



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**

**May 23, 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 3:30 p.m. Notice of this meeting was posted on May 17, 2019. PRESENT: Alternate Director Stephen Avis (arrived 3:32 p.m.), Vice-Chair Austin Allison (departed 5:10 p.m.), Summer Daugherty, Estelle Fennell, Dwight Miller, Frank Wilson, Chair Michael Winkler, Sheri Woo. ABSENT: Dean Glaser, Robin Smith.

REPORTS FROM MEMBER ENTITIES

Director Wilson reported that the Cities of Rio Dell and Scotia have reservations about Terra-Gen's Humboldt Wind Energy Project environmental impact report due to perceived lack of due diligence.

Director Fennell reported citizen concerns about the need for more public process notification related to the Humboldt Wind Energy Project; that the community gave thoughtful input at Senator McGuire's offshore wind, fisheries and wildlife hearing; and that the directors may want to discuss RCEA representation of the Eel River basin's energy interest in the Potter Valley Project since the Sonoma County Water Agency, California Trout and the Mendocino Valley-based interim water and power project submitted a notice of intent to pursue Federal Energy Regulatory Commission licensing.

Director Daugherty reported that she will be participating in a County Climate Action Plan agricultural stakeholders meeting on Thursday.

Chair Winkler reported on Arcata's Climate Action Plan work, contacts made at the offshore wind hearing, and on the proposed formation of an ad hoc California offshore wind working group. He suggested offshore wind pursue a similar regulatory and legislative approach as the building decarbonization advocates.

(Alternate Director Stephen Avis arrived at 3:32 p.m.)

ORAL COMMUNICATIONS

Chair Winkler invited public comment.

Andrew Breyer of Golden State Renewable Energy petitioned the Board to increase the feed-in tariff by \$10/MWh for floating PV projects that fit into a special use category of projects protecting greenfield lands.

Chair Winkler closed public comment.

CONSENT CALENDAR

- 3.1** Approve Minutes of April 25, 2019, Board Meeting.
- 3.2** Approve Disbursements Report.
- 3.3** Accept Financial Reports.

Directors Woo and Wilson requested discussion of item 3.3.

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

M/S: Fennell, Miller: Approve Consent Calendar items 3.1 and 3.2.

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

REMOVED FROM CONSENT CALENDAR ITEMS

Directors and staff discussed how the financial report's facilities and operations expenses resulted from the airport microgrid project's solar and battery down payment invoice submittal immediately after contract signing. The expense was moved to this year's budget and staff is requesting funds from the CEC project grant to cover this expense under agenda item 6.1. The lag between retail electricity use and payments and community concern about PG&E paying RCEA were discussed. Staff and legal counsel confirmed regular receipt of both customer electricity and energy efficiency payments through PG&E and that the Community Choice Aggregators are monitoring bankruptcy proceedings to ensure that existing service agreements are honored.

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

M/S: Fennell, Woo: Approve Consent Calendar item 3.3.

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

OLD BUSINESS

5.1 Offshore Wind Project Investment

Executive Director Matthew Marshall presented a report on the community direction and agency goals behind the offshore wind project, RCEA's offshore wind project work and agreements established so far, the project's next steps, agency investment scenarios and corresponding potential risks and rewards.

The directors discussed how the Offshore Wind Subcommittee and staff recommendation balances what the agency can afford with development of a beneficial project for the county, potential harbor upgrade and electricity transmission grants, and costs that could be recouped should the Bureau of Ocean Energy Management not award the lease to RCEA or the project be delayed.

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

M/S: Fennell, Allison: Approve RCEA investment in the Redwood Coast Offshore Wind Project, not to exceed \$300,000 in FY19-20 and \$250,000-500,000 per year in subsequent years up to total maximum investment not to exceed \$2.5 million.

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

5.2 Comprehensive Action Plan for Energy and County Climate Action Plan Update (Information only)

Executive Director Marshall reported that the Board of Supervisors will review a professional services agreement with RCEA for work on the Humboldt County Climate Action Plan in June and that staff is updating RCEA's Comprehensive Action Plan for Energy, incorporating relevant sections of several other strategic planning documents and the board's recently adopted 100 percent renewable electricity by 2025 goal. Staff will align the updated CAPE goals with the County's CAP goals, include agency-related CAP public workshop input into the CAPE update, and incorporate RCEA's revised electricity goals in the CPUC-mandated integrated resource plan. Staff informed the directors of upcoming public workshops.

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

5.3 Salary Schedule Update and New Deferred Compensation Plan

Executive Director Marshall reviewed biennial salary survey results, benefit package comparisons and the Board Finance Subcommittee's recommendations. The directors discussed expected agency revenue reductions, upcoming expenses, the need to track what RCEA can afford, community benefits of providing living-wage jobs, and the difficulty of retaining skilled engineering, science and technology employees.

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

M/S: Avis, Miller: Approve 1) the proposed revised salary schedule, effective July 1, 2019, and 2) the addition of a 457(b) deferred compensation plan with 4% employer contribution to RCEA employee benefits package.

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

5.4 Airport Microgrid Project – USDA Loan Requirements

Executive Director Marshall reported that USDA officials determined that the proposed resolution was not required for the Airport Microgrid Project loan.

