Redwood Coast Energy Authority
633 3rd Street, Eureka, CA 95501
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BOARD OF DIRECTORS MEETING AGENDA

December 15, 2022 -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 Governor's Executive Order N-29-20 of March 17, 2020, and revised Brown Act provisions signed into law on September 16, 2021, the RCEA Board of Directors meeting will not be convened in a physical location. Board members will participate in the meeting via an online Zoom video conference.

To participate in the meeting online, go to *https://us02web.zoom.us/j/81972368051*. **To participate by phone**, call (669) 900-6833 or (253) 215-8782. Enter webinar ID: 819 7236 8051.

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.

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.

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. CHAIR PRO TEM APPOINTMENT

Select an RCEA Board Chair Pro Tem and Vice Chair Pro Tem to serve through January 2023.

2. REPORTS FROM MEMBER ENTITIES

3. ORAL COMMUNICATIONS

This time is provided for people to address the Board or submit written communications on matters not on the agenda. At the conclusion of all oral 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 November 17, 2022, Board Meeting.
4.2 Approve Disbursements Report.
4.3 Accept Financial Reports.
4.4 Extend Resolution No. 2022-6 Ratifying Governor Newsom's March 4, 2020, State of Emergency Proclamation and Authorizing Remote Teleconference Meetings of RCEA's Legislative Bodies, for the period December 15, 2022, through January 14, 2023, pursuant to Brown Act revisions of AB 361.
4.5 Adopt Resolution 2022-10 Adopting Updates to the Energy Risk Management Policy.
4.6 Adopt Proposed RCEA 2023 Policy Platform.

5. REMOVED FROM CONSENT CALENDAR ITEMS

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

COMMUNITY CHOICE ENERGY (CCE) BUSINESS – None.

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 BUSINESS

6.1 PG&E Local Government Partnership Contract Extension

Approve a Change Order to the PG&E Local Government Partnership Contract to extend the term through 2025, increase the budget by $1,000,000, and make minor revisions to the program design and authorize the Executive Director to execute all applicable documents after review and approval of RCEA General Counsel.

7. NEW BUSINESS – None.

8. STAFF REPORTS

8.1 Executive Director's Report (Information only)

9. FUTURE AGENDA ITEMS

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

10. CLOSED SESSION

10.1 Conference with real property negotiators pursuant to Government Code § 54956.8 in re: APNs 001-141-005 and 001-141-006; RCEA negotiator: Executive Director; Owner's negotiating party: Wells Commercial; Under negotiation: price and terms.

10.2 Public Employee Performance Evaluation, pursuant to Government Code Section 54957(b)(1): Executive Director.

11. RECONVENE TO OPEN SESSION

12. CLOSED SESSION REPORT

13. ADJOURNMENT

NEXT REGULAR MEETING

Thursday, January 26, 2023, 3:30 p.m.

Meeting location to be determined. Online and phone participation will be available via Zoom.

REDWOOD COAST EnergyAuthority

STAFF REPORT
Agenda Item # 1.1

AGENDA DATE:	December 15, 2022
TO:	Board of Directors
PREPARED BY:	Lori Taketa, Clerk of the Board
SUBJECT:	Appointment of Chair and Vice Chair Pro Tem

BACKGROUND

At the November Board of Directors meeting, Chair Stephen Avis reported that he was not re-elected to the Ferndale City Council and that his service on RCEA's Board would end. Similarly, Vice Chair Chris Curran will no longer be on the Blue Lake City Council as of the December RCEA meeting.

In keeping with RCEA's Joint Powers Agreement, "If a vacancy occurs in the position of Chair or Vice-Chair, the Board shall forthwith fill the vacancy for the duration of the unexpired term."

In the absence of both a Chair and Vice-Chair, it is common practice for the local government agency's Executive Director or Board Clerk to call the meeting to order and conduct the meeting until the governing body appoints a Chair and Vice-Chair Pro Tem.

STAFF RECOMMENDATION

Select an RCEA Board Chair Pro Tem and Vice Chair Pro Tem to serve through January 2023.

ATTACHMENTS

None.

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BOARD OF DIRECTORS DRAFT MEETING MINUTES

November 17, 2022 - Thursday, 3:30 p.m.

Notice of this meeting was posted on November 10, 2022. Vice Chair Chris Curran called a regular meeting of the Board of Directors of the Redwood Coast Energy Authority to order on the above date at 3:38 p.m., stating that the teleconference meeting was being conducted pursuant to the AB 361 Brown Act open public meeting law revisions signed into law on September 16, 2021, and Governor Newsom's State of Emergency Proclamation of March 4, 2020. Vice Chair Curran stated that the posted agenda contained public teleconference meeting participation instructions.

PRESENT: Chair Stephen Avis (arrived 3:54 p.m.), Scott Bauer (arrived 4:04 p.m.), Vice Chair Chris Curran, Michelle Fuller (Humboldt Bay Municipal Water District Alternate Director), Mike Losey, Sarah Schaefer, Frank Wilson. ABSENT: Rex Bohn, Jack Tuttle, Sheri Woo (HBMWD Director). STAFF AND OTHERS PRESENT: General Counsel Nancy Diamond; Power Resources Director Richard Engel; Senior Power Resources Manager Jocelyn Gwynn; The Energy Authority Account Services Manager Jaclyn Harr, Executive Director Matthew Marshall; Power Resources Specialist Colin Mateer; Board Clerk Lori Taketa; Deputy Executive Director Eileen Verbeck.

ORAL COMMUNICATIONS

Community Advisory Committee member Larry Goldberg, who stated that he was speaking as a community member and solar energy professional and not as a CAC representative, requested that the Board assign staff to investigate microgrids as a supplemental distributed power source around the county in lieu of upgrading PG&E transmission infrastructure to address the county's limited electrical capacity issues. Mr. Goldberg described microgrids as a first step toward creating a distributed power network around the county.

Vice Chair Curran closed the oral communications portion of the meeting.

CONSENT CALENDAR

3.1 Approve Minutes of October 27, 2022, Board Meeting.
3.2 Approve Disbursements Report.
3.3 Accept Financial Reports.
3.4 Approve Resolution 2022-9, A Resolution of the Board of Directors of the Redwood Coast Energy Authority Approving Amendment No. 1 to a Behind the Retail Meter Capacity Storage Agreement with Swell VPP Fund 2021-I LLC.
3.5 Accept Quarterly Budget Report (Q1).

Neither directors nor members of the public requested that items be removed from the consent calendar.

M/S: Losey, Schaefer: Approve consent calendar items.

The motion passed with a unanimous roll call vote. Ayes: Curran, Fuller, Losey, Schaefer, Wilson. Noes: None. Absent: Avis, Bauer, Bohn, Tuttle. Abstain: None.

There was no quorum to conduct Community Choice Energy business.

OLD BUSINESS

7.1. Brown Act Open Meeting Law Changes and Meeting Options

Deputy Executive Director Verbeck reported on Assembly Bill 2449 which outlines ways for governing agency members to remotely participate in meetings, and RCEA public meeting options before and after the Governor's state of emergency ends on February 28, 2023. The directors supported conducting in-person and virtual hybrid meetings after the state of emergency ends and televising RCEA Board meetings on Access Humboldt if the expense was reasonable.

There were no responses from the public to Vice Chair Curran's invitation for comment and the public comment period was closed. Chair Avis joined the meeting during this discussion.

M/S: Wilson, Losey: Continue to conduct fully virtual meetings until February 28, 2023. Adopt Resolution No. 2022-6 Ratifying Governor Newsom's March 4, 2020, State of Emergency Proclamation and Authorizing Remote Teleconference Meetings of RCEA's Legislative Bodies, for the period November 17, 2022, through December 15, 2022, pursuant to Brown Act revisions of AB 361.

The motion passed with a unanimous roll call vote. Ayes: Avis, Curran, Fuller, Losey, Schaefer, Wilson. Noes: None. Absent: Bauer, Bohn, Tuttle. Abstain: None.

STAFF REPORTS

9.1. Executive Director's Report

Offshore wind outreach activities with CORE Hub will increase following the Bureau of Ocean Energy Management lease auction on December 6. Federal and state Inflation Reduction Act funding will increase customer program and public agency opportunities. RCEA is compiling information to share with member agencies and the public on how to access these funds.

Director Bauer joined the meeting. Executive Director Marshall confirmed there was a Community Choice Energy quorum.

OLD CCE BUSINESS

5.1. Energy Risk Management Quarterly Report

The Energy Authority Client Services Manager Jaclyn Harr reported on financial drivers affecting updated revenue forecasts for the next two years. The presented revenue projections reflected PG&E rates which are expected to be updated in December and go into effect by March or April. RCEA's customer generation rates continue to be set at 0.5% less than PG&E's rates, which are expected to rise by 3%. The power charge indifference adjustment (PCIA), a charge RCEA customers pay to make PG&E whole for power procured on RCEA's customers' behalf before they left PG&E, has been extremely volatile over the past two years and is expected to swing to a low point due to high energy prices, giving RCEA customers a small bill credit. Power costs, especially during peak summer months, are projected to increase. RCEA is about 90% hedged from extreme price increases in 2023 by

long-term power contracts and is less well-hedged in 2024. RCEA's historic and projected cash reserve balance and the effect of volatile global energy markets on the agency's ability to maintain a cash reserve were described. It is anticipated that RCEA will reach its target reserve level of $35 million in November 2023. Ms. Harr suggested reconsidering RCEA's rate discount relative to PG&E rates no sooner than 2024, to give the agency time to build reserves while market conditions are favorable. Reserves allow for more stable rates for RCEA customers during market and PCIA swings as well as providing RCEA the ability to invest in above-market costs of advanced renewable energy projects such as microgrids and offshore wind.

The Directors discussed the CPUC regulatory process around PG&E rate setting, how advocacy groups monitor the process and how RCEA can have some independence from energy prices and related PCIA volatility through reserve building.

There were no responses from the public to Vice Chair Curran's invitation for comment and the public comment period was closed.

M/S: Avis, Schaefer: Accept Energy Risk Management Quarterly Report.

The motion passed with a unanimous roll call vote. Ayes: Avis, Bauer, Curran, Losey, Schaefer, Wilson. Noes: None. Absent: Bohn, Tuttle. Abstain: None. Non-Voting: Fuller.

FUTURE AGENDA ITEMS
Chair Avis stated that as he was not re-elected to the Ferndale City Council he is resigning from the RCEA Board. He thanked the RCEA Board and staff and reaffirmed his interest in wind power. Executive Director Marshall thanked Chair Avis on behalf of staff for his efforts while on RCEA's Board and expressed hope that the Chair would remain engaged in energy efforts as an RCEA customer and community member. Staff was asked to draft summarized instructions on remote meeting participation and additional materials on current projects to orient new Board directors. Staff encouraged orientation session attendance.

CLOSED SESSION
Staff stated there was nothing new to report to the Board in closed session regarding:

11.1 Conference with real property negotiators pursuant to Government Code § 54956.8 in re: APNs 001-141-005 and 001-141-006; RCEA negotiator: Executive Director; Owner's negotiating party: Wells Commercial; Under negotiation: price and terms.

There was no public comment regarding closed session item:

11.2. Public Employee Performance Evaluation, pursuant to Government Code Section 54957(b)(1): Executive Director.

The directors adjourned to closed session at 4:40 p.m. to discuss item 11.2. The Board reconvened from closed session at 5:11 p.m. Executive Director Matthews stated there was nothing to report from closed session and adjourned the meeting at 5:12 p.m.

Lori Taketa
Clerk of the Board

Accrual Basis

Redwood Coast Energy Authority
Disbursements Report
As of October 31, 2022

Type	Date	Num	Name	Memo	Amount
Liability Check	10/06/2022	E-pay	EDD	Taxes	-6,040.35
Liability Check	10/06/2022	E-pay	EDD	Taxes	-6.80
Bill Pmt -Check	10/07/2022	ACH	Viridity Energy Solutions, Inc.	VOID: VOID: ACH returned due to incorrect bank acc	0.00
Liability Check	10/07/2022	ACH	Newport Group	Deferred compensation contributions	-15,586.63
Liability Check	10/07/2022	E-pay	EDD	Taxes	0.00
Liability Check	10/07/2022	E-pay	Internal Revenue Service	Taxes	-28,130.46
Liability Check	10/07/2022	E-pay	EDD	Taxes	0.00
Paycheck	10/07/2022	ACH	Employees	Payroll	-68,079.83
Liability Check	10/10/2022	E-pay	Internal Revenue Service	Taxes	-30,017.68
Liability Check	10/10/2022	E-pay	EDD	Taxes	-5,723.77
Bill Pmt -Check	10/10/2022	14126	City of Trinidad	Site Host Reimbursement 04/01/18-06/30/18	-124.24
Bill Pmt -Check	10/10/2022	14127	Cutten School District	Cutten Elementary self-install rebate/Audit 4400	-919.28
Bill Pmt -Check	10/10/2022	14128	Don's Rent-All	Don's Rent-All self-install rebate/Audit 4668	-84.32
Bill Pmt -Check	10/10/2022	14129	VOID	misprint	0.00
Bill Pmt -Check	10/10/2022	14130	NEM Customer	NEM Yearly Cash Out: Ck 9908 reissued	-228.16
Bill Pmt -Check	10/10/2022	14131	Ponting, W.	Reissue 09-2018 Reimbursement	-57.78
Bill Pmt -Check	10/10/2022	14132	KHSU-FM	Radio Underwriting	-125.00
Check	10/10/2022	14133-42	NEM Customer	NEM Account Close Outs	-315.45
Check	10/10/2022	14143-58	CCE Customer	PA Equipment Rebates	-6,634.00
Check	10/10/2022	14159	CCE Customer	EV Rebate #EV33	-1,000.00
Liability Check	10/06/2022	14160	Umpqua Bank	Health savings account contribution	-74.36
Check	10/10/2022	14161	VOID	misprint	0.00
Check	10/10/2022	14162	VISA	September 2022 Statement 8/23/2022 - 9/21/2022	-5,252.26
Bill Pmt -Check	10/10/2022	14163	Aiqueous, LLC	August 2022 Services	-6,900.00
Bill Pmt -Check	10/10/2022	14164	Amazon.com	Monthly billing - September 2022	-1,061.62
Bill Pmt -Check	10/10/2022	14165	Arcata Technology Center	Site Host Reimbursement 7/1 - 9/30/2022	-389.85
Bill Pmt -Check	10/10/2022	14166	AT&T	June and Sept 2022 payments	-328.36
Bill Pmt -Check	10/10/2022	14167	Bithell, M.	September 2022 Mileage Reimbursement	-30.00
Bill Pmt -Check	10/10/2022	14168	Blue Lake Rancheria	Site Host Reimbursement 7/1 - 9/30/2022	-156.72
Bill Pmt -Check	10/10/2022	14169	Boone, J.	Mileage reimbursement -September 2022	-25.00
Bill Pmt -Check	10/10/2022	14170	Brandi, N.	Mileage reimbursement - September 2022	-163.13
Bill Pmt -Check	10/10/2022	14171	Braun Blaising & Wynne	Legal Services - Regulatory -August 2022	-14,787.77
Bill Pmt -Check	10/10/2022	14172	Central Office	Printing services- 125 qty RCEA combo rebate flyers	-81.94
Bill Pmt -Check	10/10/2022	14173	City of Arcata	Site Host Reimbursement 7/1 - 9/30/2022	-728.54
Bill Pmt -Check	10/10/2022	14174	City of Arcata	September 2022 Excessive Energy Use Tax #6315	-2,251.11
Bill Pmt -Check	10/10/2022	14175	City of Arcata	September 2022 Utility User Tax #6310	-13,491.44
Bill Pmt -Check	10/10/2022	14176	City of Blue Lake	Site Host Reimbursement 7/1 - 9/30/2022	-338.03
Bill Pmt -Check	10/10/2022	14177	City of Eureka-Water	Water service, 8/24/22- 9/26/22	-186.41
Bill Pmt -Check	10/10/2022	14178	City of Eureka - REVNet	Site Host Reimbursement 7/1 - 9/30/2022	-974.74
Bill Pmt -Check	10/10/2022	14179	City of Trinidad	Site Host Reimbursement 7/1 - 9/30/2022	-588.19
Bill Pmt -Check	10/10/2022	14180	Donald Dame	Professional Services September 2022	-232.75
Bill Pmt -Check	10/10/2022	14181	FedEx	Res Kit - service 303	-49.24
Bill Pmt -Check	10/10/2022	14182	Frontier Energy, Inc.	PA Program Consulting - September 2022	-2,255.00
Bill Pmt -Check	10/10/2022	14183	Hilson, D.	Mileage reimbursement - September 2022	-85.38
Bill Pmt -Check	10/10/2022	14184	HireRight	Background Check: new hire Kristy Siino	-95.60
Bill Pmt -Check	10/10/2022	14185	Kullmann, S.	CCEC Conference Travel Reimb. for hotel, transport	-937.27
Bill Pmt -Check	10/10/2022	14186	Marshall, M.	CalCCA Gala in SF Travel Reimb. for: rental car, gas	-303.12
Bill Pmt -Check	10/10/2022	14187	Mission Uniform & Linen	SEPT 2022 mat service	-8.47
Bill Pmt -Check	10/10/2022	14188	North Coast Cleaning	September 2022 monthly cleaning service	-480.00
Bill Pmt -Check	10/10/2022	14189	North Coast Journal	Printed notice inviting bids for installation of EV statio	-306.00
Bill Pmt -Check	10/10/2022	14190	North Coast Unified Air Quality	Site Host Reimbursement 7/1 - 9/30/2022	-516.87
Bill Pmt -Check	10/10/2022	14191	NYLEX.net, Inc.	Parts related to APC Replacement Battery UPS	-1,052.70
Bill Pmt -Check	10/10/2022	14192	Open Door	Site Host Reimbursement 7/1 - 9/30/2022	-510.86
Bill Pmt -Check	10/10/2022	14193	Optimum Business	Phone & Internet access - 9/28 - 10/27/2022	-1,101.75
Bill Pmt -Check	10/10/2022	14194	Perez, A.	CCEC Conference Travel Reimb. for lodging, flight,	-1,080.24
Bill Pmt -Check	10/10/2022	14195	Petty Cash	Replenish petty cash to $300 10.10.2022	-292.47

