



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

Wednesday, August 17, 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 Access 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
August 17, 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 June 15, 2022, Executive Committee Meeting

REGULAR AGENDA

2. Oral Update from the Chief Executive Officer on CPA Operations

CLOSED SESSION

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

REGULAR AGENDA (Continued)

4. Review Draft Agenda for the September 1, 2022, Board of Directors Meeting
5. Review Proposed Expansion Invitations and Provide Input

COMMITTEE MEMBER COMMENTS

ADJOURN – NEXT MEETING SEPTEMBER 21, 2022

Clean Power Alliance Executive Committee Meeting
August 17, 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.*

MINUTES

REGULAR MEETING of the Executive Committee of the
Clean Power Alliance of Southern California
Wednesday, June 15, 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 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			Absent
South Pasadena	Diana Mahmud	Chair	Remote
Ventura County	Linda Parks	Vice Chair	Remote
West Hollywood	Lindsey Horvath	Committee Member	Remote

All votes are unanimous unless otherwise stated.

GENERAL PUBLIC COMMENT

There was no public comment.

CONSENT AGENDA

1. Approve Minutes from May 18, 2022 Executive Committee Meeting

Motion: Vice Chair Kuehl, Los Angeles County
Second: Vice Chair Parks, Ventura 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, announced Committee Member Zuckerman's departure from the Executive Committee and Chair Mahmud's departure as chair of the Executive Committee and thanked them both for their work and dedication. Mr. Bardacke provided an update on the Financial Security Requirement (FSR) which requires CPA to post security in the event that its load returns to Southern California Edison (SCE). Representatives from 30 of CPA's 32 member agencies provided written statements of support, and the California Public Utilities Commission (CPUC) suspended SCE's advice letter, delaying the implementation of the proposal for at least 120 days. Staff also discovered an error in SCE's calculations which brought the FSR down to \$87 million from the previous amount of \$97 million. CPA has a draft credit agreement with J.P. Morgan to secure the additional funds in order to post the \$87 million FSR if needed.

Responding to Committee Member questions, staff explained that the FSR posting is typically done with a line of credit, which J.P. Morgan has agreed to provide. Concerning the FSR calculation procedures, there is an upcoming Provider of Last Resort (POLR) proceeding to examine the FSR methodology holistically over the long-term. Staff pointed out that the California Community Choice Association (CalCCA) requested that SCE use the same March calculation period that other Investor Owned Utilities used. Chair Mahmud inquired about CPA's negotiations of the letter of credit given the change in the timeline and the amount of the FSR. CPA has received a draft amendment to the credit agreement with two principal terms, including expansion of the credit facility amount up to \$180 million and an additional credit covenant imposed upon CPA, which staff is evaluating. CPA will have at least 30 days prior to post a new FSR amount. Staff also noted that the additional credit covenant would not require a change in CPA's reserve policy.

Mr. Bardacke discussed a potential fall Board retreat and requested ideas for topics to be considered. The Committee offered several ideas, including pairing new and experienced Board members together; exploring the CPA/CPUC relationship; CalCCA; the role of local governments; innovative ideas and success stories from other CCAs. Chair Mahmud suggested sharing emerging and anticipated issues the Board will have to consider, such as net energy metering. Chair-elect Gold suggested that brief presentations and/or table talks from each of the policy committees could be included in the agenda for Board members who wish to be better informed about each.

3. Review Draft Agenda for July 7, 2022 Board of Directors Meeting

Mr. Bardacke reviewed the consent agenda, including proposed revisions to the Energy Risk Management Policy. The proposed revisions include the incorporation of a delegation process for routine energy contracts and increased targets for hydro power.

Chair Mahmud asked if any new geothermal projects were coming online and noted that transmission continues to be a challenge. Mr. Langer indicated that there are some geothermal plants coming online, but they are indeed encountering transmission challenges; most are also outside of the California Independent System Operator (CAISO) system. Mr. Langer continued to explain that there are very few projects in-state to meet the requirements of the CPUC, which primarily

aim to address the retirement of the Diablo Canyon plant. While there is no pending proceeding at the CPUC, the Governor has taken some action to review the retirement of the plant, but nothing has materialized.

