

MINUTES

REGULAR MEETING of the Board of Directors of the
Clean Power Alliance of Southern California
Thursday, February 2, 2023, 2:00 p.m.

Board Members participated in this meeting from the following locations:

Calabasas City Hall Council Conference Room 100 Civic Center Way Calabasas, CA 91301	CPA Office 801 S. Grand Ave., Suite 400 Los Angeles, CA 90017
Whittier City Hall Admin Conference Room 13230 Penn Street Whittier, CA 90602	Ventura County Government Center Channel Islands Conference Room, 4th Floor Hall of Administration 800 South Victoria Avenue Venture, CA 93009
South Bay Cities Council of Governments Conference Room 2355 Crenshaw Blvd., Suite 125 Torrance, CA 90501	

CALL TO ORDER & ROLL CALL

Chair Julian Gold 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	Deborah Klein Lopez	Director	Remote
2	Alhambra	Jeff Maloney	Director	Present
3	Arcadia	Dominic Lazzaretto	Alternate	Present
4	Beverly Hills	Julian Gold	Chair	Present
5	Calabasas	Michael McConville	Alternate	Remote
6	Camarillo			Absent
7	Carson	Cedric L. Hicks, Sr.	Director	Present
8	Claremont	Corey Calaycay	Director	Present
9	Culver City	Joe Susca	Alternate	Remote
10	Downey			Absent
11	Hawaiian Gardens	Ramie L. Torres	Alternate	Remote
12	Hawthorne	Alex Monteiro	Director	Remote

13	Los Angeles County	Lindsey Horvath	Vice Chair	Present
14	Malibu			Absent
15	Manhattan Beach			Absent
16	Moorpark	Renee Delgado	Director	Remote
17	Ojai	Michelle Ellison	Alternate	Remote
18	Oxnard	Bert Perello	Director	Remote
19	Paramount			Absent
20	Redondo Beach			Absent
21	Rolling Hills Estates	Steve Zuckerman	Alternate	Present
22	Santa Monica			Absent
23	Sierra Madre	Robert Parkhurst	Director	Present
24	Simi Valley	Rocky Rhodes	Director	Remote
25	South Pasadena			Absent
26	Temple City	Fernando Vizcarra	Director	Present
27	Thousand Oaks	David Newman	Director	Present
28	City of Ventura	Joe Yahner	Alternate	Remote
29	Ventura County	Vianey Lopez	Vice Chair	Remote
30	West Hollywood	John Erickson	Director	Present
31	Westlake Village			Absent
32	Whittier	Vicki Smith	Alternate	Remote

All votes are unanimous unless otherwise stated.

PLEDGE OF ALLEGIANCE

Vice Chair Lindsey Horvath led the pledge of allegiance.

GENERAL PUBLIC COMMENT

There was no public comment.

CONSENT AGENDA

1. Approve Minutes from the December 1, 2022, Board of Directors Meeting
2. Approve a Professional Services Agreement with Adapt2 Services LLC for Settlements Software, Implementation, and Training for a One-Year Contract and Four Additional Renewal Years with a Total Not-To-Exceed Amount of \$1.4 Million
3. Receive and File Community Advisory Committee Monthly Report

Motion: Director Hicks, Carson
Second: Director Calaycay, Claremont
Vote: The consent agenda was approved by a roll call vote with an abstention by Directors Rhodes and Newman on Item 1.

REGULAR AGENDA

4. Approve the 2023 Legislative & Regulatory Policy Platform and Revised Bill Position Protocol as Recommended by the Legislative & Regulatory Committee

Gina Goodhill, Director, Government Affairs, provided a review of CPA's Legislative and Regulatory Policy Platform, which guide staff's advocacy and policy efforts in the state's legislature and in the regulatory arena. Staff is recommending an update and revision to the platform to allow staff to take positions on bills using the platform as guidance and then report back to the Board on a monthly basis rather than request Board approval for each bill position. Ms. Goodhill indicated that this more detailed platform would provide staff with clear guidance and allow CPA to act more nimbly in a fast-paced legislative session when bills arrive late, when bills are amended dramatically from their original intent, and when bills are important to CPA but not urgent.

