



SPECIAL MEETING of the Energy Planning & Resources
Committee of the Clean Power Alliance
of Southern California

Wednesday, January 16, 2019
11:45 a.m.

555 West 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 address:

Arcadia Public Works Service Center
11800 Goldring Road
Arcadia, CA 91066

Carson City Hall
Executive Conference Room, 2nd Floor
701 E. Carson Street
Carson, CA 90745

Santa Monica City Hall
Room 201
1685 Main Street
Santa Monica, CA 90401

Thousand Oaks City Hall
Public Works Conference Room
2100 Thousand Oaks Blvd.
Thousand Oaks, CA 91362

Ventura County Government Center
Hall of Administration, 4th Floor
Channel Islands Conference Room
800 South Victoria Avenue
Ventura, CA 93009



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 December 13, 2018 Energy Planning & Resources Committee Meeting
2. Select Shortlist of Providers for Long Term Renewable Energy Development and Storage Capacity
3. December 2018 Risk Management Team Report

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.

MEETING of the Energy Planning & Resources Committee
of the Clean Power Alliance of Southern California

Thursday, December 13, 2018, 12:15 p.m.

*Metro Headquarters
4th Floor, Plaza View Room
One Gateway Plaza
Los Angeles, CA 90012*

*Thousand Oaks City Hall
Public Works Conference Room
2100 Thousand Oaks Blvd., Thousand Oaks, CA 91362*

*Ventura County Government Center
Channel Islands Conference Room, 4th Floor Hall of Administration
800 South Victoria Avenue, Ventura, CA 93009*

MINUTES

I. WELCOME & ROLL CALL

Committee Chair Carmen Ramirez called the meeting to order. Board Secretary Jacquelyn C. Betha conducted roll call.

ROLL CALL			
1. Arcadia	Tom Tait	Committee Member	Absent
2. Carson	Reata Kulcsar	Committee Member	Present
3. Malibu			Absent
4. Oxnard	Carmen Ramirez	Committee Chair	Present
5. Thousand Oaks	Helen Cox	Committee Member	Present
6. Santa Monica	Kevin McKeown	Committee Member	Present
7. Sierra Madre	James Carlson	Alternate	Present

II. PUBLIC COMMENT

There were no public comments.

III. REGULAR AGENDA

1. Approve Minutes from September 26, 2018 Energy Planning & Resources Committee Meeting

Motion: Santa Monica, Committee Member McKeown. Second: Thousand Oaks, Committee Member Cox. Vote: Item 1 was approved by a unanimous roll call vote.

2. November 2018 Risk Management Team Report

Matt Langer, Chief Operating Officer, presented the Risk Management Team (RMT) Report for the month of November. Key Actions taken included: the appointment of CPA's Chief Financial Officer to the RMT; review of financial models and discussion of timing considerations for 2019 RPS and carbon free energy deliveries; and approval of block energy transactions in accordance with the Energy Risk Hedging Strategy.

Mr. Langer also provided a Regulatory Update on the November 21 CPUC proposed decision regarding Resource Adequacy, which would establish the IOUs as central buyers for all local RA in their territories starting in 2002. If adopted by the CPUC, this would mean that CPA would no longer be responsible for procuring any local RA, but could sell local RA back to the central buyer. Staff will continue to monitor this proceeding in conjunction with CalCCA, and provide updates to the Committee.

3. Long Term Request for Offers (RFO) Update

Natasha Keefer, Director of Power Planning & Procurement, provided a presentation on the Long Term RFO process, including CPA's longlist of projects. Bids were due on November 9, and CPA received a robust response from bidders for renewable energy, renewable plus storage, and standalone storage offers. The RFO Review Team, which included Directors Ramirez and McKeown, reviewed the longlist of offers on December 5, and staff will be bringing a preferred portfolio to the Energy Committee on January 16. Ms. Keefer reported that 234 facilities participated in the RFO, with 657 total pricing offers, with the majority of these facilities being solar or solar plus storage. She reported that 32 projects are located within the Los Angeles and Ventura County region. Once the Energy Committee selects a shortlist portfolio, CPA will announce short-listed projects to move forward with power purchase agreement (PPA) negotiations. After negotiations are complete, the Board will consider final PPA proposals for execution in the spring.