Mr. Bardacke continued reviewing several items on the regular agenda, including a closed session and projects extensions, which the Executive and Energy Committees have previously discussed.

Responding to Vice Chair Parks' question regarding federal actions that may impact energy projects, Mr. Bardacke advised that the U.S. had recently suspended a Commerce Department investigation launched into Chinese manufacturers of solar panels. The two-year suspension of the investigation along with an invocation of the Defense Production Act will allow the creation of a domestic supply of solar panels. CPA's suppliers are still assessing the implications for their projects at both supply chain and financing levels. Chair-elect Gold asked if there was a substantial performance difference between Chinese-made and domestic solar panels. Mr. Langer indicated the major difference is that volume of capacity is much smaller domestically; only a few solar manufacturers in the U.S. can supply at the industrial scale needed. In response to Chair Mahmud's question, Mr. Langer commented that the contractual performance minimum criteria is for the output of the facility not for the solar panels themselves.

Mr. Bardacke continued discussing the regular agenda, noting that CPA is in negotiations for renewable energy and storage projects stemming from last year's midterm reliability RFO, and staff are hoping to bring those new contracts to the Board for approval. Lastly, Mr. Bardacke discussed the selection of California Community Choice Financing Authority (CCCFA) as the bond issuer for a prepay transaction. To join, CCCFA requires payment of a \$50,000 membership fee as well as payment of CPA's share of administrative costs. Mr. Bardacke also discussed the selection and recommendation of Goldman Sachs to serve as the prepaid supplier.

Responding to Committee Member Zuckerman and Chair Mahmud's questions, David McNeil, CFO, specified there are firewalls in place that would prevent CPA from incurring any liability arising from actions of other members of the JPA, adding that JPA staff will not have access to CPA contract pricing information. Additionally, Mr. McNeil clarified that CPA would not be a founding member and would not have a seat on the Board of Directors. Chair Mahmud expressed concern that this would create a disadvantage for CPA and asked staff to explore membership distinctions and suggested that CPA join as a founding member. Mr. Bardacke indicated that staff would discuss this item in detail at the Finance Committee prior to moving forward with a recommendation to the Board.

COMMITTEE MEMBER COMMENTS

Vice Chairs Parks and Chair-elect Gold thanked Committee Member Zuckerman for his work on the Executive Committee.

ADJOURN

Chair Mahmud adjourned the meeting at 2:34 p.m.



Staff Report – Agenda Item 2

To: Clean Power Alliance (CPA) Executive Committee

From: Ted Bardacke, Chief Executive Officer

Subject: Oral Update from the CEO on CPA Operations

Date: August 17, 2022

The CEO will provide an oral report on CPA operations, including:

- Inflation Reduction Act Overview
- September – October Customer Noticing



Staff Report – Agenda Item 4

To: Clean Power Alliance (CPA) Executive Committee

From: Ted Bardacke, Chief Executive Officer

Subject: Review Draft Agenda for September 1, 2022 Board of Directors Meeting

Date: August 17, 2022

Staff will provide an overview of the proposed agenda items for the September 1, 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 action items are recommended for inclusion on the Consent Agenda of the September Board meeting.

Annual Electricity Usage by Jurisdiction

Per CPA's Joint Powers Agreement, in the case of a voting shares (weighted) vote by the CPA Board of Directors, voting shares are based on the percentage of retail load served, by jurisdiction, in the previous year. The Board will be requested to Receive and File the percentage load by jurisdiction for fiscal year 2021/22.

REGULAR AGENDA

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

Proposed Expansion Invitations

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

2022 Integrated Resource Plan (IRP) Update and Delegation of Authority to the Energy Planning & Resources Committee

Under SB 350, the CPUC conducts a two-year planning cycle to consider Integrated Resource Plan (IRP) filings from all Load Serving Entities (LSEs), including CPA. The 2022 IRP submission is due on November 1, 2022 and requires Board approval. At the September Board meeting, staff will be previewing preliminary modeling study results with the Board for feedback. Because of the compressed schedule to complete the IRP and the timing of CPA's Board meetings, staff will be seeking the Board's delegation of authority to the Energy Committee to approve the 2022 IRP submission. This process was used successfully for CPA's 2018 and 2020 IRP submissions, which faced similar logistical constraints.

