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BOARD OF DIRECTORS MEETING MINUTES

April 23, 2020 - Thursday, 3:30 p.m.

Notice of this meeting was posted on April 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 3:30 p.m., stating that the meeting was being conducted by teleconference pursuant to Brown Act waivers included in Governor Newsom's COVID-19 State of Emergency Executive Orders and in response to local efforts to reduce the spread of the virus. Chair Allison stated that the posted agenda outlined instructions for the public on listening to the meeting and providing written comment.

PRESENT: Chair Austin Allison, Stephen Avis, Chris Curran, Vice Chair Estelle Fennell, Dwight Miller, Frank Wilson, Michael Winkler, Sheri Woo. ABSENT: Dean Glaser. STAFF AND CONSULTANTS PRESENT: Power Resources Director Richard Engel, The Energy Authority Client Services Specialist Jaclyn Harr, Account Services Manager Mahayla Slackerelli, Community Strategies Manager Nancy Stephenson, Executive Director Matthew Marshall, Clerk of the Board Lori Taketa.

REPORTS FROM MEMBER ENTITIES

Director Fennell informed the meeting participants of that evening's County televised meeting with Health Officer Dr. Teresa Frankovich and Sheriff William Honsal to provide facts about Humboldt County's current health crisis.

ORAL COMMUNICATIONS

Staff read a comment submitted by member of the public Wendy Ring, MD, referring to an article linking long-term, low-level, fine particulate air pollution exposure similar to levels measured in Humboldt County with higher COVID vulnerability. Dr. Ring discouraged reliance on outdated clean air standards and renewable energy definitions and encouraged mill waste use that decreases carbon emissions. The directors spoke of the need to be increasingly aware of health issues when considering biomass contracts and that new scientific information on COVID-19 is still emerging. Staff clarified that the DG Fairhaven consent calendar item was included to inform the Board that the power plant's sale did not occur.

CONSENT CALENDAR

3.1 Approve Minutes of February 27, 2020, Board Meeting.
3.2 Approve Disbursements Reports.
3.3 Accept Financial Reports.
3.4 Appoint Amin Younes and Elizabeth Burks to the Community Advisory Committee for two-year terms ending on April 11, 2022.
3.5 Approve Amendment No. 5 to Agreement for Employment of Executive Director with Matthew Marshall.
3.6 Accept Update on DG Fairhaven Contract Assignment (Information only).

3.7 Accept Update on PG&E Carbon-Free Power Allocation (Information only).

3.8 Authorize the Executive Director to finalize an amendment for a two-year extension of the existing commercial office lease for RCEA's existing headquarters at 633 3rd Street, Eureka, CA.

Director Woo requested item 3.5 be removed from the Consent Calendar.

Chair Allison confirmed that no member of the public requested removal of any consent calendar item.

M/S: Fennell, Miller: Approve all consent calendar items except 3.5.

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

REMOVED FROM CONSENT CALENDAR ITEMS

The directors thanked Executive Director Matthew Marshall for representing RCEA well locally, at the state level, nationally and internationally, and for leading the agency and the Board through the challenges of rapid expansion into Community Choice Energy well.

M/S: Fennell, Woo: Approve Amendment No. 5 to Agreement for Employment of Executive Director with Matthew Marshall.

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

COMMUNITY CHOICE ENERGY (CCE) BUSINESS

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

NEW CCE BUSINESS

6.1 Energy Risk Management Quarterly Report

Power Resources Director Richard Engel described COVID-19 pandemic effects on the CCE program thus far. The Energy Authority Client Services Specialist Jaclyn Harr presented a report on COVID-19's impacts on the energy market, RCEA, and options for response.

COVID-19 responses have significantly lessened electricity demand and are delaying new energy project timelines with supply chain disruptions to renewable energy technologies and battery storage. The economic recession, decreased demand and customers' inability to pay is projected to decrease RCEA income. The power charge indifference adjustment (PCIA) or exit fee's anticipated increase later this year will also negatively impact revenue.

The Board's options for maintaining the CCE program's viability in this highly volatile market are to adjust renewable and carbon-free energy goals and customer rates. Because RCEA has aggressively pursued environmental goals, staff recommends the CCE program sell its portfolio's most valuable asset, PCC1 in-state renewable energy credits from the Humboldt Redwood Company (HRC) biomass contract that RCEA does not need to meet 2020 compliance requirements. All RCEA power purchasing commitments with HRC will still be met. Staff further recommends maintaining the 1%-lower-than-PG&E discount to provide financial stability. The discount and customer program funding can be increased in the future should the market outlook improve.

The directors expressed support for staff's suggestions to sustain the CCE program and discussed different programs to help customers with their energy bills, which are listed on RCEA's website at https://redwoodenergy.org/covid-19/. RCEA is working with partners statewide on cost recovery during this pandemic-triggered recession which could last for a year or longer. Staff will update the Board with greater frequency if forecasts change significantly. California Community Choice Association (CalCCA) is tracking state government discussion on infrastructure and resiliency economic stimulus projects. Federal government discussions have not yet begun. Directors further discussed biomass energy's benefits to the CCE program and community through local jobs and resiliency during public safety power shutoff events and acknowledged air quality challenges. The future possibility of returning to the CCE program's original power source allocations was mentioned.

