

**Clean Energy Alliance - Board of Directors
Meeting Minutes
June 18, 2020- 2:00 p.m.
Carlsbad City Hall – City Council Chamber
1200 Carlsbad Village Drive, Carlsbad, CA 92008**

CALL TO ORDER: 2 p.m.

ROLL CALL: Schumacher, Haviland, Becker

FLAG SALUTE: Chair Schumacher led the pledge of allegiance.

PUBLIC COMMENT: None.

In conformance with the Brown Act and California Executive Order No. N-29-20, time is provided so members of the public can address the Board on items that are not listed on the agenda. Speakers are limited to three (3) minutes each. The Secretary will read comments as requested up to three (3) minutes. In conformance with the Brown Act, no Board action can occur on these items.

BOARD COMMENTS & ANNOUNCEMENTS: None.

PRESENTATIONS: None.

APPROVAL OF MINUTES: None.

CONSENT CALENDAR

The items listed under Consent Calendar are considered routine and will be enacted by one motion as listed below. There will be no separate discussion on these items prior to the time the Board votes on the motion unless members of the Board, the Chief Executive Officer, or the public request specific items be discussed and/or removed from the Consent Calendar for separate action. A request from the public to discuss an item must be submitted to the Board Secretary in writing prior to the Board consideration of the Consent Calendar.

Motion by Board Member Becker, seconded by Vice Chair Haviland, to approve Consent Calendar Item Nos. 1 and 2. Motion carried unanimously, 3/0.

Item 1: Clean Energy Alliance Treasurer’s Report

RECOMMENDATION

Receive and file Clean Energy Alliance Treasurer’s Report.

Item 2: Clean Energy Alliance Meeting Schedule

RECOMMENDATION

Adoption of Resolution No., 2020-003, setting the Time and Place for Clean Energy Alliance Board Meetings July 2020 – June 2021.

NEW BUSINESS

Item 3: Administrative, Operational and Regulatory Affairs Update

RECOMMENDATION

- 1) Receive and File Community Choice Aggregation Update Report from Interim CEO.
- 2) Receive Community Choice Aggregation Regulatory Affairs Report from Special Counsel and Discuss San Diego Gas & Electric 2021 Energy Resource Recovery Account Rate Application.
- 3) Approve collaborating with San Diego Community Power (SDCP) for the purpose of participating in the 2021 San Diego Gas & Electric ERRR proceeding and engaging NewGen to provide analytical support, for an amount not to exceed \$28,358, which represents 50% of the estimated cost. Authorize the Interim Executive Director to sign all documents related to the partnership with SDCP, subject to General Counsel approval.

Interim Chief Executive Officer Barbara Boswell and Ty Tosdal, CEA regulatory Special Counsel, presented the staff report and reviewed the PowerPoint presentation (on file in the Office of the Board Secretary).

In response to an inquiry from Board Member Becker, Mr. Tosdal stated that the generation rates presented were preliminary and it was important to get further analysis to understand what they are now and determine what they will be later in the process in November when additional data is supplied and SDG&E is required to serve supplemental testimony.

In response to an inquiry from Chair Schumacher, Mr. Tosdal explained that the type of work involved is technical in nature, and requires a high level of utility accounting and quantitative analysis. He added that his firm has retained these types of experts in other cases and worked with them in regulatory proceedings.

In response to an inquiry from Vice Chair Haviland, Mr. Tosdal said the final data and PICA charges will not be released until early November and at that time we will know what PICA rate SDG&E is actually proposing going forward for 2021.

In response to an inquiry from Chair Schumacher regarding staff Recommendation No. 3, Interim CEO Boswell responded that not all technical consultants conduct this type of work because of the nondisclosure agreements that are required to be filed with the utilities. She added that the JPA should engage a company whether it is within the current team of consultants or someone else, to look at: the power charge and difference adjustments of PCIA; analyzing that refunds from over-collections of SDG&E from 2018 are bundled to customers through their generation rates and included as an element of the PICA to Carlsbad and Del Mar customers; and to review other assumptions with regards to costs and expectations in terms of those costs ensuring that they are consistent with the current methodology.

