



BOARD OF DIRECTORS MEETING AGENDA

February 24, 2022 -Thursday, 3:30 p.m.

COVID-19 NOTICE

RCEA AND HUMBOLDT BAY MUNICIPAL WATER DISTRICT OFFICES WILL NOT BE OPEN TO THE PUBLIC FOR THIS MEETING

Pursuant to the AB 361 Brown Act open public meeting law revisions signed into law on September 16, 2021, and Governor Newsom's State of Emergency Proclamation of March 4, 2020, this meeting will not be convened in a physical location. Board members will participate in the meeting via an online Zoom video conference.

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

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 ask 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."

In compliance with the Americans with Disabilities Act, any member of the public needing special accommodation to participate in this meeting should call (707) 269-1700 or email Ltaketa@redwoodenergy.org at least 3 business days before the meeting. Advance notice enables RCEA staff to make their best effort to reasonably accommodate access to this meeting while maintaining public safety.

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 of Directors, including those received less than 72 hours prior to the RCEA Board meeting, will be made available to the public at www.redwoodenergy.org.

OPEN SESSION Call to Order

1. REPORTS FROM MEMBER ENTITIES

2. ORAL COMMUNICATIONS

This time is provided for people to address the Board 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.

3. 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.

3.1 Approve Minutes of January 27, 2022, Board Meeting.

3.2 Approve Disbursements Report.

3.3 Accept Financial Reports.

3.4 Adopt Resolution 2022-2 Ratifying Governor Newsom's March 4, 2021, State of Emergency Proclamation and Authorizing Remote Teleconference Meetings of RCEA's Legislative Bodies for the Period February 24, 2022, through March 26, 2022, Pursuant to Brown Act Revisions.

3.5 Adopt Resolution 2022-3 Approving Updates to the Energy Risk Management Policy.

3.6 Approve Information Technology Technician Job Description and Revised Organizational Chart.

4. REMOVED FROM CONSENT CALENDAR ITEMS

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

COMMUNITY CHOICE ENERGY (CCE) BUSINESS – None.

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.

5. OLD BUSINESS

5.1. Community Advisory Committee Member Appointments

Reappoint Elizabeth Burks, Roger Hess, Ethan Lawton, Dennis Leonardi, and appoint or reappoint up to four other community members (to be named at this meeting), to the Community Advisory Committee for Two-Year Terms Ending on April 9, 2024.

5.2. RePower Humboldt Strategic Plan Status Update (Information only)

5.3. California Community Power Long-Duration Storage Agreement with LS Power (Tumbleweed)

Delegate authority to the Executive Director to execute on behalf of Redwood Coast Energy Authority as a member of California Community Power ("CC Power") the following agreements and any necessary ancillary documents for the Tumbleweed Energy Storage for Long Duration Storage (LDS) with a delivery term of 15 years starting at the Commercial Operation Date on or about June 1, 2026, for an RCEA share not to exceed 3.82 MW:

- a. Project Participation Share Agreement (PPSA) by and among Redwood Coast Energy Authority, California Community Power and participating community choice aggregators (CCAs)
- b. Energy Storage Service Agreement (ESSA) - Buyer Liability Pass Through Agreement (BLPTA) by and among Redwood Coast Energy Authority, California Community Power and Tumbleweed Energy Storage, LLC
- c. Operations Agreement (COA) by and among Redwood Coast Energy Authority, California Community Power and participating CCAs for Tumbleweed (agreement to be developed).

6. NEW BUSINESS

- 6.1. Community Advisory Committee Annual Report to the RCEA Board

7. STAFF REPORTS

- 7.1. Report from Executive Director on Offshore Wind, RCEA Work and Other Topics

8. FUTURE AGENDA ITEMS

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

11. ADJOURNMENT

NEXT REGULAR MEETING

Thursday, March 24, 2022, 3:30 p.m.

The location for this meeting is to be determine pending public health considerations and following revised Brown Act public meeting laws.



BOARD OF DIRECTORS MEETING DRAFT MINUTES

January 27, 2022 - Thursday, 3:30 p.m.

Notice of this meeting was posted on January 24, 2022. 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 3:33 p.m., stating that the teleconference meeting was being conducted pursuant to the AB 361 Brown Act open public meeting law revisions signed into law on September 16, 2021, and Governor Newsom's State of Emergency Proclamation of March 4, 2020. Chair Woo stated that the posted agenda contained public teleconference meeting participation instructions.

PRESENT: Vice Chair Stephen Avis, Scott Bauer, Chris Curran, David Grover, Alternate Director Mike Johnson, Sarah Schaefer, Frank Wilson, Mike Wilson, Chair Sheri Woo.
ABSENT: ~~None~~: Mike Losey.* STAFF AND OTHERS PRESENT: Regulatory and Legislative Policy Manager Aisha Cissna, Power Resources Director Richard Engel; Power Resources Manager Jocelyn Gwynn, The Energy Authority Client Services Manager Jaclyn Harr; Demand Side Management Director Stephen Kullmann, Executive Director Matthew Marshall; Community Strategies Manager Nancy Stephenson; Clerk of the Board Lori Taketa, Deputy Executive Director Eileen Verbeck.

BOARD APPOINTMENTS

1.1 Election of Officers and Community Advisory Committee Liaisons

Vice Chair Avis and Director Curran were nominated to serve as Board Chair and Vice Chair, respectively. Both expressed a willingness to serve in those roles. Directors Schaefer and Bauer were nominated to serve as liaison and alternate liaison to the Community Advisory Committee. Both also expressed a willingness to serve in those capacities. Director Wilson praised Chair Woo for performing the job of Board Chair well.

There was no public comment on this item. Chair Woo closed the public comment period.

M/S: Avis, Grover:

Appoint Stephen Avis as RCEA Board Chair and Chris Curran as Vice Chair to serve through January 2023 and authorize them as signers on RCEA bank accounts.

Appoint Sarah Schaefer as Board Liaison, and Scott Bauer as alternate liaison, to the Community Advisory Committee to serve through January 2023.

The motion passed with a unanimous roll call vote. Ayes: Avis, Bauer, Curran, Grover, Johnson, Schaefer, F. Wilson, M. Wilson, Woo. Noes: None. Absent: None. Abstain: None.

Chair Avis thanked Director Woo for her guidance and legal counsel and staff for clearly explaining issues so the directors could make decisions.

1.2 Board Subcommittee Member Assignments

Staff reported on the standing Finance Subcommittee's work over the past year.

There was no public comment on this item. Chair Avis closed the public comment period.

M/S: Woo, Grover: Continue the standing Finance Subcommittee and appoint Vice Chair Chris Curran and Directors Scott Bauer and Frank Wilson to serve on the standing Finance Subcommittee for one-year terms ending on the first regular Board meeting of 2023.

Appoint Directors Scott Bauer, Sarah Schaefer and Sheri Woo to review and nominate Community Advisory Committee at-large seat applicants to fill four at-large CAC seats with terms ending April 9, 2024.

The motion passed with a unanimous roll call vote. Ayes: Avis, Bauer, Curran, Grover, Johnson, Schaefer, F. Wilson, M. Wilson, Woo. Noes: None. Absent: None. Abstain: None.

REPORTS FROM MEMBER ENTITIES

Director Grover reported that he and Alternate RCEA Director Richard Clompus are resigning from the Trinidad City Council due to changing residency. Trinidad Mayor Steve Ladwig may become RCEA's Alternate Director. Director Grover thanked the Board for the work they accomplished together.

Director Bauer reported that the Eureka City Council support pursuing a city ordinance requiring all new construction to be completely electric-powered. Director Bauer also reported that CalFire is operating an air curtain burner in Willow Creek after a tree downing event and inquired how to get downed tree waste biomass to facilities to be converted to electricity.

Director Schaefer reported that the Arcata Energy Committee's electrification ordinance will be considered by their City Council in March or April. Director Schaefer stated the Arcata Gateway Project's recently released draft plan contains climate change, sea-level rise and clean building elements and invited everyone to a project walking tour.

ORAL COMMUNICATIONS

There were no comments from the public on non-agenda items.

CONSENT CALENDAR

- 4.1 Approve Minutes of December 16, 2021, Board Meeting.
- 4.2 Approve Disbursements Report.
- 4.3 Accept Financial Reports.
- 4.4 Authorize Extension of RCEA Resolution 2021-7 Ratifying Governor Newsom's March 4, 2021, State of Emergency Proclamation and Authorizing Remote Teleconference Meetings of RCEA's Legislative Bodies for the Period January 28, 2022, through February 26, 2022, Pursuant to Brown Act Revisions.
- 4.5 Approve the 2022 RCEA Board of Directors Meeting Calendar.

- 4.6** Approve Reinstatement of the Late Payment Notice Policy for the RCEA CCE Program, Aligning with PG&E's Resumption of Account Shutoffs for Customer Non-Payment, Starting in Q1 2022.
- 4.7** Approve Amendment No. 1 to Agreement Between Redwood Coast Energy Authority and Calpine Energy Solutions, LLC Providing RCEA Staff with Access to the Recurve Analytics Platform, and Authorize the Executive Director to Execute the Amendment and All Associated Documents.
- 4.8** Approve Amendment No. 7 to Agreement for Employment of Executive Director with Matthew Marshall.

Director Bauer asked that the minutes be corrected for consistency as they recorded him as being both absent and seconding a motion. General Counsel Diamond corrected the dollar amount of Executive Director Marshall's step increase in staff report 4.8. She confirmed that the employment agreement is correct as written.

No member of the public requested an item be removed from the consent calendar.

M/S: Schaefer, M. Wilson: Approve consent calendar with requested amendments to items 4.1 minutes and staff report 4.8.

The motion passed with a unanimous roll call vote. Ayes: Avis, Bauer, Curran, Grover, Johnson, Schaefer, F. Wilson, M. Wilson, Woo. Noes: None. Absent: None. Abstain: None.

Chair Avis confirmed there was a quorum for Community Choice Energy business.

OLD CCE BUSINESS

6.1 Mid-Term Reliability Solicitation Shortlist

Power Resources Director Engel and Manager Gwynn reported on the solicitation responses to fulfil the CPUC mandate for bringing new energy-producing resources online between now and 2026. Staff decided to fulfil both CPUC requirements and RCEA Board Community Choice Energy program resource adequacy goals through this solicitation. Respondents were mostly stand-alone battery storage projects, 13 from other areas of California and three from Humboldt County. The three local projects (EWPRC at Fairhaven, Renewable America between Blue Lake and McKinleyville, and Renewable America at the Arcata bottoms) were described along with the project scoring criteria. The shortlisted projects satisfy the 2023 mandated requirements but do not satisfy compliance requirements for 2024 and 2025, especially energy with characteristics to replace the retiring Diablo Canyon nuclear plant. Staff is seeking additional energy and storage capacity to meet these requirements from the Sandrini Solar Project. Staff explained that developers usually need to demonstrate that their project has an interested buyer in order to secure financing, which is why power purchase contracts are typically signed early in the development process, well before permitting.

Chair Avis invited public comment. Member of the public Jordan King requested clarification on the location of the Renewable America/Foster Clean Power Solar project which appeared to be on his property. Mr. King opposes a large-scale solar array on his property. Staff will verify the project location with the developer. Chair Avis closed the public comment period.

M/S: Grover, Johnson: Approve the proposed shortlist for the RFQ-RFO for Long-Term Reliability Resources and authorize staff to commence negotiations with the shortlisted parties.

Authorize the Executive Director to replace individual projects on the shortlist with other offers received under the RFO Track if the price or availability of the shortlisted projects materially changes prior to the February RCEA Board meeting and commence negotiations with the new offeror.

Authorize the Executive Director to shortlist a forthcoming offer from EDP Renewables for Sandrini energy storage and additional generating capacity and commence negotiations, if the offer meets RCEA's eligibility criteria stated in its RFQ-RFO and is price-competitive with the other short-listed offers.

The motion passed with a unanimous roll call vote. Ayes: Avis, Bauer, Curran, Grover, Johnson, Schaefer, F. Wilson, M. Wilson. Noes: None. Absent: None. Abstain: None. Non-Voting: Woo.

6.2 Energy Risk Management Quarterly Report

The Energy Authority Client Services Manager Jaclyn Harr reported on the latest Community Choice Energy Program financial forecast. Delayed PG&E electricity generation rate and exit fee increases will have a large negative impact on RCEA's net revenues until March. Price stability benefits of the Sandrini Solar project have been postponed to early 2023, due to permitting delays. RCEA's energy prices are less hedged during 2023, meaning the program is more exposed to fluctuating energy prices. RCEA will face a \$7 million transitory cash shortfall early in 2022 and the Board will be asked to take action on a loan from the Blue Lake Rancheria and an energy product sale to MCE to address this shortfall.

Chair Avis invited public comment. There were no comments from the public on non-agenda items. Chair Avis closed the public comment period.

M/S: Grover, Schaefer: Accept Energy Risk Management Quarterly Report.

The motion passed with a unanimous roll call vote. Ayes: Avis, Bauer, Curran, Grover, Johnson, Schaefer, F. Wilson, M. Wilson. Noes: None. Absent: None. Abstain: None. Non-Voting: Woo.

Chair Avis stated there was no New CCE business to discuss.

OLD BUSINESS

8.1. Mitigation of 2022 Cashflow Constraints

Executive Director Marshall described the projected cash shortfall and the need to hold \$3 to 4 million in cash reserves to cover the normal lag between purchasing wholesale energy and customer bill collection. The Blue Lake Rancheria Tribal Council has approved loaning RCEA \$2 million, and MCE is willing to pay up front for \$4 to 5 million worth of renewable energy credits from RCEA in order to weather the shortfall period. Terms of the loan and sale were described.