Mid-Term Reliability PPA Approval

In June 2021, the CPUC issued its Decision Requiring Procurement to Address Mid-Term Reliability (2023-2026), which ordered CPA to procure a total of 679 MW of new reliable capacity between 2023-2026. In September 2021, CPA launched its 2021 Mid-Term Reliability RFO, targeting procurement of reliable, clean capacity resources needed to comply with this order. CPA received 88 conforming offers for renewable, renewable plus storage, and standalone storage projects. On January 26, 2022, the Energy Committee approved a shortlist of projects that were recommended by a team of reviewers, consisting of three Board members from the Energy Committee and senior CPA staff.

Per CPA's Energy Risk Management Policy, any power purchase transactions greater than five years require approval by the Board. If current negotiations are successful, staff may bring one shortlisted baseload/firm renewable energy project to the September Board meeting for consideration.

ATTACHMENT

1. Draft September 1, 2022 Board of Directors Agenda



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

Thursday, September 1, 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 July 7, 2022, Board of Directors Meeting
3. Receive and File Annual Load by Jurisdiction
4. Receive and File Quarterly Communications Report
5. Receive and File Community Advisory Committee Monthly Report

REGULAR AGENDA

6. Approve Proposed Expansion Invitations to the Cities of Hermosa Beach, Monrovia, and Santa Paula
7. 2022 Integrated Resources Plan (IRP) Update and Delegation of Approval to Energy Resources and Planning Committee
8. Approve Power Purchase Agreement for Baseload Renewable Power (Mid-Term Reliability RFO)

MANAGEMENT REPORT

COMMITTEE CHAIR UPDATES

BOARD MEMBER COMMENTS

REPORT FROM THE CHAIR

ADJOURN – NEXT REGULAR MEETING ON OCTOBER 3, 2022



Staff Report – Agenda Item 5

To: Clean Power Alliance (CPA) Executive Committee
From: Karen Schmidt, Director, Rates & Strategy
Approved by: Ted Bardacke, Chief Executive Officer
Subject: Proposed Expansion Invitations
Date: August 17, 2022

RECOMMENDATION

Review and provide input.

ATTACHMENT

1. Presentation



Proposed Expansion Invitations

August 17, 2022



Agenda and Summary

- ⚡ **CPA territory expansion:** Background and Priorities
- ⚡ **Proposed 2022 expansion candidates:** Hermosa Beach, Santa Paula, Monrovia
- ⚡ **Benefits and risks/mitigants of expansion:** Small cities/low risk
- ⚡ **Projected financial impacts (in a time of rising prices)**
- ⚡ **Process and timeline:** New cities that join by the end of 2022 begin service in 2024, likely in the fall
- ⚡ **Discussion**



Expansion Priorities

Board/Executive Committee Priorities for Expansion:

1. Fill geographic holes within CPA's service territory
2. Seek out load centers where there are synergies with CPA's environmental and/or programmatic goals
3. Increase diversity among CPA membership

Three cities well-aligned with CPA priorities have requested to be considered for JPA membership this year

- ⚡ CPA staff and community advocates actively engaged with over a dozen interested cities in 2022, out of some 53+ potential candidates
 - Proactive outreach to elected leaders and city staff in priority communities
 - Presentation to roundtable hosted by Supervisor Mitchell
 - Requests for information and presentations from city councilmembers, city staff, and CBOs
 - Referrals from CPA Board and CAC members
- ⚡ Hermosa Beach, Monrovia, and Santa Paula elected to move forward with the application process this year
 - Each aligns with at least two of the three expansion priorities
- ⚡ At least four other cities have expressed interested in applying for membership in 2023 and others are in the pipeline

The candidate cities represent less than 4% of CPA's total load and customer base

