



**MINUTES**

Board of Directors of the  
 Clean Power Alliance of Southern California  
 Regular Meeting  
 Thursday, June 1, 2023, 2:00 p.m.

Meeting videos are available on [CPA's YouTube Channel](https://www.youtube.com/@CPApublicmeetings).  
<http://www.youtube.com/@CPApublicmeetings>

Board members participated 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**

Vice Chair Lindsey Horvath called the meeting to order at 2:00 p.m. and Gabriela Monzon, Clerk of the Board, conducted roll call.

**PLEDGE OF ALLEGIANCE**

Director Calaycay led the pledge of allegiance.

<b>Roll Call</b>				
1	<b>Agoura Hills</b>	Deborah Klein Lopez	Director	Remote
2	<b>Alhambra</b>	Jeff Maloney	Director	Present
3	<b>Arcadia</b>	Michael Cao	Director	Present
4	<b>Beverly Hills</b>			Absent
5	<b>Calabasas</b>	Ed Albrecht	Alternate	Remote
6	<b>Camarillo</b>	Susan Santangelo	Director	Remote

7	<b>Carson</b>	Cedric L. Hicks, Sr.	Director	Remote
8	<b>Claremont</b>	Corey Calaycay	Director	Present
9	<b>Culver City</b>	Yasmine-Imani McMorrin	Alternate	Present
10	<b>Downey</b>	Mario Trujillo	Director	Remote
11	<b>Hawaiian Gardens</b>	Ramie L. Torres	Alternate	Remote
12	<b>Hawthorne</b>	Alex Monteiro	Director	Present
13	<b>Hermosa Beach</b>			Absent
14	<b>Los Angeles County</b>	Lindsey Horvath	<b>Vice Chair</b>	Present
15	<b>Malibu</b>			Absent
16	<b>Manhattan Beach</b>	Amy Howorth	Director	Remote
17	<b>Moorpark</b>	Renee Delgado	Director	Remote
18	<b>Ojai</b>	Betsy Stix	Director	Remote
19	<b>Oxnard</b>	Kathleen Mallory	Alternate	Remote
20	<b>Paramount</b>	Vilma Cuellar Stallings	Director	Remote
21	<b>Redondo Beach</b>			Absent
22	<b>Rolling Hills Estates</b>	Debby Stegura	Director	Remote
23	<b>Santa Monica</b>	Gleam Davis	Director	Present
24	<b>Santa Paula</b>	Jenny Crosswhite	Director	Present
25	<b>Sierra Madre</b>			Absent
26	<b>Simi Valley</b>	Rocky Rhodes	Director	Present
27	<b>South Pasadena</b>	Diana Mahmud	Alternate	Present
28	<b>Temple City</b>			Absent
29	<b>Thousand Oaks</b>	David Newman	Director	Remote
30	<b>City of Ventura</b>	Liz Campos	Director	Remote
31	<b>Ventura County</b>	Vianey Lopez	<b>Vice Chair</b>	Remote
32	<b>West Hollywood</b>	John Erickson Chelsea L. Byers	Director Alternate	Present
33	<b>Westlake Village</b>			Absent
34	<b>Whittier</b>	Leon Vasquez	Alternate	Remote

All votes are unanimous unless otherwise stated.

**GENERAL PUBLIC COMMENT**

There was no public comment.

**CONSENT AGENDA**

1. Approve Minutes from May 6, 2023, Board of Directors Meeting
2. Receive and File CY Q1 Risk Management Team Report
3. Receive and File CY Q1 Quarterly Communications Report
4. Receive and File FY Q3 Quarterly Financial Results
5. Receive and File Bill Positions Monthly Report
6. Receive and File Community Advisory Committee Monthly Report

**Motion:** Director Calaycay, Claremont

**Second:** Director Mahmud, South Pasadena

**Vote:** The consent agenda was approved by a roll call vote.

**REGULAR AGENDA**

7. Adopt Resolution No. 23-06-048 to Approve New Rates for Phase 1 & 2 Non-Residential Customers, Resolution No. 23-06-049 to Approve New Rates for Phase 3 & 5 Non-Residential Customers, Resolution No. 23-06-050 to Approve New Rates for Phase 4 & 5 Residential Customers, and Resolution No. 23-06-051 to Approve New Rates for All Phase 6 Customers

Ted Bardacke, CEO, provided a presentation on the item, including an update related to Southern California Edison's (SCE) implementation of an upcoming rate increase which will improve CPA's competitiveness. Starting in July 2023, CPA's residential rates are targeted to be 4.8% less expensive for Lean, 3.9% less expensive for Clean, and close to parity for 100% Green.

