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BOARD OF DIRECTORS MEETING MINUTES

April 22, 2021 - Thursday, 3:30 p.m.

Notice of this meeting was posted on April 17, 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 3:30 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: Vice Chair Stephen Avis, Rex Bohn, Leslie Castellano, Chris Curran, David Grover, Mike Johnson, Sarah Schaefer, Frank Wilson, Chair Sheri Woo. ABSENT: Scott Bauer, Mike Losey, Mike Wilson. STAFF AND OTHERS PRESENT: Power Resources Director Richard Engel; TEA Client Services Manager 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 is planning a solar array installation on their Town Hall and is creating a Water Advisory Committee.

Vice Chair Avis reported that Ferndale is anticipating cost savings from a planned solar installation with battery back up at their wastewater treatment plant. Solar will also be installed at the Ferndale police station.

Chair Woo thanked staff for creating an Earth Day coloring book, which is accessible from the RCEA homepage.

ORAL COMMUNICATIONS

Written comment was submitted by April Walton, in support of solar energy but in opposition to the Hatchery Road solar development's location.

Member of the public Ken Miller submitted written comment in support of networked Widespread Distributed Solar and microgrids.

No member of the public in attendance at the meeting commented. Chair Woo closed the public comment period.

CONSENT CALENDAR

3.1 Approve Minutes of March 25, 2021, Board Meeting.

3.2 Approve Disbursements Report.

3.3 Accept Financial Reports.

3.4 Authorize the Executive Director to Execute, After Final Review and Approval by RCEA Legal Counsel, a Memorandum of Understanding Between RCEA and the Association of Monterey Bay Area Governments, the High Sierra Energy Foundation, the County of Kern, the San Joaquin Valley Clean Energy Organization, the County of San Luis Obispo, the Sierra Business Council, and the County of Ventura for the Development of the Rural Regional Energy Network.

3.5 Receive Biennial Salary Survey Report.

3.6 Approve Amendment No. 1 to the Contract for Legal Services with the Law Offices of Nancy Diamond and Authorize the RCEA Board Chair to Execute the Amendment and Any Associated Documents.

Chair Woo invited public comment. No member of the public asked to speak. Chair Woo closed the public comment period.

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

The motion passed with a unanimous roll call vote. Ayes: Avis, Bohn, Castellano, Curran, Grover, Johnson, Schaefer, F. Wilson, Woo. Noes: None. Abstain: None.

OLD BUSINESS

5.1. Amendment to Power Purchase Agreement with Humboldt Sawmill Company

Chair Woo recused herself at 3:39 p.m. 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 at 3:40 p.m. due to a conflict of interest. He is employed by Humboldt Redwood Company, which is associated with Humboldt Sawmill Company. He stated that he has no control of the company's finances.

Power Resources Director Richard Engel reported on the proposed 10-year contract extension with Humboldt Sawmill Company (HSC) which was negotiated to ensure that the CCE program remains in compliance with SB 350 long-term renewable power procurement contract requirements despite fluctuations in hydropower sources and actual Sandrini Solar Project construction completion dates. HSC power prices have been negotiated down to market levels and include prices for energy, renewable energy certificates and resource adequacy, which is increasingly expensive. Offshore wind cannot help with the compliance period that the HSC contract would help fulfil. The proposed contract would, at maximum energy procurement, supply roughly 70% of the energy produced by both HSC and DG Fairhaven, when that plant was in operation.

The directors discussed how offshore wind's resource adequacy values remain unknown; how HSC made plant improvements that lessened emissions during previous, higher priced contract periods; the Community Advisory Committee's work with RCEA Consultant Michael Furniss on examining the agency's role in developing alternative biomass uses; on biomass' higher resource adequacy values compared to those of solar due to solar energy's daily production fluctuation; how RCEA's Board directed staff to encourage construction of energy generating sources and to procure energy locally; and how sawmills must dispose of waste or risk shutting down.

Vice Chair Avis invited public comment.

Member of the public Daniel Chandler opposed a 10-year contract with Humboldt Sawmill Company due to biomass energy's contribution to global warming, stating that local energy is only better if it does not contribute to the climate emergency.

