointed as an Alternate to the CPA Board on May 10, 2022)

All votes are unanimous unless otherwise stated.

GENERAL PUBLIC COMMENT

There was no public comment.

CONSENT AGENDA

1. Approve Minutes from March 16, 2022 Executive Committee Meeting

Motion: Director Gold, Beverly Hills

Second: Vice Chair Kuehl, Los Angeles County
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, provided an update on the delayed billing issue, stating that letters and emails were sent to the most impacted customers and adding that out of the 20,000 customers affected, only 7 opt-outs were requested. Mr. Bardacke indicated that Cara Renee, Director of Communications and Marketing, will begin with CPA at the end of May. Vice Chair Parks thanked CPA staff for their appearance at an Earth Day event in the City of Thousand Oaks and requested more printed materials at future events.

3. Review Draft Agenda for May 11, 2022 Board of Directors Meeting

Mr. Bardacke reviewed the consent agenda, including the Newgen contract amendment and two contracts for prepay transaction services. Regarding Committee Member Zuckerman's question concerning cost sharing for services, Matt Langer, Chief Operating Officer, added that CPA has done so previously as it relates to legal services with California Community Choice Association (CalCCA) and Central Coast Community Energy (3CE) and will continue to seek resource sharing strategies on the technical reviews.

Mr. Bardacke reviewed several items on the regular agenda, including the rates and budget priorities and the election of a new Board chair. In response to Committee Member comments regarding ballot return by official email, Nancy Whang, General Counsel, advised that staff will explore ways to simplify the voting process. Members of the Executive Committee thanked Chair Mahmud for her excellent work as Board Chair.

4. Provide Direction on Fiscal Year 2022/2023 Rates Approach

Mr. Langer provided a recap of the 2022 rate environment and its competitive impacts, presented considerations for FY22/23 rates, and reviewed the investment-grade credit rating and its benefits and metrics. The PCIA dropped approximately 85% in 2022; SCE's generation rate increased by approximately 18% in March 2022. Both factors improved CPA's competitive position and present a rare opportunity to accelerate its progress toward achieving mid- and long-term strategic financial goals. CPA will have to balance progress toward financial targets; prepare for an adverse competitive position in 2023; acquire a credit rating; default changes; and financial resilience. Staff prepared three rate options for FY2022/23, including a low, middle, and high revenue option. All options assume product differentials are based on CPA's cost of service and are similar to last year; subset rates reset to reflect current cost of service; the CARE rate freeze ends; establish a target "Days Liquidity on Hand" (DLOH). Mr. Langer discussed 2022/23 rate options, including comparisons to SCE, noting that CPA's cash needs are seasonal, and the low revenue option make an investment grade less likely in the next year. The low revenue option projects a \$178 million contribution to the net position with 109 DLOH; the middle revenue option contributes \$236 million to the net position with 131 DLOH; and the high revenue option contributes \$265 to the

net position with 142 DLOH. The low revenue option offers a rate cut compared to last year, but the middle and high revenue options offer some continuity in rate levels. Mr. Langer provided background on CARE rate freezes and explained different options to end CARE rate freezes. All options place CPA's CARE rates at or below SCE CARE rates and close to CPA's January 2022 rates. Mr. Langer discussed the four scenarios: (a) end freeze 7/1/22; (b) end freeze 10/1/22; (c) step down rate freeze by half 7/1/22; and (d) maintain freeze for FY 22/23. Mr. Langer noted that CPA has an opportunity to dedicate up to \$10 million in additional one-time program spending under the middle and higher revenue scenarios, which could focus on member agency sustainability and resiliency needs. Mr. Langer summarized the three options and invited discussion and a consensus from the Executive Committee on a recommended Rate Approach to the Board.

Responding to Committee Member questions, staff clarified that 30% of CPA's residential customers are on CARE rates; unincorporated L.A. County CARE customers will switch to 100% Green in 2024; the highest a bill would go is 3% compared to SCE; prepayment transactions would not impact rates; each CARE scenario would reduce the DLOH; about \$17 million has been spent in 2020-2022 to benefit 77,000 customers; newly enrolled CARE customers received automatic credits and state funding was applied to unpaid bills from March 15, 2020 to July 15, 2021.

Vice Chair Kuehl observed that the medium and high revenue options appeared to have a minimal bill increase that would be tolerable for customers; Mr. Langer noted that it reflects CPA's flexibility in rate setting this year. Vice Chair Kuehl opined that ending the CARE rate freeze in October, resulting in less of a financial impact, is favorable; expressed support for option 3A; asked about state and federally funded one-time programs instead. Mr. Bardacke explained that there is an expectation that programs will be funded at the state and federal level, particularly in low carbon infrastructure, electric vehicle charging, and wildfire mitigation; but it remains unknown if funding will address local government priorities. Committee Member Gold expressed preference for building a strong fiscal position now with as many reserves as possible while considering CARE customers' bill impacts. Committee Member Parkhurst observed that a combination of factors has made energy procurement especially challenging and asked how that was factored into the options presented by staff and commented that additional program spending is needed in the community; therefore is supportive of option 3C. Mr. Langer clarified that the current financial model is based on conservative assumptions and there are no compliance impacts for FY22/23 rates, as most impacts are farther out than this fiscal year. Vice Chair Parks expressed preference for increasing reserves and getting all customers to the 100% Green rate, even if there are some increases to the Lean and Clean rates. Committee Member Lopez expressed a preference for option 3A and added she would prefer that the possibility of additional program spending be considered in October after the impact of summer volatility is clear. Regarding Committee Member Santangelo's question concerning rate stabilization, Mr. McNeil indicated CPA has a fiscal stabilization fund for generated surpluses to be used in the future to stabilize rates and allow CPA to remain competitive. Mr. Bardacke added that it would allow CPA to maintain a competitive position with SCE and still hit the minimum target of contribution to the net position. Chair Mahmud expressed support for option 3A and suggested that staff make a renewed outreach to eligible

cities regarding awareness of the Power Share Program, as the current enrollment rate is 1/3 of the target. After a round table discussion on the advantages of option 3A, the Executive Committee reached a unanimous consensus for option 3A, noting that additional program spending could be considered later after assessing the fiscal impact of this upcoming summer on CPA.

5. Review Fiscal Year 2022/2023 Budget Priorities

Mr. Bardacke provided the budget timeline, highlighted various operational priorities, and an overview of the operating expenses. Some of the operational priorities include achieving financial targets, talent acquisition and staff retention, and establishment of processes. Mr. Bardacke specified that operating expenses are projected to increase about 30% and highlighted various increase areas, including communications & mailers, customer programs, and staffing. Mr. Bardacke reviewed three organizational charts detailing filled positions, vacant positions, and proposed new positions.

