



## **BOARD OF DIRECTORS MEETING AGENDA**

January 26, 2023 -Thursday, 3:30 p.m.

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### **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.

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**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>.

**You may submit written public comment** by email to [PublicComment@redwoodenergy.org](mailto: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.

**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 unmute your phone or computer. You will have 3 minutes to speak.

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."

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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](mailto: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.

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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](http://www.redwoodenergy.org).

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## **OPEN SESSION** Call to Order

### **1. BOARD APPOINTMENTS**

#### **1.1. Election of Officers and Community Advisory Committee Liaisons**

Select the RCEA Board Chair and Vice Chair to serve through January 2024 and authorize them as signers on RCEA bank accounts.

Appoint a Board Liaison, and an alternate liaison if desired, to the Community Advisory Committee to serve through January 2024.

#### **1.2. Board Subcommittee Member Assignment**

Determine whether the standing Finance Subcommittee should continue its work.

Appoint up to four Directors to serve on the standing Finance Subcommittee for one-year terms ending on the first regular Board meeting of 2024.

Recruit up to three additional Director-volunteers to serve on the ad hoc Building Subcommittee, which will be dissolved after a new office location is secured.

### **2. REPORTS FROM MEMBER ENTITIES**

### **3. ORAL COMMUNICATIONS**

This time is provided for people to address the Board or submit written communications 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.

### **4. 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.

**4.1** Approve Minutes of December 15, 2022, Board Meeting.

**4.2** Approve Disbursements Report.

**4.3** Accept Financial Reports.

**4.4** Approve the 2023 RCEA Board of Directors Meeting Calendar.

**4.5** 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 January 26, 2023, through February 25, 2023, Pursuant to Brown Act revisions of AB 361.

**4.6** Approve Updated and Unchanged Community Choice Energy Weighted Board Vote Distribution.

**4.7** Approve Amendment No. 8 to Agreement for Employment of Executive Director with Matthew Marshall.

### **5. REMOVED FROM CONSENT CALENDAR ITEMS**

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

## **COMMUNITY CHOICE ENERGY (CCE) BUSINESS (Confirm CCE Quorum)**

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.

### **6. OLD CCE BUSINESS**

#### **6.1. Feed-In Tariff Projects Update (Information only.)**

#### **6.2. Net Energy Metering Successor Tariff Update**

Accept update on net billing tariff.

#### **6.3. Energy Independence and Resilience Project Financing Solicitation**

Direct RCEA staff to issue a request for proposals for bond development and issuance services and federal tax law expertise to identify suitable financing mechanism(s) for one or more of the shortlisted projects.

### **7. NEW CCE BUSINESS**

#### **7.1. 2023 Zero-Emission Resource Mid-Term Reliability Request for Offers**

1. Authorize staff to issue the 2023 Request for Offers for Zero-Emission Resources, in accordance with the terms and conditions of the August 26, 2022, Request for Offers for Zero-Emission Resources.
2. Establish an ad hoc Board offer review committee to review and approve the following actions provided they are consistent with the RFO: (i) the offer shortlist, (ii) replacement of offers on the shortlist if negotiations with a shortlisted respondent are discontinued, and (iii) continued negotiations with a shortlisted respondent whose offer changes during the negotiation process.
3. Authorize staff to engage with the shortlisted respondents, including execution of exclusivity agreements, collection of shortlist deposits, and negotiation of contract terms, prior to full Board review and approval of resulting contracts.

## **END OF COMMUNITY CHOICE ENERGY (CCE) BUSINESS**

### **8. OLD BUSINESS**

#### **8.1 Revisions to California Community Power Project Participation Share Agreements & Tumbleweed Long-Duration Energy Storage Agreement Amendment**

Approve Resolution 2023-1 Approving the Tumbleweed Energy Storage Services Agreement Amendment and Resolution 2023-2 Approving the Four CC Power Project Participation Share Agreement Amendments.

### **9. NEW BUSINESS**

#### **9.1 Yurok Tribe's Interest in Joining RCEA**

Provide direction to staff on next steps.

**9.2 City of Blue Lake Memorandum of Understanding for Biomass Plant Site Energy Storage**

Approve Memorandum of Understanding Between Redwood Coast Energy Authority and City of Blue Lake to Collaborate on Development of Energy Storage and authorize the Executive Director to execute said Memorandum of Understanding.

**9.3 Resource Adequacy Swap Agreements with Valley Clean Energy for Mid-Term Reliability Compliance**

Approve Resolution 2023-3 authorizing the Executive Director to execute the VCE-RCEA Mid-Term Reliability Resource Adequacy Agreement and the RCEA-VCE System Resource Adequacy Agreement.

**9.4 Financial Auditor Update**

1. Approve engagement with Baker Tilly US, LLP for independent accounting services and authorize the Executive Director to execute all applicable documents.
2. Approve replacing the annual audit with audits covering two-year periods for the years ended June 30, 2018, June 30, 2019, June 30, 2020, and June 30, 2021.

**10. STAFF REPORTS**

**10.1 Executive Director's Report on Airport Microgrid Disaster Performance, Offshore Wind Development and Other Subjects As Needed**

**11. FUTURE AGENDA ITEMS**

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

**12. CLOSED SESSION**

**12.1 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.**

**13. RECONVENE TO OPEN SESSION**

**14. CLOSED SESSION REPORT**

**15. ADJOURNMENT**

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**NEXT REGULAR MEETING**

Thursday, February 23, 2023, 3:30 p.m.

This will be a teleconference meeting. Online and phone participation will be available via Zoom.



**STAFF REPORT**  
**Agenda Item # 1.1**

AGENDA DATE:	January 26, 2023
TO:	Board of Directors
PREPARED BY:	Lori Taketa, Clerk of the Board
SUBJECT:	Election of Officers and Community Advisory Committee Liaison Appointments

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**BACKGROUND**

**Election of Officers**

In keeping with its Operating Guidelines, the RCEA Board selects a Chair and Vice Chair every year at its January meeting by simple majority vote. The responsibilities of the Chair include:

- Conducting the monthly and special meetings
- Attending the monthly agenda review meeting
- Check signing and disbursement authority, including electronic funds disbursement.

The Vice Chair assumes these responsibilities when the Chair is unable to perform them.

The Chair and Vice Chair will be asked to complete the appropriate signature forms to be filed with RCEA's banking institution soon after the January meeting and be available to sign checks periodically when authorized staff are not available.

**Community Advisory Committee Liaison Appointment**

RCEA's Community Advisory Committee (CAC) was established by the Board to support RCEA public engagement efforts and provide the Board with decision-making support and input.

The Board's Operating Guidelines state that the Board will appoint at least one RCEA Board member as a CAC liaison that will attend CAC meetings but will not vote. The role of the Board liaison as outlined in the CAC Charter is to:

- Contribute content knowledge and Board perspective at CAC meetings;
- Encourage participation and help create a civil, collaborative environment;
- Communicate committee recommendations and perspectives to the Board; and
- Participate as a non-voting member.

The 2022 Board liaison was Director Sarah Schaefer. Scott Bauer was the alternate CAC Board liaison.

**STAFF RECOMMENDATION**

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Select the RCEA Board Chair and Vice Chair to serve through January 2024 and authorize them as signers on RCEA bank accounts.

Appoint a Board Liaison, and an alternate liaison if desired, to the Community Advisory Committee to serve through January 2024.

**ATTACHMENTS**

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None.



**STAFF REPORT**  
**Agenda Item # 1.2**

AGENDA DATE:	January 26, 2023
TO:	Board of Directors
PREPARED BY:	Matthew Marshall, Executive Director
SUBJECT:	Board Subcommittee Member Assignment

**SUMMARY**

The first Board meeting of the year presents an opportunity to review the Board's standing subcommittee and appoint members as needed. As part of any subcommittee discussion and review, the Board may choose to disband the body if it is no longer needed.

**Finance Subcommittee (standing)**

In January 2019, the Board created a standing Finance Subcommittee to meet as needed to work with staff and advise the Board on matters relating to audit, finance and the budget. In 2022, this body met once in May to review the fiscal year 2022-2023 draft budget in detail.

The Board Finance Subcommittee is comprised of up to four (4) Board Directors. Current Finance Subcommittee members are Scott Bauer, Subcommittee Chair Chris Curran and Frank Wilson. Member terms are one year long ending on the first regular Board meeting of each year. Vice Chair Curran is no longer on the RCEA Board of Directors.

**Office Relocation Subcommittee (ad hoc)**

The ad hoc Office Relocation Subcommittee was established in August 2021 to support real property negotiations, acquisition and development related to relocation to a new RCEA office space. This subcommittee will sunset after a new office location is secured.

The subcommittee members were Stephen Avis, Scott Bauer and Mike Wilson. Director Bauer is the sole remaining subcommittee member. It would be helpful to staff if up to three additional Board members were available to support this work.

**RECOMMENDED ACTIONS**

Determine whether the standing Finance Subcommittee should continue its work.

Appoint up to four Directors to serve on the standing Finance Subcommittee for one-year terms ending on the first regular Board meeting of 2024.

Recruit up to three additional Director-volunteers to serve on the ad hoc Building Subcommittee, which will be dissolved after a new office location is secured.

**ATTACHMENTS** - None.

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## **BOARD OF DIRECTORS DRAFT MEETING MINUTES**

**December 15, 2022 - Thursday, 3:30 p.m.**

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Notice of this meeting was posted on December 11, 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 3:35 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 (arrived 3:42 p.m.), Mike Losey, Sarah Schaefer, Jack Tuttle, Frank Wilson, Sheri Woo. ABSENT: Scott Bauer, Elise Scafani. STAFF AND OTHERS PRESENT: General Counsel Nancy Diamond; Power Resources Director Richard Engel; Demand Side Management Director Stephen Kullmann, Executive Director Matthew Marshall; Community Strategies Manager Nancy Stephenson, Board Clerk Lori Taketa; Deputy Executive Director Eileen Verbeck.

### **CHAIR PRO TEM APPOINTMENT**

Director Woo was nominated to serve as Chair Pro Tem and Director Schaefer volunteered to serve as Vice Chair Pro Tem to facilitate the December and January Board meetings. There were no public comments and Executive Director Marshall closed the comment period.

**M/S: Avis, Losey: Appoint Sheri Woo as RCEA Board Chair Pro Tem and Sarah Schaefer as Vice Chair Pro Tem to serve through January 2023.**

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

### **REPORTS FROM MEMBER ENTITIES**

Director Losey reported that this is his last RCEA Board meeting. The new Fortuna Director will be Christina Mobley. Director Losey wished the agency Board and staff well, and the Directors and staff thanked Director Losey for his service.

### **ORAL COMMUNICATIONS**

CalCCA Executive Director Beth Vaughan introduced herself and thanked Executive Director Marshall for serving as the CalCCA Board President for the past two years. Ms. Vaughan stated that Executive Director Marshall is a valued Board director and CalCCA benefited from his skilled leadership and navigation through challenging issues.

Chair Pro Tem Woo closed the non-agenda oral communications portion of the meeting.

### **CONSENT CALENDAR**

**4.1 Approve Minutes of November 17, 2022, Board Meeting.**

- 4.2 Approve Disbursements Report.**
- 4.3 Accept Financial Reports.**
- 4.4 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 December 15, 2022, through January 14, 2023, pursuant to Brown Act revisions of AB 361.**
- 4.5 Adopt Resolution 2022-10 Adopting Updates to the Energy Risk Management Policy.**
- 4.6 Adopt Proposed RCEA 2023 Policy Platform.**

Chair Pro Tem Woo requested item 4.5, the resolution adopting Energy Risk Management Policy updates, be removed from the consent calendar.

**M/S: Bohn, Schaefer: Approve consent calendar items items 4.1 through 4.4, and 4.6.**

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

#### **ITEMS REMOVED FROM CONSENT CALENDAR**

Chair Pro Tem Woo pointed the directors to section 4.2 of the Energy Risk Management Policy outlining the Board of Directors' responsibilities. The Chair reminded the Board that they are responsible for determining RCEA's strategic direction, understanding procurement strategies, approving risk exposure and understanding the policy and its appendices on the hedging strategy among other areas. Part of the February Board meeting will be dedicated to orienting new Board members and reviewing operations and programs.

There were no responses from the public to Chair Pro Tem Woo's invitation for public comment and the public comment period was closed.

**M/S: Avis, Losey: Adopt Resolution 2022-10 Adopting Updates to the Energy Risk Management Policy.**

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

There was no Community Choice Energy business on this agenda.

#### **OLD BUSINESS**

##### **6.1. PG&E Local Government Partnership Contract Extension**

Demand Side Management Director Stephen Kullmann reported on the Local Government Partnership program's work from July 2020, and on the additional \$1 million budget increase from PG&E to continue work under this contract for 2.5 more years. To date, RCEA has worked with 57 different public agencies, three local tribes, 35 schools and education agencies, 162 commercial customers and 157 residential customers through this program, and helped bring \$5.5 million in grants and loans to these Humboldt County customers for energy efficiency upgrades and renewable energy improvements.

There were no responses from the public to Chair Pro Tem Woo's invitation for comment and the public comment period was closed.

**M/S: Losey, Schaefer: Approve a Change Order to the PG&E Local Government Partnership Contract to extend the term through 2025, increase the budget by \$1,000,000, and make minor revisions to the program design and authorize the Executive Director to execute all applicable documents after review and approval of RCEA General Counsel.**

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

## **STAFF REPORTS**

### **8.1. Executive Director's Report (Information only)**

Executive Director Marshall reported that RCEA's partner companies, Aker and Mainstream, withdrew from the December 6 BOEM offshore wind lease auction when their dollar limit was reached. RCEA will engage with the two companies that secured leases. RWE, a German company committed to offshore wind development, has engaged with local commercial fishermen and the Eureka Chamber of Commerce. California North Floating LLC, is the project company for Copenhagen Infrastructure Partners and Magellan Wind. During RCEA's 2018 offshore wind development request for qualifications, Magellan was well-received and tied for second place. RCEA will invite representatives from both companies to introduce themselves at a future Board meeting. RCEA retains the first right of refusal for determining who may purchase its project company's place in the CAISO interconnection study queue. This decision will be brought to the Board for consideration in the future. The directors discussed concerns about whether offshore wind electrons will be used locally to meet renewable energy targets or bypass Humboldt County. The group agreed on the need to continue regional grid upgrade advocacy to prevent offshore wind power going directly to the Bay Area. Staff will receive information from the California Energy Commission on how a Southern California community made local grid investment a condition of renewable energy development in their area.

A local group, including Humboldt Community Services District Director Gregg Gardiner, is advocating for forming a not-for-profit cooperative to purchase and operate PG&E's Humboldt County transmission infrastructure. This is modeled on a similar, successful approach taken by the island of Kauai when forming its electric cooperative. Mr. Gardiner was actively involved in that effort. RCEA is participating in conversations with the local advocacy group. Investigating and considering investor-owned utility model alternatives is a strategy listed in the RePower Strategic Plan. Director Bohn stated the local effort has financial backing from Collette and Associates, which has organized 60 electricity cooperatives in the U.S., and requested the group's informational flier be shared with the Board. There was support for further discussion on the topic when more information becomes available. PG&E's current willingness to sell transmission assets was discussed.

Executive Director Marshall reported on the new proposal for solar energy billing, or Net Energy Metering (NEM), which is being considered at the CPUC. Most of CalCCA's proposed changes have been rejected by the CPUC and the new proposed compensation rates for exporting solar energy to the grid are much lower than they are currently. RCEA has typically

compensated its NEM customers by 1 cent more than PG&E would, but the Board may want to consider a different approach.

There were no responses from the public to Chair Pro Tem Woo's invitation for comment and the public comment period was closed.

### **FUTURE AGENDA ITEMS**

Directors requested discussion of potentially buying PG&E's Humboldt County transmission infrastructure and establishing a not-for-profit entity to maintain and run the local grid.

### **CLOSED SESSION**

There was no public comment regarding closed session items:

- 10.1** 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.
- 10.2** Public Employee Performance Evaluation, pursuant to Government Code Section 54957(b)(1): Executive Director.

The directors adjourned to closed session at 4:30 p.m. to discuss items 10.1 and 10.2. Executive Director Marshall stated there was nothing to report from closed session and reported the meeting was adjourned at 5:15 p.m.

Lori Taketa  
Clerk of the Board

# Redwood Coast Energy Authority

## Disbursements Report

### As of November 30, 2022

Type	Date	Num	Name	Memo	Amount
Liability Check	11/04/2022	ACH	EDD	Taxes	-6.88
Liability Check	11/04/2022	ACH	Internal Revenue Service	Taxes	-23.10
Liability Check	11/10/2022	ACH	Internal Revenue Service	Taxes	-29,287.87
Liability Check	11/10/2022	ACH	EDD	Taxes	-6,292.34
Liability Check	11/10/2022	ACH	Newport Group	Deferred compensation contributions	-16,335.17
Liability Check	11/10/2022	14311	Umpqua Bank	Health Savings Account contribution	-74.36
Check	11/10/2022	14312-19	CCA Customers	PA Equipment and Heat Pump Rebates	-12,040.00
Check	11/10/2022	14320	CCA Customer	EV Rebate #EV40	-1,750.00
Check	11/10/2022	14321	CCA Customer	EV Rebate #EV38	-1,000.00
Check	11/10/2022	14322	CCA Customer	EV Rebate #EV39	-1,000.00
Check	11/10/2022	14323	CCA Customer	Heat Pump Rebate #DS-R-220922-0561	-950.00
Check	11/10/2022	14324	SacTown Contractor's Corp.	PA installs: Humboldt Beer Distr, Eureka Center for	-13,948.48
Check	11/10/2022	14325-34	CCA Customers	PA Equipment and Heat Pump Rebates	-6,835.00
Check	11/10/2022	14335	CCA Customer	EV Rebate #EV15	-1,000.00
Check	11/10/2022	14336-41	Sierra Ventuleth	Heat Pump Rebate #DS-R-221028-0641	-5,700.00
Check	11/10/2022	14342-48	NEM Customers	NEM Account Closeouts	-728.17
Check	11/10/2022	14349	CCA Customer	Heat Pump & PA Rebate #: 5640, Ck 12712 reissue	-800.00
Check	11/10/2022	14350-73	NEM Customers	NEM Account Closeouts and Annual Payouts	-5,040.14
Check	11/10/2022	14374	VISA	October 2022 Statement 9/22/2022 - 10/20/2022	-6,562.67
Bill Pmt -Check	11/10/2022	14375	Advanced Security	Security monitoring: Nov 2022-Jan 2023	-132.00
Bill Pmt -Check	11/10/2022	14376	Aiqueous, LLC	Support Stage 7 Aug - Dec 2022 & Stage 6 Next 90	-835.50
Bill Pmt -Check	11/10/2022	14377	Amazon.com	Monthly billing - October 2022	-793.97
Bill Pmt -Check	11/10/2022	14378	Araiza, N.	19/20 Reissued Reimbursement checks	-18.96
Bill Pmt -Check	11/10/2022	14379	AT&T	RCAM Router charges - ACV: 9/19 - 10/18	-164.96
Bill Pmt -Check	11/10/2022	14380	AT&T Long Distance	Phone charges 10/25/2022 - 11/24/2022	-150.97
Bill Pmt -Check	11/10/2022	14381	AT&T	RCAM charges: 11/1 - 11/30/2022 for Account 8003	-892.84
Bill Pmt -Check	11/10/2022	14382	Bidwell Consulting Services, Inc.	Service fees for prep of forms and notices to add SE	-275.00
Bill Pmt -Check	11/10/2022	14383	Bithell, M.	October 2022 Mileage Reimbursement	-60.00
Bill Pmt -Check	11/10/2022	14384	Boone, J.	Mileage reimbursement -October 2022	-15.63
Bill Pmt -Check	11/10/2022	14385	Braun Blaising & Wynne	Legal Services - Regulatory -September 2022	-6,183.67
Bill Pmt -Check	11/10/2022	14386	Central Office	Printing services- 150 qty Residential and 150qty Cc	-639.12
Bill Pmt -Check	11/10/2022	14387	City of Arcata	October 2022 Excessive Energy Use Tax #6315	-2,686.87
Bill Pmt -Check	11/10/2022	14388	City of Eureka-Water	Water service, 9/26/22- 10/21/22	-186.41
Bill Pmt -Check	11/10/2022	14389	Civicwell	11/2022-10/2023 LGSEC Membership Dues	-2,825.00
Bill Pmt -Check	11/10/2022	14390	City of Arcata	October 2022 Utility User Tax #6310	-12,534.96
Bill Pmt -Check	11/10/2022	14391	Diamond, Nancy	Oct 2022 Legal Services	-10,760.70
Bill Pmt -Check	11/10/2022	14392	DocuSign	eSignature Business Pro Edition, 11 seats & Suppor	-5,369.01
Bill Pmt -Check	11/10/2022	14393	Donald Dame	Professional Services October 2022	-612.50
Bill Pmt -Check	11/10/2022	14394	Engel, R.	October 2022 Mileage Reimb	-20.00
Bill Pmt -Check	11/10/2022	14395	FedEx	Res Kit - service 335	-28.64
Bill Pmt -Check	11/10/2022	14396	Frontier Energy, Inc.	PA Program Consulting - October 2022	-1,196.25
Bill Pmt -Check	11/10/2022	14397	Hand Therapy Center	Ergonomic evaluations for 9 employees	-2,250.00
Bill Pmt -Check	11/10/2022	14398	Hilson, D.	Mileage reimbursement - October 2022	-74.50
Bill Pmt -Check	11/10/2022	14399	HireRight	Background Check: potential hire M. Glass, Court F	-123.75
Bill Pmt -Check	11/10/2022	14400	HSU - Sponsored Programs Foundation	MD/HD ZEV grant subcontracting - personnel costs	-2,866.05
Bill Pmt -Check	11/10/2022	14401	Humboldt Bay Coffee Co.	Oct & Nov coffee invoices	-69.20
Bill Pmt -Check	11/10/2022	14402	Local Worm Guy	Compost pickup - August, Sept, Oct 2022	-90.00
Bill Pmt -Check	11/10/2022	14403	Los Bagels Co., Inc.	Vendor Open House refreshments	-120.00