City	Customers	% of CPA Customers	Total Load (MWh)	% of CPA Load	Load Rank among cities
Hermosa Beach	10,670	1.1%	80,508	0.7%	27
Monrovia	17,291	1.7%	246,718	2.1%	18
Santa Paula	9,974	1.0%	109,169	0.9%	25
Total	37,935	3.8%	436,396	3.7%	9

Benefits and Risks of Expansion

Expansion Benefits

- ⚡ Extending local control and choice to more customers and communities
- ⚡ Expanded use of renewable energy and reduction in greenhouse gas emissions
- ⚡ Leveraging outreach and communications across contiguous geographies in CPA territory
- ⚡ Expanded institutional influence

Expansion Risks & Mitigants

- ⚡ **Risk:** Energy price increase between Board approval and subsequent power procurement results in higher than expected costs to serve new communities
Mitigant: relatively small size of new communities limits financial impact
- ⚡ **Risk:** Under/over forecasting of load
Mitigants: relatively small size of new communities; CPA experience serving similar communities in same climate zones and with similar load profiles
- ⚡ **Risk:** Higher than expected customer opt-outs leading to over-procurement
Mitigants: CPA's hedge strategy; historical experience with enrollments and opt outs

Feasibility Studies

- ⚡ A feasibility study was done for each candidate city with a \$10,000 cost contribution by each city; if the city is not invited, the cost contribution will be refunded.
- ⚡ Feasibility studies look at the financial impact to CPA's existing customers of serving a new set of customers based on projected rates and costs in the first year of service.
- ⚡ In a time of rising energy prices, prospective new members will always have a higher cost of service and negative financial impact in the near-term relative to existing customers.
- ⚡ This is because when the current and forward cost of energy is higher than our existing contracts, CPA expects the average cost of energy for new customers will be higher than for existing customers.
- ⚡ For short-term contracts, this impact will decline over time because most of CPA's hedges are procured no more than three years forward.
- ⚡ For long-term contracts, the impact is longer lasting, but the magnitude is dependent on CPA's future renewable energy contract costs, which are uncertain
- ⚡ Feasibility studies can also identify unusual customer or load configurations and potential fatal flaws

Projected First-Year Financial Impact

Projected First-Year Net Revenue Impact

	Lean Power	Clean Power	100% Green Power
Projected net revenue	(\$5,865,599)	(\$6,284,820)	(\$6,539,343)
% of projected CPA revenue	-0.63%	-0.68%	-0.71%

Projected Bill Impact to Current Customers: Average Residential Bill Example

	Lean Power	Clean Power	100% Green Power
\$/kWh	\$0.00053	\$0.00057	\$0.00059
\$/monthly bill	\$0.15	\$0.16	\$0.17
% of average bill	0.09%	0.09%	0.09%

Balance of Benefits and Impact

- ⚡ The near-term impact of the proposed 2022 candidates is small relative to CPA's total load, customer base, and revenue
- ⚡ The benefits of continuing to fill out CPA's service territory and expand its reach to new customers and communities are significant
 - Along with expanding choice, environmental benefits, and scale economies in procurement and operations, adding new communities will continue to strengthen CPA's market position and political impact



Process and Timeline

- ⚡ **September 1, 2022:** CPA Board votes to invite candidate cities to join CPA
- ⚡ **By November 30, 2022:** Candidate cities pass ordinance to join CPA's JPA and proceed with CCA implementation. Cities may choose default rate or defer that decision to 2023.
- ⚡ **December 2022:** CPA Board holds public hearing and considers Resolution to approve Implementation Plan Addendum
- ⚡ **By December 31, 2022:** CPA submits Implementation Plan Addendum to CPUC
- ⚡ **January – December 2023:** CPA secures energy resources to serve new load and works with new member agencies on default rate selection (if applicable), launch timeline, and community outreach and education. New cities begin participation on CPA's Board.
- ⚡ **2024:** Service to new customers begins; launch date to be determined by CPA

Discussion

Staff requests feedback on recommendation to invite the cities of Hermosa Beach, Monrovia, and Santa Paula to join CPA in 2022 with service to customers in those communities to begin in 2024.



Appendix

Typical Process to join CPA