Committee Member Gold suggested using consultants to evaluate CPA's scope of work and positions. Mr. Bardacke commented that there is a budget to update salary comparisons and conduct a new compensation study. In response to Vice Chair Kuehl's question concerning potential vacancies versus new positions, Mr. Bardacke emphasized the need for CPA to be at a sustainable staffing level while still recruiting new talent, adding that the addition of new positions helps deal with inevitable vacancies. In response to Committee Member Zuckerman's question, Mr. Bardacke clarified that a portion of the budget item for 'general and administrative' is not a staffing budget, but contains items such as professional development, recruiting resources, and performance management, expenses which do go up as staff size increases. Chair Mahmud noted that an additional benefit to member agencies is regulatory support; asked if the projected staffing in the regulatory area will be sufficient to address that. Mr. Langer explained that involvement in the regulatory arena is more about case management and two positions are sufficient for that; CPA plans to evaluate the use of outside consultants as well for SCE general rate cases. Concerning Chair Mahmud's question about employment contracts, Mr. Bardacke stated that it can be perceived as limiting opportunities for employees; CPA, however, has offered fully remote positions to most staff; enhancements such as free EV charging has been offered to employees as an incentive to return to the office, and all-staff gatherings are to occur two to three times a year.

COMMITTEE MEMBER COMMENTS

Committee Member Parkhurst suggested sharing energy procurement challenges discussed at the Energy Committee with the Board; Mr. Bardacke indicated that will be presented in June. Committee Members Parkhurst and Lopez shared Earth Day events in their respective cities. Chair Mahmud thanked the Committee Members for their support during her tenure as Board Chair.

ADJOURN

Chair Mahmud adjourned the meeting at 3:50 p.m.



Staff Report – Agenda Item 3

To: Clean Power Alliance (CPA) Executive Committee
From: Ted Bardacke, Chief Executive Officer
Subject: Oral Update from the CEO on CPA Operations
Date: May 18, 2022

The CEO will provide an oral report on CPA operations.



Staff Report – Agenda Item 4

To: Clean Power Alliance (CPA) Executive Committee
From: Ted Bardacke, Chief Executive Officer
Subject: Review Draft Agenda for June 2, 2022 Board of Directors Meeting
Date: May 18, 2022

Staff will provide an overview of the proposed agenda items for the June 2, 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 June Board meeting.

Community Advisory Committee Appointments

As per the CPA Bylaws (Article 8, Section 5), the term of service for current CAC members expired at the end of April. Staff reached out to all current CAC members, notifying them of the term expirations, and inquired if they would like to be considered for re-appointment to the CAC. All CAC members responded, and thirteen of the fifteen current CAC members requested to be re-appointed. Two representatives (1 South Bay and 1 Gateway Cities) are unable to continue on the CAC and elected to resign. Simultaneously, staff solicited interest from new candidates from all CAC subregions, as well as for the current vacancies in the South Bay and Gateway Cities subregions. Staff received 15 applications, which included thirteen current CAC members and three new applicants.

Staff is recommending the re-appointment of the thirteen current CAC members and the appointment of one new member to fill the open seat in the Gateway Cities Subregion (Downey, Hawaiian Gardens, Paramount, and Whittier). Staff is in the process of

obtaining additional applicants for the South Bay subregion open seat. Once a candidate is identified, staff will bring that recommendation to the Executive Committee. The list of candidates for recommended re-appointments and the new candidate recommended for appointment are included as Attachments 2 and 3 to this staff report.

Bill Positions

Staff will propose bill positions on one or more bills in the 2022 Legislative Session. These may include a bill to establish interim targets to reach the state's clean energy and greenhouse gas reduction goals more quickly, a bill that would change the process by which local governments can pass building electrification reach codes, a bill related to transmission planning, or a bill related to procurement requirements and the integrated resource plan.

REGULAR AGENDA

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

Approve FY 2022/2023 CPA Rates

At the May 11, 2022 Board Meeting the Board adopted the following approach for 2022 rate setting, based on CPA's cost-of-service product differentials:

- (a) Clean Power rates targeted at parity with SCE;
- (b) 100% Green Power rates targeted at a 3% premium to Clean Power rates;
- (c) Lean Power rates targeted at a 1% discount to Clean Power rates;
- (d) Include a subsidy to maintain CARE¹ rates at current levels until September 30, 2022.

This approach will provide a buffer against market volatility and seasonal fluctuations in cash flow and maximize CPA's chance of receiving an Investment Grade credit rating in the next year while maintaining competitive rate comparisons.

At the June meeting, Staff will present detailed rates and resolutions to the Board for approval based on this approach. Further details on this item will be included in the presentation to the Executive Committee on the Draft FY 2022/23 Budget.

Introduction of Integrated Resource Plan (IRP) and Product Content

This item will be subject to a separate presentation to the Executive Committee.

Draft FY 2022/2023 Budget

This item will be subject to a separate presentation to the Executive Committee.

Election of At-Large Executive Committee Positions

At the May 11th Board of Directors meeting, Board Chair Diana Mahmud opened the nomination period for CPA's three At-Large Executive Committee positions, two representing L.A. County Members and one representing Ventura County members. The nomination period for the At-Large positions of the Executive Committee will close on Friday, May 20, 2022.

Two-year terms will begin on July 1, 2022, and expire on June 30, 2024. At the May 11th meeting, the following nominations were received:

Los Angeles County:

1. Deborah Klein Lopez, Agoura Hills
2. Alex Monteiro, Hawthorne

Ventura County:

1. Ruth Luevanos, Simi Valley
2. Betsy Stix, Ojai

As of May 13th, no other nominations have been received. The Clerk of the Board will verify that nominees meet all the eligibility criteria. For this election, the Clerk of the Board will email ballots to Regular Directors after the conclusion of the nomination period. The election will take place at the June 2 Board meeting. Both the L.A. County At-Large positions and the Ventura County At-Large position must be elected by Regular Directors representing jurisdictions in their respective counties.

ATTACHMENTS

- 1) Draft June 2, 2022 Board of Directors Agenda
- 2) CAC Appointment Summary
- 3) CAC New Application Summary – Gateway Cities



**REGULAR MEETING of the Board of Directors of the
Clean Power Alliance of Southern California**

Thursday, June 2, 2022

2:00 p.m.

CALL TO ORDER AND ROLL CALL

PLEDGE OF ALLEGIANCE

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 May 11, 2022 Board of Directors Meeting
3. Approve Bill Positions
4. Receive and File Community Advisory Committee Monthly Report

ELECTION OF EXECUTIVE COMMITTEE AT-LARGE POSITIONS

REGULAR AGENDA

5. Approve Fiscal Year 2022/2023 CPA Rates
6. Approve Fiscal Year 2022/2023 Budget
7. Review 2022 Integrated Resource Plan (IRP):
 - a. Provide Direction on Product Content; and
 - b. Delegate IRP Approval Authority to the Energy Planning & Resources Committee

MANAGEMENT REPORT

COMMITTEE CHAIR UPDATES

BOARD MEMBER COMMENTS

REPORT FROM THE CHAIR

ADJOURN – NEXT REGULAR MEETING ON JULY 7, 2022

**Community Advisory Committee (CAC)
Members Recommended for Re-Appointment
and New Proposed Appointments for 2022-2024 Term**

