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BOARD OF DIRECTORS MEETING MINUTES

October 22, 2020 - Thursday, 3:30 p.m.

Notice of this meeting was posted on October 17, 2020. Chair Austin Allison called a regular meeting of the Board of Directors of the Redwood Coast Energy Authority to order on the above date at 3:31 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. Chair Allison stated that the posted agenda contained public teleconference meeting participation instructions.

PRESENT: Chair Austin Allison, Stephen Avis, Chris Curran, Vice Chair Estelle Fennell, Dean Glaser, David Grover, Frank Wilson (arrived 3:48 p.m.), Michael Winkler, Sheri Woo. ABSENT: None. STAFF AND CONSULTANTS PRESENT: Regulatory and Legislative Policy Manager Aisha Cissna, General Counsel Nancy Diamond, Power Resources Director Richard Engel, Power Resources Manager Jocelyn Gwynn, The Energy Authority Client Services Manager Jaclyn Harr, Executive Director Matthew Marshall, Community Strategies Manager Nancy Stephenson, Board Clerk Lori Taketa.

REPORTS FROM MEMBER ENTITIES

Director Woo reported on the fire around Ruth Lake and the hydro plant, which cannot supply power until PG&E restores the grid. The Humboldt Bay Municipal Water District is trying to obtain CalOES grants to help repair millions of dollars of damage. Photos of the damage were requested.

Vice Chair Fennell expressed hope that the federal government could help with repair costs and disappointment that the Marshall Ranch solar project was not moving forward. Staff reported contacting the Ranch about hosting another developer for the shovel-ready project. Vice Chair Fennell expressed a desire for potential developers to address concerns over a tank above area homes and to move forward with the project.

Director Grover stated that Trinidad looked forward to a solar array on the Town Hall, and that, if re-elected, he looked forward to working more closely with the Yurok tribe on energy concerns and toward Trinidad's energy independence.

Chair Allison reported that the City of Eureka will negotiate with a developer to develop all-electric housing on three city-owned parking lots.

ORAL COMMUNICATIONS

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

CONSENT CALENDAR

3.1 Approve Minutes of:
- 3.1.1 September 24, 2020, Regular Board Meeting
- 3.1.2 October 9, 2020, Special Board Meeting.

3.2 Approve Disbursements Report.

3.3 Accept Financial Reports.

3.4 Authorize Staff to Solicit Bids and Secure Construction at the Eureka 3rd and H Street, Arcata Community Center and Fortuna City Hall RCEA Electric Vehicle Charging Sites as Appropriate for a Total Aggregate Budget Not to Exceed $176,000, and to Seek Reimbursement Through the CALeVIP Program, and Authorize the Executive Director to Execute All Applicable Documents.

Executive Director Marshall requested that agenda item 3.4 be removed from the consent calendar.

M/S: Fennell, Avis: Approve consent calendar items except item 3.4.

The motion passed with a unanimous roll call vote. Ayes: Allison, Avis, Curran, Fennell, Glaser, Grover, Winkler, Woo. Noes: None. Absent: Wilson.

REMOVED FROM CONSENT CALENDAR ITEMS

Executive Director Marshall reported on RCEA's electric vehicle (EV) charging network upgrades and the revised recommended action language allowing staff to proceed with the full bidding process and avoid bringing incremental steps back for Board approval. State CALeVIP Funding was received to help upgrade and expand the network in Fortuna, Old Town Eureka and at the Arcata Community Center.

The directors discussed the expected increase in electric vehicles due to the new state mandate and anticipated charging infrastructure demand. Staff reported that the current electric infrastructure was adequate to accommodate more fast-charging stations, which are typically used while traveling and are costly to install. State grants were recently obtained for two more fast-charging stations along the Highway 101 corridor. The majority of EV charging will be done in the same way as cell phone charging, at home overnight when electricity costs are lower or when parked at work at public charging stations. Typical cost for EV charging is $1.20/gallon of gas.

There were no responses to Chair Allison's invitation for public comment. Chair Allison closed the public comment period.

Director Wilson joined the meeting at 3:48 p.m.

M/S: Fennell, Avis: Authorize Staff to Solicit Bids and Award a Contract to the Lowest Responsive Responsible Bidder for Construction at the Eureka 3rd and H Street, Arcata Community Center and Fortuna City Hall RCEA Electric Vehicle Charging Sites as Appropriate for a Total Aggregate Budget Not to Exceed $176,000; to Seek

Reimbursement Through the CALeVIP Program; or to Reject All Bids if Deemed Fiscally Appropriate By the Executive Director; and Authorize the Executive Director to Execute All Applicable Documents.

The motion passed with a unanimous roll call vote. Ayes: Allison, Avis, Curran, Fennell, Glaser, Grover, Winkler, Woo. Noes: None. Absent: None. Abstain: Wilson.

COMMUNITY CHOICE ENERGY (CCE) BUSINESS

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

OLD CCE BUSINESS

Staff requested that the directors hear item 5.1.2 - Power Charge Indifference Adjustment Update prior to hearing The Energy Authority's Jaclyn Harr's Energy Risk Management Report.

5.1.2. Power Charge Indifference Adjustment Update (Information only)

Regulatory and Legislative Policy Manager Aisha Cissna reported on Power Charge Indifference Adjustment (PCIA) regulatory developments and next steps.