Accrual Basis

Redwood Coast Energy Authority
Disbursements Report
As of October 31, 2022

Type	Date	Num	Name	Memo	Amount
Bill Pmt -Check	10/10/2022	14196	PG&E Engineering	ACV Microgrid Interconnection fees Sept 2022	-1,259.81
Bill Pmt -Check	10/10/2022	14197	PG&E EV Account	EV stations 8/16-9/14/2022	-1,099.13
Bill Pmt -Check	10/10/2022	14198	PG&E Utility Account	8/16-9/14/22 utilities for 633 3rd Street	-901.01
Bill Pmt -Check	10/10/2022	14199	Ray Morgan Company	Printer Charges: 9/6-10/5/22	-145.40
Bill Pmt -Check	10/10/2022	14200	Recology	September 2022 garbage service	-95.55
Bill Pmt -Check	10/10/2022	14201	Rennie, J	Mileage Reimbursement Sept. 2022	-112.50
Bill Pmt -Check	10/10/2022	14202	Scrapper's Edge	Meeting/event supplies	-18.34
Bill Pmt -Check	10/10/2022	14203	St. Joseph Hospital	Site Host Reimbursement 7/1 - 9/30/2022	-1,242.97
Bill Pmt -Check	10/10/2022	14204	Stephenson, Nancy	September 2022 Reimbursements	-87.01
Bill Pmt -Check	10/10/2022	14205	Terry, P.	CCEC Conference Travel Reimb. for lodging, transpo	-984.34
Bill Pmt -Check	10/10/2022	14206	Verizon Wireless	Tablet/cell service for staff & equipment - 8/29 - 9/28	-1,420.56
Bill Pmt -Check	10/10/2022	14207	VOID	misprint	0.00
Liability Check	10/10/2022	14208	New Mexico Taxation and Revenue	Payroll Taxes	-221.99
Liability Check	10/10/2022	14209	NM Department of Workforce Solutions	Payroll Taxes	-55.45
Liability Check	10/10/2022	14210	New Mexico Taxation and Revenue	Payroll Taxes	-4.30
Liability Check	10/10/2022	ACH	Newport Group	Deferred compensation contributions	-767.20
Liability Check	10/14/2022	ACH	EDD	Taxes	-548.86
Check	10/14/2022	ACH	EDD	Q2 2022 Penatly/Interest	-52.74
Check	10/14/2022	ACH	EDD	Q1 2021 Penatly/Interest	-277.30
Check	10/14/2022	ACH	EDD	Q3 2022 Penalty/interest	-117.73
Check	10/20/2022	Debit	Umpqua Bank	Service Charge	-176.91
Liability Check	10/24/2022	ACH	EDD	499-0864-3 Q3 2022 DE-9 payment	-667.20
Liability Check	10/24/2022	ACH	EDD	Taxes	-173.60
Liability Check	10/25/2022	ACH	Internal Revenue Service	Taxes	-27,476.20
Liability Check	10/25/2022	ACH	EDD	Taxes	-5,843.47
Bill Pmt -Check	10/25/2022	ACH	Humboldt Sawmill Co.	September 2022 Electricity	-675,980.24
Liability Check	10/25/2022	ACH	Newport Group	Deferred compensation contributions	-15,412.11
Liability Check	10/25/2022	14211	Umpqua Bank	Health savings account contribution	-74.36
Check	10/25/2022	14212-64	NEM Customers	#3493885613 NEM Account Close Out: Ck 8728 repl	-7,246.49
Check	10/25/2022	14265	CCE Customer	EV Rebate #EV37	-1,000.00
Check	10/25/2022	14266	CCE Customer	EV Rebate #EV35	-500.00
Check	10/25/2022	14267	CCE Customer	EV Rebate #EV34	-2,250.00
Check	10/25/2022	14268	CCE Customer	EV Rebate #EV36	-2,250.00
Check	10/25/2022	14269	CCE Customer	EVSE Rebate #REVSE14	-249.50
Check	10/25/2022	14270	SacTown Contractor's Corp.	PA installs: Arcata Elem.,Edward Jones McKinleyville	-38,792.24
Check	10/25/2022	14271	New Generation Illumination	PA install - Gosselin Tire Service	-4,464.19
Bill Pmt -Check	10/25/2022	14272	Brennan, K.	August mileage reimbursement - EW:Ck 10051 Reis	-19.37
Bill Pmt -Check	10/25/2022	14273	Cissna, A.	Utilities Reimbursement for (6) months: Ck 12771 Re	-432.00
Bill Pmt -Check	10/25/2022	14274	HCOE	Business card prints-2019 check reissued	-294.00
Bill Pmt -Check	10/25/2022	14275	Means, M.	Mileage reimbursement - February	-87.75
Bill Pmt -Check	10/25/2022	14276	Morehead, M.	Purchase reimbursement - wire shelf: Ck 9192 reissu	-23.19
Bill Pmt -Check	10/25/2022	14277	Ponting, W.	Purchase reimbursement: office supplies	-8.66
Bill Pmt -Check	10/25/2022	14278	Smith, S.	Utilities Reimbursement for (6) months: Ck 12372 Re	-432.00
Bill Pmt -Check	10/25/2022	14279	Vern's Furniture	RCEA Rebate 2020 reissued	-315.76
Bill Pmt -Check	10/25/2022	14280	VOID	misprint	0.00
Bill Pmt -Check	10/25/2022	14281	Aiqueous, LLC	Support Stage 7 Aug - Dec 2022 & Stage 6 Next 90	-1,837.50
Bill Pmt -Check	10/25/2022	14282	Ameritas - Dental	#010-055098-00001 Dental - Nov 2022	-1,908.68
Bill Pmt -Check	10/25/2022	14283	Ameritas - Vision	010-055098-00002 Vision - November 2022	-385.80
Bill Pmt -Check	10/25/2022	14284	AT&T	RCAM charges: 10/1 - 10/31/2022	-892.84
Bill Pmt -Check	10/25/2022	14285	AT&T Long Distance	Phone charges 9/25/2022 - 10/24/2022	-153.23
Bill Pmt -Check	10/25/2022	14286	Avcollie, M.	CCEC Conference Travel Reimb. for lodging, flight,	-995.09
Bill Pmt -Check	10/25/2022	14287	Baker Tilly US, LLP	Professional services - period ending August, 31, 202	-3,707.50
Bill Pmt -Check	10/25/2022	14288	Biondini, L.	Purchase reimbursement: recruitment test examples	-130.00
Bill Pmt -Check	10/25/2022	14289	Central Office	Oct 2022 Purchases	-489.97
Bill Pmt -Check	10/25/2022	14290	CSDA	2023 Membership Dues ID 26262	-1,634.00
Bill Pmt -Check	10/25/2022	14291	David L. Moonie & Co., LLP	Financial consulting - September 2022	-57.00

Accrual Basis

Redwood Coast Energy Authority
Disbursements Report
As of October 31, 2022

Type	Date	Num	Name	Memo	Amount
Bill Pmt -Check	10/25/2022	14292	Diamond, Nancy	Sept 2022 services	-9,752.70
Bill Pmt -Check	10/25/2022	14293	FedEx	Res Kit - service 323, 324, 326	-74.02
Bill Pmt -Check	10/25/2022	14294	Humboldt Bay Coffee Co.	July-Oct 2022 Coffee	-197.48
Bill Pmt -Check	10/25/2022	14295	Lost Coast Wind	July 2022 & August 2022 professional services	-6,550.00
Bill Pmt -Check	10/25/2022	14296	Mission Uniform & Linen	OCT 2022 mat service	-8.47
Bill Pmt -Check	10/25/2022	14297	NYLEX.net, Inc.	Onsite network support services - November	-3,200.00
Bill Pmt -Check	10/25/2022	14298	Petty Cash	Replenish petty cash for 10.2022 reimbursement	-6.20
Bill Pmt -Check	10/25/2022	14299	PG&E CCA	September 2022 CCE Charges	-22,171.10
Bill Pmt -Check	10/25/2022	14300	PG&E Engineering	ACV Microgrid Interconnection fees October 2022	-1,259.81
Bill Pmt -Check	10/25/2022	14301	Redwood Community Radio	Radio underwriting - Q4 2022	-780.00
Bill Pmt -Check	10/25/2022	14302	SDRMA P&L	Additional Insured Cert: Westside Community Improv	-47.50
Bill Pmt -Check	10/25/2022	14303	Shred Aware	Shredding services - October 2022	-65.00
Bill Pmt -Check	10/25/2022	14304	Stephenson, Nancy	Purchase reimbursement: Refreshments for Arcata C	-283.57
Bill Pmt -Check	10/25/2022	14305	Western Web	Qty 2 vinyl banners for Airport Rd	-116.92
Bill Pmt -Check	10/25/2022	14306	Winzler, John	Office Lease - November 2022	-8,372.70
Bill Pmt -Check	10/25/2022	14307	Colonial Life	Colonial Life Premiums October 2022	-1,596.20
Bill Pmt -Check	10/25/2022	14308	Engel, R.	August 2022 Mileage Reimb	-38.13
Bill Pmt -Check	10/25/2022	14309	Eureka Rubber Stamp	Date Stamp for Finance Dept.	-49.93
Bill Pmt -Check	10/25/2022	14310	Scrapper's Edge	Wide Format Poster printing and cutting	-10.99
Paycheck	10/25/2022	ACH	Employees	Payroll	-67,726.29
Bill Pmt -Check	10/26/2022	ACH	CalCCA	Operational Member dues Q2 FY 22/23	-28,074.75
Bill Pmt -Check	10/26/2022	ACH	CalPine Corporation	Calpine September 2022 Costs	-61,462.08
Bill Pmt -Check	10/26/2022	ACH	Keenan	Anthem Medical Insurance November 2022	-26,750.99
Bill Pmt -Check	10/26/2022	ACH	Leapfrog Energy	September 2022 RA	-37,074.00
Bill Pmt -Check	10/27/2022	ACH	CA Dept. of Tax & Fee Administration	Electrical Energy Surcharge Return 31-0003366 Q3 2	-45,094.00
TOTAL					**-1,346,726.81**

Redwood Coast Energy Authority
Profit & Loss Budget vs. Actual
July through October 2022

	Jul - Oct 22	Budget	% of Budget
Ordinary Income/Expense			
Income			
5 REVENUE EARNED			
Total 5000 · Revenue - government agencies	216,298.03	1,101,031.00	19.65%
Total 5100 · Revenue - program related	11,011.60	30,400.00	36.22%
Total 5300 · Revenue - interest on deposits	341.85		
Total 5400 · Revenue-nongovernment agencies	110,707.39	489,124.00	22.63%
Total 5500 · Revenue - Electricity Sales	24,404,769.83	93,848,684.00	26.0%
Total 5 REVENUE EARNED	24,743,128.70	95,469,239.00	25.92%
Total Income	24,743,128.70	95,469,239.00	25.92%
Gross Profit	24,743,128.70	95,469,239.00	25.92%
Expense			
Total 6 WHOLESALE POWER SUPPLY	15,003,691.03	76,236,276.00	19.68%
Total 7 PERSONNEL EXPENSES	1,198,773.13	4,071,684.00	29.44%
Total 8.1 FACILITIES AND OPERATIONS	174,963.21	801,816.00	21.82%
Total 8.2 COMMUNICATIONS AND OUTREACH	40,327.51	177,004.00	22.78%
8.4 PROFESSIONAL & PROGRAM SRVS			
8400 · Regulatory	72,971.62	180,000.00	40.54%
8410 · Contracts - Program Related Ser	21,898.19	290,000.00	7.55%
8420 · Accounting	8,153.50	87,455.00	9.32%
8430 · Legal	53,805.22	180,000.00	29.89%
8450 · Wholesale Services - TEA	249,897.64	654,984.00	38.15%
8460 · Procurement Credit - TEA	197,790.91	690,545.00	28.64%
8470 · Data Management - Calpine	246,166.08	737,532.00	33.38%
Total 8.4 PROFESSIONAL & PROGRAM SRVS	850,683.16	2,820,516.00	30.16%
Total 8.5 PROGRAM EXPENSES	182,056.56	638,100.00	28.53%
Total 8.6 INCENTIVES & REBATES	131,235.25	477,823.00	27.47%
Total 9 NON OPERATING COSTS	78,216.86	246,020.00	31.79%
Total Expense	17,659,946.71	85,469,239.00	20.66%
Net Ordinary Income	7,083,181.99	10,000,000.00	70.83%
Net Income	**7,083,181.99**	**10,000,000.00**	**70.83%**

Redwood Coast Energy Authority
Balance Sheet
As of October 31, 2022

	Oct 31, 22
ASSETS	
Current Assets	
Checking/Savings	
1010 · Petty Cash	300.00
1050 · GRANTS & DONATIONS 3840	15,995.51
1060 · Umpqua Checking Acct 0560	45,244.55
1071 · Umpqua Deposit Cntrol Acct 8215	4,670,669.76
1075 · Umpqua Reserve Account 2300	4,099,923.52
1076 · First Republic Bank - 4999	62,263.94
8413 · COUNTY TREASURY 3839	5,329.01
Total Checking/Savings	8,899,726.29
Total Accounts Receivable	55,596.44
Other Current Assets	
1101 · Allowance for Doubtful Accounts	-2,872,216.77
1103 · Accounts Receivable-Other	13,090,088.09
1120 · Inventory Asset	21,715.00
1202 · Prepaid Expenses	-20,519.56
1205 · Prepaid Insurance	34,941.40
1499 · Undeposited Funds	1,403.00
Total Other Current Assets	10,255,411.16
Total Current Assets	19,210,733.89
Total Fixed Assets	8,782,563.63
Other Assets	
1700 · Retained Deposits	4,191,600.00
Total Other Assets	4,191,600.00
TOTAL ASSETS	**32,184,897.52**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Total Accounts Payable	3,591,955.28
Total Credit Cards	11,909.35
Other Current Liabilities	
2002 · Deposits Refundable	1,241,010.01
2013 · Unearned Revenue - PA 2020-2023	772,049.97
Total 2050 · Current Loans	4,000,000.00
Total 2100 · Payroll Liabilities	224,739.55
Total Other Current Liabilities	6,237,799.53
Total Current Liabilities	9,841,664.16
Long Term Liabilities	
Total 2700 · Long-Term Debt	6,287,592.00
Total Long Term Liabilities	6,287,592.00
Total Liabilities	16,129,256.16
Equity	
2320 · Investment in Capital Assets	215,489.00
3900 · Fund Balance	8,756,970.37
Net Income	7,083,181.99
Total Equity	16,055,641.36
TOTAL LIABILITIES & EQUITY	**32,184,897.52**

REDWOOD COAST EnergyAuthority

STAFF REPORT
Agenda Item # 4.4

AGENDA DATE:	December 15, 2022
TO:	Board of Directors
PREPARED BY:	Eileen Verbeck, Deputy Executive Director
SUBJECT:	Board and CAC Virtual Meetings December 2022 – January 2023

BACKGROUND

In response to the COVID-19 public health emergency and in compliance with emergency Brown Act meeting law changes, the RCEA Board of Directors, Community Advisory Committee and the subcommittees of those bodies have been meeting online via the Zoom teleconference platform since April 2020. In September 2021 Governor Newsom signed AB 361 into law. This bill authorized legislative bodies to meet virtually provided there is a state of emergency, and either 1) state or local officials have imposed or recommended measures to promote social distancing, or 2) the legislative body determines by majority vote that meeting in person would present imminent risks to the health and safety of attendees.

