BOARD OF DIRECTORS MEETING AGENDA

September 23, 2021 -Thursday, 3:30 p.m.

COVID-19 NOTICE

RCEA AND HUMBOLDT BAY MUNICIPAL WATER DISTRICT OFFICES WILL NOT BE OPEN TO THE PUBLIC FOR THIS MEETING

Pursuant to the AB 361 Brown Act open public meeting law revisions signed into law on September 17, 2021, and Governor Newsom’s State of Emergency Proclamation of March 4, 2020, this meeting will not be convened in a physical location. Board members will participate in the meeting via an online Zoom video conference.

To listen to the meeting by phone, call (669) 900-6833 or (253) 215-8782. Enter webinar ID: 819 7236 8051. To watch the meeting online, join the Zoom webinar at https://us02web.zoom.us/j/81972368051.

You may submit written public comment by email to PublicComment@redwoodenergy.org. Please identify the agenda item number in the subject line. Comments will be included in the meeting record but not read aloud during the meeting.

To make a comment during the public comment periods, raise your hand in the online Zoom webinar, or press star (*) 9 on your phone to raise your hand. You will continue to hear the meeting while you wait. When it is your turn to speak, a staff member will unmute your phone or computer. You will have 3 minutes to speak.

While downloading the Zoom application may provide a better meeting experience, Zoom does not need to be installed on your computer to participate. After clicking the webinar link above, click “start from your browser.”

In compliance with the Americans with Disabilities Act, any member of the public needing special accommodation to participate in this meeting should call (707) 269-1700 or email Ltaketa@redwoodenergy.org at least 3 business days before the meeting. Advance notice enables RCEA staff to make their best effort to reasonably accommodate access to this meeting while maintaining public safety.

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 at www.redwoodenergy.org.
OPEN SESSION Call to Order

1. TELECONFERENCE MEETING AUTHORIZATION

2. REPORTS FROM MEMBER ENTITIES

3. ORAL COMMUNICATIONS
   This time is provided for people to address the Board on matters not on the agenda. At the conclusion of all oral 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.

4. CONSENT CALENDAR
   All matters on the Consent Calendar are considered to be routine by the Board and are enacted in 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.

   4.1 Approve Minutes of August 26, 2021, Board Meeting.
   4.2 Approve Disbursements Report.
   4.3 Accept Financial Reports.
   4.4 Approve Amendment No. 1 to 2021 Task Order 1 for Operational Services with The Energy Authority Related to Congestion Revenue Rights and Authorize the Executive Director to Execute the Amendment and All Associated Documents.
   4.5 Approve Selection of SacTown Contractors to Provide Lighting Contractor Services to RCEA and Authorize the Executive Director to Prepare and Execute a Professional Services Agreement with SacTown Contractors for These Services, and All Applicable Documents.

5. REMOVED FROM CONSENT CALENDAR ITEMS
   Items removed from the Consent Calendar will be heard under this section.

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.

6. OLD CCE BUSINESS – None.
7. **NEW CCE BUSINESS**

7.1. Mid-Term Reliability Solicitation

Authorze staff to issue a Request for Offers/Request for Qualifications for Incremental Resource Adequacy Capacity, in accordance with the terms provided.

Establish ad hoc Board committee to meet with staff periodically to review and discuss the procurement process, reporting back to the Board with non-confidential information as appropriate.

7.2. Policy on Non-Standard Rates for Large Customers

Approve the Non-Standard Pricing Agreement Policy and adopt Resolution No. 2021-6, delegating authority to the Executive Director to negotiate and execute non-standard pricing agreements with eligible commercial and industrial customers and RCEA’s member agencies, provided that the pricing agreements meet the minimum requirements set forth in the Non-Standard Pricing Agreement Policy.

7.3. Memorandum of Understanding with Humboldt Sawmill Company on Alternative Biomass Uses

Authorize the executive director to execute Memorandum of Understanding Between Redwood Coast Energy Authority and Humboldt Sawmill Company Regarding Alternative Uses of Materials Used for Biomass Power Generation.

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

8. **OLD BUSINESS** – None.

9. **NEW BUSINESS** – None.

10. **STAFF REPORTS**

10.1. Update from Executive Director on offshore wind (Information only)

11. **FUTURE AGENDA ITEMS**

Any request that requires Board action will be set by the Board for a future agenda or referred to staff.

12. **ADJOURNMENT**

**NEXT REGULAR MEETING**
Thursday, October 28, 2021, 3:30 p.m.
This meeting location is to be determined pursuant to Brown Act revisions.
SUMMARY

On September 16 Governor Newsom signed AB 361 into law. The bill’s urgency measure allows the continuation of Executive Order N-29-20’s Brown Act teleconference rule waivers under certain conditions through January 1, 2024.

Staff received notice through the California Special Districts Association that the Governor intends to speedily rescind Executive Order N-08-21, which would have allowed EO N-29-20’s Brown Act teleconference rule waivers to remain in effect through September 30. As the Executive Order is expected to be rescinded this week, staff recommends implementation of AB 361 teleconference meeting requirements at this Board meeting.

AB 361 waives the following Brown Act teleconference rules:

- Agenda posting at all teleconference location.
- Listing all teleconference locations in the agenda.
- Public accessibility to all teleconference locations.
- A quorum of members participating from within the agency’s jurisdiction boundaries.
- A physical location with board members or agency staff present at which the public may participate.

AB 361 requires the following for virtual meetings:

- A state-proclaimed state of emergency must exist.
  - Governor Newsom’s March 4, 2020, State of Emergency Proclamation remains in effect.
- State or local officials must also impose or recommend measures promoting social distancing.
  - The Humboldt County Public Health Officer’s August 6 order only requires mandatory masking for both vaccinated and unvaccinated people when indoors in workplaces and public settings. In an August 27 memorandum, Humboldt
County Public Health “encouraged” organizers of gatherings where people of different households come together to consider postponing or canceling events.

- In the absence of state or local social distancing recommendations, the legislative body must find that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.
  - Humboldt County continues to be listed as an area of high COVID-19 transmission by the Centers for Disease Control and Prevention.
- Every 30 days after the first meeting conducted under AB 361’s Brown Act revisions, the body must find by majority vote that: 1) the state of emergency persists and 2) either that local officials are imposing or recommending social distancing measures or that in-person meetings continue to pose a safety risk for attendees.
- Real-time public comment is required.
- If technical difficulties arise resulting in disruption to public access, the legislative body is prohibited from taking action until the remote meeting disruption is corrected and public access is restored.

The Brown Act as amended by AB 361 does not prohibit hybrid meetings, or a combination in-person and virtual meeting formats, however teleconference meeting location listing on the agenda and public accessibility to those teleconference locations may need to be observed. Staff will seek guidance from General Counsel should the Board wish to pursue hybrid meetings as public health conditions allow.

STAFF RECOMMENDATION


ATTACHMENTS

RESOLUTION NO. 2021-5

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE REDWOOD COAST ENERGY AUTHORITY
RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY
BY GOVERNOR GAVIN NEWSOM ON MARCH 4, 2020,
AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS
OF THE LEGISLATIVE BODIES OF REDWOOD COAST ENERGY AUTHORITY
FOR THE PERIOD SEPTEMBER 23, 2021, THROUGH OCTOBER 23, 2021,
PURSUANT TO BROWN ACT PROVISIONS

WHEREAS, the Redwood Coast Energy Authority (RCEA) is committed to preserving and nurturing public access and participation in meetings of the Board of Directors; and

WHEREAS, all meetings of RCEA’s legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and watch the District’s legislative bodies conduct their business; and

WHEREAS, the Brown Act, Government Code section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within RCEA’s boundaries, caused by natural, technological, or human-caused disasters; and

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, such conditions now exist in Humboldt County, specifically, Governor Newsom’s Proclamation of a State of Emergency of March 4, 2020, remains in effect; and

WHEREAS, the Centers for Disease Control and Prevention list Humboldt County as an area of high transmission of COVID-19 and the Humboldt County Public Health Laboratory reported that 50% of the County’s COVID-19 cases in July were of the highly-transmissible Delta variant with rates of infection among even fully-vaccinated persons continuing to increase; and

WHEREAS, the Board of Directors does hereby find that the COVID-19 public health emergency and increased risk of infection has caused, and will continue to cause, conditions of peril to the safety of persons within Humboldt County that are likely to be beyond the control of services, personnel, equipment, and facilities of RCEA, and desires to ratify the proclamation of state of emergency by the Governor of the State of California; and
WHEREAS, as a consequence of the emergency, the Board of Directors does hereby find that the legislative bodies of RCEA shall conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that such legislative bodies shall comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953; and

WHEREAS, public access and participation in meetings of RCEA’s legislative bodies shall be provided via online video conferencing software which shall also allow for public participation and real-time public comment opportunity by telephone.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF REDWOOD COAST ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Proclamation of Imminent Risk of In-Person Meetings. The Board hereby proclaims that as Humboldt County remains an area of high transmission of COVID-19 as determined by the Centers for Disease Control and Prevention, that meeting in-person presents imminent risks to the health or safety of attendees.

Section 3. Ratification of Governor’s Proclamation of a State of Emergency. The Board hereby ratifies the Governor of the State of California’s Proclamation of State of Emergency, effective as of its issuance date of March 4, 2020.

Section 4. Remote Teleconference Meetings. The staff and legislative bodies of Redwood Coast Energy Authority are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) October 23, 2021, or such time the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the legislative bodies of RCEA may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

Adopted this 23rd day of September, 2021

ATTEST:

______________________________   ____________________________
Sheri Woo, RCEA Board Chair    Lori Taketa, Clerk of the Board

Date: _________________________   Date: ________________________
CLERK'S CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of Resolution 2021-5 passed and adopted at a regular meeting of the Redwood Coast Energy Authority, County of Humboldt, State of California, held on the 23rd day of September, 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

Clerk of the Board, Redwood Coast Energy Authority
Notice of this meeting was posted on August 21, 2021. Chair Sheri Woo called a regular meeting of the Board of Directors of the Redwood Coast Energy Authority to order on the above date at 3:32 p.m., stating that the teleconference meeting was being conducted pursuant to Brown Act waivers included in Governor Newsom’s COVID-19 State of Emergency Executive Order N-29-20 of March 17, 2020, and the Humboldt County Health Officer's March 30, 2020, Shelter-in-Place Order. Chair Woo stated that the posted agenda contained public teleconference meeting participation instructions.

PRESENT: Vice Chair Stephen Avis, Scott Bauer, Chris Curran, David Grover, Mike Losey, Frank Wilson, Mike Wilson, Chair Sheri Woo. ABSENT: Sarah Schaefer. STAFF AND OTHERS PRESENT: Business Planning and Finance Director Lori Biondini, RCEA General Counsel Nancy Diamond, Power Resources Director Richard Engel, Power Resources Manager Jocelyn Gwynn, Community Advisory Committee nominee Christopher Honar, Executive Director Matthew Marshall, Power Resources Specialist Colin Mateer, Community Strategies Coordinator Summer Sanderson, Clerk of the Board Lori Taketa.

REPORTS FROM MEMBER ENTITIES

Vice Chair Avis reported that the City of Ferndale is issuing a request for proposals to install solar panels on their police department and wastewater treatment plant buildings to connect to already-installed Tesla battery systems. PG&E is clearing trees along power lines in the Mendocino Forest to minimize fire risk in that area.

Director Losey reported that Fortuna's Tesla energy storage system is up and running. The solar and battery pack systems are saving the city money on energy usage and will provide a non-gas-powered emergency power back-up system.

Director Bauer reported that the City of Eureka is experiencing delays with getting approval from PG&E for the grid interconnection of their Tesla battery system. Director Losey described Fortuna's similar problems and stated that PG&E has gained experience working with Tesla power packs and better understands the technical issues involved.

ORAL COMMUNICATIONS

Member of the public Daniel Chandler emailed an article from the Vox Future Perfect newsletter to the Board which quantified the number of deaths due to extreme heat from global warming per metric ton of CO2 emitted. Mr. Chandler opposes the ten-year Humboldt Sawmill Company contract extension due to the power source's CO2 emissions. No other member of the public offered comment.
CONSENT CALENDAR

3.1 Approve Minutes of July 22, 2021, Board Meeting.
3.2 Approve Disbursements Report.
3.3 Accept Financial Reports.
3.4 Appoint Christopher Honar to the Community Advisory Committee for a Term Ending April 11, 2023.
3.5 Approve Proposed Revisions to the Feed-In Tariff (FIT) Power Purchase Agreement (PPA) Template; Direct General Counsel to Draft Amendments Consistent with the Revisions to Existing FIT Program PPAs with RPCA Solar 5 LLC (4 separate PPAs), North Coast Highway Solar 1 LLC, and North Coast Highway Solar 2 LLC; and Authorize RCEA’s Executive Director to Execute Said Six FIT PPA Amendments.
3.6 Authorize Staff to Solicit Bids and Secure Construction for Electric Vehicle Charging Stations at the Humboldt County Airport as Appropriate for a Total Aggregate Budget Not to Exceed $79,000, and to Seek Reimbursement Through the CALeVIP Program, and Authorize the Executive Director to Execute All Applicable Documents.

Chair Woo requested that item 3.4 be removed from the consent calendar. Directors Curran and Losey requested that item 3.5 be removed. No member of the public requested consent calendar item discussion.

M/S: M. Wilson, Grover: Approve all consent calendar items except items 3.4 and 3.5.


REMOVED FROM CONSENT CALENDAR ITEMS

Mr. Honar introduced himself to the directors. Mr. Honar worked for RCEA about seven years ago when the agency was much smaller. He is now employed as a Facilities Manager for a large Arcata cannabis extraction facility and is focused on the operation’s energy consumption and sustainability. Discussions with current Community Advisory Committee member Katy Gurin convinced Mr. Honar that the committee presented a good volunteer opportunity. Director Mike Wilson nominated Mr. Honar because he is a capable, community-minded person who views issues in a systemic way.

Director Curran requested an update from staff on the proposed feed-in tariff power purchase agreement (PPA) modifications. Power Resources Manager Gwynn described the six PPAs for projects in development along Hatchery Road in Blue Lake and in Hydesville. The developers are experiencing delays and will not be able to come online by the agreed upon dates. The PPA requires the developers to pay delay damages which staff has come to see as punitive given common delays of 12 months or longer due to lengthy interconnection processes with PG&E. The current delay damage amount is not conducive to encouraging local solar generation development. The project development size limit is also being standardized to slightly less than 1 MB to simplify the PG&E interconnection process.
M/S: M. Wilson, Grover: Approve consent calendar item 3.4 - Appoint Christopher Honar to the Community Advisory Committee for a Term Ending April 11, 2023; and 3.5 - Approve Proposed Revisions to the Feed-In Tariff (FIT) Power Purchase Agreement (PPA) Template; Direct General Counsel to Draft Amendments Consistent with the Revisions to Existing FIT Program PPAs with RPCA Solar 5 LLC (4 separate PPAs), North Coast Highway Solar 1 LLC, and North Coast Highway Solar 2 LLC; and Authorize RCEA’s Executive Director to Execute Said Six FIT PPA Amendments.


Chair Woo confirmed that a quorum was present to conduct Community Choice Energy business.

OLD CCE BUSINESS

5.1 2020 Power Source Disclosure Attestation

Power Resources Manager Jocelyn Gwynn reported on the 2020 Power Content Label. A greenhouse gas (GHG) emissions intensity section is now part of the power source disclosure program and is included in this year’s customer mailer. RCEA’s significant financial challenges over the past two years and the Board’s resulting decisions to scale back initial renewable energy procurement in excess of state requirements are reflected in the agency’s current power mix. Staff pointed out that these short-term procurement decisions make less of an impact on countering climate change than will the long-term procurement portfolio the agency is working toward that will include new renewable power generating resources such as the feed-in tariff solar projects that will be constructed in Humboldt County.

The directors inquired about the unspecified power sources that make up about 150 MWh of the agency’s RePower energy portfolio. This energy product is purchased on the wholesale CAISO spot market and is comprised of a proportional mix of all California power resources including natural gas and large hydro. There was discussion of how encouraging customers to opt up to Repower+ can help increase renewables in the agency’s portfolio prior to 2023, when newly-built long-term contracts such as the Sandrini Solar Project will begin and significantly change RCEA’s power portfolio.

No member of the public responded to the Chair’s invitation to comment.


NEW CCE BUSINESS

6.1 Wave Energy Update (Information only)

Power Resources Director Richard Engel presented a report prepared by Power Resources Specialist Colin Mateer on wave energy. Different technologies to tap this global storehouse
of kinetic energy were depicted. Much as a variety of terrestrial wind energy technologies were under development 30 years ago and one format is widely used now, staff expects to see one dominant wave energy format emerge in the future. To date there are no utility scale wave energy projects. PG&E explored the economic viability of wave energy with their Humboldt County WaveConnect project which ended in 2010 due to technological and regulatory challenges. Recently a company called Atargis expressed interest in testing air foil design-inspired wave technology off the Humboldt Coast. Staff will update the Board with this project’s developments. Oregon State University began testing technology in June with their PacWave project south of Newport, Oregon. A local Arcata consulting firm has done permitting work for PacWave South. As wave energy technology is developing slowly, the Board requested an update every two or three years, or if there are any developments.

There was no public comment on this item and the CCE Business portion of the meeting was concluded.

OLD BUSINESS
7.1 Quarterly Budget Report – Fiscal Year 2020-2021 Fourth Quarter (Information only)

Business Planning and Finance Director Lori Biondini reported on preliminary end of fiscal year 2020-2021 budget numbers. USDA loan document delays had the largest impact on anticipated revenues. Microgrid construction delays mitigated the impact, as did savings for most other budget line items such as meeting and training travel, and pandemic-related slowdowns in program rebate and incentive disbursements and outreach events. RCEA’s power price hedging strategy and conservative power procurement decisions buffered the agency from extremely volatile energy prices. Agency revenues are anticipated to begin to recover in this fiscal year as USDA loan proceeds are realized and state funding for unpaid customer bills becomes available in January 2022.

There was no public comment on this item.

STAFF REPORTS
9.1 Update by Executive Director Matthew Marshall on Offshore Wind and In-Person Brown Act Meetings

Executive Director Marshall reported that the Harbor District successfully submitted a $56 million U.S. Department of Transportation grant proposal at the end of July. The RCEA Board approved a $50,000 contribution to help complete the proposal. An $11 million state budget allocation specifically for Humboldt harbor offshore wind energy infrastructure development matching funds enabled the grant application. Grant awards will likely be announced at the end of the year. The Bureau of Ocean Energy Management (BOEM) conducted two scoping meetings this week explaining the site assessment environmental impact study process. The Humboldt call area auction is expected to take place in the fall of 2022.

An additional $800,000 in state funds was allocated for a new technology study on long-duration storage in Humboldt County to support offshore wind. This relatively small-scale storage study recognizes Humboldt’s energy export grid constraints. Staff will investigate whether the CEC is willing to link this storage development with RCEA’s share of mandated long-duration storage procurement after the Diablo Canyon nuclear power plant is retired. One of RCEA’s Board-supported goals is to create local energy reliability resources and
getting local projects to fulfill the new state requirements would be ideal. Staff will bring a grid reliability resource request for proposals (RFPs) to the Board next month. The RFP will not be limited to shovel-ready projects to create more opportunity for local project development. Staff is interested in how offshore wind energy can be integrated with these long-duration storage resources.

Chair Woo paraphrased Humboldt Baykeeper’s Jen Kalt’s comments at the BOEM scoping meeting. Ms. Kalt described how, through successful outreach, people on the North Coast were able to develop a Marine Life Protection Act Zone Agreement that addressed environmental and fishery concerns. Ms. Kalt warned BOEM not to make offshore wind a divisive issue in the community as has happened with past projects. Staff described how Congressman Huffman set a good precedent by inviting not just RCEA, Harbor District and Schatz Energy Research Center representatives to accompany the Secretary of the Interior on her Humboldt Bay visit but included representatives from the Wiyot Tribe and the Humboldt Fishermen’s Marketing Association.

