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BOARD OF DIRECTORS MEETING MINUTES

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

**December 19, 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 3:34 p.m. Notice of this meeting was posted on December 15, 2019. PRESENT: Vice Chair Austin Allison, Chris Curran, Estelle Fennell (arrived 3:36 p.m., departed 5:02 p.m.), Dwight Miller, Robin Smith, Frank Wilson, Chair Michael Winkler, Sheri Woo. ABSENT: Dean Glaser. STAFF AND CONSULTANTS PRESENT: Business Planning and Finance Director Lori Biondini, RCEA General Counsel Nancy Diamond, Power Resources Director Richard Engel, Executive Director Matthew Marshall, Clerk of the Board Lori Taketa.

REORDERING AGENDA ITEMS

Chair Winkler requested that agenda item 11.1 be addressed after the consent calendar. Chair Winkler invited public comment. No one came forward to speak. Chair Winkler closed public comment.

M/S: Allison, Woo: Address agenda item 11.1 Carbon Free/Renewable Power Purchase Target Review/2020 Power Procurement after voting on the consent calendar.

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

REPORTS FROM MEMBER ENTITIES

Director Chris Curran reported that he is now the Blue Lake City Council's primary RCEA representative. Summer Daugherty is the city's alternate representative.

Director Woo reported that Ruth Lake was at 66% capacity earlier in the week, which is low for this time of year.

Director Allison reported that Eureka is working on updating its building standards code to reduce natural gas heater use in new buildings and transition towards more electrification. The propane industry is lobbying Director Allison, representing propane as a clean energy source.

Director Fennell arrived at 3:36 p.m.

The directors began discussing the Humboldt County Board of Supervisors' decision to reject the Humboldt Wind Project until General Counsel Diamond recommended the Board vote to take up agenda item 6.1 to allow for more complete discussion and public comment.

REORDERING AGENDA ITEMS

M/S: Allison, Wilson: Address agenda item 6.1 Renewable Energy Power Purchase Agreement with Humboldt Wind, LLC.

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

6.1 Renewable Energy Power Purchase Agreement with Humboldt Wind, LLC

The directors expressed disappointment about the project's failure, an urgent need to come to agreement on and to commit to local renewable energy projects to address the climate crisis, and the need to begin engaging impacted communities early in project development.

Director Fennell described the difficulties caused by Terra-Gen's short timeline to obtain project approval to qualify for a sunset federal subsidy. She stated that many Humboldt Wind Project opponents offered her commitments of support for the upcoming offshore wind project and for finding supportable climate change solutions.

The directors discussed these potential actions:

- Streamline the solar energy project permitting process
- Streamline the environmental review process without cutting corners
- Conduct a community discussion on climate actions Humboldt County can take
- Focus on transportation and heating electrification to address fossil fuel consumption
- Consider thorium reactors to complement variable renewable energy output
- Work closely and formally with the County on local renewable energy projects

The directors expressed concern about:

- Public perception of RCEA supporting projects prior to approval
- Understanding clearly the location of Native American sacred sites
- How Humboldt County's anti-development reputation hurts the community's future and energy independence
- A strong community focus on solar as Humboldt County's primary renewable energy solution despite seasonality, battery storage's high expense, and the likely expense for private citizens

Chair Winkler invited public comment:

Blue Lake resident Scott Fraser asked RCEA to be open-minded about climate change solutions and to consider supporting solar energy, adding that the community will not want to talk with the agency about new initiatives until RCEA has considered all possible solutions.

Member of the public Dr. Ken Miller stated that solar generators are an inexpensive alternative to gas-powered generators, and that the public would like RCEA to be a solar energy production leader, send staff to solar conferences and promote low-impact renewable energy solutions. Dr. Miller stated that dismissing solar energy hurts RCEA's credibility.

Deborah Dukes of 350 Humboldt stated that she would have accepted the Supervisors' decision if it were based on reasoned dialog. Ms. Dukes stated that her testimony in support

of the Humboldt Wind Project was met with insults and intimidation and that she disagreed with the way the meetings were conducted.

Ferndale resident Ellin Beltz stated that conservation must be foremost in action, especially in public buildings, and that by lowering the 50% national rate of energy waste the overall electricity load can be reduced.

Arcata resident Angelina Lasko suggested that RCEA focus on storage and follow Southern California Edison's example of finding 220 MW of storage within their grid. Ms. Lasko suggested that the County own renewable power infrastructure and become a microgrid.

Hoop Valley Tribe and RCEA staff member Lori Biondini stated that most people do not understand the severity of the historical and current trauma, marginalization and alienation experienced by native communities. Ms. Biondini stated that she looked forward to participating in more projects employing early and frequent communication.

