



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**

**August 22, 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 3:31 p.m. Notice of this meeting was posted on August 15, 2019. PRESENT: Vice Chair Austin Allison, Alternate Director Chris Curran, Estelle Fennell, Dean Glaser, Dwight Miller, Robin Smith, Frank Wilson, Chair Michael Winkler, Sheri Woo. ABSENT: None. STAFF PRESENT: Business Development and Planning Director Lori Biondini, General Counsel Nancy Diamond, Power Resources Director Richard Engel, Demand-Side Management Director Lou Jacobson, Executive Director Matthew Marshall, Human Resources and Workforce Development Manager Patrick Owen, Clerk of the Board Lori Taketa.

REPORTS FROM MEMBER ENTITIES

Director Fennell stated she was glad the directors would hear a presentation on the Potter Valley Project at this meeting.

Director Miller reported the Trinidad City Council approved photovoltaic panel installation on the Trinidad Town Hall roof and thanked RCEA for helping the City transition to powering most of its facilities with solar electricity. He thanked Demand-Side Management Director Jacobson for his service and introduced new Trinidad Alternate RCEA Director David Grover.

ORAL COMMUNICATIONS

Chair Winkler invited public comment.

Executive Director Marshall presented a certificate of appreciation to outgoing staff Demand-Side Management Director Lou Jacobson for more than eleven years of service to RCEA. Director Miller joined other board directors in thanking Staff Director Jacobson.

Counsel Diamond stated there was nothing new to present in closed session regarding the PG&E bankruptcy proceedings.

Chair Winkler closed the oral communications period.

CONSENT CALENDAR

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

- 3.4 Adopt Resolution No. 2019-2, A Resolution of the Board of Directors of the Redwood Coast Energy Authority Approving the Form of and Authorizing the Execution of a Memorandum of Understanding and Authorizing Participation in the Special District Risk Management Authority's Health Benefits Program.
- 3.5 Adopt Resolution No. 2019-3, A Resolution of the Board of Directors of the Redwood Coast Energy Authority Adopting a Policy Concerning Closed Sessions Pursuant to Government Code Section 54956.96.
- 3.6 Waive Conflict of Interest in the Law Offices of Nancy Diamond's Representation of RCEA and the City of Arcata on Matters Pertaining to Their Respective Interests in the Pending PG&E Bankruptcy Proceeding.

Director Woo requested that item 3.1 be removed from the consent calendar.

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

M/S: Allison, Miller: Approve consent calendar items 3.2, 3.3, 3.4, 3.5 and 3.6.

The motion passed on a unanimous voice vote. Ayes: Allison, Curran, Fennell, Glaser, Miller, Smith, Wilson, Winkler, Woo.

REMOVED FROM CONSENT CALENDAR ITEMS

Director Woo requested the July 25, 2019 Board meeting minutes reflect that the Comprehensive Action Plan for Energy update, renewable energy power purchase agreement with Snow Mountain Hydro, LLC, and Special District Risk Management Authority Board election were non-Community Choice Energy Old Business items. Director Woo and Counsel Diamond requested that future CCE business votes reflect the Water District representative as non-voting rather than abstaining.

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

M/S: Allison, Miller: Approve consent calendar items 3.1.

The motion passed on a unanimous voice vote. Ayes: Allison, Curran, Fennell, Glaser, Miller, Smith, Wilson, Winkler, Woo.

OLD BUSINESS - Comprehensive Action Plan for Energy Update (Information only)

Executive Director Marshall reported on the updated public workshop schedule to gather community input for the agency's strategic plan revision and described two additional workshops, one on forests and biomass and another on offshore wind. Public comment will be shared with the Community Advisory Committee and staff will incorporate the suggestions into a revised plan which the Board may vote on as early as November 21.

NEW BUSINESS

Presentation by Craig Tucker, Natural Resources Consultant for the County of Humboldt, on the Potter Valley Project (Information only)

Humboldt County's Natural Resources Consultant Craig Tucker reported how the Potter Valley Project makes the Eel River a major tributary to the Russian River, provides water for Mendocino and Sonoma County residents and agriculture, generates 9 MW of electricity, has a diminished reservoir storage capacity from sedimentation, and has negative Eel River fish passage impact with potentially significant remediation costs.

