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BOARD OF DIRECTORS MEETING MINUTES

May 28, 2020 - Thursday, 3:30 p.m.

Notice of this meeting was posted on May 24, 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 (arrived at 3:42 p.m.), Chris Curran, Vice Chair Estelle Fennell, Dean Glaser, Dwight Miller, Frank Wilson, Michael Winkler, Sheri Woo. STAFF AND CONSULTANTS PRESENT: Business Planning & Finance Director Lori Biondini, RCEA General Counsel Nancy Diamond, Power Resources Director Richard Engel, Account Services Manager Mahayla Slackerelli, Community Strategies Manager Nancy Stephenson, Executive Director Matthew Marshall, Clerk of the Board Lori Taketa.

ORAL COMMUNICATIONS

Staff read an email from David O'Neill, attorney for Redwood Coast Power and LandGas Technology LLC, requesting the Board to direct staff to discuss a potential power purchase agreement for electricity from its Blue Lake biomass plant with company representatives or to explain why negotiations will not take place since the DG Fairhaven biomass plant is idle. Staff confirmed that there is no current plan to acquire additional biomass electricity and that RCEA's contract with DG Fairhaven remains in effect.

REPORTS FROM MEMBER ENTITIES

Vice Chair Fennell updated the Board on a recently submitted report on a regional approach to managing the Potter Valley Project which included possible removal of the Scott Dam and continued power supply to the Potter Valley area and water supply to the Russian and Eel River watersheds. A management plan must be formulated in the next two years.

Director Winkler reported that the City of Arcata is suspending City Hall and library heating electrification due to reduced revenues resulting from the COVID pandemic.

Director Woo reported that the Humboldt Bay Municipal Water District has completed the petition for change project narrative for its in-stream flow dedication project.

CONSENT CALENDAR

3.1 Approve Minutes of April 23, 2020, Board Meeting.
3.2 Approve Disbursements Report.
3.3 Accept Financial Reports.

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

M/S: Fennell, Winkler: Approve consent calendar.

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

COMMUNITY CHOICE ENERGY (CCE) BUSINESS

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

OLD CCE BUSINESS

5.1. CCE Program Rates Update (Information Only)

Director Avis joined the meeting.

Account Services Manager Mahayla Slackerelli reported on PG&E's continuing statewide customer transition to time of use (TOU) rates, a small rise in CCE program opt outs and customer calls in February coinciding with Humboldt County's peak energy use season, and an RCEA and PG&E electricity rate increase in May. She noted that customer calls and opt outs have since returned to normal levels. RCEA absorbed a significant Power Charge Indifference Adjustment (PCIA or exit fee) increase to keep customer rates competitive. Staff is monitoring news of another anticipated exit fee increase this fall.

The directors discussed higher electricity use billing baselines for electric heat pump space heating, upcoming statewide outreach about time-of-use money saving strategies, and how the Water District is working with RCEA to reduce high winter energy bills and associated high customer water bills resulting from increased, seasonal turbidity reduction needs. The COVID emergency's effects on commercial and residential energy use were discussed, as were reasons for PG&E's May rate adjustment, long-term plans to uncouple RCEA's rates from PG&E's, the California Community Choice Association's legislative efforts to increase energy rate transparency and the PCIA's 20% inflation of Community Choice Aggregator rates.

END OF COMMUNITY CHOICE ENERGY (CCE) BUSINESS

NEW BUSINESS

8.1 Feed-in Tariff Program

Account Services Manager Mahayla Slackerelli described the local, community-scale, renewable energy generation program that the Board requested when the Community Choice Energy Program launched. The feed-in tariff (FIT) power portfolio allocation target and the total utility-scale/wholesale solar target were set at 6MW and 15MW, respectively. Two solar feed-in tariff FIT project contracts with a combined output of 0.6% of RCEA's annual load were recommended for approval. Two additional FIT contract proposals currently under review would, if approved at a future meeting, exceed the initial FIT portfolio allocation target by 0.5MW. Manager Slackerelli described staff's proposal to increase the initial FIT portfolio allocation to 6.5MW and add another phase of 6MW in possibly larger capacity FIT project contracts. Combined with the airport microgrid project, FIT projects would help meet the 15MW wholesale solar target. The second phase would increase total FIT capacity to 4% of RCEA's load, or powering roughly 6,000 homes.

Power Resources Director Richard Engel described the renewable energy development process and how power purchase contracts are signed early so project developers can obtain financing for the environmental review and permitting processes and construction. RCEA's Board is being asked to approve power purchase agreements, not projects. Only the County or city where the project is located can decide whether a project can be built.

The directors discussed how and why FIT energy prices are higher than biomass prices; the value of local, community-scale projects and their local economic benefits and the alignment of smaller-scale local projects with community values; the potential inclusion of battery storage in future FIT requests for proposals (RFPs); and current RCEA RFPs for behind-the-meter distributed energy resources and resource adequacy that may result in additional battery storage.