<p>East Ventura/West LA County – 3 Positions <i>(Agoura Hills, Camarillo, Calabasas, Moorpark, Simi Valley, Thousand Oaks, Westlake Village)</i></p> <p>Proposed Re-Appointments:</p> <ul style="list-style-type: none"> • Angus Simmons • Jennifer Burke • Debbie West 	<p>San Gabriel Valley – 2 Positions <i>(Alhambra, Arcadia, Claremont, Sierra Madre, South Pasadena, Temple City)</i></p> <p>Proposed Re-Appointments:</p> <ul style="list-style-type: none"> • Richard Tom • Kim Luu
<p>West/Unincorporated Ventura County – 2 Positions <i>(Ojai, Oxnard, Ventura, Unincorporated Ventura County)</i></p> <p>Proposed Re-Appointments:</p> <ul style="list-style-type: none"> • Lucas Zucker • Vern Novstrup 	<p>South Bay – 2 Positions <i>(Carson, Hawthorne, Manhattan Beach, Redondo Beach, Rolling Hills Estates)</i></p> <p>Proposed Re-Appointments:</p> <ul style="list-style-type: none"> • David Lesser • Vacant
<p>Gateway Cities – 2 Positions <i>(Downey, Hawaiian Gardens, Paramount, Whittier)</i></p> <p>Proposed Re-Appointments:</p> <ul style="list-style-type: none"> • Genaro Bugarin <p>Proposed New Appointee:</p> <ul style="list-style-type: none"> • Dr. Irella Perez 	<p>Westside – 2 Positions <i>(Beverly Hills, Culver City, Malibu, Santa Monica, West Hollywood)</i></p> <p>Proposed Re-Appointments:</p> <ul style="list-style-type: none"> • Cris Gutierrez • David Haake
<p>Unincorporated LA County – 2 positions</p> <p>Proposed Re-Appointments:</p> <ul style="list-style-type: none"> • Neil Fromer • Kristie Hernandez 	

2022-2024 Community Advisory Committee New Applicant Summary

Candidate: Dr. Irella Perez **Subregion:** Gateway **Eligible Candidate:** Yes

Section 1: Personal Information

- A. Home Address: Whittier, CA
B. Occupation: Environmentalist

Section 2: Qualifications

A. *Experience serving on advisory committees / public commission / similar bodies:*

- I am a former Whittier City School Board of Trustee for nine years. I have also served as a board member for the California Association of Bilingual Educators and the California Association of Latinos Superintendents and Administrators. In my City of Whittier, I have served as a commissioner of the Arts. I have been a board member for the Arts in public places, Whittier Red Cross Ambassador. I currently serve as an advisory board member for UC Irvine in the Customer Experience program.

B. *Experience with outreach or community leadership:*

- I am a former Principal from El Rancho School District in the City of Pico Rivera and former Superintendent of El Monte Union High School District. I currently work in a foundation doing nonprofit work. My job is to serve underprivileged communities in the worse polluted areas and improve the quality of air. I work with community environmental justice groups to advocate for the rights of students. I am a Rotarian and Raise money for Scholarships in the Hispanic Outreach Board that I serve as a board member.

C. *Experience or expertise in energy field:*

- Through my previous work with Johnson Controls, I worked with school districts and municipalities transitioning to renewable energy. Through my work with Common Sense, a California Statewide organization, I have organized and mobilized the community to lobby legislators on their rights for their kids and community in all aspects that influence a student's life including sustainability.

D. *Other skills / knowledge / experience to bring to Committee:*

- I am an educator and former teacher. I am bilingual and bi-literate. I am a mother, and I am in touch with the needs of our youth. My passion is the education of our youth for a better and more sustainable today and tomorrow.

Section 3: Additional Information

A. *Why you are interested / what you hope to achieve:*

- My work and passion are to work with environmental justice groups to better the lives of our community and advocate for a more sustainable environment. Your mission goes right along with what I stand for and believe in.

B. *List other languages / ability to support non-English speaking communities:*

Spanish

C. *Anything else you would like CPA to know:*

- It will be my pleasure and honor to work together to improve the quality of life of our community and help to recreate a more sustainable world.

Section 4: Commitment

A. *Ability to make commitment:*

I have the time to dedicate. I have the desire to help.

B. *Signed to certify electric holder in CPA service territory and meet eligibility requirements? Yes.*



Staff Report – Agenda Item 5

To: Clean Power Alliance (CPA) Executive Committee

From: David McNeil, Chief Financial Officer
Antony Sugiarto, Financial Planning and Analysis Manager

Approved By: Ted Bardacke, Chief Executive Officer

Subject: Draft FY 2022/2023 Budget

Date: May 18, 2022

BACKGROUND

Each year CPA develops an annual budget to govern the receipt of revenues, the incurrence of expenses, and capital expenditures during the upcoming fiscal year. The Draft Fiscal Year 2022/23 Budget is provided in Attachment 1.

The Draft FY 2022/23 Budget revenues incorporates the option 3A rate setting approach approved by the Board at its May 11, 2022 Board meeting. Staff plan to present a proposed FY 2022/23 to the Finance Committee on May 25, 2022 and the Board on June 2, 2022. The proposed budget will include refinements to revenue, cost of energy, interest income and staffing budget line items compared the draft budget. It will also include metrics regarding staffing requested by Board members at the May 11 Board meeting.

As part of the budget approval, staff plan to seek authorization from the Board to move funds budgeted under General and Administrative expenses to Interest Expense, if necessary, in order to incur expenses associated with the posting of CPA's Financial Security Requirement (FSR). Whether these expenses remain under GA or Interest depends on the manner in which CPA makes this FSR posting.

DISCUSSION

The Draft Budget reflects the following budget priorities presented to the Board on May 11, 2022:

1. Invest in customer programs and communications
2. Augment staff resources
3. Build energy/data/risk management staff, software, and systems to improve efficiency and accuracy while reducing energy costs over the long term

Draft FY 2022/23 Operating Expenses were reviewed and discussed by the Finance Committee at its April meeting. Budget priorities have also been presented to the Executive Committee, Finance Committee, Community Advisory Committee and Board of Directors in April and May.

The Proposed Budget sets forth changes to the following budget line items:

Revenue – electricity net (+\$230,452,000; 25.7% increase): Budgeted electricity revenues are based on estimates of customer electricity usage and retail electricity rates. Budgeted revenues include the rate approach approved by the Board on May 11, 2022. Budgeted revenues include an allowance for doubtful accounts equal to 1.2% of revenues or \$12 million. Revenues are higher than FY 21/22 budgeted revenues due to an increase in rates and six communities changing their default levels to 100% Green. The additional revenue due to 100% default changes offset additional renewable energy purchasing costs.

Other revenue (+\$874,000; 47% increase): Other revenue includes operating revenue from sources other than retail electricity sales. Other revenue includes funding from the California Public Utilities Commission (CPUC) to support the Power Share program and workforce development funding provided through a renewable energy power purchase agreement. Other revenues offset expenses budgeted in the Customer Programs, Staffing, Technical Services, Legal, and Communications budget line items.

Cost of energy (+\$36,252,000; 4% increase): Cost of energy includes expenses associated with the purchase of system energy, renewable energy, resource adequacy, and charges by the California Independent System Operator (CAISO) for load, and services performed by the CAISO. CAISO charges for load are based on customer energy

use and prices at the Default Load Aggregation Point (DLAP). Credits for energy generation scheduled into the CAISO market and revenues arising from Congestion Revenue Rights (CRRs) are netted from the cost of energy. CAISO credits for energy generation are based on wholesale energy deliveries and Locational Margin Prices (LMPs). CRRs are financial instruments created by the CAISO which enable load serving entities, such as CPA, to manage price differences between wholesale energy delivery locations and retail use points.

