

MINUTES

REGULAR MEETING of the Energy Planning & Resources Committee
of the Clean Power Alliance of Southern California
Wednesday, June 22, 2022, 12:15 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 Energy Planning & Resources Committee conducted this meeting remotely.

CALL TO ORDER & ROLL CALL

Chair Parkhurst called the meeting to order at 12:15 p.m. and, Gabriela Monzon, Board Clerk, conducted roll call.

| ROLL CALL | | | |
|-----------------------|------------------|------------------|--------|
| Alhambra | Jeffrey Maloney | Committee Member | Remote |
| Culver City | Daniel Lee | Committee Member | Absent |
| Oxnard | Kathleen Mallory | Committee Member | Remote |
| Sierra Madre | Robert Parkhurst | Chair | Remote |
| Thousand Oaks | Helen Cox | Committee Member | Absent |
| Ventura County | Carmen Ramirez | Committee Member | Remote |

Director Diana Mahmud, South Pasadena, was also in attendance.

All votes are unanimous, unless otherwise stated.

GENERAL PUBLIC COMMENT

There was no public comment.

CONSENT AGENDA

1. Approve Minutes from May 25, 2022 Energy Committee Meeting
2. Receive and File May 2022 Risk Management Team Report

Motion: Committee Member Ramirez, Ventura County
Second: Committee Member Maloney, Alhambra
Vote: The consent agenda was approved by a roll call vote.

REGULAR AGENDA

3. Review and Recommend Approval of Proposed Energy Risk Management Policy (ERMP) Amendments to the Board of Directors
David McNeil, Chief Financial Officer, invited questions from the Committee about any of the proposed changes to the ERMP. Committee Member Ramirez asked if insider trading is addressed on the ERMP. Natasha Keefer, Vice President, Power Supply, noted that Section 3 of the policy discusses business practices including the code of conduct and trading for personal accounts. Subsequent to any revisions made to the ERMP, all Board members are required to review and sign an acknowledgment indicating an understanding of obligations. Committee Member Mallory pointed to Section 6.1 and inquired as to who approved

modifications to standard credit terms and confirmations previously. Mr. McNeil clarified that the new language affirms current practice, as there are standard credit terms and conditions in all agreements that require approval from the CFO already. Chair Parkhurst requested confirmation that the two main changes to the ERMP are verbiage clarifications and a change in the maximum procurement for carbon free energy. Mr. McNeil agreed and added that a form was created to formalize the process by which the CEO delegates energy transaction execution authority. Chair Parkhurst inquired why the change in maximum procurement for carbon free energy was necessary, and Ms. Keefer explained that the market conditions for carbon free energy are tightening. Carbon free product requires the procurement of existing large hydro that contributes zero emissions product to CPA's portfolio. Ms. Keefer indicated there is little probability of any development of new hydroelectric facilities in California, and CPA is importing a high quantity of large hydro from the pacific northwest, but that supply is also becoming limited. Therefore, the increase in the maximum procurement availability ensures CPA can purchase supplies quickly as they become available. Director Mahmud suggested that a report of energy contracts executed pursuant to the CEO's authority would be a beneficial internal reporting process for the CEO. Ted Bardacke, CEO, agreed and added that all contracts are executed pursuant to conditions that the Risk Management Team has approved.

Motion: Committee Member Ramirez, Ventura County
Second: Committee Member Mallory, Oxnard
Vote: Item 3 was approved by a roll call vote.