IV. COMMITTEE MEMBER COMMENTS

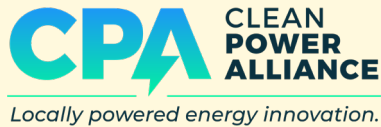
Committee member Kevin McKeown inquired about how we safeguard ourselves against competing contractors. Once projects are short-listed, contractors are required to submit a short-list deposit to maintain their place on the list and sign an exclusive enlistment agreement.

Committee member Kulcsar requested that short-list project load be shown on a map.

Committee Chair Ramirez introduced Karen Schmidt, Regional Affairs Manager serving Ventura County for CPA staff.

V. ADJOURN:

Committee Chair Ramirez adjourned the meeting.



Long-term RFO Shortlist Review

January 16, 2019

Agenda

- Shortlist Overview
- RFO Schedule
- Project Evaluation
- Portfolio Considerations
- Portfolio Options
- Portfolio Comparison
- Summary
- Appendix

Shortlist Overview

- CPA received proposals from 234 facilities in the RFO, including 23 standalone storage projects
- Individual offers were evaluated on price and qualitative criteria
- CPA's RFO Review Team met to review three portfolio options and developed a recommended portfolio for Energy Committee consideration
- The objective of today's meeting is for the Energy Committee to select a preferred portfolio
- Due to RFO confidentiality requirements, project-specific information (e.g. project names and pricing) are not included
- Once the Energy Committee determination is made, CPA will notify bidders

RFO Schedule

- CPA's RFO schedule includes an additional opportunity for developers to improve offers; some projects from the initial shortlist will not be invited to the final shortlist

Date	Action
January 8	Review Team selections shortlist portfolio options
January 8-15	Complete additional diligence on shortlisted projects
January 16	Energy Committee to select preferred portfolio for shortlisting
January 16	Initial Shortlist Notification
January 22-30	Reopen RFO for initial shortlisted projects
February 4	Final shortlist announced
February 15	Deadline for Shortlisted Bidders to sign Exclusivity Agreements
February – April	PPA Negotiations
April/May 2019	Board Approval of PPA
April/May 2019	PPA Execution

Project Evaluation

- Each project is considered based on 6 evaluation criteria:

Criteria	Metric
Valuation	\$/MWh implied REC value (RPS) or \$/kW value (standalone energy storage)
Development Risk	0 (Low) to 100 (High)
Environmental Stewardship	High, Medium, Neutral, Low
Workforce Development	High, Medium, Low
Benefits to Disadvantaged Communities (DACs)	High, Medium, Low
Project Location	High, Medium, Low

See Appendix for Evaluation Criteria Definitions

Portfolio Considerations

Success Rates

- It is anticipated that some selected projects may not successfully come online, either due to unsuccessful PPA negotiations or development failure¹
- To ensure that the selected portfolio meets the RFO's volume target², each project's expected output has been adjusted using an industry-standard success factor:

Resource Type	Success Rate
RPS Only	70%
RPS + Storage	60%
Standalone Storage	50%

(1) CPA included financial penalties via the RFO process and PPA provisions to ensure CPA is compensated for project failure

(2) 1-2 million MWh of annual renewable generation

Approach to Portfolio Creation

- All portfolio options to include both competitively-priced, low-risk projects and a mix that score High on Qualitative Criteria
- Staff initially took three approaches to developing portfolios that meet critical objectives of CPA's clean energy procurement:

1

Value

Projects fall within the top quartile of value

2

Diversity

Projects selected to ensure diverse resource mix

3

Early Online Dates

Includes projects with Q1 2021 and earlier online dates

4

The RFO Review Team developed a 4th **Recommended Portfolio**, taking the best selections from the initial three options

Portfolio Options

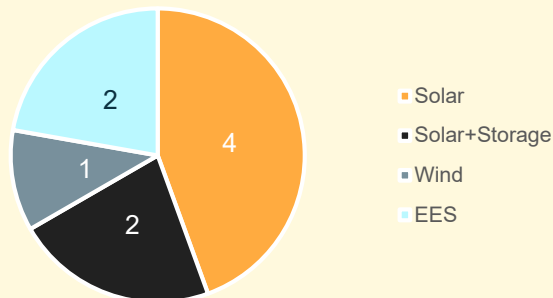
1 Value Portfolio Overview

Total number of projects	9
Number of developers	9
Projects located in LA/Ventura	2
Early Online	2
Value Rank (1=high, 4=low)	1

