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BOARD OF DIRECTORS MEETING MINUTES

January 28, 2021 -Thursday, 3:30 p.m.

Notice of this meeting was posted on January 24, 2021. Executive Director Matthew Marshall 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 Brown Act waivers included in Governor Newsom's COVID-19 State of Emergency Executive Order N-29-20 of March 17, 2020, and the Humboldt County Health Officer's March 30, 2020, Shelter-in-Place Order. Executive Director Marshall stated that the posted agenda contained public teleconference meeting participation instructions.

PRESENT: Stephen Avis, Scott Bauer, Chris Curran, Dave Grover, Mike Losey, Sarah Schaefer, Frank Wilson, Mike Wilson, Sheri Woo. ABSENT: None. STAFF AND CONSULTANTS PRESENT: General Counsel Nancy Diamond; Power Resources Director Richard Engel; The Energy Authority Client Services Specialist Jaclyn Harr; Executive Director Matthew Marshall; Account Services Manager Mahayla Slackerelli; Community Strategies Manager Nancy Stephenson; Ocean Winds Head of Offshore Wind Business Development – West Tyler Studds; Clerk of the Board Lori Taketa.

1. BOARD APPOINTMENTS

1.1. Election of Officers and Community Advisory Committee Liaison Appointments

The directors discussed the Board chair role's time commitment and long learning curve due to the complex technical nature of the agency's work. It was confirmed that the County's Board representative is not required to serve as the Board Chair and that the Community Advisory Committee now meets on the second Tuesday of every other month from 6 to 7:30 p.m.

Executive Director Marshall invited public comment. No member of the public came forward to speak or submitted public comment. Executive Director Marshall closed the public comment period.

M/S: F. Wilson, Curran: Appoint Sheri Woo as RCEA Board Chair and Stephen Avis as Vice Chair and authorize them as signers on RCEA bank accounts.

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

M/S: M. Wilson, Bauer: Appoint Stephen Avis as Board Liaison, and Chris Curran as Alternate Board liaison, to the Community Advisory Committee to serve through January 2022.

Vice Chair Avis confirms that Director Curran would be willing to serve as the Board's CAC liaison.

Director Wilson rescinded the motion.

M/S: Grover, M. Wilson: Appoint Chris Curran as Board Liaison, and Stephen Avis as Alternate Board liaison, to the Community Advisory Committee to serve through January 2022.

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

1.2. Board Subcommittee Review and Member Assignment

Executive Director Marshall asked the directors to determine whether they wished to continue the current list of Board subcommittees and described each of the subcommittees' work. Tyler Studds, Head of Ocean Winds' Offshore Wind Business Development – West, introduced himself to the Board. Ocean Winds was formerly known as EDP Renewables Offshore North America and is one of RCEA's offshore wind project partners.

Directors Grover, Schaefer, M. Wilson and Woo volunteered to serve on the ad hoc Offshore Wind Phase I Subcommittee until project area site control is secured from the Federal Bureau of Ocean Energy Management.

Power Resources Director Richard Engel described the proposed ad hoc Long Duration Energy Storage Procurement Review Subcommittee and the opportunity it would provide directors to learn more about energy procurement and view proprietary pricing information. Directors Avis, Bauer, Curran and Losey volunteered to serve on the ad hoc Long Duration Energy Storage Procurement Review Subcommittee until December 31, 2021, or until all contracts to which RCEA is a party resulting from the associated joint request for offers are executed, whichever comes first.

Directors Avis, Grover, Schaefer and Woo volunteered to serve on the ad hoc Racial Justice Action Plan Subcommittee until the Action Plan is submitted to the Board for approval.

Chair Woo invited public comment. No member of the public came forward to speak or submitted public comment. Chair Woo closed the public comment period.

M/S: M. Wilson, Losey: Appoint Directors Bauer, Curran and F. Wilson to serve on the standing Finance Subcommittee for one-year terms ending on the first regular Board meeting of 2022.

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

REPORTS FROM MEMBER ENTITIES

Director Curran reported that staff comments made in error on behalf of the City of Blue Lake protesting a proposed feed-in tariff project site have been redacted as the Blue City Council has not yet fully discussed the project. Director Curran expressed his support for the project.

Director Grover thanked the Humboldt Bay Municipal Water District for its presentation to the Trinidad City Council. He did not support participating in a water feasibility study and looks forwarding to participating in the subcommittees.

Director Losey thanked Executive Director Marshall and staff member Mike Avcollie for assisting the City of Fortuna with its Self-Generation Incentive Program project and with an offer from Tesla.

ORAL COMMUNICATIONS

Chair Woo invited public comment. No member of the public came forward to speak or submitted public comment. Chair Woo closed the public comment period.

CONSENT CALENDAR

4.1 Approve Minutes of December 17, Board Meeting.

4.2 Approve Disbursements Report.

4.3 Accept Financial Reports.

4.4 Approve the 2021 RCEA Board of Directors Meeting Calendar.

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

4.6 Authorize Staff and General Counsel to Negotiate a Contract Extension with Calpine Energy Solutions for Data Management Services for Up to Five Years and Bring the Agreement to the Board for Final Approval Prior to Execution.

