



# 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

E-mail: [info@redwoodenergy.org](mailto:info@redwoodenergy.org) Web: [www.redwoodenergy.org](http://www.redwoodenergy.org)

---

## **BOARD OF DIRECTORS MEETING AGENDA**

**Humboldt Bay Municipal Water District Office**  
**828 7<sup>th</sup> Street, Eureka, CA 95501**

**May 21, 2018**  
**Monday, 3:15 p.m.**

---

In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact the Clerk of the Board at the phone number, email or physical address listed above at least 72 hours in advance.

---

Pursuant to Government Code section 54957.5, all writings or documents relating to any item on this agenda which have been provided to a majority of the Board of Directors, including those received less than 72 hours prior to the RCEA Board meeting, will be made available to the public in the agenda binder located in the RCEA lobby during normal business hours, and at [www.redwoodenergy.org](http://www.redwoodenergy.org).

---

PLEASE NOTE: Speakers wishing to distribute materials to the Board at the meeting are asked to provide 12 copies to the Clerk of the Board.

---

### **OPEN SESSION** Call to Order

#### **1. REPORTS FROM MEMBER ENTITIES**

#### **2. 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 and 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.

#### **3. 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.

**3.1** Approve Minutes of April 16, 2018, Board Meeting.

**3.2** Approve Disbursements Report.

**3.3** Accept Financial Reports.

**3.4** Approve Contract Addendum No. 2 "Scope of Services – Peak Day Pricing Alerting Services Pilot" to Professional Services Agreement Between Calpine Energy Solutions, LLC and Redwood Coast Energy Authority, and Authorize Board Chair to Execute the Agreement Addendum and any Associated Documents.

**3.5** Adoption Resolution No. 2018-5 of the Redwood Coast Energy Authority Authorization for Electronic Submission of Any and All Data Required by RDAppl Intake System.

#### **4. REMOVED FROM CONSENT CALENDAR ITEMS**

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

## **5. OLD BUSINESS**

5.1 FY 17-18 Budget Revisions

5.2 Update on Offshore Wind Development Partnership Negotiations

## **6. NEW BUSINESS**

6.1 Preliminary FY 18-19 Budget Presentation

## **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 weighted voting as established in the RCEA joint powers agreement.

## **7. OLD CCE BUSINESS**

7.1 Approve Revisions to CCE Program Guidelines

Adopt Resolution 2018-6 Approving Revisions to the Community Energy Program Launch-Period Strategy and Targets.

## **8. NEW CCE BUSINESS – None.**

## **END OF COMMUNITY CHOICE ENERGY (CCE) BUSINESS**

## **9. STAFF REPORTS**

9.1 Director Demand-Side Management

- PG&E Partnership Update

## **10. ADJOURNMENT**

---

### **NEXT REGULAR MEETING**

Monday, June 18, 2018, 3:15 p.m.  
Humboldt Bay Municipal Water District Office  
828 7<sup>th</sup> Street, Eureka, CA 95501



# 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

E-mail: [info@redwoodenergy.org](mailto:info@redwoodenergy.org) Web: [www.redwoodenergy.org](http://www.redwoodenergy.org)

---

## **DRAFT BOARD MEETING MINUTES**

**Humboldt Bay Municipal Water District Office**  
**828 7<sup>th</sup> Street, Eureka, CA 95501**

**April 16, 2018**  
**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 Lori Taketa or front office staff at RCEA, 633 3<sup>rd</sup> Street, Eureka, or by calling 269-1700, or by e-mail at [Ltaketa@redwoodenergy.org](mailto:Ltaketa@redwoodenergy.org), by noon the day of the meeting.

### **ROLL CALL**

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

Present: Chair Sheri Woo, Directors Bobbi Ricca, Michael Winkler, Austin Allison, Dwight Miller, and Frank Wilson.

Absent: Director Dean Glaser

### **1. REPORTS FROM MEMBER ENTITIES**

Director Allison will ask the Eureka City Council to consider a resolution to transition to 100 percent renewable energy by 2025. The Council previously asked city staff to consider RCEA's Repower+ 100 percent renewable energy option.

Director Miller reported hearing a Jefferson Public Radio news story on how cities are well-positioned to inspire companies, state and higher levels of government to adopt renewable energy.

Director Wilson asked the Directors for guidance on negotiating with CalTrans for mitigating options during a mid-March to November Scotia-Rio Dell bridge closure, as three local businesses are extremely impacted. Director Allison offered assistance.

Director Winkler reported that US Secretary of the Interior Ryan Zinke recently indicated strong support for offshore wind as part of an all-of-the-above energy policy. Winkler asked if it is possible to contact the Department of the Interior to tie into their new encouraging offshore wind attitude.

### **2. 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 and 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.

Member of the public Denver Nelson asked the Board to consider purchasing the Potter Valley Project on the Eel River, which generates about 9 MW of hydroelectric power, from PG&E. Mr. Nelson is concerned about the Eel River salmonid populations and believes that, other than RCEA, Sonoma County Water Agency is the only other logical buyer. Mr. Nelson does not believe the water agency would assist Humboldt fisheries by improving Eel River water flow.

*Directors Estelle Fennell and Michael Sweeney arrived at 3:25 p.m.*

Director Miller asked Mr. Nelson to send a written summary to Executive Director Marshall and Director Wilson requested this topic be placed on a future agenda. Director Fennell reported that she is on the Eel Russian River Commission and asked Mr. Nelson to brief her on his presentation to this Board.

### **3. 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.

**3.1 Approve Minutes of March 28, 2018, Special Board Meeting.**

**3.2 Approve Disbursements Report.**

**3.3 Accept Financial Reports.**

Chair Woo requested item 3.1 be removed from the Consent Calendar to abstain from voting on the minutes since she was not at the March 28 meeting.

Public Comment: None.

**M/S: Sweeney, Miller: Approve consent calendar items with the exception of 3.1.**

**The motion passed on a unanimous voice vote. Ayes: Allison, Fennell, Miller, Ricca, Sweeney, Wilson, Winkler, Woo. Noes: None. Absent: Glaser. Abstentions: None.**

### **4. REMOVED FROM CONSENT CALENDAR ITEMS**

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

**M/S: Fennell, Winkler: Approve consent calendar item 3.1.**

**The motion passed on a unanimous voice vote. Ayes: Allison, Fennell, Miller, Ricca, Sweeney, Wilson, Winkler. Noes: None. Absent: Glaser. Abstentions: Woo.**

### **5. OLD BUSINESS**

#### **5.1 Update on Offshore Wind Development Partnership Negotiations**

Executive Director Marshall reported that project partners had initial agreement discussions at the offshore wind conference in New Jersey earlier in April. The joint development agreement partners are proposed to be RCEA, EDPR Offshore North America, Aker Solutions and Principle Power, with Herrera Environmental Consultants and HT Harvey and Associates serving as consultants.

### **6. NEW BUSINESS**

#### **6.1 Offshore Wind Project Grid Interconnection Study**

Approve Agreement to Share Grid Interconnection Study Costs Between Principle Power, Aker Solutions, EDPR Offshore North America, and Redwood Coast Energy Authority and authorize the Executive Director to execute the agreement and any associated documents.

Executive Director Marshall explained that the rapid partner team selection process was largely due to the California Independent System Operator's (CAISO's) grid interconnection study April 16 application deadline. Staff did not want to wait another year to initiate the CAISO analysis which takes about 2-½ years to complete. The team drafted an agreement to share CAISO study costs. Approval is requested contingent on Counsel Diamond's final review and approval.

Upon inquiry by Director Fennell, Executive Director Marshall explained that out of RCEA's total \$100,000 contribution \$62,500 is a deposit that would eventually be refunded. The final partnership agreement will outline how future development costs will be covered by the four entities. Director Winkler requested to see anticipated costs through completed construction.

Upon inquiry by Director Sweeney, Executive Director Marshall stated either Principle Power or EDPR Offshore North America would be the CAISO applicant, and EDP Renewables is initially paying the fee and deposit and will be reimbursed by the team.

Executive Director Marshall explained that the requested CAISO analysis is for a 150 to 160 MW project, the Humboldt Bay Power Plant substation's maximum capacity. The study would not consider future, larger projects requiring transmission upgrades.

Chair Woo confirmed with Executive Director Marshall that the study fees would be expended from the miscellaneous consulting cost line of the current Community Choice Energy (CCE) program budget.

Public Comment: None.

**M/S: Miller, Winkler: Contingent on final review and approval by the RCEA General Counsel, approve agreement to share grid interconnection study costs between Principle Power, Aker Solutions, EDPR Offshore North America, and Redwood Coast Energy Authority and authorize the Executive Director to execute the agreement and any associated documents.**

**The motion passed on a unanimous voice vote. Ayes: Allison, Fennell, Miller, Ricca, Sweeney, Wilson, Winkler, Woo. Noes: None. Absent: Glaser. Abstentions: None.**

## **6.2 FY 17-18 Budget Adjustments**

Approve proposed adjustments to the FY17-18 RCEA Annual Budget.

Executive Director Marshall cited higher than anticipated CCE program participation and the City of Arcata and Blue Lake's decision to opt up to 100 percent renewable energy as contributing factors to the budget adjustments. Chair Woo pointed out that the adjustments were all increases. Directors Fennell and Winkler observed that the adjustments coincided with revenue increases.

Director Wilson asked to meet with Executive Director Marshall and Power Resources Director Engel for more details on the relationship between wholesale power costs and retail revenue.

Marshall stated the proposed regulatory increase would contribute to the California Community Choice Association's participation in the CPUC power charge indifference adjustment (PCIA) proceedings. The \$20 million per year RCEA customers pay in PCIA fees warrants strong proceeding participation as a change in how the fee is calculated could have significant impacts.

Executive Director Marshall reported that the agency's auditor recommends adjusting how the Headwaters Fund start-up loan and payments are recorded. Upon inquiry by Directors Wilson and Fennell, Finance and Human Resources Director Edmiston explained that the suggested principal payment acceleration will save RCEA \$50,000 over the five-year loan term.

Public Comment: None.

**M/S: Miller, Winkler: Approve the following adjustments to the FY17-18 RCEA annual budget expense categories: Renewable Portfolio Standard Settlements increase to \$1,126,500; Data Management increase to \$1,100,000; Regulatory increase to \$145,000; Program Expenses increase to \$1,150,000; and Non-Operating Costs increase to \$350,000.**

**The motion passed on a unanimous voice vote. Ayes: Allison, Fennell, Miller, Ricca, Sweeney, Wilson, Winkler, Woo. Noes: None. Absent: Glaser. Abstentions: None.**

### 6.3 USDA Loan Application

Direct Staff to prepare a loan application to the U.S. Department of Agriculture's Rural Utility Services for a loan guarantee to finance the construction of a 2.25MW-solar electric and battery storage system at the California Redwood Coast – Humboldt County Airport.

Adopt Resolution 2018-3 of the Redwood Coast Energy Authority Authorization to Certify and Submit Required Data to the U.S. Department of Agriculture Loan.

Authorize the Board Chair to sign USDA RUS Program Certificate of Authority to Submit or Grant Access to Data naming Matthew Marshall as Certifier and Lori Biondini as Security Administrator.

Director of Business Development and Planning Biondini reported that the USDA representative with whom RCEA is working is enthusiastic about the airport microgrid project and future possibilities for RCEA to pursue other USDA funding. Executive Director Marshall clarified that staff will seek the Board's approval prior to application submittal as early as June.

Upon inquiry by Director Fennell, Staff Director Biondini stated the USDA is requesting financial and load forecasts and audits, not customer utility data.

Director Sweeney inquired whether the project's emergency response benefits would help secure the loan. Staff Director Biondini stated that disaster readiness

was beneficial in securing the CEC grant, but was not a goal of this low-interest USDA loan program.

Public Comment: None.

**M/S: Allison, Miller: 1) Direct Staff to prepare a loan application to the U.S. Department of Agriculture's Rural Utility Services for a loan guarantee to finance the construction of a 2.25MW-solar electric and battery storage system at the California Redwood Coast – Humboldt County Airport; 2) Adopt Resolution 2018-3 of the Redwood Coast Energy Authority Authorization to Certify and Submit Required Data to the U.S. Department of Agriculture Loan; and 3) Authorize the Board Chair to sign USDA RUS Program Certificate of Authority to Submit or Grant Access to Data naming Matthew Marshall as Certifier and Lori Biondini as Security Administrator.**

**The motion passed on a unanimous voice vote. Ayes: Allison, Fennell, Miller, Ricca, Sweeney, Wilson, Winkler, Woo. Noes: None. Absent: Glaser. Abstentions: None.**

## **COMMUNITY CHOICE ENERGY (CCE) BUSINESS**

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 weighted voting as established in the RCEA joint powers agreement.

Chair Woo noted a quorum existed and CCE business could be conducted.

## **7. OLD CCE BUSINESS**

### **7.1 Energy Risk Management Policy - Minor Administrative/Operational Updates**

**Adopt Resolution 2018-4 to adopt updates to Redwood Coast Energy Authority Energy Risk Management Policy.**

Director of Power Resources Engel outlined minor updates to the Energy Risk Management Policy adopted in December 2016: Ferndale's addition as a participating municipality; adding the Director of Finance and Human Resources to the Risk Management Team; and a shift from dollar amounts to megawatt-hours for decision-making thresholds.

Upon inquiry by Director Miller, Staff Director Engel stated that The Energy Authority's (TEA's) monthly report would replace daily reporting. Staff also accesses TEA's continually-updated financial models online. Upon inquiry by Director Miller about why the Director of Business Planning was removed as a signatory on the transaction approval form, Executive Director Marshall replied that the inclusion resulted from an initial overabundance of caution which TEA later deemed unnecessary.

Chair Woo invited public comment. Bob Marino inquired about when to update the Board on DG Fairhaven's latest power generation timeline. Executive Director Marshall offered to add the topic to his staff report. Chair Woo closed the public comment period.

**M/S: Sweeney, Winkler: Adopt Resolution 2018-4 to adopt updates to Redwood Coast Energy Authority Energy Risk Management Policy.**

**The motion passed on a unanimous voice vote. Ayes: Allison, Fennell, Miller, Ricca, Sweeney, Wilson, Winkler. Noes: None. Absent: Glaser. Abstentions: Woo (non-voting).**

## **8. NEW CCE BUSINESS**

### **8.1 Review/Update Board Guidelines on CCE-Funded Customer Programs**

Consider updates to the CCE customers program guidelines.

