



Redwood Coast Energy Authority
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BOARD OF DIRECTORS MEETING MINUTES

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

**October 26, 2023
Thursday, 3:30 p.m.**

Chair Sheri Woo called a regular meeting of the Board of Directors of the Redwood Coast Energy Authority to order on the above date at 3:32 p.m. Notice of this meeting was posted on October 21, 2023.

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

STAFF AND OTHERS PRESENT: Business Planning and Finance Director Lori Biondini, Finance Specialist Ronnie Chausse, General Counsel Nancy Diamond, Senior Power Resources Manager Jocelyn Gwynn, TEA California Account Director Jaclyn Harr, Executive Director Matthew Marshall, Account Services Manager Sally Regli, Baker Tilly US Partner Bethany Ryers, Board Clerk Lori Taketa, Deputy Executive Director Eileen Verbeck.

ORAL COMMUNICATIONS

Member of the public Jesse Noell submitted written comment comparing greenhouse gas emissions of wind vs. solar energy generation. Member of the public Wendy Ring submitted comment outlining the Humboldt Sawmill Company biomass energy plant's community health impacts and comparing HSC's air quality violations with those of other biomass power plants. Chair Woo closed the non-agenda item public comment period.

CONSENT CALENDAR

- 4.1** Approve Minutes of September 28, 2023, Board Meeting.
- 4.2** Approve Disbursements Report.
- 4.3** Accept Financial Reports.
- 4.4** Approve Conflict of Interest Waiver with Braun Blaising & Wynne for representation in contract negotiations with Sonoma Clean Power Authority.

No Director nor member of the public requested discussion of consent calendar items.

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

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

OLD BUSINESS

6.1 2018-2019 Financial Audit Report and Presentation by Auditor Baker Tilly US

Business Planning and Finance Director Biondini described previous Board approval to perform the financial audit for two years concurrently. Baker Tilly Partner Bethany Ryers described the audit procedures and results to the Board. The audit focused on reviewing key transaction cycles, areas with significant estimates and implementation of new accounting standards. The financial statements included normal adjusting journal entries for material corrected misstatements and received an unmodified opinion, the auditor's highest level of assurance. The auditor report contains recommendations regarding the financial statement close and billing cycle processes. Ms. Ryers described upcoming work to audit implementation of updated accounting standards.

The Directors congratulated staff on the unmodified opinion and thanked the auditors. There were no comments from the public and Chair Woo closed the comment period.

M/S: Schaefer, Arroyo: Accept and Approve Redwood Coast Energy Authority Financial Statements June 30, 2019 and 2018 and Associated Independent Auditors' Report By Baker Tilly US, LLP.

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

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

OLD CCE BUSINESS

7.1 Proposed RCEA Net Billing Tariff Adoption

Account Services Manager Sally Regli recapped previous Board direction to mirror PG&E's Net Billing Tariff methods and described rates and billing implementation for RCEA solar NBT customers.

The directors discussed the need to support solar paired with storage to help make the new NBT more affordable for RCEA customers, and the possibility of redirecting NBT program savings to solar and storage incentives. Staff will monitor impacts of NBT implementation and bring proposals to incentivize solar and energy storage adoption to the Board for consideration in spring 2024. There were no comments from the public and Chair Woo closed the comment period.

M/S: Arroyo, Schaefer: Adopt Resolution No. 2023-9, Approving the RCEA Net Billing Tariff.

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

NEW CCE BUSINESS

8.1 Energy Risk Management Quarterly Report – Information only

The Energy Authority California Account Director Jaclyn Harr presented the general CCE program financial report. Forecasted net revenues for 2023 and 2025 remain positive. Market projections point to RCEA financial losses in 2024, which are expected to be less severe than the July projection. RCEA's long-term power purchase agreements and short-term financial hedge transactions will protect its customers from the full impact of anticipated large power costs increases. Net revenue is expected to improve in 2024 if the Sandrini solar project begins operation earlier than the current assumption of January 2025.

Ms. Harr explained how the Renewable Portfolio Standard program and Renewable Energy Certificates (RECs) work in California. California's program was designed in the early 2000s to green the state's power grid and incubate its renewable energy industry. Twenty years later, California's best renewable energy project sites have been developed and the industry no longer needs incubation, but rather opportunities to export expertise to other states where renewable projects can be developed more cost-effectively.

Ms. Harr described and the directors discussed:

- Current status of the Sandrini solar project and negotiations with the developer, EDPR,
- how RCEA's Net Billing Tariff program will allow CCE customers to sell RECs from behind-the-meter solar,
- how competition to meet RPS and RA requirements have driven up power contract prices, which will likely remain high for the next decade unless there are significant technological breakthroughs,
- how RCEA has incurred and will continue to incur fines for not procuring enough resource adequacy in certain months of 2023 and 2024, which are lower than the current cost of RA given its scarcity,
- the extremely complex RA program restructuring in 2025, with testing in 2024, and
- efforts to regionalize California's energy market to make it easier to sell excess energy supply across grid borders.

There were no comments from the public and Chair Woo closed the comment period.

STAFF REPORTS

10.1 Executive Director's Report

Executive Director Marshall reported that the lot at 805 Third Street, site of RCEA's future office building, was purchased. There were no public comments on this agenda item.

CLOSED SESSION

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

There was no public comment regarding the closed session item and the Board adjourned to closed session at 4:58 p.m. The directors reconvened in open session at 5:55 p.m. Chair Woo stated that there were no closed session reports and adjourned the meeting at 5:56 p.m.