Executive Director Marshall described how local jurisdictions and agencies are awaiting an extension of Governor Newsom’s teleconference meeting waivers or legislation outlining hybrid in-person and virtual meeting Brown Act requirements. Staff is tracking active legislation and investigating potential meeting venues and technology that would enable hybrid meetings. There was no public comment on this agenda item.

CLOSED SESSION
As there were no comments from the public regarding the closed session item 11.1 - CONFERENCE WITH REAL PROPERTY NEGOTIATIONS Pursuant to Government Code § 54956.8 in re: APNs 001-104-001-000 and 001-011-021-000; RCEA negotiator: Executive Director; Owner’s negotiating party: Kramer Investment Corporation and the City of Eureka; Under negotiation: price and terms, the Directors adjourned to closed session at 4:52 p.m.

Chair Woo reconvened the meeting at 5:40 p.m. and stated that the Board created an ad hoc Office Relocation Subcommittee comprised of Vice Chair Avis and Directors Bauer and Mike Wilson to support real property negotiations, acquisition and development related to RCEA’s relocation to a new office space. No member of the public commented on this.

Chair Woo adjourned the meeting at 5:41 p.m.

Lori Taketa
Clerk of the Board
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<td>07/09/2021</td>
<td>12449</td>
<td>City of Ferndale</td>
<td>City Staff Time &amp; Expenses for MicroGrant</td>
<td>-4,958.65</td>
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<tr>
<td>Bill Pmt -Check</td>
<td>07/09/2021</td>
<td>12450</td>
<td>City of Trinidad</td>
<td>Site Host Reimbursement 4/1-6/30/21</td>
<td>-344.05</td>
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<td>Bill Pmt -Check</td>
<td>07/09/2021</td>
<td>12451</td>
<td>Colonial Life</td>
<td>Colonial Life Premiums May 2021</td>
<td>-469.32</td>
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<td>Bill Pmt -Check</td>
<td>07/09/2021</td>
<td>12452</td>
<td>Developed Employment Services, LLC.</td>
<td>Facilities maintenance work</td>
<td>-21.79</td>
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<td>Bill Pmt -Check</td>
<td>07/09/2021</td>
<td>12453</td>
<td>Donald Dame</td>
<td>Professional Services June 2021</td>
<td>-336.00</td>
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<td>07/09/2021</td>
<td>12454</td>
<td>Fortuna Elementary School District</td>
<td>Freezer Electrical work - Walker Elementary</td>
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<td>Frontier Energy, Inc.</td>
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<td>Bill Pmt -Check</td>
<td>07/09/2021</td>
<td>12457</td>
<td>Humboldt Bay Harbor District</td>
<td>Multipurpose Dock Conceptual Design Funding</td>
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<td>Morse Media</td>
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<td>07/09/2021</td>
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<td>-236.13</td>
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<td>07/09/2021</td>
<td>12462</td>
<td>Petty Cash</td>
<td>Reissue of aged checks</td>
<td>-260.32</td>
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<td>07/09/2021</td>
<td>12463</td>
<td>PG&amp;E Engineering</td>
<td>PG&amp;E Interconnection Fee</td>
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<td>PG&amp;E EV Account</td>
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<td>PG&amp;E Utility Account</td>
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<td>07/09/2021</td>
<td>12466</td>
<td>Ray Morgan Company</td>
<td>Printer Charges: 6/6-7/5/21</td>
<td>-23.84</td>
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<td>07/09/2021</td>
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<td>Shredding services - June</td>
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<td>07/09/2021</td>
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<td>St. Joseph Hospital</td>
<td>Site Host Reimbursement 4/1-6/30/21</td>
<td>-625.29</td>
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<td>Suddenlink Communications</td>
<td>Phone &amp; Internet access - June</td>
<td>-1,099.26</td>
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<td>Bill Pmt -Check</td>
<td>07/09/2021</td>
<td>12471</td>
<td>Times Printing Company</td>
<td>Advertising: Coloring Book</td>
<td>-775.23</td>
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<td>Bill Pmt -Check</td>
<td>07/09/2021</td>
<td>12472</td>
<td>Winzler, John</td>
<td>Office Lease - November</td>
<td>-6,512.00</td>
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<td>07/09/2021</td>
<td>12473</td>
<td>NEM Customer</td>
<td>VOID: NEM Account</td>
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<td>Bill Pmt -Check</td>
<td>07/09/2021</td>
<td>12474</td>
<td>City of Arcata</td>
<td>May Excessive Energy Use Tax</td>
<td>-6,967.47</td>
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<td>07/09/2021</td>
<td>12475</td>
<td>CA Dept. of Tax &amp; Fee Administartion</td>
<td>Electrical Energy Surcharge Return Q2 2021</td>
<td>-48,090.49</td>
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<td>Bill Pmt -Check</td>
<td>07/09/2021</td>
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<td>City of Arcata</td>
<td>June Excessive Energy Use Tax</td>
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<td>City of Arcata</td>
<td>June Utility User Tax</td>
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<td>Employees</td>
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<td>Calpine Corporation</td>
<td>Calpine June 2021 Costs</td>
<td>-61,695.36</td>
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<td>07/22/2021</td>
<td>ACH</td>
<td>Humboldt Redwood Company</td>
<td>Humboldt Redwood Co. June 2021</td>
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<td>EDD</td>
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<tr>
<td>Type</td>
<td>Date</td>
<td>Num</td>
<td>Name</td>
<td>Memo</td>
<td>Amount</td>
</tr>
<tr>
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<td>EDD</td>
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<td>Boudreau, D.</td>
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<td>FedEx</td>
<td>ResKit Mailing</td>
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<td>12480</td>
<td>Mission Uniform &amp; Linen</td>
<td>June mat service, janitorial supplies</td>
<td>-113.95</td>
</tr>
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<td>07/23/2021</td>
<td>12481</td>
<td>North Coast Journal</td>
<td>Employment ads.</td>
<td>-487.00</td>
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<td>Onsite network support services - July</td>
<td>-3,200.00</td>
</tr>
<tr>
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<td>07/23/2021</td>
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<td>PG&amp;E CCA</td>
<td>May CCE Charges</td>
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<td>-2,198.52</td>
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<td>WREGIS</td>
<td>Retired RECs</td>
<td>-774.84</td>
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<td>12487</td>
<td>CCE Customer</td>
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<td>07/23/2021</td>
<td>12488</td>
<td>Umpqua Bank</td>
<td>NEM Account Closeouts</td>
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<td>Bill Pmt -Check</td>
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<td>12501</td>
<td>Umpqua Bank</td>
<td>Health Savings Account Contributions</td>
<td>-217.22</td>
</tr>
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<td>Bill Pmt -Check</td>
<td>07/23/2021</td>
<td>12502</td>
<td>Advanced Display &amp; Signs</td>
<td>Digital Decals</td>
<td>-947.03</td>
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<td>Bill Pmt -Check</td>
<td>07/23/2021</td>
<td>12504</td>
<td>AT&amp;T</td>
<td>Acct# 831-001-0566 348 Router charges</td>
<td>-12.51</td>
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<td>07/23/2021</td>
<td>12505</td>
<td>Bithell, M.</td>
<td>Purchase reimbursement - postage</td>
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<tr>
<td>Bill Pmt -Check</td>
<td>07/23/2021</td>
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<td>Operational Member dues Q4 20/21</td>
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<td>07/23/2021</td>
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<td>Central Office</td>
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<td>-167.31</td>
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<td>12508</td>
<td>Diamond, Nancy</td>
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<td>-13,725.00</td>
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<td>07/23/2021</td>
<td>12509</td>
<td>Environmental Indicator Accounting Srvcs.</td>
<td>Climate plan services</td>
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<td>07/23/2021</td>
<td>12510</td>
<td>Keyes &amp; Fox, LLP</td>
<td>June legal services</td>
<td>-2,844.50</td>
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<td>07/23/2021</td>
<td>12511</td>
<td>North Coast Cleaning</td>
<td>June monthly cleaning service</td>
<td>-456.00</td>
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<td>07/23/2021</td>
<td>12512</td>
<td>NYLEX.net, Inc.</td>
<td>Onsite network support services - August</td>
<td>-3,200.00</td>
</tr>
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<td>07/23/2021</td>
<td>12513</td>
<td>O&amp;M Industries</td>
<td>Facility repairs</td>
<td>-160.00</td>
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<tr>
<td>Bill Pmt -Check</td>
<td>07/23/2021</td>
<td>12514</td>
<td>Pierson's Home Ctr</td>
<td>Facilities expenses</td>
<td>-109.50</td>
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<tr>
<td>Bill Pmt -Check</td>
<td>07/23/2021</td>
<td>12515</td>
<td>Race Forward</td>
<td>Membership Dues - 2021-2022</td>
<td>-1,000.00</td>
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<tr>
<td>Bill Pmt -Check</td>
<td>07/23/2021</td>
<td>12516</td>
<td>Recology</td>
<td>May &amp; June garbage service with credit</td>
<td>-114.66</td>
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<tr>
<td>Bill Pmt -Check</td>
<td>07/23/2021</td>
<td>12517</td>
<td>Russ Cole</td>
<td>PA system &amp; sound - Take Off Event</td>
<td>-850.00</td>
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<td>Bill Pmt -Check</td>
<td>07/23/2021</td>
<td>12518</td>
<td>Scrapper's Edge</td>
<td>Wide format printing</td>
<td>-182.53</td>
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<td>Bill Pmt -Check</td>
<td>07/23/2021</td>
<td>12519</td>
<td>SEL Engineering Services, Inc.</td>
<td>Professional Services - Microgrid</td>
<td>-253,381.00</td>
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<tr>
<td>Bill Pmt -Check</td>
<td>07/23/2021</td>
<td>12520</td>
<td>Times Printing Company</td>
<td>Misc. printing services</td>
<td>-1,227.81</td>
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<td>Bill Pmt -Check</td>
<td>07/23/2021</td>
<td>12521</td>
<td>Verizon Wireless</td>
<td>June Tablet/cell service for staff &amp; equipment</td>
<td>-1,635.78</td>
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<tr>
<td>Bill Pmt -Check</td>
<td>07/23/2021</td>
<td>12522</td>
<td>Winzler, John</td>
<td>Office Lease - November</td>
<td>-6,512.00</td>
</tr>
<tr>
<td>Bill Pmt -Check</td>
<td>07/23/2021</td>
<td>12523</td>
<td>WREGIS</td>
<td>Retired RECs</td>
<td>-217.94</td>
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<td>07/23/2021</td>
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<td>Umpqua Bank</td>
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<td>Paycheck</td>
<td>07/23/2021</td>
<td>ACH</td>
<td>Employees</td>
<td>Payroll 7/25/21</td>
<td>-66,363.97</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>-1,663,470.48</strong></td>
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<tr>
<td>Ordinary Income/Expense</td>
<td>Jul 21</td>
<td>Budget</td>
<td>% of Budget</td>
<td></td>
<td></td>
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<tr>
<td>-------------------------</td>
<td>--------</td>
<td>--------</td>
<td>-------------</td>
<td></td>
<td></td>
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<tr>
<td>5 REVENUE EARNED</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>5000 · Revenue - government agencies</td>
<td>0.00</td>
<td>911,000.00</td>
<td>0.0%</td>
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<tr>
<td>Total 5100 · Revenue - program related sales</td>
<td>1,646.32</td>
<td>31,000.00</td>
<td>5.31%</td>
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<tr>
<td>Total 5400 · Revenue-nongovernment agencies</td>
<td>756,244.73</td>
<td>1,377,873.00</td>
<td>54.89%</td>
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<tr>
<td>Total 5500 · Revenue - Electricity Sales</td>
<td>3,749,079.76</td>
<td>44,645,168.00</td>
<td>8.4%</td>
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<tr>
<td>Total 5 REVENUE EARNED</td>
<td>4,506,970.81</td>
<td>46,965,041.00</td>
<td>9.6%</td>
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<tr>
<td>Total Income</td>
<td>4,506,970.81</td>
<td>46,965,041.00</td>
<td>9.6%</td>
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<td>Gross Profit</td>
<td>4,506,970.81</td>
<td>46,965,041.00</td>
<td>9.6%</td>
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<tr>
<td>Expense</td>
<td></td>
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<tr>
<td>Total 6 WHOLESALE POWER SUPPLY</td>
<td>3,287,258.92</td>
<td>41,084,582.00</td>
<td>8.0%</td>
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<td>Total 7 PERSONNEL EXPENSES</td>
<td>143,508.05</td>
<td>3,517,800.00</td>
<td>4.08%</td>
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<td>Total 8.1 FACILITIES AND OPERATIONS</td>
<td>56,112.76</td>
<td>3,313,389.00</td>
<td>1.69%</td>
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<td>Total 8.2 COMMUNICATIONS AND OUTREACH</td>
<td>9,947.64</td>
<td>118,570.00</td>
<td>8.39%</td>
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<tr>
<td>Total 8.3 TRAVEL AND MEETINGS</td>
<td>44.85</td>
<td>44,300.00</td>
<td>0.1%</td>
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<td>8.4 PROFESSIONAL &amp; PROGRAM SRVS</td>
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<td></td>
<td></td>
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<tr>
<td>8400 · Regulatory</td>
<td>2,774.31</td>
<td>180,000.00</td>
<td>1.54%</td>
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<tr>
<td>8410 · Contracts - Program Related Ser</td>
<td>306.25</td>
<td>393,000.00</td>
<td>0.08%</td>
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<td>8420 · Accounting</td>
<td>0.00</td>
<td>55,000.00</td>
<td>0.0%</td>
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<td>8430 · Legal</td>
<td>15,260.55</td>
<td>153,000.00</td>
<td>9.97%</td>
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<td>8450 · Wholesale Services - TEA</td>
<td>54,582.00</td>
<td>639,088.00</td>
<td>8.54%</td>
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<tr>
<td>8460 · Procurement Credit - TEA</td>
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<td>340,032.00</td>
<td>17.32%</td>
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<td>8470 · Data Management - Calpine</td>
<td>61,586.88</td>
<td>738,144.00</td>
<td>8.34%</td>
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<tr>
<td>Total 8.4 PROFESSIONAL &amp; PROGRAM SRVS</td>
<td>193,397.97</td>
<td>2,498,264.00</td>
<td>7.74%</td>
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<td>Total 8.5 PROGRAM EXPENSES</td>
<td>35,373.36</td>
<td>631,393.00</td>
<td>5.6%</td>
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</tr>
<tr>
<td>Total 8.6 INCENTIVES &amp; REBATES</td>
<td>2,201.10</td>
<td>601,000.00</td>
<td>0.37%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total 9 NON OPERATING COSTS</td>
<td>0.39</td>
<td>414,320.00</td>
<td>0.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expense</td>
<td>3,727,845.04</td>
<td>52,223,618.00</td>
<td>7.14%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Ordinary Income</td>
<td>779,125.77</td>
<td>-5,258,577.00</td>
<td>-14.82%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Other Income</td>
<td>0.00</td>
<td>6,600,000.00</td>
<td>0.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Income</td>
<td>779,125.77</td>
<td>1,341,423.00</td>
<td>58.08%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Redwood Coast Energy Authority
Balance Sheet
As of July 31, 2021

**ASSETS**

- **Current Assets**
  - **Checking/Savings**
    - 1010 · Petty Cash 493.22
    - 1050 · GRANTS & DONATIONS 3840 15,204.58
    - 1060 · Umpqua Checking Acct 0560 854,401.04
    - 1071 · Umpqua DepositCntrol Acct 8215 1,108,748.17
    - 1075 · Umpqua Reserve Account 2300 2,000,000.00
    - 1076 · First Republic Bank - 4999 15,000.00
    - 8413 · COUNTY TREASURY 3839 5,065.52
  - Total Checking/Savings 3,998,912.53
  - **Accounts Receivable**
    - 1100 · Accounts Receivable 817,295.74
  - Total Accounts Receivable 817,295.74
  - **Other Current Assets**
    - 1101 · Allowance for Doubtful Accounts -1,459,528.37
    - 1103 · Accounts Receivable-Other 7,706,020.13
    - 1120 · Inventory Asset 21,715.00
    - 1202 · Prepaid Expenses -1,218.37
    - 1205 · Prepaid Insurance 11,998.61
    - 1210 · Retentions Receivable 1,001.00
    - 1499 · Undeposited Funds 18,385.96
  - Total Other Current Assets 6,298,373.96

- **Total Current Assets** 11,114,582.23
- **Total Fixed Assets** 151,725.39

- **Other Assets**
  - 1700 · Retained Deposits 4,193,600.00
  - Total Other Assets 4,193,600.00

- **TOTAL ASSETS** 15,459,907.62

**LIABILITIES & EQUITY**

- **Liabilities**
  - **Current Liabilities**
    - **Accounts Payable**
      - 2000 · Accounts Payable 3,676,146.42
    - Total Accounts Payable 3,676,146.42
    - Total Credit Cards 11,881.97
    - Total Other Current Liabilities 1,910,851.16
  - Total Current Liabilities 5,598,879.55

- **Equity**
  - 2320 · Investment in Capital Assets 151,725.38
  - 3900 · Fund Balance 8,930,176.92
  - Net Income 779,125.77
  - Total Equity 9,861,028.07

- **TOTAL LIABILITIES & EQUITY** 15,459,907.62
AGENDA DATE: September 23, 2021  
TO: Board of Directors  
PREPARED BY: Richard Engel, Director of Power Resources  
SUBJECT: Amendment to 2021 Task Order 1 with The Energy Authority related to Congestion Revenue Rights

SUMMARY

RCEA participates in monthly and annual auctions of congestion revenue rights (CRRs), a financial instrument that can be used by load-serving entities in California to mitigate costs associated with congestion on the transmission lines associated with RCEA’s load and generation sources. Until now, The Energy Authority has been able to act as RCEA’s proxy in posting collateral associated with these auctions and in maintaining risk policies that meet standards set by the California Independent System Operator (CAISO). However, CAISO has recently reinterpreted its own rules governing participation in the CRR market. Beginning November 1, RCEA will need to post its own collateral and update its risk policies to meet CAISO requirements.

The attached Summary of Material Terms describes the terms of a proposed Amendment No. 1 to Task Order 1 with The Energy Authority. The full amendment’s terms include proprietary information and are therefore not being made public.

In addition, policy changes related to CAISO’s CRR market rules will also be incorporated into RCEA’s Energy Risk Management Policy during our annual update to be presented to the Board for approval in December.

FINANCIAL IMPACTS

Posting collateral for monthly and annual CRR auctions will impact RCEA’s short-term cash flow. TEA estimates at the high end, these postings could reach approximately $100,000 for the monthly auctions and $500,000 for the annual auctions. TEA recommends posting a letter of credit as collateral to avoid the administrative burden of having to send and receive electronic cash postings with CAISO each month. The cost to maintain a letter of credit is not known at this time but is typically a few percent of the posted amount on a yearly basis. In addition, CAISO’s policy will require RCEA to establish a new dedicated scheduling coordinator identity (SCID) for congestion revenue rights. This is expected to cost approximately $1,500 per month in fees. This is a significant new cost, but small relative to the several hundred thousand dollars in annual revenue RCEA receives from participating in the CRR market.
STAFF RECOMMENDATION

Approve Amendment No. 1 to 2021 Task Order 1 for Operational Services with The Energy Authority related to congestion revenue rights and authorize the Executive Director to execute the amendment and all associated documents.

