



## **BOARD OF DIRECTORS MEETING MINUTES**

**June 23, 2022 - Thursday, 3:30 p.m.**

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Notice of this meeting was posted on June 17, 2022. Chair Stephen Avis 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 Avis stated that the posted agenda contained public teleconference meeting participation instructions.

PRESENT: Chair Stephen Avis, Scott Bauer, Rex Bohn, Vice Chair Chris Curran, Mike Losey, Sarah Schaefer (left 4:38 p.m.), Jack Tuttle (arrived 3:41 p.m., left 5:08 p.m.), Frank Wilson, Sheri Woo. ABSENT: None. STAFF AND OTHERS PRESENT: Demand-Side Management Manager Mike Avcolle; EDP Renewables Director of Origination (Central/West) Christopher Baxter; Business Development and Finance Director Lori Biondini; Power Resources Director Richard Engel; Senior Power Resources Manager Jocelyn Gwynn; EWPRC Senior Vice President of Operations Ed Kent; Demand Side Management Director Stephen Kullmann; Broad Reach Power Director of Storage Development Jacob Morgan; Community Strategies Manager Nancy Stephenson; Clerk of the Board Lori Taketa; Deputy Executive Director Eileen Verbeck.

Chair Avis commented that all directors and members of other legislative bodies took oaths to defend the Constitution and must take that oath seriously at all levels of government.

Director Losey congratulated Executive Director Matthew Marshall and staff for completing the first front-of-the-meter microgrid in California and expressed pride that multiple agencies, including state agencies, were able to collaborate to complete the project.

### **ORAL COMMUNICATIONS**

There were no public comments on items not on the agenda. Chair Avis closed the oral communications portion of the meeting.

### **CONSENT CALENDAR**

- 3.1** Approve Minutes of May 26, 2022, Board Meeting.
- 3.2** Approve Disbursements Report.
- 3.3** Accept Financial Reports.
- 3.4** Accept Update on Net Energy Metering Successor Tariff Comment Letter Submitted by RCEA Staff to the California Public Utilities Commission.

- 3.5** Adopt Resolution 2022-5 Adopting an Amended Conflict of Interest Code and Authorize the Board Clerk to Submit the Amended Conflict of Interest Code to the Humboldt County Board of Supervisors as the Code Reviewing Body.
- 3.6** Adopt Resolution No. 2022-6 Ratifying Governor Newsom's March 4, 2020, State of Emergency Proclamation and Authorizing Remote Teleconference Meetings of RCEA's Legislative Bodies, for the Period June 27, 2022, through July 27, 2022, Pursuant to Brown Act Revisions of AB 361, and Approve Conducting RCEA Board and Community Advisory Committee Meetings in a Hybrid In-Person and Teleconference Format at the Jefferson Community Center Auditorium Beginning July 28 for the Board and September 13, 2022, for the Community Advisory Committee.

Director Wilson requested that item 3.6 be pulled from the consent calendar. No member of the public requested removal of consent calendar items.

Paul Woodworth of Rise Energy asked RCEA to oppose non-bypassable charges on behind-the-meter energy consumption in a CPUC NEM Successor Tariff reply comment letter.

**M/S: Bauer, Losey: Approve the consent calendar items 3.1 through 3.5.**

**The motion passed with a unanimous roll call vote. Ayes: Avis, Bauer, Bohn, Curran, Losey, Schaefer, Tuttle, Wilson, Woo. Noes: None. Absent: None. Abstain: None.**

Director Wilson expressed concern about increasing COVID case counts and possible future variants. The directors supported continuing in a teleconference-only format until it becomes clear that future COVID waves will not overwhelm local response capacity.

**M/S: Wilson, Bohn: Continue conducting RCEA Board and Community Advisory Committee meetings in a virtual format until local COVID case counts trend downward.**

**The motion passed with a unanimous roll call vote. Ayes: Avis, Bauer, Bohn, Curran, Losey, Schaefer, Tuttle, Wilson, Woo. Noes: None. Absent: None. Abstain: None.**

**M/S: Woo, Wilson: Adopt Resolution No. 2022-6 Ratifying Governor Newsom's March 4, 2020, State of Emergency Proclamation and Authorizing Remote Teleconference Meetings of RCEA's Legislative Bodies, for the period June 27, 2022, through July 27, 2022, pursuant to Brown Act revisions of AB 361.**

**The motion passed with a unanimous roll call vote. Ayes: Avis, Bauer, Bohn, Curran, Losey, Schaefer, Tuttle, Wilson, Woo. Noes: None. Absent: None. Abstain: None.**

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

## **OLD CCE BUSINESS**

- 5.1** Annual Report on Humboldt Sawmill Company Memorandum of Understanding Regarding Biomass Plant Performance and Alternative Feedstock Uses (Information only)

Director Wilson recused himself at 3:47 p.m. because he is employed by Humboldt Sawmill Company.

