

AGENDA

ORANGE COUNTY POWER AUTHORITY MEETING OF THE BOARD OF DIRECTORS

Tuesday, May 11, 2021

10:00 a.m.

Due to the public health orders and guidelines in California and in accordance with the Governor's Executive Orders N-25-20 and N-29-20, there will be no location for in-person attendance. The Orange County Power Authority is providing alternatives to in-person attendance for viewing and participating in the meeting. Further details are below.

Note: Any member of the public may provide comments to the Orange County Power Authority Board of Directors on any agenda item or on a matter not appearing on the agenda, but within the jurisdiction of the Board. Please indicate whether your comment is on a specific agenda item or a non-agenda item when requesting to speak. When providing comments to the Board, it is requested that you provide your name and city of residence for the record. Commenters are requested to address their comments to the Board as a whole through the Chair. Comments may be provided in the following manner:

Requests to Speak. In-person public attendance will not be provided. Members of the public who have requested to speak will be recognized at the appropriate time during the Zoom meeting and may speak through Zoom or telephonically. To allow the Chair to call on you, please provide the following minimum information with your request to speak: your name (if attending by videoconference) or telephone number (if attending by phone).

Comments shall be limited to three minutes when speaking. If you have anything that you wish to be distributed to the Board, please provide it via comments@ocpower.org, who will distribute the information to the Members.

The public may participate using the following remote options:

ZOOM MEETING

You are invited to a Zoom webinar.

Please click the link below to join the webinar:

[Launch Meeting - Zoom](#)

Passcode: 006969

Dial-in: 1 (669) 900-6833

Webinar ID: 920 0912 1964

1. **CALL TO ORDER**

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL**

4. **CONSENT CALENDAR**

All items listed under the Consent Calendar are considered to be routine and may be enacted by one motion. Prior to the motion to consider any action by the Board of Directors, any public comments on any of the Consent Items will be heard. There will be no separate action unless members of the Board of Directors request specific items be removed from the Consent Calendar.

A. **MINUTES FOR THE REGULAR BOARD MEETING OF APRIL 13, 2021**

Recommendation:

Approve as submitted.

5. **REGULAR CALENDAR**

The following items call for discussion or action by the Board of Directors. The Board may discuss and/or take action on any item listed below if the Board is so inclined.

A. **CONSIDERATION OF ADMINISTRATIVE POLICY NUMBER 009: NEW MEMBER POLICY**

Recommendation:

1. Adopt Administrative Policy Number 009: New Member Policy for adding additional members to the Orange County Power Authority (Authority).

B. **FISCAL YEAR 2021/22 BUDGET PRESENTATION**

Recommendation:

1. Receive and file and direct staff accordingly.

C. **UPDATE ON CALIFORNIA PUBLIC UTILITIES COMMISSION ENERGY EFFICIENCY PROGRAM FUNDING**

Recommendation:

1. Receive and file and direct staff accordingly.

6. **PUBLIC COMMENTS**

Opportunity for members of the public to address the Board on any items not on the agenda but within the jurisdiction of the Board.

7. **DIRECTOR COMMENTS**

Board Members may briefly provide information to other members of the Board and the public, ask questions of staff, request an item to be placed on a future agenda, or report on conferences, events, or activities related to Authority business. There is to be no discussion or action taken on comments made by Board Members unless authorized by law.

8. REPORT BY CHIEF EXECUTIVE OFFICER

Chief Executive Officer may briefly provide information to the Board and the public. The Board may engage in discussion if the specific subject matter of the report is identified, but the Board may not take any action other than to place the matter on a future agenda. Otherwise, there is to be no discussion or action taken unless authorized by law.

9. REPORT BY GENERAL COUNSEL

General Counsel may briefly provide information to the Board and the public. The Board may engage in discussion if the specific subject matter of the report is identified, but the Board may not take any action other than to place the matter on a future agenda. Otherwise, there is to be no discussion or action taken unless authorized by law.

10. ADJOURNMENT

Compliance with the Americans with Disabilities Act

Board of Directors meetings comply with the protections and prohibitions of the Americans with Disabilities Act. Individuals with a disability who require a modification or accommodation, including auxiliary aids or services, in order to participate in the public meeting may contact 949-263-2612. Requests for disability-related modifications or accommodations require different lead times and should be provided at least 72-hours in advance of the public meeting.