ATTACHMENTS

Summary of Material Agreed to Terms: Amendment No. 1 to 2021 Task Order 1
SUMMARY OF MATERIAL AGREED TO TERMS
(SEPTEMBER 23, 2021)

Amendment No. 1 to 2021 Task Order 1

Resource Management Agreement
To Provide Operational Services
To
Redwood Coast Energy Authority

Between:

The Energy Authority, Inc. (“TEA”)
and
Redwood Coast Energy Authority (“RCEA”)

Beginning on November 1, 2021, CAISO will require RCEA to post its own collateral for participation in congestion revenue rights auctions. RCEA’s scheduling coordinator, The Energy Authority, has agreed to post such collateral during the transition period through March 24, 2022, provided RCEA grants a security interest in such funds posted with CAISO. The transition period will allow RCEA time to obtain security needed to satisfy RCEA obligations with CAISO for future CRR auctions. The Parties have agreed upon the form of an Amendment 1 to Task Order 1 which memorializes these terms.
SUMMARY
In order to streamline lighting upgrade offerings to RCEA customers, the Demand Side Management (DSM) Team issued a Request for Proposals (RFP) for a Lighting Contractor Partner on July 15, 2021. Upon presentation of a project proposal, RCEA customers will have the option of completing the project with RCEA’s Partner Contractor for set costs, or they may procure their own contractor or perform a self-install (under certain circumstances). The Partner Contractor will receive incentive payments based on RCEA’s Program Administrator offerings and the balance of the project will be paid directly by the customer. The Partner Contractor will be able to market their services directly to customers as RCEA’s Partner Contractor. The Partner Contractor will also provide training to the DSM staff to assess and quote projects.

The RFP was sent directly to multiple local contractors and posted and advertised at the Humboldt Builders Exchange. RCEA received three responses to the RFP, all from non-Humboldt-based contractors. The review team unanimously scored SacTown Contractors the highest, and the equipment, labor, and total project costs detailed in their response were the lowest of all the respondents. Furthermore, they have agreed to timely project completion for RCEA customers, have requested no “Priority Access Fee,” and a minimum project size of $2,000. SacTown contractors have successfully completed RCEA-managed public agency projects and have had positive reviews from both customers and RCEA staff.

The RFP specified that the awarded Contractor enter into a one-year professional services agreement, which may be extended to future program years if agreed upon by both parties.

FINANCIAL IMPACTS
Training expense for RCEA staff is estimated not to exceed $5,000 for the one-year term of the agreement, with a much lower staff expense associated with additional years if the agreement is extended in the future. Payments to SacTown will be in the form of incentive payments from RCEA’s Program Administrator budget and have no direct financial impact to RCEA.

RECOMMENDED ACTIONS
Approve selection of SacTown Contractors to provide lighting contractor services to RCEA and authorize the Executive Director to prepare and execute a professional services agreement with SacTown Contractors for these services, and all applicable documents.

ATTACHMENTS
RCEA Standard Professional Services Agreement
AGREEMENT FOR PROFESSIONAL SERVICES
BETWEEN THE REDWOOD COAST ENERGY AUTHORITY AND
____________________________________

This Agreement is made and entered into by and between the Redwood Coast Energy Authority ("RCEA"), a Joint Powers Authority, and__________________________, ("CONSULTANT"), a __________________________. RCEA and CONSULTANT are hereinafter also referred to collectively as the “Parties” and individually as a “Party”. This Agreement is effective _____________.

RE bâtals

WHEREAS, --------;

WHEREAS, CONSULTANT has the demonstrated qualifications, skills and training necessary to perform the services needed by RCEA, and RCEA desires to retain CONSULTANT to complete the said services based on the terms and conditions below.

NOW, THEREFORE, based on the conditions recited herein and made a material part hereof, the Parties agree as follows:

1. Scope of Services.

1.1 Services Defined. CONSULTANT agrees to perform the services as set out in Exhibit A, “Scope of Work” attached hereto and incorporated by reference (“Services”). Services shall be provided in accordance with the terms and conditions of this Agreement. In the event of conflict between the provisions contained in Sections 1 - 26 of this Agreement and those within Exhibit A, the terms and conditions of Sections 1 -26 shall control over those in Exhibit A.

1.2 Special Conditions. Consultant shall comply with all additional terms and conditions set forth in Exhibit C “Special Conditions,” if any are required [check applicable box]:

______ Special Conditions  ______ No Special Conditions

1.3 Materials and Equipment. Consultant shall, at its sole cost and expense, furnish all materials and equipment which may be required for performing Services excepting those items specifically identified in Exhibit A.

2. Term. Services by Consultant shall commence upon full execution of this Agreement by both parties. Consultant shall complete all Services in accordance with the time schedule set forth in Exhibit A.

3. Compensation. CONSULTANT shall be paid for Services on a time and materials basis, based on the rate and budget attached hereto and incorporated herein as Exhibit B, “Compensation” for a maximum amount not to exceed ______________________ Dollars ($__________).

4. Payment. CONSULTANT shall submit invoices no more frequently than monthly and the final
bill upon completion of Services. Invoices shall contain a time summary of work performed by each person for whom charges are billed. Invoices shall be sent to RCEA, 633 3rd Street, Eureka, CA 95501, Attention: Accounting, or emailed to accounting@redwoodenergy.org. If RCEA disputes an invoice, it may withhold that portion so contested and shall pay the undisputed amount. RCEA may withhold all or any portion of the funds provided for by this Agreement in the event that the CONSULTANT has materially violated, or threatens to materially violate, any term, provision, or condition of this Agreement; or the CONSULTANT fails to maintain reasonable progress toward completion of the Services or any component thereof. RCEA shall make payment to CONSULTANT within thirty (30) working days after approval of the invoice.

5. **Standard of Care.** The standard of care for all professional Services performed or furnished by CONSULTANT under this Agreement will be the care and skill ordinarily used by members of the subject profession practicing under similar circumstances at the same time and in the same locality. CONSULTANT shall be responsible for the professional and technical soundness, accuracy, and adequacy of all designs, drawings, specifications, and other work and materials furnished under this Agreement.

6. **Hold Harmless and Indemnification.** If this Agreement is for design professional services subject to California Civil Code § 2782.8(a) and CONSULTANT is a design professional as defined in California Civil Code § 2782.8(c)(2), to the fullest extent allowed by law, CONSULTANT shall hold harmless, defend and indemnify RCEA, its officers, agents, employees, and volunteers from and against all claims, damages, losses, and expenses including attorneys’ fees arising out of, or pertaining to, or relating to the negligence, recklessness, or willful misconduct of CONSULTANT, not to exceed CONSULTANT’S proportionate percentage of fault.

If this Agreement is not for design professional services subject to California Civil Code § 2782.8(a) or CONSULTANT is not a design professional as defined in California Civil Code § 2782.8(c)(2), to the fullest extent permitted by law, CONSULTANT shall indemnify and hold harmless RCEA and its board, committees, officials, employees and agents (collectively “Indemnified Parties”) from and against any and all losses, liabilities, damages, costs and expenses, including attorney’s fees and costs to the extent same are caused in whole or in part by any negligent or wrongful act, error or omission of CONSULTANT, its officers, agents, employees or sub-contractors or any entity or individual for which CONSULTANT shall bear legal liability in the performance of professional services under this Agreement.

CONSULTANT’s responsibility for defense and indemnity obligations shall survive the termination or completion of this Agreement for the full period of time allowed by law. The defense and indemnification obligations of the Agreement are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained in this Agreement.

7. **Insurance.** CONSULTANT agrees to maintain, at a minimum, the insurance coverage as set out below at all times during the terms of this Agreement and all additional terms set forth in Exhibit D “Special Insurance Conditions,” if any are so required [check applicable box, below]. Failure to maintain the required insurance shall be grounds for termination of this Agreement.

_______ Special Insurance Conditions    _______ No Special Insurance Conditions

Professional Services Agreement                Page 2 of 10

Revised 1-14-20
7.1 All insurance carriers shall be admitted in the state of California and with an A.M. Best’s rating of A- or better and a minimum financial size VII. Said coverage shall include an endorsement to add RCEA, its officers, agents and employees, as additional insureds with respect to liability arising out of or connected with the services to be provided under this Contract. Said coverage shall additionally be endorsed to specify that the CONSULTANT’S insurance is primary and that insurance or self-insurance maintained by RCEA shall not contribute with it. Upon request, CONSULTANT shall furnish RCEA with certificates of insurance and endorsements of all required insurance. Said documentation shall state that coverage shall not be cancelled except after thirty (30) days prior written notice has been given to RCEA. In the event CONSULTANT subcontracts any part of the Services, each subcontractor shall be bound by the same terms and conditions concerning insurance as required by this Agreement will be made a part of any such subcontract agreement. RCEA reserves the right at any time during the term of the Agreement to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice.

7.2 Workers’ Compensation and Employers’ Liability Insurance: CONSULTANT shall provide Workers’ Compensation and Employers’ Liability insurance for CONSULTANT’s employees and agents to the extent required by law.

7.3 Commercial General Liability: CONSULTANT shall maintain $1 million minimum commercial general liability insurance coverage on an occurrence basis, including products and completed operations, property damage, bodily injury and personal and advertising injury.

7.4 Business Auto: If applicable, CONSULTANT shall maintain $1 million minimum business automobile insurance coverage.

7.5 Professional or Errors and Omissions Insurance. CONSULTANT shall maintain such Professional or Errors and Omissions Insurance as will provide protection from any claim arising out of any negligent act, error or omission in rendering or failing to render professional services either committed or alleged to have been committed by CONSULTANT or by anyone employed by CONSULTANT to perform or furnish any of the Services, or by anyone for whose acts any of them may be liable. Such coverage shall not be less than $1,000,000 single limit, any one claim and $2,000,000 annual aggregate.

7.6 Insurance Reductions, Waivers. RCEA may, in its sole discretion, reduce or waive any insurance coverage requirements provided herein based on an analysis of the availability of insurance coverage for the type of professional consultant retained by this agreement, the type of risk exposure for RCEA, and the financial capability of CONSULTANT to bear the risk of losses without insurance. Any specific insurance coverage reductions or waivers shall be itemized in Exhibit D.

8. Independent Consultant Status. CONSULTANT shall perform all Services as an independent contractor. No person performing any of the Services shall be considered an officer, agent, servant or employee of RCEA, nor shall any such person be entitled to any benefits, including but not limited to Workers Compensation Benefits, available or granted to employees of RCEA. CONSULTANT shall be solely responsible for the acts or omissions of its officers, agents, employees, and subcontractors. Nothing herein shall be construed as creating a partnership or
joint venture between RCEA and CONSULTANT.

9. **Assignment.** Neither party shall assign its obligations under this Agreement without the prior written consent of the other, except that CONSULTANT may assign the proceeds due under this Agreement to any bank or person without such written consent. Any assignment by the CONSULTANT in violation of this provision shall be void, and shall be cause for immediate termination of this Agreement. Subject to the provisions of this Section, this Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties.

10. **Subcontracting.** The CONSULTANT shall not subcontract any portion of the work required by this Agreement without prior written approval of the RCEA, except for any sub-contract work identified herein. If CONSULTANT shall cause any part of the project to be performed by a subcontractor, the provisions of this contract shall apply to such sub-contractor, and CONSULTANT shall be liable hereunder for all acts and negligence of the subcontractor.

11. **Books of Record and Audit Provisions.** The CONSULTANT shall maintain on a current basis complete books and records relating to this Agreement. The books and records shall be original entry books with a general ledger itemizing all debits and credits for the work. In addition, the CONSULTANT shall maintain detailed payroll records. These documents and records shall be retained for at least five years from the completion of this Agreement. The CONSULTANT will permit RCEA to audit all books, accounts or records relating to this Agreement.

12. **Document Submission and Title to Documents.** CONSULTANT agrees that all data, plans, drawings, specifications, reports, computer programs, operating manuals, notes, and other written or graphic work and intellectual property produced in the performance of this Agreement is considered work made for hire and shall be the property of RCEA upon delivery. RCEA may disclose, disseminate and use in whole or in part, any final form data and information received, collected, and developed under this Agreement.

13. **Confidentiality.** CONSULTANT acknowledges RCEA may provide it with confidential information and CONSULTANT shall sign a non-disclosure agreement before receiving such information.

14. **Nondiscriminatory Employment.** CONSULTANT shall not discriminate against any employee or application for employment because of race, color, religion, age, sex, national origin, political affiliation, ancestry, marital status or disability. This policy does not require the employment of unqualified persons.

15. **Entirety of Contract.** This Agreement shall constitute the entire agreement between the parties relating to the subject matter of this agreement, and shall supersede any previous agreements, promises, representation, understanding and negotiation, whether oral or written, concerning the same subject matter. Any and all act which may have already been consummated pursuant to the terms which are embodied in this Agreement are hereby ratified.

16. **Amendment.** No addition to, or alteration of, the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto.

17. **Suspension, Termination**

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Revised 1-14-20
17.1 **Suspension.** At any time and for any reason, RCEA may temporarily suspend the Services upon five days’ written notice to CONSULTANT. In such event, CONSULTANT shall perform no additional Services under this Agreement until RCEA has provided written notice to CONSULTANT to re-commence Services.

17.2 **Termination.** This Agreement may be canceled at any time by RCEA at its discretion upon written notification to CONSULTANT. CONSULTANT is entitled to receive payment for acceptable services performed and costs incurred up to and including the date on which to cease work on the project. CONSULTANT shall be entitled to no further compensation for work performed after such date. CONSULTANT will deliver to RCEA all data and originals of all plans, drawings, specifications, reports, computer programs, operating manuals, notes, and other written or graphic work and other materials prepared or produced under this Agreement, whether completed or incomplete, and all such material shall become the property of RCEA upon the date to cease work.

18. **Designation of Representative.** CONSULTANT and RCEA shall designate specific individuals to act as representatives ("Designated Representative"), who shall have authority to transmit instructions, receive information, and implement the Agreement on behalf of each respective party. Either Party may change its Designated Representative or the address of its Designated Representative by giving reasonable notice to the other Party.

19. **Notices**

All notices or other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been given when delivered if personally delivered, or three (3) business days after mailing if mailed by certified mail, postage prepaid, return receipt requested, and shall be addressed as follows:

Notices shall be given to RCEA at the following address:
Lori Biondini, Director of Business Development and Planning
Redwood Coast Energy Authority
633 3rd Street
Eureka, CA 95501

Notices shall be given to CONSULTANT at the following address:
____________________
____________________
____________________

20. **Compliance with Applicable Laws.** The CONSULTANT shall comply with any and all applicable federal, state and local laws affecting the Services covered by this Agreement.

21. **Jurisdiction and Venue.** This Agreement shall be construed in accordance with the laws of the State of California, and the parties hereto agree that venue shall be in Humboldt County, California.

22. **Headings.** The headings of this Agreement are for purposes of reference only and shall not limit or define the meaning of the provisions of this Agreement.

23. **Severability.** If any paragraph, section, sentence, clause or phrase contained in this Agreement
shall become illegal, null or void or against public policy, for any reason, or shall be held by any
court of competent jurisdiction to be illegal, null or void or against public policy, the remaining
paragraphs, sections, sentences, clauses or phrases contained in this Agreement shall not be
affected thereby.

24. **Waiver.** The waiver of any breach of any provision hereunder by any party hereto shall not be
demed to be a waiver of any preceding or subsequent breach hereunder.

25. **Authority.** Each of the undersigned hereby warrants that he/she has authority on behalf of his or
her principal to execute this agreement.

26. **Counterpart Signatures.** This Agreement may be signed in separate counterparts, and all
counterparts, when signed, shall constitute an enforceable agreement.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement to be effective on the date
and year first hereinabove written.

RCEA:  

______________________________  
Matthew Marshall, Executive Director
Redwood Coast Energy Authority
Date: _____________________________

CONSULTANT:  

_________________________________  
Name:
Title:
Date: _____________________________
EXHIBIT B: COMPENSATION
EXHIBIT C: SPECIAL CONDITIONS

[attach if applicable]
EXHIBIT D: SPECIAL INSURANCE REQUIREMENTS, REDUCTIONS, WAIVERS

[attach if applicable]
STAFF REPORT
Agenda Item # 7.1

AGENDA DATE: September 23, 2021
TO: Board of Directors
PREPARED BY: Richard Engel, Director of Power Resources
Jocelyn Gwynn, Power Resources Manager
SUBJECT: Mid-Term Reliability Solicitation

BACKGROUND

In June 2021 the California Public Utilities Commission (CPUC) issued Decision 21-06-035 to address the mid-term reliability needs of the state’s grid in the period 2023-2026. This decision requires each load-serving entity in California, including RCEA, to procure its allocated share of incremental resource adequacy (RA) capacity. This means procuring contracts with new resources, or resources otherwise not considered by the CPUC to be part of the existing resources baseline corresponding to the above decision. In addition, all resources used to satisfy this CPUC decision must be non-fossil fuel, and contracts must be for ten years or longer. A subset of the required procurement is designated as replacement for the Diablo Canyon nuclear plant scheduled to retire in 2024 and 2025; these resources must be generation that can operate at its claimed incremental capacity from 5-10 p.m. each day.

RCEA is required to procure incremental RA from resources that will be online in the amounts shown and by the dates shown in Table 1.

Table 1. RCEA Procurement Requirements per D.21-06-035 (in Net Qualifying Capacity MW)

<table>
<thead>
<tr>
<th>Procurement Category</th>
<th>Aug 2023</th>
<th>Jun 2024</th>
<th>Jun 2025</th>
<th>Jun 2026</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>RCEA total procurement consisting of:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diablo Canyon Replacement Capacity</td>
<td>7</td>
<td>20</td>
<td>5</td>
<td>7</td>
<td>39</td>
</tr>
<tr>
<td>Other Capacity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long Lead Time: Long Duration Storage*</td>
<td></td>
<td></td>
<td></td>
<td>3.5</td>
<td>3.5</td>
</tr>
<tr>
<td>Long Lead Time: Clean Firm Resources*</td>
<td></td>
<td></td>
<td></td>
<td>3.5</td>
<td>3.5</td>
</tr>
</tbody>
</table>

* "Long Lead Time" resources (i.e. resource types that are not expected to be feasible to bring online sooner than 2026) are being sought jointly by multiple CCAs through the California Community Power (CC Power) joint powers agency. RCEA is currently participating in CC Power's long duration storage procurement process, and staff will seek Board approval at an upcoming meeting to participate in a new CC Power solicitation for so-called "clean firm" resources. RCEA is not seeking these long lead time resources via the currently proposed solicitation.
Pursuant to its directive to procure as much of its power locally as possible, RCEA intends to meet some of this procurement mandate with local resources. In past RCEA solicitations, few to no proposals for local energy projects have been submitted, as there seems to be a lack of them in the development pipeline. However, RCEA has received a number of unsolicited requests from energy companies who are interested in developing in our service area, but who don’t yet have a specific project identified. Given this, RCEA intends to provide a pathway to qualify candidates for assessment and development of local projects through this solicitation, as further described below.

SUMMARY

Staff propose to issue a combined Request for Qualifications (RFQ) and Request for Offers (RFO) to consider projects that can be relied on for compliance with the CPUC decision, while also establishing one or more relationships with qualified vendors who are interested in developing local resources that can meet our compliance and energy procurement needs. In order to maximize benefits to RCEA customers, the proposed solicitation is intended to build our portfolio of long-term contracts for local renewable energy and energy storage resources, while also giving us the flexibility to procure non-local resources depending on the offers and qualifications received. Meeting the aforementioned compliance need with local resources would simultaneously help RCEA meet its Board-adopted goals of 100% clean and renewable energy by 2025 and 100% local energy by 2030, as outlined in the RePower Humboldt Strategic Plan.

The proposed RFQ-RFO seeks to identify resources that can be developed and brought online quickly for near-term compliance through offers for “shovel-ready” new projects, while also providing a pathway via statements of qualifications to identify developers who want to work collaboratively with RCEA to establish projects that are yet to be identified in Humboldt County, in keeping with RCEA’s longer term 100% local procurement goal.

