



Redwood Coast Energy Authority

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Humboldt Bay Municipal Water District Office
828 7th St, Eureka, CA 95501

June 19, 2017
Monday, 2:15 p.m.

RCEA will accommodate those with special needs. Arrangements for people with disabilities who attend RCEA meetings can be made in advance by contacting Barbara Garcia at 269-1700 by noon the day of the meeting.

SPECIAL MEETING AGENDA

2:15 P.M.

I. ROLL CALL

II. 2017-18 BUDGET STUDY SESSION

III. ADJOURNMENT

REGULAR MEETING AGENDA

3:15 P.M.

I. ROLL CALL

II. REPORTS FROM MEMBER ENTITIES

III. ORAL COMMUNICATIONS

This time is provided for people to address the Board or submit written communications on matters not on the agenda. At the conclusion of all oral & written communications, the Board may respond to statements. Any request that requires Board action will be set by the Board for a future agenda or referred to staff.

IV. CONSENT CALENDAR

All matters on the Consent Calendar are considered to be routine by the Board and are enacted on one motion. There is no separate discussion of any of these items. If discussion is required, that item is removed from the Consent Calendar and considered separately. At the end of the reading of the Consent Calendar, Board members or members of the public can request that an item be removed for separate discussion.

A. Approve Minutes of May 15, 2017 Board Meeting.

B. Approve attached Warrants.

C. Accept attached Financial Reports.

V. REMOVED FROM CONSENT CALENDAR ITEMS

Items removed from the Consent Calendar will be heard under this section.

VI. NEW BUSINESS

A. Financial Management Policy

Adopt Resolution 2017-3 adopting RCEA Financial Management Policy.

VII. OLD BUSINESS

A. Fiscal Year 2017-18 Budget

Adopt RCEA Fiscal Year 2017-18 Budget.

COMMUNITY CHOICE ENERGY (CCE) BUSINESS (Confirm CCE Quorum)

Items under this section of the agenda relate to CCE-specific business matters that fall under RCEA's CCE voting provisions, with only CCE-participating jurisdictions voting on these matters with weighting voting as established in the RCEA joint powers agreement.

VIII. NEW CCE BUSINESS

A. Providing cost-competitive service for non-residential Peak Day Pricing customers

Approve proposed 2017 Peak Day Pricing Customer Bill Protection Program.

IX. OLD CCE BUSINESS

A. CCE Program Updates (informational)

- Launch Progress
- DG Fairhaven Negotiations
- New Local Renewables Development

X. STAFF REPORTS

A. Executive Director

XI. ADJOURNMENT



REDWOOD COAST Energy Authority

STAFF REPORT

AGENDA DATE:	June 19, 2017
TO:	Board of Directors
PREPARED BY:	Matthew Marshall, Executive Director
SUBJECT:	RCEA 2017-18 Budget – Study Session

SUMMARY

Attached is the proposed 2017-18 RCEA Annual Budget; during the meeting staff will provide a presentation on additional details of the components of the budget including specific components of the Community Choice Energy Program budget.

Following the review of the preliminary draft budget at the May RCEA Board Meeting the Board appointed a Budget Review Committee consisting of Chair Woo, Vice Chair Winkler, and Director Fennell. Staff met with the Committee to review the attached final proposed budget, and the proposed format of the budget reflects a restructuring compared to prior years that was supported by the Committee:

- The Budget is broken out into the separate operational/program areas of 1) Community Choice Energy, 2) PG&E Energy Watch & other Demand Side Management Programs, 3) Electric & Hydrogen Transportation, and 4) General & Administrative costs (G&A costs are allocated across programs based on a program's share of staffing costs).
- Expense categories have been reorganized into more understandable and consistent groupings, as detailed below.
- Expense categories have been rolled up by their new groupings to present more-aggregated level of budget detail, rather than including many small line-items in the adopted budget. Financial reports to the Board can still provide more granular detail on expenses within those categories.

Some key highlights of the budget

- Going forward the CCE program will be by far RCEA's largest program, with annual electricity sales projected to be over \$40 million per year and with wholesale power costs making up the majority of expenses.
- Ongoing program budgets are fairly consistent with 2017-18, with RCEA's PG&E Energy Watch Partnership continuing as the largest program outside of CCE.
- Budget forecasts suggest that net income will be sufficient for RCEA to achieve the year-one CCE reserve requirement of \$6 million.

Description of Budget Categories

The below table provides an overview and descriptions of the revenue and expense categories of the proposed budget:

REVENUE	
Government Agencies	Primarily CA Energy Commission grants, along with some Prop 39 contracts with local schools
Program Related Sales	Income from RCEA's public electric vehicle charging station network and fee's collected from customers for energy assessments and other energy efficiency services.
Non-government Agencies	PG&E Energy Watch Contract and contracts with other private entities
Electricity Sales Retail Revenue	Income from CCE program electricity sales to customers (collected on our behalf buy PG&E and passed through to RCEA)
Electricity Sales – Uncollectable Accounts	Written-off cost from unpaid and uncollectable customer bills.
EXPENSES	
WHOLESALE POWER SUPPLY	
CAISO	The California Independent System Operator (CAISO) is the entity that operates the CA electricity transmission grid and manages the competitive CA electricity market.
CAISO Energy	Energy purchased on the competitive spot market through CAISO. This reflects the net cost of any energy purchases needed to “fill in the gap” from the amount that RCEA's actual customer load exceeds the volumes of energy that RCEA has hedged or contractually locked-in ahead of time.
CAISO Charges	Grid management costs and other assorted CAISO charges.
Bilateral Activity	Costs associated with procurement contracts executed by TEA on our behalf.
Resource Adequacy	Costs associated with contracts for “available capacity” to meet RCEA's state requirements stemming from the “Resource Adequacy” program that ensures that adequate physical generating capacity is available to serve all load requirements across the state and meet peak demand needs to ensure overall grid reliability.
Energy Hedges – Notional Value	Costs associated with energy price hedge contracts (i.e. contracts to locked-in future energy prices). The budget item captures the full locked-in cost of contracted hedged energy volumes (not just the net difference between the hedged price and the market price).
Renewable Portfolio Standard (RPS) Settlements	Costs associated with the incremental price premium over base energy market prices for procurement from RPS-eligible sources (wind, solar, biomass, geothermal, small hydropower). This only captures market-based RPS procurement performed by TEA on RCEA's behalf (does not include local renewables) and do date has consisted of contracts for wind and solar power.

Low-carbon Settlements	Costs associated with the incremental price premium over base energy market prices for procurement from low carbon or renewable sources that <i>do not</i> count toward state RPS requirements; to date this has been contracts for large hydropower.
Local Power Purchase Agreements	Costs associated with local power purchase agreements executed directly between RCEA and a supplier (not by TEA on our behalf); current; the PPA's with Humboldt Redwood Company is the first procurement within this category, and in the future will capture other local power supply such as new, local utility solar projects.
Other Expense Categories	
Personnel	Wages, fringe and benefits costs for RCEA employees, as well as staff training, staff safety costs, and hiring costs.
Facilities & Operations	Office lease, utilities, janitorial, IT, telecom, office supplies, insurance, etc.
Communications & Outreach	Printing, educational/program materials, CCE mailings, website, marketing & advertising, communications/design services, workshops, community events.
Travel & Meetings	Travel to meetings, conferences, and trainings, as well as local travel for field teams to provide program services.
Professional & Program Services	90% of this budget item is for CCE operational services provided by TEA and Calpine Energy Solutions; also includes legal, accounting, regulatory, and contracted program services (e.g. Schatz Energy Research Center)
Program Expenses	90% of this budget item is for customer bill processing and other PG&E fees related to the CCE Program; also includes \$100K CPUC bond posting, as well as miscellaneous program-specific cost such as reimbursements to EV charging site hosts for electricity costs.
Incentives & Rebates	PG&E Energy Watch Program budget designated for customer energy efficiency rebates and incentives.
Non-Operating Costs	Miscellaneous non-operating costs such as loan interest and banking fees.
Reserve Requirement Contributions	Not a true expense, this line item captures contributions toward meeting RCEA's contractual \$6 million reserve requirement.

As noted above, financial reports can provide additional more-granular detail of expenditures for budget categories, similar to current monthly reports. Attached in addition to the budget is a color-coded reference to how historic budget categories from previous years align to the new categories.

ATTACHMENTS:

Proposed Fiscal Year 2017-18 RCEA Budget.

Reference for how historic budget categories are being regrouped.