Chair Schumacher stated she would be interested to know if any of the CEA's current consultants have the technical expertise to do this type of work before moving forward with a new contract.

Consultants Kirby Dusel and John Dalessi with Pacific Energy Advisors, stated that providing the type of technical expertise the board is seeking, affords complications as their firm is considered market participants due to the core services they provide. They would be quite limited in trying to analyze and evaluate those proceedings as they are unable to see or have access to the confidential data that is needed to assess the regulatory filings. Mr. Dusel and Mr. Dalessi suggested the board consider a specialized firm that is not in the market and is able to sign a nondisclosure agreement to view the confidential data.

In response to an inquiry from Board Member Becker, Mr. Tosdal emphasized the retention of a consultant sooner rather than later to assist with analyzing the proposals from SDG&E or other utilities in the ERRA proceeding.

In response to an inquiry from Chair Schumacher, Mr. Tosdal explained his firm touched base with other companies, but did not conduct a formal review or proposal submission process. He added that his firm requested a proposal from NewGen, as their rates are competitive with other analysts with the same level of experience, education and expertise.

Vice Chair Haviland requested that staff ask San Diego Community Power (SDCP) to assume more of this expense in future partnerships in general as it will be receiving more benefit from this than CEA due to the size of their base.

In response to an inquiry from Chair Schumacher, Greg Stepanicich, General Counsel, explained the board has the discretion to approve the agreement without going through an RFP process and approval could be authorized today. He added that the only question is what direction the board wanted to give to the Interim CEO with regards to negotiating a change in the cost sharing amount of the NewGen agreement with SDCP.

Motion by Board Member Becker, seconded by Chair Schumacher, authorizing that the agreement with NewGen be entered into provided that there is a program of sharing of costs based on the size of each entity with SDCP, and if SDCP does not approve, this item would return to the board for a decision. Motion carried unanimously. 3/0.

Item 4: Approve Membership in WSPP, Inc for Purposes of Energy Procurement Transactions, Execution of Agreement and Payment of Membership Dues

RECOMMENDATION

- 1) Approve membership in WSPP, Inc for purposes of energy procurement transactions, authorize Interim Chief Executive Officer to execute WSPP agreement and payment of \$25,000 one-time membership dues.
- 2) Designate a representative and an alternate to serve on the WSPP Executive and Operating Committees.

Interim CEO Boswell presented the staff report and reviewed the PowerPoint presentation (on file in the Office of the Board Secretary).

In response to an inquiry from Vice Chair Haviland, Interim CEO Boswell stated if an agency is precluded from participating, it would not result in the loss of the agency's membership status.

In response to an inquiry from Board Member Becker, Ms. Boswell explained the WSPP agreement has been streamlined with pre-determined terms and conditions that all members agree to which also streamlines the process of entering into transactions. There are frequently suppliers of energy products that do require the use of the WSPP agreement. The membership fee is a one-time fee.

Motion by Board Member Becker, seconded by Vice Chair Haviland, to approve membership in WSPP, Inc for the purposes of energy procurement transactions, authorize the Interim Chief Executive Officer to execute the WSPP agreement and payment of \$25,000 one-time membership dues, and nomination of Solana Beach Assistant City Manager Dan King to serve as representative and Carlsbad Intergovernmental Affairs Director Jason Haber to serve as alternate on the WSPP Executive and Operating Committees. Motion carried unanimously. 3/0.

Item 5: Clean Energy Alliance Fiscal Year 20/21 Financing Plan

RECOMMENDATION

- 1) Authorize Interim Chief Executive Officer and Interim Treasurer to work with the member agencies to determine if there is an opportunity for one or all to provide security requirements for the River City Bank credit option and if a solution is identified return to Board for approval. Direct staff to return for final approval to finalize the agreements with River City Bank, Calpine and the provider of the credit security should one be identified.
- 2) Should a solution for the security requirements for the River City Bank credit option not be identified approve selection of JP Morgan to provide \$4.5M credit solution and authorize Interim Chief Executive Officer to submit documents, complete due diligence requirements and execute loan agreements with JP Morgan, subject to General Counsel approval.

Interim CEO Boswell presented the staff report and reviewed the PowerPoint presentation (on file in the Office of the Board Secretary).