The following is a summary of the RFQ-RFO terms and conditions:

**Resource Type:** The solicitation will be open to renewable and carbon-free energy generation, energy storage, combined generation and storage, and demand response resources. These resources can be offered as either bundled (energy, renewable attributes, and resource adequacy) or resource adequacy-only products. For demand response, only resource adequacy offers will be accepted for simplicity.

**Capacity:** The solicitation will seek to procure up to 32 MW of RA capacity (the “Diablo Canyon Replacement” and “Other Capacity” categories in Table 1). RA capacity is the product sought for D.21-06-035 compliance; energy and renewable attributes may be additionally procured in amounts needed to meet RCEA’s long-term portfolio goals.

**Location:** For RFO responses, the solicitation will express geographic preference in descending order for projects that are in the Humboldt Local Capacity Area, Northern California, Southern California, or outside California. RFQ responses will be accepted only for proposed development of projects in the Humboldt Local Capacity Area, an area identified by the
California Independent System Operator that roughly corresponds geographically to Humboldt County but is a more relevant envelope for power projects.

**Term:** In keeping with the CPUC decision, contracts resulting from the solicitation will need to be for a minimum of 10 years.

**RCEA Counterparty Status:** In order to meet the CPUC decision’s rapid timeline, RCEA intends to give preference to offers from counterparties RCEA already has under contract. Contract negotiations with such counterparties would likely be more time-efficient than engagements with parties new to contracting with RCEA, given that RCEA and these developers have previously come to terms successfully on commercial and legal provisions. Typically, those negotiations have taken several months to complete after a company is short-listed.

**Evaluation and Selection:** An evaluation committee made up of RCEA staff and its technical consultants will review responses to this solicitation. Responses deemed complete will be scored using the following weighted criteria on a scale of 0-100.

**RFO Weighted Scoring Criteria:**

1) 30 – Overall price, customer value and compliance value  
2) 20 – Respondent experience, qualifications, creditworthiness  
3) 20 – Project risk  
4) 20 – Site-specific environmental impact  
5) 10 – Location and community benefit

**RFQ Weighted Scoring Criteria:**

1) 40 – Experience and qualifications  
2) 30 – Business model  
3) 30 – Fit with RCEA and its constituents

**Schedule:** Staff plan to issue the solicitation in late September upon Board approval, with responses due in late October, presentation of shortlisted responses to the Board in December, and negotiation and Board approval of contracts under the RFO during the first quarter of 2022. Staff will follow standard protocols we have developed through previous solicitations for shortlisting offers, taking shortlist deposits, and negotiating contract terms using the term sheets attached to this report as a starting point. Projects developed under the RFQ will be on a longer timeline than the RFO and those contracts are expected to be brought to the Board in the third quarter of 2022.

**Ad Hoc Procurement Monitoring Committee:** In keeping with its expressed wish to be more informed regarding RCEA’s long-term procurement activities, the Board may wish to form an ad hoc committee to monitor the procurement process as it unfolds, dissolving the committee once any resulting contracts are executed. Staff would be happy to meet periodically with such a committee and provide updates, including offered pricing and other terms that cannot be publicly disclosed to the full Board for business reasons.
Selected offers under the RFO and selected vendors under the RFQ will be brought to the Board for approval of the shortlist prior to starting contract negotiations. Pro forma agreements will be issued to selected RFO respondents, who will have the opportunity to negotiate certain terms consistent with their previously redlined term sheets. Selected RFQ respondents will be expected to enter into the attached Cooperation Agreement with RCEA in advance of beginning the site assessment process. Once a site is selected and approved by staff, the qualified vendor will be required to submit a project offer within 30 days. If the offer is acceptable to RCEA staff, the vendor will be issued a pro forma agreement, kicking off the contract negotiation and project development processes. The Board will approve all final long-term purchase agreements.

FINANCIAL IMPACT

In addition to meeting the CPUC compliance requirement described above, any capacity procured through this solicitation will count toward RCEA’s normal energy, capacity, and environmental attribute procurement obligations and goals. It is likely there will be no additional financial impact of the proposed procurement above that normally incurred, and potentially some savings from locking in long-term price certainty. To the extent that the products are offered at above-market rates, RCEA will evaluate the benefits, such as market performance, environmental and community benefit, developer experience, and avoided penalties of non-compliance with the CPUC decision, that may outweigh the additional cost.

In contrast with the previous CPUC procurement order in 2019 (D.19-11-016), the current decision does not allow RCEA the option of allowing PG&E to procure on its behalf and pass on the cost to RCEA’s customers.

STAFF RECOMMENDATION

1. Authorize staff to issue a Request for Offers/Request for Qualifications for Incremental Resource Adequacy Capacity, in accordance with the terms provided.

2. Establish ad hoc Board committee to meet with staff periodically to review and discuss the procurement process, reporting back to the Board with non-confidential information as appropriate.

ATTACHMENTS

DRAFT Request for Qualifications and Request for Offers for Long-Term Reliability Resources, with selected appendices to be included in the solicitation:

- Bundled Products Term Sheet
- Resource Adequacy Term Sheet
- Cooperation Agreement
Mid-Term Reliability Solicitation

Combined Request for Qualifications (RFQ) and Request for Offers (RFO)

Presentation to RCEA Board of Directors

September 23, 2021
Background

• CPUC’s July 2021 Decision Requiring Procurement to Address Mid-Term Reliability for 2023-2026

<table>
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<th>Requirement by Category (in Net Qualifying Capacity MW)</th>
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<td>Long Lead Time: Clean Firm Resources*</td>
<td>3.5</td>
<td></td>
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<td>3.5</td>
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• RCEA procurement goals:
  • Board Resolution for 100% clean and renewable portfolio by 2025
  • RePower Strategic Plan for 100% local renewable portfolio by 2030
RCEA Mid-Term Reliability Procurement Strategy

Combined Request for Qualifications and Request for Offers (2023-2025)

RFO Track: Resources for CPUC compliance

RFQ Track: Humboldt Local Capacity Area development

CC Power joint procurement (2026-2028)

Offshore wind procurement?

2026 Long Duration Storage RFO underway

2026 Long-lead time generation RFO in development
Why combined RFQ-RFO?

Goal: meet part of obligation with local projects while having flexibility to procure non-local capacity.

• Past solicitations have not yielded many local projects.

• RFQ – pathway for RCEA to partner with qualified developers to build projects in Humboldt.

• RFO – pathway for procuring resources already in development that we can rely on more for compliance.
What RCEA is soliciting

- **Capacity:** Up to 32 MW of incremental RA (nameplate capacity TBD)
- **Technology types:**
  - Standalone energy storage
  - Renewable generation
  - Carbon-free generation
  - Renewable generation plus energy storage
  - Demand response or behind-the-meter resources
- **Contract term:** 10-20 years
- **Counterparty status:** preference given to current RCEA counterparties for expediency

**OR** experienced developers who can deliver the above here in Humboldt
Solicitation documents

The following documents are provided for Board review:
• RFQ-RFO protocol
• Term sheets for bundled products and resource adequacy
• Cooperation agreement

The following documents are excluded from Board review:
• RFO offer form
• RFQ respondent form
• Exclusivity agreement
Evaluation

RFO Weighted Scoring Criteria:
1) 30 – Overall price, customer value and compliance value
2) 20 – Respondent experience, qualifications, creditworthiness
3) 20 – Project risk *Staff propose increasing to 30*
4) 20 – Site-specific environmental impact *Staff propose reducing to 10*
5) 10 – Location and community benefit

RFQ Weighted Scoring Criteria:
1) 40 – Experience and qualifications
2) 30 – Business model
3) 30 – Fit with RCEA and its constituents
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<td>September 29, 2021</td>
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<tr>
<td>Initial questions due</td>
<td>October 7, 2021</td>
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<tr>
<td>Respondents’ webinar (Zoom info below)</td>
<td>October 13, 2021</td>
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<td>Final questions due</td>
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<td>Q&amp;A and addenda posted on RCEA website</td>
<td>October 20, 2021</td>
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<tr>
<td>Responses due</td>
<td>November 1, 2021</td>
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<td>Shortlist selection and interviews</td>
<td>December 2021</td>
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<td>RCEA Board approval of shortlist</td>
<td>December 16, 2021</td>
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<td>Contract negotiations and RCEA Board approval of</td>
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<td>final agreements</td>
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Subject to change at staff’s discretion
REQUEST FOR QUALIFICATIONS AND
REQUEST FOR OFFERS
FOR
LONG-TERM RELIABILITY RESOURCES

Redwood Coast Energy Authority
www.RedwoodEnergy.org

September 29, 2021

Responses due by 5:00pm Pacific Time on
November 1, 2021 via email to
procurement@redwoodenergy.org
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2 BACKGROUND

Redwood Coast Energy Authority (RCEA) is a local government Joint Powers Authority founded in 2003 whose members include the County of Humboldt, the Cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Rio Dell, and Trinidad, and the Humboldt Bay Municipal Water District. RCEA develops and implements sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient and renewable resources. RCEA has been providing electric power generation service to its member jurisdictions as a community choice aggregator (CCA) since 2017, and thus is subject to the legislative and regulatory requirements imposed on load serving entities within the state of California.

In 2020, RCEA’s Board of Directors adopted a resolution to procure 100% carbon-free and renewable energy on an annual basis by 2025. Additionally, RCEA’s RePower Comprehensive Action Plan for Energy1 (“Strategic Plan”) calls for the development of new power resources within RCEA’s service area to achieve 100% local renewable energy by 2030. Pursuant to its Strategic Plan, RCEA strives to source as much of its power procurement from local projects as possible. Humboldt County is a unique place to develop power projects, as it is rural, transmission constrained, and marked by a strong sense of regional identity and commitment to sustainability among its constituents. Direct community engagement and local stakeholder support are essential to the viability and success of energy development projects, and lack of such engagement in the past has resulted in project failure.

Given this background, RCEA seeks to qualify and partner with developers who are interested in building in its service territory, while also soliciting offers for projects more advanced in the development process that can reliably satisfy RCEA’s procurement obligations, as further described below.

3 OBJECTIVE

This combined RFO-RFQ seeks to solicit proposals that can either 1) satisfy RCEA’s procurement compliance obligation for incremental mid-term reliability resources, or 2) identify project partners to assist in the development of incremental mid-term reliability resources within RCEA’s service area.

Via the RFO portion of this solicitation (“RFO Track”), RCEA seeks offers for new or incremental, long-term power resources that can deliver resource adequacy (RA) to further its contributions to the reliability of the California power grid, and to fulfill its procurement obligations pursuant to the California Public Utilities Commission’s (CPUC) July 2021 Decision Requiring Procurement to Address Mid-Term Reliability for 2023-20262.

Via the RFQ portion of this solicitation (“RFQ Track”), RCEA seeks qualifications from respondents interested in working with RCEA to fulfill its Strategic Plan procurement goals for

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2 https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M389/K603/389603637.PDF
development of local renewable energy and energy storage resources that can also meet RCEA’s current and future obligations for incremental RA capacity. The intent of the RFQ is to establish a working relationship between RCEA and one or more qualified entities that intend to build in the Humboldt area, but who may not yet have a proposed project identified. Shortlisted RFQ Track respondents will be expected to eventually submit one or more proposed project offer(s) (“Prospective Offer”) for RCEA to review and evaluate under the criteria of this solicitation’s RFO Track.

Respondents will provide offers or qualifications per the guidelines below. RCEA intends to execute one or more Power Purchase Agreements (PPA), inclusive of energy storage terms where the offer includes energy storage, stand-alone Energy Storage Agreements (ESA), or Resource Adequacy Agreements, with qualified offerors whose projects are selected under the RFO. One or more qualified vendors who are selected under the RFQ will initially enter into a Cooperation Agreement with RCEA, with the intent to eventually enter into one of the aforementioned agreements once a prospective project is identified.

### 4 ELIGIBILITY SPECIFICATIONS

#### 4.1 RFO TRACK MANDATORY PROJECT CRITERIA

1. **Ability to Provide Incremental Resource Adequacy Under Long Term Contract:** To be eligible for consideration under the RFO, offered projects must meet the requirements of D.21-06-035 ("the CPUC Decision"), including but not limited to:
   a. Located within the CAISO (or dynamically transferred or pseudo tied to CAISO);
   b. qualified or on track to provide at least System RA, with Local and Flex RA optional;
   c. excluded from the baseline list of resources associated with the CPUC Decision;
   d. able to come online in advance of the compliance tranche deadlines of August 1, 2023, June 1, 2024, or June 1, 2025; and
   e. available to contract with RCEA for at least 10 years.

2. **Eligible Resource Technologies:**
   a. Standalone energy storage
   b. Renewable (PCC1 RPS-eligible)
   c. Carbon-free
   d. Renewable plus energy storage (co-located or hybrid)
   e. Demand response (DR) or behind-the-meter (BTM) resources (RA-only)

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3 Local in this solicitation means located within the Humboldt Local Capacity Area (LCA), which is a transmission constrained portion of the CAISO grid to which RCEA provides the majority of generation service. Note that this solicitation is not for Local RA attributes, although RCEA recognizes these may be included if the resource is within the Humboldt LCA.

Projects must consist of proven, commercially available technology that is scalable to project size (not in experimental, research, demonstration, or development stages), as determined at RCEA’s sole discretion.

4.2 RFO TRACK PREFERRED PROJECT CRITERIA

1. **Location:** RCEA’s descending order of locational preference is as follows:
   a. Humboldt Local Capacity Area
   b. Northern California
   c. Southern California
   d. Outside of California

   In all cases, the project must be directly connected, dynamically transferred, or pseudo tied to the CAISO grid.

2. **Dispatch Characteristics:** At least one of the resources that RCEA is seeking to contract for as part of this RFO must meet the parameters for Diablo Canyon Power Plant replacement capacity stipulated in the CPUC Decision. As such, RCEA prefers resources that are:
   a. Available every day from 5 pm to 10 pm; and
   b. Able to deliver at least 5 megawatt-hours of energy during each of these daily periods for every megawatt of incremental capacity claimed.

3. **RCEA Counterparty Status:** Given the short timeline associated with this RFO, RCEA prefers to contract with counterparties already under contract with RCEA for products to be derived from expansion or repowering of existing projects where such modifications meet the requirements of the CPUC Decision.

4. **Government Approvals:** Given both the short timeline and risk of discretionary permit non-approval, RCEA prefers projects that have already received their land use permits from the governmental authority having jurisdiction.

4.3 RFQ TRACK MANDATORY CRITERIA

1. **Experience:** RFQ Track respondents must have demonstrable prior history developing and operating power resources of similar scale and technology as what will be offered to RCEA in their Prospective Offer, as well as what RCEA is soliciting under the RFO Track. Specific requirements to demonstrate such experience are described in section 5.3.

2. **Location:** RFQ Track respondents must intend to develop one or more power resources within the Humboldt Local Capacity Area, as delineated in CAISO’s 2021 Local Capacity Technical Report. Prospective projects located in communities served by the following substations are of special interest to RCEA but are not mandatory:
   a. Hoopa and Willow Creek substations

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b. Substations on the Samoa Peninsula

Prospective Offers that are eventually submitted to RCEA by selected RFQ Track respondents will be subject to the RFO Track criteria listed in Sections 4.1 and 4.2.

4.4 RFQ TRACK PREFERRED CRITERIA

1. **Fit with RCEA’s Service Area:** As described in the Section 1, Humboldt presents a unique opportunity for project development. RCEA prefers respondents that show demonstrated experience in successfully developing energy generation or storage systems in conjunction with active local engagement. Prior experience in community outreach should be described in as much detail as possible in the Respondent Form submission.

4.5 PRODUCTS & CAPACITY

RCEA seeks to procure bundled energy, RPS and RA, or RA only through the RFO Track of this solicitation. There is no minimum or maximum capacity target associated with this solicitation, but RCEA aims to procure resources sufficient to provide up to 32 MW of incremental September Net Qualifying Capacity (NQC), including at least 8 MW from firm zero-emitting resources for Diablo Canyon Power Plant replacement capacity per the CPUC Decision. For reference, RCEA’s procurement obligation for compliance with the CPUC Decision is shown in the following table. RCEA will consider offers of any capacity amount, for full or partial capacity from resources that individually meet the annual capacity targets, as well as those that can provide a subset of these volumes.

<table>
<thead>
<tr>
<th>Procurement year</th>
<th>2023</th>
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<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>RCEA obligation (September NQC MW)</td>
<td>7</td>
<td>20</td>
<td>5</td>
</tr>
</tbody>
</table>

RCEA is not soliciting projects through this solicitation to meet its 2026 long-lead time (LLT) resource procurement obligation, as it is pursuing such capacity through other means.

5 SUBMISSION DETAILS

5.1 RESPONSE SUBMITTAL INSTRUCTIONS

Responses to this RFO-RFQ are due by 5:00pm PT on October 29, 2021 and must be emailed to procurement@redwoodenergy.org. Responses should include the phrase “RCEA 2021 RFO-RFQ Response” clearly indicated in the subject line of the email accompanying the response. RCEA encourages respondents to be clear and concise in their responses, while still providing enough detail for the review team to adequately evaluate the offering. Offers or qualifications will be deemed conforming if they are submitted by the deadline, meet the mandatory criteria listed in section 4.1 or 4.3, and include a complete package of documents applicable to their response type, as described in section 5.3.
5.2 SOLICITATION DOCUMENTS
The documents accompanying this solicitation protocol are as follows, and are posted on the RCEA contracting opportunities webpage\(^7\). Respondents are responsible for familiarizing themselves with and being fully aware of the terms of this solicitation, including each appendix.

1. Appendix A RFO Offer Form
2. Appendix B Bundled Products Term Sheet
3. Appendix C Resource Adequacy Term Sheet
4. Appendix D RFQ Respondent Form
5. Appendix E Cooperation Agreement
6. Appendix F Exclusivity Agreement

5.3 SUBMISSION MATERIALS
Submission packages will be deemed complete if they include the following materials, as applicable to their response type, that are responsive to the instructions below.

RFO Track respondents must provide:
- Narrative in PDF or Word format
- Offer Form(s) in Excel format (Appendix A)
- Redlined Term Sheet(s) in Word format (Appendices B & C)
- Financial Statements in PDF format

RFQ Track respondents must provide:
- Narrative in PDF or Word format
- Respondent Form in PDF or Word format (Appendix D)
- Redlined Cooperation Agreement in Word format (Appendix E)
- Financial Statements in PDF format

**Narrative**
Both RFO and RFQ Track respondents should include the following elements in their narratives.

1. Executive Summary including:
   a. RFO or RFQ Track to be considered under
   b. Type of entity
   c. Ownership structure
   d. Applicable organizational information
   e. Number of employees
   f. Location of principal office
2. Project Description, if applicable. RFO Track respondents are encouraged to provide supplemental details and clarifications that are not adequately captured in their Offer Form. RFQ Track respondents are not required to include this section.

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\(^7\)https://redwoodenergy.org/contracting/
3. Statement of Qualifications (SOQ) including:
   a. Relevant experience developing projects of similar scale to the prospective offering
   b. At least three professional references for projects of similar scale and technology type, including at least one contact name, email address and phone number for each reference
   c. Key personnel
   d. Licenses & certifications

The SOQ portion of the narrative is not required for parties who are already in contract with RCEA.

Offer Form

RFO Track respondents will be evaluated largely based on their Offer Form submission. Follow the instructions in the Offer Form and ensure that all required cells are filled in. Provide a separate Offer Form for each unique configuration that is being offered. RFQ Track respondents are not required to submit an Offer Form.

Respondent Form

RFQ Track respondents will be evaluated largely based on their Respondent Form submission. Follow the instructions in the Respondent Form and ensure that all required questions are answered. RFO Track respondents are not required to submit a Respondent Form.