Redwood Coast Energy Authority Proposed FY17-18 Budget

	Community Choice Energy	Energy Watch & Other Demand Side Management	Electric & Hydrogen Transportation	General & Administrative (allocated across programs)	Total
Ordinary Income/Expense					
Income					
REVENUE EARNED					
Total Revenue - government agencies	-	120,000	148,835	-	268,835
Total Revenue - program related sales	-	10,000	5,000	-	15,000
Total Revenue-nongovernment agencies	-	1,570,364	-	-	1,570,364
Electricity Sales Revenue					
Electricity Sales - Retail Revenue	46,735,993	-	-	-	46,735,993
Electricity Sales - Uncollectable Accounts	(140,208)	-	-	-	(140,208)
Total Electricity Sales Revenue	46,595,785	-	-	-	46,595,785
Total REVENUE EARNED	46,595,785	1,700,364	153,835	-	48,449,983
Total Income	46,595,785	1,700,364	153,835	-	48,449,983
Gross Revenue	46,595,785	1,700,364	153,835	-	48,449,983
Expense					
WHOLESALE POWER SUPPLY	-	-	-	-	-
CAISO	-	-	-	-	-
Total CAISO Energy	5,336,455	-	-	-	5,336,455
Total CAISO Non-Energy Charges	1,830,563	-	-	-	1,830,563
Total CAISO	7,167,018	-	-	-	7,167,018
Bilateral Activity	-	-	-	-	-
Resource Adequacy	2,572,007	-	-	-	2,572,007
Energy Hedges Notional Value	19,298,480	-	-	-	19,298,480
Total RPS Settlements	717,788	-	-	-	717,788
Low Carbon Settlements	518,145	-	-	-	518,145
Total Bilateral Activity	23,106,420	-	-	-	23,106,420
Local Power Purchase Agreements	-	-	-	-	-
Humboldt Redwood Company	4,862,651	-	-	-	4,862,651
Total Local Power Purchase Agreements	4,862,651	-	-	-	4,862,651
TOTAL WHOLESALE POWER SUPPLY	35,136,090	-	-	-	35,136,090

Redwood Coast Energy Authority Proposed FY17-18 Budget

	Community Choice Energy	Energy Watch & Other Demand Side Management	Electric & Hydrogen Transportation	General & Administrative (allocated across programs)	Total
PERSONNEL EXPENSES	1,166,878	778,822	67,029	493,849	2,506,578
FACILITIES AND OPERATIONS	34,600	30,000	8,408	159,968	232,976
COMMUNICATIONS AND OUTREACH	151,400	29,000	3,641	16,000	200,041
TRAVEL AND MEETINGS	27,720	15,800	3,097	2,000	48,617
PROFESSIONAL AND PROGRAM SERVICES					
Contracts - Program Related Services	126,500	70,000	45,529	-	242,029
Wholesale Services - TEA	567,821	-	-	-	567,821
Procurement Credit - TEA	725,576	-	-	-	725,576
Data Management - Calpine	921,508	-	-	-	921,508
Regulatory	25,000	-	-	-	25,000
Accounting	-	-	-	45,000	45,000
Legal	50,000	15,000	-	20,000	85,000
PROFESSIONAL AND PROGRAM SERVICES	2,416,405	85,000	45,529	65,000	2,611,934
PROGRAM EXPENSES	957,897	2,000	5,000	1,000	965,897
INCENTIVES AND REBATES	-	460,000	-	-	460,000
NON OPERATING COSTS	43,302	-	-	22,308	65,610
Total Expense	39,934,292	1,400,622	132,704	760,125	42,227,742
RESERVE REQUIREMENT CONTRIBUTIONS	6,000,000	-	-	-	6,000,000
Net Income	661,493	299,742	21,131	(760,125)	222,241

**Redwood Coast Energy Authority
Proposed FY17-18 Budget**

	Community Choice Energy	Energy Watch & Other Demand Side Management	Electric & Hydrogen Transportation	General & Administrative (allocated across programs)	Total
FOR REFERENCE: HISTORIC CATEGORIES - DETAIL & REGROUPING					
8 NON-PERSONNEL RELATED EXP					
8100 · Non-Personnel Expenses	-	-	-	-	-
8110 · Office Supplies	-	-	408	8,000	8,408
8111 · Furniture & Equipment	2,600	-	-	3,500	6,100
Total 8120 · Information Technology	12,000	30,000	-	34,000	76,000
Total 8130 · Telephone & Telecommunications	-	-	-	7,500	7,500
8140 · Postage & delivery	10,400	-	-	2,500	12,900
Total 8170 · Printing & copying	12,800	4,000	-	3,000	19,800
Total 8180 · Books, subscriptions, edu matls	1,000	-	-	1,000	2,000
8195 · Tool bank	-	2,000	-	1,000	3,000
Total 8100 · Non-Personnel Expenses	38,800	36,000	408	60,500	135,708
8200 · Facility Expenses	-	-	-	-	-
8210 · Office Lease	-	-	-	51,168	51,168
Total 8220 · Utilities	-	-	2,000	12,300	14,300
8230 · Janitorial	-	-	-	6,500	6,500
8240 · Facility repairs & maintenance	-	-	-	5,000	5,000
8250 · EV Station Repairs & Maintenance	-	-	6,000	-	6,000
Total 8200 · Facility Expenses	-	-	8,000	74,968	82,968
Total 8300 · Travel & Meeting Expense	27,720	15,800	3,097	2,000	48,617
Total 8320 · Meetings, workshops & events	14,000	7,500	525	3,000	25,025
8500 · Other Expenses	-	-	-	-	-
8513 · Organizational Development	-	-	-	1,000	1,000
Performance Bond	100,000	-	-	-	100,000
PG&E Billing and Franchise fees	857,897	-	-	-	857,897
Total 8510 · Interest Expense	43,302	-	-	-	43,302
8520 · Insurance P&L	-	-	-	20,000	20,000
8530 · Dues & Memberships	20,000	-	-	6,000	26,000
Total 8560 · Website Expenses	-	-	-	4,000	4,000
Total 8570 · Advertising & Marketing Expense	13,200	17,500	3,116	2,500	36,316

**Redwood Coast Energy Authority
Proposed FY17-18 Budget**

	Community Choice Energy	Energy Watch & Other Demand Side Management	Electric & Hydrogen Transportation	General & Administrative (allocated across programs)	Total
8592 - Service Charge	-	-	-	500	500
8593 - Bank Charges	-	-	-	1,000	1,000
8595 - Credit Card Processing Fees	-	-	-	1,000	1,000
8596 - Flex Billing Service Fee	-	-	-	800	800
8597 - EV Site Host Pmts	-	-	5,000	-	5,000
Total 8500 - Other Expenses	1,034,399	17,500	8,116	36,800	1,096,815
8600 - Capital Development - Facility	-	-	-	5,000	5,000
8700 - Professional Services	-	-	-	-	-
8710 - Contracts - Program Related Services	126,500	70,000	45,529	-	242,029
Wholesale Services - TEA	567,821	-	-	-	567,821
Procurement Credit - TEA	725,576	-	-	-	725,576
Data Management - Calpine	921,508	-	-	-	921,508
Marketing and Communications	100,000	-	-	-	100,000
Regulatory	25,000	-	-	-	25,000
8720 - Accounting	-	-	-	45,000	45,000
8740 - Legal	50,000	15,000	-	20,000	85,000
Total 8700 - Professional Services	2,516,405	85,000	45,529	65,000	2,711,934
Total 8 NON-PERSONNEL RELATED EXP	3,631,324	161,800	65,675	247,268	4,106,067
Total 9 INCENTIVES & REBATES	-	460,000	-	-	460,000
Total Expense	39,934,292	1,400,622	132,704	741,117	42,208,734
Net Ordinary Income	6,661,493	299,742	21,131	(741,117)	6,241,249
Net Other Income	-	-	-	(19,008)	(19,008)
Net Income	6,661,493	299,742	21,131	(760,125)	6,222,241



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MEETING MINUTES

**Humboldt Bay Municipal Water District Office
828 7th St, Eureka, CA 95501**

**May 15, 2017
Monday, 3:15 p.m.**

RCEA will accommodate those with special needs. Arrangements for people with disabilities who attend RCEA meetings can be made in advance by contacting Barbara Garcia at 269-1700 by noon the day of the meeting.

I. ROLL CALL

II. Board Chair Woo called the meeting to order at 3:16 p.m.

Present: Michael Winkler, Bobbi Ricca, Sheri Woo, Austin Allison, Michael Sweeney, Dean Glaser, Frank Wilson. Estelle Fennell arrived at 3:27 p.m.

Absent: Dwight Miller

III. REPORTS FROM MEMBER ENTITIES

- Director Sweeney reported that Ferndale City Council passed the first reading of their CCA Ordinance last month with a vote of 4-1, and the second reading is on the agenda for this month's meeting.
- Director Winkler reported that the Building Decarbonization Group is holding a meeting in Oakland on June 6th and suggested that RCEA staff consider attending.

IV. ORAL COMMUNICATIONS

None.

V. CONSENT CALENDAR

- A. Approve Minutes of April 17, 2017 Board Meeting.
- B. Approve attached Warrants.
- C. Accept attached Financial Reports.

M/S/C: Glaser, Sweeney: Approve consent calendar items A, B, and C.

VI. REMOVED FROM CONSENT CALENDAR ITEMS

None.

VII. NEW BUSINESS

- A. Fiscal Year 2016-17 Budget

Director of Business Development and Planning Lori Biondini explained the proposed revisions to the FY 16-17 RCEA Budget. Revisions include reduction of grant project revenue this fiscal year and moved to the next the next fiscal year; increasing the facilities budget to pay for an office security system; and the removal of the Headwaters Fund Loan as a line item, per standard accounting rules.

Board Chair Woo asked whether RCEA staff has experienced any security issues in the past, prompting the installation of the security system. Executive Director Marshall responded that the security system is a proactive measure, since our office houses sensitive information, and that there has been a slight increase in vandalism.

M/S/C: Winkler, Allison: Adopt Proposed Revisions to FY 16-17 Annual Budget detailed in the attachment to the May meeting packet.

Director Fennell arrived at 3:27 p.m.

B. Review Fiscal Year 2017-18 Budget initial draft

Executive Director Marshall provided an overview of the factors influencing next fiscal year's budget. The largest budget line items will be the CCE program revenues and expenses. The 2018 rate setting, customer participation numbers at any given moment, and market power prices all affect the CCE revenues and costs; the Board can expect to review and adjust the budget mid-year due to these uncertainties. Based upon current projections, there will not be enough revenue from the CCE program to initiate new customer programs in the coming fiscal year. Executive Director Marshall briefly reviewed the initial budget draft, and reported that RCEA staff is proposing to restructure the budget categories and requests input from the Board as to the level of detail the Board would like to see in budget categories and monthly financial reports. The Board discussed the possibility of establishing a budget subcommittee versus an ad hoc committee. The Board also discussed the possibility of scheduling a Special Meeting to review and provide input to the next budget draft prior to the next scheduled regular meeting in June.

Public comment: Bob Marino suggested a Special Meeting that covers a detailed budget discussion.

Public comment closed.

