



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**

**February 28, 2019
Thursday, 3:30 p.m.**

Chair Michael Winkler called a regular meeting of the Board of Directors of the Redwood Coast Energy Authority to order on the above date at 3:28 p.m. Notice of this meeting was posted on February 22, 2019. PRESENT: Vice Chair Austin Allison, Estelle Fennell (arrived 3:30 p.m.), Summer Daugherty (arrived 3:33 p.m.), Dean Glaser, Dwight Miller, Robin Smith, Frank Wilson, Chair Michael Winkler, Sheri Woo. ABSENT: None. STAFF PRESENT: Business Planning and Finance Director Lori Biondini; Operations Director and Acting Executive Director Dana Boudreau; Power Resources Director Richard Engel; Matt Hague, CPA; Demand Side Management Director Lou Jacobson; Clerk of the Board Lori Taketa.

REPORTS FROM MEMBER ENTITIES

Director Smith reported that Ferndale residents care about clean energy and current perceived community reluctance toward Terra-Gen's Humboldt Wind Project is likely based on negative memories of Shell's past, attempted wind project.

Director Fennell arrived at 3:30 p.m. She reported that she sits on the Eel Russian River Commission and is monitoring the PG&E bankruptcy with regard to the Potter Valley Project.

Director Daugherty arrived at 3:33 p.m.

Director Woo reported that both Humboldt Bay Municipal Water District Ruth Lake turbines are running and generating hydropower. She expressed uncertainty about whether PG&E would pay for the electricity.

Director Allison reported that the City of Eureka was working toward using non-CRV glass for road repair rather than sending the material to landfills. The City of Eureka is working toward a goal of zero waste city operations by 2020.

Chair Winkler stated the City of Arcata set a goal to phase out natural gas use in City facilities in 15 years and move toward high-efficiency electrical heating and cooking devices powered by renewable sources in new construction.

ORAL COMMUNICATIONS

Chair Winkler invited public comment.

Arcata resident Sean Armstrong stated that the Sierra Club is working with municipalities to ban natural gas in new construction and the City of Berkeley is about to issue an ordinance to do this. Mr. Armstrong reported that local studies find \$2000-3000 in cost savings per

apartment when natural gas is not installed. Mr. Armstrong encouraged RCEA to focus first on replacing inefficient, health-harming gas stoves with high-efficiency electric stoves.

Member of the public Ellen Golla stated that if RCEA is going to encourage a transition to electric heating, people who heat with electricity need to receive credits, otherwise more rate payers will use wood stoves for heat and cause more health hazards.

Chair Winkler stated that ratepayers who heat their homes with electricity are entitled to double the normal baseline quantity, or the amount of electricity a household can purchase at the lowest rate.

Humboldt State University students representing the Sunrise Movement stated their support for the Green New Deal and a transition to 100% renewable energy which does not include biomass. They thanked the directors and staff for their work.

Chair Winkler closed public comment.

CLOSED SESSION

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

The RCEA Board convened in closed session at 3:43 p.m. to consider the following items:

- 3.1** Public Employee Performance Evaluation, pursuant to Government Code Section 54957(b)(1): Executive Director
- 3.2** 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 3:52 p.m. Chair Winkler stated there was nothing to report out from the closed session.

CONSENT CALENDAR

- 6.1** Approve Minutes of January 28, 2019, Board Meeting.
- 6.2** Approve Disbursements Report.
- 6.3** Accept Financial Reports.
- 6.4** Receive the 2017 Power Source Disclosure Audit.
- 6.5** Approve Amendment No. 4 to Agreement for Employment of Executive Director with Matthew Marshall.
- 6.6** Authorize the Executive Director to execute an amendment to the power purchase agreement with Humboldt Sawmill Company with the following key contract adjustments:
 - Extend contract end date to 2024.
 - Reduce unit price for the period March 1, 2019-December 31, 2019 to \$65/MWh, thereafter increasing to a price of \$67/MWh, subject to an annual

consumer price index adjustment beginning on the anniversary of the contract amendment in 2021.

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

M/S: Wilson, Glaser. Approve Consent Calendar items.