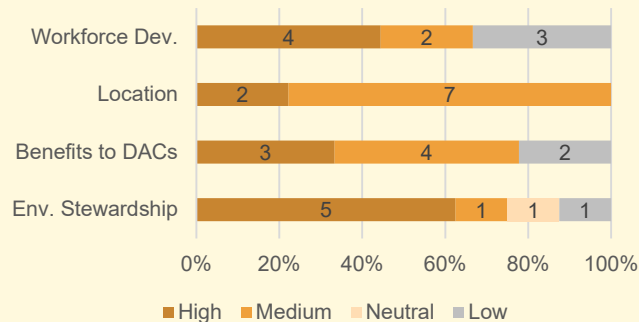
Notes

- All projects except for wind are within the top quartile of value
- CPA received limited offers for wind; selected wind project is included for portfolio diversification
- Limited early online date projects

Technology Mix



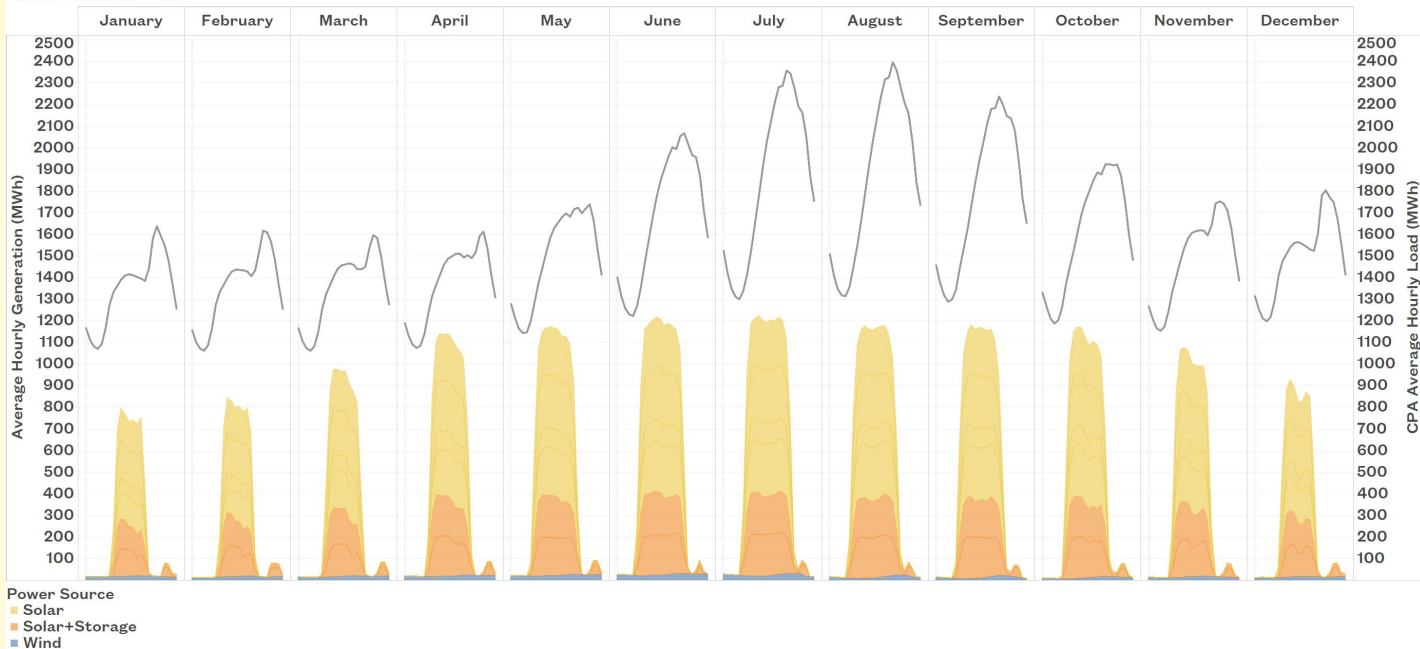
Qualitative Criteria



1

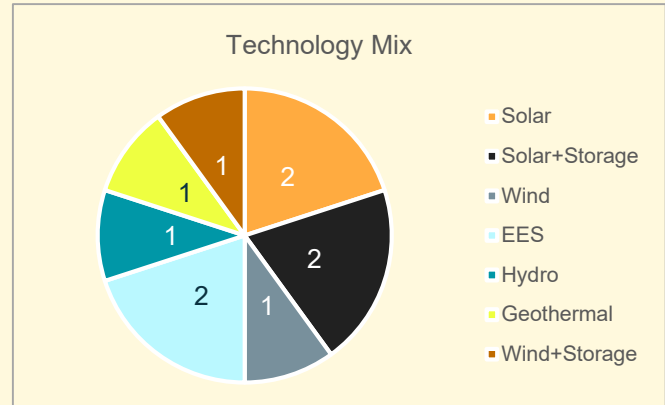
Value Portfolio Average Generation Profile