# Redwood Coast Energy Authority

## Disbursements Report

### As of November 30, 2022

Type	Date	Num	Name	Memo	Amount
Bill Pmt -Check	11/10/2022	14404	Mission Uniform & Linen	Oct & Nov services	-204.64
Bill Pmt -Check	11/10/2022	14405	Newport Group	Participant Fees for Retirement Plan - 10/1 - 12/31/2	-832.44
Bill Pmt -Check	11/10/2022	14406	North Coast Cleaning	October 2022 monthly cleaning service	-480.00
Bill Pmt -Check	11/10/2022	14407	Optimum Business	Phone & Internet access - 10/28 - 11/27/2022	-1,100.52
Bill Pmt -Check	11/10/2022	14408	PG&E EV Account	EV stations 9/15-10/13/2022	-534.50
Bill Pmt -Check	11/10/2022	14409	PG&E Utility Account	9/15-10/13/22 utilities for 633 3rd Street	-756.38
Bill Pmt -Check	11/10/2022	14410	Premier Financial Group	Advisory Fee for Q4 2022	-3,812.20
Bill Pmt -Check	11/10/2022	14411	Ray Morgan Company	Printer Charges: 10/6-11/5/22	-216.98
Bill Pmt -Check	11/10/2022	14412	Recology	October 2022 garbage service	-95.55
Bill Pmt -Check	11/10/2022	14413	Spiegel & McDiarmid LLP	Spetember 2022 Legal Services- PG&E PSPS	-14,144.32
Bill Pmt -Check	11/10/2022	14414	Times Printing Company	Oct 2022 printing services	-1,957.59
Bill Pmt -Check	11/10/2022	14415	Verizon Wireless	Tablet/cell service for staff & equipment - 9/29 - 10/	-1,361.55
Check	11/10/2022	14416	CCE Customer	EV Rebate #EV41	-1,000.00
Check	11/10/2022	14417	CCE Customer	Res EVSE rebate #EVSE15	-215.50
Paycheck	11/10/2022	ACH	Employees	Payroll	-71,531.99
Bill Pmt -Check	11/18/2022	ACH	CalPine Corporation	Calpine October 2022 Costs	-61,424.64
Bill Pmt -Check	11/18/2022	ACH	Humboldt Sawmill Co.	October 2022 Electricity	-755,749.69
Bill Pmt -Check	11/18/2022	ACH	Keenan	Anthem Medical Insurance December 2022	-26,755.10
Bill Pmt -Check	11/18/2022	ACH	Leapfrog Energy	October 2022 RA	-36,406.00
Check	11/22/2022	14418	CCE Customer	EV Rebate #EV42	-1,000.00
Check	11/22/2022	14419	CCE Customer	Heat Pump Rebate #DS-R-221103-0677	-1,025.00
Check	11/22/2022	14420	CCE Customer	Heat Pump Non-Res Rebate #DS-R-221107-0685	-1,200.00
Check	11/22/2022	14421-34	NEM Customers	NEM Closeouts and Annual Payouts	-2,337.60
Bill Pmt -Check	11/22/2022	14435	Ameritas - Dental	#010-055098-00001 Dental - Dec 2022	-1,967.31
Bill Pmt -Check	11/22/2022	14436	Ameritas - Vision	010-055098-00002 Vision - December 2022	-406.04
Bill Pmt -Check	11/22/2022	14437	City of Eureka - REVNet	Site Host Reimbursement 7/1/2021 - 3/31/2022	-1,629.44
Bill Pmt -Check	11/22/2022	14438	FedEx	Nov 2022 Shipping	-162.83
Bill Pmt -Check	11/22/2022	14439	Morehead, M.	Purchase reimbursement: Microwave for Kitchen	-73.64
Bill Pmt -Check	11/22/2022	14440	Morse Media	Website Hosting Annual Fee 11/28/2022-11/27/202	-97.20
Bill Pmt -Check	11/22/2022	14441	NYLEX.net, Inc.	Onsite network support services - December	-3,200.00
Bill Pmt -Check	11/22/2022	14442	PG&E CCA	October 2022 CCE Charges	-22,206.31
Bill Pmt -Check	11/22/2022	14443	Ramone's	Contractor Open House-Pasteries & Coffee	-317.88
Bill Pmt -Check	11/22/2022	14444	Shred Aware	Shredding services - November 2022 Prior FY Boxe	-339.75
Bill Pmt -Check	11/22/2022	14445	Times-Standard	Advertising: Eureka Chamber Directory Package	-399.00
Bill Pmt -Check	11/22/2022	14446	Viridity Energy Solutions, Inc.	August-October 2022 RA	-50,700.00
Bill Pmt -Check	11/22/2022	14447	Wilson, Sonsini, Goodrich & Rosati PC	October 2022 Legal Services - RA Swap with Valley	-3,240.00
Bill Pmt -Check	11/22/2022	14448	Winzler, John	Office Lease - December 2022	-8,372.70
Bill Pmt -Check	11/22/2022	14449	David L. Moonie & Co., LLP	Financial consulting - October 2022	-1,330.00
Liability Check	11/23/2022	ACH	EDD	Taxes	-6,591.72
Liability Check	11/23/2022	ACH	Internal Revenue Service	Taxes	-30,057.38
Liability Check	11/23/2022	ACH	Newport Group	Deferred compensation contributions	-16,796.30
Check	11/23/2022	ACH	Internal Revenue Service	Q3 2022 Penatly from Notice CP134B	-4,603.45
Liability Check	11/23/2022	14450	Umpqua Bank	Health Savings Account contribution	-148.72
Paycheck	11/23/2022	ACH	Employees	Payroll	-75,021.81
<b>TOTAL</b>					<b>-1,373,154.31</b>

**Redwood Coast Energy Authority**  
**Profit & Loss Budget vs. Actual**  
July through November 2022

	<u>Jul - Nov 22</u>	<u>Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense			
Income			
<b>5 REVENUE EARNED</b>			
Total 5000 · Revenue - government agencies	216,298.03	1,101,031.00	19.65%
Total 5100 · Revenue - program related	13,860.78	30,400.00	45.6%
Total 5300 · Revenue - interest on deposits	341.85		
Total 5400 · Revenue-nongovernment agencies	135,443.39	489,124.00	27.69%
Total 5500 · Revenue - Electricity Sales	30,043,852.56	93,848,684.00	32.01%
<b>Total 5 REVENUE EARNED</b>	<u>30,409,796.61</u>	<u>95,469,239.00</u>	<u>31.85%</u>
<b>Total Income</b>	<u>30,409,796.61</u>	<u>95,469,239.00</u>	<u>31.85%</u>
Gross Profit	30,409,796.61	95,469,239.00	31.85%
Expense			
Total 6 WHOLESALE POWER SUPPLY	18,416,132.02	76,236,276.00	24.16%
Total 7 PERSONNEL EXPENSES	1,514,730.94	4,071,684.00	37.2%
Total 8.1 FACILITIES AND OPERATIONS	203,530.61	801,816.00	25.38%
Total 8.2 COMMUNICATIONS AND OUTREACH	44,005.27	177,004.00	24.86%
<b>8.4 PROFESSIONAL &amp; PROGRAM SRVS</b>			
8400 · Regulatory	74,977.50	180,000.00	41.65%
8410 · Contracts - Program Related Ser	65,128.69	290,000.00	22.46%
8420 · Accounting	11,887.00	87,455.00	13.59%
8430 · Legal	70,484.22	180,000.00	39.16%
8450 · Wholesale Services - TEA	313,802.05	654,984.00	47.91%
8460 · Procurement Credit - TEA	230,794.62	690,545.00	33.42%
8470 · Data Management - Calpine	307,440.00	737,532.00	41.69%
<b>Total 8.4 PROFESSIONAL &amp; PROGRAM SRVS</b>	<u>1,074,514.08</u>	<u>2,820,516.00</u>	<u>38.1%</u>
<b>Total 8.5 PROGRAM EXPENSES</b>	<u>218,078.75</u>	<u>638,100.00</u>	<u>34.18%</u>
<b>Total 8.6 INCENTIVES &amp; REBATES</b>	<u>182,467.42</u>	<u>477,823.00</u>	<u>38.19%</u>
<b>Total 9 NON OPERATING COSTS</b>	<u>157,821.10</u>	<u>246,020.00</u>	<u>64.15%</u>
<b>Total Expense</b>	<u>21,811,280.19</u>	<u>85,469,239.00</u>	<u>25.52%</u>
Net Ordinary Income	<u>8,598,516.42</u>	<u>10,000,000.00</u>	<u>85.99%</u>
Net Income	<u><b>8,598,516.42</b></u>	<u><b>10,000,000.00</b></u>	<u><b>85.99%</b></u>

# Redwood Coast Energy Authority

## Balance Sheet

As of November 30, 2022

	<u>Nov 30, 22</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1010 · Petty Cash	300.00
1050 · GRANTS & DONATIONS 3840	15,995.51
1060 · Umpqua Checking Acct 0560	131,575.56
1071 · Umpqua Deposit Cntrol Acct 8215	4,793,399.22
1075 · Umpqua Reserve Account 2300	1,099,923.52
1076 · First Republic Bank - 4999	62,263.94
8413 · COUNTY TREASURY 3839	5,329.01
<b>Total Checking/Savings</b>	<u>6,108,786.76</u>
<b>Total Accounts Receivable</b>	<u>55,551.79</u>
<b>Other Current Assets</b>	
1101 · Allowance for Doubtful Accounts	-2,987,459.12
1103 · Accounts Receivable-Other	13,556,078.03
1120 · Inventory Asset	21,715.00
1202 · Prepaid Expenses	-21,909.79
1205 · Prepaid Insurance	34,941.40
1499 · Undeposited Funds	1,403.00
<b>Total Other Current Assets</b>	<u>10,604,768.52</u>
<b>Total Current Assets</b>	<u>16,769,107.07</u>
<b>Total Fixed Assets</b>	<u>8,782,563.63</u>
<b>Other Assets</b>	
1700 · Retained Deposits	4,191,600.00
<b>Total Other Assets</b>	<u>4,191,600.00</u>
<b>TOTAL ASSETS</b>	<u><b>29,743,270.70</b></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Total Accounts Payable	3,526,671.85
Total Credit Cards	11,537.79
<b>Other Current Liabilities</b>	
2002 · Deposits Refundable	1,314,135.01
2013 · Unearned Revenue - PA 2020-2023	772,049.97
Total 2100 · Payroll Liabilities	254,810.61
<b>Total Other Current Liabilities</b>	<u>2,340,995.59</u>
<b>Total Current Liabilities</b>	<u>5,879,205.23</u>
<b>Total Long Term Liabilities</b>	<u>6,287,592.00</u>
<b>Total Liabilities</b>	<u>12,166,797.23</u>
<b>Equity</b>	
2320 · Investment in Capital Assets	215,489.00
3900 · Fund Balance	8,762,498.87
Net Income	8,598,485.60
<b>Total Equity</b>	<u>17,576,473.47</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>29,743,270.70</b></u>





# REDWOOD COAST Energy Authority

## STAFF REPORT Agenda Item # 4.4

AGENDA DATE:	January 26, 2023
TO:	Board of Directors
PREPARED BY:	Lori Taketa, Clerk of the Board
SUBJECT:	2023 Board Meeting Calendar

### SUMMARY

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In November 2018, the RCEA Board agreed to meet on the fourth Thursday of each month at 3:30 p.m. The attached proposed 2023 meeting calendar follows this meeting schedule. The proposed November and December 2023 meetings are on the third Thursdays to adjust for holidays.

### STAFF RECOMMENDATION

---

Approve the 2023 RCEA Board of Directors meeting calendar.

### ATTACHMENT:

---

- Proposed 2023 RCEA Board of Directors meeting calendar

**Redwood Coast Energy Authority**  
**Board of Directors**  
**2023 REGULAR MEETING SCHEDULE**

**Meetings begin at 3:30 p.m.**

February 23	(4 <sup>th</sup> Thursday)
March 23	(4 <sup>th</sup> Thursday)
April 27	(4 <sup>th</sup> Thursday)
May 25	(4 <sup>th</sup> Thursday)
June 22	(4 <sup>th</sup> Thursday)
July 27	(4 <sup>th</sup> Thursday)
August 24	(4 <sup>th</sup> Thursday)
September 28	(4 <sup>th</sup> Thursday)
October 26	(4 <sup>th</sup> Thursday)
November 16	( <u>3<sup>rd</sup></u> Thursday)
December 21	( <u>3<sup>rd</sup></u> Thursday)
January 25, 2024	(4 <sup>th</sup> Thursday)



## REDWOOD COAST Energy Authority

### STAFF REPORT Agenda Item # 4.5

AGENDA DATE:	January 26, 2023
TO:	Board of Directors
PREPARED BY:	Eileen Verbeck, Deputy Executive Director
SUBJECT:	Board and CAC Virtual Meetings January – February 2023

#### BACKGROUND

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In response to the COVID-19 public health emergency and in compliance with emergency Brown Act meeting law changes, the RCEA Board of Directors, Community Advisory Committee and the subcommittees of those bodies have been meeting online via the Zoom teleconference platform since April 2020. In September 2021 Governor Newsom signed AB 361 into law. This bill authorized 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.

Governor Newsom announced that the COVID-19 State of Emergency will end on February 28, 2023. After this date the Board cannot conduct fully virtual meetings under AB 361 unless another state of emergency is declared.

At the November 2022 RCEA meeting, the Board of Directors voted unanimously to continue meeting virtually through the end of the current state of emergency, then resume meeting in-person in March 2023 at a new location, the Jefferson Community Center Auditorium at 1000 B Street, Eureka, CA 95501. The in-person meetings will also be accessible online and by phone via the Zoom teleconference meeting platform (i.e. "hybrid meetings") to the public, staff and any directors requesting remote participation following AB 2449 requirements. The directors also requested live or delayed broadcast of the RCEA Board of Directors meetings on Access Humboldt in March 2023, if the expense associated with this broadcast is nominal.

#### SUMMARY

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In order to continue virtual meetings during the current state of emergency and for Board directors and CAC members to participate without making their remote meeting locations publicly accessible due to public health concerns, the Board must adopt or extend AB 361 resolutions every 30 days.

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

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N/A – Operations.

## **EQUITY IMPACTS**

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N/A. Staff recommends taking measures to reduce health risks to vulnerable populations. Signs strongly recommending the wearing of masks will be posted at the meeting site when in-person meetings resume in March 2023 and masks will be provided.

## **FINANCIAL IMPACT**

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Annual teleconferencing subscription costs have been included in the Fiscal Year 2022-23 budget. Jefferson Community Center auditorium rental rates are \$75/hour. The approximate cost of meeting in this auditorium for one year is approximately \$3,375.

## **STAFF RECOMMENDATION**

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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 January 26, 2023, through February 25, 2023, pursuant to Brown Act revisions of AB 361.

## **ATTACHMENTS**

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1. 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.

**RESOLUTION NO. 2022-6**

**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 JUNE 27, 2022, THROUGH JULY 27, 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 Humboldt County Department of Health and Human Services recommends practicing physical distancing at meetings of legislative bodies; and

**WHEREAS**, 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. 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 3. 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.

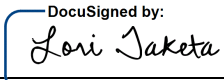
Section 4. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective for 30 days or until this Resolution is extended by a majority vote of the Board of Directors in accordance with Section 5 of this Resolution.

Section 5. 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 23<sup>rd</sup> day of June 2022.

ATTEST:

DocuSigned by:  
  
 Stephen Avis, RCEA Board Chair

DocuSigned by:  
  
 Lori Taketa, Clerk of the Board

Date: 6/30/2022

Date: 7/14/2022

### CLERK'S CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of Resolution 2022-6 passed and adopted at a regular meeting of the Redwood Coast Energy Authority, County of Humboldt, State of California, held on the 23<sup>rd</sup> day of June 2022, by the following vote:

AYES: Avis, Bauer, Bohn, Curran, Losey, Schaefer, Tuttle, Wilson, Woo.

NOES: None.

ABSENT: None.

ABSTENTIONS: None.

DocuSigned by:  
  
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\_\_\_\_\_  
Clerk of the Board, Redwood Coast Energy Authority

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# REDWOOD COAST Energy Authority

## STAFF REPORT Agenda Item # 4.6

AGENDA DATE:	January 26, 2023
TO:	Board of Directors
PREPARED BY:	Sally Regli, Account Services Manager
SUBJECT:	Board Weighted Voting Revision

### SUMMARY

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RCEA's Joint Powers Agreement (JPA) establishes a weighted voting protocol for community choice energy matters on the agenda requiring a Board vote. Vote weighting is based on the number of electric accounts in each voting member's jurisdiction. The original weighting adopted by the Board was calculated based on the number of electric accounts in December 2014. It was last adjusted in January 2021. The JPA calls for this weighting to be updated every two years. The adjustment before the Board now is based on customer counts as of December 15, 2022.

The attached table shows the previous distribution and the recalculation. There was no change in the distribution of the 100 weighted votes.

### FINANCIAL IMPACTS

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The redistribution of weighted voting is an administrative change with no direct financial impacts.

### ALIGNMENT WITH RCEA'S STRATEGIC PLAN

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Not applicable – the weighted voting is an operational matter.

### EQUITY IMPACTS

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Not applicable.

### RECOMMENDED ACTIONS

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Approve updated and unchanged Community Choice Energy weighted Board vote distribution.

### ATTACHMENTS

Updated Weighted Voting Table

**Redwood Coast Energy Authority Joint Powers Agreement  
Board Voting Shares for Community Choice Aggregation Business**

Updated January 2023

<b>Jurisdiction</b>	<b>Electric Customer Accounts</b>	<b>Percentage of Total Accounts</b> (Jurisdiction's Accounts Divided by Total Accounts)	<b>Customer Base Voting Share</b> (67 x ratio of accounts)	<b>Pro Rata Voting Share</b> (33 x [1/number of Directors])	<b>Total Votes, Prior to Rounding</b>	<b>TOTAL VOTES</b>	<b>PRIOR VOTES</b>
City of Arcata	8,437	13.45%	9.01	4.125	13.13	13	13
City of Blue Lake	623	0.99%	0.67	4.125	4.79	5	5
City of Eureka	13,060	20.81%	13.94	4.125	18.07	18	18
City of Ferndale	863	1.38%	0.92	4.125	5.05	5	5
City of Fortuna	5,264	8.39%	5.62	4.125	9.75	10	10
City of Rio Dell	1,450	2.31%	1.55	4.125	5.67	6	6
City of Trinidad	262	0.42%	0.28	4.125	4.40	4	4
County of Humboldt (unincorporated)	32,789	52.26%	35.01	4.125	39.14	39	39
<b>Total</b>	62,748	100%	67	33	100	100	100

- Due to rounding, totals will differ at various stages of the calculation process.
- The percentages of total accounts are rounded to two decimal places prior to calculating the Customer Base Voting Share.
- Customer Base Voting Share = 67 multiplied by the % of total accounts, rounded to two decimal places.
- Total votes are the sum of the Pro Rata Voting Share and the Customer Base Voting Share, rounded to the nearest whole number.
- The allocation of voting shares will be updated every two years, and as-needed to adjust for changes in the make-up of jurisdictions participating in the CCA.



# REDWOOD COAST Energy Authority

## STAFF REPORT Agenda Item 4.7

AGENDA DATE:	January 26, 2023
TO:	Board of Directors
PREPARED BY:	Nancy Diamond, General Counsel
SUBJECT:	Employment Contract, Executive Director

### BACKGROUND

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The Board has completed its annual review of the Executive Director, Matthew Marshall. The Board determined that Mr. Marshall had outstanding work performance during the 2022 calendar year, and is entitled to a meritorious step increase proposed to be from Step 6 to Step 7 as defined by the Board approved Job Classifications and Pay Scales. The advance to Step 7 would bring his annual salary to \$169,524.65. Amendment No. 8 to the Executive Director Employment Agreement proposes to implement these adjustments, effective on February 1, 2023.

### STAFF RECOMMENDATION

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Approve Amendment No. 8 to Agreement for Employment of Executive Director with Matthew Marshall.

### ATTACHMENTS:

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Amendment No. 8 to Agreement for Employment with Executive Director.

**AMENDMENT No. 8 TO  
AGREEMENT FOR EMPLOYMENT  
OF EXECUTIVE DIRECTOR**

This is an amendment (“Amendment”) to that certain agreement by and between the Redwood Coast Energy Authority (“RCEA”) and Matthew Marshall (“Employee”), entitled *Agreement for Employment of Executive Director*, effective November 15, 2010, and amended by Addendum on November 15, 2012, and further amendment on November 15, 2015, February 1, 2017, and February 1, 2018, February 28, 2019, April 23, 2020, December 17, 2020 and January 27, 2022. The initial 2010 Agreement, 2012 Addendum, and 2015-2022 Amendments are collectively referred to herein as the “Agreement.” This Amendment No. 8 is effective January 26, 2023.

**RECITALS**

**WHEREAS**, Employee has acted in the capacity of Executive Director for RCEA since November 15, 2010 pursuant to an employment agreement which was extended to March 1, 2024; and

**WHEREAS**, the Board completed an annual performance evaluation of Employee, finds the Employee’s performance to be outstanding and in consideration thereof, desires to provide a merit salary increase as set forth herein.

**NOW THEREFORE**, in consideration of the mutual covenants, conditions and terms recited herein and made a material part hereof, the parties agree as follows:

**1. Salary.** Section 1. A, *Salary*, is hereby amended by adjusting Employee’s annual base salary from Executive Director Step 6 to Step 7, effective February 1, 2023.

**2. Ratification of Agreement.** The terms and conditions of the Agreement, including all exhibits and attachments, are ratified in their entirety except to the extent inconsistent with the terms and provisions of this Amendment. In the event of such inconsistency, this Amendment shall control.

**IN WITNESS WHEREOF**, Employer has caused this Amendment to be signed and executed on its behalf by its Chair, and the Employee has executed this Agreement as of the day and year first above written.