Director Rhodes asked if staff considered changing CPA's rates in light of SCE's rate increase; Mr. Bardacke explained that CPA is deliberative in its rate setting process and aims to adjust rates just once a year not react to every SCE rate change. The midpoint reserve level rates provide a buffer in the event that SCE's rates go down or the Power Charge Indifference Adjustment (PCIA) goes up in early 2024. Director Mahmud commented that in the past, adjusting rates pursuant to SCE's adjustments did not prove valuable for CPA.

**Motion:** Director Monteiro, Hawthorne

**Second:** Director Calaycay, Claremont

**Vote:** Item 7 was approved by a roll call vote.

8. Approve Fiscal Year 2023/2024 Budget as Recommended by the Finance Committee

David McNeil, Chief Financial Officer, provided a presentation on the proposed FY 2023/24 budget. The proposed budgeted revenues reflect the Board-approved rate approach, default product changes in 2022 and 2023, and new community enrollments in 2024. Staff budgeted the bad debt expense at 1.77% of revenue or \$28.3 million, up from 1.25% of revenue included in the FY 2022/23 budget. The cost of energy reflects increased costs of system energy, Resource Adequacy (RA), and renewable energy, along with a contingency equal to 7% of the cost of

energy. Staff budgeted operating expenses to increase by \$10.6 million or 23%; operating expenses reflect investments in staff and customer programs. CPA's metrics for operating expenses and staffing costs compare favorably with industry averages. CPA projects a \$283.3 million increase to the net position in FY 2023/24. The budget increase in the net position would bring CPA's reserves to 40% by the end of June 2024, the mid-point of the target range in CPA's Reserve Policy.

Director Santangelo commented that the Finance Committee reviewed the proposed budget and recommends its approval. In response to Director Crosswhite's question about the FY 2022/23 energy cost contingency, Mr. McNeil confirmed there was none. Director Torres asked if CPA's liquidity included the proposed increase in the line of credit, and Mr. McNeil confirmed that CPA's liquidity includes the combination of cash and the available line of credit. Director Hicks inquired about increases in transmission line usage and/or costs. Mr. Bardacke stated that SCE's rate increase will result in a \$5 per month increase in delivery rates. Director Rhodes asked about intent to reduce dependence on credit for maintaining the Days Liquidity on Hand (DLOH). Mr. McNeil explained that cash accumulation is reliant on higher rates; therefore, CPA's strategy is to create a balance between both, but may reduce dependence on credit in the future to decrease the costs associated with lines of credit. Acting Chair Horvath commented that the Los Angeles County auditing agency praised CPA's budget transparency. Mr. Bardacke thanked the Finance Committee for their diligent work on the proposed budget.

**Motion:** Director Mahmud, South Pasadena  
**Second:** Director Calaycay, Claremont  
**Vote:** Item 8 was approved by a roll call vote.

9. Adopt Resolution No. 23-06-052 Authorizing and Approving Entry into An Amendment to a Revolving Credit Agreement ("Credit Agreement") with JPMorgan Chase Bank, N.A. ("JPM"), and Delegating Authority to CPA Authorized Representatives to Execute and Deliver Such Amendment and Other Documents Related Thereto

David McNeil provided a presentation on the proposed amendment to the credit agreement with JP Morgan. The proposed amendment aims to increase the facility's size to \$160 million, extend the maturity date to March 31, 2024, improve certain credit terms, provide CPA with increased liquidity amidst rising energy market risks, increase CPA's DLOH by approximately 27 days, and ensure the availability of the credit facility when needed. Mr. McNeil outlined the rationale behind staff's recommendation for the proposed agreement. The Finance Committee supports the proposed amendment.

Director Rhodes inquired about future credit agreement renegotiations; staff anticipates that CPA will demonstrate improved credit strength through positive financial year end results, which would give CPA more leverage in future negotiations. Director Crosswhite asked about CPA's use of the line of credit and the impact of an increase on credit rating. Mr. McNeil explained that CPA used the line of credit in September 2022 and January 2023 due to the heat wave and energy cost spike, respectively. The line of credit assists CPA in managing the time gap between paying energy suppliers and receiving customer payments.

Lastly, a higher DLOH enhances the perception of an organization's creditworthiness.

**Motion:** Director Monteiro, Hawthorne  
**Second:** Director Mahmud, South Pasadena  
**Vote:** Item 9 was approved by a roll call vote.