Stacked Generation Profile



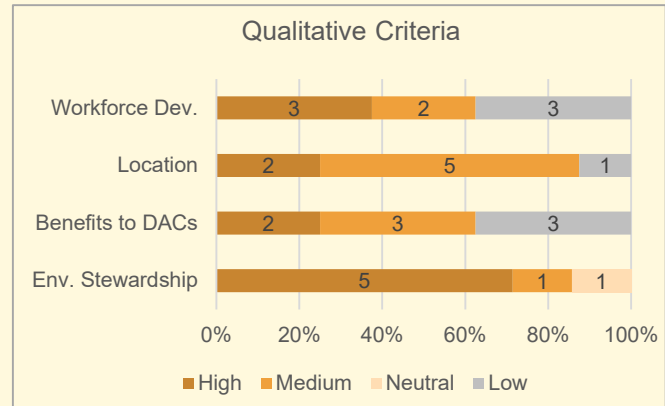
2 Diversity Portfolio Overview

Total number of projects	10
Number of developers	10
Projects located in LA/Ventura	2
Early Online	3
Value Rank (1=high, 4=low)	4

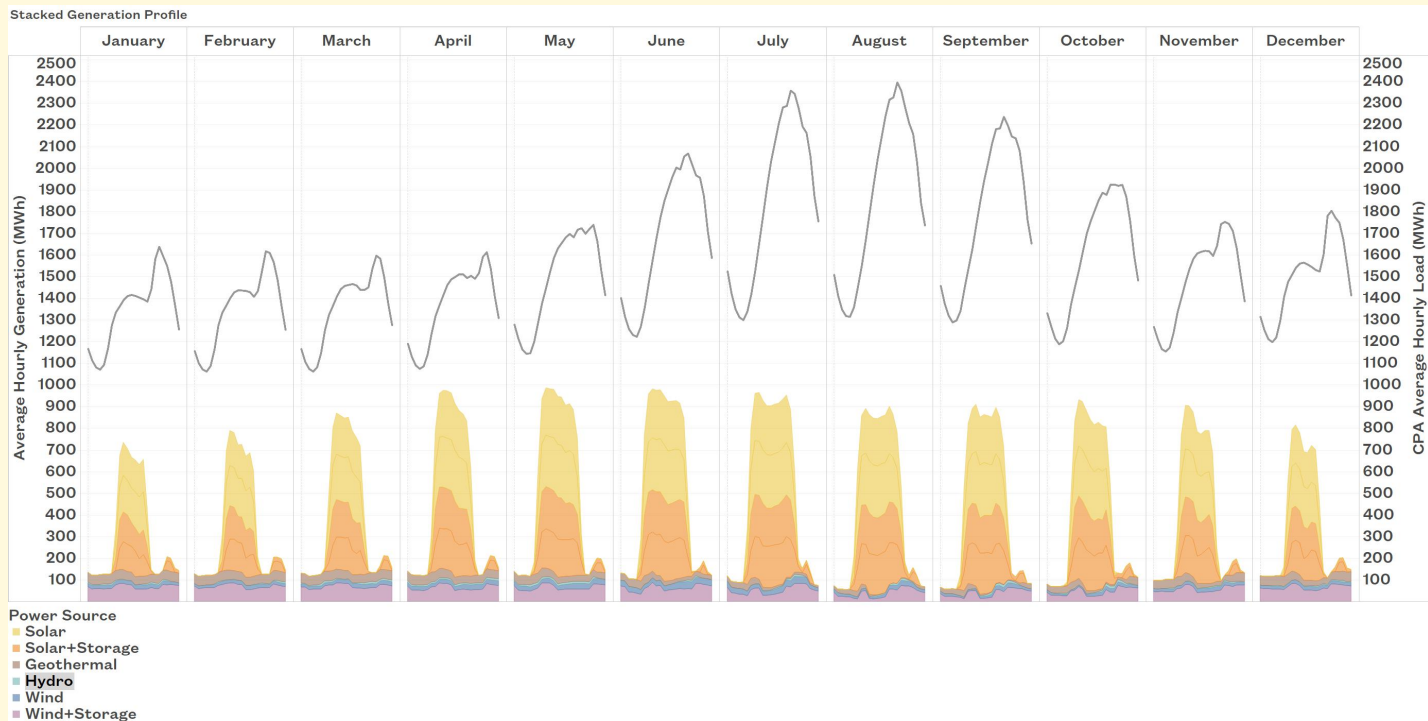


Notes

- At least one project by technology was selected; geothermal, wind, and hydro were above-market on cost
- One out-of-state wind project was considered due to significantly better value versus in-state wind
