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BOARD OF DIRECTORS MEETING MINUTES

September 24, 2020 - Thursday, 3:30 p.m.

Notice of this meeting was posted on September 24, 2020. Executive Director Matthew Marshall 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 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. Executive Director Marshall stated that the posted agenda contained public teleconference meeting participation instructions.

PRESENT: Chair Austin Allison (arrived 3:33 p.m.), Stephen Avis, Chris Curran, Dean Glaser, David Grover, Frank Wilson, Alternate Director Mike Wilson, Michael Winkler, Sheri Woo. ABSENT: Vice Chair Estelle Fennell. STAFF AND CONSULTANTS PRESENT: General Counsel Nancy Diamond, Power Resources Director Richard Engel, Power Resources Manager Jocelyn Gwynn, Executive Director Matthew Marshall, Accounts Services Manager Mahayla Slackerelli, Community Strategies Manager Nancy Stephenson, Board Clerk Lori Taketa. OTHERS PRESENT: Schatz Energy Research Center Principal Engineer Jim Zoellick.

REPORTS FROM MEMBER ENTITIES

Director Grover reported he is assisting the ad hoc RCEA Racial Justice Action Plan Subcommittee by reaching out to the Yurok Tribe for input.

Alternate Director Mike Wilson contacted the County and Coastal Commission planning staffs to discuss potential planning and ordinance changes to accelerate electric vehicle adoption.

Director Winkler attended two offshore wind workshops through the Schatz Energy Research Center.

Director Woo reported that the Humboldt Bay Municipal Water District's hydro plant, headquarters and Ruth Lake facilities are still standing despite nearby fires. Staff were evacuated and the power plant was shut down while fires burned close by.

ORAL COMMUNICATIONS - There were no public comments for non-agenda items.

CONSENT CALENDAR

3.1 Approve Minutes of August 27, 2020, Board Meeting.

3.2 Approve Disbursements Report.

3.3 Accept Financial Reports.

3.4 Approve Conflict of Interest Waiver for Braun Blaising Smith and Wynne, P.C. to Represent RCEA on a Ten-Year Resource Adequacy Sales Contract for 0.6 MW of Capacity from the Sandrini Sol 1 Solar Project with the Regents of the University of California.

Approve Ten-Year Resource Adequacy Sales Contract for 0.6 MW of Capacity from the Sandrini Sol 1 Solar Project with the Regents of the University of California, and Authorize the Executive Director to Execute All Applicable Documents.

3.5 Appoint ~~K~~Catherine Gurin and Roger Hess to the Community Advisory Committee for the Remainder of Two Terms Ending on April 13, 2021, and April 12, 2022, Respectively.

3.6 Approve Resolution 2020-6 Approving the Form of and Authorizing the Execution of a Memorandum of Understanding and Authorizing Participation in the Public Agency Coalition Enterprise (PACE) Medical Benefits Program, and

Resolution 2020-7 Designation of the Official Representative and Alternate Representative to the PACE JPA Board of Directors and Authorize the Executive Director to Sign All Applicable Documents.

3.7 Approve Addition of Milestones to Contract with Leapfrog Power, Inc.

Director Woo requested that agenda item 3.5 be removed from the consent calendar.

M/S: Grover, Avis: Approve consent calendar items except item 3.5.

The motion passed with a unanimous roll call vote. Ayes: Allison, Avis, Curran, Glaser, Grover, F. Wilson, M. Wilson, Winkler, Woo. Noes: None. Absent: None.

REMOVED FROM CONSENT CALENDAR ITEMS

Executive Director Marshall reported that Eureka Community Advisory Committee member Kathy Srabian stepped down and Director Allison nominated Catherine Gurin to serve for the remainder of the term. Director Frank Wilson nominated Roger Hess. Both nominees worked for RCEA in the past. Director Woo praised Director Wilson for appointing a student, as service on the CAC can prepare young people for more public service.

There were no responses to Chair Allison's invitation for public comment. Chair Allison closed the public comment period.

M/S: Woo, F. Wilson: Approve consent calendar item 3.5.

The motion passed with a unanimous roll call vote. Ayes: Allison, Avis, Curran, Glaser, Grover, F. Wilson, M. Wilson, Winkler, Woo. Noes: None. Absent: None.

COMMUNITY CHOICE ENERGY (CCE) BUSINESS

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

OLD CCE BUSINESS

5.1. DG Fairhaven Update (Information only)

Director Woo recused herself at 3:44 p.m. because of a remote conflict of interest. DG Fairhaven is a client of Director Woo's employer, SHN. Director Woo is a minority SHN shareholder. Director Woo does not supervise any SHN employee working with DG Fairhaven.