Availability of Board Documents

Copies of the agenda and agenda packet are available at www.ocpower.org. Late-arriving documents related to a Board meeting item which are distributed to a majority of the Board prior to or during the Board meeting are available for public review as required by law. Late-arriving documents received during the meeting are available for review by making a verbal request to the Board Secretary in the Zoom meeting room.

**ORANGE COUNTY POWER AUTHORITY
MEETING OF THE BOARD OF DIRECTORS**

MINUTES

April 13, 2021

This meeting was conducted utilizing teleconference and electronic means consistent with public health orders and guidelines in California and in accordance with the Governor's Executive Orders N-25-20 and N-29-20. There was no location for in-person attendance. Due to the nature of the teleconference, all votes were cast via roll call.

The Board Minutes are prepared and ordered to correspond to the Board Agenda. Agenda Items can and may be taken out of order during the meeting.

The Agenda Items were considered in the order presented.

1. CALL TO ORDER

Chair Carroll called the meeting to order at 10:03 a.m.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Director Khan

3. ROLL CALL

Present: 5 Members

Director Khan (Irvine)
Director Posey (Huntington Beach)
Director Sonne (Buena Park)
Vice Chair Jung (Fullerton)
Chair Carroll (Irvine)

Also present: CEO Brian Probolsky
COO Antonia Castro-Graham
Ryan Baron, General Counsel (Best Best and Krieger, LLP)

4. CONSENT CALENDAR

All items listed under the Consent Calendar were considered to be routine and enacted by one motion. Prior to the motion to consider any action by the Board of Directors, any public comments on any of the Consent Items was heard. There was no separate action and no members of the Board of Directors requested specific items be removed from the Consent Calendar.

MOTION: Motioned by Director Posey, second by Director Khan, to approve the Consent Calendar as submitted.

MOTION CARRIED BY THE FOLLOWING VOTE:

Ayes: Director Khan, Director Posey, Director Sonne, Vice Chair Jung, Chair Carroll

Noes: None

Abstained: None

Absent: None

A. MINUTES FOR REGULAR BOARD MEETING OF FEBRUARY 23, 2021 AND THE SPECIAL BOARD MEETING OF MARCH 9, 2021

Action: Approved as submitted.

B. ADOPTION OF RECORDS RETENTION POLICY

Action: Adopted Administrative Policy Number 007: Records Management and Retention Policy and Schedule.

C. ADOPTION OF COMPUTER USE AND EMAIL MANAGEMENT POLICY

Action: Adopted Administrative Policy Number 008: Computer Use and Email Management Policy.

5. REGULAR CALENDAR

The following items called for discussion or action by the Board of Directors. The Board may discuss and/or take action on any item listed below if the Board was so inclined.

A. CITIZEN'S ADVISORY COMMITTEE UPDATE AND NEXT STEPS

Chief Operating Officer Castro-Graham ("COO") presented the report and outlined a framework for forming a Citizens Advisory Committee ("CAC"). She noted each member City has the ability to appoint two Committee Members, and that two at-large members are also proposed. Ms. Castro-Graham stated staff's goal of receiving applications and selecting at-large members for the Board's consideration in June, and requested Directors notify staff when their direct, City representatives are selected. She further stated the goal of the Committee is to implement and advocate Board policies within their communities.

Director discussion ensued regarding the total number of future members, whether the committee should be comprised of an even or odd number, and how new agencies will be allocated membership on the committee.

The following members of the public offered comment:

Jose Trinidad Castaneda, Fullerton resident, Climate Action Campaign, expressed support for the committee and stated his belief new City members to the Authority should be allowed to appoint representatives to the CAC.

Linda Kramer, no residence given, expressed her support for CCA in general and stated that she would like to attract additional member cities through the advocacy efforts of a CAC. She noted that negative messaging can be harmful to the mission of CCA's and that successful CCA enterprises use positive programs to attract customers.

Danny Gray, Dana Point resident, noted the correlations between other committee's he's been involved in and the potential positive work a CAC can accomplish.

Dee Fox, no residence given, inquired about when rates would be made available.

Ayn Cracium, Irvine resident, thanked the Board for putting this item on the agenda, noting that communities are rich in expertise and it would greatly benefit the CCA effort to marshal that expertise.

