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BOARD OF DIRECTORS MEETING MINUTES

February 25, 2021 -Thursday, 3:30 p.m.

Notice of this meeting was posted on February 21, 2021. 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 3:31 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 Woo stated that the posted agenda contained public teleconference meeting participation instructions.

PRESENT: Stephen Avis, Chris Curran, Dave Grover, Mike Losey, Sarah Schaefer, Frank Wilson, Mike Wilson, Sheri Woo. ABSENT: Scott Bauer. STAFF AND OTHERS PRESENT: Regulatory and Legislative Policy Manager Aisha Cissna; General Counsel Nancy Diamond; Power Resources Director Richard Engel; The Energy Authority Client Services Specialist Jaclyn Harr; Executive Director Matthew Marshall; Community Strategies Manager Nancy Stephenson; Clerk of the Board Lori Taketa.

REPORTS FROM MEMBER ENTITIES

Director Grover reported that Trinidad will not participate with Humboldt Bay Municipal Water District and the Rancheria in a water study and will install solar panels on the Town Hall.

ORAL COMMUNICATIONS

International Brotherhood of Electrical Workers Local 551 Business Manager John McEntagart submitted written comment expressing concern that RCEA's joining of the CC Power JPA will weaken local control over the terms and types of procurement agreements RCEA enters into and may result in projects inconsistent with community labor and environmental values. Mr. McEntagart's letter listed policies which RCEA should support the CC Power JPA adopting.

The Board was reminded that the Brown Act allows brief responses to public comment but not discussion. Staff offered to place CC Power's policies on a future meeting agenda. Since the community has had the opportunity to adjust to virtual meeting platforms during the pandemic, RCEA meetings will transition back to taking live public comment at meetings and receiving written comment without reading them aloud at meetings. Chair Woo closed the public comment period.

CONSENT CALENDAR

3.1 Approve Minutes of January 28, 2021, Board Meeting.

3.2 Approve Disbursements Report.

3.3 Accept Financial Reports.

3.4 Approve Revisions to the RCEA Fiscal Year 2020-21 Budgets Increasing the Regulatory and Professional Services Budget by $80,000 and Decreasing the Contracts-Program Related Services Budget by $80,000.

3.5 Authorize Staff to Execute an Amendment to the Current Contract with Environmental Indicator Accounting Services to Increase the Not-to-Exceed Contract Budget from $38,828 to $60,353 for Technical Support Through September 2021.

3.6 Approve Master Services Agreement with the Schatz Energy Research Center for Research and Development Services in an Amount Not to Exceed $100,000 and Authorize the Executive Director to Execute All Applicable Documents Pending RCEA Legal Counsel Review.

3.7 Approve Amendment 1 Extending the Term of the Current Legal Services Agreement with Braun Blaising Smith Wynne, P.C. for Regulatory Support and Legal Services in Support of RCEA's CCE Program Through June 2021, and Authorize the Executive Director to Engage and Direct BBSW on Specific Matters as Needed, Subject to Sufficient Budgetary Allocations.

3.8 Adopt Resolution No. 2021-2, Approving and Authorizing Collateral in Connection with Loan "A8" From the United States Department of Agriculture, Rural Utilities Service for Construction of the Redwood Coast – Humboldt County Airport Front of the Meter Backup Energy Storage System Microgrid.

3.9 Adopt Resolution No. 2021-01, Modifying the List of Labor Market Agencies in RCEA's Compensation Policy.

Chair Woo requested that item 3.3, the financial report, be removed from the consent calendar and 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: Grover, M. Wilson: Approve all consent calendar items except 3.3.

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

ITEMS REMOVED FROM CONSENT CALENDAR

Chair Woo inquired about the $6 million "Net Other Income" figure, which is the amount of the airport microgrid USDA Rural Utility Loan. The receipt of these funds has been delayed. The current net revenue exceeds the budget amount because CCE program revenue and expense amounts are not synchronized and fluctuate with seasonal power rates.