General Counsel Diamond provided the distinction between a standing subcommittee versus a limited time ad hoc committee that has a specific purpose. The Board further discussed the options to appoint a subcommittee, ad hoc committee, and Special Meeting.

M/S/C: Winkler, Fennell: Appoint Board Chair Woo, Vice Chair Winkler, and Director Fennell to an ad hoc committee to meet with appropriate staff regarding the FY 17-18 RCEA Budget prior to the June 19th regular meeting and schedule a Special Meeting on June 19th at 2:15 p.m.

C. Legislative & Regulatory Update

Executive Director Marshall provided an overview of the status of the CPUC PCIA proceeding. He also provided an overview on SB100 and explained the affect that the ruling may have on CCE power procurement. Director Winkler voiced his stance that SB100 should be amended to include a requirement to phase out natural gas powered space and water heating. Director Wilson stated that requiring customers to switch to electric powered heating with the current tiered rate structure could have adverse economic affects.

Public comment:

Ellen Golla stated her support for electric heat pumps, though she is not supportive of requirements to eliminate natural gas heating as it would surely result in an increase in the use of wood burning stoves.

Public comment closed.

VIII. OLD BUSINESS

A. Community Choice Energy Program Updates

- Timeline, Power Procurement, & Service Launch

RCEA staff Richard Engel provided the Board with CCE program updates. He reported that customers are being enrolled during the month of May, reviewed the different sources of energy that have been procured, and mentioned some opportunities for local community scale solar development. Director Wilson asked about counting RECs (renewable energy credits) for small producers, such as overproducing residential solar systems. Executive director Marshall responded that typically residences keep their RECs associated with their system. The Board discussed RECs and power procurement strategy. Mr. Engel resumed his presentation. He reported the current opt out and opt up summary, and explained the strategy to navigate changes in enrollment numbers in the coming months. Based on reports from other CCAs, RCEA is expecting an increase in “opt ups” and “opt outs” in the first couple of months after launch. Mr. Engel shared RCEA’s current marketing strategy to ebb the bulk of opt outs and invited any suggestion from the Board. The Board discussed outreach and communication of the CCE program. Executive Director Marshall provided details about biomass procurement status with the DG Fairhaven plant, reporting that we will likely not execute a contract for the remaining months of 2017 due to limited funds.

Public comment:

Ellen Golla asked the Board for an update of the Scotia biomass facility meeting the NCUAQMD’s (North Coast Unified Air Quality Management District) compliance requirements. Executive Director Marshall reported that Humboldt Redwood Company has reached a settlement with NCUAQMD in which they agreed to make required improvements to the facility and pay fines to NCUAQMD.

Bob Marino, General Manager at DG Fairhaven Power, explained to the Board that he Fairhaven facility cannot successfully operate at market prices and don’t anticipate an agreement for this year. He stated that DG Fairhaven’s position on a 51-month contract is that they do not want to be subservient to a prior contract, referring to Humboldt Redwood Company. He noted the operational differences between the Fairhaven facility and the Humboldt Redwood Company Facility.

Ellen Golla stated that the commonly heard narrative, that we need biomass facilities to get rid of waste, is not accurate.

Public comment closed.

B. Fiscal Audits Update

Director of Finance and HR Steve Edmiston reported to the Board that he has scheduled the remaining fiscal audits to occur in June and July, followed by the FY 16-17 audit in fall of 2017.

STAFF REPORTS

A. Executive Director

Executive Director Marshall reported that he attended the Business of Local Energy Symposium in early May, during which RCEA was commended for launching the 8th CCA in the state and for being the 1st rural CCA to launch. He also met with the CalCCA Board, which will continue to keep RCEA informed of the regulatory processes and connected to other CCAs.

B. Director of Demand Side Management Programs

Director of Demand Side Management Programs Lou Jacobson provided the Board with an overview of RCEA's Demand Side Management programs. This department employs an account management strategy with each customer to deliver services offerings under three programs: the PG&E Energy Watch program, Proposition 39 program to implement projects in local schools, and CCE customer support. PG&E funds the Energy Watch program and provides efficiency services and project management support to commercial and residential customers, as well as strategic energy resource activity support that benefits local municipalities and energy initiatives in our community. The Board briefly discussed demand side management services.

IX. ADJOURNMENT

Board Chair Woo adjourned the meeting at 5:28 p.m.

Redwood Coast Energy Authority
Warrants Report
As of April 30, 2017

Type	Date	Num	Name	Memo	Amount
Check	04/01/2017	EFT	CoPower	April Premium	(237.00)
Bill Pmt -Check	04/10/2017	7281	Alexandre Dairy	Alexandre Dairy self-install rebate/Audit 4509.	(300.00)
Bill Pmt -Check	04/10/2017	7282	Alstone, A.	March purchase reimbursement.	(40.46)
Bill Pmt -Check	04/10/2017	7283	Arcata Presbyterian Church	Arcata Presbyterian Churchself-install rebate/Audit 4590.	(188.10)
Bill Pmt -Check	04/10/2017	7284	Bailey Electric	Loleta Volunteer Fire Rebate / Audit 4422	(801.44)
Bill Pmt -Check	04/10/2017	7285	Best Cleaners	Coverall laundering	(7.50)
Bill Pmt -Check	04/10/2017	7286	Bishop, M.	March mileage	(87.15)
Bill Pmt -Check	04/10/2017	7287	Burks, K.	March mileage	(136.26)
Bill Pmt -Check	04/10/2017	7288	Buschkamp, A.	March reimbursement - miscellaneous supplies	(35.03)
Bill Pmt -Check	04/10/2017	7289	Central Office	CCE Mailers & PACE Inserts.	(478.24)
Bill Pmt -Check	04/10/2017	7290	City of Blue Lake	City of Blue Lake-Prasch Hall self install rebate / Audit 4576	(460.00)
Bill Pmt -Check	04/10/2017	7291	City of Eureka-Water	Water service, 2/24/17-3/24/17	(114.93)
Bill Pmt -Check	04/10/2017	7292	Deluxe Check Printing	VOID: RCEA Check Stock, Deposit Slips, Envelopes	-
Bill Pmt -Check	04/10/2017	7293	Engel, R.	March mileage reimbursement.	(100.05)
Bill Pmt -Check	04/10/2017	7294	Express Liquor & Cigar	Express Liquor & Cigar self-install rebate/Audit 4573.	(2,678.90)
Bill Pmt -Check	04/10/2017	7295	Gaynor Telesystems	System programming - two new lines.	(372.00)
Bill Pmt -Check	04/10/2017	7296	HSU Fdn EVCN ARV-13-029	July 2016 services - ARV13-029 00163/SP30181	(487.14)
Bill Pmt -Check	04/10/2017	7297	Martin, Des.	March mileage	(91.00)
Bill Pmt -Check	04/10/2017	7298	Mattio, B.	April purchase reimbursement	(10.00)
Bill Pmt -Check	04/10/2017	7299	Means, M.	February mileage	(34.45)
Bill Pmt -Check	04/10/2017	7300	Mission Uniform & Linen	Janitorial supplies & mat cleaning	(63.04)
Bill Pmt -Check	04/10/2017	7301	North Coast Cleaning	March Cleaning Service	(402.00)
Bill Pmt -Check	04/10/2017	7302	Owen, P.	March mileage reimbursement.	(83.46)
Bill Pmt -Check	04/10/2017	7303	Pacific Paper Company	Miscellaneous office supplies.	(141.26)
Bill Pmt -Check	04/10/2017	7304	PG&E EV Account	EV stations February	(108.55)
Bill Pmt -Check	04/10/2017	7305	Pierson's Home Ctr	Miscellaneous tool bank & facilities items.	(240.19)
Bill Pmt -Check	04/10/2017	7306	Schwalb, P.	March mileage reimbursement	(153.33)
Bill Pmt -Check	04/10/2017	7307	SDRMA Dental	April Premium	(1,098.00)
Bill Pmt -Check	04/10/2017	7308	Sonoma County Office of Education	Jan 2017 Professional Services.	(563.50)
Bill Pmt -Check	04/10/2017	7309	Terry, P.	March mileage	(155.95)
Paycheck	04/10/2017	Payroll	Payroll	Payroll 3/16-3/31/17	(535.52)
Paycheck	04/10/2017	Payroll	Payroll	Payroll 3/16-3/31/17	(2,583.20)
Paycheck	04/10/2017	7312	Garcia, Barbara C.	Pay rate reconciliation.	(31.64)
Bill Pmt -Check	04/10/2017	7313	Deluxe Check Printing	RCEA Check Stock, Deposit Slips, Envelopes	(610.40)
Paycheck	04/10/2017	Payroll	Payroll	Payroll 3/16-3/31/17	(42,604.38)
Liability Check	04/11/2017	E-pay	EDD	499-0864-3 Q1 SDI/PIT QB Tracking # 445784167	(3,324.51)
Liability Check	04/11/2017	E-pay	Internal Revenue Service	74-3104616 Q1 2017 March #2 QB Tracking # 445796597	(18,085.70)
Liability Check	04/11/2017	E-pay	EDD	499-0864-3 Q1 ETT/UI QB Tracking # 445811727	(298.40)
Check	04/12/2017	DEBIT	Umpqua Bank	Safe Deposit Fee	(60.00)
Bill Pmt -Check	04/17/2017	EFT	Staples Charge Account	March Statement	(422.85)
Bill Pmt -Check	04/18/2017	EFT	VISA	March Statement 2/22/17 - 3/21/17.	(2,230.86)
Bill Pmt -Check	04/20/2017	ACH	WREGIS	Annual Fee - GU Large	(125.00)
Check	04/20/2017	DEBIT	Umpqua Bank	Maintenance Fee - Premium Reporting for 03/17	(20.00)
Paycheck	04/24/2017	Payroll	Payroll	Payroll 4/1 - 4/15/17	(40,327.60)
Liability Check	04/25/2017	E-pay	EDD	499-0864-3 April SDI/UI QB Tracking # 458109317	(2,952.58)
Liability Check	04/25/2017	E-pay	Internal Revenue Service	74-3104616 Federal Withholding April 2017 QB Tracking # 4581	(16,430.38)

