



Redwood Coast Energy Authority

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BOARD OF DIRECTORS MEETING MINUTES

**Humboldt Bay Municipal Water District Office
828 7th Street, Eureka, CA 95501**

**January 28, 2019
Monday, 3:15 p.m.**

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 3:16 p.m. Notice of this meeting was posted on January 24, 2019. PRESENT: Estelle Fennell (arrived at 3:23 p.m.), Dean Glaser, Dwight Miller, Robin Smith, Frank Wilson, Vice Chair Michael Winkler, Chair Sheri Woo. ABSENT: Austin Allison, Summer Daugherty. STAFF PRESENT: Director of Business Development and Planning Lori Biondini, Director of Operations Dana Boudreau, The Energy Authority Consultant Jeff Fuller, Executive Director Matthew Marshall, Power Resources Account Services Manager Mahayla Slackerelli, Clerk of the Board Lori Taketa.

Chair Woo requested addressing agenda item 6.1, New Business - Election of Officers, as the first order of business.

NEW BUSINESS - Election of Officers

Vice Chair Winkler expressed interest in serving as the Board Chair. Chair Woo stated that Director Allison had confirmed his interest in serving as Vice Chair.

Chair Woo invited public comment. No one came forward to speak. Chair Woo closed public comment.

M/S: Glaser, Miller: Appoint Michael Winkler as Chair and Austin Allison as Vice Chair of the Redwood Coast Energy Authority Board of Directors for terms ending at the first regular meeting in 2020.

The motion passed on a unanimous voice vote. Ayes: Fennell, Glaser, Miller, Smith, Wilson, Winkler, Woo. Noes: None. Absent: Allison, Daugherty. Abstentions: None.

REPORTS FROM MEMBER ENTITIES

Director Miller reported the City of Trinidad is hiring a new City Manager. They hope to have one in place in next month.

Director Wilson reported that he will remain on the Board. Rio Dell Mayor Debra Garnes will be the alternate director.

Director Woo reported that Ruth Lake is full and both generators are running at full capacity.

Chair Winkler thanked Director Woo for her service as Board Chair. Chair Winkler stated that he is discussing reach codes or requiring greater energy efficiency requirements for new

buildings than the State code requires, with the Local Government Commission. The City of Arcata recently adopted a reach code and Chair Winkler may request RCEA to draft a model reach code for other jurisdictions to consider.

ORAL COMMUNICATIONS

Chair Winkler invited public comment. No one came forward to speak. Chair Winkler closed public comment.

CONSENT CALENDAR

- 3.1 Approve Minutes of:**
 - 3.1.1 December 10, 2018, Special Board Meeting; and**
 - 3.1.2 December 17, 2018, Regular Board Meeting.**
- 3.2 Approve Disbursements Report.**
- 3.3 Accept Financial Reports.**
- 3.4 Approve the Updated Terms and Conditions for the Community Choice Energy Program.**
- 3.5 Approve the 2019 RCEA Board Meeting Calendar.**

Director Woo requested agenda item 3.1.2 be pulled for discussion.

Director Fennell arrived at 3:23 p.m.

Chair Winkler invited public comment. No one came forward to speak. Chair Winkler closed public comment.

M/S: Glaser, Woo: Approve Consent Calendar items with the exception of item 3.1.2

The motion passed on a unanimous voice vote. Ayes: Fennell, Glaser, Miller, Smith, Wilson, Winkler, Woo. Noes: None. Absent: Allison, Daugherty. Abstentions: None.

REMOVED FROM CONSENT CALENDAR ITEMS

Director Woo made a correction to the December 17, 2018 Board meeting minutes. The vote supporting RCEA's staff reorganization was not unanimous. Director Woo placed the sole dissenting vote.

Chair Winkler invited public comment. No one came forward to speak. Chair Winkler closed public comment.

M/S: Miller, Glaser: Approve Consent Calendar item 3.1.2 as amended.

The motion passed on a unanimous voice vote. Ayes: Fennell, Glaser, Miller, Smith, Wilson, Winkler, Woo. Noes: None. Absent: Allison, Daugherty. Abstentions: None.

OLD BUSINESS - FY 16-17 Fiscal Audit – Independent Auditor's Report

Executive Director Marshall reported that the auditor's presentation will be postponed due to illness.