Governor Newsom announced that the COVID-19 State of Emergency will end on February 28, 2023. After this date the Board cannot conduct fully virtual meetings under AB 361 unless another state of emergency is declared.

At the November 2022 RCEA meeting, the Board of Directors voted unanimously to continue meeting virtually through the end of the current state of emergency, then resume meeting in-person in March 2023 at a new location, the Jefferson Community Center Auditorium at 1000 B Street, Eureka, CA 95501. The in-person meetings will also be accessible online and by phone via the Zoom teleconference meeting platform (i.e. “hybrid meetings”) to the public, staff and any directors requesting remote participation following AB 2449 requirements. The directors also requested live or delayed broadcast of the RCEA Board of Directors meetings on Access Humboldt in March 2023, if the expense associated with this broadcast is nominal.

SUMMARY

In order to continue virtual meetings during the current state of emergency and for Board directors and CAC members to participate without making their remote meeting locations publicly accessible due to public health concerns, the Board must adopt or extend AB 361 resolutions every 30 days.

ALIGNMENT WITH RCEA’S STRATEGIC PLAN

N/A – Operations.

EQUITY IMPACTS

N/A. Staff recommends taking measures to reduce health risks to vulnerable populations. Signs strongly recommending the wearing of masks will be posted at the meeting site when in-person meetings resume in March 2023 and masks will be provided.

FINANCIAL IMPACT

Annual teleconferencing subscription costs have been included in the Fiscal Year 2022-23 budget. Jefferson Community Center auditorium rental rates are $75/hour. The approximate cost of meeting in this auditorium for one year is approximately $3,375.

STAFF RECOMMENDATION

Extend Resolution No. 2022-6 Ratifying Governor Newsom's March 4, 2020, State of Emergency Proclamation and Authorizing Remote Teleconference Meetings of RCEA's Legislative Bodies, for the period December 15, 2022, through January 14, 2023, pursuant to Brown Act revisions of AB 361.

ATTACHMENTS

1. Resolution No. 2022-6 Ratifying Governor Newsom's March 4, 2020, State of Emergency Proclamation and Authorizing Remote Teleconference Meetings of RCEA's Legislative Bodies, for the period June 27, 2022, through July 27, 2022, pursuant to Brown Act revisions of AB 361.

RESOLUTION NO. 2022-6

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 JUNE 27, 2022, THROUGH JULY 27, 2022, 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 RCEA'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 has determined that 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 Humboldt County Department of Health and Human Services recommends practicing physical distancing at meetings of legislative bodies; and

WHEREAS, 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. 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 3. Remote Teleconference Meetings. The staff and legislative bodies of Redwood Coast Energy Authority, including but not limited to the Board of Directors and its subcommittees, and the Community Advisory Committee and its subcommittees, 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 4. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective for 30 days or until this Resolution is extended by a majority vote of the Board of Directors in accordance with Section 5 of this Resolution.

Section 5. Extension by Motion. The Board of Directors may extend the application of this Resolution by motion and majority vote by up to 30 days at a time, provided that it makes all necessary findings consistent with and pursuant to the requirements of Section 54953(e)(3).

Adopted this 23rd day of June 2022.

ATTEST:

DocuSigned by:
Stephen Avis
476E94E6E64A4CD...
Stephen Avis, RCEA Board Chair

DocuSigned by:
Lori Taketa
B9ED7D8C31DA4AB...
Lori Taketa, Clerk of the Board

Date: 6/30/2022

Date: 7/14/2022

CLERK'S CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of Resolution 2022-6 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 June 2022, by the following vote:

AYES: Avis, Bauer, Bohn, Curran, Losey, Schaefer, Tuttle, Wilson, Woo.

NOES: None.

ABSENT: None.

ABSTENTIONS: None.

DocuSigned by:
Lori Jaketa
B8ED7D8C31DA4AB...

Clerk of the Board, Redwood Coast Energy Authority

REDWOOD COAST EnergyAuthority

STAFF REPORT
Agenda Item # 4.5

AGENDA DATE:	December 15, 2022
TO:	Board of Directors
PREPARED BY:	Richard Engel, Director of Power Resources Jocelyn Gwynn, Power Resources Manager
SUBJECT:	Energy Risk Management Policy Update

BACKGROUND

Section 8 of RCEA's Energy Risk Management Policy (ERMP) directs that the RCEA Risk Management Team review the policy at least annually and submit any proposed amendments to the Board for approval. It also directs staff to notify the Board when appendices to the ERMP are being updated. The policy was initially adopted by the Board in December 2016 and was last revised in February 2022.

SUMMARY

The attached draft of the ERMP has been updated by staff and TEA and includes the following substantive changes:

- Section 2.2.4 – included wholesale volumetric risk from generation curtailment, plant disconnection and energy allocations from PG&E PCIA resources, as well as associated mitigations;
- Section 2.2.7 – added enforcement of financial security terms as a mitigation of counterparty credit risk;
- Section 2.2.8 – added legal consultation as a mitigation of reputation risk;
- Section 3.4 – removed list of new transaction elements to avoid redundancy and discrepancy with list set forth in Appendix B;
- Section 5 – increased capacity transaction value limits in the delegation of authority by the Board to staff and TEA; since the last update to these values in 2019, resource adequacy costs have risen 40% on average;
- Section 6 – added language clarifying acceptance of guarantees as financial security;
- Section 8.1 & Appendix E – revised to require staff review of the ERMP at the time of hire and upon Policy revision, rather than annually;
- Appendix D – Consolidation of the previously confidential parts of the Energy Risk Hedging Strategy with the public appendix, including fixed price energy hedge schedules and various strategies for compliance and goal driven procurement. Update to language on Portfolio Content Category 2 renewables and Carbon Free Energy to reflect longer term market conditions and portfolio intent.

A quorum of the Risk Management Team has approved the updated policy and recommends adoption by the Board.

ALIGNMENT WITH RCEA'S STRATEGIC PLAN

Not applicable – the ERMP is an operational document.

EQUITY IMPACTS

Not applicable.

FINANCIAL IMPACTS

RCEA's Energy Risk Management Policy protects the organization from financial risk that could be incurred through its CCE program. The proposed changes promote energy industry best practices that mitigate financial risk to the organization inherent in participating in energy markets as a load-serving entity.

STAFF RECOMMENDATION

Adopt Resolution 2022-10 Adopting Updates to the Energy Risk Management Policy.

ATTACHMENTS

Resolution 2022-10 of the Board of Directors of the Redwood Coast Energy Authority Adopting Updates to the Energy Risk Management Policy with redlined Energy Risk Management Policy as Attachment A.

RESOLUTION NO. 2022-10
OF THE BOARD OF DIRECTORS
OF THE REDWOOD COAST ENERGY AUTHORITY
ADOPTING UPDATES TO THE ENERGY RISK MANAGEMENT POLICY

WHEREAS, the Redwood Coast Energy Authority (RCEA) operates a community choice energy program on behalf of participating jurisdictions in Humboldt County; and

WHEREAS, the Board of RCEA adopted a Risk Management Policy in December 2016 to establish rigorous risk management practices in power procurement and to increase the likelihood of achieving its community choice energy program goals by specifying management responsibilities, organizational structures, risk management standards, and operating controls and limits necessary to properly identify and manage RCEA's exposure to risk; and

WHEREAS, the Risk Management Policy calls for RCEA's Risk Management Team to annually review the policy and recommend any needed Risk Management Policy updates to the Board of RCEA for adoption; and

WHEREAS, certain updates and amendments to the Risk Management Policy are needed to address market, regulatory and other changes that have taken place since the last Policy update.

NOW, THEREFORE, BE IT RESOLVED, that the Board of the Redwood Coast Energy Authority hereby adopts an updated Energy Risk Management Policy as set forth in Appendix A with deletion of language as shown by strike through and addition of language as shown by underlining, attached hereto and incorporated herein.

Adopted this ___ day of _____, 2022.

ATTEST:

_____ _____
RCEA Board Chair Pro Tem Clerk of the Board, RCEA

Date: _____ Date: _____

CLERK'S CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of Resolution No. 2022-10 passed and adopted at a regular meeting of the Redwood Coast Energy Authority, County of Humboldt, State of California, held on the 15th day of December 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

_____

Clerk of the Board, Redwood Coast Energy Authority

APPENDIX A

REDWOOD COAST ENERGY AUTHORITY
UPDATED ENERGY RISK MANAGEMENT POLICY

Energy Risk Management Policy

Adopted December 12, 2016, Resolution 2016-6
Last Revised ~~February 24~~December 15, 2022, Resolution 2022-10~~3~~

Table of Contents

Section 1: POLICY OVERVIEW

1.1 Background and Purpose

The Redwood Coast Energy Authority ("RCEA") is a public joint powers agency located within the geographic boundaries of Humboldt County. Member agencies of RCEA include the seven (7) incorporated cities located in Humboldt County, the County of Humboldt, and the Humboldt Bay Municipal Water District. RCEA members administer and participate in a community choice aggregation ("CCA") program. The CCA program allows its members to procure electricity supplies and utilize ratepayer revenue to implement local programs that meet the goals of the ~~local~~ community. Electricity procured to serve customers continues to be delivered over PG&E's transmission and distribution system.

Presently, RCEA's CCA Members[1] include the following local government entities:

- Unincorporated Humboldt County
- City of Arcata
- City of Blue Lake
- City of Eureka
- City of Ferndale
- City of Fortuna
- City of Trinidad
- City of Rio Dell

Providing retail electric generation service to customers enrolled in the CCA program exposes RCEA to risks such as retail load uncertainty (due to weather, customer opt-out, and other factors), energy market price, counterparty credit, PG&E generation and PCIA rate competitiveness and other regulatory risks.

This Energy Risk Management Policy ("Policy") establishes RCEA's Energy Risk Management Program ("Program") including risk management functions and procedures to manage the risks associated with power procurement activities.

The ultimate purpose of this Policy is to help RCEA increase the likelihood of achieving its goals by specifying management responsibilities, organizational structures, risk management standards, and operating controls and limits necessary to properly identify and manage RCEA's exposure to risk.

The RCEA Board of Directors is responsible for approving wholesale power procurement risk related policies, including delegations of authority and limits to the Executive Director, RCEA staff and, as warranted, third-party service providers. The Board understands and acknowledges that energy trading activities necessarily involve risk and a key Board objective is to quantify and balance value and risk within RCEA's resource portfolio without engaging in speculative trading activity. Within the guidelines of this policy, the Board recognizes that while the application of expertise must be employed in managing RCEA's

[1] The Humboldt Bay Municipal Water District is a customer of the CCA but does not participate as a voting member in CCA governance

resource portfolio, staff and third-party service providers may exercise some reasonable discretion in making commercial trading decisions.

1.2 Scope

Unless otherwise explicitly stated in this Policy, or other policies approved by the Board, this Policy applies to all power procurement and related business activities that may impact the risk profile of RCEA. This Policy documents the framework by which ~~management,~~ staff and The Energy Authority[2] ("TEA") will:

- Identify and quantify risk
- Develop and execute procurement strategies
- Create a framework of controls and oversight
- Monitor, measure, and report on the effectiveness of the Program

To ensure successful operation of the CCA, RCEA has partnered with experienced contractors to provide energy-related services. Specific to power procurement, RCEA has partnered with TEA. TEA currently executes the preponderance of front- (transacting), middle- (monitoring) and back-office (settlement) related activities on RCEA's behalf. In providing these services, TEA observes the policies outlined in this document. TEA maintains its own risk policies and procedures, following industry practices of segregation of duties, which will also govern activities executed on RCEA's behalf.

1.3 Energy Risk Management Objective

The objective of the Energy Risk Management Policy is to provide a framework for conducting procurement activities that maximizes the probability of RCEA meeting the goals listed in Section 2.1.

Pursuant to this Policy, RCEA will identify and measure the magnitude of the known risks to which it is exposed and that contribute to the potential for not meeting identified goals.

1.4 Policy Administration

This Policy document has been reviewed and approved by the RCEA Board of Directors ("Board"). The Risk Management Team ("RMT") and Board must approve amendments to this Policy, except for the appendices, which may be amended with approval of only the RMT. The RMT must give notice to the Board of any amendment it makes to an appendix or a reference policy or procedure document.

[2] The Energy Authority is RCEA's current portfolio manager and scheduling coordinator for its load and long-term power contracts.

Section 2: GOALS AND RISK EXPOSURES

2.1 Policy Goals

To help ensure long term viability for the CCA, RCEA has outlined the following Policy goals with respect to its Energy Risk Management Program. These goals establish metrics used for modeling and measuring risk exposures of the CCA.

- RCEA targets to fund financial reserves with the following objectives:
    - Establish long-term business sustainability
    - Build collateral for power procurement activities
    - Establish and maintain an investment grade credit rating
    - Develop a source of funds for investment in power resources and other local programs
    - Stabilize retail electricity rates and dampen year-to-year variability in procurement costs
- RCEA aims to meet its strategic objectives as found in the RePower Humboldt Comprehensive Action Plan for Energy

The goals outlined above are incorporated into RCEA's financial and analytic models used to evaluate risk exposures. It is important to note that the goals listed above are not intended to be a comprehensive list of goals for the CCA. Rather, the above reflect a subset of program goals that are critical to long-term business viability for the CCA.

2.2 Risk Exposures

The Program faces a range of risks during launch and ongoing operation:

- Customer opt-out risk
- Market risk
- Regulatory risk
- Volumetric risk
- Model risk
- Operational risk
- Counterparty credit risk
- Reputation risk

2.2.1 Customer Opt-Out Risk

Customer opt-out risk is a significant CCA risk. It includes any conditions or events that create uncertainty in the CCA's customer base, thereby increasing the potential for the CCA to not meet its Policy goals. This Policy addresses this risk and other risk types listed below. These risks are not all inclusive but are identified as the risk factors driving the success of the CCA.