Community Choice Aggregators are discussing the need for an aggregated financing organization such as a CCA non-profit bank or a loan fund. RCEA cannot obtain conventional lines of credit because its retail revenue is collateral in its agreement with The Energy Authority and in the USDA airport microgrid loan.

Chair Avis invited public comment. There were no comments from the public on non-agenda items. Chair Avis closed the public comment period.

M/S: Grover, Bauer: Approve \$2,000,000 unsecured loan from the Blue Lake Rancheria with 8% interest rate and 7-month term and authorize the Executive Director to execute any associated documents and agreements.

Authorize the sale of up to \$5 million of energy and/or renewable energy credits from existing RCEA long-term power purchase agreements to MCE (and/or another buyer) with a delivery term not to exceed 10 years and authorize Executive Director to execute any associated documents and agreements; and

Authorize the Executive Director and General Counsel to negotiate and execute transaction terms and/or a supplemental agreement enabling RCEA to buy back at the same price (not including any agreed-to transaction or processing fees) any undelivered energy and/or renewable energy credits prior to or during the delivery term.

The motion passed with a unanimous roll call vote. Ayes: Avis, Bauer, Curran, Grover, Johnson, Schaefer, F. Wilson, M. Wilson, Woo. Noes: None. Absent: None. Abstain: None.

8.2. Rural Regional Energy Network (Rural REN) Business Plan

Demand-Side Management Director Kullmann explained that the CPUC developed Regional Energy Networks (RENs) to implement energy efficiency programs and described the Rural and Hard to Reach Working Group's efforts to establish a Rural REN in geographically hard-to-reach areas of California. REN programs are not bound by the same cost restrictions as other energy efficiency funding distribution methods, which helps rural residents who have a high energy cost to income ratio but less access to energy efficiency services. The Mendocino Council of Governments and the Lake Area Planning Council expressed interest in joining the Rural REN well into the program development process. The six Rural REN partners proposed subcontracting to the Mendocino and Lake County agencies to provide services to their own customers until they complete the Rural REN membership process. If approved by the CPUC, the five-year Rural REN budget would be \$96 million.

Implementation would begin in January 2023 and RCEA would receive \$13 million to provide program administrator services and \$12 million to provide energy efficiency services in the Humboldt region. Services would include technical assistance, residential energy audits, green economy workforce education and training, codes and standards assistance for jurisdictions, a contractor codes and standards hotline, rebate programs, installation of efficiency measures, and gap loans for agencies while pursuing other financing. It was noted that other Humboldt County organizations also manage regional and statewide programs.

Chair Avis invited public comment. There were no comments from the public on non-agenda items. Chair Avis closed the public comment period.

M/S: M. Wilson, Grover: Adopt Resolution 2022-01: A Resolution of the Board of Directors of the Redwood Coast Energy Authority Authorizing Submission of a Business Plan to the California Public Utility Commission for the Formation of a Rural Regional Energy Network.

Authorize Executive Director to execute, after final review and approval by RCEA Legal Counsel, the Memorandum of Understanding between Mendocino Council of Governments, Lake Area Planning Council, and Redwood Coast Energy Authority to provide Regional Energy Network programs, and all applicable documents.

The motion passed with a unanimous roll call vote. Ayes: Avis, Bauer, Curran, Grover, Johnson, Schaefer, F. Wilson, M. Wilson, Woo. Noes: None. Absent: None. Abstain: None.

NEW BUSINESS

9.1. Net Energy Metering Successor Tariff Updates

Regulatory and Legislative Policy Manager Aisha Cissna reported on proposed net energy metering (NEM) tariff changes being considered by the CPUC and their effect on current NEM customers. The directors formed an ad hoc subcommittee with members Avis and M. Wilson to work with staff to study the complex proposed changes from the perspective of RCEA customers and report back to the Board.

Chair Avis invited public comment. Ross Taylor submitted written comment requesting RCEA's stance on the anticipated NEM successor tariff decision and a New York Times opinion piece by former California Governor Arnold Schwarzenegger. Mr. Taylor opposes the proposed decision if Mr. Schwarzenegger's characterization of it is accurate. Chair Avis closed the public comment period.

STAFF REPORTS

10.1. Report from Executive Director Matthew Marshall

Executive Director Marshall reported that the Bureau of Ocean Energy Management released the lease auction site assessment activities draft environmental assessment for public comment. The RCEA Annual Report was published online and in the North Coast Journal, and the airport microgrid is operational, benefitting customers by delivering power to the electrical grid and operating its battery system. The commissioning process, including testing islanding capabilities, will continue for another couple of weeks.

Chair Avis invited public comment. There were no comments from the public on non-agenda items. Chair Avis closed the public comment period.

FUTURE AGENDA ITEMS

There were no requests for future agenda items from the directors or the public.

The meeting was adjourned at 5:46 p.m.

Redwood Coast Energy Authority
Disbursements Report
As of December 31, 2021

Type	Date	Num	Name	Memo	Amount
Check	12/01/2021	E-pay	EDD	499-0864-3 Letter iD L0439888144	-2,646.52
Check	12/01/2021	E-Pay	Internal Revenue Service	74-3104616 Notice #CP504B	-1,362.18
Liability Check	12/08/2021	E-pay	EDD	Taxes	-6,285.08
Liability Check	12/08/2021	E-pay	Internal Revenue Service	Taxes	-27,301.77
Liability Check	12/08/2021	E-pay	EDD	Taxes	-87.65
Check	12/10/2021	12770	VISA	November Statement 10/21-11/19/21	-3,972.32
Check	12/10/2021	12771-801	Employees	Utilities Reimbursement for (6) months	-12,240.00
Check	12/10/2021	12802	CCA Customer	REVSE Rebate #3	-349.50
Check	12/10/2021	12803	CCA Customer	EV Rebate #: EV22	-1,000.00
Check	12/10/2021	12804-09	NEM Customers	NEM Account Close Outs	-1,213.17
Liability Check	12/10/2021	12810	Umpqua Bank	Health Savings Account contributions	-217.22
Bill Pmt -Check	12/10/2021	12811	Ameritas - Dental	#010-055098-00001 December 2021	-1,882.40
Bill Pmt -Check	12/10/2021	12812	Ameritas - Vision	VOID: 010-055098-00002 December 2021	0.00
Bill Pmt -Check	12/10/2021	12813	AT&T	Phone charges - long distance	-10.84
Bill Pmt -Check	12/10/2021	12814	Braun Blaising Smith Wynne	Legal Services - Regulatory - October	-7,212.87
Bill Pmt -Check	12/10/2021	12815	City of Arcata	November Utility User Tax	-6,256.32
Bill Pmt -Check	12/10/2021	12816	City of Eureka-Water	Water service, 10/26-11/25/21	-113.75
Bill Pmt -Check	12/10/2021	12817	Diamond, Nancy	November Legal Services	-14,055.70
Bill Pmt -Check	12/10/2021	12818	Donald Dame	Professional Services - Program Support	-612.50
Bill Pmt -Check	12/10/2021	12819	Eureka Chamber of Commerce	2022 Membership Dues	-243.00
Bill Pmt -Check	12/10/2021	12820	Frontier Energy, Inc.	Professional Services - Program Support	-712.00
Bill Pmt -Check	12/10/2021	12821	Mission Uniform & Linen	December mat service, janitorial supplies	-7.91
Bill Pmt -Check	12/10/2021	12822	NYLEX.net, Inc.	Onsite Network Support Services - December	-3,200.00
Bill Pmt -Check	12/10/2021	12823	Owen, P.	Travel reimbursement: Tour of OE3 JATC	-162.01
Bill Pmt -Check	12/10/2021	12824	PG&E EV Account	EV stations October	-753.87
Bill Pmt -Check	12/10/2021	12825	PG&E Utility Account	10/22-11/19/21 Office Utilities	-682.87
Bill Pmt -Check	12/10/2021	12826	Ray Morgan Company	Printer Charges: 11/06-12/05/21	-50.40
Bill Pmt -Check	12/10/2021	12827	Recology	November Pick-up Service	-93.21
Bill Pmt -Check	12/10/2021	12828	Times Printing Company	Msc. printing services	-2,400.44
Bill Pmt -Check	12/10/2021	12829	Verizon Wireless	November Mobile Charges	-1,737.79
Bill Pmt -Check	12/10/2021	12830	AT&T	RCAM Services	-1,788.44
Bill Pmt -Check	12/10/2021	12831	City of Arcata	November Excessive Energy Use Tax	-1,865.55
Bill Pmt -Check	12/10/2021	12832	Times Printing Company	Move-in mailer OON2	-534.76
Bill Pmt -Check	12/10/2021	12833	Ameritas - Vision	010-055098-00002 December 2021	-394.16
Check	12/14/2021	12834	Employee	VOID: Utilities reimbursement for (6) months.	0.00
Check	12/10/2021	12835	Employee	Utilities reimbursement for (6) months	-432.00
Liability Check	12/10/2021	ACH	Newport Group	Deferred Compensation Contributions	-15,574.78
Paycheck	12/10/2021	ACH	Employees	Payroll	-65,798.08
Bill Pmt -Check	12/18/2021	ACH	Computershare for Wells Fargo	Bank fee per executed escrow agreement	-6,000.00
Check	12/21/2021	ACH	Umpqua Bank	Service Charge	-22.56
Bill Pmt -Check	12/22/2021	ACH	CalPine Corporation	Calpine November 2021 Costs	-61,451.52
Bill Pmt -Check	12/22/2021	ACH	Snow Mountain Hydro, LLC	Cove plant hydro - NOV 2020	-6,947.17
Bill Pmt -Check	12/22/2021	ACH	Humboldt Sawmill Co.	Humboldt Redwood Co. November 2021	-431,315.80
Bill Pmt -Check	12/22/2021	ACH	Keenan	Anthem Medical Insurance January 2022	-32,009.25
Liability Check	12/22/2021	E-pay	EDD	Taxes	-6,219.49
Liability Check	12/22/2021	E-pay	Internal Revenue Service	Taxes	-27,101.81
Liability Check	12/22/2021	E-pay	EDD	Taxes	-11.19
Paycheck	12/22/2021	ACH	Employee	Payroll	-1,228.75
Liability Check	12/22/2021	ACH	Newport Group	Deferred Compensation Contributions	-15,461.05
Bill Pmt -Check	12/23/2021	ACH	Leapfrog Energy	November 2021 RA	-36,740.00
Check	12/23/2021	12836	Eureka Fabrics	PA Non-Residential Direct Install #6305	-98.99

Redwood Coast Energy Authority
Disbursements Report
As of December 31, 2021

Type	Date	Num	Name	Memo	Amount
Check	12/23/2021	12837	CCA Customer	PA Residential & Heat Pump Rebate #5688	-800.00
Check	12/23/2021	12838	CCA Customer	Heat Pump Rebate #: 6345	-2,200.00
Check	12/23/2021	12839	CCA Customer	PA Residential & Heat Pump Rebate #:5562	-800.00
Bill Pmt -Check	12/23/2021	12840	Aiqueous, LLC	PowerPath Configuration Project Hours - Nov.	-3,000.00
Bill Pmt -Check	12/23/2021	12841	Bithell, M.	VOID: Purchase reimbursement - postage	0.00
Bill Pmt -Check	12/23/2021	12842	Breadcrumb Cybersecurity	Cybersecurity Assessment	-24,375.00
Bill Pmt -Check	12/23/2021	12843	Central Office	Printing services- NEM Brochures	-106.79
Bill Pmt -Check	12/23/2021	12844	First Republic Bank	DACA Set Up Fee	-3,000.00
Bill Pmt -Check	12/23/2021	12845	HSU - Sponsored Programs Foundation	Pole Mounted Solar Plan Set - personnel costs	-8,770.50
Bill Pmt -Check	12/23/2021	12846	Jackson & Eklund	Accounting consulting	-120.00
Bill Pmt -Check	12/23/2021	12847	Mission Uniform & Linen	December mat service, janitorial supplies	-7.91
Bill Pmt -Check	12/23/2021	12848	North Coast Cleaning	November monthly cleaning service	-456.00
Bill Pmt -Check	12/23/2021	12849	Platt/Rexel	LED Stock	-7,947.95
Bill Pmt -Check	12/23/2021	12850	Shred Aware	Shredding services - Dec	-65.00
Bill Pmt -Check	12/23/2021	12851	Times Printing Company	Misc. printing services	-1,155.24
Bill Pmt -Check	12/23/2021	12852	Winzler, John	Office Lease - January 2022	-7,132.00
Bill Pmt -Check	12/23/2021	12853	Bithell, M.	Purchase reimbursement - postage	-5.31
Paycheck	12/23/2021	ACH	Employees	Payroll	-65,495.80
TOTAL					<u>-933,296.14</u>

Redwood Coast Energy Authority
Profit & Loss Budget vs. Actual
July through December 2021

