

MINUTES

REGULAR MEETING of the Executive Committee of the
Clean Power Alliance of Southern California
Wednesday, January 18, 2023, 1:30 p.m.

Meeting videos are available on [CPA's YouTube Channel](https://www.youtube.com/@CPApublicmeetings).
www.youtube.com/@CPApublicmeetings

Committee Members participated remotely in this meeting from the following locations:

Agoura Hills City Hall Planning Conference Room 30001 Ladyface Court Agoura Hills, CA 91301	CPA Office 801 S. Grand Ave., Suite 400 Los Angeles, CA 90017
Beverly Hills City Hall 4 th Floor 455 N. Rexford Drive Beverly Hills, 90210	Camarillo City Hall Administrative Conference Room 601 Carmen Drive Camarillo, CA 93010
Hawthorne City Hall 4455 W. 126th Street Hawthorne, CA 90250	Ojai City Hall Conference Room 401 S Ventura St. Ojai, Ca 93023
Sierra Madre City Hall Council Chambers 232 W. Sierra Madre Blvd. Sierra Madre, CA 91024	Ventura County Government Center Point Mugu Conference Room, 4th Fl. Hall of Administration 800 South Victoria Avenue Ventura, CA 93009

CALL TO ORDER & ROLL CALL

Chair Gold called the meeting to order at 1:40 p.m. and Gabriela Monzon, Board Clerk, conducted roll call.

Roll Call			
Agoura Hills	Deborah Klein Lopez	Committee Member	Remote
Beverly Hills	Julian Gold	Chair	Present
Camarillo	Susan Santangelo	Committee Member	Remote
Hawthorne	Alexander Monteiro	Committee Member	Remote
Los Angeles County	Lindsey Horvath	Vice Chair	Present
Ojai	Betsy Stix	Committee Member	Remote
Sierra Madre	Robert Parkhurst	Committee Member	Remote
Ventura County	Vianey Lopez	Vice Chair	Remote

All votes are unanimous unless otherwise stated.

GENERAL PUBLIC COMMENT

There was no public comment.

CONSENT AGENDA

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

Motion: Committee Member Parkhurst, Sierra Madre

Second: Committee Member Santangelo, Camarillo

Vote: The consent agenda was approved by a roll call vote with an abstention by Vice Chairs Horvath and Lopez.

REGULAR AGENDA

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

Ted Bardacke, CEO, provided an update on new Board members and noted that Board members Diana Mahmud, South Pasadena, and Steve Zuckerman, Rolling Hills Estates, are likely to continue on the Board as members of the public serving as alternates. Mr. Bardacke indicated that as a condition of the \$30 million loan CPA received in July 2021, Los Angeles County will conduct a special study on CPA's fiscal controls and policies over the next few months. Various Board members, including the Board Chair and Finance Committee members, may be interviewed as part of the study. Mr. Bardacke shared that staff expects grid management challenges in the summer of 2023, adding that the Resource Adequacy (RA) shortage may lead to a fine for CPA of approximately \$5 million from the California Public Utilities Commission (CPUC). Mr. Bardacke noted that the price of RA is exceptionally high, so the economic consequences will be minimal, but there is more risk in regulatory and political blowback.

Staff answered several questions from Vice Chair Horvath, Committee Members Parkhurst, Klein Lopez, and Chair Gold regarding procurement challenges. Staff explained that the CPUC denied CalCCA's petition to modify the RA program. CPA could appeal the fine but lacks firm grounds for an appeal. Additionally, the number of entities that did not meet RA obligations for the summer remains confidential; however, the public relations consequences of the fine may be more impactful than the financial ramifications. IOUs have long-term contracts that can help them meet their requirements, but when the fines are made public, they will include a list of all LSEs that received fines. Staff also noted that the CPUC ordered an additional 2,000 megawatts of emergency reliability procurement to increase system reserves for 2022-2023, contributing to the RA shortage position for most LSEs. Staff explained that if CPA cannot meet RA procurement requirements, the California Independent System Operator (CAISO) is responsible for procuring the shortfall. The reliability challenges and system shortages appear to be more acute in 2023 than in 2022. Staff added that the impact of recent heavy rain on energy production is difficult to predict. With regard to generation capacity, staff clarified that though it is complicated, some generation assets, including the Colorado River, Pacific Northwest Hydro, Western Sierra, and Eastern Sierra, have relatively good storage capacity. In response to Committee Member Parkhurst's question

about Board succession planning, Mr. Bardacke indicated that CPA staff is working to cultivate and provide training to all new Board members.