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, Grover: Approve consent calendar item 3.3.

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

COMMUNITY CHOICE ENERGY (CCE) BUSINESS

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

OLD CCE BUSINESS

5.1. Quarterly Energy Risk Management update

The Energy Authority Client Services Manager Jaclyn Harr reported on revised CCE program financial forecasts, which are less dire than previously reported to the Board in November.

Factors affecting the program's financial status include:

- Extreme cold in the Midwest which drove up natural gas and electricity prices in California. RCEA was only nominally affected by the 250% price spike because it purchased energy hedges.
- Expected extreme summer heat is increasing projected summer energy prices.
- PG&E generation rates rose more than expected, resulting in higher RCEA generation revenues.
- Overdue debt rates have increased and are projected to increase over the summer. Currently about 9,000 RCEA accounts are behind in payment.
- The Board's decision to scale back environmental targets through short-term contracts for the next one to two years to maintain the CCE program's viability is improving the financial outlook.
- Long-term contracts with the large-scale Sandrini solar, airport microgrid and feed-in tariff projects will come online in the next two years, bringing consistent pricing while exceeding the renewable portfolio standard compliance requirement by 200%.

The directors discussed the California moratorium on electricity service disconnections due to non-payment and state and federal COVID relief packages and if they might help cover RCEA's uncollected customer debt of about $1 million.

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

M/S: M. Wilson, Grover: Accept quarterly energy risk management report.

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

5.2. Biomass Power Purchase Agreement with Humboldt Sawmill Company

Chair Woo recused herself due to a remote conflict of interest. Director Woo is employed by SHN Engineers and Geologists, which performs work for Humboldt Sawmill Company, and is an SHN shareholder. Director Woo does not supervise any employees working with Humboldt Sawmill Company and her interest in the Humboldt Sawmill Company power purchase agreement is remote. Director Frank Wilson also recused himself due to a conflict of interest. He is employed by Humboldt Redwood Company, which is associated with Humboldt Sawmill Company.

Power Resources Director Richard Engel reported that, per Board direction, staff and Humboldt Sawmill Company (HSC) are discussing making up part of DG Fairhaven's lost local power generation. SB 350 requires at least 65% of RCEA's renewable energy to be provided through contracts of 10 years or longer. The CCE program's current long-term contracts just meet this requirement. Procuring an additional 10% in renewable long-term contracts would help reduce the risk of falling short of that obligation, which could result in significant fines if any of RCEA's contracted projects are delayed. Options under consideration are a longer 10-year HSC contract that either maintains the same purchase price and rises with inflation or allows HSC the flexibility to deliver up to 25% more electricity at a lower unit price. A 10-year HSC contract meets the SB 350 requirements and avoids attempting to secure a new contract with what would most likely be an out-of-area project with long construction lead times. Longer contracts allow for plant improvement investment. HSC requested flexible additional output levels to avoid importing biomass feedstock from its Ukiah operations or needing to rely on other mills for feedstock.

Biomass incineration's emissions and particulate health impacts were discussed, as well as conflicting carbon cycle analyses and California's emission control requirements which were described as strict but imperfect. General Counsel Diamond noted the care taken in drafting the original HSC contract which requires the plant to comply with environmental requirements. HSC has had no issues with meeting those requirements.

The locally-generated electrons Humboldt County actually uses, as opposed to power RCEA procures from outside the area, come from HSC and the Humboldt Bay natural gas plant. Decreased biomass generation results in more natural gas power generation to satisfy local demand. Significant wind energy production would change this reality but is unlikely to occur in the near future. HSC is creating energy from waste that would generate methane if not burned. The carbon impacts of biomass energy and fracked natural gas energy were compared.

The Blue Lake biomass plant's offered price is not competitive with HSC's current price because the plant is unable to provide resource adequacy. The plant's lease with the City of Blue lake will expire prior to the end of a 10-year contract.