Vice Chair Haviland asked what the impact adding new members would be to this loan.

Rosa Cucicea, representing River City Bank, replied that the addition of new members to some of their existing CCA borrowers resulted in no covenants being added.

Allyson Goetschius, representing JP Morgan, stated it did not have an impact other than resulting in an incremental financing need which is something they could entertain.

In response to an inquiry from Board Member Becker regarding the covenant restrictions of JP Morgan, Interim CEO Boswell explained that having those covenants should market conditions be at a point where generation rates by SDG&E have decreased or PCI has increased and the board would like to use funding available in its reserves to continue to offer a discount and cover any shortfalls or net deficits, it may be precluded from being able to do so with these covenants.

Mr. Stepanicich confirmed an inquiry from Chair Schumacher that a level of discount offered by the board could be jeopardized by the covenant's restrictions from JP Morgan.

Rosa Cucicea, representing River City Bank, added the bank has never had to call on a guarantee with other CCAs. Some JPA members' cities prefer to sign the papers that they are a guarantor while others

preferred to post a cash collateral that River City Bank maintains in an interest-bearing account. The guarantor or cash collateral is required for a nonrevolving line of credit which is essentially the seed capital pre revenue or pre-launch.

Carlsbad Intergovernmental Affairs Director Jason Haber and Solana Beach Assistant City Manager Dan King confirmed an inquiry from Chair Schumacher that the decision of a guarantor position would be a decision of each of their city councils.

In response to an inquiry from Chair Schumacher regarding a hard deadline for funding for Fiscal Year 20/21 expenses, Interim CEO Boswell replied that staff would be looking for direction from the board at its July meeting to begin the process to execute loan documents which should be finalized by the end of August.

Motion by Board Member Becker, seconded by Chair Schumacher, authorizing the Interim Chief Executive Officer and Interim Treasurer to work with the member agencies to determine if there is an opportunity for one or all to provide security requirements for the River City Bank credit option and if a solution is identified return to Board for approval. Also, to direct staff to return for final approval to finalize the agreements with River City Bank, Calpine and the provider of the credit security should one be identified. Motion carried unanimously. 3/0.

Item 6: Approve Clean Energy Alliance Fiscal Year 20/21 Budget

RECOMMENDATION

Approve Clean Energy Alliance Fiscal Year 20/21 Budget.

Interim CEO Boswell presented the staff report and reviewed the PowerPoint presentation (on file in the Office of the Board Secretary).

Motion by Vice Chair Haviland, seconded by Board Member Becker, approving the Clean Energy Alliance Fiscal Year 20/21 Budget. Motion carried unanimously. 3/0.

Item 7: Clean Energy Alliance Citizen Advisory Committee Purpose, Scope and Application Process

RECOMMENDATION

Review and provide input to draft Clean Energy Alliance Citizen Advisory Committee Purpose, Scope and Application Process.

Interim CEO Boswell presented the staff report and reviewed the PowerPoint presentation (on file in the Office of the Board Secretary).

Vice Chair Haviland requested to see:

- consistency on eligibility requirements with the policy and application
- budget implications of starting this committee as it is not in the budget
- references required as part of the process

Interim CEO Boswell explained that the application does have a section asking to provide information about special training or experience, and staff can add a references section. Budget implications would consist of any staff support needed with meetings of the advisory committee. The board has the

discretion whether it would like to hire someone specific or have the CEA-hired board secretary also assist with the citizen advisory committee. Ms. Boswell estimated a cost of approximately \$2,000 based on 8-10 hours of staff time per month for citizen advisory committee duties. She further added it was intended that residents as determined in the proposed criteria to be the property owner and/or a renter to allow renters to be eligible.

In response to an inquiry from Board Member Becker regarding the timing of the citizen advisory committee, Interim CEO Boswell said it is at the board's discretion. If the board wishes the committee to assist with customer outreach and public information strategy the board would want to be looking at having the committee seated towards late summer. The board and committee should be working on developing that strategy with a May 20-21 launch estimated, as communication efforts should begin approximately six months or so prior.