Director Klein Lopez noted that CPA did not have an expedient process to weigh in on many climate and energy bills that came in at the end of the 2022 legislative year, noting that politically sensitive bills or bills outside of the platform would be brought to the Board. In response to Director Zuckerman's question, staff indicated that at the request of the Legislative & Regulatory Committee, the platform reflects an emphasis on affordability as well as competitiveness. Vice Chair Horvath advised that the revised platform was reviewed at length at the Committee level, adding that it allows CPA to take a leadership role, shape bill discussion, and participate in a more meaningful way. Director Perello asked how staff remains informed about legislative activity and about other suggested improvements; Ms. Goodhill identified several ways, including contract lobbyists, participation in the CCA trade association, and regular communication with CPA representatives, senators, and assembly members.

Motion: Vice Chair Horvath, Los Angeles County
Second: Director Erickson, West Hollywood
Vote: Item 4 was approved by a roll call vote.

5. Approve a PSA with TRC Consulting, Inc. for Technical Consulting and Public Outreach Services for the Development of Building and Electric Vehicle Reach Codes for a Two-Year Contract Totaling \$430,000 and Receive Update on CPA's Local Programs Plan and Plan Refresh Process

Joanne O'Neill, Director, Customer Programs, and Xico Manarolla, Electrification Program Manager, provided a presentation on local customer programs, a mid-cycle review of the local programs strategic plan, and the Building Electrification Program and consultant contract to implement it. In 2020, the CPA Board adopted a 5-year Clean Energy Future Plan that focused on three pillars, those being resilience and grid management, building and transportation electrification, and local procurement. Ms. O'Neill reviewed the seven programs that fit under the three plan pillars, six of which are currently active. Ms. O'Neill discussed the value of a mid-cycle evaluation, identified areas of focus for the mid-cycle action plan, shared

the process and timeline, and identified the internal, community, and member agency key stakeholders who will participate. Mr. Manarolla provided an overview of the Electrification Program, identified various impacts of electrification reach codes and their benefits to cities and counties, and specified contract details for the contract agreement with TRC Consulting, Inc.

Director Zuckerman asked several questions about member agency selection, coordination with Southern California Edison (SCE), and public outreach. Mr. Manarolla explained that that participation would be voluntary and that that staff would coordinate with SCE on stakeholder engagement and support and would work with SCE if they are already involved in new construction reach codes; however, CPA may provide member agencies with full support where necessary. Public outreach will begin with city staff, followed by city councils. Director Parkhurst noted that the California Electric Vehicle Incentive Program (CALeVIP) is reaching maturity, and the California Energy Commission (CEC) is contemplating changes; and inquired about the impact on CPA. Ms. O'Neill indicated that the CEC is no longer seeking partner funding and will employ a statewide approach versus a local county-by-county process. Director Parkhurst asked several questions about Peak Management Pricing program enrollment, funding sources, and procurement impacts. Ms. O'Neill indicated that staff is working on an action plan to address low enrollment in this program and have completed customer surveys that will inform next steps. Funding sources for the building electrification program include the Inflation Reduction Act (IRA), the Infrastructure Jobs Act, and state funding; staff is tracking and identifying all available funding sources that can benefit CPA. Regarding procurement impacts, Matt Langer, Chief Operating Officer, advised that procurement needs will be gradual over the next 12 to 18 months; CPA's Integrated Resource Plan (IRP) process allows staff to run different load scenarios to reach decarbonization targets. Director Parkhurst noted the importance of preparing and educating city staff on program eligibility and outreach, and how to present programs to City Councils. In response to Director Maloney's question about reach codes for new buildings, Ms. O'Neill clarified that the current budget allows for support to cities on a 'first come, first serve' basis, but if demand for the program exceeds expected supply, the TRC contract is expandable to accommodate more cities. Director Monteiro asked about the criteria for selecting the two member agencies to work on existing buildings. Staff would like to work with member agencies that have received direction from council to pursue this type of program, primarily because it involves a long-term process and commitment to completing a final reach code. Director Ellison commented that the city of Ojai passed a reach code two years ago, offered assistance to Board members, and asked about customer incentives for electrification. Staff noted that there are incentives and opportunities available through the IRA, Investor Owned Utilities (IOUs), regional energy networks, statewide programs, upfront rebates, and an electrification rate for residential customers called domestic prime that offers a lower off-peak rate. CPA can aid customers in accessing the resources they need and qualify for. Director Perello commented that if CPA participates in developing EV chargers, it should consider funding to protect EV charging equipment against vandalism; suggested that the agency should tread lightly in the discussion of gas and electricity. Vice Chair Lopez announced that Ventura County approved a reach code in November 2022 for new construction and could be a resource to other member agencies as CPA develops new programs. Director Klein Lopez stated that Agoura Hills passed a reach code recently and could also serve as a resource.