Power Resources Director Engel reported on the first annual meeting with Humboldt Sawmill Company (HSC) to review feedstock, plant performance and air quality emissions operational data and alternative biomass uses. The Board directed staff to “periodically review” the contract with HSC when approving a ten-year power purchase agreement with HSC in 2021. Most of the biomass plant’s feedstock is local redwood waste material derived from the company’s timberlands and sawmill operations. A third of the plant’s generated electricity is used at the sawmill and the other two-thirds are sold to RCEA. Portions of the company’s biomass are also being sold as soil amendment and made into biochar for local farms and activated charcoal for water treatment plants. An HSC consultant is studying biomass liquid vehicle biofuel production. Initial indications are that biofuel facility development might be too capital intensive. HSC’s sister company, Mendocino Redwood Company, is exploring more promising offers with other biofuel companies, with potential to use some material generated by HSC. Staff would like more plant energy performance data in the next annual report.

The directors discussed HSC’s motivation to find the best possible return for its biomass products and work with PG&E to change current requirements to disconnect biomass electricity generation during islanded operation of the PG&E’s Humboldt Bay Generating Station.

There were no responses from the public to Chair Avis’ invitation for comment. Chair Avis closed the public comment period. Director Wilson rejoined the meeting at 4:04 p.m.

## **NEW CCE BUSINESS**

### **6.1. Procuring PG&E Renewable Portfolio Standard Voluntary Allocation to Meet Compliance Requirements**

Senior Power Resources Manager Jocelyn Gwynn reported on an opportunity to purchase Renewable Portfolio Standard (RPS) contract renewable certificates from PG&E. Previously, while CCE customers paid the Power Charge Indifference Adjustment (PCIA) to cover the IOU’s above-market energy purchases made on their behalf before they moved to CCEs they did not receive any of the renewable certificates associated with those energy purchases. The recent CPUC PCIA proceeding now enables CCEs to receive an allocation of renewable certificates from the IOU serving the same customer territory. The Energy Authority recommends purchasing 20% of PG&E’s long-term resource pool allocation available to RCEA and 100% of the short-term resource pool available to RCEA to mitigate the risk of not meeting RPS procurement requirements should the Sandrini solar project experience further delays. Costs for this purchase are not additional for RCEA, i.e. they would replace renewable purchases from other sources and are therefore already reflected in the fiscal year 2022-2023 budget.

Chair Avis invited public comment. There were no comments from the public. Chair Avis closed the public comment period.

**M/S: Losey, Schaefer: Authorize the Executive Director to sign PG&E’s RPS Voluntary Allocation Attestation and execute the final Confirmation Agreement with PG&E, with changes from the Proforma Confirmation Agreement approved by Counsel.**

**The motion passed with a unanimous roll call vote. Ayes: Avis, Bauer, Bohn, Curran, Losey, Schaefer, Tuttle, Wilson. Noes: None. Absent: None. Abstain: None. Non-Voting: Woo.**

## **OLD BUSINESS**

### **7.1. Proposed Amendment to Sandrini Solar Power Purchase Agreement**

Power Resources Director Richard Engel reported on proposed amendments to the 100 MW Sandrini Solar Project power purchase agreement with EDPR which will provide 45% of RCEA's customer load. The project experienced delays related to the COVID pandemic, supply chain challenges, and permitting delays in Kern County. As a result, the project is six months behind schedule. Large tariff increases on solar panels originating in China have been postponed and will not affect this project; however, inflation has driven cost increases since contract execution. Staff and EDPR renegotiated the contract, increasing price by 10% over the 10-year contract term, reducing the buyer security deposit by 20% and narrowing construction timeframe extension condition requirements. The Energy Authority advised staff that the cost increases would be more favorable than exiting the contract and seeking a new contract, as solar power purchase prices have increased considerably.