The motion passed. Ayes: Allison, Daugherty, Fennell, Glaser, Miller, Smith, Winkler. Noes: None. Absent: None. Abstentions: Wilson, Woo (recused from voting on item 6.6).

Chair Woo recused herself from voting on agenda item 6.6 due to a conflict of interest. Chair Woo's conflict arises from her employment at SHN Engineers and Geologists, which performs work for Humboldt Redwood Company, of which the Humboldt Sawmill Company is a subsidiary. Chair Woo is also an SHN shareholder. Chair Woo does not supervise any employees working with HSC and her interest in the HSC power purchase agreement is remote. Director Wilson also recused himself from voting on item 6.6 because he is an HRC employee.

OLD BUSINESS

8.1 FY 16-17 Fiscal Audit – Independent Auditor's Report (Information only)

David L. Moonie & Co. CPA Matt Hague reviewed the means by which he audited the agency and the Community Choice Energy program for fiscal year 2016-17. Mr. Hague reviewed the report and findings, stating that some prior year findings were repeated due to the subsequent year's delayed audit.

The directors confirmed that staff's response to findings were satisfactory. Director Woo stated that the Board acknowledges the agency's dramatic growth and takes the agency's financial responsibilities very seriously. Ms. Woo stated that the newly-formed Finance Subcommittee will be paying close attention to agency fiscal matters and that audits would be completed in a timely manner.

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

8.2 ACV Microgrid Updates, Construction Agreement, MOU and Lease

David Carter, Managing Research Engineer at Schatz Energy Research Center presented a status report on the Redwood Coast Airport Renewable Energy Microgrid project, Humboldt County's third and largest microgrid project, which will integrate a large amount of distributed renewable energy resources into the larger utility grid and provide state-mandated battery storage. The project's innovative DC coupling technology will insulate the larger grid from the 2.1MW solar array's production fluctuations when clouds block the sun. The generated electricity will create revenue for RCEA by selling electricity when it is most valuable, provide disaster resiliency for the regional airport and Coast Guard station, and provide local renewable energy to CCE customers. The project is PG&E's first front-of-the-meter microgrid.

The project's completed CEQA process resulted in a mitigated negative declaration and the FAA approval process is progressing on schedule. The solar panels will meet strict requirements and be oriented to prevent glare for pilots. Final design and permitting work will take place in 2019. Lab testing will take place in early 2020. Construction will be complete and commissioning will start in the beginning of 2021. The project is anticipated to be in operation for 25 years.

Tesla Senior Manager of Utilities, America Tristan Glenwright participated in the meeting by phone and stated that the battery service life is 15+ years, at which time they will operate at 70% capacity. Additional batteries may be required at that point to operate at full capacity.

Upon inquiry by Director Woo about the PG&E bankruptcy's effect on their project contracts, Mr. Carter stated that PG&E supports the project and sees microgrids as a way to operate the grid more safely in fire-prone areas in the future. The two full-time PG&E staff dedicated to the project are funded by a separate source, a CEC technology innovation grant.

Chair Winkler invited public comment.

A member of the public inquired whether the County would localize energy distribution if PG&E went bankrupt. Chair Winkler stated that RCEA has localized energy supply control through the CCE program.

Members of the public asked about electric vehicle charging at the airport, to which Mr. Carter responded that the project design includes four EV chargers with space for three more as demand grows.

A member of the public asked about the payback schedule for the project given the airport's foggy location, to which Mr. Carter responded that while the payback period may be longer than projects in sunny locations, this technology research and development project's data will be tracked to inform future projects and policy.

Chair Winkler closed public comment.

The directors referred to the community-developed Comprehensive Action Plan for Energy (CAPE) and the RePower Humboldt Plan, pointing to RCEA's participation in this project as part of these plans' implementation. Chair Winkler stated he would like the Board to consider revision of the RePower Humboldt Plan and staff added that a CAPE revision is in process.

M/S: Allison, Miller: Authorize the Executive Director to develop and execute, upon approval by the RCEA General Counsel, an agreement with Tesla Inc. for engineering, procurement, and construction services for the Redwood Coast Airport Renewable Energy Microgrid Project and any other associated documents as necessary.