The PCIA is charged to investor-owned utility (IOU) and community choice aggregation (CCA) customers to cover the IOU's "stranded" costs resulting from older, more expensive renewable energy power procurement contracts and load forecasts that did not account for customer migration to CCAs. Manager Cissna reported that the PCIA is the chief threat to CCA financial viability, has increased by 600% since 2013, and continues to increase.

Manager Cissna described statewide efforts to separate PCIA charges on IOU customer bills ("bundled" customer bills), to counter the misperception that only CCA customers pay this fee. CalCCA is lobbying the CPUC to end the current cap and trigger system, where PCIA under-collection can be recouped in a short period of time when the underpayment amount reaches a trigger level. The under-collection threshold was met recently in the San Diego Gas & Electric service territory, resulting in SDG&E's request to increase the PCIA by 1600% for three months, potentially establishing a precedent for electricity customers statewide. CalCCA is also advocating that the California Public Utilities Commission (CPUC) extend the period over which the under-collected amount can be recouped from customers to three years. Both initiatives are aimed at reducing price volatility.

Executive Director Marshall described how the current PCIA system does not incentivize IOUs to maximize power portfolio value for their customers, since IOUs can charge their customers and CCA customers the PCIA to help pay for above-market contracts. CCAs are at a disadvantage because their purchasing decisions are based on market predictions without the benefit of a cost-recouping PCIA safety net. While the PCIA should lessen as legacy contracts end, there is no transparency into whether the above-market contracts are being renewed. The directors supported continued advocacy at the CPUC.

5.1.1. Energy Risk Management Quarterly Report by The Energy Authority Client Services Manager Jaclyn Harr

The Energy Authority Client Services Manager Jaclyn Harr reported on the 2021 Resource Adequacy (RA) procurement, the CCE program's financial outlook, RCEA customer response to Flex Alerts and the causes of August's rolling blackouts.

Ms. Harr explained the state mandate for RCEA to procure its share of energy resources to maintain grid reliability in different categories. RCEA has met its 2021 requirements for System RA and Flex RA (flexible energy resources that increase or decrease energy production to meet changing grid demands), but has not been able to procure adequate Local RA (reliability needs within grid transmission-restrained areas) because of a lack of supply. RCEA was one of many load-serving entities applying for Local RA waivers from the CPUC. The CPUC has since adjusted Local RA requirements. RCEA met Local RA requirements for some areas but will apply again for waivers for subregions where RA is unavailable.

TEA Manager Harr reported that while the CCE program's 2020 net revenue is expected to be $8.5 million, an $8.8 million deficit is projected for 2021 due to lowered PG&E generation rates and RCEA's decision to charge 1% less than PG&E for generation; an increased PCIA, and increased northern California power costs. Staff will present options to reduce power procurement costs at the Board's November meeting. The directors discussed how the current cap and trigger PCIA system was established, legal resources for monitoring PCIA developments, and the projected effect of the PCIA on financial reserves.

Ms. Harr reported that customer usage data shows no clear indication of local customer response to the Flex Alert during August's major heat event. The directors discussed increased Flex Alert communication to larger customers, and the need for less reliance on voluntary actions and increased emphasis on automated demand-response, especially for new HVAC systems being installed in the county.

TEA Manager Harr's report concluded with results of a preliminary analysis by the California Independent System Operator (CAISO), CPUC and California Energy Commission on the causes of the mid-August rotating power outages. The official causes were an extreme heat storm, the occurrence of which was unplanned; an ongoing transition to renewable energy requiring a corresponding change in resource adequacy planning, which was inadequate; and day-ahead energy market practices which exacerbated the energy shortfall. Some natural gas plants, which provide grid reliability as solar production tapers off in the evening, tripped offline and generated less electricity due to the extreme heat. Gas plants, which are being retired in a statewide transition toward renewable resources, had the largest shortfall of expected energy delivery as the sun set and the grid was most stressed. Wind energy also decreases in extreme heat. Significant California RA policy changes are expected as a result of the blackouts, although the timeline and means of change are unclear.

There were no responses to Chair Allison's invitation for public comment. Chair Allison closed the public comment period.

<u>M/S: Grover, Avis: Accept Energy Risk Management Quarterly Report</u>.

<u>The motion passed with a unanimous roll call vote. Ayes: Allison, Avis, Curran, Fennell, Glaser, Grover, Wilson, Winkler. Noes: None. Absent: None. Non-Voting: Woo</u>.

5.2. 2021 REpower+ Portfolio 2019 Power Source Disclosure and Power Content Label Approval

Power Resources Manager Jocelyn Gwynn reported on the CCE program's finalized 2019 Power Content Label which requires Board approval and which was submitted to the CEC. The Power Content Label shows RCEA's share of the statewide power mix. RCEA is required to mail this information to its customers. The directors expressed general approval of the power mix.

There were no responses to Chair Allison's invitation for public comment. Chair Allison closed the public comment period.

M/S: Avis, Winkler: Adopt Resolution 2020-8 Approving and Attesting to the Veracity of the 2019 Power Source Disclosure Report and Power Content Label.

The motion passed with a unanimous roll call vote. Ayes: Allison, Avis, Curran, Fennell, Glaser, Grover, Wilson, Winkler. Noes: None. Absent: None. Non-Voting: Woo.

ADJOURNMENT

Due to directors' time commitments, the directors agreed to table the remaining agenda items until the November 19, 2020, regular Board meeting.

Chair Allison adjourned the meeting at 5:50 p.m.

Lori Taketa
Clerk of the Board