Kathleen Treseder, no residence given, stated the importance to ensuring communities disproportionately affected by pollution and other environmental factors are represented within the CAC.

Board discussion continued, with Chair Carroll expressing the Board's appreciation to staff and the public for putting the CAC at the top of the list of priorities.

MOTION: Motion by Director Posey, second by Vice Chair Jung, to approve staff's recommendation of two direct appointees per member agency, with two additional at-large members, and with the direction to clarify the mission of the committee to include language that the Citizen's Advisory Committee serves at the pleasure of the Board and is in place to support Board policies. Director Posey further asked that Directors keep those thoughts in mind as they select their individual representatives.

MOTION CARRIED BY THE FOLLOWING VOTE:

Ayes: Director Khan, Director Posey, Director Sonne, Vice Chair Jung, Chair Carroll

Noes: None

Abstained: None

Absent: None

**B. AGREEMENT FOR PORTFOLIO MANAGEMENT AND POWER
PROCUREMENT SERVICES WITH THE ALLIANCE FOR COOPERATIVE
ENERGY SERVICES POWER MARKETING LLC**

CEO Probolsky presented the report and introduced Joe Montuliak from the Alliance for Cooperative Energy Services ("ACES"), who spoke regarding the firm's qualifications and long standing efforts in providing public power. Responding to Board inquiry, CEO Probolsky stated that the process for purchasing power, whether through a CCA, a City, JPA, etc., was the same, regardless of the procurement partner used. He noted that there were two other proposers that responded to OCPA's Request for Proposal, however what he felt set ACES apart was that they

did not work for their own portfolios. They worked strictly for the benefit of their public power clients.

Mr. Montuliak responded to Board inquiry about their work in California, noting they were primarily working with municipal entities and were very selective about which CCAs they worked with. He stated the business model of OCPA matched their business philosophy.

Responding to Board inquiry, CEO Probolsky explained OCPA's start up consultant, EES Engineering, would slowly decrease their involvement in Authority operations as the Authority moved forward with the three prong approach to public power. He explained a procurement consultant, such as ACES, would buy the power. A Data Manager would obtain the meter reads from the Investor Owned Utility and apply the CCA rates before sending the data back to the Investor Owned Utility for billing. Finally, the Scheduling Coordinator would take the power contracts that ACES has secured and would schedule the power into the grid, taking into consideration real time factors such as weather and other natural phenomena.

Legal Counsel Ryan Baron explained the role of the portfolio manager, indicating it was one of the most important aspects of running a successful CCA. He stated he currently works with ACES with the Western Riverside Council of Governments ("WRCOG") CCA and commented on their nationwide expertise and staff placement to purchase power across the country.

Director Khan requested this item be tabled until the Board could view the proposals from the other firms.

Board discussion ensued.

The following members of the public offered comment:

Jose Trinidad Castaneda, Fullerton resident, Climate Action Campaign, stated his belief the proposed agreement had a very broad scope of work, and noted his concern that the agreement contained a clause permitting the use of renewal energy credits as opposed to 100% renewable energy.

MOTION: Motion by Vice Chair Jung, second by Chair Carroll, to schedule a special meeting of the Board in two weeks to compare the proposals submitted by the other firms responding to the RFP.

MOTION CARRIED BY THE FOLLOWING VOTE:

Ayes: Director Khan, Director Posey, Director Sonne, Vice Chair Jung, Chair Carroll

Noes: None

Abstained: None

Absent: None

C. AUTHORIZATION FOR LETTER OF CREDIT FOR FINANCIAL SECURITY REQUIREMENT

CEO Probolsky presented the report, noting that cash was not an option for meeting the financial security requirement of the California Public Utilities Commission. He stated the Authority would deposit money into a Certificate of Deposit or a Bond account, and the Authority's bank would issue a Letter of Credit.

MOTION: Motion by Chair Carroll, second by Director Posey, to authorize the Chief Executive Officer to secure a Letter of Credit in substantially similar form with review and approval by the General Counsel, from the Authority's financial institution in the amount of \$147,000, to meet the Financial Security Requirement of the California Public Utilities Commission Decision 05-12-041.

