



Redwood Coast Energy Authority

633 3rd Street, Eureka, CA 95501

Phone: (707) 269-1700 Toll-Free (800) 931-7323 Fax: (707) 269-1777

E-mail: info@redwoodenergy.org Web: www.redwoodenergy.org

COMMUNITY ADVISORY COMMITTEE SPECIAL MEETING

Wharfinger Building downstairs Bay Room (*different location*) October 8, 2024
1 Marina Way, Eureka, CA 95501 Tuesday, 6 - 7:30 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 Community Advisory Committee, 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 Committee at the meeting, please provide 17 copies to the Board Clerk.

THIS IS A HYBRID IN-PERSON AND VIRTUAL MEETING.

The Community Advisory Committee has returned to in-person hybrid meetings. When attending CAC meetings, please socially distance as much as possible and be courteous to those who choose to wear a mask.

To participate in the meeting by phone, call (669) 900-6833 or (253) 215-8782. Enter webinar ID: 822 2338 1610. **To participate in the meeting online**, join the Zoom webinar at <https://us02web.zoom.us/j/82223381610>.

To comment by phone or online 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 ask you to unmute your phone or computer. You will have 3 minutes to speak.

You may email written comments 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."

COMMUNITY ADVISORY COMMITTEE

SPECIAL MEETING AGENDA

Agenda Item / What	How / Action <small>Underlined actions indicate that a vote is needed.</small>	When																
1. Open	<p><u>Roll Call:</u></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Norman Bell</td> <td style="width: 50%;">Luna Latimer</td> </tr> <tr> <td>Elizabeth Burks</td> <td>Ethan Lawton</td> </tr> <tr> <td>Deborah Dukes</td> <td>Dennis Leonardi</td> </tr> <tr> <td>Colin Fiske</td> <td>Kit Mann</td> </tr> <tr> <td>Benjamin Fordham</td> <td>Pliny McCovey</td> </tr> <tr> <td>Chris Honar</td> <td>Michael Shackelford</td> </tr> <tr> <td>Richard Johnson</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">Kris Mobley, Board Liaison</td> </tr> </table> <p>Remote member participation:</p> <p><u>Action (if needed): Approve teleconference participation request for this meeting by committee member pursuant to Brown Act revisions of AB 2449 due to an emergency circumstance to be briefly described.</u></p> <p>Review meeting agenda and goals.</p>	Norman Bell	Luna Latimer	Elizabeth Burks	Ethan Lawton	Deborah Dukes	Dennis Leonardi	Colin Fiske	Kit Mann	Benjamin Fordham	Pliny McCovey	Chris Honar	Michael Shackelford	Richard Johnson			Kris Mobley, Board Liaison	6-6:05 p.m. (5 min.)
Norman Bell	Luna Latimer																	
Elizabeth Burks	Ethan Lawton																	
Deborah Dukes	Dennis Leonardi																	
Colin Fiske	Kit Mann																	
Benjamin Fordham	Pliny McCovey																	
Chris Honar	Michael Shackelford																	
Richard Johnson																		
	Kris Mobley, Board Liaison																	
2. Non-Agenda Item Public Comment	<p>This item is provided for the public to address the Committee on matters not on the agenda. At the end of public comments, the Committee may respond to statements, or refer requests requiring action to the Executive Director or the Board of Directors.</p>	6:05 – 6:10 p.m. (5 min.)																
3. Consent Calendar	<p>All matters on the Consent Calendar are considered to be routine by the CAC 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, CAC members or members of the public can request that an item be removed for separate discussion.</p> <p>Actions:</p> <p style="text-align: center;">3.1. <u>Approve July 9, 2024, CAC Meeting Minutes.</u></p>	6:10 – 6:15 p.m. (5 min.)																
4. Items Removed from Consent Calendar	<p>This time is set aside for discussion of items removed from the Consent Calendar.</p>	6:15 – 6:20 p.m. (5 min.)																

Agenda Item / What	How / Action <u>Underlined actions</u> indicate that a vote is needed.	When
5. Renewable Energy Procurement Update	Action: Hear and discuss report on Board decision to pause renewable procurement goals in 2025, current energy regulation and budget concerns. (Information only)	6:20 - 6:40 p.m. (20 min.)
6. Diablo Canyon Nuclear Allocation	Action: <u>Provide a recommendation to the Board on whether to accept the nuclear allocation, and if the recommendation is to accept, provide a recommendation on whether to implement Scenario 2 (cost savings) or Scenario 3 (greenhouse gas reductions).</u>	6:40 – 7 p.m. (20 min.)
7. Annual Report on Humboldt Sawmill Company Biomass Use	Action: Discuss and provide comments to be passed on to the RCEA Board of Directors.	7 – 7:20 p.m. (20 min.)
8. Interim Executive Director's Report	Action: Hear updates from RCEA's Interim Executive Director. (Information only)	7:20 – 7:25 p.m. (5 min.)
9. Member and Board Liaison Reports	This time is provided for Committee members and the Board Liaison to share information on topics not on the agenda. At the end of member reports, the Executive Director will set requests requiring action to a future agenda or refer requests to staff or the Board. 9.1. Board Liaison 9.2. Committee Members	7 :25 – 7:30 p.m. (5 min.)
10. Close & Adjourn		7:30 p.m.

NEXT REGULAR CAC MEETING – Tuesday, November 12, 2024, 6 - 7:30 p.m.
Jefferson Community Center Auditorium, 1000 B Street, Eureka, CA 95501.

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REDWOOD COAST Energy Authority

COMMUNITY ADVISORY COMMITTEE STAFF REPORT Agenda Item # 1

AGENDA DATE:	October 8, 2024
TO:	RCEA Community Advisory Committee
FROM:	Eileen Verbeck, Interim Executive Director
SUBJECT:	Member Teleconference Participation

BACKGROUND

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

CAC members 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 the CAC member would like to attend the meeting remotely due to an emergency circumstance, the committee will take action by majority vote to approve the member's remote participation. A vote is not necessary for a request to attend remotely for just cause. A brief description, protecting the member's (or member's family member's) medical privacy, needs to be provided in both cases.

The remotely participating CAC member 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 member, and the general nature of the individual's relationship with the CAC member.