Power Resources Director Engel reported that the DG Fairhaven biomass plant ceased power generation in February. The company discontinued invoicing RCEA for resource adequacy (RA) after RCEA staff consulted with The Energy Authority and CAISO and was advised that DG Fairhaven should no longer claim RA value. Staff Director Engel shared communication from DG Fairhaven CEO Ed Kent stating that the company continues to seek buyers for the plant and that getting the plant back online would be extremely expensive. A New Hampshire newspaper reported that DG Fairhaven's parent company closed biomass plants in that state, causing job losses, when their governor vetoed a bill to subsidize the plants. DG Fairhaven's power purchase agreement (PPA) requires yearly renewal and will expire at the end of this calendar year if the Board takes no action. Staff Director Engel requested direction should the Board wish to continue the PPA.

The directors discussed the difficulty of finding replacement parts for the plant's antiquated equipment, the loss of a means of managing forest industry waste, and how not having a contract could affect the plant's sale prospects. Upon inquiry about how RCEA is making up for the lost DG Fairhaven RA, Staff Director Engel explained that RCEA had a surplus of bucket one renewable certificates which the Board approved selling earlier this year to make up for a budget shortfall. RCEA does not need more green attributes and is saving money by not purchasing energy from DG Fairhaven. Executive Director Marshall stated that a potential buyer came close to, but did not, purchase the plant, and that while it is possible for the plant to come back online, the changed world economy may make that more difficult.

There were no responses to Chair Allison's invitation for public comment. Chair Allison closed the public comment period.

Director Woo returned to the meeting at 3:56 p.m.

5.2. 2021 REpower+ Portfolio

Power Resources Manager Jocelyn Gwynn presented a report on a staff proposal to modify the REpower+ power portfolio from 100% renewable to 100% carbon-free and renewable power beginning in 2021. REpower+ is RCEA's premium renewable electricity option and 1% of RCEA customers have opted up to REpower+. The proposed portfolio removes biomass power, and is comprised of equal parts of small hydropower, solar and wind energy. One Board-approved strategy from the 2019 RePower Humboldt strategic plan revision process was offering RCEA customers a 100% carbon-free option. This proposal would have no financial impact due to the small number of REpower+ customers and the replacement of biomass power, which is more expensive than the other carbon-free and renewable options.

The directors discussed the consequences of a significantly larger percentage of customers opting up to REpower+, the possible need to adjust the opt-up price, and the revised strategic plan goal to make REpower+ obsolete by transitioning RCEA's entire portfolio to non-fossil, renewable resources by 2025, five years earlier than the CCE program's original goal of 2030. Staff's original strategy anticipated the cost of renewables to be comparable with system power by 2030, but the shortened timeframe may result in a cost premium. This year's new requirement to purchase renewable energy through long-term contracts may improve prices. While solar energy is inexpensive, it cannot address energy needs when the sun sets. Other, more expensive resources are also needed to manage the grid. Directors stated the need for the electrons generated in Humboldt County to come from renewable sources rather than from the fossil fuel-powered Humboldt Bay Generating Station which provided 95% of Humboldt County's electricity during the last public safety power shutoff. Concern was expressed about PG&E's pricing, RCEA's ability to remain below their prices, and the regulatory environment that does not impose consequences on poor power procurement decisions of utility companies.

Member of the public Wendy Ring stated that while REpower+ customers are willing to pay higher rates, if power costs go down, so should their rate. Ms. Ring stated that the diversion of program funds to customer programs was not transparent, and that it was preferable to reduce the REpower+ rate so the program would attract more customers.

M/S: Avis, Grover: Approve Proposed REpower+ Portfolio Starting in 2021 Consisting of Carbon-Free RPS Resources.

The motion passed with a unanimous roll call vote. Ayes: Allison, Avis, Curran, Glaser, Grover, F. Wilson, M. Wilson, Winkler. Noes: None. Absent: None. Non-Voting: Woo.

END OF COMMUNITY CHOICE ENERGY (CCE) BUSINESS

OLD BUSINESS

7.1. Feed-In Tariff Program

Accounts Services Manager Mahayla Slackerelli reported on two new feed-in tariff (FIT) projects to be developed by RPCA Solar 5, which also has contracted with RCEA for two more projects on a property outside of Blue Lake along Hatchery Road. The solar projects are expected to be operational in April 2022. If approved, the contracts, in addition to previously Board-approved FIT contracts, would fulfil the program's 6.5 MW capacity. A second FIT program round is expected to launch in the first quarter of 2021.

The directors expressed approval and support for the program. Executive Director Marshall explained the three key approvals any energy project requires are physical site permitting through the local jurisdiction, grid interconnection approval by CAISO and a power purchase agreement with a buyer. The developer has begun the County permitting process. Director Woo reported that a resident requested that the Humboldt Bay Municipal Water District oppose the project because of perceived water quality issues.

There were no responses to Chair Allison's invitation for public comment. Chair Allison closed the public comment period.