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

M/S: Allison, Fennell: Authorize the Executive Director to execute the Redwood Coast Airport Renewable Energy Microgrid Memorandum of Understanding based on pending mutual agreement of all parties.

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

8.3 Finance Subcommittee Membership

Director Daugherty stated she would like to serve on the Finance Subcommittee.

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

M/S: Fennell, Allison: Appoint Summer Daugherty to the Finance Subcommittee for a one-year term ending on the first regular Board meeting of 2020.

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

COMMUNITY CHOICE ENERGY (CCE) BUSINESS

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

OLD CCE BUSINESS

10.1 Offshore Wind Project Update (Information only)

Director of Business Planning and Finance Lori Biondini reported on the offshore wind project kick off meeting with the Humboldt Bay Harbor, Recreation and Conservation District and project partners where harbor infrastructure construction timelines were discussed. Staff is consulting with The Energy Authority to evaluate the energy to be provided by this project. The Bureau of Ocean Energy Management's lease application response is expected in a little less than 18 months. Staff is exploring submitting a Headwaters Fund Grant application to help pay for project development thus far.

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

NEW CCE BUSINESS

11.1 Community Advisory Committee 100% Clean and Renewable 2025 Goal Recommendation

Demand Side Management Director Lou Jacobson reported that the Community Advisory Committee came to a consensus recommendation on January 18 that the Board adopt a

100% clean and renewable electricity by 2025 goal without modifying other existing RCEA targets and establish a process to obtain public input on the definitions of “clean” and “renewable.”

Director Jacobson presented The Energy Authority’s analysis that meeting a 100% renewable goal by 2025 using existing state definitions of “renewable” would impact the CCE program’s ability to meet existing reserve, local solar and community program targets. TEA estimates a reduction in net revenue in 2023 of \$6.5 million without biomass and \$6.7 million with extended biomass contracts.

Director Jacobson added that both RePower Humboldt and CAPE, the CCE program’s steering documents, already outline aggressive 100% renewable energy by 2030 goals, and that the CAC’s proposal accelerates achievement of this goal by 5 years.

Director Jacobson stated a staff recommendation that RCEA lead a community discussion on definitions of 100% “clean” and “renewable” in late March or early April, reassess CCE program impacts after this discussion, and present the findings to the Board in April or May.

The Directors requested analysis of biomass’ impacts on climate, health and local industry; clarified biomass’ inability to provide newly state-mandated dispatchable energy; verified that the Schatz Energy Research Center’s local biomass residue impact study findings will be available at the end of 2019; and were advised by staff to factor the following in their decision making: mandated long-term renewable power contract requirements, RePower Humboldt’s goal of 100% local renewable energy by 2030, RCEA’s current local renewable power solicitation, and the higher cost of local electricity procurement. The Directors were reminded that local offshore wind would likely become available between 2024-2026.

Chair Winkler invited public comment.

Valentina Acosta of Humboldt State University’s Sunrise Movement stated her support for the Green New Deal’s climate change-oriented agenda and her opposition to biomass for its negative environmental effect.

Arcata CCE customer Diane Ryerson stated her support for: 100% renewable energy by 2025, offshore wind, the solar microgrid, rapid storage development, collaboration with cities and the County to exceed state energy conservation requirements, requiring community benefit agreements for all energy infrastructure contracts, preserving existing redwood forests and fostering old-growth characteristics in mixed forests. She requested that her CCE bill payments go to wind, solar and energy storage, and not to subsidize burning timber industry waste.

Arcata resident Walt Paniak stated his support for replacing biomass with solar and wind energy and energy storage, citing health, greenhouse gas emission and cost concerns with biomass. He requested that the public be notified about past and current tax credits for renewable contracts.

Colin Fiske, Executive Director of the Coalition for Responsible Transportation Priorities, RCEA Community Advisory Committee member and 350 Humboldt volunteer stated that the Board’s adoption of the CAC’s recommendation would demonstrate recognition of the climate

crisis' urgency and reflect support of the community's priorities and values. Mr. Fiske supports adopting the 2025 recommendation as an official goal, conducting community outreach for an understanding of what constitutes clean and renewable energy, and use of the information gathered for planning purposes.