	Jul - Dec 21	Budget	% of Budget
Ordinary Income/Expense			
Income			
5 REVENUE EARNED			
Total 5000 · Revenue - government agencies	312,604.93	911,000.00	34.31%
Total 5100 · Revenue - program related sales	13,335.36	31,000.00	43.02%
Total 5400 · Revenue-nongovernment agencies	1,038,152.73	1,377,873.00	75.35%
Total 5500 · Revenue - Electricity Sales	20,224,987.08	44,645,168.00	45.3%
Total 5 REVENUE EARNED	21,589,080.10	46,965,041.00	45.97%
Total Income	21,589,080.10	46,965,041.00	45.97%
Gross Profit	21,589,080.10	46,965,041.00	45.97%
Expense			
Total 6 WHOLESALE POWER SUPPLY	21,866,099.42	41,084,582.00	53.22%
Total 7 PERSONNEL EXPENSES	1,425,567.26	3,517,800.00	40.52%
Total 8.1 FACILITIES AND OPERATIONS	333,542.65	3,313,389.00	10.07%
Total 8.2 COMMUNICATIONS AND OUTREACH	52,314.54	118,570.00	44.12%
Total 8.3 TRAVEL AND MEETINGS	596.67	44,300.00	1.35%
8.4 PROFESSIONAL & PROGRAM SRVS			
8400 · Regulatory	38,776.50	180,000.00	21.54%
8410 · Contracts - Program Related Ser	245,731.65	393,000.00	62.53%
8420 · Accounting	765.00	55,000.00	1.39%
8430 · Legal	75,458.30	153,000.00	49.32%
8450 · Wholesale Services - TEA	327,492.00	639,088.00	51.24%
8460 · Procurement Credit - TEA	338,238.35	340,032.00	99.47%
8470 · Data Management - Calpine	307,702.08	738,144.00	41.69%
Total 8.4 PROFESSIONAL & PROGRAM SRVS	1,334,163.88	2,498,264.00	53.4%
Total 8.5 PROGRAM EXPENSES	293,991.22	631,393.00	46.56%
Total 8.6 INCENTIVES & REBATES	69,498.52	601,000.00	11.56%
Total 9 NON OPERATING COSTS	7,907.25	414,320.00	1.91%
Total Expense	25,383,681.41	52,223,618.00	48.61%
Net Ordinary Income	-3,794,601.31	-5,258,577.00	72.16%
Net Other Income	0.00	6,600,000.00	0.0%
Net Income	-3,794,601.31	1,341,423.00	-282.88%

Redwood Coast Energy Authority
Balance Sheet
As of December 31, 2021

	<u>Dec 31, 21</u>
ASSETS	
Current Assets	
Checking/Savings	
1010 · Petty Cash	300.00
1050 · GRANTS & DONATIONS 3840	15,995.51
1060 · Umpqua Checking Acct 0560	-22,573.49
1071 · Umpqua Deposit Cntrl Acct 8215	4,706,158.32
1075 · Umpqua Reserve Account 2300	9,940.19
1076 · First Republic Bank - 4999	115,217.80
8413 · COUNTY TREASURY 3839	5,329.01
Total Checking/Savings	4,830,367.34
Total Accounts Receivable	124,283.93
Other Current Assets	
1101 · Allowance for Doubtful Accounts	-1,795,866.10
1103 · Accounts Receivable-Other	7,625,993.40
1120 · Inventory Asset	21,715.00
1202 · Prepaid Expenses	-7,669.70
1205 · Prepaid Insurance	11,998.61
1499 · Undeposited Funds	1,377.00
Total Other Current Assets	5,857,548.21
Total Current Assets	10,812,199.48
Total Fixed Assets	8,402,029.71
Other Assets	
1700 · Retained Deposits	4,293,600.00
Total Other Assets	4,293,600.00
TOTAL ASSETS	<u><u>23,507,829.19</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Total Accounts Payable	5,056,341.67
Total Credit Cards	6,464.34
Other Current Liabilities	
2002 · Deposits Refundable	244,845.00
2013 · Unearned Revenue - PA 2020-2023	1,276,354.02
Total 2100 · Payroll Liabilities	159,253.96
Total Other Current Liabilities	1,680,452.98
Total Current Liabilities	6,743,258.99
Long Term Liabilities	
2700 · Long-Term Debt	
2704 · USDA Loan	6,287,592.00
Total 2700 · Long-Term Debt	6,287,592.00
Total Long Term Liabilities	6,287,592.00
Total Liabilities	13,030,850.99
Equity	
2320 · Investment in Capital Assets	215,489.00
3900 · Fund Balance	14,056,090.51
Net Income	-3,794,601.31
Total Equity	10,476,978.20
TOTAL LIABILITIES & EQUITY	<u><u>23,507,829.19</u></u>



REDWOOD COAST Energy Authority

STAFF REPORT Agenda Item # 3.4

AGENDA DATE:	February 24, 2022
TO:	Board of Directors
PREPARED BY:	Lori Taketa, Clerk of the Board
SUBJECT:	Virtual Board Meeting Authorization

BACKGROUND

On September 16, 2021, Governor Newsom signed AB 361 authorizing Brown Act revisions which allowed legislative bodies to meet virtually provided there is a state of emergency, and either 1) state or local officials have imposed or recommended measures to promote social distancing, or 2) the legislative body determines by majority vote that meeting in person would present imminent risks to the health and safety of attendees.

SUMMARY

The Centers for Disease Control and Prevention continue to list Humboldt County as an area of high COVID-19 transmission. While the Humboldt County Health Officer rescinded the local universal public indoor face covering order of November 8, 2021, both Humboldt County Public Health and the CDC continue to strongly recommend indoor masking for all individuals in public spaces in areas of substantial or high transmission. Humboldt County Health further recommends mask wearing and physical distancing at gatherings where people of different households come together in a private or public space.

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

N/A – Operations.

EQUITY IMPACTS

N/A. Recommended measures reduce health risks to vulnerable populations.

FINANCIAL IMPACT

Annual teleconferencing subscription costs have been included in the Fiscal Year 2021-22 budget.

STAFF RECOMMENDATION

Adopt Resolution No. 2022-2 Ratifying Governor Newsom's March 4, 2020, State of Emergency Proclamation and Authorizing Remote Teleconference Meetings of RCEA's Legislative Bodies, for the extension period February 24, 2022, through March 26, 2022, pursuant to Brown Act revisions of AB 361

ATTACHMENTS

1. Resolution No. 2022-2 Ratifying Governor Newsom's March 4, 2020, State of Emergency Proclamation and Authorizing Remote Teleconference Meetings of RCEA's Legislative Bodies, for the extension period February 24, 2022, through March 26, 2022, pursuant to Brown Act revisions of AB 361.

RESOLUTION NO. 2022-2

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE REDWOOD COAST ENERGY AUTHORITY
RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY
BY GOVERNOR GAVIN NEWSOM ON MARCH 4, 2020,
AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS
OF THE LEGISLATIVE BODIES OF REDWOOD COAST ENERGY AUTHORITY
FOR THE PERIOD FEBRUARY 24, 2022, THROUGH MARCH 26, 2022,
PURSUANT TO BROWN ACT PROVISIONS**

WHEREAS, the Redwood Coast Energy Authority (RCEA) is committed to preserving and nurturing public access and participation in meetings of the Board of Directors; and

WHEREAS, all meetings of RCEA's legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and watch RCEA's legislative bodies conduct their business; and

WHEREAS, the Brown Act, Government Code section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within RCEA's boundaries, caused by natural, technological, or human-caused disasters; and

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body has determined that meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, such conditions now exist in Humboldt County, specifically, Governor Newsom's Proclamation of a State of Emergency of March 4, 2020, remains in effect; and

WHEREAS, the Centers for Disease Control and Prevention continue to list Humboldt County as an area of high transmission of COVID-19 and the Humboldt County Department of Health and Human Services continues to recommend the use of physical distancing at gatherings and events, including meetings of legislative bodies; and

WHEREAS, the Board of Directors does hereby find that the COVID-19 public health emergency and increased risk of infection has caused, and will continue to cause, conditions of peril to the safety of persons within Humboldt County that are likely to be beyond the control of services, personnel, equipment, and facilities of RCEA, and desires to ratify the proclamation of state of emergency by the Governor of the State of California; and

WHEREAS, as a consequence of the emergency, the Board of Directors does hereby find that the legislative bodies of RCEA shall conduct their meetings without compliance with paragraph (3) of

subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that such legislative bodies shall comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953; and

WHEREAS, public access and participation in meetings of RCEA's legislative bodies shall be provided via online video conferencing software which shall also allow for public participation and real-time public comment opportunity by telephone.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF REDWOOD COAST ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Proclamation of Imminent Risk of In-Person Meetings. The Board hereby proclaims that as Humboldt County remains an area of high transmission of COVID-19 as determined by the Centers for Disease Control and Prevention, that meeting in-person presents imminent risks to the health or safety of attendees; and, acknowledges that the Humboldt County Department of Health and Human Services continues to recommend physical distancing at gatherings and events, including meetings of legislative bodies.

Section 3. Ratification of Governor's Proclamation of a State of Emergency. The Board hereby ratifies the Governor of the State of California's Proclamation of State of Emergency, effective as of its issuance date of March 4, 2020.

Section 4. Remote Teleconference Meetings. The staff and legislative bodies of Redwood Coast Energy Authority, including but not limited to the Board of Directors and its subcommittees, and the Community Advisory Committee and its subcommittees, are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective for 30 days or until this Resolution is extended by a majority vote of the Board of Directors in accordance with Section 6 of this Resolution.

Section 6. Extension by Motion. The Board of Directors may extend the application of this Resolution by motion and majority vote by up to 30 days at a time, provided that it makes all necessary findings consistent with and pursuant to the requirements of Section 54953(e)(3).

Adopted this 24th day of February 2022.

ATTEST:

Stephen Avis, RCEA Board Chair

Lori Taketa, Clerk of the Board

Date: _____

Date: _____

CLERK'S CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of Resolution 2022-2 passed and adopted at a regular meeting of the Redwood Coast Energy Authority, County of Humboldt, State of California, held on the 24th day of February 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

Clerk of the Board, Redwood Coast Energy Authority



REDWOOD COAST Energy Authority

STAFF REPORT Agenda Item # 3.5

AGENDA DATE:	February 24, 2022
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 that the RCEA Risk Management Team 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 January 2020. In December 2020, staff reviewed the policy and deemed no revisions were necessary at that time.

SUMMARY

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

- Section 2.1 – Removal of specific CCE Program goals from Risk Management Policy goals, instead referencing RCEA's RePower Strategic Plan as the programmatic basis for achieving the Policy goals;
- Section 2.2.3 – Addition of response to power procurement mandates as a mitigation of regulatory risk;
- Section 3.2 – Clarification that Risk Management Team voting members are required to disclose personal agency-related holdings, which mitigates conflict of interest in trading for personal accounts;
- Section 3.3 – Addition of California Public Records Act adherence in RCEA solicitations and agreements;
- Appendix D – Update to language on the Power Charge Indifference Adjustment (PCIA), Portfolio Content Category 2 renewables, and Resource Adequacy to reflect current regulatory constructs; and addition of language on Congestion Revenue Rights and CPUC procurement mandates.

In addition to the above revisions, RCEA and TEA staff are also in process of revising the confidential Appendix D-2, which consists of the procurement schedules that accompany the energy risk hedging strategy in Appendix D.

The Risk Management Team has approved the updated policy and recommends adoption by the Board.

ALIGNMENT WITH RCEA’S STRATEGIC PLAN

Not applicable – the ERMP 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 that is inherent in participating in energy markets as a load-serving entity.

STAFF RECOMMENDATION

Adopt Resolution 2022-3 approving updates to the Energy Risk Management Policy.

ATTACHMENTS

Resolution 2022-3 with redlined Energy Risk Management Policy as Attachment A

**RESOLUTION NO. 2022-3
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, 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 _____, 2022

ATTEST:

Steven Avis, 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. 2022-3 passed and adopted at a regular meeting of the Redwood Coast Energy Authority, County of Humboldt, State of California, held on the 24th day of February 2022, 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 ~~January 23, 2020~~ February 24, 2022, Resolution ~~2020-~~
~~1~~ 2022-2

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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 and the Humboldt Bay Municipal Water District. RCEA members 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 local 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 rate competitiveness and other regulatory risks.

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

The ultimate purpose of this Policy is to help RCEA increase the likelihood of achieving its 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.

The RCEA Board of Directors is responsible for approving 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 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

¹ The Humboldt Bay Municipal Water District is a customer of the CCA but does not participate as a voting member in CCA governance

resource portfolio, 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 risk profile of RCEA. This Policy documents the framework by which management, staff and The Energy Authority² (“TEA”) will:

- 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 Program

To ensure successful operation of the CCA ~~program~~, RCEA has partnered with experienced contractors to provide energy-related services. Specific to power procurement, RCEA has partnered with TEA. TEA 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 the probability of RCEA meeting the 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.

1.4 Policy Administration

This Policy document has been 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 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.

² The Energy Authority is RCEA’s current portfolio manager and scheduling coordinator for its load and long-term power contracts.

Section 2: GOALS AND RISK EXPOSURES

2.1 Policy Goals

To help ensure long term viability for the CCA, RCEA has outlined the following Policy ~~Goals~~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 maintain competitive retail rates with PG&E after adjusting for the PCIA and Franchise Fee.~~
- RCEA targets to fund financial reserves with the following objectives:
 - Establish long-term business sustainability
 - Build collateral for power procurement activities
 - Establish an investment grade credit rating
 - Develop a source of funds for investment in ~~generation~~power resources and other local programs
 - Stabilize retail electricity rates and dampen year-to-year variability in procurement costs
- RCEA aims to meet its strategic objectives as found in the RePower Humboldt Comprehensive Action Plan for Energy

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

2.2 Risk Exposures

The Program faces a range of risks during launch and ongoing operation:

- Customer ~~Opt-Out~~opt-out risk
- Market risk
- Regulatory risk
- Volumetric risk
- 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. ~~Customer opt-out 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. ~~A CCA faces other risks, but the ultimate concern is often how these other risks will~~

~~affect customer opt-outs.~~ This Policy addresses this ~~paramount~~ risk and ~~secondary~~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;
- Financial reserve level for retail rate stabilization;
- Percentage of customer opt-outs by customer count and by load.