NEW BUSINESS

6.1 FY18-19 Budget Update and Proposed Revision

Executive Director Marshall explained the proposed addition to this year's budget of airport microgrid solar, battery and microgrid controller costs and PG&E grid interconnection application expenses. California Energy Commission grant funds will offset the expenses.

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

M/S: Fennell, Daugherty: Approve proposed revisions to the FY18-19 Annual Budget.

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

6.2 Draft FY19-20 Annual Budget

Executive Director Marshall reviewed the proposed FY 19-20 budget which the Board Finance Subcommittee provided input on and will study in more detail in June. The budget included Board-approved offshore wind project costs and personnel budget adjustments and proposed customer program funding to be discussed later in the meeting. Budget areas of uncertainty included 2020 power purchase costs, energy efficiency program funding and PG&E's electricity rates which affect RCEA's discounted electricity rate.

(Director Allison left at 5:10 p.m.)

The directors requested a representative from The Energy Authority participate in the June Board and Board Finance Subcommittee meetings to answer power purchase, forecast method and energy market questions. The potential consequences of divulging individual contract values were discussed.

Chair Winkler invited public comment.

Member of the public Ellen Golla asked how much of the wholesale power expenses are from biomass. Staff estimated that biomass accounts for roughly 20 percent of wholesale power costs.

Chair Winkler closed public comment.

COMMUNITY CHOICE ENERGY (CCE) BUSINESS

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

OLD CCE BUSINESS

7.1 Residential Time-of-Use Rate Transition

Account Services Manager Mahayla Slackerelli reported on PG&E's upcoming, and RCEA's proposed, residential tiered-rate customer transition to a time-of-use rate. The Energy Authority revised the previously forecast financial impact from \$739,000 to \$535,000 in lost RCEA revenues each year. The directors discussed how RCEA participation would result in rate savings for most customers and avoid increased bill confusion, how solar renewable energy's success contributed to this shift as prices go up when the sun goes down, and the opportunity to show customers how CCE can save them money. The directors inquired about

higher baseline rates for affordable housing customers with electric heating and a commercial demand response program.

Chair Winkler invited public comment.

Member of the public Gaya Kramer of Indivisible Fortuna stated, and the directors concurred, that time of use rates require very specific education about how customers can save money.

Chair Winkler closed public comment.

M/S: Avis, Miller:

Direct staff to transition flat-rate residential customers to the TOU rate in June of 2021 in partnership with PG&E.

Direct staff to offer bill protection to appropriate rate-transition customers for the first year.

Direct staff to maintain CCA residential customer rates consistent in structure with PG&E's residential customer rates through the transition period to residential time-of-use rates.

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

NEW CCE BUSINESS

8.1 CCE Customer Programs

Demand-Side Management Director Lou Jacobson reported on the Community Advisory Committee's work on the CCE-funded customer programs since early 2018. The Committee selected proposals in alignment with Comprehensive Action Plan for Energy goals, feasibility, and non-duplication of existing programs. Staff proposed integrating the programs into services offered by the agency's existing customer service model so customers experience a single point of contact for the range of available energy programs offered by RCEA and other entities. Recommended and non-recommended proposals were described.

The directors discussed expanding services to mixed-light agriculture in the future and the Community Advisory Committee's positive contributions.

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

M/S: Miller, Daugherty and Avis: Approve Community Advisory Committee and staff-recommended CCE customer programs and associated 2019-20 funding allocations.

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

END OF COMMUNITY CHOICE ENERGY (CCE) BUSINESS

STAFF REPORTS

9.1 Auditor Selection Update by Executive Director Matthew Marshall.

Executive Director Marshall reported on the Board Finance Subcommittee-supported selection of Pisenti & Brinker as the agency's new fiscal auditor. The firm was the lowest bidder, had the most CCA auditing experience, and will perform two years' audits simultaneously at a reduced price, bringing the agency up-to-date with its financial audits.

9.2 Community Choice Energy Updates on Feed-In Tariff, Rate Change, Net Energy Metering Payout and Electric Vehicle Rate Migration by Power Resources Director Richard Engel and Account Services Manager Mahayla Slackerelli.

Account Services Manager Slackerelli reported that feed-in tariff program applications were being accepted and will pay \$80/MWh for the first program period. PG&E increased electricity generation rates twice this year and is expected to do so again in July. The Board decision to adjust RCEA's rates to 1% less than PG&E's begins in June. Eligible net energy metering customers were invited to cash out their electricity overproduction credits of over \$100 or to rollover credits. There is \$78,000 in credit available for payout. The CPUC directed PG&E to restructure its electric vehicle rate; EV residential customers using over 800% of their baseline allotment will be transitioned for of EV rates to a time-of-use rate.

The directors discussed publicizing net energy metering cash outs as an incentive for CCE program participation, and an upcoming residential solar electricity and net energy metering electricity bill workshop.

FUTURE AGENDA ITEMS

The directors requested discussion of CCA best practices for financial transparency without compromising the agency's negotiating position, RCEA's possible role as a local energy ordinance information clearinghouse, and whether RCEA has a role in notifying builders of the January 1, 2020 release of the new state energy code.

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

Chair Winkler adjourned the meeting at 6:16 p.m.

Respectfully Submitted,

Lori Taketa, Clerk of the Board