Member of the public David O'Neill who represents the Blue Lake biomass plant owners stated his opposition to the staff recommendation to negotiate with HSC. He asked that the Board consider his company's written proposal submitted for the meeting record.

Member of the public Martha Walden stated that a 10-year contract is too long and that there should be flexibility to buy less, not more, biomass energy. There is a need to drastically reduce greenhouse gas emissions in the next nine years and draw down atmospheric carbon, which biomass does not do. The goal will not be achieved with RCEA ratepayers subsidizing the status quo. Natural gas power is preferable when particulates are considered.

Member of the public Wendy Ring opposed the 10-year HSC contract and reminded the Board that the RePower Humboldt plan states that only short-term biomass contracts would be made. The state does not regulate criteria emissions. Greenhouse gas impacts of biomass include forest regrowth which takes time the planet does not have to sequester atmospheric carbon. The Board should taper off biomass energy, which is not dispatchable. Valuing baseload power detracts from development of a flexible grid. The community values the natural gas plant's ability to island more than it values the biomass plant. Biomass plants create higher greenhouse gas emissions than do natural gas plants. Dr. Ring requested the Board direct staff not to negotiate an extended contract with HSC unless it is at competitive rates with other clean power sources and tapers to zero over two years following end of current contract.

Member of the public Nancy Ihara agreed with Ms. Walden and Dr. Ring, adding that over 500 scientists and economists have approached national leaders asking to move away from biomass energy use. RCEA should not commit to additional years of biomass.

Vice Chair Avis closed the public comment period. The directors inquired whether data exists comparing fossil fuel energy and biomass energy impacts when studied from extraction to use. Discussion ensued on the complexity of the analysis, including issues such as factoring fuel extraction and transport impacts and assumptions about what happens to biomass if it is not burned. A request was made to approach HSC about solar installation on the mill's roof to utilize the substation infrastructure and to produce energy to help fund a transition away from biomass combustion. Staff was encouraged to include a clause in the HSC contract allowing for renegotiation and lowered energy output if alternate viable uses for the biomass material become available.

The Board requested staff send a letter to Redwood Coast Power LLC, the Blue Lake biomass plant's owners, declining the company's offer at this time. A report from RCEA consultant Michael Furniss and the Community Advisory Committee on alternative biomass uses will be presented to the Board in March.

M/S: M. Wilson, Losey: Direct staff to enter negotiations with Humboldt Sawmill Company for an amendment to the existing power purchase agreement at a reduced price, with flexibility to provide additional energy, and for a term of 2021-2031, to be brought back to the Board for approval at a future meeting.

The motion passed with a roll call vote. Ayes: Avis, Curran, Losey, Schaefer, M. Wilson. Noes: Grover. Absent: Bauer. Recuse: F. Wilson, Woo.

Chair Woo and Director F. Wilson rejoined the meeting at 5:25 p.m.

NEW CCE BUSINESS

6.1 2021 Legislative Update

Regulatory and Legislative Policy Manager Aisha Cissna reported on three bills of interest to RCEA at the state legislature this session.

SB 99, the Community Energy Resilience Act, would fund technical assistance and grant programs for planning, and a resilience manager to develop and implement plans, for distributed solar, microgrids and EV mobile storage. Funding priority would be for proposals that help low-income or disadvantaged communities likely to experience outages and that integrate well with regional climate action plans.
SB 612, the Ratepayer Equity Act, would give CCE customers fair access to the environmental credits associated with legacy power contracts that they are currently paying for through the power charge indifference adjustment, instead of paying for those credits to benefit PG&E.

AB 525 Offshore Wind Generation (Chiu), would require state agencies to develop an implementation plan for offshore wind that sets a goal of 10 GW by 2040, identify wind areas in federal waters to meet this goal, coordinate the state and federal offshore wind permitting processes, plan port improvements for offshore wind development, and support workforce training and energy transmission planning.

