MINUTES

REGULAR MEETING of the Board of Directors of the
Clean Power Alliance of Southern California
Thursday, April 7, 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**	Louis Celaya	Alternate	Remote
2	**Alhambra**	Jeff Maloney	Director	Remote
3	**Arcadia**	Sho Tay	Director	Remote
4	**Beverly Hills**	Julian Gold	Director	Remote
5	**Calabasas**	Mary Sue Maurer	Director	Remote
6	**Camarillo**	Susan Santangelo	Director	Remote
7	**Carson**	Cedric L. Hicks, Sr.	Alternate	Remote
8	**Claremont**	Corey Calaycay	Director	Remote
9	**Culver City**	Daniel Lee	Director	Remote
10	**Downey**	Catherine Alvarez	Director	Remote
11	**Hawaiian Gardens**			Absent
12	**Hawthorne**	Alex Monteiro	Director	Remote
13	**Los Angeles County**	Sheila Kuehl	**Vice Chair**	Remote
14	**Malibu**			Absent
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**	Vilma Cuellar Stallings	Director	Remote
20	**Redondo Beach**	Christian Horvath	Director	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	Director	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**	Lindsey Horvath	Director	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 received.

CONSENT AGENDA
1. Adopt Resolution 22-04-027 Finding the Continuing Need to Meet by Teleconference Pursuant to Government Code Section 54953 (e)
2. Approve Minutes from March 3, 2022, Board of Directors Meeting
3. Approve Bill Positions in the 2021/2022 Legislative Session as Recommended by the Legislative & Regulatory Committee: (a) SB 1287 - Recommended Position: Oppose Unless Amended; and (b) AB 2238 - Recommended Position: Support
4. Approve Fiscal Year 2021/2022 Amended Budget
5. Receive and File Community Advisory Committee Monthly Report

Motion: Director Parkhurst, Sierra Madre
Second: Director Hicks, Carson
Vote: The consent agenda was approved by a roll call vote.

REGULAR AGENDA

Action Item

6. Review PCIA Voluntary Allocation and Market Offer (VAMO) Presentation, and:
   a. Approve a 50% Voluntary Allocation of the PCIA Long-Term Renewable Energy Portfolio; and,
   b. Authorize the Chief Executive Officer to Execute the Voluntary Allocation Agreement with Southern California Edison (SCE) During the May 2022 Enrollment Period

Natasha Keefer, Vice President, Power Supply, and Ted Tardif, Senior Portfolio Manager, Environmental Products & Compliance, provided a joint presentation on the item. Ms. Keefer provided a summary of the Power Charge Indifference Adjustment (PCIA) and noted that CPA can secure long-term voluntary allocations (VA) of PCIA-eligible resources from SCE in May 2022 for deliveries beginning in 2023. Ms. Keefer noted that SCE remains the counterparty of the resource contracts, and CPA's portfolio will receive the bundled renewable energy attributes of those contracts. CPA has the option to receive short-term and/or long-term contracts, however, CPA has opted not to elect short-term allocations due to the composition of the resources in that allocation. Ms. Keefer explained the market offer process for CPA and outlined the 2022 VA election schedule, noting that the VAMO process takes place once per compliance period. Ms. Keefer reviewed various key considerations that factored into the proposed VA recommendation to the Board. Ms. Keefer reviewed data depicting CPA's long-term compliance risks. Mr. Tardif presented the long-term indicative allocations, adding that the long-term portfolio has a small percentage of out-of-state Portfolio Content Category 0 (PCC0) renewable energy credits (RECs). Mr. Tardif clarified that PCC0 classifications represent any renewable energy contracts executed prior to June 1, 2010 and may eventually be classified as unbundled RECs which may be difficult for CPA to remarket. Mr. Tardif detailed the beneficial baseload renewables that long-term voluntary allocation would provide to CPA's portfolio and presented the pros and cons of these allocations. Mr. Tardif provided the three allocation options presented to the Energy Committee, who recommend the 50% long-term allocation option to the Board. Mr. Tardif advised the Board that CalCCA and CPA are currently seeking to clarify the treatment of out-of-state PCC0s with the California Public Utilities Commission (CPUC).

