

MINUTES

REGULAR MEETING of the Executive Committee of the
Clean Power Alliance of Southern California

Wednesday, March 16, 2022, 1:30 p.m.

Pursuant to the Proclamation of the State of Emergency by Governor Newsom on March 4, 2020, AB 361, and enacting Resolutions, and as a response to mitigating the spread of COVID19, the Executive Committee conducted this meeting remotely.

CALL TO ORDER & ROLL CALL

Chair Mahmud called the meeting to order at 1:31 p.m. and Gabriela Monzon, Board Clerk, conducted roll call.

Roll Call			
Agoura Hills	Deborah Klein Lopez	Committee Member	Absent
Beverly Hills	Julian Gold	Committee Member	Remote
Camarillo	Susan Santangelo	Committee Member	Remote
Los Angeles County	Sheila Kuehl	Vice Chair	Remote
Rolling Hills Estates	Steve Zuckerman	Committee Member	Remote
Sierra Madre	Robert Parkhurst	Committee Member	Remote
South Pasadena	Diana Mahmud	Chair	Remote
Ventura County	Linda Parks	Vice Chair	Remote
West Hollywood	Robyn Eason	Alternate Committee Member	Remote

All votes are unanimous unless otherwise stated.

GENERAL PUBLIC COMMENT

There was no public comment.

CONSENT AGENDA

1. Approve Minutes from February 16, 2022, Executive Committee Meeting Minutes

Motion: Vice Chair Kuehl, Los Angeles County
Second: Director Parkhurst, Sierra Madre
Vote: Item 1 was approved by a roll call vote.

REGULAR AGENDA

2. Oral Update from the Chief Executive Officer on CPA Operations

Ted Bardacke, CEO, discussed default rate changes in the cities of Camarillo, Rolling Hills Estates, and Redondo Beach; noted that the City of Camarillo voted to change their default rate to 100% Green. Committee Member Santangelo shared that there was an overwhelming community support for the change. Mr. Bardacke provided an overview of the CalCCA lobby day where several topics were discussed, including budgeting with an emphasis on infrastructure rather than programmatic spending, the need for new transmission, and the affordability of electricity. Chair Mahmud briefly discussed the theory of inverse condemnation, under which a public entity is strictly liable for damage caused by a public work, without the need to demonstrate negligence. Chair Mahmud opined that many city- and county-owned public works were not designed for the anticipated climate change, which can negatively impact municipalities. Mr. Bardacke added that there have been increasing discussions concerning ratepayer and taxpayer costs, especially due to the budget surplus and how it will be used to reduce electricity bills. Vice Chair Kuehl shared her views on liability, noting that negligence could be too high a standard, but that further conversation would be necessary. In response to Vice Chair Parks' question about using infrastructure funding for undergrounding to prevent wildfires, Mr. Bardacke noted that the legislature was unlikely to be interested in the undergrounding transmission of 500kv lines but is considering the feasibility of undergrounding at a more local level. Lastly, Mr. Bardacke congratulated Committee Member Parkhurst and the City of Sierra Madre for being the first to approve the Power Ready Memorandum of Understanding (MOU). Committee Member Parkhurst commented that the MOU was approved without concerns. Committee Member Gold added that the City of Beverly Hills is working with CPA's General Counsel to clarify some portions of the MOU.

3. Review Draft Agenda for April 7, 2022 Board of Directors Meeting

Mr. Bardacke reviewed the consent agenda, including bill positions and a budget amendment. Barring the clarification of specific legal wording, SB 1287 could significantly change the financial service requirement (FSR) for CCAs upon an involuntary return of customers. CPA's current FSR is \$147,000, but the bill can change that figure to over one billion dollars depending on the interpretation of the bill and its intent. If the bill has a hearing scheduled before the Board meeting, CPA will need to take a position ahead of it. In response to questions, Mr. Bardacke clarified that there are two drivers to this bill: the WCE bankruptcy and an ongoing CPUC proceeding on the Provider of Last Resort (POLR); SB 1287 may be a political response to that proceeding. Responding to Vice Chair Kuehl's question, Mr. Bardacke clarified that after the meeting with the bill sponsor, Senator Bradford, CPA may engage its member agencies and their lobbyists in advocacy efforts. Mr. Bardacke stated that the budget amendment was related to increased interest expenses and capital outlay but the net impact would be zero and that the Finance Committee will review the amendment prior to the Board meeting.