Chair Schumacher suggested the citizen advisory committee should be composed from the people from the community rather than the committee being used as a technical advisory board only.

The Board Secretary read the public comments received from the following individuals into the record: *Paige DeCino, with Carlsbad MyGen Sierra Club, suggested a name for the Citizen Advisory Committee and asked the board to consider incorporating some of the Peninsula Clean Energy's objectives.*

Micah Mitrosky representing IBEW Local 569, supported the recommendations of Paige DeCino and Carlsbad MyGen Sierra Club.

The board concurred to review the membership criteria, purpose and scope and member selection process of the policy. Board members agreed to the following:

- Committee shall consist of two appointees from each CEA member agency.
- Committee members shall serve staggered three-year terms.
- Committee term limits will consist of only two terms.
- Committee members serve at the pleasure of the board.
- Committee members are subject to all applicable conflict of interest laws
- Committee members should be residents, property owners and/or renters or business owners within the service territory.

The board concurred to remove the statement "Priority given to those with relevant background or experience in the energy sector, energy development, public education/outreach and assistance with social equity and perspective of underrepresented community" from the policy.

Board members agreed to add language about relevant background or expertise in electricity, community outreach or engagement, or policy advocacy.

The board further agreed:

- Meetings will be held quarterly, and committee members will be subject to dismissal if 25% or two meetings in a row are missed with an unexcused absence.
- The board will determine committee meeting times and locations.
- Committee will elect a chair who will facilitate meetings and provide reports to the board as needed.

Discussion ensued among board members regarding the scope and purpose of the Citizen Advisory Committee.

General Counsel Stepanicich stated the concept of having an annual workplan provided by the board made it clear the committee would work on those items that are specified in the workplan that the board approves on an annual basis and that the committee needs to report back to the board. He added it was helpful to have a statement of purpose, so people know what they are getting into when appointed to the committee.

The board agreed with Mr. Stepanicich's suggestion that he and staff take the input provided during the June 18 CEA meeting and draft a Clean Energy Alliance Citizen Advisory Committee Policy for formal adoption at the board's July meeting.

Chair Schumacher with the board's concurrence, also requested a timeline to launch the committee along with the draft policy language, be brought to the board for consideration at the July meeting.

Chair Schumacher further asked that a references section, a restatement of the purpose of the committee and its objectives along with the requirement to file a conflict of interest statement be added to the application.

Item 8: Clean Energy Alliance Long-Term Renewable Solicitation

RECOMMENDATION

Receive report and discuss Clean Energy Alliance Long-Term Renewable Energy Solicitation.

Consultant Kirby Dusel from Pacific Energy Advisors presented the report and reviewed the PowerPoint presentation (on file in the Office of the Board Secretary).

Chair Schumacher asked if the Request for Proposals (RFP) would be brought back before the board before being issued.

Interim CEO Boswell replied RFPs are publicly available and are posted to the website. She added that previously, the board had given direction to move forward with other RFPs; and this item is on the agenda to discuss the RFP requirements and evaluation criteria. Staff can bring the RFP back if that is the board's desire but that has not been the process, nonetheless this is our first energy solicitation.

In response to an inquiry from Chair Schumacher, Mr. Dusel stated that SDCP agendaized this item for a June 25, 2020 meeting.

Chair Schumacher asked how the evaluative criteria would play into the RFP.

Mr. Dusel replied that usually a list is provided and occasionally with that list are weighting factors explicitly tagged to each one of those criteria on the list. He added that the board might consider staying at a high level and not list the criteria with detail regarding numbers as it eliminates the potential for gaming among the respondents.

Chair Schumacher questioned what would happen if both agencies choose the same proposal.

Mr. Dusel explained that when CCA organizations join to conduct solicitations, an agreement is reached before or at the time of proposal evaluation for splitting up proposals that are of interest to both parties. This can be done several different ways, it can be 50-50, it could be a different ratio of the board's choosing, and there may be instances where a proposal is of interest to CEA but not to SDCP. In those cases, CEA could carry on with an independent negotiation without SDCP participation. It creates the opportunity for joint participation in projects as well as independent participation depending on where CEA interests lie.

