

Public Comment

For December 17, 2018
RCEA Board of Directors Meeting
Agenda Item #7.1:
Humboldt Sawmill Company
Power Purchase Agreement

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Dear RCEA Board of Directors

I am writing on behalf of 350 Humboldt which, as you are aware, is a local affiliate of 350.org, an international climate action organization, to communicate our position about granting a long term (10 year) contract to Humboldt Redwood Company (HRC) for biomass energy production, as well as our position on the possibility of decreasing rate payer discounts or the percentage of renewables or GHG free energy sources from RCEA's portfolio.

To begin, we support your directing staff to renegotiate the contract with HRC to bring the price per MWh in line with market value. It has always been our position that paying above-market price for biomass impinges on RCEA's ability to meet its stated financial goal of accumulating a reserve fund of \$35 million in 5 years in favorable market conditions and a minimum of \$10 million in adverse markets. We can see from the staff report titled "Reserves Targets and Account Accumulation" that we are behind even adverse market accumulations, and it seems reasonable to conclude that this is at least partially due to paying above market price for biomass.

However, we strongly oppose the proposal to "sweeten the deal" by offering HRC a longer term contract in return for this necessary reduction in rates. While we understand the SB350 mandate to have 65% of contracts be long term by 2021, we feel that mandate would be better realized through projects like onshore and offshore wind energy, because wind energy is cheaper, will be cheaper going into the future, and is more clearly a renewable, clean and GHG-free energy source. Investors in these projects are looking for long term stability, and it makes sense to reserve long

term contracts for these projects.

Finally, we strongly urge you not to consider decreasing the percentages of renewable energy and lower GHG energy as a way of responding to this financial situation, which was suggested as a possible scenario by staff. This is a critical point in time when we urgently need to move away from fossil fuel based energy and toward renewables in order to slow and finally reverse the spiral of worsening climate change that we are witnessing today.

350 Humboldt is supportive of the mission and the hard work of RCEA and we appreciate that you have taken the time to review our concerns. We are also sending for your review a copy of a letter we sent last December, which remains relevant to this topic.

Please feel free to contact me with any clarifications or questions.

Sincerely yours,
Mary Sanger ,350 Humboldt

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Dear RCEA Board of Directors,

As I mentioned in our earlier email, I am also sending you a copy of the letter that we sent you last year. At that time we were very concerned about rate payers paying above-market cost for biomass energy and the impact that would eventually have on RCEAs ability to achieve its financial goals.

350 Humboldt is very supportive of RCEA, we share its goals of switching away from a carbon based energy to the renewable energy of the future that is cost effective as well.

Mary Sanger, 350 Humboldt



December 18, 2017

Board of Directors
Redwood Coast Energy Authority
633 Third Street
Eureka, CA 95501

RE: Potential Contract for Additional Biomass Energy Procurement

Dear Board Members:

I am writing to express 350 Humboldt's concerns over the prospect of a contract between the Redwood Coast Energy Authority (RCEA) and DG Fairhaven for biomass energy delivery. 350 Humboldt is a local affiliate of 350 dot Org a national and international climate activist organization. We do not currently have a public position on biomass. However, we question the need for additional biomass energy procurement to meet RCEA's established portfolio goals and believe that the opportunity cost of investing in additional biomass energy at the available price is simply too high.

The Community Choice Energy (CCE) guidelines approved by your Board in 2017 stated that 15% of the energy portfolio would come from local biomass—“contingent on price and market conditions.” According to the staff report presented at the November 2017 Board of Directors meeting, RCEA’s current contract with Humboldt Redwood Company is on track to provide at least 13.5% of the CCE portfolio. Clearly, another large biomass energy procurement contract is not necessary to meet the 15% portfolio goal.

Additionally, and more importantly, the increased cost of adding another biomass plant (Fairhaven) to the CCE portfolio will directly impact RCEA’s ability to meet other established goals for renewable energy in the portfolio. As your staff stated clearly in the biomass procurement options update submitted at your November meeting, “a DG Fairhaven contract is not compatible with maintaining the renewable and carbon free levels in the portfolio in 2017 or a major increase in the PCIA.”

A staff report from March 2017 further specifies that “each MW of DG Fairhaven capacity in 2018 would cost \$280,000 above the cost of procuring renewable energy from non local sources at market rates.” Staff have not, to our knowledge, directly addressed the impact of a DG Fairhaven contract on the availability of funding for the development of other local renewable energy sources.350 Humboldt strongly encourages RCEA to engage in prudent fiscal planning to allow investment in promising new local renewable generation, such as the offshore wind project currently being explored, rather than paying a substantial premium for additional biomass energy procurement.

Thank you for your consideration of our concerns. Please don’t hesitate to contact me if you should have any questions.

Sincerely,

Rob DiPerna
350 Humboldt

Materials Received After Packet Publication

Global total net CO₂ emissions

12/17/18 RCEA Board Meeting agenda item #7.1
Distributed at the meeting by Dr. Wendy Ring

Billion tonnes of CO₂/yr