Mr. Tucker described the hydropower relicensing process, Congressman Huffman's development of a two-basin committee with coequal goals of improving fish passage on the Eel River and minimizing water flow impacts on the Russian and Eel Rivers, and fish passage study results recommending project removal to lessen invasive pikeminnow habitat and improve salmon passage. Mr. Tucker stated that he could report back to the directors before completion of the Federal Energy Regulatory Commission license application draft when action might be considered by the RCEA Board.

The directors discussed the unlikelihood of competition from a for-profit entity, the more balanced representation of northern county interests thanks to Congressman Huffman's initiatives, possible dam removal funding sources, mercury contamination concerns, RCEA's role regarding energy issues and future support for creation of a project management entity.

Chair Winkler invited public comment.

To staff inquiries, Mr. Tucker replied that the Wiyot and Round Valley Tribes are participating in discussions, that the Bear Valley also expressed interest in participating, and that an economic analysis is needed to determine whether reconstruction of the project's early 20th century infrastructure would provide the best return of investment.

Chair Winkler closed the oral communications period.

Presentation by Naveed Paydar, Local Government Liaison to the California Public Utilities Commission (Information only)

Mr. Paydar stated the need for greater communication between local government agencies and the CPUC and described the Commission's creation in the California Constitution, current privately-owned utility regulatory responsibilities and energy efficiency achievements through ratepayer funded programs. He described the CPUC's limited jurisdiction over Community Choice Aggregators and the current administrative law judge proceeding revising the fee calculation equation creating indifference between bundled investor-owned utility (IOU) customers and CCA customers, or the Power Charge Indifference Adjustment (PCIA).

The directors inquired about the CPUC's role in developing distributed energy resources and promoting decarbonization and reach codes requiring all-electric new construction. Mr. Paydar explained how, through state legislation and utility regulation, the CPUC can influence electric vehicle rates and authorize IOUs to use ratepayer funds for public and multi-family building infrastructure projects, fuel substitution and undergrounding. The directors discussed

how the CPUC authorized PG&E to shut off electricity as a last resort when PG&E determines fire threat levels warrant, Southern and Eastern Humboldt County wildfire vulnerability and upcoming CPUC Northern California hearings on wildfire mitigation. RCEA's application to administer ratepayer funds for local energy efficiency projects and building decarbonization's promise for future CCA and IOU collaboration were also discussed.

Chair Winkler invited public comment.

Upon inquiry by staff about regulating rebuilding in fire-prone areas, Mr. Paydar described the CPUC's inability to regulate private property use, and PG&E's use of shareholder funds to underground electric lines in Paradise, CA.

Chair Winkler closed the oral communications period.

Fiscal Year 2018-2019 4th Quarter Budget Summary (Information only)

Director of Business Planning and Finance Biondini described factors affecting net revenue and wholesale power costs, including the hedging strategy which sets power purchase quantities and times, fluctuations in power costs and in PG&E's winter and summer rates, which in turn affect RCEA's fixed discount rates. The power cost and rate fluctuations make winter revenues lower and summer revenues higher.

The directors discussed: lump sum costs; benefits of conservatively adding to reserves during profitable times; possibly lowering the PG&E rate discount to build reserves; and how reserve accumulation targets are being met.

Chair Winkler invited public comment.

To member of the public Ellen Golla's inquiry, staff reported that the power price of RCEA's Humboldt Sawmill Company contract was lowered in February.

Chair Winkler closed the oral communications period.

Regulatory and Legislative Policy Manager Position Creation

Manager of Human Resources and Workforce Development Owen reported on a requested staff position to track energy regulatory proceedings and legislation, the dynamic energy regulatory environment, number of dedicated regulatory staff at other CCE agencies and the need for diligent CPUC decision tracking as the agency pursues energy efficiency Program Administrator status. Position funding is included in the current fiscal year's budget.

The directors discussed the position's multi-department support role, emphasis on written CPUC filings over travel to Sacramento or San Francisco; CalCCA's advocacy role; the priority of proceeding orientation; and the need to select a highly qualified candidate. Staff confirmed that no other new staff positions were funded in the current year's budget.

Chair Winkler invited public comment. No one came forward to speak. Chair Winkler closed the oral communications period.

M/S: Allison, Fennell: Approve creation of a Regulatory and Legislative Policy Manager position.