The Board Secretary read the public comment received from the following individual into the record:

Phillip Watts asked if Pacific Energy Partners was able to compare pricing of electricity generated locally or transmitted over long distances.

Vice Chair Haviland asked about the recommendation that CEA work jointly with SDCP, if there were enough cost savings or benefits or both to take on the added complexity.

Mr. Dusel replied that what CEA gains in efficiency does outweigh the potential coordinated burden.

General Council Stepanicich clarified Chair Schumacher's request for a potential joint JPA meeting with CEA and SDCP, stating that with other agencies conducting joint solicitations, each of their boards act separately. In his experience, a joint meeting has never been held. Staff and legal counsel work together, but the actual decision as to what contract is entered into is made by the individual boards. When there is a successful joint solicitation and an agreement on a joint contract to enter into, each agency enters into its own contract that divides up the power being purchased.

Chair Schumacher stated she agreed with the concept of an ad-hoc contract committee and wanted to forward that for this board's consideration. She added she wanted to ensure that the RFP returns to the board for public review prior to it being issued.

In response to an inquiry from Vice Chair Haviland regarding reviewing the RFP before it is sent out, Mr. Dusel responded that an "industry standard" RFP template is being used for these sorts of products. Another approach would be a more editorial process which would necessitate some increased coordination with SDCP. He added that he was appreciative of the fact that the board wanted to review and potentially provide input, but getting the RFP out soon lines up very very well with the timeline required to evaluate a short list, negotiate contracts and execute the contracts to meet the needs of CEA's launch. Mr. Dusel further explained that when these documents have been prepared by consultants who have supported CCAs in this effort, they are boilerplate documents that are well defined in the sense that the definitions are applicable as laid out in California's renewable portfolio standards programs.

Board Member Becker stated she felt the board hired the right technical consultants for the RFP. She was comfortable not reviewing the document and did want the opportunity to partner with SDCP. She added that this was the first opportunity and there will be more opportunities for long term solicitations. Ms. Becker explained that she believed CEA did have to move forward at this time partnering with SDCP, and was also comfortable with the key evaluation criteria. She further added she wanted to be an advocate for taking a conservative approach and would like to keep all options on the table for the first couple of years as CEA builds up its reserves. Ms. Becker said she was happy to consider criteria as CEA goes along but wanted to count on CEA's experts for this initial procurement for the long term.

Vice Chair Haviland stated she felt the relationship with SDCP was really important to CEA's ability to control costs, liked the idea of working together, and it would be beneficial to have a communication line between the two JPAs. She added she thought CEA could have an aggressive RFP and reach out to the SDCP to see if they were interested in the creation of an ad-hoc committee.

In response to an inquiry from Chair Schumacher, General Counsel Stepanicich explained that the board could hold a special meeting. He added that CEA could only appoint one member to an ad-hoc committee due to limitations of the Brown Act as appointing two members would require the meeting to be held publicly.

Motion by Chair Schumacher, seconded by Vice Chair Haviland to consider the establishment of an ad hoc contract committee of the CEA, to reach out to SDCP on joint partnership solicitation, and not to issue an RFP, to be placed on a future CEA board special meeting agenda for discussion. Motion carried unanimously. 3/0.

Motion by Chair Schumacher, seconded by Vice Chair Haviland, to hold a timely special meeting based upon the schedule presented, to discuss the ad hoc contract committee related to joint solicitation with SDCP. Motion carried unanimously. 3/0.

Motion by Board Member Becker, seconded by Chair Schumacher, directing CEA staff to move forward with participation in the SDG&E RPS solicitation and that if authorization is needed, the item would come back before the board. Motion carried unanimously. 3/0.

Item 9: Clean Energy Alliance Resource Adequacy Procurement

RECOMMENDATION

Authorize Interim Chief Executive Officer to execute agreements for resource adequacy procurement, subject to Special Counsel approval.

At the request of Board Member Becker, the board concurred to continue Item No. 9 to the next Special CEA Board meeting.

BOARD MEMBER REQUESTS FOR FUTURE AGENDA ITEMS

None.

ADJOURN: Chair Schumacher adjourned the duly noticed meeting at 5:23 p.m.


Sherry Freisinger, CMC