



Redwood Coast Energy Authority
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APPROVED JUN 27 2024

BOARD OF DIRECTORS MEETING MINUTES

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

**May 23, 2024
Thursday, 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 3:30 p.m. Notice of this meeting was posted on May 17, 2024.

PRESENT: Natalie Arroyo, Vice Chair Scott Bauer, Skip Jorgensen, Kris Mobley, Jason Ramos, Elise Scafani, Chair Sarah Schaefer, Jack Tuttle, Frank Wilson, Sheri Woo.
ABSENT: Frankie Myers.

STAFF AND OTHERS PRESENT: Business Planning and Finance Director Lori Biondini; Power Resources Director Richard Engel; Demand-Side Management Director Stephen Kullmann; Human Resources Manager Kristy Siino; Board Clerk Lori Taketa; Interim Executive Director Eileen Verbeck. Tripepi Smith staff members: Katherine Griffiths, Christine Martin, Kylie Sun; Karen Villasenor.

There were no non-agenda topic public comments at this meeting, nor reports from directors regarding member agencies.

CONSENT CALENDAR

- 4.1** Approve Minutes of April 22, 2024, Board Special Meeting.
- 4.2** Approve Disbursements Report.
- 4.3** Accept Financial Reports.
- 4.4** Authorize Amendment 2 to 2021 Task Order 1 for Operational Services with The Energy Authority, Inc., and Authorize the Interim Executive Director to Execute the Amendment and All Associated Documents.
- 4.5** Accept Quarterly Budget Report for Fiscal Year 2023-2024 Q3.
- 4.6** Approve Resolution 2024-5 Approving the Form of and Authorizing the Execution of the Second Amendment to the Power Purchase Agreement with Foster Clean Power A LLC and the First Amendment to the Power Purchase Agreement with Foster Clean Power B LLC.
- 4.7** Accept Regulatory and Legislative Reports.
- 4.8** Approve Payment of California Community Power JPA Annual General and Administrative Dues up to \$136,463.60 for Fiscal Year 2024-25.
Approve Payment of California Community Choice Association Annual Dues up to \$112,375 for Fiscal Year 2024-25.

No Board nor community member requested any consent calendar item discussion.

M/S: Mobley, Bauer: Approve Consent Calendar items.

The motion passed with a unanimous vote. Ayes: Arroyo, Bauer, Jorgensen, Mobley, Ramos, Scafani, Schaefer, Tuttle, Wilson, Woo. Noes: None. Absent: Myers, Abstain: None.

OLD BUSINESS

6.1 Adjustment of Procurement Limits in Risk Policy

Power Resources Director Engel reviewed the RCEA Energy Risk Management Policy's resource adequacy (RA) transaction decision thresholds. Original transaction limits were set in 2016 and increased in 2020 and 2022 to keep up with rising RA or capacity costs. California requires RCEA and all load-serving entities to procure set amounts of capacity by mandated deadlines or face penalties. Capacity prices have tripled since late 2022 when the limits were last adjusted, and competition for limited RA supply is extremely high. The increased authorization limit would allow the Risk Management Team to approve purchase of RA quickly without calling a Board meeting for transaction approval. Most capacity transactions fall within the lowest tier, The Energy Authority's authorization limit. Transactions requiring the Risk Management Team's approval typically happen only once or twice a year. There was no public comment on this agenda item.

M/S: Jorgensen, Bauer: Approve Addendum A to the RCEA Energy Risk Management Policy, including increases to procurement dollar value limits as specified in Proposal A, and authorize the Executive Director to delegate staff-level approval of capacity transactions in writing with a specified end date.

The motion passed with a unanimous vote. Ayes: Arroyo, Bauer, Jorgensen, Mobley, Ramos, Scafani, Schaefer, Tuttle, Wilson, Woo. Noes: None. Absent: Myers, Abstain: None.

NEW BUSINESS

7.1 Fiscal Year 2024-25 Preliminary Draft Budget

Interim Executive Director Verbeck and Business Planning and Finance Director Biondini reported on the proposed fiscal year 2024-2025 budget. Conditions shaping the draft budget include a projected decrease in PG&E's rates and, consequently, RCEA's rates and revenue; a lack of external customer program funding due to the Rural Regional Energy Network implementation delay; increasing PG&E- and California Public Utilities Commission (CPUC)-determined customer exit fees; increasing renewable energy certificate prices; and, most importantly, changing capacity planning methods requiring new, slice-of-day RA procurement. The draft budget maintains RCEA's 0.5% discount from PG&E's generation rates, freezes four vacant staff positions, postpones office building design costs, decreases the customer incentive and rebate budget, and reduces outreach spending. New CPUC financial transparency rules require Community Choice Aggregators like RCEA to maintain specific cash reserves or face increased reporting requirements. Maintaining current Board green energy procurement targets would deplete RCEA cash reserves in three years, according to current financial modeling.