The most relevant measures of the success of this Policy in mitigating opt-out risk include:

- Retail rate competitiveness with PG&E;

- Financial reserve level for retail rate stabilization;
- Percentage of customer opt-outs by customer count and by load.

For the purpose of this Policy, risk exposure is assessed on all transactions (energy, environmental attributes, capacity, etc.) executed by TEA on behalf of RCEA, or by RCEA on its own behalf, as well as the risk exposure of open positions and the impacts of these uncertainties on the CCA's load and financial obligations.

2.2.2 Market Risk

Market risk is the uncertainty of RCEA's financial performance due to variable commodity market prices (market price risk) and uncertain price relationships (basis risk). Variability in market prices creates uncertainty in RCEA's procurement costs and can materially impact RCEA's financial position. Market risk is managed by regular measurement, execution of approved procurement, and Congestion Revenue Right (CRR) strategies and the limit structure set forth in this Policy, as well as:

- Regular monitoring and reporting of actual and projected financial results including probability-based and stressed financial results assuming a range of market and retail rate scenarios (both RCEA and PG&E);
- Structuring procurement strategies with the objective function of maintaining a favorable retail rate savings relative to PG&E.

2.2.3 Regulatory Risk

Although CCAs have gained a significant share of retail customer load in the state of California, they remain a comparatively new legal entity and are subject to an evolving legal and regulatory landscape. Additionally, CCAs are in direct competition with California's Investor-Owned Utilities ("IOUs"), which ~~face the risk~~are able to recover costs of stranded investments in ~~generating~~generation assets and power purchase agreements previously procured ~~in the past~~ to serve ~~departed CCA~~ loads~~. The manner in which~~ that subsequently depart the IOU and obtain generation through a CCA. The stranded costs of these legacy power supplies are allocated to departing CCA loads ~~is the subject of~~through regulatory proceedings at the CPUC which are not always transparent to the CCA community. The service model and regulatory landscape results in retail rate competitiveness risks that are unique to CCAs. In addition, CCAs are subject to many of the same state-level regulatory policies that govern other load-serving entities, including the Renewable Portfolio Standard, Resource Adequacy Program, and Integrated Resource Planning process and procurement mandates. ~~RCEA will~~To manage regulatory risk~~ by~~, RCEA:

- ~~Regular monitoring~~Regularly monitors, analyzes of, and ~~analysis of~~engages in, legislative and regulatory proceedings impacting CCAs~~;~~, either directly or through the California Community Choice Association ("CalCCA");
- ~~Ensuring~~Ensures timely submission of regulatory filings, compliance filings and data request responses, and tracking changing requirements associated with these submissions;
- ~~Ensuring~~Ensures timely procurement and project progress reporting, and to the extent feasible and prudent conducting proactive procurement, in response to procurement mandates~~;~~

- ~~Actively participating in and representing CCA customer interests during regulatory and legislative proceedings, either directly or through the California Community Choice Association ("CalCCA").~~.

2.2.4 Volumetric Risk

Volumetric risk is the uncertainty of RCEA's financial performance due to variability in the quantity of retail load served by RCEA. Retail load uncertainty results from unanticipated large customer additions or departures, customer opt-outs, weather deviation from normal, unforeseen increased adoption of behind the meter generation by RCEA customers, as well as local, state and national socioeconomic conditions. Volumetric risks can also occur on the wholesale procurement side, including risk of curtailed variable energy resources under contract to RCEA, unplanned disconnection of generating resources under contract to RCEA during utility maintenance or islanding of the local grid in response to Public Safety Power Shutoff events, and the unknown volumetric delivery of resources procured through PG&E's RPS Voluntary Allocation and Market Offer and Carbon Free Allocation processes. Volume risk is managed by taking steps to:

- Forecast PG&E generation and PCIA rates, and variability therein;
- Quantify variability in procurement timing and costs;
- Develop risk-adjustment metrics for forecasted loads and forecasted delivered volumes to support future procurement decisions
- Monitor and adjust for non-regulatory factors driving volumetric uncertainty (e.g. weather);
- Adopt a formal energy risk hedging strategy (included as an appendix to this Policy and accompanied by confidential procurement schedules);
- Implement a key accounts program and maintain strong relationships with the local community;
- Monitor trends in customer onsite generation, economic shifts, and other factors that affect electricity customer volume and composition;
- ~~Expand~~Pursue strategies to minimize or mitigate generation disconnections and curtailments, including co-locating storage with variable renewable energy resources and working with PG&E toward accommodation of third-party generators while the local grid is operated in island mode;
- Engage the IOU to conduct transmission and distribution updates and technical advances to better interconnect emerging distributed generation resources;
- Explore expanding the customer base of the CCA into other counties and include direct access loads.

2.2.5 Model Risk

Model risk is the uncertainty of RCEA's financial performance due to potentially inaccurate or incomplete characterization of a transaction or power supply portfolio elements due to fundamental deficiencies in models, inputs, and/or information systems. Model risk is managed by:

- TEA Risk Management Committee approval, and RCEA RMT ratification of, financial and risk models;
- Ongoing review of model inputs and outputs as part of controls framework, including scheduled true-ups of data actuals and data cross-validation between RCEA and TEA;

- Comparison between multiple independent data sources as available and valuable
- Ongoing RCEA and TEA staff education and participation in CCA industry forums;
- Ongoing update and improvement of models as additional information and expertise is acquired

2.2.6 Operational Risk

Operational risk is the uncertainty of RCEA's financial performance due to weaknesses in the quality, scope, content, or execution of human resources, technical resources, and/or operating procedures within RCEA. Operational risk can also be exacerbated by fraudulent actions by employees or third parties, inadequate or ineffective controls, or unforeseen changes in our relationship with the incumbent utility. Operational risk is managed through:

- The controls set forth in this Policy;
- RMT oversight of procurement activity;
- Timely and effective management reporting;
- Staff resources, expertise and/or training reinforcing a culture of compliance;
- Ongoing and timely internal and external financial and operational audits;
- Enforcement of RCEA's CCA terms and conditions, including customer debt collection;
- Adhering to data security requirements in RCEA's Information Security Policy and the CPUC's Customer Data Privacy Decision 12-08-045.

2.2.7 Counterparty Credit Risk

Counterparty credit risk is the potential that a Counterparty will fail to perform or meet its obligations in accordance with terms agreed to under contract. RCEA's exposure to counterparty credit risk is controlled by:

- Adhering to the limit controls set forth in the Credit Policy described in Section 6~~, and by~~ ;
- Requiring counterparties to post performance assurance in an acceptable form as part of long-term agreements~~.~~
- Ensuring terms under which the performance assurance is retained or returned to the counterparty are clearly defined and adhered to.

2.2.8 Reputation Risk

Reputation risk is the potential that the CCA's reputation is harmed, causing customers to opt-out of the CCA's service and migrate back to PG&E. Reputational risk is managed through:

- Implementation and adherence to this Energy Risk Management Policy;
- Establishment and adherence to industry best practices including both those adopted by other CCAs, as well as those adopted by traditional municipal electric utilities.
- Establishing a Community Advisory Committee (CAC) to support RCEA's public engagement efforts and to provide decision-making support and input to the RCEA Board.
- Consultation with general counsel and outside expert counsel on procurement processes and best practices as a public agency with respect to transparency and public participation

2.3 Risk Measurement Methodology

A vital element in RCEA's Energy Risk Management Policy is the regular identification, measurement, and communication of risk. To effectively communicate risk, all risk management activities must be monitored on a frequent basis using risk measurement methodologies that quantify the risks associated with RCEA's procurement-related business activities and performance relative to goals.

Risk measurement of RCEA's position will be performed using a method that calculates projected procurement costs and portfolio value on an annual basis at various probabilities and that further provides a comparison of projected RCEA retail rates to those of PG&E. The rate comparison will be adjusted for actual and projected PCIA and Franchise Fee charges. Risk measurement methodologies shall be re-evaluated on a periodic basis to ensure RCEA and TEA adjust their methods to reflect the evolving regulatory and competitive landscape. The implementation of these methods shall be overseen and validated by TEA and ratified by the RMT.

Section 3: BUSINESS PRACTICES

3.1 General Conduct

It is the policy of RCEA that all personnel, including the Board, management, and agents, adhere to standards of integrity, ethics, conflicts of interest, compliance with statutory law and regulations and other applicable RCEA standards of personal conduct while employed by or affiliated with RCEA.

3.2 Trading for Personal Accounts

All RCEA Directors, management, employees, and agents participating in any transaction or activity within the coverage of this Policy are obligated to give notice in writing to RCEA of any interest such person has in any counterparty that seeks to do business with RCEA, and to identify any real or potential conflict of interest such person has or may have with regard to any contract or transaction with RCEA. Further, all such persons are prohibited from personally participating in any transaction or similar activity that is within the coverage of this Policy and that is directly or indirectly related to the trading of electricity, capacity and/or environmental attributes as a commodity. The Risk Management Team voting members are further required by RCEA's Conflict of Interest Code to file a Fair Political Practices Commission Statement of Economic Interests form disclosing personal energy- and agency-related financial holdings annually.

If there is any doubt as to whether a prohibited condition exists, then it is the employee's responsibility to discuss the possible prohibited condition with her/his manager or supervisor.

3.3 Adherence to Statutory Requirements

Compliance is required with rules promulgated by the state of California, California Public Utilities Commission, California Energy Commission, California Air Resources Board, California Independent System Operator, Federal Energy Regulatory Commission (FERC), Commodity Futures Trading Commission (CFTC), and other regulatory agencies.

Congress, FERC and CFTC have enacted laws, regulations and rules that prohibit, among other things, any action or course of conduct that actually or potentially operates as a fraud or deceit upon any person in connection with the purchase or sale of electric energy or transmission services. These laws also prohibit any person or entity from making any untrue statement of fact or omitting to state a material fact where the omission would make a statement misleading. Violation of these laws can lead to both civil and criminal actions against the individual involved, as well as RCEA. This Policy is intended to comply with these laws, regulations, and rules and to avoid improper conduct on the part of anyone employed by RCEA. These procedures may be modified from time to time by legal requirements, auditor recommendations, RMT requests, and other considerations.

In the event of an investigation or inquiry by a regulatory agency, RCEA will provide legal counsel to employees. However, RCEA will not appoint legal counsel to an employee if RCEA's General Counsel and Executive Director determine that the employee was not acting in good faith within the scope of employment.

RCEA employees are prohibited from working for another power supplier, CCA, or utility in a related position while they are simultaneously employed by RCEA unless an exception is authorized by the Board. For clarity, this prohibition is not intended to prevent RCEA staff from performing non-CCA activities on behalf of RCEA in the normal course of its business.

In addition, power purchase agreements and materials submitted in response to RCEA solicitations will be subject to disclosure in accordance with the California Public Records Act (Ca. Government Code section 6250 et seq.) and language reflecting this requirement will be included in RCEA solicitations and agreements. RCEA will withhold from public disclosure only those portions of solicitation materials and agreements which are exempt from disclosure under state law.

3.4 Transaction Type, Regions and Markets

Authorized transaction types, regions and markets are listed in Appendix A to this Policy. These transaction types, regions and markets are and shall continue to be focused on supporting RCEA's financial policies, including the approved procurement ~~strategies~~strategy in Appendix D. New or non-standard transaction types may provide RCEA with additional flexibility and opportunity but may also introduce new risks. Therefore, transaction types, regions, and markets not included in Appendix A, or transactions within already approved transaction types that are substantially different from any prior transaction executed by RCEA, must be approved by the RMT prior to execution using the process defined below.

When seeking approval for a new or non-standard transaction type, region, and/or market, a New Transaction Approval Form, as shown in Appendix B, should be drafted describing all known significant elements of the proposed transaction~~. The proposal write-up will be prepared by TEA and should, at a minimum, include:~~ and addressing all items listed in that form.

- ~~A description of the benefit to RCEA, including the purpose, function and expected impact on costs (i.e.; decrease costs, manage volatility, control variances, etc.)~~
- ~~Identification of the in-house or external expertise that will manage and support the new or non-standard transaction type~~

- ~~Assessment of the transaction's risks, including any material legal, tax or regulatory issues~~
- ~~How the exposures to the risks above will be managed by the limit structure~~
- ~~Proposed valuation methodology (including pricing model, where appropriate)~~
- ~~Proposed reporting requirements, including any changes to existing procedures and system requirements necessary to support the new transaction type~~
- ~~Proposed accounting methodology~~
- ~~Proposed workflows/methodology (including systems)~~

It is the responsibility of TEA's Front Office to ensure that relevant departments have reviewed the proposed transaction and that material issues are resolved prior to submittal to the RMT for approval. If approved, Appendix A to the Policy will be updated to reflect the new transaction type.

3.5 Counterparty Suitability

TEA's counterparty credit limits and approval processes will govern counterparty suitability for all transactions executed by TEA on behalf of RCEA. TEA will provide a credit review and recommendation, consistent with the credit policies described in Section 6, for any counterparty with whom RCEA contracts directly.

3.6 System of Record

TEA's Middle Office will maintain a set of records for all transactions executed in association with RCEA procurement activities. The records will be maintained in US dollars and transactions will be separately recorded and categorized by type of transaction. This system of record shall be auditable.

3.7 Transaction Valuation

Transaction valuation and reporting of positions shall be based on objective, market-observed prices. Open positions should be valued (marked-to-market) daily, based on consistent valuation methods, and data sources. Whenever possible, mark-to-market valuations should be based on independent, publicly available market information and data sources.

3.8 Stress Testing

In addition to limiting and measuring risk using the methods described herein, stress testing shall also be used to examine performance of the RCEA portfolio under adverse conditions. Stress testing is used to understand the potential variability in RCEA's projected procurement costs, and resulting retail rate impacts and competitive positioning, associated with low probability events. The TEA Middle Office will perform stress-testing of the portfolio as needed and distribute results. The Risk Management Team will provide guidance to TEA as needed regarding what parameters should be stress tested and to what degree.

3.9 Trading Practices

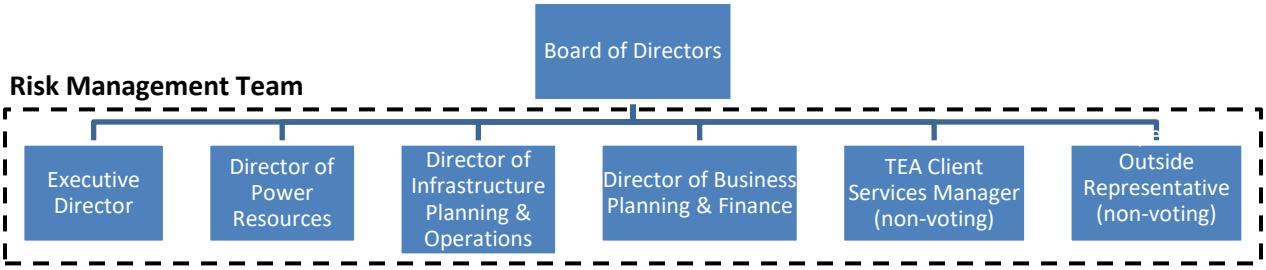
The approved scope of market participation by RCEA is limited to those activities required to capture reasonably expected value and cost stability from RCEA's resource portfolio without engaging in speculative or unauthorized trading activities. Staff and ~~third-party service providers~~TEA may exercise

some discretion on trade timing and volumes subject to ~~existing~~exigent conditions (such as unusual weather, periods of illiquidity, load/generation deviations, and/or power system circumstances). RCEA procurement practices are intended to prohibit the acquisition of unwarranted or additional exposure to price and volume risk beyond that projected and associated within the efficient utilization and optimization of RCEA's resource portfolio. If any questions arise as to whether a particular transaction constitutes speculation, the RMT shall review the transaction(s) to determine whether the transaction would constitute speculation and document its finding in the meeting minutes.

Section 4: ORGANIZATIONAL STRUCTURE AND RESPONSIBILITIES

4.1 Risk Management Organizational Structure

Below is a high-level organization chart describing RCEA's risk management governance.