The directors discussed the increased power purchase price's effect on customer rates, and how the security deposit is held over the life of the contract unless RCEA achieves an investment grade credit rating or reaches a net worth threshold that would alleviate seller concern. Staff will prepare for a Board discussion at a future meeting on balancing CCE formation goals of increasing customer savings with renewable energy procurement goals and building financial reserves.

EDPR's Director of Origination Chris Baxter reported that the project is in late-stage development. Construction is expected to begin in July 2022, with commercial operation beginning in June 2023. This project has been permitted.

There were no responses from the public to Chair Avis' invitation for comment. Chair Avis closed the public comment period.

**M/S: Woo, Bauer: Approve First Amendment to 15-year power purchase agreement with EDPR CA Solar Park II LLC for its Sandrini solar project and authorize RCEA's Executive Director to execute all applicable documents.**

**The motion passed with the following roll call vote. Ayes: Avis, Bauer, Curran, Losey, Schaefer, Tuttle, Wilson, Woo. Noes: Bohn. Absent: None. Abstain: None.**

### **7.2. Fairhaven Energy Storage Mid-Term Reliability Procurement**

Director Woo recused herself at 4:38 p.m. because her employer, SHN Consulting Engineers & Geologists, is contracted to work with the project's developers.

Power Resources Director Engel reported on the proposed 10-year resource adequacy (RA) agreement with Broad Reach Power and EWPRC at the former DG Fairhaven mill site. This would be the first utility-scale storage project in Humboldt County. The system's batteries will store power from the grid during the day when renewable resources are producing energy

and discharge energy to the grid in the evenings when renewable power is scarce. This RA purchase fulfills the CPUC's June 2021 Mid-Term Reliability requirements to replace retiring nuclear and natural gas power plant capacity with clean energy or storage projects. The project's 17.25 MW battery storage is much larger than the Airport Microgrid's 2.2 MW battery storage capacity and uses all the former biomass plant's electricity grid interconnection capacity. The project is expected to be online by October 2023 and would help RCEA meet the 2024 portion of the mid-term reliability compliance obligation. Purchase of RA at the proposed rate hedges costs as RA prices have been increasing. This contract aligns with RCEA strategic plans to maximize local renewable energy production, minimize greenhouse gas emissions, and ensure diversity in local sources.

EWPRC Senior Vice President of Operations and former operator of the Fairhaven biomass plant Ed Kent described his company's other battery storage projects in California. The directors discussed other grid interconnection opportunities at the Blue Lake biomass plant and how Diablo Canyon's 2 GB grid interconnection is fueling offshore wind development interest on the central coast. Broad Reach Power Director of Storage Development Jacob Morgan described interest in increasing storage capacity in the future as grid capacity increases in support of offshore wind energy production.

There were no responses from the public to Chair Avis' invitation for comment. Chair Avis closed the public comment period.

**M/S: Bauer, Losey: Approve Resource Adequacy Agreement with Fairhaven Energy Storage LLC and authorize the Executive Director to execute all applicable documents.**

**The motion passed with a unanimous roll call vote. Ayes: Avis, Bauer, Bohn, Curran, Losey, Tuttle, Wilson. Noes: None. Absent: Schaefer, Woo (recused). Abstain: None.**

Director Woo returned to the meeting at 4:54 p.m.

### **7.3. Fiscal Year 2022-23 Proposed Budget and Addition of Staff Positions**

Deputy Executive Director Verbeck described the fiscal year 2022-23 revised proposed budget draft which was based on The Energy Authority's lower revenue April 30 forecast instead of the higher revenue June 1 modeling. Staff followed Board direction to conservatively budget in recognition of the extremely volatile energy market and regulatory environment. The budget model also included a 3.1% PG&E rate increase. Three new full-time positions are included in the budget, as are RCEA's current 0.5% generation rate discount from PG&E's generation rates. Funds not yet awarded were not included. The budget projects \$8 million in net revenue. Staff strongly advocated that those funds be used to replenish the reserve fund which was depleted during the present fiscal year. A loan and a power product sale were needed to bridge the cash shortfall. During creation of the Community Choice Energy program, the Board adopted reserve goals of at least \$10 million during adverse times and \$35 million when conditions are favorable in its launch period program guidelines. When cash reserves are below those thresholds, TEA fees are higher. When reserves approach levels originally set by the Board, the Board may wish to discuss how customers should benefit from increased revenues.

The directors discussed PG&E's anticipated rate hike, how RCEA's rates and revenue increase when PG&E increases rates, and how the program's power purchase costs are fairly well hedged for the coming fiscal year. The directors expressed support for allocating net revenue to the reserve fund.