The motion passed on a unanimous voice vote. Ayes: Allison, Curran, Fennell, Glaser, Miller, Smith, Wilson, Winkler, Woo.

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

OLD CCE BUSINESS - Adjustment to D.G. Fairhaven Contract Renewal Schedule to Secure State-Required Resource Adequacy Values for RCEA

Director Woo recused herself and left the dais at 5:34 p.m. because of a conflict of interest arising from her employment at SHN Engineers and Geologists, which performs work for DG Fairhaven. Chair Woo is also an SHN shareholder. Director Woo does not supervise any employees working with DG Fairhaven and her interest in the contract is remote.

Power Resources Director Engel presented a report on changing the current DG Fairhaven power purchase agreement length and renewal date to either allow the plant's resource adequacy compliance value to be counted towards RCEA's 2020 requirement or to allow staff enough time to purchase replacement resource adequacy should the directors discontinue the contract.

The directors discussed the power plant's performance history and the California Independent System Operator's need for a higher data communication standard. Director Glaser requested postponing Board action to allow for communication issue resolution.

DG Fairhaven General Manager Bob Marino described the plant's current operations, start-up challenges, contract extension support, desire for a multi-year contract, and upgrades made to satisfy of The Energy Authority's increased communications request.

Chair Winkler invited public comment. No one came forward to speak. Chair Winkler closed the oral communications period.

M/S: Fennell, Wilson: Direct staff to negotiate a contract amendment with DG Fairhaven extending the power purchase agreement ten months and adding provisions to require improved remote data communications needed for effective scheduling of DG Fairhaven's generating resource into the California Independent System Operator.

The motion passed on the following vote. Ayes: Allison, Curran, Fennell, Miller, Smith, Wilson, Winkler. Noes: Glaser. Non-voting: Woo.

NEW CCE BUSINESS - Carbon-Free Power Procurement Alternatives

Power Resources Director Engle reported that due to increased competition for carbon-free Pacific Northwest hydropower, RCEA would potentially be unable to meet the CCE Program's launch-period guidelines requiring maintaining a power portfolio with 5% lower carbon emissions than PG&E's portfolio for the remainder of 2019.

The directors discussed short term carbon-free procurement options, challenges to maintaining a 5% lower carbon emissions margin, PG&E's use of nuclear energy in its carbon-free power mix, the goal of spurring new renewable energy project construction by purchasing power from them, and how longer-term power procurement contracts will lessen RCEA's need for short-term carbon free power.

The directors further discussed: urgent need for lower emissions; high probability of procuring the same electricity volume at a savings from what is known as an asset controlling supplier (ACS); how ACS power imported from the Pacific Northwest includes some nuclear power which is allowed as a short-term exception in the CCE Program's procurement guidelines; how Humboldt County's ban on doing business with companies manufacturing and transporting nuclear weapons would not be violated; preference for wind and solar energy; nuclear power's consistent electrical output; the need to meet RCEA's reserve goals; how power is physically consumed where it is produced, not where it is purchased; and the absence of nuclear power plants in Humboldt County.

Chair Winkler stated his opposition to procuring ACS power because the CCE Program's broader goal is to avoid nuclear energy.

Chair Winkler invited public comment.

Member of the public Ellen Golla recounted attending high school near the Diablo Canyon nuclear power plant. A PG&E representative told her class utility bills would be lower and there was no danger since radioactive material melts into the ground, at which point Ms. Golla's science teacher actually screamed.

Chair Winkler closed the oral communications period.

M/S: Miller, Wilson: Direct staff to purchase the same volume of electricity that would have come from hydroelectricity from an asset controlling supplier portfolio (option 3) through the end of 2019.

The motion passed with the following vote. Ayes: Allison, Curran, Fennell, Miller, Smith, Wilson. Noes: Winkler, Glaser. Non-voting and absent: Woo.

FUTURE AGENDA ITEMS

Director Miller requested a presentation on fuel switching. Upon inquiry by Director Wilson about the Terra Gen power purchase agreement, staff responded that negotiations were under way and the contract may be discussed at the September or October Board meeting. Staff confirmed that RCEA's approval of a purchase contract does not affect the County's authority to approve the construction of the project.

Chair Winkler adjourned the meeting at 6:30 p.m.

Respectfully submitted,

Lori Taketa, Clerk of the Board