



BOARD OF DIRECTORS MEETING AGENDA

May 27, 2021 -Thursday, 3:30 p.m.

COVID-19 NOTICE

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

Pursuant to the Governor's Executive Order [N-29-20](#) of March 17, 2020, and the Humboldt County Health Officer's March 30, 2020, [Shelter-in-Place Order](#), 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 listen to the meeting by phone, call (669) 900-6833 or (253) 215-8782. Enter webinar ID: 819 7236 8051. **To watch the meeting online**, join the Zoom webinar at <https://us02web.zoom.us/j/81972368051>.

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

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

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

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

Pursuant to Government Code section 54957.5, all writings or documents relating to any item on this agenda which have been provided to a majority of the Board of Directors, including those received less than 72 hours prior to the RCEA Board meeting, will be made available to the public at www.redwoodenergy.org.

OPEN SESSION Call to Order

1. REPORTS FROM MEMBER ENTITIES

2. ORAL COMMUNICATIONS

This time is provided for people to address the Board on matters not on the agenda. At the conclusion of all oral communications, the Board may respond to statements. Any request that requires Board action will be set by the Board for a future agenda or referred to staff.

3. 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.

3.1 Approve Minutes of April 22, 2021, Board Meeting.

3.2 Approve Disbursements Report.

3.3 Accept Financial Reports.

3.4 Approve a Contract with The Energy Authority, Including Resource Management Agreement and 2021 Task Order 1 for Operational Services, and Authorize the Executive Director to Execute the Contract and Any Associated Documents.

3.5 Approve Professional Services Agreement with Don Arambula in an Amount Not to Exceed \$76,000 for Rural Regional Energy Network Business Plan Development and Authorize the Executive Director to Execute All Applicable Documents Pending RCEA Legal Counsel Review.

3.6 Authorize the Executive Director to Execute Amendment No. 3 to RCEA's Power Purchase Agreement with Humboldt Sawmill Company Clarifying Excess Delivered Energy Price Applicability, Crediting and Accounting.

3.7 Accept RCEA Supplier Diversity Report.

4. REMOVED FROM CONSENT CALENDAR ITEMS

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

COMMUNITY CHOICE ENERGY (CCE) BUSINESS (Confirm CCE Quorum)

Items under this section of the agenda relate to CCE-specific business matters that fall under RCEA's CCE voting provisions, with only CCE-participating jurisdictions voting on these matters with weighted voting as established in the RCEA joint powers agreement.

5. OLD CCE BUSINESS - None

6. NEW CCE BUSINESS

6.1. Net Energy Metering Legislation Update

Discuss and potentially establish an RCEA position on Assembly Bill 1139.

END OF COMMUNITY CHOICE ENERGY (CCE) BUSINESS

7. OLD BUSINESS

- 7.1. Community Grid Program and Behind-the-Meter Resource Adequacy Contract with Swell Energy

Approve the Behind the Retail Meter Storage Capacity Agreement and Co-Marketing Agreement with Swell Energy and authorize the Executive Director to execute all associated documents, contingent on final review and approval by RCEA legal counsel.

8. NEW BUSINESS

- 8.1. Creation of Deputy Executive Director Position and Updates to RCEA Organization Chart

Approve:

1. Creation of a Deputy Executive Director position
2. Update to the RCEA Organization Chart
3. Revising the Director of Operations position to Director of Infrastructure Planning and Operations
4. Revising the Contracts and Grants Specialist position to Contracts and Grants Manager.

- 8.2 Salary Schedule Update

Approve 1) update to the RCEA salary schedule and 2) the addition of César Chávez Day and two floating holidays to the paid holidays provided to RCEA staff..

- 8.3 FY 21-22 Preliminary Draft Budget

Provide guidance and input to staff on draft FY21-22 budget.

- 8.4 Offshore Wind Energy Harbor Redevelopment

Approve providing funding to the Humboldt Bay Harbor District to plan and seek funding for the redevelopment of harbor infrastructure necessary for future offshore wind energy development activities.

9. STAFF REPORTS

10. FUTURE AGENDA ITEMS

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

11. ADJOURNMENT

NEXT REGULAR MEETING

Thursday, June 24, 2021, 3:30 p.m.

This meeting will be an online teleconference following shelter-in-place orders.



BOARD OF DIRECTORS MEETING DRAFT MINUTES

April 22, 2021 - Thursday, 3:30 p.m.

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

PRESENT: Vice Chair Stephen Avis, Rex Bohn, Leslie Castellano, Chris Curran, David Grover, Mike Johnson, Sarah Schaefer, Frank Wilson, Chair Sheri Woo. ABSENT: Scott Bauer, Mike Losey, Mike Wilson. STAFF AND OTHERS PRESENT: Power Resources Director Richard Engel; TEA Client Services Manager Jaclyn Harr; Executive Director Matthew Marshall; Community Strategies Manager Nancy Stephenson; Clerk of the Board Lori Taketa.

REPORTS FROM MEMBER ENTITIES

Director Grover reported that Trinidad is planning a solar array installation on their Town Hall and is creating a Water Advisory Committee.

Vice Chair Avis reported that Ferndale is anticipating cost savings from a planned solar installation with battery back up at their wastewater treatment plant. Solar will also be installed at the Ferndale police station.

Chair Woo thanked staff for creating an Earth Day coloring book, which is accessible from the RCEA homepage.

ORAL COMMUNICATIONS

Written comment was submitted by April Walton, in support of solar energy but in opposition to the Hatchery Road solar development's location.

Member of the public Ken Miller submitted written comment in support of networked Widespread Distributed Solar and microgrids.

No member of the public in attendance at the meeting commented. Chair Woo closed the public comment period.

CONSENT CALENDAR

3.1 Approve Minutes of March 25, 2021, Board Meeting.

3.2 Approve Disbursements Report.

3.3 Accept Financial Reports.

3.4 Authorize the Executive Director to Execute, After Final Review and Approval by RCEA Legal Counsel, a Memorandum of Understanding Between RCEA and the Association of Monterey Bay Area Governments, the High Sierra Energy Foundation, the County of Kern, the San Joaquin Valley Clean Energy Organization, the County of San Luis Obispo, the Sierra Business Council, and the County of Ventura for the Development of the Rural Regional Energy Network.

3.5 Receive Biennial Salary Survey Report.

3.6 Approve Amendment No. 1 to the Contract for Legal Services with the Law Offices of Nancy Diamond and Authorize the RCEA Board Chair to Execute the Amendment and Any Associated Documents.

Chair Woo invited public comment. No member of the public asked to speak. Chair Woo closed the public comment period.

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

The motion passed with a unanimous roll call vote. Ayes: Avis, Bohn, Castellano, Curran, Grover, Johnson, Schaefer, F. Wilson, Woo. Noes: None. Abstain: None.

OLD BUSINESS

5.1. Amendment to Power Purchase Agreement with Humboldt Sawmill Company

Chair Woo recused herself at 3:39 p.m. due to a remote conflict of interest. Director Woo is employed by SHN Engineers and Geologists, which performs work for Humboldt Sawmill Company, and is an SHN shareholder. Director Woo does not supervise any employees working with Humboldt Sawmill Company and her interest in the Humboldt Sawmill Company power purchase agreement is remote. Director Frank Wilson also recused himself at 3:40 p.m. due to a conflict of interest. He is employed by Humboldt Redwood Company, which is associated with Humboldt Sawmill Company. He stated that he has no control of the company's finances.

Power Resources Director Richard Engel reported on the proposed 10-year contract extension with Humboldt Sawmill Company (HSC) which was negotiated to ensure that the CCE program remains in compliance with SB 350 long-term renewable power procurement contract requirements despite fluctuations in hydropower sources and actual Sandrini Solar Project construction completion dates. HSC power prices have been negotiated down to market levels and include prices for energy, renewable energy certificates and resource adequacy, which is increasingly expensive. Offshore wind cannot help with the compliance period that the HSC contract would help fulfil. The proposed contract would, at maximum energy procurement, supply roughly 70% of the energy produced by both HSC and DG Fairhaven, when that plant was in operation.

The directors discussed how offshore wind's resource adequacy values remain unknown; how HSC made plant improvements that lessened emissions during previous, higher priced contract periods; the Community Advisory Committee's work with RCEA Consultant Michael Furniss on examining the agency's role in developing alternative biomass uses; on biomass' higher resource adequacy values compared to those of solar due to solar energy's daily production fluctuation; how RCEA's Board directed staff to encourage construction of energy generating sources and to procure energy locally; and how sawmills must dispose of waste or risk shutting down.

Vice Chair Avis invited public comment.

Member of the public Daniel Chandler opposed a 10-year contract with Humboldt Sawmill Company due to biomass energy's contribution to global warming, stating that local energy is only better if it does not contribute to the climate emergency.

Nancy Ihara expressed opposition to a 10-year contract extension with Humboldt Sawmill Company due to greenhouse gas and toxic emission concerns, the lack of time to wait for carbon cycle completion, and the inefficiency of biomass energy generation. Ms. Ihara requested that RCEA lead the exploration of alternate biomass uses.

Member of the public Martha Walden opposed the 10-year Humboldt Sawmill Company contract due to climate concerns and requested the decision be delayed to allow more research into alternatives. Ms. Walden stated that so long as the mill is being paid to burn its waste there is no incentive to find alternative mill waste uses.

Dr. Wendy Ring opposed the contract, stating that the Biden administration committed to halve greenhouse gas emissions in the next decade but that RCEA is voting to increase emissions by subsidizing an obsolete, dirty power source. If biomass costs more than cleaner energy, then Dr. Ring requested the funds be used to purchase clean energy instead, even if RCEA must shop outside of Humboldt County to meet SB 350 requirements.

Vice Chair Avis closed the public comment period. After discussion and amendment, the following motion was made and adopted.

M/S: Castellano, Bohn: Authorize the Executive Director to execute Amendment No. 2 to RCEA's power purchase agreement with Humboldt Sawmill Company and direct staff to periodically review the contract with Humboldt Sawmill Company, assessing current alternate biomass uses and other environmental considerations.

The motion passed with the following roll call vote. Ayes: Avis, Bohn, Castellano, Curran, Grover, Johnson, Schaefer. Noes: None. Abstain: None. Recused: F. Wilson, Woo.

Chair Woo and Director F. Wilson rejoined the meeting at 4:53 p.m.

OLD CCE BUSINESS

7.1. Energy Risk Management Quarterly Report

The Energy Authority Client Services Manager Jaclyn Harr described factors projected to cause CCE program revenue fluctuations in the next two years: PG&E rate increases and decreases, Power Charge Indifference Adjustment (PCIA) or exit fee decreases, and the dramatic rise in California energy costs influenced by extreme high prices during last summer's heat events. TEA's net revenue forecasts for RCEA's CCE program are -\$2.8 million in 2021, almost \$2 million in 2022, and -\$3.12 million in 2023. TEA advises fiscal conservatism.

The Diablo Canyon nuclear power facility and gas-powered plant retirements are driving new CPUC-proposed Integrated Resource Plan energy generation resource procurement requirements for roughly 1/6 of California's generation capacity. The CPUC is beginning to emphasize geothermal and long-duration storage procurement requirements to counteract a reliance on solar and wind energy and short-duration storage, which may cause grid constraints. This addresses the question, "What is powering the grid overnight?"

The directors confirmed that RCEA continues to build reserves at a moderate rate, and that the construction and operation of key projects with which RCEA has long-term power procurement agreements, such as the Sandrini Solar Project in Kern County, will help stabilize some currently volatile factors. CalCCA is leading legislative efforts to correct PCIA calculation methods which currently benefit investor-owned utilities. The long-term forecast is that the PCIA will diminish.

No member of the public responded to Chair Woo's invitation for comment. Chair Woo closed the public comment period.

M/S: Castellano, Grover: Accept quarterly Energy Risk Management Report.

The motion passed with the following roll call vote. Ayes: Avis, Bohn, Castellano, Curran, Grover, Johnson, F. Wilson. Noes: None. Abstain: None. Absent: Schaefer. Non-Voting: Woo.

STAFF REPORTS

9.1. Staff report by Executive Director Matthew Marshall on offshore wind related activities.

Executive Director Marshall reported that California offshore wind lease auctions will likely take place at the end of 2021 or beginning of 2022 after a long delay due to Department of Defense issues on California's Central Coast. The leases will allow developers to begin site assessment activity but not construction. The current White House administration convened a round table discussion on offshore wind energy with industry, local government, and labor union representatives with the Secretaries of the Interior, Transportation, Commerce and Energy. CEC Commissioner Karen Douglas and Executive Director Marshall represented California. RCEA's Board Offshore Wind Subcommittee will meet next week.

Chair Woo adjourned the meeting at 5:23 p.m.

Lori Taketa

Clerk of the Board

Redwood Coast Energy Authority

Disbursements Report

As of March 31, 2021

Type	Date	Num	Name	Memo	Amount
Liability Check	03/08/2021	ACH	Newport Group	Deferred compensation contributions	-11,246.26
Bill Pmt -Check	03/10/2021	11599	Aiqueous, LLC	Professional Services - Programs	-4,657.50
Bill Pmt -Check	03/10/2021	11600	Bithell, M.	Purchase reimbursement - postage	-9.55
Bill Pmt -Check	03/10/2021	11601	Central Coast Community Energy	Cost-sharing for CC Power legal evices	-3,501.86
Bill Pmt -Check	03/10/2021	11602	City of Arcata	January Utility User Tax	-8,324.48
Bill Pmt -Check	03/10/2021	11603	City of Eureka-Water	Water service, 1/26-2/23/21	-81.76
Bill Pmt -Check	03/10/2021	11604	City of Trinidad	City Staff Time & Expenses for MicroGrant	-2,159.38
Bill Pmt -Check	03/10/2021	11605	Colonial Life	Colonial Life Premiums February 2021	-499.90
Bill Pmt -Check	03/10/2021	11606	Diamond, Nancy	Legal services - February	-13,584.70
Bill Pmt -Check	03/10/2021	11607	Donald Dame	Professional Services - CCA Feb 2021	-350.00
Bill Pmt -Check	03/10/2021	11608	Environmental Indicator Accounting Svcs.	Professional Services - Programs	-7,787.50
Bill Pmt -Check	03/10/2021	11609	Frontier Energy, Inc.	Professional Services - Programs	-1,539.50
Bill Pmt -Check	03/10/2021	11610	HireRight	Background Check: new hires	-100.56
Bill Pmt -Check	03/10/2021	11611	North Coast Cleaning	February monthly cleaning service	-210.00
Bill Pmt -Check	03/10/2021	11612	North Coast Journal	The Community Report	-2,750.00
Bill Pmt -Check	03/10/2021	11613	PG&E EV Account	EV stations February	-402.71
Bill Pmt -Check	03/10/2021	11614	PG&E Utility Account	1/23-2/22/21 Office utilities	-864.24
Bill Pmt -Check	03/10/2021	11615	Ray Morgan Company	Printer Charges: 02/06-03/05/21	-36.45
Bill Pmt -Check	03/10/2021	11616	Shred Aware	Shredding services - February	-65.00
Bill Pmt -Check	03/10/2021	11617	Suddenlink Communications	Phone & Internet access - February	-1,098.78
Bill Pmt -Check	03/10/2021	11618	VISA	Feb statement 1/22-2/19/21	-1,598.55
Bill Pmt -Check	03/10/2021	11619	City of Arcata	January Excessive Energy Use Tax	-4,657.42
Bill Pmt -Check	03/10/2021	11620	City of Arcata	February Utility User Tax	-7,618.41
Bill Pmt -Check	03/10/2021	11621	City of Arcata	February Excessive Energy Use Tax	-4,342.40
Bill Pmt -Check	03/10/2021	11622	County of Humboldt- Building Dept.	Airport Microgird building permits	-36,714.00
Paycheck	03/10/2021	ACH	Employees	Payroll, 3/10	-50,047.60
Liability Check	03/11/2021	E-pay	EDD	Taxes	-4,117.16
Liability Check	03/11/2021	E-pay	Internal Revenue Service	Taxes	-20,105.78
Liability Check	03/11/2021	E-pay	EDD	Taxes	-130.19
Liability Check	03/24/2021	ACH	Newport Group	Deferred compensation contributions	-12,607.11
Liability Check	03/24/2021	E-pay	EDD	Taxes	-4,679.84
Liability Check	03/24/2021	E-pay	Internal Revenue Service	Taxes	0.00
Liability Check	03/24/2021	E-pay	EDD	Taxes	-142.13
Liability Check	03/24/2021	E-pay	Internal Revenue Service	Taxes	0.00
Liability Check	03/24/2021	E-pay	Internal Revenue Service	Taxes	-22,674.86
Bill Pmt -Check	03/25/2021	ACH	CA Community Power	Share of joint procurement general op & staff costs.	-18,359.52
Bill Pmt -Check	03/25/2021	ACH	CalPine Corporation	Calpine February 2021	-73,587.35
Bill Pmt -Check	03/25/2021	ACH	Humboldt Redwood Company	Humboldt Redwood Co. February 2021	-429,923.99
Bill Pmt -Check	03/25/2021	ACH	Snow Mountain Hydro, LLC	Cove Hydro - February 2021	-37,088.01
Bill Pmt -Check	03/25/2021	ACH	Keenan	Anthem Medical Insurance April 2021	-22,798.45
Check	03/25/2021	11623 - 26	NEM Customers	NEM Closeout Payments	-247.34
Check	03/25/2021	11627	Misprint	VOID	0.00
Liability Check	03/25/2021	11628	Umpqua Bank	Health Savings Acct contributions	-155.16
Bill Pmt -Check	03/25/2021	11629	Ameritas - Dental	Insurance Premium April 2021	-1,514.58
Bill Pmt -Check	03/25/2021	11630	Ameritas - Vision	Insurance Premium April 2021	-318.72
Bill Pmt -Check	03/25/2021	11631	Bithell, M.	Mileage reimbursement - March 2021	-82.80
Bill Pmt -Check	03/25/2021	11632	Braun Blaising Smith Wynne	Legal Services - Regulatory - February	-4,600.78
Bill Pmt -Check	03/25/2021	11633	Developed Employment Services, LLC.	Facilities maintenance work	-51.26
Bill Pmt -Check	03/25/2021	11634	Eureka City Schools	Technical Assistance Funding	-5,162.50
Bill Pmt -Check	03/25/2021	11635	FedEx	ResKit shipping	-65.09
Bill Pmt -Check	03/25/2021	11636	Fischer, A.	Educational Reimbursement	-3,432.00
Bill Pmt -Check	03/25/2021	11637	Humboldt Fisherman Marketing Association	Grant funding for offshore wind planning	-20,000.00

Redwood Coast Energy Authority
Disbursements Report
As of March 31, 2021

Type	Date	Num	Name	Memo	Amount
Bill Pmt -Check	03/25/2021	11638	NYLEX.net, Inc.	Onsite network support services - March	-3,200.00
Bill Pmt -Check	03/25/2021	11639	Owen, P.	Purchase reimbursement: handbook webinar	-30.00
Bill Pmt -Check	03/25/2021	11640	PG&E CCA	February CCE Charges	-22,202.88
Bill Pmt -Check	03/25/2021	11641	Recology	Feb garbage service	-91.71
Bill Pmt -Check	03/25/2021	11642	Silicon Valley Clean Energy	Share of CC Power legal fees	-5,046.64
Bill Pmt -Check	03/25/2021	11643	Times Printing Company	Misc. printing costs	-1,326.64
Bill Pmt -Check	03/25/2021	11644	Verizon Wireless	February wireless services	-1,761.11
Bill Pmt -Check	03/25/2021	11645	Wells Fargo	Bank fee per executed escrow agreement	-5,000.00
Bill Pmt -Check	03/25/2021	11646	Winzler, John	Office Lease - April	-6,512.00
Bill Pmt -Check	03/25/2021	11647	WREGIS	Retired RECs	-0.04
Bill Pmt -Check	03/25/2021	11648	Colonial Life	Colonial Life Premiums March 2021	-499.90
Paycheck	03/25/2021	ACH	Employees	Payroll, 3/15	-55,355.79
TOTAL					<u>-947,119.84</u>

Redwood Coast Energy Authority
Profit & Loss Budget vs. Actual
July 2020 through March 2021

	<u>Jul '20 - Mar 21</u>	<u>Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense			
Income			
5 REVENUE EARNED			
Total 5000 · Revenue - government agencies	77,420.00	737,317.00	10.5%
Total 5100 · Revenue - program related sales	9,748.58	9,000.00	108.32%
Total 5400 · Revenue-nongovernment agencies	655,664.24	1,556,600.00	42.12%
Total 5500 · Revenue - Electricity Sales	36,157,943.27	41,763,500.00	86.58%
Total 5 REVENUE EARNED	36,900,776.09	44,066,417.00	83.74%
Total Income	36,900,776.09	44,066,417.00	83.74%
Gross Profit	36,900,776.09	44,066,417.00	83.74%
Expense			
Total 6 WHOLESALE POWER SUPPLY	30,537,059.73	36,074,000.00	84.65%
Total 7 PERSONNEL EXPENSES	1,897,525.39	2,838,644.00	66.85%
Total 8.1 FACILITIES AND OPERATIONS	842,416.14	6,606,484.00	12.75%
Total 8.2 COMMUNICATIONS AND OUTREACH	54,881.89	114,000.00	48.14%
Total 8.3 TRAVEL AND MEETINGS	661.55	18,450.00	3.59%
8.4 PROFESSIONAL & PROGRAM SRVS			
8400 · Regulatory	138,803.93	200,000.00	69.4%
8410 · Contracts - Program Related Ser	216,921.64	326,000.00	66.54%
8420 · Accounting	19,280.00	75,000.00	25.71%
8430 · Legal	121,872.65	125,000.00	97.5%
8450 · Wholesale Services - TEA	463,039.83	620,500.00	74.62%
8460 · Procurement Credit - TEA	518,650.17	650,500.00	79.73%
8470 · Data Management - Calpine	662,065.35	913,450.00	72.48%
Total 8.4 PROFESSIONAL & PROGRAM SRVS	2,140,633.57	2,910,450.00	73.55%
Total 8.5 PROGRAM EXPENSES	450,219.85	627,550.00	71.74%
Total 8.6 INCENTIVES & REBATES	39,258.17	601,000.00	6.53%
Total 9 NON OPERATING COSTS	42,997.59	35,500.00	121.12%
Total Expense	36,005,653.88	49,826,078.00	72.26%
Net Ordinary Income	895,122.21	-5,759,661.00	-15.54%
Net Other Income	0.00	6,000,000.00	0.0%
Net Income	<u>895,122.21</u>	<u>240,339.00</u>	<u>372.44%</u>

Redwood Coast Energy Authority
Balance Sheet
As of March 31, 2021

	<u>Mar 31, 21</u>
ASSETS	
Current Assets	
Checking/Savings	
1010 · Petty Cash	493.22
1050 · GRANTS & DONATIONS 3840	15,204.58
1060 · Umpqua Checking Acct 0560	1,973,349.35
1071 · Umpqua Deposit Cntrol Acct 8215	9,610,194.89
1075 · Umpqua Reserve Account 2300	2,000,000.00
8413 · COUNTY TREASURY 3839	5,065.52
Total Checking/Savings	<u>13,604,307.56</u>
Total Accounts Receivable	289,079.23
Other Current Assets	
1101 · Allowance for Doubtful Accounts	-1,194,717.64
1103 · Accounts Receivable-Other	8,750,478.50
1120 · Inventory Asset	21,715.00
1202 · Prepaid Expenses	-11,479.59
1205 · Prepaid Insurance	-46,160.38
1210 · Retentions Receivable	1,001.00
1499 · Undeposited Funds	13,377.00
Total Other Current Assets	<u>7,534,213.89</u>
Total Current Assets	21,427,600.68
Total Fixed Assets	151,725.39
Other Assets	
1700 · Retained Deposits	2,071,380.00
Total Other Assets	<u>2,071,380.00</u>
TOTAL ASSETS	<u><u>23,650,706.07</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	9,712,570.15
Total Accounts Payable	<u>9,712,570.15</u>
Total Credit Cards	2,842.75
Other Current Liabilities	
2013 · Unearned Revenue - PA 2020-2023	1,636,490.50
Total 2100 · Payroll Liabilities	<u>209,234.89</u>
Total Other Current Liabilities	<u>1,845,725.39</u>
Total Current Liabilities	<u>11,561,138.29</u>
Total Liabilities	11,561,138.29
Equity	
2320 · Investment in Capital Assets	151,725.38
3900 · Fund Balance	11,053,225.03
Net Income	884,617.37
Total Equity	<u>12,089,567.78</u>
TOTAL LIABILITIES & EQUITY	<u><u>23,650,706.07</u></u>



STAFF REPORT
Agenda Item # 3.4

AGENDA DATE:	May 20, 2021
TO:	Board of Directors
PREPARED BY:	Lori Biondini, Director of Business Planning and Finance
SUBJECT:	TEA Operational Services Contract Renewal

In 2016 RCEA solicited and selected a proposal from a team to provide services related to Community Choice Aggregation program development, launch and operations for the duration of the initial launch period of five years. Contracts for services with this team, including The Energy Authority (TEA) and Calpine Energy Solutions, LLC (Calpine) had initial terms ending on April 1, 2021. Staff negotiated a new contract with Calpine which the Board approved in March 2021.

The contact with TEA was structured to automatically renew on April 1, 2021, however in late 2020, RCEA and TEA staff discussed various desired changes that would better serve RCEA during this next period of CCA operations. The discussions have continued since then, and upon General Counsel Nancy Diamond's suggestion, RCEA and TEA staff agreed to prepare a new Resource Management Agreement (RMA) rather than amending the existing agreement. Although this entailed additional work, the result is a cleaner set of complete documents rather than an amendment attempting to address numerous elements. Specifically:

- The effective date of the RMA and 2021 Task Order 1 is April 1, 2021, to coincide with the previous agreement and each has a three-year term.
- RCEA's security, indemnity, and non-discrimination requirements are updated.
- References to the launch-phase services, launch-phase team, and conditions precedent applicable to the launch phase are removed.

The scope of work is organized under "2021 Task Order 1" to differentiate it from the previous task orders under the original RMA. Task Order 1 includes the ongoing core services that TEA provides with some changes to specific services and pricing.

- The scope of work accurately reflects current practices if they differed from what was proposed in the previous agreement (e.g., TEA leads monthly, rather than quarterly, Risk Management Meetings).
- References to the launch-phase services and other members of the launch-phase consultant team are removed.
- New compliance requirements are added.

- The monthly operational service fee is increased by about 13% to account for managing RCEA's additional resources that have come on-line, and pricing for additional resources as they come on-line in the future is established.
- The Credit Solution Fees are changed from a flat fee to a fee-structure based on RCEA's average cash balance, which may be a yearly savings of approximately \$70,000 based on recent financial performance. The Credit Solution Fees are eliminated if RCEA achieves an investment grade credit rating.

TEA provides key technical services for the operation of several CCAs and public utilities and has industry expertise as well as institutional knowledge that make them uniquely qualified to continue to be an important part of the RCEA team.

FINANCIAL IMPACTS

The costs of services performed by TEA continue to be fully covered by electricity sales revenue. These costs appear under the "Professional and Program Services" line item in the RCEA Budget. Some costs are scaled by customer participation and energy-sales volumes and may vary from projections, but the total value of the contract is approximately \$3.7 million over the 3-year term.

RECOMMENDED ACTION:

Approve a contract with The Energy Authority, including Resource Management Agreement and 2021 Task Order 1 for Operational Services, and authorize the Executive Director to execute the contract and any associated documents.

ATTACHMENT:

1. Summary of Material Agreed to Terms (May 27, 2021), Resource Management Agreement and Task Order 1

SUMMARY OF MATERIAL AGREED TO TERMS
(MAY 27, 2021)

**RESOURCE MANAGEMENT AGREEMENT
AND TASK ORDER 1**

**To Provide Operational Services
To
Redwood Coast Energy Authority**

Between:

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

1. Agreement Structure.

- Overview. The Resource Management Agreement (“Agreement”) is the primary Agreement which outlines the contractual terms and conditions between the Parties. As part of the Agreement, Task Order 1 contains the scope of operational services being provided by TEA to RCEA.
- Operational Services. Under Task Order 1, TEA will provide a full range of energy marketing and operational services to RCEA, as follows:
 - (1) Power Purchases. TEA shall provide trading services on behalf of RCEA, including but not limited to, transactions with third parties or with the California Independent System Operator (“CAISO”) for electricity products, including energy, resource adequacy capacity, ancillary services and environmental attributes. RCEA will transact with TEA for all of its wholesale power requirements, except when (i) electricity products procured from specific generators, (ii) generation located in Humboldt County, and (iii) long-term power purchase agreements, capacity contracts or energy service agreements from renewable generators, demand response resources, and/or storage resources, which the Parties agree shall be procured directly by RCEA.
 - (2) Policies. TEA shall work with RCEA to maintain prudent power procurement policies, risk management policies, credit policies, and long-term hedging guidelines.
 - (3) Compliance. On behalf of RCEA, TEA will prepare and submit compliance filings to the California Public Utilities Commission, the California Energy Commission, the California Air Resources Board, and other required filings. TEA will monitor regulatory and compliance obligations and requirements associated with operating in the CAISO market.