Redwood Coast Energy Authority
Warrants Report
As of April 30, 2017

Type	Date	Num	Name	Memo	Amount
Liability Check	04/25/2017	E-pay	EDD	499-0864-3 ETT/PIT April 2017 QB Tracking # 458110747	(102.29)
Liability Check	04/25/2017	E-pay	EDD	499-0864-3 SDI/PIT April 2017 QB Tracking # 458111707	(257.11)
Liability Check	04/25/2017	E-pay	Internal Revenue Service	74-3104616 Federal Withholding April 2017 QB Tracking # 4581	(1,033.68)
Liability Check	04/25/2017	E-pay	EDD	499-0864-3 ETT/UI April 2017 QB Tracking # 458113187	(7.24)
Bill Pmt -Check	04/25/2017	7315	AM Conservation	LED Stock	(2,497.38)
Bill Pmt -Check	04/25/2017	7316	Arcata Technology Center	Site Host Reimbursement 1/1/17 - 3/31/17 007-ARC-ATC-009	(187.48)
Bill Pmt -Check	04/25/2017	7317	AT&T	April Telephone Service	(896.52)
Bill Pmt -Check	04/25/2017	7318	Blue Lake Rancheria	Site Host Reimbursement 1/1/17-3/31/17 003-BLU-RAN-003/C	(157.09)
Bill Pmt -Check	04/25/2017	7319	City of Arcata	Site Host Reimbursement 1/31/17 - 3/31/17	(472.69)
Bill Pmt -Check	04/25/2017	7320	City of Blue Lake	Site Host Reimbursement 1/31/17 - 3/31/17	(29.39)
Bill Pmt -Check	04/25/2017	7321	City of Fortuna	Electric Vehicle Signage	(518.00)
Bill Pmt -Check	04/25/2017	7322	City of Rio Dell	Electric Vehicle Directional Signage	(1,590.72)
Bill Pmt -Check	04/25/2017	7323	City of Trinidad	EV Site Host Reimbursement 1/1/17 - 3/31/17 006-TRN-LIB 00	(19.07)
Bill Pmt -Check	04/25/2017	7324	County of Humboldt-Public Works	Electric Vehicle Signage	(588.00)
Bill Pmt -Check	04/25/2017	7325	Darrimon, Jeremy	Refund - efficiency audit	(10.00)
Bill Pmt -Check	04/25/2017	7326	FedEx	Return shipping.	(13.63)
Bill Pmt -Check	04/25/2017	7327	Fischer, A.	March purchase reimbursements.	(90.10)
Bill Pmt -Check	04/25/2017	7328	Greenway Partners	Strategic Planning March 2017	(1,625.00)
Bill Pmt -Check	04/25/2017	7329	HSU Fdn EVCN ARV-13-029	Oct & Nov services - ARV13-029 00163/SP30641	(395.62)
Bill Pmt -Check	04/25/2017	7330	Humboldt Builders' Exchange	Annual membership fees.	(414.41)
Bill Pmt -Check	04/25/2017	7331	North Coast Unified Air Quality	EV Site Host Reimbursement 1/1/17 - 3/31/17	(9.06)
Bill Pmt -Check	04/25/2017	7332	PG&E Utility Account	March utilities/lighting upgrade financing	(832.02)
Bill Pmt -Check	04/25/2017	7333	Quill	Miscellaneous office supplies	(15.17)
Bill Pmt -Check	04/25/2017	7334	Ramone's	Food Service - Homeowners' Workshop 4/19/17	(111.32)
Bill Pmt -Check	04/25/2017	7335	Recology	March garbage service	(82.30)
Bill Pmt -Check	04/25/2017	7336	SDRMA Medical	May premium.	(16,259.00)
Bill Pmt -Check	04/25/2017	7337	Seward, J.	March mileage	(69.18)
Bill Pmt -Check	04/25/2017	7338	St. Joseph Hospital	EV Site Host Reimbursement 1/1/17 - 3/31/17 013-EUR-STJ-0	(509.44)
Bill Pmt -Check	04/25/2017	7339	Times-Standard	Legal Notice: Notices Inviting Bids.	(1,404.14)
Bill Pmt -Check	04/25/2017	7340	Verizon Wireless	March tablet/cell service for field staff/mobile broadband servic	(114.75)
Bill Pmt -Check	04/25/2017	7341	Winzler, John	Office Lease - May	(4,346.00)
Bill Pmt -Check	04/25/2017	7342	City of Arcata	Electric Vehicle Signage	(1,900.00)
Bill Pmt -Check	04/25/2017	7343	GHD	Site Host Reimbursement 1/31/17 - 3/31/17	(149.02)
Liability Check	04/25/2017	7344	Umpqua Bank	74-3104616 HSA Contribution - April 2017	(558.36)
Liability Check	04/25/2017	7345	Calvert	74-3104616 April 2017 IRA Contribution	(7,551.97)
Paycheck	04/25/2017	Payroll	Payroll	Payroll 4/1 - 4/15/17	(182.74)
Paycheck	04/25/2017	Payroll	Payroll	Payroll 4/1 - 4/15/17	(2,583.20)
Liability Check	04/25/2017	7348	Calvert	74-3104616 IRA Contribution April 2017	(338.88)
Check	04/25/2017	7349	Redwood Coast Energy Authority	VOID: May Direct Deposit Payroll Advance	-
Check	04/25/2017	7349	Redwood Coast Energy Authority	May Direct Deposit Payroll Advance	-
Liability Check	04/26/2017	E-pay	Internal Revenue Service	74-3104616 FUTA Q1 2017 QB Tracking # 459171487	(1,010.46)
Check	04/27/2017	Debit	Winco Foods	First aid supplies - water	(107.26)
TOTAL					<u>(189,351.64)</u>

Redwood Coast Energy Authority**Visa****As of April 30, 2017**

Type	Date	Num	Name	Memo	Amount	Balance
2006 · VISA-3751						2,307.46
Credit Card Charge	04/01/2017		Square	Card Reader Fee	20.00	2,327.46
Credit Card Charge	04/16/2017		U-Verse	May DSL	95.89	2,423.35
Bill	04/18/2017	March	VISA	March Statement 2/22/17 - 3/21/17.	(2,230.86)	192.49
Credit Card Charge	04/25/2017		Uberconference	Conference call subscription	11.06	203.55
Total 2006 · VISA-3751					(2,103.91)	203.55
TOTAL					(2,103.91)	203.55

Redwood Coast Energy Authority
Profit & Loss Budget vs. Actual
July 2016 through April 2017

	Jul '16 - Apr 17	Budget	% of Budget
Ordinary Income/Expense			
Income			
5 REVENUE EARNED			
Total 5000 · Revenue - government agencies	184,415.60	310,000.00	59.49%
Total 5100 · Revenue - program related sales	12,379.74	17,500.00	70.74%
5300 · Revenue - investments	-	200.00	0.0%
Total 5400 · Revenue-nongovernment agencies	1,016,933.74	1,553,570.00	65.46%
Total 5500 · Energy Sales Revenue	-	5,531,300.00	0.0%
5 REVENUE EARNED - Other	773.72		
Total 5 REVENUE EARNED	1,214,502.80	7,412,570.00	16.38%
Total Income	1,214,502.80	7,412,570.00	16.38%
Gross Profit	1,214,502.80	7,412,570.00	16.38%
Expense			
TOTAL 6 - ENERGY SUPPLY COSTS	-	3,356,000.00	0.0%
7 EXPENSES - PERSONNEL			
7101 · Screening/Testing Services	218.12	600.00	36.35%
7102 · Safety	259.76	1,000.00	25.98%
7103 · Staff Training and Development	3,299.00	15,000.00	21.99%
7200 · Salaries, Wages & Benefits			
7210 · Salaries - staff	737,511.93	905,020.00	81.49%
7220 · Wages - interns	36,804.09	71,061.00	51.79%
7230 · Pension Plan Contributions	21,465.92	29,086.00	73.8%
7240 · Employee Benefits-Insurance	194,225.46	277,943.00	69.88%
7250 · Payroll Taxes Etc.	84,340.54	94,326.00	89.41%
7255 · Worker's Comp Insurance	8,003.64	7,400.00	108.16%
Total 7260 · Paid Time Off	134,148.36	142,331.00	94.25%
7265 · Jury Duty	249.41	500.00	49.88%
Total 7200 · Salaries, Wages & Benefits	1,216,749.35	1,527,667.00	79.65%
Total 7 EXPENSES - PERSONNEL	1,220,526.23	1,544,267.00	79.04%
8 NON-PERSONNEL RELATED EXP			
8100 · Non-Personnel Expenses			
8110 · Office Supplies	3,726.07	6,000.00	62.1%
8111 · Furniture & Equipment	2,270.40	2,800.00	81.09%
Total 8120 · Information Technology	21,407.10	25,000.00	85.63%
Total 8130 · Telephone & Telecommunications	7,085.31	6,500.00	109.01%
8140 · Postage & delivery	2,207.38	1,800.00	122.63%
Total 8170 · Printing & copying	8,632.15	7,500.00	115.1%
Total 8180 · Books, subscriptions, edu matls	775.72	1,000.00	77.57%
8190 · Exhibits & displays	-	1,800.00	0.0%
8195 · Tool bank	924.31	4,000.00	23.11%
Total 8100 · Non-Personnel Expenses	47,028.44	56,400.00	83.38%

Redwood Coast Energy Authority
Profit & Loss Budget vs. Actual
July 2016 through April 2017