**AUTHORITY**

**EXECUTIVE DIRECTOR**

\_\_\_\_\_, Chair of RCEA Board

\_\_\_\_\_  
Matthew Marshall

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

Approved As to Form:

\_\_\_\_\_  
Nancy Diamond, RCEA General Counsel

Dated: \_\_\_\_\_



# REDWOOD COAST Energy Authority

## STAFF REPORT Agenda Item # 6.1

AGENDA DATE:	January 26, 2023
TO:	Board of Directors
PREPARED BY:	Jocelyn Gwynn, Senior Power Resources Manager
SUBJECT:	Feed-In Tariff Projects Update

### BACKGROUND

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In March 2019, the Board directed staff to launch the Feed-In Tariff (FIT) program<sup>1</sup>. This program offers above-market, fixed pricing for new renewable energy generation in Humboldt County less than one megawatt in capacity per project. The program utilizes a market-adjusting tariff that adjusts the price paid for contracts up if insufficient capacity is contracted in a program period, or down if too much capacity is bid on. Through this program, RCEA contracted six 20-year FIT power purchase agreements (PPA) with two companies: Renewable Properties, the developer of the Hatchery Road Solar projects near Blue Lake totaling approximately 4 MW and EDP Renewables (EDPR), developer of the North Coast Highway Solar (NCHS) projects near Hydesville totaling approximately 2 MW.

In August 2021, the Board received updates on delays to these FIT projects, and approved amendments to their contracts so that the damages accrued by the developers would not render the projects uneconomic. Then in October 2021, the Board re-approved two of the four Hatchery Road PPAs after Renewable Properties elected to terminate the agreements and re-apply for the FIT capacity at the higher price that was in effect then versus when they signed the PPAs. These efforts were made to ensure the FIT projects got built in the face of unforeseen development delays and rising costs.

The two NCHS projects were originally contracted with expected commercial operation dates (COD) of November 2021. Given delays the developers were experiencing over the pandemic in executing interconnection agreements with PG&E and permitting the site with the County, staff granted a 12-month COD extension, per the amended terms of the standard FIT PPA that the Board approved in August 2021. Then, the original developer decided to sell the projects and the sale transaction took much longer than expected, which put development efforts on hold. Lastly, the 2022 tariff anti-circumvention investigation by the Department of Commerce effectively froze the entire U.S. solar industry for several months, including our FIT projects.

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<sup>1</sup> <https://redwoodenergy.org/fit/>

## SUMMARY

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### Hatchery Road

In late 2022, Renewable Properties let staff know that the Hatchery Road projects were no longer economically viable, due to exorbitant unforeseen costs to build and interconnect the projects. After several failed attempts to salvage the projects by marketing them to other developers, RCEA and Renewable Properties have terminated the four PPAs. This has opened up 4 MW of capacity in the initial 6.5 MW phase of the program. Staff plan to make this capacity available for new FIT applications starting February 1, 2023. In light of all the challenges that have arisen to getting FIT projects built, staff plan to continue to hold off on launching the second phase of the FIT program, which was authorized by the Board in May 2020, until the remainder of the first phase capacity is contracted and under construction as sufficient demonstration of the FIT program's viability.

### North Coast Highway Solar

After purchasing the two NCHS projects in March 2022 from Borrego, the original FIT applicant, EDPR has been making slow progress on development. The most recent milestone update shows construction starting in February 2024 and commercial operation in June 2024. On top of the change in project ownership and the industry freeze caused by the DOC investigation, EDPR has reported that permitting the projects with the County has taken longer than expected, as has working with the rail authority on easements for interconnection to PG&E's distribution system.

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

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The FIT program and projects advance many of the agency's strategic goals, a subset of which are:

- *4.1.1 Maximize the Use of Local Renewable Energy to the Extent Technically and Economically Feasible and Prudent.*
- *4.1.7.3 Provide Feed-In-Tariff Power Procurement Program for Small Generators.*
- *4.1.8.2 Procure Local Solar Energy.*

## EQUITY IMPACTS

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Not applicable.

## FINANCIAL IMPACT

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The anticipated FIT program costs are already budgeted for. Termination of the Hatchery Road PPAs will simply defer programmatic spending to future years when new projects are procured. Per terms of the standard FIT PPA, the developer of the NCHS projects will pay RCEA delay damages in the amount of \$0.10 per kilowatt of project capacity per day from the extended November 2022 COD until they reach commercial operation (approximately \$200 per day).

## STAFF RECOMMENDATION

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None – information only.



## **STAFF REPORT**

### **Agenda Item # 6.2**

AGENDA DATE:	January 26, 2023
TO:	Board of Directors
PREPARED BY:	Aisha Cissna, Regulatory and Legislative Policy Manager
SUBJECT:	Net Energy Metering Successor Tariff Update

### **BACKGROUND**

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The net energy metering (NEM) tariff allows customers who install rooftop solar, and other qualifying electric generation technology, to serve their onsite energy needs and receive credits on their electric bills for surplus energy sent to the electric grid. The CPUC defines tariffs as the collective “sheets that a utility must...publish...that set forth the terms and conditions of the utility’s services to its customers[.]” Tariffs may also refer to the individual rates, charges, classifications, special conditions, and rules of a utility.

The NEM tariff was initially established in California in the 1990s and has been revised once. The original tariff is informally known as “NEM 1.0” and the subsequent tariff is referred to as “NEM 2.0.” In recent years, the CPUC determined that NEM 2.0 was overly generous to rooftop solar owners, paying them substantially more for surplus generation exported to the grid than the actual value of this energy. This subsidy came at the expense of other customers not equipped with solar, raising issues of fairness and equity.

In August 2020, the California Public Utilities Commission (CPUC) initiated a proceeding to develop a successor tariff to NEM 2.0. After its initial attempt to update the tariff in 2021 was met resistance from many stakeholder groups including the Governor’s office, on December 15, 2022, the CPUC adopted a revised decision which established the net billing tariff (NBT) as the successor to NEM. RCEA partnered with other CCAs for the past year to engage in advocacy efforts in the proceeding.

### **SUMMARY**

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Under the net energy metering program, customers were paid retail rates for their exports to the grid. On average, the export compensation rate was in the \$0.20/kWh to \$0.30/kWh range.

Under the net billing tariff regime, customers will be paid for exports based on Avoided Cost Calculator (ACC) values. The Avoided Cost Calculator refers to a CPUC tool which calculates the costs that the electric grid can avoid through the deployment of distributed energy resources, including rooftop solar. Current Avoided Cost Calculator rates change by climate zone and on an hourly basis, depending on energy demand and other grid needs. The Avoided Cost Calculator values can range from approximately \$0.03 per kWh to \$0.50 per kWh but generally are much lower than today’s NEM export compensation rates. This range is subject to change as the Investor-Owned Utilities (IOUs) provide future details on the tariff with refined ACC values.

The successor tariff provides a “glide path” to the ACC export compensation amounts for residential customers using additional compensation that will decrease over time until the base ACC value is achieved. The adder amount is intended to achieve \$100 per month bill savings for net billing tariff customers and ensure a 9-year payback period for residential customers. Low-income customers, which the Decision defines as customers enrolled in the CARE and FERA bill discount programs, receive a higher adder.

The CPUC previously considered a grid access charge, which would saddle net billing customers with a monthly fixed fee based on the size of their solar array. On average, the charge would have amounted to \$10 per month. This provision received heavy pushback from the public. In the final decision, the CPUC did not adopt this charge and instead opted to address this charge in a different regulatory proceeding.

For grid imports (energy that a customer needs to buy from the utility to supplement their own generation), PG&E net billing customers will be automatically enrolled in the E-ELEC tariff and pay the E-ELEC rate. This rate ranges from approximately \$0.26 per kWh to \$0.53 per kWh. In addition to these per kWh charges, E-ELEC customers will pay a \$15 per month fixed charge. This fixed charge is distinct from the grid access charge mentioned above, which would have been a separate, additional charge on top of the import rate fixed charge.

An equity fund is available to assist low-income customers with accessing solar plus storage. This will be administered through the Self-Generation Incentive Program (SGIP).

NEM 1.0 and NEM 2.0 tariffs will be unchanged for customers who installed their systems when these tariffs were in effect, and the CPUC decision maintains a 20-year legacy period for such customers. April 15, 2023, is currently set as the last date that customers can enroll in the NEM 2.0 tariff. Pending other documents the CPUC will need to approve, the sunset date may be extended.

The attached “Customer Explanation of Net Billing Tariff” was provided by the CPUC as an appendix to its decision to clarify customer impacts using non-technical language. RCEA staff will be further analyzing the net billing tariff to inform potential changes to the incentives and rates paid to rooftop solar customers in our service territory. Any such proposed changes will be brought to the Board for discussion and approval.

## **ALIGNMENT WITH RCEA’S STRATEGIC PLAN**

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Under section 4.3 “Rates and Tariffs,” RCEA sets a goal in our strategic plan to “provide a net energy metering program that encourages more distributed local generation and more equitably compensates such generation.” (4.3.2) Changes to the NEM tariff may change RCEA’s compensation structure.

In another subsection of section 4.3, “Provide Education on all Electric Rate Schedule Options” (4.3.6), RCEA sets a goal to “Provide information on all available rate schedules including Net Energy Metering...” Tracking NEM successor tariff developments is important to providing customers with up-to-date information on the NEM rate schedule.

## **EQUITY IMPACTS**

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The SGIP program described in the CPUC’s decision is intended to provide funding to low-income customers to install solar and storage systems. Under the net billing tariff, low-income customers (those enrolled in CARE and FERA) will receive a higher adder amount than their non-low-income counterparts. The tariff is designed to increase access to solar plus storage for low-income households and disadvantaged communities.



## **FINANCIAL IMPACTS**

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RCEA and PG&E will both contribute to paying for export compensation credits. At present, the estimated generation component that RCEA will be responsible for ranges from approximately \$0.02/kWh to \$0.22/kWh. Staff is currently determining the overall financial impact of this arrangement and may propose to refine it as additional tariff details are issued in the coming months.

## **RECOMMENDED ACTION**

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Accept update on net billing tariff.

## **ATTACHMENTS**

Customer Explanation of Net Billing Tariff

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# **Appendix A**

## **Customer Explanation of Net Billing Tariff**

## How Electricity Bill Savings Work

If you install solar at your home, the majority of your electric bill savings will come from reducing the amount of electricity that you buy, or import, from your electricity provider. A minor additional amount of bill savings will come from your provider's Net Billing program. Net Billing provides financial credits on your bill when your solar system sends, or exports, excess electricity to the electric grid after first meeting the electricity needs in your home. If you are the original PG&E, SCE, or SDG&E customer who installed solar on your roof, you will have Net Billing for at least 9 years from the time your solar system starts operating.

## Net Billing and Your Electricity Bill

### Importing and Exporting Electricity

Since the sun isn't always shining, most solar customers also rely on electricity from the electric grid. Pairing a battery with your solar system allows you to store your excess solar energy from sunlit hours and then use the stored energy at home, instead of importing electricity from the electric grid, during part of the evening. Your monthly electric bill will summarize how much electricity your home imported from and exported to the electric grid, and the resulting overall charge or credit due to your account.

### Bill Charges

PG&E, SCE, and SDG&E solar customers are required to go on an electrification time-of-use (TOU) rate plan. On a TOU rate plan, you will pay different prices for electricity at different times of the day (also called "TOU periods"). Prices for the energy you import from the electric grid are highest during the "peak" period between 4 p.m. and 9 p.m. The electricity rates in each plan, and which plans are allowed for use with Net Billing, are subject to change; go to [cpuc.ca.gov/electricrates](http://cpuc.ca.gov/electricrates) for details.

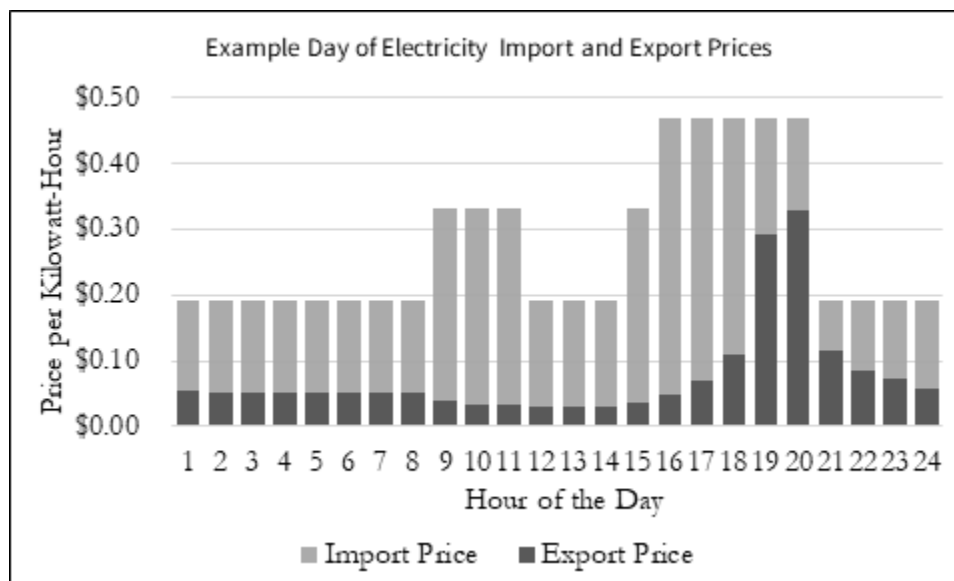
In addition to charges for energy you import, you may see non-bypassable charges and a fixed charge listed on your electric bill.

- All customers pay small charges to help maintain the electric grid and help low-income and disadvantaged Californians afford energy and access clean energy programs. These are called non-bypassable charges since you cannot bypass them using solar bill credits. However, if you receive the ACC Plus adder described below, you may apply it to non-bypassable charges.
- Each TOU rate plan eligible for use with the Net Billing program includes a monthly charge of around \$15, sometimes called a fixed, basic, or service charge or fee.

## Bill Credits

### Bill Credits for Exports

You will receive bill credits at a set price per unit (kilowatt-hour) of electricity exported, based on the electricity's value to the electric grid in each hour of the day. The price will usually be lower than what you pay for a kilowatt-hour of electricity. The value generally follows TOU periods, meaning you will receive low prices for energy exported during the less expensive TOU periods, and so on. If you want to maximize your bill credits, you can pay closer attention and use less energy (in order to export more) during the specific hours in your "peak" TOU period when prices are highest. If you have a battery, you may be able to program it to automatically store up energy produced by your solar panels during sunny hours, and then export energy during the most lucrative evening hours.



If you apply to connect your solar system to the electric grid before the end of 2027, then for the first nine years after your solar system is interconnected to the electric grid, these prices will be based on what was predicted before you installed solar, to provide a measure of certainty for the purpose of predicting bill savings. However, you may opt out of this arrangement if you wish. After nine years, or if you either opt out or apply to connect your system after 2027, the prices you receive will be set every two years. They can rise or fall but are not expected to change drastically each year.

### ACC Plus

California has an ACC Plus adder to help residential PG&E and SCE customers access solar energy. (SDG&E customers are excluded because their solar systems generate more bill savings due to SDG&E's higher electric rates.) If you apply to connect your system to the PG&E or SCE electric grid

before the end of 2027, you will receive the adder in the form of slightly higher-than-normal bill credits for your energy exports for nine years. After that, you will receive bill credits based on your exports' value to the electric grid, as described above. If you have a low bill in a given month and part of the adder is left over after reducing your bill to the minimum amount, that part of the adder will roll over to future months as needed and will not expire.

Customers who are required to add solar (e.g., by California's building code) do not receive the adder.

### **Monthly Payments and Net Surplus Compensation**

Even though installing solar can reduce your electricity costs, most Net Billing customers will still pay electric bills in most months of the year. In months when there are excess solar bill credits, the credits will roll over to following months, until they are used up or it is time for your annual "true-up." Though it's rare, if you export more electricity than you import in a 12-month period, you will be paid "net surplus compensation" of a few cents per excess kilowatt-hour. Because this rate is so low, it is generally not in your financial interest to install a solar system that produces much more energy than you use.

**(END OF APPENDIX A)**



# ~~NEM 3.0~~ Net Billing Tariff Decision

RCEA Board of Directors  
January 26, 2023

# Overview

1. Background
2. NEM vs NBT
3. Export compensation rate
4. Import rate
5. Glide path
6. Implementation
7. Next steps



# Background

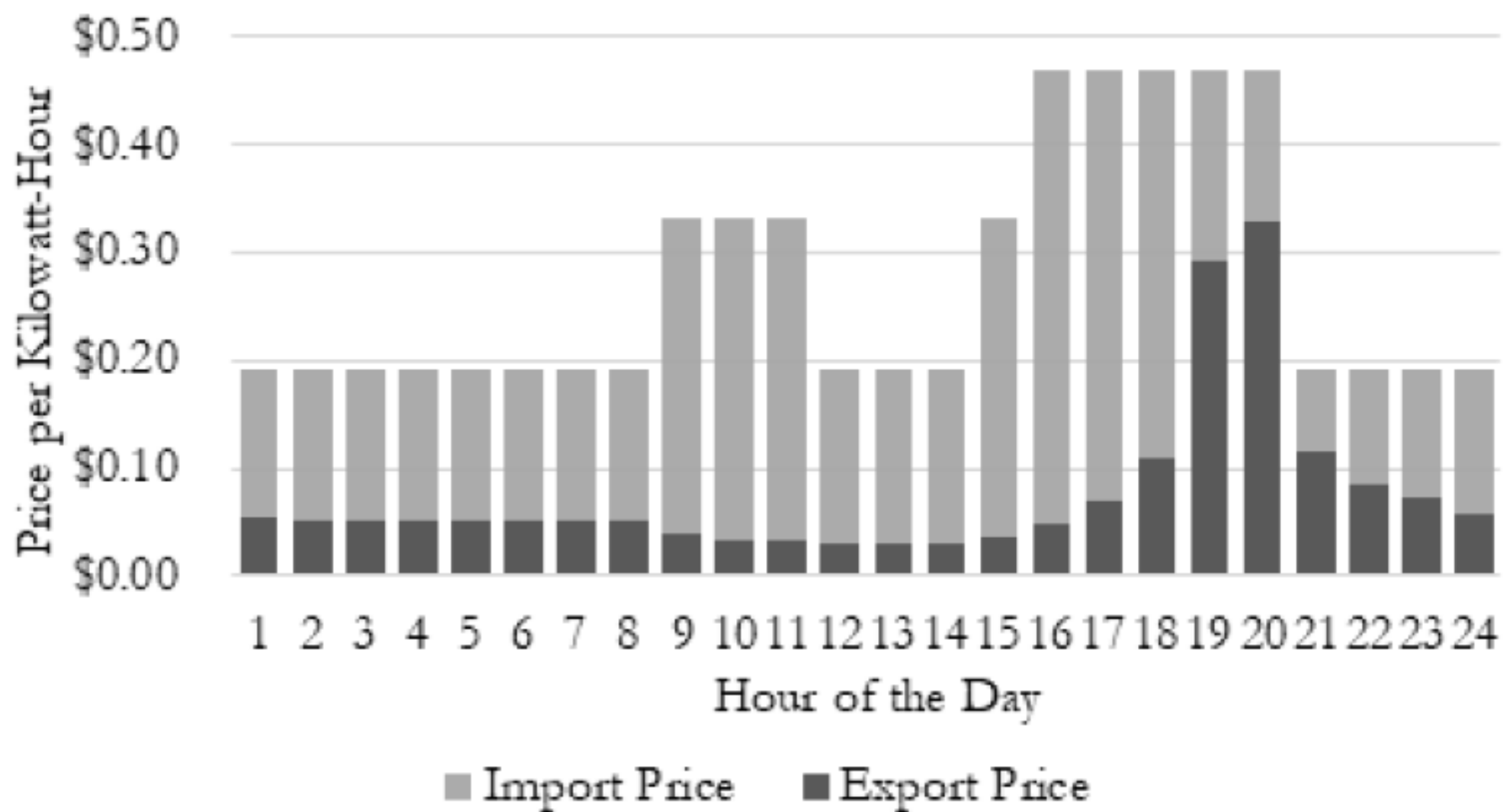
- Revision of NEM req'd by legislature and previous CPUC decision
- Primary goals
  - Ensure NEM customers pay their fair share for grid services
  - Eliminate non-participant subsidies
  - Incentivize storage
- December 2021 → December 2022



# Net Energy Metering vs Net Billing Tariff

- NEM tariff compensates customers for excess energy exported to the grid at the retail rate
- Net billing tariff (“NBT”) compensates customers for excess energy sent to the grid at the “Avoided Cost Calculator” rate
- Sunset period for NEM 2.0 enrollment is April 15, 2023
- NEM 1.0 and NEM 2.0 legacy status maintained
- Grid access charge punted

Example Day of Electricity Import and Export Prices



# Import Rate

**ELECTRIC SCHEDULE E-ELEC**  
**RESIDENTIAL TIME-OF-USE (ELECTRIC HOME)**  
**SERVICE FOR CUSTOMERS WITH QUALIFYING ELECTRIC TECHNOLOGIES**

Sheet 2

(N)

(N)

RATES:(Cont'd.)