- Least attractive portfolio on qualitative criteria



Diversity Portfolio Average Generation Profile



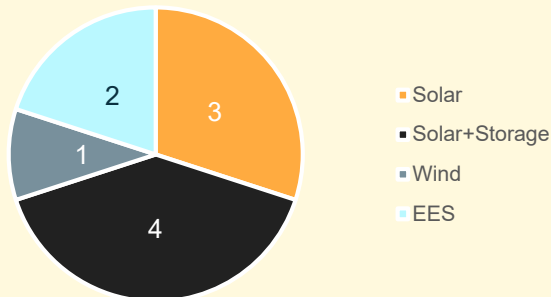
Early Online Portfolio Overview

Total number of projects	10
Number of developers	10
Projects located in LA/Ventura	2
Early Online	4
Value Rank (1=high, 4=low)	3

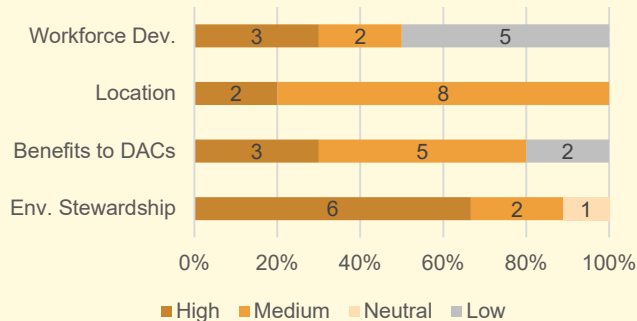
Notes

- CPA received limited offers for projects with early online dates; most were high-priced
- Highest amount of projects scoring Low on Workforce Development