There were no responses from the public to Chair Avis' invitation for comment. Chair Avis closed the public comment period.

**M/S: Losey, Curran: Approve:**

1. **Adoption of the proposed RCEA Fiscal Year 2022-23 budget,**
2. **Creation of an Infrastructure Programs Manager position,**
3. **Addition of a DSM Intake Coordinator position,**
4. **Addition of a Power Resources Specialist position,**
5. **Update to the RCEA Organization Chart, and**
6. **Revising the Assistant/Coordinator/Associate position to clarify the distinction between limited-term and permanent positions.**

**The motion passed with the following roll call vote. Ayes: Avis, Bauer, Bohn, Curran, Losey, Wilson, Woo. Noes: None. Absent: Schaefer, Tuttle. Abstain: None.**

**STAFF REPORTS**

- 9.1. Update on RCEA's Public Agency Solar Program and the California Schools Healthy Air and Plumbing Efficiency Program by Demand-Side Management Director Stephen Kullmann, Senior DSM Manager Patricia Terry and DSM Manager Mike Avcollie

DSM Manager Avcollie reported on the Public Agency Solar Program (PASP), which the Board approved in 2018. PASP is locally funded through Community Choice Energy program revenues. In the past four years, PASP has helped 24 cities, schools, first responder stations and tribes determine whether solar systems are appropriate, conduct electricity load analyses, increase energy efficiency, and conduct solar site assessments and project feasibility studies. RCEA staff helps the agency leverage CEC loan programs and navigate the public works contracting process to install appropriate energy saving, production and storage measures. RCEA has conducted 57 solar site assessments so far and helped 13 projects receive a total of \$4.4 million in grant funds. A total energy-producing capacity of 780 kW has been installed to date that produce 1.3 million kW hours annually.

Solar projects at the following agency facilities have been installed or are in process with help from the PASP: City of Trinidad Town Hall, Rio Dell City Hall and police station, Ferndale wastewater treatment plant and Ferndale police station, Eureka water treatment plant and Sequoia Park Zoo, Ridgewood Elementary School, Mattole Unified School District library, Honeydew Elementary School, Southern Humboldt School District, Kneeland Fire Protection District, Burnt Ranch Elementary School, Eureka City School's 14<sup>th</sup> Street corporation yard.

Project Manager Avcollie also reported on RCEA's work through the state Cal SHAPE program, which disbursed grants to schools to upgrade noncompliant plumbing fixtures and maintain and replace heating, air conditioning and ventilation systems. Upgrading inadequate ventilation became important with the spread of COVID. Staff worked with four schools in

disadvantaged communities to assess existing equipment, write and submit applications and all four schools received funding to install ventilation systems in buildings that lacked them. Later this year, staff will assist with replacing water-wasting plumbing fixtures with high efficiency fixtures and will help two additional school districts add filtration to improved ventilation systems. A total of \$186,000 in grant funding was awarded to Humboldt County schools through RCEA assistance with the Cal SHAPE program.

The directors thanked staff for their work to improve health and safety in classrooms and to give kids a better head start.

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

## **9.2. Deputy Executive Director's Report**

Deputy Executive Director Verbeck thanked everyone who participated in the Redwood Coast Airport Microgrid opening event and acknowledged Community Strategies Manager Stephenson's hard work to make the event successful. Staff is working on comments for the Bureau of Ocean Energy Management's proposed offshore wind lease notice. Lost Coast Wind continues its outreach to local tribal organizations. Director of Business Planning and Finance Biondini participated in a Harbor District preliminary infrastructure plan meeting. The Harbor District received funding through the California Energy Commission for harbor infrastructure improvement to support the heavy lifting needed for offshore wind industry development in Humboldt County.

## **CLOSED SESSION**

**11.1** Conference with real property negotiators pursuant to Government Code § 54956.8 in re: APNs 001-141-005 and 001-141-006; RCEA negotiator: Executive Director; Owner's negotiating party: Wells Commercial; Under negotiation: price and terms.

There were no public comments on this closed session item. Chair Avis closed the public comment period.

The Directors adjourned to closed session at 5:40 p.m. and reconvened in open session at 6:07 p.m.

Chair Avis stated that there was nothing to report out from closed session and adjourned the meeting at 6:07 p.m.

Lori Taketa  
Clerk of the Board