

1. CALL TO ORDER / ROLL CALL

The Joint Meeting of the Board of Directors and Technical Advisory Committee was called to order at 1:19 p.m. by Chair Ben Benoit at WRCOG's Office, Citrus Conference Room.

Board of Directors present:

Todd Rigby, City of Eastvale
Bonnie Wright, City of Hemet
Brian Berkson, City of Jurupa Valley
Ted Hoffman, City of Norco
Rita Rogers, City of Perris
Ben Benoit, City of Wildomar (Chair)

Technical Advisory Committee Members present:

Andy Okoro, City of Norco
Clara Miramontes, City of Perris
Gary Nordquist, City of Wildomar

Staff present:

Steve DeBaun, Legal Counsel, Best Best & Krieger
Rick Bishop, WRCOG Executive Director
Barbara Spoonhour, WRCOG Deputy Executive Director - Operations
Janis Leonard, WRCOG Administrative Services Manager
Andrea Howard, WRCOG Program Manager
Tyler Masters, WRCOG Program Manager
Suzy Nelson, WRCOG Administrative Assistant

Guests present:

Jeff Fuller, The Energy Authority

2. PLEDGE OF ALLEGIANCE

Board member Brian Berkson led the Board and Committee members and staff in the Pledge of Allegiance.

3. PUBLIC COMMENTS

There were no public comments.

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

A. *Summary Minutes from the March 27, 2019, Special Joint Meeting of the Board of Directors and Technical Advisory Committee are Available for Consideration.*

Action: 1. *Approved the Summary Minutes from the March 27, 2019, Special Joint Meeting of the Board of Directors and Technical Advisory Committee.*

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

A. Financial Summary Update

Action: *I. Received and filed.*

6. REPORTS / DISCUSSION

A. Overview of the Draft Energy Risk Management Policy (ERMP)

Barbara Spoonhour reported that the Policy will guide management of risks associated with power procurement activities and will serve to instruct staff and consultants on what to look for in the market. Program goals include maintaining competitive retail rates; establishing long-term business sustainability; building collateral for power activities; establishing an investment grade credit rating; developing a source of funds for investment in generation and other local programs after the reserve amount has been met; and helping to stabilize rates and dampen year-to-year variability in procurement costs. The Policy will include eight chapters in total; however, the purpose of today’s presentation is to provide an overview of Chapter 1. Each chapter will be presented separately to allow sufficient time to discuss the matter in detail and for staff to receive clear direction.

Action: *I. Received and filed.*

B. Discussion on Draft ERMP Chapter 1: Policy Overview

Jeff Fuller reported that The Energy Authority (TEA) is currently working with four of the operating Community Choice Aggregation (CCA) Programs in California. It is doable to set a policy to remain competitive with Southern California Edison (SCE) over the long-term. Prior to 2019, all CCAs launched offering customers rate savings except for one. That savings was achievable from two high-level places. One was how the Power Charge Indifference Adjustment (PCIA) was being calculated, specifically the market price benchmarks were valued for Resource Adequacy (RA) capacity and renewable energy were set higher and were regulatory driven.

For CCAs launching after the year 2020, the PCIA portion is substantially gone. Market price benchmarks have been set closer to short-term market. There is no reason WCE should pay more than those market place benchmarks.

Mr. Fuller ran through a compare and contrast with Desert Community Energy and the City of Rancho Mirage to show how volatile prices can be.

Chair Ben Benoit asked about the timeline to procure energy for an April 2020 launch.

Mr. Fuller responded that there is no definitive time. The only true deadline is October 31, 2019, in which WCE must show the California Public Utilities Commission (CPUC) that it has procured RA.

Barbara Spoonhour added that SCE under collected by nearly \$1B in generation rates. Coincidentally, SCE’s rates seem to run a little high when the CPUC is scheduled to receive an Implementation Plan from cities within SCE’s territory. The ruling for the \$1B recovery is that beginning in April 2019, all customers will see an increase in their generation bills; this increase will run for 12 months.

Staff continues to run proformas; a 2% savings on the total bill is still accurate. This Board established a 180-day reserve to be met within the mid-year period. This Board also requested a reduction in funding for incentives or related energy programs since SCE’s programs will continue to be accessible by citizens.

Director Todd Rigby asked for confirmation in that generation savings will be approximately 4%.

