



# Redwood Coast Energy Authority

633 3<sup>rd</sup> Street

Eureka, CA 95501

Phone: (707) 269-1700 Toll-Free (800) 931-RCEA Fax: (707) 269-1777

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## MEETING AGENDA

**Redwood Coast Energy Resource Center  
633 3<sup>rd</sup> Street, Eureka, CA 95501**

**March 21, 2016  
Monday, 3:15 p.m.**

Redwood Coast Energy Authority will accommodate those with special needs. Arrangements for people with disabilities who attend RCEA meetings can be made in advance by contacting Lexie Fischer at 269-1700 by noon the day of the meeting.

### 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 February 22, 2016 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. CA Energy Commission Grants Audit Result

B. Community Choice Aggregation Development and Operational Services RFP

Accept the proposal for CCA Development and Operational Services submitted by The Energy Authority (TEA), and directs staff to negotiate a contract with TEA subject to final Board approval.

### VII. STAFF REPORTS

A. Matthew Marshall, Executive Director

### VIII. ADJOURNMENT

***The next RCEA Board of Directors Business Meeting is scheduled for  
Monday, April 19, 2016 at 3:15p.m.***



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## MEETING MINUTES

Redwood Coast Energy Resource Center  
633 3<sup>rd</sup> Street, Eureka, CA 95501

February 22, 2016  
Monday, 3:15 p.m.

### I. ROLL CALL

Board Chair Atkins called the meeting to order at 3:15p.m.

Present: Jean Lynch, Sheri Woo, Linda Atkins, Tim Marks, Doug Brower, Virginia Bass.

Absent: Tiara Brown, Dwight Miller.

Staff: Matthew Marshall, Nancy Diamond, Lexie Fischer, Cheryl Clayton.

### II. REPORTS FROM MEMBER ENTITIES

Director Brower announced the intent of Ferndale City Council to include CCA matters in their next Board meeting and requested that Executive Director Marshall work with the City Manager to address the topic.

### III. ORAL COMMUNICATIONS

None.

### IV. CONSENT CALENDAR

A. Approve Minutes of January 11, 2016 Board Meeting.

B. Approve attached Warrants.

C. Accept attached Financial Reports.

M/S/C: Woo, Marks: Approve Consent Calendar items A-C.

### V. REMOVED FROM CONSENT CALENDAR ITEMS

None.

### VI. NEW BUSINESS

#### A. Community Choice Aggregation

Executive Director Marshall reported on the status of the review of the proposals received in response to the CCA program operational and technical services request for proposals. Executive Director Marshall also reported on the ordinance process and an updated timeline regarding the CCA program and provided information regarding Power Charge Indifference Adjustment (PCIA) rates. The Board discussed the PCIA and the timeline.

Damon Owen of Climate HSU provided written information to the Board (attached) and expressed concern regarding the CCA program complying with State Assembly Bill 32, regarding mandatory reporting of greenhouse gas emissions data, and asked the Board how the goals of the CCA align with Assembly Bill 32. Owen also expressed concern that the process of burning biomass emits a high rate of some greenhouse gasses and suggested that the Board consider drafting a long-term plan regarding

carbon emissions. Owen also requested data concerning the local capacity of biomass product to feed the potential plants.

Jack Nounnan provided written information to the Board (attached) presented information from the World Health Organization and US Environmental Protection Agency regarding biomass pollution and asked the Board to consider these impacts as they move forward with the CCA program.

Frank Schmidbauer expressed support for the CCA program and explained that he owns a local lumber company that provides jobs to the community and that the local biomass plants remaining operational is important to local mills, as lumber operations create wood waste that is processed at biomass plants.

Humboldt County Forest Advisor Yana Valachovic expressed support for the CCA program and explained that biomass infrastructure is important to vegetation management and forest restoration, and is both economically and ecologically beneficial to our region, as it processes mill waste locally and reduces forest fuel loading that increases the risk of catastrophic forest fires.

Director Brower thanked the public for their input and asked when the decisions will be made regarding the CCA power mix and the inclusion of local biomass energy.

Executive Director Marshall responded that final decisions on power procurement are likely to not take place for several months, though the Board can provide policy direction for CCA program development at anytime. Executive Director Marshall also clarified that the CCA program, like all RCEA endeavors, would have comply with AB32 and all other applicable state laws. RCEA Legal Council Diamond mentioned that Ordinance No. 2016-1 was drafted with prior RCEA documents, reports, and Board decisions in mind, including the RePower Humboldt Plan.

Director Bass noted that the Board of Supervisors supports the CCA focusing on the use of local renewable energy, and is specifically supportive of using power from local biomass plants, which provides additional benefits to the local economy.

Director Woo recommended that the community participate in the various City board meetings, RCEA board meetings, as well as the regular Board of Supervisors meetings to communicate on CCA matters. Director Woo also noted that all forms of renewable energy have different consequences.

Board Chair Atkins noted that Ordinance No. 2016-1 is the first step for the RCEA Board, and that the next will be the various City Councils decisions to adopt a CCA ordinance in their municipality.

**M/S/C: Bass/Woo: Approve adoption of Ordinance No. 2016-1 Authorizing the Implementation of a Community Choice Aggregation Program by RCEA as the Community Choice Aggregator and consent to read by title alone.**

## **VII. STAFF REPORTS**

A. Executive Director Marshall reported that:

- All 9 new electric vehicle charging stations funded by the CA Energy Commission have been installed are in the process of being activated.

## **VIII. ADJOURNMENT**

Board Chair Atkins adjourned the meeting at 4:33 p.m.

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**Redwood Coast Energy Authority**  
**Warrants Report**  
**As of March 15, 2016**

					Accrual Basis
Type	Date	Num	Name	Memo	Amount
<b>Feb 16</b>					
Check	02/01/2016	EFT	CoPower	February premium	-190.70
Bill Pmt -Check	02/10/2016	Debit	City of Eureka-Water	12/28-1/26/16 Water Service	-86.41
Bill Pmt -Check	02/10/2016	EFT	VISA	January Statement 12/22/15 - 01/21/16	-365.81
Bill Pmt -Check	02/10/2016	EFT	Staples Credit Plan	January Statement	-397.42
Liability Check	02/10/2016	E-pay	EDD	499-0864-3 DE88 Q1 2016 SDI/PIT February QB T	-1,274.43
Liability Check	02/10/2016	E-pay	EDD	499-0864-3 DE88 Q1 2016 ETT/UI February QB T	-907.28
Liability Check	02/10/2016	E-pay	Internal Revenue Service	74-3104616 941 Q1 2016 February QB Tracking # :	-8,394.56
Paychecks	02/10/2016	6258-6276	Payroll		-23,279.04
Bill Pmt -Check	02/10/2016	6277	ABC Office Equipment	January service contract and print charges	-302.36
Bill Pmt -Check	02/10/2016	6278	Best Cleaners	Coverall laundering	-12.50
Bill Pmt -Check	02/10/2016	6279	Boudreau, D.	January mileage	-68.43
Bill Pmt -Check	02/10/2016	6280	Campbell, A.	January mileage	-81.70
Bill Pmt -Check	02/10/2016	6281	Green, M.	January mileage and expenses	-34.78
Bill Pmt -Check	02/10/2016	6282	HSU Fdn FCEV ARV-14-055	July-September Services FCEV ARV-14-055 SP28	-824.95
Bill Pmt -Check	02/10/2016	6283	HSU Fdn EVI ARV-14-046	July-September Services EVI ARV-14-046 SP2890	-2,545.10
Bill Pmt -Check	02/10/2016	6284	Humboldt Bay Christian School	Self-install rebate / Audit 4101 & 4103	-991.23
Bill Pmt -Check	02/10/2016	6285	Koscielak, K.	January mileage	-28.62
Bill Pmt -Check	02/10/2016	6286	Means, M.	January mileage	-8.91
Bill Pmt -Check	02/10/2016	6287	Mission Uniform & Linen	January mat service/janitorial supplies	-66.48
Bill Pmt -Check	02/10/2016	6288	MGC	Rose Room 2/12/16 - CCA Presentation	-40.00
Bill Pmt -Check	02/10/2016	6289	North Coast Cleaning	January Cleaning Service	-365.00
Bill Pmt -Check	02/10/2016	6290	Pacific Paper Company	Office supplies	-63.72
Bill Pmt -Check	02/10/2016	6291	Petrella, A.	January mileage	-79.64
Bill Pmt -Check	02/10/2016	6292	PG&E EV	January electric / Fortuna EV	-130.73
Bill Pmt -Check	02/10/2016	6293	PG&E Utility Account	January utilities/OBF	-1,392.34
Bill Pmt -Check	02/10/2016	6294	Pierson's	EV Station Tool Kit	-57.63
Bill Pmt -Check	02/10/2016	6295	Platt/Rexel	Voltage Tester for EVCN Tool Kit	-22.84
Bill Pmt -Check	02/10/2016	6296	Pierson Co.	Contract services: McK Shopping Ctr. EV Station, J	-8,999.10
Bill Pmt -Check	02/10/2016	6297	Recology	January garbage service	-75.27
Bill Pmt -Check	02/10/2016	6298	SDRMA Dental	February Premium	-670.12
Bill Pmt -Check	02/10/2016	6299	SDRMA Medical	March premium	-9,894.00
Bill Pmt -Check	02/10/2016	6300	Sequoia Personnel Services	Temp services 1/25-1/31/16	-144.00
Bill Pmt -Check	02/10/2016	6301	Terry, P.	January mileage	-21.28
Bill Pmt -Check	02/10/2016	6302	Tolley, M.	January mileage	-26.84
Bill Pmt -Check	02/10/2016	6303	Winker, B.	January Expenses	-151.17
Bill Pmt -Check	02/10/2016	6304	County of Lake	Pro-rated legal expenses / CCA RFP	-693.00
Bill Pmt -Check	02/10/2016	6305	North Coast Unified Air Quality	Contract Services / Alt Fuels	-645.42
Bill Pmt -Check	02/10/2016	6306	AMEX	January Statement 1/25/15	-162.92
Bill Pmt -Check	02/17/2016	Debit	Humboldt Mediation Services	Workshop: Communication-Conflict Mgmt. / B. Wink	-60.00
Check	02/24/2016	Debit	Costco	Janitorial/office supplies, workshop hospitality	-111.75
Check	02/24/2016	Debit	Grocery Outlet	Hospitality supplies	-3.78

