

## MINUTES

REGULAR MEETING of the Energy Planning & Resources Committee  
of the Clean Power Alliance of Southern California  
Wednesday, January 25, 2023, 12:15 p.m.

Meeting videos are available on [CPA's YouTube Channel](https://www.youtube.com/@CPApublicmeetings).  
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*Committee Members participated in this meeting from the following locations:*

Manhattan Beach City Hall City Manager Conference Room 1400 Highland Avenue Manhattan Beach, CA 90266	CPA Office 801 S. Grand Ave., Suite 400 Los Angeles, CA 90017
Alhambra City Hall Conference Room A 111 S. First Street Alhambra, CA 91802	Carson City Hall Executive Conference Room 701 East Carson Street Carson, CA 90745
Sierra Madre City Hall Council Chambers 232 W. Sierra Madre Blvd. Sierra Madre, CA 91024	Thousand Oaks City Hall Public Works Conference Room 2100 Thousand Oaks Blvd. Thousand Oaks, CA 91362
City of Oxnard Service Center 1 East Conference Room 214 South C Street Oxnard, CA 93030	

### 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.

<b>ROLL CALL</b>			
<b>Alhambra</b>	Jeffrey Maloney	Committee Member	Remote
<b>Carson</b>	Reata Kulcsar	Committee Member	Remote
<b>Manhattan Beach</b>	David Lesser	Committee Member	Remote
<b>Oxnard</b>	Kathleen Mallory	Committee Member	Remote
<b>Sierra Madre</b>	Robert Parkhurst	Chair	Remote
<b>South Pasadena</b>	Diana Mahmud	Committee Member	Absent
<b>Thousand Oaks</b>	Helen Cox	Committee Member	Remote

All votes are unanimous, unless otherwise stated.

### GENERAL PUBLIC COMMENT

There was no public comment.

## CONSENT AGENDA

1. Approve Minutes from November 23, 2022, Energy Committee Meeting
2. Receive and File November and December 2022 Risk Management Team Reports

**Motion:** Committee Member Mallory, Oxnard  
**Second:** Committee Member Maloney, Alhambra  
**Vote:** The consent agenda was approved by a roll call vote with an abstention from Committee Member Lesser.

## REGULAR AGENDA

3. Energy Market Update

Matt Langer, Chief Operating Officer, provided an update on the energy market, indicating that a large spike in natural gas prices beginning in December of 2022 resulted in significantly higher electricity prices that may remain through March. Mr. Langer reviewed a graph depicting a timeline of gas prices, and noted that pipeline outages, decreasing gas storage in California, and unseasonably cold weather elsewhere contributed to price increases. Mr. Langer outlined budgeted fiscal year electricity prices versus actual/expected prices and explained that it is too early to predict how 2023 hydro capacity will impact electricity prices later this year. Prices for short-term bundled renewable energy (PCC1) are rising rapidly in 2023 after several years of stable prices. Mr. Langer noted several factors driving the PCC1 price increases, including the success of Community Choice Aggregations (CCAs) and increasing minimum compliance requirements for the Renewable Portfolio Standard (RPS). To address market volatility, lower than budgeted financial results, and to prepare for unforeseen events, staff may recommend an increase to CPA's credit line with JPMorgan and an interim rate adjustment to take effect in April 2023. Southern California Edison (SCE) implemented significant rate increases in January 2023, and Mr. Langer reviewed the current residential rate comparisons between SCE's base rate and CPA's Lean Power, Clean Power, and 100% Green Power rates. Even with the proposed rate increase in April, CPA rates would be competitive with SCE.