10. Receive Presentation on Net Energy Metering 3.0 and Provide Feedback

Karen Schmidt, Director, Rates and Strategy, provided a presentation on the options for the Net Energy Metering (NEM) 3.0 policy. Ms. Schmidt provided an overview of the NEM structure and goals. The NEM 3.0 decision by the California Public Utilities Commission's (CPUC's) resulted in reduced overall compensation for new solar customers, better economic payback for battery storage, and additional compensation for low-income customers. While the approach partially aligns with CPA's policy goals, it may not sufficiently address the barriers to storage adoption and increased solar access for low-income customers. Until the Board adopts a new NEM 3.0 policy, CPA will enroll new NEM customers under the existing NEM 2.0 tariff. Ms. Schmidt provided comparisons between NEM 2.0 and NEM 3.0 in terms of customer value, support for CPA policy goals, and projected annual costs. CPA could include a rate adder to encourage storage adoption and further compensate low-income customers. However, the long-term cost of a rate adder is uncertain, and customer programs and other incentives may have a greater impact on storage adoption. Staff recommends setting CPA's export compensation rate based on the Avoided Cost Calculator (ACC) values specified in the CPUC's NEM 3.0 decision, along with a broad-based storage rebate program that includes additional incentives for low-income customers. Staff also suggest collaborating with member agencies and the Community Advisory Committee (CAC) to issue targeted Requests for Proposals (RFPs) in FY 2023/24 to increase solar and storage adoption among hard-to-reach customers.

Director Crosswhite inquired about the NEM onboarding process for new communities enrolling in 2024. Ms. Schmidt clarified that a customer is considered new, under the NEM policy, if they installed a solar energy system after April 15, 2023. Existing solar customers in the three new cities will be placed on CPA's NEM tariff, while new customers will be enrolled under NEM 3.0 program and the appropriate Board-approved tariff. In response to Director Monteiro's question about solar energy applications submitted prior to April 15, staff confirmed that completed applications received before April 15 will remain on NEM 2.0. Director Rhodes inquired about the customer benefits of adopting solar and storage energy. Staff explained that customers with solar and storage reduce demand when its high and are compensated for using their electricity; adding storage to the approximately 66,000 NEM customers, accounting for 6-7% of the customer base, would provide a competitive advantage for CPA. Director Newman asked about costs between NEM 2.0 and 3.0 and storage incentives for low-income customers. Staff outlined various barriers to low-income solar adoption, including upfront installation costs and renter restrictions. Keeping customers on NEM 2.0 would be two to three times more expensive for CPA. Director Mallory expressed support for programs tailored to meet the needs of low-income and renting customers, as well as energy incentives that improve living standards and reduce residential costs. Director Campos asked for clarification on the definition of "hard-to-reach customers." Mr. Bardacke explained that it encompasses customers facing

barriers in adopting energy efficiency measures and installing rooftop solar and storage due to factors such as language, low-income, property owner restrictions, and multifamily living. Director Mahmud commented that the Energy Committee supports staff's recommendation but acknowledged a challenge in reaching low-income customers and encouraged staff to expand the program accordingly. Director Mahmud suggested that the storage incentive include some requirements for exporting stored energy to the grid rather than solely for offsetting customer consumption and that the value of the entire program does not exceed the avoided cost. Acting Chair Horvath inquired about any potential credit for RA from adding solar + storage. Mr. Langer indicated that CPA could claim RA credits on both the supply and demand sides, when a customer reduces peak usage using battery storage or when they participate in demand response programs. Acting Chair Horvath emphasized the need for community solar and direct installation programs to help address the cost burden in multifamily housing and for low-income customers. Director Erickson highlighted the importance of engaging with housing groups to bridge the gap with hard-to-reach customers.

#### **MANAGEMENT REPORT**

Mr. Bardacke noted that staff is actively monitoring 92 newly introduced energy bills. Regarding AB 1373, CPA has moved from an opposition to neutral stance. This bill aims to modify the state's energy procurement process, oversight of Community Choice Aggregations (CCAs), and penalties for non-compliance by Load Serving Entities (LSEs). Mr. Bardacke added that AB 1373 has undergone significant amendments but will necessitate future action.

#### **COMMITTEE CHAIR UPDATES**

Director Deborah Klein Lopez, Chair, Legislative & Regulatory Committee, indicated that Assembly Bill 538, which involves electricity grid regionalization, and two other bills proposing changes to the California Environmental Quality Act (CEQA) will be presented to the Board at a future date. In response to Director Erickson's concern about time constraints for bill positions discussed at the committee level, Director Klein Lopez suggested prioritizing time-sensitive bills at the beginning of Legislative & Regulatory Committee agendas.

Director Susan Santangelo, Chair, Finance Committee, shared that the proposed FY 2023/24 budget and the credit agreement amendment were reviewed by the Committee.

Director Jeff Maloney, speaking on behalf of Chair Parkhurst, Energy Planning & Resources Committee, reported that the committee discussed Power Supply, Net Energy Metering, upcoming RFOs, and potential tolling agreements.

#### **BOARD MEMBER COMMENTS**

None.

#### **REPORT FROM THE CHAIR**

None.

#### **ADJOURN**

Acting Chair Horvath adjourned the meeting at 3:54 p.m.