4.2 Board of Directors

The RCEA Board of Directors has the responsibility to review and approve this Policy. With this approval, the Board assumes responsibility for understanding the risks RCEA is exposed to due to CCA Program activity and how the policies outlined in this document help RCEA manage the associated risks. The Board of Directors is also responsible to:

- Determine RCEA strategic direction
- Understand the procurement strategy employed
- Approve risk exposures beyond the RMT's authority
- Approve voting Members of the RMT

4.3 Risk Management Team (RMT)

The RMT is responsible for implementing, maintaining and overseeing compliance of this Policy. The voting members of the RMT shall be Board-approved RCEA staff members. Additionally, an independent outside third-party representative, and TEA's client services manager assigned to RCEA, will serve as non-voting members. Each voting member will be assigned one vote. The current voting members of the RMT are:

- Executive Director
- Director of Power Resources

- Director of Infrastructure Planning and Operations
- Director of Business Planning and Finance

The primary goal of the RMT is to ensure that the procurement activities of RCEA are executed within the guidelines of this Policy and are consistent with Board directives. The RMT is also responsible to consider and propose recommendations to this Policy when conditions dictate.

Pursuant to direction from the Board of Directors and the limitations specified by this Policy, the RMT and the Executive Director maintain full authority over all procurement activities for RCEA. This authority includes, but is not limited to, taking any or all actions necessary to ensure compliance with this Policy.

The RMT is responsible for overseeing implementation of this Policy, procurement strategies, and the adoption of new product types. The RMT is also responsible for ensuring procurement strategies are consistent with RCEA's strategic objectives and for reviewing financial results. The RMT shall meet at least quarterly and record business in meeting minutes that will be approved by the RMT. No decision of the RMT is valid unless a majority of voting members has stated approval with a quorum of voting members participating in the vote, including the Executive Director. A quorum consists of a simple majority of RMT voting members, i.e. three of the four voting members. All decisions by the RMT, other than those made by common consent, shall be made by simple majority vote of the RMT members with the Executive Director having veto authority.

The RMT maintains the authority and responsibility to:

- Approve and ensure that all procurement strategies are consistent with this Policy;
- Determine if changes in procurement strategies are warranted;
- Approve new transaction types, regions, markets and delivery points;
- Understand financial and risk models used by TEA;
- Understand counterparty credit review models and methods for setting and monitoring credit limits;
- Receive and review reports as described in this Policy;
- Meet to review actual and projected financial results and potential risks;
- Authorize individual transactions that exceed the Executive Director's authority as indicated in Section 5 below;
- Escalate to the Board of Directors with any risks beyond the RMT's authority;
- Review summaries of limit violations;
- Review the effectiveness of RCEA's energy risk measurement methods;
- Maintain this Policy;
- Monitor regulatory and legislative activities.

4.4 Power Manager

RCEA has partnered with TEA as its Power Manager. TEA, as outlined in its Risk Policy, maintains a strong segregation of duties, also referred to as "separation of function" that is fundamental to manage and control the risks outlined in this Policy. The Power Manager will provide education to the RMT on the risk and credit models, methods, and processes that it uses to fulfill its obligations under this Policy. Individuals

responsible for legally binding RCEA to a transaction will not also perform confirmation, or settlement functions. With this in mind, TEA's responsibilities are divided into front-middle-back office activities, as described below.

4.4.1 Power Manager - Front Office

The Power Manager's Front Office has overall responsibility for (1) managing all commodity and transmission activities related to procuring and delivering resources needed to serve RCEA's load, (2) the analysis of fundamentals affecting load and supply factors that determine RCEA's net position, and (3) transacting within the limits of this Policy, and associated policies, to balance loads and resources, and maximize the value of RCEA's assets through the exercise of approved optimization strategies. Other duties associated with the Power Manager's Front Office include:

a. Assist in the development and analysis of risk management hedging products and strategies, and bring recommendations to the RMT

b. Prepare each month a monthly operating plan for the prompt months that gives direction to the day-ahead and real-time trading and scheduling staff regarding the bidding and scheduling of RCEA's resource portfolio in the CAISO market

c. Develop, price, ~~and negotiate hedging products~~negotiate and execute all approved transactions within TEA's delegation of authority

d. Forecast day-ahead and monitor / forecast same-day loads

e. Keep accurate records of all executed transactions

4.4.2 Power Manager – Middle/Back Office

The Power Manager Middle Office provides independent market and credit risk oversight. The Power Manager Middle Office is functionally and organizationally separate from the Front Office. The Power Manager Back Office provides support with a wide range of administrative activities necessary to execute and settle transactions and to support the risk control efforts (e.g. transaction entry and/or checking, data collection, billing, etc.) consistent with this Policy. The Power Manager Back Office is also functionally and organizationally separate from the Front Office.

The Power Manager's Middle and Back Offices have primary responsibility for trading control and for ensuring agreement with counterparties regarding the terms of all trades, including forward trading. The Power Manager's Middle and Back Offices have the primary responsibility for:

a. Estimating and publishing daily forward monthly power and natural gas price curves for a minimum of the balance of the current year through the next calendar year

b. Calculating and maintaining the net forward power positions of RCEA

c. Ensuring that RCEA adheres to all risk policies and procedures of both RCEA and the Power Manager in letter and in intent

d. Maintaining the overall financial security of transactions undertaken by the Power Manager on behalf of RCEA

e. Implementing and enforcing credit policies and limits

f. Handling confirmation of all transactions and reconciling differences with the trading

counterparties

g. Reviewing trade tickets for adherence to approved limits
h. Ensuring all trades have been entered into the appropriate system of record
i. Ensuring that both pre-schedule and actual delivery volumes and prices are entered into the physical database
j. Carrying out month-end checkout of all transactions each month
k. Reviewing models and methodologies and recommending RMT approval
l. Providing supporting documentation for power supply audits

Section 5: DELEGATION OF AUTHORITY

By adopting this Policy, the RCEA Board is explicitly delegating operational control and oversight to the RMT and Power Manager, as outlined through this Policy. Specifically, to facilitate daily operations of the CCA, the Board is delegating transaction execution authorities shown in the table below.

Position	Maturity Limit	Term Limit	Energy Transaction Volume Limit (MWh)	Capacity Transaction Value Limit
RCEA Board of Directors	Any transaction that exceeds the Risk Management Team limits			
Risk Management Team	42 Months	36 Months	500,000	$5,000,000
Executive Director	36 Months	30 Months	375,000	$3,000,000
TEA	30 months	24 Months	250,000	$1,500,000

These authorities will be applied to wholesale power activity executed outside of the California Independent System Operator ("CAISO") markets. These limits provide both RCEA and TEA needed authorities to manage risks as they arise. Transactions falling outside the delegations above require Board approval prior to execution. Activity with CAISO is excluded from this table due to the nature of the market, where prices for activity may not be known until after transactions are committed.

All procurement executed under the delegation above, must align with the RCEA's underlying risk exposure (load requirements, locational and temporal) that is being hedged consistent with the approved Guidelines for the Redwood Coast Energy Authority Community Energy Program Launch-Period Strategy and Targets, any subsequent procurement strategies or financial management policies authorized by the Board, and the Energy Risk Hedging Strategy (Appendix D to this policy).

5.1 Monitoring, Reporting and Instances of Exceeding Risk Limits

The TEA Middle Office is responsible for monitoring, and reporting compliance with, all limits within this Policy. If a limit or control is violated, the TEA Middle Office will send notification to the trader responsible for the violation and the RMT. The RMT will discuss the cause and potential remediation of the exceedance

to determine next steps for curing the exceedance. RCEA Power Resources staff are also responsible for monitoring transactions reported by TEA and bringing to the RMT's attention any violations of limits within this Policy that have not been noted by TEA.

Section 6: CREDIT POLICY

Transactions are executed on RCEA's behalf by TEA ~~on~~through TEA agreements, and with this activity RCEA is exposed to pass-through credit risk. As RCEA builds its own counterparty master trading agreements, transactions executed ~~on~~through RCEA agreements will carry direct credit risk. For activity on TEA and/or RCEA agreements, RCEA will adopt a scaling methodology to adjust TEA's credit limits to RCEA's risk tolerance. TEA shall assist RCEA in setting its own risk tolerance and defining the scaling methodology, based on TEA's credit risk processes. For scaling with RCEA counterparties, where an agreement exists between RCEA and an entity, the RMT will approve changes to credit limits, otherwise TEA will automatically scale the TEA limit to the RCEA risk tolerance.

All procurement activities executed by TEA on behalf of RCEA, using TEA's counterparty agreements, will be subject to the credit policies and procedures outlined in TEA's Energy Risk Management Policy. TEA's credit policy requires that all counterparties be evaluated for creditworthiness by the TEA Middle Office prior to execution of any transaction and no less than annually thereafter. Additionally, counterparties shall be reviewed if a change has occurred, or perceived to have occurred, in market conditions or in a company's management or financial condition. This evaluation, including any recommended increase or decrease to a credit limit, shall be documented in writing and includes all information supporting such evaluation in a credit file for the counterparty. A credit limit for a counterparty will not be recommended or approved without first confirming the counterparty's senior unsecured or corporate credit rating from one of the nationally recognized rating agencies and/or performing a credit review or analysis of the counterparty's or guarantor's financial statements. The TEA credit analysis shall include, at a minimum, current audited financial statements or other supplementary data that indicates financial strength commensurate with an investment grade rating. Trade and banking references, and any other pertinent information, may also be used in the review process.

Counterparties that do not qualify for a credit limit or wish to enter into a transaction exceeding their credit limit must post an acceptable form of credit support or prepayment prior to the execution of any transaction. A counterparty to TEA may choose to provide a guarantee from a third party, provided the third party satisfies the criteria for a credit limit as outlined in TEA's Energy Risk Management Policy. For direct transactions with counterparties, RCEA generally does not accept guarantees as credit support. Exceptions may be made for counterparties that have an established history of doing business with RCEA, or where the guarantee is provided by a guarantor deemed highly trustworthy by RCEA.

6.1 Credit Limit and Monitoring

In executing transactions on RCEA's behalf, TEA will observe a pass-through counterparty credit maximum limit equal to $1.0 million.

The TEA Middle Office will establish continuous monitoring of the current credit exposure for each Counterparty with whom TEA transacts on behalf of RCEA and include such information in the Current Counterparty Credit Risk Report. This report will be made available, reviewed, and communicated to the RMT pursuant to the reporting requirements outlined in Section 7.

Section 7: POSITION TRACKING AND MANAGEMENT REPORTING

Minimum reporting requirements are shown below. The reports outlined below are made available to RMT members ~~and~~by TEA ~~staff~~:

- **Daily Financial Model Forecast**

  Latest projected financial performance, marked to current market prices, and shown relative to financial goals.

- **Monthly Net Position Report**

  Forward net position report that is presented monthly to the RMT.

- **Daily Credit Report**

  This report shows how credit exposure for the transactions that TEA executes on behalf of RCEA pass through TEA to RCEA.

- **Monthly Risk Analysis**

  Cash flow at risk and stress testing of the financial forecast relative to financial goals.

- **Quarterly Board Risk Report**

  Update on activities and projected financial performance that is presented quarterly at RCEA Board meetings.

- **Unrealized Position Details**
- **Current Projected Power Supply Costs Compared to Budget**
- **Cash Flow at Risk**
- **Renewable and Carbon-Free Fuel Generation Portfolio Content**

Section 8: POLICY REVISION PROCESS

RCEA's Energy Risk Management Policy will evolve over time as market and business factors change. At least on an annual basis, the RMT will review this Policy and associated procedures to determine if they should be amended, supplemented, or updated to account for changing business and/or regulatory requirements. If an amendment is warranted, the Policy amendment will be submitted to the RCEA Board for approval. Changes to appendices to this Policy may be approved and implemented by the RMT.

8.1 Acknowledgement of Policy

Any RCEA employee participating in any activity or transaction within the scope of this Policy shall sign, ~~on an annual basis or~~at time of hire and upon any Policy revision, a statement approved by the RMT that such employee:

- Has read RCEA's Energy Risk Management Policy
- Understands the terms and agreements of said Policy
- Will comply with said Policy
- Understands that any violation of said Policy shall be subject to employee discipline up to and including termination of employment.

See Appendix E for a statement form.

8.2 Policy Interpretations

Questions about the interpretation of any matters of this Policy should be referred to the RMT.

All legal matters stemming from this Policy will be referred to RCEA's General Counsel.

Appendix A: AUTHORIZED TRANSACTION TYPES OR PRODUCTS

All transaction types listed below must be executed within the limits set forth in this Policy. *(The following transaction types can be 'nonstandard' at RCEA subject to RMT approval)*

Over the Counter Products

- CAISO Market Products
  - Day-ahead and Real-time Energy
  - Congestion Revenue Rights
  - Convergence
  - Inter Scheduling Coordinator Transactions
  - Tagging into and out of CAISO
  - Ancillary Services
- Physical Power Products
  - Short and Long-Term Power
  - Physical OTC Options
- Physical Resource Adequacy Capacity
- Physical Environmental Products
  - Renewable Energy Credits
  - Specified Source Power
  - Carbon Allowances and Obligations
- Transmission Access Charges
- Energy Storage, including time-based arbitrage (selling stored energy into the grid during peak hours and buying energy to store during off-peak hours)

  Any other products associated with energy generation, demand response, or other energy markets relevant to RCEA activities

The point of delivery for all products must be at a location within the CAISO service area.

Appendix B: NEW TRANSACTION APPROVAL FORM

New or Non-Standard Transaction Approval Form

Prepared By:

Date:

New or Non-Standard Transaction Name:

Business Rationale and Risk Assessment:

- Product description – including the purpose, function, expected impact on net revenues (i.e. increase, manage volatility, control variances, etc.) and/or benefit to RCEA
- Identification of the in-house or external expertise that will be relied upon to manage and support the new or non-standard transaction
- Assessment of the transaction's risks, including any material legal, tax or regulatory issues
- How the exposures to the risks above will be managed by the limit structure
- Proposed valuation methodology (including pricing model, where appropriate)
- Proposed reporting requirements, including any changes to existing procedures and system requirements necessary to support the new product
- Proposed accounting methodology
- Proposed Middle Office workflows/methodology, including systems
- Brief description of the responsibilities of various departments within RCEA who will have any manner of contact with the new or non-standard transaction

Reviewed by:

Director of Power Resources	**Date**
TEA Representative	**Date**
Executive Director	**Date**

Appendix C: DEFINITIONS

Back Office: That part of a trading organization which handles transaction accounting, confirmations, management reporting, and working capital management.

Bilateral Transaction: Any physical or financial transaction between two counterparties, neither of whom is an Exchange or market entity (e.g. CAISO).

Cash Flow at Risk: A probability-based measure of the extent to which future cash flows may deviate from expectations due to changes in load, generation and/or market prices of energy. (For RCEA, the most relevant Cash Flow at Risk metric is a measure of the potential for net revenues to deviate from the current forecast.)

CAISO: California Independent System Operator. CAISO operates a California bulk power transmission grid, administers the State's wholesale electricity markets, and provides reliability planning and generation dispatch.

CCA: Community Choice Aggregator. CCAs allow local government agencies such as cities and/or counties to purchase and/or develop generation supplies on behalf of their residents, businesses, and municipal accounts.

CFTC: Commodity Futures Trading Commission. The CFTC is a U.S. federal agency that is responsible for regulating commodity futures and swap markets. Its goals include the promotion of competitive and efficient futures markets and the protection of investors against manipulation, abusive trade practices and fraud.

Commodity: A basic good used in commerce that is interchangeable with other goods of the same type. Commodities are most often used as inputs in the production of other goods or services. The quality of a given commodity may differ slightly, but it is essentially uniform across producers. When they are traded on an exchange, commodities must also meet specified minimum standards, also known as a basis grade.