Chair Winkler closed public comment.

Executive Director Marshall stated that of the concerns raised about the Humboldt Wind Project, staff felt the Wiyot Tribe's concerns were the most challenging to address or mitigate. He stated that RCEA would continue to include the community in decision-making and to engage in early and frequent project discussions with impacted groups. The CPUC requires RCEA to provide a large percentage of the County's electricity through long term contracts, Mr. Marshall continued, and without the Terra-Gen project, RCEA's Kern County solar project contract may require revision, or contracts with companies that responded to the earlier renewable request for proposals may need reconsideration.

Executive Director Marshall reminded the directors that more than half of RCEA's staff work focuses on energy efficiency, that staff is working with businesses and public agencies on energy storage, that RCEA launched a feed-in tariff program to develop community-scale solar projects, and that with the current airport microgrid project the agency will own and operate Humboldt County's largest solar array and battery system and may have more storage as a percentage of customer load than any other California load-serving entity, once this project is completed.

The directors discussed:

- How RCEA is well-positioned to bring together community members willing to discuss the county's energy sources and foster a respectful discussion of all options so a common base of facts and agreement on action can be reached.
- How commitments need to be gathered from people for the RePower strategic plan's ambitious goals.
- How despite efforts by the county to instill respectful dialog, it was not possible to control the actions of people who were passionate about the issue.
- How every County Supervisor must redouble efforts to develop sustainable energy and how every citizen must learn as much as possible about the climate emergency
- How making exceptions of too many proposed renewable energy projects prevents meaningful climate action.

ORAL COMMUNICATIONS

Chair Winkler invited public comment. Member of the public Dr. Ken Miller stated that Humboldt County helped start the solar revolution in the 1970s as a leading solar panel adopter and has an opportunity to continue to be a model solar energy implementer. Chair Winkler closed public comment.

CONSENT CALENDAR

- 3.1 Approve Minutes of November 21, 2019, Board Meeting.
- 3.2 Approve Disbursements Report.
- 3.3 Accept Financial Reports.
- 3.4 Reappoint Jerome Carman, Colin Fiske, Larry Goldberg, Pam Halstead, Tom Hofweber and Dennis Leonardi to the Community Advisory Committee for Terms Expiring April 12, 2022.
- 3.5 Approve Changes to Feed-In Tariff Power Purchase Agreement as Amended to Address Local Developer Incentive and Energy Curtailment Calculation Concerns.
- 3.6 Consent to Assignment of the Existing Biomass Power Purchase Agreement from DG Fairhaven Power, LLC to DG Fairhaven, LLC, and Authorize the Executive Director to Execute All Necessary Documents.

Director Woo stated she would abstain from voting on item 3.6 because of a remote conflict of interest. DG Fairhaven is a client of Director Woo's employer, SHN. Director Woo is a minority SHN shareholder, although the Board's decision will not affect SHN's shareholder price. Director Woo does not supervise any SHN employee working with DG Fairhaven.

Chair Winkler invited public comment. Dr. Ken Miller, member of the public requested item 3.4 be removed from the consent calendar. Chair Winkler closed public comment.

M/S: Allison, Miller: Approve consent calendar items 3.1, 3.2, 3.3, 3.5 and 3.6.

The motion passed with a voice vote. Ayes: Allison, Curran, Fennell, Miller, Smith, Wilson, Winkler, Woo. Absent: Glaser. Abstain: Woo for item 3.6.

Chair Winkler invited public comment.

Dr. Miller stated that some Community Advisory Committee nominees were not open-minded regarding distributed energy production and recommended the Board change the committee's membership as the body presents community input to the Board.

A member of the public suggested the Board consider adding seats for tribal member representatives to the CAC.

Member of the public Angelina Lasko stated that she was not aware of the committee and that the community needs more access to the Committee and Board.

Chair Winkler closed public comment.

The Board discussed the current Rio Dell and Fortuna committee member vacancies, Rio Dell community members' awareness of the importance of proactive involvement, how tribal

members are welcome to apply for committee seats, the challenges of achieving equitable representation of the many tribal governments in the county and of finding engaged committee member-volunteers, notification challenges given the dispersed way in which the community gathers information, how all board members are accessible via email, and the possibility of setting preferences for different at-large committee seats.

M/S: Fennell, Miller: Approve consent calendar item 3.4.

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

COMMUNITY CHOICE ENERGY (CCE) BUSINESS - Chair Winkler confirmed that a CCE quorum was present.