**TOTAL BUNDLED RATES**

Fixed Charge (\$ per meter per day)                      \$0.49281                      (N)

Total Energy Rates (\$ per kWh)

Summer Usage

Winter Usage

PEAK

\$0.53159

(N)

PART-PEAK

\$0.36971

(N)

OFF-PEAK

\$0.31303

(N)

\$0.27798

(N)

\$0.26412

(N)



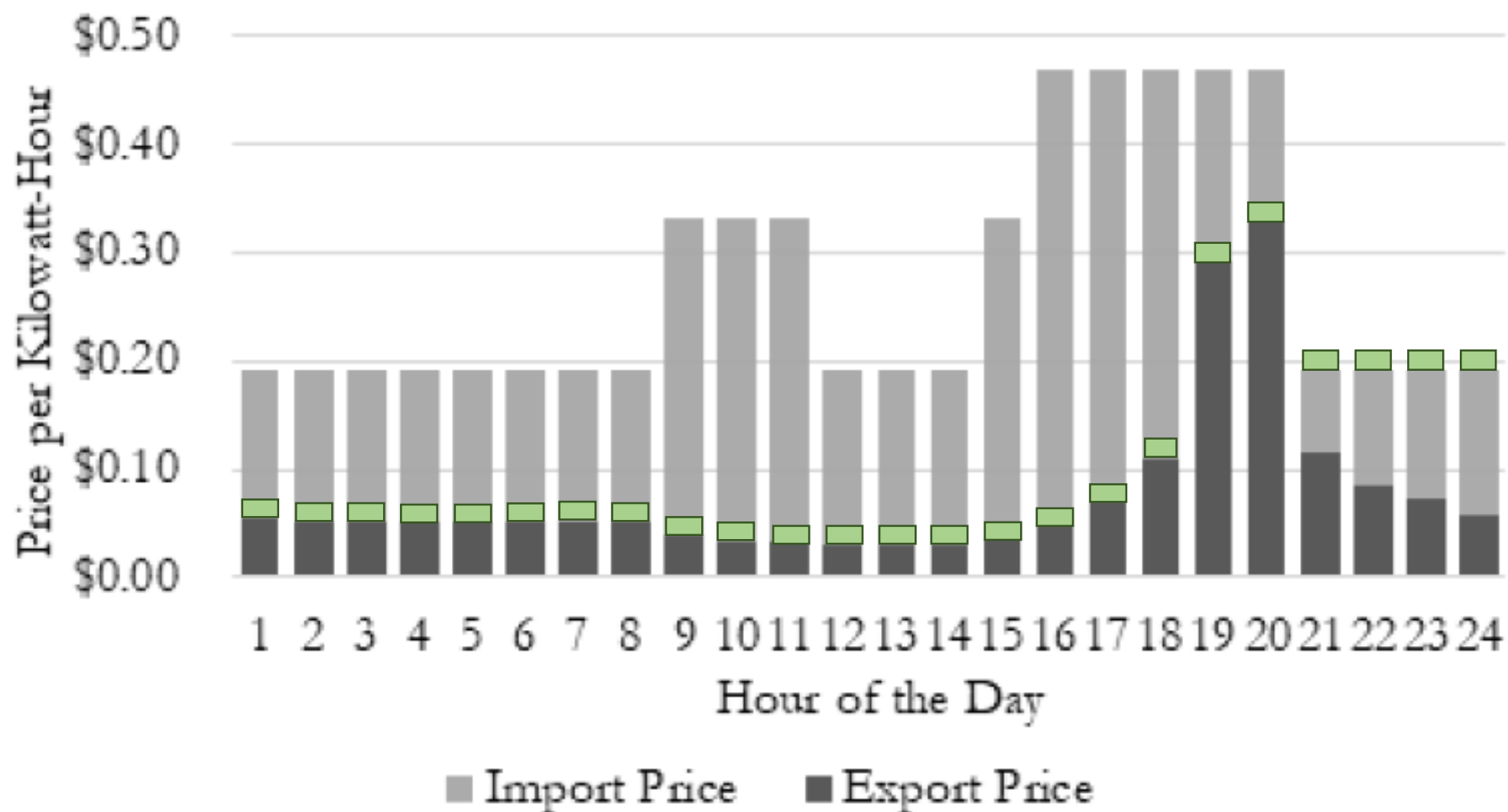
# Glide Path: “ACC Plus Adder”

- Intended to achieve \$100/month bill savings and a 9-year payback period (residential customers)

**Table 7. Adopted Initial ACC Plus Adders by Utility (\$/kWh)**

Customer Segment	PG&E	SDG&E	SCE
Residential Non-CARE	\$0.022	\$0.000	\$0.040
Residential CARE	\$0.090	\$0.000	\$0.093
Commercial (not eligible)	\$0.000	\$0.000	\$0.000


Example Day of Electricity Import and Export Prices



# Access to Fixed Rate and Adder

- If customer enrolls in NBT before 2027, export compensation rate will stay constant for 9 years then subject to changes every 2 years
- Customers enrolled in NBT before 2027 receive ACC Plus Adder
- Non-residential customers are not eligible for adder
- Customers req'd to add solar do not get adder


# Implementation




**12/15/22**

- Decision adopted
- Sunset period countdown begins

- IOUs submit advice letters (AL) to track costs for implementation, ME&O, data collection, admin support, & execution of 3P evaluation



**1/15/22**




**3/1/23**

- IOUs submit AL to provide details of tariff; summarize structure of tariff, price components, and rate factors




**TBD**

- Energy Division processes ALs



**4/15/23**

- No additional customers permitted to take service under NEM 2.0 based on interconnection application date



**12/15/23**

- IOUS must have updated billing systems



# Next Steps

- Customer communications – website updates, FAQ, etc.
- Consider revisions to current RCEA NEM program after March



Thank You





# REDWOOD COAST EnergyAuthority

## STAFF REPORT Agenda Item # 6.3

AGENDA DATE:	January 26, 2023
TO:	Board of Directors
PREPARED BY:	Aisha Cissna, Legislative and Regulatory Policy Manager
SUBJECT:	Energy Independence and Resilience Project Financing Solicitation

### BACKGROUND

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In 2020 the County Board of Supervisors considered a bond to fund local energy independence and resilience projects. During their March 17, 2020, meeting, the Board of Supervisors directed RCEA to further explore this opportunity.

This effort was delayed due to the rise of COVID-19. In July 2020, the RCEA Community Advisory Committee (CAC) formed the CAC Ad-Hoc Bond Subcommittee (Subcommittee) to work with RCEA staff to evaluate and assess potential project options for possible bond financing. The subcommittee met several times throughout 2021 to consult on candidate project ideas and criteria to evaluate the suitability of additional projects that could be considered.

Key criteria that emerged are that the project should result in GHG reductions, revenue, and energy resilience, and be informed by related county energy-related strategic plans including but not limited to the draft Climate Action Plan, the Humboldt County Association of Governments' Regional Transportation Plan, and RCEA's RePower Strategic Plan.

On January 10, 2023, the CAC membership asked that an additional criterion be considered: the project should result in direct community benefits. Following that meeting, CAC Chair Dennis Leonardi suggested that support for critical facilities should be prioritized during the project selection process.

### SUMMARY

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In October 2021 the Subcommittee received a presentation from Raise Green focused on regulation crowdfunding. Raise Green is a company that specializes in clean energy financing and investments. Of particular interest to RCEA was Raise Green's work in the micro-bond space, where Raise Green has facilitated the financing of projects through the issuance of bonds in small denominations in the range of \$100 to \$5,000. The primary purpose of micro-bond financing is to ensure community equity in the project. Following that meeting, Raise

Green suggested that RCEA determine a specific project for which Raise Green could conduct a viability analysis.

Subsequently, staff began considering viable bond financing projects that aligned with criteria previously set by the Subcommittee. Potential projects include the following:

1. Utility-scale solar and/or storage to support a substation microgrid in Hoopa
2. Utility-scale solar and/or storage to support a substation microgrid in Willow Creek
3. An energy storage project in Blue Lake
4. A solar and storage project in Southern Humboldt/Eel River Valley
5. Other projects that may materialize and fit the aforementioned criteria.

While winnowing down potential projects, staff began to assess the viability of financing projects through traditional municipal bond issuance which could complement micro-bond financing to expedite development of sizable projects.

During the January 10, 2023, regular CAC meeting, the CAC voted to posit a request to the RCEA Board of Directors to direct staff to engage in next steps to identify an ideal financing mechanism to bring the selected project(s) to fruition. Specifically, this includes issuing a request for proposals for the necessary consulting firm(s) and services to facilitate the development and issuance of bonds.

RCEA staff have engaged in preliminary, no-cost conversations with numerous firms and experts over the last several months to inform this recommendation.

Bond financing is a particularly exciting opportunity considering the revised Production Tax Credit (PTC) and Investment Tax Credit (ITC) opportunities established by the Inflation Reduction Act (IRA). For the first time, direct payments equivalent to these credits are accessible under IRA provisions to public entities such as RCEA that do not otherwise have the means to secure tax credits. Bond financing can be combined with the PTC or ITC as appropriate to yield more favorable project economics. For this reason, RCEA staff recommends that the Board of Directors direct the issuance of a solicitation that would seek services to advise RCEA on maximizing the financial benefits of bond financing, ITC, and PTC for future energy security and resilience projects.

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

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**1.3.4 Implement Energy Project Financing.** Work with local economic development entities and/or financial institutions to develop and implement financing programs that enable residents and businesses to implement energy efficiency and renewable energy projects. Facilitate Property Assessed Clean Energy (PACE) and other financing programs that access the needed capital to deploy regional energy independence strategies.

RCEA's conversations to date have been with non-local financial institutions. To staff's knowledge, no local firms exist which would provide comprehensive advisory expertise and services; however, local firms would be welcomed to submit responses to the RFP.

## **EQUITY IMPACTS**

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Many portions of our county that lack energy resilience consist of communities that experience high poverty rates and are acutely vulnerable to the impacts of climate change.

Several of the candidate projects would be targeted toward these communities to improve access to critical services such as medical care, communications, emergency services, food, and water even when the larger grid experiences outages.

## **FINANCIAL IMPACT**

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RCEA will expend funds to hire a consultant or firm to assist with analysis and financing administration. The contract value is to be determined and will be brought to the Board for approval, concurrently with a request to approve contract execution.

The revenue from projects that RCEA is assessing could result in funding to supplement the use of RCEA's existing budget to invest in future energy resilience projects and programs.

## **STAFF RECOMMENDATIONS**

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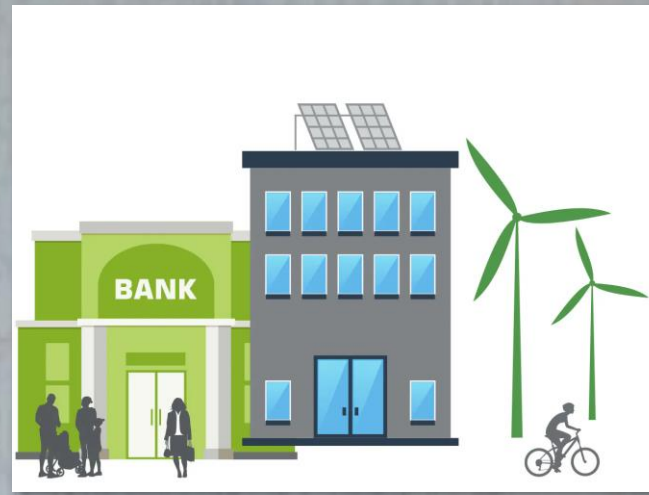
Direct RCEA staff to issue a request for proposals for bond development and issuance services and federal tax law expertise to identify suitable financing mechanism(s) for one or more of the shortlisted potential projects.

## **ATTACHMENTS**

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None.

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# Energy Independence and Resilience Project Financing Solutions

Presentation to the  
RCEA Board of Directors  
January 26, 2023



# Background

- March 2020: County Board of Supervisors directs RCEA to explore energy resilience bond projects
- July 2020: RCEA Community Advisory Committee Ad Hoc Bond Financing Subcommittee formed
- August 2022: Inflation Reduction Act passed
- Leverage “microbonds,” traditional municipal bond financing, ITC and PTC direct pay incentives





# Project Selection Criteria

- Contributes to local energy resilience
- Results in reduced GHG emissions
- Results in revenue
- Results in direct community benefits and equity
- Critical facilities are prioritized

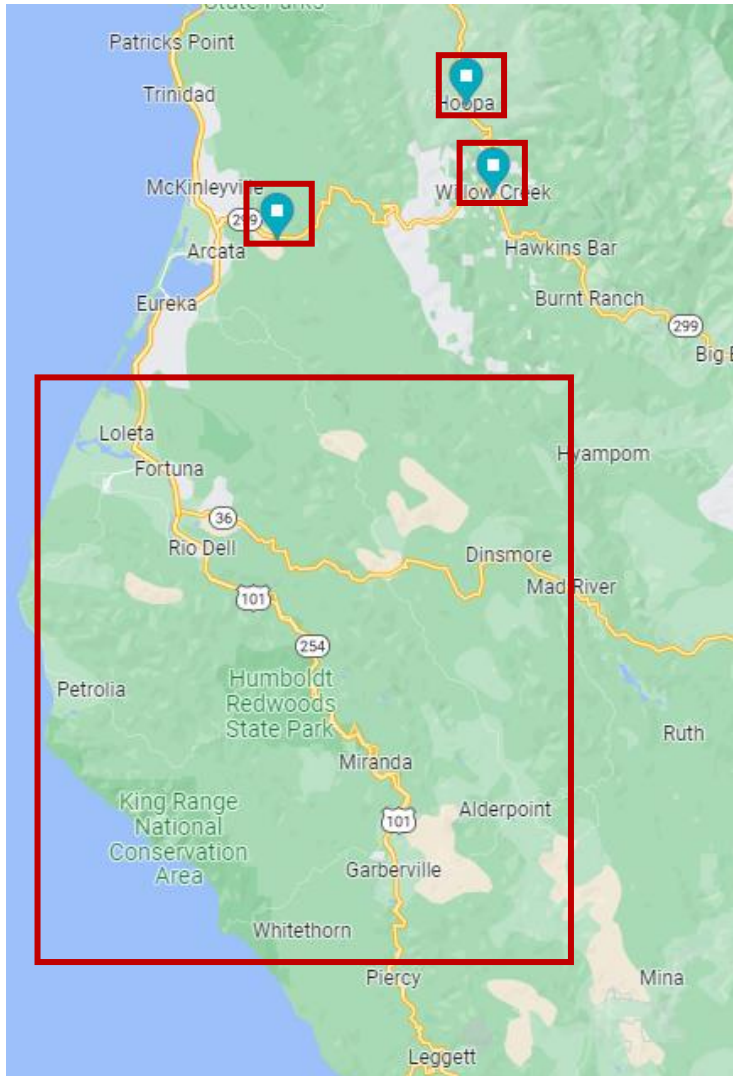


## Other Considerations

- Timeliness of project development
- Straight-forward/familiar project development pathway
- Replicability
- Economics are project-specific
- Board to make final decision



# Potential Projects



- A substation microgrid in Hoopa
- A substation microgrid in Willow Creek
- A storage project in Blue Lake
- A solar and storage project in Southern Humboldt/Eel River Valley
- Other projects that may materialize and fit the set criteria.



**STAFF REPORT**  
**Agenda Item # 7.1**

AGENDA DATE:	January 26, 2023
TO:	Board of Directors
PREPARED BY:	Jocelyn Gwynn, Senior Power Resources Manager
SUBJECT:	2023 Zero-Emission Resource Mid-Term Reliability Request for Offers

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**BACKGROUND**

In fall 2021, RCEA issued a solicitation in response to the California Public Utilities Commission's (CPUC) Decision 21-06-035 to address the mid-term reliability (MTR) needs of the state's electric grid in 2023-2026. This decision requires each load-serving entity (LSE) in California, including RCEA, to procure its allocated share of new or incremental resource adequacy (RA) capacity (generation capacity that helps ensure grid reliability). See item 9.3 in this packet for RCEA's full MTR obligation. The 2021 solicitation led to contracts for the Fairhaven Energy Storage and Foster Clean Power A projects, which were approved by the Board in June and September 2022, respectively.

In fall 2022, RCEA issued a second MTR solicitation, this time limiting eligible projects to those that could qualify for a subset of the required procurement that is designated as replacement for the Diablo Canyon Nuclear Power Plant (DCPP), which is scheduled to retire in 2024 and 2025. This capacity must come from a generating resource that can operate at its claimed incremental capacity from 5-10 p.m. daily. Also, because the DCPP does not produce greenhouse gas emissions, the replacement generating capacity must come from carbon-free or otherwise renewable resources.

In response to its 2021 solicitation, staff did not receive any viable offers that would reliably meet this DCPP replacement procurement obligation. In response to its 2022 solicitation for Zero-Emission Resources that could qualify for DCPP replacement, staff received no eligible offers at all<sup>1</sup>. Thus, RCEA still has a need to procure at least 8 MW of Net Qualifying Capacity (NQC) that will be deliverable to the grid by summer 2025.

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**SUMMARY**

In hopes that market conditions have changed in the past several months making new projects available, staff propose to issue another Request for Offers (RFO) for Zero-Emission Resources substantively the same as the September 2022 RFO. If successful, this solicitation will conclude

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<sup>1</sup> Two offers were received and rejected for not meeting the mandatory eligibility requirements.

RCEA's Mid-Term Reliability procurement efforts. In lieu of providing the solicitation documents, attached is a link to the closed August 26, 2022 Zero-Emission Resource RFO and the following summary of the terms and conditions.

**Resource Type:** The solicitation will be open to renewable plus storage and carbon-free energy resources that can reliably generate power from 5-10 p.m.

**Products & Capacity:** The solicitation will seek to procure one or more projects 1-50 MW in size. RA is the product sought for CPUC Decision 21-06-035 compliance, but energy and renewable attributes would be procured in addition, helping meet RCEA's long-term clean energy goals.

**Location:** In keeping with Board-adopted goals, the solicitation will express geographic preference in descending order for projects that are in the Humboldt Local Reliability Area (LRA), Northern California, Southern California, or outside California. The Humboldt LRA is an area identified by the California Independent System Operator that roughly corresponds geographically to Humboldt County but is a more relevant envelope for power projects.

**Operation Date & Delivery Term:** To comply with the CPUC decision, resources must be brought online by Q2 2025 at the latest and contracts must be for a minimum of 10 years.

**Evaluation:** An evaluation committee made up of RCEA staff and its technical consultants will review responses to this RFO. Responses deemed complete will be scored using the following weighted criteria on a scale of 0-100.

**Weighted Scoring Criteria:**

- 1) 30 – Overall price, customer value and compliance value
- 2) 30 – Development risk including site control, interconnection and permitting
- 3) 20 – Respondent experience, qualifications, creditworthiness
- 4) 10 – Site-specific environmental impact
- 5) 10 – Location and community benefit

**Ad Hoc Offer Review Committee:** Staff recommends the Board form an ad hoc committee to review offers, approve the shortlist and authorize staff to perform certain actions in a timely manner. Proposed shortlisted offers would be brought to the ad hoc offer review committee for approval of the shortlist prior to commencing contract negotiations. Upon the committee's approval of the shortlist, respondents would be required to enter into exclusivity agreements with RCEA, submit shortlist deposits and propose any desired revisions to RCEA's Proforma Renewable + Storage Power Purchase Agreement. The Board would approve all final long-term purchase agreements and the committee would dissolve once any resulting contracts are executed.

**Schedule:** Staff expect to issue the solicitation within 1-2 weeks of Board approval, with a similar timeline to the 2022 RFO.

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

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Staff is hopeful that this solicitation will result in new clean energy projects that will contribute to the following goals:

- *4.1.2 Minimize Greenhouse Gas Emissions Associated with RCEA's CCE Program.*
- *4.1.4 Maximize Renewable Energy Content of RCEA's CCE Program.*
- *4.1.8.1 Support Utility Scale Solar Energy Development.*

## **EQUITY IMPACTS**

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As with all RCEA's power solicitations, the RFO will encourage potential respondents who may qualify as a diverse business enterprise under the CPUC's Supplier Diversity Program to sign up for certification through the program clearinghouse.

Additionally, respondents will be asked to report any non-energy benefits of their project in relation to Disadvantaged Communities, labor and workforce, and community engagement, and their answers will be factored into the offer evaluation.

## **FINANCIAL IMPACT**

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In addition to meeting the CPUC's MTR compliance requirement described above, any capacity procured through this solicitation will count toward RCEA's normal energy, capacity, and environmental attribute procurement obligations and goals. It is likely there will be no additional financial impact of the resultant contracts above that normally incurred through procurement of these required products, and there could potentially be some savings from locking in long-term price certainty. To the extent that the products are offered at above-market rates, RCEA will evaluate the benefits, such as environmental and community benefit and avoided penalties of non-compliance with the CPUC decision, that may outweigh the additional cost.

In contrast with the previous CPUC procurement order in 2019 (D.19-11-016), the MTR Decision does not allow RCEA the option of allowing PG&E to procure on its behalf and pass on the cost to RCEA's customers.

## **STAFF RECOMMENDATION**

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1. Authorize staff to issue the 2023 Request for Offers for Zero-Emission Resources, in accordance with the terms and conditions of the August 26, 2022 Request for Offers for Zero-Emission Resources.
2. Establish an ad hoc Board offer review committee to review and approve the following actions provided they are consistent with the RFO: (i) the offer shortlist, (ii) replacement of offers on the shortlist if negotiations with a shortlisted respondent are discontinued, and (iii) continued negotiations with a shortlisted respondent whose offer changes during the negotiation process.
3. Authorize staff to engage with the shortlisted respondents, including execution of exclusivity agreements, collection of shortlist deposits, and negotiation of contract terms, prior to full Board review and approval of resulting contracts.