3. Review Draft Agenda for the February 2, 2023, Board of Directors Meeting

Mr. Bardacke discussed the Board consent agenda item for the one-year contract for settlement software to help validate and arrange the over \$600 million invoiced from CPA suppliers annually; the contract has an option for four more years. Mr. Bardacke reviewed items on the regular agenda, including the potential modification of CPA's current legislative and regulatory platform; contract approval to launch a building electrification code assistance and public outreach program; and a quarterly communications report that will educate new Board members and include an update on upcoming communications efforts.

Responding to Committee Member Parkhurst's question regarding the building electrification contract, Mr. Bardacke advised that a consultant was selected who has expertise in building electrification and sustainability work in CPA territory. The program will offer cities free technical assistance and public outreach services and should begin engaging with cities by the second quarter of the year.

4. Winter Electricity Market Update

Mr. Bardacke provided a presentation on the winter electricity market. A large spike in natural gas prices beginning in December 2022 resulted in significantly higher electricity prices in December and likely through March. This price spike coupled with the September 2022 heat wave led CPA staff to estimate a contribution to the net position in FY 2022/23 of about \$50 million compared to the budgeted contribution of about \$200 million. To address market volatility, financial results, and prepare for unforeseen events, staff recommends that the Board consider extending CPA's \$80 million credit line with JPMorgan and adjusting rates in March of 2023.

Responding to Committee Member Parkhurst's question concerning the reason for the natural gas price spike, Mr. Bardacke stated that multiple factors are involved, including supply issues around the country due to weather, capacity issues, and reduced storage in Southern California. In response to Committee Member Monteiro's question regarding the possible rate increase percentages, Mr. Bardacke reviewed a chart depicting residential rate comparisons for Southern California Edison's (SCE) and CPA. Staff has not developed a proposal for rate adjustments, but CPA will be competitive over the next year and expects any interim rate change adjustment to be an equal percentage to all rate products. In response to Committee Member Parkhurst's question about SCE's renewables percentage drop, Mr. Langer commented that SCE has exceeded targets in the past allowing them to be lower, and that they are now required to sell portions of their renewable portfolio to CPA and other CCAs.

Mr. Bardacke reviewed three options for next steps in March, along with benefits and challenges of each, and invited feedback from the Executive Committee on the potential rate and line of credit increases. Committee Members Klein Lopez, Santangelo, Monteiro, and Parkhurst expressed a preference for Option 2, stating reasons such as consistency, least amount of risk, volatility of the market, potential shortages in later summer, and ease of responsiveness to the market. Committee

Member Monteiro inquired about the rate increase amount, and staff suggested that a rate increase would be equitable across all rates, confirming that this will help increase CPA's reserve by \$40-50 million. Vice Chair Horvath echoed support for Option 2, adding that staff can reevaluate in June and determine if another adjustment is advantageous. Chair Gold expressed a need to ensure CPA stays viable as an organization while ensuring that rates stay as low as possible.

Committee Member Monteiro inquired about CPA's opt-out rate, and Mr. Bardacke indicated that overall CPA has about a 93% participation rate and a 7% opt-out rate. Responding to Committee Member Monteiro's question concerning the offshore windmill auction, Mr. Bardacke shared that the auction determined which developers had the right to develop projects. As projects are developed, staff will welcome bids for CPA's RFOs and will evaluate them in comparison to other wind and renewable energy options. Mr. Bardacke added that it would be at least a decade before energy begins to be realized from these projects. Responding to Committee Member Parkhurst's question, Mr. Bardacke clarified that the auction results do not change CPA's Integrated Resource Plan (IRP).

COMMITTEE MEMBER COMMENTS

Committee Member Monteiro expressed a preference to have the Executive Committee meeting begin at 2:00 p.m. Committee Member Klein Lopez commented that the City of Agoura Hills adopted its first reading of an all-electrification ordinance for new buildings and unanimously voted to be 100% electric moving forward.

ADJOURN

Chair Gold adjourned the meeting at 2:48 p.m.