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BOARD OF DIRECTORS MEETING MINUTES

September 23, 2021 - Thursday, 3:30 p.m.

Notice of this meeting was posted on September 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 the AB 361 Brown Act open public meeting law revisions signed into law on September 16, 2021, and Governor Newsom's State of Emergency Proclamation of March 4, 2020. Chair Woo stated that the posted agenda contained public teleconference meeting participation instructions.

PRESENT: Vice Chair Stephen Avis, Chris Curran, David Grover, Sarah Schaefer, Frank Wilson, Mike Wilson (joined 3:36 p.m.), Chair Sheri Woo. ABSENT: Scott Bauer, Mike Losey. STAFF AND OTHERS PRESENT: Power Resources Director Richard Engel; Power Resources Manager Jocelyn Gwynn; Executive Director Matthew Marshall; Customer Service Coordinator Summer Sanderson; Clerk of the Board Lori Taketa.

1.1. Teleconference Meeting Authorization

Clerk of the Board Taketa reported on revised Brown Act requirements for conducting virtual public meetings. A proclaimed statewide state of emergency must be in effect and either local health officials must require social distancing or the local government agency's legislative body must find that meeting in person poses a threat to public health and safety. Since Humboldt County's public health officials have mandated indoor masking but have not specifically required social distancing, staff recommended the directors consider finding in-person meeting to be a threat to public safety and health at this time.

Legal Counsel Diamond explained that public agencies are waiting to see whether the Governor will sign a companion Brown Act bill, AB 339. This bill would make AB 361's Brown Act teleconference waivers and conditions permanent. There were no public comments for this item.

M/S: Avis, Grover: Adopt Resolution No. 2021-5 Ratifying Governor Newsom's March 4, 2020, State of Emergency Proclamation and Authorizing Remote Teleconference Meetings of RCEA's Legislative Bodies for the Period September 23, 2021, through October 23, 2021, Pursuant to Brown Act Revisions.

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

There were no reports from member entities.

There were no comments from the public on non-agenda items. Chair Woo closed the public comment period.

CONSENT CALENDAR

4.1 Approve Minutes of August 26, 2021, Board Meeting.

4.2 Approve Disbursements Report.

4.3 Accept Financial Reports.

4.4 Approve Amendment No. 1 to 2021 Task Order 1 for Operational Services with The Energy Authority Related to Congestion Revenue Rights and Authorize the Executive Director to Execute the Amendment and All Associated Documents.

4.5 Approve Selection of SacTown Contractors to Provide Lighting Contractor Services to RCEA and Authorize the Executive Director to Prepare and Execute a Professional Services Agreement with SacTown Contractors for These Services, and All Applicable Documents.

Chair Woo asked that item 4.4 be removed from the consent calendar. No member of the public removed items from the consent calendar.

M/S: Avis, M. Wilson: Approve all consent calendar items except 4.4.

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

Chair Woo requested an explanation of congestion revenue rights (CRRs). Power Resources Director Engel explained that load-serving entities incur expenses when there is congestion on electrictity transmission lines between generation sources and where power is being used. CRRs are a financial instrument that mitigates that expense and encourages investing in transmission where it is needed. CAISO now requires load-serving entities like RCEA to post temporary deposits for CRR auctions instead of relying on third parties like TEA to provide this service. The associated scheduling coordinator ID fees that will now become RCEA's responsibility are minor relative to revenues received from participating in the CRR market. There were no public comments on this item.

M/S: Avis, Grover: Approve Amendment No. 1 to 2021 Task Order 1 for Operational Services with The Energy Authority Related to Congestion Revenue Rights and Authorize the Executive Director to Execute the Amendment and All Associated Documents.

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

Chair Woo confirmed there was a quorum to conduct CCE business. There was no Old CCE Business to discuss at this meeting.

