



Redwood Coast Energy Authority
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BOARD OF DIRECTORS REVISED SPECIAL MEETING **AGENDA**

**Wharfinger Building, downstairs Bay Room
1 Marina Way, Eureka, CA 95501**

**December 17, 2024
Tuesday, 3:30 p.m.**

Any member of the public needing special accommodation to participate in this meeting or access the meeting materials should email LTaketa@redwoodenergy.org or call (707) 269-1700 at least 3 business days before the meeting. Assistive listening devices are available.

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, including those received less than 72 hours prior to the Committee's meeting, will be made available to the public at www.RedwoodEnergy.org.

NOTE: Speakers wishing to distribute materials to the Board at the meeting, please provide 13 copies to the Board Clerk.

THIS IS A HYBRID IN-PERSON AND VIRTUAL MEETING.

The RCEA Board of Directors holds in-person hybrid meetings. When attending, please socially distance as much as possible and be courteous to those who choose to wear a mask.

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

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

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

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

OPEN SESSION Call to Order

1. ROLL CALL - REMOTE DIRECTOR PARTICIPATION

- 1.1. Approve teleconference participation request for this meeting by Director pursuant to Brown Act revisions of AB 2449 due to an emergency circumstance to be briefly described.

2. REPORTS FROM MEMBER ENTITIES

3. ORAL AND WRITTEN COMMUNICATIONS

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

4. CONSENT CALENDAR

All matters on the Consent Calendar are considered to be routine by the Board and are enacted in one motion. There is no separate discussion of any of these items. If discussion is required, that item is removed from the Consent Calendar and considered separately. At the end of the reading of the Consent Calendar, Board members or members of the public can request that an item be removed for separate discussion.

- 4.1 Approve Minutes of November 20, 2024, Board Meeting.
- 4.2 Approve Disbursements Report.
- 4.3 Accept Financial Reports.
- 4.4 Adopt Resolution 2024-14 Adopting Updates to the Energy Risk Management Policy.
- 4.5 Accept RCEA Racial Justice Plan Progress Report.
- 4.6 Authorize RCEA Executive Director to Execute the Department of Energy Grid Resilience Innovation Partnership (GRIP) Program Funds for Tribal Energy Resilience and Sovereignty Project GD-0000967 Conditional Award Once Finalized and Reviewed by Special Counsel.*

5. REMOVED FROM CONSENT CALENDAR ITEMS

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

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

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

6. OLD CCE BUSINESS – None.

7. NEW CCE BUSINESS

7.1. Local Distributed Energy Storage Request for Offers

1. Authorize staff to issue the Request for Offers for Local Distributed Energy Storage Resources.

* This agenda item was added on 12/14/24 at 12 p.m.

2. Establish an ad hoc Board offer review committee and authorize it to take the following actions provided they are consistent with the RFO: (i) approve shortlisted offers, (ii) replace offers on the shortlist as needed, and (iii) approve continued negotiations with a shortlisted respondent in the event their offer materially changes.
3. Authorize staff to engage with the shortlisted respondents, including execution of exclusivity agreements, collection of shortlist deposits, and negotiation of contract terms, prior to full Board review and approval of resulting contracts.

7.2. Ocean Wave Energy Grant Proposal Letter of Intent

Authorize staff to develop and provide a letter of intent in support of CorPower Ocean's proposal to the U.S. Department of Energy's "Oceans of Opportunity: U.S. Wave Energy Open Water Testing" funding opportunity.

END OF COMMUNITY CHOICE ENERGY (CCE) BUSINESS

8. OLD BUSINESS

8.1 Regional Resilience Grant Program (Rural Fire Station Solar + Battery) Design/Build Solicitation Pathway Approval

Authorize RCEA's Executive Director to utilize the design-build process to procure design and construction of the solar plus battery storage systems for the RRGP Energy-Resilient Fire Services in High-Threat Communities project; and initiate the first step by developing and issuing a RFQ.

Create a RRGP Ad Hoc Committee comprised of five or fewer RCEA Board members.

Delegate authority to the RRGP Ad Hoc Committee to: 1) approve the short list of qualified design build contractors, and 2) authorize the Executive Director to issue a RFP for construction of the solar plus battery storage systems.

9. NEW BUSINESS

9.1 Financial Audit for Fiscal Years Ending June 30, 2021 and 2020

Accept and Approve Redwood Coast Energy Authority Financial Statements June 30, 2021, and 2020 and Associated Independent Auditors' Report by Baker Tilly US, LLP.

9.2 Rural Regional Energy Network North Pre-Launch Professional Services Agreements with Partners and FY 2024-25 Budget Adjustments

Approve budget adjustment to RCEA Fiscal Year 24-25 Budget.

10. STAFF REPORTS

10.1 Interim Executive Director's Report

11. FUTURE AGENDA ITEMS

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

12. ADJOURNMENT

NEXT REGULAR MEETING

Thursday, January 23, 2025, 3:30 p.m.

Wharfinger Building downstairs Bay Room, 1 Marina Way, Eureka, CA 95501

Online and phone participation will also be possible via Zoom.



STAFF REPORT
Agenda Item # 1.1

AGENDA DATE:	December 17, 2024
TO:	RCEA Board of Directors
FROM:	Eileen Verbeck, Interim Executive Director
SUBJECT:	Member Teleconference Participation

BACKGROUND

Since emergency Brown Act meeting law changes went into effect in 2020 due to the COVID-19 public health emergency, the RCEA Board of Directors, Community Advisory Committee (CAC) and the subcommittees of those bodies met online with no physical, public meeting location. Governor Newsom signed AB 361 into law in September 2021, which allowed these bodies to continue meeting completely virtually without publishing each member's participation location while the COVID state of emergency continued and state or local officials recommended social distancing measures or the RCEA Board determined that meeting in person posed health and safety risks.

The COVID-19 State of Emergency ended on February 28, 2023, and RCEA Board and CAC meetings returned to meeting in-person at a physical location, with allowances under existing Brown Act rules or new AB 2449 Brown Act rules should a Board or CAC member need to participate from a remote location for certain reasons. If another state of emergency is declared, these bodies may be able to return to completely remote meetings.

SUMMARY

RCEA Board Directors may attend up to two meetings per year from a remote location without making the location accessible to the public for the following reasons:

1. "Just cause"
 - a. To provide childcare or caregiving need to a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner;
 - b. Due to a contagious illness that prevents the member from attending in-person;
 - c. Due to a need related to a physical or mental disability as defined in Government Code sections 12926 and 12926.1 not otherwise accommodated; and
 - d. Due to travel while on official business of the legislative body or another state or local agency.
2. "Emergency circumstance" due to a physical or family medical emergency that prevents the member from attending in person.

If a Board Director would like to attend the meeting remotely due to an emergency circumstance, the Board will take action by majority vote to approve the Director's remote participation. A vote is not necessary for a request to attend remotely for just cause. A brief

description, protecting the Director's (or Director's family member's) medical privacy, needs to be provided in both cases.

The remotely participating Board Director needs to publicly disclose at the meeting before any action (vote) is taken, whether anyone 18 years of age or older is present in the room at the remote location with the Director, and the general nature of the individual's relationship with the Director.

If the Board Director anticipates needing to participate remotely for more than 2 meetings per year, staff recommends arranging for a publicly and ADA accessible space with visual and audio meeting capabilities from which to participate.

Staff asks to be notified one-week in advance, if possible, of remote meeting attendance so the Director's publicly and ADA accessible remote meeting address can be published in the agenda, if required per Brown Act open meeting laws.

Current Remote Participation Requests

As of the writing of this staff report, there have been no remote director participation for "just cause" or "emergency circumstances" requests.

RECOMMENDED ACTION (if needed)

Approve teleconference participation request for this meeting by Director pursuant to Brown Act revisions of AB 2449 due to an emergency circumstance to be briefly described.



BOARD OF DIRECTORS DRAFT MEETING MINUTES

**Wharfinger Building, Bay Room
1 Marina Way, Eureka, CA 95501**

**November 20, 2024
Wednesday, 3:30 p.m.**

Chair Sarah Schaefer called a regular meeting of the Board of Directors of the Redwood Coast Energy Authority to order on the above date at 3:36 p.m. Notice of this meeting was posted on November 15, 2024.

PRESENT:; Alt. Dir. Renée Contreras-DeLoach, Skip Jorgensen, Alt. Dir. Heidi Moore-Guynup (participated remotely with just cause), Elise Scafani, Chair Sarah Schaefer, Sheri Woo. ABSENT: Natalie Arroyo, Vice Chair Scott Bauer, Kris Mobley, Frankie Myers, Jason Ramos, Jack Tuttle, Frank Wilson.

STAFF AND OTHERS PRESENT: Senior Infrastructure Planning Manager Mike Avcollie, General Counsel Nancy Diamond, Board Clerk Lori Taketa, Interim Executive Director Eileen Verbeck.

ORAL AND WRITTEN COMMUNICATIONS

Members of the public Craig Knox and Walt Paniak submitted written comments requesting that the Board reconsider declining the Diablo Canyon nuclear credit, and sharing an article on biomass energy's harmful health effects, respectively.

CONSENT CALENDAR

- 4.1 Approve Minutes of October 24, 2024, Board Meeting.
- 4.2 Approve Disbursements Report.
- 4.3 Accept Financial Reports.
- 4.4 Accept Quarterly Budget Report for Fiscal Year 2024-2025 Q1.
- 4.5 Take the following Rural Regional Energy Network North Administrative Actions:
 1. Award professional services agreement for RuralREN North regulatory and legal services to the Law Offices of Susie Berlin through December 2027 for a not to exceed value of \$280,000 and authorize the Interim Executive Director to execute all applicable documents subject to RCEA General Counsel review.
 2. Award professional services agreement for RuralREN North marketing services to The Engine is Red through December 2027 for a not to exceed value of \$115,500 and Authorize the Interim Executive Director to execute all applicable documents subject to RCEA General Counsel review.
 3. Approve Memorandum of Agreement between Redwood Coast Energy Authority, Lake Area Planning Council, Mendocino Council of Governments, and Sierra Business Council for Rural Regional Energy Network North; authorize the Executive Director to execute the Agreement substantially in the form attached hereto as Attachment D on behalf of RCEA; and, in consultation with legal counsel, authorize the Executive Director to approve any future amendments to the Agreement, provided that the amendments do not fundamentally change any material terms of the Agreement or measurably increase risk exposure for RCEA.

No member of the public nor Board member requested consent calendar item discussion.

M/S: Jorgensen, Scafani: Approve Consent Calendar items.

The motion passed with a unanimous roll call vote. Ayes: Contreras-DeLoach, Jorgensen, Moore-Guynup, Scafani, Schaefer, Woo. Noes: None. Absent: Arroyo, Mobley, Myers, Tuttle, Wilson. Abstain: None.

NEW BUSINESS

7.1. RCEA's Renewable Energy Vehicle Network (REVNet) – Informational presentation

Infrastructure Planning Senior Manager Avcolle described RCEA's RePower Strategic Plan goals to support electric vehicle adoption and develop transportation electrification infrastructure. On- and off-road transportation produces over 80% of Humboldt County's greenhouse gas emissions. RCEA works to reduce transportation emissions through RCEA-funded electric bike, electric vehicle (EV) and EV charging equipment rebates, and by developing and maintaining Humboldt County's largest network of Level-2 public EV charging stations. RCEA's 29-station network operates at a 99.91% reliability rating from Rio Dell to Trinidad and inland to Willow Creek. The California Energy Commission funded a new group of 10 faster charging stations that are being built at "resilience hubs" such as the Orleans Volunteer Fire Department and the Jerold Phelps Community Hospital in Garberville, and in high-use areas like McKinleyville, Eureka and Fortuna. Staff Manager Avcolle described collaboration with cities, Tribal Transportation Departments, the Schatz Energy Research Center and local and regional transportation groups to coordinate alternative fuel infrastructure planning and to site charging stations. Staff have successfully worked with local agencies to add charging stations to their existing paving projects, significantly reducing EV network development costs. There were no public comments on this item.

STAFF REPORTS

10.1 Interim Executive Director's Report (Information only)

Interim Executive Director Verbeck reported on the airport microgrid's five successful islanding events and grid reconnection during the previous night's storm. The solar system's recharging ability will be challenged during this prolonged atmospheric river event. Staff are working as quickly as possible to finalize Department of Energy Tribal Energy Resilience and Sovereignty agreements by year's end, a process that normally takes at least four months. Director Moore-Guynup expressed appreciation for Interim Executive Director Verbeck, Contracts and Grants Manager Lexie Perez and other team members' contract negotiation work. There were no public comments on this item.

FUTURE AGENDA ITEMS

The directors requested a report on the status of offshore wind energy in Humboldt County. Staff described vigorous, current port facility development work. Staff described recent RCEA attendance at Blue Lake City Council and Planning Commission meetings about the former Blue Lake biomass plant site. RCEA will be a potential offtaker for any future battery storage projects and needs to align further engagement with RCEA's goals.

Chair Schaefer adjourned the meeting at 4:18 p.m.

Lori Taketa, Board Clerk

Redwood Coast Energy Authority Disbursements Report As of October 31, 2024

Type	Date	Num	Name	Memo	Amount
Bill Pmt -Check	10/01/2024	ACH	The Energy Authority	TEA Invoice #TEA 92524 Sept 2024	-8,081.05
Liability Check	10/11/2024	ACH	Ascensus	Paydate 10/11/24	-12,668.05
Liability Check	10/11/2024	ACH	Ascensus	Paydate 10/11/24	-11,481.06
Liability Check	10/11/2024	ACH	EDD	Paydate 10/11/24	-7,770.83
Liability Check	10/11/2024	ACH	Internal Revenue Service	Paydate 10/11/24	-34,818.31
Bill Pmt -Check	10/11/2024	ACH	CalCCA	Operational Member dues Q2 FY 24/25	-28,094.00
Bill Pmt -Check	10/11/2024	ACH	Humboldt Sawmill Co.	Sept 2024 Electricity Generation	-559,953.86
Bill Pmt -Check	10/11/2024	ACH	Leapfrog Power, Inc	Sept 2024 RA Invoice	-36,740.00
Liability Check	10/11/2024	18759	Air Med Care	Annual Employee Membership	-1,311.00
Check	10/11/2024	18760	CCE Customer	CCE Equipment Rebate - Res 240920-2239	-100.00
Check	10/11/2024	18761	CCE Customer	CCE Equipment Rebate - Res 240920-2240	-100.00
Check	10/11/2024	18762	CCE Customer	CCE Equipment Rebate - Res 240828-2203	-100.00
Check	10/11/2024	18763	CCE Customer	CCE Equipment Rebate - Res 240918-2235	-100.00
Check	10/11/2024	18764	CCE Customer	CCE Equipment Rebate - Res 24917-2234	-100.00
Check	10/11/2024	18765	CCE Customer	CCE Heat Pump Rebate - Res 240718-2154	-725.00
Check	10/11/2024	18766	CCE Customer	CCE Heat Pump Rebate - Res 240910-2226	-825.00
Check	10/11/2024	18767	CCE Customer	CCE Heat Pump Rebate - Res 240924-2244	-900.00
Check	10/11/2024	18768	CCE Customer	CCE Equipment Rebate - Res 240723-2159	-400.00
Bill Pmt -Check	10/11/2024	18769	Alber's Tractor and Ag Work	Mowing services for ACV solar site	-400.00
Bill Pmt -Check	10/11/2024	18770	Amazon.com	Monthly billing - Sept 2024	-2,006.23
Bill Pmt -Check	10/11/2024	18771	American Public Power Association	CCA Associate Membership 12/9/24-12/8/25	-1,625.00
Bill Pmt -Check	10/11/2024	18772	AT&T	RCAM router fee: 08/19-09/18/24	-163.00
Bill Pmt -Check	10/11/2024	18773	AT&T	RCAM charges: 09/29-10/28/24	-921.20
Bill Pmt -Check	10/11/2024	18774	AT&T Long Distance	Toll-free charges: 09/25 - 10/24/2024	-121.43
Bill Pmt -Check	10/11/2024	18775	Baker Tilly US, LLP	Professional services - period ending 6/30/24	-7,350.00
Bill Pmt -Check	10/11/2024	18776	City of Eureka-Water	633 & 917 3rd St Water & Sewer	-390.68
Bill Pmt -Check	10/11/2024	18777	Developed Employment Services, LLC.	805 3rd St. Yard work	-116.34
Bill Pmt -Check	10/11/2024	18778	Donald Dame	CCE Consulting services- Sept 2024	-276.50
Bill Pmt -Check	10/11/2024	18779	Enterprise	Car rental Sept 2024	-182.68
Bill Pmt -Check	10/11/2024	18780	High Value Writing LLC	Professional Development - All Staff Training	-6,300.00
Bill Pmt -Check	10/11/2024	18781	Hilson, D.	Mileage reimbursement - Sept 2024	-25.19
Bill Pmt -Check	10/11/2024	18782	Humboldt HyCycle	Sept E-bike Vouchers: Invs 1008 & 1009	-1,200.00
Bill Pmt -Check	10/11/2024	18783	iPROMOTEu.com, Inc	Event Materials: 6ft Stretch Fit Table Cover	-229.37
Bill Pmt -Check	10/11/2024	18784	Law Offices of Nancy Diamond	Sept 2024 Legal Services	-13,252.80
Bill Pmt -Check	10/11/2024	18785	Law Offices of Susie Berlin	Aug 2024 Legal Services - RuralREN Support	-2,808.00
Bill Pmt -Check	10/11/2024	18786	Mad River Union	Page 1 ad for 5 dates Sept & Oct 2024	-548.00
Bill Pmt -Check	10/11/2024	18787	Mission Linen & Uniform Service	Sept & Oct 2024 mat cleaning & supplies	-479.83
Bill Pmt -Check	10/11/2024	18788	North Coast Cleaning Services, Inc.	633 & 917 3rd St Office Cleaning	-1,090.00
Bill Pmt -Check	10/11/2024	18789	Optimum Business-633	633 3rd St: Phone & Internet - 09/28-10/27/2024	-1,103.12
Bill Pmt -Check	10/11/2024	18790	PG&E EV Account	EV stations 08/14-09/12/2024	-2,018.77
Bill Pmt -Check	10/11/2024	18791	Recology Humboldt County	633 3rd St. Sept 2024	-110.05
Bill Pmt -Check	10/11/2024	18792	Recology Humboldt County	917 3rd St. Sept 2024	-74.54
Bill Pmt -Check	10/11/2024	18793	Revolution Bicycles	Sept E-bike 2024 Vouchers: Invoices 11 & 12	-1,000.00
Bill Pmt -Check	10/11/2024	18794	Times Printing Company	Oct 2024 Late Notice printing/postage	-730.21
Bill Pmt -Check	10/11/2024	18795	Ubeo Business Services	633 3rd St Printer Charges: 09/06-10/05/24	-159.82
Bill Pmt -Check	10/11/2024	18796	Verbeck, E.	CalCCA Retreat: Transportation Reimbursement	-69.63
Bill Pmt -Check	10/11/2024	18797	Yakovleva, Vera A.	CalCCA Reg Mtg: Transportation Reimbursement	-114.20
Paycheck	10/11/2024	ACH	Employees	Payroll	-82,670.08

Redwood Coast Energy Authority Disbursements Report As of October 31, 2024

Type	Date	Num	Name	Memo	Amount
Bill Pmt -Check	10/15/2024	ACH	The Energy Authority	TEA Invoice #TEA 92024 Sept 2024	-3,192,647.36
Check	10/16/2024	ACH	VISA	VISA 2291: Stmt 08/22/2024-09/20/2024	-13,792.84
Check	10/20/2024	Debit	Umpqua Bank	Service Charge	-292.14
Bill Pmt -Check	10/25/2024	ACH	CA Dept. of Tax & Fee Administration	Electrical Energy Surcharge Return Q3 2024	-37,671.00
Bill Pmt -Check	10/25/2024	ACH	CalPine Corporation	Calpine Sept 2024 Costs	-63,734.79
Bill Pmt -Check	10/25/2024	ACH	Sol Systems LLC	CA PCC3 2024-Qty 48,187	-445,729.75
Bill Pmt -Check	10/25/2024	ACH	Sterling Administration	FSA Healthcare and Dependent Care Funding	-1,175.00
Liability Check	10/25/2024	ACH	Ascensus	10/25/24 Payroll	-13,096.63
Liability Check	10/25/2024	ACH	Ascensus	10/25/24 Payroll	-11,650.96
Liability Check	10/25/2024	ACH	CICCS Coalition for Controlling Insurance	Oct 2024 Coverage	-64.94
Liability Check	10/25/2024	ACH	EDD	10/25/24 Payroll	-7,925.80
Liability Check	10/25/2024	ACH	Internal Revenue Service	10/25/24 Payroll	-35,370.13
Liability Check	10/25/2024	ACH	Keenan	Nov 2024 Coverage	-34,756.02
Liability Check	10/25/2024	ACH	Principal Life Insurance Company	Nov 2024 Coverage	-115.80
Liability Check	10/25/2024	ACH	Colonial Life	Nov 2024 Coverage	-2,179.06
Bill Pmt -Check	10/25/2024	WIRE	CA Community Power	RA Landscape Report-Gridwell Consulting	-5,000.00
Bill Pmt -Check	10/25/2024	WIRE	PG&E Voluntary Allocation	May 2024 Forecast Price- VA Long & Short term	-141,833.10
Check	10/25/2024	18798-826	NEM Customers	NEM Account Closeout	-7,374.14
Check	10/25/2024	18827	CCE Customer	CCE Equipment Rebate -Res 241009-2267	-100.00
Check	10/25/2024	18828	CCE Customer	CCE Equipment Rebate -Res 240920-2237	-350.00
Check	10/25/2024	18829	CCE Customer	CCE Heat Pump Rebate -Res 241008-2266	-600.00
Check	10/25/2024	18830	CCE Customer	CCE Heat Pump Rebate -Res 240913-2231	-700.00
Check	10/25/2024	18831	CCE Customer	CCE Heat Pump Rebate -Res 241011-2271	-600.00
Check	10/25/2024	18832	CCE Customer	CCE Heat Pump Rebate -Res 241023-1851	-725.00
Check	10/25/2024	18833	CCE Customer	CCE Heat Pump Rebate -Res 240927-2253	-725.00
Check	10/25/2024	18834	CCE Customer	CCE Heat Pump Rebate -Res 240925-2248	-1,050.00
Bill Pmt -Check	10/25/2024	18835	Arcata Chamber of Commerce	Membership dues 2024	-440.00
Bill Pmt -Check	10/25/2024	18836	Arcata Technology Center	Site Host Reimbursement 07/01-09/30/2024	-609.30
Bill Pmt -Check	10/25/2024	18837	Blue Lake Rancheria	Site Host Reimbursement 07/01-09/30/2024	-1,781.97
Bill Pmt -Check	10/25/2024	18838	Boudreau, D.	Oct 2024 Purchase Reimb & Travel	-296.61
Bill Pmt -Check	10/25/2024	18839	Carter Properties, LLC	917 3rd Street Office Lease - Nov 2024 rent	-2,375.00
Bill Pmt -Check	10/25/2024	18840	City of Arcata	Site Host Reimbursement 07/01-09/30/2024	-1,441.66
Bill Pmt -Check	10/25/2024	18841	City of Blue Lake	Site Host Reimbursement 07/01-09/30/2024	-659.08
Bill Pmt -Check	10/25/2024	18842	City of Eureka - REVNet	Site Host Reimbursement 07/01-09/30/2024	-1,043.74
Bill Pmt -Check	10/25/2024	18843	City of Trinidad	Site Host Reimbursement 07/01-09/30/2024	-723.29
Bill Pmt -Check	10/25/2024	18844	CivicWell	11/2024-10/2025 LGSEC Membership Dues	-3,000.00
Bill Pmt -Check	10/25/2024	18845	HSU - Sponsored Programs Foundation	July & Aug 2024 Services: RCAM	-9,101.21
Bill Pmt -Check	10/25/2024	18846	Humboldt Bay Coffee Co.	Office Coffee-633 3rd St	-51.90
Bill Pmt -Check	10/25/2024	18847	HWMA	Oct 2024 Dump Fees	-231.20
Bill Pmt -Check	10/25/2024	18848	Kerekes, C.	Sept & Oct 2024 Mileage	-44.83
Bill Pmt -Check	10/25/2024	18849	Local Worm Guy	Sept 2024 Compost service 633 & 917 3rd St	-96.00
Bill Pmt -Check	10/25/2024	18850	North Coast Unified Air Quality	VOID:Ck 18850 \$768.62 due to check fraud	0.00
Bill Pmt -Check	10/25/2024	18851	NYLEX.net, Inc.	Onsite network support services - Nov 2024	-3,690.00
Bill Pmt -Check	10/25/2024	18852	Open Door	Site Host Reimbursement 07/01-09/30/2024	-674.38
Bill Pmt -Check	10/25/2024	18853	PG&E - ACV	ACV site utilities 08/27-09/25/2024	-253.91
Bill Pmt -Check	10/25/2024	18854	PG&E CCA	Sept 2024 CCE Charges	-21,624.61
Bill Pmt -Check	10/25/2024	18855	PG&E EV Account	EV stations 09/13-09/30/2024	-1,174.79
Bill Pmt -Check	10/25/2024	18856	PG&E Office Utility	09/05-10/03/2024 utilities for 917 3rd Street	-317.84

Redwood Coast Energy Authority
Disbursements Report
 As of October 31, 2024

<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Amount</u>
Bill Pmt -Check	10/25/2024	18857	PG&E Voluntary Allocation	VOID: CK 18857 and set up WIRE transaction	0.00
Bill Pmt -Check	10/25/2024	18858	St. Joseph Hospital	Site Host Reimbursement 07/01-09/30/2024	-2,324.20
Bill Pmt -Check	10/25/2024	18859	Times Printing Company	Oct 2024 Move-In mailings	-1,415.08
Bill Pmt -Check	10/25/2024	18860	Whitchurch Engineering, Inc	EVCS Project-June-Sept 2024 Services	-2,625.00
Bill Pmt -Check	10/25/2024	18861	Winzler, John	Office Lease - 633 3rd St. Nov 2024	-7,946.31
Liability Check	10/25/2024	18862	Ameritas - Dental	Nov 2024 Coverage	-2,140.60
Liability Check	10/25/2024	18863	Ameritas - Vision	Nov 2024 coverage	-385.72
Paycheck	10/25/2024	ACH	Employees	Payroll	-84,778.05
Bill Pmt -Check	10/28/2024	ACH	The Energy Authority	CAISO Invoice #CISO102324-OCT	-1,818.26
TOTAL					<u><u>-5,004,128.83</u></u>

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Redwood Coast Energy Authority
Profit & Loss Budget vs. Actual
July through October 2024

