



**MEETING of the Finance Committee of the
Clean Power Alliance of Southern California**

Wednesday, December 5, 2018

11:00 a.m.

555 W. 5th Street, 35th Floor

Los Angeles, CA 90013

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact Jacquelyn Betha, at least two (2) working days before the meeting at jbetha@cleanpoweralliance.org or (213) 269-5870, ext.1001.

Notification in advance of the meeting will enable us to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it.

Members of the public may also participate in this meeting remotely at the following addresses:

*Beverly Hills City Hall
4th Floor, Conference Room 4B
455 N. Rexford Drive, Beverly Hills, CA 90210*

*Camarillo City Hall
601 Carmen Drive, Camarillo, CA 93010*

*Carson City Hall
Executive Conference Room
701 E. Carson Street, Carson, CA 90745*

*Rolling Hills Estates City Hall
4045 Palos Verdes Drive N., Rolling Hills Estates, CA 90274*

I. WELCOME & ROLL CALL

II. PUBLIC COMMENT

This item is reserved for persons wishing to address the Committee on any Clean Power Alliance-related matters not on today's agenda. Public comments on matters on today's agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Committee are requested to complete a speaker's slip. If you have anything that you wish to be distributed to the Committee and included in the official record, please hand it to a member of the staff who will distribute the information to the Committee members and staff. Speakers are customarily limited to three minutes, but is at the discretion of the Committee Chair.

III. REGULAR AGENDA

1. Approve Minutes from October 24, 2018 Finance Committee Meeting
2. October 2018 Monthly Financial Dashboard
3. November 2018 Risk Management Team Report
4. New Rates and Financial Projections

IV. COMMITTEE MEMBER COMMENTS

V. ADJOURN

Public records that relate to any item on the open session agenda for a regular Meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of, the members of the Committee. The Board of Directors has designated Clean Power Alliance, 555 W. 5th Street, 35th Floor, Los Angeles, CA 90013, for making those public records available for inspection. The documents are also available online at

www.cleanpoweralliance.org.

REGULAR MEETING of the Finance Committee of the
 Clean Power Alliance of Southern California
 Wednesday, October 24, 2018, 11:00 a.m.

555 W. 5th Street, 35th Floor
 Los Angeles, CA 90013

Beverly Hills City Hall
 4th Floor, Conference Rm 4B
 455N. Rexford Drive
 Beverly Hills, CA 90210

Carson City Hall
 Executive Conference Room
 701 E. Carson Street
 Carson, CA 90745

Camarillo City Hall
 601 Carmen Drive
 Camarillo, CA 93010

Rolling Hills Estates City Hall
 4045 Palos Verdes Drive N.
 Rolling Hills Estates, CA 90274

MINUTES

I. WELCOME & ROLL CALL

Committee Chair Julian Gold called the meeting to order. Board Secretary Jacquelyn Betha conducted roll call.

Roll Call				
1	Beverly Hills	Julian Gold	Committee Chair	Present
2	Camarillo	Tony Trembley	Committee Member	Present
3	Carson	Reata Kulcsar	Committee Member	Present
4	Rolling Hills Estates	Steve Zuckerman	Committee Member	Present

II. PUBLIC COMMENT

There were no public comments.

III. GENERAL ANNOUNCEMENTS

There were no general announcements.

IV. REGULAR AGENDA1. Approved Minutes from September 26, 2018 Finance Committee Meeting:

Motion: Camarillo, Committee Member Trembley. Second: Carson, Committee Member Kulcsar. Vote: Item 1 was approved by unanimous roll call vote.

2. September 2018 Monthly Financial Dashboard

Ted Bardacke, Executive Director, reported that the overall outlook of CPA is performing well. However, we are slightly below our predicted budget on revenue, but that is mostly due to lower load than originally forecasted. Moreover, we're performing better with our margins and that is mainly due to our future power procurement at lower supply cost. We anticipate some pricing volatility during our winter months, but we're confident that we can meet any probable challenges that may surface at that time. CPA does not anticipate the needing to withdraw from the credit line until early 2019. Chair Gold asked that notice be provided to the Finance Committee in advance of doing so, and staff indicated that it would do that.

3. October 2018 Risk Management Team Reports

Matt Langer, Chief Operating Office, provided a report on the activities of the Risk Management Team (RMT) in October, which included review of data from the CAISO, discussion of the PCIA true-up mechanism and its impacts on CPA's procurements strategy, options for new transaction structures to meet CPA's needs for brown power and renewable energy, and review of CPA's open positions and approval of RFOs for block energy and resource adequacy. Mr. Langer indicated that no compliance issues were identified this month. To date, CPA has received all of its member agency default renewables tier selections, with the exception of Paramount.

Committee Member Kulcsar requested a copy of the top twenty-five load users in Carson and staff indicated it would send that information.