Redlined Term Sheet

RFO Track respondents will provide comments and proposed edits in Track Changes indicating limited adjustments to commercial terms presented in RCEA’s Term Sheet they wish to negotiate should their project advance to the contracting phase. Provide only one marked up Term Sheet for Bundled Products and one marked up Term Sheet for RA Only, as applicable, regardless of number of unique offerings. Fill in the Term Sheet(s) with the primary offer details. Alternative offer configurations should be submitted in the form of multiple Offer Forms. RFQ Track respondents are not required to submit Term Sheets.

Cooperation Agreement

Successful RFQ Track respondents will be expected to fill out and sign the attached form of the Cooperation Agreement (Appendix E). RFQ Track respondents may provide limited comments and proposed edits in Track Changes to unbracketed terms in the Cooperation Agreement, with detailed justification for the proposed revisions; however, material revisions are discouraged. Provide only one marked up Cooperation Agreement. RFO Track respondents will not be required to enter into a Cooperation Agreement.

Financial Statements

Both RFO and RFQ Track respondents will provide at least two recent years of audited financials with their package, unless they are already in contract with RCEA and there have been no significant changes to company structure. If the proposed or prospective project would be financed by one or more parent companies or affiliates of the respondent, please submit financial statements for all such entities in addition to those of the respondent together with an explanation of the relationship between such entities and the respondent.
5.4  SUPPLIER DIVERSITY AND LABOR PRACTICES
Consistent with the California Public Utilities Code and California Public Utilities Commission policy objectives, RCEA collects information regarding supplier diversity and labor practices from project developers and their subcontractors regarding past, current and/or planned efforts and policies. Pursuant to Public Utilities Code §§ 8281-8286 (through which the CPUC requires RCEA and its commission-regulated subsidiaries and affiliates to submit annual detailed and verifiable plans for increasing women-owned, minority-owned, disabled veteran-owned and LGBT-owned business enterprises’ procurement in all categories), RFO and RFQ Track respondents that execute a contract with RCEA will be required to complete a supplier diversity questionnaire at the time of execution, and/or periodically at later dates as specified by RCEA. Respondents that are women, minority, LGBT, and disabled veteran-owned businesses are encouraged to join the CPUC’s Supplier Diversity Clearinghouse Program http://www.thesupplierclearinghouse.com/. This certification is voluntary and will not be used as a criterion for evaluation. RCEA does not give preferential treatment based on race, sex, color, ethnicity, or national origin; providing such information as part of the offer package will not impact the selection process or good standing of executed contracts.

5.5  PUBLIC NATURE OF RESPONSES
All responses to this RFO-RFQ, as well as records of pre-submittal and post-submittal communications with RCEA, will become the exclusive property of RCEA, subject to disclosure in accordance with the California Public Records Act (Cal. Government Code section 6250 et seq.). Respondents should limit submission of information or documents that they consider proprietary and that they would not want publicly disclosed, and should clearly mark such information or documents as confidential. RCEA will consider limited requests for confidentiality on a case-by-case basis, provided that such requests are made at the time of offer or SOQ submission. All responses will be kept confidential until either all contracts have been awarded in each response category or all proposals in each response category have been rejected.

5.6  QUESTIONS ABOUT THIS SOLICITATION
All questions from potential respondents to this solicitation may be emailed to procurement@redwoodenergy.org by 5:00pm PT on October 18, 2021. Emails should include the phrase “RCEA 2021 RFO-RFQ Questions” clearly indicated in the subject line. Q&A responding to the questions received will be posted on the RCEA website by 5:00pm on October 22, 2021. RCEA reserves the right to respond to no questions or only a subset of the questions received.

6  SCHEDULE
The following schedule is subject to change at the discretion of RCEA. Communications regarding schedule changes will be posted on RCEA’s website. Requested submittals are due electronically by 5:00pm PT on each applicable due date.

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8 [Link to RCEA’s website](https://redwoodenergy.org/services/contracting-opportunities/)
### 7 EVALUATION AND SELECTION PROCESS

An evaluation committee made up of RCEA staff and its technical consultants will review responses to this solicitation. Each offer will be screened for completeness and scored on a weighted criteria basis. RCEA may contact respondents with additional questions and clarifications or to offer to conduct meetings with some or all of the respondents. The opportunity to participate in such meetings, if any, will be communicated separately to individual respondents.

#### 7.1 COMPLETENESS

Responses will initially be screened for timely submission, and for conformity with the mandatory project criteria stated in section 4 and the submittal requirements in section 5. This screening will be on a pass/fail basis. Each offer that is deemed conforming will then be scored using a weighted scoring criteria process. Non-conforming offers may be rejected at RCEA’s discretion.

#### 7.2 WEIGHTED SCORING CRITERIA

Criteria for selection will include, but not be limited to, the items listed below. Offers and qualifications will be evaluated independently of the other response type and will be scored according to separate criteria. The evaluation committee will score each response on a weighted criteria basis to determine the highest scoring offers. One or more of the highest scoring offers and/or qualifications may be forwarded to RCEA’s governing board for approval. The following criteria will be scored on a scale of 0 to 5 with a five being the highest score for each service category. The weight that will be applied to each criterion is noted before the criteria below. There is a maximum of 100 points for both response types.

**RFO Weighted Scoring Criteria:**

1) 30 – Overall price, customer value and compliance value
2) 20 – Respondent experience, qualifications, creditworthiness
3) 20 – Project risk
4) 20 – Site-specific environmental impact
5) 10 – Location and community benefit

**RFQ Weighted Scoring Criteria:**

1) 40 – Experience and qualifications
2) 30 – Business model
3) 30 – Fit with RCEA and its constituents

### 7.3 SHORTLISTING

All respondent(s) will be notified of their shortlisting status and those who are shortlisted will be offered an initial interview. At that time, RFO Track respondents will be required to sign RCEA’s standard Exclusivity Agreement, which is provided as Appendix F, within one week of notification. RFQ Track respondents will not be required to sign an Exclusivity Agreement. All shortlisted RFO and RFQ Track respondents will be required to submit a shortlist deposit within one week of notification of shortlisted status. The deposit is generally intended to secure the obligations of any shortlisted respondent during the negotiating period and to ensure that each offer or SOQ has been carefully considered. The respondent is solely responsible for the cost of providing the shortlist deposit. Instructions for submitting the deposit will be provided upon notification of shortlist selection. The shortlist deposit will be in the amount specified below depending on the response and resource type.

- **RFO Track offer of standalone generation or storage:** $3.00/kW-AC of offered nameplate or RA capacity
- **RFO Track offer of hybrid or co-located resources:** $4.50/kW-AC of offered nameplate capacity, or net qualifying capacity if RA-only offer, of whichever is the larger of the generation and storage resources
- **RFQ Track respondent:** $10,000

The shortlist deposit will be returned to the respondent under one or more of the following conditions:

1) Execution of a contract,
2) Rejection of the respondent’s offer or qualifications,
3) Written notice that successful conclusion of contract negotiation is not achievable, as determined by RCEA, or
4) RCEA’s termination of the RFO-RFQ process.

Respondent's deposit will be forfeited if:

1) Material misrepresentations of information related to the respondent’s offer or qualifications are identified,
2) Respondent fails to comply with the terms and conditions of this RFO-RFQ process, or
3) Respondent unilaterally withdraws the offer or attempts to materially modify the terms of its offer or qualifications following the respondent’s acceptance of shortlist status and submittal of deposit, unless such material modifications are agreed to by RCEA in writing.
Shortlisted offers and SOQs will be presented to the RCEA Board of Directors for approval at a public meeting prior to the parties commencing contract negotiations. In the event that the originally selected respondents are not able to fulfill their proposed capacity, RCEA may contact respondents who were not initially shortlisted to provide an updated offer or SOQ. Any offers or SOQs selected via this mechanism will be subject to re-verification of eligibility and a request for updated pricing, as well as commitment of the shortlist deposit and project exclusivity.

7.4 CONTRACT NEGOTIATIONS

RCEA has provided term sheets as Appendix B & C for the various product configurations it anticipates procuring under the RFO Track of this solicitation. During the shortlisting process, RCEA will issue applicable pro forma agreements to respondents whose offers are advancing to the negotiation phase and will provide the respondent an opportunity to indicate what provisions they wish to negotiate, if any. RCEA will consider limited requests for adjustments and edits to its form agreements, provided that such requested edits are consistent with the respondent’s redline edits to the Term Sheet(s) as submitted with the RFO response package. RCEA reserves the right to negotiate modifications to purchase agreements with shortlisted parties to include other power products not originally offered as needed.

RCEA has provided a Cooperation Agreement template as Appendix E that it anticipates executing with qualified entities who are selected under the RFQ Track of this solicitation. RCEA will consider limited requests for adjustments and edits to its Cooperation Agreement and eventual commercial contracts, provided that such requested edits are consistent with the respondent’s redline edits to the Cooperation Agreement as submitted with the RFQ response package.

Upon approval of the shortlist by the RCEA Board of Directors, a regular meeting schedule will be established between RCEA and the shortlisted counterparties. RCEA intends to complete negotiations on an expedited schedule in order to ensure timely project delivery for CPUC Decision compliance purposes. Upon completion of negotiations, final agreements will be presented to the RCEA Board for approval.

7.5 RESPONDENT COMMUNICATIONS

Questions, comments or feedback associated with this RFO/RFQ must be sent electronically to procurement@redwoodenergy.org. RCEA will not respond by other means to questions from respondents or prospective respondents on or before the submission due date.

7.6 DISCLAIMER FOR ACCEPTANCE OR REJECTION OF OFFERS AND RFO-RFQ TERMINATION

By participating in RCEA’s RFO-RFQ process, a respondent acknowledges that it has read, understands, and agrees to the terms and conditions set forth in the RFO-RFQ instructions contained herein. RCEA reserves the right to reject any offer or SOQ that does not comply with the requirements identified herein, or to waive irregularities, if any. RCEA further reserves the right to communicate with individual respondents to ask clarifying questions about their offers or SOQs prior to making a short-listing decision. Furthermore, RCEA may, at its sole discretion and without notice, modify, suspend, or terminate the RFO-RFQ without liability to any organization or individual. Such modification or termination shall be made in the form of addenda to this solicitation. This RFO-RFQ does not constitute an offer to buy or create an
obligation for RCEA to enter into an agreement with any party, and RCEA shall not be bound by the terms of any offer until it has entered into a fully executed agreement. RCEA shall not be responsible for any of the respondent’s costs incurred to prepare, submit, negotiate, or to enter into an agreement, or for any other activity related to meeting the requirements established in this solicitation. All submittals shall become the property of RCEA and will not be returned.

The results of this RFO-RFQ and the information provided therein may be shared with other Community Choice Aggregators, but only with prior written approval from respondents whose offers RCEA wishes to share.
# RCEA BUNDLED POWER PRODUCTS TERM SHEET

Complete this form to reflect the primary offer terms.

<table>
<thead>
<tr>
<th>Description of Facility</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ A [___] MW [renewable energy generation] project.</td>
</tr>
<tr>
<td>☐ A [<em><strong>] MW/[</strong></em>] MWh (at [___] hour discharge) energy storage facility.</td>
</tr>
<tr>
<td>☐ A [<em><strong>] MW [renewable energy generation] project, and a [co-located][hybrid] [</strong></em>] MW/[<em><strong>] MWh (at [</strong></em>] hour discharge) energy storage facility located in [<em><strong><strong><strong><strong>] County, in the State of [</strong></strong></strong></strong></em>].</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>pNode Price:</th>
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<tbody>
<tr>
<td>Generating Facility:</td>
</tr>
<tr>
<td>☐ $[____]/MWh for all Contract Years.</td>
</tr>
<tr>
<td>☐ $[__<strong>]/MWh for initial Contract Year, with [</strong>_]% annual escalation in subsequent Contract Years.</td>
</tr>
<tr>
<td>Storage Facility:</td>
</tr>
<tr>
<td>☐ $[____]/kW-mo for all Contract Years.</td>
</tr>
<tr>
<td>☐ $[__<strong>]/kW-mo for initial Contract Year, with [</strong>_]% annual escalation in subsequent Contract Years.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>NP-15 (TH_NP15_GEN-APND) Price:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generating Facility:</td>
</tr>
<tr>
<td>☐ $[____]/MWh for all Contract Years.</td>
</tr>
<tr>
<td>☐ $[__<strong>]/MWh for initial Contract Year, with [</strong>_]% annual escalation in subsequent Contract Years.</td>
</tr>
<tr>
<td>Storage Facility:</td>
</tr>
<tr>
<td>☐ $[____]/kW-mo for all Contract Years.</td>
</tr>
<tr>
<td>☐ $[__<strong>]/kW-mo for initial Contract Year, with [</strong>_]% annual escalation in subsequent Contract Years.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RA Capacity:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buyer is entitled to all project Capacity Attributes. The Net Qualifying Capacity (NQC) of the Facility is [XX] MW (the “Guaranteed RA Amount”).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Delivery Term:</th>
</tr>
</thead>
<tbody>
<tr>
<td>[___] Contract Years.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scheduling Coordinator:</th>
</tr>
</thead>
<tbody>
<tr>
<td>For offers including delivered energy or full tolling energy storage offers, the Buyer or Buyer’s agent shall act as Scheduling Coordinator (as defined by the CAISO), or “SC,” for the Facility.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Interconnection Point:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Facility shall interconnect to [e.g., XX substation] (the “Interconnection Point”). Seller shall be responsible for all costs of interconnecting the Facility to the Interconnection Point.</td>
</tr>
<tr>
<td><strong>Settlement Point:</strong></td>
</tr>
<tr>
<td>----------------------</td>
</tr>
<tr>
<td><strong>Commercial Operation Date (COD):</strong></td>
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<tr>
<td><strong>Guaranteed Construction Start Date:</strong></td>
</tr>
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<td></td>
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<tr>
<td></td>
</tr>
</tbody>
</table>
Guaranteed Commercial Operation Date (Guaranteed COD):

The COD described in Seller’s proposal may be extended on a day-for-day basis only for delays caused by events of Force Majeure, for interconnection delays not due to fault of Seller and Buyer’s default (“Guaranteed COD”).

Extensions of the Guaranteed COD for events of Force Majeure and interconnection delays shall not exceed one hundred and twenty (120) days after the Guaranteed COD.

Failure to achieve COD within 60 days of the Guaranteed COD shall constitute an Event of Default, and Buyer shall have the right, in its sole discretion, to terminate the PPA and retain the Development Security. For clarity, Buyer’s right to terminate the PPA and retain the Development Security shall come into effect no later than 180 days after the COD described in Seller’s proposal.

Delay Damages:

If Seller fails to achieve any of the following key milestones by the indicated dates, Seller shall pay liquidated damages in the form of Delay Damages to Buyer in an amount equal to the Delay Damage Rate.

Key milestones and dates for achievement:

- Completed interconnection agreement with applicable distribution or transmission owner: 
- Construction Start Date: 
- Commercial Operation Date: 

Buyer shall have the right to draw down the posted Development Security as a means of collecting the Delay Damages. If Seller incurs Delay Damages for missing key milestones but achieves the Commercial Operation Date shown above, Buyer shall then refund 95% of any previously collected Delay Damages.

The Delay Damage Rate shall equal:

$[____]/MW/Day for the Generating Project and
$[____]/MW/Day for the Storage Project.

Environmental Attributes:

Buyer’s Environmental Attributes will include all of the Renewable Energy Credits ("RECs") generated by each Project.

Seller shall establish and maintain an account with the Applicable REC Registry and cause automatic and timely transfer of all project RECs to Buyer’s account to occur on a monthly basis in accordance with the REC creation schedule (forward certificate transfers or comparable mechanism).

“Applicable REC Registry” means WREGIS.

If other Environmental Attributes (other than RECs as defined herein) can be generated by a Project during the Term and delivery or
monetization of such other Environmental Attributes is permitted by (and capable of being implemented pursuant to) by law, upon Buyer’s election, Seller will use commercially reasonable efforts to deliver or monetize the benefits of the Environmental Attributes on Buyer’s behalf. Delivery or monetization of such other Environmental Attributes shall not (A) require Seller to make material modifications to the Project (or the design thereof) or material upgrades or other material modifications to any interconnection or transmission facilities (other than those for which Buyer has agreed to fund) or (B) require Seller to reduce (or restrict Seller’s flexibility in offering, bidding, planning and scheduling) the generation of energy from the Project and delivery thereof to the interconnection point or (C) interfere with qualification, offering, bidding, planning, scheduling or other disposition of RECs.

<table>
<thead>
<tr>
<th>Buyer Performance Assurance:</th>
<th>Buyer will not provide performance assurance.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seller Performance Assurance:</td>
<td>Seller shall post security as follows:</td>
</tr>
<tr>
<td></td>
<td><strong>Development Security</strong> – $[<strong><strong>]/MW of the Generation Facility Capacity and $[</strong></strong>]/MW of the Storage Facility Capacity</td>
</tr>
<tr>
<td></td>
<td><strong>Performance Security</strong> – $[<strong><strong>]/MW of the Generation Facility Capacity and $[</strong></strong>]/MW of the Storage Facility Capacity</td>
</tr>
<tr>
<td></td>
<td>Seller shall deliver the Development Security to Buyer within thirty (30) days of the Effective Date. Development Security shall be in the form of cash or a Letter of Credit.</td>
</tr>
<tr>
<td></td>
<td>Seller shall deliver Performance Security to Buyer on or before the Commercial Operation Date.</td>
</tr>
<tr>
<td></td>
<td>Within five (5) Business Days following any draw by Buyer on the Performance Security, Seller shall replenish the amount drawn such that the security is restored to the applicable amount.</td>
</tr>
</tbody>
</table>

| Generating Facility Availability: | For renewable energy projects using technologies other than solar – The PPA shall include a mechanical availability guarantee. The guarantee shall be 80% of the annual total generation amounts shown in the Estimated Future Generation tab of the Offer Form submitted with the Seller’s offer, as measured over the most recent two-Contract Year period and referencing the corresponding years in the Estimated Future Generation tab. The availability percentage shall be calculated based on the percentage of time the Project systems are available to deliver Energy from as determined by the Project’s SCADA. For the avoidance of doubt, the Project will be considered available during Excused Hours. |
|                                | For solar projects – The PPA shall include an annual performance guarantee. The performance guarantee will be 85% of an expected generation quantity during Period Hours. Performance will be measured |
over a Contract Year period. The Solar Project will be deemed to have performed during Excused Hours.

The parties shall determine if there are any “Availability Damages” by (a) first, multiplying the applicable deficiency (expressed in MWh) by the Fixed Price; and (b) second, multiplying the applicable deficiency (expressed in MWh) by the weighted average of the CAISO Day-Ahead Price at the Trading Hub or P-node for all Settlement Periods during the applicable measurement period. There shall be no Availability Damages if the amount calculated in clause (a) exceeds the amount calculated in clause (b). If the amount calculated in clause (a) is less than the amount calculated in clause (b), then the difference stated as a positive number shall be the Availability Damages. In addition to Availability Damages, Seller shall provide a WREGIS Certified replacement REC of the same vintage generated during the applicable Contract Year (or the monetized value of that credit, if no credits are available for purchase).

“Excused Hours” shall mean, with respect to each inverter, each Period Hour or portion thereof, in which such inverter is otherwise physically available to produce energy, but is unable to schedule or deliver energy to the Interconnection Point as a result of any of the following to the extent not specifically caused by or attributable to actions or inactions of Seller (including, without limitation, actions that are inconsistent with Seller’s obligations under the CAISO business practice manuals and other protocols, Prudent Industry Practices, the Interconnection Agreement or the PPA): (1) CAISO or transmission owner curtailment order or System Emergency, (2) Buyer’s failure to perform (other than due to a breach by Seller of its obligations under the Agreement), (3) events of Force Majeure, and (4) substation maintenance as required by NERC or other Governmental Authority.