	Jul '16 - Apr 17	Budget	% of Budget
8200 - Facility Expenses			
8210 - Office Lease	45,346.00	49,200.00	92.17%
Total 8220 - Utilities	10,379.30	11,500.00	90.26%
8230 - Janitorial	5,028.23	6,500.00	77.36%
8240 - Facility repairs & maintenance	2,885.57	3,500.00	82.45%
8250 - EV Station Repairs & Maintenananc	6,824.27	5,000.00	136.49%
8200 - Facility Expenses - Other	156.09		
Total 8200 - Facility Expenses	70,619.46	75,700.00	93.29%
Total 8300 - Travel & Meeting Expense	11,668.33	17,000.00	68.64%
Total 8320 - Meetings, workshops & events	5,290.14	12,000.00	44.09%
8500 - Other Expenses			
8513 - Organizational Development	144.56	500.00	28.91%
Total 8510 - Interest Expense	2,356.24	6,500.00	36.25%
8520 - Insurance P&L	11,415.86	9,500.00	120.17%
8530 - Dues & Memberships	4,261.00	3,500.00	121.74%
Total 8560 - Website Expenses	90.00	1,000.00	9.0%
Total 8570 - Advertising & Marketing Expense	14,441.33	22,000.00	65.64%
8591 - Use Tax	-	300.00	0.0%
8592 - Service Charge	79.52	200.00	39.76%
8593 - Bank Charges	7,724.54	8,000.00	96.56%
8595 - Credit Card Processing Fees	515.45	500.00	103.09%
8596 - Flex Billing Service Fee	359.90	300.00	119.97%
8597 - EV Site Host Pmts	3,937.88	5,000.00	78.76%
Total 8500 - Other Expenses	45,326.28	57,300.00	79.1%
8600 - Capital Development - Facility	2,407.95	5,000.00	48.16%
8700 - Professional Services			
8710 - Contracts - Program Related Ser	154,826.81	1,165,700.00	13.28%
8720 - Accounting	23,866.80	45,000.00	53.04%
8740 - Legal	78,533.47	105,000.00	74.79%
8760 - Temporary Services	1,980.00	2,000.00	99.0%
Total 8700 - Professional Services	259,207.08	1,317,700.00	19.67%
Total 8 NON-PERSONNEL RELATED EXP	441,547.68	1,541,100.00	28.65%
Total 9 INCENTIVES & REBATES	160,987.73	460,000.00	35.0%
Total Expense	1,823,061.64	6,901,367.00	26.42%
Net Ordinary Income	(608,558.84)	511,203.00	-119.04%
Net Other Income	(1,590.40)	(19,008.00)	8.37%
Net Income	(610,149.24)	492,195.00	-123.97%

Redwood Coast Energy Authority
Balance Sheet
As of April 30, 2017

	<u>Apr 30, 17</u>
ASSETS	
Current Assets	
Checking/Savings	
1075 · Umpqua Reserve Account 2300	1,000.00
1070 · Umpqua Deposit Cntrl Acct 1687	960.38
1062 · Chase DD Checking	4,623.53
1060 · Umpqua Checking-9271	161,587.21
1000 · COUNTY TREASURY 3839	3,911.55
1010 · Petty Cash	154.51
Total 1050 · GRANTS & DONATIONS 3840	<u>15,037.26</u>
Total Checking/Savings	187,274.44
Total Accounts Receivable	243,278.18
Other Current Assets	
1101 · Allowance for Doubtful Accounts	(7,260.54)
1102 · Paypal Account Balance	19.87
1120 · Inventory Asset	71,592.60
1202 · Prepaid Expenses	27,220.19
1205 · Prepaid Insurance	21,540.26
Total 1210 · Retentions Receivable	50,962.11
1499 · Undeposited Funds	529.00
Total Other Current Assets	<u>164,603.49</u>
Total Current Assets	595,156.11
Fixed Assets	
1500 · Fixed Asset	93,591.39
1600 · Accumulated depreciation	(37,980.00)
Total Fixed Assets	<u>55,611.39</u>
Other Assets	
1700 · Retained Deposits	4,100.00
Total Other Assets	<u>4,100.00</u>
TOTAL ASSETS	<u><u>654,867.50</u></u>

Redwood Coast Energy Authority
Balance Sheet
As of April 30, 2017

	<u>Apr 30, 17</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Total Accounts Payable	118,997.26
Total Credit Cards	457.48
Other Current Liabilities	
2001 - Accounts Payable-Other	39,342.60
Total 2100 - Payroll Liabilities	64,759.94
Total 2210 - Retentions Payable	10,044.94
Total Other Current Liabilities	<u>114,147.48</u>
Total Current Liabilities	233,602.22
Long Term Liabilities	
2700 - Long-Term Debt	
2701 - Lighting Upgrade	6,520.63
2702 - Headwaters Credit Line	300,000.00
Total 2700 - Long-Term Debt	<u>306,520.63</u>
Total Long Term Liabilities	<u>306,520.63</u>
Total Liabilities	540,122.85
Equity	
2320 - Investment in Capital Assets	49,090.75
3900 - Fund Balance	675,803.14
Net Income	(610,149.24)
Total Equity	<u>114,744.65</u>
TOTAL LIABILITIES & EQUITY	<u><u>654,867.50</u></u>

Redwood Coast Energy Authority
Profit & Loss
 April 2017

	<u>TOTAL</u>
Ordinary Income/Expense	
Income	
5 REVENUE EARNED	
5000 · Revenue - government agencies	478.08
Total 5100 · Revenue - program related sales	2,033.00
Total 5400 · Revenue-nongovernment agencies	112,425.55
Total 5 REVENUE EARNED	<u>114,936.63</u>
Total Income	<u>114,936.63</u>
Gross Profit	<u>114,936.63</u>
Expense	
7 EXPENSES - PERSONNEL	
7102 · Safety	107.26
7200 · Salaries, Wages & Benefits	
7210 · Salaries - staff	106,090.66
7230 · Pension Plan Contributions	2,796.34
7240 · Employee Benefits-Insurance	19,556.46
7250 · Payroll Taxes Etc.	10,212.81
7255 · Worker's Comp Insurance	1,017.89
Total 7260 · Paid Time Off	18,853.11
7265 · Jury Duty	-
Total 7200 · Salaries, Wages & Benefits	<u>158,527.27</u>
Total 7 EXPENSES - PERSONNEL	<u>158,634.53</u>
8 NON-PERSONNEL RELATED EXP	
8100 · Non-Personnel Expenses	
8110 · Office Supplies	2.25
Total 8120 · Information Technology	14,969.90
Total 8130 · Telephone & Telecommunications	221.78
8140 · Postage & delivery	(26.45)
Total 8170 · Printing & copying	1,170.17
8195 · Tool bank	17.35
Total 8100 · Non-Personnel Expenses	<u>16,355.00</u>
8200 · Facility Expenses	
8210 · Office Lease	4,346.00
Total 8220 · Utilities	910.84
8230 · Janitorial	529.92
8240 · Facility repairs & maintenance	93.97
8250 · EV Station Repairs & Maintenance	4,596.72
Total 8200 · Facility Expenses	<u>10,477.45</u>
Total 8300 · Travel & Meeting Expense	999.45
Total 8320 · Meetings, workshops & events	111.32

Redwood Coast Energy Authority
Profit & Loss
 April 2017

	<u>TOTAL</u>
8500 - Other Expenses	
8510 - Interest Expense	1,250.00
8530 - Dues & Memberships	515.00
Total 8570 - Advertising & Marketing Expense	3,528.97
8593 - Bank Charges	97.88
8595 - Credit Card Processing Fees	33.75
Total 8500 - Other Expenses	<u>5,425.60</u>
8700 - Professional Services	
8710 - Contracts - Program Related Ser	1,625.00
8740 - Legal	1,980.00
Total 8700 - Professional Services	<u>3,605.00</u>
Total 8 NON-PERSONNEL RELATED EXP	36,973.82
Total 9 INCENTIVES & REBATES	<u>19,381.43</u>
Total Expense	<u>214,989.78</u>
Net Ordinary Income	(100,053.15)
Net Other Income	(159.04)
Net Income	<u><u>(100,212.19)</u></u>



REDWOOD COAST Energy Authority

STAFF REPORT

AGENDA DATE:	June 19, 2017
TO:	Board of Directors
PREPARED BY:	Executive Director, Director of Finance and HR, and Director of Business Planning & Development
SUBJECT:	Financial Management Policy

SUMMARY

Attached is a proposed Financial Management Policy that establishes the financial management duties and procedures of RCEA. Their purpose of the Policy is to ensure that finances are managed transparently, efficiently, and with responsible stewardship. The Policy addresses:

- Division of Duties
- Spending Authority
- The role of Treasurer
- Independent Financial Audits
- Budgeting
- Financial Reporting
- The Development of Accounting and Financial Operating Procedures
- Wholesale Power Procurement (protocols for which have previously established in the Energy Risk Management Policy adopted by the Board in December 2016)
- Operating Reserves
- Bad Debt or Uncollectable Accounts

The Policy lays out high-level financial management authorities, responsibilities, and processes. It also directs that the Director of Finance and HR will develop and maintain detailed staff-level accounting procedures and standards to guide day-to-day financial operations.

RECOMMENDED ACTION:

Adopt Resolution 2017-3 adopting an RCEA Financial Management Policy.

ATTACHMENTS:

Resolution 2017-3, including the proposed Financial Management Policy.

**RESOLUTION NO. 2017-3
OF THE REDWOOD COAST ENERGY AUTHORITY
ADOPTING AN RCEA FINANCIAL MANAGEMENT POLICY**

WHEREAS, RCEA is committed to putting in place a robust set of policies that align with local government best practices to support RCEA's effectiveness and establish a solid organizational foundation for RCEA's programs and projects; and

WHEREAS, the RCEA Board of Directors wishes to establish processes to ensure that RCEA's finances are managed transparently, efficiently, and with responsible stewardship.