- (4) Program Administration. TEA will work with RCEA regarding program development, perform monthly settlement, and support accounting, audits, and overall RCEA operations.
- (5) Scheduling Coordinator Services. TEA shall be the Scheduling Coordinator in the CAISO market on RCEA's behalf and shall provide a comprehensive suite of Scheduling Coordinator and related services to fulfill the requirements of scheduling coordinator, as follows:
- Maintain credit facilities with CAISO.
 - Provide daily forecast of RCEA hourly loads.
 - Submit demand and supply bids to day ahead market..
 - Register and maintain commercial model and resource adequacy.
 - Settlement validation and allocation of costs.
 - Congestion revenue rights bid strategy development and implementation.
 - CAISO market monitoring.
 - Perform additional tasks, such as e-tags, as necessary.
- (6) Long-term Power Procurement. Consistent with RCEA's renewable and greenhouse gas goals, its Integrated Resource Plan and hedging strategies, TEA shall assist RCEA with (i) issuing RFPs for power supplies, (ii) evaluating bids and developing short-lists, and (iii) negotiating the business terms of agreements for long term power with the prevailing candidates.
- (7) Financial and Risk Analysis. TEA shall maintain a financial model for RCEA that will form the basis for a variety of applications including, but not limited to, annual budgeting and financial planning, ongoing risk analysis.
- (8) Risk Management. TEA shall assist RCEA in maintaining a formal framework for performing continual risk management that will be memorialized through an RCEA Board of Directors-approved risk management policy. TEA shall also assist RCEA in drafting risk reporting requirements and be available on a monthly basis for a meeting with members of RCEA's Risk Management Team.
- (9) Integrated Resource Plan. TEA shall assist RCEA in preparing an Integrated Resource Plan ("IRP"), to be updated and submitted to the CPUC that demonstrates compliance with the state's greenhouse gas emission reduction, RPS procurement, and reliability targets pursuant to current California law. The IRP shall include a forecast that extends to a 10-year study period.

2. Energy Marketing Services.

Wholesale Energy Procurement. TEA will provide energy trading services on behalf of RCEA using TEA's credit and energy trading contracts. Such trading products include wholesale electricity, renewable energy credits, resource adequacy and related transmission. RCEA will provide credit-enhancement for any RCEA-specific transactions or with RCEA direct counterparties. TEA will also serve as RCEA's scheduling coordinator for power and related transmission with CAISO, the state's independent energy system operator. CASIO manages the flow of electricity on high-voltage power lines, operated a wholesale energy market, and oversees state infrastructure planning. TEA is not liable for the failure of any RCEA counterparty or CAISO to perform.

Credit Solution. TEA will provide a credit solution to enable RCEA to transact with wholesale market participants for all short-term Transactions, including Transactions with CAISO, for the procurement of power and related attributes on behalf of RCEA. This credit solution is subject to RCEA meeting certain obligations and establishing certain accounts and funding those accounts through CCA Revenue.

Reserve Account. RCEA will continue to retain funds or otherwise set-aside monies from all funds and payments due to the CCA from CCA customers and other sources (the “CCA Revenue”) into a designated commercial bank account at least equal to the required amount of reserves or capital necessary in order for TEA to provide operational services to RCEA.

3. **Compensation.** For the operational services described herein, RCEA shall pay TEA on a monthly basis the amount of \$54,582. The following RCEA resources are included in the monthly Operational Fee:

- Humboldt Sawmill Company
- Cove Hydroelectric
- Existing and new Feed-in-Tariff resources less than 1 MW
- RCEA’s Community Grid Program BTM storage capacity

By mutual agreement of the Parties, RCEA may add such new generation resources for an incremental fee per new resources, commencing in the month in which the schedule submittals begin for such new resource. Examples of such new generation resources may be solar, wind, microgrids, geothermal, small hydro, standalone battery, or other hybrid resources.

For the credit solution described herein, REA shall pay TEA on a monthly basis a credit solution fee up to \$1.00 multiplied by RCEA’s total monthly wholesale energy requirements, which amount is based upon agreed criteria or risk factors.

4. **Term, Termination, and Event of Default.**

Term and Termination. The Agreement and Task Order is effective as of April 1, 2021 and continues for a period of three (3) years terminating on April 1, 2024 (the “Initial Term”). However, RCEA or TEA may terminate the Agreement or Task Order if (i) there is an event of default which is not remedied by the defaulting party, or (ii) there is a change in law which prohibits either party’s performance. After the Initial Term, the Agreement and Task Order renews on an annual basis, until either party gives 180 advance written notice of termination.

Event of Default. An event of default includes:

- 1) Failure to make, when due, any payment or funding obligation, if not remedied after written notice of such breach
- 2) Making false representations or warranties in any material manner;
- 3) Failure to perform any material covenant, if not remedied after written notice of such breach; or
- 4) RCEA or TEA become bankrupt.

5. **Dispute Resolution.** The Parties will in good faith seek to resolve any dispute through negotiation within a thirty (30) day period. After the negotiation period, either Party may

submit the dispute to binding arbitration in accordance with the Rules of the American Arbitration Association. Parties to share equally in the cost of the arbitrator and the arbitration and each Party shall be responsible for its own expenses and those of its counsel, if any. The decision of the arbitrator shall be final and binding on the Parties, enforceable in any court with jurisdiction. The arbitrator shall have no authority to award punitive damages or attorneys' fees.

6. **Indemnification.** Mutual indemnification of Parties for damages for death or bodily injury or destruction or damage to any tangible property due to the indemnifying Party's breach. RCEA's to retain governmental immunities as provided by federal and state constitutions or by law.
7. **Limitation of Liability.** TEA is liable to RCEA for errors made in the provision of the Services under each Task Order if such errors are the result of gross negligence or willful misconduct on the part of TEA. Neither RCEA nor TEA shall be liable to the other Party for any indirect, consequential, incidental, special, or punitive damages

8. **Material General Provisions.**

- **Independent Contractor.** TEA shall perform all work as an independent contractor.
- **Expenses.** Subject to RCEA's pre-approval, RCEA will reimburse TEA for reasonable out-of-pocket travel expenses, with no mark-up, for attending RCEA meetings.
- **Force Majeure.** No Party is in breach of Agreement if it is prevented from performing any of the obligations under this Agreement by reason of acts of God; acts of the public enemy, war, blockades, insurrections, civil disturbances and riots; epidemics; landslides, lightning, earthquakes, firestorms, hurricanes, tornadoes, floods, washouts, and extreme weather conditions; fire, explosion, breakage, freezing or accidents to machinery or lines of pipe; strikes, lock-outs or other industrial disturbances or labor disputes; labor or material shortage; sabotage or terrorism; and order or restraint by governmental authority (so long as the claiming Party has not applied for or assisted in the application for, and has opposed where and to the extent reasonable, such order or restraint).
- **Standard of Care.** The standard of care applicable to the provision of the services will be that of "Prudent Utility Practice." Prudent Utility Practice shall mean any of the practices, methods and acts that would be followed by a significant portion of the electric utility industry during the relevant time period, and in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could reasonably have been expected to produce the desired result consistent with good business practices, reliability, safety and expedition.
- **Audit Rights.** During the term of this Agreement, and for thirty-six (36) months following the effective date of termination, each Party may audit the other Party's books and records for the most recently past thirty-six (36) months for the sole purpose of verifying the calculation of payments made or received.

- Governing Law and Venue. This Agreement shall be subject to and construed under the laws of the State of California without resort to its conflicts of laws principles. Subject to the requirements of the Dispute Resolution section, any dispute relating to this Agreement may be brought in any court of competent jurisdiction.
- Assignment. neither Party shall assign nor delegate performance of its duties under this Agreement to any person or entity without the written consent of the other Party, such consent not to be unreasonably withheld, conditioned, or delayed.
- No Third-Party Beneficiaries. Agreement not intended to benefit any third Parties.
- Compliance with Laws. In providing Services to RCEA, TEA has agreed to comply with state and federal employment laws, and not discriminate against any employee or application for employment because of that person's race, color, religion, age, sex, national origin, political affiliation, ancestry, marital status or disability.
- Nuclear Free Certification. RCEA and TEA are not nuclear weapons contractors, and not knowingly or intentionally engaged in the research, development, production or testing of nuclear warheads, nuclear weapons systems or nuclear weapons components as defined by the Nuclear Free Humboldt County Ordinance.



STAFF REPORT
Agenda Item # 3.5

AGENDA DATE:	May 27, 2021
TO:	Board of Directors
PREPARED BY:	Stephen Kullmann, Director of Demand Side Management
SUBJECT:	Rural Regional Energy Network Professional Services Agreement with Don Arambula Consulting

SUMMARY

In February 2021 the RCEA Board approved a Professional Services Agreement with San Joaquin Valley Clean Energy Organization (SJVCEO) for the development of Business Plan for the Rural Regional Energy Network (Rural REN). This contract was approved for a not-to-exceed amount of \$100,000. The work was to be subcontracted to other consultants and managed by SJVCEO.

One of the primary subconsultants selected by SJVCEO, Don Arambula Consulting, has been identified by Southern California Edison (SCE) as a having a potential conflict because Don Arambula is a regulatory consultant to SCE, and SJVCEO has an Energy Efficiency contract with SCE. In order to resolve this potential conflict, it is preferable for RCEA to contract directly with Don Arambula Consulting to perform the Rural REN business plan development work. Furthermore, Don Arambula will remove himself from the performance of the Rural REN Business Plan development work, which will be performed by other qualified staff of the company.

The overall not-to-exceed cost for the Rural REN business plan development will not increase. The not-to-exceed amount for the contract with Don Arambula Consulting will be \$76,000. A final contract with SJVCEO has not yet been executed. If a contract is executed, the not-to-exceed amount will be reduced by \$76,000 to \$24,000.

Background from the February 2021 Staff Report

The Demand Side Management Department has been working with the Rural Hard to Reach Working Group (RHTR) to develop a Regional Energy Network (REN) that will serve rural communities in California. The RHTR group was tasked in 2017 to explore an operable model of “rural” to meet objectives to increase customer participation in energy efficiency programs throughout the state and inform outreach to ensure inclusiveness at the rural level. The focus has turned to developing a REN for the several agencies and organizations that participate in the RHTR group. This Rural REN can give RCEA an opportunity to offer energy efficiency programs, workshops, and trainings that would otherwise not be offered in rural areas such as ours, with less restrictive cost-effectiveness requirements than our current State funding for energy efficiency programs. Some of these programs will integrate with our existing offerings to boost savings on energy efficiency projects for our customers and offer local workshops and training.

The first step will be to develop a business plan that will be presented to state-level stakeholders and regulators twice. The first presentation in June will be an introduction to the California Energy Efficiency Coordinating Committee (CAEECC). Then in September the business plan will be

presented to the CPUC for approval. Time is of the essence for completing the business plan before mid-May in order to present at CAEECC in June.

The budget component of the business plan will be developed jointly with all seven RHTR member agencies and organizations and will be approximately \$15-20 million dollars annually. RCEA's annual budget is anticipated to be \$1.5-\$2.5 million, with an additional amount for acting as REN Administrator.

FINANCIAL IMPACTS

The proposed contract with Don Arambula Consulting would be for a not-to-exceed amount of \$76,000, which could potentially be fully or partially reimbursed by the CPUC upon Business Plan approval. The Rural REN program could result in \$1.5-2.5 million per year of new funding for RCEA customer programs. The total cost for Rural REN Business Plan Development will not exceed the \$100,000 previously approved by the Board.

RECOMMENDED ACTIONS

Approve Professional Services Agreement with Don Arambula in an amount not to exceed \$76,000 for Rural Regional Energy Network business plan development and authorize the Executive Director to execute all applicable documents pending RCEA Legal Counsel review.

ATTACHMENTS

Scope of Work

SCOPE OF WORK

To ensure a Rural Regional Energy Network (RREN) Business Plan is ready for September 1, 2021, filing with the California Public Utilities Commission Don Arambula Consulting, under the scope of this agreement will:

- Guide RHTR members through necessary decision-making process to determine program and measure offerings, and budgets.
- Draft outline for RHTR member approval.
- Detailed draft for inclusion at CAEECC presentation.
- Final draft for RHTR member approval.
- Final Business Plan for submission to CPUC.
- Measure Map for resource programs
- CET runs

Proposed timeline for delivery:

Item for Delivery	Date for Delivery
Draft Business Plan outline	June 1, 2021
Draft Business Plan for CAEECC	June 20, 2021
Final Business Plan Draft	August 1, 2021
Final Business Plan	August 27, 2021



REDWOOD COAST Energy Authority

STAFF REPORT Agenda Item # 3.6

AGENDA DATE:	May 27, 2021
TO:	Board of Directors
PREPARED BY:	Richard Engel, Director of Power Resources
SUBJECT:	Amendment #3 to Power Purchase Agreement with Humboldt Sawmill Company

BACKGROUND

Last month the Board approved an Amendment #2 to RCEA's power purchase agreement (PPA) with Humboldt Sawmill Company (HSC), extending the biomass power agreement to 2031 and making changes to the price terms, including a substantial reduction in overall unit price for the energy. HSC management has brought it to RCEA staff's attention that the amendment required some clarification on how different categories of generation would be counted in meeting contractual terms. This Amendment #3 provides that clarification.

SUMMARY

Amendment #2 redefined the pricing tiers applied to different volumes of energy generation used in the original PPA. The Contract Price applies to the baseline Contract Quantity of energy specified for each contract year. A lower Excess Delivered Energy Price is applicable to a second tier of generation above the Contract Quantity, but not in excess of 116% of the Contract Quantity.

Amendment #2 also specified Guaranteed Energy Production (GEP) amounts for the year and for the third quarter of each year, with penalties applied to the Seller (HSC) for failure to deliver the GEP. However, Amendment #2 did not make clear whether Excess Delivered Energy is counted toward meeting the GEP.

Furthermore, Amendment #2 added to the PPA a requirement for the Seller to provide quarterly energy production forecasts to the Buyer (RCEA), with penalties for significant deviations from these forecasts. It was also not made clear whether Excess Delivered Energy is counted toward meeting these forecasts.

Amendment #3 clarifies that Excess Delivered Energy is counted toward the GEP and quarterly forecasts. This new amendment also details how Excess Delivered Energy can be used to help cure a GEP shortfall, and how it is included in calculation of damages to be paid in the event of an uncured GEP.

The attached draft Amendment #3 shows in highlight the specific adjustments being made to the language that was used in Amendment #2, to address the shortcomings described above.

RECOMMENDED ACTION

Authorize the Executive Director to execute Amendment No. 3 to RCEA's power purchase agreement with Humboldt Sawmill Company clarifying Excess Delivered Energy Price applicability, crediting and accounting.

ATTACHMENT

1. Amendment No. 3 to Power Purchase Agreement (Humboldt Sawmill Company)

**AMENDMENT No. 3 TO
POWER PURCHASE AGREEMENT
(Humboldt Sawmill Company)**

This is an amendment (“Amendment”) to that certain Power Purchase Agreement made by and between the Redwood Coast Energy Authority (“Buyer”) and Humboldt Redwood Company, LLC (“HRC”) on April 27, 2017, assigned by HRC to and assumed by Humboldt Sawmill Company (“HSC” and “Seller”) on June 30, 2018, amended effective March 1, 2019 (“First Amendment”), and further amended on May 1, 2021 (“Second Amendment”). The PPA, First Amendment, and Second Amendment are collectively referred to herein as the “PPA.” This Amendment No. 3 is effective on June 1, 2021.

RECITALS

WHEREAS, the Second Amendment, among other things, provides for Seller’s delivery of energy in excess of the Contract Quantity at reduced rates;

WHEREAS, Buyer and Seller seek to further amend the PPA to clarify how Excess Delivered Energy is characterized under Seller’s general energy production obligations.

NOW THEREFORE, in consideration of the mutual covenants, conditions and terms recited herein and made a material part hereof, the parties agree as follows:

1. Seller’s Guaranteed Energy Production Requirements.

- a. **Article 1 Definitions**, sections 1.4.3 and 1.179.12 are hereby replaced with the following:

1.4.3 “Annual GEP Failure” means Seller’s failure to produce Delivered Energy plus Deemed Delivered Energy **plus Excess Delivered Energy** in an amount equal to or greater than the Annual Guaranteed Energy Production amount for the applicable Annual Performance Measurement Period.

1.179.12 “Q3 GEP Failure” means Seller’s failure to produce Delivered Energy plus Deemed Delivered Energy **plus Excess Delivered Energy** in an amount equal to or greater than the Annual Guaranteed Energy Production amount for the applicable Q3 Performance Measurement Period.

- b. **Section 3.1, Subsection (e)(ii)** is hereby replaced with the following.

“(ii) Guaranteed Energy Production.

(A) Throughout the Delivery Term, Seller shall be required to provide to Buyer an amount of Delivered Energy plus Deemed Delivered Energy, if any, **plus Excess Delivered Energy, if any**, no less than the Annual Guaranteed Energy Production in each Contract Year during the Delivery Term (“Annual Performance Measurement Period”). “Annual Guaranteed Energy Production” is equal to the product of (x) and (y), where (x) is eighty-five percent (85%) of the Contract Quantity, and (y) is the difference between (I) and (II), with the resulting difference divided by (I), where (I) is the number of hours in the applicable Annual Performance Measurement Period and (II) is the aggregate number of Seller Excuse Hours in the applicable Annual Performance Measurement Period. Annual Guaranteed Energy Production is described by the following formula:

Annual Guaranteed Energy Production = $(85\% \times \text{Contract Quantity in MWh}) \times [(\text{Hrs in Annual Performance Measurement Period} - \text{Seller Excuse Hrs in Annual Performance Measurement Period}) / \text{Hrs in Annual Performance Measurement Period}]$

(B) Throughout the Delivery Term, Seller shall be required to provide to Buyer an amount of Delivered Energy plus Deemed Delivered Energy, if any, **plus Excess Delivered Energy, if any**, no less than the Q3 Guaranteed Energy Production in the months of July, August, and September during each calendar year of the Delivery Term ("Q3 Performance Measurement Period"). "Q3 Guaranteed Energy Production" is equal to the product of (x) and (y), where (x) is ninety-five percent (95%) of the Q3 Contract Quantity, and (y) is the difference between (I) and (II), with the resulting difference divided by (I), where (I) is the number of hours in the applicable Q3 Performance Measurement Period and (II) is the aggregate number of Seller Excuse Hours in the applicable Q3 Performance Measurement Period. Q3 Guaranteed Energy Production is described by the following formula:

Q3 Guaranteed Energy Production = $(95\% \times \text{Q3 Contract Quantity in MWh}) \times [(\text{Hrs in Q3 Performance Measurement Period} - \text{Seller Excuse Hrs in Q3 Performance Measurement Period}) / \text{Hrs in Q3 Performance Measurement Period}]$

(C) In no event shall any amount of Delivered Energy plus Deemed Delivered Energy **plus Excess Delivered Energy** in any Settlement Interval that exceeds the Contract Capacity be credited toward or added to Seller's Annual Guaranteed Energy Production requirement or Q3 Guaranteed Energy Production requirement.

(D) Annual GEP Failure, Q3 GEP Failure, Cure, Damages.

(I) If Seller has an Annual GEP Failure, then within forty-five (45) days after the last day of the last month of such Annual Performance Measurement Period, Buyer shall promptly provide Notice to Seller of such failure, provided that Buyer's failure to provide Notice shall not constitute as a waiver of Buyer's rights to collect Annual GEP damages. Seller may cure the Annual GEP Failure by providing to Buyer an amount of Delivered Energy plus Deemed Delivered Energy, if any, **plus Excess Delivered Energy, if any**, that is no less than eighty-five percent (85%) of the Contract Quantity, subject to adjustment for Seller Excuse Hours over the next following Contract Year, as set forth in the formula below ("Annual GEP Cure").

Annual GEP Cure = $(85\% \times \text{Contract Quantity in MWh}) \times [(\text{Hrs in next following Contract Year} - \text{Seller Excuse Hrs in next following Contract Year}) / \text{Hrs in next following Contract Year}]$

If Seller fails to provide sufficient Delivered Energy plus Deemed Delivered Energy, if any, **plus Excess Delivered Energy, if any**, as adjusted by Seller Excuse Hours, to qualify for the Annual GEP Cure for a given Annual Performance Measurement Period, then Seller shall pay Annual GEP Damages, calculated pursuant to Appendix II ("Annual and Q3 GEP Damages Calculation").

(II) If Seller has a Q3 GEP Failure, then within forty-five (45) days after the last day of the last month of such Q3 Performance Measurement Period, Buyer shall promptly provide Notice to Seller of such failure, provided that Buyer's failure to provide Notice shall not constitute as a waiver of Buyer's rights to collect Q3 GEP Damages. Seller shall pay Q3 GEP Damages, calculated pursuant to Appendix II ("Annual and Q3 GEP Damages Calculation").

(III) The Parties agree that the damages sustained by Buyer associated with Seller's failure to achieve either the Annual Guaranteed Energy Production requirement or the Q3 Guaranteed Energy Production requirement would be difficult or impossible to determine, or that obtaining an adequate remedy would be unreasonably time consuming or expensive and therefore agree that Seller shall pay the Annual GEP Damages and/or Q3 GEP Damages to Buyer as liquidated damages. In no event shall Buyer be obligated to pay Annual GEP Damages or Q3 GEP Damages.

(IV) After the Annual GEP Cure period has run, if Seller has not achieved the Annual GEP Cure, Buyer shall have forty-five (45) days to notify Seller of such failure. Within forty-five (45) days of the end of the Annual GEP Cure period, Buyer shall provide Notice to Seller in writing of the amount of the Annual GEP Damages, if any, which Seller shall pay within sixty (60) days of receipt of the Notice (the "Annual Cure Payment Period"). If Seller does not pay the Annual GEP Damages within the Annual Cure Payment Period, then Buyer may, at its option, declare an Event of Default pursuant to Section 5.1(b)(iv)(A) within ninety (90) days following the Annual Cure Payment Period. If Seller has failed to pay the Annual GEP Damages, and Buyer does not (1) notify Seller of the Annual GEP Failure or (2) declare an Event of Default pursuant to Section 5.1(b)(iv) within the ninety (90) day period, then Buyer shall be deemed to have waived its right to declare an Event of Default based on Seller's failure with respect to the Annual Performance Measurement Period which served as the basis for the notice of Annual GEP Failure, Annual GEP Damages, or default, subject to the limitations set forth in Section 5.1(b)(iv)(B).

(V) Within forty-five (45) days after Seller provides Notice to Buyer that a Q3 GEP Failure has occurred, Buyer shall provide Notice to Seller in writing of the amount of the Q3 GEP Damages, if any, which Seller shall pay within sixty (60) days of receipt of the Notice (the "Q3 GEP Damages Payment Period"). If Seller does not pay the Q3 GEP Damages within the Q3 GEP Damages Payment Period, then Buyer may, at its option, declare an Event of Default pursuant to Section 5.1(b)(iv)(A) within ninety (90) days following the Q3 GEP Damages Payment Period. If Seller has failed to pay the Q3 GEP Damages, and Buyer does not (1) notify Seller of the Annual GEP Failure or (2) declare an Event of Default pursuant to Section 5.1(b)(iv) within the ninety (90) day period, then Buyer shall be deemed to have waived its right to declare an Event of Default based on Seller's failure with respect to the Q3 Performance Measurement Period which served as the basis for the notice of Q3 GEP Failure, Q3 GEP Damages, or default, subject to the limitations set forth in Section 5.1(b)(iv)(B).

(D) For avoidance of doubt, the Annual Guaranteed Energy Production requirements specified in this Section 3.1(c)(ii) do not apply to the three (3) Delivery Months that do not fall within a full Contract Year, more specifically March, April, and May of 2031."

2. **Guaranteed Energy Production Damages.** Appendix II, GEP Damages Calculation is hereby replaced with the following.

"APPENDIX II ANNUAL AND Q3 GEP DAMAGES CALCULATION

A. Annual GEP Damages Calculation

In accordance with the provisions in Section 3.1(e)(ii), Annual GEP Damages means the liquidated damages payment due by Seller to Buyer, calculated as follows:

$$[(A-B) \times (C-D)]$$

Where:

A = the Annual Guaranteed Energy Production for the Annual Performance Measurement Period, in MWh

B = Sum of Delivered Energy plus Deemed Delivered Energy, if any, **plus Excess Delivered Energy, if any**, over the Annual Performance Measurement Period, in MWh

C = Replacement price for the Annual Performance Measurement Period, in \$/MWh, which is the sum of (a) the simple average of the Integrated Forward Market hourly price for all the hours in the Annual Performance Measurement Period, as published by the CAISO, for the Existing Zone Generation Trading Hub (as defined in the CAISO Tariff), in which the PNode resides, plus (b) \$50/MWh

D = the unweighted Contract Price specified in the Cover Sheet for the Annual Performance Measurement Period, in \$/MWh

The Parties agree that in the above calculation of Annual GEP Damages, if the result of “(C-D)” is less than \$20/MWh, then “(C-D)” will be replaced with \$20/MWh.

B. Q3 GEP Damages Calculation

In accordance with the provisions in Section 3.1(e)(ii), Q3 GEP Damages means the liquidated damages payment due by Seller to Buyer, calculated as follows:

$$[(A-B) \times (C-D)]$$

Where:

A = the Q3 Guaranteed Energy Production for the Q3 Performance Measurement Period, in MWh

B = Sum of Delivered Energy plus Deemed Delivered Energy, if any, **plus Excess Delivered Energy, if any**, over the Q3 Performance Measurement Period, in MWh

C = Replacement price for the Q3 Performance Measurement Period, in \$/MWh, which is the sum of (a) the simple average of the Integrated Forward Market hourly price for all the hours in the Q3 Performance Measurement Period, as published by the CAISO, for the Existing Zone Generation Trading Hub (as defined in the CAISO Tariff), in which the PNode resides, plus (b) \$50/MWh

D = the unweighted Contract Price specified in the Cover Sheet for the Q3 Performance Measurement Period, in \$/MWh

The Parties agree that in the above calculation of Q3 GEP Damages, if the result of “(C-D)” is less than \$20/MWh, then “(C-D)” will be replaced with \$20/MWh.”

b. **Section 4.7** is hereby replaced with the following:

“4.7 Quarterly Forecast Deviation.

(a) Q3 Forecast Deviation.

(i) If the sum of the Delivered Energy plus Excess Delivered Energy provided during a Q3 is more than five percent (5%) greater than the Quarterly Forecast Amount for that Q3, then a “Q3 Surplus Quarterly Forecast Deviation” shall have occurred and the quantity of Delivered Energy plus Excess Delivered Energy provided in excess of one hundred and five percent (105%) of the Q3 Forecast Amount shall be the “Q3 Surplus Forecast Deviation Amount.” The Q3 Surplus Forecast Deviation Amount is described by the following formula:

Q3 Surplus Forecast Deviation Amount = (Delivered Energy plus Excess Delivered Energy during Quarter) - (105% × Quarterly Forecast in MWh)

If the sum of the Delivered Energy plus Excess Delivered Energy during a Q3 plus the total number of Seller Excuse Hours multiplied by the Available Capacity is more than five percent (5%) less than the Quarterly Forecast for that Q3, then a “Q3 Shortfall Forecast Deviation” shall have occurred, and the difference between (i) the sum of the Delivered Energy plus Excess Delivered Energy during that Q3 plus the total number of Seller Excuse Hours multiplied by the Available Capacity and (ii) ninety-five percent (95%) of the Quarterly Forecast Amount shall be the “Q3 Shortfall Forecast Deviation Amount.” The Q3 Shortfall Forecast Deviation Amount is described by the following formula:

Q3 Shortfall Forecast Deviation Amount = (95% × Quarterly Forecast in MWh) - (Delivered Energy plus Excess Delivered Energy during Quarter + (Seller Excuse Hours during Quarter × Available Capacity))

(ii) Q3 Forecast Deviation Penalty. If a Q3 Surplus Quarterly Forecast Deviation or a Q3 Shortfall Forecast Deviation has occurred, then Seller shall pay Buyer an amount equal to either the Q3 Surplus Forecast Deviation Amount multiplied by ten dollars (\$10.00) or the Q3 Shortfall Forecast Deviation Amount multiplied by ten dollars (\$10.00) (either referred to as the “Q3 Forecast Deviation Penalty”). If a Q3 Surplus Forecast Deviation or a Q3 Shortfall Forecast Deviation has occurred, then within forty-five (45) days after the last day of the last month of such Q3, Buyer shall promptly provide Notice to Seller of such occurrence, provided that Buyer’s failure to provide Notice shall not constitute as a waiver of Buyer’s rights to collect a Q3 Forecast Deviation Penalty. Such notice shall be in writing and specify the amount of the Q3 Forecast Deviation Penalty, which Seller shall pay within sixty (60) days of receipt of the Notice. If Seller does not pay the Q3 Forecast Deviation Penalty within sixty (60) days of receipt of the Notice (“Q3 Forecast Deviation Penalty Deadline”), then Buyer may, at its option, declare an Event of Default pursuant to Section 5.1(b)(iv)(A) within ninety (90) days following the Q3 Forecast Deviation Penalty Deadline. If Seller has failed to pay the Q3 Forecast Deviation Penalty, and Buyer does not declare an Event of Default pursuant to Section 5.1(b)(iv) within the ninety (90) day period, then Buyer shall be deemed to have waived its right to declare an Event of Default based on the Seller’s failure to pay the Q3 Forecast Deviation Penalty, subject to the limitations set forth in Section 5.1(b)(iv)(D).

(b) Q1/Q2/Q4 Forecast Deviation.