	<u>Jul - Oct 24</u>	<u>Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense			
Income			
Total 4 GRANTS AND DONATIONS	600.00	0.00	100.0%
5 REVENUE EARNED			
Total 5000 · Revenue - government agencies	270,519.52	1,375,000.00	19.67%
Total 5100 · Revenue - program related	3,705,834.45	50,000.00	7,411.67%
Total 5300 · Revenue - interest on deposits	557.64	0.00	100.0%
Total 5400 · Revenue-nongovernment agencies	142,247.50	413,000.00	34.44%
Total 5500 · Revenue - Electricity Sales	24,120,589.05	68,501,255.00	35.21%
Total 5 REVENUE EARNED	28,239,748.16	70,339,255.00	40.15%
Total Income	28,240,348.16	70,339,255.00	40.15%
Gross Profit	28,240,348.16	70,339,255.00	40.15%
Expense			
Total 6 WHOLESALE POWER SUPPLY	19,308,434.83	61,063,849.00	31.62%
Total 7 PERSONNEL EXPENSES	1,418,775.03	5,251,342.00	27.02%
Total 8.1 FACILITIES AND OPERATIONS	388,254.66	979,125.00	39.65%
Total 8.2 COMMUNICATIONS AND OUTREACH	79,731.69	114,150.00	69.85%
8.4 PROFESSIONAL & PROGRAM SRVS			
8400 · Regulatory	48,592.32	164,300.00	29.58%
8410 · Contracts - Program Related Ser	87,441.59	1,418,600.00	6.16%
8420 · Accounting	7,350.00	60,000.00	12.25%
8430 · Legal	43,396.60	185,000.00	23.46%
8450 · Wholesale Services - TEA	281,907.88	817,124.00	34.5%
8460 · Procurement Credit - TEA	45,761.83	639,430.00	7.16%
8470 · Data Management - Calpine	255,289.58	855,276.00	29.85%
8480 · Customer Billing - PG&E	86,574.95	272,714.00	31.75%
Total 8.4 PROFESSIONAL & PROGRAM SRVS	856,314.75	4,412,444.00	19.41%
Total 8.6 INCENTIVES & REBATES	82,558.92	230,000.00	35.9%
Total 9 NON OPERATING COSTS	29,302.74	129,000.00	22.72%
Total Expense	22,163,372.62	72,179,910.00	30.71%
Net Ordinary Income	6,076,975.54	-1,840,655.00	-330.15%
Net Income	6,076,975.54	-1,840,655.00	-330.15%

Redwood Coast Energy Authority
Balance Sheet
As of October 31, 2024

	Oct 31, 24
ASSETS	
Current Assets	
Checking/Savings	
1010 · Petty Cash	300.00
1060 · Umpqua Checking Acct 0560	965,114.96
1071 · Umpqua Deposit Control Acct 8215	20,202,012.00
1075 · Umpqua Reserve Account 2300	10,000,000.00
1077 · JP Morgan Chase Act 74999	399,967.48
Total Checking/Savings	31,567,394.44
Total Accounts Receivable	58,479.50
Other Current Assets	
1101 · Allowance for Doubtful Accounts	-7,618,207.74
1103 · Accounts Receivable-Other	17,482,420.52
1120 · Inventory Asset	18,614.90
1205 · Prepaid Insurance	58,682.69
1210 · Retentions Receivable	27,713.45
Total Other Current Assets	9,969,223.82
Total Current Assets	41,595,097.76
Total Fixed Assets	9,804,575.43
Other Assets	
1700 · Security Deposits	4,201,961.50
Total Other Assets	4,201,961.50
TOTAL ASSETS	55,601,634.69
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Total Accounts Payable	3,880,666.57
Total Credit Cards	25,106.73
Other Current Liabilities	
2002 · Deposits Refundable	983,130.01
2011 · NEM Escrow Liability	90,337.71
Total 2100 · Payroll Liabilities	181,480.92
Total 2200 · Accrued Expenses	12,378.05
Total Other Current Liabilities	1,267,326.69
Total Current Liabilities	5,173,099.99
Total Long Term Liabilities	6,069,025.48
Total Liabilities	11,242,125.47
Equity	
3900 · Fund Balance	38,282,522.36
Net Income	6,076,986.86
Total Equity	44,359,509.22
TOTAL LIABILITIES & EQUITY	55,601,634.69



STAFF REPORT
Agenda Item # 4.4

AGENDA DATE:	December 17, 2024
TO:	Board of Directors
PREPARED BY:	Richard Engel, Director of Power Resources Jocelyn Gwynn, Power Resources Manager
SUBJECT:	Energy Risk Management Policy Update

BACKGROUND

Section 8 of RCEA’s Energy Risk Management Policy (ERMP) directs the RCEA Risk Management Team to review the policy at least annually and submit any proposed amendments to the Board for approval. It also directs staff to notify the Board when appendices to the ERMP are being updated. The policy was initially adopted by the Board in December 2016 and was last revised in December 2022. An addendum was added to the ERMP in May 2024.

SUMMARY

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

- Section 1.1 – clarifies which of RCEA’s member agencies are eligible per State law to administer RCEA’s Community Choice Energy program.
- Section 1.2 – addresses the relationship between the ERMP and the Procurement Policy RCEA adopted earlier in 2024.
- Section 2.2.1 – explains RCEA’s retail rate-setting practices using a discount relative to PG&E rates.¹
- Section 2.2.4 – adds discussion of customer debt collections; removes service area expansion as a strategy for managing volumetric risk.
- Section 3.3 – clarifies that RCEA staff participation in procurement by California Community Power does not constitute a conflict of interest.
- Section 3.10 – adds discussion of procurement practices for long-term (10 years or more) transactions.
- Section 5 – incorporates the changes to procurement limits and delegation of authority included in the addendum to the risk policy adopted by the Board in May 2024, and aligns the maturity limit with TEA’s own Risk Policy.
- Section 7 – changes frequency of energy risk management updates for Board from quarterly to semi-annual.
- Appendix A – adds Low Carbon Fuel Standards credits to the list of authorized products TEA can transact or act as agent on RCEA’s behalf.

¹ Cost-of-service ratemaking will be addressed in a future policy update, pending analysis and Board direction.

- Appendix D – notes Board decision to postpone 100% carbon-free and renewable goal one year to 2026; adds discussion of the allocation of energy from extension of Diablo Canyon nuclear plant²; makes RCEA’s Summer Assessment contingent on the timing of CAISO’s Summer Assessment issuance; adds discussion of Portfolio Content Category 3 renewable energy certificates; adds discussion of resource adequacy procurement under the new Slice of Day framework.

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

ALIGNMENT WITH RCEA’S STRATEGIC PLAN

Not applicable – the Energy Risk Management Policy is an operational document.

EQUITY IMPACTS

Not applicable.

FINANCIAL IMPACTS

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

STAFF RECOMMENDATION

Adopt Resolution 2024-14 Adopting Updates to the Energy Risk Management Policy.

ATTACHMENTS

Resolution 2024-14 of the Board of Directors of the Redwood Coast Energy Authority Adopting Updates to the Energy Risk Management Policy with redlined Energy Risk Management Policy as Attachment A.

² Discussion of RCEA’s policy stance on nuclear energy will be included in the update to RCEA’s Policy Platform which will be brought to the Board in Q1 2025.

**RESOLUTION NO. 2024-14
OF THE BOARD OF DIRECTORS
OF THE REDWOOD COAST ENERGY AUTHORITY
ADOPTING UPDATES TO THE ENERGY RISK MANAGEMENT POLICY**

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

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

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

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

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

Adopted this ___ day of _____, 2024.

ATTEST:

RCEA Board Chair

Clerk of the Board, RCEA

Date: _____

Date: _____

CLERK'S CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of Resolution No. 2024-14 passed and adopted at a regular meeting of the Redwood Coast Energy Authority, County of Humboldt, State of California, held on the 17th day of December 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

Clerk of the Board, Redwood Coast Energy Authority

APPENDIX A

**REDWOOD COAST ENERGY AUTHORITY
UPDATED ENERGY RISK MANAGEMENT POLICY**



REDWOOD COAST **Energy Authority**

Energy Risk Management Policy

Adopted December 12, 2016, Resolution 2016-6
Last Revised December ~~15, 2022~~ **17, 2024**, Resolution ~~2022-~~
~~10~~ **2024-X**

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Section 1: POLICY OVERVIEW

1.1 Background and Purpose

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

Presently, RCEA’s CCA Members¹ include the following local government entities:

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

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

This Energy Risk Management Policy (“Policy”) establishes RCEA’s Energy Risk Management Program (“[Risk Program](#)”) including [risk management](#) functions and procedures to manage the risks associated with power procurement activities.

~~The ultimate purpose of this Policy is to~~ [To](#) help RCEA increase the likelihood of achieving its goals ~~by specifying~~, [the purpose of this Policy is to specify](#) management responsibilities, organizational structures, risk management standards, and operating controls and limits necessary to ~~properly~~ identify and manage RCEA’s exposure to risk.

The RCEA Board of Directors ~~is responsible for approving~~ [\(“Board”\) approves](#) wholesale power procurement risk related policies, including delegations of authority and limits to the Executive Director, RCEA staff and, as warranted, third-party service providers. The Board understands and acknowledges

¹ The Humboldt Bay Municipal Water District ~~is a customer of~~, the [CCA but does](#) [Yurok Tribe, and the Blue Lake Rancheria do](#) not participate ~~as a voting member~~ in CCA governance, [per California Public Utilities Code Section 331.1 that limits CCA formation to counties and cities.](#)

that energy trading activities necessarily involve risk and a key Board objective is to quantify and balance value and risk within RCEA's resource portfolio without engaging in speculative trading activity. Within the guidelines of this policy, the Board recognizes that ~~while the application of~~ expertise must be employed in managing RCEA's resource portfolio, so staff and third-party service providers may exercise some reasonable discretion in making commercial trading decisions.

1.2 Scope

Unless otherwise explicitly stated in this Policy, or other policies approved by the Board, this Policy applies to all power procurement and related business activities that may impact ~~the RCEA's~~ risk profile ~~of RCEA~~. RCEA's Procurement Policy² explicitly states that power procurement to serve RCEA's electric customers is governed by this Energy Risk Management Policy. This Policy documents the framework ~~by which for~~ staff and The Energy Authority³ ("TEA") will to:

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

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

1.3 Energy Risk Management Objective

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

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

1.4 Policy Administration

This Policy document ~~has been~~ is reviewed and approved by the RCEA Board of Directors ("Board"). The Risk Management Team ("RMT") and Board must approve amendments to this Policy, except for the

² <https://redwoodenergy.org/wp-content/uploads/2024/10/RCEA-Purchasing-and-Procurement-Policy-1.pdf>

³ The Energy Authority is RCEA's current portfolio manager and scheduling coordinator for its load and long-term power contracts.

appendices, which may be amended with approval of only the RMT. The RMT must give notice to the Board of any amendment it makes to an appendix or a reference policy or procedure document.

Section 2: GOALS AND RISK EXPOSURES

2.1 Policy Goals

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

- RCEA targets to fund financial reserves with the following objectives:
 - Establish long-term business sustainability
 - Build collateral for power procurement activities
 - Establish and maintain an investment grade credit rating
 - Develop a source of funds for investment in power resources and other local programs
 - Stabilize retail electricity rates and dampen year-to-year variability in procurement costs
 - Reduce the fee for the credit facility provided by TEA as part of the services it delivers to RCEA
- RCEA aims to meet its strategic objectives as found in the RePower Humboldt Comprehensive Action Plan for Energy⁴

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

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

2.2 Risk Exposures

The ProgramCCA program faces a range of risks during launch and ongoing operationincluding:

- Customer opt-out risk
- Market risk
- Regulatory risk
- Volumetric risk

⁴ <https://redwoodenergy.org/wp-content/uploads/2020/06/RePower-2019-Update-FINAL-.pdf>

- Model risk
- Operational risk
- Counterparty credit risk
- Reputation risk

2.2.1 Customer Opt-Out Risk

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

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

- Retail rate competitiveness with PG&E;⁵
- Financial reserve level for retail rate stabilization;
- Percentage of customer opt-outs by customer count and by load;
- Percentage of customers and customer load returned to PG&E for non-payment.

Mitigation measures for customer opt-out risk are included under Section 2.2.4 Volumetric Risk.

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

2.2.2 Market Risk

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

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

⁵ Since CCA program launch, RCEA has set its retail generation rates as a set percentage discount below the corresponding PG&E generation rates. The amount of this percentage discount has been adjusted on some occasions by the RCEA Board as financial conditions have changed. To maintain this rate discount as PG&E generation rates are changed on short notice multiple times a year, the Board has authorized staff to adjust rates in response to PG&E rate changes without needing to seek Board approval in each instance.

2.2.3 Regulatory Risk

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

To manage regulatory risk, RCEA:

- Regularly monitors, analyzes ~~of~~, and engages in, legislative and regulatory proceedings impacting CCAs, either directly or through the California Community Choice Association (“CalCCA”);
- Ensures timely submission of regulatory filings, compliance filings and data request responses, and tracking changing requirements associated with these submissions;
- Ensures timely procurement and project progress reporting, and to the extent feasible and prudent conducting proactive procurement, in response to procurement mandates;
- Engages subject matter expertise as needed to ensure it is conducting business in a manner consistent with State regulations.

2.2.4 Volumetric Risk

Volumetric risk is the uncertainty of RCEA’s financial performance due to variability in 1) the quantity of retail load served by RCEA, 2) the bill payments actually collected from customers, and 3) generation from RCEA’s contracted power resources. Retail load and customer debt uncertainty results from unanticipated large customer additions or departures, customer opt-outs, weather deviation from normal, unforeseen increased adoption of behind the meter generation ~~by RCEA customers~~, as well as local, state and national socioeconomic conditions. Volumetric risks can also occur on the wholesale procurement side, including risk of curtailed variable energy resources under contract to RCEA, unplanned disconnection of generating resources under contract to RCEA during utility maintenance or islanding of the local grid in response to Public Safety Power Shutoff events, and the unknown volumetric delivery of resources procured through PG&E’s ~~RPS Voluntary Allocation and Market Offer and Carbon Free~~ various PCIA Allocation processes.

~~Volume~~ Volumetric risk is managed by taking steps to:

- Forecast PG&E generation and PCIA rates, and variability therein;
- Quantify variability in procurement timing and costs;
- Develop risk-adjustment metrics for forecasted loads and forecasted delivered volumes to support future procurement decisions
- Monitor and adjust for non-regulatory factors driving volumetric uncertainty (e.g. weather);

- Adopt a formal energy risk hedging strategy (included as an appendix to this Policy ~~and accompanied by confidential procurement schedules~~);
- Implement a key accounts program and maintain strong relationships with the local community;
- Monitor trends in customer onsite generation, economic shifts, and other factors that affect electricity customer volume and composition;
- Track and attempt to collect customer debt, and return uncollectable accounts back to PG&E, pursuant to RCEA's Community Choice Energy Terms and Conditions⁶;
- Pursue strategies to minimize or mitigate generation disconnections and curtailments, including co-locating storage with variable renewable energy resources and working with PG&E toward accommodation of third-party generators while the local grid is operated in island mode;
- Engage the IOU to conduct transmission and distribution updates and technical advances to better interconnect emerging distributed generation resources;
- ~~Explore expanding the customer base of the CCA into other counties and include~~ Explore strategies for serving direct access loads.

2.2.5 Model Risk

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

- ~~TEA~~ TEA's Risk Management Committee ~~approval~~ approves, and ~~RCEA~~ RCEA's RMT ~~ratification~~ of ratifies, financial and risk models;
- Ongoing review of model inputs and outputs as part of controls framework, including scheduled true-ups of data actuals and data cross-validation between RCEA and TEA;
- Comparison between multiple independent data sources as available and valuable
- Ongoing RCEA and TEA staff education and participation in CCA industry forums;
- Ongoing update and improvement of models as additional information and expertise is acquired.

2.2.6 Operational Risk

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

- The controls set forth in this Policy;
- RMT oversight of procurement activity;
- Timely and effective management reporting;
- Staff resources, expertise and/or training reinforcing a culture of compliance;

⁶ <https://redwoodenergy.org/cce-terms-and-conditions/>

- Ongoing and timely internal and external financial and operational audits;
- Enforcement of RCEA's CCA terms and conditions, including customer debt collection;
- Adhering to data security requirements in RCEA's Information Security Policy and the CPUC's Customer Data Privacy Decision 12-08-045.

2.2.7 Counterparty Credit Risk

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

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

2.2.8 Reputation Risk

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

- ~~Implementation~~ Implements and ~~adherence~~ adheres to this Energy Risk Management Policy;
- ~~Establishment~~ Establishes and ~~adherence~~ adheres to industry best practices including both those adopted by other CCAs, as well as those adopted by traditional municipal electric utilities;
- ~~Establishing~~ Maintains a Community Advisory Committee (CAC) to support RCEA's public engagement efforts and to provide decision-making support and input to the RCEA Board;
- ~~Consultation~~ Consults with general counsel and outside expert counsel on procurement processes and best practices as a public agency with respect to transparency and public participation;
- Conducts marketing and outreach activities that enhance RCEA's reputation in the community, including monitoring and responding constructively to discussion of RCEA in traditional media and social media.

2.3 Risk Measurement Methodology

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

Risk measurement of RCEA's position ~~will be performed using~~ uses a method that calculates projected procurement costs and portfolio value on an annual basis at various probabilities and that further provides a comparison of projected RCEA retail rates to those of PG&E. The rate comparison will be adjusted for actual and projected PCIA and Franchise Fee charges. Risk measurement methodologies ~~shall~~ will be re-

evaluated on a periodic basis to ensure RCEA and TEA adjust their methods to reflect the evolving regulatory and competitive landscape. The implementation of these methods ~~shall~~will be overseen and validated by TEA and ratified by the RMT.

Section 3: BUSINESS PRACTICES

3.1 General Conduct

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

3.2 Trading for Personal Accounts

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

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

3.3 Adherence to Statutory Requirements

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

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

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

RCEA employees are prohibited from working for another power supplier, CCA, or utility in a related position while they are simultaneously employed by RCEA unless an exception is authorized by the Board. For clarity, this prohibition is not intended to prevent RCEA staff from performing non-CCA activities on behalf of RCEA in the normal course of its business. Participation by RCEA staff in power procurement activities of the California Community Power (CC Power) joint powers agency is permitted, as this procurement is done for the ultimate benefit of RCEA and CC Power's other participating CCAs.

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

3.4 Transaction Type, Regions and Markets

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

When seeking approval for a new or non-standard transaction type, region, and/or market, a New Transaction Approval Form, as shown in Appendix B, should be drafted describing all known significant elements of the proposed transaction and addressing all items listed in that form.

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

3.5 Counterparty Suitability

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

3.6 System of Record

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

3.7 Transaction Valuation

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

3.8 Stress Testing

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

3.9 Trading Practices

The approved scope of market participation by RCEA is limited to those activities required to capture reasonably expected value and cost stability from RCEA's resource portfolio without engaging in speculative or unauthorized trading activities. Staff and TEA may exercise some discretion on trade timing and volumes subject to exigent conditions (such as unusual weather, periods of illiquidity, load/generation deviations, and/or power system circumstances). RCEA procurement practices are intended to prohibit the acquisition of unwarranted or additional exposure to price and volume risk beyond that projected and associated within the efficient utilization and optimization of RCEA's resource portfolio. If any questions arise as to whether a particular transaction constitutes speculation, the RMT shall review the transaction(s) to determine whether the transaction would constitute speculation and document its finding in the meeting minutes.

3.10 Long-Term Transactions

Procurement of products to be delivered for a term of 10 years or longer will normally be conducted by RCEA staff with advisory support from TEA, and result in direct bilateral contracts between RCEA and the seller. Such procurement will typically be performed competitively, by issuing solicitations with RCEA Board approval and using transparent and consistent evaluation criteria to select preferred offers for shortlisting and contract negotiation. Any contracts negotiated through this process will be taken to the RCEA Board for review and approval.

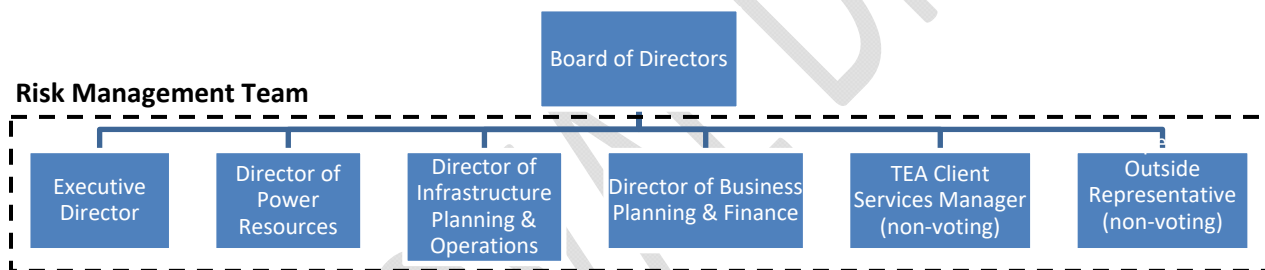
At times long-term procurement needs to be completed quickly for regulatory compliance purposes and normal competitive procurement cannot be performed in a timely manner. Examples of circumstances

where this might occur include seller termination of existing contracts needed for compliance, previously contracted projects failing to meet development milestones, or regulators issuing procurement orders that create a tight market where procurement options for compliance are very limited. In such instances, RCEA staff may in consultation with RCEA’s general counsel enter into direct bilateral negotiations with a seller identified as offering a product that meets the compliance need at a reasonable price. RCEA staff will consult with TEA staff to determine whether the offered price is consistent with market prices for said product, or negotiate as needed with the seller to arrive at such a price. RCEA Board approval will be required for such bilaterally procured long-term contracts, with staff providing a written explanation of the procurement method that was utilized.

Section 4: ORGANIZATIONAL STRUCTURE AND RESPONSIBILITIES

4.1 Risk Management Organizational Structure

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



4.2 Board of Directors

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

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

4.3 Risk Management Team (RMT)

The RMT is responsible for implementing, maintaining and overseeing compliance of this Policy. The voting members of the RMT shall be Board-approved RCEA staff members, as outlined in this Policy. Additionally, an independent outside third-party representative, and TEA’s client services

[manager](#) [account director](#) assigned to RCEA, will serve as non-voting members. Each voting member will be assigned one vote. The current voting members of the RMT are:

- Executive Director
- Director of Power Resources
- Director of Infrastructure Planning and Operations
- Director of Business Planning and Finance

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

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

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

The RMT maintains the authority and responsibility to:

- Approve and ensure that all procurement strategies are consistent with this Policy;
- Determine if changes in procurement strategies are warranted;
- Approve new transaction types, regions, markets and delivery points;
- Understand financial and risk models used by TEA;
- Understand counterparty credit review models and methods for setting and monitoring credit limits;
- Receive and review reports as described in this Policy;
- Meet to review actual and projected financial results and potential risks;
- Authorize individual transactions that exceed the Executive Director's authority as indicated in Section 5 below;
- Escalate to the Board of Directors with any risks beyond the RMT's authority;
- Review summaries of limit violations; [\(see Section 5.1\)](#);
- Review the effectiveness of RCEA's energy risk measurement methods;
- Maintain this Policy;
- Monitor regulatory and legislative activities.

4.4 Power Manager

RCEA has partnered with TEA as its Power Manager. TEA, as outlined in its Risk Policy, maintains a strong segregation of duties, also referred to as "separation of function" that is fundamental to manage and control the risks outlined in this Policy. The Power Manager will provide education to the RMT on the risk and credit models, methods, and processes that it uses to fulfill its obligations under this Policy. Individuals responsible for legally binding RCEA to a transaction will not also perform confirmation, or settlement functions. With this in mind, TEA's responsibilities are divided into front-middle-back office activities, as described below.

4.4.1 Power Manager - Front Office

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

- a. Assist in the development and analysis of risk management hedging products and strategies, and bring recommendations to the RMT
- b. Prepare each month a monthly operating plan for the prompt months that gives direction to the day-ahead and real-time trading and scheduling staff regarding the bidding and scheduling of RCEA's resource portfolio in the CAISO market
- c. Develop, price, negotiate and execute all approved transactions within TEA's delegation of authority
- d. Forecast day-ahead and monitor / forecast same-day loads
- e. Keep accurate records of all executed transactions

4.4.2 Power Manager - Middle/Back Office

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

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

- a. ~~Estimating~~Estimate and ~~publishing~~publish daily forward monthly power and natural gas price curves for a minimum of the balance of the current year through the next calendar year
- b. ~~Calculating~~Calculate and ~~maintaining~~maintain the net forward power positions of RCEA
- c. ~~Ensuring~~Ensure that RCEA adheres to all risk policies and procedures of both RCEA and the

Power Manager in letter and in intent

- d. ~~Maintaining~~**Maintain** the overall financial security of transactions undertaken by the Power Manager on behalf of RCEA
- e. ~~Implementing~~**Implement** and ~~enforcing~~**enforce** credit policies and limits
- f. ~~Handling~~**Handle** confirmation of all transactions and reconciling differences with the trading counterparties
- g. ~~Reviewing~~**Review** trade tickets for adherence to approved limits
- h. ~~Ensuring~~**Ensure** all trades have been entered into the appropriate system of record
- i. ~~Ensuring~~**Ensure** that both pre-schedule and actual delivery volumes and prices are entered into the physical database
- j. ~~Carrying~~**Carry** out month-end checkout of all transactions each month
- k. ~~Reviewing~~**Review** models and methodologies and recommending RMT approval
- l. ~~Providing~~**Provide** supporting documentation for power supply audits

Section 5: DELEGATION OF AUTHORITY

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

Position	Maturity Limit	Term Limit	Energy Transaction Volume Limit (MWh)	Capacity Transaction Value Limit
RCEA Board of Directors	Any transaction that exceeds the Risk Management Team limits			
Risk Management Team	42 Months	36 Months	500,000	\$ 5 18 ,000,000
Executive Director	36 39 Months	30 Months	375,000	\$ 3 12 ,000,000
TEA	30 36 months	24 Months	250,000	\$ 1,500 6,000 ,000

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

In the event that the Executive Director assigns a designee to whom to delegate Executive Director level authority, the designee must be RCEA staff in the Director classification. The designation must be made

in writing with a well-defined end date. The designation notice must be sent to the Power Manager and a copy of the designation will be kept in RCEA files.

All procurement executed under the delegation above, must align with ~~the~~ RCEA's underlying risk exposure (load requirements, locational and temporal) that is being hedged consistent with the approved Guidelines for the Redwood Coast Energy Authority Community Energy Program Launch-Period Strategy and Targets,² any subsequent procurement strategies or financial management policies authorized by the Board, and the Energy Risk Hedging Strategy (Appendix D to this policy).