Tom Wheeler, Executive Director of EPIC, urged the Board to adopt the 100% clean and renewable energy by 2025 goal and pointed out that many RCEA member agencies have already adopted this goal.

Member of the public Wendy Ring stated that CO2 emission decline must begin by 2020 in order to avoid global warming of over 1.5 degrees centigrade and that global warming must be considered when defining "renewable." She stated cost is not a factor since non-action will cost much more.

Jack Nounnan of North Coast Earth First! and Climate Crisis Fund supported taking action now to avert devastation and community cooperation to monitor forest industry impacts.

Arcata resident and 350 volunteer Pat Carr stated support for the 100% renewable energy by 2025 goal and opposition to biomass use. He supports seeking maximum community input on the definition of clean and renewable energy and on RCEA's path to achieve this goal.

Upon inquiry by member of the public Chuck Dwelly about whether RCEA is considering tidal energy as a resource, Chair Winkler responded that the agency's current plans need to be based on commercially available sources, and tidal energy is not yet commercially available.

A member of the public stated her support for community discussion on clean and renewable energy definitions, requesting extending public discussion over several months due to anticipated developments, and inquired how staff derived the financial impact amounts for 100% renewable energy by 2025.

Member of the public John Schaefer stated that moving to all-renewable energy by 2025 is possible but will be difficult. Mr. Schaefer opposes local biomass due to the age and emissions of the region's power plants and supports RCEA growing more trees. He advised against reliance on offshore wind due to costliness but favored onshore wind.

Member of the public Ellen Golla stated that people other than herself also care about biomass. Ms. Golla opposes the use of the term "renewable" in favor of "clean" energy and is in favor of moving toward clean energy that excludes biomass.

Erik Rydberg, McKinleyville resident and Green Party of Humboldt Coordinating Committee member stated support for the Green New Deal and the Sunrise Movement. Mr. Rydberg opposes biomass, is concerned with climate change's life-threatening effects, and supports moving from renewable to clean energy immediately regardless of expense.

Humboldt Wind Project Community Liaison Natalynne DeLapp spoke about the Humboldt Wind onshore wind project, stating the project could potentially meet 40% of Humboldt County's electricity needs and would support a 100% clean and local energy goal.

Arcata and Eureka resident Kelsey Reedy spoke on behalf of Humboldt Move to Amend and the Green Party of Humboldt County, stating support for 100% clean and renewable energy by 2025, opposition to biomass and support for using funds for clean energy.

Eureka resident and 350 Humboldt volunteer Deborah Dukes asked what kind of world we will leave the HSU Sunrise Movement members in the name of rate savings or appeasing rate payers. Ms. Dukes stated that she has taken all energy saving and fuel switching actions an individual can take and requested the directors make difficult decisions on behalf of the County for a better future world.

Lily Price of HSU Sunrise Movement stated that miracles are possible if we work together.

Eureka resident and 350 Humboldt Climate Action Committee member Cena Marino stated that no one is speaking for the species dying because of climate change and that people need to speak on their behalf.

Chair Winkler closed public comment.

The directors discussed the importance of having fewer children to address climate change, the effect of rapid 100% clean energy implementation on the agency's survival, the availability of other funding sources to accelerate the transition, the challenge of informing the Humboldt County ratepayers who do not share the concerns of the community members present at the meeting, the current option for ratepayers to opt up to 100% renewable energy through RCEA's CCE program to share the cost of attaining the 2025 goal, the need for more discussion so the directors and the public can understand options and costs, and the possibility of holding meetings such as were held prior to the CCE program's launch which resulted in the agency's current reserve building and community program goals.

Individual directors expressed support for community outreach and participation, the need for more information on how The Energy Authority arrived at the projected cost of reaching the accelerated goal, suggested updating the RePower Humboldt plan and requested an inventory of locally-procurable energy sources and education partners. Concern was also expressed about being unrealistic about expensive new initiatives and the cost potentially making RCEA less competitive to ratepayers than PG&E, the impossibility of controlling other countries' climate-influencing actions, and the need for energy redundancy through biomass.