NOW, THEREFORE, BE IT RESOLVED, that the Board of the Redwood Coast Energy Authority hereby adopts an RCEA Financial Management Policy as set forth in Appendix A, attached hereto and incorporated herein.

Adopted this ____ day of _____, 2017

ATTEST:

Sheri Woo, RCEA Board Chair

_____, Clerk

Date: _____

Date: _____

CLERK'S CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of Resolution No. 2017-3 passed and adopted at a regular meeting of the Redwood Coast Energy Authority, County of Humboldt, State of California, held on the ____ day of _____, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

Clerk of the Board, Redwood Coast Energy Authority

Appendix A:

REDWOOD COAST ENERGY AUTHORITY

FINANCIAL MANAGEMENT POLICY

1. Introduction

This policy been prepared to define the financial management duties and procedures of the Redwood Coast Energy Authority (RCEA). Their purpose is to ensure that finances are managed transparently, efficiently, and with responsible stewardship. All terms and conditions of other RCEA policies shall apply to this policy. All terms and conditions made pursuant to agreements with grantor agencies and contractors shall apply to this policy.

2. Division of Duties

The following is a list of personnel who have responsibilities for the accuracy and integrity of RCEA's financial management and reporting:

Board of Directors:

- Reviews financial reports.
- Reviews and approves warrants reports of financial transactions.
- Reviews and approves the annual budget as well as interim adjustments.
- Reviews and approves independent financial audits.
- Reviews and approves all contracts for goods and services that will exceed \$20,000 during any fiscal year.
- Designates check signing and disbursement authority, including electronic funds disbursement. Such authority shall include the Board Chair and the Vice Chair.

Executive Director:

- Reviews and approves all financial reports for submission to the Board of Directors.
- Reviews reconciliations of bank accounts.
- Reviews and approves electronic funds transfers with the Director of Finance and Human Resources. This may occur after funds have been transferred.
- Has check signature authority as one of two required signatories.
- Reviews and approves all contracts for goods and services \$20,000 or less during any fiscal year.
- Reviews and approves internal accounting standards and operating procedures and any changes to those procedures.
- Has authority to initiate disbursements and transfer funds, per this policy.

Director of Finance and Human Resources:

- Serves as RCEA Treasurer.
- Approves reconciliations of bank accounts.
- Develops and maintains internal accounting standards and operating procedures to be approved by the Executive Director.

- Reviews and approves electronic funds transfers and submits them to the Executive Director for review and approval. The Executive Director's approval may occur after the funds have been transferred.
- Has check signature authority as one of two required signatories.
- Has authority to initiate disbursements and transfer funds, per this policy.

Director of Business Development and Planning:

- Has check signature authority as one of two required signatories.
- Has authority to initiate disbursements and transfer funds, per this policy.

3. Spending Authority

The Executive Director is authorized to approve expenditures provided that:

- The expenditure complies with the above division of duties so that contracts reasonably expected to cost \$20,000 or more in any fiscal year be approved by the Board of Directors.
- The expenditure is consistent with all adopted RCEA policies, including but not limited to the Energy Risk Management Policy.
- The total cost of the expenditure will not result in exceeding the amount annually budgeted and approved in the applicable category by 5%.

All cash disbursements made by check shall be double-signed by authorized check signors as approved by the Board of Directors. Cash disbursements made by check in excess of \$20,000 for the payment of expenditures not under a contract previously approved by the Board of Directors shall be signed by at least one Board Member who is also an authorized check signor.

All disbursements by electronic funds transfer via the Automated Clearing House (ACH) apparatus shall be approved by two authorized check signors. Such authorization may take the form of an electronic approval or electronic signature. The first approval shall occur prior to the transfer while the second approval may occur subsequent to the transfer. ACH cash disbursement in excess of \$20,000 for the payment of expenditures not under a contract previously approved by the Board of Directors shall be signed by at least one Board Member who is also an authorized check signor.

4. RCEA Treasurer

RCEA's Amended and Restated Joint Powers Agreement establishes that the RCEA Board shall designate a qualified person to service as RCEA Treasurer. The agreement states that Treasurer shall have charge of depositing and maintaining custody of all funds held by the RCEA, and shall maintain strict accountability for all funds and reports of all receipts and disbursements. In addition, the Treasurer shall perform all other duties that may be imposed by applicable law (including Government Code Sections 6505 and 6505.5), RCEA's Joint Powers Agreement, or any rules of the Board.

Through this Policy the Board designates the Director of Finance and Human Resources to serve as RCEA Treasure.

5. Independent Financial Audits

RCEA's Joint Powers Agreement establishes that the RCEA Board shall designate an RCEA Auditor. Through this policy the RCEA Board establishes that it will select a qualified person or entity to perform the function of independent auditor, and that the independent auditor will report directly to the RCEA Board of Directors and will be selected by the board through a process determined by the Board.

The auditor will be responsible for conducting annual financial audits that will be performed according to generally accepted accounting standards and government auditing standards. Audited financial statements, including the auditor's opinion thereon, will be submitted and presented to the RCEA Board for their review and approval after the financial statements have been reviewed by the Director of Finance and HR and the Executive Director.

The Auditor will complete annual audits in a timely fashion and by no later than 10 months after the end of the applicable fiscal year. It is the responsibility of the Director of Finance and HR, as well as all other RCEA staff, to provide any necessary information to the auditor so that audits can be completed in a timely fashion.

6. Budgeting

RCEA's fiscal year is July 1 to June 30; prior to June 30 of each year the Executive Director will submit to the Board of Directors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

Unless otherwise directed by the Board, the Executive Director will present a preliminary draft budget to the Board of Directors and the public at the regularly scheduled May Board of Directors meeting. The final proposed budget will be presented to the Board at its regularly scheduled June business meeting. The Board may choose to hold additional public hearings or study sessions prior to the June business meeting as it sees fit.

During the course of the year the Board may elect to adopt revisions to the annual budget as needed. The annual budget and any subsequent revisions the Board elects to make will be approved by motion of the Board.

7. Financial Reporting

Staff will provide the RCEA Board with regular financial reports, including Warrants Reports of disbursements, monthly profit and loss statements, balance sheets, and year-to-date budget versus actual reports. The Board of Directors may request other reports as it sees fit. The Director of Finance and HR will prepare present these reports monthly for review and approval or acceptance by the Board at their monthly meeting and made available to the public through RCEA's website as well as in hard copy at RCEA's main business office.

8. Accounting and Financial Operating Procedures

Consistent with this and other RCEA policies, generally accepted accounting standards, and any applicable laws the Director of Finance and Human Resources will develop and maintain internal accounting operating procedures and standards to guide day-to-day financial operations. These operating procedures, and any subsequent updates or revisions to them, will be approved by the Executive Director and presented to the board, and also made available for public review on RCEA's website as well as in hard copy at RCEA's main business office.

9. Wholesale Power Procurement

To ensure successful operation of the community choice energy (CCE) program, RCEA has contracted an experienced Power Manager who will be executing on RCEA's behalf the preponderance of power transactions as government by RCEA's Board-adopted Energy Risk Management Policy and RCEA's contract with the Power Manager. Power procurement not included in the authorized transaction types listed in the ERMP, or wholesale power transactions that fall outside of the delegations outlined in the ERMP will be purchased under this policy (e.g. local renewable energy purchase agreements, or transactions exceeding the approved limits).

10. Operating Reserves

During the first 12 months of CCE operations, RCEA will deposit funds in a reserve account such that at least \$5 million is in the account at the end of the first 12 months, and maintain such amount thereafter. The reserve requirement shall be funded from program revenue available after fully funding the aggregate of operating expenses in RCEA's approved budget. After the first 12 months of power procurement, the reserve account will continue to serve as credit support for RCEA power transactions through its contracted Power Manager. The amount in the fund shall be equal or greater than the credit exposure as calculated by the Power Manger on an annual basis.

In the first 12 months of CCE operations RCEA will also establish a minimum operating balance of \$1 million in RCEA's CCE operating account.

In addition to these minimum reserve requirement, the RCEA Board may set additional reserve targets or requirements as it deems appropriate.

11. Bad Debt or Uncollectable Accounts

RCEA shall include in its annual budget a reserve for bad debt or uncollectable accounts. This budgetary reserve will be calculated by the Director of Finance and HR in coordination with RCEA's contracted Power Manager. On an annual basis, if actual collections experience so indicates, the bad debt reserve shall be modified appropriately.



REDWOOD COAST Energy Authority

STAFF REPORT

AGENDA DATE:	June 19, 2017
TO:	Board of Directors
PREPARED BY:	Matthew Marshall, Executive Director
SUBJECT:	RCEA 2017-18 Budget

SUMMARY

Attached is the proposed 2017-18 RCEA Annual Budget; additional information and details are available in the Budget Study Session Staff Report earlier in this packet.

RECOMMENDED ACTION:

Adopt Fiscal Year 2017-18 RCEA Budget.

ATTACHMENT:

Proposed Fiscal Year 2017-18 RCEA Budget.