4. Energy Procurement Update

Ms. Keefer provided a presentation on several procurement efforts and outlined details of the 2021 Mid-Term Reliability RFO and 2021 Power Share RFO. Two remaining projects are in negotiation from the 2021 MTR RFO, one standalone storage project, and one geothermal project. Other projects dropped out because of the industry-wide supply chain challenges that have impacted developers' ability to bring projects online at the prices originally bid for this RFO. CPA received eight bids from three unique developers for the two programs under the 2021 Power Share RFO, and staff is evaluating the offers. Ms. Keefer identified the focus of the 2022 MTR RFO is procuring additional conventional, baseload (geothermal), and long-duration storage resources, with the geothermal category posing the greatest difficulty primarily due to delivery and development challenges. The Power Ready RFO will launch later this summer and will install back-up power systems at member agency critical facilities during power outages. Ms. Keefer discussed issues impacting CPA's existing contracts, such as interconnection delays, ongoing pandemic-related supply chain impacts, rising commodity prices, and U.S. trade actions, including the Department of Commerce (DOC) investigation on solar panel tariff circumvention. On June 6, President Biden released an executive order to shield imported solar panels from duties imposed by the DOC during the next two years. Staff is working with developers to determine what impact this will have on solar supply chain pricing. CPA is in the process of negotiating amendments with existing contracts for solar and storage, critical for compliance and grid reliability, and the Board may consider amendments in July. The amendments would allow sellers to extend their guaranteed commercial online dates due to industry-wide challenges and include a reduction in solar plus storage capacity. CPA will request extensions of PPA terms, community benefits funding, and/or replacement products.

Committee Member Ramirez agreed with staff's course of action. Responding to Director Mahmud's question regarding the approximation of resources to a disadvantaged community (DAC), Ms. Keefer clarified that the DAC Green Tariff (DAC-GT) Program requires that the project be located in a disadvantaged community within SCE's service territory, but not necessarily CPA's. Director Mahmud asked how CPA determines who receives the energy from that program and whether there was any merit in contacting the respondents who dropped out of the 2021 MTR RFO, given the executive order. Ms. Keefer explained that enrollment into the DAC-GT Program is limited to CPA customers that meet low-income eligibility requirements. Additionally, because of the increase in pricing, the proposed approach is to have respondents rebid in the next RFO with the new price levels. Director Mahmud also inquired about the California Public Utilities Commission's (CPUC's) reconsideration of the compliance deadline, and staff noted that CPA has informed the CPUC and California Independent System Operator (CAISO) regarding the challenges and is awaiting a response and what financial penalties, if any, will be imposed. Committee Member Maloney asked if supply chain production and distribution would return to normal levels in the future even if energy pricing remained high. Staff stated that it's unknown, but there is a push to increase panel manufacturing capacity in the U.S. to mitigate these issues in the long term. Domestic supply might be more costly but less risky because there are no tariffs or forced labor issues. Chair Parkhurst inquired about the market's impact on long-duration storage. Ms. Keefer indicated that the last RFO yielded lithium-ion batteries as the major long-duration storage offer. Lithium and nickel prices have increased tremendously, particularly due to sanctions against Russia. Market changes provide the opportunity for other technologies to be more cost competitive; CPA may see other types of projects in the RFO that may be more price competitive. Chair Parkhurst asked clarifying questions regarding the Power Ready RFO. Matt Langer, Chief Operating Officer, indicated that staff is looking to have a certain number of MOUs signed and can include a caveat in the RFO that cities may need to drop off if they don't make it to the end of the process. Each city with a signed MOU will be included in the sites within the RFO package that developers will bid on. Director Mahmud inquired about the inclusion of the geothermal challenges in CPA's IRP filing and the sign-up response for DAC-GT customers. Staff confirmed the IRP will indeed address those challenges; there is 50% capacity left in the DAC-GT program. Staff is experimenting with modes of outreach to increase customer signups. Director Mahmud requested that an update on the DAC-GT program be included in the CEO report at the next Board meeting. Committee Member Mallory added that staff has been using social media posts to draw attention to the program in the City of Oxnard.

COMMITTEE MEMBER COMMENTS

Chair Parkhurst commented that the next few months would be busier than normal with the upcoming new and existing programs, contract updates and amendments, the IRP.

ADJOURN

Chair Parkhurst adjourned the meeting at 1:20 p.m.