Confirmation Letter: A letter agreement between two counterparties that details the specific commercial terms (e.g., price, quantity and point of delivery) of a transaction.

Congestion Revenue Right: A point-to-point financial instrument in the Day-Ahead Energy Market that entitles the holder to receive compensation for or requires the holder to pay certain congestion related transmission charges that arise when the transmission system is congested.

Counterparty Credit Risk: The risk of financial loss resulting from a counterparty to a transaction failing to fulfill its obligations.

Day-ahead Market: The short-term forward market for efficiently allocating transmission capacity and facilitating purchases and sales of energy and scheduled bilateral transactions; conducted by an Organized Market prior to the operating day.

Delivery point: The point at which a commodity will be delivered and received.

Departing load: Load associated with a retail electricity consumer that elects to purchase generation services from an Energy Service Provider rather than the local Investor Owned Utility.

FERC: Federal Energy Regulatory Commission. FERC is a federal agency that regulates the interstate transmission of electricity, natural gas and oil. FERC also reviews proposals to build liquefied natural gas terminals, interstate natural gas pipelines, as well as licenses hydroelectric generation projects.

Front Office: That part of a trading organization which solicits customer business, services existing customers, executes trades, and ensures the physical delivery of commodities.

Franchise Fee: A franchise fee is a percentage of gross receipts that an IOU pays cities and counties for the right to use public streets to provide gas and electric service. The franchise fee surcharge is a percentage of the transmission (transportation) and generation costs to customers choosing to buy their energy from third parties. IOUs collect the surcharges and pass them through to cities and counties.

Hedging products: Capacity, energy, renewable energy credits, or other products related to a specific transaction.

Hedging Transaction: A transaction designed to reduce the exposure of a specific outstanding position or portfolio; "fully hedged" equates to complete elimination of the targeted risk and "partially hedged" implies a risk reduction of less than 100%.

Illiquidity: occurs when an asset cannot easily and quickly be sold or exchanged for cash without a substantial loss in value.

Investor Owned Utility (IOU): A business organization providing electrical and/or natural gas services to both retail and wholesale consumers and is management as a private enterprise.

Limit structure: A set of constraints that are intended to limit procurement activities.

Limit violation: Any time a defined limit is violated.

Liquidity: efficiency or ease with which an asset can be transacted without affecting its market price.

Maturity Limit: timespan between when a transaction is approved and the end date for delivery of product under the transaction.

Middle Office: That part of a trading organization that measures and reports on market risks, develops risk management policies and monitors compliance with those policies, manages contract administration and credit, and keeps management and the Board informed on risk management issues.

Net Forward Position: A forecast of the anticipated electric demands of a load serving entity compared to existing resource (generation and/or power purchase agreements) commitments.

Nonstandard: Any product that is not commonly transacted among market participants in forward markets. The nonstandard attribute of the product could be a function of a number of factors such as volume, delivery period and/or term.

Opt-out Rate: Typically expressed as a percentage, the Opt-out Rate measures the ratio of eligible customers of a CCA that have elected to remain a bundled service customer of the IOU rather than take generation services from the CCA.

PCIA: Power Cost Indifference Adjustment. The PCIA is intended to compensate IOUs for their stranded costs when a bundled customer departs and begins taking generation services from a CCA.

Prompt: period immediately following the current period, e.g. in February the prompt month is March.

Scheduling: The actions of the counterparts to a transaction, and/or their designated representatives, of notifying, requesting and confirming to each other the quantity and type of product to be delivered on a given day.

Separation of function: Also referred to as "segregation of duties," part of a complete risk control framework. Individuals responsible for legally binding the organization to a transaction should not also perform confirmation, clearance, or accounting functions.

Settlement: Settlement is the process by which counterparties agree on the dollar value and quantity of a commodity exchanged between them during a particular time interval.

Speculation: The act of trading an asset with the expectation of realizing financial gain resulting from a change in price in the asset being transacted. (See discussion in sections 1.1 and 3.9 that elaborates on discretion staff and third-party service providers are allowed in conducting trading activities.)

Stranded cost: Generation costs that a load serving entity is allowed to collect from customers through retail rates but that will not be recovered if the generation is sold in wholesale electricity markets.

Stress testing: The process of simulating different financial outcomes to assess potential impacts on projected financial results. Stress testing typically evaluates the effect of negative events to help inform what actions may be taken to lessen the negative consequences should such an event occur.

Term Limit: Timespan between the start and end dates of delivery of product under a transaction.

Appendix D: ENERGY RISK HEDGING STRATEGY

Introduction

The Redwood Coast Energy Authority (RCEA) is routinely exposed to commodity price risk and volume variability risk in the normal conduct of serving the power supply requirements of its residential and business customers as part of its Community Choice Energy (CCE) Program.

This Energy Risk Hedging Strategy (Strategy) describes the strategy and framework that RCEA uses to hedge the power supply requirements of its customers during the current calendar year plus next two calendar years. The Strategy details procurement schedules, or where appropriate justifies the decision not to set schedules, for attaining wholesale, market-based products required to support the CCE Program portfolio. Specific focus is on procurement of the following ~~market-based~~ products:

- Fixed Price Energy (also known as system power or energy hedges)
- Portfolio Content Category 1 Renewable Energy
- Portfolio Content Category 2 Renewable Energy
- Carbon Free Energy
- Resource Adequacy Capacity
- Congestion Revenue Rights

In addition to market-based transactions entered into pursuant to this Strategy, RCEA will also procure assets, enter into long-term power purchase agreements (PPAs) and resource adequacy (RA) contracts pursuant to statutory and regulatory requirements, including: the ~~SB350~~SB 350 mandate to procure a minimum of 65 percent of ~~Renewable Portfolio Standard~~RPS-required ~~renewable~~ energy ~~under~~from 10-year or longer PPAs or RCEA-owned resources beginning in ~~2021, and~~Compliance Period 4; the CPUC's November 2019 IRP Procurement Track Decision Requiring Electric System Reliability Procurement for 2021-2023~~.~~; and the CPUC's June 2021 Mid-Term Reliability Decision. Additionally, RCEA may enter into voluntary long-term resource acquisitions pursuant to its Integrated Resource Plan and policy goals established by its Board of Directors. Long-term PPAs will count as hedges as described later in this Strategy.

Governance

This Strategy shall be updated, as necessary, from time to time and governed by the Energy Risk Management Policy approved by the RCEA's Board of Directors in December 2016 and reviewed annually with updates as needed (Risk Policy).

Hedging Program Goals

The overall goals of the Strategy are to identify exposure to commodity prices, quantify the financial impact that variability in commodity prices, load requirements, and generation output may have on the ability of the RCEA to meet its financial program goals, and then manage the associated risk.

To help ensure long-term viability for the CCE, RCEA has outlined the following Policy Goals. These goals will establish metrics used for modeling and measuring risk exposures of the CCE.

- RCEA will target to maintain competitive retail rates with PG&E after adjusting for the PCIA and Franchise Fee.
- RCEA will target ~~during the initial years of operation to fund~~funding financial reserves in support of the following objectives:
    - Establish long-term business sustainability
    - Build collateral for power procurement activities
    - Establish and maintain an investment grade credit rating
    - Develop a source of funds for investment in local generation and customer programs
    - Stabilize rates and buffer against year-to-year variability in procurement costs
- RCEA set an initial target to procure 40 percent of its power supply requirements from renewable energy and 80 percent of its power supply requirements from non-fossil fuel generation, with a goal of procuring 100 percent renewable power from local sources by 2030. This long-term goal was established in the RePower Humboldt study that formed the original impetus for developing RCEA's Community Choice Energy program. More recently, RCEA has set a goal to procure all energy from clean and renewable sources (though not necessarily local sources) by 2025. Under this goal, RCEA may include a mix of RPS and carbon-free resources in its portfolio.

All hedging activities will be conducted to achieve results consistent with the above ~~goals~~Policy Goals, the aforementioned compliance obligations and to meet the power supply requirements of RCEA's customers. Any transaction that cannot be directly linked to a requirement of serving RCEA's customers, or that does not serve to reduce risk as measured by the Cash Flow at Risk Metric described below, is prohibited.

Prohibited Generation Sources

In keeping with community values identified by RCEA in developing its CCE program, neither energy nor resource adequacy (RA) will be procured from the following generation sources:

- Nuclear generation
- Coal generation
- ~~Hydro-electric~~Hydroelectric generation from existing dams on the mainstem Klamath River

Exceptions to this prohibition may be needed for occasional short-term transactions, such as procurement of replacement RA.

Hedging Targets and Strategies

The time horizon for the hedging program will be the prompt three (3) years. ~~RCEA and TEA will generally observe~~The energy hedging schedules described in the Fixed Price Energy section below provide a disciplined approach to procurement by mandating targeted hedge levels to be achieved by definite dates. This commonly utilized approach is intended to mitigate speculation of future wholesale market prices while also spreading procurement over a multi-year period. A key goal of the CCA program is to reduce energy price uncertainty for the upcoming operating year(s) by procuring at least 70 percent and up to 100 percent of its energy needs with fixed price contracts thereby mitigating exposure to unexpected

price movement. RCEA and TEA will generally observe these adopted hedge schedules for each of the following energy and capacity products, to provide discipline on the minimum hedge level side and as protection for over-hedging on the maximum hedge level side. Changes in regulatory, load, and market dynamics may warrant occasional under- or over-hedging and subsequent remarketing of over-procured products.

RCEA currently does not have programmatic procedures assigned to Renewable Portfolio Standard, Carbon Free Energy, or Resource Adequacy products. Procurement of these products is primarily driven by RCEA Board-adopted goals and regulatory compliance requirements, which in many cases apply prescribed hedging schedules, as further described in the respective sections below.

Fixed Price Energy

A challenge in using renewable generating resources to meet the energy requirements of customers is that the generation profile of renewable resources often does not align with the consumption patterns of the residences and businesses consuming the electricity. Fixed price energy products, including block energy, shaped energy and options, are used to manage the electricity commodity price risk that RCEA faces as a result of this uncertainty. Fixed price energy provides for the supplier to deliver a predetermined volume of energy, at a constant delivery rate, for a fixed price. Specific to RCEA's customers, Fixed price energy hedges are used to provide cost certainty and rate stability.

When assessing its requirements for fixed price energy, RCEA will forecast the monthly energy requirements of its customers during heavy and light load hours[3] each month as well as the forecasted output from resources in its portfolio. Forecast load will be determined through use of an econometric model that forecasts both total energy usage and peak demand by customer load class. The model will use historical data to estimate relationships between energy consumption and economic, demographic and/or weather variables. The econometric model ~~will be~~is refined ~~through time~~ as additional load data is acquired through ~~actual~~ program operation. Forecasted output from resources ~~will be~~is based on generation forecasts provided by counterparties ~~and may be~~ , which are risk-adjusted based on a variety of factors such as developmental delays, curtailment, underperformance, and other forecast and observed outcomes.

~~In the adopted~~The targets below describe minimum and maximum percent hedge ~~schedule~~targets for identified future time periods. The definition of "Hedge %" in this context is the total fixed price megawatt hours (MWh) procured in the period divided by the total forecast load in MWh inclusive, as applicable, of the energy forecast to be provided by PPAs and other long-term resources within RCEA's portfolio during respective time periods.

RCEA will observe the following schedule when hedging its Fixed Price Energy requirements:

[3] Heavy Load (on-peak) Hours in current wholesale energy markets are 6am to 10pm, Monday through Saturday, excluding New Years, Memorial Day, 4th of July, Labor Day, Thanksgiving and Christmas. All other hours during the year are considered Light Load (off-peak) Hours.

Time Period	Minimum Hedge %	Maximum Hedge %
Prompt Month (Jan-March/Q1)	80%	115%
Prompt Month (April-June/Q2)	70%	105%
Prompt Month (July-Sep/Q3)	80%	125%
Prompt Month (Oct-Dec/Q4)	70%	115%
Prompt Calendar Year (PCY)	70%	100%
PCY +1	50%	100%
PCY +2	30%	100%

~~energy, the minimum~~ The hedge ~~level is achieved by implementing a time-driven programmatic~~schedule for the Prompt Month will be measured five calendar days prior to the first day of the particular month *(e.g. on January 27, 2023, RCEA will have hedged 80 to 115 percent of its projected energy requirements during February 2023, which is in Q1).*

The hedge schedule for the Prompt Calendar Year (PCY), as well as subsequent two calendar years, will be measured ten calendar days prior to each new calendar year *(e.g. on December 21, 2021, RCEA will have hedged at least 70 percent of its forecast energy requirements for CY 2022, 50 percent of its forecast energy requirements for CY 2023, and 30 percent of its forecast energy requirements for CY 2024).*

Peak / Heavy Load Hour (HLH) Energy Minimum Hedge

The targets described above represent total fixed-price MWh procured compared to total MWh load forecasts. They are intentionally not prescriptive regarding diurnal periods (HLH/LLH or Peak/Off Peak) which allows flexibility in procurement strategy~~. Time-driven programmatic hedges are executed at~~ given rapidly evolving market dynamics. Historically Peak/HLH periods contain the most price risk. Accordingly, **RCEA additionally requires HLH periods to be procured to a minimum 100% hedged level, using the same definition above, for Prompt Months.**

Summer Assessment

RCEA will complete a ~~predetermined rate pursuant to a time schedule and without regard for~~ Summer Assessment of market risk and hedging plan by June 1 of each year. This work product will be shared in draft form with the RCEA Risk Management Team in May of each year and will include:

- analysis of summer exposure,
- fundamental analysis of market conditions~~.~~,
- hourly load/resource balance forecast for June-September, and
- recommendations on products and target hedge levels designed to mitigate peak hour and daily HLH exposure.

Although compliance with the Fixed Price Energy schedule above will be measured monthly, RCEA shall endeavor to complete all Q3 hedging prior to June 15 of each year, subject to and allowing for true-ups as load and generation profiles fluctuate throughout the summer season.

The purpose of these hedging transactions is to ~~achieve a reduction in~~ reduce variability ~~in~~of power supply costs by gradually increasing the amount of energy hedged as the ~~actual~~ date of consumption approaches. Time driven strategies avoid the inherent impossibility of trying to consistently and accurately "time the market" when making hedging decisions. Additionally, a load serving entity the size of RCEA needs to

spread its procurement efforts over time to effectively manage the potential negative price impacts of procuring a large volume of energy over a short period of time in an illiquid market.

Hedging decisions to reach targets between the minimum and maximum hedge levels are based on price-driven or opportunistic strategies. The purpose of ~~price-driven or opportunistic~~these strategies is to capitalize on market opportunities when conditions are favorable. RCEA bases its decision to execute opportunistic hedges on the impact to projected power supply costs and the resulting reduction in cash flow at risk (CFaR). Opportunistic hedges may be executed when energy price levels are favorable to lowering the cost of power relative to established program goals and financial projections~~;~~. Alternatively, opportunistic hedges can be executed in adverse market conditions relative to financial goals in order to reduce the potential negative impact of continued upward trending commodity prices relative to established goals.

In executing this strategy, fixed price energy hedges may be purchased, sold, or moved from one month to another for the purpose of maintaining hedge coverage that matches changes in forecasted electric load. This includes the ability of the RCEA to purchase standard products to hedge average loads over a defined time period and then later modify its portfolio by purchasing or selling more granular products to more precisely match load.