5.1 Monitoring, Reporting and Instances of Exceeding Risk Limits

The TEA Middle Office is responsible for monitoring, and reporting compliance with, all limits within this Policy. If a limit or control is violated, the TEA Middle Office will send notification to the trader responsible for the violation and the RMT. The RMT will discuss the cause and potential remediation of the exceedance to determine next steps for curing the exceedance. RCEA Power Resources staff are also responsible for monitoring transactions reported by TEA and bringing to the RMT's attention any violations of limits within this Policy that have not been noted by TEA.

Section 6: CREDIT POLICY

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

All procurement activities executed by TEA on behalf of RCEA, using TEA's counterparty agreements, will be subject to the credit policies and procedures outlined in TEA's Energy Risk Management Policy. TEA's credit policy requires that all counterparties be evaluated for creditworthiness by the TEA Middle Office prior to execution of any transaction and no less than annually thereafter. Additionally, counterparties shall be reviewed if a change has occurred, or perceived to have occurred, in market conditions or in a company's management or financial condition. This evaluation, including any recommended increase or decrease to a credit limit, shall be documented in writing and includes all information supporting such evaluation in a credit file for the counterparty. A credit limit for a counterparty will not be recommended or approved without first confirming the counterparty's senior unsecured or corporate credit rating from one of the nationally recognized rating agencies and/or performing a credit review or analysis of the

² https://redwoodenergy.org/wp-content/uploads/2018/12/RCEA-Community-Energy-Program-Guidelines_Update-5.21.18.pdf

counterparty's or guarantor's financial statements. The TEA credit analysis shall include, at a minimum, current audited financial statements or other supplementary data that indicates financial strength commensurate with an investment grade rating. Trade and banking references, and any other pertinent information, may also be used in the review process.

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

6.1 Credit Limit and Monitoring

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

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

Section 7: POSITION TRACKING AND MANAGEMENT REPORTING

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

- **Daily Financial Model Forecast**
Latest projected financial performance, marked to current market prices, and shown relative to financial goals.
- **Monthly Net Position Report**
Forward net position report that is presented monthly to the RMT.
- **Daily Credit Report**
This report shows how credit exposure for the transactions that TEA executes on behalf of RCEA ~~pass~~passes through TEA to RCEA.
- **Monthly Risk Analysis**
Cash flow at risk and stress testing of the financial forecast relative to financial goals.
- ~~Quarterly~~Recurring **Board Risk Report**

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

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

Section 8: POLICY REVISION PROCESS

RCEA's Energy Risk Management Policy will evolve over time as market and business factors change. At least on an annual basis, the RMT will review this Policy and associated procedures to determine if they should be amended, supplemented, or updated to account for changing business and/or regulatory requirements. If an amendment is warranted, the Policy amendment will be submitted to the RCEA Board for approval. Changes to appendices to this Policy may be approved and implemented by the RMT, with notification of the RCEA Board as indicated in Section 1.4.

8.1 Acknowledgement of Policy

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

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

See Appendix E for a statement form.

8.2 Policy Interpretations

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

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

Appendix A: AUTHORIZED TRANSACTION TYPES OR PRODUCTS

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

Over the Counter Products

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

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

Appendix B: NEW TRANSACTION APPROVAL FORM

New or Non-Standard Transaction Approval Form

Prepared By:

Date:

New or Non-Standard Transaction Name:

Business Rationale and Risk Assessment:

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

Reviewed by:

Director of Power Resources

Date

TEA Representative

Date

Executive Director

Date

Appendix C: DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Limit violation: Any time a defined limit is violated.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

APPROVAL DRAFT

Appendix D: ENERGY RISK HEDGING STRATEGY

Introduction

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

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

- Fixed Price Energy (also known as system power or energy hedges)
- Portfolio Content Category 1 Renewable Energy
- Portfolio Content Category 2 Renewable Energy
- [Portfolio Content Category 3 Renewable Energy](#)
- Carbon Free Energy
- Resource Adequacy Capacity
- Congestion Revenue Rights

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

Governance

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

Hedging Program Goals

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

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

- RCEA will target to maintain competitive retail rates with PG&E after adjusting for the PCIA and Franchise Fee.
- RCEA will target funding financial reserves in support of the following objectives:
 - Establish long-term business sustainability
 - Build collateral for power procurement activities
 - Establish and maintain an investment grade credit rating
 - Develop a source of funds for investment in local generation and customer programs
 - Stabilize rates and buffer against year-to-year variability in procurement costs
 - Reduce monthly fee paid to TEA for provision of credit facility, and avoid or minimize buyer credit postings required by counterparties under long-term contracts
- RCEA set an initial target to procure 40 percent of its power supply requirements from renewable energy and 80 percent of its power supply requirements from non-fossil fuel generation, with a goal of procuring 100 percent renewable power from local sources by 2030. This long-term goal was established in the RePower Humboldt study that formed the original impetus for developing RCEA's [Community Choice Energy CCA](#) program. More recently, RCEA has set a goal to procure all energy from clean and renewable sources (though not necessarily local sources) by 2025. In 2024, the RCEA Board elected to delay the 2025 goal to 2026 to mitigate short-term financial challenges. Under this goal, RCEA may include a mix of RPS and carbon-free resources in its portfolio.

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

Prohibited Generation Sources

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

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

Exceptions to this prohibition may be needed for occasional short-term transactions, such as procurement of replacement RA. Per current State policy on the extension of Diablo Canyon Nuclear Power Plant operations through 2030 with cost recovery via the Public Purpose Programs charge on ratepayer bills, RCEA expects to be offered an allocation of its pro rata share of this power annually until plant closure. Each year during the extended operating period, RCEA staff will ask the Board to consider accepting this allocation under short-term exceptions to the above policy.

Hedging Targets and Strategies

The time horizon for the hedging program will be the prompt three (3) years. The energy hedging schedules described in the Fixed Price Energy section below provide a disciplined approach to procurement by mandating targeted hedge levels to be achieved by definite dates. This commonly utilized approach is intended to mitigate speculation of future wholesale market prices while also spreading procurement over a multi-year period. A key goal of the CCA program is to reduce energy price uncertainty for the upcoming operating year(s) by procuring at least 70 percent and up to 100 percent of its energy needs with fixed price contracts thereby mitigating exposure to unexpected price movement. RCEA and TEA will generally observe these adopted hedge schedules for each of the following energy and capacity products, to provide discipline on the minimum hedge level side and as protection for over-hedging on the maximum hedge level side. Changes in regulatory, load, and market dynamics may warrant occasional under- or over-hedging and subsequent remarketing of over-procured products.

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

Fixed Price Energy

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

When assessing its requirements for fixed price energy, RCEA will forecast the monthly energy requirements of its customers during heavy and light load hours⁸ each month as well as the forecasted output from resources in its portfolio. Forecast load will be determined through use of an econometric model that forecasts both total energy usage and peak demand by customer load class. The model will use historical data to estimate relationships between energy consumption and economic, demographic and/or weather variables. The econometric model is refined as additional load data is acquired through program operation. Forecasted output from resources is based on generation forecasts provided by counterparties, which are risk-adjusted based on a variety of factors such as developmental delays, curtailment, underperformance, and other forecast and observed outcomes.

The targets below describe minimum and maximum percent hedge targets for identified future time periods. The definition of "Hedge %" in this context is the total fixed price megawatt hours (MWh)

⁸ Heavy Load (on-peak) Hours in current wholesale energy markets are 6am to 10pm, Monday through Saturday, excluding New Years, Memorial Day, 4th of July, Labor Day, Thanksgiving and Christmas. All other hours during the year are considered Light Load (off-peak) Hours.

procured in the period divided by the total forecast load in MWh inclusive, as applicable, of the energy forecast to be provided by PPAs and other long-term resources within RCEA’s portfolio during respective time periods.

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

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

The hedge schedule for the Prompt Month will be measured five calendar days prior to the first day of the particular month (e.g. on January 27, 2023, RCEA will have hedged 80 to 115 percent of its projected energy requirements during February 2023, which is in Q1).

The hedge schedule for the Prompt Calendar Year (PCY), as well as subsequent two calendar years, will be measured ten calendar days prior to each new calendar year (e.g. on December 21, 2021, RCEA will have hedged at least 70 percent of its forecast energy requirements for CY 2022, 50 percent of its forecast energy requirements for CY 2023, and 30 percent of its forecast energy requirements for CY 2024, and not more than 100% of its forecast energy requirements for any of these PCYs).

Peak / Heavy Load Hour (HLH) Energy Minimum Hedge

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

Summer Assessment

RCEA will complete a Summer Assessment of market risk and hedging plan by June 1 within 30 days of CAISO’s issuance of their Summer Assessment each year. This work product will then be shared in draft form with the RCEA Risk Management Team in May of each year and will include:

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

Although compliance with the Fixed Price Energy schedule above will be measured monthly, RCEA shall endeavor to complete all Q3 hedging prior to June 15³⁰ of each year, subject to and allowing for true-ups as load and generation profiles fluctuate throughout the summer season.

The purpose of these hedging transactions is to reduce variability of power supply costs by gradually increasing the amount of energy hedged as the date of consumption approaches. Time driven strategies avoid the inherent impossibility of trying to consistently and accurately “time the market” when making hedging decisions. Additionally, a load serving entity the size of RCEA needs to spread its procurement efforts over time to effectively manage the potential negative price impacts of procuring a large volume of energy over a short period of time in an illiquid market.

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

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

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

Under the current PCIA construct, departing load is responsible for costs associated with procurement that the incumbent utility has already done on behalf of that load. At the time of departure, the applicable vintage portfolio⁹ then serves as a hedge for the departing load in that as market prices increase, the departing load charges decrease, thereby reducing costs to CCA customers relative to bundled customers. Similarly, if market prices decrease, the departing load charges increase, due to more of the vintage portfolio being above market costs. PG&E’s 2017 Power Content Label provides the best estimate of the percent of fixed price energy in PG&E’s

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

⁹ The vintage portfolio is generally all contracts and utility-owned generation that was procured while the departing load was still receiving bundled service.

vintage portfolio associated with RCEA's vintage year of 2016 for the majority of its customer load.

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

Compliance & Goal Driven Procurement

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

Portfolio Content Category 1 Renewable Energy

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

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

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

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

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

Portfolio Content Category 2 Renewable Energy

RCEA has the option to supplement its RPS portfolio with [Portfolio Content Category 2 \(PCC2\)](#) renewable energy. PCC2 energy is sourced from renewable generators located outside the state of California and is "firmed and shaped" for reliable delivery into California. PCC2 purchases have historically been less expensive and shorter in term than PCC1, so they have provided a cost-effective and flexible method of augmenting RCEA's renewable energy purchases to meet renewable portfolio content commitments to customers. However, recent changes to the greenhouse gas emissions accounting methodology via the California Energy Commission's Power Source Disclosure Program may reduce the economic benefit of the PCC2 product. PCC2 renewable energy is now ascribed the same carbon-intensity as "unspecified" system power unless matched one-to-one with carbon free energy. The procurement strategy of this product is thus dependent on the combined price of PCC2 and carbon free energy compared to the direct procurement of PCC1 energy, which receives a lower or zero carbon-intensity rating, dependent on fuel type. PCC2 purchases also require increased oversight of deliveries and compliance reporting, which further reduces the attractiveness of this product over PCC1 energy.

Portfolio Content Category 3 Renewable Energy

During most of the time it has operated as a CCA, RCEA has preferred procurement of PCC1 and PCC2 products over PCC3 or unbundled renewable energy certificates, which is a lower value product due to its less strict chain of custody requirements. Given delays to long-term contracted projects, the recently increasing cost difference between PCC3 RECs and the PCC1 and PCC2 products, and difficulties in procuring enough of these products to meet RPS and SB 350 requirements, RCEA procures a limited quantity of PCC3 energy from carbon-free sources consistent with state law to hedge its RPS compliance costs...

Carbon Free Energy

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

as it seeks to balance multiple CCA program objectives, including financial targets for reserves and retail rates. Although RCEA’s Energy Risk Management Policy generally prohibits procurement of carbon-free nuclear energy, the RCEA Board has made an exception to procure energy from the Diablo Canyon nuclear power plant to be evaluated annually given that RCEA ratepayers are required to help pay for the extended operation of this facility to meet statewide electric reliability needs.

Resource Adequacy Capacity

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

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

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

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

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

Starting in the 2025 RA compliance year, the CPUC is implementing the Slice of Day framework, which transitions RA compliance to be measured based on an hourly RA requirement for a modeled “highest load day” in each month.. This has resulted in major changes to RA compliance requirements and RA markets, including accreditation of different technology types based on their hourly profiles and exceedance factors and requiring that generation capacity be shown by individual LSEs for energy charging sufficiency to be able to claim RA from energy storage resources.

Starting in the 2023 RA compliance year, procurement of local RA is solely the responsibility of the Central Procurement Entity (CPE) in PG&E’s service territory, the only territory in which RCEA serves load.

Therefore, beyond 2022, RCEA no longer has a regulatory obligation to procure or show local RA to the state agencies. Instead, RCEA has the option to self-show or sell its local RA capacity to the CPE to obtain some value for it.

Congestion Revenue Rights

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

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

CPUC Mandated Procurement

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

Hedge Program Metrics

The success of the Energy Risk Hedging Strategy will be measured by realizing power supply costs in line with the budgeted power supply costs used to set customer rates, as well as by reducing RCEA's exposure to commodity price risk. The following two metrics will be utilized to manage the Energy Risk Hedging Strategy:

- Current projected power supply costs will be compared to budgeted power supply costs where budgeted costs will be based on the assumptions used at the time customer generation rates are set. Current power supply costs shall use all fixed price contracts executed as of the date of the report. All open positions will be marked to market and compared to the budgeted power supply costs.
- Cash Flow at Risk (CFaR). CFaR represents a statistical view of what could happen to RCEA's power supply costs and CRR portfolio assuming that no action is taken to manage its portfolio from the date of the analysis through the end of the period of time being analyzed. The potential CFaR will

be calculated using a historical sampling methodology that considers on- and off-peak periods separately over the remaining life of the transactions. The CFaR calculation will consider potential variability in load and generation supply. The CFaR will be calculated by rank ordering the portfolio cost and measuring the difference between the 95th percentile and the expected power cost outcome.

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

Reporting Requirements

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

APPROVAL DRAFT

Appendix E: ACKNOWLEDGMENT OF ENERGY RISK MANAGEMENT POLICY

I, (print name and title of RCEA employee)

hereby attest that I:

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

Employee signature

Date

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

APPROVAL DRAFT

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STAFF REPORT
Agenda Item # 4.5

AGENDA DATE:	December 17, 2024
TO:	Board of Directors
PREPARED BY:	Kristy Siino, Human Resource Manager Eileen Verbeck, Interim Executive Director
SUBJECT:	Racial Justice Plan Progress Update

SUMMARY

In June 2020, amid the resurgence of national and global discussion on racial justice, the RCEA Board of Directors adopted a resolution on racial justice. At that time, an ad hoc board subcommittee was assembled to work with staff to address the commitments with the resolution. In October 2022, the Board adopted a Racial Justice Plan.¹ This report is to update the Board and public on progress made in the last year in implementing the Racial Justice Plan.

Internal Operations

1. **Equity actions in job descriptions, staff work plans, and regular staff trainings:**
 - a) RCEA collaborated with Stepping Stone Consulting in early 2023 to facilitate a 2-day all-staff, in person, training on implicit bias.
 - b) All job descriptions were updated to include equity action items.
 - c) HR staff is currently engaged in exploring facilitator options for an updated all-staff training in 2025.

2. **Diversity, equity and inclusion in hiring and promotion**
 - a) All participants in RCEA hiring committees receive training on implicit bias. The training includes how to overcome unconscious bias when interviewing and hiring.
 - b) RCEA has compiled a list of organizations dedicated to underserved members of our community and emails job announcements to this list.
 - c) RCEA established blind recruitment. Since implementing blind recruitment (a technique for screening applications in which identifying information is redacted) processes, we have shifted our mindset in hiring from finding a “cultural fit” to finding a “cultural add.”
 - d) All employment candidates are presented with at least one interview question about diversity, equity, and inclusion. Interviewees have generally responded positively to these questions, and their answers have helped hiring teams to

¹ https://redwoodenergy.org/wp-content/uploads/2022/10/RCEA_Racial-Justice-Plan-Adopted-10.27.2022.pdf

identify candidates who offer that “cultural add” or demonstrate a personal commitment to diversity, equity, and inclusion.

As a California government agency, RCEA is restricted by Proposition 209 regarding affirmative action in hiring or contracting, and cannot explicitly favor any groups based on race, sex, color, ethnicity, or national origin above another. In 2020, Proposition 16, which would have repealed the ban on affirmative action, was defeated. This prohibition constrains the options that RCEA has to promote policies to benefit historically underrepresented groups.

External Partnerships and Programs

1. Tribal engagement

- a. RCEA contracted with Lost Coast Wind to organize and facilitate meetings with Tribes and tribal organizations to discuss offshore wind development along the Humboldt coast with the goal of forming productive working relationships.
- b. RCEA welcomed the Yurok Tribe and the Blue Lake Rancheria in becoming members of RCEA and serving on the RCEA Board of Directors. Staff have also done outreach and begun discussions with other local Tribes interested in joining RCEA and serving on the Board.
- c. RCEA leadership has contacted the Tribal Chairmen’s Association to gauge interest in enhanced participation with RCEA.
- d. RCEA has partnered with four Tribal Nations (Blue Lake Rancheria, Karuk, Hoopa, and Yurok) and Schatz Energy Research Center on the Tribal Energy Resilience and Sovereignty project. The TERAS project aims to increase reliability and resiliency for the Tribal Nations by developing microgrids. The project serves vulnerable and historically under-resourced populations, in a fire-prone region, while simultaneously pushing microgrid innovation and development. When successful, this will be a template for other tribes within California and really, nation-wide for tribal energy sovereignty and resilience.
- e. RCEA submitted a letter of support for the Wiyot Tribe’s grant application to develop a microgrid.
- f. Over the last several years RCEA has played a central role in establishing the Redwood Region Climate and Community Resilience Hub (CORE Hub) to help transition our region’s built and natural systems to become both decarbonized and resilient to help solve the climate emergency. Now hosted and led by the Humboldt Area Foundation, one of CORE Hub’s central objectives is to prioritize equity, ensuring benefits accrue to underrepresented, historically and currently marginalized communities first and to the greatest extent.
- g. RCEA has reached out to staff from all Humboldt County Tribal governments regarding DOE Home Electrification and Appliance Rebate funding for energy efficiency upgrades for homes and has plans to work with the Blue Lake Rancheria and Wiyot Tribes in accessing and implementing funding.

2. Diversity, equity and inclusion in program selection design and implementation

- a. After conducting community outreach to understand how other organizations are supporting inclusion in program development, staff was advised that RCEA

needs to understand the demographics of who RCEA's programs have been serving so that we can determine who has been left out. Staff implemented a demographics surveys of program recipients including a pilot survey for net energy metering customers who receive an annual payout for their excess electricity generation. The response to the demographic surveys was very limited. Staff ended the survey early, due to lack of response.

- b. We are working to become part of a "Cross System Collaborative" with the Humboldt County Department of Health & Human Services – DHHS. This will connect RCEA with 17 local Family Resource Centers and four Native American Tribes to implement RCEA Services to disadvantaged households. With this, RCEA will be able to serve and refer many households to programs that can best serve them.
- c. We have tabled at multiple DHHS events, including in Tribal Communities to let residents know about our services and how to access them as well as distribute no-cost energy efficiency kits.

3. Energy justice in power procurement and energy resource development

- a. RCEA strives to increase the diversity of suppliers with whom RCEA contracts and from whom RCEA makes purchases, per the requirements of the CPUC's Supplier Diversity program and the Board adopted Racial Justice Plan. Annually, RCEA submits tracking information on progress and strategies to increase supplier diversity in the forthcoming year.
- b. The following supplier diversity language is included in all RCEA's power solicitations:

SUPPLIER DIVERSITY AND LABOR PRACTICES

Consistent with the California Public Utilities Code and California Public Utilities Commission policy objectives, RCEA collects information regarding supplier diversity and labor practices from project developers and their subcontractors regarding past, current and/or planned efforts and policies. Pursuant to Public Utilities Code §§ 8281-8286 (through which the CPUC requires RCEA and its commission-regulated subsidiaries and affiliates to submit annual detailed and verifiable plans for increasing women-owned, minority-owned, disabled veteran-owned and LGBT-owned business enterprises' procurement in all categories), respondents that execute a contract with RCEA will be required to complete a supplier diversity questionnaire at the time of execution, and/or periodically at later dates as specified by RCEA. Respondents that are women, minority, LGBT, and disabled veteran-owned businesses are encouraged to apply for certification by the CPUC's Supplier Diversity Clearinghouse Program <http://www.thesupplierclearinghouse.com/>. This certification is voluntary and will not be used as a criterion for evaluation. As required by law in California, RCEA as a public agency does not give preferential treatment based on race, sex, color, ethnicity, or national origin; providing such information as part of the offer package will not impact the selection process or good standing of executed contracts.

- c. The following questions to which developers are required to respond are included in RCEA's power solicitations. The answers to these are evaluated in the context

of the 'Location & community benefit' scoring criterion, which represents a portion of possible points an offer can receive, usually 10%. Some of the questions are not directly related to racial justice but could be if the project is located within a Disadvantaged Community or otherwise minority community.

- i. Is the project located within a Disadvantaged Community (DAC) or does it benefit DACs in some way? If yes, please describe.
 - ii. Have you conducted outreach to the communities around the project location? If yes or outreach is planned in the future, please describe the outreach effort, including methods, languages in which materials have been made available, nature and volume of community response, and any changes to the project that have been made in response to community concerns.
 - iii. Do you believe this project in its current form is consistent with the local community's priorities? If yes, please describe why you believe this. If no, describe any changes you would consider making to bring the project more into alignment with community priorities.
 - iv. Please describe any additional societal, health, economic, water saving, or environmental benefits the project may have beyond the climate and GHG reduction benefits of renewable energy.
- d. RCEA completes a survey each year tracking the number of women, minority, and disabled veteran employees and consultants that contribute to RCEA's RPS procurement and reports the results to the CPUC.
- e. An equity impact section has been added to the staff report template for reports to the Board of Directors. The intention of this section is to answer the following questions:
- i. Does the proposed action further RCEA's Racial Justice Plan initiatives or tracked goals (e.g. RCEA program dollar distribution equity, increased service to identified underserved population segments, etc.)?
 - ii. Does the recommended action potentially impact racially-diverse inclusion in energy infrastructure or policy decision making, structural economic racism, access to energy and energy efficiency services, or freedom from pollution?

4. Collaboration with CalCCA Environmental Justice and Equity Committee, and other external equity organizations

- a. RCEA staff has been working closely with the CalCCA Environmental Justice and Equity Committee to learn from other CCAs and share what RCEA has been doing. More than one CCA has passed a resolution citing RCEA's resolution as motivation.
- b. In addition to the CalCCA Equity group, RCEA is a member of the Equity Metrics Working Group of the California Energy Efficiency Coordinating Committee (CAEECC). CAEECC is a forum for stakeholders to discuss energy efficiency matters under the purview of the CPUC. The purpose of the working group is to identify and define metrics to track progress of CPUC-authorized programs that provide energy efficiency services to hard-to-reach or underserved customers

and disadvantaged communities to further environmental and social justice. As of Q3 2022, the working group is still in the process of finalizing recommendations.

ALIGNMENT WITH [RCEA'S STRATEGIC PLAN](#)

Goal 1.4.8 – Develop Programs that Foster Social Equity.

EQUITY IMPACTS

The RCEA Board of Directors adopted the Racial Justice Plan in October 2022 that made a commitment to racial justice, established a plan of action for upcoming work to ensure that RCEA improves and continues to serve our community in an equitable manner.

FINANCIAL IMPACT

None.

STAFF RECOMMENDATION

Accept RCEA Racial Justice Plan progress report.

ATTACHMENTS:

None.

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STAFF REPORT
Agenda Item # 4.6

AGENDA DATE:	December 17, 2024
TO:	Board of Directors
PREPARED BY:	Eileen Verbeck, Interim Executive Director
SUBJECT:	Grid Resilience Innovation Partnership (GRIP) Program Funds for Tribal Energy Resilience and Sovereignty Project

BACKGROUND

In April 2024 RCEA staff submitted a funding application to the Department of Energy Grid Resilience Innovation Partnership (GRIP) Program. The funding application was to support the Tribal Energy Resilience and Sovereignty Project (TERAS) which proposes to develop tribally owned and operated microgrids.

The four Tribes involved in the TERAS project include the Hoopa Valley Tribe, Yurok Tribe, Karuk Tribe, and Blue Lake Rancheria Tribe. As a step on the path towards a transformed regional energy system, the Parties are embarking on a project to support resilience within the Hoopa Valley Reservation, the Upriver portion of the Yurok Reservation, and the Karuk communities of Orleans and Somes Bar. These areas face significant barriers to decarbonization and clean energy deployment and suffer from very low electricity reliability. These areas are all served by the Pacific Gas and Electric (“PG&E”) Hoopa 1101 distribution circuit (“Circuit”). The Blue Lake Rancheria Tribe is not served by the Circuit, but rather has an existing microgrid and seeks additions to its microgrid capabilities and to better support regional resilience through emergency response functions. The Blue Lake Rancheria Tribe is also willing to share their expertise with the other Tribal Parties in support of the 1101 Circuit upgrades.

The nested microgrids will also allow for energy market participation during “blue sky” conditions, and stand-alone Tribal resilience during disasters or planned power shut-off events. These systems, built and operated by Tribes in collaboration with local partners, would deliver technology innovations, direct and sustained community benefits, and valuable business model advances.

The Schatz Energy Research Center will be providing technical assistance to support the TERAS Project. RCEA was asked to step in as the lead applicant for the TERAS Project to assist with the administration of the grant funds. RCEA will also contribute to

the required 50% GRIP Project cost share requirement with an awarded California Energy Commission match grant and eligible Regional Resilience Grant Program (RRGP) funds for the renewable energy systems to be installed at the fire stations within the Yurok, Hoopa, and Karuk Tribal lands.

In July 2024, the Department of Energy notified RCEA that the TERAS project GD-0000967 was selected to begin award negotiations and was proposed to be fully funded for a total of \$87,629,455.

SUMMARY

The Department of Energy has determined that the funding agreements for the GRIP program must be obligated by December 31, 2024. In order to meet this schedule, DOE is preparing conditional awards that will be finalized by that deadline. The conditional award will obligate the funding and allow up to 120 days for RCEA to work with the DOE to finalize the conditions of award. RCEA will need to acknowledge and sign the conditional award in early January. Staff is requesting Board authorization to execute the conditional award and terms and conditions upon review by special counsel.