## ATTACHMENTS

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The following materials from the closed 2022 Zero-Emission Resource RFO are available on RCEA's website: <https://redwoodenergy.org/contracting/#1636409074123-27be9393-14fa>

- Zero-Emission Resource RFO Protocol
- Statement of Qualifications Form & Project Details Addendum
- Offer Form
- Proforma Renewable + Storage Power Purchase Agreement
- Exclusivity Agreement





# 2023 Request for Offers for Zero Emission Resources

Presentation to RCEA Board of Directors  
January 26, 2023





# Background & Objective

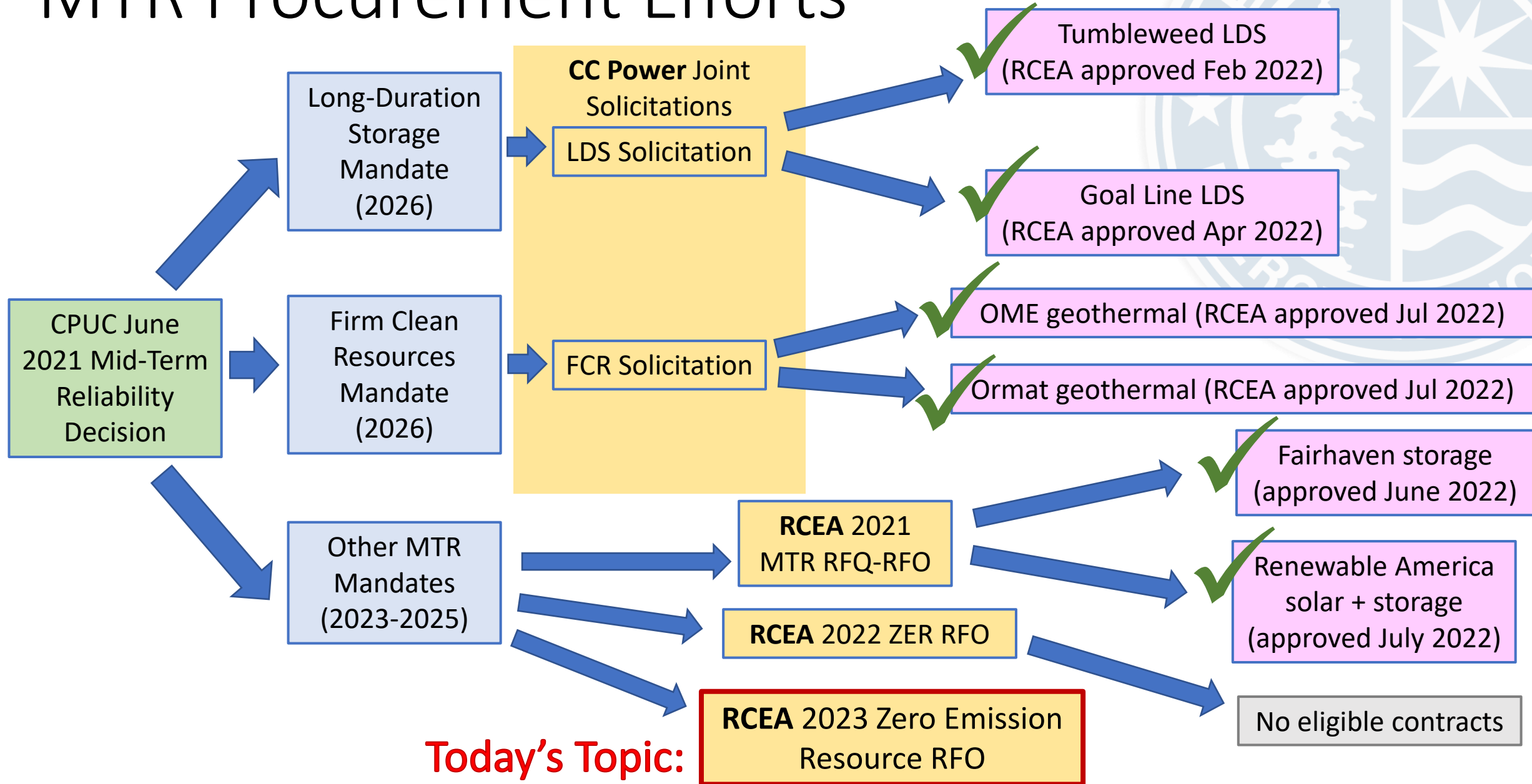
## CPUC's June 2021 Decision Requiring Procurement to Address Mid-Term Reliability for 2023-2026

Requirement by Category (in Net Qualifying Capacity MW)	Aug 2023	Jun 2024	Jun 2025	Jun 2026	Total
RCEA total procurement consisting of:	7	20	5	7	39
<i>Diablo Canyon Replacement Capacity</i>	8				8
<i>Other Capacity</i>	24				24
<i>Long Lead Time: Long Duration Storage*</i>				3.5	3.5
<i>Long Lead Time: Clean Firm Resources*</i>				3.5	3.5

### RCEA procurement goals:

- Board Resolution for 100% clean and renewable portfolio by 2025
- *RePower Strategic Plan for 100% local renewable portfolio by 2030*

# MTR Procurement Efforts



# What RCEA is soliciting

- Capacity: Offers of 1-50 MW resources to deliver at least 8 MW of Net Qualifying Capacity
- Commercial Operation Date: April 2025 or sooner
- Contract term: 10-20 years
- Technology types:
  - Renewable generation plus energy storage
  - Standalone renewable or carbon-free generation
- Delivery requirement: Must be able to generate reliably in the evening hours from 5 to 10 p.m.

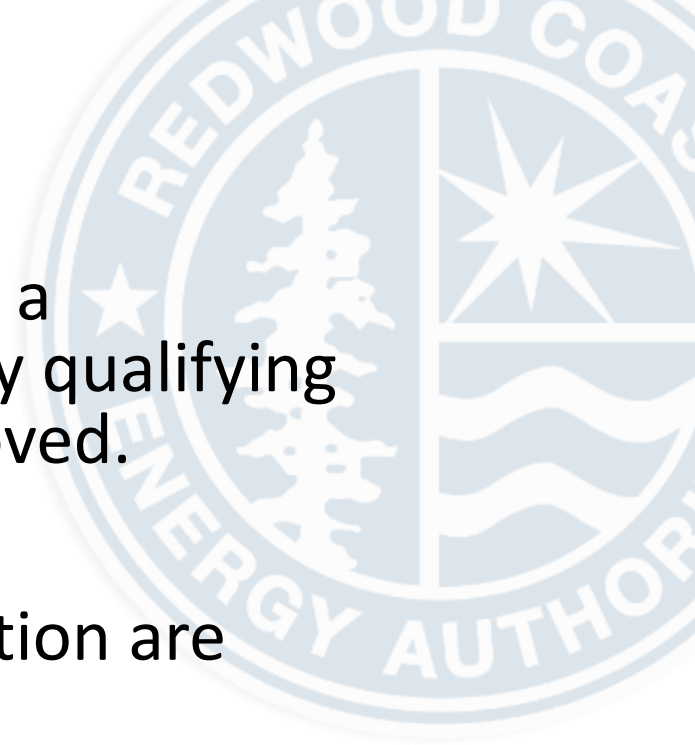


# Solicitation documents

Staff proposes to re-open in slightly modified form a solicitation from August 2022 that did not yield any qualifying offers, in hopes that market conditions have improved.

The following documents from the original solicitation are provided for Board review:

- RFO Protocol
- Statement of Qualifications Form & Project Details Addendum
- Proforma Renewable + Storage Power Purchase Agreement
- Exclusivity Agreement
- Offer Form

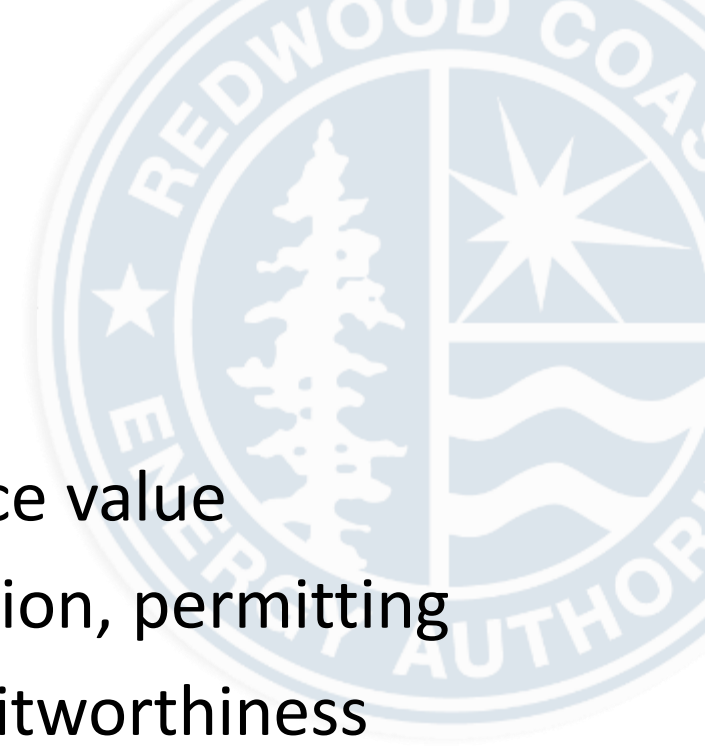


# Evaluation

## Scoring Criteria:

- 30 – Overall price, customer value and compliance value
- 30 – Development risk: site control, interconnection, permitting
- 20 – Respondent experience, qualifications, creditworthiness
- 10 – Site-specific environmental impact
- 10 – Location and community benefit

Interviews: may be conducted following scoring with the intent to clarify questions and/or obtain development status updates



# Shortlisting & Selection

Proposed Board of Directors ad hoc offer review committee to:

- Review summary of offers and evaluation process
- Approve the shortlist
- Authorize staff to engage with shortlisted respondents on exclusivity agreements and deposits
- Review and approve any changes to the shortlist

Final power purchase agreements will be approved by the full RCEA Board of Directors



**STAFF REPORT**  
**Agenda Item # 8.1**

AGENDA DATE:	January 26, 2023
TO:	Board of Directors
PREPARED BY:	Richard Engel, Director of Power Resources Jocelyn Gwynn, Senior Power Resources Manager
SUBJECT:	CC Power Agreement Amendments

**BACKGROUND**

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In February, April and July of 2022, the Board approved RCEA entering into agreements to jointly procure four projects along with other members of California Community Power (CC Power), a joint powers agency (JPA) made up of multiple community choice aggregators (CCAs). The projects were procured in response to the California Public Utilities Commission's (CPUC's) June 2021 Mid-Term Reliability (MTR) mandate for development of new Firm Clean Resource (FCR, zero-carbon or renewable resources that can operate at 80% or more of their full capacity on average) and Long Duration Storage (LDS) capacity, to be operational in time for the state's natural gas and nuclear resources to be retired. The intent of the joint procurement model is to aggregate procurement needs and efforts, and to take advantage of economies of scale by procuring larger projects at lower cost, with each member off-taking only a slice of each project proportionate to their individual needs.

**Contract Structure**

The CC Power joint procurement model is unique, so the contract structure is unconventional and complex. Each of the four procurements involves a suite of the following three agreements that allocate rights and obligations, project benefits, costs, risks and liabilities among the participating member CCAs. This structure is necessary because CC Power itself does not have a guaranteed revenue stream, financial reserves or a credit rating and thus cannot secure obligations without passing liability to its member CCAs.

***Purchase Agreement*** – There is a purchase agreement for each procurement between CC Power and the project developer that addresses project terms and milestones, payment obligations, and other key provisions. For the two LDS resources, this contract is an energy storage services agreement (ESSA), while for the FCR geothermal projects this is a power purchase agreement (PPA).

***Buyer Liability Pass Through Agreements (BLPTA)*** – The BLPTA is an exhibit to the purchase agreement and is intended to mirror the liability a participating CCA would have if executing the purchase agreement directly with a developer. Through the BLPTAs, each participating member CCA guarantees CC Power's payment obligations in proportion to each of their share of the

project. In exchange, the developers release CC Power from liability and agree to limit recovery from each CCA to an amount proportionate to each CCA's share of the project.

***Project Participation Share Agreement (PPSA)*** – The PPSAs are agreements among the participating CCAs and CC Power. Under each PPSA, participating CCAs agree to fund CC Power's payment obligations so that CC Power can make timely payments under the corresponding purchase agreement. The PPSA also addresses how (1) revenue is shared from market performance of the assets, (2) authority is delegated for CC Power's actions, and (3) participating members will step in to cover any member default to avoid a CC Power default under the purchase agreement. This step-up provision is capped at 25% above a member CCA's entitlement share.

### **Project Descriptions**

The following are brief descriptions of the four CC Power projects that RCEA has signed onto.

***Tumbleweed*** was originally contracted as a 69 MW/552 MWh (see information below on adjustment of project size) lithium-ion battery storage facility with 8-hour discharge duration being developed by RevRenewables, to be located in Kern County, CA. The anticipated commercial operation date of the project is June 1, 2026, and the contract term is 15 years. RCEA's entitlement share of the project is 3.6% or 2.5 MW/20 MWh.

***Goal Line*** is a 50 MW/400 MWh lithium-ion battery storage facility with 8-hour discharge duration being developed by Onward Energy, to be located in Escondido, CA. The anticipated commercial operation date of the project is June 1, 2025, and the contract term is 15 years. RCEA's entitlement share of the project is 4% or 2 MW/16 MWh.

***Ormat Geothermal Portfolio*** is a portfolio of new geothermal projects being developed by Ormat, to be located in California and Nevada. The projects are still under development and the precise capacity per project and availability to CC Power are not yet known. At a minimum the portfolio will provide 64 MW and will not exceed 125 MW. As projects materialize, CC Power and the participants will be given the opportunity to elect projects into the official portfolio. The commercial operation dates will vary by project and the contract term is 20 years. RCEA's entitlement share of the project is 3.2%. If Ormat successfully develops the maximum capacity, this equates to 4 MW and is estimated to produce 30,000 MWh per year, which is roughly 5% of RCEA's energy load.

***Fish Lake Geothermal*** is a 13 MW project being developed by Open Mountain Energy, to be located in Esmeralda County, Nevada. The anticipated commercial operation date of the project is June 2024 and the contract term is 20 years. RCEA's entitlement share of the project is 2.8%. This equates to 0.36 MW, which is estimated to produce 3,000 MWh per year, or roughly 0.5% of RCEA's energy load.



## SUMMARY

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Staff are seeking Board approval of 1) a modest increase to the Tumbleweed project capacity and 2) amendments to all four PPSAs. The Tumbleweed ESSA amendment and PPSA amendments have already been approved by the CC Power Board of Directors, which is comprised of the CEOs/EDs from each of the member CCAs.

The developer of the Tumbleweed project recently let CC Power know that the California Independent System Operator has awarded full deliverability of the project's 75 MW/600 MWh nameplate capacity. All the participating members indicated interest in procuring the additional capacity this makes available as a compliance buffer in case of contingencies, such as a delay with the other LDS project or if either project is accredited a lower-than-expected reliability compliance value.

The revisions to the four PPSAs reflect a change in delegation of responsibility from the Procurement Oversight Committee, which is made up of procurement staff at each of the participating member CCAs, to the CC Power Manager. After the original PPSAs were executed, it was determined by CC Power counsel that the level of authority the agreement granted to the Procurement Oversight Committee rendered it subject to the Brown Act. This was problematic because the committee needs to meet regularly to discuss market-sensitive matters pertaining to the projects. The PPSA amendment dissolves the Procurement Oversight Committee as an official body and transfers responsibilities they previously held to the CC Power General Manager. The CC Power General Manager will perform these tasks in consultation with CCA procurement staff, and will bring decisions and actions above the Manager's authority level to the CC Power Board.

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

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The CC Power long-duration storage and geothermal projects contribute to RCEA's strategic goals by continuing to build its portfolio of long-term renewable energy and storage resources:

- *4.1.2 Minimize Greenhouse Gas Emissions Associated with RCEA's CCE Program.* Energy storage allows RCEA to align its supply of low- or zero-emission energy resources with load hour by hour, thereby maximizing use of these clean resources in its power portfolio. Geothermal energy is, depending on the technology used, a low- or zero-emissions resource.
- *4.1.4 Maximize Renewable Energy Content of RCEA's CCE Program.* Energy storage allows RCEA to align its supply of renewable energy resources with load hour by hour, thereby maximizing use of these renewable resources in its power portfolio. Geothermal energy is considered a renewable energy resource by the State of California.
- *4.1.5 Ensure Diversity in Local Sources.* Geothermal energy contracts help to diversify RCEA's long-term renewables procurement mix.

## **EQUITY IMPACTS**

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Consistent with the CC Power Board direction for enhanced contracting conditions, the projects will be constructed under a project labor agreement, thus assuring payment of prevailing wages and use of apprenticeship programs. For the FCR geothermal projects built in Nevada, both developers will adhere to the Nevada prevailing wage requirement with audit, or project labor agreement. Alternatively, the geothermal developers may apply for and receive Nevada's Renewable Energy Tax Abatement (RETA) benefits which require construction workforce is paid no less than 175% of the statewide average annual wage and provide adequate health insurance. The projects will also adhere to CC Power environmental and environmental justice conditions.

## **FINANCIAL IMPACT**

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The PPSA amendments will not result in any financial impacts. The increase in Tumbleweed capacity will increase costs by an estimated 9% starting in FY 2025-26. Staff deems the value of additionally hedging our MTR compliance requirement outweighs the additional cost. Annual costs in an unlikely, highest cost scenario where step-up provisions are triggered at the start of the delivery term are not expected to exceed \$12 million over the 15-year term of the contract.

## **STAFF RECOMMENDATION**

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Approve Resolution 2023-1 approving the Tumbleweed Energy Storage Services Agreement Amendment and Resolution 2023-2 approving the four California Community Power Project Participation Share Agreement Amendments.

## **ATTACHMENTS**

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- Resolution No. 2023-1 Approving Amendment 1 to the Tumbleweed Energy Storage Service Agreement
  - Exhibit A: [CC Power/Tumbleweed Energy Storage LLC Energy Storage Services Agreement Amendment No. 1](#)
- Resolution No. 2023-2 Approving Amendments to the CC Power Project Participation Share Agreements
  - Exhibit A:
    - [Tumbleweed Energy Storage PPSA Amendment No. 1](#)
    - [Goal Line Storage PPSA Amendment No. 1](#)
    - [Fish Lake Geothermal PPSA Amendment No. 1](#)
    - [ORGP LLP PPSA Amendment No. 1](#)

NOTE: *The amendments are linked above and available at <https://redwoodenergy.org/board-of-directors/>.*

**RESOLUTION NO. 2023-1**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE REDWOOD COAST ENERGY AUTHORITY APPROVING AMENDMENT 1  
TO THE TUMBLEWEED ENERGY STORAGE SERVICE AGREEMENT**

**WHEREAS**, RCEA is a Member of California Community Power (“CC Power”), which 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**, on February 24, 2022, the RCEA Board approved signing onto the Tumbleweed LDS Project and associated Energy Storage Service Agreement for a 69 MW Project; and

**WHEREAS**, the Tumbleweed Project has subsequently been awarded deliverability status from the California Independent System Operator for the full 75 MW nameplate capacity of the project enabling the project to be eligible to receive 75 MW of Resource Adequacy value; and

**WHEREAS**, Amendment No. 1 to the Tumbleweed Energy Storage Service Agreement, attached hereto as Exhibit A, revises the Agreement to procure the Tumbleweed Project’s full 75 MW; and

**WHEREAS**, the CC Power Board approved Amendment No. 1 to the Tumbleweed Energy Storage Service Agreement on December 14, 2022.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Redwood Coast Energy Authority that Amendment No. 1 to the Tumbleweed Energy Storage Service Agreement between California Community Power and Tumbleweed Energy Storage LLC is hereby approved.

Adopted this \_\_\_\_ day of \_\_\_\_\_, 2023.

ATTEST:

\_\_\_\_\_, 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 No. 2023-1 passed and adopted at a regular meeting of the Redwood Coast Energy Authority, County of Humboldt, State of California, held on the \_\_\_\_ day of \_\_\_\_\_, 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

\_\_\_\_\_  
Clerk of the Board, Redwood Coast Energy Authority

APPROVAL DRAFT

## RESOLUTION NO. 2023-2

### **A RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDWOOD COAST ENERGY AUTHORITY APPROVING AMENDMENTS TO THE CALIFORNIA COMMUNITY POWER PROJECT PARTICIPATION SHARE AGREEMENTS**

**WHEREAS**, RCEA is a Member of California Community Power (“CC Power”), which 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**, on February 24, 2022, the RCEA Board approved signing onto the Tumbleweed Energy Storage Project and associated Project Participation Share Agreement; and

**WHEREAS**, on April 28, 2022, the RCEA Board approved signing onto the Goal Line Storage Project and associated Project Participation Share Agreement; and

**WHEREAS**, on July 27, 2022, the RCEA Board approved signing onto the Fish Lake Geothermal Project and associated Project Participation Share Agreement; and

**WHEREAS**, on July 27, 2022, the RCEA Board approved signing onto the Ormat Geothermal Portfolio and associated Project Participation Share Agreement; and

**WHEREAS**, the project participation share agreements discussed above established detailed rules and procedures for the conduct of a Project Committee to be comprised of the CC Power member Project Participants and created burdensome processes associated with administration of the CC Power projects; and

**WHEREAS**, the CC Power Board determined amendments were necessary to the project participation share agreements listed above to remove the Project Committee procedures and transfer responsibility for the projects to the CC Power General Manager in order to better align with the goals of CC Power’s Strategic Business Plan and objectives; and

**WHEREAS**, the CC Power Board approved the four project participation share agreement amendments on December 14, 2022.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Redwood Coast Energy Authority as follows:

1. The Project Participation Share Agreement Amendments for the Tumbleweed Energy Storage, Goal Line Storage, Fish Lake Geothermal, and Ormat Geothermal Portfolio projects are all hereby approved; and
2. The Executive Director of Redwood Coast Energy Authority is authorized to execute the Amendments substantially in the form attached hereto as Exhibit A on behalf of RCEA, and, in consultation with legal counsel, is authorized to approve any needed future amendment to the associated project agreements, including the Project Participation Share Agreements and the Buyer Liability Pass-Through Agreements included in these projects’ Energy Storage Service Agreements or Power Purchase Agreements, so long as the term, volume, and price are not changed and the amendment does not fundamentally change the business terms of the Agreement or measurably increase risk exposure for RCEA.

Adopted this \_\_\_\_ day of \_\_\_\_\_, 2023.