Vice Chair Kuehl expressed preference for the 50% voluntary allocation; noted that PCC3 resources have a poor environmental reputation and asked if staff has explored donating the resources rather than reselling them. Ms. Keefer explained that staff can explore options for removal of unbundled RECs from CPA's portfolio, including remarketing and donation; clarified that PCC3s are not harmful resources, but are unbundled because the out-of-state energy and RECs are not sold together. In response to questions from Directors Perello and Parkhurst regarding resale limitations and the advantages of VA purchases, Ms. Keefer clarified that although there are no limitations to resale of RECs, there may be challenges related to market conditions due to the low-quality and low demand of the product. Ms. Keefer noted that if the resources do not come to CPA, they will stay within SCE's portfolio, which can count towards their renewables obligation, while CPA's customers continue to pay for those contracts through the PCIA. Matt Langer, Chief Operating Officer, specified that CPA pays the above-market cost of a contract through the PCIA and then the market cost through the VAMO, the two together making up the entire value of the contract. Mr. Langer added that taking the 50% allocation would bring CPA much closer to meeting its short-term need and would act as an additional cushion against the long-term compliance. Chair Mahmud opined that the 50% voluntary allocation would allow CPA: (1) to benefit from the energy it already pays for; 2) reduce the amount of renewable energy required to procure, and 3) help to address CPA's short-term needs due to increase in opt-ups at several member agencies.

Director Gold asked about price comparisons and how the PCIA is affected by the removal of otherwise included resources, which are purchased by CPA through the voluntary allocation. Ms. Keefer and Mr. Langer explained that there is an inverse relationship between the market price benchmark and the PCIA; the PCIA price does not change based on CPA's allocation decision because the PCIA is paid by the customer and not by CPA. Should SCE keep the resources, it would still pay a credit into the PCIA because it uses it for its compliance, equal to the same price CPA would pay if it bought the same resource; Conversely, if it were to end up with excess resources for compliance, CPA customers would pay in that case. In response to further questions from Directors regarding benefits to ratepayers, value comparisons of RECs and Resource Adequacy (RA), and the exclusion of short-term allocations, staff explained that customers may see a small reduction in the PCIA, but really the process adds some stability for ratepayers. With regard to price comparisons, when valuing the total number of renewables and RA in the PCIA, renewables are a larger portion of the costs compared to RA. Although the price of renewable energy has dropped in the last 10 years, it remains unclear if that decrease will continue, due in large part to higher demand. Director Lee opined that ratepayers should be made aware of CPA's efforts and progress toward rates stability.

Motion: Director Zuckerman, Rolling Hills Estates
Second: Director Gold, Beverly Hills
Vote: Item 6 was approved by a roll call vote.

7. Clean Energy Prepayment Financing Presentation
Kate Freeman, Financial Strategy & Initiatives Manager, provided a summary of clean energy prepayment financings and indicated that CPA has contracted with Municipal Capital Advisors (MCM) on a short-term basis to assist with evaluating prepay transactions. Ms. Freeman outlined the benefits and risks associated with prepayment financing and provided an overview of the various entities involved in setting up an energy prepayment transaction, including the prepaid supplier; bond issuer; bond investors; existing PPA counterparty or energy seller; and service providers. Ms. Freeman outlined an illustrative flowchart of a prepay transaction example. Ms. Freeman identified the prepayment financing transaction proposed timeline and invited questions from the Board.

Chair Mahmud commented that prepay transactions are complex and staff is providing the information accumulatively to allow Board members to familiarize themselves with the concepts. Director Gold expressed similar sentiments and added that MCM is an experienced partner in prepay transactions; there is no financial downside, as CPA does not issue bonds; and although complicated, they will ultimately lower CPA's costs. Director Parkhurst expressed support, noting that if there is an early termination of a prepay bond, CPA would revert to its standard PPA process. In response to Director Zuckerman's questions regarding joining an existing JPA and the impact of rising interest rates, Ms. Freeman advised that CPA is currently evaluating potential bond issuers in a competitive selection process. Mr. Norman advised that higher interest rates are beneficial to prepay transactions although when interest rates go up, investors have less desire to invest in tax-exempt bonds. Director Perello asked what, if any, advantages exist for other entities that MCM represents while it is also representing CPA and requested clarification about bond insurance requirements. Mr. Norman indicated that there is no advantage to either MCM or other entities when representing and transacting on behalf of CPA and no bond insurance is required. The rating on the bonds is effectively equal to that of the prepaid supplier whose obligation is to pay out the funds should the transaction be terminated. Chair Mahmud thanked staff for the presentation and expressed interest in discussing the topic further according to the proposed timeline.