Staffing (+\$4,025,000; 41% increase): Staffing costs include salaries and benefits payable in accordance with CPA's Board-approved Employee Handbook and salary grades and ranges approved by the Board on March 4, 2021. Almost half of the increase is driven by the full-year impact of positions added mid-year, promotions, and higher than expected mid-year COLA (pegged to the official inflation rate) in the current fiscal year. The staffing budget does not include a contingency. However, the budget assumes all positions are filled for the full year; vacancies and delayed hiring are likely to reduce actual spending. \$500k of staffing expenses are reimbursable via CPUC customer program funding (Power Share).

FY 2022/23 budgeted staffing costs is composed of the following:

	FY 2022/23 Staffing Cost Increase - Detail	\$	% of Incr
A	FY 2021/22 Budget	9,893,000	
	Full Year Impact of 21/22 New Hires	1,817,000	45%
	COLA (6%)	449,000	11%
	Merit Increases (5%)	374,000	9%
	New Positions	1,385,000	34%
B	Subtotal Increase	4,025,000	100%
C=A+B	FY 2022/23 Budget Total	13,918,000	
D=B/A	YOY % Increase	41%	

Technical services (+\$223,000; 18% increase): Technical services comprise professional services for scheduling coordination, short and long-term energy contracting, risk and portfolio management related, and planning/support for customer programs where engineering or other technical expertise is required. Scheduling coordinators provide a variety of services including scheduling generating and storage assets and customer energy use into the CAISO markets, managing CRR purchases and sales,

validating CAISO invoices, and providing risk management and energy contract management software. The increase in technical services arises primarily from a contracted increase in scheduling coordinator fees for the FY 2022/23 and investment in consulting fees to develop a Low Carbon Fuel Standard (LCFS) program.

FY 2022/23 budgeted technical services are composed of the following:

	2021/22	2022/23	Diff \$	Diff %
Scheduling Coordinator	751,000	897,000	146,000	19%
Energy planning & Risk Management	170,000	100,000	(70,000)	-41%
Procurement planning & Support	152,500	152,500	-	0%
Other	139,500	286,500	147,000	105%
Total	1,213,000	1,436,000	223,000	18%

Legal services (+\$162,000; 15% increase): Legal services support CPA's contracting, including energy contracting for short-term and long-term energy, resource adequacy, and non-energy contracting, including banking, finance, and local programs. Legal services also include support for specific regulatory proceedings (e.g., SCE's ERRA Applications, SCE General Rate Case, and other compliance obligations), employment matters, governance, and general liability management. The majority of the budget in this section is shown in the following table:

<u>Legal Service</u>	<u>Major Providers</u>
Energy Contracting	Hall Energy Law Clean Energy Counsel Keyes & Fox Davis, Wright, & Tremaine
Regulatory Compliance and CPUC Advocacy	Braun Blaising Smith Wynne Keyes & Fox
Banking/Finance	Chapman
Employment Law and Compliance	Polsinelli
General Liability and Governance	Burke Williams & Sorensen Jarvis Fay & Gibson

The proposed budget increase is due primarily to carrying over work and projects included in the FY 2021/22 budget that were delayed or replaced due to other priorities or logistical issues.

Other services (+\$446,000; 31% increase): Other services represent professional services not budgeted under Technical or Legal services and include costs associated with energy compliance auditing, financial audits and audit support, rate setting, lobbying services, non-technical assistance for local programs, and staff support services including recruitment, payroll, and benefits administration, IT support, and labor compliance.

The proposed budget increase is due primarily to budgeting for third party collection agent services that would begin performed in accordance with CPA's Board approved Collections Policy, increased services in the regulatory and lobbying areas and increased IT services.

FY 2022/23 budgeted other services expenses are composed of the following:

	2021/22	2022/23	Diff \$	Diff %
Audit & Accounting Services	159,000	138,000	(21,000)	-13%
Prof - Collection Services (NEW)	-	297,000	297,000	0%
Prof - HR & Payroll Consulting	115,000	125,000	10,000	9%
Prof - IT Services	324,000	414,000	90,000	28%
Prof - Legislative/Lobbying	107,000	152,000	45,000	42%
Prof - Strategic Planning	313,000	370,000	57,000	18%
Prof - REC Audit and Registry	82,000	44,000	(38,000)	-46%
Prof - Regulatory Services	100,000	213,000	113,000	113%
Prof - Rate Setting Support	181,000	149,000	(32,000)	-18%
Prof - Other Consultants	75,000		(75,000)	-100%
Total	1,456,000	1,902,000	446,000	31%

Communications and marketing services (+\$513,000; 34% increase): Communications and related services include costs associated with customer outreach, marketing, branding, website management, translation, advertising, special events, and sponsorships. The increase in marketing expenses reflects investments in CPA's website, enhanced digital communications, customer outreach associated with the CPUC funded

Power Share program, and outreach to increase brand awareness and reputation enhancement.

FY 2022/23 budgeted communications expenses and offsetting revenue (the latter recorded in the other revenue budget line item) are composed of the following:

	2021/22	2022/23	Diff \$	Diff %
Advertising	668,000	435,000	(233,000)	-35%
Communication Consultants	580,500	1,126,000	545,500	94%
Sponsorships	47,000	100,000	53,000	113%
Website	51,000	144,000	93,000	182%
Communication - Others	96,000	18,000	(78,000)	-81%
Special Events	12,500	25,000	12,500	100%
CBO Grants	50,000	170,000	120,000	240%
Communication & Outreach	1,505,000	2,018,000	513,000	34%
<u>Third Party Funding</u>				
AMP	(160,000)	-	160,000	-100%
Power Share (CPUC Funding)	(506,000)	(366,500)	139,500	-28%
Workforce (Nextera)	-	(25,900)	(25,900)	
Communication Costs net of Funding	839,000	1,625,600	786,600	94%

Staff expect lower than budgeted spending in Communication Consultants depending on the timing of new hires on the communications and marketing team.

Customer notices and mailing services (+\$549,000; 69% increase): Notices and mailing services support required communication with CPA customers and include printing and postage costs. Costs are increasing primarily due additional mailing and communications expenses required to notify approximately 300,000 customers of a default rate change to the 100% Green Power product in October 2022.

FY 2022/22 budgeted customer notices and mailing services are composed of the following:

	2021/22	2022/23	Diff \$	Diff %
Enrollment Notices/All mailers	140,000	129,000	(11,000)	-8%
Customer Letters	102,000	595,000	493,000	483%
Joint Rate Comparison Mailer	297,000	219,922	(77,078)	-26%
Power Content Label Mailer	258,000	272,995	14,995	6%
Mailers - Other	-	130,000	130,000	0%
Total Mailers costs	797,000	1,346,917	549,917	69%

Billing data management services (+\$57,000; 1% increase): Billing data manager costs are based on the number of customer meters served by CPA and per-meter rates charged by CPA's billing data manager, Calpine. Increased costs reflect a 2.5% inflation escalator on per-meter charges included in an amendment with Calpine approved by the Board on April 1, 2021.

Service fees – SCE (+\$100,000; 5% increase): Service fees are charged by SCE for a variety of customer billing and administrative services. The increase in service fees results from adding in contingencies to cover unforeseen costs from SCE.

