



Regular Board Meeting

January 21, 2021

Hosted by the City of Del Mar

Item 7: Adopt Resolution #2021-004 Approving Credit Agreement with JPMorgan for \$6MM Start-Up and Cash Flow Line of Credit

Item 7: Credit Agreement with JPMorgan

- Recommendation:
 - Adopt Resolution #2021-004 approving Credit Agreement, in a form substantially as provided, with JPMorgan for \$6MM to fund start-up and cash flow needs and authorize the Interim Chief Executive Officer to execute all documents, subject to Special Counsel approval;
 - Approve Fee Agreement with JPMorgan related to \$6MM line of credit and authorize Interim Chief Executive Officer or Interim Chief Financial Officer to execute all documents, subject to General Counsel approval.

Item 7: Credit Agreement with JPMorgan

- Background:

DATE	ACTION
February 20, 2020	Considered RFP responses for Credit Solution and put selection on hold until June 2020
June 18, 2020	Considered Credit Solution offers from JP Morgan and River City Bank. Directed staff to reach out to Member Agencies regarding providing guaranty for River City Bank option for \$2.5M of a total \$4.0M credit solution.
July 8, 2020	City of Solana Beach City Council approved guaranty up to \$175,000
July 14, 2020	City of Carlsbad City Council directed staff to return with to City Council with potential loan to CEA in lieu of providing guaranty
July 20, 2020	City of Del Mar City Council approved guaranty up to \$75,000
July 28, 2020	City of Carlsbad City Council considered loan terms and conditions; did not approve making loan to CEA.
August 20, 2020	CEA Board approved executing promissory note with Calpine Energy Solutions for administrative costs through January 2021
November 19, 2020	CEA Board authorized negotiations with JPMorgan and River City Bank for credit solution
December 17, 2020	Approval of credit solution with JPMorgan

Item 7: Credit Agreement

- Estimated Need 12/17/20:

DESCRIPTION	AMOUNT
Admin Costs February – June 2021	\$540,000
CAISO Deposit	500,000
Deposits	245,000
Energy Supply Costs	3,125,848
Working Capital	<u>589,152</u>
TOTAL FUNDING NEED	<u>\$5,000,000</u>

- Updated Estimated Need 1/21/21:

DESCRIPTION	AMOUNT
Admin Costs February – June 2021	\$558,360
CAISO Deposit	500,000
Deposits	385,000
Energy Supply Costs	2,903,140
Calpine Loan Repayment	653,500
Start-Up Contingency	500,000
Energy Supply Contingency	<u>500,000</u>
TOTAL FUNDING NEED	<u>\$6,000,000</u>

Item 7: Credit Agreement – Cost Estimates

	Scenario 1 – 75% Utilization	Scenario 2 – 100% Utilization
Line of Credit Amount	\$6,000,000	\$6,000,000
1-Month Libor (as of 1/8/21)	0.126%	0.126%
Applicable Margin	3.45%	3.45%
Undrawn Fee (% of Undrawn Amount)	2.15%	2.15%
Total Cost per Annum	\$193,187	\$214,583
Total Cost over Life of Facility	\$1,047,436	\$1,154,414

Costs factored into pro-forma

Rates to be set to recover financing costs – repaid over 5 years

No Recourse to Member Agencies – Fully CEA DEBT

Item 7: Credit Agreement

- Based on Terms Presented to Board 12/17/21
- Establishes Terms & Conditions of Line of Credit
- Documents reviewed and approved by Special Counsel Nixon Peabody

Board Questions/Discussion

Item 8: Consideration of Community Advisory Committee Meeting in February 2021

Item 8: CAC Meeting in February 2021

- Recommendation:
 - Reschedule Community Advisory Committee (CAC) from March 2021 to February 2021; or
 - Approve CAC Special Meeting February 2021.
 - Approve Updated CAC Member terms to be consistent with CAC Policy

Item 8: CAC Meeting in February 2021

- Background:
 - July 16, 2020 – CEA Board Adopted CAC Policy
 - CEA Board to set CAC Meeting Schedule and Workplan
 - October 15, 2020 – CEA Board Appointed CAC Members, 2021 Meeting schedule & 2021 Workplan

Item 8: CAC Meeting in February 2021

- Approved Schedule and Workplan:

MEETING DATE	WORK PLAN/TOPICS
December 2020	Overview of Brown Act Requirements and Conflicts of Interest Form 700 Community Choice Aggregation Overview CEA Implementation & Goals
March 2021	Community Outreach Plan to support CEA Implementation
June 2021	CEA FY 21/22 Budget Overview & Goals
September 2021	Overview & Discussion of Member Agency Climate Action Plans & Goals
December 2021	Overview of Programs offered by CCAs throughout the State

Item 8: CAC Meeting in February 2021

- CAC Member Term Correction:

NAME	TERM	CITY REPRESENTED
Lee Haydu	2022 2023	City of Solana Beach
Debra Schade	2021 2022	City of Solana Beach
Dr. Donald Mosier	2022 2023	City of Del Mar
Alan Sweedler	2021 2022	City of Del Mar
Paige DeCino	2022 2023	City of Carlsbad
Seth Krauss	2021 2022	City of Carlsbad
Dwight Worden	N/A	City of Del Mar Board Alternate – CAC Chair

Item 8: CAC Meeting in February 2021

- CAC Request:
 - Special Meeting In February 2021 to provide opportunity to meet prior to customer noticing March 2021
 - Purpose of Special Meeting:
 - Discuss community outreach plan
 - Establish subcommittees of to work between February and March meetings to develop recommendation for a community outreach program

Item 8: CAC Meeting in February 2021

- Community Outreach Plan:
 - CEA Communications team to develop Community Outreach Plan
 - Due to be presented to CAC in March 2021 for review and final input
 - To CEA Board March 2021 Meeting

Board Questions/Discussion

Item 9: FY 21/22 Budget Planning

Item 9: FY 21/22 Budget Planning

- Recommendation:
 - Provide direction regarding FY 2021/22 staff and consulting services for purposes of budget development

Item 9: FY 21/22 Budget Planning

- CEA Administrative, Operational and Technical support provided by combination of member agency support and consulting services
- Provides flexibility to adjust service levels to meet needs and funds available
- CEA has taken a lean approach to administrative costs
 - Minimize loan funds
 - Focus on building reserves and lowest possible rates
- Entering next phase of CEA – Operational beginning May 2021

Item 9: FY 21/22 Budget Planning

- Services by Member Agencies through reimbursement agreement:

SERVICE	CITY	FY 2020/21 Services	FY 21/22
Interim Board Secretary	Carlsbad	Interim Board Secretary Board Clerk for meetings and records management	Interim Board Secretary only; CEA to establish its own records mgmt system
Accounting Services	Solana Beach	Solana Beach staff provides accounting assistance with processing payments	Accounting Services – provides internal controls for issuing payments
Hosting of Board Meetings	Carlsbad Del Mar Solana Beach	Cities have assisted with broadcasting and recording of virtual meetings – activities are transitioning to CEA Communications team; In person meetings would require assistance from host city for broadcasting.	Posting of agenda; Assistance with setting up council chambers and broadcasting when in-person meeting resume

Item 9: FY 21/22 Budget Planning

- Administrative Services by Consultants:

CONSULTANT	SERVICE	FY 20/21 NOT TO EXCEED \$	TERM
Bayshore Consulting Group, Inc.	Interim Chief Executive Officer	\$100,000	Through June 30, 2021; may be extended through mutual agreement
Bayshore Consulting Group	Interim Board Clerk	\$18,000	January – June 2021; may be extend by mutual agreement
Marie Marron Berkuti	Interim Chief Financial Officer/Treasurer	\$10,000	September 2020 – June 30, 2021
Total Administrative Support Services		\$128,000	

Item 9: FY 21/22 Budget Planning

- Technical Support Consultants:

CONSULTANT	SERVICE	FY 20/21 NOT TO EXCEED \$	TERM
Pacific Energy Advisors - #1	Regulatory Compliance, Long-Term Renewable Procurement, Resource Adequacy, Pro Forma	\$163,200	Through June 30, 2021; may be extended through mutual agreement
Pacific Energy Advisors - #2	Wholesale Power Supply Services; Rate Setting; Energy Risk Management	\$120,000	Through June 30, 2023 – Term contingent on #1 extending through 6/30/23
Total Technical Support Services		\$283,200	

Item 9: FY 21/22 Budget Planning

- Other Operational Support Consultants:

CONSULTANT	SERVICE	FY 20/21 NOT TO EXCEED \$	TERM
Richards, Watson & Gershon Law	General Counsel	\$120,000	Through June 30, 2021; may be extended through mutual agreement
Tosdal, APC	Special Counsel – Regulatory	\$100,000	Through June 30, 2021; may be extended through mutual agreement
Tripepi Smith	Communications & Marketing Services	\$92,238	September 2020 – June 30, 2021; may be extended
Total Lega & Communications Services		\$312,238	