Staff met with the Board Finance Subcommittee who supported efforts to avoid using agency reserves as much as possible. After expression of reservations, the subcommittee agreed with staff's recommendation to procure energy following California's less aggressive

renewable energy portfolio requirements for 2024 and 2025, and to consider resumption of more aggressive environmental goals after assessing slice-of-day capacity procurement impacts. The recommendation was made in the interest of RCEA's long-term survival.

The directors discussed the following:

- Impacts to RCEA of lowering the agency's 100% renewable and carbon free electricity by 2025 goal to California state levels, which remain aggressive in the national context.
- The possibility of losing RCEA customers due to lowered environmental standards.
- The negative impacts should RCEA close due to insolvency.
- The importance of achieving and maintaining the \$35 million cash reserve goal as self-funded insurance before considering customer rate reductions.
- The importance of taking austerity measures.
- CCAs' impact to date on accelerating renewable energy development.
- The proposed budget will not likely result in more planetary greenhouse gas impacts.
- The \$7.6 million RCEA customers have saved on their electricity bills so far.
- The possibility of setting customer rates based on service costs rather than a set discount from PG&E's rates, and how this might affect competitiveness with PG&E.
- The importance of developing customer-owned energy sources as reserve targets are met to avoid exposure to negative competitive forces.
- The need for state and federal government representative protection for CCAs from investor-owned utility and CPUC market influencing actions.

It was clarified that the Board sets the energy procurement policy which TEA executes, buying and selling energy and environmental products according to the Energy Risk Management Policy procurement thresholds.

Staff described current grants RCEA is pursuing for microgrid development, resilience, and clean energy and efficiency for schools. Demand-Side Management Director Kullmann reported on the CPUC Administrative Law Judge's ruling which proposes to fund two Rural Regional Energy Networks (RENs), instead of one statewide Rural REN. RCEA would administer the northern Rural REN encompassing Humboldt, Mendocino and Lake Counties and the Sierra Business Council's territory. A final CPUC decision is expected in September, at which time staff will present the Board with a revised RCEA budget, including a REN administrative and program budget for residential and business customer energy efficiency incentives, project financing and code education.

The Board directed staff to prepare the fiscal year 2024-2025 budget based on state portfolio standards, and to discuss energy procurement policies with the Board again in six months. There were no comments from the public on this agenda item.

7.2 Executive Director Recruitment Firm Selection

Human Resources Manager Siino reported on the Executive Director recruitment progress. Staff and the Board's Executive Director Recruitment Subcommittee recommended contracting with Tripepi Smith because of the firm's Community Choice Aggregator and public sector experience. Tripepi Smith Business Analyst Kylie Sun described the firm's recruitment process and suggested the firm narrow down finalists. The subcommittee would review the recommendations and full applicant list to finalize applicants for the full Board to interview. Recruitment would begin in July. The Board will provide direction on the new

Executive Director's desired knowledge, skills and abilities, listed in recommended action item 3, in closed session at the June Board meeting. There was no public comment on this agenda item.

M/S: Mobley, Scafani:

1. **Authorize the Executive Director to execute all applicable documents for recruitment services associated with the Executive Director recruitment with Tripepi Smith for \$20,500, subject to RCEA General Counsel review.**
2. **Authorize a contingency of up to \$9,500 for additional or unanticipated costs associated with the executive recruitment.**
4. **Authorize the Executive Director Recruitment Ad hoc Sub Committee to meet and communicate on behalf of the Board with the recruitment firm.**

The motion passed with a unanimous vote. Ayes: Arroyo, Bauer, Jorgensen, Mobley, Ramos, Scafani, Schaefer, Tuttle, Wilson, Woo. Noes: None. Absent: Myers, Abstain: None.

STAFF REPORTS

8.1 Interim Executive Director's Report (Information only)

RCEA staff completed the agency's first federal audit for the \$6 million USDA airport microgrid loan. All funds were properly accounted for, and the auditor complimented Business Planning and Finance Director Biondini's cooperation and good work. Fiscal year 2020-2021 audit field work began immediately after the federal audit. The directors thanked Director Biondini. There was no public comment on this item.

FUTURE AGENDA ITEMS

The Board will provide direction regarding the prospective Executive Director's knowledge, skills and abilities in closed session at the June Board meeting.

Chair Schaefer adjourned the meeting at 5:14 p.m.



Lori Taketa
Board Clerk