Staff Director Biondini reviewed the staff report and Executive Director Marshall proposed two changes to the Board's CCE-funded customer program guidelines:

- 1) Changing "Electric Vehicle Charging Infrastructure" to "Electric Vehicles and Charging Infrastructure" to allow for a wider array of programs; and
- 2) Changing "Energy Efficiency and Conservation" to "Energy Efficiency, Fuel Switching, and Conservation" to allow for fuel switching from natural gas or wood stoves to electric heat pumps.

Upon inquiry by Director Winkler, Executive Director Marshall clarified that offshore and onshore wind are included in the procurement section of the guidelines, not the customer program funding section. All guideline changes must be adopted by resolution at a future meeting.

Director Fennell asked from what budget line would any match funding be taken. Executive Director Marshall explained that the Board decides on any CCE customer program fund allocations.

Upon inquiry by Director Winkler, Executive Director Marshall explained that CCE program funds can supplement PG&E program funding, fill funding gaps or fund unrelated programs.

Public Comment: None.

**M/S: Miller, Winkler: Request staff prepare a resolution for the next Board meeting updating the Board guidelines on CCE-funded customer programs with changes proposed by staff.**

**The motion passed on a unanimous voice vote. Ayes: Allison, Fennell, Miller, Ricca, Sweeney, Wilson, Winkler. Noes: None. Absent: Glaser. Abstentions: Woo (non-voting).**

### **8.2 CCE Customer Programs Approval Process**

Adopt CCE-funded customer program evaluation and selection process.



Director of Power Resources Engel reported that for CCE-funded customer programs, a staff-driven decision-making process was being proposed for 2018 and, beginning in 2019, a process including community input through the Community Advisory Committee (CAC) was being proposed. The decision-making process directs proposals into either a competitive process or a non-competitive process for cost-neutral programs. The Board would have discretion to fund unique or urgent opportunities that fit approved guidelines.

Director Fennell thanked staff for developing the decision-making process and for making it possible for the Board to allocate funding for innovative programs. Director Winkler added that programs could be new to our region and already implemented elsewhere.

Member of the public Jim Zoellick of Schatz Energy Research Laboratory asked how the CCE customer program funding fits with funding cycles and processes for State agencies and other funding sources with short application response windows.

Staff Director Engel clarified that staff sought Board guidance for a customer program approval process and that power procurement or project development programs could be discussed at a future meeting. Executive Director Marshall noted that the airport microgrid and offshore wind projects are wholesale power procurement projects. Examples of customer programs would be residential and commercial energy efficiency rebates or the public agency solar program.

**M/S: Fennell, Allison: Adopt CCE-funded customer program evaluation and selection process.**

**The motion passed on a unanimous voice vote. Ayes: Allison, Fennell, Miller, Ricca, Sweeney, Wilson, Winkler. Noes: None. Absent: Glaser. Abstentions: Woo (non-voting).**

## **END OF COMMUNITY CHOICE ENERGY (CCE) BUSINESS**

### **9. STAFF REPORTS**

#### **9.1 Executive Director**

- International Offshore Wind Partnering Forum

In April Executive Director Marshall attended a wind energy forum and met with the Bureau of Ocean Energy Management (BOEM) Director to discuss the offshore wind project. The Bureau Director was supportive and intrigued by RCEA's community-driven process. The US Secretary of the Interior who spoke at the event expressed enthusiasm for offshore wind.

- CEC IEPR Workshop Friday, April 20

The California Energy Commission (CEC), BOEM, the Department of Defense, and the Ocean Protection Council will hold a public workshop on the California Integrated Energy Policy Report (IEPR) on Friday, April 20 at Arcata's D Street Neighborhood Center. The workshop features a North Coast perspective on energy resiliency, microgrids and offshore wind. Upon inquiry by Director Winkler, Executive Director Marshall stated that public opportunities to meet CEC Commissioner Karen Douglas include a ribbon cutting at Blue Lake Rancheria's microgrid on April 19 and the IEPR workshop on April 20.

Counsel Diamond clarified that if Board members participate in the meetings, they may comment as individuals, not Board representatives. Counsel Diamond asked that if staff desires a standing Offshore Wind Subcommittee, the subcommittee's scope should be modified at a future meeting.

- Community Advisory Committee (CAC) Update

Executive Director Marshall reported the Committee is a strong and enthusiastic group and they set a quarterly meeting schedule. CAC Board Liaison Sweeney added the Committee requested: that staff or the Board liaison facilitate meetings rather than elect a chair; a formal way to clearly and directly communicate the Committee's recommendations to the Board; Board direction be communicated clearly to the Committee. The Committee will receive Board agenda packets and minutes to stay informed of agency business.

Chair Woo asked if CAC meeting minutes could be included in the Board packet to help the Board stay abreast of Committee business. Executive Director Marshall confirmed that they would and added that future CAC agendas will include a section to gather Board communication requests, which will be passed on by the liaison or staff.

Member of the public Bob Marino reported that DG Fairhaven submitted required paperwork to the ISO and is on track to generate electricity beginning on May 1.

## **10. ADJOURNMENT**

Chair Woo adjourned the meeting at 4:34 p.m.

Respectfully Submitted,

Lori Taketa  
Clerk of the Board

**Redwood Coast Energy Authority**  
**Disbursements Report**  
for the month of March 31, 2018

Type	Date	Num	Name	Memo	Amount
Check	03/01/2018	EFT	CoPower	March Premium	-254.50
Liability Check	03/01/2018	7679	Umpqua Bank	74-3104616	-558.36
Liability Check	03/01/2018	7680	Calvert	74-3104616	-10,680.88
Check	03/01/2018	7681	CoPower	Premium	0.00
Bill Pmt -Check	03/02/2018	7666	AM Conservation	LED Stock	-476.01
Bill Pmt -Check	03/02/2018	7667	Campbell, A.	Travel reimbursement: Utility Analytics Conference	-100.98
Bill Pmt -Check	03/02/2018	7668	Feit Electric	LED Stock	-1,149.07
Bill Pmt -Check	03/02/2018	7669	Fischer, A.	Travel Reimbursement: CivicSpark Event	-140.12
Bill Pmt -Check	03/02/2018	7670	HSU Fdn EVI ARV-14-046	Retention Due. 000163/SP31128	-12,858.79
Bill Pmt -Check	03/02/2018	7671	McMahon, J.	January mileage	-27.34
Bill Pmt -Check	03/02/2018	7672	PG&E EV Account	EV stations December	-242.08
Bill Pmt -Check	03/02/2018	7673	PG&E Utility Account	January utilities/lighting upgrade financing	-972.97
Bill Pmt -Check	03/02/2018	7674	Pitney Bowes-Rental	February postage meter rental	-21.69
Bill Pmt -Check	03/02/2018	7675	Runaway Kite	Updating Spanish titles - CCE video	-300.00
Bill Pmt -Check	03/02/2018	7676	SDRMA Dental	March Premium	-1,239.16
Bill Pmt -Check	03/02/2018	7677	White Rabbit Group	Web Development	-340.00
Bill Pmt -Check	03/02/2018	7678	Winzler, John	Office Lease - March	-4,223.00
ACH	03/05/2018	ACH	The Energy Authority	RCEA - CAISO Invoice #20180301	-211,393.17
Liability Check	03/07/2018	E-pay	EDD	499-0864-3 QB Tracking # 565154087	-3,518.60
Liability Check	03/07/2018	E-pay	Internal Revenue Service	74-3104616 QB Tracking # 565154227	-18,107.62
Liability Check	03/07/2018	E-pay	EDD	499-0864-3 QB Tracking # 565154627	-344.27
Paycheck	03/09/2018	7681	Paycheck	Payroll 2/16 - 2/28/18	-2,728.21
Bill Pmt -Check	03/09/2018	7683	AM Conservation	LED Stock	-386.43
Bill Pmt -Check	03/09/2018	7684	APP Imprints, LLC	Bamboo design twist pen.	-607.88
Bill Pmt -Check	03/09/2018	7685	Biondini, L.	FedEx copying charges - solar project	-2,259.28
Bill Pmt -Check	03/09/2018	7686	Bishop, M.	February mileage	-67.57
Bill Pmt -Check	03/09/2018	7687	Burks, K.	February mileage	-66.34
Bill Pmt -Check	03/09/2018	7688	Central Office	Miscellaneous printing fees.	-23.94
Bill Pmt -Check	03/09/2018	7689	Chapman, R.	February mileage reimbursement	-73.99
Bill Pmt -Check	03/09/2018	7690	City of Arcata	February High Energy Use Tax	-1,934.08
Bill Pmt -Check	03/09/2018	7691	City of Blue Lake	February Utility User Tax	-618.79

**Redwood Coast Energy Authority**  
**Disbursements Report**  
for the month of March 31, 2018

Type	Date	Num	Name	Memo	Amount
Bill Pmt -Check	03/09/2018	7692	City of Eureka-Water	Water service, 01/26/17-02/26/18	-141.78
Bill Pmt -Check	03/09/2018	7693	Comfort of Home Catering	Mixer Open House - Samoa catering.	-200.00
Bill Pmt -Check	03/09/2018	7694	David L. Moonie & Co., LLP	Contract fee- audit for 15/16	-19,800.00
Bill Pmt -Check	03/09/2018	7695	Green Ideals	Consulting for CCE program - January	-112.50
Bill Pmt -Check	03/09/2018	7696	Headwaters Fund - Interest	RCEA loan February 2018 Interest 3846000 800190	-50,000.00
Bill Pmt -Check	03/09/2018	7697	Hilson, D.	February mileage reimbursement	-128.45
Bill Pmt -Check	03/09/2018	7698	KHSU-FM	Two tickets for "Adolescence" - with underwriting	-100.00
Bill Pmt -Check	03/09/2018	7699	KHSU-FM	Underwriting	-305.00
Bill Pmt -Check	03/09/2018	7700	Lost Coast Communications	VOID: Outreach advertising	0.00
Bill Pmt -Check	03/09/2018	7701	Mad River Union	Recruitment Ad.	-120.00
Bill Pmt -Check	03/09/2018	7702	Marimba One, Inc.	Marimba Oneself-install rebate/Audit 4526.	-2,816.39
Bill Pmt -Check	03/09/2018	7703	Mission Uniform & Linen	Janitorial services	-121.26
Bill Pmt -Check	03/09/2018	7704	North Coast Cleaning	February Cleaning Service	-402.00
Bill Pmt -Check	03/09/2018	7705	Owen, P.	February mileage reimbursement.	-97.37
Bill Pmt -Check	03/09/2018	7706	Pierson's Home Ctr	Facilities maintenance	-50.30
Bill Pmt -Check	03/09/2018	7707	Platt/Rexel	Bulb purchases	-20,403.83
Bill Pmt -Check	03/09/2018	7708	Ramone's	Food Service - outreach	-367.27
Bill Pmt -Check	03/09/2018	7709	Recology	February garbage service	-85.40
Bill Pmt -Check	03/09/2018	7710	RENU	Renewable Energy Student Union Donation	-250.00
Bill Pmt -Check	03/09/2018	7711	Scraper's Edge	Wide format printing	-192.31
Bill Pmt -Check	03/09/2018	7712	Shasta Regional Transportation Agency	2nd quarter 2017-2018	-100.14
Bill Pmt -Check	03/09/2018	7713	Times Printing Company	Mailers	-2,823.51
Bill Pmt -Check	03/09/2018	7715	Uniquely Yours Catering	VOID: Catering - outreach meeting.	0.00
Bill Pmt -Check	03/09/2018	7716	Visual Concepts	Stickers	-363.63
Bill Pmt -Check	03/09/2018	7717	City of Arcata	February Utility User Tax	-6,702.63
EFT	03/09/2018	EFT	Direct Deposit	Payroll 2/14 - 2/28/18	-47,262.94
ACH	03/12/2018	ACH	The Energy Authority	RCEA - CAISO Invoice #20180308	-117,365.47
Bill Pmt -Check	03/13/2018	EFT	Staples Charge Account	Office Supplies	-649.91
Bill Pmt -Check	03/13/2018	EFT	VISA	February Statement 01/20- 02/21/20/18	-5,322.17
ACH	03/15/2018	ACH	The Energy Authority	February 2018 Invoice	-2,244,461.26
Bill Pmt -Check	03/16/2018	7718	ABC Office Equipment	Jan-March print charges/service contract.	-838.21

**Redwood Coast Energy Authority**  
**Disbursements Report**  
for the month of March 31, 2018

Type	Date	Num	Name	Memo	Amount
Bill Pmt -Check	03/16/2018	7719	AM Conservation	LED Stock	-306.68
Bill Pmt -Check	03/16/2018	7720	Bithell, M.	Purchase reimbursements	-235.44
Bill Pmt -Check	03/16/2018	7721	Boudreau, D.	Purchase reimbursement - 50" display monitor	-530.23
Bill Pmt -Check	03/16/2018	7722	Citibank	Travel account	-1,226.53
Bill Pmt -Check	03/16/2018	7723	Diamond, Nancy	Legal services	-3,615.45
Bill Pmt -Check	03/16/2018	7724	Engel, R.	March purchase reimbursement.	-92.65
Bill Pmt -Check	03/16/2018	7725	FedEx	Shipping documents	-113.24
Bill Pmt -Check	03/16/2018	7726	Ichien, D.	March mileage reimbursement	-64.31
Bill Pmt -Check	03/16/2018	7727	Lost Coast Communications	Outreach advertising	-180.00
Bill Pmt -Check	03/16/2018	7728	Means, M.	February mileage	-70.30
Bill Pmt -Check	03/16/2018	7729	Neal A. Goodman	Cask & Flask self-install rebate/Audit 5123	-1,968.21
Bill Pmt -Check	03/16/2018	7730	Ramone's	Catering services	-1,257.69
Bill Pmt -Check	03/16/2018	7731	SDRMA Medical	April premium.	-27,353.34
Bill Pmt -Check	03/16/2018	7732	Sonoma County Office of Education	January 2018 Professional Services.	-150.00
Bill Pmt -Check	03/16/2018	7733	Taketa, L.	Purchase reimburse	-160.84
Bill Pmt -Check	03/16/2018	7734	Terry, P.	February mileage	-33.97
Bill Pmt -Check	03/16/2018	7735	Times-Standard	Legal Notice: Phone Service	-80.09
Bill Pmt -Check	03/16/2018	7736	Uniquely Yours Catering	Catering - outreach meeting.	-748.40
Bill Pmt -Check	03/16/2018	7737	Verizon Wireless	Feb tablet/cell service for field staff/mobile broadband service.	-228.86
Liability Check	03/17/2018	E-pay	EDD	499-0864-3 QB Tracking # 501761114	-3,905.43
Liability Check	03/17/2018	E-pay	Internal Revenue Service	74-3104616 QB Tracking # 501764114	-19,808.16
Liability Check	03/17/2018	E-pay	EDD	499-0864-3 QB Tracking # 501766114	-380.16
Liability Check	03/17/2018	E-pay	Internal Revenue Service	74-3104616 QB Tracking # 501770114	-1,291.79
Liability Check	03/17/2018	7739	CA State Disbursement Unit	#200000001075867 Andrius Ilgunas	-79.37
Liability Check	03/17/2018	7740	CA State Disbursement Unit	#200000001075867 March Andrius Ilgunas	-158.74
Liability Check	03/17/2018	7741	Calvert	74-3104616	-10,730.06
Liability Check	03/17/2018	7742	Umpqua Bank	74-3104616	-558.36
Bill Pmt -Check	03/17/2018	7743	Winzler, John	Office Lease - April	-4,350.00
ACH	03/19/2018	ACH	The Energy Authority	RCEA - CAISO Invoice #20180315	-54,584.79
EFT	03/20/2018		Umpqua Bank	Service Charge	-211.34
ACH	03/22/2018	ACH	Humboldt Redwood Company LLC	February 2018 Biomass	-369,789.42

**Redwood Coast Energy Authority**  
**Disbursements Report**  
for the month of March 31, 2018

Type	Date	Num	Name	Memo	Amount
Paycheck	03/23/2018	7738	Paycheck	Payroll 3/1 - 3/15/18	-2,728.22
EFT	03/23/2018	3231801	Direct Deposit	Payroll 3/1 - 3/15/18	-51,226.85
ACH	03/29/2018	ACH	CalPine Corporation	February 2018 Invoice	-115,625.09
TOTAL					<b><u>-3,471,142.86</u></b>

**Redwood Coast Energy Authority**  
**Visa**

**For the month of March 31, 2018**

<b>Type</b>	<b>Date</b>	<b>Num</b>	<b>Name</b>	<b>Memo</b>	<b>Amount</b>
Credit Card Charge	03/01/2018		Square	Card Reader Fee	20.00
Credit Card Charge	03/16/2018		U-Verse	December DSL 11/9 - 12/8/16	95.89
Credit Card Charge	03/25/2018		Uberconference	Conference call subscription	11.06
			<b>TOTAL</b>		<b>126.95</b>

This page  
intentionally left  
blank.