(i) If the sum of the Delivered Energy plus Excess Delivered Energy provided during either a Q1, Q2, or Q4 is more than seven percent (7%) greater than the Quarterly Forecast Amount for that Q1, Q2, or Q4, then a “Q1/Q2/Q4 Surplus Quarterly Forecast Deviation” shall have occurred and the quantity of Delivered Energy plus Excess Delivered Energy provided in excess of one hundred and seven percent (107%) of the Quarterly Forecast Amount shall

be the “Q1/Q2/Q4 Surplus Quarterly Forecast Deviation Amount.” The Q1/Q2/Q4 Surplus Quarterly Forecast Deviation Amount is described by the following formula:

$$\text{Q1/Q2/Q4 Surplus Quarterly Forecast Deviation Amount} = (\text{Delivered Energy plus Excess Delivered Energy during Quarter}) - (107\% \times \text{Quarterly Forecast in MWh})$$

If the sum of the Delivered Energy plus Excess Delivered Energy during either a Q1, Q2, or Q4 plus the total number of Seller Excuse Hours multiplied by the Available Capacity is more than seven percent (7%) less than the Quarterly Forecast for that Q1, Q2, or Q4, then a “Q1/Q2/Q4 Shortfall Forecast Deviation” shall have occurred, and the difference between (i) the sum of the Delivered Energy plus Excess Delivered Energy during that Q1, Q2, or Q4 plus the total number of Seller Excuse Hours multiplied by the Available Capacity and (ii) ninety-three percent (93%) of the Quarterly Forecast Amount shall be the “Q1/Q2/Q4 Shortfall Forecast Deviation Amount.” The Q1/Q2/Q4 Shortfall Forecast Deviation Amount is described by the following formula:

$$\text{Q1/Q2/Q4 Shortfall Forecast Deviation Amount} = (93\% \times \text{Quarterly Forecast in MWh}) - (\text{Delivered Energy plus Excess Delivered Energy during Quarter} + (\text{Seller Excuse Hours during Quarter} \times \text{Available Capacity}))$$

(ii) Q1/Q2/Q4 Forecast Deviation Penalty. If a Q1/Q2/Q4 Surplus Forecast Deviation or a Q1/Q2/Q4 Shortfall Forecast Deviation has occurred, then Seller shall pay Buyer an amount equal to either the Q1/Q2/Q4 Surplus Forecast Deviation Amount multiplied by five dollars (\$5.00) or the Q1/Q2/Q4 Shortfall Forecast Deviation Amount multiplied by five dollars (\$5.00) (either referred to as the “Q1/Q2/Q4 Forecast Deviation Penalty”). If a Q1/Q2/Q4 Surplus Forecast Deviation or a Q1/Q2/Q4 Shortfall Forecast Deviation has occurred, then within forty-five (45) days after the last day of the last month of such Quarter, Buyer shall promptly provide Notice to Seller of such occurrence, provided that Buyer’s failure to provide Notice shall not constitute as a waiver of Buyer’s rights to collect a Q1/Q2/Q4 Forecast Deviation Penalty. Such notice shall be in writing and specify the amount of the Q1/Q2/Q4 Forecast Deviation Penalty, which Seller shall pay within sixty (60) days of receipt of the Notice. If Seller does not pay the Q1/Q2/Q4 Forecast Deviation Penalty within sixty (60) days of receipt of the Notice (“Q1/Q2/Q4 Forecast Deviation Penalty Deadline”), then Buyer may, at its option, declare an Event of Default pursuant to Section 5.1(b)(iv)(A) within ninety (90) days following the Q1/Q2/Q4 Forecast Deviation Penalty Deadline. If Seller has failed to pay the Q1/Q2/Q4 Forecast Deviation Penalty, and Buyer does not declare an Event of Default pursuant to Section 5.1(b)(iv) within the ninety (90) day period, then Buyer shall be deemed to have waived its right to declare an Event of Default based on the Seller’s failure to pay the Q1/Q2/Q4 Forecast Deviation Penalty, subject to the limitations set forth in Section 5.1(b)(iv)(D).

(c) The Parties agree that the damages sustained by Buyer associated with the occurrence of a Q3 Surplus Forecast Deviation, Q1/Q2/Q4 Surplus Forecast Deviation, Q3 Shortfall Forecast Deviation, or Q1/Q2/Q4 Shortfall Forecast Deviation would be difficult or impossible to determine, or that obtaining an adequate remedy would be unreasonably time consuming or expensive and therefore agree that Seller shall pay either the Q3 Forecast Deviation Penalty or Q1/Q2/Q4 Forecast Deviation Penalty as liquidated damages. In no event shall Buyer be obligated to pay either Q3 Forecast Deviation Penalties or Q1/Q2/Q4 Forecast Deviation Penalties.”

3. **Ratification of Agreement.** The terms and conditions of the PPA, including all exhibits and attachments, are ratified in their entirety except to the extent inconsistent with the terms and provisions of this Amendment. In the event of such inconsistency, this Amendment shall control.
4. **Counterparts.** This Amendment may be executed by the Parties in one or more counterparts using verified electronic signature or signature transmitted in PDF, each of which shall be an

original, but all of which shall constitute one and the same instrument, and when so executed and delivered shall be treated by the Parties and given the same effect as an original.

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DRAFT

IN WITNESS WHEREOF, the parties have executed this Amendment No.3 effective as of the date written above.

HUMBOLDT SAWMILL COMPANY, LLC:

By: _____
Jim Pelkey, CFO

Date: _____

REDWOOD COAST ENERGY AUTHORITY:

By: _____
Matthew Marshall, Executive Director

Date: _____

Approved as to form:

By: _____
Nancy Diamond, General Counsel

Date: _____



STAFF REPORT
Agenda Item # 3.7

AGENDA DATE:	May 27, 2021
TO:	Board of Directors
PREPARED BY:	Aisha Cissna, Policy Manager
SUBJECT:	RCEA Supplier Diversity Report and Efforts

SUMMARY

RCEA, along with other CCAs, submitted our inaugural Supplier Diversity Report and Plan to the CPUC on March 1, 2021.

The CPUC's Supplier Diversity Program was established in 1988 by Assembly Bill 3678. This bill declared that in order for California's competitive market economy to flourish, diverse business enterprises must have equal opportunity to participate in said market. Following the enactment of AB 3678, the CPUC issued General Order 156 (GO156), which described the specific rules that Investor-Owned Utilities (IOUs) must follow to increase procurement from women, disabled veteran, minority, lesbian, gay, bisexual, and transgender-owned business enterprises (WDVMLGBTBE). Hereafter, this group is referred to as "diverse business enterprises."

In 2019, Senate Bill 255 was signed into law, extending the GO 156 requirements to community choice aggregators. Accordingly, RCEA developed a report summarizing our diverse spending and describing planned activities staff will take to increase the agency's procurement from diverse business enterprises. For reporting purposes, the CPUC only recognizes businesses that are certified in their Supplier Clearinghouse database and fall under the GO 156 definition of diverse business enterprises; however, RCEA's procurement policies emphasize the importance of purchasing from small, local businesses that also experience marginalization.

Accordingly, RCEA's list of planned supplier diversity activities will continue to emphasize the importance of those investments, synergizing those investments with increased procurement from diverse business enterprises.

RCEA's planned activities include:

- Providing an RCEA all-staff training to educate staff about GO156 requirements,
- Providing an annual supplier diversity update to the RCEA Board of Directors summarizing our procurement progress,
- Forming an interdepartmental supplier diversity team to support diverse spending in each department,
- Hosting a workshop for business owners to communicate the benefits of registering in the CPUC's Supplier Clearinghouse,
- Providing technical assistance to businesses to assist with the Supplier Clearinghouse certification process,
- Educating prime contractors to encourage subcontractors to certify (a long-term goal),

- Sharing RCEA solicitations with diverse and local suppliers; responding to subsequent inquiries,
- Attending supplier diversity events, and
- Participating in diverse organizations, such as chambers of commerce.

Promoting equity is a priority for RCEA, as evidenced by the Board's direction to develop the forthcoming Racial Justice Plan. In pursuit of increased economic equity, RCEA staff will continue and expand activities to support diverse procurement and purchasing across all spending categories in the coming years and synergizing these diverse spending efforts with Racial Justice Plan initiatives.

FINANCIAL IMPACTS

The recurring financial impact of complying, developing, and implementing future CPUC-mandated supplier diversity reports and plans is unknown. The cost of staff labor for developing the 2020 Supplier Diversity report was approximately \$4,000.

STAFF RECOMMENDATION

Accept RCEA Supplier Diversity Report.

ATTACHMENT

RCEA Supplier Diversity 2020 Annual Report and Plan

Supplier Diversity 2020 Annual Report and Plan

Report to the
California Public
Utilities Commission

Redwood Coast Energy Authority
March 1, 2021



REDWOOD COAST
EnergyAuthority

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2020 Annual Report

2021 MARKS THE INAUGURAL YEAR FOR COMMUNITY CHOICE AGGREGATORS' PARTICIPATION IN THE CALIFORNIA PUBLIC UTILITIES COMMISSION'S (CPUC'S) SUPPLIER DIVERSITY PROGRAM. The Redwood Coast Energy Authority's (RCEA) Community Choice Aggregation (CCA) program started serving load in May 2017 for the express purpose of empowering its member communities to choose the generation resources that reflect their specific values and needs. Chief among these needs identified through community workshops and input to RCEA's Board of Directors are affordability, local economic development, local control over power resources and generation rates, greenhouse gas emissions reduction, air quality, protection of natural resources, and energy reliability in rural Humboldt County, an area especially prone to extended electric outages.

RCEA is motivated to increase our supplier diversity in the coming years, now equipped with a familiarity of the State's General Order 156¹ (GO156) requirements and how they interface with existing statutes and regulations such as Proposition 209. Consequently, we've developed a pathway toward diversifying our procurement.

Racial inequities running rampant in our nation must be addressed wholesale on numerous fronts, including expeditious institutional reform. Race-based violence occurs within a web of compounding social, economic, and environmental injustices. Equal access to economic opportunity for business enterprises owned by women, minorities, disabled veterans, lesbian, gay, bisexual, transgender, (WMDVLGBT) and others experiencing marginalization must be achieved. Policies that promote utility procurement of products and services from WMDVLGBT business enterprises (WMDVLGBTBEs) is a step toward achieving that goal. CPUC staff, in conversation and presentations, has used the term "diverse BEs" as an abbreviated reference to the WMDVLGBTBE acronym. RCEA uses the term "diverse BEs" hereafter to refer to this group of business enterprises.

In addition to diverse BEs, other types of business owners also experience economic marginalization in our society, and RCEA's procurement policies have and continue to help close those gaps. While GO156 acknowledges Small Business Administration 8(a) certified small businesses (and rightly so), RCEA notes the importance of purchasing from local, Department of General Services-certified small businesses not recognized through the CPUC's diverse BE-focused Supplier Clearinghouse. Accordingly, RCEA spent \$21,890.71 on local, DGS-certified small businesses in 2020.

This spend is impactful because our CCA service territory is rural, thus experiencing economic marginalization distinct from our metropolitan neighbors served by their own CCA programs. Our local procurement from small businesses is essential in our service territory, where poverty and low household income are widespread, and where distance creates logistical challenges in procuring goods

¹ General Order 156, adopted April 27, 1988, is officially titled "RULES GOVERNING THE DEVELOPMENT OF PROGRAMS TO INCREASE PARTICIPATION OF WOMEN, MINORITY AND DISABLED VETERAN BUSINESS ENTERPRISES IN PROCUREMENT OF CONTRACTS FROM UTILITIES AS REQUIRED BY PUBLIC UTILITIES CODE SECTIONS 8281-8286"

and services from outside our area.

The following table highlights our most notable local spend:

Expense Category	Sum of 2020 Spend
Power Purchase - Biomass	\$ 14,941,751.87
Professional Services	\$ 369,124.40
Net Energy Metering customer payouts	\$ 115,442.80
RCEA facility costs	\$ 86,972.05
Electric Bike incentives	\$ 41,350.00
Electric Vehicle Charging Network	\$ 31,222.24
Supplies	\$ 31,050.55
Outreach	\$ 7,861.87
Grand Total	\$ 15,624,775.78

RCEA is proud of our procurement from these businesses and is excited to leverage GO156 as an opportunity to further the power our procurement holds to stimulate small, local, and diverse business growth.

9.1.1 Diverse BE Program Activities

In 2020, RCEA engaged in the following activities oriented toward increasing supplier diversity:

1. Crafting this inaugural Annual Supplier Diversity Report and Plan.
2. Reading and understanding the history, requirements, and intent of Senate Bill 255 and General Order 156
3. Meeting with CPUC staff to better understand the opportunities available to CCAs to increase our diverse spend
4. Attending MCE's Certify and Amplify Workshop to learn about their efforts and gather ideas for how we can offer a similar workshop in our community to educate vendors about the benefits of Clearinghouse certification
5. Attending the CPUC Supplier Diversity En Banc to learn how CCAs can strengthen our supplier diversity efforts
6. Participating in the CalCCA GO156 Supplier Diversity Roundtable to better understand how CCAs can maximize supplier diversity in our communities, especially within the unique constraints of Proposition 209
7. Regular meetings among RCEA department directors and staff to discuss, develop, and select external and internal supplier diversity programs to implement in 2021 and beyond.

8. Developing an Action Plan for Racial Justice; a strategic suite of policies that will guide RCEA's overall efforts to institutionalize diversity, equity, and inclusion across hiring practices, employee retention, employee recruitment, procurement, community relations, and Board representation. Another focus is working more closely with the local tribal governments. This effort has been supported by RCEA's involvement in the Environmental Justice CalCCA committee and the broader CCA community. RCEA staff will present the completed Action Plan for Racial Justice to the full board in June 2021 for adoption.

In 2021, we are prepared to dedicate resources to supply technical assistance to diverse, local, and small businesses.

9.1.2 Summary of Purchases

WMDVLGBTBE Annual Results by Ethnicity

Redwood Coast Energy Authority				2020 Report		G.O. #156 Sec. 9.1.2	
WMDVLGBTBE Annual Results by Ethnicity							
				2020			
				Direct	Sub	Total \$	%
1	Minority Male	Asian Pacific American		\$0	\$0	\$0	0.00%
2		African American		\$0	\$0	\$0	0.00%
3		Hispanic American		\$0	\$0	\$0	0.00%
4		Native American		\$0	\$0	\$0	0.00%
5		Total Minority Male		\$0	\$0	\$0	0.00%
6	Minority Female	Asian Pacific American		\$0	\$0	\$0	0.00%
7		African American		\$0	\$0	\$0	0.00%
8		Hispanic American		\$0	\$0	\$0	0.00%
9		Native American		\$0	\$0	\$0	0.00%
10		Total Minority Female		\$0	\$0	\$0	0.00%
11	Total Minority Business Enterprise (MBE)			\$0	\$0	\$0	0.00%
12	Women Business Enterprise (WBE)			\$0	\$0	\$0	0.00%
13	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)			\$0	\$0	\$0	0.00%
14	Disabled Veteran Business Enterprise (DVBE)			\$4,829	\$0	\$4,829	0.01%
15	Other 8(a)*			\$0	\$0	\$0	0.00%
16	TOTAL WMDVLGBTBE			\$4,829	\$0	\$4,829	0.01%
17	Net Procurement**		\$43,927,595				
NOTE: * FIRMS CLASSIFIED AS 8(a) OF SMALL BUSINESS ADMINISTRATION INCLUDES NON-WMDVLGBTBE							
** NET PROCUREMENT INCLUDES PURCHASE ORDER, NON-PURCHASE ORDER, AND CREDIT CARD DOLLARS							
Direct - DIRECT PROCUREMENT							
Sub - SUBCONTRACTOR PROCUREMENT							
% - PERCENTAGE OF NET PROCUREMENT							

WMDVLGBTBE Direct Procurement by Product and Service Categories

RCEA does not have sufficient procurement information broken down by product and service categories for our certified vendors.

Redwood Coast Energy Authority				2020 Report				G.O. #156 Sec. 9.1.2	
WMDVLGBTBE Direct Procurement by Product and Service Categories									
				Products		Services		Total	
				\$	%	\$	%	\$	%
1	Minority Male	Asian Pacific American	Direct	\$0	0.00%	\$0	0.00%	\$0	0.00%
2		African American	Direct	\$0	0.00%	\$0	0.00%	\$0	0.00%
3		Hispanic American	Direct	\$0	0.00%	\$0	0.00%	\$0	0.00%
4		Native American	Direct	\$0	0.00%	\$0	0.00%	\$0	0.00%
5		Total Minority Male	Direct	\$0	0.00%	\$0	0.00%	\$0	0.00%
6	Minority Female	Asian Pacific American	Direct	\$0	0.00%	\$0	0.00%	\$0	0.00%
7		African American	Direct	\$0	0.00%	\$0	0.00%	\$0	0.00%
8		Hispanic American	Direct	\$0	0.00%	\$0	0.00%	\$0	0.00%
9		Native American	Direct	\$0	0.00%	\$0	0.00%	\$0	0.00%
10		Total Minority Female	Direct	\$0	0.00%	\$0	0.00%	\$0	0.00%
11	Total Minority Business Enterprise (MBE)		Direct	\$0	0.00%	\$0	0.00%	\$0	0.00%
12	Women Business Enterprise (WBE)		Direct	\$0	0.00%	\$0	0.00%	\$0	0.00%
13	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)		Direct	\$0	0.00%	\$0	0.00%	\$0	0.00%
14	Disabled Veteran Business Enterprise (DVBE)		Direct	\$0	0.00%	\$4,829	0.89%	\$4,829	0.89%
15	Other 8(a)*		Direct	\$0	0.00%	\$0	0.00%	\$0	0.00%
16	TOTAL WMDVLGBTBE		Direct	\$0	0.00%	\$4,829	0.01%	\$0	0.00%
17	Total Product Procurement		\$0						
18	Total Service Procurement		\$0						
19	Net Procurement**		\$43,927,595						
20	Total Number of WMDVLGBTBEs that Received Direct Spend		0						
NOTE:				* FIRMS CLASSIFIED AS 8(a) OF SMALL BUSINESS ADMINISTRATION INCLUDES NON-WMDVLGBTBE					
				** NET PROCUREMENT INCLUDES PURCHASE ORDER, NON-PURCHASE ORDER, AND CREDIT CARD DOLLARS					
				Direct - DIRECT PROCUREMENT					
				Sub - SUBCONTRACTOR PROCUREMENT					
				% - PERCENTAGE OF NET PROCUREMENT					

WMDVLGBTBE Subcontractor Procurement by Product and Service Categories

RCEA does not have sufficient procurement information broken down by product and service categories for our certified vendors.

Redwood Coast Energy Authority				2020 Report		G.O. #156 Sec. 9.1.2					
WMDVLGBTBE Subcontractor Procurement by Product and Service Categories											
					Products		Services		Total		
					\$	%	\$	%	\$	%	
1	Minority Male	Asian Pacific American	Sub		\$0	0.00%	\$0	0.00%	\$0	0.00%	
2		African American	Sub		\$0	0.00%	\$0	0.00%	\$0	0.00%	
3		Hispanic American	Sub		\$0	0.00%	\$0	0.00%	\$0	0.00%	
4		Native American	Sub		\$0	0.00%	\$0	0.00%	\$0	0.00%	
5		Total Minority Male	Sub		\$0	0.00%	\$0	0.00%	\$0	0.00%	
6	Minority Female	Asian Pacific American	Sub		\$0	0.00%	\$0	0.00%	\$0	0.00%	
7		African American	Sub		\$0	0.00%	\$0	0.00%	\$0	0.00%	
8		Hispanic American	Sub		\$0	0.00%	\$0	0.00%	\$0	0.00%	
9		Native American	Sub		\$0	0.00%	\$0	0.00%	\$0	0.00%	
10		Total Minority Female	Sub		\$0	0.00%	\$0	0.00%	\$0	0.00%	
11	Total Minority Business Enterprise (MBE)			Sub		\$0	0.00%	\$0	0.00%	\$0	0.00%
12	Women Business Enterprise (WBE)			Sub		\$0	0.00%	\$0	0.00%	\$0	0.00%
13	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)			Sub		\$0	0.00%	\$0	0.00%	\$0	0.00%
14	Disabled Veteran Business Enterprise (DVBE)			Sub		\$0	0.00%	\$0	0.00%	\$0	0.00%
15	Other 8(a)*			Sub		\$0	0.00%	\$0	0.00%	\$0	0.00%
16	TOTAL WMDVLGBTBE			Sub		\$0	0.00%	\$0	0.00%	\$0	0.00%
17	Total Product Procurement		\$0								
18	Total Service Procurement		\$0								
19	Net Procurement**		\$43,927,595								
	NOTE: * FIRMS CLASSIFIED AS 8(a) OF SMALL BUSINESS ADMINISTRATION INCLUDES NON-WMDVLGBTBE										
	** NET PROCUREMENT INCLUDES PURCHASE ORDER, NON-PURCHASE ORDER, AND CREDIT CARD DOLLARS										
	Direct - DIRECT PROCUREMENT										
	Sub - SUBCONTRACTOR PROCUREMENT										
	% - PERCENTAGE OF NET PROCUREMENT										

WMDVLGBTBE Procurement by Standard Industrial Categories

RCEA's certified vendors did not have SIC or NAICS codes; therefore, RCEA does not have any spend to report in SIC category table, although our net procurement is provided.

Redwood Coast Energy Authority					2020 Report					G. O. #156 Sec 9.1.2				
WMDVLGBTBE Procurement by Standard Industrial Categories														

Total Product Procurement	\$0
Total Service Procurement	\$0

Net Procurement***	\$43,927,595
--------------------	--------------

NOTE: *FIRMS WITH MULT MINORITY OWNERSHIP STATUS

**FIRMS CLASSIFIED AS 8(a) OF SMALL BUSINESS ADMINISTRATION INCLUDES NON-WMDVLGBTBE

***NET PROCUREMENT INCLUDES PURCHASE ORDER, NON-PURCHASE ORDER, AND CREDIT CARD DOLLARS

TOTAL DOLLARS - TOTAL PROCUREMENT DOLLAR AMOUNT IN THE SPECIFIC SIC CATEGORY

% - PERCENTAGE OF TOTAL DOLLARS

Number of WMDVLGBTBE Suppliers and Revenue Reported to the Clearinghouse

RCEA populated the “Utility-Specific 2020 Summary” portion of this table with our vendor revenue; we did not have sufficient information to report “Revenue Reported to CHS” this year. We will strive to engage our vendors earlier in program year 2021 to obtain this information.

Redwood Coast Energy Authority				2020 Report				G. O. #156 Sec 9.1.2 (D.11-05-019 & D.06-11-028)				
Number of WMDVLGBTBE Suppliers and Revenue Reported to the Clearinghouse												
	Data on Number of Suppliers											
	Revenue Reported to CHS						Utility-Specific 2020 Summary					
# WMDVLGBTBEs	MBE	WBE	LGBTBE	DVBE	Other 8(a)*	Grand Total	MBE	WBE	LGBTBE	DVBE	Other 8(a)*	Grand Total
Under \$1 million										1		1
Under \$5 million												
Under \$10 million												
Above \$10 million												
TOTAL												
	Revenue and Payment Data											
	Revenue Reported to CHS						Utility-Specific 2020 Summary					
WMDVLGBTBE \$M	MBE	WBE	LGBTBE	DVBE	Other 8(a)*	Grand Total	MBE	WBE	LGBTBE	DVBE	Other 8(a)*	Grand Total
Under \$1 million										\$4,829		\$4,829
Under \$5 million												
Under \$10 million												
Above \$10 million												
TOTAL										\$4,829		\$4,829
NOTE: * FIRMS CLASSIFIED AS 8(a) OF SMALL BUSINESS ADMINISTRATION INCLUDES NON-WMDVLGBTBE												
CHS: SUPPLIER CLEARINGHOUSE												

Number of WMDVLGBTBEs with majority of workforce working in California

RCEA does not have sufficient information to determine the number of certified diverse BE employees working in California; however, our certified vendors are based in California.

9.1.3 Diverse BE Program Expenses

[illegible]

9.1.4 Description of Progress in Meeting or Exceeding Set Goals

This section is not applicable to CCAs.

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9.1.5 Summary of Prime Contractors' Utilization of Diverse BE Subcontractors

RCEA's prime contractors may have utilized diverse subcontractors during the reporting year; however, RCEA does not have these records for 2020. RCEA intends to educate prime contractors in upcoming years so they in turn can educate and encourage their subcontractors to pursue Clearinghouse certification.

	Minority Male	Minority Female	Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)	Disabled Veterans Business Enterprise (DVBE)	Other 8(a)*	TOTAL WMDVLGBTBE
Direct \$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subcontracting \$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total \$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Direct %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Subcontracting %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Procurement**	\$0							
NOTE:	*FIRMS CLASSIFIED AS 8(a) OF SMALL BUSINESS ADMINISTRATION INCLUDES NON-WMDVLGBTBE							
	**NET PROCUREMENT INCLUDES PURCHASE ORDER, NON-PURCHASE ORDER, AND CREDIT CARD DOLLARS							
	% - PERCENTAGE OF NET PROCUREMENT							
	Direct - DIRECT PROCUREMENT							
	Sub - SUBCONTRACTOR PROCUREMENT							

9.1.6 List of WMDVLGBTBE Complaints Received

RCEA did not receive any formal complaints this reporting cycle.

9.1.7 Description of Efforts to Recruit WMDVLGBTBE Suppliers in Low Utilization Areas

This section is not applicable to CCAs.

9.1.8 Retention of All Documents/Data

This section is not applicable to CCAs.

9.1.9 Additional WMDVLGBTBE Activity

Section 9.1.1 describes all of RCEA's 2020 activities supporting diverse BE's.

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9.1.11 WMDVLGBTBE Fuel Procurement

RCEA did not procure power products from a CPUC Supplier Diversity Program certified entity during reporting year 2020, nor did RCEA have any owned power plants or power purchase agreements that required fuel provision.

Despite this, RCEA does procure power products from a variety of small, local producers as part of our Board-directed effort to spur and sustain economic development within our service area. In 2020, RCEA procured energy and capacity from two local biomass plants, DG Fairhaven Power and Humboldt Sawmill Company's Scotia Cogeneration Plant (HSC). RCEA's procurement from HSC sustains a number of local jobs and will continue to do so through the end of the power purchase agreement (PPA), which is currently set for early 2024. RCEA's PPA with DG Fairhaven expired in December 2020.

In addition, RCEA launched its Feed-In Tariff program in 2019 which offers an above-market PPA price for new, small-scale (≤ 1 MW) renewable generation within our service area. RCEA signed a number of PPAs under this program in 2020, and currently has 6 MW in total of new solar generation under contract. The six solar facilities are expected to come online in 2021 and 2022.

Lastly, RCEA is funding about half the cost of the Redwood Coast Airport Microgrid project, which will be an RCEA-owned hybrid solar-plus-storage resource at our local airport. Design and project management are being provided by the Schatz Energy Research Center, which is a research branch of Humboldt State University, and installation of the solar array will be sub-contracted to a local firm at prevailing wage.

Annual Power Product Results by Ethnicity and WMDVLGBTBE Certification

(All dollar figures in \$MM)

		Results by Ethnicity & Gender												Results by WMDVLGBTBE Certification								
Product ¹	Unit	Asian Pacific American			African American			Hispanic American			Native American			Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)	Disabled Veteran Business Enterprise (DVBE)	Other 8(a) ⁶	Subcontracting Total	Total WMDVLGBTBE Procurement Spend ³	Total Procurement Spend	
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Total	Total	Total	Total	Total	Total			
Renewable Power Products Direct	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2.18	
	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	15%	
	\$ ²	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7.93	
	% ²	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	54%	
Non-Renewable Power Products Direct	Physical	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4.69	
		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	32%	
		\$ ²	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
		% ²	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0%	
Diesel Direct	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0%	
Nuclear Direct	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0%	
Natural Gas Direct	Physical	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0%	
SubTotal of Columns ²		\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7.93	
SubTotal % of Total Procurement Spend		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Overall WMDVLGBTBE %:	0.0%	
SubTotal of Columns ⁴		\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14.80	
SubTotal % of Total Procurement Spend		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Overall WMDVLGBTBE %:	0.0%	

Notes:

¹Excludes purchases from the CAISO, other IOUs, utilities, Federal entities, State entities, Municipalities and cooperatives

²Includes only long term power procurement commitments after June 6, 2011 or as a result of RFOs after June 6, 2011

³Total WMDVLGBTBE spend does not include pre-COD subcontracting values

⁴Includes all power procurement commitments

⁵Firms with multi-minority ownership status

⁶ Firms classified as 8(a) by the Small Business Administration includes non-WMDVLGBTBE

% - percentages calculated by the Row Category Total Procurement Spend

2021 Annual Plan

10.1.1 WMDVLGBTBE Annual Short-, Mid- and Long-Term Goals by Product and Service Category

This section is not applicable to CCAs.

10.1.2 Description of WMDVLGBTBE Internal and External Activities for 2020

PLANNED EXTERNAL PROGRAM ACTIVITIES FOR 2021	
Proposed Activity	Description
Host our own version of Certify and Amplify	Using MCE's Certify and Amplify workshop as a model, develop an online Supplier Clearinghouse certification training, which can be recorded and saved to the RCEA website for later viewing. The purpose of the workshop is to explain the process and benefits of certification for diverse BE's, as encouraged by CPUC General Order 156. The goal is to focus on Humboldt County businesses. We plan to collaborate and leverage existing relationships with the Humboldt Builders' Exchange, Chambers of Commerce, Prosperity Network, and PG&E to maximize the benefit of this event to our community.
Provide technical assistance to diverse BE's: Encourage local firms and existing vendors to pursue certification	Assist local diverse BEs that are interested in gaining certification to be listed on the state's Supplier Clearinghouse database. Be available to answer technical questions on certification requirements, and assist with the submission of required materials.
Participate in diverse organizations and chambers of commerce	Identify local diverse organizations and chambers of commerce that would be interested in hearing about GO 156 and the State's Supplier Clearinghouse; this may involve being a speaker at a regular meeting, or providing information on the benefits of certification.
Participate in local, state, national supplier diversity events	Similar to the activity above, identify events (preferably local, but also regional and statewide) where RCEA can engage with diverse supplier groups, such as the National Business Inclusion Consortium, the Western Regional Minority Supplier Development Council, and the Women's Business Enterprise Council.