Type	Date	Num	Name	Memo	Amount
Bill Pmt -Check	02/24/2016	EFT	Verizon Wireless	January tablet/cell service for field staff/mobile broad	-115.29
Liability Check	02/24/2016	E-pay	EDD	499-0864-3 DE88 Q1 2016 SDI/PIT February QB T	-1,326.61
Liability Check	02/24/2016	E-pay	EDD	499-0864-3 DE88 Q1 2016 ETT/SUI February QB T	-642.77
Liability Check	02/24/2016	E-pay	Internal Revenue Service	74-3104616 941 Q1 2016 February QB Tracking #	-8,845.18
Bill Pmt -Check	02/25/2016		PG&E EV	QuickBooks generated zero amount-CREDIT BALAN	0.00
Paychecks	02/25/2016	6307-6327	Payroll		-25,011.20
Liability Check	02/25/2016	6328	Umpqua Bank	74-3104616 HSA Deposit-February	-558.36
Liability Check	02/25/2016	6329	Calvert	74-3104616 February Deposit	-4,689.08
Check	02/25/2016	6330	Cash:Brown, Robert	EUC Project Completion Refund - Receipt #10070	-500.00
Bill Pmt -Check	02/25/2016	6331	AT&T	February telephone service	-318.78
Bill Pmt -Check	02/25/2016	6332	Bishop, M.	Hospitality-CCA presentation/Fortuna 2/12/16	-38.59
Bill Pmt -Check	02/25/2016	6333	Cornerstone Computers	VOID: Hard drives, netgear switch, cables	0.00
Bill Pmt -Check	02/25/2016	6334	County of Humboldt-Public Works	Fields Landing Park self-install rebate / Audit 4087	-2,160.86
Bill Pmt -Check	02/25/2016	6335	County of Lake	Share-of-Cost legal services for CCA RFP	-84.00
Bill Pmt -Check	02/25/2016	6336	Diamond, Nancy	Legal services	-1,295.00
Bill Pmt -Check	02/25/2016	6337	Eureka City Schools	Winzler Children's Center self-install rebate / Audit 4	-655.73
Bill Pmt -Check	02/25/2016	6338	EVSE LLC	EV station electrical tester	-621.33
Bill Pmt -Check	02/25/2016	6339	FedEx	Delivery	-25.95
Bill Pmt -Check	02/25/2016	6340	HSU Fdn FCEV ARV-14-055	October Services ARV-14-055 SP29019/000163	-721.22
Bill Pmt -Check	02/25/2016	6341	HSU Fdn Alt Fuel ARV-13-012	October Services ARV-13-012 SP29015/000163	-2,427.56
Bill Pmt -Check	02/25/2016	6342	HSU Fdn EVCN ARV-13-029	September Services ARV-13-029 SP28909/000163	-4,681.44
Bill Pmt -Check	02/25/2016	6343	Kokatat	Kokatat self-install rebate / Audit 3826	-140.00
Bill Pmt -Check	02/25/2016	6344	Northern California Glove	Shoe covers	-21.70
Bill Pmt -Check	02/25/2016	6345	Petrella, A.	February Mileage	-121.23
Bill Pmt -Check	02/25/2016	6346	PG&E Utility Account	February Utilities	-880.97
Bill Pmt -Check	02/25/2016	6347	Ramone's	Hospitality-Home Upgrade workshop	-46.49
Bill Pmt -Check	02/25/2016	6348	Redwood Acres	Booth Fee: 2016 Home & Rec Show	-125.00
Bill Pmt -Check	02/25/2016	6349	Suddenlink Media	Booth Fee: 2016 Home & Rec Show	-375.00
Bill Pmt -Check	02/25/2016	6350	Winzler, John	Office Lease - March	-4,100.00
Bill Pmt -Check	02/25/2016	6351	Sequoia Personnel Services	Temporary Services 2/8 thru 2/22/16	-877.50
Bill Pmt -Check	02/25/2016	6352	Cornerstone Computers	Hard drives, netgear switch, cables	-687.40
Feb 16					-125,765.50

#### Mar 1 - 15, 16

Check	03/01/2016	EFT	CoPower	March premium	-202.00
Liability Check	03/10/2016	E-pay	EDD	499-0864-3 DE88 Q1 2016 SDI/PIT March QB Trac	-1,272.64
Liability Check	03/10/2016	E-pay	EDD	499-0864-3 DE88 1Q 2016 ETT/UI March QB Trac	-389.53
Liability Check	03/10/2016	E-pay	Internal Revenue Service	74-3104616 941 Q1 2016 March QB Tracking # 262	-8,557.34
Check	03/11/2016	6375	Redwood Coast Energy Authority	Deposit to Chase DD Account	-52,000.00
Bill Pmt -Check	03/11/2016	6376	AMEX	February Statement 2/25/15	-84.23
Bill Pmt -Check	03/11/2016	6377	Bishop, M.	February Mileage	-12.85
Bill Pmt -Check	03/11/2016	6378	Blue Lake Rancheria	Site Host Reimbursement 003-BLU-RAN-003 10/1/1	-166.19
Bill Pmt -Check	03/11/2016	6379	Central Office, The	Outside Copy & Print Services	-24.46
Bill Pmt -Check	03/11/2016	6380	City of Arcata	Site Host Reimbursement 002-ARC-FST-002 10/1/1	-257.51
Bill Pmt -Check	03/11/2016	6381	City of Blue Lake	Site Host Reimbursement 004-BLU-CTY-005 10/1/1	-2.69

Type	Date	Num	Name	Memo	Amount
Bill Pmt -Check	03/11/2016	6382	City of Fortuna	180 Dinsmore Dr. self-install rebate/Audit 4017	-6,611.50
Bill Pmt -Check	03/11/2016	6383	Cornerstone Computers	Logitech R400 Wireless Presenter, M325 Mouse	-76.13
Bill Pmt -Check	03/11/2016	6384	County of Humboldt-Public Works	Parks Dept-3701 Boeing Ave self-install rebate/Audi	-1,565.04
Bill Pmt -Check	03/11/2016	6385	Durant, M.	Graphic Design Services	-368.75
Bill Pmt -Check	03/11/2016	6386	Energy Wise America	Ayers Distributing self-install rebate / Audit 4143	-12,914.23
Bill Pmt -Check	03/11/2016	6387	Fischer, A.	February expenses	-27.82
Bill Pmt -Check	03/11/2016	6388	GHD	Site Host Reimbursement 001-EUR-GHD-001 10/1/	-53.82
Bill Pmt -Check	03/11/2016	6389	Green, M.	February mileage	-34.96
Bill Pmt -Check	03/11/2016	6390	HSU Fdn FCEV ARV-14-055	December Services ARV-14-055 SP29283/000163	-329.17
Bill Pmt -Check	03/11/2016	6391	HSU Fdn Alt Fuel ARV-13-012	Contract Services	-7,397.16
Bill Pmt -Check	03/11/2016	6392	HSU Fdn EVCN ARV-13-029	Contract Services	-1,938.70
Bill Pmt -Check	03/11/2016	6393	HSU Fdn EVI ARV-14-046	Contract Services	-3,922.27
Bill Pmt -Check	03/11/2016	6394	Jewett, J.	February Mileage	-9.18
Bill Pmt -Check	03/11/2016	6395	Koscielak, K.	February mileage	-89.64
Bill Pmt -Check	03/11/2016	6396	Martin, D.	February Mileage	-10.21
Bill Pmt -Check	03/11/2016	6397	McKeever Energy & Electric, Inc.	Arcata Technology Partners Rebate / Audit	-3,880.23
Bill Pmt -Check	03/11/2016	6398	Means, M.	February mileage	-8.64
Bill Pmt -Check	03/11/2016	6399	Mission Uniform & Linen	February door mat service/janitorial supplies	-69.86
Bill Pmt -Check	03/11/2016	6400	North Coast Cleaning	February Cleaning Service	-402.00
Bill Pmt -Check	03/11/2016	6401	Pacific Paper Company	Office supplies	-97.92
Bill Pmt -Check	03/11/2016	6402	Petrella, A.	February mileage	-36.13
Bill Pmt -Check	03/11/2016	6403	Pierson's	Hardware & Supplies	-105.59
Bill Pmt -Check	03/11/2016	6404	Recology	February garbage service	-75.27
Bill Pmt -Check	03/11/2016	6405	Scrapper's Edge	Copy/Print service	-17.58
Bill Pmt -Check	03/11/2016	6406	SDRMA Dental	March Premium	-814.65
Bill Pmt -Check	03/11/2016	6407	SDRMA Medical	April premium	-11,817.72
Bill Pmt -Check	03/11/2016	6408	Sequoia Personnel Services	Temporary Services 2/22-2/28	-265.50
Bill Pmt -Check	03/11/2016	6409	Shafer's Ace	Hardware & Supplies	-64.14
Bill Pmt -Check	03/11/2016	6410	Terry, P.	February mileage	-84.29
Bill Pmt -Check	03/11/2016	6411	Tolley, M.	February mileage	-35.26
Bill Pmt -Check	03/11/2016	6412	Verizon Wireless	February tablet/cell service for field staff/mobile broa	-115.97
Bill Pmt -Check	03/11/2016	6413	Winker, B.	February expense reimbursement	-88.92
Bill Pmt -Check	03/11/2016	6414	City of Eureka-Water	Water service 1/26/16 - 2/25/16	-100.67
Bill Pmt -Check	03/14/2016	EFT	VISA	February Statement 1/22/16-2/19/16	-249.87
Bill Pmt -Check	03/14/2016	EFT	Staples Credit Plan	February Statement	-71.45
Mar 1 - 15, 16					-116,719.68
<b>TOTAL</b>					<b>-242,485.18</b>