When the Conditions of Award are finalized, RCEA will execute the final cooperation agreement with the Department of Energy. Staff will bring back this final agreement for Board approval prior to execution.

ALIGNMENT WITH [RCEA'S STRATEGIC PLAN](#)

The TERAS Project supports the following RePower Goals:

- Goal # 1.1.3 Support Energy-sector Workforce Development.
- Goal # 2.1.7 Support and Deploy Microgrids.
- Goal # 4.1.4 Maximize Renewable Energy Content of RCEA's CCE Program.
- Goal # 4.1.7.3 Provide Feed-In-Tariff Power Procurement Program for Small Generators.
- Goal # 4.1.8.2 Procure Local Solar Energy.
- Goal # 4.3.4 Provide Match Funding for State, Federal, and Foundation Energy Grants.

EQUITY IMPACTS

RCEA's engagement in the TERAS Project furthers the following RCEA Racial Justice Plan initiatives:

External Partnerships and Programs

1. Tribal Engagement:

b) RCEA staff will continue and expand efforts to identify opportunities to collaborate with local Tribes as partners on sustainable energy initiatives.

3. Energy justice in power procurement and energy resource development:

a) RCEA staff will incorporate energy justice best practices and affordability into renewable development and power purchase solicitations and resource planning.

b) RCEA will continue to include project location and community benefit in its evaluation criteria for power solicitations, to contract for projects that benefit racially diverse communities and to avoid projects that are detrimental to those communities.

FINANCIAL IMPACT

RCEA's participation in the TERAS Project will bring in funding for project administration and compliance oversight. RCEA's contribution of cost-share (match) funding comes directly from grant funds. After the cooperation agreement has been finalized a budget adjustment will be made to incorporate the grant funds into the RCEA budget. There is no RCEA cost of participation apart from RCEA staff contributions to the GRIP award negotiation process.

STAFF RECOMMENDATION

Authorize RCEA Executive Director to execute the Department of Energy Grid Resilience Innovation Partnership (GRIP) Program Funds for Tribal Energy Resilience and Sovereignty Project GD-0000967 Conditional Award once finalized and reviewed by Special Counsel.

ATTACHMENTS

None.

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STAFF REPORT
Agenda Item # 7.1

AGENDA DATE:	December 17, 2024
TO:	Board of Directors
PREPARED BY:	Jocelyn Gwynn, Senior Power Resources Manager
SUBJECT:	Local Distributed Energy Storage Request for Offers

BACKGROUND

The transition to renewable energy requires increased energy storage deployment to manage the intermittent nature of clean resources such as solar and wind energy. Several sites in Humboldt County formerly hosted operational biomass generation plants. These sites have already been zoned for industrial uses and are interconnected to the grid. This connection makes these sites viable candidates for energy storage development, which, megawatt for megawatt, has similar space requirements to biomass. RCEA was in contract for a battery energy storage project at the Fairhaven biomass site, but the contract was terminated earlier this year when the developer ceased project development after running into several hurdles. Additionally, RCEA and the City of Blue Lake have a Memorandum of Understanding to develop energy storage at the former UltraPower biomass plant site in Blue Lake. These re-development opportunities, along with other potential local storage projects underway, make it a good time to issue a solicitation to procure more local energy projects.

SUMMARY

Pursuant to RCEA's strategic goals for local power development, staff propose issuing a request for offers (RFO) for energy storage projects in Humboldt. The full terms and conditions are provided in the attached draft RFO Protocol and accompanying form contract, the Proforma Energy Storage Service Agreement (ESSA). The following are select terms and conditions that are unique to this RFO.

Eligibility: To be eligible, respondents' projects need to meet the following criteria:

- 1) Standalone energy storage, or storage paired with renewable generation;
- 2) 20 MW or less;
- 3) Located within the Humboldt Local Capacity Area, which is the electrical equivalent of RCEA's service territory.

In addition to these mandatory criteria, the RFO expresses a preference for projects that can deliver resource adequacy, will contract with RCEA as a “full toll”¹ for 20 years or less, are mature in their development progress.

Schedule: We usually keep solicitations open from two weeks to a month. However, given the local focus of this solicitation and the special challenges local clean energy projects have faced to date, staff propose keeping the solicitation open for three months to allow more time for proposal development and to ensure a robust RFO response.

Evaluation: a team of staff and consultants will evaluate responses according to the following weighted scoring criteria:

- 30 points for development risk including site control, interconnection, permitting, financing
- 25 points for overall price, portfolio fit, market value and compliance value
- 20 points for respondent experience, qualifications, creditworthiness, and safety record
- 15 points for site-specific environmental impact and safety considerations
- 10 points for community benefits

Documents: Staff will issue standard forms with this solicitation in addition to the RFO Protocol and Proforma ESSA. Staff are not asking the Board to review these standard forms as they do not contain any terms and conditions.

- Appendix A Statement of Qualifications Form
- Appendix B Project Details Form
- Appendix C Offer Form

As with most RCEA power solicitations, staff are proposing the Board delegate shortlisting authority to an ad hoc offer review committee to authorize contract negotiations. All final contracts will be brought to the full Board for approval.

ALIGNMENT WITH [RCEA'S STRATEGIC PLAN](#)

If successful, this solicitation will result in new energy storage projects that will contribute to the following strategic goals:

- *4.1.1 Maximize the Use of Local Renewable Energy to the Extent Technically and Economically Feasible and Prudent.*
- *4.1.2 Minimize Greenhouse Gas Emissions Associated with RCEA's CCE Program.*
- *4.1.4 Maximize Renewable Energy Content of RCEA's CCE Program.*

EQUITY IMPACTS

As with all RCEA's power solicitations, the RFO will encourage potential respondents who may qualify as a diverse business enterprise under the CPUC's Supplier Diversity Program to sign up for certification through the program clearinghouse.

¹ Under a full toll arrangement, RCEA would be able to control how the storage system is operated and would receive all products, as opposed to just receiving resource adequacy capacity.

Additionally, respondents will be asked to report any non-energy benefits of their project in relation to Disadvantaged Communities, labor and workforce, and community engagement, and their answers will be factored into the offer evaluation.

FINANCIAL IMPACT

Running the solicitation will not have direct financial impact other than staff and legal time. Staff will review financial information on offers received with the ad hoc offer review committee and will present the financial impacts of individual projects shortlisted through this solicitation when final contracts are brought to the Board for approval.

STAFF RECOMMENDATION

1. Authorize staff to issue the Request for Offers for Local Distributed Energy Storage Resources.
2. Establish an ad hoc Board offer review committee and authorize it to take the following actions provided they are consistent with the RFO: (i) approve shortlisted offers, (ii) replace offers on the shortlist as needed, and (iii) approve continued negotiations with a shortlisted respondent in the event their offer materially changes.
3. Authorize staff to engage with the shortlisted respondents, including execution of exclusivity agreements, collection of shortlist deposits, and negotiation of contract terms, prior to full Board review and approval of resulting contracts.

ATTACHMENTS

RFO Protocol for Local Distributed Energy Storage Resources

Proforma Energy Storage Service Agreement

(This agreement can be viewed on [https://redwoodenergy.org/board-of-directors/.](https://redwoodenergy.org/board-of-directors/))

RFO-24-403

REQUEST FOR OFFERS

FOR

**LOCAL DISTRIBUTED ENERGY STORAGE
RESOURCES**



Redwood Coast Energy Authority

www.RedwoodEnergy.org

Issuance: December 19, 2024

Responses Due: March 28, 2025 by 5:00pm PPT

to

procurement@redwoodenergy.org

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1 BACKGROUND & OBJECTIVE

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

RCEA’s Board of Directors has set a goal to procure 100% carbon-free and renewable energy on an annual basis by 2026. Additionally, RCEA’s RePower Comprehensive Action Plan for Energy¹ (“Strategic Plan”) calls for the development of new power resources within RCEA’s service area to achieve 100% local renewable energy by 2030. Pursuant to its Strategic Plan, RCEA strives to source as much of its power procurement from local projects as possible.

RCEA seeks offers for energy storage resources being developed in Humboldt County that can deliver new, flexible capacity and resource adequacy (RA) in furtherance of RCEA’s Board-adopted goals and California’s clean energy and reliability goals. Respondents are asked to provide complete offers per the guidelines below. RCEA intends to execute one or more energy storage service agreements with qualified offerors whose projects are selected and approved by the RCEA Board of Directors.

2 ELIGIBILITY SPECIFICATIONS

2.1 MANDATORY CRITERIA

To be eligible for consideration under this RFO, offered projects must meet the following requirements.

Technology Type: Must be a chemical, mechanical or thermal energy storage resource that is either standalone or paired with renewable generation.

Size: Project offers must be 20 MW or less.

Location: The project must be in the Humboldt Local Capacity Area, as defined in the California Independent System Operator’s 2024 Local Capacity Technical Report².

2.2 PREFERRED CRITERIA

Deliverability: RCEA prefers projects that are seeking and on track to achieving Full Capacity Deliverability Status in their interconnection process. Energy-only projects are eligible for this RFO but are not preferred.

Term Length: RCEA prefers contract tenors of 20 years or less.

¹ <https://redwoodenergy.org/wp-content/uploads/2020/06/RePower-2019-Update-FINAL-.pdf>

² <https://stakeholdercenter.caiso.com/InitiativeDocuments/Final-2024-Local-Capacity-Technical-Report.pdf>

Development Progress: RCEA prefers projects that have already achieved the following development milestones.

1. **Site control** secured for the duration of the offered term. Respondents will be required to demonstrate site control prior to executing a purchase agreement with RCEA;
2. **Discretionary permits** granted from the governmental authority having jurisdiction, including the local fire authority in instances where thermal storage or chemical storage, such as batteries, is being offered;
3. **Interconnection agreement** fully executed with the transmission and/or distribution operator; and
4. **Financing** secured for the offered project or viable financing plan in place.
5. **Procurement agreements** in place for long lead time equipment, and compatible alternatives identified in the event of supply chain interruptions.

Offtake Structure: RCEA prefers full toll arrangements, while RA-only arrangements are accepted but not preferred.

3 SUBMISSION DETAILS

3.1 OFFER SUBMISSION INSTRUCTIONS

Responses to this RFO are due March 28, 2025 by 5:00 p.m. PPT via email to **procurement@redwoodenergy.org**. The subject line of the email accompanying the response should include the phrase "RCEA 2024 Storage RFO". RCEA encourages respondents to be clear and concise in their offers, while still providing enough detail for the review team to adequately evaluate the offering.

3.2 SOLICITATION DOCUMENTS

The documents accompanying this solicitation protocol are as follows and are posted on RCEA's contracting opportunities webpage: <https://redwoodenergy.org/contracting/>. Respondents are responsible for familiarizing themselves with and being fully aware of the terms of this solicitation, including each appendix.

- Appendix A Statement of Qualifications (SOQ) Form
- Appendix B Project Details Form
- Appendix C Offer Form
- Appendix D Proforma ESSA
- Appendix E Exclusivity Agreement

3.3 SUBMISSION MATERIALS

Submissions will be deemed complete if they include the following materials and are responsive to the instructions below. Submissions will be deemed conforming if they adhere to the mandatory criteria described in Section 2.1.

- ✓ SOQ Form in PDF or Word format (Appendix A)
- ✓ Project Details Form in PDF or Word format (Appendix B)
- ✓ Single Offer Form in Excel format (Appendix C)

- ✓ Project map in PDF or shapefile format
- ✓ Financial Statements in PDF format

Statement of Qualifications Form

Respondents are required to submit a statement of qualifications substantially in the form of Appendix A. The respondent must respond to all prompts in the order shown in the SOQ Form. Additional company information provided in other forms will not be considered as part of the offer package. Only submit one SOQ Form even if multiple projects are being offered.

Project Details Form

Respondents are required to submit qualitative information about the offered project(s) substantially in the form of Appendix B. The respondent must respond to all prompts in the order shown in the Project Details Form. Additional project information provided in other forms will not be considered as part of the offer package. Please submit a separate Project Details Form for each offered project. If multiple unique offers are being submitted for the same facility (e.g. different term lengths or different MW capacities), only submit one Project Details Form for that project.

Offer Form

Respondents are required to submit a single Offer Form using the template provided as Appendix C for all the unique offers they are submitting for consideration. The material commercial terms presented in the offer form are not modifiable once the offer is submitted for evaluation. Follow the Instructions Tab of the Offer Form and ensure that all required cells are filled in. If providing multiple offers, do not submit a separate Offer Form for each individual project or unique configuration of terms. The instructions included in the template specify how multiple unique offers are to be submitted within one Offer Form.

Project Map

Respondents are required to submit a map of each project they are submitting for consideration showing the site location and key project facilities. The map should include the project boundary, street names or highway names, latitude/longitude, and the route from the facility to the point of interconnection to the electric grid. The project boundaries should reflect the most recent information available.

Financial Statements

Respondents will provide at least two recent years of financial statements. RCEA prefers audited financials but will accept unaudited financials if the respondent does not have recent audited statements. Unaudited financials may result in a less favorable project risk score for the offer. If the offered project is anticipated to be financed by one or more parent companies or affiliates of the respondent, please submit financial statements for all such entities in addition to those of the respondent together with an explanation of the relationship between such entities and the respondent.

3.4 SUPPLIER DIVERSITY AND LABOR PRACTICES

Consistent with the California Public Utilities Code and California Public Utilities Commission policy objectives, RCEA collects information regarding supplier diversity and labor practices

from project developers and their subcontractors for past, current and/or planned efforts and policies. Pursuant to Public Utilities Code §§ 8281-8286 (through which the CPUC requires RCEA and its commission-regulated subsidiaries and affiliates to submit annual detailed and verifiable plans for increasing women-owned, minority-owned, disabled veteran-owned and LGBT-owned business enterprises' procurement in all categories), respondents that execute a contract with RCEA will be required to complete a supplier diversity questionnaire at the time of execution, and/or periodically at later dates as specified by RCEA.

Respondents that are women, minority, LGBT, and disabled veteran-owned businesses are encouraged to apply for certification by the CPUC's Supplier Diversity Clearinghouse Program³. This certification is voluntary and will not be used as a criterion for evaluation. As required by law in California, RCEA as a public agency does not give preferential treatment based on race, sex, color, ethnicity, or national origin; providing such information as part of the offer package will not impact the selection process or good standing of executed contracts.

3.5 PUBLIC NATURE OF RESPONSES

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

3.6 QUESTIONS ABOUT THIS SOLICITATION

All questions from potential respondents must be emailed to procurement@redwoodenergy.org. The subject line of the email should include the phrase "RCEA 2024 Storage RFO Questions." Q&A responding to the questions received will be posted on the RCEA website by the deadline listed in the schedule. RCEA reserves the right to respond to no questions or only a subset of the questions received, or to provide consolidated responses to duplicative questions. RCEA will not hold a respondents' meeting or webinar so written questions are the only method of obtaining clarifications regarding the RFO. It is incumbent on the respondent to understand how to provide the required information in advance of the offer deadline.

4 SCHEDULE

The following schedule is subject to change at any time during the solicitation process at the discretion of RCEA. Communications regarding schedule changes will be posted on RCEA's website.

³ <http://www.thesupplierclearinghouse.com/>

Step	Date
Issuance of RFO	December 19, 2024
Questions due	January 24, 2024
Q&A posted on RCEA website	January 31, 2024
Offers due	March 28, 2025 5:00pm PPT
Respondents notified of shortlist status	April 25, 2025
Exclusivity Agreement(s) executed and Shortlist Deposit(s) posted	May 2, 2025
Contract negotiations and RCEA Board approval of purchase agreement(s)	May-July 2025

RCEA will post Q&A and any addenda on its website: <https://redwoodenergy.org/contracting/>

5 EVALUATION AND SELECTION PROCESS

An evaluation committee made up of RCEA staff and consultants will review responses to this solicitation, in accordance with the following process.

5.1 CONFORMITY REVIEW

Offers will initially be screened for timely submission, completeness and conformity with the mandatory criteria stated in Section 2.1 and the offer submission requirements in Section 3. This screening will be on a pass/fail basis and incomplete or non-conforming offers may be rejected at RCEA’s discretion. Each offer that is deemed complete and conforming will then be provided to the evaluation committee for review.

5.2 OFFER SCORING

Evaluation will be based on, but not limited to, the weighted scoring criteria listed below. Responses will be scored by each member of the evaluation committee on a scale of zero to five in each criterion with a five being the best score. The offer’s total points will be calculated according to each criterion’s weight below and the average score assigned by the evaluation committee, out of a maximum of 100 points. One or more of the highest scoring offers may be selected to be recommended to an ad hoc offer review committee made up of members of RCEA’s Board of Directors for shortlisting, at RCEA’s discretion.

Weighted Scoring Criteria

- 30 – Development risk including site control, interconnection, permitting, and financing
- 25 – Overall price, portfolio fit, market value and compliance value
- 20 – Respondent experience, qualifications, creditworthiness, and safety record
- 15 – Site-specific environmental impact and safety considerations
- 10 – Community benefits

5.3 INTERVIEWS

Following initial ranking of offers according to the scoring process above, one or more respondents may be offered an interview with the evaluation committee. The interviews are

generally intended to clarify information presented in the offer documentation, to help the evaluation committee members assess the offeror's compatibility with RCEA as a potential business partner, and to confirm the current development status of individual projects. The interviews are not intended to reveal additional or revised information about an offer that would improve the offer's placement in the initial ranking that resulted from the scoring process. If such information is revealed, it will be disregarded from the evaluation process. Interview outcomes may or may not be used as a factor in determining which offers are shortlisted.

5.4 SHORTLISTING

Following the evaluation process, successful offers will be presented to the RCEA Board of Directors ad hoc offer review committee for shortlist approval prior to the parties commencing contract negotiations. All respondent(s) will be notified whether their offer is being proposed to the Board ad hoc committee for shortlisting. Respondents whose offers are approved for shortlisting will be required to sign RCEA's standard Exclusivity Agreement (Appendix E) and within five (5) business days submit a shortlist deposit in the amount of \$5.00 per kilowatt AC of offered capacity. Substantive changes to the Exclusivity Agreement will not be considered by RCEA.

The shortlist deposit is intended to secure the shortlisted project through the contract negotiation period. The shortlist deposit must be in the form of cash. The respondent is solely responsible for the cost of providing and maintaining such deposit until the Exclusivity Deadline, as defined in Appendix E. The circumstances under which the shortlist deposit will be returned to the respondent or forfeited to RCEA are set forth in Appendix E. Instructions for submitting the shortlist deposit will be provided upon notification of placement on the proposed shortlist.

5.5 CONTRACT NEGOTIATIONS

RCEA has issued its Proforma Energy Storage Service Agreement ("ESSA") as Appendix D for use under this RFO. Certain transactions may necessitate use of a different agreement, in which case RCEA will issue such proforma contract to shortlisted respondents upon commencement of negotiations. RCEA reserves the right to negotiate modifications to purchase agreements with shortlisted parties to include additional power products not originally offered.

Respondents shall not submit redlines to the Proforma ESSA as part of their RFO submission. Upon approval of the shortlist by the Board ad hoc offer review committee, shortlisted respondents will be expected to timely submit proposed redlines to the Proforma ESSA, indicating what provisions they wish to negotiate. A regular negotiation meeting schedule will be established between RCEA and the shortlisted counterparties. While RCEA will consider limited requests for adjustments and edits to its form agreements, material changes to RCEA's standard contract terms may result in rejection of the offer.

Upon completion of negotiations, final agreements will be presented to the RCEA Board of Directors for approval. It is expected that agreements will be executed by both parties within one week of approval by the RCEA Board of Directors and before the Exclusivity Deadline (as defined in Appendix E). Respondents will then be expected to timely post development security in accordance with the terms in the agreement.

The RFO will close once purchase agreements for all shortlisted offers are approved by the RCEA Board of Directors and/or all offers are rejected by RCEA.

5.6 RESPONDENT COMMUNICATIONS

Questions, comments or feedback associated with this RFO must be sent electronically to procurement@redwoodenergy.org by the deadline listed in Section 4. The subject line of the email should include the phrase "RCEA 2024 Storage RFO Questions." RCEA will not respond by other means to questions from respondents or prospective respondents on or before the submission due date.

5.7 DISCLAIMERS

By participating in RCEA's RFO process, a respondent acknowledges the following:

- 1) Respondent has read, understands, and agrees to the terms and conditions set forth in the RFO instructions contained herein.
- 2)
- 3) RCEA reserves the right to reject any respondent or offer that does not comply with the requirements identified herein, or to waive irregularities, if in deciding to shortlist a non-conforming offer.
- 4) RCEA reserves the right to communicate with individual respondents to ask clarifying questions about their offers prior to determining whether to shortlist an offer.
- 5) RCEA has no obligation and makes no commitment to (i) enter into a transaction with any respondent, including a respondent with a shortlisted offer, or (ii) be bound by any term proposed by the respondent.
- 6) RCEA may, at its sole discretion and without notice, modify, suspend, or terminate the RFO without liability to any organization or individual. Such modification or termination shall be made in the form of addenda to this solicitation posted on RCEA's website.
- 7) This RFO does not constitute an offer to buy any products or create an obligation for RCEA to enter into an agreement with any party.
- 8) RCEA shall not be responsible for any of the respondent's costs incurred to prepare or submit a response, to negotiate or enter into an agreement, or for any other activity related to meeting the requirements established in this solicitation.
- 9) Respondents are required to follow the supplier ethics standards set forth in Section 2.4 of RCEA's Procurement Policy⁴.
- 10) The results of this RFO and the information provided therein may be shared by RCEA with other LSEs with prior written approval from respondents whose offers RCEA wishes to share.

⁴ <https://redwoodenergy.org/wp-content/uploads/2024/10/RCEA-Purchasing-and-Procurement-Policy-1.pdf>



Request for Offers for Local Distributed Energy Storage Resources

Presentation to RCEA Board of Directors
December 17, 2024

Jocelyn Gwynn, Senior Power Resources Manager



Objective

- Energy storage needed for renewable transition and reliability
- Former biomass plant sites and others pose viable development opportunities
- MOU with the City of Blue Lake for storage development
- RCEA strategic goals for local development and resilience



Eligibility

Mandatory Criteria:

- Standalone energy storage or storage paired with renewable generation
- 20 MW or less
- Located in Humboldt Local Capacity Area

Preferred Criteria:

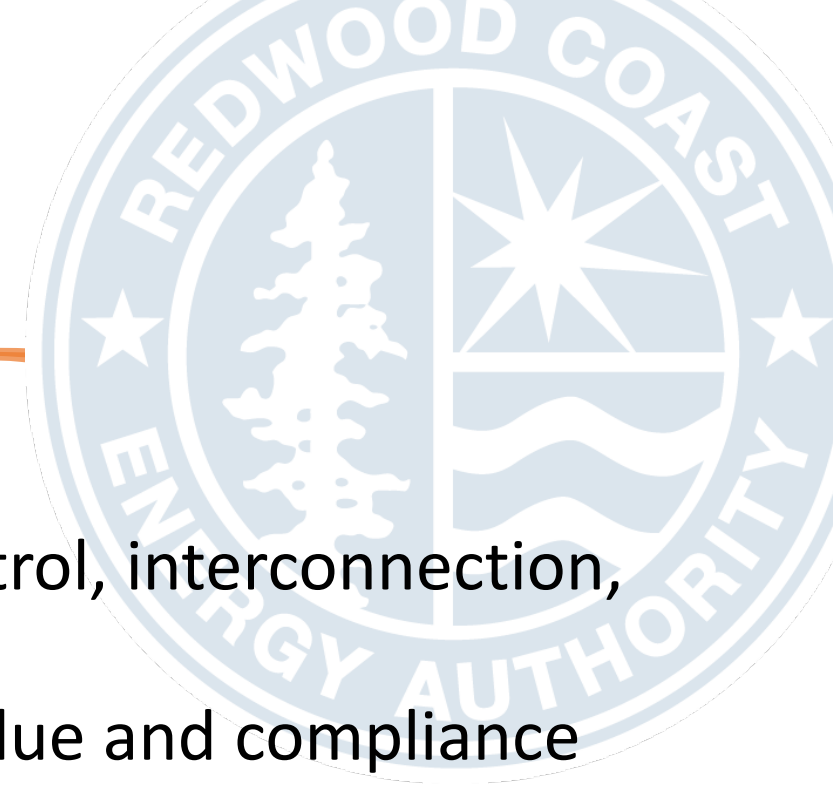
- Can deliver resource adequacy
- Tolling contracts (RCEA determines how the battery operates)
- 20-year term or less
- Mature in development



Evaluation

Weighted scoring criteria:

- 30 points for **development risk** including site control, interconnection, permitting, financing
- 25 points for overall **price**, portfolio fit, market value and compliance value
- 20 points for **respondent experience**, qualifications, creditworthiness, and safety record
- 15 points for site-specific **environmental impact and safety** considerations
- 10 points for **community benefits**



RFO Process

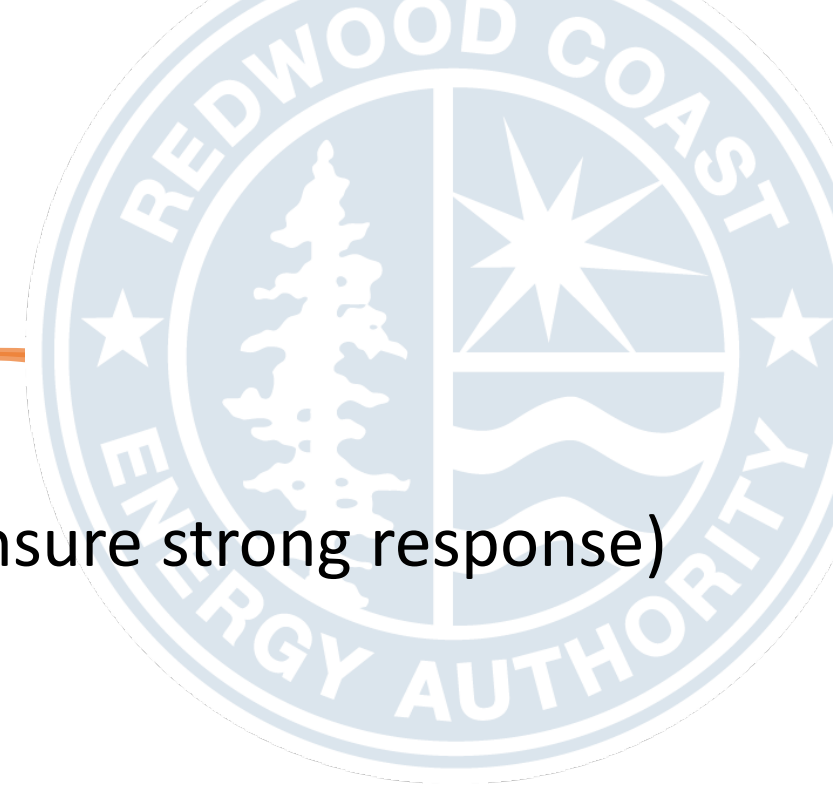
Issuance: this week

Open period: three months (longer than usual to ensure strong response)

RFO documents:

- Protocol
- Proforma energy storage service agreement
- Statement of qualifications form (not included in Board packet)
- Project details form (not included in Board packet)
- Offer form (not included in Board packet)

Board ad hoc offer review committee to review recommended shortlist.