PLANNED INTERNAL PROGRAM ACTIVITIES FOR 2020	
Proposed Activity	Description
Develop RCEA team that sets supplier diversity goals for each department and works toward achieving established goals.	Each program director will select one member of their team to participate in an RCEA supplier diversity committee. This team will include a representative from transportation, administration, power resources, demand side management, and operations. This team will be responsible for becoming familiar with supplier diversity requirements, setting goals (qualitative and quantitative), further developing the activities contained in these tables, and crafting strategies to achieve goals.
Track spend and regularly report results to RCEA Board of Directors.	Staff with direct access to contract and invoicing data will track spend with diverse BEs. Staff will prepare a report summarizing the annual GO156 submission, and deliver this report for review by the RCEA Board of Directors.
Share upcoming contracting opportunities with Supplier Clearinghouse database with a priority on local suppliers; respond to diverse BE prospective supplier inquiries	RCEA supplier diversity team representatives will become familiar with supplier database spreadsheet; they will ensure distribution of purchasing or contract opportunities to GO156 certified businesses in addition to our broader distribution list, with a special emphasis on local vendors. RCEA will have a form on its website where contractors can enter their e-mail address to be included in upcoming contract and procurement opportunities.
Have supplier diversity training at RCEA all-staff meeting	Staff will deliver a high-level presentation during an all-staff meeting to educate staff on GO156 background, CPUC requirements, RCEA efforts, and the importance of supplier diversity.
Work with prime suppliers to optimize diverse participation and accurately report. Train prime suppliers in certification requirements so they can educate their subcontractors to certify.	Staff with direct relationships with prime contractors will provide information to said primes to encourage them to certify, and also educate their subcontractors to certify.

10.1.3 Plans for Recruiting WMDVLGBTBE Suppliers in Low Utilization Areas

This section is not applicable to CCAs.

10.1.4 Plans for Recruiting WMDVLGBTBE Suppliers Where Unavailable

This section is not applicable to CCAs.

10.1.5 Plans for Encouraging Prime Contractors to Subcontract WMDVLGBTBE Suppliers

This section is not applicable to CCAs.

10.1.6 Plans for Complying with WMDVLGBTBE Program Guidelines

This section is not applicable to CCAs.

Maximizing GO156 Effectiveness

GO156 presents a great opportunity for CCAs to help advance economic justice in California; however, CCAs face unique policy challenges when compared to other GO156-participating utilities. Namely, as government entities, we are prevented by Proposition 209 from considering race, sex, or ethnicity when hiring employees and contracting. The Clearinghouse introduces a legal grey area because of its emphasis on race and gender – two classes of criteria that are expressly disallowed for governments to consider in hiring and contracting. The grey area can cause governments to bear additional risk and cost associated with challenges under Proposition 209.

Fortunately, there are ways forward to address this challenge to maximize the efficacy of Senate Bill 255's intent. For example, the GO-156 Clearinghouse can be adjusted to include critical equity metrics that public agencies identify and use to increase small, local, and diverse spend: small and local businesses, businesses operating in impoverished and low-income neighborhoods, businesses hiring ex-convicts, and other similar objectives. Local governments have considered community needs and committed extensive resources toward the development of policies, procedures, and programs that advance economic justice within the confines of Proposition 209.

As CCAs complete our first round of GO156 reporting, we look forward to the many years ahead during which we will refine our processes as well as collaborate with our fellow utilities and the CPUC to develop best practices and identify solutions to realize shared supplier diversity outcomes.



STAFF REPORT
Agenda Item # 6.1

AGENDA DATE:	May 27, 2021
TO:	Board of Directors
PREPARED BY:	Aisha Cissna, Policy Manager
SUBJECT:	Net Energy Metering Policy Update

SUMMARY

Currently, net energy metering (“NEM”) policy is being debated at the legislative and regulatory levels of California government. The main controversy is that NEM customers receive more benefit than, and are subsidized by, non-NEM customers.

In accordance with State law, in August 2020, the California Public Utilities Commission (“CPUC”) initiated a proceeding to establish a successor tariff (informally known as “NEM 3.0”) to replace the current net energy metering tariff. At present, the CPUC is analyzing a variety of successor tariff proposals and estimates the new tariff will be adopted in late 2021 or early 2022.

In February 2021, Assembly Bill 1139 (“AB 1139”) was introduced. Since the bill’s introduction, RCEA staff has fielded calls and received correspondence from various community stakeholders expressing concern over the bill’s provisions. Chief concerns include cooling impacts to the growth of distributed generation in California, longer payback periods for systems installed following the implementation of the successor tariff as described in the bill, increased fees for NEM customers, and the legislature superseding the CPUC’s jurisdiction and process as it pertains to developing the NEM successor tariff.

AB 1139 has been amended three times since its original introduction: on April 8, May 4, and May 11. Amendments have addressed some, but not all, concerns raised by bill opponents.

Key provisions of the most recent version of AB 1139 (May 11 amended version) include, but are not limited to:

- Expedite the CPUC proceeding process: require the CPUC to develop a successor NEM tariff by February 1, 2022, and implement said tariff no later than December 31, 2023.
- If the CPUC fails to adopt a replacement tariff by February 1, 2022, require the CPUC to develop a tariff to take effect no later than December 31, 2023, which includes, but is not limited to, the following terms:
 - Interconnection fees and monthly fixed charges based on the cost to interconnect and serve NEM customers,
 - Credit eligible NEM customers for electricity exported to the grid at a rate equal to the hourly wholesale market rate applicable at the time of export and the location of the NEM customer,
 - Require that non-participating ratepayer benefits exceed or equal the benefits accrued by eligible NEM customers.

- Strike the portion of the California Public Utilities Code which requires that NEM tariffs “ensure that customer-sited renewable distributed generation continues to grow sustainably.”
- Transfer legacy NEM 1.0 and NEM 2.0 customers to a successor tariff no later than 10 years from the date the customer first received service.
- Require prevailing wage for the installation of all facilities taking service under NEM 3.0 installed after December 31, 2023.
- In the CPUC’s annual report to the legislature, address progress on the growth of distributed energy resources among residential customers in disadvantaged communities.
- Allow projects greater than one megawatt in capacity that do not have a significant impact on the distribution grid to be built to the size of onsite load if those projects are subject to reasonable interconnection charges.
- There are no limits on the amount of generating capacity or number of new eligible customer generators entitled to receive service under NEM 3.0.

Proponents of the bill posit that marginalized communities, and the general non-NEM population, have limited access to rooftop solar, yet have shouldered the burden of cost recovery that allows for the generous credits issued to NEM customers. Supporters state that this bill would facilitate the rate reform necessary to remedy this unfair cost shift, thereby “decreas[ing] energy bills for non-solar customers with a focus on those who are low-income,” and resulting in greater distributed energy resource access for working class families and families of color.

It is important to note that RCEA creates its own NEM compensation policy. This bill and proceeding define the terms of the NEM tariffs and rates issued by the investor-owned utilities. RCEA models rates (with the Board-authorized discount on RCEA customer generation rates) after PG&E’s. If the proceeding decision and/or legislation result in higher rates for NEM customers, this could impact RCEA electric generation revenue.

FINANCIAL IMPACTS

The impacts of the forthcoming successor tariff on RCEA’s finances are unknown at this time.

STAFF RECOMMENDATION

Discuss and potentially establish an RCEA position on Assembly Bill 1139.

ATTACHMENT

Assembly Bill 1139 text, as amended on May 11, 2021.

AMENDED IN ASSEMBLY MAY 11, 2021

AMENDED IN ASSEMBLY MAY 4, 2021

AMENDED IN ASSEMBLY APRIL 8, 2021

CALIFORNIA LEGISLATURE—2021–22 REGULAR SESSION

ASSEMBLY BILL

No. 1139

**Introduced by Assembly Members Lorena Gonzalez and Carrillo
(Principal coauthor: Assembly Member Quirk)**

February 18, 2021

An act to amend Section 2827.1 of, and to add Sections 913.13 and 2827.2 to, the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL’S DIGEST

AB 1139, as amended, Lorena Gonzalez. Net energy metering.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Existing law requires every electric utility, defined to include electrical corporations, local publicly owned electric utilities, and electrical cooperatives, to develop a standard contract or tariff for net energy metering, as defined, for generation by a renewable electrical generation facility, as defined, and to make this contract or tariff available to eligible customer-generators, as defined, upon request on a first-come-first-served basis until the time that the total rated generating capacity used by eligible customer generators exceeds 5% of the electric utility’s aggregate customer peak demand. For a large electrical corporation, as defined, existing law requires the commission to have developed a 2nd standard contract or tariff to provide net energy metering to additional eligible customer-generators in the electrical corporation’s service territory and imposes no limitation on the number

of new eligible customer-generators entitled to receive service pursuant to this 2nd standard contract or tariff. Existing law requires the commission to ensure that the 2nd standard contract or tariff made available to eligible customer-generators by large electrical corporations ensures that customer-sited renewable distributed generation continues to grow sustainably. Existing law requires the commission, in developing this standard contract or tariff, to include specific alternatives designed for growth among residential customers in disadvantaged communities.

This bill would require the commission, no later than February 1, 2022, to develop a replacement for the 2nd standard contract or tariff, which may include net energy metering, for an eligible customer-generator with a renewable electrical generation facility that is a customer of a large electrical corporation, and would require that large electrical corporations offer the standard contract or tariff to eligible customer-generators beginning no later than December 31, 2023. The bill would eliminate the requirement that the large electrical corporation tariff or contract ensure that customer-sited renewable distributed generation continues to grow sustainably. The bill would require that a customer-generator of a large electrical corporation that receives service pursuant to the existing statutory net energy metering tariffs be transferred to the replacement tariff no later than ~~5 years from the date that customer first received service pursuant to those tariffs,~~ except that an eligible customer-generator participating in the California Alternate Rates for Energy program would have to be transferred to the ~~new tariff no later than 10 years from the date that customer first~~ received service pursuant to those tariffs.

If the commission fails to adopt a replacement net energy metering tariff for large electrical corporations by February 1, 2022, this bill would require the commission to develop a successor net energy metering tariff for large electrical corporations, to take effect no later than December 31, 2023, that does specified things, including having interconnection fees and monthly fixed charges based on the cost to interconnect and serve the eligible customer-generator and crediting the eligible customer-generator for any electricity exported to the electrical grid at a rate equal to the hourly wholesale market rate applicable at the time of the export and at the location of the eligible customer-generator. The bill would require that a customer-generator of a large electrical corporation that receives service pursuant to the existing statutory net energy metering tariffs be transferred to the successor tariff no later than ~~5 years from the date that customer first~~

~~received service pursuant to those existing tariffs, except that an eligible customer-generator participating in the California Alternate Rates for Energy program would have to be transferred to the successor tariff no later than 10 years from the date that customer first received service pursuant to those existing tariffs.~~

Existing law requires the PUC to submit various reports to the Legislature, as specified.

This bill would require the PUC to annually report to the Legislature, by June 30, on progress made to grow use of distributed energy resources among residential customers in disadvantaged communities.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because certain provisions of the bill would require an order, decision, rule, direction, demand, or requirement of the commission to implement, this bill would impose a state-mandated local program by creating new crimes.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 913.13 is added to the Public Utilities
- 2 Code, to read:
- 3 913.13. The commission shall annually report, to be included
- 4 in the assessment required by Section 913.7, on progress made to
- 5 grow use of distributed energy resources among residential
- 6 customers in disadvantaged communities.
- 7 SEC. 2. Section 2827.1 of the Public Utilities Code is amended
- 8 to read:
- 9 2827.1. (a) For purposes of this section, “eligible
- 10 customer-generator,” “large electrical corporation,” and “renewable
- 11 electrical generation facility” have the same meanings as defined
- 12 in Section 2827.

(b) Notwithstanding any other law, the commission shall develop a standard contract or tariff, which may include net energy metering, for eligible customer-generators with a renewable electrical generation facility that is a customer of a large electrical corporation no later than February 1, 2022. A large electrical corporation shall offer the standard contract or tariff to an eligible customer-generator beginning no later than December 31, 2023. The commission may revise the standard contract or tariff as appropriate to achieve the objectives of this section. In developing the standard contract or tariff, the commission shall do all of the following:

(1) Ensure specific alternatives designed for growth among residential customers in disadvantaged communities.

(2) Establish terms of service and billing rules for eligible customer-generators.

(3) Ensure that the standard contract or tariff made available to eligible customer-generators is based on the costs and benefits of the renewable electrical generation facility.

(4) Ensure that the total benefits of the standard contract or tariff to all customers and the electrical system are approximately equal to the total costs.

(5) Allow projects greater than one megawatt that do not have significant impact on the distribution grid to be built to the size of the onsite load if the projects with a capacity of more than one megawatt are subject to reasonable interconnection charges established pursuant to the commission's Electric Rule 21 and applicable state and federal requirements.

(6) Determine which rates and tariffs are applicable to customer generators only during a rulemaking proceeding. Any fixed charges for residential customer generators that differ from the fixed charges allowed pursuant to subdivision (f) of Section 739.9 shall be authorized only in a rulemaking proceeding involving every large electrical corporation. The commission shall ensure customer generators are provided electric service at rates that are just and reasonable.

(c) All new eligible customer-generators of a large electrical corporation shall be subject to the standard contract or tariff developed by the commission and any rules, terms, and rates developed pursuant to subdivision (b) by no later than December 31, 2023. There shall be no limitation on the amount of generating

1 capacity or number of new eligible customer-generators entitled
2 to receive service pursuant to the standard contract or tariff.

3 (d) (1) For purposes of this subdivision, the following terms
4 have the following meanings:

5 (A) “Prior tariff” means a net energy metering tariff approved
6 by the commission pursuant to either Section 2827 or this section
7 as it read prior to the addition of this subdivision.

8 (B) “Replacement tariff” means the contract or tariff that the
9 commission is required to develop and adopt for large electrical
10 corporations by February 1, 2022, pursuant to subdivision (b).

11 (2) An eligible customer-generator of a large electrical
12 corporation receiving service pursuant to a prior tariff shall be
13 transferred to receive service pursuant to the replacement tariff no
14 later than ~~five years from the date that customer first received~~
15 ~~service pursuant to the prior tariff, except that an eligible~~
16 ~~customer-generator participating in the California Alternate Rates~~
17 ~~for Energy program shall be transferred to the replacement tariff~~
18 ~~no later than 10 years from the date that customer first received~~
19 service pursuant to the prior tariff.

20 (e) Notwithstanding paragraph (1) of subdivision (a) of Section
21 1720 of the Labor Code, construction of any renewable electrical
22 generation facility after December 31, 2023, that is to receive
23 service pursuant to the replacement tariff, shall constitute a public
24 works project for purposes of Article 2 (commencing with Section
25 1770) of Chapter 1 of Part 7 of Division 2 of the Labor Code. For
26 purposes of this subdivision, “replacement tariff” has the same
27 meaning as defined in subdivision (d).

28 SEC. 3. Section 2827.2 is added to the Public Utilities Code,
29 to read:

30 2827.2. (a) For purposes of this section, the following terms
31 have the following meanings:

32 (1) “Eligible customer-generator,” “large electrical corporation,”
33 and “renewable electrical generation facility” have the same
34 meanings as defined in Section 2827.

35 (2) “Prior tariff” means a net energy metering tariff approved
36 by the commission pursuant to either Section 2827 or 2728.1 as it
37 read on December 31, 2021.

38 (3) “Replacement tariff” means the contract or tariff that the
39 commission is required to develop and adopt for large electrical

corporations by February 1, 2022, pursuant to subdivision (b) of Section 2827.1.

(b) If the commission fails to adopt a replacement tariff for large electrical corporations by February 1, 2022, the commission shall develop a net energy metering tariff for large electrical corporations, to take effect no later than December 31, 2023, that does all of the following:

(1) Cost-effectively achieves the policy goals and objectives of the state described in Sections 454.51, 454.52, and 454.53, and includes specific alternatives designed for growth among residential customers in disadvantaged communities.

(2) Is based on the costs and benefits of the renewable electrical generation facility for nonparticipating ratepayers.

(3) Ensures that the nonparticipating ratepayer benefits of the standard contract or tariff exceeds or is approximately equal to the benefits to participating eligible customer-generators.

(4) Has interconnection fees and monthly fixed charges based on the cost to interconnect and serve the eligible customer-generator.

(5) Credits the eligible customer-generator for any electricity exported to the electrical grid at a rate equal to the hourly wholesale market rate applicable at the time of the export and at the location of the eligible customer-generator.

(c) An eligible customer-generator of a large electrical corporation receiving service pursuant to a prior tariff shall be transferred to receive service pursuant to the tariff adopted pursuant to subdivision (b) no later than ~~5 years from the date that customer first received service pursuant to the prior tariff, except that an eligible customer-generator participating in the California Alternate Rates for Energy program shall be transferred to the tariff adopted pursuant to subdivision (b) no later than~~ 10 years from the date that customer first received service pursuant to the prior tariff.

(d) Notwithstanding paragraph (1) of subdivision (a) of Section 1720 of the Labor Code, construction of any renewable electrical generation facility after December 31, 2023, that is to receive service pursuant to the tariff adopted pursuant to subdivision (b), shall constitute a public works project for purposes of Article 2 (commencing with Section 1770) of Chapter 1 of Part 7 of Division 2 of the Labor Code.

1 SEC. 4. (a) For purposes of this section, the following terms
2 have the following meanings:

3 (1) “Prior tariff” means a net energy metering tariff approved
4 by the Public Utilities Commission pursuant to Section 2827.1 of
5 the Public Utilities Code, as it read prior to the operative date of
6 this section.

7 (2) “Replacement tariff” means the contract or tariff that the
8 Public Utilities Commission is required to develop and adopt for
9 large electrical corporations by February 1, 2022, pursuant to
10 subdivision (b) of Section 2827.1 of, or the tariff developed
11 pursuant to Section 2827.2 of, the Public Utilities Code.

12 (b) Until a replacement tariff is adopted and takes effect, all
13 prior tariffs adopted by the Public Utilities Commission shall
14 remain in operation.

15 SEC. 5. No reimbursement is required by this act pursuant to
16 Section 6 of Article XIII B of the California Constitution because
17 the only costs that may be incurred by a local agency or school
18 district will be incurred because this act creates a new crime or
19 infraction, eliminates a crime or infraction, or changes the penalty
20 for a crime or infraction, within the meaning of Section 17556 of
21 the Government Code, or changes the definition of a crime within
22 the meaning of Section 6 of Article XIII B of the California
23 Constitution.

O

The background of the slide is a photograph of a solar farm. Rows of solar panels are visible in the foreground, stretching into the distance. The sky is a mix of blue and pink, indicating a sunset or sunrise. The overall scene is peaceful and highlights renewable energy.

Net Energy Metering Legislative Update

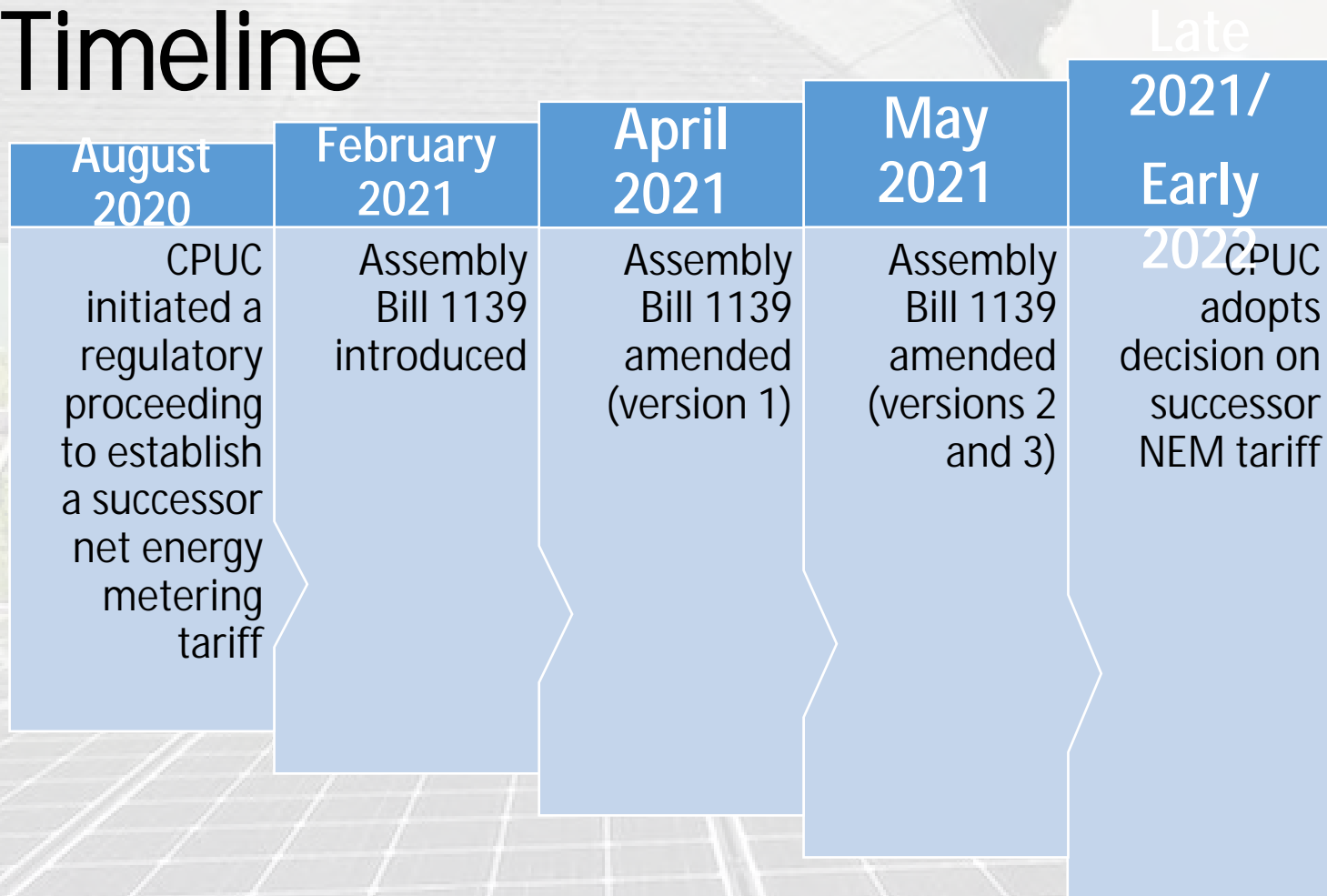
RCEA Board of Directors Meeting

May 27, 2021

What is Net Energy Metering?

- California's NEM program was established in 1997
- Allows customers who install renewable electrical generation facilities to serve onsite energy needs and receive credits on electric bills for surplus energy sent to the electric grid

Timeline



CPUC White Paper on Successor Tariff Options (2021)

Table 3. Solar Customer Bill Reductions and System Avoided Cost Value Under, NEM 2.0

Value	\$/kWh solar
Average Solar Compensation Paid to Customers	\$0.312
System Avoided Costs	\$0.055
Delta	\$0.258

NEM 2.0 Lookback Study (2021)

FIGURE 3-6: DISTRIBUTION OF NEM SYSTEMS AND CALIFORNIA POPULATION BY ZIP CODE MEDIAN INCOME

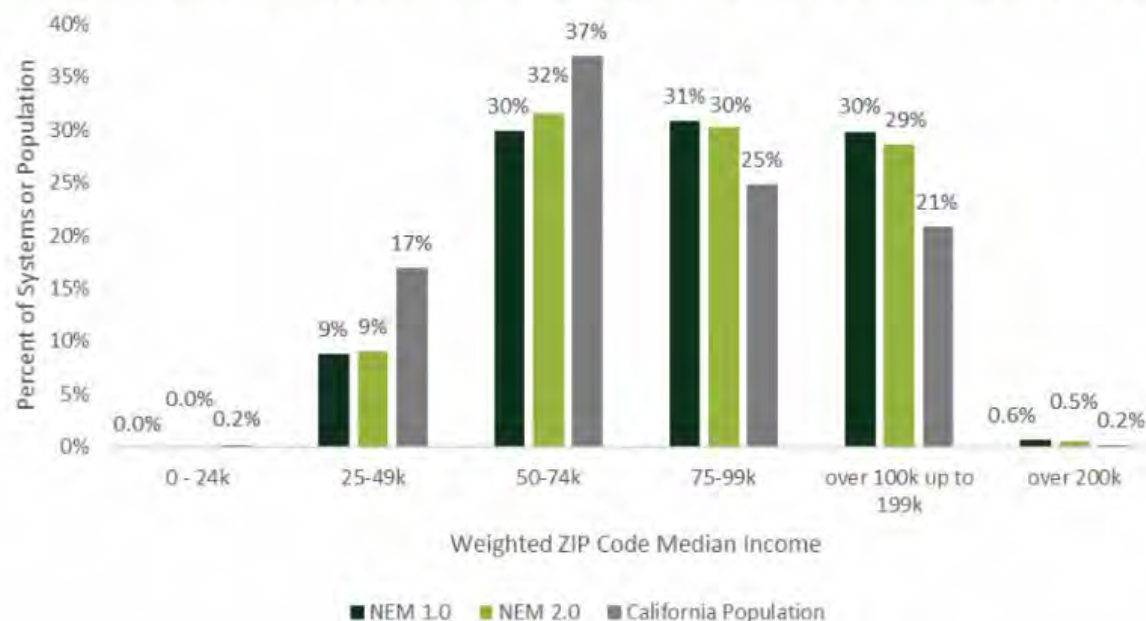


Figure 3-7 presents the percentage of homes with NEM systems by ZIP code median income.

Assembly Bill 1139 Highlights

- Seeks to expedite the current CPUC proceeding: requires the CPUC to develop NEM 3.0 by 2/1/22 and implement no later than 12/31/23
- If CPUC fails to adopt replacement tariff by 2/1/22, requires the CPUC to develop a successor tariff to take effect no later than 12/31/23 that would:
 - Apply additional interconnection fees and monthly fixed charges
 - Credit eligible customer-generators for electricity exported to the grid at a rate equal **to the hourly wholesale market rate**
 - Require that non-participating ratepayer benefits **exceed or are equal** to the benefits of eligible customer-generators

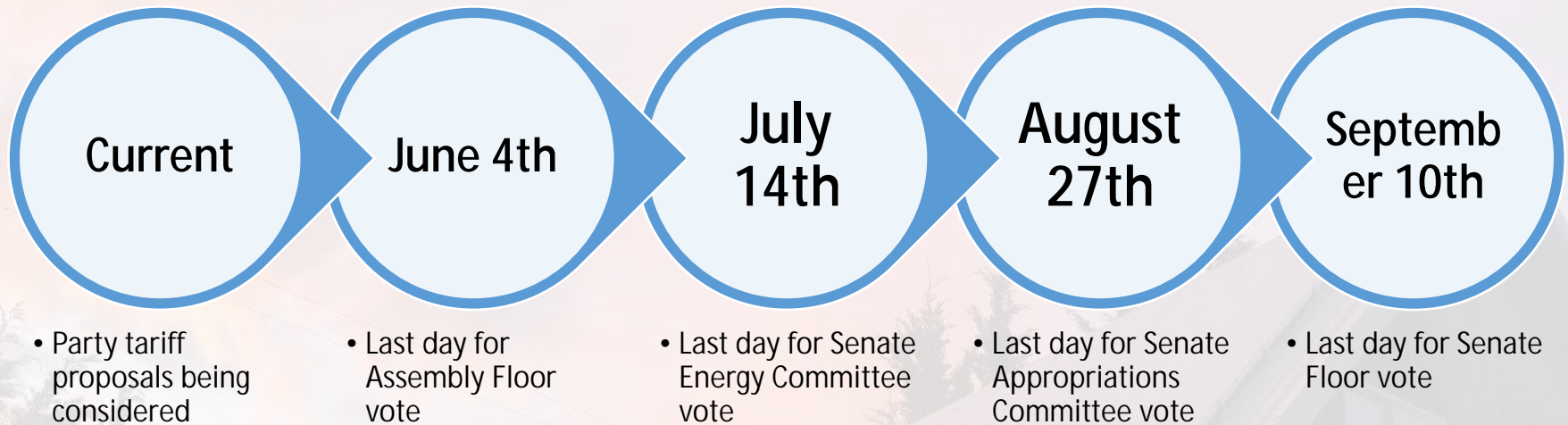
AB 1139 Highlights Cont'd

- Strike portion of PUC code which requires that NEM tariffs “ensure that customer-sited renewable distributed generation continues to grow sustainably”
- Transfers legacy NEM 1.0 and NEM 2.0 customers to a successor NEM tariff **no later than 10 years** from the date the customer first received service
- Requires prevailing wage for the installation of all facilities taking service under NEM 3.0 installed after 12/31/23
- In the CPUC’s annual report to the legislature, include progress on growth of distributed energy resources among residential customers in disadvantaged communities

AB 1139 Highlights Cont'd

- Allows projects greater than 1MW that do not have significant impact on the distribution grid to be built to the size of onsite load if they are **subject to reasonable interconnection charges**
- No limit on the amount of generating capacity or number of new customers that can receive NEM 3.0 service

Next Steps



Considerations

- CalCCA position yet to be established

Board Discussion

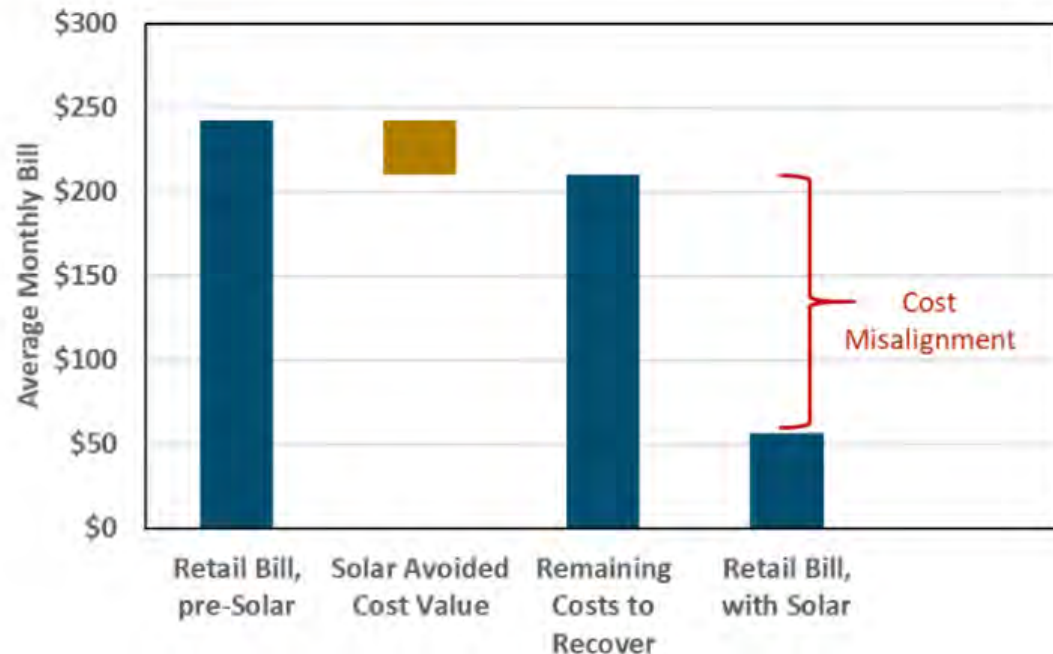
- Discuss, and potentially establish, an RCEA position on Assembly Bill 1139

A photograph of a single-story house with light blue horizontal siding and white window frames. The roof is covered with grey shingles and has a large array of dark blue solar panels installed on it. The house is surrounded by green grass and some shrubs. The sky is clear and blue. The text "Extra Slides" is overlaid in the center of the image.