## Redwood Coast Energy Authority

### Credit Card Accounts Report

Type	Date	Num	Name	Memo	Amount	Balance
<b>2007 - American Express</b>						<b>446.57</b>
Bill	01/06/2016	December	AMEX	December statement 12/25/15	-283.65	162.92
Credit Card Charge	01/07/2016	1079782S	Travel Store	Booking fee: Biondini/Winker, EUCA Worksho	12.00	174.92
Credit Card Charge	01/13/2016	394555	Enterprise	L. Biondini: EUCA Training Workshop, Sacra	72.23	247.15
Bill	01/25/2016	January	AMEX	January Statement 1/25/15	-162.92	84.23
Credit Card Charge	02/02/2016	395200	Enterprise	Marshall: Sonoma Clean Power, Santa Rosa,	35.71	119.94
Bill	02/25/2016	February	AMEX	February Statement 2/25/15	-84.23	35.71
Total 2007 - American Express					-410.86	35.71
<b>2006 - VISA-3751</b>						<b>241.63</b>
Bill	12/21/2015		VISA	December Statement 11/21/15 - 12/21/15	-241.63	0.00
Bill Pmt -CCard	12/23/2015	November	City of Eureka-Water	10/27-11/30/15 Water Service	114.93	114.93
Credit Card Charge	12/25/2015	December	Uberconference	Conference call subscription	11.36	126.29
Credit Card Charge	01/01/2016	Visa	Square	January Card Reader Fee	20.00	146.29
Credit Card Charge	01/07/2016	January	U-Verse	January DSL service	92.88	239.17
Credit Card Charge	01/12/2016	TVNF5MMKZX2	HAF	Grantwriting Basics / Fischer - 2/16/16	105.00	344.17
Credit Card Charge	01/13/2016	800011	Pitney Bowes	January rental	21.64	365.81
Bill	01/21/2016	January	VISA	January Statement 12/22/15 - 01/21/16	-365.81	0.00
Bill Pmt -CCard	01/22/2016	December	City of Eureka-Water	11/30-12/28/15 Water Service	79.28	79.28
Credit Card Charge	01/25/2016	January	Uberconference	Conference call subscription	11.07	90.35
Credit Card Charge	01/29/2016	January	U-Verse	January DSL service	92.88	183.23
Credit Card Charge	02/01/2016	Visa	Square	February card reader fee	20.00	203.23
Credit Card Charge	02/12/2016	3947	SnuggPro	Modeling report 56111	25.00	228.23
Credit Card Charge	02/12/2016	320832	Pitney Bowes	February meter rental	21.64	249.87
Credit Card Charge	02/19/2016	3996	SnuggPro	Modeling report / Job 49650	25.00	274.87
Bill	02/19/2016	February	VISA	February Statement 1/22/16-2/19/16	-249.87	25.00
Credit Card Charge	02/29/2016	February	U-Verse	February DSL service	92.88	117.88
Total 2006 - VISA-3751					-123.75	117.88
<b>TOTAL</b>					<b>-534.61</b>	<b>153.59</b>

**Redwood Coast Energy Authority**  
**Profit & Loss Budget vs. Actual**  
July 2015 through January 2016

	<b>Jul '15 - Jan 16</b>	<b>Budget</b>	<b>% of Budget</b>
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
<b>Total 4 GRANTS AND DONATIONS</b>	5,000.00	5,000.00	100.0%
<b>5 REVENUE EARNED</b>			
<b>Total 5000 · Revenue - government agencies</b>	356,305.35	792,198.00	45.0%
<b>Total 5100 · Revenue - program related sales</b>	9,621.84	17,500.00	55.0%
<b>5300 · Revenue - investments</b>	0.00	200.00	0.0%
<b>Total 5400 · Revenue-nongovernment agencies</b>	839,495.50	1,549,150.00	54.2%
<b>Total 5 REVENUE EARNED</b>	1,205,422.69	2,359,048.00	51.1%
<b>Total Income</b>	1,210,422.69	2,364,048.00	51.2%
<b>Gross Profit</b>	1,210,422.69	2,364,048.00	51.2%
<b>Expense</b>			
<b>7 EXPENSES - PERSONNEL</b>			
<b>7101 · Screening/Testing Services</b>	81.79	600.00	13.6%
<b>7102 · Safety</b>	0.00	1,000.00	0.0%
<b>7200 · Salaries, Wages &amp; Benefits</b>			
<b>7210 · Salaries - staff</b>	375,988.62	694,500.00	54.1%
<b>7220 · Wages - interns</b>	33,046.41	58,800.00	56.2%
<b>7230 · Pension Plan Contributions</b>	11,223.94	22,500.00	49.9%
<b>7240 · Employee Benefits-Insurance</b>	104,449.04	230,200.00	45.4%
<b>7250 · Payroll Taxes Etc.</b>	43,736.98	77,000.00	56.8%
<b>7255 · Worker's Comp Insurance</b>	4,072.41	13,700.00	29.7%
<b>Total 7260 · Paid Time Off</b>	62,623.25	108,000.00	58.0%
<b>7265 · Jury Duty</b>	73.65		
<b>Total 7200 · Salaries, Wages &amp; Benefits</b>	635,214.30	1,204,700.00	52.7%
<b>Total 7 EXPENSES - PERSONNEL</b>	635,296.09	1,206,300.00	52.7%
<b>8 NON-PERSONNEL RELATED EXP</b>			
<b>8100 · Non-Personnel Expenses</b>			
<b>8110 · Office Supplies</b>	2,817.03	5,000.00	56.3%
<b>8111 · Furniture &amp; Equipment</b>	291.63	2,800.00	10.4%
<b>Total 8120 · Information Technology</b>	5,444.31	15,000.00	36.3%
<b>Total 8130 · Telephone &amp; Telecommunications</b>	3,309.42	6,500.00	50.9%
<b>8140 · Postage &amp; delivery</b>	1,121.60	1,800.00	62.3%
<b>Total 8170 · Printing &amp; copying</b>	4,337.75	7,500.00	57.8%
<b>Total 8180 · Books, subscriptions, edu matls</b>	830.13	1,000.00	83.0%
<b>8190 · Exhibits &amp; displays</b>	0.00	800.00	0.0%
<b>8195 · Tool bank</b>	1,224.23	4,000.00	30.6%
<b>8100 · Non-Personnel Expenses - Other</b>	10.00		
<b>Total 8100 · Non-Personnel Expenses</b>	19,386.10	44,400.00	43.7%



	<b>Jul '15 - Jan 16</b>	<b>Budget</b>	<b>% of Budget</b>
<b>8200 - Facility Expenses</b>			
8210 - Office Lease	28,700.00	49,200.00	58.3%
Total 8220 - Utilities	5,056.70	10,000.00	50.6%
8230 - Janitorial	3,444.93	6,500.00	53.0%
8240 - Facility repairs & maintenance	569.43	3,500.00	16.3%
8250 - EV Station Repairs & Maintenan	1,788.76	1,200.00	149.1%
<b>Total 8200 - Facility Expenses</b>	<b>39,559.82</b>	<b>70,400.00</b>	<b>56.2%</b>
<b>Total 8300 - Travel &amp; Meeting Expense</b>	<b>8,092.71</b>	<b>17,000.00</b>	<b>47.6%</b>
<b>Total 8320 - Meetings, workshops &amp; events</b>	<b>2,700.01</b>	<b>6,500.00</b>	<b>41.5%</b>
<b>8500 - Other Expenses</b>			
8520 - Insurance P&L	650.00	8,400.00	7.7%
8530 - Dues & Memberships	2,386.01	3,500.00	68.2%
8540 - Staff Development	542.76	4,000.00	13.6%
Total 8560 - Website Expenses	192.50	500.00	38.5%
Total 8570 - Advertising & Marketing Expense	5,531.68	10,000.00	55.3%
8591 - Use Tax	0.00	300.00	0.0%
8592 - Service Charge	0.00	200.00	0.0%
8593 - Bank Charges	10.00	200.00	5.0%
8595 - Credit Card Processing Fees	241.38	500.00	48.3%
8596 - Flex Billing Service Fee	102.76		
8597 - EV Site Host Pmts	1,150.09		
<b>Total 8500 - Other Expenses</b>	<b>10,807.18</b>	<b>27,600.00</b>	<b>39.2%</b>
<b>8600 - Capital Development - Facility</b>			
8615 - EV Station Equip-Svcs-Supplies	112,162.52	115,000.00	97.5%
8600 - Capital Development - Facility - Other	0.00	1,000.00	0.0%
<b>Total 8600 - Capital Development - Facility</b>	<b>112,162.52</b>	<b>116,000.00</b>	<b>96.7%</b>
<b>8700 - Professional Services</b>			
8710 - Contracts - Program Related Ser	123,454.75	478,440.00	
8720 - Accounting	200.00	30,000.00	0.7%
8730 - Graphic Design	431.25		
8740 - Legal	17,453.85	40,000.00	43.6%
8750 - Organizational Development	0.00	500.00	0.0%
8760 - Temporary Services	144.00		
<b>Total 8700 - Professional Services</b>	<b>141,683.85</b>	<b>548,940.00</b>	<b>25.8%</b>
<b>Total 8 NON-PERSONNEL RELATED EXP</b>	<b>334,392.19</b>	<b>830,840.00</b>	<b>40.2%</b>
<b>Total 9 INCENTIVES &amp; REBATES</b>	<b>254,483.04</b>	<b>359,000.00</b>	<b>70.9%</b>
<b>Total Expense</b>	<b>1,224,171.32</b>	<b>2,396,140.00</b>	<b>51.1%</b>
<b>Net Ordinary Income</b>	<b>-13,748.63</b>	<b>-32,092.00</b>	<b>42.8%</b>
<b>Other Income/Expense</b>			
Total Other Income	1,320.00		
Total Other Expense	1,272.32	1,908.00	66.7%
<b>Net Other Income</b>	<b>47.68</b>	<b>-1,908.00</b>	<b>-2.5%</b>
<b>Net Income</b>	<b>-13,700.95</b>	<b>-34,000.00</b>	<b>40.3%</b>