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 and reporting of 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 procurement strategies with the objective function of maintaining a favorable retail rate savings relative to PG&E.

2.2.3 Regulatory Risk

Although CCAs have gained a significant share of retail customer load in the state of California, they remain a comparatively new legal entity ~~in the state of California~~ and are subject to an evolving legal and regulatory landscape. Additionally, CCAs are in direct competition with California's Investor-~~Owned~~ Utilities ("IOUs"), which face the risk of stranded investments in generating assets and power purchase agreements procured in the past to serve ~~now departing~~departed CCA loads. The manner in which the stranded costs of these legacy power supplies are allocated to departing CCA loads is the subject of regulatory proceedings at the CPUC. ~~The competitive~~ 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.~~ RCEA will manage regulatory risk by:

- Regular monitoring and analysis of legislative and regulatory proceedings impacting CCAs;
- Ensuring timely submission of regulatory compliance filings and data request responses, and tracking changing requirements associated with these submissions;

- [Ensuring timely procurement and project progress reporting, and to the extent feasible and prudent conducting proactive procurement, in response to procurement mandates;](#)
- Actively participating in and representing CCA customer interests during regulatory and legislative proceedings, [either directly or through the California Community Choice Association \(“CalCCA”\).](#)

2.2.4 Volumetric Risk

Volumetric risk is the uncertainty of RCEA’s financial performance due to variability in the quantity of retail load served by RCEA. Retail load uncertainty results from [unanticipated large customer additions or departures](#), customer opt-outs, ~~temperature~~[weather](#) deviation from normal, unforeseen [increased](#) adoption of behind the meter generation by RCEA customers, as well as local, state and national ~~economics~~[socioeconomic](#) conditions. Volume risk is managed by taking steps to:

- ~~Quantify anticipated~~[Forecast](#) PG&E generation and PCIA rates, and variability therein;
- Quantify variability in procurement timing and costs;
- 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 ~~strategy;~~[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;
- Expand the customer base of the CCA into ~~neighboring~~[other](#) counties and include 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:

- TEA Risk Management Committee approval, and RCEA RMT ratification of, financial and risk models;
- Ongoing review of model [inputs and](#) outputs as part of controls framework;
- [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;
- 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 exposure to counterparty credit risk is controlled by the limit controls set forth in the Credit Policy described in Section 6, [and by requiring counterparties to post performance assurance in an acceptable form as part of long-term agreements.](#)

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 risk is managed through:

- Implementation and adherence to this Energy Risk Management Policy;
- [Establishment and adherence to industry best practices including both those adopted by other CCAs, as well as those adopted by traditional municipal electric utilities.](#)
- [Establishing a Community Advisory Committee \(CAC\) to support RCEA's public engagement efforts and to provide decision-making support and input to the RCEA Board.](#)

2.3 Risk Measurement Methodology

A vital element in RCEA's Energy Risk Management Policy is the regular identification, measurement, and communication of 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 a method that calculates projected procurement costs 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 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 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), 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.

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 approved procurement strategies. 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. The proposal write-up will be prepared by TEA and should, at a minimum, include:

- A description of the benefit to RCEA, including the purpose, function and expected impact on costs (i.e.; decrease costs, manage volatility, control variances, etc.)
- Identification of the in-house or external expertise that will manage and support the new or non-standard transaction type
- 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 transaction type
- Proposed accounting methodology
- Proposed workflows/methodology (including systems)

It is the responsibility of TEA's [MiddleFront](#) 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 ~~on a monthly basis~~ as needed and distribute results. The Risk Management Team will provide guidance to TEA ~~on a monthly basis~~ as needed regarding what parameters should be stress tested and to what degree.

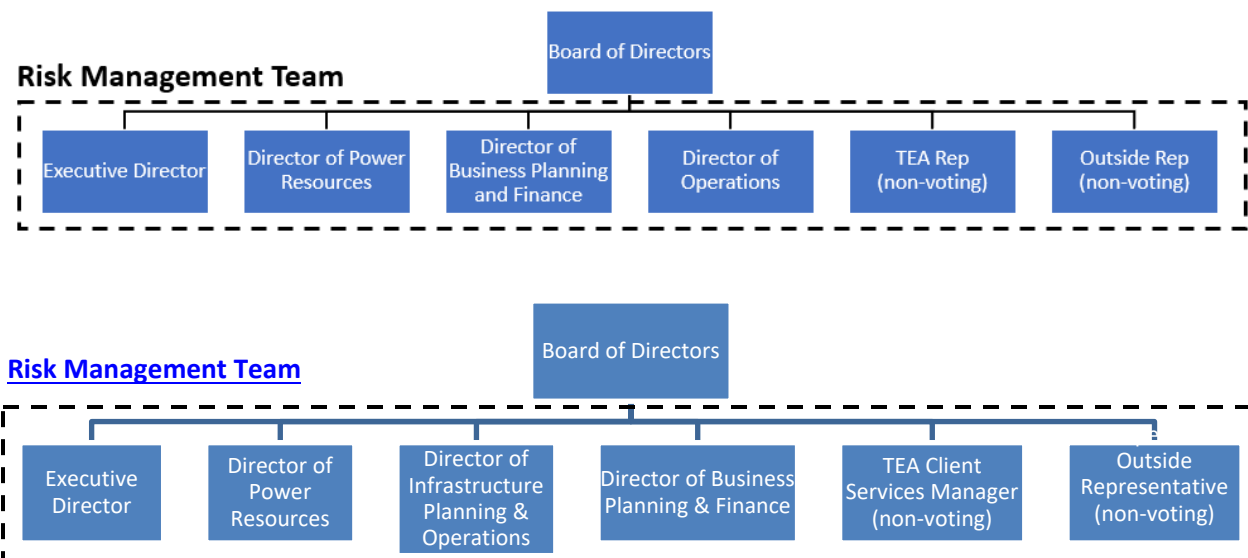
3.9 Trading Practices

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 third-party service providers may exercise some discretion on trade timing and volumes subject to existing conditions (such as unusual weather, periods of illiquidity, load 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.

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. 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 to:

- Determine RCEA 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. Additionally, an independent outside third-party representative, and ~~a representative from TEA~~ [TEA's client services manager 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 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;
- 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, and negotiate hedging products
- 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:

- a. Estimating and publishing 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 and maintaining the net forward power positions of RCEA
- c. Ensuring that RCEA adheres to all risk policies and procedures of both RCEA and the Power Manager in letter and in intent
- d. Maintaining the overall financial security of transactions undertaken by the Power Manager on behalf of RCEA
- e. Implementing and enforcing credit policies and limits
- f. Handling confirmation of all transactions and reconciling differences with the trading counterparties
- g. Reviewing trade tickets for adherence to approved limits

- h. Ensuring all trades have been entered into the appropriate system of record
- i. Ensuring that both pre-schedule and actual delivery volumes and prices are entered into the physical database
- j. Carrying out month-end checkout of all transactions each month
- k. Reviewing models and methodologies and recommending RMT approval
- l. Providing 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) ¹	Capacity Transaction Value Limit ² Limit
RCEA Board of Directors	Any transaction that exceeds the Risk Management Team limits			
Risk Management Team	42 Months	36 Months	500,000	\$3,000,000
Executive Director	36 Months	30 Months	375,000	\$2,000,000
TEA	30 months	24 Months	250,000	\$1,000,000

~~¹Volume limit applies only to energy transactions, including index-based renewable and carbon-free energy transactions.~~

~~²Value limits apply to non-energy product transactions (e.g., Resource Adequacy).~~

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 CAISO is excluded from this table due to the nature of the market, where prices for activity may not be known until after transactions are committed.

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, [any subsequent procurement strategies 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 on 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 on ~~CCAR~~RCEA agreements will carry direct credit risk. For activity on TEA and/or ~~CCAR~~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~~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 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~~credit limit must post an acceptable form of credit support or Prepayment prior to the execution of any transaction. A Counterparty may choose to provide a guarantee from a third party, provided the third party satisfies the criteria for a ~~Credit Limit~~credit limit as outlined in TEA's Energy Risk Management Policy.

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 ~~will be~~are made available to RMT members and TEA staff:

- **Daily Financial Model Forecast**

Latest projected financial performance, marked to current market prices, and shown relative to financial goals.

- **Monthly Net Position Report**

~~Prepare a forward~~Forward net position report, ~~not less frequently than~~ that is presented monthly, ~~and report the results~~ to the RMT.

- ~~Monthly Pass-through Counterparty~~Daily Credit ~~Exposure~~Report

This report ~~will show~~shows how ~~the~~ credit ~~exposures~~exposure for the transactions that TEA executes on behalf of RCEA ~~will pass-~~through TEA to RCEA.

- **Monthly Risk Analysis**

~~This will include a~~ Cash ~~Flow~~flow at ~~Risk~~risk and stress ~~test~~testing of the financial forecast relative to financial goals.

- **Quarterly Board Risk Report**

Update on activities and projected financial performance ~~to be~~that is presented quarterly 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.

8.1 Acknowledgement of Policy

Any RCEA employee participating in any activity or transaction within the scope of this Policy shall sign, on an annual basis or upon any 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 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
- 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 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: 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 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.

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 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 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.

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.

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. Specific focus is on procurement of the following market-based products:

- Fixed Price ~~Block~~ Energy (also known as system power)
- Portfolio Content Category 1 Renewable Energy
- Portfolio Content Category 2 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 SB350 mandate to procure a minimum of 65 percent of Renewable Portfolio Standard-required renewable energy under 10-year or longer PPAs or RCEA-owned resources beginning in 2021, and the CPUC's November 2019 IRP Procurement Track Decision Requiring Electric System Reliability Procurement for 2021-2023. 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 during the initial years of operation to fund financial reserves ~~with~~[in support of](#) the following objectives:
 - Establish long-term business sustainability
 - Build collateral for power procurement activities
 - Establish 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
- 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 program. [More recently, RCEA has set a goal to procure all energy from clean and renewable sources \(though not necessarily local sources\) by 2025. 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 goals 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 CCE program, neither energy nor resource adequacy (RA) will be procured from the following generation sources:

- Nuclear generation
- Coal generation
- Hydro-electric 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.

Hedging Targets and Strategies

The time horizon for the hedging program will be the prompt three (3) years. RCEA and TEA will generally observe 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 ~~require~~[warrant](#) occasional [under- or](#) over-hedging and subsequent remarketing of over-procured products.

Fixed Price ~~Block~~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~~[price energy](#) products,

including ~~Block Energy, Shaped Energy~~[block energy, shaped energy](#) and ~~Options~~[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~~[price energy](#) hedges are used to provide cost certainty and rate stability.

When assessing its requirements for ~~Fixed Price Block Energy~~[fixed price energy](#), RCEA will forecast the monthly energy requirements of its customers during heavy and light load hours³ 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 will be refined through time as additional load data is acquired through actual program operation. Forecasted output from resources will be based on generation forecasts provided by counterparties and may be adjusted based on observed outcomes.

In the adopted hedge schedule for ~~block~~[fixed price](#) energy, the minimum hedge level is achieved by implementing a time-driven programmatic strategy. Time-driven programmatic hedges are executed at a predetermined rate pursuant to a time schedule and without regard for market conditions. The purpose of these hedging transactions is to achieve a reduction in variability in power supply costs by gradually increasing the amount of energy hedged as the actual 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 price-driven or opportunistic 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 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 Block Energy~~[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

³ Heavy Load (On-peak) Hours in 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.

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 Block 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 portfolio⁴ 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. ~~One component of the exit fee that is established each year under the PCIA construct is a mark-to-market value for the system power component of PG&E's applicable vintage portfolio. This value is established each October prior to the start of the upcoming calendar year based on the simple average of forward prices for the calendar year and application of PG&E's specific load weights for peak and off-peak consumption. Daily settlement prices sourced from Platts during each business day of the month of October establish the forward prices used for purposes of this calculation (e.g., the value for calendar year 2020 was established during October 2019).~~

~~After all the inputs to determine the market price benchmark are known, the PG&E vintage portfolio no longer provides any hedging value to the departing load against market price movements. RCEA will treat the hedge volumes associated with the vintage portfolio as part of its own portfolio from October prior to year start when implementing the adopted hedge~~

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	

⁴ The vintage portfolio is generally all contracts and utility-owned generation that was procured while the departing load was still receiving bundled service. ~~The hedge level is defined as the (total fixed price supply)/(bundled + departed load). In 2015, the departed load was relatively small and hence the Power Content Label was a good estimate for the hedge level of the vintage portfolio.~~

~~schedule~~— PG&E’s 2017 Power Content Label provides the best estimate of the percent of fixed price energy in PG&E’s vintage portfolio associated with RCEA’s vintage year of 2017, ~~which is approximately 60 percent (30% renewable, 6% large hydroelectric, 23% nuclear).~~

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.

Portfolio Content Category 1 Renewable Energy

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 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.

In order to manage price risk of long-term renewable energy, and to allow RCEA to prudently and methodically build a portfolio of long-term assets, RCEA intends to meet its PCC1 energy targets with a blend of short and long-term contracts. In the 2018/19 period, this balance included a relatively higher share of short-term contracts, augmenting purchases from local biomass facilities as RCEA focused on launching its CCE and establishing a strong financial foundation.