Customer Programs (+\$2,791,000; 149% increase): Customer programs represent direct costs associated with providing energy programs to CPA customers and other related services. Direct costs include both incentives for participation and payments to third parties for program implementation. The FY 2022/23 customer programs budget supports the CPA Power Share program (100% reimbursable from CPUC), Power Response demand response program, CPA's EV charger rebate program which provides matching funds for electric vehicle charger incentives administered by the Center for Sustainable Energy/CALeVIP program, \$350,000 for workforce development funded through a long term, renewable energy power purchase agreement, and incentives for member agencies to adopt enhanced building codes.

FY 2022/23 budgeted customer programs expenses are composed of the following:

Program	Expense Type	2021/22	2022/23	Diff \$	Diff %
CalEVIP (LA)	Implementation	35,000	28,000	(7,000)	-20%
CalEVIP (Ventura)	Implementation	33,000	11,000	(22,000)	-67%
Power Response	Implementation	630,000	483,000	(147,000)	-23%
Building Electrification	Implementation	-	275,000	275,000	0%
Sub total	Implementation	698,000	797,000	99,000	14%
CalEVIP (Ventura)	Incentives	340,000	533,000	193,000	57%
CalEVIP (LA)	Incentives	-	300,000	300,000	0%
Building Electrification	Incentives	150,000	125,000	(25,000)	-17%
Power Response	Incentives	434,000	1,144,000	710,000	164%
Workforce Development	Incentives	250,000	349,000	99,000	40%
Power Share	Incentives	-	1,415,000	1,415,000	0%
Sub total	Incentives	1,174,000	3,866,000	2,692,000	229%
Grand Total		1,872,000	4,663,000	2,791,000	149%

General and administration (+\$4,293,000; 271% increase): General and administration costs include office supplies, phone, internet, travel, dues and subscriptions, professional development, and other related expenses. The majority of the proposed budget increase in G&A is to support the issuance of a financial instrument to meet CPA's Financial Security Requirement (FSR) obligations under California Public Utility Code 394.25(e), increased software costs, and depreciation and amortization expenses formerly budgeted as a separate "Depreciation" budget line item.

	2021/22	2022/23	Diff \$	% of Total Incr
Office Operating Expenses	40,000	155,000	115,000	3%
Software	510,000	1,104,000	594,000	14%
Prof. Development	132,000	506,000	374,000	9%
HR	28,000	133,000	105,000	2%
Insurance	132,000	2,383,000	2,251,000	52%
Phone & Internet	156,000	170,000	14,000	0%
Industry Membership Dues	472,000	492,000	20,000	0%
Depreciation & Amortization	-	684,000	684,000	16%
Others	113,000	250,000	137,000	3%
Total	1,583,000	5,877,000	4,294,000	100%

Occupancy (-\$548,000; 100% decrease): Costs formerly budgeted under Occupancy have been moved to the General and administrative and interest expense budget line items.

Finance and interest expense (-\$8,000; 1% decrease): Finance and interest expenses represent fees, borrowing and letter of credit costs associated with CPA's loan facility. Costs include fees associated with a new credit agreement approved by the Board on September 2, 2021 and a contingency for interest and borrowing costs.

Interest income (-\$27,000; 19% decrease): Interest income represents income earned on funds in savings accounts held by River City Bank and other investment accounts. Decrease in interest income arises from a decrease in interest rates from those assumed in the FY 2021/22 Budget. This number is subject to refinement.

Capital outlay (-\$111,500; 33% decrease): Expenditures associated with capital outlay will support and accommodate unforeseen equipment purchases and office improvements as more staff begin to use the office on a regular basis.

ATTACHMENT

- 1) Draft FY 2022/23 Budget

CLEAN POWER ALLIANCE of SOUTHERN CALIFORNIA

Fiscal Year 2022/2023 Budget

Draft

	FY 2021/22 Amended Budget	FY 2022/23 Budget	Budget Difference (\$)	Budget Difference (%)
Revenue - Electricity net	895,247,000	1,125,699,000	230,452,000	25.7%
Other revenue	1,868,000	2,742,000	874,000	46.8%
TOTAL REVENUE	897,115,000	1,128,441,000	231,326,000	26%
TOTAL ENERGY COSTS	834,282,000	870,533,000	36,251,000	4%
NET ENERGY REVENUE	62,833,000	257,908,000	195,075,000	310%
OPERATING EXPENSES				
Staffing	9,893,000	13,918,000	4,025,000	41%
Technical services	1,213,000	1,436,000	223,000	18%
Legal services	1,081,000	1,243,000	162,000	15%
Other services	1,456,000	1,902,000	446,000	31%
Communications and marketing services	1,505,000	2,018,000	513,000	34%
Customer notices and mailing services	797,000	1,346,000	549,000	69%
Billing data management services	10,417,000	10,474,000	57,000	1%
Service fees - SCE	2,016,000	2,116,000	100,000	5%
Customer programs	1,872,000	4,663,000	2,791,000	149%
General and administration	1,584,000	5,877,000	4,293,000	271%
Occupancy	548,000	-	(548,000)	-100%
TOTAL OPERATING EXPENSES	32,382,000	44,993,000	12,611,000	39%
OPERATING INCOME	30,451,000	212,915,000	182,464,000	599%
Finance and interest expense	570,000	562,000	(8,000)	-1%
Depreciation & Amortization	156,000	-	(156,000)	-100%
TOTAL NON OPERATING EXPENSES	726,000	562,000	(164,000)	-23%
Interest Income	144,000	117,000	(27,000)	-19%
TOTAL NON OPERATING REVENUE	144,000	117,000	(27,000)	-19%
NON OPERATING REVENUE (EXPENSE)	(582,000)	(445,000)	137,000	-24%
CHANGE IN NET POSITION	29,869,000	212,470,000	182,601,000	611%
NET POSITION BEGINNING OF PERIOD	74,229,000	104,098,000	29,869,000	40%
NET POSITION END OF PERIOD	104,098,000	194,535,000	90,437,000	87%
FISCAL STABILIZATION FUND	-	-	-	0%
RESERVES END OF PERIOD (Net Position + FSF)	104,098,000	194,535,000	90,437,000	87%
<i>Other Uses</i>				
Capital Outlay	336,000	225,000	(111,000)	-33%
Depreciation	(156,000)	(622,000)	(466,000)	299%
CHANGE IN FUND BALANCE	29,689,000	212,867,000	183,178,000	617%

Note: Funds may not sum precisely due to rounding



Staff Report – Agenda Item 6

To: Clean Power Alliance (CPA) Executive Committee

From: Natasha Keefer, Vice President, Power Supply

Approved by: Ted Bardacke, Chief Executive Officer

Subject: 2022 Integrated Resource Plan (IRP) and Discussion on CPA's Rate Product Content

Date: May 18, 2022

Staff will provide a presentation and invite feedback from the Executive Committee.