Nancy Ihara expressed opposition to a 10-year contract extension with Humboldt Sawmill Company due to greenhouse gas and toxic emission concerns, the lack of time to wait for carbon cycle completion, and the inefficiency of biomass energy generation. Ms. Ihara requested that RCEA lead the exploration of alternate biomass uses.

Member of the public Martha Walden opposed the 10-year Humboldt Sawmill Company contract due to climate concerns and requested the decision be delayed to allow more research into alternatives. Ms. Walden stated that so long as the mill is being paid to burn its waste there is no incentive to find alternative mill waste uses.

Dr. Wendy Ring opposed the contract, stating that the Biden administration committed to halve greenhouse gas emissions in the next decade but that RCEA is voting to increase emissions by subsidizing an obsolete, dirty power source. If biomass costs more than cleaner energy, then Dr. Ring requested the funds be used to purchase clean energy instead, even if RCEA must shop outside of Humboldt County to meet SB 350 requirements.

Vice Chair Avis closed the public comment period. After discussion and amendment, the following motion was made and adopted.

M/S: Castellano, Bohn: Authorize the Executive Director to execute Amendment No. 2 to RCEA's power purchase agreement with Humboldt Sawmill Company and direct staff to periodically review the contract with Humboldt Sawmill Company, assessing current alternate biomass uses and other environmental considerations.

The motion passed with the following roll call vote. Ayes: Avis, Bohn, Castellano, Curran, Grover, Johnson, Schaefer. Noes: None. Abstain: None. Recused: F. Wilson, Woo.

Chair Woo and Director F. Wilson rejoined the meeting at 4:53 p.m.

OLD CCE BUSINESS

7.1. Energy Risk Management Quarterly Report

The Energy Authority Client Services Manager Jaclyn Harr described factors projected to cause CCE program revenue fluctuations in the next two years: PG&E rate increases and decreases, Power Charge Indifference Adjustment (PCIA) or exit fee decreases, and the dramatic rise in California energy costs influenced by extreme high prices during last summer's heat events. TEA's net revenue forecasts for RCEA's CCE program are -\$2.8 million in 2021, almost \$2 million in 2022, and -\$3.12 million in 2023. TEA advises fiscal conservatism.

The Diablo Canyon nuclear power facility and gas-powered plant retirements are driving new CPUC-proposed Integrated Resource Plan energy generation resource procurement requirements for roughly 1/6 of California's generation capacity. The CPUC is beginning to emphasize geothermal and long-duration storage procurement requirements to counteract a reliance on solar and wind energy and short-duration storage, which may cause grid constraints. This addresses the question, "What is powering the grid overnight?"

The directors confirmed that RCEA continues to build reserves at a moderate rate, and that the construction and operation of key projects with which RCEA has long-term power procurement agreements, such as the Sandrini Solar Project in Kern County, will help stabilize some currently volatile factors. CalCCA is leading legislative efforts to correct PCIA calculation methods which currently benefit investor-owned utilities. The long-term forecast is that the PCIA will diminish.

No member of the public responded to Chair Woo's invitation for comment. Chair Woo closed the public comment period.

M/S: Castellano, Grover: Accept quarterly Energy Risk Management Report.

The motion passed with the following roll call vote. Ayes: Avis, Bohn, Castellano, Curran, Grover, Johnson, F. Wilson. Noes: None. Abstain: None. Absent: Schaefer. Non-Voting: Woo.

STAFF REPORTS

9.1. Staff report by Executive Director Matthew Marshall on offshore wind related activities.

Executive Director Marshall reported that California offshore wind lease auctions will likely take place at the end of 2021 or beginning of 2022 after a long delay due to Department of Defense issues on California's Central Coast. The leases will allow developers to begin site assessment activity but not construction. The current White House administration convened a round table discussion on offshore wind energy with industry, local government, and labor union representatives with the Secretaries of the Interior, Transportation, Commerce and Energy. CEC Commissioner Karen Douglas and Executive Director Marshall represented California. RCEA's Board Offshore Wind Subcommittee will meet next week.

Chair Woo adjourned the meeting at 5:23 p.m.

Lori Taketa

Clerk of the Board