Redwood Coast Energy Authority Proposed FY17-18 Budget

	Community Choice Energy	Energy Watch & Other Demand Side Management	Electric & Hydrogen Transportation	General & Administrative (allocated across programs)	Total
Ordinary Income/Expense					
Income					
REVENUE EARNED					
Total Revenue - government agencies	-	120,000	148,835	-	268,835
Total Revenue - program related sales	-	10,000	5,000	-	15,000
Total Revenue-nongovernment agencies	-	1,570,364	-	-	1,570,364
Electricity Sales Revenue					
Electricity Sales - Retail Revenue	46,735,993	-	-	-	46,735,993
Electricity Sales - Uncollectable Accounts	(140,208)	-	-	-	(140,208)
Total Electricity Sales Revenue	46,595,785	-	-	-	46,595,785
Total REVENUE EARNED	46,595,785	1,700,364	153,835	-	48,449,983
Total Income	46,595,785	1,700,364	153,835	-	48,449,983
Gross Revenue	46,595,785	1,700,364	153,835	-	48,449,983
Expense					
WHOLESALE POWER SUPPLY	-	-	-	-	-
CAISO	-	-	-	-	-
Total CAISO Energy	5,336,455	-	-	-	5,336,455
Total CAISO Non-Energy Charges	1,830,563	-	-	-	1,830,563
Total CAISO	7,167,018	-	-	-	7,167,018
Bilateral Activity	-	-	-	-	-
Resource Adequacy	2,572,007	-	-	-	2,572,007
Energy Hedges Notional Value	19,298,480	-	-	-	19,298,480
Total RPS Settlements	717,788	-	-	-	717,788
Low Carbon Settlements	518,145	-	-	-	518,145
Total Bilateral Activity	23,106,420	-	-	-	23,106,420
Local Power Purchase Agreements	-	-	-	-	-
Humboldt Redwood Company	4,862,651	-	-	-	4,862,651
Total Local Power Purchase Agreements	4,862,651	-	-	-	4,862,651
TOTAL WHOLESALE POWER SUPPLY	35,136,090	-	-	-	35,136,090

**Redwood Coast Energy Authority
Proposed FY17-18 Budget**

	Community Choice Energy	Energy Watch & Other Demand Side Management	Electric & Hydrogen Transportation	General & Administrative (allocated across programs)	Total
PERSONNEL EXPENSES	1,166,878	778,822	67,029	493,849	2,506,578
FACILITIES AND OPERATIONS	34,600	30,000	8,408	159,968	232,976
COMMUNICATIONS AND OUTREACH	151,400	29,000	3,641	16,000	200,041
TRAVEL AND MEETINGS	27,720	15,800	3,097	2,000	48,617
PROFESSIONAL AND PROGRAM SERVICES					
Contracts - Program Related Services	126,500	70,000	45,529	-	242,029
Wholesale Services - TEA	567,821	-	-	-	567,821
Procurement Credit - TEA	725,576	-	-	-	725,576
Data Management - Calpine	921,508	-	-	-	921,508
Regulatory	25,000	-	-	-	25,000
Accounting	-	-	-	45,000	45,000
Legal	50,000	15,000	-	20,000	85,000
PROFESSIONAL AND PROGRAM SERVICES	2,416,405	85,000	45,529	65,000	2,611,934
PROGRAM EXPENSES	957,897	2,000	5,000	1,000	965,897
INCENTIVES AND REBATES	-	460,000	-	-	460,000
NON OPERATING COSTS	43,302	-	-	22,308	65,610
Total Expense	39,934,292	1,400,622	132,704	760,125	42,227,742
RESERVE REQUIREMENT CONTRIBUTIONS	6,000,000	-	-	-	6,000,000
Net Income	661,493	299,742	21,131	(760,125)	222,241



REDWOOD COAST Energy Authority

STAFF REPORT

AGENDA DATE:	June 19, 2017
TO:	Board of Directors
PREPARED BY:	Richard Engel, Director of Power Resources Andrea Alstone, Power Resources Manager
SUBJECT:	Providing cost-competitive service for non-residential customers receiving Peak Day Pricing

BACKGROUND

Peak Day Pricing is a program offered by PG&E to non-residential customers, designed as a demand response strategy to help manage grid load on days when electricity use is highest. Under the program, customers receive a discount on electric rates during the summer in exchange for paying a penalty through substantially higher rates during certain 'Peak Events' that occur on 9-15 'Peak Days' per year. Peak Events occur between 2pm and 6pm on Peak Days, which are announced by PG&E on the day prior. Peak Day Pricing rates are in effect during the summer season (May 1 to October 31) each year; the rest of the year normal utility rates apply.

California's Community Choice Energy programs such as the one now operated by RCEA are not currently able to offer their customers Peak Day Pricing. Depending on response to Peak Day Pricing signals, rate schedule, and other factors, an individual customer might either "win" or "lose" as a PG&E Peak Day Pricing participant when compared with RCEA's discounted electric prices (without Peak Day Pricing).

There are a total of 4,383 customers eligible for RCEA CCE service who prior to enrollment received Peak Day Pricing. A modest number of these customers have opted out of CCE service specifically to maintain their Peak Day Pricing. These customers are eligible to re-enroll in our program, should they later determine it is in their interest to do so. Table 1 shows a breakdown of Peak Day Pricing customers (prior to CCE enrollment) according to their rate schedule.

Table 1. Peak Day Pricing Customers by Rate Schedule

Rate Schedule	Description	Number of Customers
A1 + other	Small General Service and a small number on misc other rate schedules	3,758
A6	Small General Time-of-Use Service	234
A10	Medium General Demand-Metered Service	154
E19	Medium General Demand-Metered TOU Service	237

A subset of these customers is deemed "at risk" as CCE customers, since analysis performed by The Energy Authority (TEA) has determined that, without a mitigation strategy offered by RCEA, they would likely have lower electricity bills overall by continuing as PG&E generation customers and maintaining their Peak Day Pricing. Those most likely to benefit from Peak Day

Pricing are larger customers with some flexibility in time of day they operate their electrical loads. Water and wastewater plants that can reschedule pumping operations are possible beneficiaries, as are schools that have little summer electric load. These at-risk customers represent 4% of all customers and 10% of total projected CCE load. Expected annual CCE net revenue from these customers, if they do not opt out of the program, would be approximately \$1,100,000.

Staff proposes to mitigate the potential loss to these customers of remaining as RCEA customers during the summer 2017 season by offering a one-time bill-protection program that would mitigate any negative financial impact from losing Peak Day Pricing. This approach is similar to PG&E's Bill Protection program it offers customers new to Peak Day Pricing. Under PG&E's program any customer that would have paid lower total electricity bills without Peak Day Pricing are given a one-time bill credit for the difference and can opt out of the Peak Day Pricing program. TEA has performed an analysis of potential loss or gain for each customer based on their 2015 and 2016 electricity use. TEA's analysis shows that many customers who have been on Peak Day Pricing as PG&E generation customers would likely incur higher overall electric costs as RCEA customers if no mitigation were provided. TEA estimates that it would cost RCEA \$150,000-\$180,000 -- depending on the number of Peak Events and the customer usage during those events -- in lost net revenues to make these customers whole again via a one-time bill credit. Note that this figure is small relative to the annual net revenue these customers potentially contribute to the CCE program by not opting out. The majority of customer credits to be issued would be less than \$1,000 per customer for the entire peak season.

Proposed 2017 Bill-protection Program for Peak Day Pricing Customers:

At the end of the summer Peak Day Pricing season, TEA will repeat their customer-level analysis using actual summer 2017 usage data to calculate what each customer would have paid if they had remained with PG&E and Peak Day Pricing instead of taking service from RCEA. For customers that would have paid less by staying with Peak Day Pricing, TEA will calculate a bill credit representing the amount that each of those customers would have saved. The credit will be applied to the customer's November electric bill.

If the proposed bill protection is approved by the Board, staff will immediately mail a letter (see attached draft) to all Peak Day Pricing customers explaining how the bill credit will work.

This proposed solution is intended to be a one-time measure while staff work to develop a more comprehensive pricing solution for future summer seasons that both meets customer expectations and assists RCEA with its own peak load management and associated procurement costs, the original driver for demand response programs such as Peak Day Pricing.

PG&E offers a similar program to residential customers, known as SmartRate. After consulting with staff from other CCE programs, RCEA staff concluded that the financial risk to individual residential customers of giving up SmartRate pricing is minimal and that the administrative costs of offering bill credits, expected to be quite small in most cases, to affected customers is not justified. Staff instead reached out to the 712 SmartRate customers with a letter, modeled on similar letters sent to SmartRate participants by other CCEs, explaining that SmartRate is not available through the CCE and reiterating the alternative benefits of receiving CCE service.

FINANCIAL IMPACT

The proposed incentive plan will encourage non-residential customers who would otherwise lose financially by remaining customers of the CCE to stay with the program while staff work to develop a more robust alternative to Peak Day Pricing for CCE customers.

The cost of implementing this projected to be under \$200,000, funds that would be returned to customer as additional rate savings. As noted above the cost of the proposed bill protection is small relative to the risk of lost revenue if these customers, many of them key accounts for the program, were to opt out of the CCE.

STAFF RECOMMENDATION:

Approve proposed 2017 Peak Day Pricing Customer Bill Protection Program.

ATTACHMENTS:

Draft letter to Peak Day Pricing Customers



REDWOOD COAST Energy Authority

DRAFT

[DATE], 2017

{Full Name}

{Invoice Address 1}

{Invoice Address 2}

{Invoice City}, {Invoice State} {Invoice Postal Code}

Dear Valued Customer,

BOARD OF DIRECTORS

Michael Winkler
CITY OF ARCATA

Bobbie Ricca
CITY OF BLUE LAKE

Austin Allison
CITY OF EUREKA

Michael Sweeney
CITY OF FERNDALE

Dean Glaser
CITY OF FORTUNA

Sheri Woo
HUMBOLDT BAY
MUNICIPAL WATER
DISTRICT

Estelle Fennell
COUNTY OF HUMBOLDT

Frank Wilson
CITY OF RIO DELL

Dwight Miller
CITY OF TRINIDAD

COMMUNITY ADVISORY COMMITTEE

Norman Bell

Erin Dunn

Richard Johnson

Luna Latimer

Kit Mann

Kathy Srabian

Matty Tittmann

Redwood Coast Energy Authority (RCEA) recently launched its Community Choice Energy program. We are working in partnership with PG&E to offer lower rates and more renewable power to Humboldt County electricity users. With Community Choice Energy, RCEA purchases electricity while PG&E continues to deliver it over the existing power lines, maintain lines, send bills and provide customer services.