Extra Slides

CPUC White Paper on Successor Tariff Options (2021)

Figure 5. Average Residential Customer Annual Bill (With and Without Solar), and Remaining Non-Avoidable Costs After Accounting for Solar Value



Net Energy Metering (NEM) Rulemaking (R.) 20-08-020

Proceeding Schedule

<u>Event</u>	<u>Date</u>
Comments on Guiding Principles Received	December 4, 2020
Reply Comments on Guiding Principles Received	December 11, 2020
Proposed Decision on Guiding Principles Issued	January 5, 2020
Issuance of NEM 2.0 Lookback Study	January 21, 2021
Workshop on E3 White Paper and Program Elements	February 8, 2021
Decision on Guiding Principles Issued	February 17, 2021
Party Proposals Served	March 15, 2021
Workshop Presenting Party Proposals	March 23-24
Second Workshop on Proposals	April 22, 2021
Cost Effectiveness Analysis Results Provided to Parties	May 28, 2021
Opening Testimony on Issues 2 -6	June 18, 2021
Rebuttal Testimony	July 16, 2021
Evidentiary Hearing on Issues 3 - 6	July 26 - August 6, 2021
Completion of Settlement Talks	August 27, 2021
Opening Briefs on Issues 2-6	August 27, 2021
Reply brief <i>[matter submitted]</i>	September 10, 2021
Proposed Decision on successor to current main NEM tariff and NEM tariff for fuel cells	<i>[no later than 90 days after reply briefs submission]</i>
Commission Decision	<i>[at least 30 days after PD]</i>

NEM R.20-08-020

Under NEM 3.0, customers would be placed on solar-specific rates. IOUs propose an additional monthly charge:

- PG&E: \$20.66/month
- SCE: \$12.02/month
- SDG&E: \$24.10/month

IOUs propose a “solar fee” based on system size in kilowatts (kW):

- PG&E: \$10.93/kW
- SCE: \$7.39/kW
- SDG&E: \$11.09/kW

All charges would be settled on a monthly basis, rather than annually as in NEM 2.0.



**STAFF REPORT
Agenda Item # 7.1**

AGENDA DATE:	May 27, 2021
TO:	Board of Directors
PREPARED BY:	Jocelyn Gwynn, Power Resources Manager Mike Avcollie, Demand-Side Management Project Manager
SUBJECT:	Community Grid Program and Energy Storage Capacity Agreement with Swell Energy

BACKGROUND

In April 2020, RCEA issued a request for proposals (RFP) to developers for up to 5 MW of resource adequacy (RA) capacity from local behind the meter (BTM) distributed energy resources (DERs). The DER RFP was focused on proposals for customer-sited resources that could provide: 1) RA value to RCEA's portfolio, 2) critical energy resilience to host customers, 3) utility cost savings to host customers 4) greenhouse gas emissions reductions, and 5) improved grid operability. The RFP was also focused on enabling customers to take advantage of enhanced energy storage incentives through the state's Self-Generation Incentive Program (SGIP), approved by the California Public Utilities Commission (CPUC) and administered locally by Pacific Gas and Electric (PG&E).

In June 2020, the Board approved staff entering negotiations with the two shortlisted companies, Swell Energy and TRC. After extensive negotiations and program development, RCEA identified Swell Energy's offering as the best fit for our solicitation and desired program outcomes. In September 2020, Swell and RCEA entered into a Cooperation Agreement and a Data Security Agreement so that Swell could begin market research and outreach to customers under our new "Community Grid Program." Time was of the essence because the enhanced SGIP incentives that the state allocated for equity and equity-resiliency energy storage projects were rapidly dwindling, and there was a need to get customer applications in as soon as possible. During this "soft launch" of the program, RCEA and Swell staff conducted several marketing campaigns targeted at eligible RCEA customers including public agencies, critical facilities, and income-qualified residents and small businesses. Swell submitted 160 SGIP applications on behalf of RCEA customers and 55 applications have been approved for incentive reservations. These customers will be offered retroactive enrollment in the Community Grid Program following execution of these contracts.

SUMMARY

Staff are bringing two contracts for implementation of the Community Grid Program to the Board for approval. Under the Behind the Retail Meter Capacity Storage Agreement, Swell will install or gain operational control¹ of 1-17 MW of battery storage capacity at RCEA customer host sites. Swell will aggregate capacity from the individual batteries into a virtual power plant (VPP) to be dispatched when called upon by the California Independent System Operator (CAISO) to reduce electricity demand at the customer sites during times of tight supply on the grid. In exchange, RCEA will

¹ The capacity agreement allows for Swell to source the product from storage units they install themselves or from compatible units installed by other storage providers.

purchase the RA value² that the VPP will receive, which is expected to be in the amount of 0.3-3 MW. The RA value of the VPP is determined by the CPUC and CAISO according to a complex capacity accreditation methodology. There is some risk of changes in this methodology eroding the VPP's RA value in the future. Should that occur, RCEA can exercise a mechanism in the contract to change the type of product we are procuring from RA to Load Modification, that will directly benefit our portfolio by reducing our RA obligation, which is based on forecasted peak load.

In addition to operating the VPP for this larger grid purpose, Swell will manage the individual systems to reduce peak time-of-use charges on customer utility bills, while reserving 20% of the battery capacity for customer use during power outages. This means customers will experience a reduction in their electricity costs during normal periods and will also have backup power when the grid goes down. The systems will be designed and installed in such a way as to ensure critical loads (such as refrigeration, medical equipment, etc.) will be powered during outages and shutoffs.

Swell will offer participants an up-front and/or ongoing payment(s) for allowing a portion of available storage capacity to participate in the Community Grid Program. These funds will help reduce capital costs for the storage systems. Customers who also receive an enhanced SGIP incentive will ultimately pay little to nothing for their battery storage system.

The Co-Marketing Agreement will enable Swell to market the Community Grid Program using RCEA's branding under a defined set of parameters. RCEA will co-market this program offering with Swell, highlighting the program goals described in the first paragraph of this report. Swell will offer a turnkey experience to site hosts that covers incentive application and administration, design, procurement, installation, operation, maintenance, system monitoring and verification, and decommissioning of energy storage systems, paired with or without solar generation. Swell will collaborate with RCEA to streamline customer recruitment and will use a combination of communication methods including press releases, emails, direct mail, social media advertising, radio advertising, and phone calls. In addition, RCEA will provide a dedicated landing page on our website to direct interested customers to Swell. For construction of the projects, Swell will subcontract out to local partner installers and coordinate with those installers for sales and project management, to ensure a seamless customer experience.

FINANCIAL IMPACTS

Other than staff time to manage the contracts and conduct some co-marketing, RCEA's expenses will solely be limited to the procurement of the Resource Adequacy (or Load Modification) product, which we would have to procure regardless, most likely from non-local resources, for compliance with the state's reliability program. As previously approved by the Board, RA procured through this program is not expected to exceed projected market value of RA over the delivery period by more than 50%. Given the small RA volume relative to RCEA's overall compliance need, the above-market cost is not expected to significantly impact RCEA's finances and is reflective of the additional customer benefits that will result from these battery storage projects beyond their RA value to RCEA.

RECOMMENDED ACTIONS

Approve the Behind the Retail Meter Storage Capacity Agreement and Co-Marketing Agreement with Swell Energy and authorize the Executive Director to execute all associated documents, contingent on final review and approval by RCEA legal counsel.

² Resource adequacy (RA) is a capacity product that RCEA is required to procure to comply with the state's Resource Adequacy Program, the goal of which is to ensure enough capacity is available to meet peak demand on the electric system when generation supply is not sufficient. The amount of RA credit a resource like this receives is dependent on how much customer demand is available during these times that can be shifted from the grid to the batteries.

ATTACHMENTS

Attachment A: Behind the Retail Meter Capacity Storage Agreement

Attachment B: Co-Marketing Agreement

BEHIND THE RETAIL METER CAPACITY STORAGE AGREEMENT

COVER SHEET

A. Term

Effective Date: _____

Delivery Term: 12 Contract Years

Expected Initial Delivery Date: May 1, 2023

B. Transaction

Capacity Attributes of Product as of Effective Date: (subject to modification pursuant to Section 3.4(a)(v), Section 3.4(a)(vi), or Section 3.4(a)(vii))

System RA Attributes: 300 kW

Local RA Attributes: 300 kW

Flexible RA Attributes: 0 kW

Initial Contract Amount: 300 kW

Contract Amount: The Initial Contract Amount of 300 kW may be subsequently modified pursuant to Section 3.4(a)(i), Section 3.4(a)(ii), or Section 3.4(a)(iii)). As specified in Section 3.4(a)(iv), the applicable Contract Amount for a Showing Month is the quantity listed in Column A of the most recently executed version of Appendix II-C, Contract Amount Modification.

Monthly Contract Amount: As specified in Section 3.1, Seller is obligated to deliver Product to Buyer in an amount equal to the Contract Amount multiplied by the applicable Monthly Capacity Factor.

Maximum Contract Amount: 3,000 kW

Contract Price: \$ [REDACTED] /kW-month

C. Milestones

Milestone	Completion Date
1. Fifty percent (50%) of Contract Amount enrolled (pursuant to Section 2.4(a))	6/1/2022
2. Seventy-five (75%) of Contract Amount enrolled (pursuant to Section 2.4(a))	10/1/2022
3. One hundred percent (100%) of Contract Amount enrolled (pursuant to Section 2.4(a))	2/1/2023

D. Performance Assurance

Project Development Security: \$ [REDACTED] (\$ [REDACTED]/kW multiplied by the Initial Contract Amount, subject to increase pursuant to Section 3.4(a)(v), Section 3.4(a)(vi), and Section 11.3(i))

Delivery Term Security: \$ [REDACTED] (\$ [REDACTED]/kW multiplied by the Contract Amount, subject to modification pursuant to Section 3.4(a)(vi), Section 3.4(a)(vii), and Section 11.3(ii))

Form of Security: Cash or Letter of Credit

E. Liquidated Damages

Delay Damages: \$ [REDACTED]/day (amount equal to the daily expected revenue of the Project based on the Contract Amount, as modified pursuant to Section 3.4(a)(v), Section 3.4(a)(vi), and Section 3.4(a)(vii), and the Contract Price plus 20%).

Replacement Damage Amount: \$ [REDACTED]/kW-month (this number shall rise at the rate of inflation set by the Consumer Price Index beginning at the Effective Date)

Damage Payment Amount: \$ [REDACTED] (amount equal to two Contract Years expected revenue of the Project based on the Contract Amount, as modified pursuant to Section 3.4(a)(v), Section 3.4(a)(vi), and Section 3.4(a)(vii), and the Contract Price).

F. Notice List

Seller Notices	Buyer Notices
Name: SWELL VPP FUND 2021-I LLC	Name: Redwood Coast Energy Authority
Delivery & Mailing Address: 1515 7th Street, #049 Santa Monica, CA 90401 Attn: Jon Fortune Title: VP, Grid Services Market Development Phone: [REDACTED] Email: [REDACTED]	Delivery & Mailing Address: 633 3 rd St Eureka, CA 95501 Attn: Richard Engel Title: Director of Power Resources Phone: 707-269-1700, ext. [REDACTED] Email: rengel@redwoodenergy.org
DUNS:	DUNS:
Federal Tax ID Number: [REDACTED]	Federal Tax ID Number:
Invoices: Attn: Accounting	Invoices: Attn: Accounts Payable

Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED]	Phone: 707-269-1700, ext. [REDACTED] Facsimile: 707-269-1777 Email: ap@redwoodenergy.org
Scheduling: Attn: Clinton Davis Phone 1: Phone 2: Email: [REDACTED]	Scheduling: Attn: The Energy Authority designated as Buyer's SC Day Ahead Desk Phone: [REDACTED] Real Time Desk Phone: [REDACTED] Email: Group-Corp-TradingCaiso@teainc.org
Payments: Attn: Accounting Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED]	Payments: Attn: Accounting Phone: 707-269-1700, ext. [REDACTED] Facsimile: 707-269-1777 Email: accounting@redwoodenergy.org
Wire Transfer: BNK: [REDACTED] ABA: [REDACTED] ACCT: [REDACTED]	Wire Transfer: BNK: ABA: ACCT:
Credit and Collections: Attn: Collections Phone: [REDACTED] Email: [REDACTED]	Credit and Collections: Attn: Lori Biondini, Director of Business Planning and Finance Phone: 707-269-1700, ext. [REDACTED] Email: ap@redwoodenergy.org
Notices of an Event of Default to: Attn: Jon Fortune VP, Grid Services Market Development Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED]	Notices of an Event of Default to: Attn: Lori Biondini, Director of Business Planning and Finance Phone: 707-269-1700, ext. [REDACTED] Facsimile: 707-269-1777 Email: lbiondini@redwoodenergy.org
With additional Notices of an Event of Default to: Attn: Stephen Schmidt Head of Corporate Development, General Counsel and Secretary Phone: [REDACTED] Facsimile: [REDACTED] Email: [REDACTED]	With additional Notices of an Event of Default to: RCEA General Counsel Nancy Diamond, Law Offices of Nancy Diamond 822 G Street, Suite 3 Arcata, CA 95521 Phone: (707) 826-8540 Facsimile: (707) 826-8541 ndiamond@ndiamondlaw.com

STRATEGIC CO-MARKETING AGREEMENT

This **STRATEGIC CO-MARKETING AGREEMENT**, (the “**Agreement**”), between Swell Energy Inc., a Delaware corporation (“**Swell**”) and Redwood Coast Energy Authority, a California joint powers authority (“**RCEA**”) is dated as of May 28, 2021 (the “**Effective Date**”). Swell and RCEA are referred to in this Agreement individually as a “**Party**” and collectively as the “**Parties**”.

WHEREAS, Swell is a leading provider of Solar and Storage Products and RCEA is the community choice aggregator and electricity supplier in Humboldt County that provides renewable energy at competitive rates to its customers;

WHEREAS, on even date herewith, the Parties will enter into a separate agreement in which Swell agrees to sell to RCEA, and RCEA agrees to purchase from Swell, resource capacity attributes from aggregated battery and solar energy storage facilities installed by RCEA customers, called the Behind the Retail Meter (BTM) Capacity Storage Agreement;

WHEREAS, the Parties desire to enter into a strategic business relationship to acquire customers for Behind the Meter (“BTM”) Storage Offers and Storage Plus Solar Offers for commercial and residential customers by leveraging each Party’s unique brands and utilizing multi-channel marketing (collectively, the “**Community Grid Program Co-Offering**”); and

WHEREAS, the Parties believe that they will develop valuable market and brand testing data as a result of implementing the Community Grid Program Co-Offering.

NOW, THEREFORE, in consideration of the promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. **Definitions.** The following terms shall have the meanings set forth in this Section 1 or elsewhere in the provisions of this Agreement referred to below:

“**Affiliate**” means any person or entity controlling, controlled by, or under common control with, any other person; “control” of a person or entity shall mean the ownership of, with right to vote, 50% or more of the outstanding securities, equity, membership interests, or equivalent, of such person or entity.

“**BTM Capacity Storage Agreement**” means that certain agreement entitled “Behind the Retail Meter Capacity Storage Agreement” entered into between the Parties on May 28, 2021.

“**Co-Marketing Materials**” means the messaging and materials, whether print, digital, telephone scripts or otherwise, produced by either Party for the Community Grid Program Co-Offering, which may include RCEA Assets and Swell Trademarks.

“**Enrolled Customer Key Performance Indicators (KPIs)**” means the following for customers that enroll in the Community Grid Program Co-Offering each quarter: (i) total number of Community Grid Program Co-Offering enrolled customers, (ii) total number of Community Grid Program Co-Offering projects in permitting, (iii) total number of Community Grid Program Co-Offering projects with Self-Generation Incentive Program (SGIP) applications, (iv) total solar capacity installed for Community

Grid Program Co-Offering enrolled customers (kW), (v) total storage size installed for Community Grid Program Co-Offering enrolled customers (kW), (vi) total storage capacity installed for Community Grid Program Co-Offering enrolled customers (kWh), (vii) expected Resource Adequacy (RA) value of installed projects for Community Grid Program Co-Offering enrolled customers (kW-mo), and (viii) total solar capacity installed for Community Grid Program Co-Offering enrolled customers with existing solar photovoltaic systems.

“Lead” shall mean an individual RCEA customer who has expressed interest in Swell Products in connection with the Community Grid Program Co-Offering.

“Lead KPIs” means the following for Leads generating pursuant to the Community Grid Program Co-Offering: (i) Customer contact rates, (ii) Lead to sales conversions, (iii) decline and cancellation rates and reasons, (iv) total number of sales, (v) total number of projects in permitting, (vi) total number of projects with Self-Generation Incentive Program applications, (vii) SGIP application acceptance rate, (viii) total number of projects interconnected, and (ix) total number of customers with existing solar photovoltaic systems.

“Lead Information” means the name, address, phone number and email of a Lead generated in connection with the Community Grid Program Co-Offering.

“Marketing Channels” has the meaning set forth in Section 4(a).

“Qualified Transferee” means any entity that:

(a) has, or has a parent that has, a tangible net worth of not less than the net worth of Swell Energy Inc. as of the Effective Date or (ii) has financial qualifications (including, collateral support and any other additional security as may be required by RCEA) as determined by RCEA in its sole discretion; and

(b) has at least one (1) year of experience in the marketing of Storage Offers or Storage Plus Solar Offers, and three (3) years of experience in the construction, operation and ownership of energy or energy storage facilities; or (ii) has retained a reputable third party with at least one (1) year of experience in the marketing of Storage Offers or Storage Plus Solar Offers, and three (3) years of experience in the construction, operation and ownership of energy or energy storage facilities; and

(c) has demonstrated to RCEA’s sole satisfaction that the entity has the ability to fully comply with all of Seller’s obligations under the Agreement in a manner consistent with RCEA’s strategic policies and goals.

“RCEA Data” means any Lead or RCEA customer data unique to such individual’s relationship with RCEA.

“RCEA Assets” means any trademarks, logos, and program names provided by RCEA to Swell pursuant to this Agreement.

“Self-Generation Incentive Program” (SGIP) means the California Public Utilities Commission’s program that provides financial incentives for the installation of new qualifying technologies that are installed to meet all or a portion of the electric energy needs of a facility. The purpose of the SGIP is to contribute to Greenhouse Gas (GHG) emission reductions, demand reductions and

reduced customer electricity purchases, resulting in the electric system reliability through improved transmission and distribution system utilization; as well as market transformation for distributed energy resource (DER) technologies.

“Service Territory” means the service territory of RCEA.

“Storage Facility” means a complete storage and backup system designed, engineered, procured, constructed, installed, tested, commissioned, and operational.

“Solar Plus Storage Facility” means a complete photovoltaic and battery storage and backup system designed, engineered, procured, constructed, installed, tested, commissioned, and operational.

“Storage Offer” means any product offering to a customer in which a battery storage system, is both (i) installed on the property of such customer; and (ii) either (a) owned by a person other than such customer, including but not limited to, contractual arrangements pursuant to which such storage system is leased to such customer (or through similar contractual arrangements); or (b) purchased by such customer or financed by such customer through, for example, home equity lines of credit, home equity loans, same-as-cash financing, any municipal financing program(s), or any other direct sale and/or financing mechanism.

“Storage Plus Solar Offer” means any product offering to a customer in which a battery storage system and a solar photovoltaic system are both (i) installed on the property of such customer; and (ii) either (a) owned by a person other than such customer, including but not limited to contractual arrangements pursuant to which such storage system is leased to such customer (or through similar contractual arrangements); or (b) purchased by such customer or financed by such customer through, for example, home equity lines of credit, home equity loans, same-as-cash financing, any municipal financing program(s), or any other direct sale and/or financing mechanism.

“Subcontractor” shall mean a person or entity directly or indirectly engaged by either Party (or any Subcontractor of such Party) with respect to the performance or provision, in whole or in part, of any obligation undertaken by such Party in connection with this Agreement.

“Swell Customer Agreement” means the customer agreement for Swell Products entered into by and between Swell and a particular consumer(s) whereby (i) Swell agrees to sell and the consumer(s) agrees to purchase solar electric energy produced by the Solar Plus Storage Facility, (ii) Swell agrees to lease to the consumer(s) the Storage Facility or Solar Plus Storage Facility; or (iii) the consumer(s) purchases the Storage Facility or Solar Plus Storage Facility from Swell.

“Swell Data” means all (i) Leads, (ii) Lead KPIs, (iii) Enrolled Customer KPIs, and (iv) Lead Information created or captured by Swell.

“Swell Offerings” means Storage Offers, and Storage Plus Solar Offers provided by Swell.

“Swell Trademarks” means any Trademark provided by Swell as set forth on Schedule I hereto.

“Trademarks” means any trademark, service mark, logo, brand or other product positioning or other distinctive brand element, or any content or other work of authorship, that are provided by a Party for use in connection with this Agreement, in each case relating to a Party or any of its products or services.

2. **Mutual Obligations and Scope.**

- (a) The Parties will develop and market the Community Grid Program Co-Offering and associated Co-Marketing Materials for purposes of generating Leads for Swell in the Service Territory.
- (b) The Parties will initially develop and market the Community Grid Program Co-Offering through the Marketing Channels based on a plan attached hereto as Schedule B “**Marketing Plan**”.
- (c) The Parties will provide commercially reasonable implementation and operational support for the Community Grid Program Co-Offering, including, without limitation, (i) distributing and tracking the Co-Marketing Materials via the Marketing Channels, as agreed upon by the Parties in the Marketing Plan, (ii) Co-Marketing Material design, (iii) reviewing materials produced in the process of developing the Community Grid Program Co-Offering in a commercially reasonable time frame, (iv) segment existing customer accounts to identify potential sources of Leads based on guidance from Swell, (v) providing the Parties with the applicable Trademarks of the responsible Party and obtaining and maintaining all reasonably necessary approvals to use the applicable Trademarks for the Community Grid Program Co-Offering; and (vi) any other requirements as set forth in the Marketing Plan.
- (d) The Parties shall comply with all applicable local, state and federal law in performing their respective obligations hereunder.
- (e) The Parties will meet quarterly to discuss (i) updates and results from implementing the Community Grid Program Co-Offering and distribution of the Co-Marketed Materials; (ii) applicable Lead KPIs; (iii) Enrolled Customer KPIs; and (iv) any customer complaints in connection with the Community Grid Program Co-Offering.

3. **Lead Submission.** The Parties agree that all Leads generated and submitted to Swell under this Agreement shall be directed to Swell’s landing page. All Swell Data related to such Leads must be submitted to RCEA by Swell on the last business day of each month. Neither Party may (i) offer or provide any compensation to any individual to become a Lead (excluding Swell’s Offerings) or (ii) provide or receive any Lead Information without such Lead’s knowledge or consent.

4. **Swell Commitments and Responsibilities.** Swell shall:

- (a) Develop the Co-Marketing Materials for distribution through some or all of the following marketing channels (collectively, the “Marketing Channels”): (i) digital, including, but not limited to, website advertising; (ii) direct mail; (iii) email campaigns; (iv) text message email campaign follow up; (v) inbound telemarketing; and (vi) any other channels agreed upon in writing by Swell and RCEA.
- (b) Design and develop the Co-Marketing Materials and distribute the Co-Marketing Materials through the Marketing Channels;
- (c) Handle, in Swell’s sole discretion, all Lead qualification, customer acquisition, and sales efforts to Leads with respect to Swell Products, including, without limitation, entering into agreements with Leads;
- (d) Provide Leads that purchase Swell Products with pricing characteristics consistent with those set forth in the Marketing Plan;
- (e) Track and record information reasonably necessary to calculate mutually agreed upon Lead KPIs and Enrolled Customer KPIs, including, without limitation, customer acquisition and Lead conversions with respect to the applicable Marketing Channel.
- (f) Deliver monthly reporting to RCEA about Lead KPIs and Enrolled Customer KPIs for the Community Grid Program Co-Offering, to the extent any such information is available based on

a Lead or Enrolled Customer's position in Swell's sales process, in a format to be agreed upon by the Parties;

- (g) Grant to RCEA a nonrevocable, nonexclusive, nontransferable, non-sublicensable license to use the Swell Data;
- (h) Execute and deliver to RCEA a Data Security Agreement on a form to be provided by RCEA prior to receiving any RCEA confidential customer information. Any Swell contractor, subcontractor, licensee, user, or other party who needs to receive RCEA confidential customer information as part of Swell's performance of Services under this Agreement shall execute and deliver to RCEA a Data Security Agreement prior to receiving any such information.
- (i) Not subcontract any portion of the work required by this Agreement without prior written approval of the RCEA, except for any subcontract work identified herein. If Swell shall cause any part of the project to be performed by a subcontractor, the provisions of this contract shall apply to such sub-contractor, and Swell shall be liable hereunder for all acts and negligence of the subcontractor.
- (j) For each Solar Plus Storage Facility or Storage Facility (each, a "Project"), provide the completed SGIP Attestation as provided in the BTM Capacity Storage Agreement, Appendix XV.

5. **Approval to Use Co-Marketing Materials.** Any Co-Marketing Materials created by the Parties (the "Creating Party") must first be submitted to other party (the "Approving Party") along with a description of the proposed intended use(s) for the Approving Party's approval, to be made in its sole and absolute discretion, prior to any use of such Co-Marketing Materials under this Agreement. The Approving Party shall provide written approval, proposed modification, or objection to the proposed use of the Co-Marketing Materials within fifteen business days of receipt of such submission by the Creating Party, and if the Approving Party does not provide a written response in such fifteen-day period, the Approving Party shall be deemed to have approved the proposed use of the Co-Marketing Materials created by the Creating Party.

6. **Expenses.** Unless otherwise agreed to by the Parties in writing, each Party shall bear their own costs and expenses in connection with this Agreement.

7. **Trademark License, Ownership & Restrictions.**

- (a) Subject to the terms of this Agreement, (i) RCEA grants to Swell a royalty-free, nonexclusive, nontransferable, non-sublicensable, revocable license to use the RCEA Assets on select publicity materials and internet postings as approved per Section 5 of this Agreement for use in connection with the Community Grid Program Co-Offering during the Term, including, without limitation, the creation of the Co-Marketing Materials and the promotion and distribution of Co-Marketing Materials across Swell's offline and online marketing channels in connection with this Agreement and (ii) Swell grants to RCEA a royalty-free, nonexclusive, nontransferable, non-sublicensable, revocable license to use the Swell Trademarks throughout the United States for use in connection with the Community Grid Program Co-Offering during the Term, including, without limitation, the promotion and distribution of Co-Marketing Materials across RCEA's offline and online marketing channels in connection with this Agreement.
- (b) RCEA shall own all rights in the RCEA Assets and reserves the right to use the RCEA Assets and license the RCEA Assets to other entities, and no provision of this Agreement shall be construed to effect any present or future transfer of title to Swell with respect to any of the RCEA Assets or other property of RCEA. Except as expressly provided in this Agreement, Swell will not: (i) transfer, sell, license, sublicense, distribute or commercially exploit the RCEA Assets; (ii) modify,

reproduce, create derivative or collective works from, or in any way otherwise exploit the RCEA Assets in whole or in part, or (iii) contest, oppose or challenge RCEA's ownership of the RCEA Assets or impair RCEA's ownership or rights in the RCEA Assets in any way. Swell agrees that it shall only use the form of RCEA Assets as directed by RCEA in writing.

- (c) Swell shall own all rights in the Swell Trademarks and reserves the right to use the Swell Trademarks and license the Swell Trademarks to other entities, and no provision of this Agreement shall be construed to effect any present or future transfer of title to RCEA or to any Affiliate of RCEA with respect to any of the Swell Trademarks or other property of Swell. Except as expressly provided in this Agreement, RCEA (including any Affiliates of RCEA) will not: (i) transfer, sell, license, sublicense, distribute or commercially exploit the Swell Trademarks; (ii) modify, reproduce, create derivative or collective works from, or in any way otherwise exploit the Swell Trademarks in whole or in part, or (iii) contest, oppose or challenge Swell's ownership of the Swell Trademarks or impair Swell's ownership or rights in the Swell Trademarks in any way.
- (d) Notwithstanding anything herein, neither party shall use the Trademarks of the other party without the prior written consent of such Party.