4.7 Approve Offshore Wind Cooperation Agreement Amendment No. 2 and Authorize the Executive Director to Execute the Amendment and All Associated Documents as Necessary, Contingent on Final Review and Approval by RCEA Legal Counsel.

Chair Woo invited public comment. No member of the public came forward to speak or submitted public comment. Chair Woo closed the public comment period.

M/S: Avis, Grover: Approve consent calendar items.

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

COMMUNITY CHOICE ENERGY (CCE) BUSINESS

Chair Woo confirmed that a quorum was present to conduct CCE business.

OLD CCE BUSINESS

6.1. 2021 CCE Customer Rate Setting Update (Information only)

Account Services Manager Mahayla Slackerelli reviewed how RCEA sets electric generation rates and the Board's December decision to reduce the RCEA discount relative to PG&E's generation rates from 1% to ½% in anticipation of forecasted revenue shortfalls. This rate change requires a 60-day public comment period. Meanwhile, PG&E decreased generation rates on January 1, 2021, and is expected to adjust generation rates again in March. To avoid two rate adjustments in a short period of time, which can create billing problems and customer confusion, staff will wait until March and implement both rate changes at once.

The power charge indifference adjustment (PCIA), or exit fee, was explained. The PCIA has increased since RCEA's CCE program started. RCEA and other CCE program customers must pay this exit fee which is collected by PG&E on CCE customers' bills. PG&E's recent generation rate decrease, and RCEA's matching plus ½% rate decrease, combined with the introduction of new super off-peak rates during certain hours in spring months, will result in negative rates for a few RCEA commercial customers during limited hours in one calendar quarter. PG&E still charges for delivery during super off-peak periods so customers will still be paying for service. The rate reduction and the exit fee increase result in a reduction in RCEA's net revenue.

Staff confirmed that the PCIA increase was anticipated and the CCE program remains within its forecasted budget. The directors discussed how CPUC regulation has not always been equitable for CCEs and that negative pricing may reflect CPUC errors in calculating PG&E's energy portfolio market value. It was noted that while both PG&E and CCE customers pay the PCIA, this fee disproportionately affects CCEs' bottom line. It was noted that during PG&E's recent bankruptcy proceedings, PG&E chose not to request voiding the legacy, above-market contracts that the exit fee was created to help pay. It was further noted that even if RCEA and PG&E generation rates were the same, Humboldt County residents would still benefit from participating in the CCE program because RCEA revenues are directly reinvested into local programs and projects such as the airport microgrid instead of being distributed to shareholders.

Chair Woo invited public comment. No one from the public submitted public comment or asked to speak. Chair Woo closed the public comment period.

6.2. Energy Risk Management Overview (Information only)

In lieu of the regularly scheduled Energy Risk Management update, Power Resources Director Engel described how RCEA manages energy procurement risks. The quarterly Energy Risk Management update will take place at the February 2021 Board meeting.

RCEA's Energy Risk Management Policy was put in place to protect the agency from very large price spikes and dips, like those that occurred during California's rolling blackouts or during spring negative pricing periods, a downside of otherwise beneficial large-scale solar procurement. Director Engel described the RCEA power procurement process and the required power procurement audits and filings to the California Public Utilities Commission and California Independent System Operator. The three drivers of RCEA's power procurement decisions are Board-set goals for renewable and carbon-free energy, price risk decisions made to keep the agency financially solvent, and regulatory compliance, or requirements to do our part to fulfill state renewable energy goals. Director Engel reviewed the types of risks being monitored and addressed by the Risk Management Team and The Energy Authority (TEA), which provides needed energy procurement technical support, helps to forecast electricity needs and schedules power purchases for RCEA. TEA Client Services Specialist Jaclyn Harr introduced herself. TEA was selected to fulfil power procurement back-office support duties prior to the CCE program's launch because it is a not-for-profit organization which exclusively serves public agencies across the United States and was deemed to share RCEA's values and goals.

Chair Woo invited public comment. No one from the public submitted public comment or asked to speak. Chair Woo closed the public comment period.

END OF COMMUNITY CHOICE ENERGY (CCE) BUSINESS

OLD BUSINESS

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

Executive Director Marshall requested that this agenda item be tabled until the Board's February meeting. The forthcoming RCEA annual review of activities in the North Coast Journal will serve as a preview of staff's progress on strategic plan implementation. Director M. Wilson requested an RCEA Facebook post on the annual report that can be shared.

FUTURE AGENDA ITEMS

Director Bauer requested a report by RCEA consultant Michael Furniss on micro-hydro and Director F. Wilson asked that the Board webpage photos be updated.

There being no new business to discuss or staff reports. Chair Woo adjourned the meeting at 5:12 p.m.

Lori Taketa
Clerk of the Board