

## MINUTES

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

Wednesday, October 19, 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 Gold called the meeting to order at 1:30 p.m. and Gabriela Monzon, Board Clerk, conducted roll call.

<b>Roll Call</b>			
<b>Agoura Hills</b>	Deborah Klein Lopez	Committee Member	Remote
<b>Beverly Hills</b>	Julian Gold	Chair	Remote
<b>Camarillo</b>	Susan Santangelo	Committee Member	Remote
<b>Hawthorne</b>			Absent
<b>Los Angeles County</b>	Sheila Kuehl	Vice Chair	Remote
<b>Ojai</b>			Absent
<b>Sierra Madre</b>	Robert Parkhurst	Committee Member	Remote
<b>South Pasadena</b>	Diana Mahmud	Committee Member	Remote
<b>Ventura County</b>	Linda Parks	Vice Chair	Remote
<b>West Hollywood</b>			Absent

All votes are unanimous unless otherwise stated.

### **GENERAL PUBLIC COMMENT**

There was no public comment.

### **CONSENT AGENDA**

1. Approve Minutes from September 21, 2022, Executive Committee Meeting

**Motion:** Committee Member Mahmud, South Pasadena

**Second:** Committee Member Santangelo, Camarillo

**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, discussed the status of the Cities of Monrovia and Hermosa Beach joining Clean Power Alliance. Mr. Bardacke provided an update on the 2023 Power Charge Indifference Adjustment (PCIA), advising that the PCIA will be negative next year. Barring any changes in SCE rates, CPA customers will see a PCIA line item credit on their bill. Southern California Edison's (SCE) generation rate is projected to go up about 20% next year. SCE has another projected undercollection of over \$800 million, marking their third year of undercollection in CPA's five years of existence. Mr. Bardacke advised that the Board will receive an initial outlook update of CPA's rate setting process at the November meeting. SCE will implement new rates in early 2023, and all three of CPA's residential customer products, Lean, Clean, and 100% Green, will be cheaper than SCE's base rates.

Responding to Vice Chair Parks' question, staff indicated that SCE's hedging and procurement process does not appear to be aligned with the current price environment, causing the reoccurring undercollection. In response to questions from Vice Chair Parks and Committee Member Mahmud concerning the PCIA and SCE rates, Mr. Bardacke indicated that some resources in the PCIA will eventually term out; though there is the prospect of an offsetting effect of adding newly departed load each time CPA adds more cities. Additionally, while SCE is forecasting rates about nine months ahead of the volatile summer months, CPA sets rates closer to summer, providing clearer visibility into the immediate future. Committee Member Parkhurst inquired about the plan for the next round of additional city recruitment, and Mr. Bardacke indicated staff is already having conversations with interested cities.

Mr. Bardacke provided an update on CPA's Resource Adequacy (RA) compliance position, adding that CPA must show 90% of its annual requirement for each month under contract at the end of October each year and 100% of each monthly requirement under contract submitted to the California Public Utilities Commission (CPUC) throughout the year. There are compliance penalties assessed if CPA is short, and those are calculated through a complicated formula that includes California Independent System Operator (CAISO) billing for replacement product. Mr. Bardacke indicated that CPA has previously met the yearly and monthly requirements; this year, CPA is shorter than any past year and the market RA capacity is scarce and while CPA is working meeting its compliance obligations, the organization is likely to miss its target and be assessed compliance penalties. The financial impact for noncompliance appears to be less than the marginal cost of purchasing the remaining expensive RA resources. Together with the California Community Choice Association (CalCCA), CPA has applied to institute an RA waiver process; if it is unsuccessful and CPA is deemed noncompliant, the penalties would be assessed in 2023.

Responding to Vice Chair Kuehl's question concerning the purchase of energy, Mr. Bardacke identified that under RA requirements, CPA would pay for CAISO to acquire the additional capacity, subject to a cap. Committee Member Mahmud inquired about the procedure for communicating attempts at compliance, and Mr. Bardacke advised staff has met with the head of the CPUC to educate them on the current RA market, CPA's actions, and the desire for a waiver. Matt Langer, Chief

Operating Officer, added that the CPUC has taken an unwavering position on RA compliance; but CPA will demonstrate that it has taken action to comply at all costs even with the scarcity in resource adequacy. Committee Member Parkhurst inquired about the compliance deficit numbers, and Mr. Bardacke indicated that it is confidential market-sensitive information.

3. Review Draft Agenda for the November 3, 2022, Board of Directors Meeting

Mr. Bardacke discussed items on the consent agenda, including the approval of the amended and restated Joint Powers Agreement (JPA). Chair Gold requested that a redline version of the JPA be sent to Executive Committee members ahead of the next Board meeting.

Mr. Bardacke discussed potential items on the regular agenda, including three Power Purchase Agreements (PPA) under negotiation which may be delayed until December; the update on the PCIA and rate outlook; and the audited financial statements which will provide an opportunity for the Board to view the fiscal year 2021-2022. Mr. Bardacke advised that the auditors will be presenting their audit to the Finance Committee next week, and the Executive Committee members are invited to join.

**COMMITTEE MEMBER COMMENTS**

Chair Gold encouraged the Committee to review the 2022 building code standards dealing with building electrification. Mr. Bardacke advised that the Board will consider a contract for a consultant to provide cities with technical assistance on building electrification and navigating the Inflation Reduction Act (IRA) financial assistance for new equipment types. Vice Chair Kuehl commented that there is some disconnect between building and residential parking standards at the local and state levels. Responding to Vice Chair Kuehl's comments, Chair Gold indicated that building standards were developed ahead of Sacramento's current push for more housing, causing the misalignment in building and parking requirements.

**ADJOURN**

Chair Gold adjourned the meeting at 2:11 p.m.