Beginning in early 2019 and continuing through ~~2020~~2022 RCEA is shifting its focus to longer-term PCC1 contracts, particularly for Calendar Year ~~2021~~2022 and beyond. This shift is necessary to comply with the renewable procurement requirements of SB350, as well as the fact that new renewable generating facilities typically require long-term PPAs with terms that can range from ten to twenty-five years, most

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.		
<div> <div>For specific information about this electricity product, contact:</div> <div>Pacific Gas and Electric Company</div> <div>415-973-0640</div> </div>		
<div> <div>For general information about the Power Content Label, please visit:</div> <div>http://www.energy.ca.gov/pcl/</div> </div>		
<div> <div>For additional questions, please contact the California Energy Commission at:</div> <div>844-454-2906</div> </div>		

typically fifteen to twenty. As a result, RCEA's support of renewable generation may require voluntary execution of long-term PPAs beyond what is mandated by SB350.

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 i) 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 Block Energy~~[fixed price energy](#) and ii) ensure that RCEA is in a position to make strategic procurement decisions and commitments on a periodic basis.

When economically feasible, RCEA will give preference to renewable generation located in Humboldt County.

Portfolio Content Category 2 Renewable Energy

RCEA shall diversify its renewable energy portfolio further by incorporating Portfolio Content Category 2 (PCC2) renewable energy purchases. PCC2 renewable energy is sourced from renewable generators located outside the state of California and is "firmed and shaped" for reliable delivery into California. PCC2 purchases are typically less expensive and shorter in term than PCC1, so they provide a cost-effective and flexible method of augmenting RCEA's renewable energy purchases to meet renewable portfolio content commitments to customers.

It should be noted that there was recently a decision from the California Energy Commission on implementation of Assembly Bill 1110 that impacts the greenhouse gas accounting methodology applied to PCC2 renewable energy. ~~The procurement strategy of this product is subject to change as RCEA gains clarity of the implications resulting from this decision, which will go into effect in 2021 for reporting year 2020.~~ [for reporting year 2020 and future years. This change results in PCC2 renewable energy shown on a Power Content Label at 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.](#)

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.

In setting the scheduled targets, it is important to note that the purchase of Carbon-Free Energy is a voluntary goal set by the RCEA Board. RCEA's Board may elect to reduce the total quantity of Carbon-Free Energy included in RCEA's portfolio as it seeks to balance multiple program objectives, including financial targets for reserves and retail rates.

Resource Adequacy Capacity

~~As a Load-Serving Entity (LSE) in California, RCEA is required to demonstrate both annually and monthly that it has secured sufficient energy capacity to provide for its share of California's peak energy load; this capacity is referred to as Resource Adequacy (RA). RCEA has local RA requirements in some but not all of the Local Reliability Areas, as well as system RA requirements for Northern California ("North of Path 26 System"), a portion of which must be Flexible RA.~~

~~Additionally, pursuant to the November 2019 CPUC Decision Requiring Electric System Reliability Procurement for 2021-2023, RCEA is required to procure resource adequacy capacity in the following quantities from resources that are incremental to the designated baseline list.~~

Procurement year (by August 1)	2021	2022	2023
Percent of total obligation	50%	75%	100%
Cumulative obligation (MW)	5.4	8.0	10.7

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. [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 for the 2024 compliance year.](#)

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 cashflow associated with the positions which 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 ~~following~~ reports [that](#) are required to manage the hedge program and to ensure its success:

- ~~• Net Position Report for each product~~
- ~~• Current Projected Power Supply Costs compared to budget~~
- ~~• Cash Flow at Risk~~
- ~~• Renewable and non-fossil-fuel generation portfolio content~~

~~These reports will be produced and delivered by TEA staff on a monthly basis~~ [are listed in Section 7 of the ERMP.](#)

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 annually by any RCEA employee participating in any activity or transaction within the scope of RCEA's Energy Risk Management Policy.



STAFF REPORT Agenda Item # 3.6

AGENDA DATE:	February 24, 2022
TO:	Board of Directors
PREPARED BY:	Eileen Verbeck, Deputy Executive Director
SUBJECT:	Approve Reclassification of Vacant Information Technology Specialist Position to Information Technology Technician and Approve Revised Organization Chart

BACKGROUND

RCEA currently contracts with Nylex.Net, Inc. for Information Technology (IT) support and management. Additionally, RCEA has a vacant IT Specialist position that is intended to internally manage projects, purchase materials and assist Nylex.Net, Inc. with onsite deployment and support. The RCEA IT Specialist role is also intended to provide internal IT expertise specific to RCEA programs.

RCEA has seen an increase in organizational IT needs with the logistics associated with teleworking, implementation of new programmatic software systems, and increased cyber security threats. During the last year, RCEA completed a cyber security audit, and it was determined that several upgrades should be implemented to increase RCEA's overall cyber security. The necessary IT upgrades will require RCEA to have an IT staff person that can research, develop and implement agency-wide projects while maintaining the daily needs of the organization.

Prior to advertising the vacant IT Specialist position, staff evaluated whether the Specialist classification would provide the level of knowledge, skills and abilities required to meet the needs of RCEA. During this review it was determined that it was more appropriate to recruit an IT Technician versus an IT Specialist. Differences in the job classifications are as follows:

IT Technician

- Develops and implements activities
- Demonstrates discretion and makes recommendations with the potential for financial, operational, and cybersecurity consequences
- Conducts ongoing research and analysis on technological development
- Minimum of 3 years' experience of progressively responsible relevant work experience

IT Specialist

- Implements defined routine activities
- Assists management staff in routine computer, network and phone services
- Assist staff to research, install and operate hardware and software
- Minimum of 1 year work experience

Reclassifying the IT Specialist position to IT Technician will allow RCEA to be responsive to the requirements imposed by California Public Utilities Commission and PG&E to maintain secure and confidential customer data, while also improving our internal technical abilities.

FINANCIAL IMPACT

RCEA has calculated a \$45,414 savings this fiscal year resulting from the vacant IT Specialist position. Reclassifying the vacant IT Specialist position to IT Technician will result in an overall savings of approximately \$41,747. The reclassification of the position will result in an annual increase in payroll costs of \$11,000 starting in FY 2022-2023. RCEA will still maintain the contract with Nylex.Net, Inc. for additional support of our Information Technology.

STAFF RECOMMENDATION

Approve Information Technology Technician Job Description and Revised Organizational Chart.

ATTACHMENTS

1. Proposed IT Technician job description
2. Proposed organization chart update (with reclassified IT Technician position highlighted)



Technician/Senior Technician – Information Technology

General Class Description: Under general direction of a Manager or Director, a Technician develops and implements programs or activities of their associated department; provides assistance to management; performs related work as assigned. This class has supervisory responsibility. A Technician is responsible for achieving program goals and objectives, may supervise staff, and participates in the day to day operations and activities of their designated program or functional area within a department. A Technician works with a Manager or Director to follow consistent and efficient implementation of agency operational policies and long-term operational excellence. This position class is distinguished by broadly defined duties related to program and project management, with expertise developed and expanded under supervision and oversight. This position exercises discretion and independent judgment in the coordination and prioritization of duties and responsibilities assigned, and acts on behalf of the Manager or Director in their absence.

Summary

The IT Technician works under general direction of the Deputy Executive Director and has responsibility for a wide range of matters related to RCEA's information technology including computer systems, communication systems, networking, data management, and electronic office equipment. The IT Technician develops and implements activities to deliver services to other staff, customers, and third-party partners. Tasks may be to perform routine system operation, configuration, and diagnosis and repair of hardware, network, and software issues; implement data security policies and procedures; ongoing research of enhancement and upgrades of office systems; and develop and implement training for staff on system usage, application, and limitations. The IT Technician also participates in and leads selected program tasks that have a strong focus on electronic equipment or data management and assists program teams to identify and develop computer and data-related solutions.

Essential Functions and Responsibilities

Duties are illustrative only and may vary. Other duties may be assigned.

- Work closely with the Deputy Executive Director to develop and implement all aspects of digital office systems.
- Conduct routine electronic maintenance and enhancements to support staff productivity and system stability and reliability.
- Evaluate new hardware, operating system, and network solutions to fit with existing and emerging business requirements.
- Implement computer, network, and phone services for new and existing staff.
- Provide ongoing staff training and support for all electronic systems.
- Work with the Deputy Executive Director and other staff to ensure proper and secure handling of sensitive data, and ensure staff understanding of and compliance with data security policies and procedures.
- Troubleshoot and resolve hardware, network, and software issues.
- Serve as lead on selected projects with an emphasis on computer or application expertise, such as data storage and backup, security systems, electric vehicle charging network portals.
- Serve as technical administrator for digitally-based information systems, such as websites, listservs, email, and collaborative apps.
- Serve as a lead for delegation of tasks to others.
- Research, install, and operate specialized program-centric hardware and software.
- Consult on project-related business requirements for computer systems.

- Coordinate and support routine and ad-hoc audits, information requests, and other data-intensive activities for both administrative and program-focused content.
- Act as alternate data security officer during the absence of the Deputy Executive Director.
- Audit all electronic systems to confirm proper and secure operation.
- Assist Deputy Executive Director with budget, equipment and request prioritization, electronic asset management, and similar administrative tasks.
- Act as liaison with third party providers of office equipment and services.

Minimum Qualifications

Experience/Education:

Any combination of training and experience that would provide the required knowledge, skills, and abilities is qualifying. A typical way to obtain the required qualifications would be:

- Education or experience equivalent to a bachelor's degree or greater in computer science, networking, or business administration with an emphasis on electronic data systems, or a related field.
- A minimum of 3 year (5 years for Senior Technician designation) of progressively responsible relevant work experience.

Knowledge of:

- Operating systems: Microsoft and Android.
- Hardware: desktop systems, laptops, tablets, Android phones.
- Productivity apps: MS Office 2016 and two prior releases, Adobe PDF, Google account services.
- Standard peripherals, including input devices, monitors, projectors UPS, routers.
- Hardcopy: small and medium business copier equipment, single and multifunction printers and scanners.
- Data management: user and content management, backup, security, retention and classification.
- Networking: hardwire, wifi (secured and unsecured).
- Phone: Familiar with VOIP PBX, cell phones, hotspots.
- Data security: firewalls, compliance standards, audits, threat testing and monitoring, logging, staff training, software review and approval.
- Policies and procedures: update, oversee, and train staff on routine information security policies and procedures.
- Hand and specialty tools to build, diagnose, and repair computer, network, phone.
- Other: familiarity with IoT devices, alarm and surveillance systems, remote sensing and data logging, knowledge of SCADA helpful.

Ability to:

- Troubleshoot and resolve a wide range of routine issues found in typical office computer systems.
- Train and support a diverse range of staff on new and existing computer and communication systems.
- Exhibit high degree of integrity based on degree of access to confidential information and mission-critical systems.
- Manage a steady queue of ongoing staff requests, maintenance tasks, and upgrades.
- Diplomatically prioritize tasks based on dynamic and competing needs from multiple departments.
- Observe, recommend, and assist staff regarding data security and content management policies and procedures.
- Maintain data security incident and enhancement logs.
- Participate in routine content management and data security audits and reviews.
- Deliver a flexible work shift to maximize office productivity during normal business hours, and conduct disruptive activities after normal hours.

- Work with a variety of hand and specialty tools to install, diagnose, and repair electronic equipment such as computers, peripherals, telephones, cabling, and network appliances.
- Identify and solve problems effectively and expeditiously.
- Independently learn, interpret, and apply policies, procedures and resolutions.
- Work well under pressure.
- Be thorough and detail-oriented.
- Demonstrate patience, tact, teamwork and commitment to superior service and performance.
- Communicate effectively verbally, in writing, and through presentations.

Working Conditions and Essential Requirements

The physical demands described here are representative of those required for the position, which may include both office-based activities and field work. Position requires sitting, walking, standing, bending, and twisting in the performance of daily activities. The position requires hand manipulation and repetitive hand movement and fine coordination in using a computer keyboard and other office equipment. The position requires near and far vision in reading reports and use of a computer. Acute hearing is required in supporting meetings and providing phone and in-person customer service. Fine and gross motor control is required to perform repair and assembly tasks ranging from computer assembly and repair to routing cables. The position requires the ability to use ladders and hand tools and to physically navigate building service spaces such as attics and crawlspaces or equivalent. The position occasionally requires lifting and/or moving objects. RCEA will make reasonable accommodation of the known physical or mental limitations of a qualified applicant with a disability upon request. Possession and continued maintenance of a valid class C California driver's license or the ability to provide alternate transportation and a safe driving record is required.

