



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

March 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 3:29 p.m. Notice of this meeting was posted on March 22, 2019. PRESENT: Vice Chair Austin Allison (left at 6:26 p.m.), Estelle Fennell (arrived 3:30 p.m.), Summer Daugherty, Dean Glaser, Dwight Miller, Robin Smith, Frank Wilson (arrived at 3:31 p.m.), Chair Michael Winkler, Sheri Woo. ABSENT: None. STAFF PRESENT: Business Planning and Finance Director Lori Biondini; Operations Director Dana Boudreau; Power Resources Director Richard Engel; Demand Side Management Director Lou Jacobson; Executive Director Matthew Marshall; Human Resources and Workforce Development Manager Patrick Owen; Account Services Manager Mahayla Slackerelli; Clerk of the Board Lori Taketa.

REPORTS FROM MEMBER ENTITIES

Director Miller reported that Trinidad has a new City Manager.

ORAL COMMUNICATIONS

Chair Winkler invited public comment.

Member of the public Walter Paniak requested quick links on RCEA's website, redwoodenergy.org, to https://www.energy.ca.gov/almanac/renewables_data/ and to <https://www.eia.gov/electricity/data/eia923/>, to give the public access to state and federal renewable energy, including local biomass plant, data.

Lost Coast Energy owner and Home Energy Rating System (HERS) rater Tyler Chapman stated that cities and the County should enforce a California Energy Commission mandate to prove residential and commercial HVAC state energy code compliance to improve health and address current problems.

Chair Winkler closed public comment and stated that he would like RCEA to help builders and building departments understand new code requirements and help them work together to ensure that new construction meets those requirements.

CONSENT CALENDAR

- 3.1 Approve Minutes of February 28, 2019, Board Meeting.**
- 3.2 Approve Disbursements Report.**
- 3.3 Accept Financial Reports.**

3.4 Authorize the Executive Director to Execute an Amendment to the Power Purchase Agreement with DG Fairhaven Power, LLC Changing the Green Attribute Price Associated with Surplus Delivered Energy from \$14.50 per Megawatt-hour to \$17.00 per Megawatt-hour.

Director Allison requested agenda item 3.4 be removed for discussion.

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

M/S: Glaser, Allison: Approve Consent Calendar items 3.1, 3.2 and 3.3.

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

REMOVED FROM CONSENT CALENDAR ITEMS

In response to inquiry by Director Allison whether the proposed price change affects the cost of energy, Power Resources Director Engel responded that should the plant operate at full capacity and provide energy above the contracted amount, costs would increase by 4%. Director Engel stated that if the DG Fairhaven plant operates as it has during its first contracted year, there will be no financial impact.

Chair Winkler invited public comment.

Member of the public Wendy Ring stated that adding a price increase that is not likely to take effect into a contract does not make sense.

Chair Winkler closed public comment.

Staff stated that DG Fairhaven requested the price amendment late in negotiations and that after consultation with The Energy Authority, staff negotiated a reduced price of \$17/MWh to accommodate market changes. Should the plant run at high capacity, the agency would likely resell the excess electricity and associated renewable energy certificates to neutralize cost impacts.

M/S: Glaser, Allison: Approve Consent Calendar item 3.4.

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

OLD BUSINESS - Offshore Wind Project Grid-Interconnection Study

Executive Director Marshall reported that phase one of the California Independent System Operator (CAISO) study to determine necessary upgrades for the project's grid connection is complete. The offshore wind project partners split the initial \$400,000 study deposit four

ways. The partners found phase one study results favorable and are proceeding with phase two which requires a deposit for a portion of the project's required grid upgrades. Half of this deposit is reimbursable. Depending upon whether the project successfully completes the multi-year CAISO study process, and upon RCEA's relationship to the project company, RCEA may be reimbursed more or the cash amount will be converted into project equity.

Staff and the Directors discussed: existing grid infrastructure and capacity, CAISO's need for a safe and reliable electric grid that minimizes power provider generation curtailment, anticipated business growth due to energy, that RCEA will be reimbursed by the state for grid upgrades benefitting other projects, Humboldt County coast's superior offshore wind resource, and the risks and rewards of long-term offshore wind investment.