Committee Member Cox asked if the proposed rate increases would remain in effect until the rate setting period for 2024. Mr. Langer clarified that the proposed rate increases would take effect April 1, 2023; in June, staff will present rates for FY 2023/24 to the Board to take effect July 1, 2023. Responding to Committee Member Lesser's question regarding energy market concerns, Mr. Langer explained that staff will look at hedging strategies; although CPA is fiscally healthy, staff will focus on building financial security to withstand volatile market events and to have liquidity entering the summer months to minimize impact on customers. There is a growing need to build more renewable energy sources and rely less on the short-term market to meet compliance requirements. In response to Committee Member Mallory's inquiry about customer communication and the next rate setting process, Mr. Bardacke stated staff is evaluating an appropriate approach, including bill messages; Mr. Bardacke advised that currently, there is a \$10/month average customer bill reduction due to the negative Power Change Indifference Adjustment (PCIA). Although the rate adjustment may absorb customer savings from the negative PCIA, the adjustment will maintain CPA's competitiveness with SCE and build the liquidity needed to prepare for the summer months. Committee Member

Cox inquired if there was customer communication available to convey the challenging message concerning 100% Green energy and renewable energy prices. Staff noted that communication is being developed, adding that short-term renewable energy purchases are indexed to the market price for power and are not fixed price contracts. Committee Member Kulcsar's asked about the projected contribution to the net position; Mr. Bardacke clarified that the majority of the \$50 million projected contribution is concentrated in June, an often-volatile month. In response to Committee Member Maloney's question concerning CPA and SCE rates, staff indicated that rates depict the current comparisons as of January 2023; comparisons in April and July will depend on the rate strategy adopted by the Board. SCE rates increased significantly, allowing CPA to maintain the competitive advantage while balancing fiscal objectives, and impact on customer bills. Committee Member Maloney shared that as her city, like many others, begin entering their sustainability planning process, having rate projections would be helpful as clean energy may be a significant topic of discussion. Chair Parkhurst asked several questions on gas pipelines, hedging, and the revenue shortfall. Staff clarified that there are many pipelines supplying California gas from Texas, and some have been out of use recently. Regarding hedging, staff specified that CPA, is likely the biggest buyer of PCC1, due to its large renewable energy percentage; purchasing PCC1 short-term products for compliance purposes is similar to purchasing bundled bilateral PPAs. Long-term fixed price bilateral contracts tend to be at a fixed price and keep CPA hedged for the duration of the contract. Staff added that other CCAs have been in existence longer and therefore, have had more time to build up long-term fixed price purchases.

4. Mid-Term Reliability Status Update

Mr. Langer provided an update on CPA's Mid-Term Reliability (MTR) status. Mr. Langer reviewed CPA's current MTR compliance position and procurement needs, and reviewed the implications of the Proposed Decision issued by the California Public Utilities Commission (CPUC), that would modify the existing MTR compliance rules, add new procurement requirements for 2026 and 2027, and clarify compliance rules, improving CPA's compliance outlook for 2024. Mr. Langer outlined upcoming procurement activity, including the issuance of Power Share and Power Ready Request for Offers (RFOs) in December and January, the CPUC approval of 8 Power Share contracts in January, and the expectation of 7 new projects coming on-line in late 2023. Staff is planning to accelerate additional long-term PPA procurement for reliability purposes and other portfolio needs.

Chair Parkhurst expressed his concern over the 2024 compliance window and thanked staff for communicating and collaborating with the CPUC to put CPA in a positive long-term compliance position. In response to Committee Member Kulcsar's question, Mr. Bardacke confirmed that the four shortlisted compliance projects that did not enter exclusivity agreements are the same ones with on-line dates in 2024 and that staff was open to bilateral opportunities in for projects coming online by June 1, 2024. In response to Committee Member Cox' inquiry about renegotiated projects, staff clarified that contract amendments were completed in September 2022; an analysis of all contracts shortlisted or waitlisted contributed to staff's desire to move the next RFO forward and shorten the timeline between the launch of the RFO and the shortlisting process.

**COMMITTEE MEMBER COMMENTS**

Committee Member Lesser inquired about in-person meetings; Mr. Bardacke specified that members can continue to meet remotely from a public location. Committee Member

Cox expressed appreciation for staff's work in contract negotiations and hedging strategies. Chair Parkhurst referred to a Rocky Mountain Institute article naming wind and solar as the cheapest sources of electricity for 96% of the world's population.

**ADJOURN**

Chair Parkhurst adjourned the meeting at 1:30 p.m.