# Redwood Coast Energy Authority

## Balance Sheet

As of March 31, 2018

	<u>Mar 31, 18</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1075 · Umpqua Reserve Account 2300	800,890.62
1070 · Umpqua Deposit Cntrl Acct 1687	1,530,149.01
1060 · Umpqua Checking-9271	184,715.64
1000 · COUNTY TREASURY 3839	5,065.52
1010 · Petty Cash	414.35
1050 · GRANTS & DONATIONS 3840	15,204.58
<b>Total Checking/Savings</b>	<u>2,536,439.72</u>
<b>Accounts Receivable</b>	107,034.69
<b>Other Current Assets</b>	<u>6,260,055.64</u>
<b>Total Current Assets</b>	8,903,530.05
<b>Fixed Assets</b>	151,725.39
<b>Other Assets</b>	504,100.00
<b>TOTAL ASSETS</b>	<u><u>9,559,355.44</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	142,113.28
<b>Credit Cards</b>	439.03
<b>Other Current Liabilities</b>	
2001 · Accounts Payable-Other	4,591,765.77
2100 · Payroll Liabilities	122,664.89
2210 · Retentions Payable	1,511.65
<b>Total Other Current Liabilities</b>	<u>4,715,942.31</u>
<b>Total Current Liabilities</b>	4,858,494.62
<b>Long Term Liabilities</b>	
<b>2700 · Long-Term Debt</b>	
2701 · Lighting Upgrade	4,612.19
2702 · Headwaters Credit Line	605,637.15
<b>Total 2700 · Long-Term Debt</b>	<u>610,249.34</u>
<b>Total Long Term Liabilities</b>	<u>610,249.34</u>
<b>Total Liabilities</b>	5,468,743.96
<b>Equity</b>	4,090,611.48
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>9,559,355.44</u></u>

**Redwood Coast Energy Authority**  
**Profit & Loss Budget vs. Actual**  
July 2017 through March 2018

	<b>Jul 2017 - Mar 2018</b>	<b>Budget</b>	<b>% of Budget</b>
<b>Income</b>			
Total Revenue - government agencies	143,697	268,835	53%
Total Revenue - program related sales	25,544	15,000	170%
Total Revenue-nongovernment agencies	1,030,494	1,570,364	66%
Electricity Sales Revenue			
Electricity Sales - Retail Revenue	32,810,374	46,735,993	70%
Electricity Sales - Uncollectable Accounts	(98,432)	(140,208)	70%
Total Electricity Sales Revenue	32,711,942	46,595,785	70%
<b>Total Income</b>	<b>33,911,676</b>	<b>48,449,983</b>	<b>70%</b>
<b>Expense</b>			
<b>WHOLESALE POWER SUPPLY</b>			
<b>CAISO</b>			
Total CAISO Energy	1,320,837	5,336,455	25%
Total CAISO Non-Energy Charges	855,560	1,830,563	47%
Total CAISO	2,176,398	7,167,018	30%
Bilateral Activity			
Resource Adequacy	1,318,865	2,572,007	51%
Energy Hedges Notional Value	16,626,572	19,298,480	86%
Total RPS Settlements	1,126,500	1,126,500	100%
Low Carbon Settlements	103,772	518,145	20%
Total Bilateral Activity	19,175,709	23,515,132	82%
Local Power Purchase Agreements			
Humboldt Redwood Company	4,249,208	4,862,651	87%
Total Local Power Purchase Agreements	4,249,208	4,862,651	87%
<b>TOTAL WHOLESALE POWER SUPPLY</b>	<b>25,601,315</b>	<b>35,544,801</b>	<b>72%</b>
 <b>PERSONNEL EXPENSES</b>	 1,598,913	 2,506,578	 64%
 <b>FACILITIES AND OPERATIONS</b>	 98,303	 232,976	 42%
 <b>COMMUNICATIONS AND OUTREACH</b>	 48,194	 200,041	 24%
 <b>TRAVEL AND MEETINGS</b>	 20,014	 48,617	 41%
 <b>PROFESSIONAL AND PROGRAM SERVICES</b>			
Contracts - Program Related Services	56,266	242,029	23%
Wholesale Services - TEA	423,747	567,821	75%
Procurement Credit - TEA	583,165	725,576	80%
Data Management - Calpine	810,334	1,100,000	74%
Regulatory	37,253	145,000	26%
Accounting	34,800	45,000	77%
Legal	41,272	85,000	49%
<b>PROFESSIONAL AND PROGRAM SERVICES</b>	<b>1,986,837</b>	<b>2,910,426</b>	<b>68%</b>

**Redwood Coast Energy Authority**  
**Profit & Loss Budget vs. Actual**  
 July 2017 through March 2018

	<u>Jul 2017 - Mar 2018</u>	<u>Budget</u>	<u>% of Budget</u>
PROGRAM EXPENSES	743,000	1,150,000	65%
INCENTIVES AND REBATES	362,735	460,000	79%
NON OPERATING COSTS	164,615	350,000	47%
Total Expense	<u>30,623,926</u>	<u>43,403,439</u>	<u>71%</u>
RESERVE REQUIREMENT CONTRIBUTIONS	800,000	6,000,000	13%
Net Income	<u><b>2,487,750</b></u>	<u><b>(953,455)</b></u>	<u><b>-261%</b></u>

This page  
intentionally  
left blank.



# REDWOOD COAST EnergyAuthority

## STAFF REPORT Agenda Item # 3.4

AGENDA DATE:	May 21, 2018
TO:	Board of Directors
PREPARED BY:	Richard Engel, Director of Power Resources
SUBJECT:	Calpine Contract Addendum No. 2 to Provide Peak Day Pricing Alerts

### SUMMARY

In October 2017, the Board authorized staff to repeat in 2018 the bill protection program we provided in summer 2017 for non-residential customers who had participated in PG&E's Peak Day Pricing program prior to enrolling in our Community Choice Energy program.

Peak Day Pricing (PDP) 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 to 15 'Peak Days' per year. Peak Events occur between 2 p.m. and 6 p.m. 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.

For 2018, staff have augmented the program by adding customer alerts that will be issued via email and text messages to participating customers the afternoon before each Peak Day. These alerts will encourage customers to reduce or shift loads during Peak Events. By participating, customers can increase the amount of bill credit they will receive at the end of the PDP season. In addition, RCEA stands to reduce its wholesale power procurement costs during peak demand hours when these prices often spike far above their normal values.

The alerts are issued using third-party fee-for-service software. RCEA staff asked Calpine to check daily for Peak Day alerts and forward the alerts on to participating RCEA customers using the third-party software. This task is appropriately performed by Calpine as their office operates seven days a week, and alerts may be issued by PG&E on weekends when RCEA's office is not staffed.

## **FINANCIAL IMPACTS**

Calpine has agreed to provide the alert service at no additional price above their existing contract price as a pilot offering for summer 2018. RCEA paid out approximately \$116,000 in credits for the summer 2017 PDP bill protection program. As this year's program is being offered on an opt-in basis, participation is expected to be substantially lower; thus total bill protection costs are expected to be lower. However, costs per customer will likely be higher, as participants who actively respond to peak day alerts will presumably earn higher credits than they did without the alerts in 2017.

RCEA expects to enjoy some wholesale procurement cost savings on peak days through reduced customer load when wholesale prices are at their seasonal high. However, this program is being provided mainly as an incentive to customers to continue participating in RCEA's CCE program instead of returning to bundled PG&E service. Such a loss of customers to PG&E bundled service could greatly reduce RCEA's program revenues in the long term.

## **RECOMMENDED ACTION**

Approve Contract Addendum No. 2 "Scope of Services – Peak Day Pricing Alerting Services Pilot" to Professional Services Agreement between Calpine Energy Solutions, LLC and Redwood Coast Energy Authority.

## **ATTACHMENTS**

Contract Addendum No. 2: Scope of Services – Peak Day Pricing Alerting Services Pilot

**ADDENDUM No. 2 TO  
PROFESSIONAL SERVICES AGREEMENT ("Agreement")  
Between Calpine Energy Solutions, LLC ("DM Services Provider")  
And Redwood Coast Energy Authority ("RCEA")**

**SCOPE OF SERVICES  
PEAK DAY PRICING ALERTING SERVICES PILOT**

1. **TERM.** The term of this Addendum No.2 for Peak Day Pricing Alerting Services Pilot shall commence on May 1, 2018, and shall be completed on or about October 31, 2018.
2. **DESCRIPTION OF PEAK DAY PRICING ALERTING SERVICES.** In accordance with the term set out above, DM Services Provider shall perform the Peak Day Pricing Alerting Services listed below.
  - a. Peak Day Monitoring:
    - i. DM Services Provider will monitor PG&E's website for Event Day Alerts from May 1, 2018 to October 31, 2018 including holidays and weekends.
    - ii. Per RCEA's understanding, if PG&E decides to designate a day an Event Day, the corresponding Event Day Alert will be posted by PG&E on PG&E's website by 2pm PT the day prior to said Event Day.
  - b. Peak Day Alerting:
    - i. Upon identifying an Event Day Alert, DM Services Provider will issue a corresponding RCEA Peak Day Alert utilizing the alerting tool specified by RCEA using commercially reasonable efforts to issue the alert no later than 3:30pm PT on the day the Event Day Alert is identified.
    - ii. RCEA will be solely responsible for any setup, initiation, testing, maintenance, or other activity related to ensuring that the alerting tool works as expected.
    - iii. RCEA will be solely responsible for developing and maintaining the recipient list to be used by DM Services Provider when issuing alerts.
    - iv. RCEA will be solely responsible for training DM Services Provider personnel on the use of the alerting tool.

**3. FEES.**

The Peak Day Pricing Alerting Services outlined in this scope of work are offered at no additional cost by DM Services Provider to RCEA, recognizing that this is a pilot program being developed by RCEA.

#### **4. DEFINITIONS.**

"Event Day Alert" is the alert or notification that PG&E publishes on its website on Event Days.

"Event Days" are those days that PG&E determines, based on their own criteria, that special pricing conditions will apply depending on a customer's electricity usage.

"Peak Day Pricing" is an optional rate offered by PG&E to its customers that offers rate incentives based on usage reduction during certain hours on Event Days.

"PG&E" is the local Utility Distribution Company.

"RCEA Peak Day Alert" is the alert or notification that will be issued by DM Services Provider on behalf of RCEA as part of this statement of work.

#### **5. LIMITATION OF LIABILITY.**

NOTWITHSTANDING ANY OTHER PROVISION OF THE AGREEMENT TO THE CONTRARY, RCEA ASSUMES, TO THE FULLEST EXTENT PERMITTED BY LAW, RESPONSIBILITY AND RISK OF LOSS RESULTING FROM PERFORMANCE UNDER AMENDMENT NO. 2. IN NO EVENT SHALL DM SERVICES PROVIDER BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, EXEMPLARY, OR OTHER INDIRECT LOSS OR DAMAGES RESULTING FROM OR ARISING OUT OF THE PERFORMANCE OF THE PEAK DAY PRICING ALERT SERVICES, WHETHER CAUSED BY THE NEGLIGENCE OR INTENTIONAL ACTIONS OF DM SERVICES PROVIDER (AND/OR ITS CONTRACTORS, AGENTS, AND EMPLOYEES), REGARDLESS OF WHETHER SUCH CLAIM FOR DAMAGES IS BASED IN CONTRACT, TORT, STRICT LIABILITY, UNDER ANY INDEMNITY OR OTHERWISE, UNLESS SUCH LOSS OR HARM IS CAUSED DM SERVICES PROVIDER'S SOLE NEGLIGENCE. DM SERVICES PROVIDER'S MAXIMUM LIABILITY CONNECTED WITH PERFORMANCE OF THE PEAK DAY PRICING ALERT SERVICES SHALL BE US\$100. THE PARTIES AGREE THAT THIS LIMITATION OF LIABILITY IS A MATERIAL INDUCEMENT FOR DM SERVICES PROVIDER TO PERFORM THE PEAK DAY PRICING ALERT SERVICES.

#### **6. NO FURTHER ALTERATION INTENDED.**

The terms and conditions herein are intended to apply to this Addendum only, and are not otherwise intended to affect the application of the terms of the Agreement to other Addenda and/or Scopes of Services. Except as otherwise provided hereinabove, the terms of the Agreement shall apply to this Addendum, provided, however, that any conflict between this Addendum and the Agreement shall be resolved in favor of the Addendum.



IN WITNESS WHEREOF, the Parties hereto have executed the Addendum as of the date first written above.