During our enrollment period you should have received four notices announcing RCEA's Community Choice Energy program. You are receiving this supplemental letter because our records indicate that you are a participant in PG&E's Peak Day Pricing program, and remaining with RCEA will affect your participation in Peak Day Pricing.

Peak Day Pricing is an optional 'demand response' program currently offered by PG&E that provides you with a discount on your regular power rates May 1 through October 31 in return for a much higher rate between 2 pm and 6 pm on up to 15 'Peak Days' a year – typically hot days where the demand on the electricity grid is high. Depending on the amount of energy you use on Peak Days, you may or may not earn a net discount for the year.

RCEA's electric generation rate schedules are designed to follow the same rate structure as PG&E but cost slightly less. However, at this time, RCEA does not offer an equivalent Peak Day Pricing program. Recognizing that for some customers Peak Day Pricing discounts may more than offset RCEA's lower rates, we are offering a one-time bill credit to offset this potential loss for non-residential customers who choose to participate in Community Choice Energy. This credit will be calculated for each individual customer after the Peak Day Pricing season ends in fall 2017 based on your summer 2017 energy usage and applied to your

633 3rd Street Eureka, CA 95501 | info@redwoodenergy.org | www.RedwoodEnergy.org

November bill. If our calculation indicates that Peak Day Pricing did not result in a net savings relative to RCEA rates, no credit will be applied.

With RCEA, more of your rate dollars stay local and you have a say in Humboldt County's energy future, and you will have the opportunity to participate in future demand response programs from RCEA, tailored to our local energy needs.

If you wish to continue your participation with Community Choice Energy, you do not need to do anything. However, if you would like to continue your participation in the PG&E Peak Day Pricing program, you have the choice to opt out of RCEA service at www.RedwoodEnergy.org or by calling 1-800-931- 7232.

With RCEA you have two options for service. REpower is our standard service, offering more renewable energy and priced slightly lower than PG&E's standard offering. RCEA customers are automatically enrolled in our REpower service.

If you would like to further your commitment to renewable energy, you can upgrade to REpower+ RCEA's 100% renewable electricity service for an additional cost of 1 cent per kilowatt hour (\$0.01/kWh).

RCEA customers continue to receive a single monthly electric from PG&E, with RCEA service charges replacing generation charges previously billed by PG&E. Delivery charges continue to be assessed by PG&E, and are not affected by this change. RCEA electric generation rates and comparison information can be found at www.RedwoodEnergy.org

RCEA is committed to Humboldt County. As a not-for-profit public agency with low overhead costs, we have been working to reduce energy demand, increase energy efficiency, and advance the use of clean, efficient renewable resources since 2003. Community Choice Energy is our latest program to further these efforts. We hope you will enjoy the benefits Community Choice Energy offers Humboldt County. If you have any questions, please call us at 707-269-1700.

Sincerely,

A handwritten signature in blue ink, appearing to read "Matthew Marshall".

Matthew Marshall
Executive Director, Redwood Coast Energy Authority



STAFF REPORT

AGENDA DATE:	June 19, 2017
TO:	Board of Directors
PREPARED BY:	Executive Director, Director of Power Resources
SUBJECT:	Community Choice Energy Program Updates

LAUNCH PROGRESS

Customer Enrollment

The CCE program launch process continues on schedule and with only limited issues. The core phase of customer enrollment was completed in May, and as of June RCEA is proving service to over 60,000 customer accounts. Approximately 3.5% of eligible accounts have opted out. Customers are currently continuing to get their first PG&E bill we RCEA charges as well as their post-enrollment notifications, so this number will continue to rise – but to date program participation remains well above the 10% opt-out projections used for program planning. To date 420 customer have opted up to the Repower+ 100% renewable energy option.

Ferndale Participation

The City of Ferndale adopted their CCE participation ordinance in May, allowing RCEA to begin the process of providing service to customers within Ferndale. Staff is preparing an update to the Implementation Plan to incorporate Ferndale's participation, which will be presented for approval to the RCEA Board in July and then submitted to the CPUC for certification. Pending the CPUC's certification timeline, staff is targeting roll out to Ferndale customers in the fall of 2017.

PG&E NEM Solar Customers Enrollment Error

The schedule for solar Net Energy Metering (NEM) customer enrollment differs from other customers due to the solar bill credit true-up process triggered by the transition to CCE service, with Solar NEM customers scheduled to be transitioned quarterly over the coming year around their regular PG&E true-up date.

RCEA worked with Calpine and PG&E staff to prepare for this alternative schedule for NEM customer; however due to an internal error PG&E triggered a true-up of all NEM customers in May. PG&E caught and reversed the error, but not before several hundred NEM customer bills had been sent out with the erroneous true-up included. PG&E took full responsibility and sent out notification to all impacted customers explaining the error and instructing them to disregard the erroneous bill (the correction will show up on impacted customers' next bill). RCEA is also sending out a notice to solar customers regarding the error and to provide additional information about the actual transition timeline and process for NEM Customers.

Power Resource Operations

There have been no issues to date and everything is functioning smoothly with power resource operations. TEA is continuing to handle the processing of CAISO and bilateral power transactions and scheduling without incident, and customer payments collected by PG&E have begun coming in. Beginning June 1 power deliveries from Humboldt Redwood Company began, with TEA scheduling that power into the CAISO system. A HRC compliance report from the Air District is attached.

DG FAIRHAVEN NEGOTIATIONS

Per the Board's direction staff is continuing to negotiate with DG Fairhaven with the goal of a ~5-year power purchase agreement similar to the one in place with HRC. A draft agreement has been shared and discussed and communications are ongoing, but consensus on a mutually acceptable agreement has not yet been reached with DG Fairhaven leadership.

NEW LOCAL RENEWABLES DEVELOPMENT

The CCE Program Guidelines adopted by the Board last fall contained ambitious targets toward the near-term and long-term development of new local renewable generation. While the majority of staff effort has been focused on the initial steps of getting the program up and running, parallel efforts have been ongoing to work toward staying on track with RCEA's local renewable development goals. Some updates on these efforts:

New Local Solar

Staff has been continuing to explore potential sites for new, larger-scale solar development, particularly with the County and Green Diamond. There has also been a steady flow of vendors and project developers interested in potentially developing a solar project in Humboldt. Staff has been directing interested parties to both our Request for Information for possible solar development sites as well as our open Request for Qualifications for energy service companies. Staff is working to develop in the coming months a plan to move forward toward the board's initial target of 5 MW of new solar by the end of 2018.

Supporting Solar at Community Facilities

Redwood Region Economic Development Commission (RREDC) staff approached RCEA and Headwaters Fund staff about the possibility of developing a program to assist local public agencies with financing and installing solar energy systems. Such a program would align well with the Board's established goal of supporting solar at local critical infrastructure and community facilities. While the current year's budget is not able to provide significant funding for CCE customer programs, the concept being discussed with RREDC and Headwaters staff would only require a limited investment of RCEA staff time to support and so would be a viable concept to implement now. Staff is continuing to work with RREDC and Headwaters to expand the concept into a full program design for consideration by the Board, with a target of being able to launch the program in the fall of 2017.

Marine Renewable Energy

The wave and off-shore wind resources of the waters off of Humboldt's coastline are some of the best in the country. These resources combined with Humboldt Bay's harbor facilities, including the Harbor District's Innovation Park at the former pulp mill, and the existing transmission infrastructure of the Samoa Peninsula make Humboldt Bay a highly desirable location for the development and deployment of marine renewable energy technologies.

There is a large body of existing research and predevelopment work focused on Humboldt County's marine renewable potential, including PG&E's WaveConnect project, the recent US DOE-funded CalWave project that RCEA was a partner on, and numerous federal research studies on technical viability and environmental impacts.

Staff anticipates that the CA Energy Commission is going to be committing increasing funding towards marine renewable energy development. To better prepare for any CEC funding solicitation or other opportunities staff intends to coordinate more closely on this topic with other relevant local partners, including the HSU Schatz Energy Research Center and the Harbor District, to aggregate and align past and ongoing efforts into a cohesive initiative to focus on the long-term, multi-year process of pursuing the potential for local marine renewable energy.

STAFF RECOMMENDATION:

N/A Informational only.

ATTACHMENTS:

Humboldt Redwood Company Compliance Update from the North Coast Unified Air Quality Management District.

**North Coast Unified
Air Quality Management District**

707 L Street, Eureka, CA 95501
Telephone (707) 443-3093 FAX (707) 443-3099
<http://www.ncuaqmd.org>



June 15, 2017

Mr. Matthew Marshall
Executive Director
Redwood Coast Energy Authority (RCEA)
633 3rd Street
Eureka, CA 95501

Re: HRC Compliance Status

Dear Mr. Marshall:

This correspondence is in response to your inquiry as to the compliance status of the Humboldt Redwood Company (HRC) Title V Operating Permit #NCU 060-12 for the Scotia Sawmill (SSM) facility.

On April 20, 2017, the North Coast Unified Air Quality Management District (District) and HRC reached settlement regarding alleged violations of the federal Clean Air Act and District Rules at the Scotia biomass plant primarily for excess emissions of air pollutants such as carbon monoxide and fine particulates.

HRC has agreed to complete multiple steps to ensure future compliance, including inspections and analysis and optimization of control systems, improved monitoring and reporting of air pollutants, and the development of stringent operations plans to minimize emissions of air pollutants. The District believes these changes will improve the operation of the facility and prevent future compliance issues. HRC has also agreed to pay appropriate civil penalties to resolve the alleged violations and will make the numerous required improvements in the next few weeks and coming months.

HRC has already made some progress and the District has indeed seen a reduction in compliance issues. The District has been monitoring for particulate matter in both Scotia and Rio Dell, and will continue to monitor facility operations and ensure completion of all requirements.

If you have any further questions or need additional information, please feel free to contact me.

Sincerely,

Brian Wilson
Air Pollution Control Officer