Mr. Bardacke reviewed several items on the regular agenda, including the Voluntary Allocation and Market Offer (VAMO), an update from the customer programs team, and the Board chair nomination. Mr. Bardacke discussed VAMO in more detail. CPA can now access the renewable energy its' customers are paying for through the Power Charge Indifference Adjustment (PCIA) and needs to select the quantity of those resources to bring into CPA's portfolio, including short-term and long-term (10 plus years remaining on the contract) resources. Mr. Bardacke clarified that long-term resources contain a greater than 5-year commitment and need Board approval. In response to Committee Member questions, staff indicated that CPA may choose several resources in 10 percent increments representing a slice of the entire PCIA eligible portfolio. The quality of the resources is 50% solar and 35% wind; CPA gets a bundled product and Southern California Edison (SCE) remains the scheduling coordinator for the contracts; risk is spread out and contract defaults are unlikely. Vice Chair Kuehl asked if the volatility in oil and gas supply due to the attacks in Ukraine will raise demand for renewables and asked how staff plans to exclude fossil fuel-based resources. Mr. Bardacke stated that general volatility in the world is placing upward pressure and is a good hedge against rising prices for renewable energy; staff will recommend that CPA exclude unbundled RECs as much as possible, and take some long-term resources to hedge some risk, but remain in the market for new renewable energy contracts. The resources available are only eligible renewable resources (solar, wind, geothermal, biomass), and none are fossil fuels. Chair Mahmud asked clarifying questions relating to ancillary services associated with the resources and the type of renewables CPA will receive from the portfolio. Matt Langer, COO, explained that there is no ancillary service revenue included in the portfolio but if there were, the value would be included. Additionally, the resources are all standalone renewables and CPA will receive an amalgamated profile of the hundreds of resources in SCE's portfolio.

Regarding the customer programs update, Vice Chair Kuehl opined that it could generate a long discussion relating to customer demographics, program demands, and priorities; and it should be allotted more discussion time. Committee Member Parkhurst echoed Vice Chair Kuehl's comments. Chair Mahmud suggested keeping the item as the last one on the agenda. At the request of Chair Mahmud, Mr. Bardacke provided an update on the programs. Committee Member Eason noted that it would be helpful to share with Board members how the recent surveys informed the types of programming.

4. Clean Energy Prepayment Financing Presentation

David McNeil, Chief Financial Officer, introduced Kate Freeman, Financial and Strategy Initiatives Manager, as the point person for the prepay project and representatives from Municipal Capital Markets (MCM), John Norman and Tyler Noble. Mr. McNeil outlined the energy prepayment transaction entities, provided flowchart examples of prepay transactions, and illustrative figures, and discussed risks and risk mitigants of prepay transactions. In response to Committee Member questions, Mr. McNeil clarified that the interest rate differentials do change over time and the illustrative figures shown are not a prediction of what they will be when

CPA goes to transaction later this year. Bonds are issued at a fixed interest rate, with a mandatory redemption at the five-to-seven-year period, at which point the interest rate resets to whatever it is at the time of redemption but must meet minimum savings before being reissued. Bonds are issued in single transactions but may include more than one project in a transaction. Lastly, CPA would use an existing power purchase agreement for a project that has already reached commercial operation.

Mr. McNeil reviewed various risks and risk mitigants associated with prepaid transactions and pricing; outlined a proposed timeline for presentations and updates on prepayment financing to the Executive Committee, Finance Committee, and Board of Directors. Chair Mahmud requested clarification on the interest rate reset; Mr. McNeil explained that there are interest rate resets during the term of a bond and CPA can novate in additional new PPAs that would pick up where the old ones rolled off during the term of the bond. PPA's approved in the last year by the CPA Board include assignment language to allow for prepay transactions, but CPA may renegotiate PPAs to include assignment language if necessary. Chair Mahmud also proposed staff identify and confirm the amount of savings that Northern California CCAs have achieved as a result of approving this financing mechanism, as it would be beneficial for Board members to see the financial benefits.

COMMITTEE MEMBER COMMENTS

Vice Chair Kuehl reported on a motion related to decarbonization in Los Angeles County to explore various ways of increasing opportunities for residents to transition from natural gas to electric appliances. Vice Chair Parks applauded L.A County's efforts and leadership in sustainability.

Chair Mahmud shared that SCE recently presented at a Southern California Association of Governments (SCAG) meeting on its Electric Vehicle (EV) program and noted that SCE will cover electric infrastructure installation costs for owners of multifamily housing and will offer a rebate for the purchase of EV chargers.

ADJOURN

Chair Mahmud adjourned the meeting at 3:32 p.m.