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BOARD OF DIRECTORS MEETING MINUTES

May 27, 2021 - Thursday, 3:30 p.m.

Notice of this meeting was posted on May 24, 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 3:34 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, Scott Bauer, Chris Curran, David Grover, Mike Losey, Frank Wilson, Mike Wilson, Chair Sheri Woo. ABSENT: Sarah Schaefer. STAFF AND OTHERS PRESENT: Regulatory and Legislative Policy Manager Aisha Cissna; Power Resources Director Richard Engel; Swell Energy Vice-President of Grid Services Market Development Jon Fortune; Power Resources Manager Jocelyn Gwynn; Swell Energy Chief Executive Officer Suleman Khan; Executive Director Matthew Marshall; Community Strategies Manager Nancy Stephenson; Clerk of the Board Lori Taketa.

REPORTS FROM MEMBER ENTITIES

Director Losey reported that the Fortuna wastewater treatment facility's Tesla power pack requires further testing and coordination with PG&E before beginning operation. The plant power pack and upcoming solar installation will result in substantial savings for the city.

Vice Chair Avis reported that Ferndale's solar and battery storage system will also require testing before operation.

ORAL COMMUNICATIONS

Member of the public Robert Figas reported that his privately-owned company purchased the Fairhaven biomass power plant, is currently accepting 150 loads of waste per week, and will be updating the plant's boiler and switch gear with PG&E and bringing the plant back online. His company would like to negotiate a two- to three-month power purchase agreement with RCEA during a test run before the end of the year.

Member of the public Suzanne Atiyeh submitted written comment opposing offshore wind and requesting careful consideration of offshore wind's negative impacts on nautical birds. Director Grover volunteered to share studies indicating that seabirds re-evaluate flight patterns over a couple of years.

Chair Woo closed the public comment period.

CONSENT CALENDAR

3.1 Approve Minutes of May 27, 2021, Board Meeting.

3.2 Approve Disbursements Report.

3.3 Accept Financial Reports.

3.4 Approve a Contract with The Energy Authority, Including Resource Management Agreement and 2021 Task Order 1 for Operational Services, and Authorize the Executive Director to Execute the Contract and Any Associated Documents.

3.5 Approve Professional Services Agreement with Don Arambula in an Amount Not to Exceed $76,000 for Rural Regional Energy Network Business Plan Development and Authorize the Executive Director to Execute All Applicable Documents Pending RCEA Legal Counsel Review.

3.6 Authorize the Executive Director to Execute Amendment No. 3 to RCEA's Power Purchase Agreement with Humboldt Sawmill Company Clarifying Excess Delivered Energy Price Applicability, Crediting and Accounting.

3.7 Accept RCEA Supplier Diversity Report.

No member of the public or Board removed items from the consent calendar.

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

The motion passed with a unanimous roll call vote. Ayes: Avis, Bauer, Curran, Grover, Losey, F. Wilson, M. Wilson, Woo. Noes: None. Absent: Schaefer. F. Wilson, Woo abstained from voting on item 3.6 due to conflicts of interest.

NEW CCE BUSINESS

6.1. Net Energy Metering Legislation Update

Regulatory and Legislative Policy Manager Aisha Cissna reported on Assembly Bill 1139 which proposes to raise the tariff on Net Energy Metering (NEM) customers who generate more energy than they consume. The bill's rationale is that non-NEM customers are subsidizing the compensation paid to NEM customers, who usually are from higher income households. Bill proponents state that NEM compensation exceeds the benefits that rooftop solar provides to the grid, The utilities recoup the financial shortfall from non-NEM customers. AB 1139 would require potential NEM customers to pay prevailing wages for solar system installations, regardless of the project's size. The State Assembly will vote on the bill before June 4, and the Senate vote will take place by September 10. The CPUC expects to reach a decision on the NEM tariff by late 2021. CalCCA has not yet taken a position on the Assembly bill.