Technology Mix

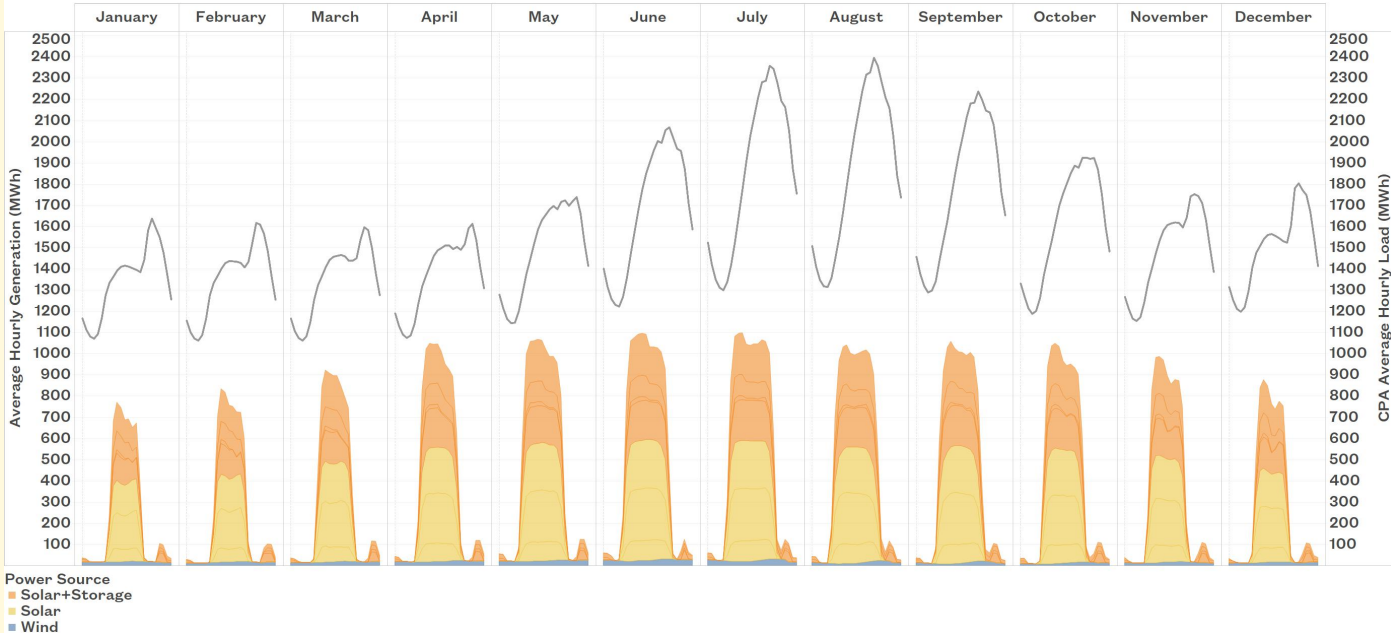


Qualitative Criteria



Early Online Portfolio Average Generation Profile

Stacked Generation Profile



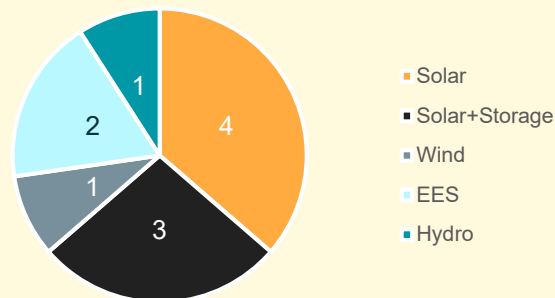
Recommended Portfolio Overview

Total number of projects	11
Number of developers	11
Projects located in LA/Ventura	2
Early Online	3
Value Rank (1=high, 4=low)	2

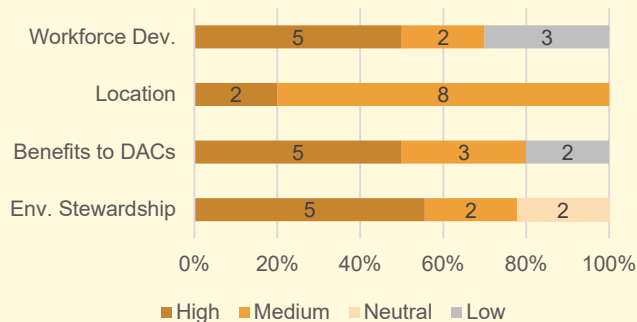
Notes

- The Recommended Portfolio is of similar composition to the value portfolio, with the addition of a hydro project and early online date project
- Strong on qualitative criteria
- Does not include out-of-state projects