Chair Winkler invited public comment.

Member of the public John Schaefer stated that he was opposed to authorizing the CAISO financial security posting. Mr. Schaefer stated that RCEA's participation in floating offshore wind energy development was risky because the industry is in trial stages in Europe and local feasibility studies should be undertaken by large developers.

An RCEA Community Choice Energy customer stated that she supports the offshore wind project and inquired whether the industry has been successful on the East Coast.

Member of the public Wendy Ring stated that it seemed risky for RCEA to put funds that could be used toward other forms of more affordable, obtainable clean energy into developing offshore wind. Ms. Ring requested background information supporting the decision to pursue offshore wind development.

Chair Winkler closed public comment.

Executive Director Marshall described developments in the European and American East Coast offshore wind industry and in floating foundation technology. Mr. Marshall reviewed the RCEA offshore wind project history from its request for qualifications which drew responses from five international offshore wind development companies, to the selection of RCEA's project company partners Aker Solutions, Principle Power and EDP Renewables.

Staff and directors discussed: balancing new technology risks with agency objectives, the need to revisit anticipated project costs, the project team's experience and abilities, the bullish offshore wind energy market, the cost and safety advantages of in-harbor platform assembly and maintenance, the ability to discontinue project involvement in the future if needed, the need for continued public education about the reasons for project involvement, the Board Offshore Wind Subcommittee's role in determining risk exposure and how the agency can achieve returns, The Energy Authority's role in evaluating power output and electricity price, state support of offshore wind and its role in meeting California's 100 percent renewable energy goal given the lack of nighttime solar energy production, expected cost reductions over time, and the environmental and economic opportunities presented by offshore wind.

M/S: Allison, Woo: Approve expenditure of \$273,500 toward the Redwood Coast Offshore Wind Project's CAISO interconnection process phase-2 financial security posting and authorize the Executive Director to execute any associated documents. The motion passed on a unanimous voice vote. Ayes: Allison, Daugherty, Fennell, Glaser, Miller, Smith, Wilson, Winkler, Woo. Noes: None. Absent: None. Abstentions: None.

NEW BUSINESS

6.1. FY 2018-2019 2nd Quarter Budget Summary

Director of Business Planning and Finance Lori Biondini reported that a legal services line item budget adjustment was necessary due to increased contract, regulatory and bankruptcy counsel work. Unexpended funds from the professional and program services spending category will cover the increase. Staff and the directors discussed: switching to seasonal cost matching to more closely match revenues with seasonal energy expenditures; the importance of legal counsel guidance while drafting offshore wind and airport microgrid project agreements and when engaging in Prop 39 work with educational institutions; and discussing month-to-month winter and summer rates during the budget process.

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

M/S: Miller, Glaser: Adopt proposed FY18-19 Budget Mid-Year Adjustment with revised FY18-19 Budget Totals.

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

6.2. Salary Survey Report (Information only, no action)

Human Resources and Workforce Development Manager Patrick Owen reported that Human Resources consultant Don Turko prepared a compensation policy that the Board passed in 2016 that required a salary survey be performed every two years. Staff Manager Owen presented an updated survey of similar jobs at comparable public agencies.

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

6.3. RCEA Energy Efficiency Programs Update (Information only, no action)

Demand Side Management Director Lou Jacobson reported that RCEA's Energy Watch program partnership with PG&E has provided core agency energy efficiency services to historically underserved Humboldt County since 2006. RCEA's historic partnership with PG&E will change in 2020. The California Public Utilities Commission directed all investor owned utilities to increase third-party designed and implemented programs. PG&E responded by releasing a request for abstracts in late 2018 to solicit energy efficiency program concepts for 2020 implementation. In response, RCEA staff submitted three abstracts for PG&E's

consideration. The same competitive process is expected to be required for local government partnerships. RCEA staff plan on submitting abstracts in response to PG&E's solicitations; are exploring the viability of administering state energy efficiency funds, an option now available by being a CCA; and are also exploring the formation of a Rural Regional Energy Network to access funding for local ratepayer efficiency services.