ATTEST:

\_\_\_\_\_, 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 No. 2023-2 passed and adopted at a regular meeting of the Redwood Coast Energy Authority, County of Humboldt, State of California, held on the \_\_\_\_ day of \_\_\_\_\_, 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

\_\_\_\_\_  
Clerk of the Board, Redwood Coast Energy Authority

Exhibit A:  
Tumbleweed Energy Storage PPSA Amendment No. 1  
Goal Line Storage PPSA Amendment No. 1  
Fish Lake Geothermal PPSA Amendment No. 1  
ORGP LLP PPSA Amendment No. 1

APPROVAL DRAFT

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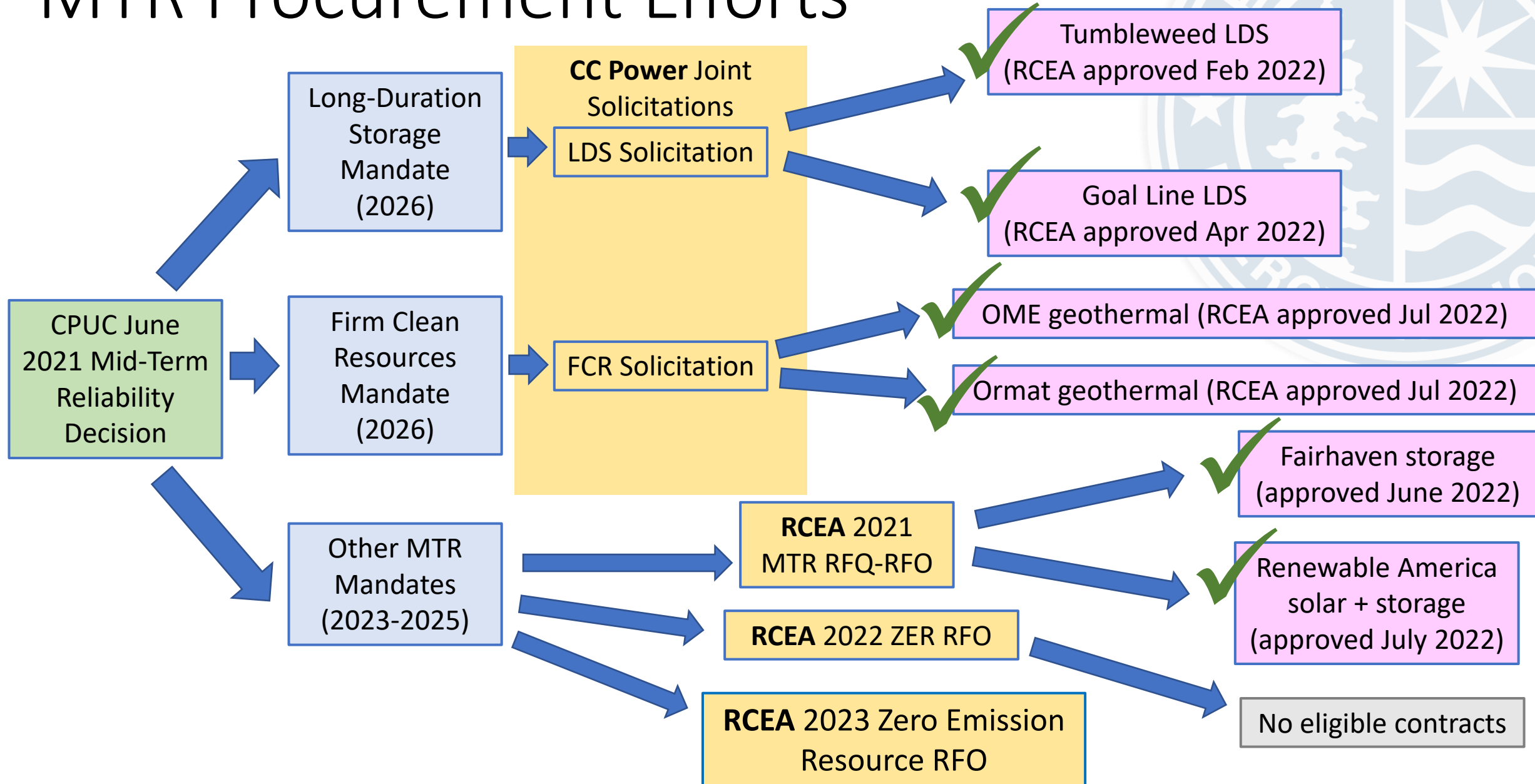


# California Community Power Agreement Amendments

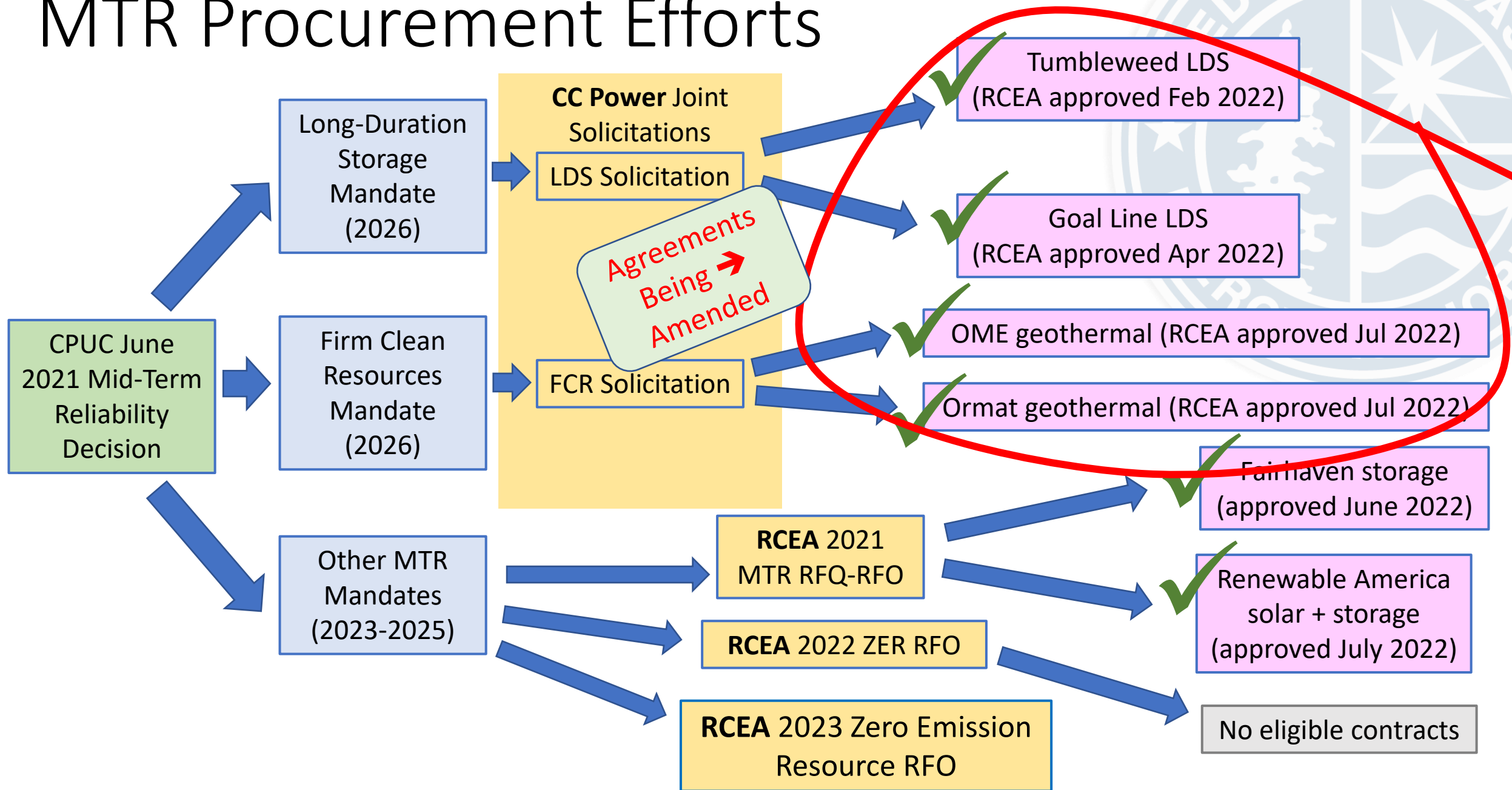
Presentation to RCEA Board of Directors  
January 26, 2023



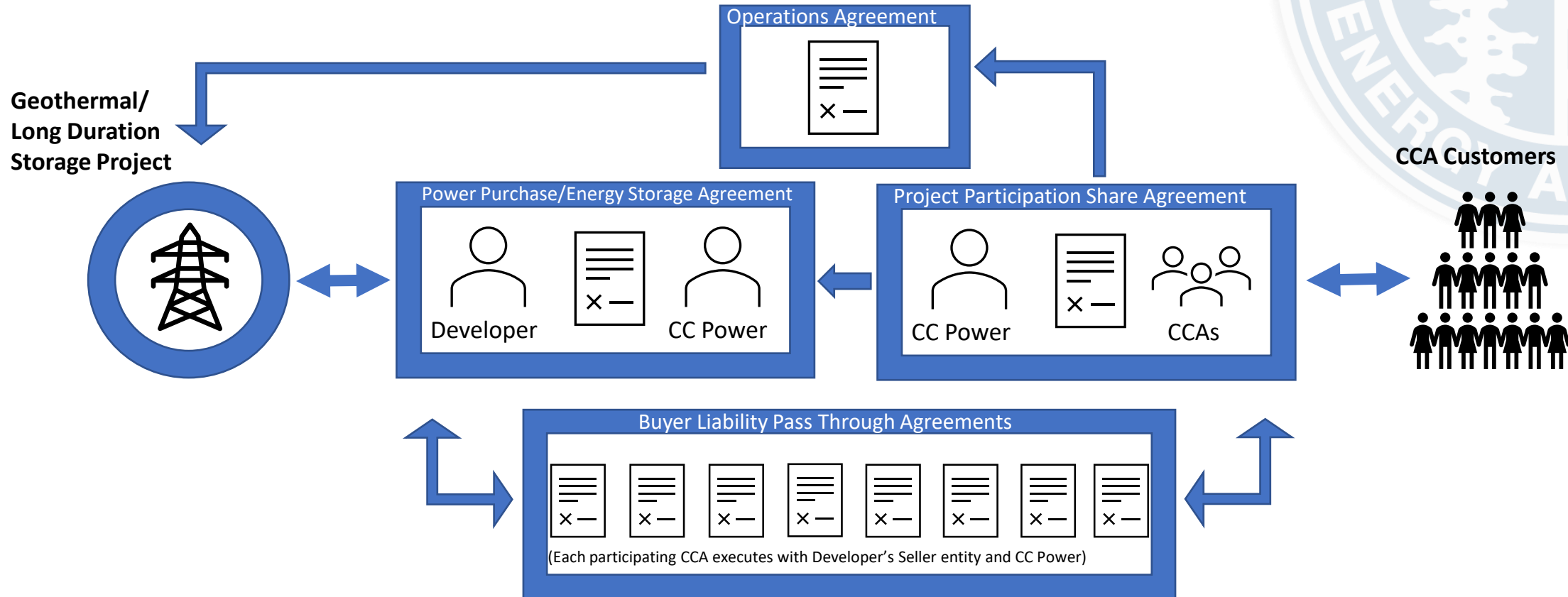
# MTR Procurement Efforts



# MTR Procurement Efforts

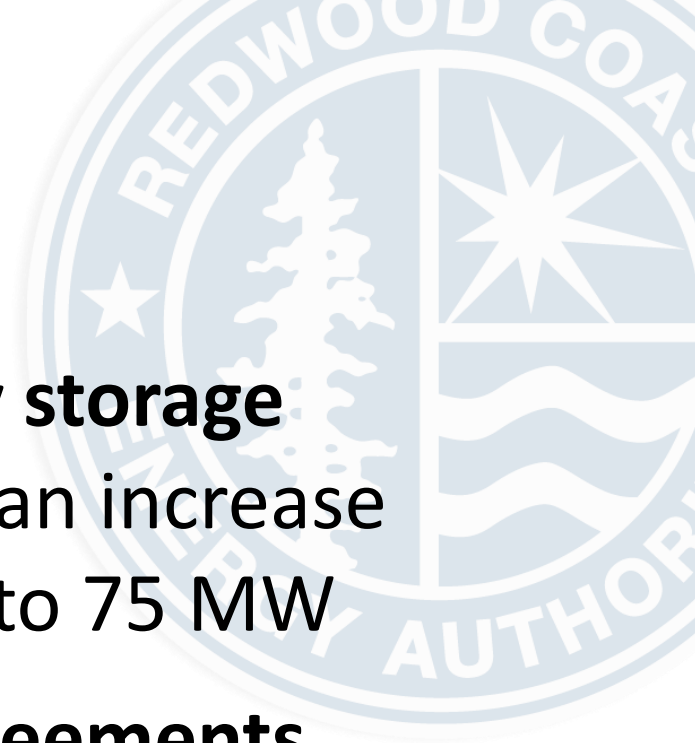


# Agreement structure



# Needed Amendments

- Amending the **Tumbleweed** long-duration **energy storage service agreement**, allowing the CCAs to capture an increase in the project's deliverable capacity from 69 MW to 75 MW
- Amending **all four project participation share agreements**, transferring some operational decision-making authority from the project oversight committees to CC Power's general manager





# REDWOOD COAST Energy Authority

## STAFF REPORT Agenda Item # 9.1

AGENDA DATE:	January 26, 2023
TO:	Board of Directors
PREPARED BY:	Lori Biondini, Director of Business Planning and Finance
SUBJECT:	Yurok Tribe's Interest in Joining RCEA

### SUMMARY

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In June 2022, Lost Coast Wind, a consultant that RCEA had contracted with to help facilitate engagement with local Tribes around offshore wind energy development, connected RCEA staff with the Vice-Chair of the Yurok Tribal Council, Frankie Myers. Staff reached out and learned that the Yurok Tribe was interested in becoming a member of RCEA and connected Vice-Chair Myers with former RCEA Board Chair Stephen Avis. When it was determined that Director Avis would no longer serve on the RCEA Board, staff reached out to Vice-Chair Myers again and proposed presenting information to the Board in January.

The Yurok Tribe's interest in joining RCEA stems from having greater capacity to participate in areas of interest to the Tribe, which has always included energy as it relates to Tribal Members, Tribal and ancestral land, and other Tribal endeavors. Resolution No. 22-61 of the Yurok Tribal Council is included as an attachment and states, "The Yurok Tribe wishes to provide input on the development of secure, sustainable, clean, and affordable energy resources, and participate as a stakeholder."

Staff and Vice-Chair Myers agreed that it would be good for RCEA General Counsel to connect with the Yurok Tribe's Office of the Tribal Attorney to go over any legal questions about RCEA membership. General Counsel was able to speak with the Yurok Tribe Deputy General Counsel about the legal status of RCEA as a joint powers authority formed pursuant to California Government Code section 6500 by local public agencies ("includes, but is not limited to...county...city...public district...federally recognized Indian Tribe"), as well as a community choice aggregator formed pursuant to California Public Utilities Code section 331.1 by a group of only cities and counties. The Yurok Tribe Deputy General Counsel indicated they would talk with the Tribal Council about how RCEA operates under the two governance structures and see if they had any further questions about membership.

Staff is asking the Board to provide direction as to what, if any, information they would like staff to prepare prior to or in concert with recommending that the Board consider the formal request by the Yurok Tribe to join RCEA.



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

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Participation and leadership through membership in RCEA's governance supports all RePower goals, and especially,

- Goal No. 1 Regional Planning and Coordination
  - 1.4.4 Support Countywide Strategic Energy Planning

## **EQUITY IMPACTS**

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The proposed action furthers RCEA's goals outlined in the Racial Justice Plan's External Partnerships and Programs Stakeholders and Partners section:

- RCEA staff will continue and expand work with local Tribes on program development, customer outreach, and policy setting.
- RCEA staff will continue and expand efforts to identify opportunities to collaborate with local Tribes as partners on sustainable energy initiatives.
- The RCEA Board of Directors will strive to include Tribal representation on the RCEA Community Advisory Committee.

RCEA leadership will seek to meet with individual Tribal governments to determine interest in participation in RCEA's programs and governance.

## **FINANCIAL IMPACT**

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Not applicable.

## **STAFF RECOMMENDATION**

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Provide direction to staff on next steps.

## **ATTACHMENTS**

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1. Resolution No. 22-61 of the Yurok Tribal Council



# YUROK TRIBE

190 Klamath Boulevard • Post Office Box 1027 • Klamath, CA 95548



## RESOLUTION

of the

### YUROK TRIBAL COUNCIL

RESOLUTION NO: 22- 61

DATE APPROVED:

SUBJECT: Approval of Joint Powers Agreement with the Redwood Coast Energy Authority, and Limited Waiver of Sovereign Immunity for Purposes of Arbitration

WHEREAS: The Yurok Tribe is a federally recognized Tribe,

WHEREAS: The Yurok Tribal Council is the governing body of the Yurok Tribe under the authority of the Yurok Constitution of 1993,

WHEREAS: The Yurok Tribe is eligible for all rights and privileges afforded to federally recognized Tribes,

WHEREAS: The purpose of the Redwood Coast Energy Authority is to lead and coordinate regional efforts that advance secure, sustainable, clean and affordable energy resources, develop a long-term energy strategy and plan, to keep key decision makers and stakeholders informed of policy, regulatory, and market changes that would impact the region,

WHEREAS: The Yurok Tribe wishes to provide input on the development of secure, sustainable, clean, and affordable energy resources, and participate as a stakeholder,

WHEREAS: The Redwood Coast Energy Authority requires a limited waiver of sovereign immunity for purposes of binding arbitration,

WHEREAS: The Yurok Tribal Council, in order to effectuate a limited waiver of sovereign immunity, must approve it in the manner required by the Yurok Constitution for major actions and must unequivocally and expressly authorize the limited waiver in accordance with the Yurok Tribe Supreme Ordinance; and

WHEREAS: The Yurok Tribe Supreme Ordinance only permits limited waivers and does not authorize indirect, punitive, exemplary, or consequential damages or attorney fees against the tribe, its employees or officers.



**NOW THEREFORE BE IT RESOLVED:** That the Yurok Tribe hereby grants Redwood Coast Energy Authority a limited waiver of sovereign immunity for purposes of arbitration,

**BE IT FURTHER RESOLVED:** The Yurok Tribal Council duly approves membership in the Redwood Coast Energy Authority and agrees to all the terms of the attached Joint Powers Agreement, and

**BE IT FURTHER RESOLVED:** That the Chairperson is hereby authorized to sign this resolution and to negotiate all matters pertaining hereto and that the Council Secretary is authorized to attest.

**C\*E\*R\*T\*I\*F\*I\*C\*A\*T\*I\*O\*N**

This is to certify that this Resolution Number 22-61 was approved at a duly called meeting of the Yurok Tribal Council on 6/9, 2022, at which a quorum was present and that this Resolution Number 22-61 was adopted [by Consensus in accordance with Tribal tradition and Article V, Section 6 and **OR** by a vote of 8 for and 0 opposed and 0 abstentions in accordance with] Article IV, Section 5(j) of the Constitution of the Yurok Tribe. This Resolution Number 22-61 has not been rescinded or amended in any way.

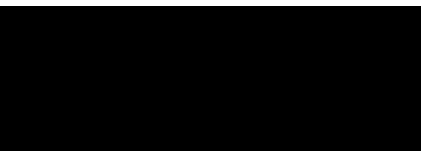
DATED THIS 23 DAY OF June, 2022



Joseph L. James, Chairman

Yurok Tribal Council

ATTEST:



Sherri K. Provolt, Secretary

Yurok Tribal Council



**STAFF REPORT**  
**Agenda Item # 9.2**

AGENDA DATE:	January 26, 2023
TO:	Board of Directors
PREPARED BY:	Richard Engel, Director of Power Resources
SUBJECT:	Blue Lake Energy Storage MOU

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**BACKGROUND**

In June 2022, the Board approved a contract for RCEA to procure resource adequacy (generation capacity that helps ensure grid reliability) from a battery energy storage facility now being developed at the site of the former Fairhaven biomass power plant, repurposing not only the land but the existing utility interconnection. Recognizing that such electrical interconnections are costly and can take years to develop, and in consideration of RCEA's need to procure more energy storage as set forth by our 2022 Integrated Resource Plan<sup>1</sup>, staff have looked into the possibility of developing a similar energy storage project at the non-operational Blue Lake biomass plant site. The site is owned by City of Blue Lake and the current lease is set to expire in 2025.

Staff engaged City of Blue Lake staff who expressed interest in collaborating on such a project, which they believe would be compatible with other site redevelopment plans the City is currently working on. As of the date this report is published, approval of the attached draft memorandum of understanding (MOU) is set to appear on Blue Lake City Council's agenda for January 24, 2023.

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**SUMMARY**

The attached draft MOU states the intent of RCEA and City of Blue Lake to collaborate on development of an energy storage project at the idle biomass plant site in Blue Lake. There are different scenarios for how such a project could be developed. RCEA and City of Blue Lake could jointly issue a solicitation for a developer to create such a project, with Blue Lake collecting lease revenues for site use and RCEA contracting to purchase energy storage services. Alternatively, RCEA may be able to leverage incentives available to public entities under the Inflation Reduction Act and use bond financing to cost-effectively own and operate the project, again with Blue Lake collecting lease revenues for use of the site. Staff are working to analyze the economics of the more innovative latter approach. The MOU is written to allow for either scenario.

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<sup>1</sup> <https://redwoodenergy.org/integrated-resource-plan/>

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

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- *4.1.1 Maximize the Use of Local Renewable Energy to the Extent Technically and Economically Feasible and Prudent.* The strategic plan does not specifically call for utility-scale energy storage. However, building such storage locally facilitates increased use of local renewable energy by better aligning intermittent generation with the times of day when it is needed to serve load.
- *4.1.11.6 Plan for a Long-Term Transition Away from Direct Combustion of Forest-Derived Biomass and Toward Lower-Impact Uses of this Material.* Repurposing this direct combustion biomass plant site will support such a transition.

## **EQUITY IMPACTS**

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The potential energy storage site formerly served as a biomass power plant. Residents of Blue Lake and the Blue Lake Rancheria have long had concerns about inequitable health impacts on vulnerable populations living close to this facility that was at times found to be operating in violation of its air quality permits. Repurposing this site and its existing but idle utility interconnection for a cleaner power project could have health benefits for these vulnerable populations and the community in general.

## **FINANCIAL IMPACT**

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Implementation of the MOU will have no direct or immediate financial impacts. Eventual development of an energy storage facility as envisioned in this MOU would commit RCEA to costs as buyer in an energy storage services agreement with a developer, or alternatively would commit RCEA to financing the project should RCEA pursue development as an owner/operator. In the latter scenario, staff would investigate bond financing and seek to leverage incentives available to public entities under the Inflation Reduction Act. Use of the proposed project site offers financial benefits by avoiding the cost of a new utility interconnection at a greenfield site.

## **STAFF RECOMMENDATION**

Approve Memorandum of Understanding Between Redwood Coast Energy Authority and City of Blue Lake to Collaborate on Development of Energy Storage and authorize the Executive Director to execute said Memorandum of Understanding.

## **ATTACHMENTS**

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DRAFT Memorandum of Understanding Between Redwood Coast Energy Authority and City of Blue Lake to Collaborate on Development of Energy Storage

## **DRAFT**

# **MEMORANDUM OF UNDERSTANDING BETWEEN REDWOOD COAST ENERGY AUTHORITY AND CITY OF BLUE LAKE TO COLLABORATE ON DEVELOPMENT OF ENERGY STORAGE**

This Memorandum of Understanding (MOU) is entered into on the date of the last party signing below by and among Redwood Coast Energy Authority (“RCEA”) and City of Blue Lake, each individually a “Party” and collectively the “Parties”.