“Period Hours” means, with respect to any inverter, the daylight periods at the Solar Project expressed in hours (or partial hours at the native resolution of the solar irradiance data) where the planes of array irradiance conditions for the Solar Modules associated with such Inverter are at or above fifty (50) watts per meter squared, as determined by solar irradiance data from the onsite solar meteorological measurement station at the Solar Project nearest to such Solar Modules.

Storage Facility Performance:

For the Storage Facility, the Energy Storage Agreement (“ESA”) shall include the following guarantees:

<table>
<thead>
<tr>
<th>Guarantee</th>
<th>Liquidated Damages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability Guarantee of 95%.</td>
<td>$[ ] per 1% deficiency (measured by Contract Year)</td>
</tr>
<tr>
<td>The Storage Facility will be</td>
<td></td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Guarantee</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity Guarantee of 100%</td>
<td>[$___] per 1% deficiency (measured by Contract Year)</td>
</tr>
<tr>
<td>Roundtrip Efficiency Guarantee of [___]%</td>
<td>[$___] per 1% deficiency (measured by Contract Year)</td>
</tr>
<tr>
<td>Charge Ramp Rate Guarantee</td>
<td>[$___] per event</td>
</tr>
<tr>
<td>Discharge Ramp Rate Guarantee</td>
<td></td>
</tr>
<tr>
<td>System Latency Guarantee</td>
<td></td>
</tr>
<tr>
<td>Frequency Response Capability Guarantee</td>
<td></td>
</tr>
</tbody>
</table>

**RA Failure**

For each calendar month during which the Net Qualifying Capacity of the Facility for such month was less than the Qualifying Capacity of the Facility ("**RA Shortfall Month**") occurring after the RA Guarantee Date, Seller shall pay to Buyer Liquidated Damages on the difference, expressed in kW, of (i) the maximum Qualifying Capacity of the Facility for such month, minus (ii) the Net Qualifying Capacity of the Facility for such month, including any adjustments for unforced capacity (UCAP) or similar adjustments, however described; provided that Seller may, as an alternative to paying Liquidated Damages, provide Replacement RA in the amount of (X) the Qualifying Capacity of the Generating Facility with respect to such month, minus (Y) the Net Qualifying Capacity of the Generating Facility with respect to such month, provided that any Replacement RA capacity is communicated by Seller to Buyer with Replacement RA product information in a written notice to Buyer at least seventy-five (75) days before the applicable CPUC operating month for the purpose of monthly RA reporting, and further provided that such Replacement RA capacity shall be required to comply with the requirements of D.21-06-035, and in addition, meet the same sub-category attributes if contracted for one of the sub-categories of D.21-06-035, only to the extent required for the Product purchased hereunder to be applied towards Buyer’s compliance with its procurement obligations under D.21-06-035 as confirmed through a decision, resolution, publicly issued guidance document, letter from the CPUC Executive Director, or other communication of approval or confirmation mutually agreed to by the Parties.

**Operations & Maintenance:**

Seller shall develop written operating procedures for each Project before the applicable initial delivery date which shall set forth the protocol under which the Parties shall perform their respective obligations under the PPA and ESA. During the Term, each Project shall be operated and
maintained by Seller or its designee in accordance with those practices, methods, and acts that are commonly used by a significant portion of the electric generation industry.

During the four-month period of June-September, Seller shall not schedule any non-emergency maintenance that reduces the energy generation capability of the Project(s), unless (i) such outage is required to avoid an emergency or damage to the Project or its Interconnection Facilities, (ii) such maintenance is necessary to maintain equipment warranties or is otherwise required by the equipment manufacturer and cannot be scheduled outside the months of June-September, (iii) such outage is in connection with Force Majeure events, (iv) such outage is required by law, or the requirements of CAISO or the interconnecting utility and/or each other applicable Governmental Authority, or (v) the Parties agree otherwise in writing.

| Curtailment: | Seller will curtail deliveries as directed by Buyer and Buyer will pay Seller for the energy that would have been delivered during the Buyer curtailment period. Buyer shall have unlimited curtailment hours. Seller will curtail deliveries as directed or required by CAISO or the interconnecting utility. |
| Invoicing: | Seller shall provide statement of amounts due within fifteen (15) days after the end of each Settlement Period. Payment for undisputed amounts shall be due to the applicable party thirty (30) days from the invoice date, with disputed payments subject to the Dispute Resolution process described below. |
| Costs: | Any charges of the CAISO and other third party costs and charges (including the cost of registering the RECs and other attributes) shall be the responsibility of Seller, except as addressed above in the sections regarding “Renewable Energy Credits,” “Buyer’s Environmental Attributes,” and “Additional Products,” and subject to Change in Law. |
| Market Participation: | Buyer, or its designee, will act as the Project’s scheduling coordinator for the purpose of bidding and scheduling energy into the market. Seller shall be responsible for all charges associated with bidding and scheduling the energy and ancillary services, including any charges imposed by the CAISO or interconnecting utility, subject to Change in Law provisions. |
| Additional Products: | Over the Term, new or incremental opportunities may arise for the sale or transfer of additional products from the Project that are not currently known to or contemplated by the Buyer or Seller, including capacity, reactive power, and ancillary services (collectively, “Additional Products”). To the extent that the sale or transfer of these Additional Products accruing during the Settlement Term becomes an option, either Party may notify the other regarding their availability. Buyer may |
request in writing for Seller to use commercially reasonable efforts, at Buyer’s cost, to monetize such Additional Products on behalf of Buyer (“Buyer’s Written Request”); provided, that (i) neither the creation, registration, sale or transfer of such Additional Products (A) shall require Seller to make material modifications to the Project (or the design thereof) or material upgrades or other material modifications to any interconnection or transmission facilities (other than those for which Buyer has agreed to fund) or (B) require Seller to reduce the generation of energy from the Project and delivery thereof to the interconnection point (or restrict Seller’s flexibility in offering, bidding, planning and scheduling such energy) or (C) interfere with qualification, offering, bidding, planning, scheduling or other disposition of Environmental Attributes; and (ii) the sale or transfer of such Additional Products is permitted by (and capable of being implemented pursuant to) law.

If the CPUC adopts a Slice of Day reform, or another similar type of reform that results in a change in the RA capacity product, these additional attributes will not be considered Additional Products.

<table>
<thead>
<tr>
<th>Facility Development Milestones:</th>
</tr>
</thead>
<tbody>
<tr>
<td>[mm/dd/yyyy] – Demonstrate site control</td>
</tr>
<tr>
<td>[mm/dd/yyyy] – Execute Interconnection Agreement</td>
</tr>
<tr>
<td>[mm/dd/yyyy] – Procure major equipment</td>
</tr>
<tr>
<td>[mm/dd/yyyy] – Obtain federal and state discretionary permits</td>
</tr>
<tr>
<td>[mm/dd/yyyy] – Expected Construction Start Date</td>
</tr>
<tr>
<td>[mm/dd/yyyy] – Guaranteed Construction Start Date</td>
</tr>
<tr>
<td>[mm/dd/yyyy] – Obtain Full Capacity Deliverability Status</td>
</tr>
<tr>
<td>[mm/dd/yyyy] – Expected Commercial Operation Date</td>
</tr>
<tr>
<td>[mm/dd/yyyy] – Guaranteed Commercial Operation Date</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>Deliverability:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Facility will have Full Capacity Deliverability Status by the Commercial Operation Date.</td>
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<tr>
<th>Changes in Law:</th>
</tr>
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<tbody>
<tr>
<td>If a Change in Law occurs that Seller reasonably expects will result in Compliance Costs in excess of $[_____] per Project, Seller will provide a notice to Buyer that describes the Change in Law, a calculation of the Compliance Costs that Seller reasonably expects to incur as a result of the Change in Law and reasonable supporting documentation. Seller shall provide such additional information reasonably requested by Buyer. Buyer will have 15 business days to confirm its acceptance of the submittal made by Seller. If not accepted by Buyer, Seller may terminate the PPA at no cost or liability to either Party (except for any liability arising prior to the date of termination). If the PPA or ESA is terminated other than due to a Buyer default thereof, then for a period of one (1) year from the date upon which Seller notifies Buyer of such</td>
</tr>
</tbody>
</table>
termination, neither Seller nor its affiliates will enter into an obligation or agreement to sell or otherwise transfer the Energy, RECs or Additional Products from the Project(s) to any third party or via the spot market (other than Interim Transactions), unless Seller first notifies Buyer of the same and Buyer shall have the right of first offer for any proposed sale of such output. on substantially the same terms and conditions as set forth in this Agreement (other than the purchase price, which shall be the price set forth in Buyer’s binding purchase offer). If the Parties do not consummate the transaction within the time period designated in the PPA or ESA, Seller may sell the output of the Project(s) to any third party so long as the price for such output is higher than the price proposed by Buyer. An “Interim Transaction” is: (i) a sale of Energy, RECs or Additional Products form the Project in the real time or day ahead market for a term that ends no later than the date that the Parties have completed negotiations of, executed, and delivered, a replacement power PPA pursuant to the above section.

“Compliance Costs” means those costs that result from a Change in Law, and that require either a physical change to the Project or changes in the method of operation of the Project, or result in a material increase in the costs that could have been reasonably expected by Seller as of the Effective Date in order to comply with Seller’s obligations under the Agreement with respect to the construction and operation of the Project, and the delivery of Energy, RECs, or Additional Products.

“Change in Law” means the adoption, promulgation, taking effect of, implementation, or modification of law by a Governmental Authority after the Effective Date that relates to the registration, valuation, retirement, or transfer of the Product, or that otherwise relates to any performance obligations under the Agreement, that has increased Seller’s costs above the costs that could reasonably have been contemplated as of the Effective Date to take all actions to comply with Seller’s obligations under the Agreement.

| Change in Tax Law: | In the event that as a result of a Change in Tax Law, Seller or the Project becomes eligible for or entitled to any new Tax Benefits or changes to or extensions of existing Tax Benefits, Seller and Buyer shall share such additional Tax Benefit Amount on a 50%/50% basis by making an adjustment to the Contract Price for the remainder of the Delivery Term. “Change in Tax Law” means (a) (i) any change in or amendment to the Code or another applicable federal income tax statute; (ii) any change in, or issuance of, or promulgation of any temporary or final regulations by the U.S. Department of the Treasury that would result in any change to the interpretation of the Tax Code or existing temporary or final regulations promulgated by the U.S. Department of the Treasury; (iii) any IRS guidance published in the Internal Revenue Bulletin and/or Cumulative Bulletin, notice, announcement, revenue ruling, revenue |
procedure, technical advice memorandum, examination directive or similar authority issued by the IRS Large Business and International division, or any published advice, advisory, or legal memorandum issued by IRS Chief Counsel, that applies, advances or articulates a new or different interpretation or analysis of any provision of the Code, any other applicable federal tax statute or any temporary or final Treasury Regulation promulgated thereunder; or (iv) any change in the interpretation of any of the authorities described in clauses (a)(i) through (iii) by a decision of the U.S. Tax Court, the U.S. Court of Federal Claims, a U.S. District Court, a U.S. Court of Appeals or the U.S. Supreme Court, that applies, advances or articulates a new or different interpretation or analysis of federal income tax law, and (b) in the case of (a)(i) through (iv), such change or new or different interpretation, as applicable, occurs between the Execution Date and before the end of the Congress in session when the Commercial Operation Date occurs.

“Tax Benefits” means any state, local and/or federal tax benefit or incentive, including energy credits determined under Section 45 or 48 of the Internal Revenue Code of 1986, as amended, investment tax credits, production tax credits, depreciation, amortization, deduction, expense, exemption, preferential rate, and/or other tax benefit or incentive associated with the production of renewable energy and/or the operation of, construction, investments in or ownership of the Project (including any cash payment or grant).

<table>
<thead>
<tr>
<th>Force Majeure:</th>
<th>The PPA and ESA will contain customary Force Majeure provisions. No events of Force Majeure may extend beyond 120 days.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Termination for Force Majeure</td>
<td>If an event of Force Majeure delays or prevent a Party from carrying out, in whole or in part, its obligations under this Agreement for a period of 120 consecutive days or longer (so long as the consecutive days of excused performance are continuing), then either Party may terminate this Agreement without liability of either Party arising out of such termination, except liability that arose prior to the date of termination, upon at least 30 days written notice; provided, that if the applicable Force Majeure event is cured within the applicable 30-day notice period, the applicable termination right shall expire at the time of such cure.</td>
</tr>
<tr>
<td>Dispute Resolution</td>
<td>In the event of any claim, controversy or dispute between the Parties arising out of or relating to or in connection with this Agreement any Party may deliver to the other Parties notice of the Dispute with a detailed description of the underlying circumstances of such Dispute (a “Dispute Notice”). The senior officers of the Parties shall meet and confer as often as they deem reasonably necessary during the thirty (30) day period following receipt of the Dispute Notice in good faith negotiations to resolve the Dispute to the satisfaction of each Party. In the event a Dispute is not resolved by the expiration of the thirty (30)</td>
</tr>
<tr>
<td><strong>Applicable Law</strong></td>
<td>California</td>
</tr>
<tr>
<td>-------------------</td>
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</tr>
<tr>
<td><strong>Assignment:</strong></td>
<td>Except with respect to collateral assignment to support a financing by Seller of the Facility and assignment to an affiliate, prior written consent of the non-assigning party shall be required for assignment of any interest in the PPA including a change of control.</td>
</tr>
<tr>
<td><strong>Events of Default:</strong></td>
<td>The PPA and ESA will provide for the following events of defaults, with cure periods to be negotiated by the Parties: (a) failure to pay, (b) breach of material obligation, (c) breach of representation or warranty, (d) failure to meet performance assurance requirements, (e) bankruptcy, (f) unauthorized assignment, and (g) with respect to Seller, (i) the average availability -- for a renewable energy project using technology other than solar; or performance – for a solar or storage facility as measured over two consecutive contract years is less than 70% for the Generating Facility and 75% for the Storage Facility, (ii) voluntary abandonment of the applicable Facility prior to the Guaranteed Commercial Operation Date, and (iii) government agency determination of irregular REC actions (e.g., retirement or double counting, sale, use or claim).</td>
</tr>
<tr>
<td><strong>Termination Damages:</strong></td>
<td>With respect to a termination of the PPA or ESA by a Non-Defaulting Party upon an Event of Default, the Non-Defaulting Party will be entitled to its Termination Damages. The PPA or ESA shall define Termination Damages to mean, with respect to a termination of the PPA or ESA by a Non-Defaulting Party, the amount equal to (a) the difference (positive or negative) to such Non-Defaulting Party between the present value of the payments to be made and received under the PPA or ESA (less the costs and expenses to be incurred in performing the PPA or ESA) during the remaining term of the PPA or ESA and the present value of the payments to be made and received (less the costs and expenses to be incurred) under transaction(s) replacing the PPA or ESA, plus (b) reasonable attorneys’ fees and expenses, brokerage fees and commissions and other third-party transaction costs and expenses to be reasonably incurred by the Non-Defaulting Party in enforcing the PPA or ESA, terminating any arrangement pursuant to which it has hedged its obligations under the PPA or ESA, or entering into transaction(s) replacing the PPA or ESA, and other reasonable incremental costs and expenses to be reasonably incurred by the Non-Defaulting Party in connection with the termination or enforcement of the PPA or ESA and any other reasonable incremental costs and expenses to be reasonably incurred by such Non-Defaulting Party in connection with the termination of the PPA or ESA and/or in entering into transaction(s) replacing the PPA or ESA; provided, however, that,</td>
</tr>
</tbody>
</table>
if the foregoing amount is negative, the Termination Damages shall be deemed to be zero.
## RCEA RESOURCE ADEQUACY TERM SHEET

Complete this form to reflect your primary offer terms.

<table>
<thead>
<tr>
<th>Project Name</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>[<em><strong><strong><strong>] County, in the State of [</strong></strong></strong></em>]</td>
</tr>
<tr>
<td>CAISO Resource ID, if known</td>
<td></td>
</tr>
<tr>
<td>Unit SCID, if known</td>
<td></td>
</tr>
<tr>
<td>Unit NQC</td>
<td>[_____] MW (the <strong>Guaranteed RA Amount</strong>). Buyer is entitled to all project Capacity Attributes.</td>
</tr>
<tr>
<td>Unit EFC</td>
<td>[_____] MW</td>
</tr>
<tr>
<td>Resource Type</td>
<td></td>
</tr>
<tr>
<td>☐ A [_____] MW nameplate [renewable energy generation] project.</td>
<td></td>
</tr>
<tr>
<td>☐ A [<em><strong><strong>] MW/[</strong></strong></em>] MWh (at [_____] hour discharge) nameplate energy storage facility.</td>
<td></td>
</tr>
<tr>
<td>☐ A [<em><strong><strong>] MW nameplate [renewable energy generation] project, and a [co-located][hybrid] [</strong></strong></em>] MW/[<em><strong><strong>] MWh (at [</strong></strong></em>] hour discharge) energy storage facility</td>
<td></td>
</tr>
<tr>
<td>☐ A [_____] MW nameplate aggregated demand response project</td>
<td></td>
</tr>
<tr>
<td>Resource Category (1, 2, 3 or 4)</td>
<td></td>
</tr>
<tr>
<td>FCR Category (1, 2 or 3)</td>
<td></td>
</tr>
<tr>
<td>Path 26</td>
<td>☐ North ☐ South</td>
</tr>
<tr>
<td>Local Capacity Area (if any)</td>
<td></td>
</tr>
<tr>
<td>Deliverability restrictions, if any, as described in most recent CAISO deliverability assessment</td>
<td></td>
</tr>
<tr>
<td>RA Product and Attributes</td>
<td></td>
</tr>
<tr>
<td>☐ RAR and LAR Attributes</td>
<td></td>
</tr>
<tr>
<td>☐ RAR Attributes</td>
<td></td>
</tr>
<tr>
<td>☐ RAR Attributes with FCR Attributes</td>
<td></td>
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<tr>
<td>☐ LAR Attributes</td>
<td></td>
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<tr>
<td>☐ LAR Attributes with FCR Attributes</td>
<td></td>
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<tr>
<td>☐ FCR Attributes</td>
<td></td>
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<tr>
<td>☐ Flexible RA Product</td>
<td></td>
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<tr>
<td></td>
<td></td>
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<tr>
<td>------------------------------------------</td>
<td>-----------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Contingent Firm RA Product</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Price:</strong></td>
<td>$[___] per kW-month of NQC for each Showing Month of the Delivery Term</td>
</tr>
<tr>
<td><strong>Delivery Term:</strong></td>
<td>[___] Contract Years.</td>
</tr>
<tr>
<td><strong>Interconnection Point:</strong></td>
<td>The Facility shall interconnect to [e.g., XX substation] (the “Interconnection Point”). Seller shall be responsible for all costs of interconnecting the Facility to the Interconnection Point.</td>
</tr>
<tr>
<td><strong>Commercial Operation Date (COD):</strong></td>
<td>The date on which Seller has satisfied the following conditions: (a) 100% of the generation/storage equipment needed to achieve the capacity specified in the Description of the Facility has been installed and Commissioned; (b) the Project systems (other than the generation/storage equipment) have been completed in all material respects and Seller has commenced delivering energy related to Buyer’s Capacity to the Interconnection Point in accordance with prudent industry practices; and (c) the Seller has delivered to Buyer a notice confirming that clauses (a) and (b) of this definition of Commercial Operation have been satisfied (“COD Notice”). “Commissioned” shall mean, as to each discrete generator included in the generation equipment, the performance of the start-up, commissioning and testing activities identified in the manufacturer’s commissioning completion checklist. In addition to meeting the capacity test in order to reach Commercial Operation, the Storage Facility will be required to demonstrate required capabilities in roundtrip efficiency, charge and discharge ramp rate, system latency, frequency response and ancillary services.</td>
</tr>
<tr>
<td><strong>Guaranteed Construction Start Date:</strong></td>
<td>The “Guaranteed Construction Start Date” means the following date [________], subject to extensions on a day-for-day basis due to Force Majeure or delays caused by transmission provider (e.g., the CAISO) or transmission owner (e.g., PG&amp;E) that are outside of the reasonable control of Seller. Such day-for-day extensions, including for Force Majeure, shall be no longer than one-hundred twenty (120) days on a cumulative basis. For clarity, these permitted extensions extend both the Guaranteed Construction Start Date and the Guaranteed COD simultaneously. In the event that Seller fails to achieve the Guaranteed Construction Start Date, Seller shall pay delay damages to Buyer, (the “Daily Delay Damages”) for each day of delay, in the amount of the Development Security divided by 120. The Daily Delay Damages shall be refundable to Seller if, and only if, Seller achieves COD on or before the Guaranteed COD.</td>
</tr>
</tbody>
</table>
Failure to achieve Guaranteed Construction Start within 180 days of the Guaranteed Construction Start Date shall constitute an Event of Default, and Buyer shall have the right, in its sole discretion, to terminate the Agreement and retain the Development Security.