If the CAC member anticipates needing to participate remotely for more than 2 meetings per year or for non-just cause or emergency reasons, staff recommends arranging for a publicly and ADA accessible space with visual and audio meeting capabilities from which to participate in keeping with previous Brown Act teleconference meeting requirements.

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

RECOMMENDED ACTION

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



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COMMUNITY ADVISORY COMMITTEE MEETING

DRAFT MINUTES

July 9, 2024 - Tuesday, 6 - 7:30 p.m.

Chair Christopher Honar called the hybrid in-person and teleconference meeting to order on the above date at 6:09 p.m. at the Jefferson Community Center auditorium, 1000 B Street, Eureka, CA. The meeting agenda was posted on July 5, 2024.

Members present:

Norman Bell

Deborah Dukes

Colin Fiske

Christopher Honar

Richard Johnson

Dennis Leonardi

Pliny McCovey

Michael Shackelford

Members absent: Elizabeth Burks, Luna Latimer, Ethan Lawton, Kit Mann

Board-Nominee Vacancies: County, Rio Dell, Yurok Tribe

Board Liaison present: Natalie Arroyo (non-voting)

Staff and others present:

Mike Bishop, Senior Demand Side Management Technician

Brytann Busick, Community Strategies Manager

Faith Carlson, Regulatory and Legislative Policy Manager

Richard Engel, Power Resources Director

Lori Taketa, Board Clerk

Eileen Verbeck, Interim Executive Director

There were no comments on non-agenda items.

3. Consent Calendar

3.1. Approve May 14, 2024, CAC Meeting Minutes.

Member Bell reiterated his request for a report on possible wave and tidal energy projects in Humboldt Bay and a presentation by the Harbor District's Rob Holmlund on harbor infrastructure development. There was no public comment on this item.

Motion Leonardi, Second Dukes: Approve May 14, 2024, CAC meeting minutes.

The motion passed with the following unanimous vote: Ayes: Bell, Dukes, Fiske, Honar, Johnson, Leonardi, McCovey, Shackelford. Noes: None. Abstain: None. Absent: Burks, Latimer, Lawton, Mann.

5. Income Graduated Fixed Charge (Information only)

Power Resources Director Engel and Regulatory and Legislative Policy Manager Carlson reported on this upcoming electricity billing change and its possible effects on Humboldt County coastal and inland customers. The plan features a fixed charge for electricity service that varies depending on income, and lower rates for electricity used. Proponents say the plan lowers bills for low-income Californians, especially Central Valley residents, who may not be able to afford running air conditioners during major summer heat events. The charge also would pay for new grid infrastructure as renewable sources like wind and solar come online from different parts of the state. The plan should not increase utilities' incomes. RCEA's inland customers will likely save money on this plan but electricity bills for RCEA's coastal customers may go up. Staff will ask the CAC for help with customer messaging before the plan goes into effect.

The group discussed:

- how the plan may encourage higher electricity use, which happens when electrifying homes
- how the plan may encourage solar customers with battery storage to disconnect from the grid, or discourage solar adoption by reducing cost savings
- how the fixed charge will be distributed between the portions of the electric bill collected by PG&E and by RCEA
- whether RCEA must comply with this plan
- how the plan will affect Humboldt's low-income CARE and FERA customers
- how staff will focus on enrolling eligible customers in CARE and FERA discount programs.

Members expressed interest in providing input to the CPUC and legislature on how to implement the plan and asked whether RCEA could incentivize customers to adopt solar panels and battery storage. The group encouraged differentiating RCEA from PG&E in plan roll out messaging, stating clearly that RCEA did not start this statewide plan. There was no public comment on this agenda item.

6. CAC Charter Amendments

Interim Executive Director Verbeck described proposed Community Advisory Committee Charter amendments to help the committee take action despite ongoing member vacancies, including changing the quorum to 50% plus one of the appointed members rather than total membership which includes long-vacant seats. The group requested that if consensus cannot be reached on a recommendation to the Board:

1. That a simple majority of appointed members passes the action,
2. That dissenting opinions be included in the staff report to the Board, and
3. That the list of how all members voted also be included in the staff report.

Chair Honar and members Dukes and Leonardi volunteered to serve on an ad hoc subcommittee to review and approve redrafted Charter changes on behalf of the entire CAC. There were no public comments on this item.

Motion McCovey, Second Dukes: Approve Community Advisory Committee Charter revisions, after review and approval by the ad hoc Charter Revision Subcommittee, to be approved by the RCEA Board of Directors.

The motion passed with the following vote: Ayes: Bell, Dukes, Fiske, Honar, Johnson, Leonardi, McCovey, Shackelford. Noes: None. Abstain: None. Absent: Burks, Latimer, Lawton, Mann.

7. Residential Kit Focus Group

New Community Strategies Manager Brytann Busick and Account Services Manager Marisha Ramirez were introduced to the committee. Manager Busick and Senior Technician Bishop described the Demand Side Management Program's Energy Efficiency Kit, valued at up to \$75, which is available to any RCEA residential customer. The CAC gave feedback on proposed standardized efficiency kit contents.

Committee suggestions:

- Include health and safety tools such as refrigerator thermometers, carbon monoxide monitors and a nightlight.
- Include Spanish-language RCEA program information and educational material.
- Include a way for people to return unwanted material to avoid waste.
- Continue using recycled boxes to mail the kits.
- Partner with Humboldt Transit Authority to include free bus passes.
- Include particulate or nitrogen oxide monitors to ensure healthy air as houses are sealed to prevent heat loss.
- Include material showing what rebates are available to customers.

Members asked for restarting in-home visits by energy efficiency experts to install energy saving devices when program funding becomes available. There was no public comment on this agenda item.

8. Interim Executive Director's Report

Interim Executive Director Verbeck announced that the search for RCEA's Executive Director has begun and shared recruitment materials. Members requested that a CAC member be included on the Board's hiring committee.

9. Member and Board Liaison Reports

Board alternate liaison Arroyo reported on the Board's decision to pause the 100% clean and renewable energy by 2025 procurement goal through 2025 unless financial conditions allow reinstatement earlier. Interim Executive Director Verbeck explained the agency budget and energy market conditions driving the decision, and the possibility of depleting cash reserves should current goals be kept through near term forecasted market conditions. Members requested a report on the Board's decision at the next meeting.