Motion: Director Hicks, Carson
Second: Director Newman, Thousand Oaks
Vote: Item 5 was approved by a roll call vote with an abstention by Directors Torres and Smith.

6. Winter Electricity Market Update

Ted Bardacke, CEO, provided a presentation on the item. CPA's FY 2022/23 financial results will be significantly below budget due to the September 2022 heat wave, the large and sustained spike in natural gas prices that began in December, and the increase in short-term renewable electricity prices. Mr. Bardacke reviewed the budgeted fiscal year energy prices versus actual/expected prices, noting that electricity prices have far exceeded CPA's budget forecast and historical winter prices. Prices for short-term bundled renewable energy (PCC1) are rising rapidly in 2023 after several years of stable prices due to higher demand and approaching state compliance obligations. Mr. Bardacke reviewed residential rate comparisons between SCE's base rate and CPA's Lean, Clean, and 100% Green products, noting that SCE recently announced that it would implement an additional rate increase to take effect in June 2023 to compensate for large losses in December 2022. To address the lower-than-budgeted financial results, prepare for unforeseen events, provide additional liquidity, and support a credit rating, the Executive Committee is recommending the Board consider increasing both CPA's \$80 million credit line with JPMorgan and increasing the rates in March 2023 through an interim market adjustment. Because SCE implemented significant rate increases in January 2023, CPA maintains competitive rates even with the proposed interim rate increase. Mr. Bardacke specified that the interim rate adjustment seeks to address customer bill impacts, and market volatility, optimize CPA's competitive position, adjust FY 22/23 results, and stabilize FY 23/24. The interim rate adjustment would be structured as an equal percentage increase to all rates. Mr. Bardacke reviewed the updated Board schedule and CPA's typical rate setting process, adding that the Executive Committee is open to all Board members to attend and participate in.

Chair Gold expressed that the Executive Committee discussed and supported staff recommendations, adding that CPA remains in a position to make adjustments to maintain financial security while minimizing the impact on ratepayers. Director Hicks asked several questions on reserves, comparison with other CCAs, and rate competitiveness. Mr. Bardacke explained that CPA borrowed on the line of credit to pay large invoices but has paid it all back. David McNeil, Chief Financial Officer, advised that CPA has \$130 million in reserves as of December 31, 2022. Regarding other CCAs, Mr. Bardacke indicated that CPA has a reserve target of 30% of its annual revenue at a minimum, and CPA is currently below that target and will remain below the minimum at the end of the fiscal year. CCAs that have been in business longer benefit from having investment-grade credit ratings. CPA intends to attain a credit rating, which can lower costs and broaden the supplier network. Staff reviewed the July 2022 comparisons and noted CPA's competitiveness has improved. Responding to Director Calaycay's question about the feasibility of merging two of the tier rates, Mr. Bardacke indicated that an analysis of CPA's IRP revealed several options. Over the next three to four years, Lean Power will have to increase due to regulatory purposes, eventually leaving CPA with two products. Another option would be to commit to merging Clean Power with 100% Green over time, but staff currently advises against this due to