NEW BUSINESS

6.2 Finance Subcommittee

Executive Director Marshall reported that the Directors requested the creation of a standing, publicly-noticed Board Finance Subcommittee as a means to increase organizational transparency and Board understanding of the agency's finances.

Director Woo and Chair Winkler expressed interest in serving on the subcommittee. The directors requested that additional subcommittee members be appointed in February.

Chair Winkler invited public comment. No one came forward to speak. Chair Winkler closed public comment.

M/S: Woo, Fennell: Disband the FY19-20 Ad Hoc Finance Subcommittee, create a standing Finance Subcommittee to meet as needed to work with staff and advise the Board of Directors on matters relating to audit, finance and budget, and to appoint Director Woo and Chair Winkler to the Finance Subcommittee for one-year terms ending on the first regular Board meeting of each year.

The motion passed on a unanimous voice vote. Ayes: Fennell, Glaser, Miller, Smith, Wilson, Winkler, Woo. Noes: None. Absent: Allison, Daugherty. Abstentions: None.

6.3 Community Advisory Committee

Executive Director Marshall reported that former Director Michael Sweeney, who stepped down from the Board after the December 2018 meeting, served as the non-voting Board liaison to the Community Advisory Committee (CAC). At least one director is needed to attend the CAC's quarterly meetings. Six CAC members' terms end in April and all expressed willingness to serve another term. All involved directors recommend reappointment.

Executive Director Marshall stated that at the last quarterly meeting, the CAC requested that RCEA set a goal to reach a 100% clean and renewable electricity mix by 2025, similar to goals adopted by the County, Eureka, Arcata and Blue Lake. The CAC further requested that RCEA lead a community discussion on the definition of 100% clean and renewable electricity. Staff will present recommendations for Board consideration at the February meeting.

Chair Winkler invited public comment. No one came forward to speak. Chair Winkler closed public comment.

M/S: Glaser, Miller: Appoint Robin Smith to serve as liaison, and Estelle Fennell to serve as alternate liaison, to the Community Advisory Committee through December 2019.

The motion passed on a unanimous voice vote. Ayes: Fennell, Glaser, Miller, Smith, Wilson, Winkler, Woo. Noes: None. Absent: Allison, Daugherty. Abstentions: None.

M/S: Fennell, Woo: Reappoint Norman Bell, Kit Mann, Kathy Srabian, Richard Johnson, Luna Latimer and Matty Tittman to the Community Advisory Committee for terms expiring April 13, 2021.

The motion passed on a unanimous voice vote. Ayes: Fennell, Glaser, Miller, Smith, Wilson, Winkler, Woo. Noes: None. Absent: Allison, Daugherty. Abstentions: None.

6.4 PG&E Update (Information only)

Executive Director Marshall reported that PG&E was expected to file for bankruptcy on the following day and expressed optimism that customer payments collected by PG&E on behalf of CCAs would continue to be paid to the CCAs. Mr. Marshall stated that the status of PG&E energy efficiency funding was less clear and that reorganization may be in PG&E's future. He and General Counsel Diamond are speaking with CalCCA to determine how the changes may affect RCEA. Mr. Marshall is also monitoring PG&E's discontinuation of their effort to sell the Potter Valley Project.

The directors expressed a desire to ensure local issues such as the Potter Valley Project and the decommissioned nuclear power plant are a priority during the bankruptcy proceedings, a concern about PG&E's opportunity to divest itself of liabilities, the importance of early involvement in the bankruptcy process and collaboration with other CCAs and the possibility of retaining separate bankruptcy counsel.

Chair Winkler invited public comment. No one came forward to speak. Chair Winkler closed public comment.

COMMUNITY CHOICE ENERGY (CCE) BUSINESS

Chair Winkler determined a quorum was present to conduct CCE business.

OLD CCE BUSINESS

7.1. CCE Weighted Voting Revision (Information only)

Executive Director Marshall described the process outlined in the RCEA Joint Powers Agreement where CCE weighted voting shares are recalculated every two years. The number of votes allocated to each jurisdiction is based on the number of CCE customer accounts. The voting shares were recalculated on January 1, 2019. One vote moved from the County to Arcata.