8. Customer Programs Update
Jack Clark, Senior Director, Customer Programs, provided a program summary update. Mr. Clark outlined CPA's strategic plan for local programs, including the seven prioritized programs, and introduced the customer programs staff. Mr. Clark provided background information and a timeline of the Power Ready program; CPA will release an RFO for a solar developer to enter into a PPA for the solar/storage portfolio. Mr. Clark identified several member agencies that are in different stages of implementation. Chair Mahmud urged all Directors to take timely advantage of the benefits of this program. Mr. Clark provided an overview of the Building Electrification Reach Code program; explained that reach codes are local standards for energy use and EV infrastructure in building design and construction. Mr. Clark noted that staff is reaching out to member agency staff to gauge interest and understand the needs; it will build out the program accordingly. Mr. Clark reviewed lessons learned and discussed next steps, including that staff will continue to engage customers and member agencies. In response to Director Zuckerman's question, Mr. Clark noted that facilities such as community centers, city halls, maintenance yards, fire stations, and police stations have been accepted as Power Ready site hosts.

OPEN NOMINATION PERIOD FOR BOARD CHAIR FOR A TWO-YEAR TERM BEGINNING ON JULY 1, 2022
Chair Mahmud opened the nomination period for the Board Chair position.

Vice Chair Kuehl, Los Angeles County, nominated Director Julian Gold, City of Beverly Hills. Vice Chair Parks and Directors Horvath (West Hollywood) and Hicks expressed support for the nomination.

MANAGEMENT REPORT
Mr. Bardacke provided an update on the resumption of disconnection activity impacting CPA customers beginning in May. Staff will be available to assist Board members who receive inquiries from customers. Moreover, CPA will not begin any collection activities from inactive customers at this time. Mr. Bardacke indicated that the billing issue from March/April was due to an error on the part of Calpine. CPA staff were able to pre-notify over 4,000 customers with an email/letter and are working to prevent further systematic errors. Director Hicks thanked the staff for the timely outreach on this issue. Mr. Bardacke announced the recent default rate changes to 100% Green in the Cities of Camarillo and Rolling Hills Estates for their commercial customers. With these latest changes, approximately two-thirds of CPA's customers and a majority of CPA's member agencies are at 100% Green default rate. Mr. Bardacke also noted CPA staff will attend about a dozen community events to inform customers about CPA and its programs and invited Board members to share any events where CPA representation would be beneficial.

COMMITTEE CHAIR UPDATES

Director Horvath, Legislative & Regulatory Committee Chair, reported that a virtual lobby day will be held either May 17 or 18; noted that there is no further action needed on a bill related to transportation electrification funding that CPA supported, as it will not move further in the legislative process.

Director Gold, Finance Committee Chair, thanked the Board for the nomination; reported that the Committee will be working on the prepayment financing item and the budget to present to the Board.

Director Parkhurst, Energy Planning & Resources Committee Chair, reported that the Committee worked on VAMO in the past month.

BOARD MEMBER COMMENTS

Director Santangelo thanked everyone who demonstrated support for the default rate change in the City of Camarillo. Director Maloney shared that CPA staff recently provided a detailed presentation to the Alhambra City Council, which proved very helpful and is optimistic about a future transition to 100% Green default rate.

REPORT FROM THE CHAIR

Chair Mahmud welcomed Director Alvarez, City of Downey, and encouraged new Directors to review informational videos about CPA and spend time with Mr. Bardacke for a Q&A. Chair Mahmud announced that the next Board meeting would be on May 11.

ADJOURN

Chair Mahmud adjourned the meeting at 4:29 p.m.