Chair Honar adjourned the meeting at 8:05 p.m.

Lori Taketa
Clerk of the Board

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**STAFF REPORT
Agenda Item # 5**

AGENDA DATE:	October 8, 2024
TO:	Community Advisory Committee
PREPARED BY:	Eileen Verbeck, Interim Executive Director Lori Biondini, Business Planning and Finance Director Richard Engel, Director of Power Resources
SUBJECT:	Community Choice Energy Program Procurement Target Adjustment

At its June 27, 2024, meeting, the RCEA Board of Directors made the difficult decision to temporarily pause its goal of delivering an electric portfolio of 100% renewable or carbon-free resources by 2025. Due to the rapidly evolving financial outlook at the time and the timing of the CAC meeting, it was not feasible to consult with the CAC on this matter prior to asking the Board for a decision. The following material is adapted from the report presented to the Board in June, with updated financial information included.

BACKGROUND

RCEA’s 2012 Comprehensive Action Plan for Energy (CAPE)¹ and the RePower Humboldt strategic plan² put forth a vision of supplying most of the electricity demand within Humboldt County from local renewable resources by 2030. In March 2019, the RCEA Board of Directors adopted Resolution 2019-1 which further specified that RCEA’s Community Choice Energy program shall supply 100% clean and renewable electricity to its customers by 2025³. For reference, the State of California is aiming for 60% of California’s retail electricity sales to be supplied by Renewable Portfolio Standard (RPS)-certified renewable and zero-carbon energy by 2030 and a longer-term goal of 100% renewable and zero-carbon by 2045.

The State requires load-serving entities (LSEs) such as RCEA to meet renewable energy procurement goals established in the RPS. Rather than having a set procurement requirement in each year, the State uses multi-year compliance periods. This allows for some flexibility where an LSE that under-procures in one year has an opportunity to make it up in a subsequent year without being out of compliance. Compliance period 4 ends in 2024, and compliance period 5 begins in 2025.

The State goal is for renewable procurement to reach 44% of total portfolio in compliance period 4, and 52% in 2027, when compliance period 5 will end. For compliance planning purposes, RCEA considers our minimum procurement needed each year to be the value linearly interpolated between these end-of-compliance-period values. Hence in 2024 we consider the minimum compliance goal to be 44% renewable, and in 2025 46.67% renewable.

¹ https://redwoodenergy.org/wp-content/uploads/2019/12/CAPE-RePower_Final-9-2012.pdf

² https://redwoodenergy.org/wp-content/uploads/2019/12/RePower_Humboldt_Strategic_Plan.pdf

³ <https://redwoodenergy.org/wp-content/uploads/2019/05/March-28-2019-Board-Meeting-Agenda-and-Packet-SMALL-REVISED-4.1.19-bookmarked.pdf>; see Item 7.2.

Based on extensive discussions with the Board and the Community Advisory Committee, staff have understood a “clean and renewable” portfolio as one that includes a mix of RPS-certified renewables and non-renewable but carbon-free resources such as large-scale hydropower and have planned and implemented procurement accordingly. While nuclear power is also carbon-free, the Board has adopted a policy of generally not procuring this resource (see CAC Item 6 in this month’s agenda for further discussion). Since the adoption of Resolution 2019-1, costs of renewable and carbon-free energy have increased significantly. Faced with increasing costs last year, the Board approved a reduced renewable procurement target of 41% for 2023 (an 8% reduction).

SUMMARY

Forecasted electricity sales and wholesale power costs for fiscal year 2024-2025 used for discussion with the Board in June were based on modeling provided by The Energy Authority dated May 7, 2024. The model estimated decreased retail generation rates to maintain a 0.5% discount from Pacific Gas & Electric Company’s (PG&E) retail generation rates. PG&E rates are expected to be reduced during the 2024-2025 fiscal year, accompanied by an expected increase of the Power Charge Indifference Adjustment, and an expected increase of the cost of renewable energy products. Together these factors result in a significant drop in RCEA’s expected net revenue compared with the previous 2023-2024 fiscal year.

Another major financial challenge facing RCEA and other electricity providers in California is the shift by the California Public Utilities Commission (CPUC) to the Slice of Day resource adequacy framework, which is being used on a trial basis in 2024 and becomes binding in 2025. Previously load-serving entities (LSEs) were required only to procure capacity based on their peak hourly load. Slice of Day requires each LSE to procure enough generating capacity in each hour of the day at all times of year to meet CPUC-established reliability targets.

LSEs like RCEA have emphasized procurement of renewable resources such as solar and wind energy in our portfolios. Under Slice of Day, we will have to procure significant additional resources such as energy storage and baseload or dispatchable generation in order to fill in hours when the renewable resources alone do not meet CPUC reliability requirements.