Ms. Spoonhour confirmed that it will be.

Because of the recent PCIA proceedings, an annual true-up must be completed. Since PCIA looks forward, a true-up against actual costs is to be performed at the end of the year. Because SCE's procurement strategies have been more prudent, a lot of fluctuation is not anticipated.

As SCE's rates increase it may cause WCE's savings to be less than the projected 2%. Staff would like to know how to address this type of scenario, and what the Board's thresholds are. Rates are set on an annual basis, so this discussion will occur every year. Does the Board want to maintain its savings objectives by either reducing or eliminating all program incentive funding? Does the Board want to take longer to build a reserve? Or maintain the reserve goals and lower the discounts?

Rick Bishop indicated that there are no decisions that must be made today; staff are presenting these matters for discussion purposes only.

Director Rigby thanked staff for bringing these matters forward. A 2% savings should be the bare minimum to achieve. Marketing should focus more on the generation savings of 4%.

Chair Benoit suggested being more lenient on building reserves. Chair Benoit expressed concern with highlighting 4% in cost generation savings, but only the 2% bill savings. People might look for that 4% on their bill. Recommendation would be to list the 2% bill savings first, and then reiterate the 4% generation savings.

Director Ted Hoffman stated that, for part of the marketing, stress that SCE's offerings (various energy programs including but not limited to CARE, FERA, baseline programs, etc.) will still be available, on top of what programs WCE will offer.

Director Brian Berkson indicated that a 2% savings can be significant for those who have large bills. If the average savings are \$36 per month, that's not a huge number. We should be looking at a higher savings than 2%. If that cannot happen, then we must ask if this program is really worth it.

Chair Benoit responded that this Board looked at building reserves so that when an energy fluctuation occurs, the reserves can handle that, and the customer does not experience any fluctuation. Once the reserves are built, this Board will then have the option to offer more programs, increase the savings, what ever it may be at that time. It is not about today, but future options.

Rick Bishop added that 2% individually may not seem like a lot, but cumulatively, it comes out to approximately \$6M for the subregion. That translates to significant savings for businesses that are heavy users. This savings, what ever it may be, is for doing absolutely nothing.

Survey results will be interesting. The survey that occurred in the Coachella Valley subregion indicated that there was strong support for a CCA regardless of the cost savings – those residents really liked the idea of local control of rate settings and offering of local programs. While the predisposition of the Board is cost savings, it will be interesting to see what the survey results are. Local control and local choice, which does not exist in the current market, are big sellers for the constituents.

Action: 1. *Received and filed.*

C. Program Schedule Update

Tyler Masters reported a schedule update that will take the Program through a January launch. Community marketing outreach will go through December. Resource Adequacy (RA) and energy procurement will begin in June / July. Six-month implementation meetings with Southern California Edison will begin around that same timeframe to ensure systems are compatible and data is transferring efficiently. In September / October staff will provide the California Public Utilities Commission proof of RA procurement. A call center will be set-up

by November. Mass enrollment notifications to all the customers will also begin at that time; a second mass notification will occur in December and then again in January / February.

Action: *I. Received and filed.*

D. Marketing and Outreach Update

Tyler Masters shared some of the marketing materials that have been prepared – tri-fold brochures, USB drives, refrigerator magnet clips, pens, drink coasters, reusable bags, and phone charges. There are approximately 20 community events in which staff will attend throughout the upcoming year to share information on WCE. Ads will begin running in the Press Enterprise within the next few months. Social media outreach began in mid-March; the first post made approximately 11,000 impressions. Pandora ads have made approximately one-quarter of a million impressions.

Action: *I. Received and filed.*

E. Regulatory and Legislative Update

Barbara Spoonhour reported that there is no report to provide.

Action: *I. Received and filed.*

7. REPORT FROM THE EXECUTIVE DIRECTOR

Rick Bishop had nothing to report.

8. ITEMS FOR FUTURE AGENDAS

There were no items for future agendas.

9. GENERAL ANNOUNCEMENTS

Chair Ben Benoit announced that he and staff are in the process of setting up meetings with Southern California Edison to discuss WCE's launch date.

10. NEXT MEETING: **The next Joint Meeting of the Board of Directors and Technical Advisory Committee is scheduled for Wednesday, May 8, 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 2:17 p.m.**