MINUTES

MEETING of the Executive Committee of the

Clean Power Alliance of Southern California

Wednesday, November 17, 2021, 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.

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 items are unanimously approved unless otherwise stated.

GENERAL PUBLIC COMMENT

None.

CONSENT AGENDA

1. Approve Minutes from October 20, 2021, Executive Committee Meeting

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

REGULAR AGENDA

2. Oral Update from the Executive Director on CPA Operations

   Ted Bardacke, Executive Director, provided a report on the 2022 Power Charge Indifference Adjustment and the Southern California Rate Projections. Additionally, Mr. Bardacke discussed options for a 2022 Board Retreat and invited feedback from the Committee.

The Executive Committee expressed preferences for an in-person retreat held at an appropriate outdoor location.

Matt Langer, Chief Operating Officer, provided a presentation on the 2022 Energy Resource Recovery Account (ERRA) forecast, which Southern California Edison (SCE) filed on November 9, 2021. The November update provides a detailed look at SCE's 2022 generation rate and the Power Charge Indifference Adjustment (PCIA). The initial analysis conducted by staff indicates that the PCIA is dropping by approximately 63% in 2022 and CPA customers will see a bill reduction of around 5% beginning in March 2022. The PCIA decrease is due primarily to the historically high energy market forward prices in 2022, which reduce above-market costs for SCE's PCIA portfolio. SCE's generation rates will increase by around 20% beginning in March 2022, and combined with the decreased PCIA, it will improve CPA's competitive position. Mr. Langer reviewed some factors contributing to SCE's increased generation rates, including the 2021 undercollection or $700+ million; elevated forward energy process; and a lower PCIA which increases bundled customers' costs. Staff is planning CPA's 2022 rate setting strategy. Early considerations include the use of cost of service principles in rate setting; the unlikely reoccurrence of undercollection in 2022, meaning potentially lower SCE rates and a higher PCIA in 2023; lower than anticipated energy prices; and CPA's contributions to the reserves and/or fiscal stabilization fund in anticipation of a more challenging rate environment in 2023.

3. Review Draft Agenda for December 2, 2021, Board of Directors Meeting
Mr. Bardacke briefly reviewed items on the consent agenda and discussed several regular agenda items.

4. Presentation and Discussion of CPA's Long-Term Product Content Strategy
Mr. Bardacke provided a presentation on CPA's portfolio content, noting that long-term planning is needed as staff prepares the 2022 Integrated Resources Plan (IRP). Mr. Bardacke reviewed the current default levels and renewable content; in 2021 and 2022, CPA's renewable portfolio content fell short of its 2020 IRP targets. Mr. Bardacke explored CPA's competitive dynamic and explained that if in 2023, CPA reverted to its 2020 product content levels, SCE would catch up to CPA's Clean product and renewables within 5 years. Currently, the price difference of the Lean and Clean rates is small, and the Lean rate would have to be significantly lower than SCE's to integrate with CPA's mission. Mr. Bardacke presented four approaches for long-term strategy: (1) climate leadership, where CPA sets escalating targets over time; (2) competitive targets to meet or beat SCE; (3) compliance, with a minimum floor of renewables/GHG compliance at the product level; and (4) low cost product available only upon customer request. Mr. Bardacke discussed how the four approaches would impact the three different rate products. The Lean product would not align with CPA's climate leadership position, and should CPA decide to maintain a competitive Lean product compared with SCE's renewable content, it must be acceptable that there will be years when it is more expensive than SCE's base rate. Additionally, if CPA aims to maintain a compliant product or low cost price-sensitive product, rate savings remain uncertain and it may put CPA at risk of compliance if too many customers elect this option. Options for the Clean product include climate leadership, where Clean reaches 100% Green level by 2030 or 2035, ensuring progress towards statewide targets; but can come at a higher cost than SCE's rate. Under the competitive approach, Clean

always beats SCE in environmental targets; however, it's more difficult to forecast SCE's portfolio content and long-term cost impact. Under the compliance approach, Clean would be a low cost RPS/GHG compliant product, but this may lower the environmental performance of Clean over time. For the 100% Green product, CPA can maintain the status quo, which would make the product consistent with best-in-class product offerings but may be undermined by legislative/regulatory changes. CPA can also choose to innovate the product by aggressively removing GHG from its' portfolio, but this is currently not feasible or cost-effective. Mr. Bardacke invited feedback on how CPA wants to pursue the increase of renewable content to meet statewide 2030 GHG reductions over the next decade; CPA's leadership vs. compliance with SCE; customer transitions from Lean to Clean; low cost request approach for Lean; and other ideas. Staff will collect input while also preparing the IRP and plans to make a recommendation by early 2022, before budget and rate-setting.

Several Committee Members opined that the request-only approach is impractical; CPA should aim to delink from SCE's rate setting, however, still track SCE rates and be able to compare when needed.

In response to questions from Committee Members, Mr. Bardacke explained that staff has yet to reach out to communities in the Lean rate product but plans to gather their input.

The Executive Committee expressed a strong consensus to delink CPA's rates to those of SCE; consider merging the Lean and Clean products, while also considering for a transition period before a merge can occur to provide communities in the Lean default rate some time to plan ahead. The Committee also opined that the Lean product should, at a minimum, be at the compliance level and Clean should be at the competitive level with regard to renewable energy. Chair Mahmud emphasized that the unambiguous existence and acceleration of climate change is where CPA can distinguish itself as an impactful organization. Mr. Bardacke noted that this topic may also be discussed at the Board retreat.

COMMITTEE MEMBER COMMENTS

Director Zuckerman asked about the status of bill relief for CPA; Mr. Bardacke explained that pursuant to state law, utility bill relief must be distributed by the end of January 2022, so customers are likely to see credits on their bills beginning in February and CPA is finalizing its application.

In response to Director Parkhurst's inquiry regarding staffing, Mr. Bardacke noted that attrition had slowed in the recent months but that hiring remained slow, with CPA still having approximately a dozen open positions.

ADJOURN

Chair Mahmud adjourned the meeting at 3:35 p.m.