The directors discussed how charging the prevailing wage for solar panel installation is counterproductive to fighting climate change; how higher income NEM customers are benefitting customers who cannot afford to take climate action by installing solar; how it is not unusual for programs benefitting property owners to operate at the expense of non-property owners; the need for an analysis of the effects of charging prevailing wage; whether RCEA should align with CalCCA's position or take a position based on the agency's rural perspective; how the legislation could impact RCEA's electric generation revenue; how the bill allows investor-owned utilities (IOUs) to recoup funds; and the unlikelihood of IOUs developing additional programs to benefit lower-income customers. The directors expressed a willingness to remove their opposition if the bill were amended.

Member of the public Amber Woodworth spoke on behalf of Rise Energy, a local company of eight solar installers and asked the Board to oppose AB 1139. Ms. Woodworth stated that the bill will remove rooftop solar installation incentives for residences, schools, and businesses, devastate the California solar market and does not factor in the benefits of distributed energy generation, which is needed in addition to central energy generation.

Member of the public Rob McBeth opposed AB 1139, stating that 90% of the workforce represented by Humboldt Builders Exchange are non-union and receive benefits from local companies. Mr. McBeth stated that requiring prevailing wage would be a mistake and place an extreme burden on those companies.

Paul Woodworth submitted written comment asking the Board to oppose AB 1139, which he wrote would guarantee IOU profits at the expense of ratepayers and derail progress toward distributed energy generation and clean energy goals.

Joshua Pence of Rise Energy submitted written comment asking the Board to oppose AB 1139, which will end the growing rooftop solar industry. Mr. Pence asked the Board to support distributed generation and local solar jobs and reminded the directors that Humboldt County rejected large-scale wind in favor of rooftop solar.

Executive Director Marshall clarified that taking a legislative position is a general RCEA business matter, not a CCE business matter.

M/S: Losey, Avis: Oppose AB 1139 and direct staff to notify the Board should there be substantive changes to the legislation.

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

OLD BUSINESS

7.1. Community Grid Program and Behind-the-Meter Resource Adequacy Contract with Swell Energy

Power Resources Manager Jocelyn Gwynn reported on the proposed Swell Energy contract which can add resource adequacy (RA) to RCEA's energy portfolio or permanently reduce RCEA's energy load depending on CPUC RA accreditation methodology. Participating customers could save money by charging their batteries when electricity rates are low and using stored energy when electricity is expensive. The batteries also can power critical loads during power outages, making the customer facilities more resilient. Through Swell, CAISO will be able to use energy from customer batteries as a virtual power plant, helping to balance grid supply and demand during high demand periods such as extreme heat events.

The program's official start date will be May 2023. Swell will guide customers through the battery installation process, provide financing options and help them participate in the state Self-Generation Incentive Program. Swell CEO Suleman Khan expressed appreciation for RCEA's progressive development of behind-the-meter distributed energy resources. The contract is to enlist a minimum of 0.3 MW in customer battery storage for this program, which is equivalent to about 200 residential battery storage systems. Swell's long-term objectives are to install and enlist 3 MW of solar and battery storage systems locally and contribute to the local economy by working with the local installers and electrical contractors. Swell and RCEA staff share the goal of expanding storage systems accepted by the program to exceed resilience needs and become a capacity-providing resource. Both new customers and existing Humboldt County solar and battery system owners may participate.

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

M/S: Avis, Bauer: Approve the Behind the Retail Meter Storage Capacity Agreement and Co-Marketing Agreement with Swell Energy and authorize the Executive Director to execute all associated documents, contingent on final review and approval by RCEA legal counsel.

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

NEW BUSINESS

8.1. Creation of Deputy Executive Director Position and Updates to RCEA Organization Chart

Director Marshall reported that staff modeled the proposed Deputy Executive Director job description on the City of Eureka and City of Arcata's Deputy City Manager positions. The Deputy Executive Director would manage internal administrative functions such as human resources, information technology and non-energy risk management. The position requires public agency management and operation experience instead of energy experience and would be at the same organizational level as other department directors. Department directors would still make department-specific decisions in the Executive Directors' absence. Four existing administrative positions will report to the Deputy Executive Director.