# Redwood Coast Energy Authority

## Balance Sheet

As of January 31, 2016

	Jan 31, 16
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
1060 · Umpqua Checking-9271	131,972.53
1000 · COUNTY TREASURY 3839	100,208.96
1010 · Petty Cash	125.00
Total 1050 · GRANTS & DONATIONS 3840	17,468.42
Total Checking/Savings	249,774.91
Total Accounts Receivable	417,285.82
Other Current Assets	
1102 · Paypal Account Balance	79.87
1120 · Inventory Asset	47,232.14
1202 · Prepaid Expenses	12,939.00
1205 · Prepaid Insurance	13,688.23
Total 1210 · Retentions Receivable	42,749.79
Total Other Current Assets	116,689.03
Total Current Assets	783,749.76
Fixed Assets	
1500 · Fixed Asset	93,591.39
1600 · Accumulated depreciation	-26,492.00
Total Fixed Assets	67,099.39
Other Assets	
1700 · Retained Deposits	4,100.00
Total Other Assets	4,100.00
<b>TOTAL ASSETS</b>	<b>854,949.15</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Total Accounts Payable	48,507.73
Total Credit Cards	664.88
Other Current Liabilities	
2001 · Accounts Payable-Other	12,939.00
2012 · PG&E Deferred Revenue	11,700.00
Total 2100 · Payroll Liabilities	62,915.09
Total 2210 · Retentions Payable	20,550.51
Total Other Current Liabilities	108,104.60
Total Current Liabilities	157,277.21
Total Long Term Liabilities	10,337.57
Total Liabilities	167,614.78
Equity	
2320 · Investment in Capital Assets	49,700.66
3900 · Fund Balance	651,334.66
Net Income	-13,700.95
Total Equity	687,334.37
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>854,949.15</b>

**Redwood Coast Energy Authority**  
**Profit & Loss**  
January 2016

	<b><u>TOTAL</u></b>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
<b>5 REVENUE EARNED</b>	
Total 5000 · Revenue - government agencies	20,665.13
Total 5100 · Revenue - program related sales	64.61
Total 5400 · Revenue-nongovernment agencies	134,426.06
<b>Total 5 REVENUE EARNED</b>	<b><u>155,155.80</u></b>
<b>Total Income</b>	<b><u>155,155.80</u></b>
<b>Gross Profit</b>	<b>155,155.80</b>
<b>Expense</b>	
<b>7 EXPENSES - PERSONNEL</b>	
<b>7200 · Salaries, Wages &amp; Benefits</b>	
7210 · Salaries - staff	42,098.86
7220 · Wages - interns	1,935.40
7230 · Pension Plan Contributions	1,672.62
7240 · Employee Benefits-Insurance	16,523.30
7250 · Payroll Taxes Etc.	7,303.67
7255 · Worker's Comp Insurance	527.62
Total 7260 · Paid Time Off	16,013.11
7265 · Jury Duty	0.00
<b>Total 7200 · Salaries, Wages &amp; Benefits</b>	<b><u>86,074.58</u></b>
<b>Total 7 EXPENSES - PERSONNEL</b>	<b>86,074.58</b>
<b>8 NON-PERSONNEL RELATED EXP</b>	
<b>8100 · Non-Personnel Expenses</b>	
8110 · Office Supplies	316.76
Total 8130 · Telephone & Telecommunications	611.17
8140 · Postage & delivery	83.97
Total 8170 · Printing & copying	302.36
<b>Total 8100 · Non-Personnel Expenses</b>	<b><u>1,314.26</u></b>
<b>8200 · Facility Expenses</b>	
8210 · Office Lease	4,100.00
Total 8220 · Utilities	1,366.67
8230 · Janitorial	431.48
8250 · EV Station Repairs & Maintenan	423.55
<b>Total 8200 · Facility Expenses</b>	<b><u>6,321.70</u></b>
<b>Total 8300 · Travel &amp; Meeting Expense</b>	<b>698.89</b>
<b>Total 8320 · Meetings, workshops &amp; events</b>	<b>980.31</b>

	<b><u>TOTAL</u></b>
<b>8500 · Other Expenses</b>	
8520 · Insurance P&L	375.00
8530 · Dues & Memberships	1,156.00
8540 · Staff Development	105.00
<b>Total 8560 · Website Expenses</b>	<b>15.00</b>
<b>Total 8570 · Advertising &amp; Marketing Expense</b>	<b>14.00</b>
8595 · Credit Card Processing Fees	20.00
8596 · Flex Billing Service Fee	14.61
<b>Total 8500 · Other Expenses</b>	<b><u>1,699.61</u></b>
<b>8700 · Professional Services</b>	
8710 · Contracts - Program Related Ser	9,999.00
8740 · Legal	2,072.00
8760 · Temporary Services	144.00
<b>Total 8700 · Professional Services</b>	<b><u>12,215.00</u></b>
<b>Total 8 NON-PERSONNEL RELATED EXP</b>	<b>23,229.77</b>
<b>Total 9 INCENTIVES &amp; REBATES</b>	<b><u>7.31</u></b>
<b>Total Expense</b>	<b><u>109,311.66</u></b>
<b>Net Ordinary Income</b>	<b>45,844.14</b>
<b>Other Income/Expense</b>	
<b>Total Other Expense</b>	<b><u>318.08</u></b>
<b>Net Other Income</b>	<b><u>-318.08</u></b>
<b>Net Income</b>	<b><u><u>45,526.06</u></u></b>

**RCEA AGENDA  
Staff Report**

**RE:** RCEA Board of Directors CCA Subcommittee and RCEA CCA Technical Advisory Group recommendation that the contract for CCA Development and Operations Services be awarded to TEA - The Energy Authority.

**For Agenda Date: 3-21-2016**

**SUMMARY**

**RFP Background**

On December 1, 2015 RCEA issued a Request for Proposals (RFP) to select a qualified entity or group of entities to provide comprehensive services to support RCEA with the development, financing, launch, and operations of a Community Choice Aggregation (CCA) program for Humboldt County.

The RFP solicited proposals that offer a comprehensive service that addresses the complete range of requirements for CCA development, launch, and ongoing operations for a 5-year contract term. Under this model, RCEA will incur no upfront costs from the Proposer; the development and launch phases of the Scope of Work would be undertaken by the Proposer at risk and the Proposer would receive on-going operations fees after and contingent on the successful launch of the program.

**Proposals received**

RCEA received four responses to the RFP from:

- California Clean Power, in partnership with First Community Bank, EDMS, Day Carter & Murphy, SunPower, Shaw/Yonder/Antwih, Local Power, and SunPower Corporation.
- Community Choice Partners, in partnership with Alliance of Cooperative Energy Power Marketing Services, Gas & Power Technologies, AGR Group, TESLA, Energy Exemplar, Maher Accountancy, and EQ Research.
- Tanoak Energy Advisors, in Partnership with EDMS, Lloyd Rowe, and Morgan Stanley Capital Group.
- TEA - The Energy Authority, in partnership with Noble Americas, LEAN Energy US, Green Ideals, Braun Blaising, McLaughlin, & Smith, and Richards, Watson & Gershorn.

Attached are the executive summaries of the four proposals, and the full proposal documents are available at:

<http://www.redwoodenergy.org/index.php/renewable-energy/community-choice-aggregation>

Also attached is a summary sheet that outlines each proposal team, their roles in providing services, and the items (indicated in green) included in the cost proposal.

The proposals offer different fee-calculation methodologies and do not include all of the same major cost items; to provide a clearer “apples-to-apples” comparison staff prepared the table below using standardize assumptions of the CCA customer base and load. Staff also provided rough estimates of items related to the CA Clean Power and Community Choice Partners proposals for items included in their service offerings but that would have additional external costs not included directly in the proposed service fee.

Proposer:	5 year total proposed fees	Estimated additional projected costs not included in fee	Comparative total estimated 5-year cost
CA Clean Power	\$11,817,799	\$1,084,400*	\$12,902,199
CC Partners	\$11,077,059	\$1,656,000**	\$12,733,059
Tanoak	\$12,860,546	0	\$12,860,546
TEA	\$12,804,845***	0	\$12,804,845

*Notes & assumptions:*

Assumes 55,941 meters and 695,165 MWh for years 2-5, no fees charged year 1

\*Additional scheduling coordination cost of ~\$0.40/MWh for CA Clean Power estimated from recent San Francisco Water and Power scheduling coordination RFP result, conversation with Sonoma Clean Power, and comparative cost from other proposals.

\*\*Additional credit and working-capital financing estimate for CC Partners based on methodology provided by proposer. This number could vary significantly –up or down-- depending on RCEA decisions around renewable energy procurement as opposed a focus on rapidly building a reserve fund. The above estimate assumes RCEA will be able to aggressively build a reserve fund to phase out the need for financing by the end of the 5-year contract period.

\*\*\*TEA 5 year total assumes average CPI increase of 1.7%, based off of the average annual CPI increase from 2011-2015.

## Review Process and Recommendation

The RCEA Board of Directors CCA Subcommittee and the RCEA CCA Technical Advisory Group recommend the contract for CCA Development and Operations Services be awarded to TEA - The Energy Authority. The notice of proposed contract award is attached, and lists the members of the technical advisory group (the members of the group were proposed by staff and approved by the RCEA Board at its September 2015 meeting).

Proposals were reviewed, evaluated and scored by RCEA's CCA technical advisory group and Board CCA Subcommittee, and this process included in-person interviews with representatives of all four proposal teams. The review team scoring results are below (the detailed scoring summary is attached). Executive Director Marshall facilitated and participated in the process but did not contribute to the scoring.