ATTACHMENT

1. 2022 IRP & Rate Product Presentation

2022 Integrated Resource Plan (IRP) Introduction

May 18, 2022



Executive Summary

- ⚡ CPA is required to file its 2022 Integrated Resources Plan with the CPUC by November 1st and is currently planning its IRP analysis
 - Staff will be presenting information on the IRP and other long-term planning materials between now and November to Energy Committee and the Board
- ⚡ Staff will be seeking input and actions on the IRP from the Board during its June Board meeting on two items:
 1. **Administrative:** Delegate IRP approval authority to the Energy Committee
 - This is consistent with the Board approval process implemented for the 2018 and 2020 IRPs given the short time frame the CPUC provides LSEs to complete the IRP submission
 2. **Substantive:** Long-term planning assumptions for CPA's three rate products





Agenda

- ⚡ Background
- ⚡ Schedule & Delegation of Authority
- ⚡ Product Content Assumptions
- ⚡ Discussion



Background



Recap of 2020 IRP

- ⚡ CPUC requires all LSEs to submit their IRPs every two years, reflecting their individual procurement preferences and submission requirements as directed by the CPUC
 - The IRP proceeding is an important forum for statewide planning and may result in procurement orders for CPA
- ⚡ In September 2020, CPA submitted its Board-approved Conforming Portfolio Plans as part of the 2020 IRP proceeding
 - CPA was required to submit two statewide greenhouse gas reduction (GHG) scenarios – the 46 and 38 million metric ton (MMT) Conforming Portfolios; the 38 MMT scenario was CPA’s Preferred Portfolio
 - CPA’s Conforming Portfolio Plans were optimized to achieve the three goals of reliability, GHG reduction, and least-cost procurement
- ⚡ On February 15, 2022, the CPUC adopted the 38 MMT GHG target by 2030 as the preferred system plan
 - The aggregated plans of the LSEs, plus the additional resources ordered in the CPUC’s Mid-Term Reliability Decision, came in under the targeted GHG emissions amounts and met reliability targets



Upcoming 2022 IRP

- ⚡ 2022 IRPs will be due on November 1st
- ⚡ What's new:
 - Upcoming cycle planning efforts will be focused around 2035 GHG and reliability results
 - LSEs required to adopt conforming portfolios consistent with the 38 MMT buildout and potentially a 30 MMT sensitivity
 - LSEs have option to determine resources to be added to their portfolios following their individual procurement preferences
 - Recommend planning for new resources that requires longer lead times for development, including out-of-state renewables and offshore wind
- ⚡ CPA's portfolio will be developed and optimized around CPA's goals
 - Renewable and carbon free procurement for its current and future product offerings (customer demand), which far exceed the California RPS target of 60% by 2030
 - GHG targets that meet both statewide requirements and JPA objectives
- ⚡ CPA's Conforming Portfolios will also achieve the CPUC GHG Benchmarks, which will be finalized by the CPUC in June



Schedule & Delegation of Authority



CPA's 2022 IRP Schedule

Subject to Change

Date	Action
June	<ul style="list-style-type: none"> • Seek Board input on long-term product content assumptions and delegation of authority • CPUC issues decision on LSE planning targets/direction • Develop forecasting and scenario inputs for the 38 & 30 MMT cases
July	<ul style="list-style-type: none"> • Develop draft resource portfolios
August	<ul style="list-style-type: none"> • Seek Energy Committee and CAC input on draft resource portfolios and present key findings/consideration
September	<ul style="list-style-type: none"> • Update Board • Revise quantitative analysis as needed • Prepare CPUC submission, including narrative and Data Request
October	<ul style="list-style-type: none"> • Finalize IRP submission and present to Energy Committee for approval consideration
November	<ul style="list-style-type: none"> • IRP submissions due

- ⚡ The CPUC is required to issue instructions on the 2022 IRP no later than June 15, 2022
- ⚡ IRP submissions require approval by CPA's "Governing Body"
- ⚡ Due to the highly compressed schedule to complete the IRP submissions, CPA is seeking to delegate final IRP approval to the Energy Committee, consistent with previous IRP submissions
- ⚡ Energy Committee, Community Advisory Committee, and the Board will be updated on IRP progress throughout the summer as Staff completes its analysis



Rate Product Content Assumptions and Scenarios



Current Default Levels in CPA Territory

- ⚡ Current and planned member agency defaults:
 - **Lean Power (5)** – Arcadia, Paramount, Simi Valley, Temple City, Westlake Village
 - **Clean Power (6)** – Alhambra, Carson, Downey, Hawaiian Gardens, Moorpark, Whittier
 - **100% Green Power (21)** – Agoura Hills, Beverly Hills, Calabasas, Camarillo, Claremont, Culver City, Hawthorne, Los Angeles County, Malibu, Manhattan Beach, Ojai, Oxnard, Redondo Beach, Rolling Hills Estates, Santa Monica, Sierra Madre, South Pasadena, Thousand Oaks, Ventura County, Ventura, West Hollywood
- ⚡ For the IRP base case, CPA will assume no further changes to current member agency default elections or CPA expansion. Any further default changes or CPA expansion would be included in 2024 IRP

<i>Percentage of Load by Year</i>	Lean	Clean	100% Green
2023	14%	30%	56%
2024	14%	19%	67%
2025	14%	15%	71%
2026	14%	15%	71%
2027	14%	15%	71%

Rate Product Content Considerations



- ⚡ Lean Power provides a product geared to affordability
- ⚡ Consistent with minimum compliance standards and with a view towards for potential/future state mandates
- ⚡ Meet needs for incumbent member cities and cost-sensitive customers
- ⚡ Crucial in marketing to new cities



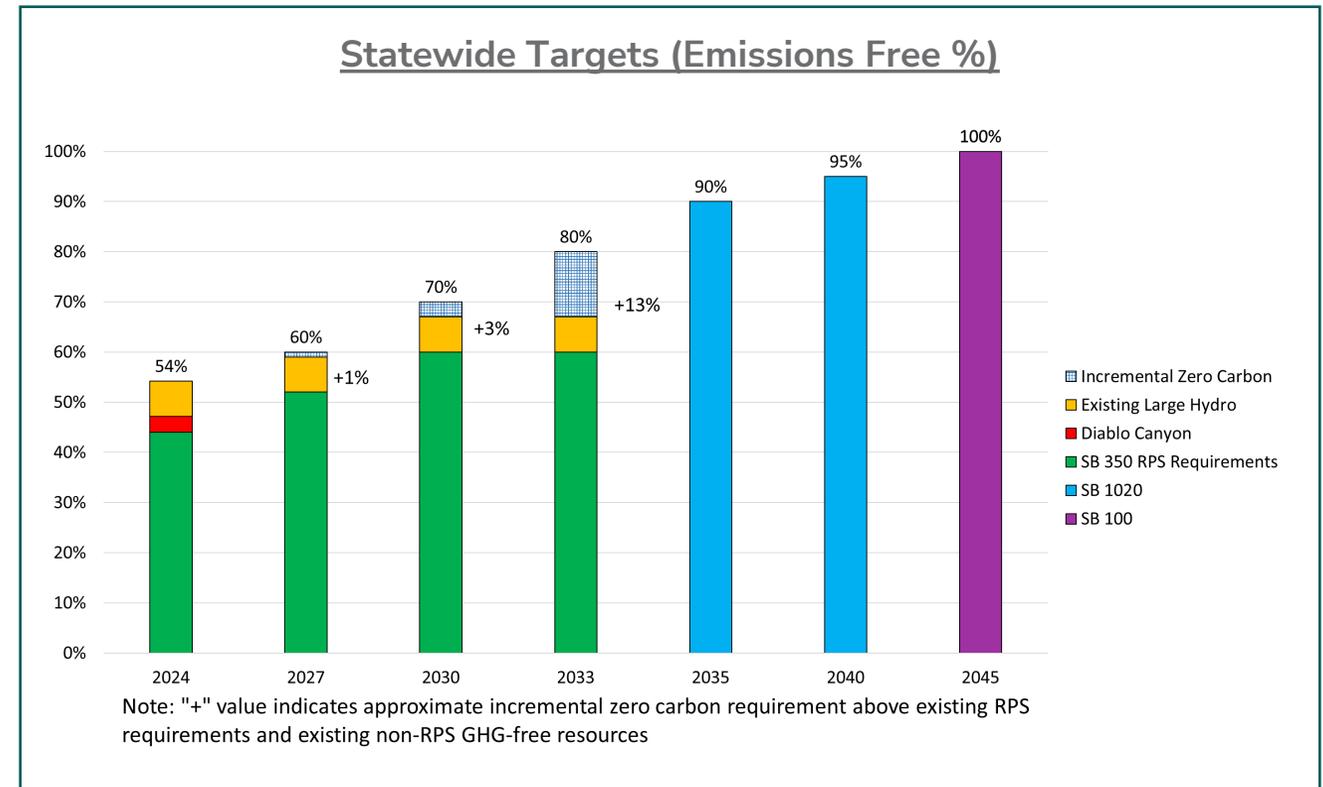
- ⚡ Various paths towards 100% renewable and GHG targets are considered in the proposed scenarios
- ⚡ In all pathways Clean beats SCE's estimated emissions intensity
- ⚡ Pathways can be particularly beneficial for customers with specific carbon reduction strategies (e.g., C&I)



