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BOARD OF DIRECTORS MEETING MINUTES

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

Notice of this meeting was posted on July 18, 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 3:32 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, David Grover, Mike Losey (left at 4:52 p.m.), Sarah Schaefer, Mike Wilson (arrived 3:38 p.m.), Chair Sheri Woo. ABSENT: Scott Bauer, Chris Curran, Frank Wilson. STAFF AND OTHERS PRESENT: RCEA General Counsel Nancy Diamond, Power Resources Director Richard Engel, Power Resources Manager Jocelyn Gwynn, The Energy Authority Client Services Manager Jaclyn Harr, Executive Director Matthew Marshall, Account Services Manager Mahayla Slackerelli, Community Strategies Manager Nancy Stephenson, Clerk of the Board Lori Taketa.

REPORTS FROM MEMBER ENTITIES

Director Losey reported that Fortuna's wastewater treatment plant Tesla power pack activation has been delayed until August to ensure the online interface is working properly.

Director Schaefer asked for energy-related questions for prospective Arcata City Council members to be emailed to her.

Chair Woo reported that the Ruth Lake reservoir is currently full and contains three to four years' worth of water for Humboldt Bay Municipal Water District customers if water is conserved. Tributary and groundwater flow is very low and Mad River water flow is at a third of last year's flow rates. Watershed conditions are not good, with toxic blue-green algae already reported at Ruth Lake and in the Mad River. The Eel River has already disappeared in sections.

Director Grover reported that Trinidad has a Water Advisory Committee and stressed the importance of water conservation.

ORAL COMMUNICATIONS

No member of the public submitted public comment or asked to speak.

CONSENT CALENDAR

3.1 Approve Minutes of June 24, 2021, Board Meeting.

3.2 Approve Disbursements Report.

3.3 Accept Financial Reports.

Chair Woo requested that item 3.1 be removed from the consent calendar. No member of the public requested consent calendar item discussion.

M/S: Losey, Grover: Approve all consent calendar items except item 3.1.

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

REMOVED FROM CONSENT CALENDAR ITEMS

Chair Woo requested that the minute wording of Old Business item 5.1 – RCEA Fiscal Year 2021-22 Budget be changed from “bad customer debt” to “past due accounts,” and that “untilled” be corrected to “unfilled.” No member of the public commented on this item.

M/S: Avis, Grover: Approve consent calendar item 3.1 - Minutes of June 24, 2021, Board Meeting as amended.

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

OLD CCE BUSINESS - Chair Woo confirmed that a quorum was present to conduct Community Choice Energy business.

5.1. Energy Risk Management Quarterly Report

The Energy Authority Client Services Manager Jaclyn Harr updated the Community Choice Energy program’s financial forecast and gave an overview of RCEA energy procurement requirements and recent policy changes.

This year’s net revenue is forecasted to be negative. In 2022, the net revenue forecast improves but remains negative. Increased energy prices and PG&E generation rates are expected to combine with decreased exit fees, resulting in lower customer prices and a smaller pool of funds for customer programs and infrastructure investment. Ms. Harr described volatile energy costs, current hydroelectricity production, and the effect of regional weather on energy prices and the grid. A slight positive net revenue is forecast for 2023, partly due to the Sandrini Solar project long-term contract start. The Board can adjust programs to better position the agency based on forecasts.

Ms. Harr described the Diablo Canyon nuclear power plant decommissioning’s effects on generation rates and exit fees, and the expected high cost of replacing the plant’s power generation with renewable energy and storage. Smaller nuclear power plant projects are being considered in the Pacific Northwest to help decarbonization efforts, however no new nuclear power plants can be built in California until a federally-mandated waste storage location is established. Transmission line undergrounding in rural areas will increase transmission rates for both PG&E and CCA customers in northern California.

Ms. Harr reviewed RCEA's energy procurement, which is directed by the Board's goals and policies, regulatory compliance and price risk mitigation.

Resource adequacy (RA) program rules were originally put in place after the energy crisis in the early 2000's to ensure California had enough electricity generating capacity to meet demand at all times. These rules have changed over time. Most recently CPUC has assigned PG&E to be the central procurement entity (CPE) to purchase local RA for RCEA from 2023. This is a transitional step as the state overhauls the RA system. CPE's reduce both CCA control of RA costs and incentive to build resources in locally constrained parts of the grid. Both CCAs and investor-owned utilities are critical of the new CPE requirement.

Ms. Harr reviewed California's recent generation capacity history. Once-through cooling natural gas plants built in the early 2000s are being retired this decade along with the Diablo Canyon nuclear power plant, ushering in a new period of large-scale energy development. A total of 11.5 gigawatts of capacity, over 1/6 of California's total energy generation, needs to be built between 2023-2026. This new mid-term reliability capacity development must complement the large number of intermittent wind and solar energy projects built between 2005-2020. New state goals include building more smart renewables and storage resources, as well as increasing energy efficiency and accommodating more distributed energy resources. RCEA's obligation is to build 39 MW of new, non-fossil fuel resources under long-term contracts. Some of these new resources must be zero-emission and provide power between 5-10 p.m. daily, some resources must be storage that can discharge for 8 hours, and some resources must generate energy 80% of the time. The procurement will likely be expensive but will result in a much lower carbon-emitting grid.