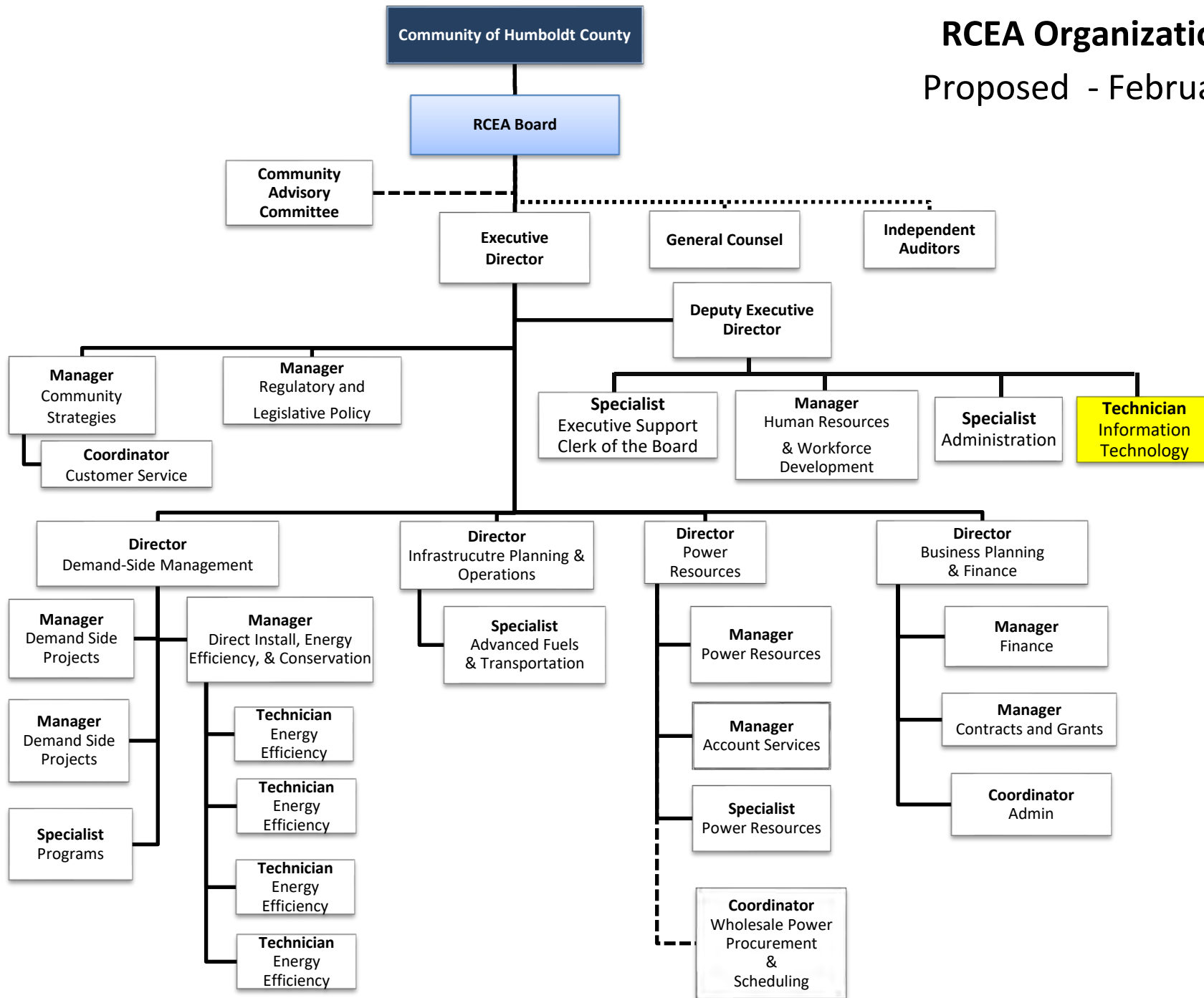
Preferred Qualifications

- Bachelor's degree in a related discipline from an accredited institution.
- Knowledge of RCEA programs.
- Prior experience working with public agencies and/or public utilities.
- Experience working with organizations involved with projects and programs in the areas of environmental and economic development.
- Experience working in an entrepreneurial context.

The Redwood Coast Energy Authority is committed to a diverse workforce and is an equal opportunity employer. RCEA maintains and promotes a policy of nondiscrimination and nonharassment on the basis of race, religion, color, sex, age, handicap, marital status, sexual orientation, and national origin or genetic characteristic. RCEA strongly encourages people of color, women, and those who identify as LGBTQ to apply.

RCEA Organization Chart

Proposed - February 2022



STAFF REPORT

Agenda Item # 5.1

AGENDA DATE:	February 24, 2022
TO:	Board of Directors
PREPARED BY:	Lori Taketa, Clerk of the Board
SUBJECT:	Community Advisory Committee Member Reappointments

BACKGROUND

RCEA's Community Advisory Committee (CAC) was established by the Board to support RCEA public engagement efforts and provide decision-making support and input to the Board. In their advisory and outreach capacities, CAC members have helped educate Humboldt County residents about community choice aggregation, gathered input about community energy priorities during the CCE program's launch period and have contributed time and effort towards other projects which will be highlighted later at this meeting in the committee's annual report.

Terms for nine of the CAC's 15 seats will expire on April 12, 2022. Five of these seats are nominated for appointment by directors from each member jurisdiction. The four at-large seats are filled through an open application process. Directors Scott Bauer, Sarah Schaefer and Sheri Woo volunteered to serve on an ad hoc subcommittee at the January Board meeting to review applications and nominate community members to fill the at-large seats.

SUMMARY

The nine term expiring seats, including one vacant seat, are listed **in red** below:

REPRESENTING JURISDICTION	MEMBER NAME	TERM EXPIRATION DATE
ARCATA	Norman Bell	4/11/2023
AT-LARGE	Jerome Carman	4/12/2022
AT-LARGE	Colin Fiske	4/12/2022
AT-LARGE	Larry Goldberg, Chair	4/12/2022
AT-LARGE	Pam Halstead (ending service)	4/12/2022
BLUE LAKE	Kit Mann	4/11/2023
COUNTY 1: ORLEANS - E. HUMBOLDT	Luna Latimer	4/11/2023
COUNTY 2: SOUTHERN HUMBOLDT	Vacancy	4/12/2022
COUNTY 3: MCKINLEYVILLE	Christopher Honar	4/11/2023
EUREKA	Catherine Gurin	4/11/2023
FERNDALE	Dennis Leonardi, Vice Chair	4/12/2022
FORTUNA	Elizabeth Burks	4/12/2022
HBMWD	Ethan Lawton	4/12/2022
RIO DELL	Roger Hess	4/12/2022
TRINIDAD	Richard Johnson	4/11/2023

Chair Stephen Avis (Ferndale), and Directors Mike Losey (Fortuna), Frank Wilson (Rio Dell), and Sheri Woo (Humboldt Bay Municipal Water District) nominated the currently-seated

members for reappointment. All four incumbent CAC members expressed interest in serving another two-year term.

Three of the four at-large members have submitted applications to serve another two-year term. The Board subcommittee will nominate up to four community applicants to fill the at-large seats at this meeting.

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

The CAC's work focus is to support RCEA public engagement efforts and provide decision-making support and input to the Board for the successful implementation of the agency's work goals, which are the RePower Humboldt strategic plan goals.

EQUITY IMPACTS

As the CAC membership works to further implementation of RePower Humboldt strategic plan goals, they have opportunities to benefit underserved population segments, promote racially-diverse inclusion in energy infrastructure or policy decision making, access to energy, energy efficiency services and freedom from pollution.

FINANCIAL IMPACT

N/A.

STAFF RECOMMENDATION

Reappoint Elizabeth Burks, Roger Hess, Ethan Lawton, Dennis Leonardi and appoint or reappoint up to four other community members (to be named at the February 24, 2022, Board meeting) to the Community Advisory Committee for Two-Year Terms Ending on April 9, 2024.

ATTACHMENTS

- CAC At-Large Candidate List

2022 Community Advisory Committee At-Large Candidates

#	Name	Residency	Years in Humboldt	CAC Service	Employer	Community Involvement
1	Colin Fiske	Arcata	10.5	4 years	Coalition for Responsible Transportation Priorities Executive Director	North Coast Co-Op Board, Humboldt Permaculture Guild Steering Committee, 350 Humboldt Clean Energy Committee Co-Leader
2	Justin Fricker	Arcata	10	N/A	The Energy Alliance Association (MCE Commercial energy efficiency service provider), PG&E Community Wildfire Safety Program contractor	Bike Month Humboldt Coalition, City of Eureka Energy Committee, City of Arcata Transportation Safety Committee, City of Fort Bragg Visit Fort Bragg Committee.
3	Larry Goldberg	Trinidad	40	4 years	Business and Renewable Energy Consultant, Sequoia Technical Services	SW Eureka Rotary Club, Transition Humboldt, Humboldt Economic Development Forum, Plan It Green, Rural Trinidad Community Emergency Response Network
4	Jordan King	McKinleyville	16+	N/A	GHD	American Society of Civil Engineers (North Coast Branch), Design-Build Institute of America, Cal OES Safety Assessment Program volunteer, California Association of Building Energy Consultants
5	Emily Morris	McKinleyville	41	N/A	Planwest Partners	Sunrise Movement, Greenpeace, Climate Hawks Vote, Food & Water Watch
6	Jerome Qiriaz (Carman)	Eureka	12	4 years	Schatz Energy Research Center, Environmental Indicator Accounting Services	California Energy Commission Clean Transportation Program Investment Plan Advisory Committee, Association of Environmental Professionals, Community Advisory Committee
7	Jeff Trirogoff	McKinleyville	2	N/A	The Pacific Companies	Blue Frontiers, Seasteading Institute, GRID Alternatives, North American Board of Certified Energy Practitioners, SGIP Developer for Utilities, SOMAH



STAFF REPORT
Agenda Item # 5.2

GENDA DATE:	February 24, 2022
GTO:	Board of Directors
PREPARED BY:	Matthew Marshall, Executive Director
SUBJECT:	RePower Humboldt Energy Strategic Plan Update

BACKGROUND

Following approximately nine months of analysis and gathering public input, in December of 2019 the RCEA Board adopted an update to the RePower Humboldt Strategic Plan, RCEA's comprehensive action plan for energy. The plan establishes goals and strategies to guide RCEA's work over the 2020-2030 period, and is available online at:

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

SUMMARY

Staff intends to provide RePower Humboldt Plan updates every six months to keep the Board informed on implementation progress. At the meeting RCEA department directors will provide a presentation on the current status of plan implementation and related activities. This will include updates on the four focus areas of the plan:

1. Regional Planning and Coordination
2. Integrated Demand Side Management
3. Low-Carbon Transportation
4. Energy Generation and Utility Services.

STAFF RECOMMENDATION

N/A – Information only.

ATTACHMENTS

Presentation slides will be shared at this meeting.

RePower Humboldt

Strategic Plan Progress Update

February 2022



RCEA's RePower Humboldt Strategic Plan

4 focus areas:



**Regional
Planning &
Coordination**



**Energy
Generation &
Utility Services**



**Integrated
Demand Side
Management**



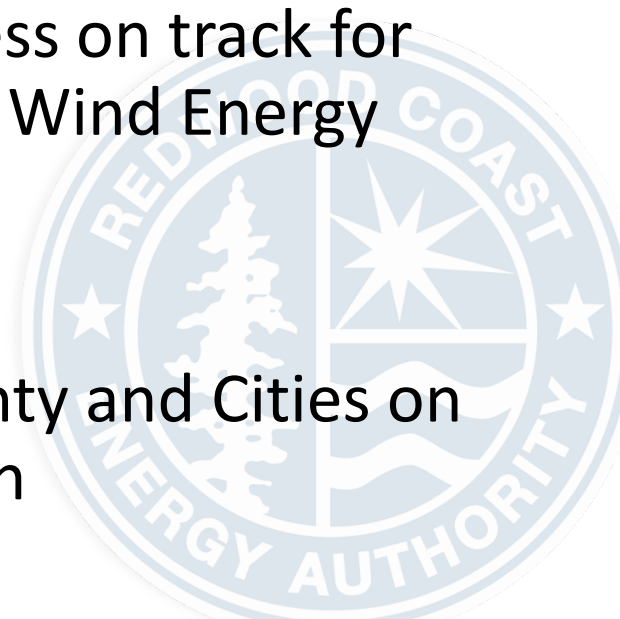
**Low-carbon
Transportation**



**Regional
Planning &
Coordination**

Q1-Q2 2021 activities:

- Redwood Region Climate and Community Resilience Hub (CORE Hub) hosted by the Humboldt Area Foundation launched in September
- BOEM offshore wind process on track for lease auction of Humboldt Wind Energy Area in fall 2022
- Continuing work with County and Cities on regional climate action plan





Low-carbon
Transportation

Q1-Q2 2021 activities:

- Arcata Community Center charging stations began operations; development of airport stations in progress
- Electric vehicle and charging station rebate program continuing to ramp up
- Began work on Medium- and Heavy-Duty Zero Emissions Vehicle Infrastructure planning grant





**Integrated
Demand Side
Management**

AKA:

**Customer Energy
Solutions**

Q1-Q2 2021 activities:

- Awarded \$161K grant to expand and enhance building-electrification heat pump rebate program launched in early 2021
- Finalizing ~\$100M funding application for State-wide Rural Regional Energy Network program
- Final development of expanded customer rebate catalog for 2022





**Energy
Generation &
Utility Services**

Q1-Q2 2021 activities:

- Airport microgrid construction completed, began commercial operations in December; currently in final stages of testing and commissioning islanding capabilities
- Completed projects with consultant Michael Furniss to investigate local small hydropower potential and alternative uses of forest biomass

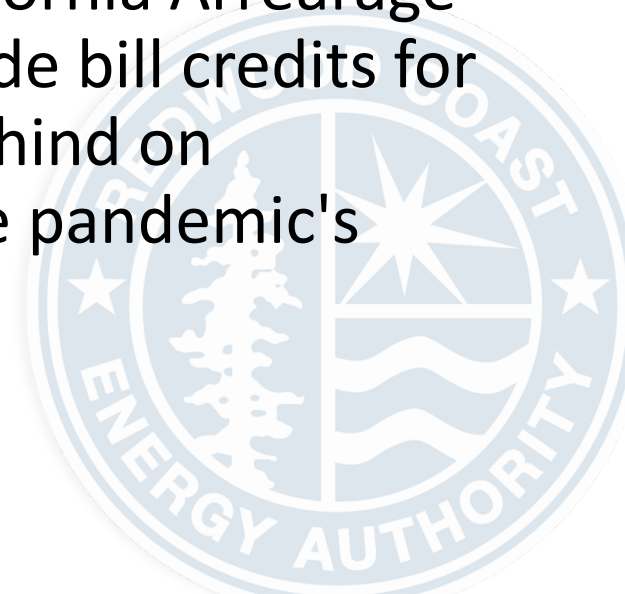




**Energy
Generation &
Utility Services**

Q1-Q2 2021 activities:

- First CA Community Power joint procurement: long-duration storage project brought to the Board's ad hoc committee and then to the full Board for review
- Enrolled in the State's California Arrearage Payment Program to provide bill credits for CCE customers who fell behind on payments as a result of the pandemic's economic impacts



**5MW Tierra Buena
Battery Storage
project under
construction in
Sutter County for
RCEA and Valley
Clean Energy**
(construction 90%
complete as of
December 2021)





STAFF REPORT Agenda Item # 5.3

AGENDA DATE:	February 24, 2022
TO:	Board of Directors
PREPARED BY:	Richard Engel, Director of Power Resources
SUBJECT:	Tumbleweed Long-Duration Storage Agreements

BACKGROUND

Through the 2020 Integrated Resource Planning (IRP) proceeding, the California Public Utilities Commission (CPUC) identified the need for additional storage including long-duration storage (LDS) to enable grid integration of a large fleet of intermittent resources to meet California's greenhouse gas emission reduction goals and to replace several natural gas once-through-cooling (OTC) resources and the Diablo Canyon Nuclear Power Plant (DCNPP) slated to retire between 2023 and 2025.