**Guaranteed Commercial Operation Date (Guaranteed COD):**

The COD described in Seller’s proposal may be extended on a day-for-day basis only for delays caused by events of Force Majeure, for interconnection delays not due to fault of Seller and Buyer’s default (“Guaranteed COD”).

Extensions of the Guaranteed COD for events of Force Majeure and interconnection delays shall not exceed one hundred and twenty (120) days after the Guaranteed COD.

Failure to achieve COD within 60 days of the Guaranteed COD shall constitute an Event of Default, and Buyer shall have the right, in its sole discretion, to terminate the Agreement and retain the Development Security. For clarity, Buyer’s right to terminate the Agreement and retain the Development Security shall come into effect no later than 180 days after the COD described in Seller’s proposal.

**Delay Damages:**

If Seller fails to achieve any of the following key milestones by the indicated dates, Seller shall pay liquidated damages in the form of Delay Damages to Buyer in an amount equal to the Delay Damage Rate.

**Key milestones and dates for achievement**

- Completed interconnection agreement with applicable distribution or transmission owner: [ ]
- Construction Start Date: [ ]
- Commercial Operation Date: [ ]

Buyer shall have the right to draw down the posted Development Security as a means of collecting the Delay Damages. If Seller incurs Delay Damages for missing key milestones but achieves the Commercial Operation Date shown above, Buyer shall then refund 95% of any previously collected Delay Damages.

The Delay Damage Rate shall equal:

$\frac{[ ]}{MW/Day}$ for the Generating Project and

$\frac{[ ]}{MW/Day}$ for the Storage Project.

$\frac{[ ]}{MW/Day}$ for the Demand Response Project.

**Energy and Environmental Attributes:**

As a resource adequacy-only contract, Buyer will not be entitled to energy or any environmental attributes associated with the Project. Seller will retain all energy and ancillary service dispatch rights and receive or incur all market revenues and costs associated with such energy and ancillary services.
<table>
<thead>
<tr>
<th><strong>Buyer Performance Assurance:</strong></th>
<th>Buyer will not provide performance assurance.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Seller Performance Assurance:</strong></td>
<td>Seller shall post security as follows:</td>
</tr>
<tr>
<td>Development Security</td>
<td>$[<em><strong>]/MW of the Generation Facility Capacity, $[</strong></em>]/MW of the Storage Facility Capacity, and $[___]/MW of the Demand Response Capacity</td>
</tr>
<tr>
<td>Performance Security</td>
<td>$[<em><strong>]/MW of the Generation Facility Capacity, $[</strong></em>]/MW of the Storage Facility Capacity, and $[___]/MW of the Demand Response Capacity</td>
</tr>
<tr>
<td>Seller shall deliver the Development Security to Buyer within thirty (30) days of the Effective Date. Development Security shall be in the form of cash or a Letter of Credit. Seller shall deliver Performance Security to Buyer on or before the Commercial Operation Date. Within five (5) Business Days following any draw by Buyer on the Performance Security, Seller shall replenish the amount drawn such that the security is restored to the applicable amount.</td>
<td></td>
</tr>
<tr>
<td><strong>RA Failure</strong></td>
<td>For each calendar month during which the Net Qualifying Capacity of the Facility for such month was less than the Qualifying Capacity of the Facility (“RA Shortfall Month”) occurring after the RA Guarantee Date, Seller shall pay to Buyer Liquidated Damages on the difference, expressed in kW, of (i) the maximum Qualifying Capacity of the Facility for such month, minus (ii) the Net Qualifying Capacity of the Facility for such month, including any adjustments for unforced capacity (UCAP) or similar adjustments, however described; provided that Seller may, as an alternative to paying Liquidated Damages, provide Replacement RA in the amount of (X) the Qualifying Capacity of the Generating Facility with respect to such month, minus (Y) the Net Qualifying Capacity of the Generating Facility with respect to such month, provided that any Replacement RA capacity is communicated by Seller to Buyer with Replacement RA product information in a written notice to Buyer at least seventy-five (75) days before the applicable CPUC operating month for the purpose of monthly RA reporting, and further provided that such Replacement RA capacity shall be required to comply with the requirements of D.21-06-035, and in addition, meet the same sub-category attributes if contracted for one of the sub-categories of D.21-06-035, only to the extent required for the Product purchased hereunder to be applied towards Buyer’s compliance with its procurement obligations under D.21-06-035 as confirmed through a decision, resolution, publicly issued guidance document, letter from the CPUC Executive Director, or other communication of approval or confirmation mutually agreed to by the Parties.</td>
</tr>
</tbody>
</table>
### Operations & Maintenance:

Seller shall develop written operating procedures for each Project before the applicable initial delivery date which shall set forth the protocol under which the Parties shall perform their respective obligations under the Agreement. During the Term, each Project shall be operated and maintained by Seller or its designee in accordance with those practices, methods, and acts that are commonly used by a significant portion of the electric generation industry.

During the four-month period of June-September, Seller shall not schedule any non-emergency maintenance that reduces the Resource Adequacy Capacity of the Project(s), unless:

1. Such outage is required to avoid an emergency or damage to the Project or its Interconnection Facilities;
2. Such maintenance is necessary to maintain equipment warranties or is otherwise required by the equipment manufacturer and cannot be scheduled outside the months of June-September;
3. Such outage is in connection with Force Majeure events;
4. Such outage is required by law, or the requirements of CAISO or the interconnecting utility and/or each other applicable Governmental Authority;
5. The Parties agree otherwise in writing.

### Invoicing:

Seller shall provide statement of amounts due within fifteen (15) days after the end of each Settlement Period.

Payment for undisputed amounts shall be due to the applicable party thirty (30) days from the invoice date, with disputed payments subject to the Dispute Resolution process described below.

### Costs:

Any charges of the CAISO and other third-party costs and charges shall be the responsibility of Seller, and subject to Change in Law.

### Facility Development Milestones:

- [mm/dd/yyyy] – Demonstrate site control
- [mm/dd/yyyy] – Execute Interconnection Agreement
- [mm/dd/yyyy] – Procure major equipment
- [mm/dd/yyyy] – Obtain federal and state discretionary permits
- [mm/dd/yyyy] – Expected Construction Start Date
- [mm/dd/yyyy] – Guaranteed Construction Start Date
- [mm/dd/yyyy] – Obtain Full Capacity Deliverability Status
- [mm/dd/yyyy] – Expected Commercial Operation Date
- [mm/dd/yyyy] – Guaranteed Commercial Operation Date

### Deliverability:

The Facility will have Full Capacity Deliverability Status by the Commercial Operation Date.

### Changes in Law:

If a Change in Law occurs that Seller reasonably expects will result in Compliance Costs in excess of $[____] per Project, Seller will provide a notice to Buyer that describes the Change in Law, a calculation of the
Compliance Costs that Seller reasonably expects to incur as a result of the Change in Law and reasonable supporting documentation. Seller shall provide such additional information reasonably requested by Buyer. Buyer will have 15 business days to confirm its acceptance of the submittal made by Seller. If not accepted by Buyer, Seller may terminate the Agreement at no cost or liability to either Party (except for any liability arising prior to the date of termination). If the Agreement is terminated other than due to a Buyer default thereof, then for a period of one (1) year from the date upon which Seller notifies Buyer of such termination, neither Seller nor its affiliates will enter into an obligation or agreement to sell or otherwise transfer Resource Adequacy Capacity from the Project(s) to any third party, unless Seller first notifies Buyer of the same and Buyer shall have the right of first offer for any proposed sale of such capacity, on substantially the same terms and conditions as set forth in this Agreement (other than the purchase price, which shall be the price set forth in Buyer’s binding purchase offer). If the Parties do not consummate the transaction within the time period designated in the Agreement, Seller may sell the capacity of the Project(s) to any third party so long as the price for such output is higher than the price proposed by Buyer.

“Compliance Costs” means those costs that result from a Change in Law, and that require either a physical change to the Project or changes in the method of operation of the Project, or result in a material increase in the costs that could have been reasonably expected by Seller as of the Effective Date in order to comply with Seller’s obligations under the Agreement with respect to the construction and operation of the Project, and the delivery of capacity.

“Change in Law” means the adoption, promulgation, taking effect of, implementation or modification of law by a Governmental Authority after the Effective Date that relates to the registration, valuation, retirement, or transfer of the Product, or that otherwise relates to any performance obligations under the Agreement, that has increased Seller’s costs above the costs that could reasonably have been contemplated as of the Effective Date to take all actions to comply with Seller’s obligations under the Agreement.

“Change in Tax Law” means (a) (i) any change in or amendment to the Code or another applicable federal income tax statute; (ii) any change in, or issuance of, or promulgation of any temporary or final regulations by the U.S. Department of the Treasury that would result in any change
to the interpretation of the Tax Code or existing temporary or final regulations promulgated by the U.S. Department of the Treasury; (iii) any IRS guidance published in the Internal Revenue Bulletin and/or Cumulative Bulletin, notice, announcement, revenue ruling, revenue procedure, technical advice memorandum, examination directive or similar authority issued by the IRS Large Business and International division, or any published advice, advisory, or legal memorandum issued by IRS Chief Counsel, that applies, advances or articulates a new or different interpretation or analysis of any provision of the Code, any other applicable federal tax statute or any temporary or final Treasury Regulation promulgated thereunder; or (iv) any change in the interpretation of any of the authorities described in clauses (a)(i) through (iii) by a decision of the U.S. Tax Court, the U.S. Court of Federal Claims, a U.S. District Court, a U.S. Court of Appeals or the U.S. Supreme Court, that applies, advances or articulates a new or different interpretation or analysis of federal income tax law, and (b) in the case of (a)(i) through (iv), such change or new or different interpretation, as applicable, occurs between the Execution Date and before the end of the Congress in session when the Commercial Operation Date occurs.

“Tax Benefits” means any state, local and/or federal tax benefit or incentive, including energy credits determined under Section 45 or 48 of the Internal Revenue Code of 1986, as amended, investment tax credits, production tax credits, depreciation, amortization, deduction, expense, exemption, preferential rate, and/or other tax benefit or incentive associated with the operation of, construction, investments in or ownership of the Project (including any cash payment or grant).

<table>
<thead>
<tr>
<th><strong>Force Majeure:</strong></th>
<th>The Agreement will contain customary Force Majeure provisions. No events of Force Majeure may extend beyond 120 days.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Termination for Force Majeure</strong></td>
<td>If an event of Force Majeure delays or prevent a Party from carrying out, in whole or in part, its obligations under this Agreement for a period of 120 consecutive days or longer (so long as the consecutive days of excused performance are continuing), then either Party may terminate this Agreement without liability of either Party arising out of such termination, except liability that arose prior to the date of termination, upon at least 30 days written notice; provided, that if the applicable Force Majeure event is cured within the applicable 30-day notice period, the applicable termination right shall expire at the time of such cure.</td>
</tr>
<tr>
<td><strong>Dispute Resolution</strong></td>
<td>In the event of any claim, controversy or dispute between the Parties arising out of or relating to or in connection with this Agreement any Party may deliver to the other Parties notice of the Dispute with a detailed description of the underlying circumstances of such Dispute (a “Dispute Notice”). The senior officers of the Parties shall meet and confer as often as they deem reasonably necessary during the thirty (30) day period following receipt of the Dispute Notice in good faith negotiations to</td>
</tr>
</tbody>
</table>
resolve the Dispute to the satisfaction of each Party. In the event a Dispute is not resolved by the expiration of the thirty (30) day period, then a Party may pursue any legal remedy available to it in accordance with this Agreement.

| Applicable Law | California |
| Assignment:    | Except with respect to collateral assignment to support a financing by Seller of the Facility and assignment to an affiliate, prior written consent of the non-assigning party shall be required for assignment of any interest in the Agreement including a change of control. |
| Events of Default: | The Agreement will provide for the following events of defaults, with cure periods to be negotiated by the Parties: (a) failure to pay, (b) breach of material obligation, (c) breach of representation or warranty, (d) failure to meet performance assurance requirements, (e) bankruptcy, and (f) unauthorized assignment. |
| Termination Damages: | With respect to a termination of the Agreement by a Non-Defaulting Party upon an Event of Default, the Non-Defaulting Party will be entitled to its Termination Damages. The Agreement shall define Termination Damages to mean, with respect to a termination of the Agreement by a Non-Defaulting Party, the amount equal to (a) the difference (positive or negative) to such Non-Defaulting Party between the present value of the payments to be made and received under the Agreement (less the costs and expenses to be incurred in performing the Agreement) during the remaining term of the Agreement and the present value of the payments to be made and received (less the costs and expenses to be incurred) under transaction(s) replacing the Agreement, plus (b) reasonable attorneys’ fees and expenses, brokerage fees and commissions and other third-party transaction costs and expenses to be reasonably incurred by the Non-Defaulting Party in enforcing the Agreement, terminating any arrangement pursuant to which it has hedged its obligations under the Agreement, or entering into transaction(s) replacing the Agreement, and other reasonable incremental costs and expenses to be reasonably incurred by the Non-Defaulting Party in connection with the termination or enforcement of the Agreement and any other reasonable incremental costs and expenses to be reasonably incurred by such Non-Defaulting Party in connection with the termination of the Agreement and/or in entering into transaction(s) replacing the Agreement; provided, however, that, if the foregoing amount is negative, the Termination Damages shall be deemed to be zero. |
COOPERATION AGREEMENT BETWEEN RCEA AND [______] TO ENGAGE IN SITE ASSESSMENT AND SELECTION TO DEVELOP POWER PROJECTS IN THE HUMBOLDT LOCAL CAPACITY AREA IN ANTICIPATION OF POWER AGREEMENT

This Cooperation Agreement is entered into and made effective as of [Date] (the “Effective Date”) by and between the Redwood Coast Energy Authority (“RCEA”), a California local government joint powers authority, and [______] (“Developer”), a [__________], (each a “Party,” collectively, the “Parties”).

RECITALS

A. RCEA acts as the regional electricity generation service provider through a community choice aggregation (“CCA”) program that currently serves over 60,000 customers with approximately 650 GWh of annual electric load.

B. Developer is engaged in the business of developing, installing, owning, and operating wholesale energy [generation and/or storage] assets.

C. In September 2021, RCEA issued a Request for Qualifications (“RFQ”) for Long-Term Reliability Resources that can deliver resource adequacy (“RA”) to RCEA’s portfolio and further its contribution to the reliability of the California power grid. The intent of the RFQ is to develop local power resources within RCEA’s territory to fulfill its Strategic Plan procurement goals, as well as its procurement obligations pursuant to the California Public Utilities Commission’s (“CPUC”) July 2021 Decision Requiring Procurement to Address Mid-Term Reliability for 2023-2026 (D. 21-06-035).

D. In October 2021, Developer submitted a statement of qualifications in response to RCEA’s RFQ (the “Developer SOQ”). The Developer SOQ proposed to work with RCEA to assess, characterize and select one or more suitable sites within the Humboldt Local Capacity Area, as defined by CAISO’s 2021 Local Capacity Technical Study, (“LCA”) for prospective wholesale energy [generation and/or storage] system(s).

E. The Parties intend that after securing one or more suitable sites for wholesale energy [generation and/or storage] system(s) development, Developer will design, finance, develop, manage, own, operate such system(s) to provide [energy, environmental attributes, RA, and/or energy storage services] to RCEA.

F. The Parties wish to enter this Cooperation Agreement to set forth the terms and conditions for collaboration in the assessment, characterization and selection of one or more prospective project sites for Developer’s development of wholesale energy [generation and/or storage] system(s) to provide [energy, environmental attributes, RA, and/or energy storage services] to RCEA.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby mutually agree as follows:

1. Energy Project Development. The Parties agree to collaborate in the identification, assessment, characterization, and selection of suitable sites for Developer’s development of one or more wholesale front-of-meter energy [generation and/or storage] systems (collectively, “Energy Systems”) within the Humboldt LCA, subject to Developer’s compliance with all terms and conditions of this Agreement.
2. **Project Site Selection.**

   a. **Landowner Outreach.** Each Party will communicate information it may have about prospective Energy System project sites to the other Party for initial suitability evaluation. If a particular site is deemed potentially suitable, the Parties will determine the best manner for outreach to the owner of the potential site. RCEA may choose to coordinate or lead discussions and negotiations with landowners with whom RCEA has a previously established relationship, for example local government agencies. Developer will otherwise be expected to conduct landowner contact and negotiations.

   b. **Site Assessment.** Developer will conduct site assessment, characterization, and due diligence of potential site(s) to install Energy Systems at Developer’s sole cost. Site assessment is intended to include Developer’s investigation and assessment of site-specific interconnection capacity, identifying network upgrade needs, costs and timelines.

   c. **Project Site Control.** Developer shall be solely responsible for obtaining a legal interest in any prospective site that adequately conveys to Developer the right to develop acceptable Energy Systems on the prospective site (“Site Control”). Prior to Developer seeking Site Control, Developer shall provide formal notice to RCEA that a site has been selected and RCEA shall provide written approval of the site within two weeks (“Site Acceptance”).

   d. **Progress updates.** Developer shall provide regular written or oral progress updates, no less frequently than every two weeks following execution of this agreement, about its landowner negotiations, site assessment, and ability to obtain Site Control.

2. **Energy System Offer.** No later than thirty days after receiving notice of Site Acceptance from RCEA, Developer shall submit an offer (“Offer”) to RCEA to develop one or more Energy Systems in the Humboldt LCA and to sell energy, environmental attributes, RA, and/or energy storage services (collectively “Energy Services”) to RCEA. Developer’s Offer shall be consistent with the Developer SOQ and provided in a form substantially similar to the RFO Offer Form in Appendix A to the RFQ.

   a. **Right of First Offer.** Developer shall not sell or agree to sell any Energy Services from the Energy Systems without first offering to sell said Energy Services to RCEA. The word “sell” shall include any transfer, conveyance, assignment or pledge of all or any portion of the Energy Products or Developer’s interest in the Energy Products.

   b. **Response to Offer.** RCEA will respond to the Offer within 30 days after receipt indicating its formal acceptance, rejection, or request for more information. An Offer is formally accepted only upon written notice of acceptance issued to Developer by RCEA.

3. **Project Development and Operation.** Developer shall design, finance, procure, install, own, and operate the Energy System, at Developer’s sole cost. Developer will be solely responsible for the following:

   a. Obtaining requisite permitting, land use, and other required compliance approvals to allow for the construction and operation of the Energy Systems, including, without limitation, California Independent System Operator (CAISO) approvals.

   b. Detailed design of Energy Systems including system sizing, interconnection and protection devices.
c. Installation of Energy Systems designed as front-of-meter grid-connected resource(s).

d. Ownership and performance of ongoing operation, maintenance and monitoring of installed Energy Systems to insure their reliable performance.

e. Decommissioning or repowering of the Energy Systems after the useful life is over.