M/S: Avis, Grover: Approve a 20-Year Power Purchase Agreement with RPCA Solar 5, LLC for the 990 kW Hatchery Road C Solar Project, and Authorize RCEA's Executive Director to Execute All Applicable Documents.

Approve a 20-Year Power Purchase Agreement with RPCA Solar 5, LLC for the 990 kW Hatchery Road D Solar Project, and Authorize RCEA's Executive Director to Execute All Applicable Documents.

The motions passed with a unanimous roll call vote. Ayes: Allison, Avis, Curran, Glaser, Grover, F .Wilson, M. Wilson, Winkler, Woo. Noes: None. Absent: None.

7.2. Update by Schatz Energy Research Center Staff on the Airport Microgrid Project (Information only)

Schatz Energy Research Center (SERC) Principal Engineer Jim Zoellick gave a general status update on the Airport Microgrid Project, COVID impacts and timeline changes. Mr. Zoellick described the project as an innovative partnership between SERC, RCEA, the California Energy Commission and PG&E. The project is the first of its kind in Northern California and one of the first nationwide to position the large solar panel array and battery system on the PG&E side of the meter rather than the customer side, and on a grid section serving multiple customers. If the larger grid is de-energized, a switch opens that isolates the circuit serving the airport and Coast Guard station, allowing these critical facilities to remain energized for anywhere from 10-15 hours in the worst winter weather, to days or weeks under more favorable conditions. RCEA will own and operate the airport microgrid. PG&E is working closely with the project to establish a model for microgrid operators to safely and reliably operate portions of PG&E's energy network. Communities throughout the country, especially rural ones, are extremely interested in replicating this model for renewable energy-based resilience in a time of increasing grid uncertainty. This model would allow clustered community facilities like, as a hypothetical example, Arcata's city hall, police station, fire station and Safeway, to be connected via a microgrid and remain powered during emergencies.

During normal operation, the microgrid system's larger wholesale solar plus storage component stores power when the sun shines and power is inexpensive and sells the stored energy on the wholesale CAISO market when power is expensive. Avoided electricity purchases from the project's smaller net-metered solar component, appraised at $50,000 to $55,000 per year, are worth slightly more than the market value for leasing the land and will compensate the County. The project's FAA approval process is ending and construction has been pushed back one year. The County is processing the project's building permit and the CAISO grid interconnection process is underway.

The directors expressed excitement about the project and encouraged each other to enlist Mr. Zoellick to give presentations at different municipality or special district conferences, as community leaders are asking for real world examples of this kind of solution to current and anticipated energy emergencies.

STAFF REPORTS

9.1. Report by Executive Director Matthew Marshall on Grid Reliability and the Power Charge Indifference Adjustment Customer Fee

Executive Director Marshall reported on the power charge indifference adjustment, the customer exit fee charged to non-PG&E customers to prevent PG&E's remaining customers from shouldering costs for the utility's long-term power purchasing contracts. Many of those legacy contracts are priced above-market due to the early high cost of renewable energy as well as the lack of incentives for investor-owned utilities (IOUs) such as PG&E to operate cost-efficiently in the current regulatory structure. The PCIA fee makes up more than 20% of RCEA customers' power generation charges. San Diego Gas and Electric Company's recent, extreme proposed PCIA rate increase for the area's CCA customers is causing alarm among California CCAs and pressure on the CPUC to reform the regulatory structure to create more stable prices for CCA customers and to reduce IOU customer costs. Mr. Marshall stated that effects of the San Diego Gas & Electric CPUC decision are expected to be felt by CCA customers in other IOU service territories in 2021. The subject will be discussed in detail at October's Board meeting.

Mr. Marshall praised PG&E for successfully islanding Humboldt County during this year's public safety power shutoff event where only 3,000 customers lost power due to localized high fire risk. Generator use as an interim outage solution transfers the liability of remaining energized from PG&E to its customers, some of whom suffered generator-caused fires. The need to simultaneously pursue environmental and programmatic goals as well as resiliency and reliability goals was described, as was the County's limited grid connection and reliance on the local natural gas-powered plant. The airport microgrid and the Public Agency Solar Program's expansion to include battery storage with solar energy systems at critical facilities were described as important parts of a long-term solution which benefits everyday operation and provides resiliency during emergencies.

The directors expressed approval for PG&E successfully powering Humboldt County with the Humboldt Bay Generating Station, a desire for RCEA to support local agencies with infrastructure policies to meet the governor's directives for a transition to electric vehicles, and the need to protect CCA customers from excessive PCIA charges.

Chair Allison invited public comment on this discussion item. No public comment was offered.

FUTURE AGENDA ITEMS

The directors requested future discussion of DG Fairhaven action options when more information is available and more information on the power charge indifference adjustment customer fee with next month's Energy Risk Management Report.

Chair Allison adjourned the meeting at 5:20 p.m.

Lori Taketa
Clerk of the Board