In October 2020, RCEA along with seven other CCAs issued a request for offers ("Joint LDS RFO") with the intent to procure cost effective LDS resource(s) to meet each CCA's respective portfolio needs and in anticipation of potential procurement mandates by the CPUC.

Subsequently, in June 2021, as part of the 2020 IRP the CPUC issued through a decision order (D.21-06-035) the Mid-term Reliability Procurement Order ("MTR Order") requiring jurisdictional load serving entities (LSEs), such as RCEA, to procure and/or develop a collective 11,500 MW of new capacity by 2026. Included within the MTR Order is an identified need of 1,000 MW of LDS. RCEA's LDS obligation is approximately 3.5 MW.

In February 2021, California Community Power (CC Power) was formed by ten CCAs, including RCEA, to share resources and risk related to the procurement of difficult to acquire resources. Once formed, CC Power took over the Joint LDS RFO including shortlisting of projects and coordination of negotiations and development of necessary agreements.

Through the Joint LDS RFO, projects were evaluated, ranked and selected for shortlisting with the objective of meeting the RFO's cost effectiveness goals, criteria and requirements under the MTR Order and CC Power's enhanced contract conditions for labor, environment and environmental justice. Three projects were identified for consideration including LS Power's Tumbleweed project. Of the original CCAs participating in the Joint LDS RFO, six have agreed to participate in the Tumbleweed LDS Project in addition to RCEA, including:

1. Clean Power San Francisco (CPSF)
2. Peninsula Clean Energy (PCE)
3. San Jose Clean Energy (SJCE)

4. Silicon Valley Clean Energy (SVCE)
5. Sonoma Clean Power Authority (SCPA)
6. Valley Clean Energy (VCE)

In the aggregate the long duration storage mandate for the participating members, measured in Net Qualifying Capacity (NQC), is 96.5 MW. Table 1 is a summary of the MTR Order and planned entitlement share for each of the participating CCAs.

Table 1: MTR Order Net Qualifying Capacity (NQC) and Tumbleweed Entitlement Share

CCA	CPUC Capacity Obligation MW NQC	Entitlement Share	Tumbleweed Allocation (MW)	Tumbleweed Allocation NQC
CPSF	15.5	16.06%	11.08	8.67
PCE	19	19.69%	13.59	10.62
RCEA	3.5	3.62%	2.50	1.95
SJCE	21.5	22.28%	15.37	12.02
SVCE	20.5	21.25%	14.66	11.47
SCPA	12.5	12.95%	8.94	6.99
VCE	4	4.15%	2.86	2.24
Total	96.5	100.00%	69.00	53.96

Tumbleweed meets the conditions established in the MTR Order for LDS resources including the minimum eight-hour discharge duration, ten-year minimum contract term, start date and ability to meet resource adequacy requirements. If each participating CCA approves its respective entitlement share, RCEA will meet approximately 55% of its MTR Order requirements.

On October 14, 2021, the RCEA Board of Directors' ad hoc long-duration storage committee members (Directors Losey, Curran, and Avis, with Director Bauer absent) unanimously approved of bringing the Tumbleweed storage project to the full Board for review and discussion. At its October 28, 2021, meeting, the RCEA Board unanimously directed staff to continue participating in negotiations on the Tumbleweed project and to return to the Board with agreements to approve once CC Power had adopted a master agreement with the developer.

The CC Power Board, including RCEA Executive Director Matthew Marshall, unanimously approved Resolution No. R22-01-02 - Approval of Tumbleweed LDS Project and Authorization to Execute Associated Agreements (Attachment 1 to this report) at its January 19, 2022, meeting. On January 24, 2022, CC Power and LS Power executed the Tumbleweed Energy Storage Service Agreement (ESSA – Attachment 2 to this report). The CCAs have 90 days from the ESSA effective date to get approval of the necessary agreements. Failure to gain approval will result in a termination of the Tumbleweed ESSA.

SUMMARY

Overview of Project

The Tumbleweed project is a 69 MW/552 MWh lithium-ion battery storage facility with 8-hour discharge duration, located in Kern County, CA. The anticipated commercial operation date of the project is June 1, 2026. The agreement term is 15 years. RCEA's expected share of the agreement is 3.62% or 2.50 MW/20 MWh.

The project has an executed interconnection agreement with the California Independent System Operator (CAISO) for Full Capacity Deliverability Status (FCDS) for the energy storage component, meaning it will provide resource adequacy attributes in addition to energy benefits. The project will interconnect to Southern California Edison's Whirlwind substation.

Under the contract, CC Power will pay for the use of the storage project at a fixed-price rate per kW-month, with no escalation, for the full term of the contract. CC Power is entitled to all product attributes from the facility, including energy arbitrage, ancillary services, and resource adequacy. Through a Project Participation Share Agreement (PPSA – attachment 3 to this report), RCEA will pay for its entitlement share of the project and also receive its share of the attributes and benefits of the LDS project.

Developer

The project is being developed by REV Renewables, which is a subsidiary of LS Power. LS Power was founded in 1990 and is a development, investment and operating company focused on the power and energy infrastructure sector. LS Power has developed more than 660 miles of high voltage transmission, and developed, constructed, managed, or acquired more than 45,000 MW of power generation, including utility-scale solar, wind, hydro, natural gas-fired and battery energy storage projects.

LS Power formed REV Renewables to accelerate investment in renewable energy and storage technologies. REV owns 1.9 GW of operating energy storage across the U.S. including 600 MW of operating battery energy storage. REV has an additional 1.3 GW of battery energy storage in development.

Contract Structure

This project consists of three basic agreements to which CC Power is a party and a guarantee agreement to which the participating member and the developer are parties. The LDS contract structure allocates rights and obligations, project benefits, and cost and allocation of risks and liabilities as described below:

Energy Storage Service Agreement (ESSA) - The ESSA is between CC Power and an LDS developer and addresses issues such as (1) project requirements and milestones, (2) price, (3) quantity, (4) term, (5) payment obligations, and other key terms.

Buyer Liability Pass Through Agreements (BLPTA) – The Intent of the BLPTA is to mirror the liability a participating CCA would have if executing the ESSA directly with an LDS developer.

Through the BLPTAs, each CCA guarantees CC Power's payment obligations in proportion to each participating CCAs' share of the project. In exchange, the LDS developer agrees to release CC Power from liability and to limit recovery from each CCA to an amount proportionate to each CCA's share of the project.

Project Participation Share Agreement (PPSA) – Under the PPSA, participating CCAs agree to fund CC Power's payment obligations so that CC Power can make timely payments under the ESSA. The PPSA also addresses how participating CCAs will (1) share revenue from CC Power's sales of energy and ancillary services from the LDS facility into the CAISO market, (2) direct CC Power's actions under the ESSA, and (3) step in, with a cap, to cover any member default in order to avoid a CC Power default under the ESSA.

Operations Agreement - The contracting structure for this agreement also contemplates an Operating Agreement between CC Power and the participating CCAs. This agreement will authorize retention of a scheduling coordinator and establish a decision-making structure to direct the scheduling coordinator to dispatch the LDS facility. The Operations Agreement is currently in the process of being developed by the participating CCAs and will be operational in nature. No dollar expenditures are contemplated under the Operations Agreement.

PPSA Allocation

Each participating CCA is seeking a minimum approval authority to cover their entitlement share plus two contingencies. The first contingency is to cover the unlikely event that one large CCA does not gain the necessary approvals to move forward. In such case, rather than allowing the ESSA to terminate, the remaining CCAs will increase their entitlement share. The second contingency is intended to cover a step-up provision included in the PPSA, where if a CCA defaults after the PPSA is executed, the remaining CCAs will need to step up to take additional allocation. The step-up provision is capped at 125% of the PPSA entitlement share.

RCEA's expected entitlement share is 3.62% or 2.50 MW, however staff is seeking authority to receive an allocation of up to 3.82 MW to cover the two contingencies described above.

ALIGNMENT WITH RCEA'S STRATEGIC PLAN

RCEA's procurement of the Tumbleweed long-duration storage resource is driven primarily by the need to comply with the CPUC's Mid-term Reliability Procurement Order discussed above. Tumbleweed's location in Kern County does not support RCEA's long-term local resource procurement goals. However, execution of the Tumbleweed project agreements supports one goal of the Board-adopted RePower Humboldt Comprehensive Action Plan for Energy:

Strategy 4.4.2 - Support upgrade of the electricity transmission and distribution system. Long-duration energy storage is a key technology to address grid reliability and minimize congestion on the grid associated with mismatch of load and generation across the transmission and distribution network while enabling increased deployment of intermittent renewable resources such as solar and wind power.

ALTERNATIVE ACTIONS

RCEA can decide to procure LDS resources on its own and not through CC Power. This alternative is not recommended as LDS resources are not considered cost-effective at this time and it is difficult to procure the exact amount required of RCEA via the MTR Order. Procuring on its own could require RCEA to over-procure, while participating through the LDS Project will allow RCEA to minimize the amount of capacity procured.

RCEA can choose not to abide by the MTR Order. Doing so would expose RCEA's ratepayers to significant cost in the form of "back-stop" procurement undertaken by Pacific Gas & Electric and imposed on RCEA's customers in addition to CPUC penalties imposed on RCEA.

EQUITY IMPACTS

Consistent with the CC Power Board direction for enhanced contracting conditions, the project will be constructed under a project labor agreement, thus assuring payment of prevailing wages and use of apprenticeship programs. The project will also adhere to CC Power environmental and environmental justice conditions.

FINANCIAL IMPACT

Execution of the agreements needed to implement the LDS Project will result in cost to RCEA starting in Fiscal Year 2025-26, which will be included in the budget at that time. Additional costs to administer the monitoring and implementation of the LDS Project agreements through CC Power are expected for FY 2021-22 and are expected to fall within the Executive Director's procurement authority.

STAFF RECOMMENDATION

1. Delegate authority to the Executive Director to execute on behalf of Redwood Coast Energy Authority as a member of California Community Power ("CC Power") the following agreements and any necessary ancillary documents for the Tumbleweed Energy Storage for Long Duration Storage (LDS) with a delivery term of 15 years starting at the Commercial Operation Date on or about June 1, 2026, for an RCEA share not to exceed 3.82 MW:
 - a) Project Participation Share Agreement (PPSA) by and among Redwood Coast Energy Authority, California Community Power and participating community choice aggregators (CCAs)
 - b) Energy Storage Service Agreement (ESSA) - Buyer Liability Pass Through Agreement (BLPTA) by and among Redwood Coast Energy Authority, California Community Power and Tumbleweed Energy Storage, LLC
 - c) Operations Agreement (COA) by and among Redwood Coast Energy Authority, California Community Power and participating CCAs for Tumbleweed (agreement to be developed)

ATTACHMENTS

1. California Community Power Resolution No. R22-01-01
2. [Redacted Energy Storage Service Agreement with Buyer Liability Pass Through Agreement](#) (5 MB)
3. [Project Participation Share Agreement](#)

**California Community Power
Resolution 22-01-02**

**APPROVAL OF TUMBLEWEED LDS PROJECT AND AUTHORIZATION
TO EXECUTE ASSOCIATED AGREEMENTS**

WHEREAS, California Community Power ("CC Power") was created by a Joint Powers Agreement ("JPA") to develop, acquire, construct, own, manage, contract for, engage in, finance and/or provide energy related programs for the use of and by its Members; and

WHEREAS, the current Members of CC Power began a solicitation process in 2020, in advance of CC Power formation, to consider and evaluate Long Duration Energy Storage ("LDS") projects; and

WHEREAS, the CC Power Board accepted the Project Development Process establishing a roadmap for the development and progress of CC Power projects and programs; and

WHEREAS, the LDS Project Oversight Committee made up of CC Power member staff, along with project negotiators and project counsel ("Project Team"), has completed negotiations on the Tumbleweed LDS Project, an 8-hour discharge duration, lithium-ion battery project; and

WHEREAS, the Project Team, through the negotiation process, has developed and negotiated an Energy Storage Service Agreement, Buyer Liability Pass Through Agreement, and Project Participation Share Agreement associated with the Tumbleweed Project; and

WHEREAS, pursuant to Section 6.02 of the CC Power JPA, on October 8, 2021, the CC Power Board was provided written notice of intent to bring the Tumbleweed Project to the Board for approval; and

WHEREAS, while the structure of CC Power is predicated on voluntary project participation and not all Members will be participating in the Tumbleweed LDS project, the JPA requires action by the full Board, not simply the project participating members, to approve projects within the purview of CC Power; and

WHEREAS, it is the intent that the CC Power Board approve the Tumbleweed LDS Project and associated agreements with the understanding that approval by participating members is a condition precedent to the effectiveness of the agreements.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of CC Power hereby:

1. Approve the Tumbleweed Project as within the purpose and power of CC Power.
2. Approve the Energy Storage Service Agreement and associated Buyer Liability Pass Through Agreement, in substantially final form, attached hereto as Attachment A.
3. Approve the Project Participation Share Agreement, in substantially final form, attached hereto as Attachment B.
4. Delegate the authority to the General Manager to execute the Tumbleweed Project Agreements described above and attached hereto, on behalf of CC Power.