4. **Energy Services Agreement.** RCEA will purchase Energy Services from Developer based on a formally accepted Offer under the terms of this Section 4.

   a. *Purchase Agreement.* After formal acceptance of an Offer, RCEA will deliver a pro forma Energy Services purchase agreement (“Energy Services Purchase Agreement”) to Developer, which shall be subject to reasonable negotiation between the Parties consistent with the formally accepted Offer, with the intent to finalize the agreement by August 2022. RCEA procurement of the resource(s) and execution of a final agreement with Developer are contingent on RCEA’s acceptance of final offer terms. Material terms of the Energy Services Purchase Agreement shall include but not be limited to the following:

      1) The system(s) will provide up to [__] MW of nameplate capacity [and up to ___ MWh of nameplate energy storage with a discharge capacity of __ MW for a minimum of ___ hours] from one or more Energy Systems.

      2) Incremental RA amount for compliance with D. 21-06-035 shall be a minimum of [__] September NQC MW and a maximum of [__] September NQC MW.

      3) Project COD and commencement of the delivery period is anticipated on or before [August 1, 2023/June 1, 2024/June 1, 2025] and to end [ten/fifteen/twenty] years after the delivery start date.

   b. *No Obligation, No Recourse.* RCEA is under no obligation to purchase any Energy Services from Developer until after execution of an Energy Services Purchase Agreement. Developer bears the risk of all project development costs, including site assessment and characterization, without recourse to RCEA.

5. **Term and Termination.** Unless terminated sooner pursuant to Section 2 or extended by mutual agreement of the Parties, this Agreement shall terminate on the earlier of 1) the execution of an Energy Services Purchase Agreement, or 2) August 30, 2022.

6. **General Provisions.**

   a. *Data Security Agreement.* Access to confidential customer data, if needed for purposes of engaging in the activities contemplated in this agreement, shall be approved by RCEA on a case-by-case basis and shall be compliant with CPUC Decision 12-08-045. Prior to receiving confidential customer data, Developer shall execute a Data Security Agreement, in a form to be provided by RCEA. Execution of the Data Security Agreement will be an express condition precedent to RCEA’s provision of customer data. The executed Data Security Agreements including all terms, conditions, responsibilities, and liabilities, are incorporated herein by reference. Developer may not use customer data for any other purpose than to perform the activities described herein. Improper use or disclosure of confidential customer data shall be a material breach of this Agreement and shall give RCEA the immediate right to terminate this Agreement. Developer hereby indemnifies, defends and holds harmless RCEA and its officers, employees, and agents from and against any and all losses that may occur as a result of improper use or disclosure of confidential customer data caused by Developer.
b. Agreement Not Exclusive. The Parties acknowledge that this Agreement does not confer an exclusive right on Developer to engage with RCEA in the development of wholesale power resources in the Humboldt LCA, and RCEA retains the right to interact with other entities in developing wholesale power resources.

c. Modifications. No change, amendment to, or modification of this Agreement shall be valid unless set forth in a written instrument signed by all of the Parties hereto. No waiver of any of the rights or obligations of the Parties under this Agreement shall be implied by any action or course of conduct of a Party unless such waiver is in writing and agreed to by the Parties.

d. Independent Contractors. Each Party is an independent contractor and not a partner or agent of the other. Except as set forth in this Agreement, this Agreement will not be interpreted or construed as creating or evidencing any partnership or agency between the Parties or as imposing any partnership or agency obligations or liability upon another Party. No Party is authorized to, and will not, enter into or incur any agreement, contract, commitment, obligation, or liability in the name of or otherwise on behalf of any other Party.

e. Assignment, subcontract. This Agreement may not be assigned, in whole or in part, without the express written advance approval of RCEA. As used herein, “assignment’ includes without limitation any change of interest owning 49% or more of Developer.

f. Counterparts, Electronic Signatures. This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which shall be deemed one and the same Agreement. Delivery of an executed counterpart of this Agreement by e-mail will be deemed as effective as delivery of an originally executed counterpart. Any Party delivering an executed counterpart of this Agreement by e-mail will also deliver an originally executed counterpart, but the failure of any Party to deliver an originally executed counterpart of this Agreement will not affect the validity or effectiveness of this Agreement. This Agreement may be executed electronically through a verified signature third party application such as DocuSign.

IN WITNESS WHEREOF, each Party has caused this Agreement to be duly signed and delivered, effective as of the Effective Date.

REDWOOD COAST ENERGY AUTHORITY

Matthew Marshall, Executive Director

DEVELOPER: [______]

[Name], [Title]
AGENDA DATE: September 23, 2021
TO: Board of Directors
PREPARED BY: Richard Engel, Director of Power Resources
SUBJECT: Policy on Non-Standard Rates for Large Customers

SUMMARY

RCEA offers standard electric generation rates to its Community Choice Energy (CCE) customers that parallel PG&E’s rates with a Board-approved discount. Customers are at liberty to opt out of the CCE and return to bundled PG&E service at any time. Staff have been approached by prospective large industrial electric customers interested in securing customized non-standard rates, such as “index plus” rates that are pegged to real-time wholesale costs plus an adder. These potential customers have expressed willingness to enter into a contract ensuring they would remain an RCEA customer for a set period in exchange for such a rate.

Some other CCE programs in the state have adopted policies for non-standard rates, driven in part by concerns of large customers leaving CCE service and becoming direct access (DA) customers to pursue lower pricing.1 These CCE program policies establish principles to ensure that their non-standard rates pay for themselves, make some contribution to reserve margins without being subsidized by other customer classes, and are served with as clean a portfolio as standard rate customers. This sort of policy can provide assurance to a CCE that its standard rate customers are not unfairly impacted by the existence of customized rates while providing the CCE with load stability by ensuring that new large customers will take service for a number of years, thereby reducing program risk and potentially increasing the CCE financial outlook.

Humboldt County anticipates a wave of new large-scale industrial development, including the Samoa peninsula’s planned offshore wind staging area and aquaculture facilities, as well as the landing of a transoceanic telecommunications cable, which is expected to attract more bandwidth-intensive industries such as data centers. The cannabis industry continues to mature, bringing new and larger energy-intensive facilities to the county. Staff also recently fielded an inquiry from the County’s economic development office who in turn had been contacted by State economic development officials looking into the availability of discounted electric rates for new manufacturing industries interested in establishing facilities in Humboldt

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1 Per the California Public Utilities Commission (CPUC): “Direct Access (DA) service is retail electric service where customers purchase electricity from a competitive provider called an Electric Service Provider (ESP), instead of from a regulated electric utility. The utility delivers the electricity that the customer purchases from the ESP to the customer over its distribution system. An Electric Service Provider (ESP) is a non-utility entity [distinct from a Community Choice Aggregator] that offers electric service to customers within the service territory of an electric utility.” Enrollment in DA is currently capped by state law. For more information on DA, see https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-costs/learn-more-about-costs-and-rates
County. Any of these, as well as some of RCEA’s largest current customers, could be interested in a customized contract for power.

In addition, Humboldt State University plans to grow its campus facilities and double its enrollment as it transitions to a polytechnic university, leading to expected electric load growth. Currently HSU procures its electricity as a DA customer through a contract with a private electric service provider (ESP). The university’s climate action plan, currently in the process of being updated, calls for it to seek a greener energy portfolio\(^2\), and having more flexible rate offerings could help RCEA to attract HSU as a potential new customer once their current power contract expires.

Here are links to examples of policies on special rates other CCEs have adopted:


PCE’s policy offers a fixed 5-7% discount from the CCE’s base electric rates, available to customers using more than 10 million kWh per year who commit to a 3- to 5-year contract term. SVCE’s and EBCE’s policies, driven by concerns about DA opt-outs, authorize their CEOs to negotiate contract terms with individual customers. In SVCE’s case, the threshold for participation is also 10 million kWh per year, while EBCE’s eligibility criterion is that the customer be already taking power through DA or eligible to do so via PG&E’s periodic DA lottery.

Staff propose a policy that largely emulates SVCE’s policy, albeit with a somewhat lower participation threshold based on the load profiles of RCEA’s largest customers. In order to manage the risk in offering this new rate model, staff proposes to limit eligibility to customers consuming more than 7 million kWh per year in aggregate across all their accounts. At this scale, a single eligible customer would consume over 1% of RCEA’s current total load. Based on annual usage in 2020, this would limit participation to fewer than five of RCEA’s current customers, collectively making up about 6% of our load. The proposed threshold would also allow for potential to serve HSU and the largest of the new customers who are expected to come online in the next few years, according to load projections that have been shared with RCEA staff.

Attached are a draft policy and resolution proposed for adoption by the Board establishing principles for offering customized rates.

\(^2\) HSU’s strategies for reaching carbon neutrality by 2045 include “switch from natural gas to electricity” and “acquire electricity from renewable sources.” [https://facilitymgmt.humboldt.edu/climate-action-plan](https://facilitymgmt.humboldt.edu/climate-action-plan)
FINANCIAL IMPACTS

Adopting the proposed policy will have no immediate financial impacts. Any negotiated rates adopted under this policy will be designed as net revenue-positive for RCEA, albeit likely producing less revenue per unit of energy sold than the standard rates. However, the underlying driver for adopting a non-standard rate policy is to enable RCEA to retain or attract customers who might otherwise pursue DA service or even relocate or choose not to build their commercial facility in Humboldt County. Such outcomes could have broader negative financial impacts on the community. RCEA’s 2020 revenue from the small set of existing commercial and industrial customers who would be eligible for the proposed rate was about $1.95 million, while revenue from all member agencies that year was approximately $1.0 million.

STAFF RECOMMENDATION

Approve the Non-Standard Pricing Agreement Policy (Attachment 1) and adopt Resolution No. 2021-6 (Attachment 2), delegating authority to the Executive Director to negotiate and execute non-standard pricing agreements with eligible commercial and industrial customers and RCEA’s member agencies, provided that the pricing agreements meet the minimum requirements set forth in the Non-Standard Pricing Agreement Policy.

ATTACHMENTS

1. Draft Non-Standard Pricing Agreement Policy
2. Resolution No. 2021-6
NON-STANDARD PRICING AGREEMENT POLICY

When offering non-standard pricing agreements to eligible customers, RCEA adheres to a defined non-standard pricing agreement policy. A non-standard pricing agreement will apply to electric generation services, and if applicable, may include consideration and valuation of supporting products or services. Under this policy, the non-standard pricing agreement must:

1) apply exclusively to customers with aggregate annual load across all its accounts in RCEA’s service territory greater than 7 million kWh, and RCEA’s member agencies regardless of annual load;
2) be based on marginal cost and account for any volume and/or price risk;
3) be priced to allow RCEA to cover variable costs and achieve some level of contribution to fixed cost and reserve margin, in conformance with RCEA’s financial objectives and its Risk Management Policy and controls;
4) require a commitment level from the customer (e.g. volume, length of term) commensurate with the non-standard pricing agreement offered to the customer;
5) be consistent with RCEA’s renewable and carbon-free compliance requirements and portfolio targets.
RESOLUTION NO. 2021-6

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE REDWOOD COAST ENERGY AUTHORITY
DELEGATING AUTHORITY TO THE EXECUTIVE DIRECTOR
TO NEGOTIATE NON-STANDARD PRICING AGREEMENTS
FOR ELIGIBLE LARGE COMMERCIAL AND INDUSTRIAL CUSTOMERS
AND RCEA’S MEMBER AGENCIES

THE BOARD OF DIRECTORS OF THE REDWOOD COAST ENERGY AUTHORITY
HEREBY RESOLVES AS FOLLOWS:

WHEREAS, the Redwood Coast Energy Authority (“RCEA”) was formed pursuant to a Joint Powers Agreement to promote, develop, conduct, operate, and manage energy programs in Humboldt County;

WHEREAS, Redwood Coast Energy Authority launched service under a community choice aggregation program on May 1, 2017;

WHEREAS, commercial and industrial customers make up about 50% of RCEA’s electric load on average as of 2021;

WHEREAS, commercial and industrial customers are critical partners in helping RCEA and its member agencies reduce carbon emissions and meet climate action planning goals;

WHEREAS, significant growth is anticipated in Humboldt County’s commercial and industrial sectors in the coming years, including new, relocating, and existing businesses;

WHEREAS, RCEA seeks to provide clean, carbon-free electricity services that meet customer needs, at rates that are competitive and contribute positively to RCEA’s financial position while attracting and retaining commercial and industrial customers who bring economic benefits to the community;

WHEREAS, current or future RCEA commercial and industrial customers may potentially opt out to receive Direct Access service under more flexible or lower-cost tariff structures or return to PG&E service;

WHEREAS, the Direct Access marketplace is highly competitive, requiring that RCEA structure non-standard pricing agreement terms in a highly responsive, time-sensitive fashion;

WHEREAS, RCEA wishes to offer non-standard pricing agreements to retain eligible commercial and industrial accounts to reduce RCEA load uncertainty, under the terms of the attached ‘Non-Standard Pricing Agreement Policy’;

WHEREAS, RCEA’s member agencies may also wish to participate in non-standard pricing agreements for their institutional accounts in keeping with the attached ‘Non-Standard Pricing Agreement Policy’;
WHEREAS, in order to expedite the approval of non-standard pricing agreements consistent with Direct Access marketplace requirements, the Board wishes to delegate to the Executive Director the authority to negotiate directly with eligible commercial and industrial accounts in accordance with the Board approved Non-Standard Pricing Agreement Policy.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board hereby delegates authority to the Executive Director to negotiate and execute non-standard pricing agreements with eligible large commercial and industrial customers and RCEA’s member agencies, provided that the pricing agreements meet the minimum requirements set forth in the Non-Standard Pricing Agreement Policy.

Adopted this 23rd day of September, 2021

ATTEST:

______________________________   ____________________________
Sheri Woo, RCEA Board Chair    Lori Taketa, Clerk of the Board

Date: _________________________   Date: ________________________

CLERK’S CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of Resolution 2021-6 passed and adopted at a regular meeting of the Redwood Coast Energy Authority, County of Humboldt, State of California, held on the 23rd day of September, 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

______________________________
Clerk of the Board, Redwood Coast Energy Authority
SUMMARY
When authorizing extension of RCEA’s power purchase agreement with Humboldt Sawmill Company (HSC) in April 2021, the Board directed staff to “periodically review the contract…assessing current alternate biomass uses and other environmental considerations.” To create a framework for the requested periodic review, staff have negotiated the attached memorandum of understanding (MOU) between RCEA and HSC. Staff ask the Board to review the MOU and authorize RCEA’s executive director to execute it on RCEA’s behalf.

FINANCIAL IMPACTS
There are no expected direct financial impacts associated with the proposed memorandum of understanding.

STAFF RECOMMENDATION
Authorize executive director to execute Memorandum of Understanding between Redwood Coast Energy Authority and Humboldt Sawmill Company Regarding Alternative Uses of Materials Used for Biomass Power Generation.

ATTACHMENT
1. Draft Memorandum of Understanding between Redwood Coast Energy Authority and Humboldt Sawmill Company Regarding Alternative Uses of Materials Used for Biomass Power Generation
DRAFT
MEMORANDUM OF UNDERSTANDING BETWEEN
REDWOOD COAST ENERGY AUTHORITY AND
HUMBOLDT SAWMILL COMPANY REGARDING
ALTERNATIVE USES OF MATERIALS USED FOR
BIOMASS POWER GENERATION

THIS is a MEMORANDUM OF UNDERSTANDING ("MOU") setting forth the understanding between Redwood Coast Energy Authority ("RCEA") and Humboldt Sawmill Company ("HSC"), regarding the periodic assessment of alternate biomass feedstock uses and other environmental considerations during the term of an existing power purchase agreement between RCEA and HSC.

Background

1. RCEA and HSC (the “Parties”) have been parties to power purchase agreements since 2017, under which HSC sells renewable biomass power to supply RCEA's community choice aggregation program for Humboldt County electricity users. The current power purchase agreement is dated April 27, 2017, and was amended on March 1, 2019, May 1, 2021, and June 1, 2021 (“PPA”).

2. Renewable biomass power provides a needed and financially viable local means of disposing of residual material produced by Humboldt County's forest products industry.

3. Members of the RCEA Community Advisory Committee (CAC) and members of the public have asked that RCEA consider the environmental and public health impacts of local generation of biomass power and explore alternative, lower impact uses of the feedstock material currently used by the plant.

4. The RCEA Board of Directors (the Board) at its April 22, 2021 meeting approved an amendment to its PPA with HSC, extending its term until May 31, 2031. In approving that extension of the PPA term, the RCEA Board directed staff to "periodically review the contract with Humboldt Sawmill Company, assessing current alternate biomass uses and other environmental considerations."

5. RCEA staff discussed with the CAC at their May 11, 2021 meeting the creation of a memorandum of understanding (MOU) between RCEA and HSC to implement the RCEA Board's direction to staff mentioned above. CAC members proposed that such an MOU should include a commitment from HSC to share feedstock supply and plant operation data helpful in assessing alternative biomass uses, and that the assessment consider both financial and non-financial benefits of such alternative uses, including avoided carbon emissions.

Mutual Understandings

1. Annually on or around May 1 and continuing until the termination of the PPA, representatives of the Parties will meet to review the terms of the PPA and to discuss the
continued viability of biomass power production by the HSC facility relative to other potential or actual uses of the biomass feedstock by HSC or other entities. Such uses to be considered might include but not be limited to those recently analyzed on RCEA’s behalf by a consultant and by a team of Humboldt State University engineering students:

a. Soil amendments, including compost, mulch, and biochar;
b. Energy products, including gasification, torrefied wood, and wood pellets;
c. Chemical products, including ethanol, nanocellulose, and bioplastics; and
d. Other products, including construction materials, pulp for tissue manufacture, and wastewater treatment media

2. HSC will make available to RCEA upon request current or recent data on the types, quantities, and quality of feedstock material used by the plant, to the extent such data is tracked by HSC; the facility’s heat rate expressed in million British Thermal Units of biomass fuel consumed per megawatt-hour of electric power generated; and the associated plant emissions reported to regulatory authorities, to the extent disclosure of such data does not directly place HSC at a competitive disadvantage in its forest products or power sales business activities, or cause HSC to violate confidentiality agreements it may have with its various business partners. Data should be made available showing monthly quantities, and disaggregated to show how material is sourced from within or outside Humboldt County, and whether it is sourced internally from the Humboldt Redwood Company and Mendocino Redwood Company family of companies, or externally from other suppliers.

3. RCEA and HSC will observe the confidentiality provisions (section 10.6) in the PPA with regard to any data deemed confidential by either party that is exchanged in fulfillment of this MOU.

4. HSC has engaged a consultant to analyze alternative uses of the biomass residuals produced by the company. This consultant is examining pathways to commercialization for alternative technologies and determining their financial viability. HSC will make the results of the consultant study available to RCEA when it is completed.

5. This MOU does not and is not intended to supersede, replace, or subordinate any provisions, representations, covenants, rights, or obligations in the PPA.

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Signatories to the Memorandum of Understanding

Humboldt Sawmill Company                        Redwood Coast Energy Authority

Name: _______________________                   Name: _______________________
Signature: __________________               Signature: __________________
Date: __________________________                Date: ______________________
AGENDA DATE: September 23, 2021
TO: Board of Directors
FROM: Matthew Marshall, Executive Director
SUBJECT: Offshore Wind Update - Executive Director’s Staff Report

SUMMARY

Executive Director Matthew Marshall will provide a brief update on local and national offshore wind related activities and other topics as needed at this Board meeting.

RECOMMENDED ACTION

None. (Information only)

ATTACHMENTS

None.