**Calpine Energy Solutions, LLC**

By: \_\_\_\_\_

Name: Jim Wood

Title: President

Date: \_\_\_\_\_

**Redwood Coast Energy Authority**

By: \_\_\_\_\_

Name: Sheri Woo

Title: Chair of the Board

Date: \_\_\_\_\_

ATTEST:

\_\_\_\_\_

Name: Lori Taketa

Board Clerk

Date: \_\_\_\_\_

\_\_\_\_\_

This page  
intentionally  
left blank.



**STAFF REPORT**  
**Agenda Item # 3.5**

AGENDA DATE:	May 21, 2018
TO:	Board of Directors
PREPARED BY:	Lori Biondini, Director of Business Development and Planning
SUBJECT:	Adopt Resolution Authorizing Electronic Submission of Data Required by RDAApply

**SUMMARY**

In April 2018 the Board directed Staff to move forward with preparing a loan application for the USDA RUS guaranteed loan program and designated a data Certifier and Security Administrator on RUS Form 674, Certificate of Authority to Submit or Grant Access to Data, approved by RCEA Resolution 2018-3 "Authorization to Certify and Submit Required Data to the U.S. Department of Agriculture Rural Utilities Service Loan Program."

Staff understood that these documents approved electronic submission using the USDA's RDAApply online application system. Staff learned from the USDA that this was incorrect; one additional resolution is needed to authorize electronic submission.

Although the RUS program will accept paper copies of loan application forms and documents, staff continues to recommend that the Board authorize the use of the USDA online application portal, RDAApply, to submit the loan application documents and manage any subsequent loan. This authorization does not authorize or obligate staff to complete and submit a loan application but is a necessary first step to begin uploading the many necessary documents, including a construction workplan and environmental review, that will need to be reviewed by USDA staff prior to application submittal.

**RECOMMENDED ACTION**

Adopt Resolution No. 2018-5 of the Redwood Coast Energy Authority Authorization for Electronic Submission of Any and All Data Required by RDAApply Intake System.

**ATTACHMENTS**

- Resolution 2018-5

**RESOLUTION NO. 2018-5  
OF THE REDWOOD COAST ENERGY AUTHORITY  
AUTHORIZATION FOR ELECTRONIC SUBMISSION OF ANY AND ALL DATA REQUIRED  
BY RDAPPLY INTAKE SYSTEM**

**WHEREAS**, the Redwood Coast Energy Authority (RCEA) is continuing operation of its successful community choice energy program on behalf of participating jurisdictions in Humboldt County; and

**WHEREAS**, the Guidelines for the Community Energy Program, adopted by the RCEA Board in September 2016, direct RCEA to pursue the development of 5MW of new local solar targeted to be online before the end of 2018; and

**WHEREAS**, RCEA plans to submit an application to the electric infrastructure loan opportunity offered by the U.S. Department of Agriculture, Rural Utilities Service.

**NOW, THEREFORE, BE IT RESOLVED**, that

1. Matthew Marshall, the Executive Director of RCEA, be the Certifier on behalf of the Corporation, who shall be responsible for submitting and certifying to the Rural Utilities Service, an agency of the United States Department of Agriculture, any and all data required by RD Apply Intake System;
2. Lori Biondini, the Director of Business Development and Planning of RCEA, be the Administrator on behalf of the Corporation, who shall give access to the Corporation's data, as appropriate, to other employees, officers, or contractors of the Corporation, for the purpose of complying with the RD Apply Intake System; and
3. both shall comply with the Instructions for RD Apply Intake System in regard to use of the government's data collection system.

Certifier: mmarshall RCEA  
eAuthentication ID

Administrator: lbiondini  
eAuthentication ID

Adopted this \_\_\_\_ day of \_\_\_\_\_, 2018.

ATTEST:

\_\_\_\_\_  
Sheri Woo, RCEA Board Chair

\_\_\_\_\_  
Clerk of the Board, RCEA

Date: \_\_\_\_\_

Date: \_\_\_\_\_

# CLERK'S CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of Resolution No. 2018-5 passed and adopted at a regular meeting of the Redwood Coast Energy Authority, County of Humboldt, State of California, held on the \_\_\_\_ day of \_\_\_\_\_, 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

---

Clerk of the Board, Redwood Coast Energy Authority

This page  
intentionally  
left blank.



# REDWOOD COAST Energy Authority

## STAFF REPORT Agenda Item # 5.1

AGENDA DATE:	May 21, 2018
TO:	Board of Directors
PREPARED BY:	Matthew Marshall, Executive Director
SUBJECT:	FY17-18 Budget Revisions

### SUMMARY

Staff proposes some additional mid-year revisions to the FY17-18 Budget as described below. These revisions are to reflect some programmatic changes and changes in how some budget items are recorded/tracked in the books compared to what was originally anticipated during the pre-CCE program launch budgeting process.

The proposed budget revisions are as follows:

#### **Income:**

1. **Electricity sales – decrease from \$46,735,993 to \$46,430,000.** This adjustment incorporates the 2018 customer rates adopted by the Board and updates to the forecasts of the total volume of electricity that will be sold in FY17-18.

#### **Expenses, Wholesale Power Supply:**

2. **CAISO Energy Charges – decrease from \$5,336,455 to \$2,600,000.** This adjustment is primarily to account for a change in how the net CAISO-market value versus costs of local biomass procurement are being recorded in the books compared to what was originally contemplated.
3. **CAISO Non-Energy Charges – decrease from \$1,830,563 to \$1,200,000.** The adjustment reflects updates to actual and forecasted values, including net revenue (offsetting some CAISO charges) generated through the Congestion Revenue Rights auction process.
4. **Resource Adequacy – decrease from \$2,572,007 to \$1,900,000.** Adjusted to reflect actual procurement costs and updated forecasts.
5. **Energy Hedges Notional Value – increase from \$19,298,480 to \$20,660,000.** This adjustment captures the outcome of 2018 procurement of energy hedges.
6. **Humboldt Redwood Company – increase from \$4,862,651 to \$6,570,000.** This adjustment does not result from any change to the price or volume of the power purchase agreement, it is just to address a change in how the cost of the contract and market-value of the energy delivered is accounted for (resulting in an associated decrease in CAISO Energy charges).

7. **DG Fairhaven – add to “Local Power Purchase Agreements” at \$960,000.** This addition accounts for the new power purchase agreement approved by the Board earlier in 2018. DG Fairhaven began power deliveries this month.

The addition of the DG Fairhaven contract along with other power-cost updates/reductions above result in an overall minimal net change to the wholesale power budget (less than a 0.5% change).

8. **Reserve Requirement Contributions – decrease from \$6,000,000 to \$3,000,000.** This adjustment updates the anticipated cash balances that RCEA will be able to transfer into the reserve fund by the end of the fiscal year. As discussed at prior meetings the lag in cash deposits from retail electricity sales compared to the wholesale power costs being incurred results in a significant cashflow lag, requiring a delay in when transfers into reserve fund can be made. This adjustment also incorporates other budget updates that reflect power procurement results, customer participation, and actual customer energy usage, reflected in the other budget revisions proposed above as well as those approved at the last meeting.

## **RECOMMENDED ACTION**

Approve the following adjustments to the FY17-18 RCEA Annual Budget expense categories:

1. Electricity Sales Revenue – decrease to \$46,430,000
2. CAISO Energy Charges – decrease to \$2,600,000.
3. CAISO Non-Energy Charges – decrease to \$1,200,000.
4. Resource Adequacy – decrease to \$1,900,000.
5. Energy Hedges Notional Value – increase to \$20,660,000.
6. Humboldt Redwood Company -- increase to \$6,570,000.
7. DG Fairhaven – add to “Local Power Purchase Agreements” at \$960,000.
8. Reserve Requirement Contributions – decrease to \$3,000,000.





# REDWOOD COAST Energy Authority

## STAFF REPORT Agenda Item # 5.2

AGENDA DATE:	May 21, 2018
TO:	Board of Directors
PREPARED BY:	Matthew Marshall, Executive Director
SUBJECT:	Update on Offshore Wind Development Partnership Negotiations

### SUMMARY

In February RCEA issued a Request for Qualifications for Offshore Wind Energy Development Partners, and at the March 26, 2018, RCEA Board Meeting the Board of Directors selected for partnership negotiations a respondent team recommended by the RFQ review team and the Offshore Wind Energy Board Subcommittee.

Staff and RCEA Legal Counsel have begun negotiations with the selected team, with the objective of a joint development partnership agreement between:

1. **RCEA**
2. **EDPR Offshore North America, LLC**
3. **Principle Power, Inc.**
4. **Aker Solutions, Inc.**

At the Board meeting staff will provide an update on the ongoing negotiations.

Also, for reference, a sample of some news coverage generated by RCEA's offshore wind effort is attached.

### RECOMMENDED ACTION

N/A – information only

### ATTACHMENTS

"A Floating Offshore Wind Farm Is Coming to California," Oceans Deeply, *newsdeeply.com*, 4/13/2018.

"In the Wind - Can Offshore Wind Energy Reshape the Future of Humboldt County?" North Coast Journal, 2/22/18.


"Opinion: Offshore Wind Energy Could Also Power Labor Unions," The Mercury News, 4/5/2018.


# A Floating Offshore Wind Farm Is Coming to California

Share Tweet

 Share via Email

Matthew Marshall, executive director of the Redwood Coast Energy Authority, explains why a public-private partnership wants to build what could be the country’s first floating wind farm, in the Pacific Ocean.

WRITTEN BY <a href="#">Ian Evans</a>	PUBLISHED ON  April 13, 2018	READ TIME Approx. 5 minutes
---	--	--------------------------------

Never miss an update. 

Sign up for our newsletter to receive weekly updates, special reports and featured insights as we cover one of the most critical issues of our time.


Enter your email address

First Name

Last Name

Job Title

Organization

 SUBSCRIBE



This floating turbine off Agucadoura, Portugal, is an example of the kind of energy generator that could be built off the California coast. MARC PREEL/AFP/Getty Images

**THE WAVES CRASHING** along the coast of Humboldt County, California, make visible just how much energy exists offshore. If all goes well, within a decade the Pacific Ocean in Northern California will be generating electricity from the first offshore floating wind farm set to be built in the United States.

Redwood Coast Energy Authority (RCEA) is a joint powers agency in the city of Eureka, California, that aggregates electricity demand on behalf of the county, a water district and seven cities. RCEA buys much of its energy from various renewable sources on the West Coast, but executive director Matthew Marshall wants to obtain more locally generated electricity. To that end, RCEA announced on April 2 that it had selected a

## Related Articles

**An Untapped Resource in the Fight Against Climate Change: The Ocean**

Nov. 30, 2017

**Report: Offshore Fish Farms Could Thrive in California**

March 26, 2018

**A Deep Dive Into the Year in Oceans 2017**

Dec. 27, 2017

**Premium Protection: Why Insurers Are Eager to Cover Coral Reefs**

March 15, 2018

**New Long-Term Effort to Understand Impact of Rapidly Changing Atlantic**

Feb. 21, 2018

**Robots Dive Below Antarctica Ice Sheet to Collect Climate Change Data**

Dec. 21, 2017

**How Hydrogen Could Help Clean Up the Global Shipping Industry**

Jan. 10, 2018

**The Long Journey of Genetically Engineered Salmon to Your Dinner Plate**

Feb. 19, 2018

**How a Carbon Tax Can Build Blue Economies in Pacific Island Nations**

July 19, 2017

consortium of five companies for a public-private partnership to develop a 100–150 megawatt (MW) floating wind farm 30km (20 miles) off the coast from Eureka. The group consists of [Principle Power](#), [EDPR Offshore North America](#), [Aker Solutions](#), [H.T. Harvey & Associates](#) and [Herrera Environmental Consultants](#).

Such wind generators differ from traditional offshore turbines, which are anchored to the seabed, in that the turbines are on floating platforms. They can be more easily moved and lessen the impact on the ocean floor, but most importantly they can be put in deeper waters, where there's more wind and no one to object to the obstruction of views or impacts on the surf.

Despite such advantages, the world's first commercial floating wind farm – generating 30 MW – only opened last October, off the coast of Scotland. The Humboldt County project is set to come online in seven years, by which time it may not be the first such energy generator in the U.S.

Oceans Deeply spoke to Marshall about the project and why he hopes that it will advance the “commercialization of floating wind technology,” particularly along the West Coast.

**Oceans Deeply: You are currently buying much your energy from elsewhere. How**

**How Ocean Aquaculture Could Feed the Entire World – and Save Wild Fish**

Aug. 16, 2017

## Most Popular

1

### Race to the Bottom: Impact of Deep-Sea Fishing Severely Underestimated

Scientists recalculated historical catch data to find that bottom trawlers that scrape the seafloor with huge nets may be killing far more fish – and destroying more habitats – than previously thought.

April 16, 2018

2

### The Man Swimming Across the Pacific Ocean for Science

April 23, 2018

3

### A Voyage to the White Shark Cafe to Find Out What's on the Menu

April 25, 2018

4

### New Weapons in the War on Lionfish, a Beautiful but Deadly Invader

May 2, 2018

5

### Report: Marine Protected Areas

## does the cost of those imports compare to constructing this new floating wind farm?



Matthew Marshall, executive director of Redwood Coast Energy Authority. (Courtesy of Redwood Coast Energy Authority)

Matthew Marshall: We don't have a final price yet. We're not expecting it to be a lower cost option.

The cheapest option is still going to be brown power: nonrenewable sources. In the state, the price of solar is coming way down, which is great, and there is actually a great abundance of it, which is a great problem to have.

The nice part about offshore wind is that it has almost an inverse generation profile to solar, so if we're really going to move the state to having 100 percent renewable sources – ultimately that's the goal – we're going to have to have a balanced portfolio of resources to do that. I think that offshore wind is really the biggest untapped opportunity.

**Oceans Deeply: Currently, the largest floating wind farm generates about 30**

**Offer No Protection from Climate Change**

May 7, 2018

REPUBLIC THIS ARTICLE

## **MW of power. RCEA's project plans on developing up to 150 MW. Why the big leap?**

Marshall: The decision to shoot for that target has a couple of factors – one was that there are a number of other projects that are in the queue ahead of this, as far as the development timeline. We'll see how things play out, but I wouldn't expect that by the time this plays out, for this to be the largest project. There are a number of other projects in Europe and elsewhere that are moving forward.

The other factor, as far as scaling up, is that the offshore turbines are getting much larger because there aren't the space constraints of trying to move things around on road and trains. As that is scaling up, I think the expectation is that, by the time this project comes online in seven or so years, the industry-standard turbine is going to be closer to a 10 MW turbine, or maybe even 12. So, it might just be a 10- or 12-unit farm, but it would be a lot bigger than what a 10- or 12-turbine farm would have been five years ago, or even today, as far as the output.