Technology Mix

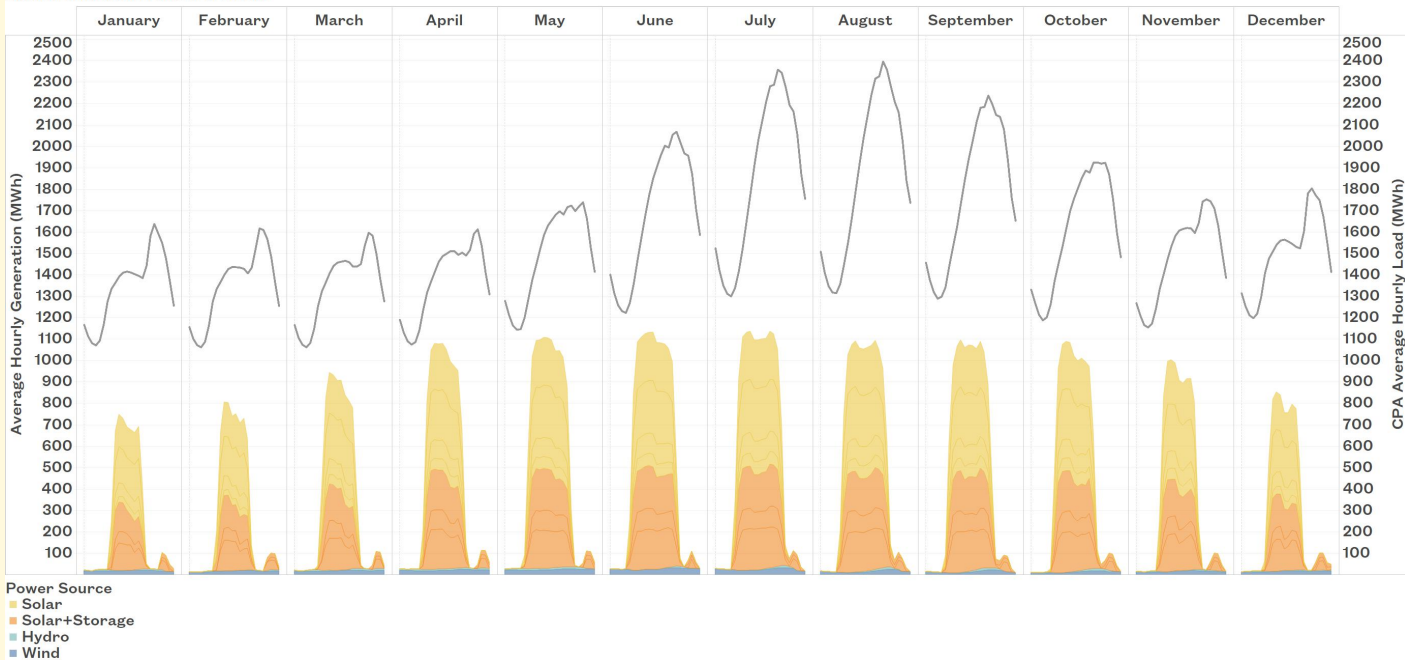


Qualitative Criteria



Recommended Portfolio Average Generation Profile

Stacked Generation Profile vs CPA Load



Portfolio Comparison

- The Recommended Portfolio is a good value from a pricing perspective, while offering strong qualitative benefits and balancing various procurement objectives

	Value	Diversity	Early Online	Recommended
Overall Portfolio Cost	1	4	3	2
Technology Mix	4	7	4	5
Total number of projects	9	10	10	11
High on Workforce Dev.	4	3	3	5
High on Location	2	2	2	2
High on Benefits to DACs	3	2	3	5
High on Env. Stewardship	5	5	6	5
Early Online	2	3	4	3

Summary

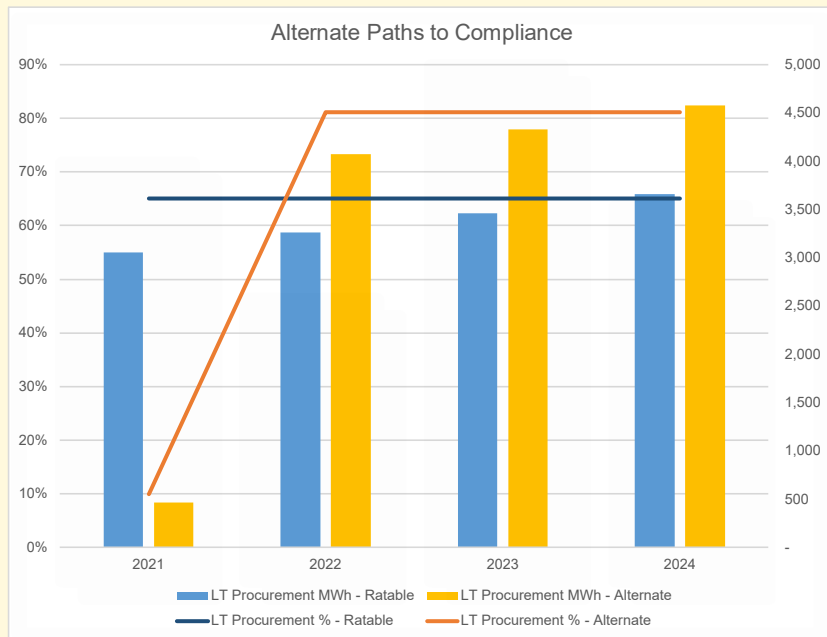
- The Recommended Portfolio achieves value, procurement objectives, and qualitative benefits
- The initial shortlist represents over \$1.5B of potential clean energy commitments by CPA over the next 15 years
- Given the attractive pricing of long-term renewables, the initial shortlist has the opportunity to save CPA approx. \$60m per year compared to short-term renewable procurement
- CPA will have additional opportunities to contract for attractive projects in the 2019 Clean Energy RFO