Power Charge Indifference Adjustment (PCIA) Exit Fee and Hedging with Fixed Price Energy

~~.~~Under the current PCIA construct, departing load is responsible for costs associated with procurement that the incumbent utility has already done on behalf of that load. At the time of departure, the applicable vintage portfolio[4] then serves as a hedge for the departing load in that as market prices increase, the departing load charges decrease, thereby reducing costs to CCA customers relative to bundled customers. Similarly, if market prices decrease, the departing load charges increase, due to more of the vintage portfolio being

2017 POWER CONTENT LABEL

Pacific Gas and Electric Company

ENERGY RESOURCES	Power Mix	2017 CA Power Mix**
Eligible Renewable	**33%**	**29%**
Biomass & biowaste	4%	2%
Geothermal	5%	4%
Eligible hydroelectric	3%	3%
Solar	13%	10%
Wind	8%	10%
Coal	**0%**	**4%**
Large Hydroelectric	**18%**	**15%**
Natural Gas	**20%**	**34%**
Nuclear	**27%**	**9%**
Other	**0%**	**<1%**
Unspecified sources of power*	**2%**	**9%**
TOTAL	**100%**	**100%**

* "Unspecified sources of power" means electricity from transactions that are not traceable to specific generation sources.
** Percentages are estimated annually by the California Energy Commission based on the electricity sold to California consumers during the identified year.

For specific information about this electricity product, contact:	**Pacific Gas and Electric Company** **415-973-0640**
For general information about the Power Content Label, please visit:	http://www.energy.ca.gov/pcl/
For additional questions, please contact the California Energy Commission at:	844-454-2906

[4] The vintage portfolio is generally all contracts and utility-owned generation that was procured while the departing load was still receiving bundled service.

above market costs. PG&E's 2017 Power Content Label provides the best estimate of the percent of fixed price energy in PG&E's vintage portfolio associated with RCEA's vintage year of ~~2017.~~2016 for the majority of its customer load.

One impact of the PCIA on RCEA is, therefore, the way it serves as a "lagging hedge" against energy price volatility. Increased market prices in one year will result in an all-else-equal lower PCIA in subsequent years, and vice versa, although the exact impact will depend on market-sensitive PG&E data that RCEA does not have access to. In lieu of better quantitiative data, hedging decisions will be made with the qualitative understanding that the PCIA may serve from a 5% to 20% "lagging hedge" on RCEA's portfolio, dependent on market conditions and seasonality.

Compliance & Goal Driven Procurement

This section covers procurement undertaken primarily to meet compliance requirements set by regulatory authorities and/or to meet Board-adopted goals that underlie the purpose of RCEA's existence as a local procurement agency.

Portfolio Content Category 1 Renewable Energy

RCEA has a compliance mandate to procure sufficient renewable energy to meet the state of California's RPS requirements, based on multi-year compliance periods, as well as Board-adopted goals to procure a 100% renewable and carbon free energy portfolio by 2025 and a 100% local energy portfolio by 2030, subject to availability of sufficient local renewable energy resources. These Board-adopted goals currently exceed state compliance mandates.

2017 POWER CONTENT LABEL		
Pacific Gas and Electric Company		
ENERGY RESOURCES	Power Mix	2017 CA Power Mix**
Eligible Renewable	**33%**	**29%**
Biomass & biowaste	4%	2%
Geothermal	5%	4%
Eligible hydroelectric	3%	3%
Solar	13%	10%
Wind	8%	10%
Coal	**0%**	**4%**
Large Hydroelectric	**18%**	**15%**
Natural Gas	**20%**	**34%**
Nuclear	**27%**	**9%**
Other	**0%**	**<1%**
Unspecified sources of power*	**2%**	**9%**
TOTAL	**100%**	**100%**
* "Unspecified sources of power" means electricity from transactions that are not traceable to specific generation sources. ** Percentages are estimated annually by the California Energy Commission based on the electricity sold to California consumers during the identified year.		
For specific information about this electricity product, contact:	**Pacific Gas and Electric Company** **415-973-0640**	
For general information about the Power Content Label, please visit:	http://www.energy.ca.gov/pcl/	
For additional questions, please contact the California Energy Commission at:	844-454-2906	

In order to cost-effectively meet its GHG-reduction and renewable energy goals, RCEA intends to meet a growing share of its energy supply requirements with renewable energy, a large portion of which shall be Portfolio Content Category 1 (PCC1) renewable energy. PCC1 renewable energy is sourced from a renewable generator either located inside of California or from a generator that is directly interconnected to the California Independent System Operator (CAISO) or other California Balancing Authority. For example, energy procured from local biomass generators is a source of PCC1 renewable energy.

~~In order to manage price risk of long-term renewable energy, and to allow RCEA to prudently and methodically build a portfolio of long-term assets, RCEA intends to meet its PCC1 energy targets with a~~

~~blend of short and long-term contracts. In the 2018/19 period, this balance included a relatively higher share of short-term contracts, augmenting purchases from local biomass facilities as RCEA focused on launching its CCE and establishing a strong financial foundation.~~

~~Beginning in early 2019 and continuing through 2022 RCEA is shifting its focus to longer-term PCC1 contracts, particularly for Calendar Year 2022 and beyond. This shift is necessary to comply with the renewable procurement requirements of SB350, as well as the fact that new renewable generating facilities typically require long-term PPAs with terms that can range from ten to twenty-five years, most typically fifteen to twenty. As a result, RCEA's support of renewable generation may require voluntary execution of long-term PPAs beyond what is mandated by SB350.~~

RCEA's eventual goal is to reach a steady state of procurement in which it meets the majority of its state-mandated and internal voluntary RPS requirements with long-term contracts. In this state, RCEA will execute new contracts when existing ones expire, based on an assumed average contract length of 15-20 years. Doing so will ~~i~~1) allow RCEA to steadily reduce its exposure to renewable energy and energy market price risks in a fashion similar to the time-driven, programmatic hedging approach for fixed price energy and ~~ii~~2) ensure that RCEA is in a position to make strategic procurement decisions and commitments on a periodic basis. When economically feasible, RCEA will give preference to renewable generation located in Humboldt County.

RCEA has already procured several fixed-price long-term renewable contracts to support meeting RPS compliance mandates and Board-adopted goals, such that its long-term energy portfolio offsets energy price risk due to the corresponding decreased reliance on short-term energy procurement. As such, programmatic hedging targets for renewable and carbon free energy are a less effective hedging tool, and consequently do not provide incremental risk reduction given the complexities involved in establishing a growing long-term renewable portfolio.

As a result, RCEA staff undertake an annual assessment of the entirety of the program's renewable energy procurement activities with respect to both state compliance mandates and Board-adopted goals. This analysis, which includes qualitative and stochastic risk assessment, feeds into RCEA's renewable procurement timelines as well as its annual RPS compliance filings. The analysis is updated on an ad hoc basis throughout the year as a function of changing market dynamics or new procurement mandates.

Portfolio Content Category 2 Renewable Energy

RCEA ~~shall diversify~~has the option to supplement its ~~renewable energy~~RPS portfolio ~~further by incorporating~~with Portfolio Content Category 2 (PCC2) renewable energy~~ purchases~~. PCC2~~ renewable~~ energy is sourced from renewable generators located outside the state of California and is "firmed and shaped" for reliable delivery into California. PCC2 purchases ~~are typically~~have historically been less expensive and shorter in term than PCC1, so they ~~provide~~have provided a cost-effective and flexible method of augmenting RCEA's renewable energy purchases to meet renewable portfolio content commitments to customers.

~~It should be noted that there was recently a decision from the California Energy Commission on implementation of Assembly Bill 1110 that impacts~~ However, recent changes to the greenhouse gas emissions accounting methodology ~~applied to~~ via the California Energy Commission's Power Source

Disclosure Program may reduce the economic benefit of the PCC2 product. PCC2 renewable energy ~~for reporting year 2020 and future years. This change results in PCC2 renewable energy shown on a Power Content Label at~~is now ascribed the same carbon-intensity as "unspecified" system power~~,~~ unless matched one-to-one with carbon free energy. The procurement strategy of this product is thus dependent on the combined price of PCC2 and carbon free energy compared to the direct procurement of PCC1 energy, which receives a lower or zero carbon-intensity rating, dependent on fuel type. PCC2 purchases also require increased oversight of deliveries and compliance reporting, which further reduces the attractiveness of this product over PCC1 energy.

Carbon Free Energy

In pursuit of its GHG-reduction and non-fossil fuel portfolio objectives, RCEA shall augment its renewable energy purchases outlined above with energy purchases from carbon-free energy generating facilities, which are typically hydroelectric resources located in California that are too large to qualify as Eligible Renewable Resources (greater than 30 MW) or located outside of California. Similar to PCC2 renewable energy contracts, carbon-free energy purchases are typically short-term, most frequently one to three years in length. The majority of RCEA's renewable energy is also carbon-free, which means that the analysis that drives RCEA's renewable procurement decisions will also underlie RCEA's supplemental carbon free energy procurement. Due to this, RCEA staff intend to utilize the annual renewable procurement planning and analysis process to also plan for carbon free energy procurement rather than utilizing programmatic hedging targets. The purchase of carbon free energy is a voluntary goal set by the RCEA Board, who may elect to reduce the total quantity of carbon free energy included in RCEA's portfolio as it seeks to balance multiple program objectives, including financial targets for reserves and retail rates.

~~In setting the scheduled targets, it is important to note that the purchase of Carbon-Free Energy is a voluntary goal set by the RCEA Board. RCEA's Board may elect to reduce the total quantity of Carbon-Free Energy included in RCEA's portfolio as it seeks to balance multiple program objectives, including financial targets for reserves and retail rates.~~

Resource Adequacy Capacity

RCEA will use best reasonable efforts to comply with the filing requirements of the CAISO- and CPUC-administered Resource Adequacy (RA) program, currently:

- 90% of System and Flexible RA requirements procured prior to the year-ahead RA showing on October 31st of the year prior to the showing year.
- 100% of System and Flexible RA requirements procured prior to the month-ahead RA showings, due 45 calendar days prior to the first day of the showing month.

Starting in the 2023 RA compliance year, procurement of local RA is solely the responsibility of the Central Procurement Entity (CPE) in PG&E's service territory, the only territory in which RCEA serves load. Therefore, beyond 2022, RCEA no longer has a regulatory obligation to procure or show local RA to the state agencies. Instead, RCEA has the option to self-show or sell its local RA capacity to the CPE to obtain some value for it.

RA is typically transacted via contracts that vary in length from one month to three years, and it is currently bought and sold via a bilateral market, which can result in cost-effective contracting opportunities but is also sometimes fragmented and volatile. Due to the nature of RA markets, monthly products are often bundled with other products or "strips" of multiple months of RA, which may result in over-procurement for one or more months as a necessary condition to satisfy compliance requirements in one or more other months. Execution of long term PPAs can also lead to over-procurement of RA products for future years, and inclusion of a defined hedging matrix might require selling excess long-term RA to bring RCEA into hedging compliance, even though such action may not be in RCEA's best business and operational interest. Lastly, compliance guardrails exist at the regulatory level which guide the RA procurement schedule for RCEA and all other LSEs.

The RA program's potential restructuring, which could significantly impact RCEA's RA compliance requirements, is currently part of an open proceeding at the CPUC for potential implementation ~~for~~in the 2024 compliance year.

Congestion Revenue Rights

RTO markets expose entities to financial basis risks between source and sink points that increase cashflow risks in a load serving entity's portfolio. In order to manage this risk CAISO offers a financial product known as congestion revenue rights (CRRs) which can be allocated to an entity or purchased via the auction. RCEA uses both mechanisms to acquire necessary congestion hedges in on and off peak periods to reduce risk between generation or purchase locations and RCEA's load point. As RCEA's CRRs are used to manage a source-sink relationship consistent with utility hedging, exposure created by the CRR must be reasonably expected to have an offsetting effect on cashflow associated with the positions ~~which~~that necessitated the CRR in the first place across the period. It is acknowledged however that due to discrepancies in granularity, these cashflows will never be fully symmetric.

TEA, acting as agent on behalf of RCEA, calculates a Total Dollar Stop-Loss designed to limit the amount of capital that could be consumed taking into consideration both realized and unrealized gains. For CRRs, TEA monitors a five percent outcome for CFaR for inclusion in the Total Dollar Stop-Loss value. Once the Total Dollar Stop-Loss reaches the limit outlined in the Risk Management Policy all open position trading at TEA is ceased and positions are liquidated if needed.

CPUC Mandated Procurement

The 2018 and 2020 Integrated Resource Planning cycles resulted in all CPUC-jurisdictional LSEs, including RCEA, being mandated to procure a share of the capacity needed to help ensure the long-term reliability of the California power grid. This trend of mandating procurement may continue as California decarbonizes its electric grid while electrifying other sectors. RCEA will continue to meet all mandated capacity procurement requirements while attempting to procure low-cost resources that potentially provide additional energy products aligned with RCEA's procurement goals, such as local PCC1 energy.

Hedge Program Metrics

The success of the Energy Risk Hedging Strategy will be measured by realizing power supply costs in line with the budgeted power supply costs used to set customer rates, as well as by reducing RCEA's exposure

to commodity price risk. The following two metrics will be utilized to manage the Energy Risk Hedging Strategy:

- Current projected power supply costs will be compared to budgeted power supply costs where budgeted costs will be based on the assumptions used at the time customer generation rates are set. Current power supply costs shall use all fixed price contracts executed as of the date of the report. All open positions will be marked to market and compared to the budgeted power supply costs.
- Cash Flow at Risk (CFaR). CFaR represents a statistical view of what could happen to RCEA's power supply costs and CRR portfolio assuming that no action is taken to manage its portfolio from the date of the analysis through the end of the period of time being analyzed. The potential CFaR will be calculated using a historical sampling methodology that considers on- and off-peak periods separately over the remaining life of the transactions. The CFaR calculation will consider potential variability in load and generation supply. The CFaR will be calculated by rank ordering the portfolio cost and measuring the difference between the 95th percentile and the expected power cost outcome.

These metrics will be reviewed when making price-driven or opportunistic hedging decisions to ensure that the transactions are consistent with the goals of the Energy Risk Hedging Strategy. These metrics will be updated and reported by TEA to RCEA on a monthly basis.

Reporting Requirements

The reports that are required to manage the hedge program and to ensure its success are listed in Section 7 of the ~~ERMP~~Risk Policy.

Appendix E: ACKNOWLEDGMENT OF ENERGY RISK MANAGEMENT POLICY

I, (print name and title of RCEA employee)

_____

hereby attest that I:

- Have read RCEA's Energy Risk Management Policy
- Understand the terms and agreements of said Policy
- Will comply with said Policy
- Understand that any violation of said Policy shall be subject to employee discipline up to and including termination of employment.

_____ _____

Employee signature **Date**

This form is to be completed and signed ~~annually~~at time of hire and upon any Policy revision by any RCEA employee participating in any activity or transaction within the scope of RCEA's Energy Risk Management Policy.

REDWOOD COAST EnergyAuthority

STAFF REPORT
Agenda Item # 4.6

AGENDA DATE:	December 15, 2022
TO:	Community Advisory Committee
PREPARED BY:	Aisha Cissna, Regulatory and Legislative Policy Manager
SUBJECT:	Legislative Quarterly Report and Draft 2023 Policy Platform

BACKGROUND

On March 24, 2022, the RCEA Board of Directors adopted the RCEA 2022 Policy Platform (Platform).

The purpose of the Platform is to deliver on RCEA's RePower Humboldt goals and maintain the operation of its various programs. RCEA regularly tracks policy developments in both the regulatory and legislative space to fulfill these goals.

Previously, RCEA needed Board authorization to adopt a position on any given piece of legislation. Seeking authorization on a case-by-case basis was more time-consuming, but necessary because the frequency of RCEA Board meetings typically does not align with the pace of the legislative process. The ultimate purpose of establishing the Platform is to implement a more efficient and structured advocacy approach akin to what other Community Choice Aggregators (CCAs) have in place. The Platform allows RCEA to be nimbler in adopting positions on legislative matters in a timely manner without full Board approval if the position is aligned with the Board-approved priorities. This Platform also helps inform RCEA's regulatory activities to ensure staff engagement aligns with the Board's priorities and RCEA's goals. As noted in the Platform, staff is authorized to engage in regulatory matters in a manner consistent with RCEA's mission and the policy platform under the Executive Director's authority and without Board review.