## **Oceans Deeply: The coast off Northern California has a lot of wind, but what makes Humboldt County a particularly good place for this?**

Marshall: I'm not going to claim to be an expert on the harbor requirements of offshore wind quite yet, but there are some basic factors, like is it deep enough, what's the upland space available for staging and assembly? I think that our location is good, we're a fairly underutilized port at the moment so there's a lot of potential.

I think that is something that really interests the community – having a port that is ready for some revitalization and some new activity, this industry is one that checks all the boxes of blue-collar jobs, port revitalization and renewable energy.

## **Oceans Deeply: What environmental concerns apply to offshore turbines?**

Marshall: There's no shortcut around doing your environmental review and doing your siting and all that. That's one of the things that does take a lot of time, especially for a new technology and a project of this scale. We're cautiously optimistic, because there aren't any key deal-breakers – at least we haven't identified anything that is just going to make it a nonstarter – but I think that there are a lot of reviews to make sure that seabird impacts are mitigated and minimizing the impacts to commercial fishing and making sure that it's done right. We're in the very early stages of that. It's looking optimistic, but there is still a lot of



analysis that has to be done before we can definitely say, “This is good to go.”

One of the advantages of floating turbines is that, for the typical fixed-bottom offshore wind turbine they’re driving in foundations. That installation process can have a noise impact for whales, and so with a floating platform there is much less of that.

## **Oceans Deeply: Are you hoping that this will be an example to follow?**

Marshall: We’re not going to be at the head of the curve, as far as the world – Europe’s going to be ahead of us and quite likely Asia as well. But certainly, for the West Coast, it’s looking increasingly probable that this might be the first floating project on the West Coast and it certainly could be the first floating project in the United States. That would be a groundbreaking opportunity, and so making sure that it’s done right and taking it one step at a time to make sure that there aren’t any unforeseen impacts.

We’re just excited to be taking this first step in hopefully moving both this project forward for our community, but also hopefully in a way that’s helping to develop some innovation in the renewable energy sector that can really help us, and the state and the country get off of fossil fuels as soon as we can. ■

### *About the Author*

#### **Ian Evans**

Ian is the community editor for environment at News Deeply. Before joining News Deeply, he was a freelance science journalist in Boston with a focus on environmental law and policy. He has been published in Undark Magazine, FiveThirtyEight, Nautilus and more. Ian grew up in California, and before getting into journalism he planned on becoming an ecologist. Instead, he pursued science writing and in 2016 he earned an MS in science journalism from Boston University. When he has spare time, Ian likes to get out

and go hiking, backpacking and birding.



## In the Wind

### Can offshore wind energy reshape the future of Humboldt County?

BY [THADEUS GREENSON](#) [THAD@NORTHCOASTJOURNAL.COM](mailto:THAD@NORTHCOASTJOURNAL.COM) [@THADEUSGREENSON](#)

[click to enlarge](#)



COURTESY OF STATOIL

Hywind floating turbine demo off the coast of Karmøy, Norway.

As legalized recreational cannabis takes hold in California, some Humboldt County officials think the local economy's future isn't tied to farms in the hills. It might be in the wind.

A triad of factors has state and local officials, as well as energy companies, increasingly excited about the potential of offshore wind energy in Humboldt County, with the hope it could become a hub for the emerging renewable energy technology, transforming the local electric grid into 100 percent renewable energy while creating hundreds of jobs

and revitalizing the port. Redwood Coast Energy Authority Executive Director Matthew Marshall says that while wind energy is nothing new, its local potential is.

"Frankly, we've got pretty much the best offshore wind resource in the entire country," he says, adding that the North Coast has the kind of consistent, strong winds that make wind energy companies salivate. "The wind has always been there and that's been known."

What's historically ruled the North Coast out of wind energy discussions, Marshall says, is that the waters off the local coast "get too deep, too quick," meaning the wind turbines used in shallow waters off the East Coast and elsewhere won't work off the Humboldt County coastline. But a new floating platform technology is proving to be a game changer.

The technology, which involved massive, 750-plus-foot-tall wind turbines fixed to partially submerged barges or platforms that are then tethered to the ocean floor, is proving viable, with the first full-scale deep water wind farm opening off the coast of Scotland last fall, after nearly a decade of pilot tests. State officials in California, which passed Senate Bill 350 in 2015 pledging the state to transition to 50 percent renewable energy by 2030, have taken notice and begun looking at offshore wind as a viable option for reshaping the state's electric grid.

"Three years ago, offshore wind energy wasn't in our thought process," said California Energy Commission Renewable Energy Integration Specialist Michael Sokol at a recent meeting convened by RCEA. He made clear that it is now. Part of what's tantalizing about offshore wind for state officials is its potential balance with the state's existing solar infrastructure. While solar energy production peaks at midday and vanishes at sunset, offshore wind would see its highest production in the late afternoon and evening, lessening the need for energy storage.

**"Three years ago, offshore wind energy wasn't in our thought process."**

With California officials feeling an urgency to find renewable technologies that could work on a large scale and the emerging floating platform technology making the Pacific

Coast potentially viable for offshore wind, eyes turned to the Central Coast. While the wind potential down south isn't as strong as off the North Coast, its proximity to population centers and energy infrastructure made the location a natural fit. State and federal officials were busy last summer conducting hearings and outreach on a lease application for a wind farm near San Luis Obispo until the U.S. Navy quietly threw a wrench in those plans back in August, signaling that it would veto the application because it could interfere with military testing operations. But the Navy didn't stop there, deeming the entire coastline from Los Angeles to north of Big Sur — more than 35,000 square miles — off limits.

That left Humboldt County as one of the only viable candidates for potential sites. In addition to getting the crucial OK from the Navy, Humboldt Bay is the only port in the northern stretch of the state that would be able to bring the huge turbines into port for maintenance, as they are too tall to clear the bridges of the San Francisco Bay.

"These things are huge," said Scott Morgan, a deputy director of administration in Gov. Jerry Brown's office at the recent RCEA meeting. "The blades on them are monsters."

## **"The blades on them are monsters."**

Seemingly all of a sudden, the California Energy Commission began pointing energy companies toward Humboldt Bay.

At that point, Marshall says, RCEA had already entered into a partnership with Principal Power Inc., a technology and services provider for the offshore deep water wind energy market based in the Bay Area, to assess the potential of offshore wind energy. As the community choice aggregator for Humboldt County, RCEA has a clear stake in the outcome of the process and Marshall says the agency also wanted to ensure a local entity is involved in the process and conversations in order to retain some local control and ensure Humboldt doesn't end up at the whim of a large, multi-national energy company.

But when news of the Navy's veto of the majority of California's coast became public, Marshall says things kicked into high gear. RCEA is now circulating a request for qualifications, looking for other entities with the "needed technical and financial" means

to help cooperatively develop Humboldt County's offshore wind infrastructure. The agency hopes to find partners by the end of March.

Marshall says, the plan is to start small with a farm consisting of 10 to 15 wind turbines located 20 to 30 miles offshore, with the potential to scale up. For the moment, there isn't much incentive to go larger than that, Marshall says, as the infrastructure to connect Humboldt County to the rest of the state's electric grid doesn't exist, meaning it can't export excess electricity.

Changing that would require either extending high-capacity power lines east through Trinity County to connect with the state grid in Cottonwood or building an undersea transport system to the south. Both would come with price tags in the hundreds of millions of dollars.

While the conversation is entirely speculative at this point, it has local officials abuzz at the potential.

As the executive director of the Environmental Protection Information Center, Tom Wheeler jokes that he's often in the position of playing bad cop and shooting holes in development ideas. But not in this case.

"So far, we've been really excited about the conversation," he says, making clear there is still lots of information to be gathered and many questions to be answered. "It seems like we could have good, blue collar jobs and clean renewable energy from this project. It's just making sure we do it in a way that minimizes impacts to wildlife."

**"It's just making sure we do it in a way that minimizes impacts to wildlife."**

The wildlife impacts question seems a hard one to answer, as there's been minimal study on the issue so far. At 20 to 30 miles offshore, Wheeler says there aren't the concerns about harm to bald eagles, golden eagles and bats that onshore wind farms bring. But there are some concerns about impacts to pelagic birds and marine life. Most notably, Wheeler says there is the question of whether the vibrations or sounds from the windmills would affect migrating whales along the coast, which is currently unknown.

Wheeler also says he's heard concerns that the floating platforms could attract sea birds by becoming "reef-like" ecosystems that draw fish and, consequently, feeding birds that would then get caught in the propellers.

"There are some concerns but we're at the investigation stage right now, and I fully support the investigation," he says. "I think this could be a great thing for Humboldt. This could be really cool."

Humboldt Bay Harbor District CEO Larry Oetker says the topic of an offshore wind farm has been on his radar since he stepped into the job in December. If things move forward, Oetker says, it would necessitate infrastructure improvements in the bay. Currently, he says, the bay entrance is deep enough and wide enough to accommodate barges pulling the wind turbines into port for maintenance and repairs. The problem is the docks in the bay — all of which were built primarily for loading and unloading wood products — can't handle the weight of the turbines, which run some 500 tons. But rebuilding one of the bay's docks to accommodate that kind of tonnage, along with the hoists needed to move things of that size, could create a host of other shipping possibilities.

"That would open up a whole container world to us, having containers come in and out of the port," Oetker says.

While at least initially the turbines themselves would be shipped to the North Coast, Marshall says, there would need to be local maintenance and repair crews, which would create some jobs. But if the farm proves successful and scales up, there's the potential for the large-scale creation of well-paying jobs locally.

The port of Grimsby in England used to be home to one of the world's largest fishing fleets back in the 1950s, but declines in fisheries and territorial squabbles over the waters of neighboring countries have largely decimated it, sending the city into a deep economic slump and one of the nation's highest unemployment rates. But about a decade ago, energy companies came calling about offshore wind.

"To be truthful, it sounded a load of rubbish," Port Chief Martin Boyers told *Public Radio International*. "It's turned out to be very good for us."

According to the *PRI* report, the offshore wind boom has resulted in the creation of thousands of jobs, with more on the way as England looks to ramp up its use of renewable energy in the coming decades. In addition to the technicians and maintenance workers needed to keep the wind farms up and running, Grimsby has welcomed a number of factories that manufacture the massive turbines, which have hand-made blades that weigh 30 tons and stretch 250 feet long.

If the pilot project gets up and running and does well, Marshall says, there's similar potential in Humboldt County. He says he can envision wind power companies buying up land on the Samoa Peninsula — which is designated as a free trade zone and comes with some special tax benefits to companies located there — and producing turbines locally. Further, he says, there's the potential for numerous licensed farms along the Northern California and Oregon coasts, with Humboldt Bay serving as the production and maintenance hub.

"If the sector really takes off, then there's that potential next phase," he says.

But that's all putting the cart way before the horse. Marshall says RCEA is currently meeting with stakeholders and gather public input, having already met with representatives of the fishing industry, local governments, environmental groups and local tribes.

So far the feedback has been invaluable and largely supportive, Marshall says. As an example, he says fishermen balked at the initial proposal to locate the farm 15 to 20 miles off shore, saying 15 "would be horrible," but were fine with it being 20 to 30 miles out, so RCEA adjusted plans accordingly. The added distance, Marshall says, will also mean the turbines will be even less visible from shore. Spotting them, he says, will be somewhat like trying to find the smoke stack on the old pulp mill while standing on Trinidad Head. "Getting 20 to 30 miles off the coast, you're going to be lucky to be able to see it on a clear day with binoculars," he says.

Having already gathered a lot of stakeholder input, RCEA will now begin to reaching out to the general public. To that end, Marshall says the agency has a pair of informal public information sessions planned — from 4 to 7 p.m. on March 5 at the Social Club in Samoa

and March 6 at Plaza Grill — when folks can drop in, have a snack and a beverage and learn more about the project.

Meanwhile, RCEA hopes to identify partners with an eye on hitting the ground running on a proposal this spring. But Marshall warns the process will be slow. Once RCEA has partnerships in place and its ducks in a row, it will begin the lease process with the Bureau of Ocean Management by submitting an application. If the bureau deems there's competitive interest — which seems likely in this case — it would put the lease out to auction. Once a high bidder secures the rights, the project would then undergo studies, evaluations, site plans and environmental review.

"We have to plan to plan, then comes the planning, then reviewing the plan," he says.

"There are going to be countless phases of permitting and planning."

*Thadeus Greenson is the Journal's news editor. Reach him at 442-1400, extension 321, or [thad@northcoastjournal.com](mailto:thad@northcoastjournal.com). Follow him on Twitter @thadeusgreenson.*

**BREAKING NEWS** | Small quake near Morgan Hill jostles South Bay

Opinion > [Commentary](#)

## Opinion: Offshore wind energy could also power labor unions

The move must overcome U.S. military muscle-flexing in California climate policy.



(AP Photo/Heribert Proepper)

A speedboat passes by offshore windmills in the North Sea in this 2002 file photo.

By **ROBERT COLLIER** |

PUBLISHED: April 5, 2018 at 6:45 am | UPDATED: April 5, 2018 at 8:42 am

A new chapter in California's transition to clean energy sources is in the works, incongruously led by a small, locally run utility in far northern California.

Whether it succeeds could have long-range implications for the state's electricity supply and for labor unions in California.

Redwood Coast Energy Authority, a year-old community-choice electricity provider in Humboldt County, announced Tuesday that it will join with Principle Power, an Emeryville wind firm, to develop in deep waters off Eureka the state's first offshore wind farms.



Their move ahead is being spurred — and also hampered — by the U.S. military's unprecedented muscle-flexing in California's climate policy.

In August, the Pentagon declared the entire Central and Southern California coast was a "red zone" in which offshore wind development was banned. California and federal officials had been planning for years to develop wind farms in that area, so they pleaded with the military to reverse its ban.

Last month, the answer finally came. In addition to holding fast to its southern red zone, the Pentagon stunned the Californians by re-coloring the ocean map from Point Arena to the Oregon border from green to yellow — in other words, switching from near-zero restrictions to a case-by-case "maybe yes, maybe no" in which the state will need to negotiate with the military over each potential wind farm.

For Humboldt's community-choice provider, Redwood Energy, the military's position provides an opportunity to proceed without competition. Negotiations with the military could cause delays, but the southern ban would make the north coast the state's only option.

Humboldt County has long been a hotbed of environmental politics, and the county and municipal officials who control Redwood Energy embraced the chance to put their green principles to the test and grab the lead in a new clean-energy industry. They are planning a floating wind farm of 100-150 megawatts, enough to consistently power about 60,000 homes, and hope to expand it later to as much as 3,000 megawatts.