8. **Term & Termination.**

- (a) This Agreement shall commence in full force and effect as of the Effective Date and continue through May 27, 2023.
- (b) The Parties shall have the right to terminate this Agreement, with or without cause prior to the end of the Term by giving notice of termination to the other party. Any such notice shall specify the effective date of termination ("**Termination Date**"), which shall be no sooner than ninety (90) days after the date of the notice to the extent allowable under applicable law. Upon the Termination Date, the Parties shall immediately discontinue all further use of the other Party's Trademarks, the Co-Marketing Materials, and any mark or marks that may be confusingly similar thereto.

9. **Mutual Representations.** Each Party represents and warrants to the other Party that (1) it has full power, right and authority to grant and carry out its respective licenses, rights and obligations under this Agreement; (2) the grant and performance of such licenses, rights and obligations hereunder (i) will not conflict with any charter documents or any agreements, contracts or other arrangements to which it is a party, or (ii) will not, to its' knowledge, be prohibited or restricted by any government agency; (3) in performing its obligations hereunder, a Party shall not knowingly violate the intellectual property or personal rights of any third party; (4) there is no pending, or to its' knowledge, threatened litigation involving such Party which would have any effect on this Agreement or on its' ability to perform its obligations hereunder and (5) the Trademarks of each respective Party to be used in the Community Grid Program Co-Offering are free and clear of all third party trademark or other intellectual property claims.

10. **Indemnification.**

- (a) To the fullest extent permitted by law, Swell shall indemnify and hold harmless RCEA and its board, committees, officials, employees and agents (collectively "Indemnified Parties") from and against any and all losses, liabilities, damages, costs and expenses, including attorney's fees and costs to the extent same are caused in whole or in part by any negligent or wrongful act, error or omission of Swell, its officers, agents, employees or subcontractors or any entity or individual for which Swell shall bear legal liability in the performance of services under this Agreement.

- (b) Swell's responsibility for defense and indemnity obligations shall survive the termination or completion of this Agreement for the full period of time allowed by law. The defense and indemnification obligations of the Agreement are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained in this Agreement.
11. **Insurance.** Swell agrees to maintain, at a minimum, the insurance coverage as set out below at all times during the terms of this. Failure to maintain the required insurance shall be grounds for termination of this Agreement.
- (a) All insurance carriers shall have an A.M. Best's rating of A- or better and a minimum financial size VII. Said coverage shall include an endorsement to add RCEA, its officers, agents and employees, as additional insureds with respect to liability arising out of or connected with the services to be provided under this Agreement. Said coverage shall additionally be endorsed to specify that the Swell's insurance is primary and that insurance or self-insurance maintained by RCEA shall not contribute with it. Upon request, Swell shall furnish RCEA with certificates of insurance and endorsements of all required insurance. Said documentation shall state that coverage shall not be cancelled except after thirty (30) days prior written notice has been given to RCEA. In the event Swell subcontracts any part of the Services, each subcontractor shall be bound by the same terms and conditions concerning insurance as required by this Agreement and will be made a part of any such subcontract agreement. RCEA reserves the right at any time during the term of the Agreement to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice.
- (b) Technology Professional Liability Errors and Omissions Insurance: Swell shall maintain Technology Professional Liability Errors and Omissions Insurance with limits not less than \$2,000,000 per occurrence. Coverage shall be sufficiently broad to respond to the duties and obligations as is undertaken by Swell in this agreement and shall include, but not be limited to, claims involving infringement of intellectual property, copyright, trademark, invasion of privacy violations, information theft, release of private information, extortion and network security. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties as well as credit monitoring expenses with limits sufficient to respond to these obligations.
- i. The policy shall include, or be endorsed to include, property damage liability coverage for damage to, alteration of, loss of, or destruction of electronic data and/or information "property" of RCEA in the care, custody, or control of Swell. If not covered under Swell's liability policy, such "property" coverage of RCEA may be endorsed onto Swell's Cyber Liability Policy as covered property as follows:
- a. Cyber Liability coverage in an amount sufficient to cover the full replacement value of damage to, alteration of, loss of, or destruction of electronic data and/or information "property" of RCEA that will be in the care, custody, or control of Swell.

12. **Notices.** Except as otherwise expressly provided in this Agreement, all notices and other communications made or required to be given pursuant to this Agreement shall be in writing and shall be delivered in hand, mailed by United States first class mail, postage prepaid, sent by overnight courier (e.g., Federal Express or similar courier), or sent by email and confirmed by delivery via hand, courier or postal service, addressed as follows:

If to Swell, to:
Swell Energy, Inc.
Attention: Clinton Davis

If to RCEA, to:
Redwood Coast Energy Authority
Attention: Lori Biondini

1515 7th Street, #049
Santa Monica, CA 90401
Email: [REDACTED]

With a copy to:
Swell Energy, Inc.
Attention: Stephen Schmidt
1515 7th Street, #049
Santa Monica, CA 90401
Email: [REDACTED]

633 3rd Street
Eureka, CA 95501
Email: LBiondini@redwoodenergy.org

With a copy to:
RCEA General Counsel
Attention: Nancy Diamond
Law Offices of Nancy Diamond
822 G Street, Suite 3
Arcata, CA 95521
Phone: (707) 826-8540
ndiamond@ndiamondlaw.com

Any such notice or demand shall be deemed to have been duly given or made and to have become effective (i) if delivered by hand, overnight courier, or email to a responsible officer of the party to which it is directed, at the time of the receipt thereof by such officer or the sending of such email and (ii) if sent by first-class mail, postage prepaid, on the third business day following the mailing thereof.

13. **Independent Contractor.** The relationship between Swell and RCEA established by this Agreement is that of independent contractor and no other relationship is intended, including a partnership, franchise, joint venture, agency, employer/employee, fiduciary, master/servant relationship, or other special relationship.
14. **Waiver.** The waiver of any breach of any provision hereunder by any party hereto shall not be deemed to be a waiver of any preceding or subsequent breach hereunder.
15. **Amendment.** No addition to, or alteration of, the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto.
16. **Confidentiality.**
 - (a) This Agreement and all information shared between the Parties regarding this Agreement and the Services to be provided hereunder (e.g., reports, etc.) is strictly confidential and shall not be disclosed by a Party (except to such Party's affiliates, employees, lenders, counsel and other advisors, permitted assignees, or prospective purchasers who have a need to know the information and have agreed to treat such information as confidential) without the prior written consent of the other Party, except (i) as required by Law, including but not limited to the California Public Records Act and the Brown Act. In addition, Swell shall comply with the requirements of the customer information confidentiality policy adopted by RCEA, and shall take all reasonable steps necessary to ensure that such data remains confidential.
 - (b) Swell acknowledges that the confidential information about RCEA's customers to which it will have access under this Agreement could give it or a third party an unfair competitive advantage in the event that Swell or any third party were to compete with RCEA in the provision of services to RCEA's customers. Swell agrees that it will not use any information it receives regarding RCEA customers for any purpose other than providing services under this agreement. Swell agrees not to use any RCEA customer data provided to it by RCEA for its own marketing purposes. Swell shall not use such customer information to compete with RCEA in any manner, except as provided herein. Notwithstanding anything in the foregoing to the contrary, however, that Swell is not prohibited from conducting its business with potential customers in the Service

Territory, either due to a business opportunity already known to Swell as of the date of this Agreement, or made known to Swell, other than RCEA, in the ordinary course of Swell's business. For the avoidance of doubt, any information, including but not limited to customer names, usage, data, etc., that Swell knows of, learns of or is provided to Swell by a third party in the ordinary course of Swell's business other than performance of the Services under this Agreement shall not be deemed to be confidential information for purposes of this Agreement, even if it is the same or similar information such as would be confidential information, if provided to Swell pursuant to this Agreement.

17. **Assignment.** Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent will not be unreasonably conditioned, delayed, or withheld so long as (a) the assignee assumes the transferring Party's payment and performance, credit and collateral obligations under this Agreement, (b) the assignee agrees in writing to be bound by the terms and conditions hereof, (c) the proposed assignee is a Qualified Transferee, and (d) the transferring Party delivers such tax and enforceability assurance as the other Party may reasonably request.
18. **Nondiscriminatory Employment.** Swell shall not discriminate against any employee or application for employment because of race, color, religion, age, sex, national origin, political affiliation, ancestry, marital status or disability. This policy does not require the employment of unqualified persons.
19. **Entire Agreement, Etc.** This Agreement along with the attached exhibits and the RCEA Data Security Agreement contain the entire understanding of the parties with respect to the subject matter hereof and supersedes any and all prior negotiations, contracts, agreements, commitments, and writings with respect thereto. There are no oral understandings, terms or conditions and neither party has relied upon any representation, express or implied, not contained in this Agreement or the NDA.
20. **Severability.** In the event that any one or more of the provisions contained in this Agreement shall be declared invalid, void or unenforceable, the remainder of the provisions of this Agreement shall remain in full force and effect, and such invalid, void or unenforceable provision shall be interpreted as closely as possible to the manner in which it was written.
21. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by e-mail transmission, or verified electronic signature, shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties scanned and transmitted as a ".pdf" file by e-mail shall be deemed to be their original signatures for all purposes. In proving this Agreement it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought.
22. **Governing Law.** This Agreement, all claims or causes of action (whether in contract or tort) that may be based upon or arise out of or relate to this Agreement or relate to the negotiation, execution or performance of the Agreement (including an representation or warranty made in connection with this Agreement), and any services provided hereunder shall be governed by, construed and interpreted in accordance with the laws of the State of California, without regard to the conflict of laws provisions thereof to the extent such principles or rules would require or permit the application of the laws of any jurisdiction other than those of the State of California. This Agreement shall be deemed to have been entered into and performed in Humboldt County, CA, U.S.A.

* * * *

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as a sealed instrument as of the Effective Date.

Redwood Coast Energy Authority

Swell Energy Inc.

Signed: _____

Signed: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Schedule I

TRADEMARKS, LOGOS AND BRANDING

RCEA Logos and Branding

All outreach materials shall be approved by RCEA before being distributed by Swell. Swell shall abide by the following guidelines when creating marketing content:

1. RCEA's full logo includes both the wordmark and the emblem and is used only when there is ample space to allow for legibility. RCEA's full logo shall not be stretched in a single direction or distorted.



2. When spacing for the full RCEA logo is limited, the round emblem is used independent of the wordmark to achieve a stronger visual. The wordmark is not used without the emblem.



3. The dark blue color is Pantone # 541; 100C-57M-0Y-38K; RGB= #003F77 or 0-45-94. In general, only a dark navy color may be used, though a watermark of the emblem may be appropriate in certain situations.
4. When choosing a font in relation to RCEA branding, use Helvetica Neue. Arial and **Arial Bold** may be used as alternates.
5. RCEA does not utilize a “strapline” or slogan with its logo, but when appropriate and there is plenty of space, this statement can be included:

The Redwood Coast Energy Authority (RCEA) develops and implements sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient, and renewable resources.

6. White space and clean design are part of the RCEA brand.

Contact outreach@RedwoodEnergy.org with any questions or requests for anything not detailed in these guidelines.

Swell Trademarks, Logos and Branding

Name and Logo

- ☐ The company name can be listed as “Swell Energy.” No other variations are accepted.
- ☐ Do not alter the Swell Energy logo outside of the recommendations provided. This includes adding drop shadows, alternate colors, disproportion, color fills, adding the logo into another logo
- ☐ Additional information for Swell Energy creative is attached.
- ☐ Swell primary logo to be used on white background:



- ☐ Swell black logo to use on colored background or for black and white documents:



- ☐ Swell logo blue and black logo lockups to be used when there's no other mention of solar plus storage and color uses according to aforementioned scenarios:



- ☐ Swell white logo to use on colored background available upon request.

Creative and Copy

- ☐ If the Swell Energy name or logo is used in the content, please email Swellmarketing@SwellEnergy.com to provide awareness
- ☐ Avoid registering domains that contain the Swell Energy Brand name or typo versions of the name

Advertising

- ☐ Swell Energy will not be used in any negative form, including comparison to other brands
- ☐ The following words are prohibited when promoting Swell Energy's services or products:
 - ☐ Free - Unless the consumer will truly pay nothing

Rebate Guaranteed - Unless there are no terms and conditions that could prevent the customer from receiving a rebate, incentive, or tax credit.

Schedule II

RCEA/SWELL COMMUNITY GRID PROGRAM MARKETING PLAN

Redwood Coast Energy Authority (RCEA) will collaborate with Swell to execute a co-marketing program that capitalizes on the branding and strengths of both organizations to engage with RCEA's customer base. Via a mutually agreed-upon co-marketing strategy, RCEA customers will be solicited to install battery storage and solar PV systems at their metered sites. The overall objective of the Community Grid Program Marketing Plan is to create a shared base of battery and solar customers with the capacity required to provide backup power to the participating customers and satisfy the requirements of the Behind the Retail Meter Capacity Storage Agreement signed by RCEA and Swell.

A. Co-Marketing Programs Summary

Redwood Coast Energy Authority (RCEA), the Community Choice Aggregator (CCA) serving Humboldt County, California, seeks to promote clean power systems that can provide critical resiliency needs while decarbonizing the grid. RCEA will partner with Swell to install behind-the-meter (BTM) energy storage systems (ESS) paired with or without solar at RCEA customer sites that provide resiliency and cost savings to host customers while providing larger grid benefits. RCEA will co-market this program offering with Swell, who will offer a turnkey experience to site hosts that covers design, procurement, installation, operation, and maintenance of the ESS, paired with or without solar, incentive application and administration, and system monitoring and verification.

This program's overall marketing will highlight the following aspects of the program:

1. **Resource Adequacy (RA):** RCEA's Community Grid Program is a virtual power plant that will provide RA capacity to RCEA through the ability to curtail site loads when called upon by the California Independent System Operator (CAISO),
2. **Energy Resiliency:** Energy storage systems, particularly when paired with solar, provide reliable power to host customers during grid outages and Public Safety Power Shutoff (PSPS) events by isolating from the grid and powering critical site loads,
3. **Utility Cost Savings to Customers:** Systems provide utility cost savings to customers through peak shaving, load shifting and/or rate arbitrage in a manner that meets other project goals and allows cost savings to be passed on to the host customer,
4. **Decarbonization:** Supports decarbonization of the electricity grid by deploying ESS to curtail load during peak periods when emissions from other grid resources are the highest. When paired with solar photovoltaics, the ESS will charge from solar, amplifying the decarbonization result.

B. PROGRAM STRUCTURE

1. Swell and RCEA will co-market the "Community Grid Program" in conjunction with all residential and non-residential offers within RCEA territory.

- a. Community Grid Program: Offers RCEA customers an upfront and/or ongoing payment(s) for allowing a portion of available storage capacity to participate in the Community Grid Program, a virtual power plant (“VPP”) that will provide Local Resource Adequacy capacity to RCEA and capable of responding to CAISO reliability events.
2. Swell will lead marketing, customer acquisition, sales enablement, enrollment, and financial products design for the Community Grid Program. Swell will approach customer acquisition through both direct and channel marketing. Swell will target customers and support an inside sales call center that helps customers identify the optimal solution.
3. Swell will offer its origination and customer support software platform to local partner installers who can conduct online sales and project management through Swell’s portal to streamline solar and storage deployment and ensure a seamless customer experience. For example, Swell’s Certified Technicians will not only install projects, but also originate projects using Swell’s software platform. Swell Certified Technicians are qualified licensed contractors and must adhere to Swell’s standard Safety Requirements in addition to local jurisdictional codes. Solar and storage technicians and companies interested in joining Swell’s network can inquire through the company website www.swellenergy.com/partners. Swell will emphasize partnerships with its certified network of local installers that will be leveraged to market to RCEA customers in Humboldt County, using the following strategies:
 - a. Providing customers with a list of local installers from the Certified Technician Network.
 - b. Allowing customers to choose their own installer to the greatest extent possible.
4. Swell and RCEA will co-market the following residential offers to RCEA customers:
 - a. Self-Generation Incentive Plan (SGIP) Equity Resilience Storage Offer (If and when funding is available): No-cost energy storage offer available to medical baseline customers, income qualified customers, and income qualified customers with electric well pumps.
 - b. SGIP Equity Resilience Storage + Solar Offer (If and when funding is available): Storage systems with the addition of 3kW+ solar array with flexible financing options for system ownership or an Energy Service Agreement for the solar component.
 - c. General Market Storage Offer: Storage offer to customers eligible for SGIP General Market Incentives with flexible financing options for system ownership or an Energy Service Agreement.
 - d. General Market Storage Plus Solar Offer: Storage and solar offer to customers eligible for SGIP General Market Incentives with flexible financing options for system ownership and/or an Energy Service Agreement.
5. Swell and RCEA will co-market the following non-residential offers to RCEA customers:
 - a. SGIP Equity Resilience Storage Offer (if and when funding is available): No-cost energy storage offer available to critical facilities as defined in the latest SGIP Handbook.

- b. General Market Storage Offer: Energy storage offer to customers eligible for SGIP General Market Incentives with flexible financing options for system ownership and/or an Energy Service Agreement.
 - c. General Market Storage Plus Solar Offer: Energy storage plus solar offer to customers eligible for SGIP General Market Incentives with flexible financing options for system ownership and/or an Energy Service Agreement.
6. Swell will collaborate with RCEA to streamline customer acquisition in many ways including, but not limited to co-branding, co-marketing, and white labeling, in which Swell will create marketing services and/or products that carry the RCEA logo. Swell will use a combination of the following methods for customer outreach, communication, and program co-marketing:
- a. Press Releases
 - b. Email Inquiry Follow Up
 - c. Text Campaigns
 - d. Direct Mail
 - e. Phone Calls
 - f. Digital Marketing
 - g. Social Media Advertising
 - h. Radio Advertising
 - i. Dedicated Landing Page
7. Swell will provide RCEA with data about marketing to RCEA customers in tabular format on a quarterly basis, including, but not limited to:
- j. Lead contact rates
 - k. Lead to sales conversions
 - l. Decline and cancellation rates and reasons,
 - m. For all leads who become enrolled customers:
 - i. total number of enrolled customers
 - ii. total number of projects in permitting
 - iii. total number of projects with Self-Generation Incentive Program applications
 - iv. total solar capacity installed (kW)
 - v. total storage size installed (kW)
 - vi. total storage capacity installed (kWh)
 - vii. expected RA value of installed projects (kW-mo)
 - n. SGIP application acceptance rate
 - o. Total number of projects interconnected

C. SCHEDULE

1. Program Milestones

Milestone	Date
RCEA Press Release Announcing Program	September 3, 2020
Customer Outreach and Marketing Begins, Web Page Live	September 4, 2020
Executed Cooperation Agreement	September 15, 2020
Executed Data Security Agreement	September 17, 2020
Data Sharing Begins	October 15, 2020
Co-Marketing/Co-Branding Process Begins	June 1, 2021
Co-Marketing/Co-Branding Process Ends	June 1, 2023



RCEA Community Grid Program and Energy Storage Capacity Agreement with Swell Energy

**Presentation to RCEA Board of Directors
May 27, 2021**



Vendor Selection Process



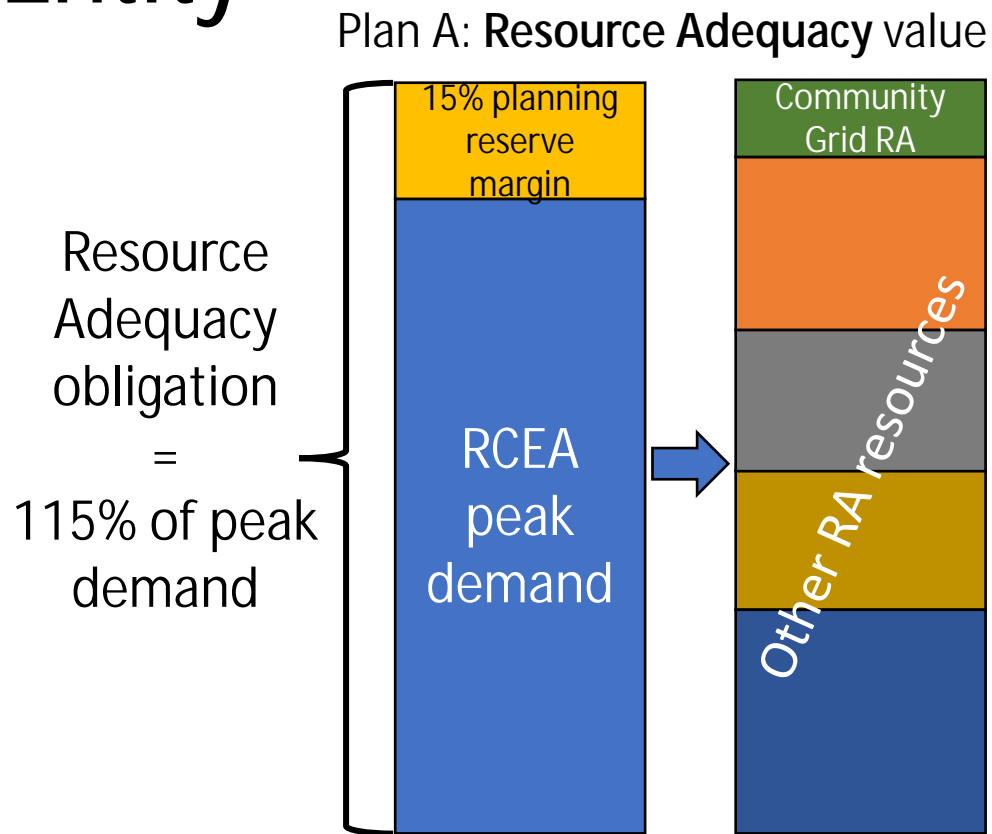
- Feb 2020 – Board approved RFP terms
- June 2020 – Board approved shortlist
- RFP objectives – Distributed energy resources that can provide:
 1. Resource adequacy (capacity) value to RCEA
 2. Back up power to host customers
 3. Utility bill savings to host customers
 4. Greenhouse gas emissions reductions
 5. Improved grid operability to balancing authority
- Program leverages Self-Generation Incentive Program (SGIP) funding
- Swell Energy selected as vendor for the program

Benefits of Distributed Energy Storage

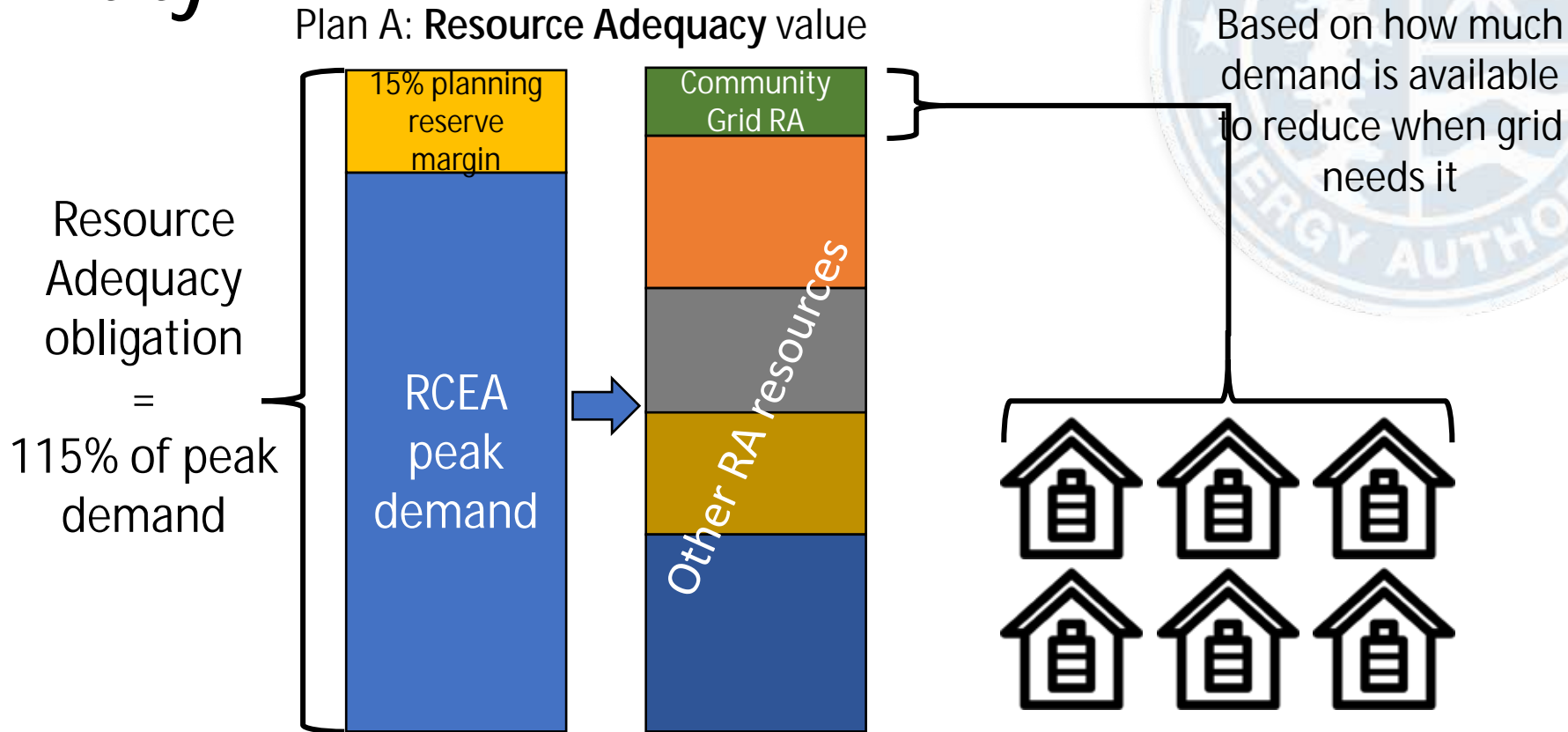
- RCEA as a load serving entity
 - Capacity provision – Resource Adequacy
 - OR load modification – reduces RA requirements
- Customers
 - Utility cost savings – daily charging and discharging based on time-of-use charges
 - Critical energy resilience – power during outages
- The larger grid
 - Dispatch by CAISO during times of tight supply/high demand
 - Another tool to manage increasing grid uncertainty



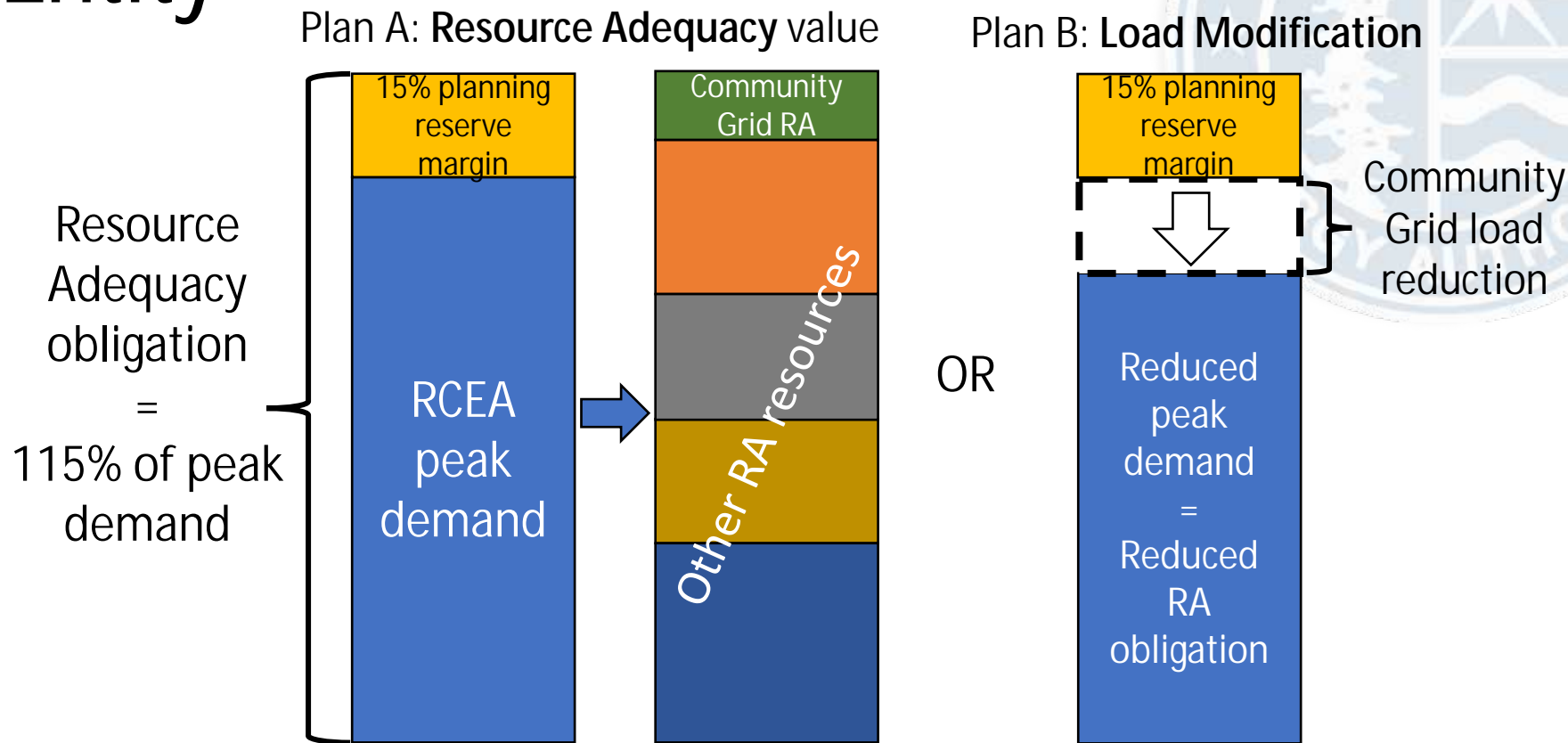
Benefit to RCEA as a Load Serving Entity



Benefit to RCEA as a Load Serving Entity



Benefit to RCEA as a Load Serving Entity



Community Grid Program

- 1-17 MW of battery storage capacity
- 0.3-3 MW of Resource Adequacy capacity
- Operated by Swell as a Virtual Power Plant
- Any RCEA customer is eligible
- Development to take place over next two years
- May 2023 official start, 12-year term
- Capacity can be added through April 2025



Co-Marketing Plan

- Customer outreach has already begun under Cooperation Agreement
 - Targeted outreach to income-qualified customers, Tribes, public agencies, and critical services/infrastructure
- RCEA branding in Swell's customer marketing
- Partnering with local contractors
- Turnkey customer experience
 - SGIP incentive, financing options, program participation incentives
 - With or without solar generation





STAFF REPORT
Agenda Item # 8.1

AGENDA DATE:	March 25, 2021
TO:	Board of Directors
PREPARED BY:	Matthew Marshall, Executive Director Patrick Owen, Human Resources and Workforce Development Manager
SUBJECT:	Creation of Deputy Executive Director Position and updates RCEA's Organization Chart

SUMMARY

In early 2020 the RCEA Board directed staff to explore the creation of a Deputy Executive Director position with responsibilities focused on the general administration and operations of RCEA to support sound internal operations while also freeing up the Executive Director's (and other department directors') capacity to focus more on strategic planning, relationships with external stakeholders, and program development and implementation.