Chair Winkler invited public comment. No one came forward to speak. Chair Winkler closed public comment.

7.2. Energy Risk Management Quarterly Report

Jeff Fuller of The Energy Authority presented a quarterly energy risk management report that incorporated information resulting from the CPUC exit fee (PCIA) decision. Mr. Fuller presented a range of recommendations that adjusted program goals such as renewable energy portfolio percentages, carbon free energy percentages and customer rate discount

relative to PG&E, and corresponding effects on the agency's revenues and reserves. He recommended the Board determine the amount of customer rate savings at this meeting and decide on renewable and carbon free energy portfolio content after PG&E determines their content in March.

The directors and Mr. Fuller discussed the effect of the different scenarios on maintaining the agency's reserves, loan repayment status, the importance of offering lower rates than PG&E's to retain customers, whether it was more important to lower rates to keep customers or to prioritize environmentally-friendly power mix goals, the need for outreach to explain rate savings decreases to customers, the effect of approving the DG Fairhaven contract on cash flow, and the need for higher reserves to maintain rate stability in a volatile market.

Mr. Fuller reported that the CCE program is well procured for 2019 to hedge market price risks and the Risk Management team is working on 2020 and 2021 procurement. The team is finalizing large hydropower and out-of-state renewable purchases.

Chair Winkler invited public comment. An unidentified member of the public stated that 350.org Humboldt members would oppose reductions in renewable or greenhouse gas free energy procurement. She stated that people may not accept a rate savings reduction if \$250,000 was budgeted for DG Fairhaven power purchases.

Upon inquiry by member of the public Ellen Golla about whether biomass was counted as carbon free energy in this report, Executive Director Marshall stated that it was not. RCEA's carbon free energy portfolio includes large hydropower which does not qualify for the renewable portfolio standard, he added, and PG&E's carbon free portfolio includes large hydropower and nuclear power.

Chair Winkler closed public comment.

M/S: Miller, Fennell: Accept Energy Risk Management quarterly report.

The motion passed on a unanimous voice vote. Ayes: Fennell, Glaser, Miller, Smith, Wilson, Winkler. Noes: None. Absent: Allison, Daugherty. Abstentions: Woo (non-voting).

7.3. Customer Rate Setting

Executive Director Marshall reported that PG&E's rate setting is delayed until March. Staff recommended adopting rates as other CCAs do, by selecting a fixed discount percentage from PG&E's rate. PG&E's average generation rates are expected to decrease.

The directors discussed: the difficulty of achieving 100% renewable energy if PG&E lowers their rates as RCEA's base energy costs are locked in; the desire to increase green energy portfolio content; the community's expressed desire for rate discounts; possible switching to cost-of-service pricing in the future; and the possibility that more people will opt-out given the required 60-day notification period.

The directors further discussed: the need to increase RCEA's financial reserves; that about 1% of RCEA customers have opted up to 100% renewable energy; the risks of committing to

power purchasing agreements before knowing PG&E's rates; and the very small (less than \$1) average bill difference between a 1% and 1.5% discount rate. The directors requested public education to focus on why rate discounts are changing, the increasing transmission costs, and available programs to reduce bills and increase energy efficiency. Director Glaser expressed support for Jeff Fuller's 1.5% rate discount recommendation.

Chair Winkler invited public comment. An unidentified member of the public stated that the small bill reductions make little difference to individual customers but make a big difference in RCEA's ability to create renewable energy projects that people want.

Member of the public Ellen Golla stated that she manages a Facebook page with 700 likes and many people are against biomass energy and want clean energy. Many of these community members work during the day, she stated, and cannot testify at meetings.

Chair Winkler closed public comment.

M/S: Miller, Smith: Approve 2019 RCEA customer electricity rates at 1% below PG&E generation rates, inclusive of all PG&E charges to CCA customers.

The motion passed. Ayes: Fennell, Miller, Smith, Wilson, Winkler. Noes: Glaser. Absent: Allison, Daugherty. Abstentions: Woo (non-voting).

7.4 Renewable Energy Request for Proposals

Executive Director Marshall presented request for proposal documents for potential local and regional renewable energy producers. The CCE program is seeking to enter 10-year minimum duration contracts with wind, solar and small-hydro projects located within a two-county radius of Humboldt County.