- ⚡ Continue to provide customers with gold-standard renewable energy product (status quo)

Current Environmental Targets

- ⚡ Under SB 100, California utilities are required to achieve 60% renewable energy by 2030 and 100% emissions free (either renewable or zero-carbon) energy by 2045
 - Beyond 2030, CPA assumes the Renewable Portfolio Standard (RPS) will grow at a consistent rate (i.e., 70% renewables achieved by 2035)
- ⚡ Proposed SB 1020 legislation attempts to accelerate this decarbonization by requiring that California also meet interim targets of 90% emissions free by 2035 and 95% emissions free by 2040
 - For the purposes of this presentation, CPA assumes that any “compliance product” achieves the SB 1020 proposed targets



Source: CalCCA

Scenario Overview

- ⚡ In December 2021, the Board discussed long-term rate product direction. Since then, conditions and understanding of customer needs have changed:
 - 6 member agencies changed defaults to 100% Green
 - CPA has engaged in a number of discussions with new prospective cities in LA and Ventura Counties
 - Several large corporate customers have made GHG-free commitments by certain dates (e.g. 2030 or 2035)
- ⚡ CPA has developed four scenarios for future rate product targets, in order of most to least aggressive emissions reductions targets:

	Lean Power	Clean Power	100% Green Power
Scenario 1 CPA achieves 100% renewable for all customers by 2035	100% renewable by 2035	100% renewable by 2030	100% renewable today
Scenario 2 CPA achieves 100% renewable for Clean by 2030	RPS/GHG Free Compliant	100% renewable by 2030	100% renewable today
Scenario 3 CPA achieves 100% renewable for Clean by 2035	RPS/GHG Free Compliant	100% renewable by 2035	100% renewable today
Scenario 4 SB 1020 by 2035 – have Lean and Clean merge	RPS/GHG Free Compliant and exceeds SCE’s estimated emissions intensity		100% renewable today

Scenario 1

CPA Achieves 100% Renewable by 2035 for All Customers

RPS% /Total Carbon Free %

Year	Lean	Clean	100% Green	Total Portfolio
2023	43/43	50/59	100/100	77/80
2024	45/45	50/61	100/100	83/85
2025	50/50	58/66	100/100	87/88
2026	55/55	67/68	100/100	89/89
2027	60/60	75/76	100/100	91/91
2028	65/65	83/84	100/100	93/93
2029	70/70	92/95	100/100	95/95
2030	75/75	100/100	100/100	97/97
2031	80/80		100/100	97/97
2032	85/85		100/100	98/98
2033	90/90		100/100	99/99
2034	95/95		100/100	99/99
2035	100/100		100/100	100/100

- ⚡ Offer Clean customers 100% renewable by 2030
- ⚡ Offer Lean customers 100% renewable by 2035
- ⚡ Demonstrates strong environmental leadership across all rate products
- ⚡ Risk is that Lean becomes less competitive with SCE and the only option for the most price-sensitive customers is to opt-out

Scenario 2

Clean Achieves 100% Renewable by 2030

RPS% /Total Carbon Free %

Year	Lean	Clean	100% Green	Total Portfolio
2023	43/43	50/59	100/100	76/79
2024	45/45	50/61	100/100	82/84
2025	50/50	58/66	100/100	86/87
2026	52/54	67/68	100/100	88/88
2027	54/58	75/76	100/100	89/90
2028	56/62	83/84	100/100	91/92
2029	58/66	92/95	100/100	92/94
2030	60/70	100/100	100/100	94/95
2031	62/74		100/100	94/96
2032	64/78		100/100	94/96
2033	66/82		100/100	95/97
2034	68/86		100/100	95/98
2035	70/90		100/100	95/98

- ⚡ Clean Rate is 100% renewable by 2030
- ⚡ In 2030, CPA moves to just two rate options
- ⚡ Offer Lean customers 90% GHG Free by 2035
 - Consistent with proposed SB 1020
 - Renewable content is based on RPS compliance
- ⚡ If current Clean Rate customers or cities want to lower costs, they can opt-down to Lean

Scenario 3

Clean Achieves 100% Renewable by 2035

RPS% /Total Carbon Free %

Year	Lean	Clean	100% Green	Total Portfolio
2023	43/43	50/59	100/100	76/79
2024	45/45	50/61	100/100	82/84
2025	50/50	54/66	100/100	86/87
2026	52/54	59/68	100/100	87/88
2027	54/58	63/70	100/100	88/88
2028	56/62	68/72	100/100	88/89
2029	58/66	72/74	100/100	89/90
2030	60/70	77/78	100/100	90/91
2031	62/74	81/82	100/100	91/92
2032	64/78	86/86	100/100	92/92
2033	66/82	90/90	100/100	93/93
2034	68/86	95/95	100/100	94/94
2035	70/90	100/100	100/100	95/95

- ⚡ Same as Scenario 2 except offer to Clean customers is 100% renewable by 2035 instead of 2030
- ⚡ Offer Lean customers 90% GHG Free by 2035
 - Consistent with proposed SB 1020
 - Renewable content is based on RPS compliance
- ⚡ If current Clean Rate customers/cities want to lower costs, they can opt-down to Lean