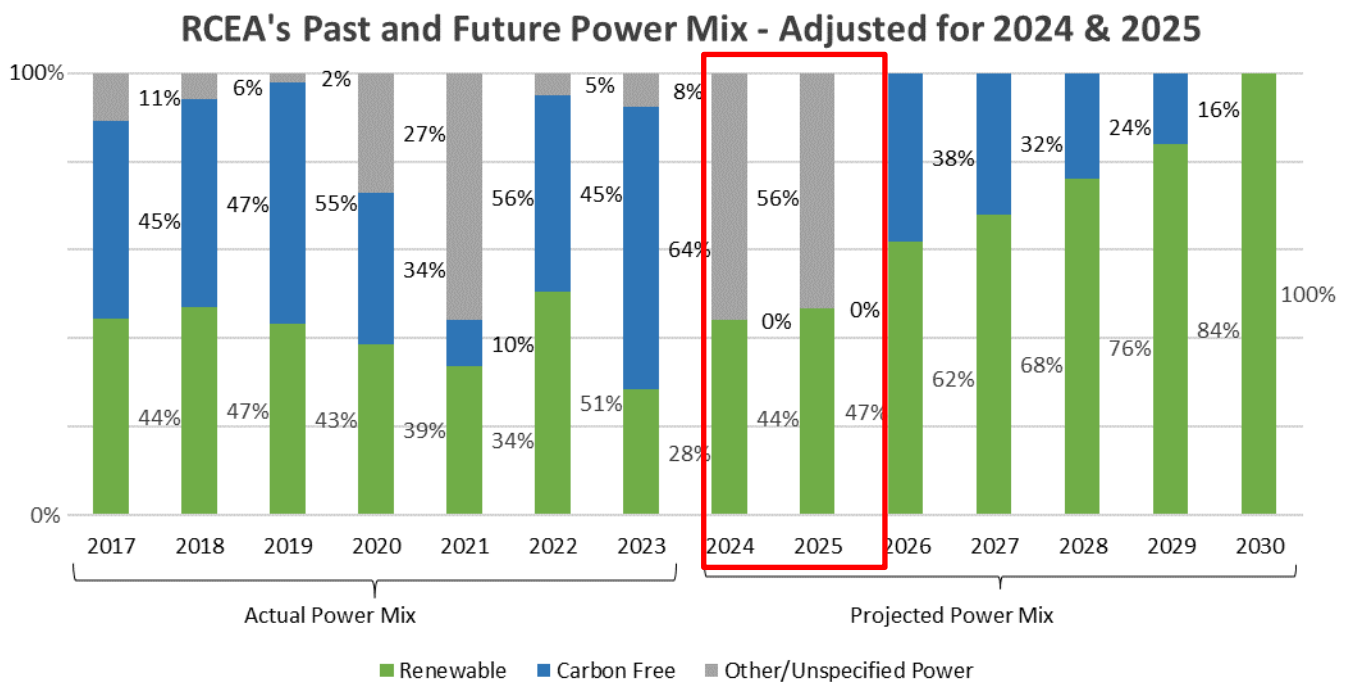
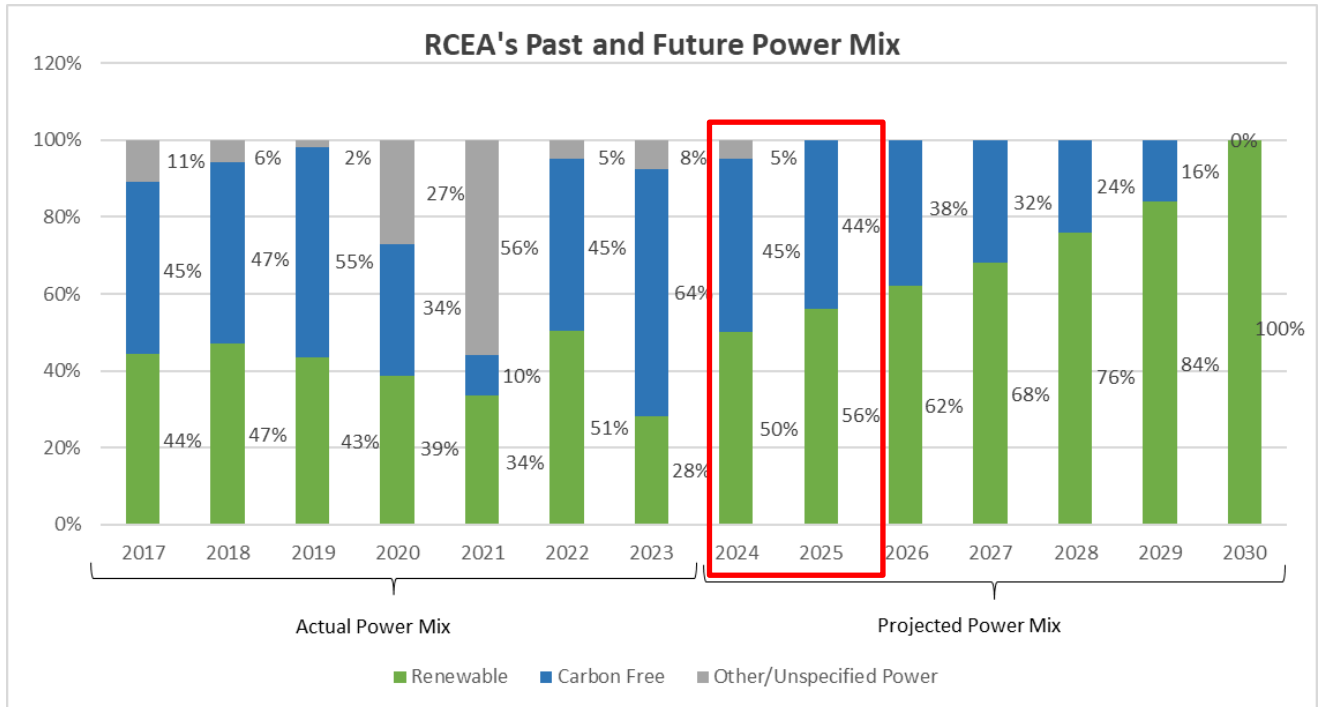
Maintaining RCEA’s existing renewable and carbon-free energy procurement targets will result in overall net revenue of -\$5.8M, requiring the use of cash reserves to balance the budget. Current projections have RCEA needing an additional \$5.8M, \$7M, and \$7.7M over the next three years, respectively, to cover operations. As of May 2024, RCEA had a cash balance of around \$20M. If the financial modeling proves accurate it would result in exhausting the \$20M cash-on-hand by July 2027. In response to the modeling, staff examined how changes to RCEA’s energy procurement goals may help alleviate budget deficits in the current and upcoming fiscal years.

Staff’s recommendation to the Board was to reduce renewable and carbon-free energy procurement in calendar years 2024 and 2025 to achieve needed cost savings. The adjustment reduces renewable procurement for these two years to State-mandated levels. The adjustment also calls for no additional carbon-free procurement beyond what is allocated to RCEA as resources already paid for by our customers via the power charge indifference adjustment or PCIA.⁴ Temporarily delaying the goal of achieving 100% clean and renewable electricity supply

⁴ The PCIA is the so-called “exit fee” paid by community choice energy customers to make investor-owned utilities whole for above-market costs of power they procured on these customers’ behalf prior to launch of community choice energy programs.

will greatly decrease costs while also allowing time to evaluate how regulatory changes will affect the energy market and whether forecasted rate changes come to fruition.

The figures below show the previous trajectory of renewable and carbon free energy procurement, and how this trajectory was changed in 2024 and 2025 through the Board-approved adjustment.