NEW CCE BUSINESS

Carbon Free/Renewable Power Purchase Target Review/2020 Power Procurement

Power Resources Director Engel presented a staff report on the carbon free energy procured for 2019 and some of 2020 and which staff is proposing to procure again for the rest of 2020 within set price parameters. Staff proposes redirecting funds to local investment should this power source be too expensive or unavailable although higher greenhouse gas emissions from the CCE program's power content may result. The Board's previous approval of this power source was based on the source's relatively low cost.

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

M/S: Allison, Fennell: Authorize staff to expend up to \$1.5 million for procurement of carbon-free power for calendar year 2020, at a unit price not to exceed 160% of 2020 carbon-free power procured to date, redirecting any portion of these funds not committed by May 1, 2020 to an incentive program for energy storage at critical public facilities.

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

REORDERING AGENDA ITEMS

M/S: Allison, Fennell: Address agenda item 5.1 Approve Updated RePower Humboldt/Comprehensive Action Plan for Energy Planning Document Draft.

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

OLD BUSINESS

5.1 - Approve Updated RePower Humboldt/Comprehensive Action Plan for Energy Planning Document Draft

Executive Director Marshall described revisions in the final RePower Humboldt/ Comprehensive Action Plan for Energy document prompted by comments during recent Board and Community Advisory Committee meetings. The long-term planning document sets out goals for the next 10 years which the Board may review and update periodically. The directors discussed the challenge of balancing conflicting desires for shortened biomass contracts which hasten carbon emission reduction and for longer contracts which enable emission-reducing infrastructure investment. A request was made for a California Air Resources Board presentation on air quality impacts of biomass plants and wood burning stoves. There was further discussion about how biomass energy emits less than 2% of California's carbon emissions during the evening, how the remainder result from natural gas and coal, and how mentioning sequestration in the document enables work in that arena.

Director Fennell left at 5:02 p.m. Chair Winkler invited public comment.

Bob Marino of DG Fairhaven spoke of the need for long-term contracts to make equipment investments and expressed a willingness to serve on the biomass technical advisory committee.

Member of the public Martha Walden expressed support for a technical advisory committee to investigate mill waste burning impacts and how other communities balance grids without fossil fuel and biomass use. Ms. Walden expressed concern that energy independence emphasis leads to more biomass energy production and the primary importance of finding the most rapid way to draw down atmospheric greenhouse gases.

Member of the public Ellen Golla expressed her disappointment with the RePower document's emphasis on biomass energy use which she stated goes against RCEA's mission to advance the use of clean, renewable and efficient resources.

Arcata resident Walt Paniak stated that biomass remains an expensive, inefficient and unhealthy energy source and adding forest waste as fuel continues ratepayer subsidies. He stated the need to reward the growth and retention of as many big trees as possible.

Chair Winkler closed public comment.

M/S: Allison, Miller: Adopt the 2019 RePower Humboldt Comprehensive Action Plan for Energy.

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

CLOSED SESSION

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

The directors adjourned to closed session at 5:10 p.m. to meet with legal counsel per Government Code Section 54956.9(d)(4), in re PG&E, Bankruptcy Court, 19-30088, Northern District of California, and regarding Public Employee Performance Evaluation, pursuant to Government Code Section 54957(b)(1): Executive Director.

The directors reconvened to open session at 5:57 p.m. Chair Winkler stated that there was nothing to report from closed session.

NEW BUSINESS

Fiscal Year 2019-2020 1st Quarter Budget Summary (Information only)

Executive Director Marshall presented the budget summary staff report, noting that because RCEA's CCE program mirrors PG&E's rates, average net revenues are higher when summer rates are in effect and dip when winter rates are implemented. The fluctuations are projected to balance out in the second half of the fiscal year.

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

CCE Program Update (Information only)

California Public Utilities Commission Decision Requiring Electric System Reliability Procurement for 2021-2023

Executive Director Marshall reported that in anticipation of some natural gas plants being decommissioned, the CPUC identified gaps when energy production will be inadequate to meet growing demand, factoring solar energy production's nonalignment with peak energy use periods. The CPUC divided the shortfall into renewable energy shares from new sources that each California load-serving entity must procure. RCEA's airport solar microgrid will fulfill some of the agency's 2021 share, and the agency may need to do targeted procurement to fulfill requirements through 2023. The new energy sources may be located anywhere in California and the offshore wind project will not be online in time to meet the requirements.

Postponement of annual review and update of RCEA's Energy Risk Management Policy

Executive Director Marshall stated that the annual risk management policy review would take place during the following meeting.

END OF COMMUNITY CHOICE ENERGY (CCE) BUSINESS

Chair Winkler adjourned the meeting at 6:02 p.m.

Lori Taketa
Clerk of the Board