But the hard part now begins. Crucial questions remain: Will Principle be able to lower its costs enough to provide electricity at a competitive price? Will California's grid regulators allow Redwood Energy to spread the construction cost of new, long-distance transmission lines among all state ratepayers, as is done for renewable energy projects elsewhere? Who will pay to rebuild the decrepit port facilities outside Eureka that will be needed to install and maintain the wind farms?

Above all, will Sacramento policymakers, most of whom have taken little notice of offshore wind until now, recognize that the northern coast's relentless, 24-7 offshore winds could balance the highly erratic electricity generation from solar generation and stabilize an all-renewable state grid?

Amid all this, offshore wind's most potentially powerful ally is organized labor. Unions see offshore wind as a chance to put into practice all of California's hard-won lessons about using clean energy to produce unionized, middle-class jobs rather than low-wage dead ends.

For proof of concept, unions are looking to the Atlantic Coast, where the military has posed no objections and offshore wind is becoming a labor-friendly boom industry from Massachusetts to Maryland.

To supply this boom, wind turbine firms such as Siemens and Vestas are planning to build an extensive manufacturing network locally. These high-tech facilities will be akin to aircraft manufacturing and are likely to be unionized, causing an industrial mini-renaissance for rusting Northeast port cities.

For California, the chance to create a similar supply chain harkens back to an earlier, golden era in which the aerospace and defense sectors created highly skilled, high-wage jobs before those industries collapsed in the 1990s.

For Humboldt's environmentalists and workers, offshore wind is a risk worth taking. For California policymakers, it's a series of hard questions that deserve answers.

*Robert Collier is a policy analyst at the Green Economy Program at the UC Berkeley Center for Labor Research and Education.*

This page  
intentionally  
left blank.



**STAFF REPORT**  
**Agenda Item # 6.1**

AGENDA DATE:	May 21, 2018
TO:	Board of Directors
PREPARED BY:	Matthew Marshall, Executive Director
SUBJECT:	FY18-19 Preliminary Budget Presentation

**SUMMARY**

Attached is a preliminary working draft of the 2018-19 RCEA Annual Budget. During the Board Meeting staff will provide a presentation on additional details of the components of the budget, including staffing updates, ongoing programs, and specific components of program budgets.

The budget numbers provided are preliminary and are expected to be refined and updated for adoption in June. While the attached draft budget numbers are subject to additional revision, they do convey the overall scope and scale of budget areas and programs in 2018-19. Some items of note:

- The community choice energy program continues to be RCEA's largest program, with annual electricity sales projected to be over \$50 million for the year and with wholesale power costs making up the majority of expenses.
- Budget forecasts suggest that net income will be sufficient for RCEA to achieve the minimum CCE reserve requirement of \$6 million next year as well as making additional progress toward the targeted \$35 million in total rate-stabilization/contingency reserve funds.
- Staff is anticipating a reduction in non-CCE program funding. Some smaller contract funding sources are ending or scaling back in FY18-19 due to project/funding timelines, but the most significant reduction is potentially to the PG&E Energy Watch partnership program. The current PG&E contract runs through December 2018, and staff is anticipating potentially significant budget reductions to the program starting in 2019.

The draft budget has a placeholder budget for the Energy Watch program reflecting a \$300,000 reduction in funding compared to the current year, but these numbers are highly speculative until more information becomes available from PG&E about contraction in 2019 and beyond. The Director of Demand Side Management Programs' staff report later in the agenda provides additional detail about this situation.

- RCEA tracks general and administrative costs and allocates those costs across programs based on the share of program-focused labor.

**RECOMMENDED ACTION**

N/A – information only

**ATTACHMENT**

Preliminary Draft FY18-19 Budget

**Redwood Coast Energy Authority**  
**PRELIMINARY DRAFT FY18-19 Budget**

	Community Choice Energy	Energy Watch & Other Demand Side Management	Electric & Hydrogen Transportation	General & Administrative (allocated across programs)	Total Draft 2018- 19 Budget	FY17-18 Budget (with May adjustments)
Ordinary Income/Expense						
REVENUE EARNED						
Total Revenue - government agencies	-	-	111,528	-	111,528	268,835
Total Revenue - program related sales	-	10,000	8,000	-	18,000	15,000
Total Revenue-nongovernment agencies	-	1,210,000	-	-	1,210,000	1,570,364
Electricity Sales Revenue						
Electricity Sales - Retail Revenue	51,940,000	-	-	-	51,940,000	46,430,000
Electricity Sales - Uncollectable Accounts	(160,000)	-	-	-	(160,000)	(140,208)
Total Electricity Sales Revenue	51,780,000	-	-	-	51,780,000	46,289,792
Total REVENUE EARNED	51,780,000	1,220,000	119,528	-	53,119,528	48,143,991
Gross Revenue	51,780,000	1,220,000	119,528	-	53,119,528	48,143,991
Expense						
TOTAL WHOLESALE POWER SUPPLY	39,880,000	-	-	-	39,880,000	35,534,645
PERSONNEL EXPENSES	1,314,787	490,122	70,994	333,881	2,209,784	2,506,578
FACILITIES AND OPERATIONS	15,600	6,000	16,500	173,168	211,268	232,976
COMMUNICATIONS AND OUTREACH	73,800	16,500	3,822	14,000	108,122	200,041
TRAVEL AND MEETINGS	22,000	8,000	2,936	2,000	34,936	48,617
PROFESSIONAL AND PROGRAM SERVICES						
Internal inter-program funding	170,000	(170,000)			-	
Contracts - Program Related Services	100,000	70,000	7,200	-	177,200	242,029
Wholesale Services - TEA	567,821	-	-	-	567,821	567,821
Procurement Credit - TEA	800,000	-	-	-	800,000	725,576
Data Management - Calpine	1,100,000	-	-	-	1,100,000	1,100,000
Regulatory	94,600	-	-	-	94,600	145,000
Accounting	-	-	-	55,000	55,000	45,000
Legal	50,000	15,000	-	20,000	85,000	85,000
PROFESSIONAL AND PROGRAM SERVICES	2,712,421	85,000	7,200	75,000	2,879,621	2,910,426
PROGRAM EXPENSES	1,257,897	2,000	7,000	1,000	1,267,897	1,150,000
INCENTIVES AND REBATES	-	460,000	-	-	460,000	460,000
NON OPERATING COSTS	543,302	-	-	22,308	565,610	350,000
Total Expense	45,819,807	1,067,622	108,452	621,357	47,617,238	43,393,283
RESERVE REQUIREMENT CONTRIBUTIONS	3,000,000	-	-	-	3,000,000	3,000,000
Net Income	2,960,193	152,378	11,076	(621,357)	2,502,290	1,750,708

Materials Submitted  
After Packet  
Publication

# **Fiscal Year 2018-19 Budget**

## **Draft/Preliminary Budget Overview**

# Factors Influencing the Budget

- Adopted Program Guidelines and Implementation Plan
  - Resulting power procurement activities in October 2017 and ongoing
- 2018 CCE rate setting
- External factors
  - customer energy usage
  - Power market prices
  - 2019 program funding changes

# Factors Influencing the Budget

- CCE-budget projections for Jan-June 2019 are more subject to change than 2018
- Non-CCE programs funded by grants & contracts
  - Funding reductions expected compared to previous year
  - 2019 beyond #s highly speculative at this point
- Programs budgets do not include Airport Microgrid project or CCE-funded programs beyond public agency solar



# FY17-18 Budget by Program Area

---

Community Choice Energy	\$51.8 million
-------------------------	----------------

Energy Watch & Demand Side Management	\$1.2 million
---------------------------------------	---------------

Electric & Hydrogen Transportation	\$120,000
------------------------------------	-----------

<b>Total</b>	<b>\$53.1 million</b>
--------------	-----------------------

# FY17-18 Budget by Program Area

---

Community Choice Energy	\$51.8 million
-------------------------	----------------

Energy Watch & Demand Side Management	\$1.2 million
---------------------------------------	---------------

Electric & Hydrogen Transportation	\$120,000
------------------------------------	-----------

<b>Total</b>	<b>\$53.1 million</b>
--------------	-----------------------

**20-30%  
decrease  
from prior  
year**

# FY17-18 Budget by Program Area

Community Choice Energy

\$51.8 million

Energy Watch & Demand Side  
Management

\$1.2 million

Electric & Hydrogen  
Transportation

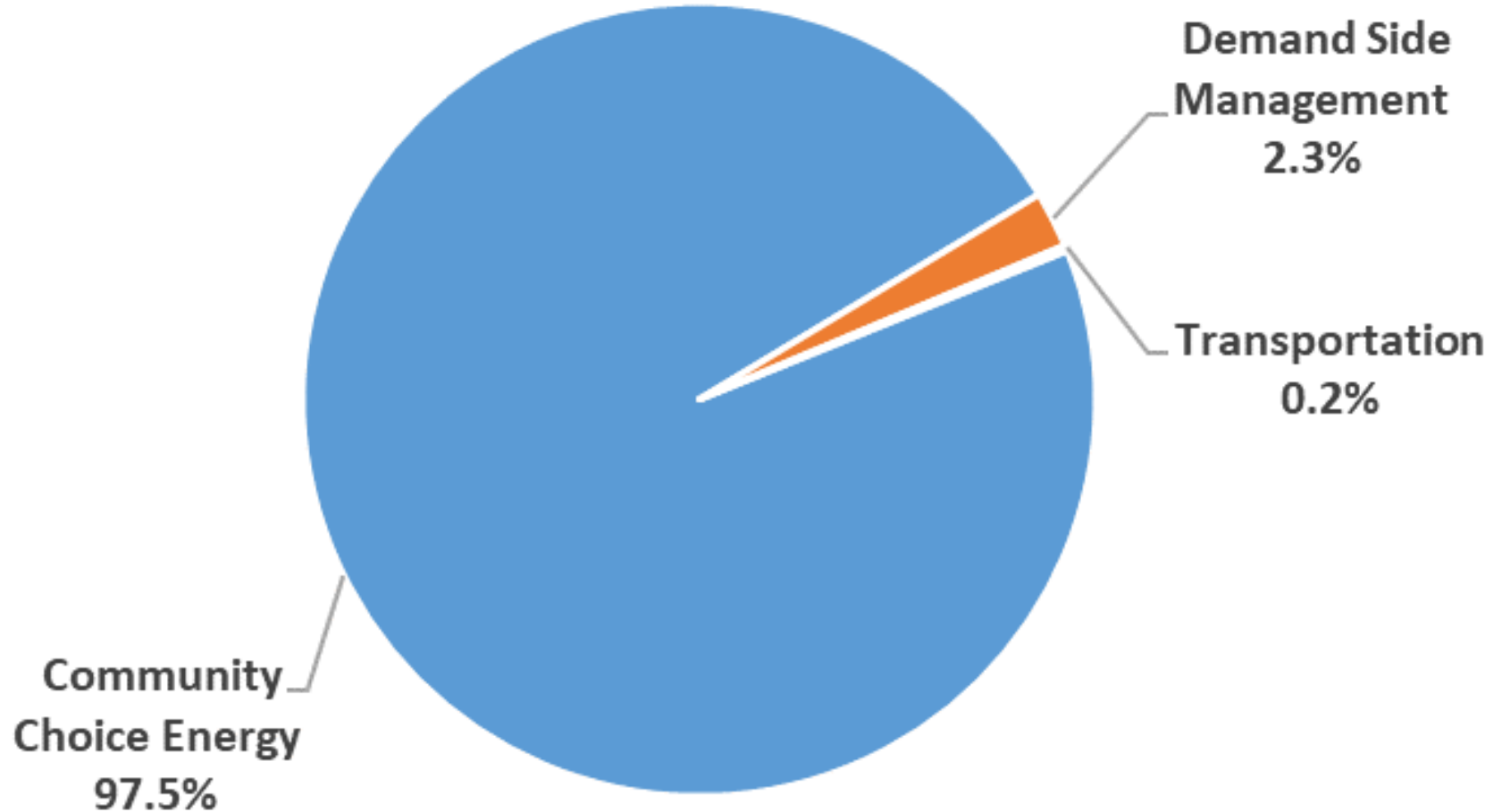
\$120,000

Total

\$53.1 million

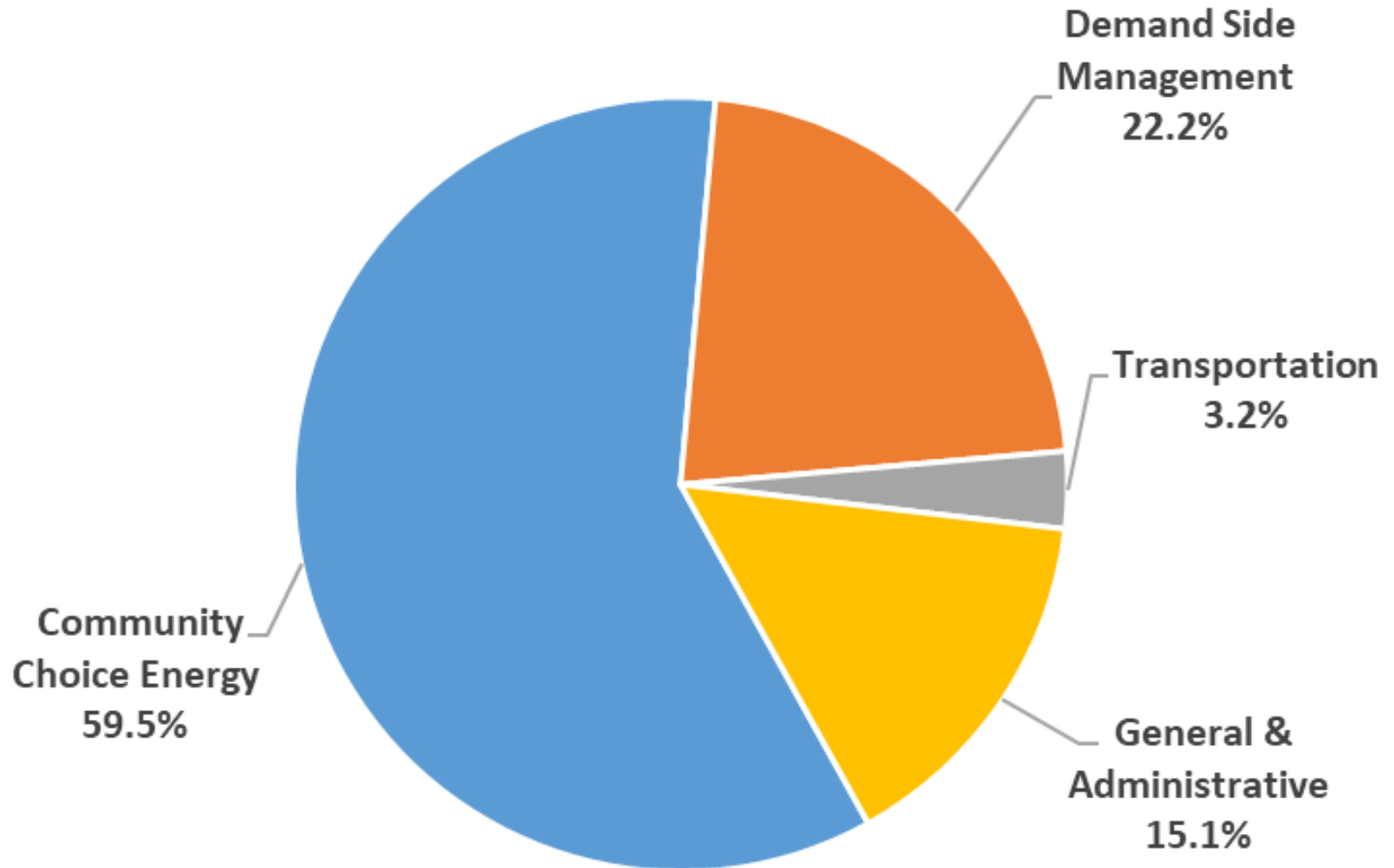
12%  
increase in  
revenue,  
match by  
12%  
increase in  
wholesale  
power costs