Proposal Prime Contractor:	Score
TEA – The Energy Authority	91
California Clean Power	76
Tanoak Energy Advisors	72
Community Choice Partners	71

The review team unanimously agreed on TEA as the recommended provider, and provided the following input regarding their recommendation:

“The review team strongly recommends selecting TEA as RCEA's CCA development and operations service provider. Their proposal and interview were both superior to those of the other teams, they exhibited the greatest depth and experience, they have assembled a tight knit team with an effective management structure, they have demonstrated a thorough understanding of what needs to be done and have a well developed plan for carrying out the required tasks, and they have expressed a passion for and commitment to the success of our project.

“The TEA project team consists of three key partners that together provide the critical services that will be necessary. Each partner has substantial experience and expertise in their respective areas. This includes TEA as the technical lead handling power planning and procurement. They have 18 years of experience providing these services for public power agencies such as municipal utilities and cooperatives. Nobel Americas Energy Solutions will provide back office services, including data management, billing services, and customer call center functions. They already provide many of these services for other CCAs in California and have a wealth of direct experience in this area. They also already have a call center that can easily be adapted to handle call center duties for the new RCEA CCA. Finally, LEAN Energy will provide services in CCA development and program planning, customer outreach, education and marketing, and legal and regulatory support. LEAN has been involved with CCAs in California for a number of years and has a proven track record in this regard.”

#### **TEA proposal eligibility**

RCEA has received allegations that LEAN Energy, a subcontractor and partner to TEA in its proposal to RCEA, has a conflict of interest which prohibits the RCEA Board from entering into a contract with TEA. The allegations assert that LEAN worked as a consultant to the RCEA in the development of the CCA operational services RFP, which generated a conflict of interest under the Political Reform Act (Government Code § 81000 et seq., “PRA”) and/or the Government Code section 1090 (“Section 1090”). RCEA Legal Counsel Nancy Diamond has reviewed the allegations and does not believe a legal conflict of interest exists based on the facts available. However, in order to address any appearance of a conflict of interest, she suggests that the Board review the attached memo of the facts and her legal analysis and make a finding on this matter.

#### **FISCAL IMPACT:**

The proposed development and operations services contract will be for a period of 5 years. As described above, RCEA would not incur any costs or be charge any fees from the contractor during the development and launch phases and will only pay the proposed fees after the launch of the CCA, at which time the fees will be covered by CCA revenue from energy sales. The proposed contract will have a total 5-year cost of potentially \$10-15million, depending on the final CCA customer base (fees vary depending on customer participation).

The recommended Board action does not constitute an agreement and is contingent upon the approval of a final contract document by the RCEA Board of Directors at a future meeting and the execution of that contract agreement. RCEA retains the right, in its sole discretion, to terminate contract negotiations at any time, rescind its selection of a particular Proposer and begin contract negotiations with another proposer.

#### **RECOMMENDED BOARD ACTION:**

The Board finds that:

- LEAN was not retained as a consultant by RCEA and did not receive payment by RCEA;
- RCEA staff did not direct, control or guide LEAN in its development of a scope of services template it submitted; and
- LEAN did not act with specific RCEA decision making authority, did not perform duties of a RCEA officer or employee, and did not act in a manner that has the potential to exert considerable influence over the RCEA Board’s contract decision.

The Board accepts the proposal for CCA Development and Operational Services submitted by The Energy Authority (TEA), and directs staff to negotiate a contract with TEA subject to final Board approval.

## **EXECUTIVE SUMMARY**

California Clean Power (CCP) is pleased to provide this proposal to the Redwood Coast Energy Authority (RCEA) in response to its RFP-15-001, Community Choice Aggregation Development and Operations Services. California Clean Power, a public benefit corporation, was formed in early 2015 for the sole purpose of expediting the formation of clean-energy Community Choice Aggregation (CCA) programs throughout the state. Although California law permitted local governments to form CCAs and enter the electric utility market in 2001, some fifteen years later only a few have done so.

The expansion of CCAs has been slow because of three major barriers to entry. First, while historically local governments were directly involved in providing power, the advent of monopoly investor owned utilities stripped local governments of the knowledge and skill sets necessary to manage power delivery. Second, smaller and medium sized public entities generally do not have the staff resources to take on the myriad tasks involved in electric supply, and are not large enough to generate sufficient rate revenue to support operations. Third, private funding has been difficult to secure and taxpayer financing is politically challenging.

California Clean Power's services remove these barriers to CCA formation. Our staff and partners provide all of the services necessary to launch and operate a CCA, from design and financing to implementation and operations management. Additionally, CCP will post all necessary bonds and advance all funds required for power procurement. This approach minimizes financial exposure to taxpayers and the jurisdiction. At the same time, the CCA maintains full decision-making authority over important issues such as consumer rate setting, renewable energy procurement, and use of revenues.

Through RCEA, Humboldt County and its member cities are well positioned to have a successful CCA. Especially enticing is the availability of local generation, creating both environmental and economic benefits. Visionary goals already exist in the RePower Humboldt Plan, which provides a clear roadmap to develop energy resilience and independence, economic development, and innovation.

Over the past year, CCP has been active in Humboldt County, supporting the long-standing community desire for CCA. Our analysis shows that CCA rates can be competitive with PG&E, statewide renewable content goals can be surpassed with inclusion of local power, and substantial net revenues can be achieved for future rate reduction or energy investment.

This proposal sets forth how CCP intends to achieve the goals of RCEA. Our team experience includes aspects of launching and running a CCA as well as related fields of the electric industry, financial services, energy law and regulation, government,



and community outreach. CCP is proud that its founders include individuals who played important roles in the start-up of the highly successful Sonoma Clean Power. We know first hand the many questions local officials and citizens ask, and how to answer them. We know how to set up financing, data management, customer services, and public information so a CCA runs as a vital business upon which the public can depend. Working with RCEA, we will help establish a CCA that mirrors the success seen in other operational CCAs but is uniquely designed to meet RCEA's goals and priorities.

While CCP delivers the day-to-day operations for your program, RCEA maintains the same governmental oversight, decision-making, control and direction that all CCAs enjoy. The RCEA board will oversee the program, set its priorities, customer rates, and govern program operations and planning. By keeping control of the CCA local, community members have direct input regarding key policy choices including rate discounts, renewable and carbon free energy content, emphasizing local energy options, special programs such as energy efficiency and support of local energy build out, and how to invest net program revenue. To help ensure long-term stability, and consistent with good government practice, policy makers are free to set aside revenue to build program reserves.

Our proposal includes all of the services and support detailed in the RFP's three Phases, and we welcome RCEA's active role in this effort. Our cost proposal to provide these services is \$4.25/MWh for every MWh managed in the CCA. Payment for our services begins only after the successful launch of the CCA, taken from gross program revenue. Consistent with our approach of providing a full service option, we do not provide individual components of our services "a la carte" for an adjusted fee.

Because we recognize RCEA may want to invest in staff or program resources prior to revenue coming through the program, CCP is willing to advance up to \$500,000 to RCEA upon CCA service launch, to be netted against end-of year program revenue.

The team at California Clean Power hopes to become RCEA's partner, to help the Humboldt community realize the tremendous opportunities that Community Choice Aggregation provides.



## EXECUTIVE SUMMARY

The Community Choice Partners, Inc. Team (CCPartners Team) is pleased to submit this proposal to the Redwood Coast Energy Authority (RCEA) to provide all of the required services necessary to design, launch, manage, and operate a Community Choice Aggregation (CCA) program for Humboldt County (core services).<sup>2</sup> Both our team and RCEA will have various governance, management and operational responsibilities, which are anticipated and summarized herein.

We believe that our combined industry expertise has created a truly innovative, integrated, transparent and rapidly-deployed offering that will provide RCEA with the foundation required to achieve their local policy objectives, as indicated by the RFP and RCEA's impressive work on initiatives such as RePower Humboldt, the Energy Element chapter of Humboldt County's General Plan, and the Comprehensive Action Plan for Energy (CAPE).

We have taken care to not offer services which may pose conflicts of interest for CCPartners to provide under subcontract (such as regulatory engagement). Apart from our core services, there are additional responsibilities which RCEA may wish to take upon itself, either initially or over time. To assist RCEA, we are offering a comprehensive suite of online and in-person training and education resources along with our services.

The anticipated contract will require CCPartners to work at risk, and will not require any payment from RCEA or any Joint Powers Authority (JPA) member government prior to the successful launch of the CCA Program, after which the CCPartners Team would be paid on a monthly basis through the remaining duration of the five-year contract. Subject to finalization with RCEA, we are budgeting two months for the Development Phase and another ten months for the Launch Phase, after which the RCEA CCA would commence operations.

The CCPartners Team is proposing a new "CCA 2.0" program design for RCEA, which we believe represents the optimal design for a CCA in California. To date, all CCAs in California have outsourced their daily wholesale and retail responsibilities to two separate power marketers. Power marketers have typically invested heavily in natural gas and electricity generation assets, have complex physical and financial power market positions, and corporate growth strategies and financial and contractual incentives that are often not aligned with the public power movement. Essentially, California has created a public power movement in which companies such as Noble Energy Solutions, Shell Energy North America, Constellation and Direct Energy actually operate the existing CCAs. Additional power marketers and traders, such as Macquarie Energy and NRG, have recently bid unsuccessfully to do so.

Fundamentally, CCAs are in the 'business' of buying wholesale power for resale to retail customers. In procuring wholesale power and services bundled together from a single power marketer, the standard "CCA 1.0" design creates a bottleneck that precludes significant competition for wholesale power, which can be typically 90% or more of a CCA's cost of service.

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<sup>2</sup> We offer all necessary wholesale and retail services - including load forecasting, power scheduling, portfolio management, customer care services, utility data exchange and billing - as well as accounting, regulatory tracking, compliance reporting, Integrated Resource Planning and the negotiation of program financing.



There are only four or five power marketers in California that manage large enough portfolios and are sufficiently credit-worthy to credibly respond to these solicitations.

Furthermore, we have observed that relying on power marketers for wholesale services deprives local government staff of the industry-standard tools and unbiased expertise that they need to grow in competence and make informed planning, risk management and regulatory engagement decisions that are necessary to realize the full potential of CCA. As a consequence, staff have had to rely on small consultancies for basic management and portfolio planning services, using custom-built tools and methodologies that fall short in many respects.