## **1. The Parties:**

- a. RCEA is a California Joint Powers Authority and Community Choice Aggregator serving Humboldt County, whose members include the County of Humboldt, the Cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Rio Dell, and Trinidad, and the Humboldt Bay Municipal Water District.
- b. City of Blue Lake is a municipal corporation located in Humboldt County, California.

## **2. Background:**

- a. The City of Blue Lake owns property located at 200 Taylor Way, Blue Lake that it has leased since the 1980’s for the operation of a biomass power facility. The lease expires in 2025 and the City of Blue Lake has formally begun planning efforts to redevelop the property upon expiration of the lease. RCEA and City of Blue Lake share a common interest in potential development of an energy storage project (“Project”) on this property (“Proposed Project Site”).
- b. The Proposed Project Site includes an existing electric utility interconnection with capacity in excess of 11 MW, an asset of great value in developing a clean energy project on the site and making this an attractive site for such use compared with other locations lacking such an existing interconnection.
- c. RCEA and the City of Blue Lake recognize that battery energy storage at a scale feasible using the existing utility interconnection would occupy a small portion of the Proposed Project Site and would be compatible with and potentially complementary to other revenue-generating plans the City of Blue Lake is developing for the remainder of the site.
- d. A similar repurposing of a biomass plant site for energy storage is currently underway on a portion of a site also located in Humboldt County. RCEA is in contract with the developer of that project to procure resource adequacy (aka generation capacity) from the storage project, thereby demonstrating the technical, economic, and regulatory feasibility of such plant repurposing in the local community setting.

## DRAFT

- e. RCEA is interested in similarly procuring power products from an energy storage project at the Proposed Project Site as part of RCEA's portfolio for serving Humboldt County electric customers in its role as a Community Choice Aggregator.
- f. City of Blue Lake is interested in potential ancillary benefits of the proposed Project, such as installation of public electric vehicle charging stations and other features that could be complementary to City of Blue Lake's development plans for the remainder of the site.
- g. RCEA's RePower Humboldt Strategic Plan, updated in 2019, calls for RCEA to "implement a community solar and storage program" (strategy 2.4.3) and to "develop transportation electrification infrastructure" (strategy 3.3.1), strategies that could be advanced by the implementation of the proposed Project.

### **3. Purpose:**

The purpose of this MOU is to collaborate on opportunities to develop the proposed Project. Collaboration may include issuance of a joint solicitation seeking a developer and operator of the Project, with City of Blue Lake acting as site host and RCEA acting as purchaser of the Project's energy products. Alternatively, pending analysis of costs and benefits, RCEA may elect to own and operate the Project itself, potentially taking advantage of federal incentives newly available to public agencies, such as the Inflation Reduction Act.

### **4. Anticipated Areas of Cooperation:**

The anticipated areas of cooperation under this MOU are the following:

- a. To jointly investigate possible pathways to development of the Project and determine the pathway most feasible and most beneficial to the Parties.
- b. To collaborate on issuance of a joint solicitation for Project development, evaluation of offers received, and development, approval, and implementation of resulting agreements with the selected developer.
- c. To collaborate between the Parties and with the selected developer on Project development, including community engagement and facilitation of the selected developer's project land use permitting process.
- d. To alternatively plan for development of the Project with RCEA as owner and operator, should this be deemed by both Parties to be the preferred pathway.
- e. To collaborate on addressing any community or stakeholder concerns that may arise during planning, development, operation, and eventual decommissioning of the Project.

### **5. Term:**

This MOU will commence upon its execution by both Parties and will terminate upon notice from one Party to the other of its desire to so terminate the MOU. The date of such termination shall be as stated in said notice.

**DRAFT**

**6. Amendment:**

RCEA and City of Blue Lake expect the areas of cooperation to evolve and grow as the Project is planned and implemented. If necessary, Parties may amend this agreement through a written amendment to this MOU.

**7. Indemnity:**

Each of the Parties to this MOU is a public entity. Pursuant to Government Code Section 895.4, each Party shall indemnify, defend and hold each of the other Parties, and their respective officers, agents and employees harmless from and against any liability and expenses, including defense costs, any costs or liability on account of bodily injury, death or personal injury of any person or for damage to or loss of property, any legal fees and any claims for damages attributable only to performance of the responsibilities as set forth in this MOU by the indemnifying party or its officers, agents, employees, contractors and subcontractors under this MOU, except to the extent caused by the negligence or willful misconduct of an indemnified party.

**8. No Joint-Venture:**

This MOU does not establish a joint venture, partnership, or business unit of any kind between the Parties, nor does it necessarily create a financial obligation on behalf of any Party. Moreover, this MOU does not obligate or commit either Party to the Project or to any specific activity at the Proposed Project Site.

**IN WITNESS WHEREOF**, each Party has caused this MOU to be duly signed and delivered, effective as of the date of the last Party signing.

**REDWOOD COAST ENERGY AUTHORITY:**

\_\_\_\_\_  
Matthew Marshall, Executive Director

Date: \_\_\_\_\_

**CITY OF BLUE LAKE:**

\_\_\_\_\_  
Adelene Jones, Mayor

Date: \_\_\_\_\_

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**STAFF REPORT**  
**Agenda Item # 9.3**

AGENDA DATE:	January 26, 2023
TO:	Board of Directors
PREPARED BY:	Jocelyn Gwynn, Senior Power Resources Manager
SUBJECT:	RCEA-VCE Resource Adequacy Swap Agreements

**BACKGROUND**

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In June 2021 the California Public Utilities Commission (CPUC) issued Decision 21-06-035 (MTR Decision) to address the mid-term reliability needs of the state's grid in 2023-2026. This decision requires CPUC-jurisdictional load-serving entities (LSEs), including RCEA, to develop and procure new generation and storage capacity. The new resources must be non-fossil fuel, and contracts must be for ten years or longer. The projects must also be able to deliver resource adequacy (RA)<sup>1</sup>, such that LSEs can claim the resources for general compliance with the RA program over the life of the contracts.

To comply with the MTR Decision, RCEA is required to procure RA capacity from resources that will be online by the dates and in the amounts in the following table.

<b>RCEA D.21-06-035 Procurement Requirements</b>	<b>Aug 2023</b>	<b>Jun 2024</b>	<b>Jun 2025</b>	<b>Jun 2026</b>	<b>Total</b>
Net qualifying capacity MW	7	20	5	7	39

In September 2021 and August 2022, RCEA ran two solicitations in an effort to procure its capacity obligation. Under the first solicitation, RCEA shortlisted three local solar and battery projects that would have met the 2023 procurement obligation and some of the 2024 obligation. However, during negotiations the developers delayed their commercial operation dates to after the first tranche deadline in 2023, based on when they could expect to procure equipment. Two of those contracts, Fairhaven Energy Storage and Foster Clean Power A, were executed to meet part of RCEA's 2024 and 2025 obligations, but no capacity was procured for 2023.

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<sup>1</sup> Resource Adequacy is the state's reliability program that requires LSEs to procure qualifying capacity from power plants equivalent to 116% of their peak demand, thereby making those resources available to the grid operator for dispatching them when there isn't enough supply to meet forecasted demand.



## SUMMARY

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Given the challenges in procuring MTR-compliant capacity, staff reached out to procurement colleagues at other CCAs to ask if they had any extra 2023 capacity that they could resell to RCEA. All but one said they didn't have anything. Valley Clean Energy offered to sell a portion of the expected RA from its Resurgence Solar project to RCEA. VCE requested that the transaction be structured as a swap agreement, where RCEA supplies VCE with generic System RA in exchange for an equivalent amount of VCE's MTR-compliant RA, such that VCE could still claim the full capacity value on their RA compliance showings.

This transaction helps RCEA because generic System RA capacity is easier to procure than the MTR-compliant RA capacity, as the former can come from any resource that is deliverable into the CA Independent System Operator grid, while the latter must come from a new-build resource. VCE does not benefit from the swap and have offered this deal as a means of helping a fellow CCA meet a difficult compliance need, which RCEA staff greatly appreciate.

Staff seek Board approval for two agreements that together complete the swap transaction. Under one agreement, VCE is the seller and RCEA is the buyer, and under the other agreement, the buyer and seller roles are reversed. The agreements were crafted to limit risk to each CCA and to be administratively streamlined for the staff who will manage them. The contract prices and quantities are the same under both agreements and payment netting is allowed between them such that no money will be exchanged between the CCAs unless there is a shortfall. If one party's delivery obligation is reduced for permitted reasons, then the other party may commensurately reduce its delivery obligation. Similarly, termination of one agreement automatically triggers termination of the other agreement.

Resurgence Solar I is a solar plus battery storage project that is being developed by NextEra in Kern County, on a site where a concentrating solar power plant was decommissioned. The project is under construction and is expected to reach commercial operation in May 2023. RCEA will not receive any energy or renewable certificates from the project under this contract, only RA capacity.

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

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Not applicable, this contract is for compliance purposes.

## EQUITY IMPACTS

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Not applicable.

## FINANCIAL IMPACT

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RCEA's budget always includes estimated annual RA procurement costs because it is required for state reliability compliance, and these agreements are expected to be aligned with those cost forecasts. Other than staff and legal costs to negotiate and manage the agreements, the actual cost to RCEA of this transaction will be at whatever prices RCEA can procure generic System RA to supply VCE in exchange for their MTR-compliant product over the 10-year life of the transaction.

## STAFF RECOMMENDATION

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Approve Resolution 2023-3 authorizing the Executive Director to execute the VCE-RCEA Mid-Term Reliability Resource Adequacy Agreement and the RCEA-VCE System Resource Adequacy Agreement.

## ATTACHMENTS

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Resolution No. 2023-3

[Exhibit A: VCE-RCEA MTR RA Agreement](#)

[Exhibit B: RCEA-VCE System RA Agreement](#)

NOTE: *The amendments are linked above and available at <https://redwoodenergy.org/board-of-directors/>.*

**RESOLUTION NO. 2023-3**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE REDWOOD COAST ENERGY AUTHORITY  
APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION  
OF THE RESOURCE ADEQUACY SWAP AGREEMENTS  
WITH VALLEY CLEAN ENERGY**

**WHEREAS**, Redwood Coast Energy Authority (“RCEA”) is subject to procurement mandates from the California Public Utilities Commission, including through Mid-Term Reliability Decision 21-06-035 (“MTR Decision”); and

**WHEREAS**, RCEA has an urgent, outstanding need to procure Resource Adequacy (“RA”) from new power resources under the MTR Decision with which the VCE-RCEA MTR RA Agreement and RCEA-VCE System RA Agreement (together the “Swap Agreements”) with Valley Clean Energy (“VCE”) will ensure compliance; and

**WHEREAS**, under the VCE-RCEA MTR RA Agreement, VCE will provide RCEA with MTR-compliant RA from a new solar plus battery storage project for the 10-year term; and

**WHEREAS**, under the RCEA-VCE System RA Agreement, RCEA will supply VCE with generic System RA from any contracted resource for which RCEA holds the RA attributes for the 10-year term.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Redwood Coast Energy Authority as follows:

1. The VCE-RCEA MTR RA Agreement between Redwood Coast Energy Authority and Valley Clean Energy is hereby approved.
2. The RCEA-VCE System RA Agreement between Redwood Coast Energy Authority and Valley Clean Energy is hereby approved.
3. The Executive Director of Redwood Coast Energy Authority is authorized to execute the Swap Agreements substantially in the forms attached hereto as Exhibit A and Exhibit B on behalf of RCEA, and, in consultation with legal counsel, is authorized to approve any needed future amendments to the Swap Agreements so long as the term, volume, and price are not changed and the amendment does not fundamentally change the business terms of the Swap Agreements or measurably increase risk exposure for RCEA.

Adopted this \_\_\_\_ day of \_\_\_\_\_, 2023.

ATTEST:

\_\_\_\_\_  
\_\_\_\_\_, 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 No. 2023-3 passed and adopted at a regular meeting of the Redwood Coast Energy Authority, County of Humboldt, State of California, held on the \_\_\_\_ day of \_\_\_\_\_, 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

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Clerk of the Board, Redwood Coast Energy Authority

APPROVAL DRAFT

Exhibit A: VCE-RCEA Mid-Term Reliability Resource Adequacy Agreement

Exhibit B: RCEA-VCE System Resource Adequacy Agreement

APPROVAL DRAFT



# REDWOOD COAST EnergyAuthority

## STAFF REPORT Agenda Item # 9.4

AGENDA DATE:	January 26, 2023
TO:	Board of Directors
PREPARED BY:	Lori Biondini, Director of Business Planning and Finance
SUBJECT:	Financial Auditor Update

### BACKGROUND

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In March 2019 staff informed the Board that David L. Moonie & Co. elected to discontinue providing audit services to RCEA, prompting the Board to approve a search for a new financial auditor through a request for proposals process. Staff received three out-of-area proposals in response and in May 2019 recommended pursuing an engagement with Pisenti & Brinker LLP, the respondent that offered the lowest cost and most community choice aggregator (CCA) auditing experience.

Staff immediately began working with Pisenti & Brinker LLP and in August 2019 were informed that RCEA electricity sales revenue and costs were not accounted for in a way that they recognized; specifically, their other CCA clients outsourced accounting functions to Maher Accountancy, a Certified Public Accountant in the Bay Area. Pisenti & Brinker then recommended RCEA have Maher Accountancy complete an analysis of RCEA's customer billing, cash reconciliations, and energy costs which, in their opinion, would help complete the outstanding audits relatively quickly. Maher put together a scope of work and confirmed with Pisenti & Brinker that it was sufficient to address what they were looking for. Maher also proposed ongoing monthly accounting services. Staff considered the proposal, but ultimately determined that the price for ongoing services was outside RCEA's budget at the time, especially considering that neither an analysis nor an audit of RCEA's energy-bookkeeping practices had yet occurred. However, staff did move forward with the proposed one-time analysis services that Pisenti & Brinker recommended.

RCEA entered into an agreement with Maher Accountancy in December 2019. Staff provided all requested Calpine and The Energy Authority (TEA) data and reports to Maher, including customer invoicing, customer payments, CAISO SQMD retail volumes, accounts receivable aging, and TEA weekly and monthly statements. Maher was to provide information and workpapers to Pisenti & Brinker as well as communicating directly with them on the revenue recognition approach and analysis.

In May 2020 Maher provided a progress report and summary of their analysis which included some extremely helpful guidance to staff, including noting discrepancies in the data/reports provided by Calpine; potentially-overstated sales revenue recorded in the 2016/17 audited financial statements; and how to account for customer taxes and net-energy metering costs as a liability rather than an expense. Their analysis concluded that "when comparing revenue recorded by RCEA to what we calculated, the resulting variance was not significant in our opinion (approx. 1% variance to total annual sales). It appears that this variance is caused by the inclusion of non revenue related items such as pass-through customer taxes." They also stated that since their engagement did not cover the 2016-17 period (previously audited), they did not attempt to discover the reasoning behind what they

believed to be overstated sales revenue. They determined that no in-depth analysis was needed for energy costs due to the aggregated nature of billing from TEA and confirmed bills were being recorded in the appropriate months.

The results were communicated to Pisenti & Brinker, and staff reached out in June 2020 requesting a timeline for completing the audits and weekly check-in meetings. Staff continued providing information as requested through July 2020. In August 2020, staff connected Pisenti & Brinker with David L. Moonie & Co. to attain details regarding the 2016/17 statements in response to Maher's note about the overstatement of revenues, and David L. Moonie replied very quickly. Pisenti & Brinker also began AR testing in August 2020 and let us know at the end of September that they would be taking a brief respite from working on the RCEA audits to focus on other commitments.

Staff did not hear from Pisenti & Brinker again until staff reached out in June 2021 to let them know they had continued to work on the Maher Accountancy recommendations, including the reasoning behind the overstated sales revenue in the 2016/17 financial statements, and had made several adjustments to work towards correcting the issue. Pisenti & Brinker asked for updated general ledger files and in December 2021 asked staff to explain, in detail, all the changes that had been made. At that time, Pisenti & Brinker stated that, "Given the size of the adjustments and the number of accounts that have been changed, we may need to make substantial changes to the [document testing] requests including revisiting requests that were previously fulfilled if they related to accounts that have significant adjustments." In January 2022, staff provided them with transaction details for all accounts that had adjustments. Pisenti & Brinker asked RCEA to consider re-engaging with Maher Accountancy to have them re-do their analysis on the adjusted accounts. Staff was hesitant to do so, not having made any changes to the revenue booking process that Maher had confirmed were not materially different than their own approach. However, due to the tardiness of the financial audits and the desire for Pisenti & Brinker to complete their work as quickly as possible, staff did reach out to Maher who did not have availability to immediately help. Staff then reached out to other CPA firms that work with CCAs and found Baker Tilly US LLP which has completed audits for Clean Power Alliance of Southern California and MCE, two of the three largest CCAs in California.

In February 2022, RCEA engaged with Baker Tilly to review the analysis Maher had completed for 2017-2019 and complete their own revenue analysis for 2020. They provided their completed analysis in August and made similar recommendations regarding showing taxes as a liability and separating billed versus unbilled revenue rather than combining them, and the need to reconcile the 2017 financial statements.

Staff talked with Pisenti & Brinker in August 2022 to discuss whether they wanted to move forward with the audits they had committed to, or if we should find someone else. They agreed it made sense to follow-through but made no additional document or other requests of us in the following weeks, and on December 29, 2022, wrote to the Executive Director indicating that they believed it to be in the best interest of both parties to terminate the engagement. Staff then reached out to Baker Tilly to request a proposal for auditing services.

## **SUMMARY**

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### **Engage with Baker Tilly US, LLP for Financial Auditing Services**

Based on the challenges described above, RCEA requires an auditor with CCA audit experience and the capacity to provide support in reconciling past energy revenues and expenses. Baker Tilly US LLP is highly qualified to meet RCEA's needs and has been responsive to Staff's requests. Staff

recommends authorizing the Executive Director to execute the Engagement Letter with Baker Tilly US, LLP to audit the RCEA financial statements as of and for the years ending June 30, 2018, through 2022, and requesting replacing annual audits with an audits covering two-year periods for the years ended June 30, 2018, through 2021.

## **ALIGNMENT WITH RCEA'S STRATEGIC PLAN**

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A yearly financial audit is a requirement under the California Government Code and supports all RePower goals, and robust financial practices including having yearly audited financial statements will increase RCEA's credit worthiness. Credit risk affects borrowing, issuing debt, and power procurement most directly. Approving Staff's recommendation will support:

- Goal No. 1. Regional Energy Planning & Coordination, 1.3 Funding
- Goal No. 4. Energy Generation & Utility Services, 4.1 Power Resources

## **EQUITY IMPACTS**

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Not Applicable.

## **FINANCIAL IMPACT**

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The following are the prices of the three proposals received in 2019 and pricing adjusted for inflation using the US Department of Labor Consumer Price Index Inflation Calculator<sup>1</sup> for December 2022:

1. Pisenti & Brinker LLP: 2018 and 2019 combined - \$48,950 (\$56,730.45); individual - \$30,000 (\$34,768.40)
2. JJACPA, Inc.: Individual - \$33,000 (\$38,245.24)
3. James Marta & Company LLP: Individual - \$41,000 (\$47,516.82); multi-year discount - \$35,000 (\$40,563.14)

Baker Tilly proposal: combined - \$57,000; individual - \$37,000

Adjusted for inflation, the prices for combined and single audits proposed by Baker Tilly are competitive. Audit expenses for 2018 and onward have been included in the annual budget since 2018/2019. The following is a summary of accounting expenses versus amounts budgeted per year which includes expenses associated with other accounting services, but also demonstrates the savings from delays in auditing services:

Budget Year	Expense	Budgeted
2018/2019	\$20,000	\$55,000
2019/2020	\$17,500	\$68,950
2020/2021	\$19,000	\$75,000
2021/2022	\$24,000	\$55,000
2022/2023 (mid-year)	\$12,400	\$87,455

Based on the current single-audit pricing, RCEA would expect pay around \$40K per year; since Staff

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<sup>1</sup> [https://www.bls.gov/data/inflation\\_calculator.htm](https://www.bls.gov/data/inflation_calculator.htm)



is recommending combining four years into two audits, ideally completed before fiscal year end June 30, 2024, the current budgeted amount would be rolled into next year's budget along with past year's savings to accommodate the total \$151K expense to be caught up through 2022.

#### **STAFF RECOMMENDATION**

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1. Approve engagement with Baker Tilly US, LLP for independent accounting services and authorize the Executive Director to execute all applicable documents.
2. Approve replacing the annual audit with audits covering two-year periods for the years ended June 30, 2018, June 30, 2019, June 30, 2020, and June 30, 2021.

#### **ATTACHMENTS**

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1. Engagement Letter from Baker Tilly US LLP.

January 19, 2023

Lori Biondini  
Director of Business Planning and Finance  
Redwood Coast Energy Authority  
633 3rd Street  
Eureka, CA 95501

Dear Ms. Biondini:

Thank you for using Baker Tilly US, LLP (Baker Tilly, we, our) as your auditors.

The purpose of this letter (the Engagement Letter) is to confirm our understanding of the terms and objectives of our engagement and the nature of the services we will provide as independent accountants of the Redwood Coast Energy Authority (Client, you, your).

### **Service and Related Report**

We will audit the financial statements of the Redwood Coast Energy Authority as of and for the years ended June 30, 2018 through 2022, and the related notes to the financial statements. Upon completion of our audit, we will provide the Redwood Coast Energy Authority with our audit report on the financial statements referred to below. If, for any reasons caused by or relating to the affairs or management of the Redwood Coast Energy Authority, we are unable to complete the audit or are unable to or have not formed an opinion, or if we determine in our professional judgment the circumstances necessitate, we may withdraw and decline to issue a report as a result of this engagement.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis, to supplement the Redwood Coast Energy Authority's financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. As part of our engagement, we will apply certain limited procedures to the Redwood Coast Energy Authority's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- > Management's Discussion and Analysis

Our report does not include reporting on key audit matters.