Chair Winkler read his written response to local residents who emailed him regarding this issue and included his five personal energy goals for RCEA and Humboldt County. Response from other directors included requesting that Chair Winkler's goals not be considered as representative of the Board, that they be assessed by staff and included in discussion while updating the agency's guiding plans.

Staff pointed out that the RePower Humboldt visioning process involved three years to scope and engage the public and cost about \$200,000 and that onshore wind, biomass, solar, and offshore wind resources have not changed since the plan's publication six years ago. Chair Winkler stated that technology has changed.

Acting Executive Director Boudreau summarized Board direction to staff, stating that staff is to present the Board with a deeper analysis of the financial impacts of 100% renewable

energy by 2025 based on existing CCE action guidelines. The Board further directs staff to present suggestions on what a public engagement process might look like and the estimated costs of this work.

11.2 PG&E Bankruptcy Update (Information only)

General Counsel Nancy Diamond reported that the PG&E bankruptcy is very complex and affects the agency on multiple fronts. Counsel Diamond is working closely with the California Community Choice Association (CalCCA) to ensure that CCA payments collected by PG&E are not considered PG&E assets during bankruptcy proceedings. The bankruptcy court has affirmatively declared that revenues collected on behalf of the CCAs are the property of the CCAs. The CalCCA group has retained bankruptcy counsel and the CCAs are receiving payments.

END OF COMMUNITY CHOICE ENERGY (CCE) BUSINESS

STAFF REPORTS

12.1 Update by Demand Side Management Director Lou Jacobson on RCEA's Energy Efficiency programs.

Demand Side Management Director Lou Jacobson reported on RCEA's current and past year energy efficiency work, including completion of over 400 Energy Watch projects in 2018. These services were delivered in partnership with PG&E and led to approximately 2.4 million kWh in first year energy savings. The CCE-funded public agency solar program (PASP) has identified 22 feasible solar projects at local public agencies. Should all feasible projects be completed, staff estimate that the effort will result in approximately 1.5 MW DCPV installed, potentially leading to \$400,000 in energy savings in the first year. Staff is working to bring in additional resources through a PG&E program to help address energy efficiency opportunities for a number of local water and wastewater treatment plant operators. PASP also supported the completion of 26 additional efficiency projects leading to the disbursement of more than \$35,000 in incentives. The residential CCE-program helped fund 146 residential services. The Clean Energy Jobs Act of 2012 or Proposition 39 support services have led to more than 50 completed public works projects including: solar panels; smart thermostats; efficient lighting, windows and refrigeration; heat pumps; and fuel switching from propane. Prop 39 implementation will end in 2020 and final project reporting will sunset in 2021. Staff is beginning to assess a Comprehensive Action Plan for Energy (CAPE) update and is also working with the County on a multijurisdictional climate and energy action plan. Staff is also working with the Community Advisory Committee to solicit energy efficiency program ideas from the community through a Citizen Sourcing Program.

Director Jacobson described changes in energy efficiency program funding and the opportunities staff is pursuing to continue providing these services, such as joining with other agencies to form a rural regional energy network or becoming a program administrator.

12.2 Report from Acting Executive Director Dana Boudreau

Acting Executive Director Dana Boudreau read a statement from Executive Director Matthew Marshall acknowledging outgoing Board Chair Sheri Woo's efforts during the Community

Choice Energy launch, her commitment to a transparent process, stakeholder engagement, and bold and expedient action to address the climate crisis.

FUTURE AGENDA ITEMS

The directors requested more information from Demand Side Management Director Lou Jacobson on the Rural Regional Energy Network and Program Administrator status.

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 6:35 p.m. to consider the following item:

- 14.1** Closed Session to meet with legal counsel per Government Code Section 54956.9(c), In re PG&E, Bankruptcy Court, 19-30088, Northern District of California.

The Board reconvened to open session at 6:54 p.m.

M/S: Daugherty/Allison: Retain the law firm of Boutin Jones, Inc. as bankruptcy counsel for PG&E bankruptcy matters and authorize Executive Director Matthew Marshall and General Counsel Nancy Diamond to finalize the terms of the retention agreement.

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

Chair Winkler adjourned the meeting at 6:55 p.m.

Respectfully Submitted,

Lori Taketa
Clerk of the Board