Under CCA 2.0, the CCPartners Team would register RCEA as a power market participant, and provide a full suite of wholesale, retail and other services, acting as neutral 'agents' in the provision of our services. This means that we do not take title to any commodity - including power, gas, renewable energy credits, financial products or other commodities. Our neutrality ensures that our advice, training and services will be based solely on what is best for RCEA. CCA 2.0 incorporates best practices and lessons learned from California CCAs and the broader public power industry, and in many ways represents an industry-standard approach. Typically, a load-serving entity of comparable size to a California CCA would employ a similar structure.

Doing so will allow RCEA's CCA to procure power and fuel from a range of counterparties, spreading counterparty credit risk and inducing greater competition. Additionally, RCEA staff will have access to a level of expertise absent in the CCA industry to date. The companies on our team have industry-leading technical credentials, public power references, and tremendous internal capacity. For example, the Alliance for Cooperative Energy Services (ACES) is owned by public power cooperatives and transacts over \$5 billion in energy purchases annually, TESLA's load forecasting serves more than 300 public power entities in the United States, AGR Group has provided customer care services to over one million CCA accounts, and Energy Exemplar is literally vital to long term power planning in California.

While our team does cover its own costs to work at-risk prior to the successful launch of the CCA, RCEA will require financing for (1) collateral for energy purchases and market participation, (2) the various fees, deposits and guarantees required for CCAs to operate, and (3) a prudent level of financial support for program cash flow and cost uncertainties. As neutral agents we do not self-finance our services, because it is in the public's best interest for service providers to remain indifferent to any financial and/or power supplier counterparty, and instead negotiate financing on a competitive basis. ACES has strong relationships with sophisticated lenders and counterparties. Through our combined efforts, there are now a variety of large financial counterparties with power sector expertise that have expressed a willingness to finance the launch of the RCEA CCA 2.0 program. (Please refer to **CONFIDENTIAL APPENDIX 6** for details.)

The CCPartners Team will work at-risk to raise all required funds, negotiating on behalf of RCEA. RCEA will remain in control of all financing, and the arrangement(s) will be between RCEA and the financial institution(s). RCEA's constituent member governments will not be asked to guarantee this financing, and the lender's recourse will be only to future expected revenues of the CCA Program or a comparable mechanism that does pose a risk to RCEA and the citizens of Humboldt County.

## CHAPTER 2

### EXECUTIVE SUMMARY

#### Tanoak Choice+

Tanoak Choice+ is a new CCA services model offered through a collaboration between Tanoak Energy Advisors (“Tanoak”), Tanoak’s subcontractors EDMS and Lloyd Rowe, and Morgan Stanley Capital Group (“MSCG”). Our team of energy, public agency and CCA experts developed Choice+ to provide the RCEA CCA with:

- Transparency
- Accountability
- Superior Professional Service
- Price Discipline and Wholesale Energy Pricing
- No Up Front Costs; Pre-arranged Credit and Financing

**Transparency.** Choice+ provides transparency through open-book accounting. We provide our professional services for a flat fee of \$2.50 per megawatt. Wholesale procurement costs and all other fees and costs are itemized and passed through for payment by customer revenues. No fees or costs are “black boxed.” We believe this approach is the best way for the RCEA CCA to remain accountable to the community and for us to remain accountable to you.

**Accountability.** Running a CCA requires highly specialized resources. For most CCAs, these resources can only be secured through multiple consulting and vendor contracts. Choice+ offers all of these resources under a single point of contact with Tanoak.<sup>1</sup>

A potential downside to a single point of contact services model is that the CCA risks trading autonomy for convenience. To avoid that, Choice+ distributes performance responsibilities in such a way that the RCEA CCA will never be captive to any of our team companies. Choice+ preserves each team member’s autonomy while properly incentivizing us to keep a cordial watch over each other. One example of this is how we handle “no up-front cost” financing: MSCG covers CAISO credit requirements, EDMS covers fixed priced contract credit, and Tanoak covers start-up administrative and general expenses.

Another key to accountability is our offer to execute a five-year service agreement that includes the unilateral right for the RECA CCA to terminate the agreement after three years. Our team wants to earn your business; we are willing to risk full recovery of our capital costs to stand behind our claims. This three-year termination right also applies to the secondary contract with MSCG.<sup>2</sup>

**Superior Professional Service.** We believe that transparency and accountability are the foundations of superior professional service. On that foundation, Tanoak layers decades of deeply relevant, high-quality experience in every facet of the energy industry. Having built this rock-solid and reliable services organization, Tanoak completes it with double-wide open doors, at all times welcoming RCEA CCA officials, policymakers, city and county staff and the community with prompt, thoughtful and courteous communications and collaboration.

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<sup>1</sup> Achieved through a master agreement with Tanoak covering development, launch and operations, and a secondary contract with MSCG for wholesale trading desk purchases, scheduling coordination and CAISO credit requirements.

<sup>2</sup> That is, after three years the RCEA CCA may unilaterally cancel the MSCG contract for wholesale trading desk purchases, scheduling coordination services and CAISO credit requirements, but the RCEA CCA is still responsible for, and may not terminate early, any forward fixed-price energy purchases from MSCG.

**Price Discipline.** The RCEA CCA belongs to the community. We are here to help you run it as efficiently and effectively as possible and capture all available “HeadRoom.” HeadRoom is a term commonly used in the energy industry to describe the difference between the revenue collected from customer rates and expenses. For CCA analysis, we model HeadRoom as the difference between PG&E’s Generation Credit and the adjusted cost<sup>3</sup> of serving CCA load with a least cost and compliant energy portfolio. Increased HeadRoom translates directly into increased funding to support the RCEA CCA’s goals and visions.

Without price discipline, we cannot capture additional HeadRoom. We maintain price discipline through transparency, accountability and professional service, but also through the next evolution in CCA power procurement. A key element of Choice+ is our collaboration with MSCG.<sup>4</sup> MSCG is distinguished amongst California energy sellers because it is a *wholesale* operation. Currently, all operational CCAs are primarily supplied through *retail* energy service providers. Many if not all of these retail providers are likely buying at least some of the energy they supply to CCAs from MSCG. Our model cuts the retail provider out of the supply chain and gives the retail provider’s price mark-up back to the CCA. This is the main driver behind our quoted low energy price. Choice+ has an arrangement with MSCG to provide this wholesale pricing, *as well as* CAISO credit requirements and scheduling coordination services, for a fixed fee of \$0.90 MWh.<sup>5</sup>

Through price guarantees, Tanoak ensures that MSCG always provides the RCEA CCA with true wholesale energy pricing. If MSCG does not provide the lowest pricing available, we can procure for your energy from any credit worthy seller. MSCG, however, must continue to provide CAISO credit support and scheduling services. In other words, MSCG has to earn both *your* business *and* Tanoak’s business!

**No Up Front Costs; Pre-arranged Credit and Financing:** Other than in-kind expenses in the form of time spent by officials and staff, the RCEA CCA will incur no upfront costs, and all of the credit and financing is pre-arranged. All other costs are deferred and collected from customer revenues.

**Putting It All Together:** The Choice+ team will guide and assist the RCEA CCA in every stage of CCA development, launch and operations. The process begins when the RCEA CCA executes a master agreement with Tanoak. The master agreement covers everything except for the items covered by the secondary contract with MSCG.

Tanoak will guide you through all of the steps needed to develop your CCA program, including drafting, preparing, and submitting all of the needed documentation. We will also assist you in deciding how to apply projected HeadRoom to achieve the RCEA CCA’s vision and goals. After reaching launch readiness, we will make sure all of your Customer Care needs are addressed and will assist you in negotiating and executing the secondary contract with MSCG.

Once CCA service is launched (hooray!), Tanoak will handle all RCEA CCA operational needs. Working with a dedicated RCEA CCA staff member, we will seamlessly run the operational aspects of the CCA, providing you with updates, reports and assistance in whatever manner you prefer. We will be at your service at all times, continuously available for all types of communication, collaboration and assistance, including in person meetings and appearances.

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<sup>3</sup> Which accounts for the Power Charge Indifference Amount and the Franchise Fee Surcharge.

<sup>4</sup> Subject to the RCEA CCA executing secondary contract documents with MSCG.

<sup>5</sup> As detailed in the Chapter 5 Cost Proposal, the \$0.90/MWh fee does not cover any CAISO charges assessed against MSCG acting as the RCEA CCA Scheduling Coordinator. Examples of these energy costs are imbalance energy and ancillary services.

## Executive Summary

The Energy Authority (TEA), in partnership with LEAN Energy US and Noble Energy Solutions is pleased to propose community choice aggregation (CCA) formation and operational services through a consortium of companies that delivers expertise and experience that is unrivaled in the US and California markets. Our organizations represent a mix of multi-national, national and non-profit energy organizations, each with experience and qualifications uniquely suited to the provision of CCA services in California.

Collectively, the three core partners have over 20 years of direct experience with CCA formation and operations and more than 45 years in energy supply management, power procurement and energy regulation at the company level. We love what we do, and it shows in the CCA business and client relationships we've built over the years -- through hard work, commitment to long-term success, and superior client service. Our organizations are currently providing CCA services to all three operational CCAs in California: Marin Clean Energy, Sonoma Clean Power, and Lancaster Choice Energy--as well as the following communities in various stages of CCA development:

Alameda County

City of Davis (on behalf of Davis and Yolo County)

City of Sunnyvale (on behalf of Santa Clara County and cities)

Contra Costa County

Mendocino County

San Francisco Public Utilities Commission




San Mateo County

Santa Barbara County (on behalf of San Luis Obispo and Ventura Counties)

Santa Cruz County (on behalf of Monterey and San Benito Counties)

Our team, led by The Energy Authority, will work in partnership with the leadership and staff of the Redwood Coast Energy Authority (RCEA) to provide all core services essential to the formation and long-term success of a CCA program in Humboldt County. These services can be provided as a full-service package or on an a-la-carte basis depending on the desired approach and internal resource needs of RCEA over time. TEA is pleased to serve as prime contractor representing the team of CCA partners; or, if preferred, partner organizations can contract with RCEA on an individual basis. Our goal is to give RCEA full optionality and control while also standing ready to provide a full suite of CCA services for efficient launch and successful program operations.