APPENDIX

Long-Term Procurement Requirement

SB 350 - Section 399.13¹

*“A retail seller may enter into a combination of long- and short-term contracts for electricity and associated renewable energy credits. Beginning January 1, 2021, at least 65 percent of the procurement a retail seller counts toward the renewables portfolio standard requirement **of each compliance period**² shall be from its contracts of 10 years or more in duration or in its ownership or ownership agreements for eligible renewable energy resources.”*



- (1) The 65% requirement has not changed under SB100
- (2) The 4-year compliance period is 2021-2024

Storage Mandate

AB 2514

- By 2020, each LSE is required to contract for storage capacity equal to 1% of its forecasted 2020 peak load
- Storage resources must be operational by no later than the end of 2024

	2020
CPA Peak Load (MW)	2,559
Storage (% of Peak)	1%
CPA Installed Storage Target (MW)	26

Developer Risk

Projects will ranked from highest to lowest score (0-100)

- The developer risk metric is a composite score based on a number of factors impacting project risk:
 - Site control
 - Interconnection status
 - Environmental screens
 - Land use and permits
 - Project financing

Environmental Stewardship

Projects are ranked high, medium, neutral, and low based on the following prioritization:

HIGH

- Demonstrates multiple benefits (provides additional societal, health, economic, water saving, or environmental benefits beyond the climate and GHG reduction benefits of renewable energy)

MEDIUM

- Located in an area designated as a preferred renewable energy zone and received required land use entitlement permits

NEUTRAL

- Project does not demonstrate either preference or avoidance criteria

LOW

- Project is located in a high conflict area

Workforce Development

Projects will be ranked high, medium, and low based on the following prioritization:

HIGH

- The project will use targeted-hire, union labor, or multi-trade project labor agreements (including requirements for state-apprenticeship graduates)

MEDIUM

- The project does not have a labor agreement, but can demonstrate prevailing wage, union labor, and targeted hire commitments

LOW

- The project does not demonstrate prevailing wage, union labor, and targeted hire commitments

Project Location

Projects will be ranked high, medium, and low based on the following prioritization:

HIGH

- In Los Angeles and Ventura counties

MEDIUM

- Other counties within California

LOW

- Out of state projects

Benefits to DACs

Projects will be ranked high, medium, and low based on the following prioritization:

HIGH

- Located within a DAC and demonstrates DAC workforce and community development benefits

MEDIUM

- Project not located within a DAC but can demonstrate DAC benefits and has completed community outreach

LOW

- Project does not demonstrate DAC benefits





Staff Report – Agenda Item 3

To: Clean Power Alliance (CPA) Energy Planning & Resources Committee

From: Matthew Langer, Chief Operating Officer

Approved by: Ted Bardacke, Executive Director

Subject: December 2018 Risk Management Team Report

Date: January 16, 2019

KEY ACTIONS

- Established a voting protocol for the Risk Management Team (RMT) to approve/reject potential transactions that fall within RMT approval authority per the Energy Risk Management Policy (ERMP). To approve a transaction, a majority of RMT members, including the Executive Director, must provide an affirmative vote. The Executive Director retains discretion to execute transactions under his authority pursuant to the limits defined in the ERMP.
- Reviewed 2018 year-end compliance with hedge targets by product. Deviations summarized below.
- Reviewed open positions and approved the following:
 - Purchase of energy hedges covering May through November 2019

POLICY COMPLIANCE

Policy Deviation	Required Action
CPA is short of procurement targets for PCC1 and PCC2 energy in 2020 and 2021. CPA ran a 2019-2023 clean energy RFO and has purchased enough PCC1 and PCC2 to meet 2019 targets but did not receive sufficient bids to meet 2020 and 2021 targets.	CPA will issue another short-term clean energy RFO in the beginning of 2019. CPA is also engaging in bilateral discussions with counterparties.
CPA is short of procurement targets for Carbon Free energy in 2019-2021.	CPA will issue a short-term clean energy RFO in the beginning of 2019.
CPA is short of target for RA procurement in 2021.	CPA will issue an RA RFO in the beginning of 2019 for needs in 2021 and beyond; however, some regulatory uncertainty exists related to pending CPUC actions on RA procurement.