While pandemic disruptions slowed work on this effort, staff has researched and developed a proposed new Deputy Executive Director position over the last few months. Implementing the creation of this position would result in some additional adjustment to the RCEA organizational chart.

Many of our fellow community choice energy program providers employ staff, typically with the title of Chief Operating Officer, dedicated to internal operations including various functions such as administration, information technology, human resources, and office management. Similarly, many local governments have Deputy City Manager or Deputy County Administrative Officer positions. After researching a range of alternatives, staff based the proposed RCEA Deputy Executive Director position most closely on the successful Deputy City Manager roles at the Cities of Arcata and Eureka. The position's core responsibilities are focused on:

- Human resource functions,
- Information technology and internal business systems,
- Risk management (in the general sense of insurance, employee safety, etc. and not RCEA's energy risk management program, which focuses on power procurement business risk),
- General internal administration and operations, including board clerk and records management functions, office management, and overseeing RCEA's approximately \$1.1 million general and administrative budget.

Along with the creation of the Deputy Executive Director position, the following additional staffing adjustments are proposed:

- 1) Revising the reporting structure within the organization chart to have the following four positions report to the Deputy Executive Director:
 - a. Manager of Human Resources & Workforce Development (currently reports to the Executive Director).

- b. Clerk of the Board and Executive Support Specialist (currently reports to the Executive Director).
 - c. Information Technology Specialist (currently reports to the Director of Operations).
 - d. Administrative Specialist (currently reports to the Director of Business Planning & Finance).
- 2) Revising the current position of Director of Operations to Director of Infrastructure Planning and Operations. This revision addresses two updates:
 - a. Responsibility for internal/organizational information technology, data security, and business-operations systems and procedures will transfer to the Deputy Executive Director.
 - b. The current Director of Operations role responsibilities will be expanded and focused on growing RCEA infrastructure planning and operations needs. Akin to an RCEA “Public Works” department, this includes:
 - i. RCEA’s central role in planning both regional low-carbon vehicle fueling-infrastructure,
 - ii. Managing the operation of RCEA’s expanding county-wide network of public electric vehicle charging stations,
 - iii. Operating RCEA’s airport microgrid systems once it comes online in the coming year,
 - iv. Working with PG&E and other partners on planning and developing additional microgrid locations and other regional energy-resiliency projects and planning efforts,
 - v. Leading the renovation or construction and subsequent operations of a new RCEA office facility.
- 3) Revising the current position of Grants and Contracts Specialist to Grants and Contracts Manager. This revision addresses a needed reclassification of this role. RCEA’s contract development and management needs have grown significantly in recent years, and the current responsibilities of the role, as well as the associated skills and experience of the employee performing these duties, are commensurate with other manager-level positions at RCEA.

A draft position description for the Deputy Executive Director is attached, along with a proposed update to the RCEA organization chart and position descriptions for proposed revised roles of Director of Infrastructure Planning and Operations and Grants and Contracts Manager.

FINANCIAL IMPACTS

The full cost associated with creating the Deputy Executive Director position will increase RCEA’s annual personnel budget by around \$160,000 per year. The reclassification of the Contracts and Grants position will increase the budget by about \$16,000 per year. The other proposed staffing adjustments have no direct fiscal impact. These proposed changes have been included in the preliminary draft FY21-22 budget to be presented at this meeting.

While not easily quantifiable, the proposed staffing changes are expected to improve the overall operational effectiveness and efficiency of RCEA, which is an investment that will likely result in improved financial performance and increased services and benefits provided to RCEA customers. Overall, personnel costs remain a very small share of RCEA’s total budget, about 6%, compared to 20-40% for many JPAs and Special Districts.

RECOMMENDED ACTION

Approve:

- 1) Creation of a Deputy Executive Director position.
- 2) Update to the RCEA Organization Chart.
- 3) Revising the Director of Operations position to Director of Infrastructure Planning and Operations, and
- 4) Revising the Contracts and Grants Specialist position to Contracts and Grants Manager.

ATTACHMENTS

1. Proposed Deputy Executive Director position description
2. Revised Director of Infrastructure Planning and Operations position description
3. Revised Contracts and Grants Manager position description
4. Proposed changes to RCEA Organizational Chart



Director - Deputy Executive Director

General Class Description: Under general direction of the Executive Director a Director plans, organizes, coordinates, and directs the programs or activities of the associated department; provides expert professional assistance to staff of department; performs related work as assigned. This class has department-head level responsibility for overall policy development, program planning, fiscal management, administration and operation of the departmental functions and various support services. A Department Director is responsible for accomplishing departmental goals and objectives, supervising staff, administering the department's annual budget, and directing the day-to-day operations and activities of the department. A Director works with Executive Director and other Directors to ensure consistent and efficient implementation of agency operational policies and long-term operational excellence. This position class is distinguished by complex and widely scoped duties with major financial or operational impact on key business processes. This position exercises considerable discretion and independent judgment in the coordination and prioritization of duties and responsibilities assigned and in acting on behalf of the Executive Director.

Summary

The Deputy Executive Director works under the general direction of the Executive Director and has responsibility for a wide range of matters to support RCEA's internal functions, including: developing and administering the human resources programs and activities of RCEA, leading risk management functions in coordination with staff in other RCEA departments and RCEA's insurance providers, overseeing and maintaining RCEA information technology and communications systems and procedures, and serving as the department head for the overall Executive Director department functions of internal administration and operations.

Essential Functions and Responsibilities

Duties are illustrative and may vary. Other duties may be assigned.

- Plans, supervises, and directs the day-to-day operations of the Executive Director department, including Human Resources, Clerk of the Board and records-management functions, information technology, and risk management; assigns work activities and responsibilities to appropriate staff; reviews and evaluates work methods and procedures; identifies and resolves problems and/or issues.
- Leads the development and management of the organization's general administration budget; prepares forecasts of necessary funds for staffing, services, materials, and supplies; monitors and approves expenditures; discusses and resolves budget issues with appropriate staff; implements adjustments as necessary.
- Develops and administers RCEA human resources rules, regulations and policies, and consults with department heads and the Executive Director relative to employee relations, policy development, and human resources issues.
- Directs and coordinates the administration of the compensation plan, recruitment and selection processes, employee relations and benefits, training, and employee performance management and evaluation programs. Performs investigations into alleged disciplinary infractions through interviewing employees and other parties, including gathering pertinent information, recommending appropriate disciplinary action based on findings, preparing letters notifying employees of disciplinary actions, and attending related meetings and hearings if a disciplinary action is appealed.

- Oversees and supervises agency business systems operations, including information technology services, data security, communications systems, office equipment, and quality assurance.
- Oversees and manages maintenance, repair, and expansion of physical buildings or properties to ensure that the functionality of the built environment effectively integrates staff with systems, place, process, and technology.
- Oversees the development and implementation of technology solutions for all general office activities, along with user training to ensure maximum adoption of existing and new technical solutions.
- Directs and coordinates the RCEA's risk management, workers compensation, and employee safety programs, including coordination and liaison with the RCEA's insurance providers on insurance claims.
- Meets with management staff to identify and resolve problems; coordinates projects and programmatic areas of responsibility; and reviews and evaluates work methods and procedures.
- Facilitates, leads and/or participates in meetings and committees; represents the Executive Director's Office and/or RCEA at meetings and conferences, serves as liaison between departments, external organizations, the general public and other agencies relative to the goals, actions, and activities of RCEA.
- Performs research and analysis, conducts studies and prepares recommendations on a variety of issues; prepares written reports, memoranda, letters, resolutions, policies and procedures.
- Develops and/or assists in the implementation of new programs or enhancements to existing programs, and in operation analysis and recommendations for organizational structure.

Minimum Qualifications

Experience/Education:

Any combination of training and experience that would provide the required knowledge, skills, and abilities is qualifying. A typical way to obtain the required qualifications would be:

- Education or experience equal to a bachelor's degree or greater in business or public administration, organizational development, human resources, operations management, or a closely related field.
- at least seven (7) years progressively responsible and varied experience in organizational or municipal management, including at least five (5) years in public human resources administration experience (public sector experience is strongly desired).

Knowledge of:

- Principles, practices, methods and techniques of public human resources administration, including classification and compensation, labor relations, fringe benefits management, recruitment and selection, performance evaluation, and grievance processing.
- Federal, state and local employment laws, regulations, and guidelines pertaining to assigned areas of responsibility.
- The typical organization of California Joint Powers Authority (JPA) government agencies, their functions and processes.
- Federal, state and local laws impacting local government operations.
- Municipal budget development and administration.
- Organization and management practices as applied to the analysis and evaluation of programs, policies, and operation needs and design.
- Research techniques and methods of report presentation.
- Technical and administrative operations of IT functions, data management and security procedures, standard office and communications equipment, and quality assurance programs.

- The principles and practices of records management, storage and destruction.
- English usage, grammar, spelling, vocabulary, and punctuation.
- Techniques for dealing effectively with those contacted in the course of work, both in person and on the telephone.

Ability to:

- Effectively direct, supervise and coordinate the work of assigned staff.
- Effectively communicate to gather information and explain policies and procedures.
- Evaluate extensive data effectively and objectively, make clear, logical and objective decisions.
- Prepare clear, concise and complex analysis, proposals, reports and other written materials.
- Facilitate group processes.
- Analyze complex management, operational, and budgetary issues and propose solutions.
- Devise effective and efficient operating methods and procedures.
- Operate a personal computer using standard and customized software applications appropriate to assigned tasks.
- Analyze numerical and statistical data.
- Develop, prepare, and generate necessary reports.
- Work independently and exercise sound judgment; communicate clearly and concisely, both orally and in writing.
- Establish and maintain cooperative working relationships inside and outside the organization.
- Develop fiscally prudent policies and procedures that acknowledge and uphold public trust.
- Effectively direct, supervise and coordinate the work of assigned staff.
- Manage multiple priorities, meet deadlines, and quickly adapt to changing priorities in a fast-paced dynamic environment.
- Be thorough and detail-oriented.
- Demonstrate patience, tact, teamwork and commitment to superior service and performance.
- Communicate effectively verbally, in writing, and through presentations.

Working Conditions and Essential Requirements

Work is generally performed in an office environment. Must be able to perform the physical aspects of the job, including sitting and standing for periods of time; operate standard office equipment, including a computer; hearing and speech to communicate in person and over the telephone; lift, push, pull, and carry up to 25 lbs.; interact with a diverse range of people.

Other requirements:

- Must possess a valid California driver's license.
- Must maintain absolute confidentiality of certain information received in the course of work.
- Must be willing and available to attend meetings after normal work hours and to travel for trainings and/or meetings as required.
- Must be willing and available to work extended hours as necessary to complete assigned projects.

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Director – Infrastructure Planning and Operations

General Class Description: Under general direction of the Executive Director a Director plans, organizes, coordinates, and directs the programs or activities of the associated department; provides expert professional assistance to staff of department; performs related work as assigned. This class has department-head level responsibility for overall policy development, program planning, fiscal management, administration and operation of the departmental functions and various support services. A Department Director is responsible for accomplishing departmental goals and objectives, supervising staff, administering the department's annual budget, and directing the day-to-day operations and activities of the department. A Director works with Executive Director and other Directors to ensure consistent and efficient implementation of agency operational policies and long-term operational excellence. This position class is distinguished by complex and widely scoped duties with major financial or operational impact on key business processes. This position exercises considerable discretion and independent judgment in the coordination and prioritization of duties and responsibilities assigned and in acting on behalf of the Executive Director.

Summary

The Director of Infrastructure Planning and Operations works under the general direction of the Executive Director and is responsible for physical asset management, as well as selected programs with an emphasis on capital assets such as electric vehicle charging infrastructure. This position is responsible for core functions including regional energy resilience and infrastructure planning as well as developing and managing facilities and infrastructure, including buildings, RCEA's electric vehicle charging station network, and RCEA-owned energy systems and facilities, including RCEA's microgrid infrastructure. The position requires knowledge of energy systems and facilities operations and experience managing programs focused on emerging low carbon and sustainable energy initiatives.

Essential Functions and Responsibilities

Duties are illustrative and may vary. Other duties may be assigned.

- Oversee and manage maintenance, repair, and expansion of physical buildings or properties to ensure that the functionality of the built environment effectively integrates staff with systems, place, process, and technology.
- Manage complex, large-scale development projects and contracts.
- Oversee and supervise selected agency programs that include capital assets, such as the RCEA EV charging network.
- Support regional coordination and planning efforts around energy resiliency and transportation infrastructure.
- Collaborate and consult with other program directors to identify and develop low-carbon and sustainable energy initiatives.
- Work closely with other department directors to prepare agency operation-related documents for Board review, and manage resulting implementation plans.
- Establish and maintain relationships with appropriate consultants and vendors associated with department operations.
- Assist with change management efforts to support ongoing organizational maturity and growth.
- Maintain the security and safety of RCEA facilities and infrastructure.
- Develop, write, and present staff reports and recommendations to the Board.

Work as part of a senior management team to establish inter-departmental processes to support efficient office and business functions; review and evaluate existing processes and identify systems operations and facilities needs.

Minimum Qualifications

Experience/Education:

Any combination of training and experience that would provide the required knowledge, skills, and abilities is qualifying. A typical way to obtain the required qualifications would be:

- Education or experience equal to a bachelor's degree or greater in engineering, business or public administration, organizational development, facilities or operations management, or a closely related field.
- A minimum of eight (8) years of progressively responsible experience in planning and operations (public sector experience is strongly desired).
- Continuing education with an emphasis on energy system design and operation, facilities management, and safety.
- Experience working with contractors and vendors to secure services and materials.

Knowledge of:

- Facilities management principles, methodologies, and tools.
- Management and educational techniques to train employees and implement policies.
- Current business software programs and project management approaches and tools, content management, and data security.
- Advanced fuels initiatives in California and California Energy Commission grant funding opportunities.
- Ongoing technical advances in low carbon fuel options, microgrid implementation, energy efficiency, renewable energy, and building science.
- Climate change adaptation, zero net energy, and similar programs to support local implementation of related state and federal initiatives.
- Public agency governance procedures.
- Change management principles and practices.

Ability to:

- Plan, organize and manage all aspects of infrastructure planning and operations.
- Apply a structured methodology to plan and lead operational changes; define and measure success metrics and monitor progress.
- Analyze complex needs and recommend technical solutions.
- Negotiate and collaborate with partner organizations, up to and including Fortune 500 businesses, on complex, long-range mission-critical projects.
- Ensure consistency and maintainability of existing applications by creating, maintaining, and enforcing standards and procedures for implementing technical solutions.
- Perform data collection, interpretation and analysis pertaining to systems operations.
- Support long-term strategic planning.
- Represent, uphold and communicate RCEA operational policies and procedures to internal staff, the Board of Directors and external parties and vendors.
- Develop fiscally prudent policies and procedures that acknowledge and uphold public trust.
- Effectively direct, supervise and coordinate the work of assigned staff.
- Manage multiple priorities, meet deadlines, and quickly adapt to changing priorities in a fast-paced dynamic environment.
- Work well under pressure.

- Be thorough and detail-oriented.
- Demonstrate patience, tact, teamwork and commitment to superior service and performance.
- Communicate effectively verbally, in writing, and through presentations.

Working Conditions and Essential Requirements

The physical demands described here are representative of those required for the position. Position requires sitting, walking, standing, bending, and twisting in the performance of daily activities. The position requires hand manipulation and repetitive hand movement and fine coordination in using a computer keyboard and other office equipment. The position requires near and far vision in reading reports and use of a computer. Acute hearing is required in supporting meetings and providing phone and in-person customer service. The position occasionally requires lifting and/or moving objects. The position requires the ability to physically navigate building service spaces such as attics and crawlspaces or equivalent. RCEA will make reasonable accommodation of the known physical or mental limitations of a qualified applicant with a disability upon request. Possession and continued maintenance of a valid class C California driver's license and a safe driving record is required.

Preferred Qualifications

- Master's degree or professional certification in a related field.
- Knowledge of RCEA programs.
- Prior experience working with public agencies and/or public utilities.
- Experience working with organizations involved with projects and programs in the areas of environmental and economic development.
- Experience working in an entrepreneurial context.

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Manager/Senior Manager – Grants and Contracts

General Class Description: Under general direction of a Director, a program or project Manager assists in planning, organizing, coordinating, and managing programs or activities of their associated department; provides professional assistance to staff; performs related work as assigned. This class has lead responsibility for planning and implementation for one or more programs or functional areas. A Manager is responsible for accomplishing program goals and objectives and directs the day-to-day operations and activities of their designated program or functional area within a department. A Manager works with their Director to ensure consistent and efficient implementation of agency operational policies and long-term operational excellence. This position class is distinguished by complex and widely-scoped duties related to program and project management, subject-matter expertise, and may include supervisory responsibility. This position exercises considerable discretion and independent judgment in the coordination and prioritization of duties and responsibilities assigned, and in acting on behalf of the department Director.

Summary

The Grants and Contracts Manager works under general direction of the Director of Business Planning and Finance and has responsibility for a wide range of matters related to RCEA's program administrative support functions, including managing procurement and contracting processes for program-related professional services; accounts receivables for grants and other outward-facing services contracts; tracking contract-related administrative deadlines, including security deposits; assisting program leads with budget management and labor tracking; and assisting as needed with accounts receivables that are managed by our third-party vendors, such as processing customer payments and assisting with the development and implementation of customer payment procedures and policies. This position also assists with fiscal auditing processes, planning and implementing department policy and process improvements and ensuring knowledge of and compliance with fiscal policies and procedures. The position requires knowledge of office administrative practices, grant administration, program financial management, financial accounting principles and practices, and management and coordination of accounts receivable.

Essential Functions and Responsibilities

Duties are illustrative and may vary. Other duties may be assigned.

- Coordinates with departments in preparing requests for bids and proposals, and prepares contract documents and coordinates their processing.
- Reviews contracts and proposals for accuracy, compliance, and responsiveness.
- Works closely with General Counsel and other consultants to address legal needs.
- Performs accounts receivable functions, including preparing invoices and processing payments and deposits.
- Provides budget and other tracking tools for programs and projects and prepares accounting reports as requested.
- Assists with management of recordkeeping and filing systems.
- Assists with fiscal and program audits, and other external and internal evaluation activities on an as-needed basis.
- Assist with logistical and administrative oversight of fiscal operations, representing and enforcing RCEA policies and procedures, training, and identifying gaps in resourcing/seeking out solutions.

Minimum Qualifications

Experience/Education:

Any combination of training and experience that would provide the required knowledge, skills, and abilities is qualifying. A typical way to obtain the required qualifications would be:

- Education or experience equivalent to a bachelor's degree or greater in accounting, finance, business administration or a closely related field.
- A minimum 5 years (7 years for Senior Manager designation) of progressively responsible experience in finance or administration (preferably in the public sector).

Knowledge of:

- Principles and practices of RCEA procurement procedures, including public bidding procedures.
- Principles and practices for developing service agreements and contract provisions.
- Generally accepted accounting principles and practices.
- Computerized accounting systems, such as QuickBooks.
- Common agency funding sources such as contracts, grants, and credit facilities.
- Principles and practices of project management including development and implementation.
- Office administrative practices and procedures, including operating office equipment and business software applications such as MS Office.

Ability to:

- Perform data entry, maintain organized and accurate filing systems, and prepare reports and other business communications.
- Be thorough, accurate, and detail-oriented.
- Prepare weekly and monthly reporting and outputs for program and department leads as scheduled.
- Work collaboratively with coworkers and third-party providers to identify and solve problems.
- Exercise discretion and independent judgment when necessary.
- Learn, interpret, and apply policies, procedures, and resolutions.
- Work well under pressure.
- Demonstrate patience, tact, teamwork and commitment to superior service and performance.
- Manage multiple priorities, meet deadlines, and quickly adapt to changing priorities in a fast-paced dynamic environment.
- Communicate effectively verbally, in writing, and through presentations.

Working Conditions and Essential Requirements

The physical demands described here are representative of those required for the position. Position requires sitting, walking, standing, bending, and twisting in the performance of daily activities. The position requires hand manipulation and repetitive hand movement and fine coordination in using a computer keyboard and other office equipment. The position requires near and far vision in reading reports and use of a computer. Acute hearing is required in supporting meetings and providing phone and in-person customer service. The position occasionally requires lifting and/or moving objects. RCEA will make reasonable accommodation of the known physical or mental limitations of a qualified applicant with a disability upon request. Possession and continued maintenance of a valid class C California driver's license or the ability to provide alternate transportation and a safe driving record is required.

Preferred Qualifications

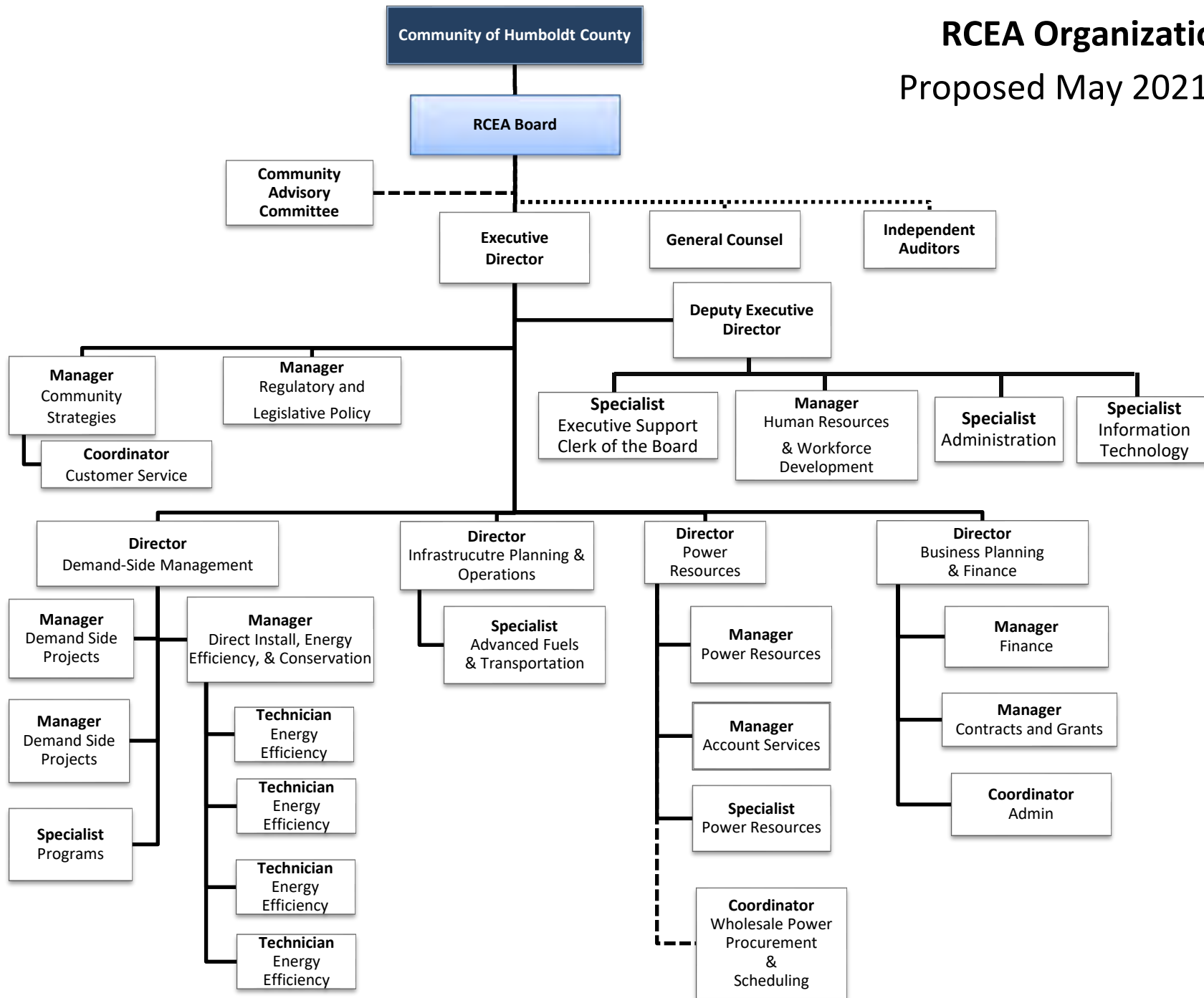
- Master's degree or professional certification in a related field.

- Knowledge of RCEA Programs.
- Knowledge of energy funding and grant programs.
- Prior experience working with public agencies.
- Experience working with organizations involved with projects and programs in the areas of environmental and economic development.
- Experience working in an entrepreneurial context.

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RCEA Organization Chart

Proposed May 2021 Update





REDWOOD COAST Energy Authority

STAFF REPORT Agenda Item # 8.2

AGENDA DATE:	May 27, 2021
TO:	Board of Directors
PREPARED BY:	Patrick Owen, Manager, Human Resources & Workforce Development
SUBJECT:	Salary Schedule Update

SUMMARY

In December 2016 the RCEA Board adopted an employee compensation policy. The policy notes that, in order to attract and retain qualified employees at all levels of the organization, it is the policy of the Authority to maintain fair and competitive salary ranges consistent, within the economic constraints of the Authority, with the labor market in which we compete for talented employees. The labor market agencies identified in the policy were updated by the RCEA board in February 2021.

The policy states that RCEA will conduct a biennial salary survey to identify the “averaged” level of salary for each benchmark position. In addition, staff are to recommend adjustments to RCEA’s salary ranges when warranted by changing economic and competitive factors. The last biennial salary survey and resulting salary schedule update was completed in 2019.

Staff completed an update to the salary survey and provided it to the RCEA Board at the April 2021 meeting, and those results are summarized in the table below:

RCEA job classification	Current RCEA pay scale midpoint	2021 Salary survey benchmark positions average midpoint	RCEA percent below benchmarks
Assistant/Associate/Coordinator	\$37,450	\$42,901	15%
Specialist/Senior Specialist	\$58,850	\$67,392	15%
Technician/Senior Technician	\$69,550	\$75,672	9%
Manager/Senior Manager	\$80,250	\$87,534	9%
Director	\$107,000	\$144,315	35%
Executive Director	\$139,100	\$218,028	57%
Average % below benchmarks (excluding Executive Director position)			16%

Survey findings show that RCEA salary ranges are lower than comp agencies averaged comparative pay, with RCEA averaging 16% below benchmark positions (excluding the Executive Director position).

Per RCEA policy, to maintain fair and competitive salary ranges necessary to retain and recruit talented employees staff recommends the Board approve at least an 8% adjustment to the RCEA salary ranges to narrow the gap between RCEA and its comparative labor market agencies. The preliminary draft of the FY21-22 budget includes an 8% adjustment. A 16% adjustment would bring RCEA pay ranges into general alignment with the average of its comparative agencies pay scales.

While gathering salary data for the biennial survey staff also collected information on employee benefits, which was provided at the April Board meeting. One component of this benefits analysis was the number of paid holidays per year: RCEA provides 11 paid holidays, whereas comparative agencies provide an average of 14. Staff recommends adding César Chávez Day and 2 floating holidays to bring the number of RCEA paid holiday up to 14 to better align RCEA's benefits with the labor market.

FINANCIAL IMPACT

Compared to leaving the current 2019 salary schedule in place, adjusting RCEA's pay ranges up by 8% will increase RCEA's personnel budget by about \$217,200; a 16% adjustment would increase the budget by \$434,400. Personnel costs represent only about 6% of RCEA's total budget, so an 8% or 16% increase to personnel costs will result in an impact to RCEA's FY21-22 budget of only 0.4% or 0.8%, respectively.

As noted above, the preliminary draft of the FY21-22 budget being presented at this meeting includes an 8% adjustment. A change to the number of paid holidays has a small impact on RCEA's ratio of paid time off to staff hours worked, but this does not result in a net change to the total personnel budget.

STAFF RECOMMENDATION

Approve 1) update to the RCEA salary schedule [option A or B], effective July 1, 2021 and 2) the addition of César Chávez Day and two floating holidays to the paid holidays provided to RCEA staff.

