

MINUTES

MEETING of the Executive Committee of the
Clean Power Alliance of Southern California
Wednesday, February 16, 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 1:30 p.m. and Raynette Tom, Interim 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	Robyn Eason	Alternate Committee Member	Remote

All votes are unanimous unless otherwise stated.

GENERAL PUBLIC COMMENT

There was no public comment.

CONSENT AGENDA

1. Approve Minutes from January 19, 2022, 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, provided a brief update on the Southern California Edison (SCE) billing issue; SCE has implemented a fix that will again be monitored over the President's Day holiday. CPA customer inquiry calls and wait times have also decreased significantly and customer inquiries referred by Board members were resolved within 24 hours. Mr. Bardacke also requested feedback from the Committee on a timeline for in-person Board meetings.

Vice Chair Kuehl and Committee Members Lopez, Santangelo, and Parkhurst expressed a strong preference for continuing remote meetings, citing public health concerns and ease of access to meetings for both the public and Board members. Committee Member Gold opined that in-person meetings are inevitable and ensure accessibility to the public. Vice Chair Kuehl commented that her constituents have shared that remote meetings allow for better and increased participation and added that the Executive Committee should strongly consider the protection and health of staff and Board members in making the decision as well. In response to questions regarding A/V set up, Mr. Bardacke indicated that enhanced audio and visual capabilities will be added to remote locations with the expectation that those enhancements will be installed over the summer of 2022. Chair Mahmud echoed Committee Member Gold's preference for in-person meetings but noted strong consensus from the Committee to remain remote through March and April and revisiting an approach for hybrid meetings at the April Executive Committee meeting.

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

Mr. Bardacke reviewed several items in the consent agenda, including the pre-paid bond transaction, and invited feedback and questions from the Executive Committee.

In response to Vice Chair Kuehl's question regarding a potential inherent conflict of interest on the municipal financial advisor service agreement, David McNeil, Chief Financial Officer, specified that staff will reach out to MCM for a succinct answer, but the agreement is standard for municipal financial advisors. Committee Member Parkhurst echoed similar concerns regarding a conflict of interest and expressed preference for further discussion and review prior to Board approval. Mr. McNeil clarified that the agreement on the consent agenda for Board approval is to enlist professional services to manage the prepayment project. Finance Committee Chair Gold offered that MCM's advisory professional services could be compensated separately from potential compensation they would receive should CPA move forward with a prepayment bond. Vice Chair Parks offered and supported a similar solution. Committee Members expressed preference for further review and discussion at the Finance Committee prior to Board consideration. In response, Mr. McNeil noted that the timeline would be delayed but an adverse effect is hard to predict; the current market is conducive and wide enough that banks are interested in doing these transactions, but that may change quickly. After further discussion, Chair Mahmud recommended that Mr. McNeil confer with the municipal financial advisors regarding the conflict of interest and have the

Finance Committee review the item. Staff may then consider moving forward with a contract with a preferred consultant and examine alternative compensation methods.

Responding to a question from Committee Member Parkhurst about the NewGen Strategies Task Order Amendment, staff confirmed that there is now an added step in place within the contract administration process to avoid future oversights such as the one requiring Board ratification of an existing contract.

4. FY 2022/23 Rates Outlooks and Options

Matt Langer, Chief Operating Officer, outlined CPA's initial look at its FY 2022/23 rates, which will go into effect on July 1, 2022. Mr. Langer stated that the Power Charge Indifference Adjustment (PCIA) is dropping approximately 85% in 2022 which will give CPA customers a 6% bill reduction and SCE's generation rates will increase by about 18% beginning March 2022. A variety of factors, such as competitiveness, financial impacts, value proposition to customers, upcoming default changes, and 2023 rate outlook, are important to consider as CPA sets rates. There are three options that represent a range of possibilities for rate setting. In option 1, rates mostly stay the same and are limited to rebalancing rate differentials and will end the 2021 CARE rate freeze. This will lead to a \$17 million increase in net position and customers realize significant savings due to a lower PCIA. In option 2, CPA targets Clean Power to parity and will also end the 2021 CARE rate freeze which leads to a \$185 million increase in net position above current levels. The rate places customers within CPA's historic rate comparison targets but it resets an expectation of parity with SCE, going against CPA's goal of independently setting rates from SCE. In option 3, CPA would target 100% Green to parity with SCE, where all CPA customers pay the same or less than SCE and CARE rate freeze ends with a \$109 million increase to the net position above current levels. Mr. Langer reviewed the impact of ending the 2021 CARE rate freeze and noted that all CARE customers would still be at parity or less than SCE under any of the three options presented. Mr. Langer outlined potential one-time spending options made possible by the favorable rate environment. Staff will return to the Executive Committee and the Board in April/May with a recommended approach based on feedback received and rate adoption will occur in June along with the adoption of the FY 22/23 budget.

Committee Members offered comments that customer messaging should set expectations for what bills will look like; CPA should maintain independence from SCE and stabilize its ratesetting process; think about the long-term path to decouple from SCE; suggested a rate stabilization fund as a one-time spending option to help mitigate rate changes; SCE may always be a point of reference for CPA customers; requested long-term communication and talking points to address CPA's rate stabilization.

In response to questions and comments from the Committee, Mr. Langer noted that it is difficult to predict SCE's rates but noted that the options presented do show some continuity in rates for customers. Mr. Bardacke answered that, based on Board direction, for 2023, the Lean and Clean Power rate products would return to their 2020 renewables levels given that the issue of long-term planning for product content mix is less acute now that two-thirds of CPA's member agencies are on the 100% Green default rate and the deadline for the submission of the

Integrated Resources Plan to the CPUC has been pushed back to November 2022. Mr. Langer noted that all options are cost-of-service-based rates with a higher or lower margin to the net position. Mr. Langer stated that there is consensus from the Committee and staff to deemphasize the comparison between SCE and CPA, but it will be a balancing act. Additionally, CPA has an opportunity to advance several years of financial progress in a single fiscal year, including achieving a credit rating which will contribute to lower procurement costs and release of collateral. Mr. McNeil added that an increase in reserves speeds up the ability to acquire an investment grade credit rating, which has various short-term and long-term benefits, including better terms on short-term energy contracts and significant impacts on long-term renewable and storage contracting.

Chair Mahmud noted that the discussion at the Board level should explain how rate options will impact CPA's ability to obtain a credit rating and how that will positively impact CPA's operations and costs. In response to Chair Mahmud's questions regarding customer messaging, Mr. Langer explained that from March 1st to June 30th, customers will see a bill discount and staff will have appropriate messaging in place for the July rates but will depend on the Board's decision. Chair Mahmud expressed support for options that allow CPA to obtain a credit rating.

COMMITTEE MEMBER COMMENTS

In response to Committee Member Parkhurst's question, Mr. Bardacke explained that the Community Advisory Committee (CAC) encouraged staff to take a more active position in the Net Energy Metering (NEM) proceeding at the California Public Utilities Commission (CPUC) and staff may present an update to the Board on NEM once feedback has been gathered from the CAC and a CPA position is appropriate. Responding to Chair Mahmud's questions, Mr. Bardacke confirmed that the CPUC's actions on NEM do not impact CPA's NEM policy; however, potential changes on distribution may be impactful to the industry overall.

In response to Committee Member questions about the Board retreat and staffing, Mr. Bardacke stated July may be an option for the retreat and noted that various staff positions will be filled soon, but there are hiring challenges in both power procurement and data and analytics. Chair Mahmud thanked Raynette Tom for serving as CPA's Interim Board Clerk.

ADJOURN

Chair Mahmud adjourned the meeting at 3:53 p.m.