Staff recommended to the Board taking an overall conservative approach to budgeting for the 2024-2025 fiscal year and revisiting the projections in six months (i.e. December 2024) to determine whether additional actions should be taken. This proposed short-term adjustment will not impede progress on soliciting for long-term renewable energy products and will not result in canceling any long-term agreements.

The Board approved staff’s recommendation by adopting Resolution 2024-8, A Resolution of the Board of Directors of the Redwood Coast Energy Authority Adopting the State Targets for Renewable Electricity Procurement for Calendar Years 2024 and 2025 (see attachment).

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

Staff’s recommendation to the Board was directed at balancing the need to stabilize RCEA’s finances over the next two fiscal years against RCEA’s strategic goals, chief among them “4.1.4: Maximize Renewable Energy Content of RCEA’s CCE Program.”

EQUITY IMPACTS

Not applicable.

FINANCIAL IMPACT

The table below gives an updated look at how the adjustment to energy procurement approved by the Board in June is expected to improve RCEA’s financial outlook in the next two fiscal years. The “Adjusted (June)” columns show the expected impact of adjusting RCEA’s renewable and carbon-free procurement as it was presented to the Board in June. The adjustment would only affect power procurement costs, so retail revenues were shown to be the same as in the “Previous Target” or business as usual columns.

The “Adjusted (October)” columns reflect updated analysis performed using financial data current as of October 1, 2024. Due to expected PG&E electric rate reductions, the projected retail revenues are now lower than the June modeling showed. Also, market projections for wholesale power costs in 2024-2026 have been trending downward, resulting in lower projected power costs. The decrease in projected retail revenues exceeds the decrease in projected power costs; as a result Net Revenues have become more negative in the October update.

**Expected Revenues, Costs and Net Revenues
Under Current and Adjusted Renewables Procurement Scenarios**

	Previous Target		Adjusted (June)		Adjusted (October)	
	FY 24-25	FY 25-26	FY 24-25	FY 25-26	FY 24-25	FY 25-26
Retail Revenues	\$70,112,578	\$72,616,399	\$70,112,578	\$72,616,399	\$64,058,309	\$65,928,662
Power Costs	\$72,199,538	\$76,713,041	\$68,198,926	\$73,776,103	\$63,753,558	\$67,468,354
Net Revenues	\$(4,190,338)	\$(6,275,134)	\$(189,726)	\$(3,338,196)	\$(1,584,305)	\$(3,517,552)

STAFF RECOMMENDATION

None, for information and discussion only

ATTACHMENT

1. Resolution 2024-8, A Resolution of the Board of Directors of the Redwood Coast Energy Authority Adopting the State Targets for Renewable Electricity Procurement for Calendar Years 2024 and 2025

RESOLUTION NO. 2024-8

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE REDWOOD COAST ENERGY AUTHORITY ADOPTING
THE STATE TARGETS FOR RENEWABLE ELECTRICITY PROCUREMENT
FOR CALENDAR YEARS 2024 AND 2025**

WHEREAS, the 100 Percent Clean Energy Act of 2018 established as a policy of the state that eligible renewable energy resources and zero-carbon resources supply 100% of retail sales of electricity to California end-use customers by December 31, 2045; and

WHEREAS, RCEA was established in 2003 with its purpose including 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 region for the benefit of the Member agencies and their constituents”; and

WHEREAS, in 2012 the RCEA Board adopted a Comprehensive Action Plan for Energy (CAPE) that established a vision for 2030 that includes Humboldt County no longer being a net energy importer and the majority of the community’s energy needs being met by renewable energy sources; and

WHEREAS, in 2013 RCEA finalized the RePower Humboldt Strategic Plan which further evaluated and reaffirmed the goal of Humboldt County meeting the majority of its electricity needs as well as a significant portion of its heating and transportation energy needs from local renewable resources by 2030; and

WHEREAS, in 2017 RCEA launched a community choice energy program to establish local control over the County’s electricity supply to be able to advance the goals established in the CAPE and the RePower Humboldt Strategic Plan; and

WHEREAS, the RCEA Board of Directors, with input from the community, adopted as the community choice energy program’s core goal maximizing the use of local renewable energy while providing competitive rates to customers, and further adopted Guidelines for the Community Energy Program Launch-period Strategy and Targets for the first five years of the program through 2021; and

WHEREAS, the RCEA Board of Directors, in response to a recommendation by the RCEA Community Advisory Committee in January 2019, adopted Resolution 2019-1 Adopting the Target of a 100% Clean and Renewable Electricity Mix by 2025, and updated RCEA’s Comprehensive Action Plan for Energy strategic plan, incorporating the 100% clean and renewable electricity mix by 2025 target, by that year’s end; and

WHEREAS, the cost of renewable energy credits, carbon-free and resource adequacy products have greatly increased and RCEA’s portfolio must shift to accommodate slice of day resource adequacy requirements, which will make procurement increasingly complicated and increase demand on a very limited renewable product supply; and

WHEREAS, the financial model used for planning procurement for RCEA’s community choice energy program forecasts that RCEA will have negative net revenue over the course of the next three fiscal years; and

WHEREAS, temporary postponement of the RCEA target of 100% renewable and zero-carbon energy by 2025 will significantly decrease costs and allow for RCEA to not deplete reserves.

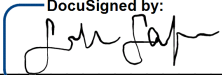
NOW THEREFORE, BE IT RESOLVED that the Board of Directors of the Redwood Coast Energy Authority adopts the linearly interpolated State targets for renewable electricity power generation for RCEA’s community choice energy program for calendar years 2024 and 2025.