Chair Allison confirmed that no public comment was received for this agenda item.

M/S: Fennell, Miller: Accept Energy Risk Management Quarterly Report and support staff's strategy of selling Category 1 renewable energy credits and maintaining the 1% below PG&E generation rate customer discount.

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

END OF COMMUNITY CHOICE ENERGY (CCE) BUSINESS

NEW BUSINESS

8.1 100 MW Sandrini Solar Project Power Purchase Agreement

Power Resources Director Richard Engel reported on the status of meeting SB100 and SB350 mandates to increase percentages of procured renewable energy and of long-term renewable power contracts. The Board previously approved negotiating a 50 MW power purchase agreement with EDPR's Sandrini solar project to meet those requirements. The Terra Gen wind project's demise resulted in the loss of more long-term contracted renewable power and staff recommends increasing the amount of solar energy procured from the Sandrini project to the full 100 MW output which would provide 45% of the CCE program's current load. The negotiated price aligns with other solar offers and is reasonable to commit to for a long term. Should the project encounter COVID-related delays, a force majeure contract clause requires EDPR to provide replacement energy and renewable energy certificates from another source so RCEA still meets its state requirements.

Staff Director Engel described EDPR, which develops, finances and operates power projects in North America, Europe and South America. Most EDPR projects harness wind power, although many of their California and South Carolina projects harness power from the sun. The Sandrini project is located in Kern County on declining agriculture land with reduced water allocation and soil quality issues. It is projected to generate at 35% of nameplate capacity due to its favorable location and solar tracking features. Most Humboldt County solar projects generate at 20-25% of nameplate capacity. The directors expressed support for this contract and the increase of renewable energy in RCEA's energy portfolio.

Member of the public Jesse Noell requested analysis, evaluation and synthesis of a Forbes.com article's representation of electric vehicle batteries as a source of CAISO demand-responsive energy storage resource adequacy through smart chargers.

Director Wilson left the meeting during this item's discussion due to technical difficulties.

M/S: Avis, Curran: Approve a 15-year power purchase agreement with EDPR CA Solar Park II LLC for the full 100 MW capacity of its Sandrini solar project, and authorize RCEA's executive director to execute all applicable documents.

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

8.2 Feed-In Tariff Program – Approval of [1-5] Solar Power Purchase Agreements

Account Services Manager Mahayla Slackerelli reported that feed-in tariff (FIT) power procurement from local, small energy generators was specified as a CCE program launch period target. Staff designed a FIT program for local, renewable, community-scale energy projects with market-adjusting pricing last year. When fully subscribed at 6 MW, the FIT program will serve 2% of RCEA's load, or roughly 1,200 households' electricity needs. For scale, the Blue Lake Rancheria solar project generates 0.5 MW of electricity. Staff recommends entering power purchase agreements for three projects that have completed the request for proposal (RFP) application process.

The directors discussed the possibility of increasing RCEA's local solar procurement to 20% of RCEA's total solar energy procurement, the possibility of doing a second RFP round for larger FIT projects with lower prices, how longer contract terms enable developers to find financing for these projects with long payback periods, and how the current behind-the-meter demand response RFP does not fulfill state renewable portfolio long-term contract requirements but can be counted toward resource adequacy requirements.

Chair Allison confirmed that no public comment was received for this agenda item.

M/S: Fennell, Miller:

> **Approve a 20-year power purchase agreement with RPCA Solar 5, LLC for the 990 kW Hatchery Road A solar project, and authorize RCEA's executive director to execute all applicable documents.**
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> **Approve a 20-year power purchase agreement with RPCA Solar 5, LLC for the 990 kW Hatchery Road B solar project, and authorize RCEA's executive director to execute all applicable documents.**
>
> **Approve a 20-year power purchase agreement with North Coast Highway Solar 1, LLC for the 1 MW North Coast Highway Solar 1 solar project, and authorize RCEA's executive director to execute all applicable documents.**

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

8.3 Long-Term Resource Adequacy Solicitation

Power Resources Director Richard Engel reported that the Sandrini solar power purchase agreement approved in this meeting will fulfill the CPUC's incremental resource adequacy (RA) 2023 requirements but commitments to procure new energy capacity that would be online by 2021 and 2022 were yet to be secured. Other CCAs are also challenged to meet these state requirements and Valley Clean Energy is interested in doing a joint proposal solicitation with RCEA, which could allow for economies of scale. While RA can come in many forms, battery energy storage project proposals are likely. The request for proposals needs to be issued right away so the projects can be brought online by the August 2021 deadline.

Chair Austin confirmed there were no public comments for this item.

M/S: Winkler, Fennell: Authorize staff to jointly issue with Valley Clean Energy a Request for Proposals for Incremental Resource Adequacy Capacity, in accordance with the terms provided.

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

FUTURE AGENDA ITEMS

It was clarified that a recently received Redwood Coast Power, LLC letter was an unsolicited proposal and no contract procurements beyond those discussed at this meeting were currently under consideration.

Chair Allison adjourned the meeting at 5:31 p.m.

Lori Taketa
Clerk of the Board