



Redwood Coast Energy Authority

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APPROVED AUG 24 2023

BOARD OF DIRECTORS MEETING MINUTES

**Jefferson Community Center Auditorium
1000 B Street, Eureka, CA 95501**

**July 27, 2023
Thursday, 3:30 p.m.**

Chair Sheri Woo called a regular meeting of the Board of Directors of the Redwood Coast Energy Authority to order on the above date at 3:30 p.m. Notice of this meeting was posted on July 22, 2023.

PRESENT: Scott Bauer, Alt. Dir. Rex Bohn, Alt. Dir. Jana Ganion, Skip Jorgensen, Kris Mobley, Alt. Dir. Provolt; Elise Scafani, Vice Chair Sarah Schaefer, Frank Wilson, Chair Sheri Woo. ABSENT: Natalie Arroyo, Frankie Myers, Jason Ramos, Jack Tuttle.

Remote public participation was also possible from the Yurok Tribe's Weitchpec offices, 23001 CA-96, Hoopa, CA.

STAFF AND OTHERS PRESENT: General Counsel Nancy Diamond; Power Resources Director Richard Engel; Senior Power Resources Manager Jocelyn Gwynn; The Energy Authority Account Director Jaclyn Harr; Demand-Side Management Director Stephen Kullmann; Executive Director Matthew Marshall; Human Resources and Workforce Development Manager Kristy Siino; Board Clerk Lori Taketa; Deputy Executive Director Eileen Verbeck.

REPORTS FROM MEMBER ENTITIES / ORAL COMMUNICATIONS

There were no reports from member entities nor public oral or written communications.

CONSENT CALENDAR

- 4.1 Approve Minutes of June 22, 2023, Board Meeting.
- 4.2 Approve Disbursements Report.
- 4.3 Accept Financial Reports.
- 4.4 Approve Rural REN Portfolio Manager Job Description.

No director nor member of the public requested items be removed from the consent calendar.

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

The motion passed with a unanimous roll call vote. Ayes: Bauer, Bohn, Jorgensen, Mobley, Provolt, Scafani, Schaefer, Wilson, Woo. Noes: None. Absent: Tuttle. Abstain: Ganion.

OLD BUSINESS

- 8.1 RuralREN Statewide Rural and Hard-to-Reach Energy Efficiency Program Implementation

Power Resources Director Kullmann reported that the CPUC officially approved the Rural Regional Energy Network. As administrator, RCEA must begin preparing joint cooperation memoranda and a true up advice letter necessary for Rural Regional Energy Network implementation. Frontier Energy has experience working with and implementing REN programs and has been working with RCEA on the agency's existing energy efficiency programs. Staff proposed approving an expanded contract with Frontier to accomplish immediate start up work. There was no public comment on this item.

M/S: Schaefer, Mobley: Approve contract amendment No. 5 with Frontier Energy, Inc. for near-term Regional Energy Network launch regulatory and administrative services, with a not-to-exceed amount of \$150,000 and authorize the Executive Director to execute all applicable documents.

The motion passed with a unanimous vote. Ayes: Bauer, Bohn, Ganion, Jorgensen, Mobley, Provolt, Scafani, Schaefer, Wilson, Woo. Noes: None. Absent: Tuttle. Abstain: None.

CCE BUSINESS (Confirm quorum)

Chair Woo confirmed there was a CCE Business quorum present.

NEW CCE BUSINESS

6.1 Solicitation for CPUC-Mandated 2023 Mid-Term Grid Reliability Requirements

Power Resources Senior Manager Gwynn described this fourth attempt to solicit offers for new, renewable, carbon-free grid reliability resources including large hydropower or energy storage, for 2027 and 2028. This solicitation is to help fill load requirements that would have been unmet if the Diablo Canyon nuclear power facility went offline as originally scheduled. Load-serving entities statewide are still required to procure these additional resources even though Diablo Canyon is expected to stay online until 2030. Solicitation processes for this request for offers have been streamlined to allow for quicker agency response and fewer withdrawn offers in the current, extremely competitive energy market.

Directors Bauer and Scafani and Vice Chair Schaefer volunteered to serve on an ad hoc mid-term reliability offer review subcommittee. Chair Woo volunteered to serve but Legal Counsel Diamond determined that non-CCE voting members should not serve on this subcommittee.

It was requested that the Yurok and Blue Lake Rancheria tribes be named as RCEA member agencies in the request for offer document. There was no public comment on this agenda item.

M/S: Jorgensen, Bauer:

- 1. Authorize staff to issue the 2023 Mid-Term Reliability Request for Offers.**
- 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.**

The motion passed with a unanimous roll call vote. Ayes: Bauer, Bohn, Jorgensen, Mobley, Scafani, Schaefer, Wilson. Noes: None. Absent: Tuttle. Abstain: None. Non-Voting: Provolt, Ganion, Woo.