4. 2019 Financial Scenarios

Mr. Bardacke provided a report on the projected CPA 2019 rates and anticipated sensitivity analysis for the PCIA. He discussed the potential impacts of SCE's predicted \$750 million undercollection in 2018, which is resulting in an approximate 75% increase to the PCIA for 2019, assuming SCE is successful in its retroactive true-up proposal, known as the trigger.

If the 2019 SCE rate increase is in the high-range (15%), CPA will have the opportunity to achieve healthy reserves, which will be important in the context of future rate uncertainty in 2020. If 2019 SCE rate increase is closer to 5%, CPA may consider moving the Lean and 100% Green rates to the top end of the range (i.e. 1% bill savings and 9% bill premium respectively). Depending on the final level of the PCIA, other procurement-related strategies may be necessary in the 5% SCE rate increase scenario. Should the “trigger” be resolved in CPA’s favor by end 2018, CPA will have opportunity to adjust rate/PCIA levels in Jan 2019; that adjustment won’t impact overall customer bills. The Committee members discussed the impacts of these various scenarios and provided suggestions to staff to continue refining this information and improve the clarity of the presentation for the next Executive Committee presentation.

V. COMMITTEE MEMBER COMMENTS

Committee Member Zuckerman suggested that a version of the pro forma information presented be recast for the full Board’s information, and staff responded it could do so.

VI. ADJOURN

Chair Gold adjourned the meeting.

October 2018



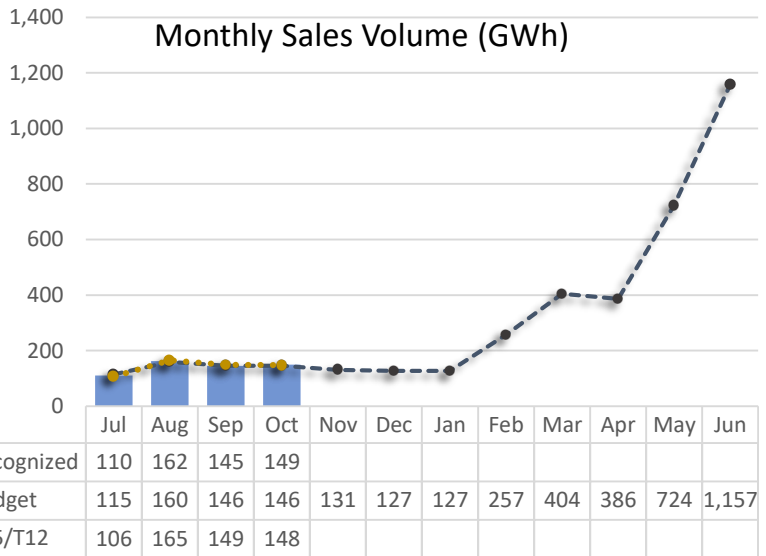
CUSTOMERS	SALES VOLUME	REVENUE	MARGIN	Δ in NET ASSETS	
34,000 TOTAL	149 GWh	\$5.9M	-\$1.9M (-32%)	-\$2.7	
31,000 INVOICED			Margin \$ Bud -\$2.7 Act -\$1.9		P&L Revenue \$5.9
394 OPT OUT TO DATE			Margin % Bud -44.4% Act -32.1%		COE \$7.8 Expense \$0.8 Net -\$2.7

October Revenue of \$5.9M accounted for 149 GWh in net retail consumption. This comes in 3 GWh ahead of Budget with the cumulative usage right on track.

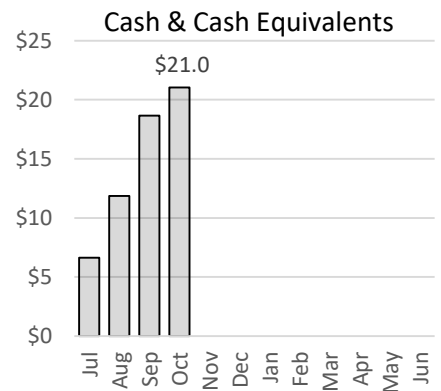
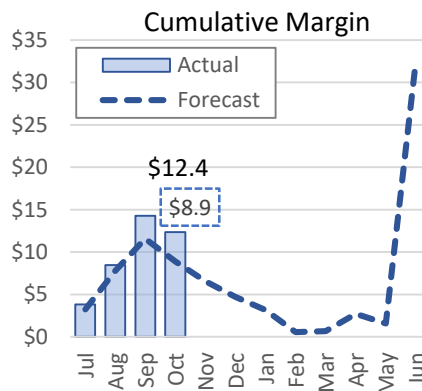
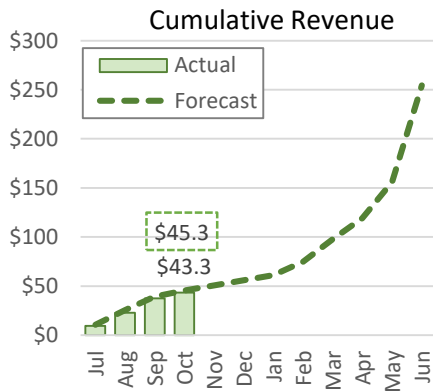
Margins dropped this month as winter rates went into effect. Note that for the YTD, Margin is favorable primarily due to delayed timing of REC deliveries.