# FY18-19 Budget by Program Area



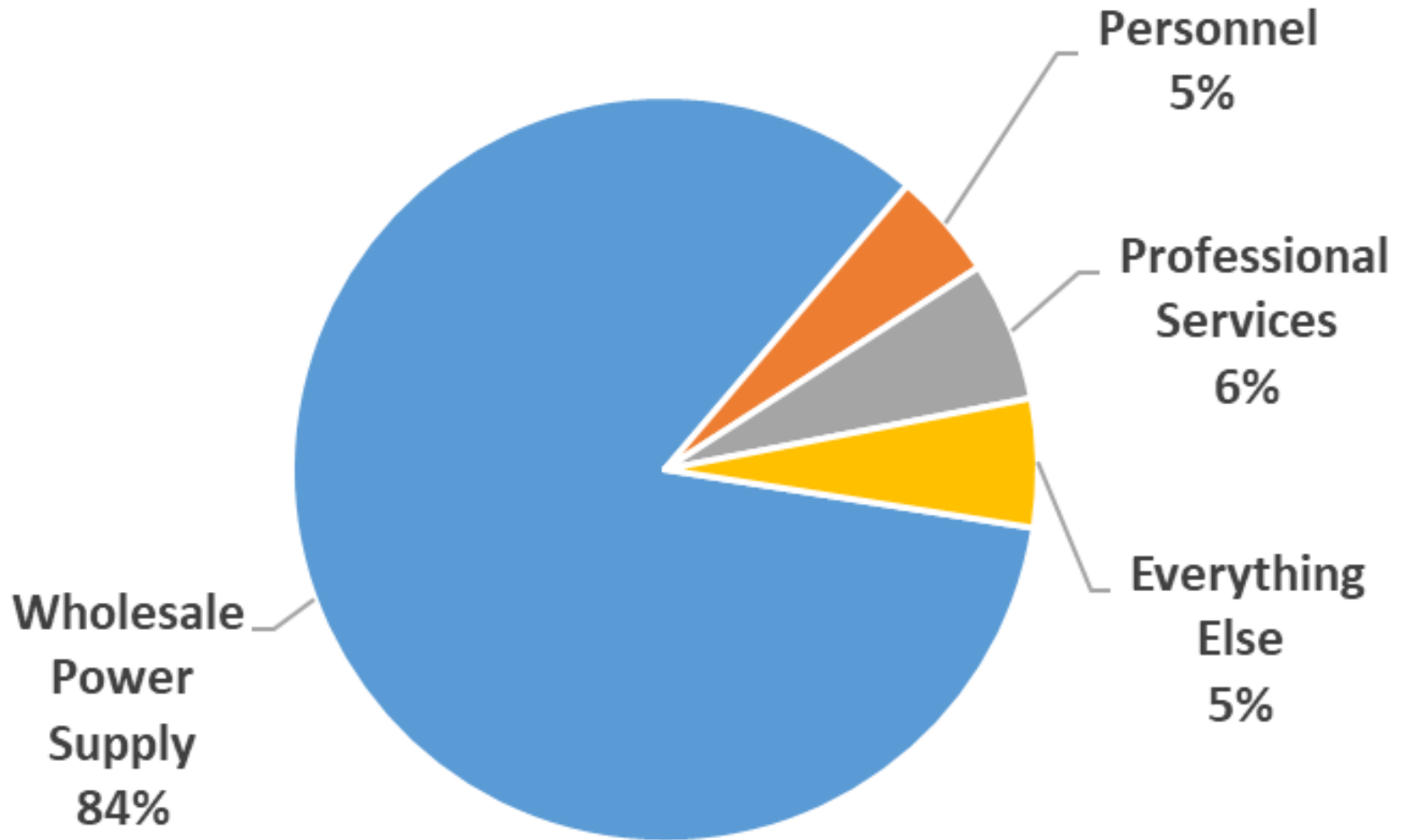
# Personnel Budget by Program Area

---



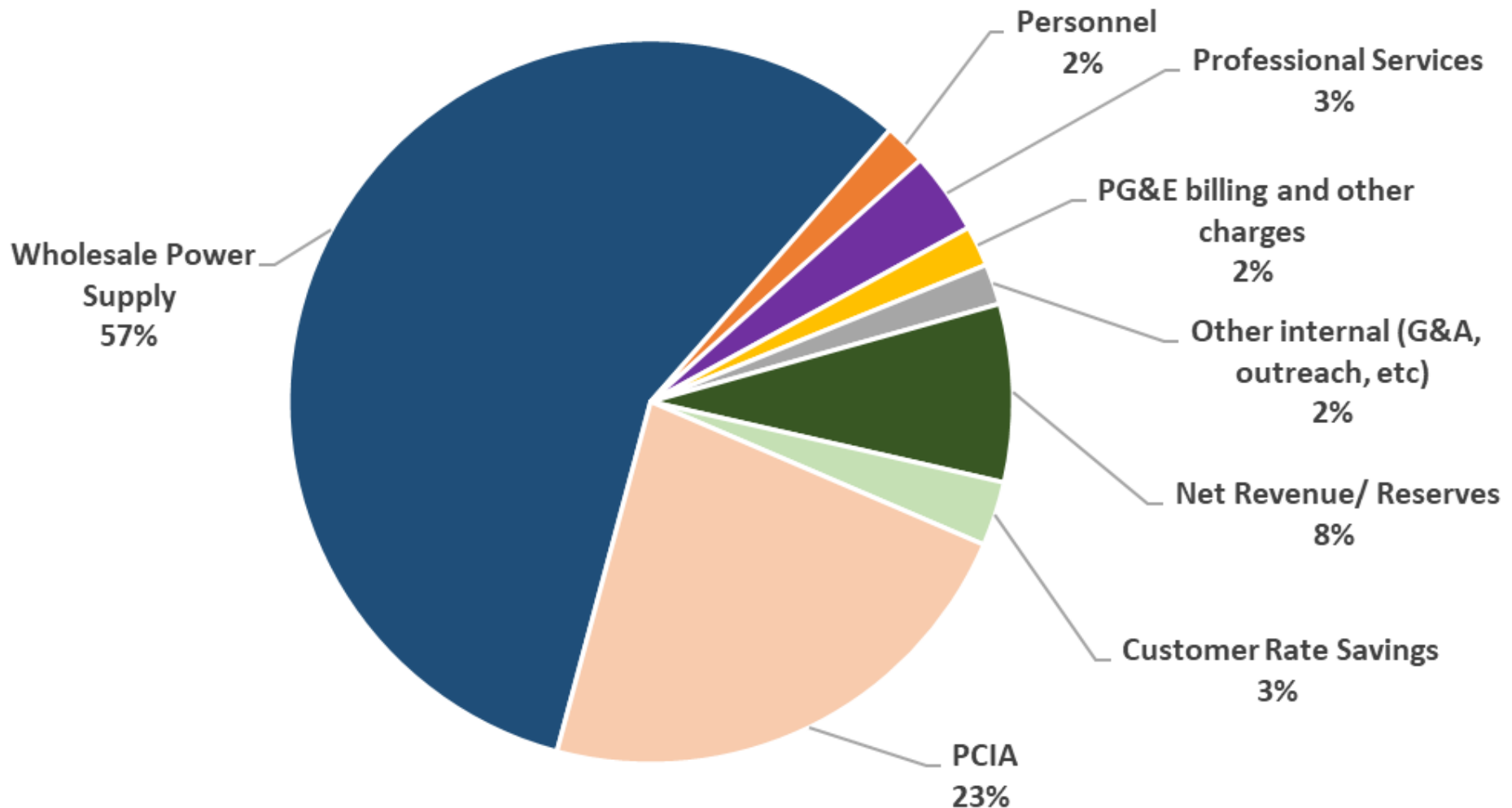
# Expenses by Category

---



# CCE Customer rate breakdown

(including PCIA & savings compared to PG&E rates)



# Power Supply Expense Categories

## Payment Channel

CAISO Energy

CAISO Weekly  
Statement from TEA

CAISO Charges

CAISO Weekly  
Statement from TEA

Resource Adequacy

TEA Monthly  
Settlement Invoice

Energy Hedge Settlements

TEA Monthly  
Settlement Invoice

Renewable Portfolio Standard  
(Market, Category 1 & 2 RPS)

TEA Monthly  
Settlement Invoice

Low Carbon (hydropower)

TEA Monthly  
Settlement Invoice

Local Supply (Biomass)

Direct Supplier Invoice  
to RCEA



# Questions & Next-steps

- Staff recommendation: consolidate wholesale power supply categories in budget report.
- Special Board Meeting for budget study session prior to June meeting?
- And/or Budget Review Subcommittee?  
Standing Finance Subcommittee?

**Redwood Coast Energy Authority**  
**PRELIMINARY DRAFT FY18-19 Budget**

	Community Choice Energy	Energy Watch & Other Demand Side Management	Electric & Hydrogen Transportation	General & Administrative (allocated across programs)	Total Draft 2018- 19 Budget	FY17-18 Budget (with May adjustments)
Ordinary Income/Expense						
REVENUE EARNED						
Total Revenue - government agencies	-	-	111,528	-	111,528	268,835
Total Revenue - program related sales	-	10,000	8,000	-	18,000	15,000
Total Revenue-nongovernment agencies	-	1,210,000	-	-	1,210,000	1,570,364
Electricity Sales Revenue						
Electricity Sales - Retail Revenue	51,940,000	-	-	-	51,940,000	46,430,000
Electricity Sales - Uncollectable Accounts	(160,000)	-	-	-	(160,000)	(140,208)
Total Electricity Sales Revenue	51,780,000	-	-	-	51,780,000	46,289,792
Total REVENUE EARNED	51,780,000	1,220,000	119,528	-	53,119,528	48,143,991
Gross Revenue	51,780,000	1,220,000	119,528	-	53,119,528	48,143,991
Expense						
TOTAL WHOLESALE POWER SUPPLY	39,880,000	-	-	-	39,880,000	35,534,645
PERSONNEL EXPENSES	1,314,787	490,122	70,994	333,881	2,209,784	2,506,578
FACILITIES AND OPERATIONS	15,600	6,000	16,500	173,168	211,268	232,976
COMMUNICATIONS AND OUTREACH	73,800	16,500	3,822	14,000	108,122	200,041
TRAVEL AND MEETINGS	22,000	8,000	2,936	2,000	34,936	48,617
PROFESSIONAL AND PROGRAM SERVICES						
Internal inter-program funding	170,000	(170,000)	-	-	-	-
Contracts - Program Related Services	100,000	70,000	7,200	-	177,200	242,029
Wholesale Services - TEA	567,821	-	-	-	567,821	567,821
Procurement Credit - TEA	800,000	-	-	-	800,000	725,576
Data Management - Calpine	1,100,000	-	-	-	1,100,000	1,100,000
Regulatory	94,600	-	-	-	94,600	145,000
Accounting	-	-	-	55,000	55,000	45,000
Legal	50,000	15,000	-	20,000	85,000	85,000
PROFESSIONAL AND PROGRAM SERVICES	2,712,421	85,000	7,200	75,000	2,879,621	2,910,426
PROGRAM EXPENSES	1,257,897	2,000	7,000	1,000	1,267,897	1,150,000
INCENTIVES AND REBATES	-	460,000	-	-	460,000	460,000
NON OPERATING COSTS	543,302	-	-	22,308	565,610	350,000
Total Expense	45,819,807	1,067,622	108,452	621,357	47,617,238	43,393,283
RESERVE REQUIREMENT CONTRIBUTIONS	3,000,000	-	-	-	3,000,000	3,000,000
Net Income	2,960,193	152,378	11,076	(621,357)	2,502,290	1,750,708



**STAFF REPORT**  
**Agenda Item # 7.1**

AGENDA DATE:	May 21, 2018
TO:	Board of Directors
PREPARED BY:	Matthew Marshall, Executive Director Lori Biondini, Director of Business Development and Planning
SUBJECT:	Approve Revisions to CCE Program Guidelines

**SUMMARY**

In September 2016 the Board adopted Community Choice Energy (CCE) program guidelines that included an initial allocation of up to \$1 million per year for customer programs that fit within four categories outlined on Page 4 of the current document. The guidelines document, "Community Energy Program Launch-Period Strategy and Targets," provides a framework for the launch phase of the CCE program, which is defined as years 1-5 of operation, and may need to be adaptively managed based on market conditions and other considerations. At the February 2018 meeting, the Board discussed potentially changing the customer programs section of the document to include goals that may not be fully captured in the listed categories.

On April 16, 2018, the Board considered suggested changes to two existing categories to clarify their intent. The following additions in red were proposed:

- **Electric Vehicles and Charging Infrastructure:** Supporting the adoption of electric vehicles provides multiple benefits aligned with CCE Program goals: significant reductions in greenhouse gas emission compared to petroleum-powered vehicles; lower \$/mile fuel costs compared to petroleum vehicles, increasing CCE customer-load base, and providing a flexible electricity demand load that has the future potential to be managed to support the integration of renewable energy.
- **Energy Efficiency, Fuel Switching, and Conservation:** New programs that support and enhance the existing programs offered by RCEA, PG&E, the Redwood Community Action Agency, and others.

