

**Western Community Energy
Joint Meeting of the Board of Directors and
Technical Advisory Committee
March 13, 2019
Summary Minutes**

Item 4.A

1. CALL TO ORDER / ROLL CALL

The Joint meeting of the Western Community Energy Joint Meeting of the Board of Directors and Technical Advisory Committee was called to order at 1:13 p.m. by Chair Ben Benoit at WRCOG's Office, Citrus Conference Room.

Board Members present:

Todd Rigby, City of Eastvale
Bonnie Wright, City of Hemet (2:11 p.m. departure)
Chris Barajas, City of Jurupa Valley
Ted Hoffman, City of Norco
Rita Rogers, City of Perris (2:11 p.m. departure)
Ben Benoit, City of Wildomar (Chair)

Technical Advisory Committee (TAC) Members present:

Bryan Jones, City of Eastvale
Andy Okoro, City of Norco
Clara Miramontes, City of Perris (1:53 p.m. departure)
Gary Nordquist, City of Wildomar

Staff present:

Steve DeBaun, Legal Counsel, Best Best & Krieger
Barbara Spoonhour, WRCOG Deputy Executive Director - Operations
Andrew Ruiz, WRCOG Interim Chief Financial Officer
Janis Leonard, WRCOG Administrative Services Manager
Tyler Masters, WRCOG Program Manager
Suzy Nelson, WRCOG Administrative Assistant

Guests present:

Ryan Baron, Best Best & Krieger
Josh Brock, Calpine Energy Solutions
Paul Soco, Calpine Energy Solutions
Santiago Chuck, Calpine Energy Solutions
Gary Saleba, EES
Jeff Fuller, TEA (via phone)

2. PLEDGE OF ALLEGIANCE

Board member Bonnie Wright led the Board and Committee members and staff in the Pledge of Allegiance.

3. PUBLIC COMMENTS

There were no public comments.

Chairman Benoit announced that an emergency action item needed to be added to the agenda.

Barbara Spoonhour indicated that the item regarding Southern California Edison's (SCE) billing system update.

(Perris / Hemet) 6 yes; 0 no; 0 abstention. Adding the emergency action item was approved. The City of Canyon Lake was not present.

Ms. Spoonhour reported that staff had a meet and confer with SCE late Thursday evening to discuss its billing system and the upgrade SCE is in the process of going through. In March 2018, SCE informed WCE staff that it would have a billing system upgrade and would be blocking out the month of April 2020, which would interfere with all the CCAs which would be trying to implement their programs that month. In October 2018, WCE submitted its draft Implementation Plan to SCE for review, which included an April 2020 roll-out; SCE indicated that it was fine with this date. A meet and confer was held in November 2018 with SCE to discuss the draft Implementation Plan; again, launch; SCE did not raise any concerns. WCE submitted its Implementation Plan to the California Public Utilities Commission (CPUC), which is now in the final stages of certification, and should be certified by March 18, 2019. CPUC staff had minor comments and staff will be responding today.

Last Thursday staff had another meet and confer and SCE is now indicating that there will be a black-out period of February - May 2020.

SCE has indicated that it is completely committed with partnering with CCAs. There are changes in the historical data WCE will be able to receive at different points through the transition. SCE will be suspending its collection policy from April through June, which means it will not be shutting off power to any of its customers for non-payment throughout the process. SCE indicated that it desires to stay with one CCA of no more than 10,000 customers, and then grow; WCE's customer count is approximately 120,000. SCE would like WCE to consider the consumer experience throughout the process. SCE has assured us that there will be billing issues coming out of the billing conversion more so than what it presently has. During the conversion, the system may neglect to gather all the customer data; there could be complete sections of a city not being enrolled. Bills may include the delivery charges, but not the generation charges. SCE's current billing error rate is approximately 1% to 1.5%.

In consideration of the above news from SCE, staff reviewed 3 potential options with the Directors regarding how to proceed with WCE launch.

Staff asked SCE about moving into an earlier 2020 launch, as well as how the existing CCAs already in the system would be transferring into the new system. SCE responded that it would most likely experience the same error rate just the same as its bundled customers would experience.

WCE will have to purchase local Resource Adequacy (RA) for the entire year of 2020, even though it will not be serving the entire year of 2020. If WCE launched in January 2020, it would be able to serve the RA and receive revenue for the RA which was purchased. Customers would receive savings sooner. If WCE launches in January, customers will receive one bill in the old format before receiving a bill in the new format.