Community Advisory Committee member Norman Bell inquired, as a member of the public, whether Humboldt Sawmill Company's 10-year contract met the new state requirements, whether offshore wind energy's intermittent generation precluded it from being included in RCEA's portfolio, and whether wave energy merited consideration. Staff responded that the biomass contract helped fulfil another state long-term renewable contract requirement but not the new mid-term reliability procurement requirements. Offshore wind energy meets RCEA's internal procurement goals and its capacity could potentially be increased to 80% with the addition of batteries. The state's new reliability procurement requirements favor geothermal energy, or like resources which can generate energy around the clock.

M/S: Losey, M. Wilson: Accept Energy Risk Management Quarterly Report.

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

Director Losey left the meeting at 4:52 p.m.

OLD BUSINESS

7.1. RePower Humboldt Strategic Plan Update (Information only)

Executive Director Marshall reported on the RePower Humboldt Strategic Plan's four focus areas.

In Transportation, the agency is adding new public electric vehicle (EV) charging network stations at the Arcata Community Center and at the airport. EV customer rebate applications are being submitted and RCEA was awarded a CEC medium and heavy duty zero emission vehicle infrastructure planning grant.

In Integrated Demand-Side Management, or Customer Programs, a space and water heating building electrification program is being launched and a program to utilize customer battery storage as a virtual power plant is being finalized with Swell Energy. This program will also increase grid capacity and help fulfill resource adequacy requirements. Staff is conducting customer battery storage and solar workshops relating to this program this month. Energy efficiency programs are ramping back up after a year of pandemic shelter-in-place measures.

In the Energy Generation arena, solar panels are being installed at the airport microgrid with the goal of beginning operation by the end of the year. The Sandrini and local feed-in tariff (FIT) solar projects are progressing. The Hatchery Road FIT projects completed the County planning process earlier this year and are anticipated to be online before the end of 2022. The innovative behind-the-meter customer-based reliability contract with Leap began providing resource adequacy in June and was featured in a Los Angeles Times article.

In Regional Planning and Coordination, the Regional Climate Action Plan public review draft is being analyzed by city staff and will be addressed by local jurisdiction councils and communities in the coming months. In the state budget, $11 million was allocated for Humboldt Harbor infrastructure development as matching funds to support the Harbor District's $56 million federal grant application for harbor infrastructure development. The funding demonstrates state support to the federal government. RCEA is working with the Humboldt Area Foundation and other partners to develop a local energy resiliency network made up of community organizations and stakeholders. The network will work to engage the broader community on energy resilience issues.

The directors praised staff for helping the Harbor District secure the state budget allocation and noted how the federal government is focusing on Humboldt County for offshore wind generation. There was no public comment for this agenda item.

7.2. Racial Justice Plan

Customer Services Manager Mahayla Slackerelli gave a progress report on the agency's Racial Justice Plan. Internally, equity actions have been added to job descriptions and staff equity trainings have been added to staff work plans. RCEA has joined the Government Alliance on Race and Equity to gain access to staff training materials. Recruitment will include skills testing and bias training for hiring committee members. Staff demographic surveys will be conducted to track progress.

Externally, agency staff leadership will pursue more formalized relations with local Tribes through the Tribal Chairmen's Association and participate in outreach activities in Hoopa Valley. Staff will gather demographic data on people currently served through RCEA programs to aid with program selection, design, and implementation. Staff is also sharing information on agency initiatives with CalCCA Environmental Justice Committee and the California Energy Efficiency Coordinating Committee Equity Metrics Working Group, which advises the CPUC on equity issues.

Staff requested that the ad hoc Racial Justice Plan Board Subcommittee continue through 2022 so it can participate in the first phase of the plan's implementation. The Board supported this subcommittee change and suggested modifying the subcommittee composition at a future meeting as the Board's membership changes.

Board members thanked Ms. Slackerelli for her work on the plan and expressed pride to be part of an agency that values this equity work. No member of the public commented.

M/S: M. Wilson, Grover: Accept Racial Justice Plan progress report and to continue the ad hoc Racial Justice Subcommittee through 2022.

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

STAFF REPORTS

9.1. Update by Executive Director Matthew Marshall on the Offshore Wind Project

Executive Director Marshall described the upcoming federal Bureau of Ocean Energy Management combined Humboldt and Central Coast offshore wind lease auction in mid-2022 following an environmental review of the auction process. Multiple, separate leases will be awarded at the same time and developers are usually allowed to win only one lease. The in-depth environmental review of an actual proposed wind project takes place after lease areas have been awarded. There was no public comment on this agenda item.

FUTURE AGENDA ITEMS

There was a request for a briefing on new nuclear energy technology from a knowledgeable source and creating an opportunity for a change in Board membership on the ad hoc Racial Equity Subcommittee when more Board members are in attendance.

CLOSED SESSION

The Directors agreed to postpone closed session discussion regarding the current real estate search until August.

Chair Woo adjourned the meeting at 5:30 p.m.

Lori Taketa

Clerk of the Board