**RECOMMENDED ACTION**

Adopt Resolution No. 2018-6 Approving Revisions to the Community Energy Program Launch-Period Strategy and Targets.

**ATTACHMENT**

Resolution 2018-6, A Resolution of the Board of Directors of the Redwood Coast Energy Authority Approving Revisions to the Community Energy Program Launch-Period Strategy and Targets

**RESOLUTION NO. 2018-6**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDWOOD COAST ENERGY  
AUTHORITY APPROVING REVISIONS TO THE COMMUNITY ENERGY PROGRAM  
LAUNCH-PERIOD STRATEGY AND TARGETS**

**WHEREAS**, the RePower Humboldt Strategic Plan sets forth energy goals for the Humboldt County region which include the development of local renewable energy projects and implementation of energy conservation and efficiency projects and programs; and

**WHEREAS**, the RCEA has launched a Community Choice Aggregation (CCA) program and established key CCA program goals of maximizing the use of local renewable resources while also providing competitive rates to customers; and

**WHEREAS**, after conducting technical studies and gathering public input on CCA program options the RCEA Board of Directors adopted RCEA's "Community Energy Program Launch-Period Strategy and Targets" in September of 2016; and

**WHEREAS**, the adopted Program Guidelines include objectives for CCA-funded customer programs and the RCEA Board of Directors wishes to revise those customer program objectives.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of the Redwood Coast Energy Authority hereby revises the RCEA Community Energy Program Launch-Period Strategy and Targets as set forth in Appendix A, attached hereto and incorporated herein.

Adopted this \_\_\_\_ day of \_\_\_\_\_, 2018

ATTEST:

\_\_\_\_\_

Sheri Woo, RCEA Board Chair

Date: \_\_\_\_\_

\_\_\_\_\_

Lori Taketa, Clerk

Date: \_\_\_\_\_

**CLERK'S CERTIFICATE**

I hereby certify that the foregoing is a true and correct copy of Resolution No. 2018-6 passed and adopted at a regular meeting of the Redwood Coast Energy Authority, County of Humboldt, State of California, held on the \_\_\_\_ day of \_\_\_\_\_, 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

\_\_\_\_\_  
Clerk of the Board, Redwood Coast Energy Authority

## **APPENDIX A**

### **REDWOOD COAST ENERGY AUTHORITY REVISED COMMUNITY ENERGY PROGRAM LAUNCH-PERIOD STRATEGY AND TARGETS**

# GUIDELINES FOR THE REDWOOD COAST ENERGY AUTHORITY COMMUNITY ENERGY PROGRAM LAUNCH-PERIOD STRATEGY AND TARGETS



Originally adopted September 19, 2016  
Proposed May 21, 2018 Customer Programs Update

## OVERVIEW & GOALS

---

The Redwood Coast Energy Authority (RCEA) is proceeding with the launch of a community choice energy program scheduled to commence service to customers in May of 2017. Based on the groundwork established by the RePower Humboldt strategic plan for developing local renewable energy, in June of 2015 the RCEA Board of Directors voted to proceed with developing a community choice energy program for Humboldt County with the following core goal:

***Maximize the use of local renewable energy while providing competitive rates to customers.***

In addition to this over-arching goal, the program will be designed to pursue the following aspirations and community benefits:

- Environmental Quality
- Local Control and the Ability to Pursue Local Priorities
- Economic Development
- Energy Independence
- Customer Rate-savings, Choice, and Community Programs

Implementing a community choice energy (CCE) program that furthers these goals will be an ongoing and evolving process. Outlined below are targets and objectives for the initial launch phase of the program during years 1-5 of operation. These targets and objectives will have to be adaptively managed based on market conditions and local considerations, but will be used as a guiding framework for the development of RCEA's CCE Program Implementation Plan, power procurement strategy, and the development of local generation projects and programs.

## **FINANCIAL TARGETS**

---

- A target of approximately 5% of the available program annual budget will be allocated to customer rate savings (based on parity with PG&E generation rates and with PG&E PCIA fees factored in). This equates to a total customer rate savings that averages at least \$2 million per year over the first 5 years, for a targeted total cumulative customer rate savings of at least \$10 million over the first 5 years of operation.
- The program will target building a rate-stabilization/reserve/contingency fund of \$35 million by the end of year five under projected market conditions. The program will be designed to target a minimum reserve of at least \$10 million even under adverse market conditions.
- Over the first 5 years, the program will aim to retain and/or redirect \$100 million dollars or more of rate-payer dollars back into Humboldt County when taking into consideration local power-procurement, customer rate-savings, local-program spending, and allocations toward building the reserve/contingency fund.

## **POWER OBJECTIVES**

---

- At least 5% more renewable energy (as defined by state law) than PG&E's power mix.
- At least 5% lower greenhouse gas emission rate than PG&E mix.
- Maximize the use of local renewable energy to the extent technically and economically feasible and prudent.
- Strongly support energy efficiency and conservation as core strategies toward achieving the program's environmental, economic, and community goals.

## **GENERATION PORTFOLIO TARGETS**

---

### **Existing Local Biomass**

---

- Issue a Request for Offers targeting power purchase agreements with 1-2 existing facilities.
- Structure overall biomass procurement strategy around local waste-management and forest restoration priorities and needs.
- Include environmental, community, and economic considerations in selection process.
- Contingent on price and market conditions, contract for a target of around 20MW of local biomass energy (about 15% of the total RCEA power portfolio).

### **Existing Local Small Hydroelectric**

---

- Pursue contracting with a target of 2MW of existing local small hydro.
- Ensure that any contracts are structured to support and prioritize the operators' water-management and environmental quality objectives.

## **New Local Solar Power**

---

- ***Feed-in-tariff power procurement program for small generators***
  - <1MW small/medium renewable generators (solar and other technologies)
  - Eligible projects are designed primarily for wholesale power production (not focused on meeting on-site energy loads).
  - Standardized, upfront purchase price, projected to be in the range of \$80-100/MWh to facilitate project financing.
  - Standardized, upfront, and straightforward contract terms and duration to facilitate project financing.
  - Initial power portfolio allocation to the feed-in-tariff program will be targeted at 6MW.
- ***Utility-scale Solar***

In parallel to the feed-in-tariff program RCEA will pursue the development of additional wholesale-generation solar projects, which could be developed by RCEA and/or third parties in pursuit of overall power portfolio solar content targets:

  - Initial target of 5MW of new local wholesale solar online before the end of 2018.
  - Launch-phase target of 15MW of utility-scale/wholesale solar online by the end of year 5 of operations.
  - Focus project development on underutilized/idle public and industrial sites to limit impacts related to other beneficial uses such as agriculture, economic development, habitat, and open space.

## **Additional Power Resources**

---

To meet and balance over-arching objectives for rates, renewable energy %, and greenhouse gas emissions as well as to match power generation availability to customer loads demands, the launch-period portfolio will incorporate the following additional power sources:

- Renewable generation projects--wind, solar, geothermal, etc--located outside the County.
- California and/or Pacific Northwest hydroelectric power (which is renewable and emissions-free, but cannot be counted toward CA state renewable portfolio standard requirements). This will not include any power from the Klamath River dams.
- Unspecified "system power" from the CAISO power market pool (while power from the pool is not traceable to any specific generator, in northern CA this power is predominantly generation from natural gas and large hydro power facilities).

## **Future/Long-term Generation**

---

- ***New Local On-shore Wind Generation***
  - Assess the possibility for up to 50MW of local on-shore wind energy generation.
    - The most viable site for local on-shore wind is Bear River Ridge west of Rio Dell and South of Ferndale.
    - While there are other possible sites in the area, Bear River Ridge has the best wind resource in the County (it is one of the top wind resource areas in the state), Bear River Ridge property owners are willing and interested in developing a wind project, and there was considerable environmental and technical study and evaluation previously conducted which, if utilized, would reduce the development costs and timelines of a potential project.
- ***New Local Small-scale Hydroelectric***
  - Evaluate options for the development of new small-scale hydroelectric that would be compatible with environmental and cultural priorities.



- **Offshore Wind Energy**
  - While not yet deployed in California, offshore wind energy generation is an established technology. The wind resource off of the Samoa Peninsula coastline is one of the best in North America, and the on-shore infrastructure on the peninsula appears well-suited to accommodate offshore wind development.
  - During the initial 5-year launch-phase of Program, RCEA will allocate resources to moving forward with community and stakeholder engagement, site selection, environmental review, and project scoping.
- **Wave Energy**
  - Wave energy technology is in an early stage of development. During the program launch phase, RCEA will build on the previous WaveConnent and CalWave projects to explore and evaluate opportunities for local wave-energy research, development, and pilot-deployment.

## PROGRAMS

---

### Enhanced Solar Net-Energy-Metering (rate-based program)

---

- Self-generation power credited to customer's bill at retail rate plus \$0.01/kWh (+5-10% above base retail generation rate).
- Excess generation credits roll-over from year to year and never expire.
- Excess generation credits can be cashed-out for full retail value.

### 100% Renewable Energy Option (rate-based program)

---

- Voluntary opt-up option for premium price (based on actual cost of service).
- Large hydro and system power components of base RCEA power mix replaced with renewable energy (non-local solar, wind, geothermal, etc).
- Evaluate 100% solar and/or 100% local renewable options in the near-term (in or after 2018, after launch and ramp-up of operations).

### Programs budget target of an initial allocation of up to \$1,000,000 per year for:

---

- **Solar and Energy-storage Technical Assistance**  
Program emphasis will be on public-agency and community facilities, especially critical infrastructure such as water/wastewater treatment and emergency response.
- **Electric Vehicles and Charging Infrastructure**  
Supporting the adoption of electric vehicles provides multiple benefits aligned with CCE Program goals: significant reductions in greenhouse gas emission compared to petroleum-powered vehicles; lower \$/mile fuel costs compared to petroleum vehicles, increasing CCE customer-load base, and providing a flexible electricity demand load that has the future potential to be managed to support the integration of renewable energy.
- **Energy Efficiency, Fuel Switching, and Conservation**  
New programs that support and enhance the existing programs offered by RCEA, PG&E, the Redwood Community Action Agency, and others.
- **Match funding for State, Federal, and Foundation Energy Grants**  
The majority of grant funding opportunities require some level of local match funding, so tagging/reserving a flexible component of the CCE program budget to be available as-needed for use as energy-related grant match funding will support bringing resources into Humboldt County to pursue our community energy goals.

This page  
intentionally  
left blank.



**STAFF REPORT**  
**Agenda Item # 9.1**

AGENDA DATE:	May 21, 2018
TO:	Board of Directors
PREPARED BY:	Lou Jacobson, Director of Demand-Side Management
SUBJECT:	PG&E Partnership Update

**SUMMARY**

Redwood Coast Energy Authority's (RCEA) Redwood Coast Energy Watch program, a Local Government Partnership (LGP) with PG&E, has been consistent and stable since 2006. Historic Energy Watch services have included but are not limited to:

- No obligation walk-through energy efficiency assessments
- Reports with available incentives, recommendations and a financial summary
- Project management support
- Assistance with 0% on bill financing
- Energy and climate action planning
- Greenhouse gas inventories
- Public facilities energy-use benchmarking
- Community energy resource center support
- Energy career experience programs

RCEA is currently operating within a three (3) year contract. The 2016-2018 contract is set to end December 31, 2018. We have recently seen significant mid-stream changes in PG&E's approach to managing our partnership that have had an impact on implementation efforts. For example, PG&E recently directed RCEA to stop service to the residential sector and noted that it is now out of scope. Staff expects that the loss of 2018 residential services will impact middle income ratepayers more than low-income or high earning households. In addition, PG&E has directed RCEA to either cut spending and/or increase energy savings by proposing that our program significantly reduce 2018 non-incentive costs per kWh saved. Neither option, cost reductions or production increases, is ideal as both limit services in different ways. In response, RCEA staff have taken a measured approach by offsetting 2018 program costs by an approximate 20% while adjusting our balance of services to maximize cost effectiveness while minimizing service gaps. Additional programmatic changes are likely.

There are a number of known factors that are influencing the observed changes and expected program alteration. Factors include but are not limited to:

- CPUC program cost effectiveness requirements
- PG&E's proposal that RCEA significantly reduce non-incentive costs per kWh saved
- A CPUC decision that requires PG&E to significantly increase third party contracts
- Differentiation of services into targeted sectors including: residential, commercial, industrial, agricultural, public and cross-cutting (Codes and Standards, Workforce Education and Training, and Financing)
- New PG&E energy efficiency program "business plans" that will inform service strategy at a high level and by sector
- Small/medium business, residential and strategic-initiative funding will likely be competitively awarded in 2019 and beyond

- Energy Codes and industry standard practice
- Local market transformation

RCEA is having productive conversations with PG&E to explore solutions that prioritize cost effectiveness while continuing to minimize service gaps.

RCEA staff expects that the regulatory environment and our continued engagement with PG&E will drive programmatic and budgetary change throughout 2018-19. Forecasted programmatic changes include but are not limited to:

- A ramp-down of small and medium business direct install services
- A complete pivot to the public and K-12 sector
- A reduction in strategic and community focused activities

Staff will know more after calendar year 2019 contract and programmatic discussions begin with PG&E. PG&E has not indicated when they will be ready to enter into discussions.

## **FINANCIAL IMPACTS**

The above changes have nominal fiscal year 2017-2018 financial impacts. Staff expect more significant impacts to occur in fiscal year 2018-2019. Financial impacts vary greatly based on a number of scenarios and factors. The following scenarios present staff expectations today. It is important to note that the scenarios below paint a broad spectrum of possibility and are not meant as discrete outcomes.

- Best case scenario
  - LGP contract billing is reduced by \$200,000-\$250,000 to account for the loss of residential services, small and medium business funding is maintained
  - RCEA residential backfilling occurs
  - Strategic initiative funding is maintained or slightly reduced
- Middle of the road scenario
  - LGP contract billing is reduced by \$200,000-\$250,000 to account for the loss of residential services, small and medium business funding is maintained
  - No residential backfilling occurs
  - Strategic initiative funding drops by ~50%
  - Total loss of funding could be between \$275,000 to \$325,000
- Worst case scenario
  - LGP contract billing is reduced by \$200,000-\$250,000 to account for the loss of residential services
  - Our contract pivots 100% to the public sector in 2019, billing reductions of an addition \$250,000-\$300,000 occur
  - No residential or small and medium business backfilling occurs
  - Strategic initiative funding drops by ~50%
  - Total loss of funding equals \$450,000-\$650,000

Staff is working to refine a best estimate in expected program funding for the final 2018-19 budget, but projections for 2019 and beyond will remain highly speculative until more information becomes available through contract negotiations with PG&E.

## **RECOMMENDED ACTION**

N/A – Information only