OLD CCE BUSINESS

7.1 Energy Risk Management Quarterly Report

The Directors heard and accepted a Quarterly Energy Risk Management Report by The Energy Authority Account Director Harr. PG&E rates are expected to fall in 2023-2025, resulting in customer bill savings and a \$17.5 million reduction in projected RCEA net revenues. During the same period costs for other energy products such as resource adequacy and carbon free and renewable energy certificates are expected to rise. The Sandrini solar project, a future source of one-third of RCEA's customer load, is expecting further delays with a new energy delivery date of December 31, 2025. Like many other load-serving entities, RCEA may not be able to procure required resource adequacy, carbon and PCC1 portfolio resources due to very low supply. Ms. Harr and staff described good-faith discussions with Sandrini developer EDPR regarding the certainty of energy delivery by Q1 2025 and work to obtain solar panels with non-forced labor documentation acceptable to the U.S. Customs and Border Protection Agency.

RCEA's cash reserves are expected to continue growing at a lower rate than previously forecast. RCEA is expected to spend reserve funds during 2024. Cash reserve growth is expected to accelerate after the Sandrini project begins operation.

The Directors discussed the Sandrini project delays, the nature of discussions with the developer, and the current sellers' market in the context of extremely high energy product prices. There was no public comment on this item.

7.2 Annual Report on Humboldt Sawmill Company Memorandum of Understanding (Information only)

Power Resources Director Engel reported on the Humboldt Sawmill Company's annual report of requested biomass plant data, and the Biomass Technical Advisory Group and Community Advisory Committee review and comments on that report. Those groups' questions and concerns regarding the HSC power plant's emissions data and violations were described, as were the company's exploration of hydrogen fuel as a potential alternative biomass feedstock use. RCEA staff described potential implementation of a citizen science air quality monitoring project and CAC and public questioning of continued biomass combustion energy procurement.

The Directors discussed:

- The need for an emissions comparison between natural gas and local biomass power.
- The need for more time for the BTAG to review HSC's annual report, which would allow for better recommendations to the CAC and Board, and for better-informed Board portfolio decisions.

- The impacts to servicing local energy demand, the local lumber industry and forest land stewardship if the HSC plant closed.
- That it would be unlikely for HSC to close its biomass plant should RCEA stop procuring its energy due to the plant's function in the entire sawmill operation and the high market value of the plant's energy and renewable energy certificates.
- The CPUC proceeding allowing Community Choice Aggregator's to participate in the Bioenergy Market Adjusting Tariff program and receive credit for purchasing biomass energy from small energy providers.
- The importance of considering biomass power plants' potential to create toxic hotspots in areas surrounding the plants.
- Whether HSC has accessed AB 617 funds to reduce local emissions at old biomass power plants.
- The externalization of in-community impacts of natural gas usage, especially to Tribal nations on fracking fields.

Member of the public Martha Walden submitted written comment requesting more time to consider HSC's air quality standard violations prior to making Integrated Resource Plan decisions, supporting non-combustion uses of forest residue, and opposing RCEA's procuring biomass incineration energy due to carbon emissions and climate harm.

Member of the public Lee Dedini submitted written comment requesting that RCEA stop procuring energy from biomass combustion which is not clean energy.

Biomass Technical Advisory Group member, Forest Advisor and County Director of the Humboldt and Del Norte Counties' University of California Cooperative Extension Yana Valachovic distributed comments written in 2019, and reported that wildfire has destroyed 1/8 of California's forests in the last decade. Ms. Valachovic described the state's urgent wildfire fuel management needs; how the rest of the state envies Humboldt's remaining biomass infrastructure; the 40-year divestment from forest product infrastructure, research and development; and how this divestment harmed fast-track alternative biomass use development. Regional value-added forest industry development is capped by the inability to address additional biomass waste.

The Directors supported the Biomass Technical Advisory Group's suggestions for more detailed air quality data and staff's suggestion of continuing to request biomass data annually from Humboldt Sawmill Company with more in-depth Board discussions occurring every other year.

7.3 Humboldt's Electric Future Community Outreach Final Report

Power Resources Director Engel presented results of RCEA's community outreach efforts to inform next year's mandated Integrated Resource Plan filing process. The online and in-person workshop participants expressed strong support for reducing greenhouse gas emissions quickly, allocating RCEA resources to developing local renewable energy, and for an energy portfolio that prioritizes greenhouse gas emission reduction. Daily load considerations for different potential power portfolios were described. Staff's suggestion of engaging in a Citizen's Assembly process to improve community representation diversity was described and received Board support.

The Directors thanked staff and accepted the final, published report. The group discussed whether there has been future load analysis in the context of electrification to reduce fossil fuel use and after energy efficiency measures are taken, and the possibility of including indirect economic benefits when considering whether or not to prioritize local energy generation. There were no public comments on this agenda item.

STAFF REPORTS

9.1 Executive Director's Report

Executive Director Marshall reported that RCEA is beginning to participate in local community events and requested the directors to advise staff of upcoming tabling or public outreach opportunities. There were no public comments on this agenda item.

FUTURE AGENDA ITEMS

Director Wilson requested a layman's term description of how the grid and power resources serving Humboldt County locally are affected by grid conditions such as severe heat events for which CAISO or PG&E issue statewide or service area alerts. There were no public requests for future agenda items.

Chair Woo adjourned the meeting at 5:34 p.m.



Lori Taketa
Clerk of the Board