The directors discussed the method for selecting review panel members, the balance of expertise on the review panel, the potential for future rounds of proposal solicitation and the Board's role in guiding local resource development. The directors also discussed the possibility of lowering the minimum solar project size to 1 MW so projects don't fall through a gap between RCEA's upcoming feed-in tariff and renewable energy procurement programs.

It was clarified that final project selection will be made by the Board directors, that applicants would be responsible for project permitting, and that RCEA would be a power purchaser and not a partner on these projects.

Chair Winkler invited public comment. Member of the public and GHD civil engineer Jordan King supported a smaller minimum size solar project to increase local participation.

Chair Winkler closed public comment.

M/S: Fennell, Miller: Authorize staff to issue the RCEA 2019 Renewable Energy Request for Proposals subject to final review by general counsel and lowering the minimum contract capacity for solar projects to 1 MW, and approve membership for the request for proposals review team.

The motion passed on a unanimous voice vote. Ayes: Fennell, Glaser, Miller, Smith, Wilson, Winkler. Noes: None. Absent: Allison, Daugherty. Abstentions: Woo (non-voting).

7.5 DG Fairhaven Contract Renewal

Director Woo recused herself because of a remote conflict of interest. DG Fairhaven is a client of Director Woo's employer, SHN. Director Woo is also an SHN shareholder, although the Board's decision will not affect SHN's share price. Director Woo does not supervise any SHN employee working on the DG Fairhaven project. Director Woo left the dais at 5:15 p.m.

Executive Director Marshall reported that RCEA is paying \$65/MWh in its current 1-year DG Fairhaven agreement. Power Resources Director Engel negotiated a 1-year extension at \$59/MWh without resource adequacy. While the agreement extension will reduce the agency's budget headroom, it helps meet 2019 Category 1 renewable resources requirements.

The directors discussed how RCEA procures resource adequacy; the desire for a presentation on non-CO2 producing wood waste use, the need to engage the community and experts on future CCE direction; and the importance of biomass in RCEA's energy mix as a local, renewable energy that also provides dispatchable, consistent baseload.

Chair Winkler invited public comment. An unidentified member of the public spoke against the agreement renewal, stating that it did not seem fiscally responsible as RCEA will lose money. The speaker added that as enough power had been procured for the year, power purchased from DG Fairhaven would need to be sold, which made no sense.

Member of the public Ellen Golla opposed the agreement extension, stating that ratepayers should not be responsible for subsidizing timber industry waste disposal. Many people would oppose lowering ratepayer savings while subsidizing expensive biomass, Ms. Golla stated.

Chair Winkler closed public comment.

M/S: Fennell, Wilson: Authorize the Executive Director to develop and execute, after review and approval by the RCEA General Counsel, an amendment to the power purchase agreement with DG Fairhaven Power LLC renewing the agreement for a 12-month period beginning March 1, 2019, and any other associated documents as necessary.

The motion passed on a unanimous voice vote. Ayes: Fennell, Glaser, Miller, Smith, Wilson, Winkler. Noes: None. Absent: Allison, Daugherty. Abstentions: Woo (non-voting and recused).

END OF COMMUNITY CHOICE ENERGY (CCE) BUSINESS

The Board adjourned for a break at 5:27 p.m. Director Woo returned to dais and the Board reconvened at 5:35 p.m.

CLOSED SESSION

Chair Winkler invited public comment on the closed session item. No one came forward to speak. Chair Winkler closed public comment.

The RCEA Board convened in closed session at 5:35 p.m. to consider the following items:

11.1 Public Employee Performance Evaluation, pursuant to Government Code Section 54957(b)(1): Executive Director

11.2 Conference with labor negotiator pursuant to Government Code Section 54957.6:
RCEA representative: Director Sheri Woo.
Unrepresented employee: Executive Director

The Board reconvened to open session at 7:23 p.m.

Director Woo stated there was nothing to report out, and that discussion of this item would be continued to the February 28, 2019 meeting.

ADJOURNMENT

Chair Winkler adjourned the meeting at 7:24 p.m.

Respectfully Submitted,

Lori Taketa
Clerk of the Board