ATTACHMENTS:

Attachment A: Proposed 2021 update to RCEA salary schedule, Option A (16%)

Attachment B: Proposed 2021 update to RCEA salary schedule, Option B (8%)

Redwood Coast Energy Authority - Proposed Job Classifications and Pay Scales Update - Option A, 16% adjustment

	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10
Assistant/Coordinator/Associate										
Hourly	18.87	19.36	19.85	20.36	20.89	21.41	21.94	22.49	23.05	23.63
Monthly	3,271.50	3,355.39	3,441.42	3,529.66	3,620.17	3,710.67	3,803.44	3,898.52	3,995.99	4,095.89
Annual	39,258.01	40,264.62	41,297.05	42,355.95	43,442.00	44,528.05	45,641.25	46,782.28	47,951.84	49,150.64

Specialist										
Hourly	27.49	28.19	28.92	29.66	30.42	31.20	32.00	32.82	33.64	34.48
Monthly	4,764.92	4,887.10	5,012.41	5,140.93	5,272.75	5,407.95	5,546.61	5,688.83	5,831.05	5,976.83
Annual	57,179.03	58,645.16	60,148.88	61,691.16	63,272.98	64,895.37	66,559.35	68,266.00	69,972.65	71,721.97
Senior Specialist										
Hourly	30.81	31.76	32.75	33.76	34.80	35.88	36.96	38.06	39.21	40.38
Monthly	5,479.66	5,620.16	5,764.27	5,912.07	6,063.66	6,219.14	6,374.62	6,533.98	6,697.33	6,864.77
Annual	65,755.88	67,441.93	69,171.21	70,944.83	72,763.93	74,629.67	76,495.41	78,407.80	80,367.99	82,377.19

Technician										
Hourly	32.49	33.32	34.18	35.05	35.95	36.87	37.82	38.79	39.76	40.75
Monthly	5,631.27	5,775.66	5,923.75	6,075.64	6,231.43	6,391.21	6,555.09	6,723.17	6,891.25	7,063.53
Annual	67,575.21	69,307.91	71,085.04	72,907.73	74,777.16	76,694.52	78,661.05	80,678.00	82,694.95	84,762.32
Senior Technician										
Hourly	37.36	38.32	39.30	40.31	41.34	42.40	43.46	44.55	45.66	46.81
Monthly	6,475.96	6,642.01	6,812.32	6,986.99	7,166.14	7,349.89	7,533.64	7,721.98	7,915.03	8,112.91
Annual	77,711.50	79,704.10	81,747.79	83,843.89	85,993.73	88,198.70	90,403.67	92,663.76	94,980.36	97,354.86

Manager										
Hourly	37.49	38.45	39.43	40.44	41.48	42.55	43.64	44.75	45.87	47.02
Monthly	6,497.62	6,664.22	6,835.10	7,010.36	7,190.11	7,374.47	7,563.56	7,757.50	7,951.44	8,150.22
Annual	77,971.40	79,970.67	82,021.20	84,124.31	86,281.34	88,493.68	90,762.75	93,090.00	95,417.25	97,802.68
Senior Manager										
Hourly	43.11	44.21	45.35	46.51	47.70	48.93	50.15	51.40	52.69	54.01
Monthly	7,472.26	7,663.86	7,860.36	8,061.91	8,268.63	8,480.64	8,692.66	8,909.98	9,132.73	9,361.04
Annual	89,667.11	91,966.27	94,324.38	96,742.95	99,223.54	101,767.73	104,311.93	106,919.72	109,592.72	112,332.54

Director										
Hourly	53.93	55.31	56.73	58.18	59.67	61.16	62.69	64.26	65.87	67.51
Monthly	9,347.15	9,586.82	9,832.63	10,084.75	10,343.33	10,601.92	10,866.96	11,138.64	11,417.10	11,702.53
Annual	112,165.74	115,041.79	117,991.58	121,017.00	124,120.00	127,223.00	130,403.58	133,663.66	137,005.26	140,430.39

Executive Director										
Hourly	70.10	71.90	73.74	75.64	77.58	79.51	81.50	83.54	85.63	87.77
Monthly	12,151.29	12,462.86	12,782.42	13,110.18	13,446.33	13,782.49	14,127.05	14,480.23	14,842.24	15,213.29
Annual	145,815.46	149,554.32	153,389.05	157,322.10	161,356.00	165,389.90	169,524.65	173,762.76	178,106.83	182,559.50

Redwood Coast Energy Authority - Proposed Job Classifications and Pay Scales Update - Option B, 8% adjustment

	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10
Assistant/Coordinator/Associate										
Hourly	17.57	18.02	18.49	18.96	19.45	19.93	20.43	20.94	21.46	22.00
Monthly	3,045.88	3,123.98	3,204.08	3,286.24	3,370.50	3,454.76	3,541.13	3,629.66	3,720.40	3,813.41
Annual	36,550.56	37,487.75	38,448.98	39,434.85	40,446.00	41,457.15	42,493.58	43,555.92	44,644.82	45,760.94

Specialist										
Hourly	25.59	26.25	26.92	27.61	28.32	29.05	29.79	30.56	31.32	32.10
Monthly	4,436.30	4,550.06	4,666.72	4,786.38	4,909.11	5,034.99	5,164.09	5,296.50	5,428.91	5,564.64
Annual	53,235.65	54,600.66	56,000.68	57,436.59	58,909.33	60,419.82	61,969.05	63,558.00	65,146.95	66,775.62
Senior Specialist										
Hourly	28.69	29.57	30.49	31.43	32.40	33.41	34.41	35.44	36.50	37.60
Monthly	5,101.75	5,232.56	5,366.73	5,504.34	5,645.48	5,790.23	5,934.99	6,083.36	6,235.45	6,391.33
Annual	61,220.99	62,790.76	64,400.78	66,052.08	67,745.73	69,482.80	71,219.87	73,000.36	74,825.37	76,696.01

Technician										
Hourly	30.25	31.02	31.82	32.63	33.47	34.33	35.21	36.11	37.02	37.94
Monthly	5,242.90	5,377.34	5,515.22	5,656.63	5,801.68	5,950.44	6,103.01	6,259.50	6,415.99	6,576.39
Annual	62,914.85	64,528.06	66,182.62	67,879.61	69,620.12	71,405.25	73,236.15	75,114.00	76,991.85	78,916.65
Senior Technician										
Hourly	34.78	35.68	36.59	37.53	38.49	39.48	40.47	41.48	42.51	43.58
Monthly	6,029.34	6,183.94	6,342.50	6,505.13	6,671.93	6,843.00	7,014.08	7,189.43	7,369.17	7,553.39
Annual	72,352.08	74,207.26	76,110.02	78,061.55	80,063.13	82,116.03	84,168.93	86,273.16	88,429.99	90,640.74

Manager										
Hourly	34.90	35.80	36.71	37.66	38.62	39.61	40.63	41.67	42.71	43.78
Monthly	6,049.51	6,204.62	6,363.71	6,526.89	6,694.24	6,865.89	7,041.94	7,222.50	7,403.06	7,588.14
Annual	72,594.06	74,455.45	76,364.56	78,322.63	80,330.90	82,390.67	84,503.25	86,670.00	88,836.75	91,057.67
Senior Manager										
Hourly	40.14	41.17	42.22	43.30	44.41	45.55	46.69	47.86	49.06	50.28
Monthly	6,956.93	7,135.31	7,318.27	7,505.92	7,698.38	7,895.77	8,093.17	8,295.50	8,502.88	8,715.46
Annual	83,483.17	85,623.77	87,819.25	90,071.02	92,380.54	94,749.27	97,118.00	99,545.95	102,034.60	104,585.46

Director										
Hourly	50.21	51.49	52.81	54.17	55.56	56.95	58.37	59.83	61.33	62.86
Monthly	8,702.51	8,925.66	9,154.52	9,389.25	9,630.00	9,870.75	10,117.52	10,370.46	10,629.72	10,895.46
Annual	104,430.17	107,107.87	109,854.23	112,671.00	115,560.00	118,449.00	121,410.23	124,445.48	127,556.62	130,745.53

Executive Director										
Hourly	65.27	66.94	68.66	70.42	72.23	74.03	75.88	77.78	79.72	81.72
Monthly	11,313.27	11,603.35	11,900.87	12,206.03	12,519.00	12,831.98	13,152.77	13,481.59	13,818.63	14,164.10
Annual	135,759.22	139,240.23	142,810.49	146,472.30	150,228.00	153,983.70	157,833.29	161,779.12	165,823.60	169,969.19



STAFF REPORT
Agenda Item # 8.3

AGENDA DATE:	May 27, 2020
TO:	Board of Directors
PREPARED BY:	Lori Biondini, Director of Business Planning and Finance
SUBJECT:	Fiscal Year 2021-22 Preliminary Draft Budget

SUMMARY

Attached is a preliminary draft of the fiscal year 2021-2022 (FY21-22) annual budget for review. This current fiscal year was marked by the COVID-19 pandemic and significant uncertainty around energy revenue, energy costs, and the ability to implement customer programs and RCEA's major capital investment, the microgrid project. As a result, the budget contained conservative estimates of anticipated revenue as it was difficult to plan the extent to which customer programs and construction would be delayed. This has resulted in a rolling-over of many anticipated program expenses from this year to next as well as most of the loan funding and construction costs for the Airport Microgrid project.

REVENUES

- **Government Agencies:** revenue in this category is this year's share of the 3-year funding from the California Public Utilities Commission for energy efficiency programs which is anticipated to be about \$700,000 (booked as it is expensed), and this year's share of a 2-year grant from the California Energy Commission for medium and heavy duty zero-emission vehicle planning which is anticipated to be about \$100,000 (reimbursed as its expensed), half of the total amount.
- **Non-government Agencies:** revenue in this category includes the remaining \$1,086,384 of grant funds from Humboldt State University Sponsored Programs Foundation / Schatz Energy Research Center for construction of the Airport Microgrid, and this year's share of funding from Pacific Gas & Electric Company's Local Government Partnership Program for energy efficiency programs which is \$291,489.
- **Electricity Sales:** this line item includes electricity sales revenue of \$46,336,402; this projected gross revenue is reduced by 1) payments for excess energy generation by net-energy metering customers, estimated to be \$250,000, and 2) \$1,621,774 of total revenue from electricity sales (about 3.5%) assumed to be uncollectable due to customer non-payment. This line item has a degree of uncertainty and represents a conservative forecast.
- **Debt Proceeds:** The airport microgrid project has incurred construction delays associated with obtaining necessary approvals and manufacturing and materials challenges. That in turn has delayed completing the loan agreement with the USDA. Debt proceeds of \$5,100,000 anticipated to arrive this year have been moved to next year's budget.

EXPENSES

- **Wholesale Power Supply:** Energy costs continue to be RCEA's largest expense. The budget includes maintaining cost-reduction strategies previously approved, including maintaining generation retail rates at 0.5% below Pacific Gas & Electric Company's generation retail rates.
- **Professional and Program Services:** This budget line item includes contracted services for energy scheduling coordination, energy procurement credit fees, data management, legal services, accounting services, regulatory services, as well as program-specific professional services, including database development and engineering calculations, for example.
- **Personnel:** Staff will present on personnel costs in additional detail separately. Overall, the proposed personnel budget is increased from the current fiscal year, which was decreased from last year. There were long-standing vacancies that reduced fiscal year 2019-20 personnel costs, and COVID-19 related uncertainty led to a suspension in hiring temporary field-based positions and backfilling for departing assistant and coordinator positions. The next fiscal year will require a fully-staffed organization to implement delayed projects and programs.
- **Facilities and Operations:** This budget line item is for operations costs such as information technology, office supplies and utilities, as well as costs associated with RCEA-owned or managed assets. It also includes industry-related dues and memberships, the largest of which is to CalCCA for about \$120,000 per year. The largest item in this budget are costs to construct the Airport Microgrid project; the project has incurred construction delays associated with obtaining necessary approvals and manufacturing/materials challenges, resulting in some costs being pushed to July 2021 and beyond. The draft budget does not currently include the planned purchase and/or renovation of a new office facility.
- **Incentives and Rebates:** This line item is for direct incentives and rebates paid out. This currently includes customer incentives funded through the RCEA-administered California Public Utilities Commission efficiency program and incentives approved as part of CCE-funded customer benefit programs.

It should be noted that some budget categories, such as personnel costs, have not yet been fully distributed across the range of program classes in the attached preliminary draft of the budget.

The preliminary draft budget presented at the meeting has already been shared with the Board's Finance Subcommittee. A tentative second meeting with the Finance Subcommittee will facilitate any further input in advance of the final draft presentation to the Board at the June meeting.

STAFF RECOMMENDATION

Provide guidance and input to staff on draft FY21-22 budget.

ATTACHMENTS

1. Preliminary Draft Fiscal Year 2021-22 RCEA Budget

Proposed Redwood Coast Energy Authority Fiscal Year 2021-2022 Budget

Account	COMMUNITY CHOICE ENERGY (CCE) - POWER RESOURCES			
	Core Power Resources	Airport Solar Microgrid	Redwood Coast Offshore Wind	TOTAL Power Resources
Income				
5 REVENUE EARNED				
Total 5000 · Revenue - government agencies	-	-	-	-
Total 5100 · Revenue - program related sales	-	-	-	-
Total 5400 · Revenue-nongovernment agencies	-	1,086,384	-	1,086,384
Total 5500 · Revenue - Electricity Sales	44,615,168	-	-	44,615,168
Total 5 REVENUE EARNED	44,615,168	1,086,384	-	45,701,552
9500 DEBT PROCEEDS	-	5,100,000	-	5,100,000
Total Income	44,615,168	6,186,384	-	50,801,552
Expense				
Total 6 WHOLESALE POWER SUPPLY	41,084,582	-	-	41,084,582
Total 7 PERSONNEL EXPENSES	-	-	-	-
Total 8.1 FACILITIES AND OPERATIONS	62,000	2,802,995	-	2,864,995
Total 8.2 COMMUNICATIONS AND OUTREACH	70,050	1,000	-	71,050
Total 8.3 TRAVEL AND MEETINGS	11,500	3,000	5,100	19,600
8.4 PROFESSIONAL & PROGRAM SRVS				
8400 · Regulatory	180,000	-	-	180,000
8410 · Contracts - Program Related Ser	20,000	-	-	20,000
8420 · Accounting	-	-	-	-
8430 · Legal	50,000	25,000	25,000	100,000
8450 · Wholesale Services - TEA	639,088	-	-	639,088
8460 · Procurement Credit - TEA	340,032	-	-	340,032
8470 · Data Management - Calpine	738,144	-	-	738,144
Total 8.4 PROFESSIONAL & PROGRAM SRVS	1,967,263	25,000	25,000	2,017,263
Total 8.5 PROGRAM EXPENSES	620,693	-	-	620,693
Total 8.6 INCENTIVES & REBATES	-	-	-	-
Total 9 NON OPERATING COSTS	11,000	403,000	-	414,000
Total Expense	43,827,088	3,234,995	30,100	47,092,183
Net Income	788,080	2,951,389	(30,100)	3,709,369

Proposed Redwood Coast Energy Authority Fiscal Year 2021-2022 Budget

Account	DEMAND-SIDE MANAGEMENT (DSM)			
	CCE DSM Services and Programs TOTAL	PG&E Local Government Partnership Program	RCEA- Administered CPUC Efficiency Program	TOTAL DSM
Income				
5 REVENUE EARNED				
Total 5000 · Revenue - government agencies	-	-	700,000	700,000
Total 5100 · Revenue - program related sales	-	-	-	-
Total 5400 · Revenue-nongovernment agencies	-	291,489	-	291,489
Total 5500 · Revenue - Electricity Sales	-	-	-	-
Total 5 REVENUE EARNED	-	291,489	700,000	991,489
9500 DEBT PROCEEDS	-	-	-	-
Total Income	-	291,489	700,000	991,489
Expense				
Total 6 WHOLESALE POWER SUPPLY	-	-	-	-
Total 7 PERSONNEL EXPENSES	-	-	-	-
Total 8.1 FACILITIES AND OPERATIONS	7,500	-	-	7,500
Total 8.2 COMMUNICATIONS AND OUTREACH	9,700	5,000	4,100	18,800
Total 8.3 TRAVEL AND MEETINGS	11,500	3,200	2,800	17,500
8.4 PROFESSIONAL & PROGRAM SRVS				
8400 · Regulatory	-	-	-	-
8410 · Contracts - Program Related Ser	200,000	12,000	35,000	247,000
8420 · Accounting	-	-	-	-
8430 · Legal	20,000	1,500	2,500	24,000
8450 · Wholesale Services - TEA	-	-	-	-
8460 · Procurement Credit - TEA	-	-	-	-
8470 · Data Management - Calpine	-	-	-	-
Total 8.4 PROFESSIONAL & PROGRAM SRVS	220,000	13,500	37,500	271,000
Total 8.5 PROGRAM EXPENSES	1,200	500	1,000	2,700
Total 8.6 INCENTIVES & REBATES	600,000	-	136,000	736,000
Total 9 NON OPERATING COSTS	-	-	-	-
Total Expense	849,900	22,200	181,400	1,053,500
Net Income	(849,900)	269,289	518,600	(62,011)

Proposed Redwood Coast Energy Authority Fiscal Year 2021-2022 Budget

Account	TRANSPORTATION		
	CCE Electric Transportation TOTAL	CEC Medium/Heavy Duty ZEV Grant	TOTAL Transportation
Income			
5 REVENUE EARNED			
Total 5000 · Revenue - government agencies	-	100,000	100,000
Total 5100 · Revenue - program related sales	10,000	-	10,000
Total 5400 · Revenue-nongovernment agencies	-	-	-
Total 5500 · Revenue - Electricity Sales	-	-	-
Total 5 REVENUE EARNED	10,000	100,000	110,000
9500 DEBT PROCEEDS	-	-	-
Total Income	10,000	100,000	110,000
Expense			
Total 6 WHOLESALE POWER SUPPLY	-	-	-
Total 7 PERSONNEL EXPENSES	-	-	-
Total 8.1 FACILITIES AND OPERATIONS	167,500	-	167,500
Total 8.2 COMMUNICATIONS AND OUTREACH	2,500	-	2,500
Total 8.3 TRAVEL AND MEETINGS	3,000	-	3,000
8.4 PROFESSIONAL & PROGRAM SRVS			
8400 · Regulatory	-	-	-
8410 · Contracts - Program Related Ser	30,000	-	30,000
8420 · Accounting	-	-	-
8430 · Legal	10,000	-	10,000
8450 · Wholesale Services - TEA	-	-	-
8460 · Procurement Credit - TEA	-	-	-
8470 · Data Management - Calpine	-	-	-
Total 8.4 PROFESSIONAL & PROGRAM SRVS	40,000	-	40,000
Total 8.5 PROGRAM EXPENSES	8,000	-	8,000
Total 8.6 INCENTIVES & REBATES	260,000	-	260,000
Total 9 NON OPERATING COSTS	-	-	-
Total Expense	481,000	-	481,000
Net Income	(471,000)	100,000	(371,000)

Proposed Redwood Coast Energy Authority Fiscal Year 2021-2022 Budget

Account	STRATEGIC PLANNING	GENERAL & ADMINISTRATIVE	PROPOSED FISCAL YEAR 2021-2022 BUDGET
Income			
5 REVENUE EARNED			
Total 5000 · Revenue - government agencies	-	-	800,000
Total 5100 · Revenue - program related sales	-	-	10,000
Total 5400 · Revenue-nongovernment agencies	-	-	1,377,873
Total 5500 · Revenue - Electricity Sales	-	-	44,615,168
Total 5 REVENUE EARNED	-	-	46,803,041
9500 DEBT PROCEEDS	-	-	5,100,000
Total Income	-	-	51,903,041
Expense			
Total 6 WHOLESALE POWER SUPPLY	-	-	41,084,582
Total 7 PERSONNEL EXPENSES	-	3,353,500	3,353,500
Total 8.1 FACILITIES AND OPERATIONS	-	273,394	3,313,389
Total 8.2 COMMUNICATIONS AND OUTREACH	-	6,220	98,570
Total 8.3 TRAVEL AND MEETINGS	100	5,100	45,300
8.4 PROFESSIONAL & PROGRAM SRVS			
8400 · Regulatory	-	-	180,000
8410 · Contracts - Program Related Ser	56,000	-	353,000
8420 · Accounting	-	55,000	55,000
8430 · Legal	-	25,000	159,000
8450 · Wholesale Services - TEA	-	-	639,088
8460 · Procurement Credit - TEA	-	-	340,032
8470 · Data Management - Calpine	-	-	738,144
Total 8.4 PROFESSIONAL & PROGRAM SRVS	56,000	80,000	2,464,263
Total 8.5 PROGRAM EXPENSES	-	-	631,393
Total 8.6 INCENTIVES & REBATES	-	-	996,000
Total 9 NON OPERATING COSTS	-	320	414,320
Total Expense	56,100	3,718,534	52,401,317
Net Income	(56,100)	(3,718,534)	(498,276)

Fiscal Year 2021-22 Preliminary Draft Budget Overview

Revenue

	Current Budget	FY21-22 Preliminary Draft
Electricity Sales	\$42.6M	\$46 M
Customer non-payment/bad debt	\$0.85 M (2%); Looking to come in closer to \$1.8 M	\$1.6M – assuming continuing economic impact from pandemic
Program-funding from grants, contracts, etc	\$0.96 M	\$1.1 M Mostly energy efficiency, with some transportation grant funding
Airport microgrid	\$7.3 M <i>Most of this carrying forward to FY21-22 due to construction delay</i>	\$6.2 M

Expenses

	Current Budget	FY21-22 Preliminary Draft
Wholesale power supply	\$36.1M	\$41.1M
Personnel	\$2.8M	\$3.3M
Program related services	\$2.9M	\$2.5M TEA and Calpine contract amendments resulting in cost savings
Airport Microgrid	\$5.9M <i>Much of this carrying forward due to shift in construction timeline</i>	\$3.2M
Everything Else	\$2M	~\$2M

Changes/highlights: Power sales

- Electricity sales revenue projected to be up ~\$3M
- Wholesale power costs projected to be up \$5M
- Delinquent customer utility-bill payments up significantly due to pandemic
 - Unknown to what extent State/federal funding will provide relief (\$1 billion in power/gas customer bill assistance proposed in state budget).

Changes/highlights: Personnel

- As discussed earlier in this meeting, preliminary budget includes 8% biennial adjustment to salary schedule
- Also includes addition of Deputy Executive Director position & filling 2 other approved but currently-vacant full-time positions
- ~18% in total personnel budget increase - personnel is 5-6% of total budget, so ~1% increase to total budget.

Changes/highlights: **Other**

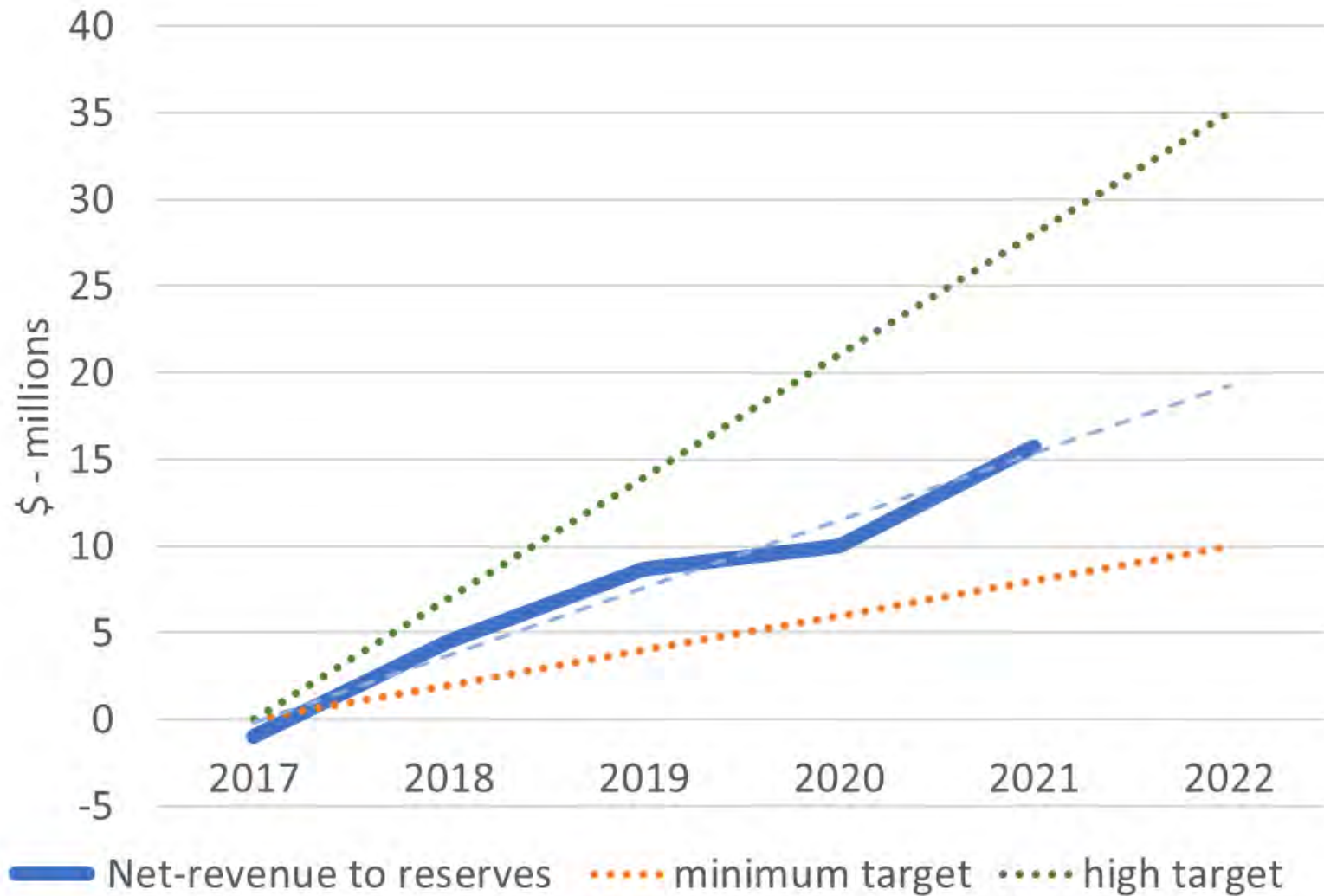
- Large portion of ACV cost (and associated income from State grant and USDA loan) pushed into FY21-22 due to shift in construction timeline from 2020 into 2021.
- No significant/notable anticipated changes to other program-related revenue and operational costs compared to current fiscal year
 - Customer program activities will be ramping back up after pandemic slow-down

Preliminary Bottom-line

	Current Budget	FY21-22 Preliminary Draft
Revenue	\$50M	\$51.9M
Expenses	\$49.8M	\$52.4M
Net Revenue	\$0.2M	(\$0.5M)

- CCA program net revenue: 2020 (calendar year) ok, but PCIA impacts pushed into 2021 -> 2021 negative
 - Some rebalancing/return toward normal/positive net revenue forecasted in 2022
- **End result: overall negative net revenue forecast in FY21-22 due to delayed PCIA-impacts and COVID**
 - Funding for customer bad debt and lost revenue TBD, may improve outlook
 - Option to adjust 2022 power procurement targets

Progress on Building Reserves



Next steps

- Staff will refine/finalize proposed budget
- Option for second Finance Subcommittee meeting 4-5pm June 15 for additional review/input
- Final proposed budget presented to Board June 24



STAFF REPORT
Agenda Item # 8.4

AGENDA DATE:	May 27, 2021
TO:	Board of Directors
PREPARED BY:	Matthew Marshall, Executive Director
SUBJECT:	Offshore Wind Energy Harbor Redevelopment

SUMMARY

After a lull in 2019-20, Federal and State activity on offshore wind development is ramping back up significantly in 2021. In March the Biden Administration announced a target of 30,000 megawatts of offshore wind by 2030, and it is expected that next steps of the California offshore wind leasing process will be announced soon, likely leading to a lease auction in early 2022.

At the State level, the May revise of the Governor's proposed State budget includes \$20 million in funding to support offshore wind energy. Most notably, this total includes a proposed \$11 million in California Energy Commission funding for the Humboldt Bay Harbor District. This funding is targeted to provide the needed 20% match funding for the Harbor District to be able to apply for up to \$55 million in federal Department of Transportation grant funding for offshore wind focused harbor infrastructure redevelopment.

Harbor facility upgrades are a critical element to support any potential offshore wind project off the North Coast. The State has noted that it is likely that Humboldt Bay will also have a significant role to play for offshore wind projects in the Central Coast because of the availability of land around the port for storage, manufacturing, and assembly. For Humboldt Bay to play this central role, harbor facility upgrades will need to be expedited if the work is to be completed in time to support the ambitious state and federal targets for offshore wind development.

Grant applications for the Federal Department of Transportation port funding described above are due July 30. The Harbor District has completed preliminary master planning work for potential offshore wind dock and upland facilities and has engaged a team of specialized consultants to assist with developing a strong grant proposal by the July 30 deadline. The anticipated consulting costs for the pre-planning and grant development work for the potential \$66 million project is \$75-100,000.

Following discussions of this opportunity with the RCEA Board Offshore Wind Subcommittee, including a joint meeting between the RCEA and Harbor District Board Offshore Wind subcommittees, staff is recommending that RCEA provide financial assistance to the Harbor District to cover 50% of the grant proposal development costs, not to exceed \$50,000.

FINANCIAL IMPACT

The proposed \$50,000 in funding to the Harbor District fits within the current FY20-21 budget for program related services related to offshore wind. This expense will potentially leverage up to \$66 million in federal and state investment in Humboldt County. Without external funding it is unlikely that the necessary Humboldt Bay infrastructure improvements will be completed in time to support the ramp up of the California offshore wind industry.

Even if the Harbor District's grant application is not funded, the content developed for the proposal will provide a valuable foundation for the next stages of offshore wind port planning and implementation as well as the basis for other funding applications.

STAFF RECOMMENDATION

Approve providing up to \$50,000 in funding to the Humboldt Bay Harbor District to plan and seek funding for the redevelopment of harbor infrastructure necessary for future offshore wind energy development activities.