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

M/S: Avis, Fennell:

Approve a 20-year power purchase agreement with Sunthurst Energy, LLC for the 999 kW Humboldt County Solar 1 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 2, LLC for the 1 MW North Coast Highway Solar 2 solar project, and authorize RCEA's Executive Director to execute all applicable documents.

Approve increase of feed-in tariff phase 1 programmatic capacity up to 6.5 MW to accommodate current applicants.

Approve feed-in tariff phase 2 with an additional 6 MW of capacity to be released August 1, 2020.

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

8.2 2020-2023 Energy Efficiency Program funding – PG&E Local Government Partnership Contract and RCEA-Administered CPUC Funding update

Executive Director Marshall introduced Stephen Kullmann, RCEA's new Demand-Side Management Director who serves on the Humboldt Bay Harbor, Recreation and Conservation District Commission and who will be stepping down from that body's wind energy subcommittee to avoid potential conflicts of interest.

Executive Director Marshall reported on the June 2020 end of the current PG&E Energy Watch energy efficiency program, which has been central to the agency's work since its founding, and RCEA's direct administration of CPUC energy efficiency funding for three years beginning in July. Mr. Marshall stated that RCEA's local government partnership with PG&E will continue under a new contract with a modified scope, and that while that contract and the CPUC funds total less than RCEA previously received for energy efficiency work, the agency will be able to continue delivering direct energy savings to businesses through energy use reducing technology installation, technical assistance, and energy assessment; local government partner services such as greenhouse gas inventories and climate action planning; and services to the general public and contractors such as program referrals, energy efficiency technology training and customer education. Mr. Marshall noted the need to redesign energy efficiency programs for residents and small businesses due to the COVID-triggered recession.

The directors discussed COVID's effects on project priorities, potential County and state energy resiliency funding sources, and shifting to greenhouse gas reduction and other community benefit criteria as measures of energy efficiency rather than only kilowatt hours saved.

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

M/S: Fennell, Miller: Approve contract with PG&E for a 2020-2023 Energy Efficiency Local Government Partnership Program and authorize the Executive Director to execute, after final review and approval by RCEA General Counsel, the contract and all associated documents as necessary.

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

8.3 Draft RCEA Fiscal Year 2020-21 Budget

Provide guidance and input to staff on draft FY20-21 budget.

Executive Director Marshall presented a preliminary draft of the upcoming fiscal year's budget and a summary of notable influences. The scale and duration of the COVID pandemic's impacts on electricity sales and wholesale power costs are unknown. Customer loads are reduced, late customer payments are expected to increase and PG&E has suspended power shutoffs for nonpayment until further notice. For the airport microgrid project, delayed FAA project approvals have pushed back construction and slowed project funding timing is reflected in the preliminary draft budget. Revenue projections include the 1% CCE customer discount relative to PG&E's rates, the sale of surplus Humboldt Redwood Company renewable energy credits and assume a return to original CCE program power portfolio content objectives in 2021. Regulation changes and COVID impacts are expected to continue to reduce revenue in 2021. Power portfolio content and customer rate discount adjustments can be made at that time if needed. Use of reserve funds is not anticipated. Costs of the agency's office building purchase and renovation have not yet been included in the budget and will be reported to the Board at a future meeting. The Finance Subcommittee will meet prior to the June Board meeting to review a further refined proposed budget.

Discussion centered on cost recovery efforts, efforts to minimize impacts on paying customers, and the possibility of requiring proof that bill non-payment was COVID-related. It was stated that customers of CCAs, which are responsibly addressing climate change, should not pay more than PG&E customers.

Executive Director Marshall confirmed there were no public comments for this agenda item.

STAFF REPORTS

9.1. Staff report by Executive Director Matthew Marshall.

Mr. Marshall reported that in addition to Demand-Side Management Director Kullman, another local candidate, former Advanced Fuels and Transportation Specialist Aisha Cissna, was hired to fill the Regulatory and Legislative Policy Manager position. RCEA operations continue as normal except for some energy efficiency programs which are on hold due to shelter-in-place and social distancing orders. Mr. Marshall commended staff for scaling up the agency's data-secure remote work capabilities rapidly and reported that staff is crafting an organizational culture that promotes sustainable remote work performance and productivity levels for an extended time.

FUTURE AGENDA ITEMS

The directors requested an agenda item for the next meeting directing staff to send a response to Redwood Coast Power and updating the Board on local biomass procurement, the status of the DG Fairhaven plant and the possibility of biochar production as part of future biomass contracts. Future meeting requests were made for a formal presentation by Demand-Side Management Director Kullmann on his vision for implementing Board adopted plans and goals, a Public Safety Power Shutoff update and enabling the public to call in comments.

Chair Allison adjourned the meeting at 5:42 p.m.

Lori Taketa
Clerk of the Board