NEW CCE BUSINESS

7.1. Mid-Term Reliability Solicitation

Power Resources Manager Gwynn reviewed the CPUC's new requirement to procure new capacity to be brought online between 2023 and 2026. This procurement addresses retirement of the Diablo Canyon nuclear power plant and several natural gas plants. RCEA's share of the statewide capacity to be procured is 39 MW. This capacity must come from non-fossil fuel sources and meet a variety of other requirements which match RCEA's Board-approved goals for 100 percent clean and renewable energy by 2025 and 100 percent local renewable energy by 2030. Staff proposed conducting a request for offers (RFO) and a request for qualifications (RFQ) solicitation for this capacity so local projects not currently under development can be considered. Current project partners will be given preference since working with vetted partners with whom legal issues have already been resolved should help meet the procurement's early deadlines. Project scoring criteria were adjusted to better protect RCEA from risk. Environmental impacts will be assessed during the evaluation process as part of the project's permitting risk. Staff hopes to bring final agreements from the RFO process to the Board in March 2022. The RFQ process will be conducted through 2022. Northeast Humboldt County projects addressing power outage resilience would be well-suited to this solicitation.

Director Curran and Chair Woo volunteered to form an ad hoc Mid-Term Reliability Solicitation Subcommittee to review the solicitation process with staff and to share non-proprietary information about the process with the full Board as needed.

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

M/S: Grover, Avis: Authorize staff to issue a Request for Offers/Request for Qualifications for Incremental Resource Adequacy Capacity, in accordance with the terms provided.

Establish ad hoc Board committee of Chair Woo and Director Curran to meet with staff periodically to review and discuss the procurement process, reporting back to the Board with non-confidential information as appropriate.

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

7.2. Policy on Non-Standard Rates for Large Customers

Power Resources Director Engel reported on a proposed policy that would allow RCEA to negotiate rates with very large community choice energy (CCE) program customers. Through the direct access program these large customers have the option of purchasing power from third-party, for-profit suppliers instead of from an investor-owned utility or the CCE program. Direct access companies usually provide power from lowest-cost power sources with minimal environmental compliance practices. Staff stated that the proposed policy may help attract industry to the county. Large customers usually request contract price details to remain confidential. Contracts would be negotiated by the Executive Director. The directors expressed a need for oversight and requested the Board have the option to create ad hoc subcommittees to review proprietary contract terms prior to any non-standard rate adoption. An addition (item 6) to the Non-Standard Pricing Agreement Policy was requested to reflect this option.

M/S: Grover, Avis: Approve the Non-Standard Pricing Agreement Policy as amended to allow for creation of ad hoc committees to review contract terms at the Board's discretion and adopt Resolution No. 2021-6, delegating authority to the Executive Director to negotiate and execute non-standard pricing agreements with eligible commercial and industrial customers and RCEA's member agencies, provided that the pricing agreements meet the minimum requirements set forth in the Non-Standard Pricing Agreement Policy.

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

7.3. Memorandum of Understanding with Humboldt Sawmill Company on Alternative Biomass Uses

Chair Woo recused herself at 4:37 p.m. due to a remote conflict of interest.

Power Resources Director Engel described the memorandum of understanding (MOU) between RCEA and the Humboldt Sawmill Company (HSC) following a conditional approval of extension of RCEA's biomass power purchase agreement (PPA) with HSC to meet state-mandated long-term contract requirements. The MOU stipulates that RCEA and HSC will meet annually to review alternative biomass uses, that HSC will provide information needed to perform these evaluations, that HSC will make their alternative biomass use consultant's findings available to RCEA, and that the PPA confidentiality provisions will apply to the MOU. The MOU does not provide a means to exit the PPA and is a way for both parties to seek the best path forward for the biomass material. Director Grover, who had opposed the long-term contract extension, stated that he is more comfortable with the extension with the MOU in place. No member of the public commented on this agenda item. Director Frank Wilson recused himself at 4:42 p.m. because he is employed by Humboldt Sawmill Company.

M/S: Grover, Curran: Authorize the executive director to execute Memorandum of Understanding Between Redwood Coast Energy Authority and Humboldt Sawmill Company Regarding Alternative Uses of Materials Used for Biomass Power Generation.

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

Chair Woo and Director Wilson rejoined the meeting at 4:42 p.m. There was no Old or New Business to discuss at this meeting.

10.1. Update from Executive Director on Offshore Wind (Information only)

Executive Director Marshall stated there was nothing new to report since the last Board meeting. No member of the public responded to Chair Woo's invitation for comment.

There were no future agenda item requests from directors or members of the public. Chair Woo adjourned the meeting at 4:45 p.m.

Lori Taketa, Clerk of the Board