



Redwood Coast Energy Authority

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APPROVED SEP 28 2023

BOARD OF DIRECTORS MEETING MINUTES

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

**August 24, 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 3:34 p.m. Notice of this meeting was posted on August 18, 2023.

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

STAFF AND OTHERS PRESENT: Business Planning and Finance Director Lori Biondini; General Counsel Nancy Diamond; Power Resources Director Richard Engel; Executive Director Matthew Marshall; Account Services Manager Sally Regli; Board Clerk Lori Taketa; Deputy Executive Director Eileen Verbeck.

REPORTS FROM MEMBER ENTITIES

There were no reports from member entities.

ORAL COMMUNICATIONS

An anonymous member of the public inquired about a discrimination complaint filed against RCEA through the U.S. Equal Employment Opportunity Commission. General Counsel stated that there was no comment on this matter.

Members of the public Dr. Ken Miller and Jesse Noell submitted written comment in support of distributed rooftop solar energy. Chair Woo closed the non-agenda item public comment period.

CONSENT CALENDAR

4.1 Approve Minutes of July 27, 2023, Board Meeting.

4.2 Approve Disbursements Report.

4.3 Accept Financial Reports.

4.4 Approve:

- The Analyst Job Description as Provided.
- Adding the Analyst Job Description to the Salary Schedule at the Technician Position Classification.
- Reclassifying the Rural REN Technician Position to Analyst.
- The Revised Organizational Chart.

4.5 Authorize Staff to Prepare and Release Solicitations for RuralREN Administrative, Marketing, Legal, and Database Support Services Following Review and Approval by RCEA Administrative Staff and Legal Counsel.

4.6 Approve Memorandum of Understanding Between Redwood Coast Energy Authority and the County of Humboldt to Investigate Microgrid Development at County Airport Facilities and Authorize the Executive Director to Execute Said Memorandum of Understanding.

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

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

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

NEW BUSINESS

6.1 Fiscal Year 2022-2023 Fourth Quarter Budget Report

Business Planning and Finance Director Biondini reported that the agency's net revenue last year was nearly \$16 million. Director Biondini reminded the directors of the energy market's extreme volatility, which has a very large impact on the agency's financial condition. Actual revenue was \$20 million less than what was forecast one year prior, and actual expenses were roughly \$28 million less. There was no Board discussion nor public comment.

M/S: Mobley, Schaefer: Accept Quarterly Budget Report (Q4).

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

CCE BUSINESS - Chair Woo confirmed there was a CCE Business quorum present.

OLD CCE BUSINESS

7.1 Net Billing Tariff Implementation Update

Power Resources Director Engel reported on the differences between the current Net Billing Tariff and preceding iterations of the state's Net Energy Metering billing system that have changed with solar system adoption. The impending Net Billing Tariff rules and rates consider when residential solar systems send energy to the grid. Under the new tariff it will take twice as long for solar system owners to recoup costs. New solar system installations surged prior to the end of the previous Net Energy Metering rules in April and have slowed since the Net Billing Tariff began. Residential solar system economics can be improved by sending less electricity to the grid during the day, installing less power generating capacity than needed, and installing battery storage.

The Directors discussed:

- the disincentive to install more home solar energy systems under the new tariff system
- the possibility of offering a storage incentive or rebate to lessen the new tariff's financial disincentive for new solar system installation.

Arcata resident Diane Ryerson expressed support for establishing a publicly-owned utility in Humboldt County. She opposed PG&E's tariff structure because it promotes natural gas use, which profits the utility's investors while customer-generated solar energy does not.

Colin Fiske, commenting as a member of the public and not as a representative of the Community Advisory Committee, asked that RCEA retain the existing net energy metering program and address equity issues by funding multifamily and income-qualified customer solar installation.

Chair Woo closed the public comment period. After discussion and amendment, the following motion was approved:

M/S: Schaefer, Bauer: Approve a Net Billing Tariff design that mirrors the PG&E Net Billing Tariff to be implemented on or after December 15, 2023, as determined by Calpine's billing readiness. Prior to implementation staff will present to the Board rate proposals for adoption with storage incentive options for consideration. The Board will reevaluate the Net Billing Tariff structure no later than 12 months after implementation.

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

NEW CCE BUSINESS

8.1 Procurement of Portfolio Content Category 3 Renewable Energy Certificates

Power Resources Director Engel reported how RCEA had not previously considered Category 3 RECs which are uncoupled and purchased separately from energy produced. Until recently, both in-state (Category 1) and out-of-state (Category 2) RECs were available at prices RCEA could viably afford. The Sandrini solar project, which was scheduled to begin operation in 2022, would have provided required RECs during the latter portion of the 2021-2024 compliance period. Due to this project's ongoing delays, RECs must be purchased from other sources to reach end of 2024 targets. At least 65% of this purchase must be under 10 or more-year contracts. Pandemic supply chain delays contributed to highly inflated energy product prices. Category 1 RECs cost 6-9 times more than Category 3 RECs and are no longer available in a landscape where California and neighboring state load-serving entities are struggling to meet mandated energy transition planning deadlines. Category 2 RECs are no longer attractive because of emissions counting rule changes ascribing default emissions values to these resources. Staff will present any long-term Category 3 REC purchase contracts for Board approval following Purchasing and Energy Risk Management Policies.

The directors discussed:

- Fines and potential CPUC restrictions if RCEA does not meet the REC requirements
- Purchasing RECs with a long-term contract and selling once Sandrini begins operation
- How extremely high REC costs and unavailability are driving the need to seek RECs from less desirable sources
- Directing the price difference from purchasing less expensive PCC 3 RECs toward customer programs.