Item 9: FY 21/22 Budget Planning

- Additional Services Needed in FY 21/22:
 - Procurement & Contract Administration
 - Manage energy & non-energy procurement activities
 - Customer Account Services
 - Account Management of key accounts
 - Develop customer programs

Item 9: FY 21/22 Budget Planning

- Next Steps for hiring staff:
 - Include in FY 21/22 Budget:
 - Identify Office Needs & Rent Space
 - Hire recruitment services consultant to develop job descriptions & salary requirements, manage recruitments
 - Initial positions to hire:
 - Chief Executive Officer
 - Chief Financial Officer
 - Procurement/Contract Administrator
 - Customer Account Services Coordinator

Item 9: FY 21/22 Budget Planning

- Optional service model through initial operations:
 - Continue existing services agreements
 - Expand to include procurement/contract administration and customer account services
 - Develop staffing plan in FY 21/22 to meet needs based on final customer base & available funds

Board Questions/Discussion

Item 10: Board Outreach Matrix

Item 10: Board Outreach Matrix

- Recommendation:
 - Review & Update Clean Energy Alliance Board Outreach Assignments Matrix

Item 10: Board Outreach Matrix

Potential New Member	Board/Alternate Contact	Staff Contact
Escondido San Marcos Vista Oceanside	Mayor Hall	Jason Haber
San Diego County Santee Poway El Cajon	Board Member Becker/Alternate	Greg Wade/Dan King
OC Dana Point San Clemente San Juan Capistrano	Board Member Haviland/Alternate	Clem Brown
Lemon Grove National City	Chair Schumacher	Jason Haber

Board Questions/Discussion

Item 11: CEA Power Supply Product Offerings

Item 11: CEA Power Supply Product Offerings

- Recommendation:
 - Approve CEA Default and Optional Power Supply Product Offerings to be Available at Launch:
 - Green Impact – 50% Renewable Energy Products as default power supply for CEA
 - Name TBD – 50% Renewable/75% GHG-Free Product as optional default for Member Agencies to select as default power supply
 - Clean Impact – 100% Renewable Energy Product for Member Agencies to select as default power supply and Opt-up Product for Individual Customers
 - Provide Direction Regarding Local Impact Program Offering and Criteria for Customer Eligibility.

Item 11: CEA Power Supply Product Offerings

- Background:
 - December 17, 2020 CEA Board Considered Power Supply Options:
 - Green Impact – 50% Renewable Energy Products as default power supply for CEA
 - Name TBD – 50% Renewable/75% GHG-Free Product as optional default for Member Agencies to select as default power supply
 - Clean Impact – 100% Renewable Energy Product for Member Agencies to select as default power supply and Opt-up Product for Individual Customers
 - Local Impact – Minimum Renewable Energy Supply (36% 2021 increasing to 39% in 2022) for eligible customers to opt-down.
 - Residential CARE/FERA Enrolled Customers
 - Small Businesses

Item 11: CEA Power Supply Product Offerings

- Board Direction:
 - Seek Input from Member Agencies
 - Carlsbad City Council 01/12/21
 - Solana Beach City Council 01/13/21
 - Del Mar City Council 01/19/21

Item 11: CEA Power Supply Product Offerings

- Carlsbad City Council
 - Supports:
 - Green Impact – 50% Renewable Energy Products as default power supply for CEA
 - Name TBD – 50% Renewable/75% GHG-Free Product as optional default for Member Agencies to select as default power supply
 - Clean Impact – 100% Renewable Energy Product for Member Agencies to select as default power supply and Opt-up Product for Individual Customers
 - Does not Support Local Impact

Item 11: CEA Power Supply Product Offerings

- Solana Beach City Council
 - Interested in seeing costs to CEA, proposed rates and impact to CEA pro forma for all four options
- Del Mar City Council
 - Keep it simple
 - Don't offer too many options
 - Sensitive to customer costs – essential to affordable product
 - Local Impact would be going backwards
 - Concerns of viability

Item 11: CEA Power Supply Product Offerings

- Next Steps
 - Power Supply Options to be Analyzed for Impact to CEA Pro Forma
 - Rates will be developed for power supply options
 - Return to Board February 18, 2021
 - Develop Customer Notices for Mailing March 2021

Board Questions/Discussion