STAFF REPORT
Agenda Item # 7.2

AGENDA DATE:	December 17, 2024
TO:	Board of Directors
PREPARED BY:	Richard Engel, Director of Power Resources
SUBJECT:	Ocean Wave Energy Grant Proposal Letter of Intent

BACKGROUND

RCEA has long shown interest in the potential for ocean wave energy. As early as 2007, the RCEA Board submitted comments to the Federal Energy Regulatory Commission in support of Pacific Gas & Electric’s planned WaveConnect project. Wave energy’s potential contribution to a local renewable power portfolio was featured prominently in the 2013 RePower Humboldt study developed by Schatz Energy Research Center and RCEA, and RCEA included wave energy as a strategy in our 2019 strategic plan update.

SUMMARY

Wave energy developer CorPower Ocean¹ (CorPower) recently approached RCEA staff seeking our participation in a proposal to the U.S. Department of Energy’s “Oceans of Opportunity: U.S. Wave Energy Open Water Testing”² funding opportunity. CorPower, an international company with offices in Sweden, Portugal, Norway, and Scotland, plans to pursue funding under Topic Area 3, Open Water Testing and System Validation for Utility Applications. Deployment would be off the Oregon Coast at the PacWave South wave energy test site operated by Oregon State University.³

CorPower asks that RCEA provide a letter of intent that would be included as part of the company’s proposal packet submitted to DOE. CorPower has proposed RCEA play a supporting role in the following project activities:

- Participate in **Business case assessment**, including the technical and commercial aspects of adding wave energy to a clean energy mix to achieve 24/7 power supply
- Participate in **Optimal mix studies** (energy system modelling and value assessment) together with CorPower and additional modelling and offtake partners. Sharing and reviewing input data and results.

¹ <https://corpowersocean.com/>

² <https://epicweb.ee.doe.gov/EPICWeb/#/public/submission/opportunityDetail/6fc227b1148f596a1d411707ff80354a>

³ <https://pacwaveenergy.org/south-test-site/>

- Participate in **Site assessment for future commercial scale wave projects** along the US West coast, potentially including the Humboldt coast. Identify the most suitable sites considering resource, demand, grid, permitting, infrastructure (ports, vessels, supply chain).
- Review **Project financing** models, including **Power Purchase Agreement structures** for wave power supply.
- Review **Cost-of-energy modelling**, supporting the business case assessment.
- Review **Product Roadmap** of CorPower's wave energy technology vs demand for 24/7 clean power.
- Explore with CorPower potential for RCEA to **procure power** from the Oregon coast pilot project.

CorPower proposes that RCEA could benefit in the following ways from participation:

- Gain first-hand experience of wave power as a new source to help reach 24/7 clean electricity supply.
- Comprehensive verification of wave energy's performance, reliability, grid compliance, and cost competitiveness, along with its potential role in achieving a least-cost, 24/7 clean electricity mix under U.S. conditions.

A template for the requested letter of intent is attached. The content of the final letter may be adjusted as CorPower completes their proposal scope and discusses RCEA's involvement in the project with RCEA staff.

ALIGNMENT WITH [RCEA'S STRATEGIC PLAN](#)

Supporting CorPower's proposal to DOE aligns with the following strategic goal, among others:

- *4.1.12.1 Pursue Wave and Tidal Energy Development. Build on the previous WaveConnect and CalWave projects to explore and evaluate opportunities for local wave and tidal energy research, development, and pilot deployment. [Deployment under the DOE proposal would not be in local Humboldt County waters. However, lessons learned through participation in this project may prepare RCEA to support future local wave energy development.]*

EQUITY IMPACTS

None.

FINANCIAL IMPACT

CorPower has assured RCEA staff that participation would entail no specific financial obligations. RCEA would be limited to a review role, supporting the project without cost or funding obligation other than staff time for participation in the activities described above. Staff will report back to the Board on the success of CorPower's proposal. If the project is funded, staff will provide the Board with a more detailed estimate of expected staffing impact over the life of the project. As noted above, RCEA staff intend to explore the potential for procuring a small portion of our power portfolio needs from the pilot project. Cost for this power is yet to be determined.

STAFF RECOMMENDATION

Authorize staff to develop and provide a letter of intent in support of CorPower Ocean's proposal to the U.S. Department of Energy's "Oceans of Opportunity: U.S. Wave Energy Open Water Testing" funding opportunity.

ATTACHMENTS

- Letter of intent template provided by CorPower Ocean
- CorPower Ocean will make a presentation at the meeting about their technology and the DOE grant opportunity.

DRAFT LETTER OF SUPPORT

Logo (to be published on RCEA letterhead)

Date: xx-xx-2024

To: CorPower Ocean

Re: In support of CorPower Ocean's PacWave Demonstration Project under DoE's U.S. Wave Energy Open Water Testing, DE-FOA-0003415.

I am writing on behalf of Redwood Coast Energy Authority to express our support for CorPower Ocean's proposal to the Department of Energy's U.S. Wave Energy Open Water Testing, DE-FOA-0003415 grant program. The project aims to deploy CorPower's second-generation production wave energy converters at PacWave in Oregon, a significant step forward for wave energy in the United States.

At Redwood Coast Energy Authority, we are dedicated to developing and implementing sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient and renewable resources available in the North Coast region of California we serve. CorPower Ocean's wave energy technology shows great promise for balancing a regional clean energy mix to achieve 24/7 supply at affordable cost. We intend to support the project through an advisory role, aimed at contributing to the commercialization plan by:

- Participating in **Business case assessment**, including the technical and commercial aspects of adding wave energy to the clean energy mix to achieve 24/7 power supply
- Participating in **Optimal mix studies** (energy system modelling & value assessment) together with CorPower and additional modelling and offtake partners. Sharing and reviewing input data and results.
- Participating in **Site assessment for commercial scale wave projects** along the US West coast, potentially including the Humboldt coast. Identify the most suitable sites considering resource, demand, grid, permitting, infrastructure (ports, vessels, supply chain)
- Reviewing **Project financing** models, incl **PPA structures** for wave power supply, with time-based certificates.
- Reviewing **Cost-of-energy modelling**, supporting the business case assessment.
- Reviewing **Product Roadmap** of CorPower's wave energy technology vs demand for 24/7 clean power.
- Exploring with CorPower potential for RCEA to procure power from the Oregon coast pilot project.

We believe that CorPower's technology is at a mature stage, supported by data from its previous stages of successful demonstration proving its readiness for larger-scale deployment. This advancement positions wave energy to become a key contributor to a secure, competitive and 100% renewable energy mix along the U.S. west coast.

RCEA is a community choice aggregator serving over 90% of Humboldt County, California's electric load, with some 60,000 customers and an annual load of over 600,000 MWh. Our Board of Directors has set a goal of meeting all of our electric power needs with a 100% renewable mix by 2030. Our portfolio can benefit from a diverse mix of renewable energy sources, including wind, solar, and stabilizing sources like wave energy, to achieve 24/7 carbon-free energy.

Thank you for considering our support for this important project. We look forward to the opportunities that wave energy will bring to the renewable energy sector in the United States.

Sincerely,

Eileen Verbeck

Interim Executive Director

DRAFT

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Wave power. To power the planet.

2024

Patrik Möller, CEO



The Opportunity: 500GW

10% of global electricity¹

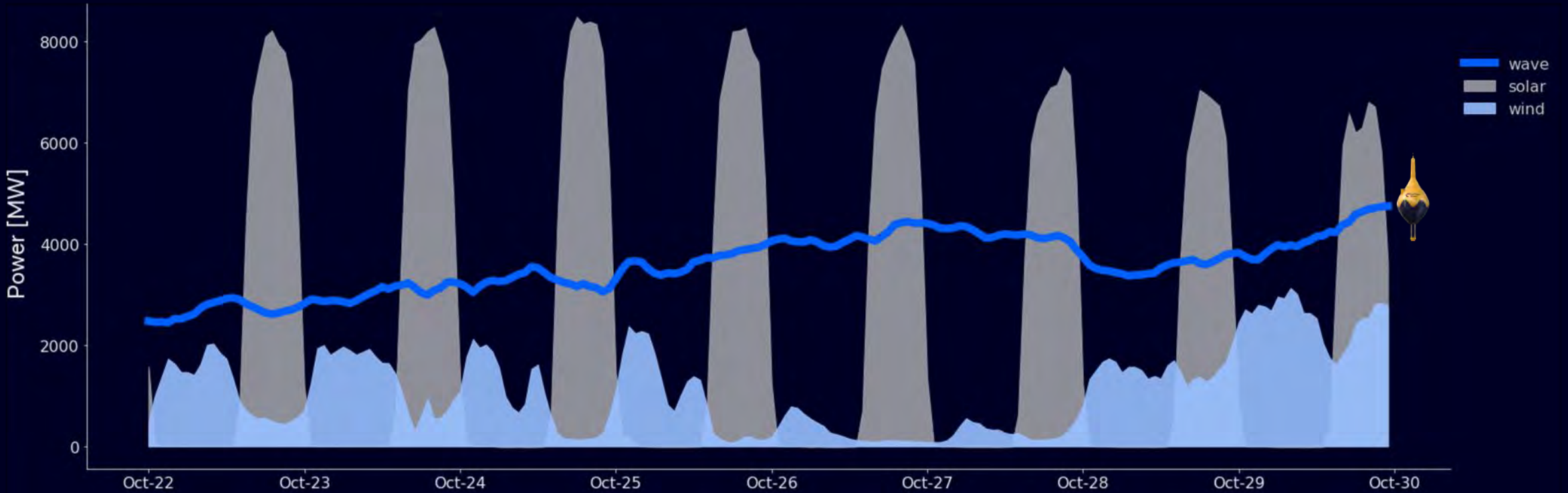
- CO₂ reduction: 1 – 2.2 Gigaton / year
- Consistent production profile
- Brings stability to the clean energy mix



¹ [iea Electricity consumption 2019](#) 22 848 TWh

Consistent production profile

Enabling 24/7 Carbon Free Energy



Wind (6.5 GW) and solar (13.5GW) production: Actual time series of the period Wave production (6.0 GW): Estimate based on measured wave data and CorPower power matrix 6 GW wave energy devices evenly distributed over four sites along the coast of California.

The ocean A huge energy storage unit

Taking a stabilizing role that fossil has had historically
Accelerating 24/7 Carbon Free Energy

The Challenge

Survive storms and maximize revenue-to-cost

CorPower C4

High efficiency wave technology



CorPower C4

Making wave energy reliable and competitive

Protected in storms

Amplified in regular waves

>5x energy per tonne



Structured market introduction in 5 stages

[IEA-OES framework for ocean energy technology](#)



2012—2013

Stage 1
Concept

Validation



2014—2015

Stage 2
Critical System tests

Dry and tank testing



2015—2018

Stage 3
1:2 scale device

Dry and ocean testing



2018—2023

Stage 4
Full scale device

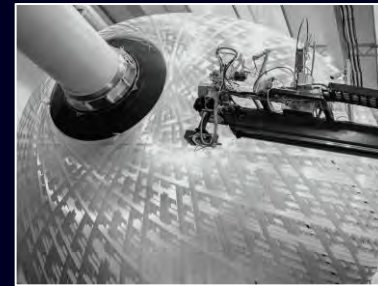
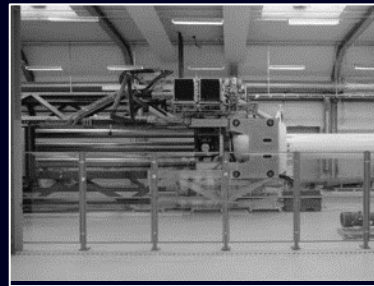
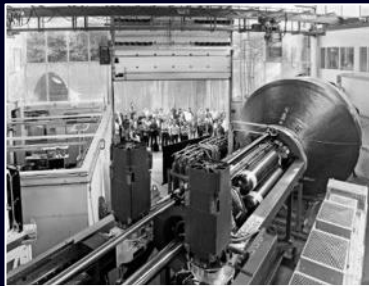
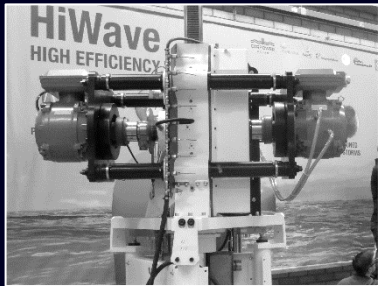
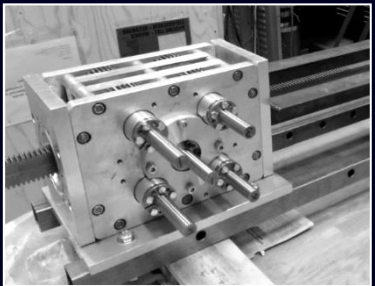
Dry and ocean demo



2024—2026

Stage 5
4 device array

Pilot array (4 WECs)





CorPower C4

Powering the Portuguese grid

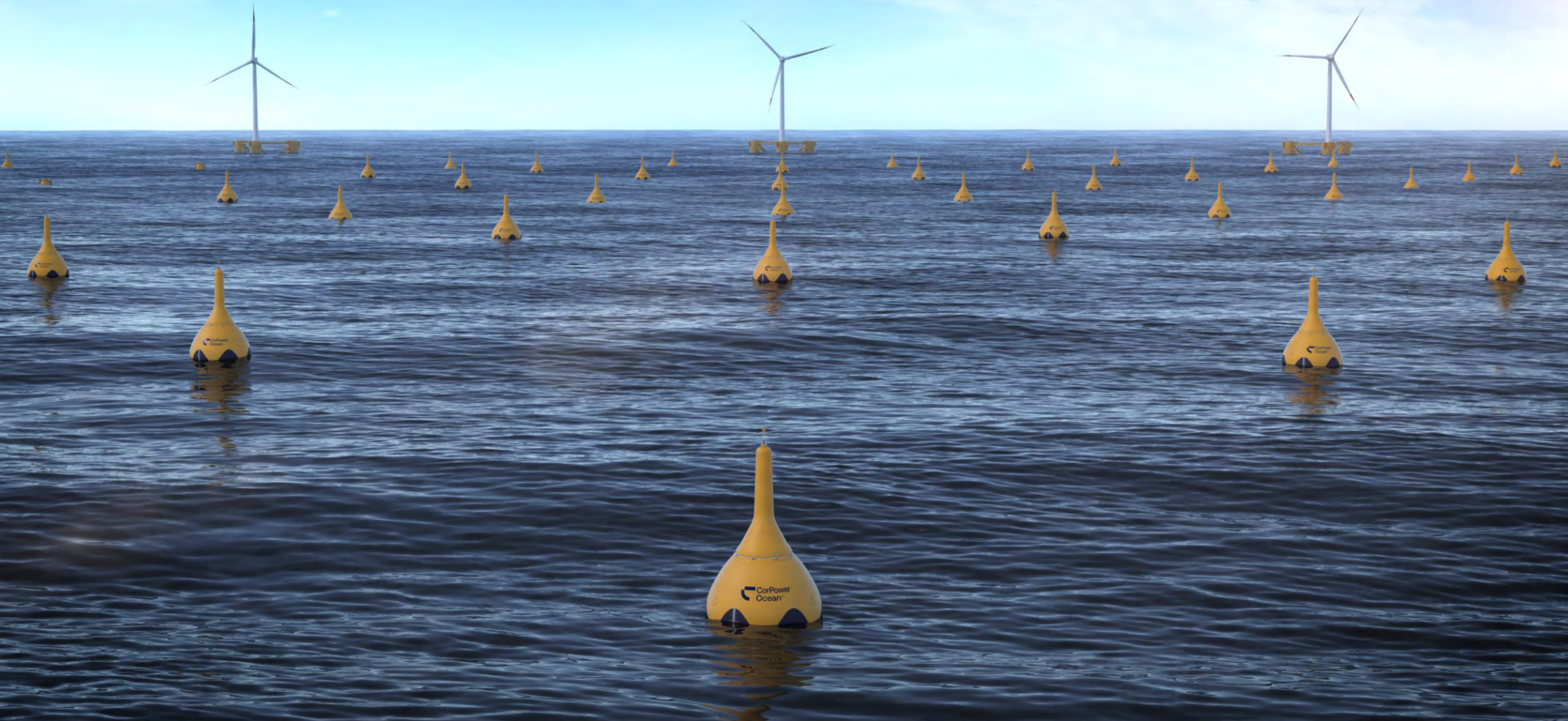




Traction



Summary:
Near-term: ~40MW
Scaleup: ~500MW



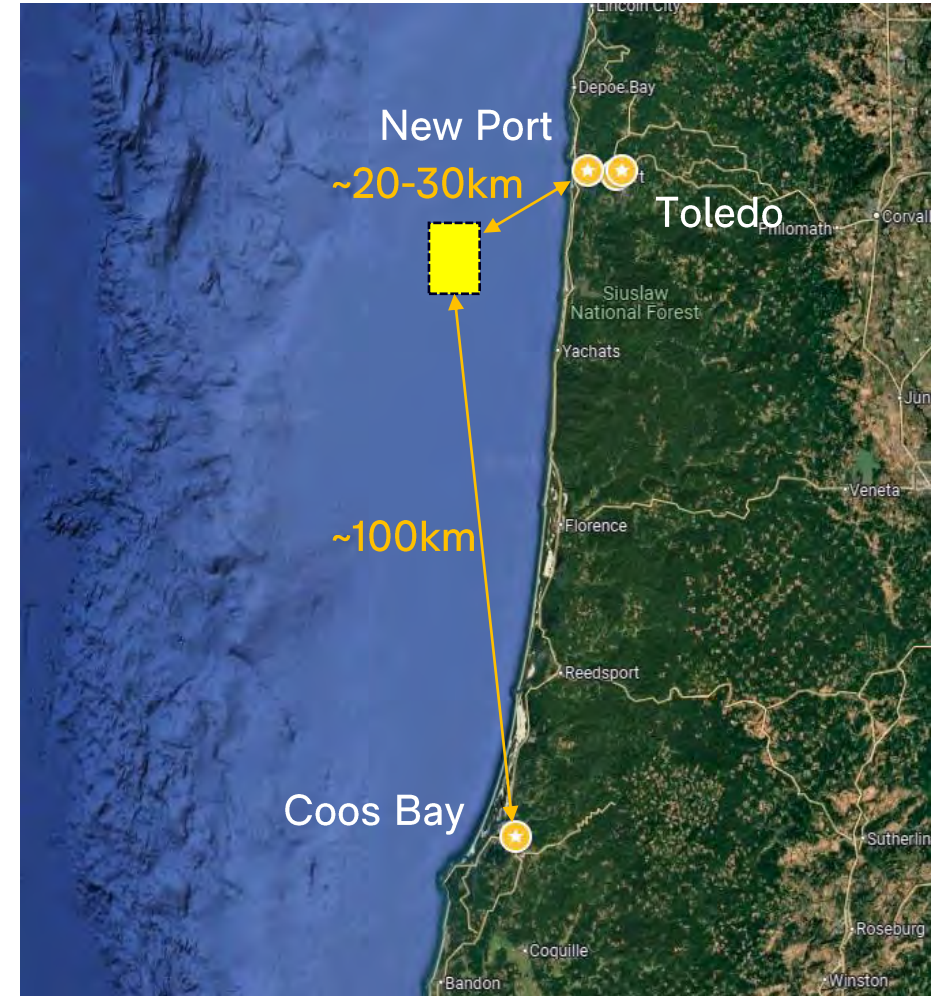


95m / 32m

Scale-up investment round of 32m+ EUR

Project details

- CorPacific location:
 - U.S. West Coast (Oregon)
 - PacWave test site
 - ➔ Pre-permitted
 - ➔ Connected to Substation
 - ➔ Export cable/berth installed
 - Port location for base operation – Probably Newport
 - Collaboration with U.S. National Labs, U.S. Universities, others...



Context

- U.S. Department of Energy (DOE) released in September 2024 a funding opportunity of a total of 112.5M\$ to advance wave energy technology:
 - *“The Water Power Technologies Office (WPTO) is issuing this funding opportunity announcement (FOA), “Oceans of Opportunity: U.S. Wave Energy Open Water Testing”, to significantly accelerate the design, fabrication, and testing of multiple wave energy converters (WECs), which harness the power of ocean waves and convert the wave energy into other useful forms of energy, such as mechanical or electrical energy. WPTO plans to open a staged, five-year, up to \$112.5 million funding opportunity to advance U.S. wave energy technology commercial adoption.*
- Call Specifications for CPO:
 - Open Water Testing and System Validation for Utility Applications
 - Connected to electrical grid or major industrial process
 - Nearshore or offshore
 - Average power output (rated 500 kW or more aggregate, not necessarily per device)
 - TRL 8
 - U.S. Based project - West Coast (Oregon)
 - BABA focused (Buy America, Build America)
 - 5 years project

U.S. DEPARTMENT OF ENERGY
Office of ENERGY EFFICIENCY & RENEWABLE ENERGY
EERE T 540.117-01: Funding Opportunity Announcement

U.S. Department of Energy (DOE)
 Office of Energy Efficiency and Renewable Energy (EERE)

Oceans of Opportunity: U.S. Wave Energy Open Water Testing

Funding Opportunity Announcement (FOA) Number: DE-FOA-0003415
 FOA Type: Modification 007
 Assistance Listing Number: 81.087

FOA Issue Date:	Sept 18, 2024
Informational Webinar:	Oct 9, 2024
Submission Deadline for Concept Papers:	Oct 25, 2024 5:00 p.m. ET
Submission Deadline for Full Applications:	January 30, 2025 5:00 p.m. ET
Expected Submission Deadline for Replies to Reviewer Comments:	April 1, 2025 5:00 p.m. ET
Expected Date for EERE Selection Notifications:	June 2025
Expected Timeframe for Award Negotiations:	June - Aug 2025

- Applicants must submit Concept Paper(s) by 5:00 p.m. ET on the due date listed above to be eligible to submit a Full Application.
- The U.S. Department of Energy, Office of Energy Efficiency (EERE) is launching a pilot program in its newly updated portal for funding opportunities – the [EERE Program Information Center \(EPIC\)](#). This FOA is being published as part of EERE’s pilot program. All other announcements will continue to be published in eXCHANGE.
- Applicants must designate primary and backup points-of-contact in [EPIC](#) with whom EERE will communicate to conduct award negotiations. If an application is selected for award negotiations, it is not a commitment to issue an award. It is imperative that the applicant/selectee be responsive during award negotiations and meet negotiation deadlines. Failure to do so may result in cancellation of further award negotiations and rescission of the selection.
- To apply to this FOA, applicants must register with and submit application materials through the EERE Program Information Center at <https://epic.oakley.ee.doe.gov/EPICWeb/>. Applicants are advised to complete the following steps before application submission:

Template Version July 2024



Wave power. To power the planet.

corpowersocean.com

Patrik Möller, CEO
+46 701 77 21 01
patrik@corpowersocean.com





STAFF REPORT
Agenda Item # 8.1

AGENDA DATE:	December 17, 2024
TO:	RCEA Board of Directors
PREPARED BY:	Juliette Bohn, Infrastructure Programs Manager Lori Biondini, Business Planning & Finance Director
SUBJECT:	Recommended Design-Build Procurement of Solar + Battery Systems for Regional Resilience Grant Program

SUMMARY

Staff are seeking Board approval to utilize a design-build procurement process for solar plus battery energy systems at 11 remote fire stations and one (1) emergency services communications tower in Humboldt County. Solicitation documents will include a Request for Qualifications (RFQ) and a Request for Proposals (RFP). Staff are also requesting the formation of a grant Ad Hoc Subcommittee with delegated authority to make interim decisions concerning the design-build procurement.

BACKGROUND

In December 2023, RCEA was awarded \$3M from the California Governor’s Office of Planning and Research Regional Resilience Grant Program (RRGP) to plan and implement the **Energy-Resilient Fire Services in High-Threat Communities** project. Fire stations are essential to resilience planning as they are the first to respond when disasters strike and address many routine non-fire medical emergencies on a day-to-day basis. The project includes installing resilient energy systems (solar plus battery energy storage) at fire stations that serve high-fire risk areas in remote communities in Humboldt County. Fire station “areas of responsibility” go well beyond the communities in which they are based; enhanced resiliency of these stations will enhance emergency response coverage across the most remote, vulnerable portions of the County. The fire stations will own and operate the energy system equipment once the project is complete.

RCEA staff have formalized all partnership agreements with the fire stations (see attached map of project sites), have gathered station operational data, and are now preparing preliminary design concepts for each site. Most of the sites will accommodate rooftop solar systems interconnected with the utility grid; the remaining will require mobile “solar trailers” that will provide back-up power only.

Rationale for Recommended Action

California Public Contract Code 22160 et seq. allows for utilizing a design-build procurement pathway for public projects exceeding a cost of \$1M as an alternative to using the standard Public Project Contracting process (as detailed in RCEA's Procurement Policy), design-bid-build. The total cost to design and construct the 12 rooftop systems is expected to be, and budgeted for, more than \$1M. The design-build process includes the following steps:

- 1) Develop and issue an RFQ;
- 2) Prepare a recommended shortlist of qualified design-build contractors based on the responses to the RFQ;
- 3) Issue an RFP to invite the shortlisted contractors to submit competitive sealed bids for the design-build contract;
- 4) Award the design-build contract based on a "best value" evaluation of any responsive bid, which includes consideration of price, technical design and expertise, and lifecycle costs of the proposed design.

The key advantage to the design-build approach for this project is that it would greatly increase the likelihood of receiving responsive and competitive bids for these remote sites. Authorizing the Executive Director to initiate the first step of the design-build process and authorizing an RRGF Ad Hoc Committee to approve a resulting shortlist and issuance of the RFP would help to keep the project on track for completion within the grant agreement timeline.