Member of the public Dan Chandler asked the Board to procure carbon free RECs that are additive, and to consider that this may be solar and wind energy's low-price period.

Member of the public Walt Paniak asked whether historic, unbundled RECs can be procured. California rules require RECs to be produced during the compliance periods.

Chair Woo closed the public comment period for this item.

M/S: Schaefer, Arroyo: Authorize staff to seek procurement of Portfolio Content Category 3 Renewable Energy Certificates from carbon-free sources as needed for RPS compliance purposes, and to procure any contracts in accordance with the transaction authorization limits in the Energy Risk Management Policy.

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

8.2 Portfolio Content Category 3 Renewable Energy Certificate Purchase from Humboldt Sawmill Company

Chair Woo recused herself due to a remote conflict of interest. Humboldt Sawmill Company has retained the services of her employer, SHN Engineers & Geologists **Power Resources***. Director Wilson, a former employee of Humboldt Redwood Company, also recused himself due to a conflict of interest. Chair Woo and Director Wilson left the meeting room at 5:24 p.m.

Director Engel described reasons for considering purchase of category three renewable energy credits from Humboldt Sawmill Company:

- the need to procure a state-mandated quantity of RECs by an impending deadline
- the previously adopted Board mandate to procure local renewable energy
- the extremely high price and scarcity of RECs in the current energy market.

Jim Pelkey, Humboldt Sawmill Company Financial officer, described HSC's commitment to compliance with air quality laws and explained the Air District's notice of violation process which triggers communication and production of information on emissions levels and causes. For many notices of violation, HSC was found to have been within allowable emission limits. Mr. Pelkey described a difficult transition period in 2016 after the cogeneration plant changed ownership. There have been fewer violations since 2017 when HSC and RCEA signed a power purchase agreement. There have been 11 notices of violations to date in 2023, including notices for emissions after two earthquakes. HSC was found to be in compliance for the first notice and is awaiting word from the Air District on subsequent notice investigations.

The following members of the public opposed the recommendation to purchase renewable energy credits from Humboldt Sawmill Company:

Andrea Armen, Arcata

Emelia Berol, McKinleyville

Sarah Brooks, Redway

Edith Butler

Dan Chandler

Lee Dedini, Bayside

Julie Doerner

***Corrected minutes were adopted by a majority vote at the September 28, 2023, meeting.**

Ann Dorsey
Deborah Dukes, Eureka
Ann Feeney
Colin Fiske, member of the public, not commenting as an RCEA CAC member
Ellen Golla
Caroline Griffith, representing the Northcoast Environmental Center
Patty Harvey, Willow Creek
Joel Hildebrandt, Alameda County
Sue Hilton, Arcata
Mary Hurley, Eureka
Gordon Inkeles, Bayside
Caroline Isaacs
Lynn Kerman, Eureka
Pat Kenzler, Eureka
David Klass
Naomi Klass
Cathy Chandler-Klein
Diane Korsower
Jerry Martien, Eureka
Lynda McDevitt, Trinidad
Caephren McKenna
David Moller, Larkspur
Carol Mone, Trinidad
Paula Morgan
Sue Y. Lee Mossman, Arcata
Andrea Orman, Arcata
Walt Paniak, Arcata
Susan Parsons, Bayside
Judith Rieger
Wendy Ring
Diane Ryerson, Arcata
Ron Sadler
John Schaefer
Jasmin Segura
Rebecca Stauffer
Ellen Taylor, Petrolia
Martha Walden
Joanna Welch, Eureka
Leslie Zondervan-Droz

Biomass Technical Advisory Group members Caroline Griffith, Tom Wheeler and Daniel Chandler, of Northcoast Environmental Center, Environmental Protection Information Center and the 350 Humboldt Steering Committee, respectively, submitted written comment opposing the HSC REC purchase pending further consideration of the biomass plant's air pollution by the BTAG and RCEA's Community Advisory Committee.

Arcata resident Michael Winkler submitted written comment supporting the HSC REC purchase.

Vice Chair Schaefer closed the public comment period.

The directors expressed:

- lack of support for purchasing Humboldt Sawmill Company renewable energy credits
- a desire for the Biomass Technical Advisory Group to gain deeper understanding of HSC's emissions violations
- a desire to understand the impacts to RCEA of not purchasing RECs from HSC.

The directors discussed:

- HSC's ability to sell RECs which are valuable in the current energy market
- that voting to purchase HSC's renewable energy credits would violate policy the Board set in the previous agenda item.

There was no action on this item due to lack of a motion. Chair Woo and Director Wilson returned to the meeting room at 6:08 p.m.

OLD BUSINESS

9.1 Q2 CAPE Status Update (Information only)

Due to meeting length, this item was postponed to the following meeting.

STAFF REPORTS

10.1 Executive Director's Report

Executive Director Marshall reported that staff are applying for grants focusing on solar, storage and resilience at critical facilities, as well as grants and loans for more complex projects such as a Rohnerville Airport microgrid. RCEA's Summer Reliability Outlook is available at www.RedwoodEnergy.org. There were no public comments on this agenda item.

FUTURE AGENDA ITEMS

Directors requested information on RCEA developing agency-owned projects to satisfy state-mandated procurement requirements and on electric and hydrogen vehicle fueling station planning.

CLOSED SESSION

12.1 Public Employee Performance Evaluation, pursuant to Government Code Section 54957(b)(1): Executive Director.

No member of the public commented on closed session item 12.1. The directors adjourned to closed session at 6:15 p.m. and reconvened in open session at 6:58 p.m. Chair Woo stated there was nothing to report from closed session and adjourned the meeting at 6:58 p.m.



Lori Taketa
Clerk of the Board