adverse market conditions. Vice Chair Horvath expressed her support for the interim rate adjustment approach and emphasized that the Executive Committee agreed that this recommended direction would maintain competitiveness while addressing financial challenges. Director Zuckerman echoed Vice Chair Horvath's comment and stated that CPA's nimble actions during unprecedented times minimized the impact of the increase in past due accounts over the last few years. Director Klein Lopez expressed her support of the recommendation as it provides for a gradual adjustment, noting that ensuring CPA has healthy reserves and investment grade prospects allows it to weather volatility more efficiently for its customers. Director Susca inquired about the impact of the temporary rate increase on cities that are 100% Green. Mr. Langer indicated that the California Independent System Operator (CAISO) market requires that all resources pay the price set by the marginal resource; CPA pays the market price for the renewable energy, including a premium for its renewable attribute. A significant portion of CPA's portfolio is still exposed to market swings because CPA's renewable contracts are priced against the market and not because CPA is buying natural gas. Director Monteiro expressed support for the proposed market adjustment approach. Director Perello asked about penalties for not meeting reserves, credit rating impacts, credit line costs, and lighting rates. Mr. McNeil clarified that CPA has steadily added to its reserves, and no penalties are associated with reserves falling below the 30 percent threshold. CPA is going through a credit rating process, and the rating agency will examine CPA's reserves and progress towards meeting its targets. Regarding credit line costs, staff indicated that the charge incurred for the credit facility would increase jointly as the line of credit increases; the amount incurred for borrowing is a base rate plus a spread, and there is no expectation that that rate will change. Responding to Director Erickson's question about a customer risk analysis for rate impacts, Mr. Bardacke stated that over \$10 million in credits were applied to nearly 60,000 customers with debt accumulated from June to December of 2021. In response to Director Perello's question concerning debt, Mr. McNeil advised that staff continues to see elevated delinquencies and plans to present an analysis to the Finance Committee in February. Director Perello inquired as to the generated power from the Hoover Dam and the impact of current negotiations; staff specified that the power generated is allocated to entities in Arizona, Nevada, and California based on arrangements dating back to the dam's construction; CPA receives carbon-free energy from SCE's shares of the dam, but staff is not aware of any changes to those arrangements. Director Perello expressed a desire for staff to maintain awareness of specific activity concerning the Hoover Dam.

7. Quarterly Communications Report and 2023 Look Ahead

Cara Rene, Director of Communications and Marketing, provided a presentation on CPA's upcoming communications, marketing, and community engagement. Staff hosted meetings with city managers to discuss sustainability priorities, launched messaging and outreach for the Community Solar and Power Ready programs, and worked to enhance CPA's visibility and outreach through LinkedIn and Twitter. Staff are planning celebratory activities throughout the year to mark CPA's fifth year of service and will include customer appreciation, external events, and staff appreciation. In the spring, staff will launch a brand campaign to grow awareness, engagement, and trust and create demand for CPA as a preferred energy provider. Staff will increase CPA's leadership role in California's clean

energy transition by highlighting CPA's CEO, Ted Bardacke's, expertise and leadership through newsletter columns, videos, and speaking opportunities.

Vice Chair Horvath suggested that staff provide local jurisdictions and elected members with a social media toolkit and standard messaging to coordinate communication efforts.

MANAGEMENT REPORT

Mr. Bardacke announced that as part of an annual report to the CPUC, all Board members will receive a demographic survey. A second round of the California Arrearage Payment Program (CAPP) was applied, with over \$10 million in credits applied in January and February. For the first time, CPA did not meet the Resource Adequacy (RA) year-ahead filing, indicating an overall market scarcity. Staff is concerned about overall reliability this summer, as evidenced by CPA's challenge in procuring the necessary reliability capacity to meet compliance obligations; the CPUC will issue a fine but the amount is unknown at present. The virtual annual Lobby Day will be held on February 23, 2023, and all Board Members are encouraged to participate in meetings with state elected officials representing their respective areas. Mr. Bardacke indicated that overall statewide reliability would be at the forefront of discussions and CPA will highlight its commitment to procure according to its compliance obligation.

COMMITTEE CHAIR UPDATES

Director Deborah Klein Lopez, Chair, Legislative & Regulatory Committee, indicated that a focused discussion led to the revised Legislative and Regulatory Policy Platform approved by the Board; invited all Board Members to actively participate in Lobby Day.

Director Steve Zuckerman, reporting on behalf of Finance Committee Chair Santangelo, shared that the most recent financial dashboard covered two months and advised that the Finance Committee will discuss past due accounts at its next meeting.

Director Robert Parkhurst, Chair, Energy Planning & Resources Committee, explained that CPA's 2024 procurement goals are challenging to meet due to demand and supply shortages; none of the shortlisted projects entered into exclusivity with CPA. Director Parkhurst thanked the Government Affairs team for their work which led to a CPUC decision allowing CPA to roll 2022/2023 procurement numbers over to meet the 2024 targets; staff is working on several RFOs to meet 2025 demands.

BOARD MEMBER COMMENTS

There were no Board Member comments.

REPORT FROM THE CHAIR

Chair Gold reported that meetings with the city managers in both Ventura County and Los Angeles County led to productive conversations and helped to foster relationships and communication. Chair Gold reflected on all that CPA has done in the past five years to become the largest producer and procurer of Green energy, applauding CPA and staff for all their work in making CPA a resounding success.

ADJOURN

Chair Gold adjourned the meeting at 4:13 p.m.