Company Name	Role in Partnership	Core CCA Services
	Prime/Lead Contractor	Technical services, power procurement and supply management*, power purchase agreement negotiation assistance, rate design, risk management, financial planning, scheduling coordination and related services
	Project Partner	CCA formation, strategy, and operations management, communications and marketing, legal support, legislative and regulatory affairs
	Project Partner	Data management/back office services, call center, risk reporting and technical support

\* Inclusive of financing/credit requirements

Our indicative fee proposal to provide the requested formation and operational services is \$5.50 per MWh. As requested, the partnership is prepared to defer all fees until Phase 3, commencement of program revenue.

Our partnership's experience with existing CCA programs and emergent communities has yielded several best-in-class standards for program operations and a more streamlined approach to program development and launch. The following is a proposed timeline that assumes formation and program launch within the first year followed by four years of power supply and operational services.

Phase I	Phase II	Phase III
Program Development	Program Launch	Operations
0-6 Months	6-12 Months	Years 2-5
<ul style="list-style-type: none"> <li>JPA Agreement amended</li> <li>Technical study completed</li> <li>Branding, website and collateral design</li> <li>Community and local government outreach</li> <li>Passage of CCA ordinances</li> <li>Implementation Plan drafted</li> <li>Operations, budget, and staffing plan developed</li> </ul>	<ul style="list-style-type: none"> <li>Implementation Plan Certified</li> <li>Data management, accounting, and back office functions established</li> <li>Utility service agreement, regulatory registrations, bond posting</li> <li>Power procurement and contracting</li> <li>Rate design/rate setting</li> <li>Public outreach and marketing campaign</li> <li>Customer notifications/enrollment period</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing power supply services (scheduling, etc.)</li> <li>Development of Integrated Resource Plan</li> <li>Customer account management</li> <li>Community outreach and marketing</li> <li>Regulatory and legislative affairs</li> <li>Ancillary program design -- net energy metering, feed in tariff, energy efficiency/demand response programs, EV's etc.</li> <li>Enrollment of additional communities</li> </ul>

**Humboldt County CCA Proposals  
Functions and Responsible Parties**

Prime Contractor:	<b>California Clean Power</b>	<b>Community Choice Partners</b>	<b>Tanoak Energy Advisors</b>	<b>TEA - The Energy Authority</b>
Established	October 2014	September 2014	January 2016	1997
Organization type	B-Corporation	S-Corporation	LLC	Non-profit corporation
# of Staff	7	2	3	190
Core proposal partner companies (year founded)	<p>First Community Bank ( 2004)</p> <p>EDMS, LLC (2007)</p> <p>Day Carter Murphy LLP (2006)</p> <p>Shaw/ Yoder/ Antwih Inc (1980)</p>	<p>Alliance for Cooperative Energy Services Power Marketing (1999)</p> <p>Gas and Power Technologies (2004)</p> <p>AGR Group, LLC (2002)</p> <p>Energy Exemplar, LLC (2006)</p> <p>Maher Accountancy, Inc (2010)</p> <p>TESLA, Inc (1992)</p> <p>EQ Research (2014)</p>	<p>Morgan Stanley Capital Group (1984)</p> <p>EDMS, LLC (2007)</p> <p>Lloyd Rowe (individual)</p>	<p>LEAN Energy US (2011)</p> <p>Noble Americas Energy Solutions (2006)</p>
Additional supporting partner companies	<p>SunPower Corporation</p> <p>Local Power</p>	<p>None - but provided recommendations of Public Financial Management, Inc. for independent financial advising services and Keyes, Fox and Wiedman LLP independent legal advice and regulatory engagement services.</p>	N/A	<p>Carbonomics</p> <p>Green Ideals</p> <p>Braun Blaising McLaughlin &amp; Smith</p> <p>Richards, Watson &amp; Gershon</p>
<b>Service Activity</b>	Primary providers	Primary providers –	Primary	Primary providers –



	– green indicates service included in cost proposal	green indicates service included in cost proposal	providers – green indicates service included in cost proposal	green indicates service included in cost proposal
General management, operations oversight, rate design and rate-setting support	CA Clean Power	CC Partners, Alliance for Cooperative Energy Services Power Marketing (ACES), Gas and Power Technologies (GPT), Maher Accountancy	Tanoak	TEA, LEAN Energy US
Program planning and development	CA Clean Power, Local Power, Inc	CC Partners, ACES, GPT, AGR Group, Maher Accountancy, Energy Exemplar	Tanoak	TEA, LEAN
Technical analysis, forecasting, integrated resource planning	CA Clean Power, Local Power, Inc	CC Partners, ACES, GPT, TESLA, Energy Exemplar, EQ Research	Tanoak/EDMS	TEA
Procurement, power trading	CA Clean Power leads, with initial procurement through power marketer bundled service + any local contracts	ACES – power trading and wholesale procurement	Tanoak leads, with Morgan Stanley for power trading and wholesale procurement	TEA
Scheduling coordination	CA Clean Power coordinates this service, but scheduling costs not included in cost proposal – to be procured through power marketer bundled service (proposer believes this approach is more cost effective).	RCEA would register as scheduling coordinator with CAISO with ACES' support, ACES would perform as RCEA's scheduling agent	Morgan Stanley	TEA
Utility data exchange/management and billing information processing	EDMS	GPT	Tanoak/EDMS	Noble Americas Energy Solutions
Customer-service call center and customer care	CA Clean Power	AGR Group	TBD: (Tanoak/EDMS in house, or third-party, or RCEA-operated)/EDMS	Noble Americas Energy Solutions
Financial reporting/accounting support	CA Clean Power, First Community Bank	Maher Accountancy	Tanoak/EDMS	Noble Americas Energy Solutions

CPUC bond	CA Clean Power	Not include in cost proposal, financing to be competitively sources with assistance from ACES and CC Partners	Tanoak/EDMS	Noble Americas Energy Solutions
Credit requirements for power procurement	CA Clean Power	Not include in cost proposal, financing to be competitively sources with assistance from ACES and CC Partners	Morgan Stanley, Tanoak/EDMS	TEA
Financing for working capital	First Community Bank	Not include in cost proposal, financing to be competitively sources with assistance from ACES and CC Partners	Morgan Stanley, Tanoak/EDMS	TEA/ LEAN/ Noble Americas Energy Solutions
Regulatory compliance	CA Clean Power, Day Carter Murphy	EQ Research, CC Partners, ACES, GPT	Tanoak	TEA, LEAN
Legal support	Day, Carter and Murphy	Not include in cost proposal – provided recommendation for independent legal services	Tanoak	LEAN ( with Braun Blaising mcLaughlin & Smith and Richards, Watson & Gershon)
Legislative/ regulatory support and advocacy	CA Clean Power, Shaw/Yoder/ Antwith	EQ Research, CC Partners	Tanoak	LEAN ( with Braun Blaising mcLaughlin & Smith)
Opt-out notifications	CA Clean Power	Not include in cost proposal - to be financed and performed by RCEA with GPT and ARG support	Tanoak	LEAN (with Green Ideals), Noble Americas Energy Solutions
Community outreach support	CA Clean Power	CC Partners, AGR, ACES	Tanoak	LEAN
Website development	CA Clean Power	GPT	Tanoak/EDMS	LEAN (with Green Ideals)
Other marketing, print/media campaigns	CA Clean Power	Not included in cost proposal	Not included in cost proposal	LEAN (with Green Ideals)
Other additional services offered or included in proposal	Local renewable and demand-side program development support -- Local Power, SunPower Corporation	Demand-side program development support available (not included in cost proposal)	N/A	N/A

**Humboldt County Community Choice Aggregation  
Development and Operations Services  
Request for Proposals**

**RFP-15-001**

**Notice of Proposed Award**

**March 11, 2016**

**RCEA Board of Directors  
CCA Subcommittee**

**Ryan Sundberg**  
Humboldt County Board of Supervisors

**Virginia Bass**  
Humboldt County Board of Supervisors

**Susan Ornelas**  
Arcata City Council

**Tiara Brown**  
Fortuna City Council

**CCA Technical Advisory Group**

**Karen Diemer**  
City Manager  
City of Arcata

**Paul Helliker**  
General Manager  
Humboldt Bay Municipal Water District

**James Zoellick**  
Senior Research Engineer  
Schatz Energy Research Center

**Juliette Bohn**  
Principal  
JPB Consulting

**Arne Jacobson**  
Director  
Schatz Energy Research Center

**Carol Rische**  
General Manager, retired  
Humboldt Bay Municipal Water District

**Jana Ganion**  
Energy Director  
Blue Lake Rancheria

**Michael Winkler**  
Arcata City Council

**David Carter**  
Senior Research Engineer  
Schatz Energy Research Center

**Gregg Foster**  
Executive Director  
Redwood Region Economic  
Development Commission

**Gwelen Paliaga**  
Technical Director, Building Science  
Research & Emerging Solutions  
TRC

**Dana Boudreau**  
Operations Manager  
Redwood Coast Energy Authority



On December 1, 2015, the Redwood Coast Energy Authority (RCEA) released a request for proposals (RFP) for Community Choice Aggregation (CCA) Development and Operations Services. RCEA received four proposals which were reviewed, evaluated and scored by RCEA's CCA technical advisory group and Board CCA Subcommittee.