The potential downside to an earlier launch is a shortened marketing timeframe. . Customers will likely see an increase in their bills for holiday lighting. Initial revenues would be slightly lower given that energy usage is less in the winter than in the summer. SCE is in the process of developing what its January rates will be. WCE will have to settle its rates before SCE's rates are finalized. Staff should have a good idea of what the rates will be; however, they could fluctuate.

Customers will likely be negatively impacted, regardless of when WCE launches.

If WCE goes with a June 2020 launch, financing remains intact and proformas are still looking good. The data come June will be extremely old. Staff needs the latest information to compare with the GIS database to prepare the mailings for the opt-out notifications. SCE has implied that in June, that data will be very old. WCE would have to fund RA for an additional three months (\$4M in RA) in which it will not be receiving revenues for. SCE will be collecting those revenues.

There will be a lot of changes going on at once - SCE will be moving from its winter rates to its summer rates; WCE will be added to the bill, etc.

There is the option to launch in the fall of 2020. If there are still errors in billing the customers will see it as an SCE error. The data will be more current. WCE will be negative given that it will have to provide service for eight to nine months with no revenue.

There are a total of eight CCAs (including WCE) looking to launch in 2020. SCE seems to change their message with some CCAs regarding the black-out dates. For example, staff was informed that February, March, and April are blacked-out, however Desert Community Energy was told that they could potentially launch 10,000 of its accounts in February 2020.

Staff reminded the Directors that there is no guarantee that the billing conversion will be complete by the timeframe it should be. Nor is there any guarantee that the billing conversion will begin in April 2020.

Chairman Benoit asked what the negative would be to launching in April 2021.

Ms. Spoonhour responded that WRCOG would need to support WCE through the next year.

Board member Rigby asked how it would work for WCE to launch for only 10,000 customers.

Ms. Spoonhour responded that SCE's approach has been to launch one CCA at a time. WCE would first bring in commercial and municipal accounts and then phase-in residential, which would take a longer billing cycle.

Chairman Benoit indicated that the longer WCE waits, the higher the number of customers which can be transferred over at one time.

Board member Barajas asked the limits still apply for a January 2020 launch.

Ms. Spoonhour responded that all customers could transfer with a January 2020 launch, because they would still be in the old system. Ms. Spoonhour asked SCE about a January 2020 launch, and SCE staff indicated that they would have to get back to her on that, as well as with information regarding RA. Ms. Spoonhour asked SCE if it would cover the costs for the months WCE would not be servicing, should WCE decide to launch in the fall of 2020. SCE staff indicated that they would discuss the matter with their procurement department and get back to her. A call with the CPUC is scheduled for this Friday. The CPUC has indicated that it has been somewhat briefed on what SCE is proposing. While SCE cannot stop a CCA from launching, it can cause problems regarding billing. The CPUC may have the authority to force SCE to move its billing implementation launch back.

Ryan Baron indicated that a year ago, there was no potential or legal ability for SCE to disrupt the launch of a CCA. The CPUC most likely does not have jurisdiction over SCE's internal operations; however, when it interferes with the launch of a CCA, probably so.

Chairman Benoit asked how many other CCAs are looking at the same launch period.

Ms. Spoonhour responded that all CCAs submitted Implementation Plans with a spring 2020 launch timeframe.

Board member Rita Rogers prefers launching all customers at once. If that means launching in January, is WCE ready for that?

Ms. Spoonhour responded that from an operational perspective WCE is ready.

Board member Rogers recommended holding a special Board meeting later this month after staff has its conference call with the CPUC and answers from SCE.

Chairman Benoit indicated that an earlier launch would be better.

4. MINUTES - (Perris / Jurupa Valley) 6 yes; 0 no; 0 abstention. Item 4.A was approved. The City of Canyon Lake was not present.

- A. Summary Minutes from the February 13, 2019, Joint Meeting of the Board of Directors and Technical Advisory Committee are Available for Consideration.

Action: 1. Approved the Summary Minutes from the February 13, 2019, Joint meeting of the Board of Directors and Technical Advisory Committee.

5. CONSENT CALENDAR - (Hemet / Perris) 6 yes; 0 no; 0 abstention. Items 5.A - 5.C were approved. The City of Canyon Lake was not present.

A. Financial Summary Update

Action: 1. Received and filed.

B. Regulatory and Legislative Update

Action: 1. Received and filed.

C. Program Schedule Update

Action: 1. Received and filed.

6. REPORTS / DISCUSSION

A. Desert Community Energy Ratepayer Survey

Tyler Masters reported that Desert Community Energy (DCE) recently completed a ratepayer survey with 13 specific questions related to electricity rates, and a few questions related to demographics.

