



BOARD OF DIRECTORS MEETING MINUTES

July 28, 2022 - Thursday, 3:30 p.m.

Notice of this meeting was posted on July 22, 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 3:32 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, Rex Bohn, Sarah Schaefer, Jack Tuttle, Frank Wilson, Sheri Woo. ABSENT: Scott Bauer, Vice Chair Chris Curran, Mike Losey. STAFF AND OTHERS PRESENT: Business Planning and Finance Director Lori Biondini; Power Resources Director Richard Engel; Power Resources Specialist Colin Mateer; Senior Power Resources Manager Jocelyn Gwynn; The Energy Authority Client Services Manager Jaclyn Harr; Administration Specialist Meredith Matthews; Clerk of the Board Lori Taketa; Deputy Executive Director Eileen Verbeck.

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 June 23, 2022, Board Meeting.
- 3.2 Approve Disbursements Report.
- 3.3 Accept Financial Reports.
- 3.4 Accept Legislative Quarterly Report.
- 3.5 Extend 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 July 28, 2022, through August 26, 2022, pursuant to Brown Act revisions of AB 361.
- 3.6 Approve Amendment No. 3 Extending the Term of the Current Professional Services Agreement with Frontier Energy Inc. for Reporting and Technical Services in Support of the RCEA-Administered CPUC Energy Programs through December 2023 and Authorize the Executive Director to Execute All Applicable Documents.

M/S: Woo, Schaefer: Approve consent calendar items.

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

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

OLD CCE BUSINESS

5.1 Energy Risk Management Quarterly Report

Power Resources Director Engel stated that the updated Hedging Strategy which was previously kept confidential to protect RCEA's negotiating ability on behalf of its customers, was now publicly available. Increased CPUC procurement scrutiny led staff and The Energy Authority (TEA) to publish the revised strategy which allows more short-term energy procurement decision-making flexibility while still preventing speculative practices.

TEA Client Services Manager Jaclyn Harr reported on forecasted power costs, market conditions and RCEA's anticipated revenues and financial outlook.

RCEA is still projected to enjoy positive net revenues this year and in future years and the agency should be on track for building reserves. The projected net revenues are slightly lower than were forecast earlier due to lower projected electricity loads. The Sandrini Solar Project with amended energy prices will benefit the agency's financial position when it goes online in summer 2023. The project will generate most of its power and accrue most of its revenues during summer months. Completed 2022 renewable and carbon free procurement requirements will help RCEA lock in prices in a volatile market. Energy prices in the next two years are forecast to be significantly higher due to global natural gas price increases.

The directors discussed the utility practice of building six months of agency operating expenses to be held in reserve, the possibility of increasing RCEA customer savings and models other CCAs use to set rates. The six-month reserve, \$35 million for RCEA, is achievable by 2023 according to current forecasts. Reaching this reserve goal would enable RCEA to obtain a credit rating, eliminating the need to encumber millions of dollars of agency funds in buyer's deposits for major projects. RCEA customers would also benefit from lowered TEA energy market services costs and rate stability during volatile energy markets. The directors were reminded of last year's volatile energy markets, when RCEA depleted reserves and borrowed funds to continue operations. Board discussion of investment policies may take place once the reserve target is reached. RCEA currently has minimal reserves.

Ms. Harr described the 2022 Summer Assessment, a standard utility practice to prepare for peak season. Recent weather data was used to see if all the power that can be obtained from all available sources will be adequate to meet peak demand at 8 p.m. on the hottest September day with a 15% buffer. There are adequate resources for this projected day in 2022. Planning and preparing for these scenarios is the purpose of statewide resource adequacy procurement requirements and Integrated Resource Plan preparation by load serving entities like RCEA. Meeting peak demand days will be more challenging in the future as heatwaves become more frequent and the state's rapid transition to electric vehicles outstrips progress in energy conservation. Humboldt County is threatened with being cut off from the statewide grid when energy supply does not meet demand. This increases the importance of developing local energy sources.

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

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

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

OLD BUSINESS

7.1. CC Power Firm Clean Resources Agreements

Power Resources Director Engel described the CPUC's mandate to procure resources to help develop future grid reliability statewide, and how RCEA is fulfilling this obligation by participating in a joint procurement with other CCAs through the CC Power JPA. Of the proposed projects that fulfilled this mandated purchase's specific requirements, geothermal projects in the Nevada desert were the best prospects. The CCAs would procure energy and renewable energy certificates and will need import capability to be able to receive resource adequacy credit for these purchases. The Board's ad hoc Firm Clean Energy Resources Solicitation Subcommittee unanimously recommends Board approval for participating in this joint procurement. The procurement also helps RCEA comply with Senate Bill 350's long term renewable procurement mandate.

The directors discussed how attempts to stop the Diablo Canyon plant's closure requires a lengthy process of federal and state government approvals, therefore the CPUC is still asking load-serving entities to procure resources in anticipation of the plant's retirement.

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

M/S: Schaefer, Woo: Delegate authority to Executive Director to execute necessary Project Participation Share Agreements and Buyer's Liability Pass Through Agreements with California Community Power and Participating Members for two new Geothermal Projects:

- **Ormat Nevada Inc. Portfolio of Geothermal Projects**
 - **Expected Participation Share: 3.20% or 4.00 MW with quantity not to exceed 5.00 MW**
 - **Delivery term: 20 years starting on or about June 1, 2024**
- **Open Mountain Energy LLC., Fish Lake Geothermal**
 - **Expected Participation Share: 2.80% or 0.36 MW with quantity not to exceed 0.45 MW**
 - **Delivery term: 20 years starting on or about April 1, 2024.**

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

7.2. Power Purchase Agreement for Renewable America Foster A Clean Power

Power Resources Director Engel reported that staff and Renewable America were close to agreement on, but have not yet finalized, a proposed power purchase agreement. Due to supply chain issues, the developer is reconsidering the project's battery supplier and cannot make the operation date originally offered in alignment with the CPUC's mid-term reliability

compliance timeline. Staff requested more time to work with the developer on this power purchase agreement.

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

M/S: Schaefer, Tuttle: Table consideration of a Power Purchase Agreement with Foster Clean Power A LLC until the next Board meeting.

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

STAFF REPORTS

9.1. Deputy Executive Director's Report

Deputy Executive Director Verbeck reported that the Offshore Wind Subcommittee met and that developments will be presented at the August Board meeting. RCEA's Transportation team's Rural Electric Vehicle Charging Grant application scored the second highest in the state. The CEC sent a notice of proposed \$700,000 award which will be brought to the Board for acceptance after more information is gathered. Deputy Executive Director Verbeck commended staff for their work on this grant. Director Bohn reported that eight electric vehicle charging stations were being connected to power in the County on the previous night.

FUTURE AGENDA ITEMS

Director Schaefer informed the Board that the Offshore Wind Subcommittee had lost two members due to member agency director changes and requested discussion of this group's membership at the August Board meeting.

Chair Avis inquired about the procedure for Board directors or members of the public to request agenda items. Clerk Taketa was asked to distribute that section of the Board Operating Guidelines to the directors after the meeting.

CLOSED SESSION

There was no new information to share nor actionable items regarding closed session item:

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.

The directors declined adjourning to closed session. Chair Avis adjourned the meeting at 4:57 p.m.

Lori Taketa
Clerk of the Board