

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.