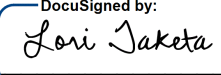
BE IT FURTHER RESOLVED that RCEA staff is directed to:

1. Re-evaluate the financial model in six months to determine if additional action must be taken.

Adopted this 27th day of June, 2024

ATTEST:

DocuSigned by:

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 Sarah Schaefer, RCEA Board Chair

DocuSigned by:

 B8ED7D8C31DA4AB
 Lori Taketa, Clerk of the Board

Date: 6/28/2024

Date: 6/28/2024

CLERK'S CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of Resolution No. 2024-8 passed and adopted at a regular meeting of the Redwood Coast Energy Authority, County of Humboldt, State of California, held on the 27th day of June, 2024, by the following vote:

AYES: Arroyo, Jorgensen, Mobley, Scafani, Schaefer, Tuttle, Wilson
NOES: None
ABSENT: Bauer, Myers
ABSTENTIONS: None
NON-VOTING: Ramos, Woo

DocuSigned by:
Lori Saketa

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Clerk of the Board, Redwood Coast Energy Authority



STAFF REPORT
Agenda Item # 6

AGENDA DATE:	October 8, 2024
TO:	Community Advisory Committee
PREPARED BY:	Faith Carlson, Regulatory and Legislative Policy Manager Richard Engel, Director of Power Resources
SUBJECT:	Diablo Canyon Power Plant Nuclear Allocations

BACKGROUND

At its September 26, 2024, meeting the RCEA Board of Directors opted not to accept an allocation of nuclear power from the Diablo Canyon power plant. However, staff discovered a process error when the Board was discussing the nuclear allocation. The Board was mistakenly told that all 5 Community Choice Energy voting members present would need to vote affirmative for an action to pass. This information was in error, and this mistaken information could have influenced the vote. The Board will be given an opportunity to evaluate whether a correct understanding of the voting process would have changed the outcome of the Board’s vote at the October 24, 2024, meeting. The Board will have an option to make and pass a motion to reconsider based on the updated understanding of the voting process. If the motion to reconsider passes, the Board will have a second opportunity to vote on the nuclear allocation. If the decision is reconsidered, the CAC will have an opportunity to provide the Board with input.

The following is adapted from the staff report that was presented to the Board at its September 26 meeting. The expected timing of the allocation decision and the schedules for Board and CAC meetings, including the rescheduling of what would have been the CAC’s September meeting to allow for staff and community attendance of the County’s release of the Regional Climate Action Plan, made it infeasible to consult the CAC on this matter prior to taking it to the Board the first time.

Diablo Canyon Nuclear Power Plant Extension

Diablo Canyon Nuclear Power Plant (DCPP), located in Morro Bay, was opened in 1985 and provides 10% of energy in the California grid.¹ In 2016, PG&E applied to retire the plant in 2025, citing increasing costs of operation. The California Public Utilities Commission (CPUC) approved this application in September of 2020.²

In August of 2020, one month prior to the approval of the retirement, a heat wave led to load spikes, and the state saw rolling outages due to insufficient reliability resources.³

In September of 2022, during another heat wave, policymakers became concerned that with DCPP replacement resources not yet online, the state could see an increase in future outages.

¹ See PG&E [Nuclear Power \(pge.com\)](https://www.pge.com)

² CPUC Decision Approving Retirement of Diablo Canyon Nuclear Power Plant [205090240.PDF \(ca.gov\)](https://www.cpuc.ca.gov)

³ [CAISO, CPUC, CEC Issue Final Report on Causes of August 2020 Rotating Outages](https://www.ca.gov)

As a result, the California state legislature passed SB 846 (Dodd, 2022). SB 846 invalidates the CPUC's approval to retire the plant and requires PG&E and state agencies "to take all actions necessary and prudent to extend Diablo Canyon powerplant operations." As a result, the CPUC issued a decision in December of 2023 to extend operation of DCP's two generating units to 10/31/2029 and 10/31/2030.⁴

Load Serving Entity (LSE) Allocation of Power

Redwood Coast Energy Authority, along with most other California electricity providers, automatically receives an allocation of the reliability benefits (a.k.a. resource adequacy or RA) from Diablo Canyon. Now that Diablo Canyon operation has been extended because clean replacement resources were not added to the state's grid as early as anticipated, there is an additional option to receive an allocation of the clean energy attributes alongside those already received reliability benefits associated with the plant. Once the CPUC announces final allocation amounts, each LSE will have 30 days to accept or reject their allocation.

RCEA's customers, like all other electricity users served by providers subject to California Public Utilities Commission regulation, are required to pay a portion of the costs of operating this nuclear plant, which is deemed by the CPUC an important resource for grid reliability in California over the next several years. The funds will be collected through future electric bills. These ratepayers may receive a share of this carbon-free energy that they have funded.

Each electricity provider can choose whether or not to accept their proportional allocation of the clean energy attribute. Some providers choose to accept the allocation since their customers are already paying for it and accepting it does not result in additional nuclear power generation or development. In addition, the costs of other carbon-free resources such as large hydropower or renewable energy certificates from sources such as wind, solar, and geothermal power have increased sharply in the past couple of years, making the nuclear allocation more attractive financially as a means of reducing the greenhouse gas emissions associated with a provider's power portfolio.

In prior years, RCEA has been offered separate allocations of nuclear and hydropower carbon-free energy from PG&E's portfolio paid for by RCEA's customers through the power charge indifference adjustment (PCIA) line item on their bills. To date, RCEA has rejected this annual nuclear allocation, given our policy of not procuring nuclear power,⁵ and because we had other cost-effective means of meeting our renewable and carbon-free energy targets. RCEA accepts the hydropower allocation as it is not in conflict with our Energy Risk Management Policy.

The extension of Diablo Canyon and increased cost of other emissions-free resources cited above has caused RCEA and other electricity providers to revisit their decisions to reject the nuclear allocation. To accept RCEA's nuclear allocation for 2025 only, the Board would need to authorize a short-term exception to the nuclear power prohibition in RCEA's Energy Risk Management Policy. The Policy itself does explicitly allow for such short-term exceptions. In that case, the nuclear power would have appeared as part of RCEA's portfolio on our power content label, which is mailed annually to all RCEA customers. Specific allocation amounts have not yet

⁴ Decision Implementing Senate Bill 846 [499622197.PDF \(ca.gov\)](https://www.cpuc.ca.gov/~/media/CPUC/Decision-Implementing-Senate-Bill-846-499622197.PDF)

⁵ Documented in RCEA's Energy Risk Management Policy: <https://redwoodenergy.org/wp-content/uploads/2022/12/RCEA-Energy-Risk-Management-Policy-2022-Update-with-Addendum-A.pdf>

been published, but if accepted, staff expect the allocation in the coming year to meet about 2% of RCEA’s total electricity load.

The Board will be able to revisit this in future years and decide year by year from 2026-2030 whether to accept or decline the nuclear power allocation.