ALIGNMENT WITH [RCEA'S STRATEGIC PLAN](#)

The Energy-Resilient Fire Services in High-Threat Communities project fulfills the following RePower goals:

- Goal # 1.2.1 - Develop Emergency Response Capabilities
- Goal # 1.4.8 - Develop Programs that Foster Social Equity
- Goal # 2.1.1 - Support Member Agency and Local Government Energy Management
- Goal # 2.1.4 - Perform Energy Assessments
- Goal # 2.1.5 - Integrate Distributed Energy Resources
- Goal # 2.1.7 - Support and Deploy Microgrids
- Goal # 2.4.1 - Support Customer Installation of Distributed Generation
- Goal # 4.1.1 - Maximize the Use of Local Renewable Energy to the Extent Technically and Economically Feasible and Prudent.

EQUITY IMPACTS

The Energy-Resilient Fire Services in High-Threat Communities project furthers the following RCEA Racial Justice Plan initiatives:

External Partnerships and Programs

1. Tribal Engagement:

- b) RCEA staff will continue and expand efforts to identify opportunities to collaborate with local Tribes as partners on sustainable energy initiatives.

3. Energy justice in power procurement and energy resource development:
 - a) RCEA staff will incorporate energy justice best practices and affordability into renewable development and power purchase solicitations and resource planning.
 - b) RCEA will continue to include project location and community benefit in its evaluation criteria for power solicitations, in an effort to contract for projects that benefit racially diverse communities and to avoid projects that are detrimental to those communities.
 - d) For energy projects in which RCEA takes an active role in inception, development, ownership and/or operation, staff will work with private partners to collaborate and inclusively engage with local communities throughout the development process, rather than a “decide-announce-defend” approach.

FINANCIAL IMPACT

RCEA does not anticipate a fiscal impact to the organization beyond what is already awarded and budgeted for the RRGP project.

STAFF RECOMMENDATION

Authorize RCEA’s Executive Director to utilize the design-build process to procure design and construction of the solar plus battery storage systems for the RRGP Energy-Resilient Fire Services in High-Threat Communities project; and initiate the first step by developing and issuing a RFQ.

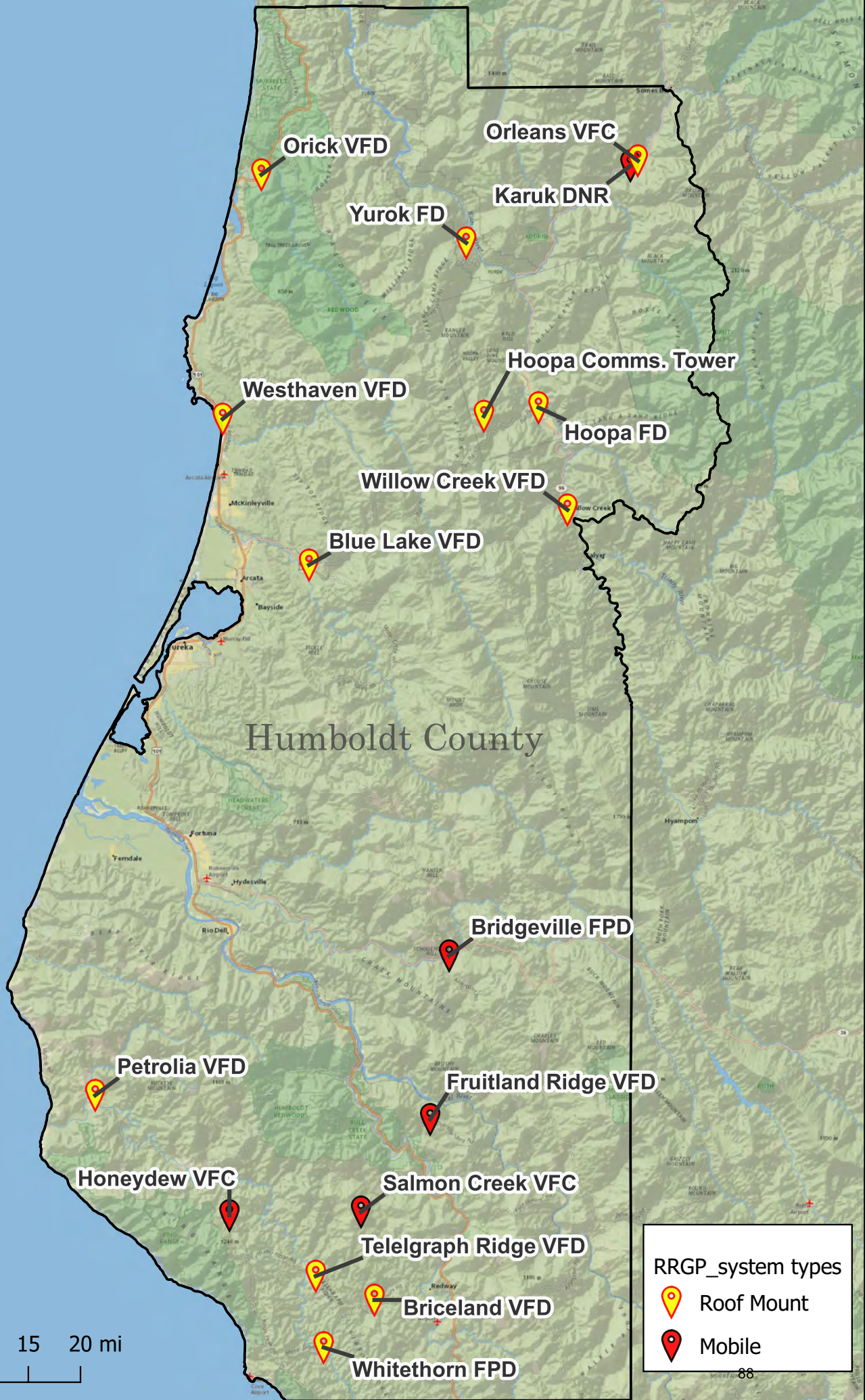
Create a RRGP Ad Hoc Committee comprised of five or fewer RCEA Board members.

Delegate authority to the RRGP Ad Hoc Committee to: 1) approve the short list of qualified design build contractors, and 2) authorize the Executive Director to issue a RFP for construction of the solar plus battery storage systems.

ATTACHMENTS

1. Map of RRGP Project Sites

Regional Resilience Grant Program Project Locations





REDWOOD COAST
EnergyAuthority

REGIONAL RESILIENCE GRANT PROGRAM (RRGP)

ENERGY-RESILIENT FIRE SERVICES IN HIGH-THREAT COMMUNITIES



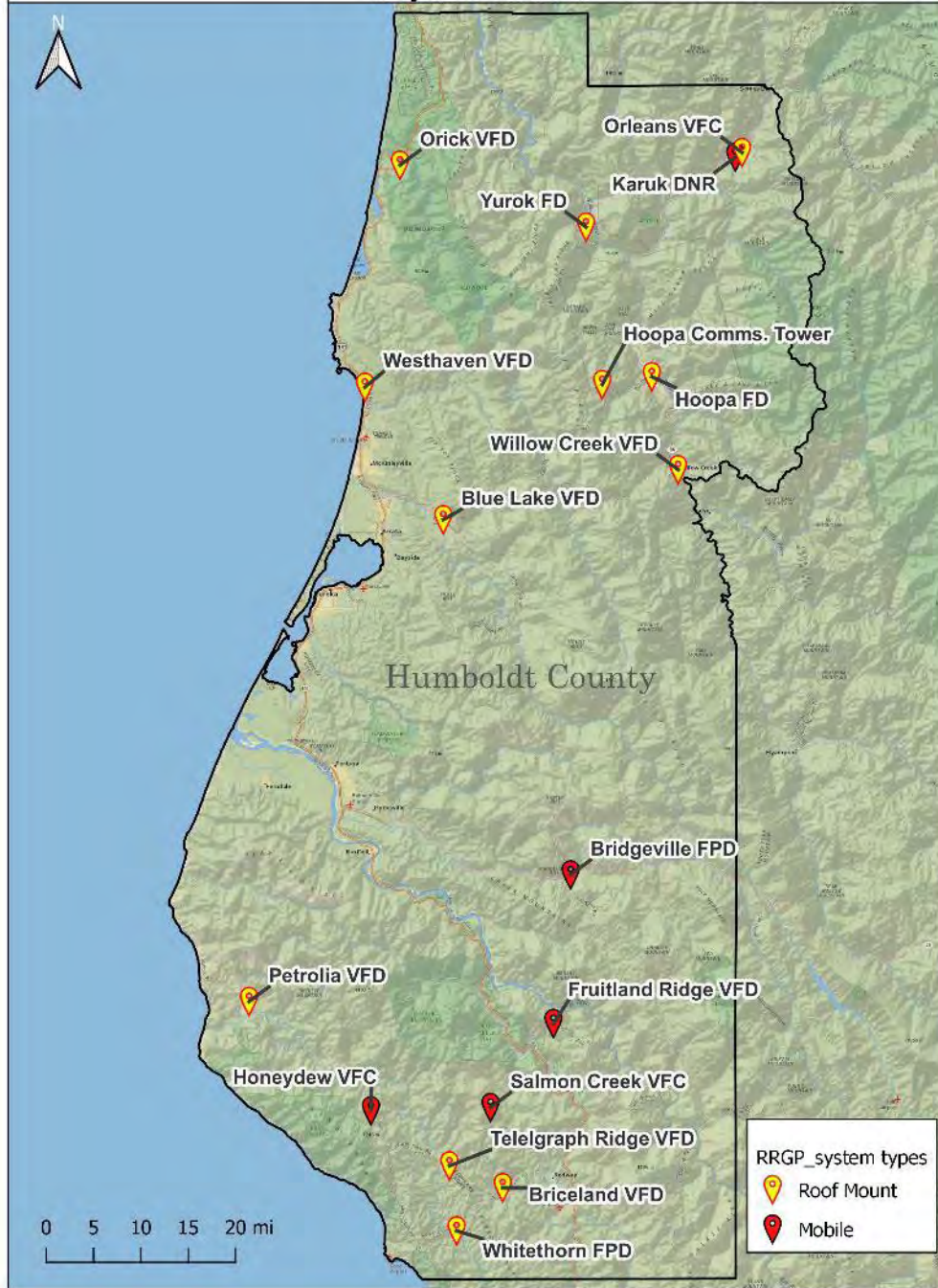
Remote Fire Stations

Solar + Battery Project

- **Energy resilience at critical facilities**
 - Stand-alone systems
 - Power when grid is down
 - Offset daily energy purchases
- **No cost to Project Partners**
- **Standard solar + battery equipment**
- **Project update:**
 - Partnership Agreements signed
 - Site assessments complete
 - Preliminary designs in progress



Regional Resilience Grant Program Project Locations





REDWOOD COAST Energy Authority

STAFF REPORT Agenda Item # 9.1

AGENDA DATE:	December 17, 2024
TO:	Board of Directors
PREPARED BY:	Lori Biondini, Business Planning and Finance Director
SUBJECT:	Financial Audit for Fiscal Years Ending June 30, 2021 & 2020

SUMMARY

RCEA has engaged Baker Tilly US, LLP to complete financial statement audits for the years ending June 30, 2018, through 2022. Audits for 2018 and 2019 were completed and presented to the RCEA Board of Directors in October 2023; financial statements and audit reports for 2020 and 2021 are now complete as well. Staff has asked Bethany Ryers, Partner in Baker Tilly's Energy & Utilities division, to present results to the Board.

RECOMMENDED ACTION

Accept and Approve Redwood Coast Energy Authority Financial Statements June 30, 2021 and 2020 and Associated Independent Auditors' Report by Baker Tilly US, LLP.

ATTACHMENTS

1. Reporting and Insights from 2021 and 2020 Audit: Redwood Coast Energy Authority, June 30, 2021 and 2020
2. Redwood Coast Energy Authority Financial Statements: June 30, 2021 and 2020.

NOTE: These auditors' reports were added to the agenda packet on December 16, 2024, at 2 p.m.

Reporting and insights from 2021 and 2020 audit:

Redwood Coast Energy Authority

June 30, 2021 and 2020

Executive summary

December 13, 2024

To the Board of Directors
Redwood Coast Energy Authority
633 3rd Street
Eureka, CA 95501

We have completed our audits of the financial statements of Redwood Coast Energy Authority (the Authority) for the year ended June 30, 2021 and 2020 and have issued our report thereon dated December 13, 2024. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your Authority's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

Additionally, we have included information on key risk areas Redwood Coast Energy Authority should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

- Bethany Ryers, Principal: bethany.ryers@bakertilly.com or +1 (608) 240 2382
- Ryan Theiler, Manager: ryan.theiler@bakertilly.com or +1 (608) 240 2571

Sincerely,

Baker Tilly US, LLP



Bethany Ryers, CPA
Principal

THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH GOVERNANCE, AND, IF APPROPRIATE, MANAGEMENT, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

BAKER TILLY ADVISORY GROUP, LP AND BAKER TILLY US, LLP, TRADING AS BAKER TILLY, ARE MEMBERS OF THE GLOBAL NETWORK OF BAKER TILLY INTERNATIONAL LTD., THE MEMBERS OF WHICH ARE SEPARATE AND INDEPENDENT LEGAL ENTITIES. BAKER TILLY US, LLP IS A LICENSED CPA FIRM THAT PROVIDES ASSURANCE SERVICES TO ITS CLIENTS. BAKER TILLY ADVISORY GROUP, LP AND ITS SUBSIDIARY ENTITIES PROVIDE TAX AND CONSULTING SERVICES TO THEIR CLIENTS AND ARE NOT LICENSED CPA FIRMS.

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the Authority's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of the Board of Directors:
 - Are free from material misstatement
 - Present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America
- Our audit does not relieve management or the Board of Directors of their responsibilities.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of the Board of Directors, including:

- Internal control matters
- Qualitative aspects of the Authority's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant unusual transactions
- Significant difficulties encountered
- Disagreements with management
- Circumstances that affect the form and content of the auditors' report
- Audit consultations outside the engagement team
- Corrected and uncorrected misstatements
- Other audit findings or issues

Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of the Authority and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting standards

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the Authority's current year results.

Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion
Potential for inaccurate billing data from Pacific Gas & Electric (PG&E)	Review Calpine SOC report and perform walkthrough to assess the procedures established to validate the data	Procedures identified provided sufficient evidence for our audit opinion

Other areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other areas of emphasis		
Cash and investments	Revenues and receivables	General disbursements
Payroll	Financial reporting and required disclosures	Long-term debt
Capital assets including infrastructure	Net position calculations	

Internal control matters

We considered the Authority's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We identified the following deficiencies as material weaknesses:

- **Financial statement close process**

Properly designed systems of internal control provide your organization with the ability to process and record accurate monthly and year-end transactions and annual financial reports.

Our audit includes a review and evaluation of the internal controls relating to financial reporting. Common attributes of a properly designed system of internal control for financial reporting are as follows:

- There is adequate staffing to prepare financial reports throughout the year and at year-end.
- Material misstatements are identified and corrected during the normal course of duties.
- Complete and accurate financial statements, including footnotes, are prepared.
- Financial reports are independently reviewed for completeness and accuracy.

Our evaluation of the internal controls over financial reporting has identified control deficiencies that are considered material weakness surrounding the preparation of financial statements and footnotes, adjusting journal entries identified by the auditors and an independent review of financial reports.

Management has not prepared financial statements that are in conformity with generally accepted accounting principles. In addition, we recommend the Authority set up a process and control to ensure account reconciliations are performed and around the approval of journal entries.

Other comments and recommendations

Investment Policy

During our testing, it was noted that RCEA does not have a formal investment policy. We recommend that RCEA develop and formally approve an investment policy. The policy should list:

- 1) Which institutions are authorized for RCEA.
- 2) What types of investments you will use at those institutions (CD, checking, money market, repurchase agreements, other).
- 3) What is the maximum you will invest at any institution without obtaining collateral.

Once this policy is implemented, RCEA should complete an ongoing review of the investments within the portfolio to ensure investments remain in compliance with your investment policy and state statutes. This policy becomes your strategy for maximizing interest earnings while maintaining security for the investments. It takes on increased importance with your increased investment balances.

Policy for Allowance of Doubtful Accounts

During our testing, it was noted that RCEA does not have a formal policy for their allowance for doubtful accounts. RCEA's informal policy was to write off 0.30% of electricity sales. This was updated to 2% of electricity sales in 2021. However, upon inquiry with management, it was determined that 3% of sales is a more accurate estimate for uncollectible accounts. As RCEA collects more historical data for the collectability of customers, we recommend that RCEA implements a policy that allows the utility to systematically write off an estimated percentage of outstanding accounts receivables deemed uncollectible on an annual basis. In addition, the estimate for the allowance for doubtful accounts should be periodically reviewed in comparison with the accounts receivable aging report to ensure it aligns with the older accounts receivable balances that are less likely to be collected. This policy should be reviewed periodically to ensure it aligns with the actual collectability from customers.

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing accounting policies was not changed during 2021 and 2020. We noted no transactions entered into by the Authority during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.
- Accounting estimates: Accounting estimates, including fair value estimates, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Unbilled revenue	Evaluate the July Calpine monthly usage report and calculation of the estimated portion related to June	Reasonable in relation to the financial statements as a whole
Allowance for Doubtful Accounts	Estimated at 3% of electricity sales	Reasonable in relation to the financial statements as a whole

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates noted above.

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for the Authority or that otherwise appear to be unusual due to their timing, size or nature.

Significant difficulties encountered during the audit

We encountered no significant difficulties in dealing with management and completing our audit.

Disagreements with management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Audit report

There have been no departures from the auditors' standard report.

Audit consultations outside the engagement team

We encountered no difficult or contentious matters for which we consulted outside of the engagement team.

Uncorrected misstatements and corrected misstatements

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial and to communicate accumulated misstatements to management. Management is in agreement with the misstatements we have identified, and they have been corrected in the financial statements. The schedule within the attachments summarizes the material corrected misstatements, that, in our judgment, may not have been detected except through our auditing procedures. The internal control matters section of this report describes the effects on the financial reporting process indicated by the corrected misstatements, other than those that we consider to be of a lesser magnitude than significant deficiencies and material weaknesses.

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Written communications between management and Baker Tilly

The attachments include copies of other material written communications, including a copy of the management representation letter.

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the Authority's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date of the financial statements, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

Independence

We are not aware of any relationships between Baker Tilly and the Authority that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with the Authority's related parties.

Other matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Nonattest services

The following nonattest services were provided by Baker Tilly:

- Financial statement preparation
- Adjusting journal entries
- Accounting assistance

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

Audit committee resources

Visit our resource page for regulatory updates, trending challenges and opportunities in your industry and other timely updates.

Visit the resource page at: <https://www.bakertilly.com/insights/audit-committee-resource-page>.

Management representation letter



REDWOOD COAST Energy Authority

Blue Lake Rancheria • Yurok Tribe • County of Humboldt • Arcata • Blue Lake • Eureka • Ferndale • Fortuna • Rio Dell • Trinidad • Humboldt Bay Municipal Water District

December 13, 2024

Baker Tilly US, LLP
4807 Innovation Lane
P.O. Box 7398
Madison WI 53711

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audit of the financial statements of Redwood Coast Energy Authority (RCEA) as of June 30, 2021 and 2020 and for the years then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position of the Redwood Coast Energy Authority and the respective changes in financial position and cash flows, in conformity with accounting principles generally accepted in the United States of America (GAAP). We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing, and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 19, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds and other financial information of RCEA required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.

- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, if any, are reasonable in accordance with U.S. GAAP.
- 6) All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America. require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 7) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the appropriate accounts.
- 9) There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.
- 10) Guarantees, whether written or oral, under which the RCEA is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of financial statements, such as financial records and related data, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of RCEA or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) We have not completed an assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,

- b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
- 15) We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) There are no related parties or related party relationships and transactions, including side agreements, of which we are aware.

Other

- 17) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 18) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit. We have a process to track the status of audit findings and recommendations.
- 19) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for our report.
- 20) We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 21) There are no:
- a) Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.
 - b) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
 - c) Rates being charged to customers other than the rates as authorized by the applicable authoritative body.
- 22) Redwood Coast Energy Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

23) In regards to the nonattest services performed by you listed below, we acknowledge our responsibility related to these nonattest services and have 1) accepted all management responsibility; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.

a) Financial statement preparation

b) Adjusting journal entries

c) Accounting assistance

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

24) Redwood Coast Energy Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.

25) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

26) Redwood Coast Energy Authority has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.

27) Provisions for uncollectible receivables, if any, have been properly identified and recorded.

28) Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).

29) Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.

30) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.

31) We have appropriately disclosed Redwood Coast Energy Authority (RCEA)'s policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy.

32) We have reviewed our long-term debt agreements and believe that all terms related to significant events of default with finance-related consequences, termination events with finance-related consequences and subjective acceleration clauses have been properly identified and disclosed.

33) Unused lines of credit, collateral pledged to secure debt and direct borrowings and private placements have been properly identified and disclosed.

- 34) The auditing standards define an annual report as "a document, or combination of documents, typically prepared on an annual basis by management or those charged with governance in accordance with law, regulation, or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity's operations and the financial results and financial position as set out in the financial statements." Among other items, an annual report contains, accompanies, or incorporates by reference the financial statements and the auditors' report thereon. We confirm that we do not prepare and have no plans to prepare an annual report.

Sincerely,

Redwood Coast Energy Authority

Signed: Lori Biondini
Lori Biondini, Director of Business Development and Finance

Signed: Eileen Verbeck
Eileen Verbeck, Interim Executive Director

Client service team



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Accounting changes relevant to Redwood Coast Energy Authority

Future accounting standards update

GASB Statement Number	Description	Potentially impacts you	Effective date
87	Leases	✓	6/30/2022
89	Accounting for Interest Incurred before the End of a Construction Period	✓	6/30/2022
90	Majority Equity Interests		6/30/2021
91	Conduit Debt		6/30/2023
92	Omnibus 2020	✓	6/30/2022
93	Replacement of Interbank Offered Rates		6/30/2022
94	Public-Private and Public-Public Partnerships and Availability Payment Arrangements		6/30/2023
96	Subscription-Based Information Technology Arrangements	✓	6/30/2024
97	Certain Component Unit Criteria, and Accounting and Financial Reporting for IRC Section 457 Deferred Compensation Plans	✓	6/30/2022
98	The Annual Comprehensive Financial Report		6/30/2022
99	Omnibus 2022	✓	6/30/2024
100	Accounting Changes and Error Corrections	✓	6/30/2025
101	Compensated Absences	✓	6/30/2025
102	Certain Risk Disclosures	✓	6/30/2025
103	Financial Reporting Model Improvements	✓	6/30/2025
104	Disclosure of Certain Capital Assets	✓	6/30/2026

Further information on upcoming [GASB pronouncements](#).

Preparing for the new lease standard

GASB's new single model for lease accounting will be effective soon. This standard will require governments to identify and evaluate contracts that convey control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Contracts meeting the criteria for control, term and other items within the standard will result in recognizing a right to use asset and lease liability or a receivable and deferred inflow of resources.

We recommend RCEA review this standard and start planning now as to how this will affect your financial reporting. We recommend that you begin by completing an inventory of all contracts that might meet the definition of a lease. The contract listing should include key terms of the contracts such as:

- Description of contract
- Underlying asset
- Contract term
- Options for extensions and terminations
- Service components, if any
- Dollar amount of lease

In addition, RCEA should begin to establish a lease policy to address the treatment of common lease types, including a dollar threshold for each lease. We are available to discuss this further and help you develop an action plan.

Learn more about [GASB 87](#).

Public-Private and Public-Public Partnerships

GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* provides guidance related to public-private and public-public partnerships (PPP) and availability payment arrangements (APA).

A PPP is an arrangement in which an entity contracts with an operator to provide public services by conveying control of the right to operate or use infrastructure or other capital asset. A common example of PPP is a service concession arrangement.

An APA is an arrangement in which an entity compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an asset.

RCEA should start to identify any contracts that could meet either definition to ensure they are reviewed for applicability and accounted for correctly when the standard is effective. Initial steps include reviewing contracts that did not meet the definition of a lease under GASB 87 and identifying any other agreements where the organization contracts with or partners with another entity to provide services. Once these contracts or agreements are identified they will need to be analyzed using the criteria in GASB No. 94.

Future accounting for subscription-based IT arrangements

Subscription-based IT arrangements include contracts that convey control of the right to use another party's IT software. It would not include any licensing arrangements that provide a perpetual license, which would still be accounted for as an intangible asset. Subscription-based IT arrangements are becoming more and more popular with IT vendors. This standard mirrors the new lease standard. The RCEA will be able to utilize the systems put into place to implement the lease standard to properly account for these contracts. Common examples of these contracts in the utility industry include:

- Leasing space in the cloud
- GIS systems
- SCADA systems
- Some work order or inventory systems as well as some general ledger or billing systems

The RCEA should work with its IT department and department managers to determine a population listing of contracts that would fall under this standard to determine the potential future impact to financial reporting.

Updated accounting and reporting for compensated absences

The Governmental Accounting Standards Board (GASB) issued its Statement No. 101, *Compensated Absences*, in June 2022. The objective of GASB 101 is to update the recognition and measurement guidance for compensated absences for state & local government employers. It supersedes GASB No. 16, *Accounting for Compensated Absences*, issued in 1992, as well as earlier guidance, and addresses changes resulting from the types of leave now being offered. GASB 101 is effective for fiscal years beginning after December 15, 2023 (i.e., December 31, 2024, and June 30, 2025 year-end reporting entities).

GASB 101 more appropriately reflects a liability *when* a government incurs an obligation for compensated absences, and will improve comparability of reporting between governments that offer different types of leave. It requires that liabilities be recognized for (1) leave that has not been used, and (2) leave that has been used but not yet paid in cash or settled-up via non-cash means. Compensated absences is defined as leave for which employees may receive one or more of the following:

- Cash payments when the leave is used for time off;
- Other cash payments, such as payment for unused leave upon termination of employment, or;
- Noncash settlements, such as conversion to defined benefit postemployment benefits.

Examples of compensated absences provided in GASB 101 include vacation, sick leave, paid time off (PTO), holidays, parental leave, bereavement leave and certain types of sabbatical leave. Payment or settlement of compensated absences could occur during employment, or upon termination of employment. GASB 101 does not apply to benefits that are within the scope of GASB 47, *Accounting for Termination Benefits*.

GASB 101 requires that a liability should be recognized for leave that has not been used if all of the following are true:

- The leave is attributable to services already rendered;
- The leave accumulates, and;
- The leave is “more likely than not” (i.e., likelihood of more than 50%) to be used for time off or otherwise paid in cash or settled through noncash means (101 provides factors to assess this criteria). (This differs from GASB 16, which required payment to be “probable” to be recognized).

Under GASB 101, governments will now need to accrue for time that has accumulated and is likely to be used, even if the employee is not eligible for a payout upon termination. This was not a requirement under GASB 16, and thus may result in a higher compensated absence liability.