The 2022 Policy Platform and Draft 2023 Policy Platform support the following overarching policy priorities:

- To maintain local control for the purpose of preserving the ability to self-procure its power resources, and to self-determine rates and the energy programs RCEA offers to its residents, businesses, and communities it serves, through the mechanisms of local governance,
- To provide lower and more stable rates for RCEA customers,
- To provide greater economic benefits to the local community,
- To have maximum flexibility to utilize and develop local resources in the most economically efficient manner possible and with a high degree of local control,
- To maintain the financial stability of CCA operations, and

- To maintain an efficient, transparent governance structure and operations.

To keep the Board abreast of RCEA advocacy activities, a quarterly report is provided summarizing legislative engagement.

Additionally, the Platform will be brought to the RCEA Board of Directors each December for their annual review. This is an opportunity for the Board to suggest revisions to RCEA's policy priorities.

RCEA staff engaged with the Community Advisory Committee on the Draft 2023 Policy Platform to receive input that can be considered by the Board during the December 2022 meeting.

SUMMARY

There is no legislative activity to report as the legislature has been in recess. The legislative session will resume in January 2023.

Following internal discussion and engagement with the Community Advisory Committee meeting in November 2022, staff recommend two revisions to the Platform which are included as redlines in the attached document.

The first change is to item 3(a), the Resource Adequacy section. In the 2022 Policy Platform, the language indicates that "RCEA will support the efforts of CalCCA to create a central procurement entity for residual Resource Adequacy needs."

Staff proposes amending this language to read, "RCEA will support the efforts of CalCCA to reform the Resource Adequacy program."

The reason for this change is that CalCCA previously advocated for a single entity that would procure Resource Adequacy products to fill any gaps left over after Load Serving Entities had completed their Resource Adequacy procurement, should there be a shortfall in their procurement. CalCCA is currently re-examining numerous models to improve the California Public Utilities Commission Resource Adequacy program. While a central procurement entity is still an option on the table, several other solutions are being deliberated.

The second change is the addition of a new issue area, "Climate Action." This item was added to further and more explicitly align the Platform with the RePower Plan which has several strategies pertaining directly to climate mitigation and adaptation planning.

While not reflected in this year's proposed revisions, the CAC indicated that the Platform focuses heavily on "local control" and encouraged further review of the Platform to ensure that strategies focusing on local control are not inadvertently presenting opposition to policies that are otherwise aligned with RCEA's Mission and Platform objectives. Staff will bring this topic to the Board for consideration at a future meeting.

ALIGNMENT WITH RCEA'S STRATEGIC PLAN

The Platform was developed to allow RCEA to efficiently engage in regulatory and legislative development that will support RCEA's ability to implement strategies in RePower Humboldt and achieve the objectives articulated in RCEA's Mission Statement.

EQUITY IMPACTS

The Platform contains a section on “Environmental Justice” which includes “engag[ing] in policy that directly or indirectly impact the ability of rural, low-income, and underserved communities in the RCEA service territory to have affordable, reliable and clean energy.”

This section also includes support for policies that “strengthen the resilience of vulnerable communities to adapt to the impacts of climate change” and “enable all communities […] to participate in the decarbonization of the state’s electrical grid, building stock, and the transportation sector in a cost-effective manner”

FINANCIAL IMPACT

None

STAFF RECOMMENDATIONS

Adopt the proposed RCEA 2023 Policy Platform.

ATTACHMENT

- Redwood Coast Energy Authority Draft 2023 Policy Platform, showing the proposed revisions to the 2022 Policy Platform adopted by the Board.

REDWOOD COAST ENERGY AUTHORITY
~~2022~~ 2023 POLICY PLATFORM

INTRODUCTION

Redwood Coast Energy Authority ("RCEA") is a joint-powers authority of the cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Rio Dell, Trinidad, County of Humboldt, and the Humboldt Bay Municipal Water District. The mission of RCEA is to develop and implement sustainable energy initiatives which reduce energy demand, increase energy efficiency, and advance the use of clean, efficient, and renewable resources available in the region for the benefit of the Member agencies and their constituents.

This Policy Platform serves as a guide for regulatory and legislative engagement which is based on principles set forth in RCEA's RePower Humboldt strategic plan. To review RCEA's strategic plan, please see https://redwoodenergy.org/wp-content/uploads/2020/06/RePower-2019-Update-FINAL-.pdf

This platform will be brought to the RCEA Board on an annual basis for review and input.

AVENUES AND EXAMPLES OF ADVOCACY

Legislation and regulation are two distinct, but related, policy tools. Legislation sets principles of public policy, while regulation implements these principles and brings legislation into effect.

Examples of RCEA legislative advocacy include submitting letters in support or opposition of specific bills, as well as meeting with legislators in the California State Senate, the California State Assembly, U.S. House of Representatives, and U.S. Senate.

Most of RCEA's regulatory engagement takes place through the California Public Utilities Commission ("CPUC"), the primary State agency responsible for executing legislation and issuing regulations pertinent to Community Choice Aggregation ("CCA") operations. However, RCEA's operations are also impacted by other state and federal agencies including but not limited to the California Energy Commission, the California Air Resources Board, the Federal Energy Regulatory Commission, and the federal Bureau of Ocean Energy Management. Each of these agencies develop and implement regulations that are of interest to RCEA. Examples of advocacy in this sphere include meeting with agency staff, agency decision-makers, and submitting comments in response to regulations.

PROCEDURES

Regulatory Engagement: RCEA regulatory engagement at the CPUC and other agencies is conducted at the staff level under the authority of the Executive Director in a manner consistent with RCEA's mission, this policy platform, RCEA's strategic plan, and any applicable RCEA policies.

Legislative Advocacy: The RCEA Executive Director, or their designee, is authorized to adopt positions on legislative matters in a timely manner without Board approval if the position is aligned with the issue areas described below.

Prior to adopting a legislative position, the Executive Director shall confer with the Board Chair and Vice-Chair on the matter. If both the Chair and Vice-Chair concur that the position is consistent with the Legislative Platform and/or the mission of RCEA then the Executive Director may take the position.

To keep the Board apprised of advocacy activities, staff will notify the full Board of any legislative positions taken by RCEA and deliver a quarterly report to the Board summarizing legislative engagement. Furthermore, this platform will be brought to the Board for review and input on an annual basis.

While the platform attempts to address a full range of issues of interest to RCEA, it is not intended to limit RCEA's engagement in other issues that may impact RCEA in a positive or negative way. Issues not addressed in the platform will continue to be brought to the Board on a case-by-case basis.

ISSUE AREAS

1. Governance and Statutory Authority

RCEA will:

a. Oppose policies which limit the local decision-making authority of local governments or CCAs, including rate-setting authority and procurement of energy and capacity to serve their customers.
b. Oppose policies which limit RCEA's ability to effectively serve its customers.
c. Support efforts of CCAs to engage with their customers and promote transparency in their operations. Similarly, RCEA will oppose policies which restrict or limit these abilities.
d. Support policies which make it easier for other cities and counties to form a CCA, become members of RCEA or other CCAs, and oppose regulations and legislation which restricts which ability.

2. Restructuring the Electricity Utility Sector

RCEA will:

a. Support policies and advocate for reforms to the utility regulatory and business model to transform IOUs into entities that solely provide transmission and distribution services.

b. Support policies and advocate for reforms to the utility regulatory and business model to ensure Investor-Owned Utilities (IOUs) deliver greater benefits to ratepayers, increase safety and reliability, and reduce costs.
c. Support local governments' ability to form municipal electric utilities, including supporting legislation which expands opportunities for CCAs to become municipal electric utilities.
d. Advocate for greater collaboration to occur between CCAs, tribes, local governments, and incumbent IOUs, particularly in local planning efforts related to energy, EV charging, community resource centers, and customer programs.
e. Support efforts which result in IOUs providing meter data in real time to enable CCAs to better forecast and schedule load.

3. Resource Adequacy

RCEA will:

a. Support the efforts of CalCCA to reform the Resource Adequacy program. ~~create a central procurement entity for residual Resource Adequacy needs.~~
b. Advocate for and support efforts to remove barriers to demand response, microgrids and behind the meter resources to provide Resource Adequacy or other demand-reduction value.

4. Power Cost Indifference Adjustment (PCIA)

RCEA will:

a. Support CalCCA efforts to increase the transparency of IOU electricity contracts which provide the basis for Power Cost Indifference Adjustment (PCIA) charges which RCEA (and its customers) and other CCAs must pay.
b. Support efforts which create a pathway to wind down the PCIA.
c. Support policies which would bring stability to the PCIA and/or provide new mechanisms for CCAs to securitize PCIA charges.
d. Oppose policies which would increase or expand exit fees, including PCIA, on CCA customers.

5. Public Safety Power Shut-Offs (PSPS)

RCEA will:

a. Support policies which increase the notification and transparency requirements on IOUs as they implement a PSPS.
b. Support policies which create standards for PSPS implementation and penalties on IOUs which execute PSPS below those standards.
c. Support policies which create rules and procedures to ensure PSPS are implemented narrowly and only as absolutely necessary.
d. Support policies which require IOUs to notify impacted cities, counties, tribes, and CCAs of impending PSPS events.

6. COVID-19 Response

a. To the extent that it does not harm RCEA's financial health and standing, support regulatory policies, legislation, or budget appropriations to alleviate residential and commercial financial hardship caused by the COVID-19 pandemic that could disrupt electricity service to RCEA customers or restrict RCEA customers accessing clean energy opportunities. This could include, for example, assistance to avoid electric service disconnection or economic recovery funding for transportation electrification.

7. Community Resilience

RCEA will:

a. Advocate for and support funding for programs implemented by local governments and CCAs to increase community resilience to wildfires, PSPS events and other potential service disruptions.
b. Support policies which reduce barriers to microgrid development by CCAs and other local entities including tribes and local governments.
c. Support policies that expand the ability of non-IOU entities to develop microgrids (e.g., ensuring CCA access to ratepayer funds to develop microgrids).
d. Support policies which increase the development of community level resources and distributed energy resources which reduce the need for new transmission and distribution infrastructure.
e.

8. Climate Action

a. Support policies that increase resources for climate change adaptation and support initiatives that will strengthen climate adaptation efforts.
b. Support policies that increase resources for climate change mitigation and support initiatives that will strengthen climate change mitigation efforts.

9. Renewable Energy Generation Sources

RCEA will:

a. Support policies which expand opportunities for or reduce barriers to the development of renewable energy sources, including, but not limited to, wind, solar, bioenergy, battery storage, small hydro, and geothermal, as long as local development and siting criteria are consistent with city and county land use authority, other local and state regulatory requirements, and informed by input from tribal governments.
b. Support policies which expand opportunities for offshore wind, including investment in requisite infrastructure (e.g., harbor facilities and transmission) and workforce training necessary to support such development.
c. Oppose policies which require CCAs to purchase specific renewable energy products, thus limiting the ability of CCAs to meet local energy needs in a cost-effective manner and in conflict with their local procurement and rate setting authority.

10. Environmental Justice

RCEA will:

a. Engage in regulatory and legislative developments which directly or indirectly impact the

ability of rural, low-income, and underserved communities in the RCEA service territory to have affordable, reliable, and clean energy.

b. Support policies which strengthen the resilience of vulnerable communities to adapt to the impacts of climate change.
c. Support policies that enable all communities, including emerging and historically marginalized communities, and individuals, regardless of race, color, national origin, religion, sexual orientation, sex, gender identity, age, disability, or socioeconomic status, in California to participate in the decarbonization of the state's electrical grid, building stock, and the transportation sector in a cost-effective manner.

11. RCEA Programs

a. Protect RCEA autonomy to administer programs, and support policies that expand opportunities for or reduce barriers to the development of RCEA programs including but not limited to:
    i. Integrated demand side management (microgrids, distributed energy resources, demand response, energy efficiency, electrification, distributed generation and storage, vehicle-to-grid storage)
    ii. Low-carbon transportation (advanced fuel deployment, fuel efficiency, fueling infrastructure)
    iii. Energy generation and utility services (rates and tariffs, transmission and distribution infrastructure)

12. Local Economic Development and Environmental Objectives

RCEA will:

a. Support policies which enhance opportunities for local governments and CCAs to promote local economic and workforce development through locally designed programs which meet the unique needs of its member agencies and customers.
b. Support efforts to enhance development of local and regional sources of renewable energy.
c. Support policies which enable CCAs to collaborate with their member jurisdictions on local energy resources and projects to advance environmental objectives.

13. Direct Access/Electric Service Providers

RCEA will:

a. Oppose policies which expand direct access or the ability or economic incentives for electric service providers to selectively recruit CCA or IOU customers.

REDWOOD COAST EnergyAuthority

STAFF REPORT
Agenda Item # 6.1

AGENDA DATE:	December 15, 2022
TO:	Board of Directors
PREPARED BY:	Stephen Kullmann, DSM Director
SUBJECT:	Local Government Partnership Change Order

BACKGROUND

Since its inception as a Joint Powers Agency, RCEA has successfully partnered with PG&E to implement energy programs for Humboldt County ratepayers. RCEA's current PG&E-funded program is the Local Government Partnership (LGP) under the name Redwood Coast Energy Watch. As the name implies, the LGP is primarily meant to serve local government agencies including our member agencies, other public entities, Tribes, schools, emergency services, and others. RCEA also provides services to rural hard-to-reach commercial and residential customers through this program. This is known as a non-resource program, which means that energy savings are achieved through support activities such as assessments, planning activities, assisting with grants and financing applications, capacity building, project management, and referrals to resource programs instead of providing rebates or directly installing energy saving measures such as appliances and other equipment. The current contract began in July 2020 and continues through June 2023 with a three-year budget of $765,727.

SUMMARY

The elements for the proposed change order are to:

1. Extend the contract for an additional 2.5 years through December 2025 and align contract dates with the calendar year,
2. Increase the PG&E funding to RCEA by $1,000,000 for the 2.5-year period,
3. Allow for slight modifications in the manner Key Performance Indicators are measured and reported,
4. Discontinue services to the residential sector through this program.

This represents an average increase in LGP funding from $255,242 to $400,000 annually, which will allow RCEA to provide greater service to customers. Changes in the Key Performance Indicators will allow RCEA to focus more on service delivery rather than metric tracking. Residential non-resources service will be provided through the proposed RuralREN, pending approval.

ALIGNMENT WITH RCEA'S STRATEGIC PLAN

RCEA's Redwood Coast Energy Watch achieves many of the strategies identified in the RCEA Strategic Plan, particularly 2.1.1 Support Member Agency and Local Government Management, 2.1.2 Support Implementation of Codes and Standards, 2.1.3 Assist with Facility Benchmarking, and 2.1.4 Perform Energy Assessments.

EQUITY IMPACTS

The Redwood Coast Energy Watch program is designed to serve rural hard-to-reach customers in an equitable manner.

FINANCIAL IMPACT

This contract amendment has a positive financial impact on RCEA, with an additional $1,000,000 in program funding from PG&E over the course of 2.5 years.

STAFF RECOMMENDATION

Approve a Change Order to the PG&E Local Government Partnership Contract to extend the term through 2025, increase the budget by $1,000,000, and make minor revisions to the program design and authorize the Executive Director to execute all applicable documents after review and approval of RCEA General Counsel.

ATTACHMENTS

PG&E Local Government Partnership slides will be presented at the Board of Directors meeting.

REDWOOD COAST EnergyAuthority

STAFF REPORT
Agenda Item # 8.1

AGENDA DATE:	December 15, 2022
TO:	Board of Directors
FROM:	Matthew Marshall, Executive Director
SUBJECT:	Executive Director's Report

SUMMARY

Executive Director Matthew Marshall will provide updates on:

- Offshore wind auction results,
- Local interest in creating an electric distribution system cooperative,
- New and revised proposed decision on the Solar Net Energy Metering successor tariff, (customer billing rules), on which the CPUC is scheduled to vote on December 15, and
- Other topics as needed.

RECOMMENDED ACTION

None. (Information only.)