Staff engages on CPUC or CEC regulatory proceedings based on RCEA's RePower Humboldt strategic plan and seeks Board direction if the agency's position is unclear. RCEA relies on CalCCA, the CCE program's trade association, to take positions on federal or state legislation. Staff is developing a legislative platform for Board approval that would allow staff to respond quickly to calls for support or opposition to legislation at the state or federal level.

Chair Woo invited public comment. No one from the public submitted public comment or asked to speak. Chair Woo closed the public comment period. Executive Director Marshall clarified that this agenda item should be listed as general RCEA business and the Water District may vote.

M/S: Losey, Grover: Authorize staff to submit a letter of support for Senate Bill 99 (The Community Energy Resilience Act), Senate Bill 612 (Electrical Corporations: Allocation of Legacy Resources), and Assembly Bill 525 (Energy: Offshore Wind Generation).

Authorize the Executive Director to withdraw support if there is a substantive change to current bill language.

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

END OF COMMUNITY CHOICE ENERGY (CCE) BUSINESS

NEW BUSINESS

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

Executive Director Marshall gave the semi-annual progress report on RePower Humboldt strategic plan initiatives.

- RCEA's regional climate action plan work with the County and cities is progressing.
- The Bureau of Ocean Energy Management is expected to move forward with the Humboldt offshore wind development lease auction this year. RCEA and its project partners will participate.
- RCEA is upgrading its electric vehicle (EV) charging stations, launched an EV rebate program and is training city and county planning staff on new EV charging building codes and permitting, especially in multi-family housing parking lots.
- The airport microgrid solar and battery storage site is being prepared. Construction is scheduled to start this spring.
- Feed-in tariff solar projects are in the permitting process in their proposed jurisdictions. If the projects are successfully permitted, construction can begin.

- RCEA is starting to explore renewable, local power generation for resiliency in Hoopa and Willow Creek in partnership with PG&E, as well as clean power development options to support Samoa peninsula redevelopment projects.
- Power Resources staff is preparing to issue a solicitation for more new, renewable, local power to help make up for the Diablo Canyon nuclear power plant retirement.
- The Demand-Side Management department is launching new programs in 2021 as a CPUC program administrator.
- Rebate programs and CCE-funded citizen sourced programs will begin this spring.
- Staff is in final negotiations with a company that helps battery owners be paid for the use of their stored energy to stabilize the grid. Humboldt County agencies, residents and business owners who reserved over $40 million in state battery storage incentive funds may be able to participate.

There was discussion about whether the County Economic Development Division’s smart streets infrastructure initiative can incorporate RCEA’s EV infrastructure initiatives.

8.1.1 Rural Regional Energy Network development contract

Demand-Side Management Director Stephen Kullmann reported that RCEA is currently delivering energy efficiency services to the community under three-year contracts and is investigating participation in a Rural Regional Energy Network to provide funding after that time. Regional Energy Networks (RENs) are a CPUC mechanism to administer funds to local government agencies for customer programs. The RuralREN is envisioned to be a collaboration with eight rural agencies serving hard-to-reach communities with an annual budget between $15 and $25 million. RCEA would act as the fiscal administrator and could potentially receive $1.5 to $2 million annually, which would significantly increase the agency’s ability to provide services to customers.

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

M/S: Grover, Avis: Approve Professional Services Agreement with San Joaquin Valley Clean Energy Organization in an amount not to exceed $100,000 for Rural Regional Energy Network business plan development and authorize the Executive Director to execute all applicable documents pending RCEA Legal Counsel review.

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

Due to the lengthy meeting, the Board agreed to postpone discussion of item 8.2 - Board Meeting Duration/Frequency, and closed session item 11.1 – Conference with Real Property Negotiations. Chair Woo adjourned the meeting at 6:16 p.m.

Lori Taketa
Clerk of the Board