The chart to the right shows volume comparison to budgeted volume.

The charts below display cumulative revenue and margin \$ vs budget.



YTD Revenue \$2.0M (4%) below budget. YTD Margin Dollars exceeding budget by \$3.5M.



Data Definitions:

- CUSTOMERS:** Invoiced: Unique Account Numbers billed during Calendar Month. Total and Opt-out from Calpine Exec Summary, includes ~2,800 unoccupied.
- REVENUE:** Total Company Total Revenue net of bad debt, excluding interest income.
- SALES VOLUME:** Total Electricity Usage from estimated meter reads, net of meter adjustments to prior periods invoiced in the current month.
- ELECTRICITY SALES:** Electricity Sales, excludes Interest and Other Income.
- COST OF ELECTRICITY:** Direct Energy Expenses, excludes Scheduling Coordinator, includes Wholesale sales as reduction in cost.
- MARGIN \$:** Electricity Sales less Cost of Electricity.
- CASH & CASH EQUIV:** Total Checking / Savings, including cash held by county, less restricted cash in lockbox.

Recognized: see sales volume above
 Budget: Revenue and Volumes from CPA Financial Model (2018-06-15 used for Budget).
 T55/T12: Best available estimate of Meter usage data, as submitted to CAISO.





Staff Report – Agenda Item 3

To: Clean Power Alliance (CPA) Finance Committee
From: Matthew Langer, Chief Operating Officer
Approved by: Ted Bardacke, Executive Director
Subject: November 2018 Risk Management Team Report
Date: December 5, 2018

KEY ACTIONS

- The Executive Director appointed CPA’s new Chief Financial Officer, David McNeil to the RMT. Such an appointment was contemplated in the Energy Risk Management Policy.
- Reviewed financial model and discussed timing considerations for 2019 RPS and carbon free energy deliveries.
- Reviewed open positions and approved the following:
 - Requests for Offers (RFOs) to buy block energy quantities for 2019-2021 in accordance with the Energy Risk Hedging Strategy
 - RFO to sell excess block energy for December 2018 and January 2019

REGULATORY UPDATE

- On November 21, the California Public Utilities Commission (CPUC) issued a proposed decision (PD) in its Resource Adequacy (RA) proceeding. The PD would establish SCE, PG&E and SDG&E as central buyers for all local RA in their territories starting in 2020. If adopted, this would mean that CPA would no longer be responsible for procuring any local RA, but could sell local RA it holds to the

central buyer. CPA is continuing to monitor the proceeding and is coordinating a response through CalCCA.

POLICY COMPLIANCE

- No compliance issues were identified this month.



Staff Report – Agenda Item 4

To: Clean Power Alliance (CPA) Finance Committee
From: David McNeil, Chief Financial Officer
Approved By: Ted Bardacke, Executive Director
Subject: New Rates and Financial Projections
Date: December 5, 2018

On December 5, staff will present to the Finance Committee the financial impacts of the proposed 2019 rate adjustments being considered by the Board on December 13.

ADJUSTMENTS TO 2019 RATES

On December 13, staff will present the Board with updated 2019 rates for CPA's existing non-residential customers (Phases 1 and 2) and for residential customers enrolling in February (Phase 3). These updated 2019 rates will modify the rates approved by the Board on November 15, 2018.

Staff is bringing forward adjustments because the CPUC has extended its decision-making process on the Southern California Edison (SCE) Energy Resource Recovery Account (ERRA) filing, which determines the rates to be charged to SCE customers in 2019 and the PCIA imposed upon CPA customers. The delay is due to issues regarding implementation of the new PCIA calculation methodology and SCE's proposal to retroactively charge CPA's new customers for their portion of SCE's revenue undercollections in 2018. Based on this delay, staff expects SCE to implement new 2019 rates no earlier than March 1, 2019.

One impact of this delay is that rates set by CPA in November in anticipation of a rate and PCIA increase by SCE on January 1 are too high and no longer within the bill comparison targets approved by the Board in August 2018 (1-2% cost savings for Lean Power, 0-1% savings for Clean Power, and 7-9% cost premium for 100% Green Power). Thus, CPA must adjust the rates adopted at the November 15 Board meeting so that the rates CPA's customers pay beginning on January 1 and February 1 are competitive with the current SCE rates and in line with the Board-approved targets.