California Community Power Resolution 22-01-02

PASSED AND ADOPTED by the Board of Directors of California Community Power this 19th day of January, 2022, by the following vote:

		Aye	No	Abstain	Absent
Central Coast Community Energy	Tom Habashi	X			
CleanPowerSF	Barbara Hale	X			
East Bay Community Energy	Nick Chaset	X			
Marin Clean Energy	Dawn Weisz	X			
Peninsula Clean Energy	Jan Pepper	X			
Redwood Coast Energy Authority	Matthew Marshall	X			
San José Clean Energy	Lori Mitchell	X			
Silicon Valley Clean Energy	Girish Balachandran	X			
Sonoma Clean Power Authority	Geof Syphers	X			
Valley Clean Energy	Mitch Sears	X			

DocuSigned by:

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 Chair

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 Attest by: Secretary



STAFF REPORT
Agenda Item # 6.1

AGENDA DATE:	February 24, 2022
TO:	Board of Directors
PREPARED BY:	Matthew Marshall, Executive Director CAC Annual Report Subcommittee: Larry Goldberg, Katherine Gurin, Christopher Honar, Dennis Leonardi, Kit Mann
SUBJECT:	Community Advisory Committee Annual Report to RCEA Board

BACKGROUND

At the July 2021 Community Advisory Committee meeting, the CAC agreed to report the group's past year accomplishments and upcoming year goals annually to the RCEA Board of Directors. The process aims to organize the body's work within the framework of the agency's work goals, and to help the Board thoughtfully utilize the committee as a resource to support Board decision-making and agency public engagement efforts. The Committee, staff and Board collaboratively proposed, reviewed and revised the CAC's 2022 work goals in the intervening months to further the agency's mission.

SUMMARY

The Community Advisory Committee will report on 2021 activities and on the finalized CAC goals and workplan for 2022.

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

The CAC's 2022 work goals are focused on community outreach for the successful implementation of the RePower Humboldt strategic plan goals.

EQUITY IMPACTS

The 2022 CAC work goals have great potential to benefit underserved population segments, promote racially-diverse inclusion in energy infrastructure or policy decision making, access to energy, energy efficiency services and freedom from pollution.

FINANCIAL IMPACT

N/A.

STAFF RECOMMENDATION

Information only.

ATTACHMENTS

1. RCEA Community Advisory Committee 2021 Annual Report

Redwood Coast Energy Authority

COMMUNITY ADVISORY COMMITTEE

ANNUAL REPORT TO THE RCEA BOARD OF DIRECTORS

January 2022

The Community Advisory Committee meets on the second Tuesday of odd-numbered months, supports RCEA public engagement efforts and provides decision-making support and input to the RCEA Board.

2021 Committee Members	Representing Jurisdiction:
Norman Bell	Arcata
Elizabeth Burks	Fortuna
Colin Fiske	At-Large
Larry Goldberg, Chair	At-Large
Catherine Gurin	Eureka
Pam Halstead	At-Large
Roger Hess	Rio Dell
Christopher Honar	County 2 (McKinleyville Area)
Richard Johnson	Trinidad
Luna Latimer	County 1 (Eastern Humboldt)
Ethan Lawton	Humboldt Bay Municipal Water District
Dennis Leonardi, Vice Chair	Ferndale
Kit Mann	Blue Lake
Jerome (Carman) Qiriaz	At-Large
Vacancy	County 3 (Southern Humboldt)
<u>Other Members in 2021:</u>	
Matty Tittmann	County 3 (Southern Humboldt), January-May
Amin Younes	HBMWD, January - May

Committee Liaison:

Matthew Marshall, Executive Director

I. ACCOMPLISHMENTS

The CAC was involved in the following activities in 2021:

Larry Goldberg was re-elected to serve as Chair and Dennis Leonardi was re-elected to serve as Vice Chair. The Committee revised their regular meeting schedule from quarterly to every other month.

The Committee was updated on:

- a. RePower Humboldt Strategic Plan status (biannually)
- b. Countywide Climate Action Plan Development
- c. Offshore Wind Project
- d. Time of Use Billing
- e. HCAOG's 2021 Regional Transportation Plan
- f. "Exploring Humboldt County's Renewable Energy Futures," HSU Energy Technology & Policy Master's degree program thesis presentation by Amin Younes
- g. Wave Energy
- h. Potential Alternative Biomass Uses in Humboldt County
- i. Power Charge Indifference Adjustment (PCIA or exit fee) impacts on RCEA.

The CAC formed ad hoc subcommittees in 2021 that accomplished the following:

Alternative Biomass Uses Subcommittee (Staff Liaison: Power Resources Director Richard Engel)

- a. Reviewed/assessed alternative biomass uses for local development potential.
- b. Recommended creation of Alternative Biomass Uses Task Force, distinct from the CAC subcommittee, to continue to advise Board and staff.
- c. Reviewed and made recommendations on a Memorandum of Understanding between Humboldt Sawmill Company and RCEA to meet annually to assess alternative biomass uses for feasibility.

Bond/Financing Subcommittee (Staff Liaisons: Executive Director Matthew Marshall and Legislative & Regulatory Policy Manager Aisha Cissna)

- a. Developed an initial list of resilience projects that would likely be financially viable, gain community support, decrease greenhouse gas emissions, and contribute to energy resilience (Offshore wind, feed-in-tariff, customer financing program similar to PACE).
- b. Expanded the project criteria to include assessing resilience projects that align with Humboldt County planning documents (HCAOG's Regional Transportation Plan, the County's Climate Action Plan, RCEA's RePower Plan, etc.).
- c. Explored other funding and financing streams including the state budget, stimulus funding, crowd funding/micro-bonds. Met with RaiseGreen to better understand micro-bond financing structure.
- d. Developed the following 2022 goals:
 - i. Provide subcommittee with a final list of projects that align with criteria developed in 2021 meetings
 - ii. Develop a list of projects that align with the criteria developed in the 2021 meetings, and financing options for said projects

- iii. Gather subcommittee input on this list to finalize recommendation to County.

Major Projects Subcommittee – North McKay Ranch Project (Staff Liaison: Matthew Marshall)

- a. Drafted RCEA recommendations for North McKay Ranch development project draft environmental impact report for Board approval, including recommendation to acknowledge and incorporate RePower Humboldt goals for building greenhouse gas emission reduction and vehicle miles traveled reduction in project design.

Outreach Messaging Subcommittee (Staff Liaison: Community Strategies Manager Nancy Stephenson)

- a. Reviewed and provided input on the website redesign.

Prior to 2021, these subcommittees performed the following work:

Outreach Messaging Subcommittee (2020)

- a. Provided ideas and strategies for general outreach activities; helped set priorities and tailored the content to be most public-friendly.

CCE-Funded Customer Programs (9/2018 – 3/2019)

- a. Helped develop community-sourced customer energy program idea assessment criteria
 - b. Reviewed and recommended customer programs for Board approval including:
 - i. E-bike, e-scooter rebates
 - ii. Grocery store refrigerant efficiency
 - iii. Green Your Grow – efficient cannabis grow lightingProgram status:
 - 1. Staff are reaching out to local industry stakeholders for ideas on greatest energy needs and program design.
 - iv. Solar on a Stick – mobile home pole-mounted solar
- Program status:
- 1. Staff coordinated with Schatz Energy Research Center on a turnkey mobile home solar plan set that can be shared with developers.
 - 2. Staff submitted plans to local and state building jurisdictions and other stakeholders and incorporated their comments.
 - 3. Staff is currently working with GRID Alternatives and Bear River Rancheria to implement test sites.

II. GOALS FOR COMING YEAR

At their January 11, 2022, meeting, the Community Advisory Committee approved the following goals for 2022:

- a. Help guide community outreach and messaging for RCEA programs.
- b. Monitor and advocate for implementation of RePower Humboldt Comprehensive Action Plan for Energy goals and notify staff of community activities and projects that may have significant impact on the ability to reach these goals.
- c. Support and help guide offshore wind energy community outreach.
- d. Provide input on the development of new and expanding RCEA customer programs.
- e. Assist with identifying and prioritizing critical facilities and at-risk communities that would benefit from enhanced energy resilience infrastructure, including future microgrid deployment and/or facility-level renewable back-up power systems.
- f. Finalize recommendations to the RCEA Board and County Board of Supervisors for energy-project bond and/or alternative financing opportunities, support any resulting implementation efforts as appropriate.
- g. Help facilitate community input on the finalization and adoption of the Humboldt Regional Climate Action Plan.

RCEA Board of Directors Meeting

February 24, 2022

Community Advisory Committee Annual Report

2021 Committee Members	Representing Jurisdiction:
Norman Bell	Arcata
Elizabeth Burks	Fortuna
Colin Fiske	At-Large
Larry Goldberg, Chair	At-Large
Catherine Gurin	Eureka
Pam Halstead	At-Large
Roger Hess	Rio Dell
Christopher Honar	County 2 (McKinleyville Area)
Richard Johnson	Trinidad
Luna Latimer	County 1 (Eastern Humboldt)
Ethan Lawton	Humboldt Bay Municipal Water District
Dennis Leonardi, Vice Chair	Ferndale
Kit Mann	Blue Lake
Jerome (Carman) Qiriazhi	At-Large
Vacancy	County 3 (Southern Humboldt)
<u>Other Members in 2021:</u>	
Matty Tittmann	County 3 (Southern Humboldt), January-May
Amin Younes	HBMWD, January - May

RCEA Board of Directors Meeting

February 24, 2022

Community Advisory Committee Annual Report: Work Accomplished

Alternative Biomass Uses Subcommittee

- a. Assessed alternative biomass uses for local development potential.
- b. Recommended Alternative Biomass Uses Task Force creation to continue to advise Board and staff.
- c. Made recommendations on a Memorandum of Understanding with Humboldt Sawmill Company to meet annually to assess alternative biomass uses for feasibility.

Major Projects Subcommittee – North McKay Ranch Project

- a. Drafted recommended RCEA Board comments on North McKay Ranch development project draft environmental impact report.

Outreach Messaging Subcommittee

- a. Reviewed and provided input on the website redesign.

RCEA Board of Directors Meeting

February 24, 2022

Community Advisory Committee Annual Report: Work Accomplished

Bond/Financing Subcommittee

- a. Developed a list of resilience projects that would be financially viable, gain community support, decrease greenhouse gas emissions, and contribute to energy resilience.
- b. Expanded the project criteria to include projects that align with Humboldt County planning documents.
- c. Explored other funding and financing streams (state budget, stimulus funding, crowd funding/micro-bonds).
- d. Developed 2022 goals:
 - i. Finalize list of projects
 - ii. Develop a list of financing options
 - iii. Gather subcommittee input, finalize recommendation to County.

RCEA Board of Directors Meeting

February 24, 2022

Community Advisory Committee Annual Report

2022 Work Goals

- a. Help guide community outreach and messaging for RCEA programs.
- b. Monitor and advocate for implementation of RePower Humboldt Comprehensive Action Plan for Energy goals and notify staff of community activities and projects that may have significant impact on the ability to reach these goals.
- c. Support and help guide offshore wind energy community outreach.
- d. Provide input on the development of new and expanding RCEA customer programs.

RCEA Board of Directors Meeting

February 24, 2022

Community Advisory Committee Annual Report

2022 Work Goals

- e. Assist with identifying and prioritizing critical facilities and at-risk communities that would benefit from enhanced energy resilience infrastructure, including future microgrid deployment and/or facility-level renewable back-up power systems.
- f. Finalize recommendations to the RCEA Board and County Board of Supervisors for energy-project bond and/or alternative financing opportunities, support any resulting implementation efforts as appropriate.
- g. Help facilitate community input on the finalization and adoption of the Humboldt Regional Climate Action Plan.



REDWOOD COAST **Energy**Authority

STAFF REPORT **Agenda Item # 7.1**

AGENDA DATE:	February 24, 2022
TO:	Board of Directors
FROM:	Matthew Marshall, Executive Director
SUBJECT:	Executive Director's Staff Report

SUMMARY

Executive Director Matthew Marshall will provide a brief update on:

- Local and national offshore wind related activities,
- RCEA recent activities, and
- Other topics as needed.

RECOMMENDED ACTION

None. (Information only)