Mr. Masters shared some of the survey results, such as a large majority (86.3%) of those surveyed were unfamiliar with the concept of a CCA. DCE did not do any marketing beyond City Council presentations. Nearly half of those surveyed would pay at least \$1 more to achieve local climate goals. Just over half of those surveyed would be more willing to pay more knowing that DCE's CCA Program is locally controlled and will re-invest into the local economy, will place a priority on carbon-free energy sources, and will purchase power from local geothermal, solar, and wind sources.

Overall, 78.7% of those surveyed indicated that they support DCE's CCA Program.

TAC Andy Okoro asked what was the total number of those surveyed.

Mr. Masters responded that it was 300.

Board member Ted Hoffman indicated that based upon the survey results, many residents are most concerned with public safety than environmental issues. They did not seem educated enough about the CCA to make a decision on it.

Board member Rita Rogers asked if there are funds budgeted for a survey.

Barbara Spoonhour responded that there is funding available and indicated that she would email the link to the complete survey.

Action: 1. Directed staff to conduct an Energy Ratepayer Survey conducted for the WCE territory similar to the one completed for Desert Community Energy.

(Wildomar / Perris) 6 yes; 0 no; 0 abstention. Item 6.A was approved. The City of Canyon Lake was not present.

B. Energy Purchasing Schedule Update

Barbara Spoonhour reported that the timeline has not changed. In April 2019, a forecast of what the Resource Adequacy (RA) load will look like for the year ahead needs to be submitted to the California Public Utilities Commission. Any changes to the forecast would be filed in August 2019. By October 31, 2019, WCE must prove to the CPUC that contracts are in place to meet WCE's obligation. Waiting to purchase RA in the fall makes it more difficult to find energy, and rates are higher. WCE's consultant, The Energy Authority, has recommended that WCE begin purchasing RA in the spring / summer 2019 timeframe. The purchase of RA dictates when energy contracts are procured. In order to remain compliant with the new regulations, WCE must buy percentages of three years forward. RA has a value, so if WCE does not launch, it can sell the RA back into the market.

WCE will likely enter into anywhere between five and 10 master power purchase agreements with a mixture of short-, mid-, and long-term agreements. Beginning in 2021, under SB 350, all load-serving entities must have 65% of the contracts at 10-years or longer. At this point, WCE requires approximately \$71M to purchase energy. RA has a value, so if WCE does not launch, it can sell the RA back into the market.

A liability for a jurisdiction exists only if a jurisdiction wants to immediately withdraw its entire community from WCE after energy contracts have been purchased. If a jurisdiction waits to withdraw until after the contracts conclude, then there is no liability to the jurisdiction. Staff reminded the Board that historically, CCA's have experienced extremely low opt out rates (less than 10%).

Staff provided a listing of cities and counties that are part of operational CCAs in the state. There are 119 cities and counties operating in PG&E territory. Within SCE's territory alone, there are 32 cities and counties operating either under a CCA or as its own enterprise fund. There are over 5 million people being serviced by a CCA.

There are seven CCAs within SCE's territory preparing to launch in 2020, as well as a few additional from up north.

Action: 1. Received and filed.

C. Marketing and Outreach Update

Tyler Masters reported that staff have secured many community events through August 2019 and are open to adding more.

The City of Eastvale will be utilizing electronic billboards beginning later today. Staff are mocking up a variety of promo materials such as LED stress balls, USB drives, phone charges, etc.

TAC member Andy Okoro indicated that bigger account holders, such as commercial and industrial users, should be contacted to inform and educate them on WCE.

Barbara Spoonhour responded that staff wants to hire someone specifically for commercial and industrial outreach but is struggling when is the best time to hire someone.

Chairman Benoit indicated that a hospital recently opened in the City of Wildomar and has an electronic billboard that the City can use for free.

TAC member Bryan Jones indicated that the Silverlakes Sports Complex also has an electronic billboard which can be utilized.

Action: 1. Received and filed.

7. REPORT FROM THE EXECUTIVE DIRECTOR

Barbara Spoonhour reported that Rick Bishop is on vacation.

8. ITEMS FOR FUTURE AGENDAS

There were no items for future agendas.

9. GENERAL ANNOUNCEMENTS

There were no general announcements.

10. NEXT MEETING : A Special Joint Meeting of the Board of Directors and Technical Advisory Committee meeting is scheduled for Wednesday, March 27, 2019, at 1:00 p.m., at Western Riverside Council of Governments, Citrus Conference Room, 3390 University Avenue, Suite 450, Riverside.

11. ADJOURNMENT : The Joint meeting of the Board of Directors and Technical Advisory Committee adjourned at 2:15 p.m.