Actions of Other CCAs

As of 10/2/2024, these CCAs have chosen to accept their allocation: Ava Community Energy, Desert Community Energy, MCE, Peninsula Clean Energy, Pioneer Community Energy, San Jose Clean Energy, and Silicon Valley Clean Energy. Sonoma Clean Power’s CAC has recommended the Board to take the allocation but has not yet received direction from the Board.

The Diablo Canyon Nuclear Power Plant is located in Central Coast Community Energy’s (3CE) service territory. Like RCEA, 3CE currently has a no nuclear policy. They have yet to bring a request for a decision to their Board, but in previous conversations with the Board related to allocations, there has not yet been a directive to reconsider the no nuclear policy.

SUMMARY OF SCENARIOS

RCEA staff and The Energy Authority presented preliminary information on this potential nuclear allocation to the Board in August as part of our quarterly energy risk update. The following is an updated analysis that the Board considered at their September meeting, consisting of three scenarios.

- Scenario 1 was a “business as usual” one where RCEA does not accept its nuclear allocation.
- Scenario 2 has RCEA accepting the nuclear allocation and using it as a means to reduce procurement costs by substituting the nuclear power for other carbon-free resources.
- In Scenario 3, RCEA uses the allocation as a means to reduce overall GHG emissions without incurring additional costs.

Table 1 compares these scenarios in terms of net revenue impacts, power portfolio makeup, and expected greenhouse gas (GHG) intensity of the portfolio.

(continued on next page)

Table 1. Comparison of nuclear allocation scenarios

	Scenario 1:	Scenario 2:	Scenario 3:
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	No nuclear RPS allocation (business as usual)	Accept nuclear RPS allocation, use to cut costs while keeping GHGs constant (by selling more expensive hydropower)	Accept nuclear allocation, use to reduce GHGs while keeping costs constant
2025 Net Revenue	\$(9.4M)	\$(8.9M)	\$(9.4M) same as Scenario 1
2025 Expected Carbon Free Nuclear in MWh	-	16,483	16,483
2025 % Nuclear in Power Content Label (REpower Portfolio)	0%	2%	2%
2025 % Renewable + Carbon Free (REpower Portfolio)	88%	88% same as Scenario 1	91%
2025 GHG emission factor (lbs CO2e/MWh) (REpower portfolio)	308	308 same as Scenario 1	285

Scenario 2 would result in an improvement of RCEA’s 2025 net revenue position of approximately \$505,000. This is about a 5.4% reduction in currently projected net losses for the year. Scenario 3 would result in about a 7.5% reduction in GHG emissions for the year by replacing generic system power with emissions-free nuclear power.

The nuclear allocation if accepted would appear only in RCEA’s REpower base portfolio. Because nuclear power is not deemed renewable, it would not be included in RCEA’s REpower+ 100% renewable opt-up portfolio. REpower+ would continue to contain only carbon-free and renewable solar, wind, and small hydro resources.

Whether or not RCEA rejects the nuclear clean energy allocation, due to the automatic allocation of the reliability benefits (RA) of the Diablo Canyon Resource, RCEA will still receive the RA associated with nuclear power as in previous years.

Apart from the allocation decision before the Board, RCEA has the opportunity to reinforce and clarify the anti-nuclear stance in its Energy Risk Management Policy by including a position on nuclear power in its Policy Platform. As directed by the Board in September, staff will bring forth a proposal for such an addition to the Platform at a future Board meeting. Staff will consider CAC input while drafting updates to the Policy Platform.

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

Accepting the nuclear allocation under Scenario 3 would provide one means to help achieve strategy 4.1.2: Minimize Greenhouse Gas Emissions Associated with RCEA’s CCE Program. In its September deliberations the Board focused almost exclusively on Scenarios 1 and 2 and did not seriously entertain accepting the nuclear allocation as a means of reducing GHG emissions.

EQUITY IMPACTS

Not applicable.

FINANCIAL IMPACT

Scenarios 1 and 3 would have no financial impact on RCEA. Under Scenario 2, RCEA is projected to achieve an estimated \$505,000 in cost savings for 2025 by selling an equivalent amount of alternative carbon-free resources expected to be allocated to RCEA in 2025.

STAFF RECOMMENDATION

Provide a recommendation to the Board on whether to accept the nuclear allocation, and if the recommendation is to accept, provide a recommendation on whether to implement Scenario 2 (cost savings) or Scenario 3 (greenhouse gas reductions).

ATTACHMENTS

None

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**STAFF REPORT
Agenda Item # 7**

AGENDA DATE:	October 8, 2024
TO:	Community Advisory Committee
PREPARED BY:	Richard Engel, Director of Power Resources Joseph Sloan, Power Resources Specialist
SUBJECT:	Annual Report on Humboldt Sawmill Company Biomass Procurement

BACKGROUND

When authorizing extension of RCEA's power purchase agreement (PPA) for biomass energy with Humboldt Sawmill Company (HSC) in April 2021, RCEA's Board directed staff to "periodically review the contract...assessing current alternate biomass uses and other environmental considerations." To create a framework for the requested periodic review, staff negotiated a memorandum of understanding (MOU) between RCEA and HSC, which the RCEA Board adopted in September 2021. One provision of the MOU is as follows:

Annually on or around May 1 and continuing until the termination of the PPA, representatives of the Parties will meet to review the terms of the PPA and to discuss the continued viability of biomass power production by the HSC facility relative to other potential or actual uses of the biomass feedstock by HSC or other entities.