## **Our Responsibilities and Limitations**

The objective of a financial statement audit is the expression of an opinion on the financial statements. We will be responsible for performing that audit in accordance with auditing standards generally accepted in the United States of America (GAAS). These standards require that we plan and perform our audit to obtain reasonable, rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. A misstatement is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user based on the financial statements. The audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit does not relieve management and those charged with governance of their responsibilities. Our audit is limited to the period covered by our audit and does not extend to any later periods during which we are not engaged as auditor.

The audit will include obtaining an understanding of the Redwood Coast Energy Authority and its environment, including internal controls, sufficient to assess the risks of material misstatement of the financial statements and to determine the nature, timing and extent of further audit procedures. An audit is not designed to provide assurance on internal controls or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control matters that are required to be communicated under professional standards.

We are also responsible for determining that those charged with governance are informed about certain other matters related to the conduct of the audit, including (i) our responsibility under GAAS, (ii) an overview of the planned scope and timing of the audit, and (iii) significant findings from the audit, which include (a) our views about the qualitative aspects of your significant accounting practices, accounting estimates, and financial statement disclosures; (b) difficulties encountered in performing the audit; (c) uncorrected misstatements and material corrected misstatements that were brought to the attention of management as a result of auditing procedures; and (d) other significant and relevant findings or issues (e.g., any disagreements with management about matters that could be significant to your financial statements or our report thereon, consultations with other independent accountants, issues discussed prior to our retention as independent auditors, fraud and illegal acts, and all significant deficiencies and material weaknesses identified during the audit). Lastly, we are responsible for ensuring that those charged with governance receive copies of certain written communications between us and management including written communications on accounting, auditing, internal controls or operational matters and representations that we are requesting from management.

The audit will not be planned or conducted in contemplation of reliance of any specific third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be addressed differently by a third party, possibly in connection with a specific transaction.

## **Management's Responsibilities**

Our audit will be conducted on the basis that the Organization's management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

- > For the preparation and fair presentation of the financial statements and supplementary information in accordance with accounting principles generally accepted in the United States of America;
- > For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements and supplementary information that are free from material misstatement, whether due to fraud or error; and

- > To provide us with:
  - Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements and supplementary information such as records, documentation, and other matters;
  - Additional information that we may request from management for the purpose of the audit; and
  - Unrestricted access to persons within the Organization from whom we determine it necessary to obtain audit evidence

Management is responsible for (i) adjusting the financial statements to correct material misstatements and for affirming to us in a management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period under audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole, and (ii) notifying us of all material weaknesses, including other significant deficiencies, in the design or operation of your internal control over financial reporting that are reasonably likely to adversely affect your ability to record, process, summarize and report external financial data reliably in accordance with GAAP. Management is also responsible for identifying and ensuring that the Redwood Coast Energy Authority complies with the laws and regulations applicable to its activities.

As part of our audit process, we will request from management and, when appropriate, those charge with governance written confirmation concerning representations made to us in connection with the audit.

Baker Tilly is not a municipal advisor as defined in Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act or under Section 15B of the Securities Exchange Act of 1934 (the Act). Baker Tilly is not recommending an action to the Redwood Coast Energy Authority; is not acting as an advisor to you and does not owe a fiduciary duty pursuant to Section 15B of the Act to you with respect to the information and material contained in the deliverables issued under this engagement. Any municipal advisory services would only be performed by Baker Tilly Municipal Advisors LLC (BTMA) pursuant to a separate engagement letter between you and BTMA. You should discuss any information and material contained in the deliverables with any and all internal and external advisors and experts that you deem appropriate before acting on this information or material.

### **Nonattest Services**

Prior to or as part of our audit engagement, it may be necessary for us to perform certain nonattest services. For purposes of this letter, nonattest services include services that *Government Auditing Standards* refers to as nonaudit services.

Nonattest services that we will be providing are as follows:

- > Propose adjusting journal entries, as necessary
- > Preparation of financial statements and footnotes
- > Services identified in the scope of work dated February 15, 2022 related to the revenue analysis.

None of these nonattest services constitute an audit under generally accepted auditing standards including *Government Auditing Standards*.

We will not perform any management functions or make management decisions on your behalf with respect to any nonattest services we provide.

In connection with our performance of any nonattest services, you agree that you will:

- > Continue to make all management decisions and perform all management functions, including approving all journal entries and general ledger classifications when they are submitted to you.
- > Designate an employee with suitable skill, knowledge, and/or experience, preferably within senior management, to oversee the services we perform.
- > Evaluate the adequacy and results of the nonattest services we perform.
- > Accept responsibility for the results of our nonattest services.
- > Establish and maintain internal controls, including monitoring ongoing activities related to the nonattest function.

On a periodic basis, as needed, we will meet with you to discuss your accounting records and the management implications of your financial statements. We will notify you, in writing, of any matters that we believe you should be aware of and will meet with you upon request.

#### **Other Documents**

If you intend to reproduce or publish the financial statements in an annual report or other information (excluding official statements), and make reference to our firm name in connection therewith, you agree to publish the financial statements in their entirety. In addition, you agree to provide us, for our approval and consent, proofs before printing and final materials before distribution.

The Redwood Coast Energy Authority may wish to include our report on these financial statements in an official statement or some other securities offering. You agree that the aforementioned audit report or reference to Baker Tilly will not be included in such offering without our prior written permission or consent. Upon notification, auditing standards will require our involvement with the official statement, and any procedures related to this involvement will be a separate agreement.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

The documentation for this engagement, including the workpapers, is the property of Baker Tilly and constitutes confidential information. We may have a responsibility to retain the documentation for a period of time sufficient to satisfy any applicable legal or regulatory requirements for records retention. Baker Tilly does not retain any original client records and we will return such records to you at the completion of the services rendered under this engagement. When such records are returned to you, it is the Redwood Coast Energy Authority's responsibility to retain and protect its accounting and other business records for future use, including potential review by any government or other regulatory agencies. By your signature below, you acknowledge and agree that, upon the expiration of the documentation retention period, Baker Tilly shall be free to destroy our workpapers related to this engagement. If we are required by law, regulation or professional standards to make certain documentation available to regulators, the Redwood Coast Energy Authority hereby authorizes us to do so.

### Timing and Fees

Additionally, you agree to authorize David L. Moonie & Co., LLP to allow a review of their audit documentation and respond to additional inquiries we consider relevant to our planning and performing of this engagement.

Any fees charged by David L. Moonie & Co., LLP in connection with the preceding paragraphs are your responsibility.

Completion of our work is subject to, among other things, (i) appropriate cooperation from the Redwood Coast Energy Authority's personnel, including timely preparation of necessary schedules, (ii) timely responses to our inquiries, and (iii) timely communication of all significant accounting and financial reporting matters. When and if for any reason the Redwood Coast Energy Authority is unable to provide such schedules, information, and assistance, Baker Tilly and you may mutually revise the fee to reflect additional services, if any, required of us to complete the audit. Delays in the issuance of our audit report beyond the date that was originally contemplated may require us to perform additional auditing procedures which will likely result in additional fees.

Revisions to the scope of our work will be communicated to you and may be set forth in the form of an "Amendment to Existing Engagement Letter." In addition, if we discover compliance issues that require us to perform additional procedures and/or provide assistance with these matters, fees at our standard hourly rates apply.

<b>Year</b>	<b>Audit fee</b>	<b>Preparation of financial statements</b>	<b>Totals</b>
June 30, 2018 and June 30, 2019	\$55,000	\$2,000	\$57,000
June 30, 2020 and 2021	58,000	2,000	60,000
June 30, 2022	37,000	2,000	39,000

Invoices for these fees will be rendered each month as work progresses and are payable on presentation. In addition to professional fees, our invoices will include our standard administrative charge, plus travel and subsistence and other out-of-pocket expenses related to the engagement. A charge of 1.5 percent per month shall be imposed on accounts not paid within thirty (30) days of receipt of our statement for services provided. In accordance with our firm policies, work may be suspended if your account becomes thirty (30) days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notice of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination. In the event that collection procedures are required, the Redwood Coast Energy Authority agrees to be responsible for all expenses of collection including related attorneys' fees.

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We may use temporary contract staff to perform certain tasks on your engagement and will bill for that time at the rate that corresponds to Baker Tilly staff providing a similar level of service. Upon request, we will be happy to provide details on training, supervision and billing arrangements we use in connection with these professionals. Additionally, we may from time to time, and depending on the circumstances, use service providers (e.g., to act as a specialist or audit an element of the financial statements) in serving your account. We may share confidential information about you with these contract staff and service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all contract staff and service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the contract staff or third-party service provider. Furthermore, the firm will remain responsible for the work provided by any such contract staff or third-party service providers.

To the extent the services require Baker Tilly receive personal data or personal information from Client, Baker Tilly may process any personal data or personal information, as those terms are defined in applicable privacy laws, in accordance with the requirements of the applicable privacy law relevant to the processing in providing services hereunder. Applicable privacy laws may include any local, state, federal or international laws, standards, guidelines, policies or regulations governing the collection, use, disclosure, sharing or other processing of personal data or personal information with which Baker Tilly or its Clients must comply. Such privacy laws may include (i) the EU General Data Protection Regulation 2016/679 (GDPR); (ii) the California Consumer Privacy Act of 2018 (CCPA); and/or (iii) other laws regulating marketing communications, requiring security breach notification, imposing minimum security requirements, requiring the secure disposal of records and other similar requirements applicable to the processing of personal data or personal information. Baker Tilly is acting as a Service Provider/Data Processor in relation to Client personal data and personal information, as those terms are defined respectively under the CCPA/GDPR. Client is responsible for notifying Baker Tilly of any data privacy laws the data provided to Baker Tilly is subject to and Client represents and warrants it has all necessary authority (including any legally required consent from data subjects) to transfer such information and authorize Baker Tilly to process such information in connection with the services described herein. Client agrees that Baker Tilly has the right to generate aggregated/de-identified data from the accounting and financial data provided by Client to be used for Baker Tilly business purposes and with the outputs owned by Baker Tilly. For clarity, Baker Tilly will only disclose aggregated/de-identified data in a form that does not identify Client, Client employees, or any other individual or business entity and that is stripped of all persistent identifiers. Client is not responsible for Baker Tilly's use of aggregated/de-identified data.

Baker Tilly has established information security related operational requirements that support the achievement of our information security commitments, relevant information security related laws and regulations, and other information security related system requirements. Such requirements are communicated in Baker Tilly's policies and procedures, system design documentation and contracts with customers. Information security policies have been implemented that define our approach to how systems and data are protected. Client is responsible for providing timely written notification to Baker Tilly of any additions, changes or removals of access for Client personnel to Baker Tilly provided systems or applications. If Client becomes aware of any known or suspected information security or privacy related incidents or breaches related to this agreement, Client should timely notify Baker Tilly via email at [dataprotectionofficer@bakertilly.com](mailto:dataprotectionofficer@bakertilly.com).

Any additional services that may be requested, and we agree to provide, may be the subject of a separate engagement letter.

We may be required to disclose confidential information to federal, state and international regulatory bodies or a court in criminal or other civil litigation. In the event that we receive a request from a third party (including a subpoena, summons or discovery demand in litigation) calling for the production of information, we will promptly notify the Redwood Coast Energy Authority, unless otherwise prohibited. In the event we are requested by the Redwood Coast Energy Authority or required by government regulation, subpoena or other legal process to produce our engagement working papers or our personnel as witnesses with respect to services rendered to the Redwood Coast Energy Authority, so long as we are not a party to the proceeding in which the information is sought, we may seek reimbursement for our professional time and expenses, as well as the fees and legal expenses, incurred in responding to such a request.

We may be required to disclose confidential information with respect to complying with certain professional obligations, such as peer review programs. All participants in such peer review programs are bound by the same confidentiality requirements as Baker Tilly and its employees. Baker Tilly will not be required to notify the Redwood Coast Energy Authority if disclosure of confidential information is necessary for peer review purposes.

Our fees are based on known circumstances at the time of this Engagement Letter. Should circumstances change significantly during the course of this engagement, we will discuss with you the need for any revised audit fees. This can result from changes at the Redwood Coast Energy Authority, such as the turnover of key accounting staff, the addition of new funds or significant federal or state programs or changes that affect the amount of audit effort from external sources, such as new accounting and auditing standards that become effective that increase the scope of our audit procedures. This Engagement Letter currently includes all auditing and accounting standards and the current single audit guidance in effect as of the date of this letter.

We would expect to continue to perform our services under the arrangements discussed above from year to year, unless for some reason you or we find that some change is necessary. We will, of course, be happy to provide the Redwood Coast Energy Authority with any other services you may find necessary or desirable.

### **Resolution of Disagreements**

In the unlikely event that differences concerning services or fees should arise that are not resolved by mutual agreement, both parties agree to attempt in good faith to settle the dispute by mediation administered by the American Arbitration Association (AAA) under its mediation rules for professional accounting and related services disputes before resorting to litigation or any other dispute-resolution procedure. Each party shall bear their own expenses from mediation.



If mediation does not settle the dispute or claim, then the parties agree that the dispute or claim shall be settled by binding arbitration. The arbitration proceeding shall take place in the city in which the Baker Tilly office providing the relevant services is located, unless the parties mutually agree to a different location. The proceeding shall be governed by the provisions of the Federal Arbitration Act (FAA) and will proceed in accordance with the then current Arbitration Rules for Professional Accounting and Related Disputes of the AAA, except that no pre hearing discovery shall be permitted unless specifically authorized by the arbitrator. The arbitrator will be selected from Judicate West, AAA, Judicial Arbitration & Mediation Services (JAMS), the Center for Public Resources or any other internationally or nationally recognized organization mutually agreed upon by the parties. Potential arbitrator names will be exchanged within fifteen (15) days of the parties' agreement to settle the dispute or claim by binding arbitration, and arbitration will thereafter proceed expeditiously. Any issue concerning the extent to which any dispute is subject to arbitration, or concerning the applicability, interpretation, or enforceability of any of these procedures, shall be governed by the FAA and resolved by the arbitrators. The arbitration will be conducted before a single arbitrator, experienced in accounting and auditing matters. The arbitrator shall have no authority to award nonmonetary or equitable relief and will not have the right to award punitive damages or statutory awards. Furthermore, in no event shall the arbitrator have power to make an award that would be inconsistent with the Engagement Letter or any amount that could not be made or imposed by a court deciding the matter in the same jurisdiction. The award of the arbitration shall be in writing and shall be accompanied by a well reasoned opinion. The award issued by the arbitrator may be confirmed in a judgment by any federal or state court of competent jurisdiction. Discovery shall be permitted in arbitration only to the extent, if any, expressly authorized by the arbitrator(s) upon a showing of substantial need. Each party shall be responsible for their own costs associated with the arbitration, except that the costs of the arbitrator shall be equally divided by the parties. Both parties agree and acknowledge that they are each giving up the right to have any dispute heard in a court of law before a judge and a jury, as well as any appeal. The arbitration proceeding and all information disclosed during the arbitration shall be maintained as confidential, except as may be required for disclosure to professional or regulatory bodies or in a related confidential arbitration. The arbitrator(s) shall apply the limitations period that would be applied by a court deciding the matter in the same jurisdiction, including the contractual limitations set forth in this Engagement Letter, and shall have no power to decide the dispute in any manner not consistent with such limitations period. The arbitrator(s) shall be empowered to interpret the applicable statutes of limitations.

Our services shall be evaluated solely on our substantial conformance with the terms expressly set forth herein, including all applicable professional standards. Any claim of nonconformance must be clearly and convincingly shown.

#### **Limitation on Damages and Indemnification**

The liability (including attorney's fees and all other costs) of Baker Tilly and its present or former partners, principals, agents or employees related to any claim for damages relating to the services performed under this Engagement Letter shall not exceed the fees paid to Baker Tilly for the portion of the work to which the claim relates, except to the extent finally determined to have resulted from the willful misconduct or fraudulent behavior of Baker Tilly relating to such services. This limitation of liability is intended to apply to the full extent allowed by law, regardless of the grounds or nature of any claim asserted, including the negligence of either party. Additionally, in no event shall either party be liable for any lost profits, lost business opportunity, lost data, consequential, special, incidental, exemplary or punitive damages, delays or interruptions arising out of or related to this Engagement Letter even if the other party has been advised of the possibility of such damages.

As Baker Tilly is performing the services solely for your benefit, you will indemnify Baker Tilly, its subsidiaries and their present or former partners, principals, employees, officers and agents against all costs, fees, expenses, damages and liabilities (including attorney's fees and all defense costs) associated with any third-party claim, relating to or arising as a result of the services, or this Engagement Letter.

Because of the importance of the information that you provide to Baker Tilly with respect to Baker Tilly's ability to perform the services, you hereby release Baker Tilly and its present and former partners, principals, agents and employees from any liability, damages, fees, expenses and costs, including attorney's fees, relating to the services, that arise from or relate to any information, including representations by management, provided by you, its personnel or agents, that is not complete, accurate or current, whether or not management knew or should have known that such information was not complete, accurate or current.

Each party recognizes and agrees that the warranty disclaimers and liability and remedy limitations in this Engagement Letter are material bargained for bases of this Engagement Letter and that they have been taken into account and reflected in determining the consideration to be given by each party under this Engagement Letter and in the decision by each party to enter into this Engagement Letter.

The terms of this section shall apply regardless of the nature of any claim asserted (including, but not limited to, contract, tort or any form of negligence, whether of you, Baker Tilly or others), but these terms shall not apply to the extent finally determined to be contrary to the applicable law or regulation. These terms shall also continue to apply after any termination of this Engagement Letter.

You accept and acknowledge that any legal proceedings arising from or in conjunction with the services provided under this Engagement Letter must be commenced within twelve (12) months after the performance of the services for which the action is brought, without consideration as to the time of discovery of any claim or any other statutes of limitations or repose.

#### **Other Matters**

Neither this Engagement Letter, any claim, nor any rights or licenses granted hereunder may be assigned, delegated or subcontracted by either party without the written consent of the other party. Either party may assign and transfer this Engagement Letter to any successor that acquires all or substantially all of the business or assets of such party by way of merger, consolidation, other business reorganization or the sale of interest or assets, provided that the party notifies the other party in writing of such assignment and the successor agrees in writing to be bound by the terms and conditions of this Engagement Letter.

Our dedication to client service is carried out through our employees who are integral in meeting this objective. In recognition of the importance of our employees, it is hereby agreed that the Redwood Coast Energy Authority will not solicit our employees for employment or enter into an independent contractor arrangement with any individual who is or was an employee of Baker Tilly for a period of twelve (12) months following the date of the conclusion of this engagement. If the Redwood Coast Energy Authority violates this nonsolicitation clause, the Redwood Coast Energy Authority agrees to pay to Baker Tilly a fee equal to the hired person's annual salary at the time of the violation so as to reimburse Baker Tilly for the costs of hiring and training a replacement.

The services performed under this Agreement do not include the provision of legal advice and Baker Tilly makes no representations regarding questions of legal interpretation. Client should consult with its attorneys with respect to any legal matters or items that require legal interpretation under federal, state or other type of law or regulation.

Baker Tilly US, LLP, trading as Baker Tilly, is an independent member of Baker Tilly International. Baker Tilly International Limited is an English company. Baker Tilly International provides no professional services to clients. Each member firm is a separate and independent legal entity and each describes itself as such. Baker Tilly US, LLP is not Baker Tilly International's agent and does not have the authority to bind Baker Tilly International or act on Baker Tilly International's behalf. None of Baker Tilly International, Baker Tilly US, LLP, nor any of the other member firms of Baker Tilly International has any liability for each other's acts or omissions. The name Baker Tilly and its associated logo is used under license from Baker Tilly International Limited.

This Engagement Letter and any applicable online terms and conditions or terms of use ("Online Terms") related to online products or services made available to Redwood Coast Energy Authority by Baker Tilly ("Online Offering") constitute the entire agreement between the Redwood Coast Energy Authority and Baker Tilly regarding the services described in this Engagement Letter and supersedes and incorporates all prior or contemporaneous representations, understandings or agreements, and may not be modified or amended except by an agreement in writing signed between the parties hereto. For clarity and avoidance of doubt, the terms of this Engagement Letter govern Baker Tilly's provision of the services described herein, and the Online Terms govern Redwood Coast Energy Authority's use of the Online Offering. This Engagement Letter's provisions shall not be deemed modified or amended by the conduct of the parties.

The provisions of this Engagement Letter, which expressly or by implication are intended to survive its termination or expiration, will survive and continue to bind both parties, including any successors or assignees. If any provision of this Engagement Letter is declared or found to be illegal, unenforceable or void, then both parties shall be relieved of all obligations arising under such provision, but if the remainder of this Engagement Letter shall not be affected by such declaration or finding and is capable of substantial performance, then each provision not so affected shall be enforced to the extent permitted by law or applicable professional standards.

If because of a change in the Redwood Coast Energy Authority's status or due to any other reason, any provision in this Engagement Letter would be prohibited by, or would impair our independence under laws, regulations or published interpretations by governmental bodies, commissions or other regulatory agencies, such provision shall, to that extent, be of no further force and effect and this agreement shall consist of the remaining portions.

This agreement shall be governed by and construed in accordance with the laws of the state of Illinois, without giving effect to the provisions relating to conflict of laws.

Lori Biondini  
Redwood Coast Energy Authority

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We appreciate the opportunity to be of service to you.

If there are any questions regarding this Engagement Letter, please contact Bethany Ryers, the engagement partner on this engagement who is responsible for the overall supervision and review of the engagement and determining that the engagement has been completed in accordance with professional standards. Bethany Ryers is available at 608 240 2382, or at [bethany.ryers@bakertilly.com](mailto:bethany.ryers@bakertilly.com).

Sincerely,

BAKER TILLY US, LLP

*Baker Tilly US, LLP*

Enclosure

The services and terms as set forth in this Engagement Letter are agreed to by:

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Official's Name

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Official's Signature

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Title

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Date

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# REDWOOD COAST **Energy**Authority

## **STAFF REPORT Agenda Item # 10.1**

AGENDA DATE:	January 26, 2023
TO:	Board of Directors
FROM:	Matthew Marshall, Executive Director
SUBJECT:	Executive Director's Report

### **SUMMARY**

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Executive Director Matthew Marshall will provide updates on:

- ACV Microgrid disaster performance,
- Offshore wind development, and
- Other topics as needed.

### **RECOMMENDED ACTION**

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None. (Information only.)

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