Staff is also working with the Community Advisory Committee on a program to implement community-submitted energy efficiency programs with CCE funds. Staff will provide a list of CAC programs subcommittee-recommended programs to the Board in May or June.

Staff and the directors discussed: how projected funding through the different paths compares with previous Energy Watch program funding; the different pathways' potential staffing impacts; that administrative costs for Rural Regional Energy Network management could be \$1 million per year; the success of RENs in obtaining funding for other areas; and the difficulties in obtaining energy efficiency services through PG&E in rural areas.

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

6.4. Audit Services RFP

Director of Business Planning and Finance Biondini reported that, citing the additional workload and expertise required to audit the Community Choice Energy program, David L. Moonie and Co. has declined to continue performing RCEA's audits.

The directors and staff discussed the possibility of working with a local accounting firm to perform the audit and the specialized nature of auditing a local government agency that performs wholesale power management.

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

M/S: Fennell, Glaser: Authorize staff to issue a request for proposals for professional financial audit services and complete a review of submitted proposals and authorize the Executive Director to contract with the selected respondent and execute all associated documents following review and approval by the RCEA Board Finance Subcommittee and RCEA Legal Counsel.

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

7.1. Feed-In Tariff

Account Services Manager Mahayla Slackerelli presented proposed Feed-in Tariff program materials in response to the Board's 2016 goal to initiate a feed-in tariff program and direction in November 2018 to prepare program materials. Ms. Slackerelli described the feed-in tariff program as a way for RCEA to set contract terms with renewable energy developers of up to 1 MW capacity to procure power. The program can accommodate up to 6 MW in contracts with a base price of \$80/MWh and includes price adjusting mechanisms.

Staff and the directors discussed: project incentives for brownfield locations, previously developed sites, and local projects; how preference for local projects is allowable given the Board-approved strategic plan goal of local job creation; and how projects cannot be located on prime agricultural land or irrigated farmland. Most program participants are anticipated to be solar developers of projects larger than household size and it was pointed out that CCE program funds for subsidizing different programs are limited.

Chair Winkler invited public comment.

Member of the public Wendy Ring inquired whether battery storage can be incentivized, or time-of-use rates applied, through the feed-in tariff program, and how feed-in-tariff program prices compare to projected energy costs for the next 20 years.

Chair Winkler closed public comment.

Staff stated that the program could be designed to work with battery storage; that The Energy Authority can forecast energy prices for the next five years with confidence, but projections past that time are difficult to make; and that all power purchasers face risks with state-required long-term power purchasing agreements.

M/S: Miller, Glaser: Authorize staff to launch the RCEA Feed-in Tariff program effective April 1 and to investigate battery storage incentives for future incorporation into the Feed-in Tariff program.

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

7.2. 100% Clean and Renewable Electricity by 2025 Goal

Executive Director Marshall presented a proposed resolution adopting the Community Advisory Committee's recommended 100 percent clean and renewable electricity by 2025 goal that does not interfere with existing Community Choice Energy (CCE) program goals and that incorporates community discussion on definitions of "clean" and "renewable" energy. The resolution accelerates RCEA's existing goal of achieving 100 percent renewable energy by 2030 outlined in the Board-adopted Comprehensive Action Plan for Energy (CAPE), the agency's strategic plan. Staff outlined the resolution's proposed action plan to revise CAPE goals in 2019, align those goals with the County's current multijurisdictional climate action plan (CAP), examine cost impacts of different scenarios, and incorporate the resulting long-

term strategy into an updated integrated resource plan that will be submitted to the California Public Utilities Commission in spring 2020.