Scenario 4

Lean/Clean Merge to Compliant Product

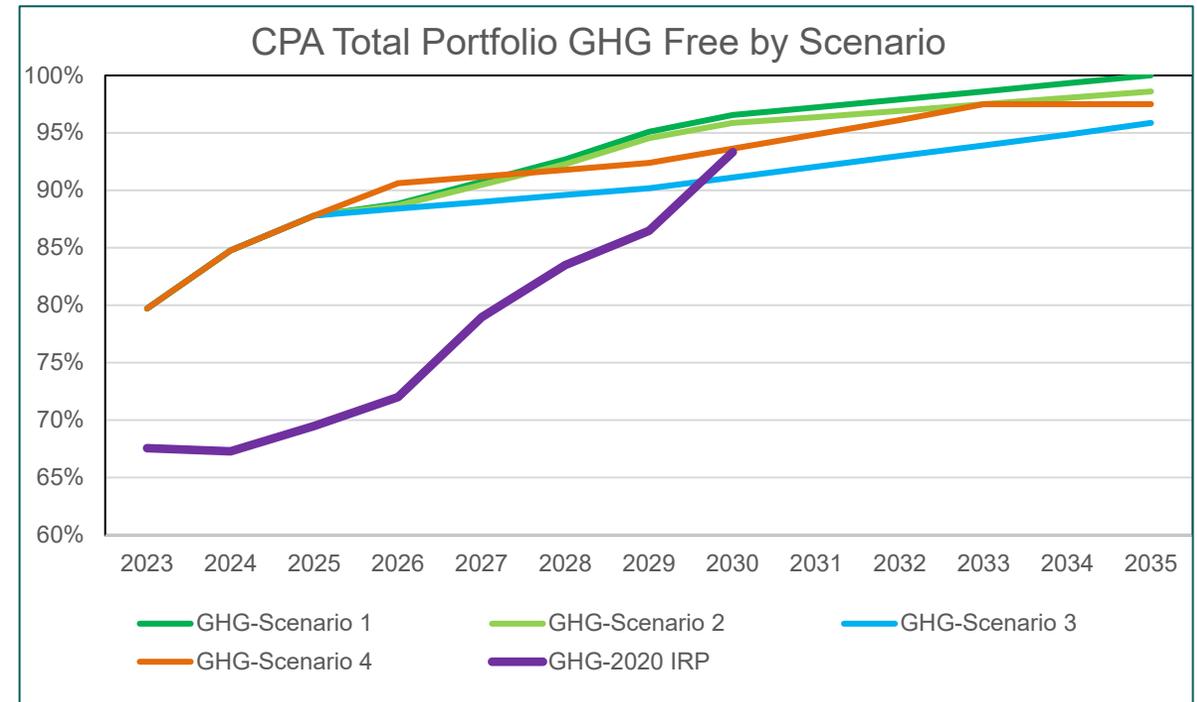
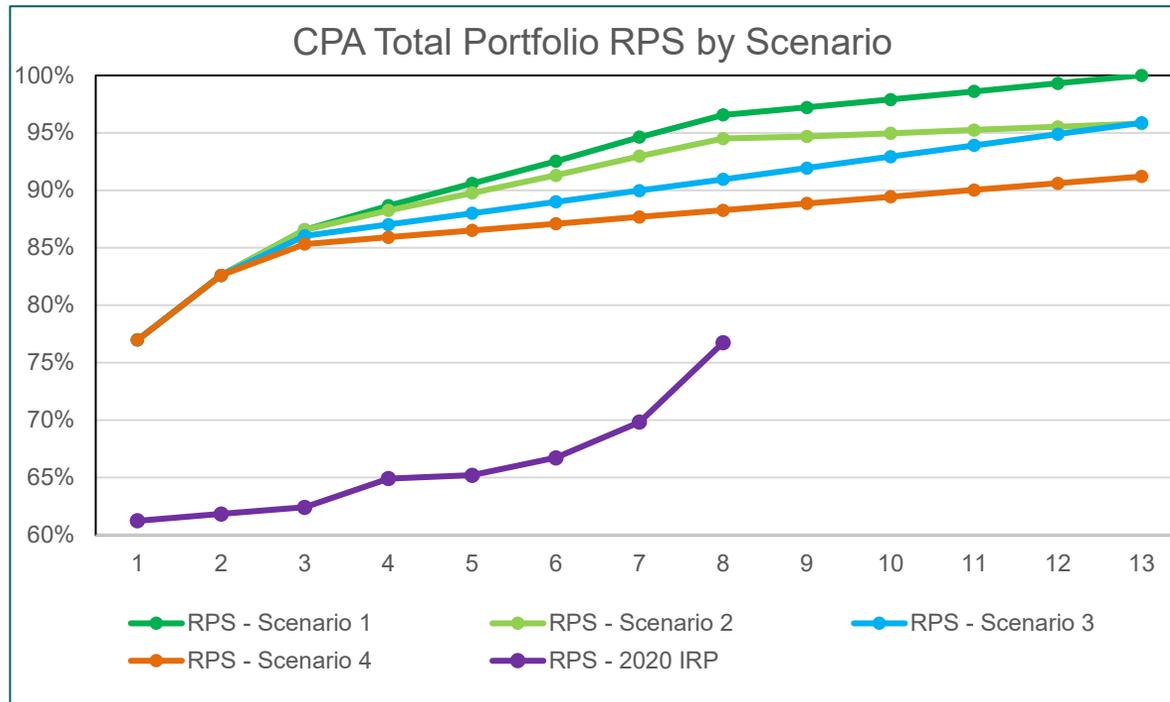
RPS% /Total Carbon Free %

Year	Lean	Clean	100% Green	Total Portfolio
2023	43/43	50/59	100/100	76/79
2024	45/45	50/61	100/100	82/84
2025	50/50	50/66	100/100	85/87
2026		52/68	100/100	85/90
2027		54/70	100/100	86/91
2028		56/72	100/100	87/91
2029		58/74	100/100	87/92
2030		60/78	100/100	88/93
2031		62/82	100/100	88/94
2032		64/86	100/100	89/96
2033		66/92	100/100	90/97
2034		68/92	100/100	90/97
2035		70/92	100/100	91/97

- ⚡ Starting in 2026, Lean and Clean merge into a single product given the trajectory for statewide emissions reduction goals
 - Consistent with proposed SB 1020
 - Renewable content is based on RPS compliance
 - Maintains Clean’s goal of achieving an emissions intensity target less than SCE
- ⚡ Simplifies CPA’s rate offerings with via a low-cost option and premium option
- ⚡ Removes the gradual pathway to 100% Green

Scenario Comparison

⚡ Because of member agency default opt-ups to 100% Green Power since 2020, any of the proposed scenarios will result in generally higher renewable content and a lower emissions intensity for CPA's portfolio compared to the 2020 IRP submission



Board Considerations

- ⚡ The primary objective of the June Board meeting discussion is to provide direction to staff on IRP modeling assumptions and get formal delegation to approve the IRP to the Energy Committee
 - The results of the IRP analysis may provide insight into future Board decision-making related to long-term rate product content – expected later in 2022 or early 2023
- ⚡ The largest consideration around IRP assumptions is related to the long-term objective of the Clean communities – path to 100% Green vs. meeting California compliance mandates
 - One way to address both goals is to establish a new 100% by 2030 product (“Pathway 2030” rate) that would replace Clean after it merges with Lean
- ⚡ In any given year, the Board will have flexibility in designing products for customers to address cost and competitive considerations; however, CPA should stay on track to meeting its long-term environmental targets

Discussion



Discussion

Staff is seeking Executive Committee feedback on two aspects of the IRP:

1. Delegate IRP approval authority to the Energy Committee
2. Long-term planning assumptions for CPA's three rate products