Expanding RCEA's electric vehicle charging network, airport microgrid operation and planning for additional microgrids necessitate shifting some of the current Operations Director's IT responsibilities to the new Deputy Executive Director position. As agency contract and grant work has grown, the current Contracts and Grants Specialist's responsibility and skill levels have risen. This position should appropriately be adjusted to the manager level to reflect this change. The changes result in increased agency costs, but RCEA personnel costs remain relatively low at 6% of the budget, compared to 25 to 50% of typical public agency budgets.

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

M/S: Curran, Grover: Approve:

1. **Creation of a Deputy Executive Director position**
2. **Update to the RCEA Organization Chart**
3. **Revising the Director of Operations position to Director of Infrastructure Planning and Operations**
4. **Revising the Contracts and Grants Specialist position to Contracts and Grants Manager.**

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

8.2. Salary Schedule Update

Executive Director Marshall described the biennial salary survey of comparable local public agencies and rural community choice aggregators, the last of which was completed in 2019. The results of the current salary survey show RCEA salaries are about 16% below the average. A 16% increase of all pay steps of all job classes would result in less than 1% increase of the overall budget. The increase in remote work due to the pandemic allows Humboldt County residents to work for high-paying out-of-area organizations. There have been few applications for RCEA's technical job openings. RCEA has fewer paid holidays than comparable agencies.

RCEA has no unfunded pension liabilities and does not participate in CalPERS. Step increases are based on performance if the agency's budget allows. The directors expressed a desire to recruit the best staff possible and a concern that if electricity purchase and sales are subtracted, personnel costs comprise a larger percentage of the agency's limited budget.

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

M/S: Grover, Bauer: Approve 1) update to the RCEA salary schedule with option A, a 16% increase and 2) the addition of César Chávez Day and two floating holidays to the paid holidays provided to RCEA staff.

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

8.3. FY 21-22 Preliminary Draft Budget

Executive Director Marshall reviewed the current year budget and the proposed budget for the next fiscal year. Airport microgrid construction delays are pushing costs and funding into the next fiscal year. Electricity sales are expected to increase, as will wholesale power costs and customer utility bill payment delinquency. Subtracting power purchase and sales, RCEA staff costs remain relatively low compared to local agencies with similar budgets. Customer efficiency and rebate programs will expand operations as pandemic restrictions ease.

Negative effects of the power charge indifference adjustment (PCIA) cap trigger will be felt in 2021. PCIA fees should be more stable in the long-term. Staff is investigating state and federal customer nonpayment relief options. Reserves building continues at moderate rates despite the negative market. Staff stressed the continued importance of reserves building, maintaining focus on long-term goals, and avoiding overly ambitious environmental targets at the expense of a fiscally-conservative procurement strategy.

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

8.4. Offshore Wind Energy Harbor Redevelopment

Executive Director Marshall reported on the current Federal and State government support for offshore wind and the May California state budget revision's $20 million allocation for offshore wind development. The allocation includes $11 million for offshore wind port facility development, which could be used as matching funds to enable the Humboldt Bay Harbor, Recreation and Conservation District to apply for up to $55 million In federal harbor funding to rebuild a dock as part of an offshore wind port facility. The due date for that grant application is July 30. The Harbor District has engaged a harbor infrastructure planning, design, and engineering firm to craft the grant proposal and is asking RCEA to contribute up to $50,000 towards proposal development costs. Should the grant not be awarded to the Harbor District, the proposal, preplanning and design work can be used to seek future funding and for implementation. A dock facility is needed before the West Coast offshore wind industry can be developed.

The directors expressed support for Humboldt Bay as the West Coast offshore wind industry hub and saw grant application cost sharing as a signal of RCEA's commitment to cooperate with other agencies to develop this industry.

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

M/S: Losey, Grover: Approve providing up to $50,000 in funding to the Humboldt Bay Harbor District to plan and seek funding for the redevelopment of harbor infrastructure necessary for future offshore wind energy development activities.

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

The directors requested a staff update on options for migrating back to in-person meetings+.

Chair Woo adjourned the meeting at 6:09 p.m.

Lori Taketa

Clerk of the Board