The directors and staff discussed: adherence to the CCE program's first five year resource goals; how local biomass will be burned here or elsewhere; the value of locally-produced energy; how staff will encourage a land management, fire safety, carbon sequestration and biomass discussion at the County's CAP public meetings; how the clean and renewable energy discussion must encompass more than electricity production; how all energy sources have negative impacts; and how accelerating the agency's adoption of 100 percent renewable electricity may limit local energy source options given the state's requirement for long-term procurement contracts.

Chair Winkler invited public comment.

Arcata resident and 350 Humboldt member Pat Carr expressed support for the resolution, locally-produced energy and decentralized energy. ~~Ms.~~ Mr. Carr stated support for community involvement in clean energy discussions.

Eureka resident, 350 Humboldt Steering Committee member, and Eureka Energy Committee member Debra Dukes read a letter from Gale Coonan supporting the resolution for setting an example for other communities. Ms. Dukes also expressed support for the resolution stating that it may be a small act in the global context, but it makes a big difference for this community.

Member of the public Wendy Ring stated her support for the resolution, describing it as a signal to power providers of the kind of energy people want. Ms. Ring also supported RCEA's coordination with the regional climate action plan and integrated resource plan, the agency's community responsiveness and incorporation of further avenues for community dialog.

Member of the public Ellen Golla expressed support of the resolution with reservations and stated that she hoped it would not be used to greenwash biomass electricity, which she states is not clean. Ms. Golla cited a recent American Public Health Association report stating that combustion-related air pollution negatively affects children's neurodevelopment.

DG Fairhaven General Manager Bob Marino expressed support for the resolution and shared a report on biomass by the California Air Pollution Control Officers Association.

Humboldt Redwood Company (HRC) Scotia Director of Operations Michael Richardson read HRC Forest Policy Director John Andersen's letter urging the Directors to continue to include biomass facilities as a clean and renewable source of energy and stating that the Scotia plant burns waste from trees harvested following stringent forest practice rules. Mr. Andersen added that HRC provides well-paying jobs to 300 employees who support the local economy.

Tyler Chapman of Lost Coast Energy stated that he supports the resolution and that by enforcing the state's energy code, the community can immediately take steps toward achieving emissions reduction goals.

Chair Winkler closed public comment.

M/S: Allison, Daugherty: Adopt Resolution 2019-1 of the Board of Directors of the Redwood Coast Energy Authority Adopting the Target of a 100% Clean and Renewable Electricity Mix by 2025.

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

END OF COMMUNITY CHOICE ENERGY (CCE) BUSINESS

STAFF REPORTS

Director Allison leaves at 6:26 p.m.

9.1. Community Choice Energy Program Update by Power Resources Director Richard Engel.

Power Resources Director Richard Engel reported that a diverse group of renewable power producers responded to February's request for proposals. Most were solar developers, some were hydropower and wind power producers, and most were from outside Humboldt County. The review team is assessing the proposals and staff's goal is to present negotiated power purchase agreements for Board approval in July.

The CCE program's electricity rate changes continue to be delayed by PG&E's delayed rate setting. Staff anticipates a decrease in PG&E generation rates in May at the earliest and is delaying implementation of the Board-approved one percent rate discount below PG&E's rates. RCEA's required rate comparison mailing is due this summer and may not reflect changes in PG&E's and RCEA's rates due to the delays.

Upon inquiry by Director Miller, staff confirmed that it may be possible to increase the rate discount to more than one percent below PG&E's generation rates, once the changes to PG&E generation rates and the Power Charge Indifference Adjustment are known.

9.2. Building Lease Renewal Report by Operations Director Dana Boudreau.

Operations Director Dana Boudreau reported that RCEA's building lease expires at the end of March and that staff and the building owner agreed to a month-to-month lease. Building improvements for comfort and efficiency are being discussed and staff favors remaining at the current location to keep expenses down. One-year lease negotiations will begin in June.

To Director Glaser's inquiry whether staff is looking for another location to accommodate increased staff for proposed projects, staff Director Boudreau responded that staff continues to consider other locations and building sharing with other agencies as longer-term solutions.

Chair Winkler adjourned the meeting at 6:35 p.m.

Respectfully Submitted,

Lori Taketa, Clerk of the Board