GASB 101 requires liabilities for compensated absences to be recognized in financial statements prepared using the economic resources measurement focus equal to the amount of leave that has not yet been used and leave that has been used but not yet paid or settled.

Other changes in financial statement disclosures include the change in compensated absences liability can now be disclosed as a net change, rather than gross increases/decreases in the liability. Also, governments are no longer required to disclose which fund has typically liquidated the liability.

We recommend that RCEA begin to review the guidance contained in GASB 101 within the context of your existing compensated absences policies and accounting practices, in order to be better informed in terms of the information that you will need for this implementation.

New guidance on disclosure of certain risks

The requirements in GASB Statement No. 102, *Certain Risk Disclosures* is meant to provide financial statement users with information about certain risks when circumstances make a government vulnerable to a heightened possibility of loss or harm. It requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints.

- (a) The Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow or outflow of resources - for example, a small number of companies that represent a majority of employment in a government’s jurisdiction, or a government that relies on one revenue source for most of its revenue.
- (b) The Statement defines a constraint as a limitation imposed on a government by an external party or by formal action of the government’s highest level of decision-making authority—such as a voter-approved property tax cap or a state-imposed debt limit.

Concentrations and constraints may limit a government’s ability to acquire resources or control spending.

The Statement generally requires a government to disclose information about a concentration or constraint if all of the following criteria are met:

- (a) The concentration or constraint is *known* to the government prior to issuing the financial statements.
- (b) The concentration or constraint makes the government vulnerable to the risk of a substantial impact.
- (c) An event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The disclosures should include a description of the following:

- The concentration or constraint,
- Each event associated with the concentration or constraint that could cause a substantial impact if the event has occurred or has begun to occur prior to the issuance of the financial statements, and
- Actions taken by the government to mitigate the risk prior to the issuance of the financial statements.

Changes to the financial reporting model

GASB Statement 103, *Financial Reporting Model Improvements*, builds on Statement 34 by providing key targeted improvements to the financial reporting model. Its requirements are designed to:

- Enhance the effectiveness of governmental financial reports in providing information essential for decision making and assessing a government's accountability, and
- Address certain application issues.

The targeted improvements contained in Statement 103 establish or modify existing accounting and financial reporting requirements related to:

- Management's discussion and analysis - While the overall requirements do not substantially change management's discussion and analysis, the modifications are meant to improve the analysis included in this section and provide details about the items that should be discussed as currently known facts, decisions or conditions expected to have a significant financial effect in the subsequent period.
- Unusual or infrequent items (previously known as extraordinary and special items) - The new Statement simplifies GASB literature by eliminating the separate presentation of extraordinary and special items. Under the requirement of Statement 103, applicable items will either be identified as unusual or infrequent, or both.
- Presentation of the proprietary fund statement of revenues, expenses and changes in fund net position - The changes are designed to improve consistency around the classification of items in these statements by better defining what should be included in operating revenues and expenses and nonoperating revenues and expenses including, for example, the addition of subsidies received or provided as a new category of nonoperating revenues and expenses.
- Major component unit information, and Budgetary comparison information - Statement 103 is designed to improve the consistency of the reporting of major component unit information and budgetary comparison information by specifying required placement of that information.

Material corrected misstatements

Redwood Coast Energy Authority

Year End: June 30, 2021

Normal adjusting journal entries

Date: 7/1/2019 To 6/30/2021

Account No: 20A01 To 21A10

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Associate	Sr. Associate	Manager
Partner Review BR10327 12/6/2024	IR/CDR	RT18036 11/5/2024

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit
20A01	6/30/2020	NEM Escrow Liability	2011 EF	C.102.1		34,254.13	
20A01	6/30/2020	NEM Rebates	5512 EF	C.102.1			34,254.13
To accrue the NEM Escrow Liability that is summarized on the RCE AR Aging report.							
20A02	6/30/2020	Investment in Capital Assets	2320 EF	TB		49,064.43	
20A02	6/30/2020	Fund Balance	3900 EF	TB			49,064.43
To clear out the net investment in capital assets account to net position.							
20A03	6/30/2020	Allowance for Doubtful Accounts	1101 EF	C.910			1,440,591.47
20A03	6/30/2020	Uncollectable Accounts	5580 EF	C.910		1,440,591.47	
To accrue for the allowance of undoubtful accounts with 3% estimate rather than .30% of electricity sales.							
20A04	6/30/2020	Fund Balance	3900 EF			161.00	
20A04	6/30/2020	Safety	7102 EF				161.00
To update the equity balance after discovering differences at final fieldwork. Per investigation, there was entries made by RCEA after BT obtained a trial balance. Amount is insignificant and will be flowed through FY2020.							
20A05	6/30/2020	Accounts Receivable-Other	1103 EF	C.102.1		48,018.11	
20A05	6/30/2020	Electricity Sales	5510 EF	C.102.1			48,018.11
To true-up the accounts receivable balance to the Calpine AR aging report.							
21A01	6/30/2021	NEM Escrow Liability	2011 EF	C.102			85,297.76
21A01	6/30/2021	NEM Rebates	5512 EF	C.102		85,297.76	
To accrue the NEM Escrow Liability that is summarized on the RCE AR Aging report.							
21A02	6/30/2021	Fixed Asset	1500 EF				143,099.00
21A02	6/30/2021	Accumulated depreciation	1600 EF			143,099.00	
To record the retirement of the Electric Vehicle Charging Station Network (placed into service in FY2016)							
21A03	6/30/2021	Allowance for Doubtful Accounts	1101 EF	C.910			460,447.80
21A03	6/30/2021	Uncollectable Accounts	5580 EF	C.910		460,447.80	
To accrue for the allowance of undoubtful accounts with 3% estimate rather than 2% of electricity sales.							
21A04	6/30/2021	Accounts Receivable-Other	1103 EF	C.102			277,881.65
21A04	6/30/2021	Electricity Sales	5510 EF	C.102		277,881.65	
To true-up the accounts receivable balance to the Calpine AR aging report.							
						2,538,815.35	2,538,815.35
Net Income (Loss)			(878,141.96)				

Two-way audit communications

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud
- c. to design the nature, timing and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
 - Identify types of potential misstatements.
 - Consider factors that affect the risks of material misstatement.
 - Design tests of controls, when applicable, and substantive procedures.
- d. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations and provisions of contracts or grant programs.
- e. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. We anticipate that RCEA will receive an unmodified opinion on its financial statements.
- e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?

- f. Have you had any significant communications with regulators or grantor agencies?
- g. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness and actions of the governing body concerning:

- a. The entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of April- June, and sometimes early in July. Our final financial fieldwork is scheduled during the summer to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-12 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.

Redwood Coast Energy Authority

Financial Statements

June 30, 2021 and 2020

Redwood Coast Energy Authority

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June 30, 2021 and 2020

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Independent Auditors' Report

To the Board of Directors of
Redwood Coast Energy Authority

Report on the Financial Statements

We have audited the accompanying financial statements of Redwood Coast Energy Authority, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Redwood Coast Energy Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Redwood Coast Energy Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Redwood Coast Energy Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Redwood Coast Energy Authority as of June 30, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Redwood Coast Energy Authority has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Baker Tilly US, LLP

Madison, Wisconsin
December 13, 2024

Redwood Coast Energy Authority

Statements of Net Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,653,289	\$ 6,676,143
Accounts receivable, net of allowance	4,486,727	4,954,361
Unbilled revenue	1,766,726	2,214,282
Other receivable	100,874	264,637
Prepaid expenses	14,192	12,027
Inventory	22,283	22,151
Deposits	4,293,632	2,246,617
	<u>15,337,723</u>	<u>16,390,218</u>
Noncurrent Assets		
Plant in service	329,534	400,008
Accumulated depreciation	(139,358)	(224,706)
Construction work in progress	5,236,593	2,324,758
	<u>5,426,769</u>	<u>2,500,060</u>
Total assets	<u>\$ 20,764,492</u>	<u>\$ 18,890,278</u>
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 941,553	\$ 434,864
Accrued cost of electricity	2,319,664	1,681,453
Accrued wages	98,878	157,983
Accrued compensation	127,422	99,769
Security deposits	180,840	51,420
Current portion of notes payable	-	31,469
	<u>3,668,357</u>	<u>2,456,958</u>
Noncurrent Liabilities		
Advances from grantors	1,540,959	-
	<u>1,540,959</u>	<u>-</u>
Total liabilities	<u>5,209,316</u>	<u>2,456,958</u>
Net Position		
Net investment in capital assets	5,426,769	2,500,060
Unrestricted	10,128,407	13,933,260
	<u>15,555,176</u>	<u>16,433,320</u>
Total liabilities and net position	<u>\$ 20,764,492</u>	<u>\$ 18,890,278</u>

See notes to financial statements

Redwood Coast Energy Authority

Statements of Revenues, Expenses and Change in Net Position
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues		
Charges for service	\$ 44,576,619	\$ 51,788,964
Grant revenue	681,900	1,246,378
	<u>45,258,519</u>	<u>53,035,342</u>
Operating Expenses		
Purchased power	39,813,705	38,675,158
Operation and maintenance	6,590,559	6,466,662
Depreciation	57,751	47,078
	<u>46,462,015</u>	<u>45,188,898</u>
	<u>(1,203,496)</u>	<u>7,846,444</u>
Nonoperating Revenues (Expenses)		
Miscellaneous expenses	-	(1,605)
Investment income	35	367
Interest expense	(527)	(3,736)
	<u>(492)</u>	<u>(4,974)</u>
	<u>(1,203,988)</u>	<u>7,841,470</u>
Capital Contributions	<u>325,844</u>	<u>15,000</u>
	<u>(878,144)</u>	<u>7,856,470</u>
Net Position, Beginning	<u>16,433,320</u>	<u>8,576,850</u>
Net Position, Ending	<u>\$ 15,555,176</u>	<u>\$ 16,433,320</u>

See notes to financial statements

Redwood Coast Energy Authority

Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Received from customers	\$ 45,784,992	\$ 51,516,059
Received from grants	2,222,859	1,246,378
Paid to suppliers for goods and services	(45,144,109)	(46,151,316)
Paid to employees for operating payroll	(2,589,517)	(2,338,198)
	<u>274,225</u>	<u>4,272,923</u>
Net cash flows from operating activities	<u>274,225</u>	<u>4,272,923</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(2,590,962)	(1,565,098)
Capital contributions received	325,844	15,000
	<u>(2,265,118)</u>	<u>(1,550,098)</u>
Net cash flows from capital and related financing activities	<u>(2,265,118)</u>	<u>(1,550,098)</u>
Cash Flows From Noncapital and Related Financing Activities		
Interest paid	(527)	(3,736)
Debt retired	(31,469)	(61,050)
	<u>(31,996)</u>	<u>(64,786)</u>
Net cash flows from noncapital and related financing activities	<u>(31,996)</u>	<u>(64,786)</u>
Cash Flows From Investing Activities		
Interest income	35	367
	<u>35</u>	<u>367</u>
Net cash flows from investing activities	<u>35</u>	<u>367</u>
Net change in cash and cash equivalents	(2,022,854)	2,658,406
Cash and Cash Equivalents, Beginning	<u>6,676,143</u>	<u>4,017,737</u>
Cash and Cash Equivalents, Ending	<u>\$ 4,653,289</u>	<u>\$ 6,676,143</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating income	\$ (1,203,496)	\$ 7,846,444
Nonoperating revenue (expense)	-	(1,605)
Noncash items in operating income:		
Depreciation	57,751	47,078
Changes in assets and liabilities:		
Accounts receivable	1,362,746	(169,091)
Unbilled revenue	(447,556)	(33,029)
Other receivables	163,763	29,400
Advances from grantors	1,540,959	-
Inventory	(132)	13,301
Deposits	(2,047,015)	(2,142,517)
Prepaid expenses	(2,165)	(10,315)
Accounts payable	113,191	89,635
Accrued cost of electricity	579,106	(1,320,769)
Accrued compensation	27,653	22,971
Security deposits	129,420	(98,580)
	<u>\$ 274,225</u>	<u>\$ 4,272,923</u>
Net cash flows from operating activities	<u>\$ 274,225</u>	<u>\$ 4,272,923</u>

See notes to financial statements

Redwood Coast Energy Authority

Notes to the Basic Financial Statements
June 30, 2021 and 2020

1. Summary of Significant Accounting Policies

Reporting Entity

The Redwood Coast Energy Authority (RCEA) is a joint powers authority formed in 2003 under California Government Code Section 6500 to develop and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency and advance the use of clean, efficient and renewable resources available in the Humboldt County region of California. The member agencies of RCEA are the County of Humboldt, the Humboldt Bay Municipal Water District, the cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Rio Dell and Trinidad. RCEA is governed by a Board of Directors comprised of representatives of the member agencies.

RCEA began the delivery of electricity in May 2017. RCEA provides electric service to retail customers as a Community Choice Aggregation Program (CCA) under the California Public Utilities Code Section 366.2. Electricity is acquired from commercial suppliers and delivered through existing physical infrastructure and equipment managed by the California Independent System Operator and PG&E.

Basis of Accounting

RCEA's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

RCEA's operations are accounted for as a governmental enterprise fund and are reported using the economic resources measurement focus and the accrual basis of accounting - similar to business enterprises. Accordingly, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred. Enterprise fund-type operating statements present increases (revenues) and decreases (expenses) in total net position. Reported net position is segregated into three categories - investment in capital assets, restricted and unrestricted.

When both restricted and unrestricted resources are available for use, it is RCEA's policy to use restricted resources first, then unrestricted resources as they are needed.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, RCEA has defined cash and cash equivalents to include cash on hand, demand deposits and short-term investments with an original maturity of three months or less.

Redwood Coast Energy Authority

Notes to the Basic Financial Statements

June 30, 2021 and 2020

Accounts Receivable

Accounts receivable represent program revenues which have been earned for which the related cash has not been received. Accounts receivable were as follows:

	<u>2021</u>	<u>2020</u>
Accounts receivable from customers	\$ 8,854,668	\$ 7,935,423
Allowance for uncollectible accounts	<u>(4,367,941)</u>	<u>(2,981,062)</u>
Total	<u>\$ 4,486,727</u>	<u>\$ 4,954,361</u>

The majority of account collections occur within the first few months following customer invoicing. RCEA estimates that a portion of the billed amounts will not be collected. The allowance for uncollectible accounts at the end of a period includes amounts billed during the current and prior fiscal years.

Unbilled Revenue

RCEA records an estimate for unbilled revenues earned from the dates its customers were last billed to the end of the fiscal year. At June 30, 2021 and 2020, unbilled revenues were \$1,766,726 and \$2,214,282, respectively.

Inventory

Inventory is generally used for construction, operation and maintenance work, not for resale. Inventory is valued at the lower of cost or market utilizing the average cost method and charged to construction or expense when used.

Deposits

Various energy contracts entered into by RCEA require RCEA to provide a supplier with a security deposit. These deposits are generally held for the term of the contract. Deposits are classified as current or noncurrent depending on the length of the time the deposits are expected to be held.

Capital Assets and Depreciation

Capital assets are generally defined by RCEA as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year.

Capital assets of RCEA are recorded at cost or the estimated acquisition value at the time of contribution to RCEA. Major outlays for capital assets are capitalized as projects are constructed. Depreciation is computed according to the straight-line method over estimated useful lives of five to ten years for equipment. Leasehold improvements are depreciated over the shorter of 1) the useful life of the leasehold improvement or 2) the remaining years of the lease.

Advances From Grantor

RCEA received grant funding from various grantors. The amount in this category represents funds received by RCEA, but not yet expended to carry out specific goals as required by the terms and conditions of the grant agreement. Grant revenue will be recognized as the objectives of the grant agreement are carried out.

Redwood Coast Energy Authority

Notes to the Basic Financial Statements

June 30, 2021 and 2020

Long-Term Obligations

Long-term debt and other obligations are reported as liabilities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The balance at year end for premiums and discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for the loss on refunding is shown as a deferred outflow in the statement of net position.

Accrued Compensation

RCEA pays employees bi-weekly and fully pays its obligation for health benefits and contributions to its defined contribution retirement plan each month. RCEA is not obligated to provide post-employment healthcare or other fringe benefits and, accordingly, no related liability is recorded in these financial statements. RCEA provides compensated time off, and the related liability is recorded in these financial statements.

Security Deposits

Various energy contracts entered into by RCEA require the supplier to provide RCEA with a security deposit. These deposits are generally held for the term of the contract or until the completion of certain benchmarks. Deposits are classified as current or noncurrent depending on the length of time the deposits will be held.

Net Position

Net position is presented in the following components:

Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and is reduced by outstanding borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted - This component of net position consists of net assets subject to external constraints on their use imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net position that does not meet the definition of "investment in capital assets" or "restricted".

Revenue and Expenses

RCEA distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with RCEA's principal ongoing operations. The principal operating revenues of RCEA include revenues derived from the provision of electricity to retail customers. Electricity sales are reported net of changes to the allowance for uncollectable accounts. Operating expenses for RCEA include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Redwood Coast Energy Authority

Notes to the Basic Financial Statements

June 30, 2021 and 2020

Revenue Recognition

RCEA recognizes revenue on an accrual basis. This includes invoices issued to customers during the reporting period and electricity estimated to have been delivered but not yet billed. Management estimates that a portion of the billed amounts will be uncollectible. Accordingly, an allowance for uncollectible accounts has been recorded. RCEA's methodology used to calculate the allowance for doubtful accounts considers the impacts of the recession and the suspension of customer electricity disconnections.

Grant Revenue

The California Public Utilities Commission (CPUC) and the Local Government Commission (LGC), a California not-for-profit membership organization, have undertaken a pilot project to encourage the formation of regional organizations such as RCEA to promote energy efficiency, conservation and increased local self-reliance. The CPUC has made funds available to the LGC to help local governments establish and operate agencies such as RCEA. Funds are collected from rate payers by Pacific Gas and Electric (PG&E) and distributed to RCEA in accordance with the objectives of this project.

Capital Contributions

Cash and capital assets are contributed to the RCEA from customers or external parties. The value of property contributed to the RCEA are reported as revenue on the statements of revenues, expenses and changes in net position.

Electrical Power Purchased

During the normal course of business, RCEA purchases electrical power from numerous suppliers. Electricity costs include the cost of energy and capacity arising from bilateral contracts with energy suppliers as well as wholesale sales and generation credits, and load and other charges arising from RCEA's participation in the CAISO's centralized market. The cost of electricity and capacity is recognized as "Purchased Power" in the Statements of Revenues, Expenses and Changes in Net Position.

Income Taxes

RCEA is a joint powers authority under the provisions of the California Government Code and is not subject to federal or state income or franchise taxes.

Effect of New Accounting Standards on Current Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

GASB has approved GASB Statement No. 87, *Leases*; GASB Statement No. 91, *Conduit Debt Obligations*; GASB Statement No. 92, *Omnibus 2020*; GASB Statement No. 93, *Replacement of Interbank Offered Rates*; GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*; GASB Statement No. 99, *Omnibus 2022*; GASB Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62*; GASB Statement No. 101, *Compensated Absences*; GASB Statement No. 102, *Certain Risk Disclosures*; GASB Statement No. 102, *Financial Reporting Model Improvements*; GASB Statement No. 103, *Financial Reporting Model Improvements* and GASB Statement No. 104, *Disclosure of Certain Capital Assets*. When they become effective, application of these standards may result in restating of these financial statements. Management is evaluating the effects of these new pronouncements.

Redwood Coast Energy Authority

Notes to the Basic Financial Statements

June 30, 2021 and 2020

2. Cash and Cash Equivalents

As of June 30, 2021 and 2020, RCEA maintains its cash in both interest-earning and noninterest-earning bank accounts with Umpqua Bank.

California Government Code Section 16521 requires banks to collateralize amounts of public funds in excess of the FDIC limit of \$250,000 in an amount equal to 110% of deposit balances.

As of June 30, 2021 and 2020, RCEA maintains \$21,325 and \$21,304 of its cash in the Humboldt County Treasury, respectively. The County pools these funds with those of other governmental entities in the County and invests the cash. These pooled funds are carried at cost which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The Humboldt County Treasury had no investments in derivatives.

Investment Policy

No formal investment policy has been adopted by RCEA.

3. Capital Assets

A summary of changes in capital assets for 2021 follows:

	Balances July 1, 2020	Increases	Decreases	Balances June 30, 2021
Construction work in progress	\$ 2,324,758	\$ 2,911,835	\$ -	\$ 5,236,593
Capital assets being depreciated:				
Leasehold improvements	45,972	-	-	45,972
Equipment	354,036	72,625	143,099	283,562
Total capital assets being depreciated	400,008	72,625	143,099	329,534
Less accumulated depreciation:				
Leasehold improvements	(13,628)	(2,299)	-	(15,927)
Equipment	(211,078)	(55,452)	(143,099)	(410,629)
Total accumulated depreciation	(224,706)	(57,751)	(143,099)	(425,556)
Capital assets being depreciated, net	\$ 175,302	\$ 14,874	\$ -	\$ 190,176

Redwood Coast Energy Authority

Notes to the Basic Financial Statements

June 30, 2021 and 2020

A summary of changes in capital assets for 2020 follows:

	Balances July 1, 2019	Increases	Decreases	Balances June 30, 2020
Construction work in progress	\$ 860,350	\$ 1,464,408	\$ -	\$ 2,324,758
Capital assets being depreciated:				
Leasehold improvements	45,972	-	-	45,972
Equipment	253,346	100,690	-	354,036
Total capital assets being depreciated	299,318	100,690	-	400,008
Less accumulated depreciation:				
Leasehold improvements	(11,329)	(2,299)	-	(13,628)
Equipment	(166,299)	(44,779)	-	(211,078)
Total accumulated depreciation	(177,628)	(47,078)	-	(224,706)
Capital assets being depreciated, net	<u>\$ 121,690</u>	<u>\$ 53,612</u>	<u>\$ -</u>	<u>\$ 175,302</u>

4. Notes Payable

RCEA obtained a loan with PG&E in January 2014 for energy upgrades in the amount of \$10,974 at 0% interest for 69 months. The loan was paid off in fiscal year 2020.

Beginning in July 2016, RCEA incurred startup costs associated with the CCA program with The Energy Authority, (TEA), for Phase I and Phase II of the project totaling \$187,197 prior to the launch of the program in May 2017. Payment for these costs was deferred until Phase III of the project and will be amortized over 48 months at 5%. The loan was paid off in fiscal year 2021.

All of the aforementioned debt is directly placed with a third party.

The outstanding balances as of June 30, 2021 and 2020 are as follows:

Loan Description	Final Maturity	Interest Rate	2021	2020
TEA Loan	3/31/2021	5.00%	\$ -	\$ 31,468

Redwood Coast Energy Authority

Notes to the Basic Financial Statements

June 30, 2021 and 2020

Long-Term Obligation Summary

Long-term obligation activity for the year ended June 30, 2021 is as follows:

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>	<u>Due Within One Year</u>
Notes payable	\$ 31,469	\$ -	\$ 31,469	\$ -	\$ -

Long-term obligation activity for the year ended June 30, 2020 is as follows:

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2020</u>	<u>Due Within One Year</u>
Notes payable	\$ 92,519	\$ -	\$ 61,050	\$ 31,469	\$ 31,469

5. Retirement Plan

RCEA has established a Savings Incentive Match Plan for employees (a Simple IRA) where RCEA and employees make contributions to individual retirement accounts (IRAs). Under the Simple IRA, RCEA must make contributions matching participating employee contributions, up to a maximum of 3% of an employee's gross salary per year. Employees may contribute up to the maximum federally allowed amount. All regular employees of RCEA are eligible to participate in the Simple IRA plan. Plan contributions by RCEA for the years ended June 30, 2021 and 2020 were \$128,492 and \$80,019, respectively.

6. Risk Management

RCEA is covered for general business, liability, automobile and errors and omissions through the Special Districts Risk Management Authority (SDRMA), a public entity risk pool. As a member of a public entity risk pool, RCEA is responsible for appointing an employee as a liaison between RCEA and SDRMA, implementing all policies of the SDRMA and promptly paying all contributions. SDRMA is responsible for providing insurance coverage as agreed upon, assisting RCEA with implementation, providing claims adjusting and defending any civil action brought against an officer of RCEA.

RCEA is exposed to various insurable risks of loss related to torts; theft of, damage to and destruction of assets; and errors and omissions. During the year, RCEA purchased insurance policies from investment-grade commercial carriers to mitigate risks that include those associated with earthquakes, theft, general liability, errors and omissions and property damage. Settled claims have not exceeded the commercial liability in any of the past three years. There were no significant reductions in coverage compared to the prior year.

On July 12, 2018, RCEA's Board adopted the Energy Risk Management Policy (ERMP). The ERMP establishes RCEA's Energy Risk Program and applies it to all power procurements and related business activities that may impact the risk profile of RCEA. The ERMP documents the framework by which RCEA staff and consultants will identify and quantify risk, develop and execute procurement strategies, develop controls and oversight and monitor and measure and report on the effectiveness of the ERMP. Risks covered by the ERMP include market price risk, credit risk, volumetric risk, operational risk, opt-out risk, legislative and regulatory risk and other risks arising from operating as a Community Choice Aggregation and participating in California energy markets. The Board approved updates to the ERMP in July 2019, July 2020 and July 2021.

Redwood Coast Energy Authority

Notes to the Basic Financial Statements

June 30, 2021 and 2020

RCEA maintains other risk management policies, procedures and systems that help mitigate and manage credit, liquidity, financial, regulatory and other risks not covered by the ERMP.

Credit guidelines include a preference for transacting with investment-grade counterparties, evaluating counterparties' financial condition and assigning credit limits as applicable. These credit limits are established based on risk and return considerations under terms customarily available in the industry. In addition, RCEA enters into netting arrangements whenever possible and where appropriate obtains collateral and other performance assurances from counterparties.

7. Purchase Commitments

Construction

At 12/31/2021, RCEA had open construction contracts for \$3,219,340. As of year-end, \$4,112,531 has been expended.

Power and Electric Capacity

In the ordinary course of business, RCEA enters into various power purchase and energy storage agreements in order to acquire renewable and other energy and electric capacity. The price and volume of purchased power may be fixed or variable. Variable pricing is generally based on the market price of electricity at the date of delivery. Variable volume is generally associated with contracts to purchase energy from as-available resources such as solar, wind and hydro-electric facilities.

RCEA enters into power purchase and energy storage agreements in order to comply with state law and elective targets for renewable and greenhouse gas (GHG) free products and to ensure stable and competitive electric rates for its customer.