The MOU also calls for HSC to provide data on plant performance on request; types, quantities, and sources of biomass feedstock; and plant emissions. HSC have generally been responsive to specific data requested by RCEA staff under the MOU. Data provided this year in response to a request from RCEA staff included:

- Monthly amounts of biomass feedstock, broken down by geographic origin (inside or outside Humboldt County) and supplier (sourced internally from Humboldt Redwood Company or Mendocino Redwood Company or externally)
- Monthly use of biomass and auxiliary diesel fuel, electric output to RCEA and for onsite use, and thermal energy recovered for industrial use
- Annual total emissions of greenhouse gases (biogenic and non-biogenic) and a number of criteria pollutants

In response to requests last year from RCEA's Biomass Technical Advisory Group (BTAG) for more detailed and time-specific data on air emissions, this year HSC provided:

- Notices of violation from North Coast Unified Air Quality Management District (NCUAQMD) and HSC responses

- Boiler test data (opacity, emissions, oxygen)
- An AB2588 Toxic Guidance Test Report prepared for HSC by a consultant
- Source test reports on particulate, oxygen, NOx and CO emissions for the plant's three boilers
- Plant throughputs as reported to North Coast Unified Air Quality Management District

As a reminder, the MOU's purpose is not to terminate or otherwise override the terms of the PPA. As the MOU states: "This MOU does not and is not intended to supersede, replace, or subordinate any provisions, representations, covenants, rights, or obligations in the PPA." While the MOU does not allow for early termination of the biomass PPA, it could help form a pathway for alternative use of the biomass plant's feedstock material once the current PPA's term expires.

The third of the annual meetings between RCEA and HSC staff per the MOU took place at HSC's Scotia headquarters on July 18, 2024. RCEA staff reviewed the materials provided by HSC and shared them with BTAG members, then convened a meeting of the BTAG in August 2024 to review and comment on the materials.

SUMMARY

BTAG members raised a number of important questions and comments about the scope and content of HSC's reporting:

- Members asked for clarification on what counts as "mill waste" – if this is derived only from marketable logs or also from slash piles
- One member commented that the air emissions data provided by HSC is very granular and it would be helpful to see this data aggregated in order to better see patterns such as how emissions change seasonally or diurnally
- Members wanted to better understand what decisions the RCEA Board is trying to make based on the information HSC provides under this MOU
- One member noted that the three key concerns that have been heard from the community regarding the HSC plant are about criteria pollutants from the plant, greenhouse gas emissions, and what role the plant's operation may play in the health of Humboldt Redwood Company's forestlands. If the feedstock is almost entirely mill waste, the member stated that the link to forest health is minimal. With regard to the criteria pollutants, the member was interested to hear more from the community immediately surrounding the plant and what concerns they might have
- One member stated that particulates from the plant are having harmful health impacts far from the plant, so air quality monitoring near the plant is not telling the whole story.

Staff asked the BTAG members what important information they considered to be missing from HSC's reporting. The members noted:

- For the years 2021-2023, PM 2.5 and PM 10 particulate data were missing. Dean Kerstetter from HSC said he would follow up on providing these data if available.
- One member noted that the moisture content of the feedstock that was used for testing plant emissions was drier than the plant's feedstock on average so might result in lower

emissions not representative of normal plant operation. They requested that the testing be re-done with feedstock having more typical moisture content.

For next year's reporting cycle, BTAG meeting participants asked if HSC can disclose how much of the material used in the plant is sourced from thinning operations vs clearcuts, in order to better understand how much the plant's operation can be seen as contributing to forest health.

CAC members are asked to focus their discussion on how relevant, complete, comprehensible, and responsive to the intent of the MOU HSC's materials and BTAG's review comments were.

The financial value of the HSC contract has changed markedly since 2017, when RCEA first contracted with HSC at a price somewhat above market value in the interest of having an operational local renewable resource in our portfolio at the time of launching our community choice energy (CCE) program. Since then, RCEA has successfully negotiated a lower contract price in exchange for a longer contract term. This, combined with the increasing prices of resource adequacy and green energy attributes, and continuing volatility in energy prices, has made the contract yet more attractive relative to the market.

In terms of compliance, RCEA's experience during the first seven years of the CCE program has been that new renewable energy and complementary energy storage projects have seen numerous delays and cancellations. This has put our procurement compliance at risk and highlights the value of having some pre-existing resources such as HSC and the Snow Mountain hydro project in our portfolio while we strive to get those new projects built.

The California Public Utilities Commission has introduced the Slice of Day resource adequacy framework in 2024, which becomes binding on power providers in 2025. This framework requires power providers to demonstrate sufficient generating capacity in each hour of the year. Baseload resources such as biomass are of great value in achieving slice of day compliance, filling gaps during times of day and seasons when clean but intermittent resources such as wind and solar are not sufficient to meet State reliability mandates.

One purpose of the MOU is to explore with HSC possible alternative uses of the biomass feedstock. At the annual RCEA-HSC meeting and at the BTAG meeting, HSC staff gave updates on their plans for developing new facilities at their existing Ukiah operation. Currently they are considering a first phase smaller biomass cogeneration plant, and as a potential second phase a hydrogen production plant that would use thermal energy from the cogeneration plant to convert biomass feedstock into marketable hydrogen. HSC has applied to PG&E's Bioenergy Market Adjusting Tariff (BioMAT) program which would offer premium pricing for energy from the cogeneration plant. BioMAT contracts are only available to small plants (maximum 5 megawatts nameplate and 3 MW to grid). At this time, HSC does not consider a Humboldt hydrogen facility as commercially feasible, due to limited local market for hydrogen relative to the minimum plant scale that HSC deems commercially viable.

Staff will summarize CAC discussion of the HSC reporting for presentation to the RCEA Board later this month.

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

RCEA's consultations with HSC in implementing the terms of the MOU are in keeping with the following strategies in the RePower Humboldt plan:

- 4.1.11.3 Investigate the Impacts of Biomass Emissions
- 4.1.11.6 Plan for a Long-Term Transition Away from Direct Combustion of Forest Derived Biomass and Toward Lower-Impact Uses of this Material

Review of HSC's reporting by BTAG is in keeping with the RePower Humboldt plan's direction:
4.1.11.4 Establish a Biomass Technical Advisory Committee

EQUITY IMPACTS

Not applicable.

FINANCIAL IMPACT

None – information only.

STAFF RECOMMENDATION

Discuss and provide comments to be passed on to the RCEA Board of Directors.

ATTACHMENTS

None – A slide presentation by staff will be made at the Board meeting.



REDWOOD COAST
EnergyAuthority

STAFF REPORT
Agenda Item # 8

AGENDA DATE:	October 8, 2024
TO:	Community Advisory Committee
FROM:	Eileen Verbeck, Interim Executive Director
SUBJECT:	Executive Director's Report

SUMMARY

Interim Executive Director Eileen Verbeck will provide updates on topics as needed.

RECOMMENDED ACTION

None. (Information only.)

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