**The RCEA Board of Directors CCA Subcommittee and the RCEA CCA Technical Advisory Group recommend the contract be awarded to: TEA - The Energy Authority.**

<b>Proposal Prime Contractor:</b>	<b>Score</b>
TEA – The Energy Authority	91
California Clean Power	76
Tanoak Energy Advisors	72
Community Choice Partners	71

This notice of proposed award does not constitute an agreement and is contingent upon the approval of the contract award by the RCEA Board of Directors at a publicly noticed RCEA Board Meeting and execution of a contract agreement. Approval by the RCEA Board is currently planned for the RCEA Board meeting scheduled for March 21, 2016 at 3:15pm. RCEA reserves the right, in its sole discretion, to terminate contract negotiations at any time, rescind its selection of a particular Proposer and begin contract negotiations with another proposer.

This notice is being sent to the RFP respondents and is also posted, along with the four proposals submitted, on RCEA's website at:  
<http://www.redwoodenergy.org/index.php/renewable-energy/community-choice-aggregation>.

For information, please contact Lexie Fischer at 707-269-1700 or [afischer@redwoodenergy.org](mailto:afischer@redwoodenergy.org).

## Redwood Coast Energy Authority

### RFP-15-001 - Community Choice Aggregation Development & Operations Services

#### Technical Advisory Group Proposal Review Scoring

REVIEW CRITERIA		SCORE Cal Clean Power	SCORE Comm. Choice Partners	SCORE Tanoak Energy Advisors	SCORE TEA - The Energy Authority
1	COMPLETENESS OF RESPONSE SUBMISSION	8.8	7.4	9.0	9.6
2	EXPERIENCE AND QUALIFICATION AND ON SIMILAR PROJECTS:				
	OVERALL EXPERIENCE AND QUALIFICATION OF THE ORGANISATION	7.0	6.6	6.4	9.2
	EXPERIENCE AND QUALIFICATION ON RELEVANT PROJECTS	7.0	7.0	6.4	8.8
3	QUALITY AND DEPTH OF REFERENCES	8.0	8.0	8.0	9.7
4	TECHNICAL RESPONSE TO THE SCOPE OF WORK:				
	PHASE 1: PROGRAM DEVELOPMENT	7.2	6.8	7.4	8.8
	PHASE 2: PROGRAM LAUNCH	6.4	6.6	6.8	9.0
	PHASE 3: PROGRAM OPERATION	7.2	7.0	6.8	9.2
5	ECONOMIC FEASIBILITY AND JUSTIFICATION OF ALL COSTS	8.4	6.8	7.4	9.0
6	AVAILABILITY & TIMELINE	8.2	7.4	7.2	8.6
7	QUALIFICATIONS AND EXPERIENCE OF PERSONNEL	7.4	7.2	7.0	9.6
TOTAL SCORE		76	71	72	91

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# Memorandum

**To:** The Honorable Chair and Members of the RCEA Board  
**cc:** Mathew Marshall, Executive Director  
**From:** Nancy Diamond, RCEA Legal Counsel  
**Date:** March 17, 2016  
**Re:** Conflict of Interest Allegations Concerning TEA and LEAN, CCA Operational Services Contract

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**INTRODUCTION:** RCEA has received allegations that the Local Energy Aggregation Network US (or “LEAN”), a subcontractor and partner to TEA in its proposal to RCEA, has a conflict of interest which prohibits the RCEA Board from entering into a contract with TEA. The allegations assert that LEAN worked as a consultant to the RCEA in the development of the CCA operational services RFP, which generated a conflict of interest under the Political Reform Act (Government Code § 81000 et seq., “PRA”) and/or the Government Code section 1090 (“Section 1090”). Analyses under these laws are intensively fact based and technical. Based on the facts known to me, I do not believe a legal conflict of interest exists. However, in order to address any appearance of a conflict of interest, I suggest that the Board review the following summary of the facts and legal analysis and make a determination as appropriate.

**LEGAL FRAMEWORK:** The PRA prohibits the making or participating in the making of agency decisions by public officials who know or have reason to know that the decision will result in a material financial effect on one of their economic interests. Section 1090 prohibits an agency from entering into a contract in which a public official or certain employees has a financial interest. Although similar, the definition and analysis of a “consultant” under these two laws is different.

Under the PRA, a consultant may be disqualified from participating in or attempting to use his/her position to influence a decision in which he or she has a financial interest. (Government Code § 87103, 2 Cal. Code Regs. §§ 18700, 18702-18702.4). The term “consultant” as used by the PRA means individuals delegated specific decision making authority, or who perform the duties of an officer or employee of the governmental agency (2 Cal. Code Regs. § 18701(a)(2).) If the definition of consultant does not apply, there is no PRA conflict of interest. The PRA is enforced by the Fair Political Practices Commission (FPPC), and the District Attorney through criminal sanctions, civil penalties and administrative sanctions against the official who violated the statute.

Section 1090 prohibits “public officers” and “employees” from having financial interests in contracts made by them, and is generally referred to as “self-dealing” (*Tomson v. Call* (1985) 38 Cal.3d 633). An independent contractor, or consultant, may be considered a “public officer” and/or “employee” for purposes of Section 1090, if he or she serves in an advisory position that is frequently held by a public officer or employee whose official capacities “carry the potential to exert considerable influence over the contracting decisions of a public agency.” (*Hub City Solid Waste Services, Inc. v. City of Compton* (2010)

186 Cal.App.4<sup>th</sup> 1114, 1124-1125.) The Attorney General's office has stated that inclusion of "employees" within the Section 1090 prohibition is "intended to apply the policy of the conflicts of interest law to independent contractors who perform a public function and to require those who serve the public temporarily the same fealty expected from permanent officers and employees." (46 Ops. Cal. Atty. Gen. 74. (1965).) The prohibition of Section 1090 is expressly limited to "public officials" and "employees," and, in the case of a consultant or third party contractor, to those who serve in a high level advisory capacity to the agency with a potential to exert influence. (See, also, *Klistoff v. City of South Gate* (2007) 157 Cal. App.4<sup>th</sup> 469). A contract made in violation of Section 1090 is considered void, and the agency may recover public funds paid to a public officer in violation of Section 1090. (Government Code section 1092.)

**BACKGROUND:** Early in RCEA's CCA program consideration, RCEA's Executive Director had conversations with representatives from Lake and Mendocino Counties who were also considering CCA formation. Mendocino had been involved with LEAN to assist in its CCA program development and Lake County had retained but not yet used an expert attorney. During a phone conference with the other two Counties held on September 8, 2015, RCEA's Executive Director determined that RCEA was best situated of the three agencies to initiate RFP development for CCA services, and proposed taking the lead on drafting a RFP for CCA services in Humboldt County. Lake County offered expert attorney services, with costs to be shared, and the services of LEAN were recognized as being available as needed.

RCEA staff did not have any conversations with LEAN specific to the RFP, and on October 16, 2015, LEAN sent RCEA a template scope of services for potential use in the RFP. RCEA did not pay LEAN for this template, and did not give any direction to LEAN as to RCEA's scope of services criteria. The only other communication RCEA received from LEAN about RFP development was also in October in response to the RCEA Executive Director's request for a copy of a CCA formation timeline prepared by LEAN for San Mateo County. LEAN posted in its October 2015 Newsletter, that the County of Mendocino had "engaged LEAN to support community education effort, [and to work] on service RFP and program options with Lake and Humboldt Counties." (See, *CCA Digest, Monthly Newsletter October 2015* at: <http://www.leanenergyus.org/news-events/>.) We do not know if Mendocino County paid LEAN for the template scope of services sent to RCEA, nor what communications Mendocino County and LEAN had about RCEA's process and proposed program. Neither Lake County nor Mendocino County staff proposed any revisions to RCEA's RFP at any time during its development.

LEAN's proposed scope of services presented a three-phased framework consisting of 1) Program Development, 2) Program Launch, and 3) Program Operations. These phases were retained in RCEA's draft and final RFP. Within each phase, LEAN proposed task-specific "parts," which RCEA largely incorporated into its RFP with language and formatting revisions, and updated to eliminate completed tasks. LEAN's template also included language for determining bidders' qualifications, which was also incorporated into RCEA's RFP after revising to expand the required qualifications, eliminate irrelevant qualifications, and correct language and formatting.

RCEA posted the "Humboldt County Community Choice Energy Roadmap" together with its draft RFP scope of services on the RCEA website on November 11, 2015, and sent both of these documents to California Clean Power and Community Choice Partners for comment (both corporations have mission statements similar to those of LEAN, and both had previously indicated interest in CCA in Humboldt County). Community Choice Partners provided two comments: that the RFP accept alternate approaches and service models, and that a scope of services task for completion of a 10-year cash-flow analysis be reduced to a 5-year time horizon to improve accuracy. California Clean Power did not provide any comments. I reviewed a preliminary draft RFP, and after further revision by RCEA staff, it was sent to expert counsel, Lake County and Mendocino County. The final RFP expressly stated that it did not

mandate any particular service model and proposers were encouraged to provide cost-effective alternatives (as requested by Community Choice Partners; note that the 10-year cash-flow horizon was retained in the final RFP). It also stated that proposers were not limited to the specific underlying tasks; expansions, modifications and restructuring of the tasks within the phases would be acceptable. The final RFP was presented to the RCEA Board for approval on November 30, 2015, and was formally released on December 1, 2015.

If the Board believes that LEAN acted with delegated specific decision making authority, performed duties of a RCEA officer or employee, and/or acted in a manner that has the potential to exert considerable influence over the RCEA Board's contract decision, then it may not award the contract to TEA. Alternatively, if the Board believes that LEAN does not have a conflict of interest, it may award the contract to TEA, and should make a finding to support this. The appropriate motion to award the contract would be similar to the following:

*"The Board finds that:*

- LEAN was not retained as a consultant by RCEA and did not receive payment by RCEA;*
- RCEA staff did not direct, control or guide LEAN in its development of a scope of services template it submitted; and*
- LEAN did not act with specific RCEA decision making authority, did not perform duties of a RCEA officer or employee, and did not act in a manner that has the potential to exert considerable influence over the RCEA Board's contract decision.*

*The Board accepts the proposal for CCA Development and Operational Services submitted by The Energy Authority (TEA), and directs staff to negotiate a contract with TEA subject to final Board approval."*