The following table represents the expected, undiscounted, contractual commitments for energy storage, power and electric capacity outstanding as of June 30, 2021:

Years ending June 30:	
2022	\$ 7,653,043
2023	8,006,992
2024	6,267,473
2025	11,386,808
2026	-
	<hr/>
Total	\$ 33,314,316

8. Subsequent Events

RCEA evaluated subsequent events through the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.

USDA Loan

On June 1, 2021, RCEA secured a guaranteed loan to finance construction of electric generation facilities through the U.S. Department of Agriculture (USDA) Rural Utilities Service program totaling \$6,600,000 with an effective interest rate of 1.79%. RCEA completed two loan draws totaling \$6,287,592 subsequent to June 30, 2021 as the project continues.

Redwood Coast Energy Authority

Notes to the Basic Financial Statements
June 30, 2021 and 2020

Debt Issue

On February 8, 2022, RCEA entered into a \$2,000,000 unsecured loan agreement with Blue Lake Rancheria. The obligation is payable over 7 months and bears an interest rate of 8.00%. The obligation was paid in full on August 25, 2022.



Redwood Coast Energy Authority

2021 & 2020
Financial Statement Audit

Auditor's Report to Governing Body

December 17, 2024



AGENDA

- **Audit Results**
- **Required Communication to Governing Body**
- **Impact of Future Standards**
- **Discussion**

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the basic financial statements, whether due to fraud or error. Included in that assessment is a consideration of RCEA's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the basic financial statements prepared by management, with the oversight of the Board of Directors:
 - Are free from material misstatement
 - Present fairly, in all material respects, and in accordance with accounting principles generally accepted in the United States of America
- Our audit of the basic financial statements does not relieve management or the Board of Directors of their responsibilities.



Planned scope and timing

Audit focus

Based on our understanding of RCEA and the environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting standards

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about RCEA's current year results.

Key areas of focus and significant findings

Other key areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk but were determined to require specific awareness and a unique audit response.

Other key areas of emphasis

Cash and investments	Revenues and receivables	General disbursements
Payroll	Financial reporting and required disclosures	Long-term debt
Capital assets	Net position calculations	

Audit approach and results

Audit performed in accordance with *Generally Accepted Auditing Standards*

Audit objective – reasonable assurance that financial statements are free from material misstatement

Financial statements of RCEA received an *Unmodified Opinion*

There were one material weakness related to the financial statement close process

Auditor communication to those charged with governance

**Auditor
responsibility &
independence**

**Board
responsibility**

**Accounting
policies and
estimates**

**Baker Tilly agrees with RCEA's
accounting policies and disclosures**

Audit adjustments

No other audit findings or concerns

Future accounting standards update

GASB Statement Number	Description	Potentially Impacts you	Effective Date
87	Leases	✓	6/30/2022
89	Accounting for Interest Incurred before the End of a Construction Period		6/30/2022
90	Majority Equity Interests		6/30/2021
91	Conduit Debt		6/30/2023
92	Omnibus 2020	✓	6/30/2022
93	Replacement of Interbank Offered Rates		6/30/2022
94	Public-Private and Public-Public Partnerships and Availability Payment Arrangements	✓	6/30/2023
96	Subscription-Based Information Technology Arrangements	✓	6/30/2024
97	Certain Component Unit Criteria, and Accounting and Financial Reporting for IRC Section 457 Deferred Compensation Plans	✓	6/30/2022
98	The Annual Comprehensive Financial Report		6/30/2022
99	Omnibus 2022	✓	6/30/2024
100	Accounting Changes and Error Corrections		6/30/2025
101	Compensated Absences	✓	6/30/2025
102	Certain Risk Disclosures	✓	6/30/2025
103	Financial Reporting Model Improvements	✓	6/30/2025
104	Disclosure of Certain Capital Assets	✓	6/30/2026



Discussion...



Client Service Team



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STAFF REPORT
Agenda Item # 9.2

AGENDA DATE:	December 17, 2024
TO:	Board of Directors
PREPARED BY:	Stephen Kullmann, Director of Demand Side Management Lori Biondini, Director of Business Planning and Finance Eileen Verbeck, Interim Executive Director
SUBJECT:	Rural Regional Energy Network North: Pre-Launch Professional Service Agreements & Budget Adjustment

Background

The California Public Utilities Commission (“CPUC”) issued Decision D.24-09-031, effective September 26, 2024, approving the Northern California Rural Regional Energy Network (“RuralREN North” or “RRENN”) to deliver energy efficiency programs to underserved rural customers.

RCEA, serving as Lead Portfolio Administrator, is partnering with the Sierra Business Council (SBC), Lake Area Planning Commission (Lake APC), and the Mendocino Council of Governments (MCOG) as the RRENN, which will provide seven programs across 17 counties:

- **Residential Resource Acquisition:** energy efficiency and electrification incentives and rebates for residential customers
- **Commercial Resource Acquisition:** energy efficiency and electrification incentives and rebates for commercial customers
- **Residential Equity:** assessments and other “non-resource” services to residential customers
- **Public Equity:** assessments and other “non-resource” services to public agency customers
- **Codes & Standards:** education and technical resources to increase understanding of and compliance with California’s Building Energy Efficiency Codes
- **Workforce Education & Training:** accelerates training (upskilling of existing workers and training for new workers) and increases new opportunities for employment
- **Finance:** gap and micro-loans for residential, commercial, and public agency customers.

Summary

RCEA will be executing a contract with the RRENN fiscal sponsor, Pacific Gas & Electric Co (PG&E) by the end of December 2024, and Staff anticipates requesting a total of \$7,127,835 in budget payments for fiscal year 2024-25 for the administration and implementation of RRENN.

The RRENN partners have entered into a Memorandum of Agreement that outlines the overall roles and responsibilities of the partners. RCEA will be entering into implementation contracts with each partner that will outline the programs offered by partner, reporting requirements, and a process to set annual budgets. However, in the pre-launch period (prior to the implementation contracts being executed) the RRENN partners have expended resources (staff time and consultants) and will continue to do so to develop and launch RRENN.

To accommodate the resources needed during this pre-launch time, RCEA is planning to enter into Pre-Launch Professional Services Agreements with each partner for work performed from CPUC approval date of September 26, 2024 until the implementation agreements are executed or March 31, 2025, whichever occurs first. A draft scope of work for the Pre-Launch Professional Services Agreement has been attached to outline the type of work that will be performed. The total not-to-exceed (NTE) amount of these partner contracts will be \$549,095.84. Pre-launch professional service agreements that exceed the spending authority of the Executive Director will be brought to the full Board for approval in either January or February.

With the CPUC approval of the RRENN, the RCEA Board has approved contracts for administrative services, legal and marketing consultants. The total consultant costs that have been executed for fiscal year 2024-2025 is anticipated to be \$589,250. Additional consultant expenses are anticipated for other RRENN related services and will be reflected in the February 2025 mid-year budget review.

Staff requests an adjustment to RCEA’s fiscal year 2024-2025 budget to accommodate the NTE total of the pre-launch partner agreements and the anticipated consultant expenses. This will allow RCEA and partners to stay on track with ramping up the RRENN programs despite the lengthy fiscal sponsor contracting process.

Account	Adopted FY 24-25 Budget	Proposed Adjustment
5000 – Non-Gov Revenue	\$1,375,000	\$2,513,345.84
8410 – Program Related Services	\$1,418,600	\$2,556,945.84

FINANCIAL IMPACTS

The Partner Agreements and consultant costs will be cost neutral, as all expenses will be recovered through RuralREN North revenue once the fiscal sponsor agreement is executed and RCEA requests budget payments. The full amount of this year’s RRENN revenue and expenses will be detailed in the mid-year budget review in February 2025.

EQUITY IMPACTS

RENs in general, and the RRENN in particular, are designed to reach customers that otherwise are not being reached by existing ratepayer-funded programs.

RECOMMENDED ACTIONS

Approve budget adjustment to RCEA Fiscal Year 24-25 Budget.

ATTACHMENT

Scope of work for RuralREN North Partner Pre-Launch Professional Services Agreements

EXHIBIT A: SCOPE OF WORK

CONSULTANT will perform the following work according to the Tasks detailed below and Attachment 1: “Scope of Work Table”:

TASK 1 – RURALREN NORTH GOVERNANCE: CONSULTANT shall participate in RuralREN North governance activities as described below:

- 1.1 Governing Partners Meetings: CONSULTANT shall attend regular meetings with the RCEA Portfolio Manager and other Governing Partners. Meeting cadence will be weekly until deemed appropriate to meet less frequently.
- 1.2 Solicitation Support: CONSULTANT may support the solicitation process for portfolio wide contractors by developing and reviewing scopes of work, evaluation criteria, and timelines. CONSULTANT may also participate as part of the review and selection team.
- 1.3 Annual Portfolio-Level Budget (APB): CONSULTANT will work together with RCEA Portfolio Manager to develop the APB for 2024 and 2025
 - 1.3.1 Deliverables:
 - 1.3.1.1 Annual Portfolio-Level Budget Template by November 8, 2024
 - 1.3.1.2 2024 Annual Portfolio-Level Budget by November 15, 2024
 - 1.3.1.3 2025 Annual Portfolio-Level Budget by December 31, 2024
- 1.4 Annual Strategy and Portfolio Plan (ASP): CONSULTANT will work together with RCEA Portfolio Manager to develop the ASP for 2025.
 - 1.4.1 Deliverable:
 - 1.4.1.1 2025 Annual Strategy and Portfolio Plan by December 31, 2024
- 1.5 Other Meetings: CONSULTANT may attend other meetings, including but not limited to CalREN, CAEECC, etc. as a representative of RuralREN North.
- 1.6 Develop MOA and Bylaws: CONSULTANT will work with the other GPs to develop an MOA and Bylaws for RuralREN North.
 - 1.6.1 Draft MOA and Bylaws: CONSULTANT will produce a draft of the MOA and Bylaws ready for legal review.
 - 1.6.2 Legal Review of MOA and Bylaws: CONSULTANT’s Legal Counsel will review the MOA and Bylaws and provide edits and comments.
 - 1.6.3 Finalize MOA and Bylaws: CONSULTANT will take Legal Counsel comments and produce a final MOA and Bylaws that meet the requirements of all the GP’s agencies.
 - 1.6.4 Board Approval (if applicable): If required, CONSULTANT Agency will receive approval from their Board of Directors.
 - 1.6.5 Execute MOA: The appropriate representative from each CONSULTANT Agency will sign the MOA.
 - 1.6.6 Deliverables:
 - 1.6.6.1 Draft MOA ready for legal review by September 20, 2024
 - 1.6.6.2 MOA with legal counsel revisions and comments by October 31, 2024
 - 1.6.6.3 Final MOA ready for board approval by November 2, 2024
 - 1.6.6.4 Board approval of MOA
 - 1.6.6.5 Executed MOA by November 30, 2024

TASK 2 – PRE-LAUNCH:

- 2.1 Support Business Plan Revisions: CONSULTANT will work together with the RCEA Portfolio Manager to revise the Business Plan.
 - 2.1.1 Program Revisions: CONSULTANT will work with the RCEA Portfolio Manager to revise the programs from the original Business Plan to reflect changes required to

- launch with the RuralREN North.
- 2.1.2 Program Launch Timeline: CONSULTANT will revise and approve a Program Launch Timeline developed by the RCEA Portfolio Manager.
- 2.1.3 Review Draft: CONSULTANT will review the draft of the revised Business Plan and provide edits and comments.
- 2.1.4 Review Final Draft: CONSULTANT will review the final draft of the revised Business Plan and provide edits and comments.
- 2.1.5 Deliverables:
 - 2.1.5.1 Program Launch Timeline by 10/30/24
 - 2.1.5.2 Draft with revision and comments by 11/6/24
 - 2.1.5.3 Final Draft with revisions and comments by 11/20/24
- 2.2 Project Management and Collaboration Tools: CONSULTANT will set up accounts on the agreed upon Task Management and Collaboration tools.
 - 2.2.1 Task Management: Set up account on Monday.com. RCEA will provide licenses.
 - 2.2.2 Collaboration: Set up account on MS Teams. RCEA will provide access.
- 2.3 Marketing:
 - 2.3.1 Branding: CONSULTANT will work with Marketing Firm on branding of the RuralREN North.
 - 2.3.2 Website: CONSULTANT will work with the Marketing Firm on developing a website for RuralREN and the downstream rebate program.
 - 2.3.3 Marketing and Outreach Plan: CONSULTANT will work with the Marketing Firm on developing a marketing and outreach plan.

TASK 3: PREPARE FOR PROGRAM LAUNCH

- 3.1 Attend Program Team Meetings: CONSULTANT shall attend regular Program Team meetings with the RCEA Portfolio Manager and other Implementing Partners, as necessary, to discuss program logistics, marketing coordination, evaluation, monitoring and verification coordination, invoicing requirements, scope of work, program coordination and integration, and any other contractual issues.
- 3.2 Develop Needs Assessment: CONSULTANT will work with the RCEA Portfolio Manager on developing Scopes of Work for the needs assessments in the following Sectors:
 - 3.2.1 Residential
 - 3.2.2 Public and Building Depts
 - 3.2.3 Commercial
 - 3.2.4 Contractors
- 3.3 Implementation Plans: CONSULTANT will work with the RCEA Portfolio Manager to develop implementation plans for the following programs:
 - 3.3.1 Residential Resource
 - 3.3.2 Commercial Resource
 - 3.3.3 Residential Equity
 - 3.3.4 Finance
 - 3.3.5 Public Equity
 - 3.3.6 WE&T
 - 3.3.7 C&S
 - 3.3.8 Deliverables:
 - 3.3.8.1 Implementation plan for Residential Resource Acquisition Program.
 - 3.3.8.2 Implementation plan for Commercial Resource Acquisition Program.
 - 3.3.8.3 Implementation plan for Residential Equity program.
 - 3.3.8.4 Solicitation for Finance Program.
 - 3.3.8.5 Outline of implementation plan for Financing Program.
 - 3.3.8.6 Outline of implementation plan for WE&T program.

- 3.3.8.7 Outline of implementation plan for C&S program.
- 3.4 Joint Cooperation Memos (JCM): CONSULTANT that are program leads will fill out information for their programs in the JCM Program table provided by Blue Point Planning.
- 3.5 Training: CONSULTANT will participate in training with RCEA on the delivery of a downstream rebate program.

Task 4 - REPORTING

- 4.1 CONSULTANT shall report on Program activities as described below and invoice RCEA as described below in section 4.3 to 4.7. RCEA may need to revise these invoice reporting requirements from time to time, at which time the RCEA Portfolio Manager will notify CONSULTANT of the changes.
- 4.2 Approve Reporting Templates: the RCEA Portfolio Manager will work with the CONSULTANT to develop specific templates for the following reporting documents.
 - 4.2.1 **Invoice and Financial Files.** The invoice workbook will include tabs for reporting Time and Materials-based activities by Task, expenses according to CPUC categories, and a list of all CPUC allowable costs. The file format will be provided by the RCEA Portfolio Manager during Task 4.2. Invoices must include the following components:
 - 4.2.1.1 T&M Activities: For each Task, provide Name, Hours worked, Rate, and Total.
 - 4.2.1.2 Expense Summary by CPUC category: Admin, Marketing, and Direct Implementation (non-incentives and incentives).
 - 4.2.1.3 Travel Expenses for reimbursement
 - 4.2.2 **Monthly Narrative.** The monthly narrative shall include a summary of the Program expenses and achievements and a discussion on the following Program activities occurring during the month:
 - 4.2.2.1 Expense Summary Table
 - 4.2.2.2 Summary of Deliverables.
 - 4.2.2.3 Other requirements as determined by the CPUC or the CPUC's Energy Division for monthly reports
 - 4.2.3 **Quarterly Reporting Template.**
 - 4.2.4 **Annual Reporting Template.**
- 4.3 Monthly Reporting: Alongside each monthly invoice, CONSULTANT shall submit a monthly expense and narrative report to RCEA for Program accomplishments performed in the preceding calendar month. CONSULTANT shall implement, adhere to, and submit the items as described in Exhibit G (Invoice Reporting Requirements), and as approved in Task 4.1 above for work completed the preceding month.
 - 4.3.1 Deliverables:
 - 4.3.1.1 Monthly Report: Due Date concurrent with month invoices, The 15th calendar day of each month, beginning on 12/15/24.

4.4 Reporting Schedule:

Report	Due Date	Frequency
Monthly Reports/Invoices	15 th day of each month following the reporting month	Monthly until January 15 th , 2028
Quarterly Reports	45 calendar days after the end of each quarter	Quarterly through February 15 th , 2028
Annual Reports	Due by March 1 st of each year	Annually through March 1 st , 2028

4.5 Quarterly Reports: CONSULTANT will train with RCEA Portfolio Manager to understand the process and requirements for quarterly reporting. Starting in January of 2025 and at least quarterly thereafter, CONSULTANT shall submit a report of budget and expenses disaggregated into specific CPUC Allowable Cost line items. CONSULTANT shall use the template for quarterly reports as described in Exhibit G (Invoice Reporting Requirements) or as provided by the RCEA Portfolio Manager. CONSULTANT shall submit a final quarterly invoice as referenced below, and Program Quarterly Report.

4.6 Annual Report: CONSULTANT will train with RCEA Portfolio Manager to understand the process and requirements for annual reporting. On March 1, 2025, CONSULTANT shall submit an Annual Report to RCEA. This report shall include cumulative documentation of all Program activities and expenditures during each program year as required by the CPUC and/or the RCEA Portfolio Manager.

CONSULTANT will perform the services indicated above no later than March 31, 2025, though this may be adjusted in writing by RCEA in negotiation with CONSULTANT.

RuralREN North



NORTHERN CALIFORNIA RURAL REGIONAL ENERGY NETWORK

STEPHEN KULLMANN, DIRECTOR DEMAND SIDE MANAGEMENT
DECEMBER 17, 2024 RCEA BOARD OF DIRECTORS

RuralREN North Partners

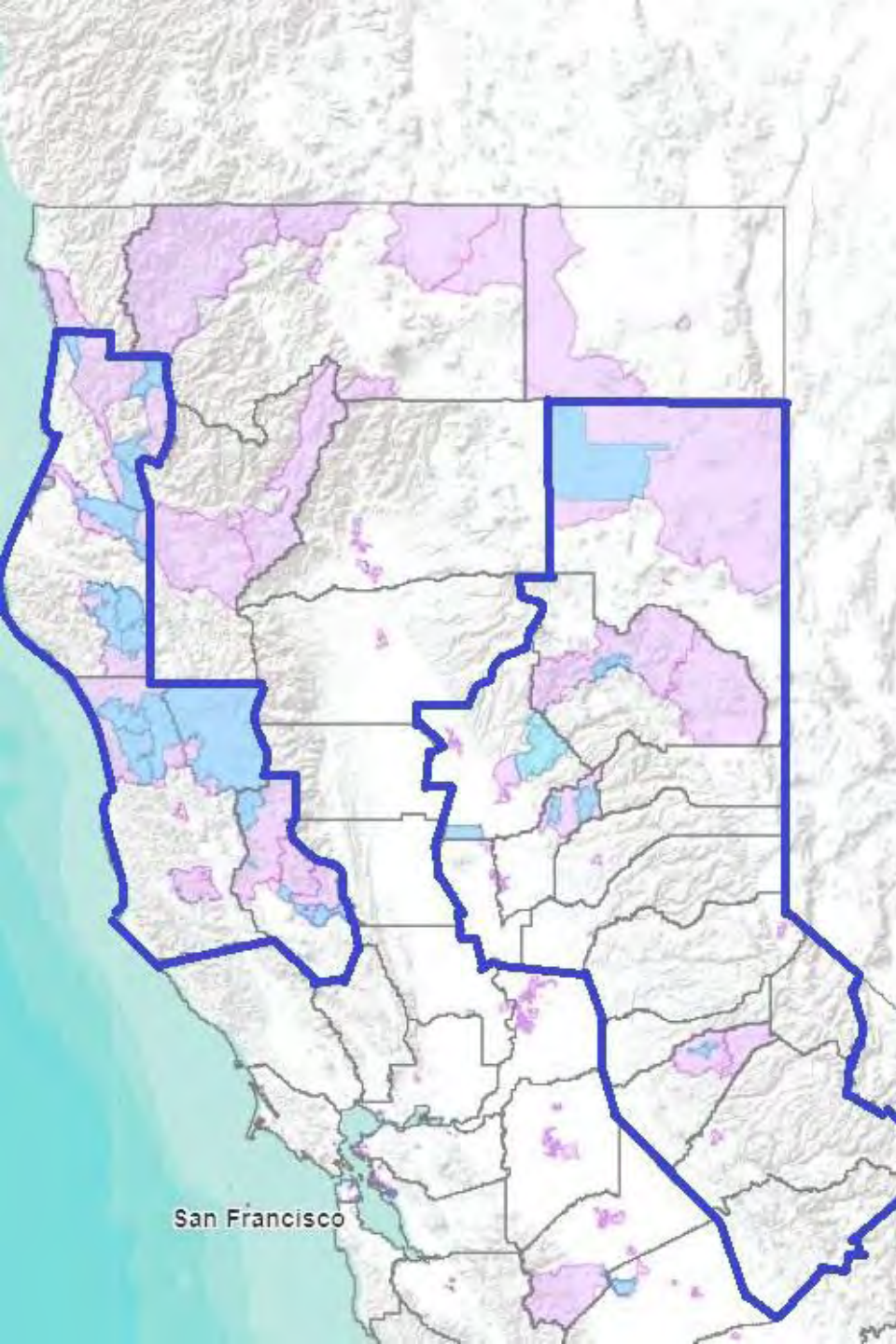
Redwood Coast Energy Authority is a joint powers authority and Community Choice Aggregator, which has implemented energy efficiency programs in Humboldt County since 2003.

Sierra Business Council is a non-profit organization whose purpose is to pioneer and demonstrate innovative approaches and solutions to increase community vitality, economic prosperity, environmental quality, and social fairness in the Sierra Nevada and experienced energy program implementer for over 15 years.

Mendocino Council of Governments is a joint powers authority founded in 1992 whose purpose is to assist local governments in planning to address common needs, cooperating for mutual benefit, and coordinating for sound regional, community, and intercommunity development

Lake Area Planning Council is a joint powers authority created to plan for and suggest solutions to common problems of its member agencies.





RuralREN North Territory

Seventeen rural counties throughout the North Coast and Sierra Nevada regions

RuralREN North region not served by any other REN and has experienced significant challenges in being served by IOU programs

High percentage of low income, disadvantaged, hard-to-reach counties as well as tribal communities.

RCEA will be the Lead Portfolio Administrator for the entire RuralREN North and implement programs in Humboldt County

Seven RuralREN North Programs

❖ Residential Equity:

- ❖ Launching Q1-2 2025
- ❖ Assessments, outreach and education, energy efficiency kits

❖ Residential Resource

- ❖ Launching Q1-2 2025
- ❖ Equipment rebates and heat pump installations

❖ Non-Residential Resources

- ❖ Launching Q2 2025
- ❖ Direct install heat pumps and equipment

❖ Finance

- ❖ Launching Q3 2025
- ❖ Micro and gap loans

❖ Workforce Education & Training

- ❖ Launching Q4 2025
- ❖ Contractor trainings
- ❖ Partnerships with local educational institutions

❖ Public Equity

- ❖ Launching 2026
- ❖ Assessments and support for public agencies in Mendocino and Lake Counties

❖ Codes & Standards

- ❖ Launching TBD
- ❖ Code training and support for contractors and agencies

RuralREN North Strategic Plan Outcomes

Outcome 1: Hard to reach and underserved rural customers are provided the same level of services and support of CPUC energy programs as their counterparts in or near metropolitan areas.

Outcome 2: Energy consumption, energy cost, and GHG emissions are reduced across the rural regions, contributing to California's decarbonization and energy efficiency goals.

Outcome 3: Hard-to-reach and underserved communities have access to incentives and financing tailored to their needs to encourage adoption of energy efficiency and electrification projects.

RuralREN North Partner Contracts

Pre-Launch Scope of Work – prior to execution of full implementation contract

- Participation in Governance Activities
- Portfolio Level budgets and Strategic Planning
- Meeting Attendance
- MOA and Bylaws
- Business Plan Submission
- Program Implementation Plans
- Joint Cooperation Memos
- Marketing and Outreach
- Needs Assessments
- Implementation Plans
- Reporting

Combined not-to-exceed amount for the three agreements is \$549,095.84

Pre-launch professional service agreements that exceed the spending authority of the Executive Director will be brought to the full Board for approval in either January or February.

RuralREN North FY 24-25 Budget Adjustment

Account	Adopted FY24-25 Budget	Proposed Adjustment
5000 – Non-Gov Revenue	\$1,375,000	\$2,513,345.84
8410 – Program Related Services	\$1,418,600	\$2,556,945.84

Recommended Action: Approve budget adjustment to RCEA FY 24-25 Budget.



REDWOOD COAST
EnergyAuthority

STAFF REPORT
Agenda Item # 10.1

AGENDA DATE:	December 17, 2024
TO:	Board of Directors
FROM:	Eileen Verbeck, Interim Executive Director
SUBJECT:	Interim Executive Director's Report

SUMMARY

Interim Executive Director Eileen Verbeck will provide updates on topics as needed, including proposed 2025 RCEA Board meeting dates for Director review.

RECOMMENDED ACTION

None. (Information only.)

ATTACHMENT

Proposed 2025 RCEA Board Meeting Calendar

Redwood Coast Energy Authority
Board of Directors
2025 REGULAR MEETING SCHEDULE

**Meetings begin at 3:30 p.m. at the Wharfinger Building downstairs Bay Room,
1 Marina Way, Eureka, CA 95501.**

January 23	(4 th Thursday)
February 27	(4 th Thursday)
March 27	(4 th Thursday)
April 24	(4 th Thursday)
May 22	(4 th Thursday)
June 26	(4 th Thursday)
July 24	(4 th Thursday)
August 28	(4 th Thursday)
September 25	(4 th Thursday)
October 23	(4 th Thursday)
...	...
January 22, 2026	(4 th Thursday)

Proposed November dates: (3:30 p.m. start times)

- 1. Monday, November 10
- 2. Wednesday, November 12
- 3. Tuesday, November 18
- 4. Monday, November 24 (Thanksgiving week)

Proposed December dates: (3:30 p.m. start times)

1. Monday, December 8 – 3:30 p.m.
2. Wednesday, December 10 – 3:30 p.m.
3. Tuesday, December 16 – 3:30 p.m.
4. Monday, December 22 – 3:30 p.m. (Christmas week)

RCEA Board of Directors meetings are conducted in-person and [online via Zoom](#) pending any declared States of Emergency preventing the safe, in-person meeting of the Board and public. Meeting recordings are also aired on Access Humboldt/Optimum Cable Channel 10 on Saturdays at 2 p.m. and archived on Internet Archive, <https://archive.org/>.

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