MOTION CARRIED BY THE FOLLOWING VOTE:

Ayes: Director Khan, Director Posey, Director Sonne, Vice Chair Jung, Chair Carroll

Noes: None

Abstained: None

Absent: None

6. PUBLIC COMMENTS

The following members of the public offered comment:

Ayn Cracium, Irvine resident, commented on the qualifications of ACES and was happy to hear they have broad, nationwide experience. She noted the importance of using 100% renewable energy, and suggested the Authority Board have a discussion on guiding principles, to confirm its commitment to not using alternate energy sources such as natural gas, etc., in its energy plans.

Jose Castaneda, Fullerton resident, Climate Action Campaign, thanked the Board for their strong leadership, and requested that Board Members speak at upcoming meetings in cities considering joining the CCA, such as Stanton and Placentia so that the City Council's there have accurate, up to date information.

7. DIRECTOR COMMENTS

Director Sonne asked for feedback on what types of questions were being asked by cities considering membership in the CCA. She stated her appreciation for Ms. Cracium's comments and the need to have a discussion about guiding principles. Director Sonne asked about monies available from the Public Utilities Commission and requested information on how those funds may be used.

Director Khan requested the Board continue its discussion on policy for other cities joining the CCA.

Chair Carroll indicated the Board will be discussing new member cities at an upcoming meeting, however noted the need to finalize policies related to the operation of the CCA before new agencies were brought on board.

8. REPORT BY CHIEF EXECUTIVE OFFICER

CEO Probolsky expressed his appreciation for the meeting and the detailed feedback from the Board. He stated he would provide the Directors with the information requested by Director Sonne regarding new member cities and questions that they might have, as well as information regarding potential funding from the PUC noting he would have individual discussions and briefings with Directors. He reported staff was moving forward with finalizing procurement, data management, and scheduling, as well as bank funding. He stated contracts for these services would be forthcoming. He appreciated the detailed conversation about the Community Advisory Committee and that he would follow up with each Board Member to circulate applications as broadly as possible in anticipation of making appointments by June 15th. Lastly, he stated staff would bring back a robust discussion and comparison of Portfolio Management and Power Procurement proposals at a special meeting to be held in two weeks.

9. REPORT BY GENERAL COUNSEL

General Counsel Baron had nothing to report.

10. ADJOURNMENT

On a motion by Vice Chair Jung, second by Director Sonne, Chair Carroll adjourned the meeting at 11:47 a.m.

Brian Probolsky, Authority Secretary

ORANGE COUNTY POWER AUTHORITY
Staff Report – Item 5A

To: Orange County Power Authority Board of Directors

From: Antonia Graham, Chief Operating Officer

Subject: CONSIDERATION OF ADMINISTRATIVE POLICY NUMBER 009: NEW MEMBER POLICY

Date: May 11, 2021

RECOMMENDATION

Adopt Administrative Policy Number 009: New Member Policy for adding additional members to the Orange County Power Authority (Authority).

BACKGROUND

Staff has been hearing from communities within Orange County of their interest in exploring membership in the Authority and being able to offer choices to its residents and businesses. Considering the growing interest in membership in the Authority, staff thought it would be prudent to discuss Section 4.1 of the Authority’s Joint Powers Agreement and, define a process for accepting new members.

Section 4.1 Additional Parties. An incorporated city or county, or other public agency as authorized by California Public Utilities Code §331.1, may become a member of the Authority and a Party to this Agreement upon satisfaction of the following:

- 4.1.1. Adoption of a resolution by the governing body of the proposed additional party approving the Agreement, and requesting participation and an intent to join the Authority;
- 4.1.2 Adoption by the Board of a resolution authorizing participation of the proposed additional party;
- 4.1.3 Satisfaction of any additional conditions as established by the Board or applicable laws or regulations; and
- 4.1.4 Execution of the Agreement by the proposed additional party.

What are the Benefits to Adding New Members? Adding new members has very little impact to rate savings. The purchasing of energy is based on demand needs. However, there is savings from being able to spread the administrative costs of the Authority over a larger pool of accounts. The addition of cities into the Authority will increase the voice and status of the Authority in legislative and regulatory matters at the California Public Utilities Commission, California Energy Commission, California Air Resource Board, the California State Legislature, and elsewhere.

Costs to add new members: The Authority’s proposed Policy would allow cities to join the Authority in 2021 and beyond. Those who join in 2021 would join at no cost. Those who elect to

join in 2022 would be charged a to-be-determined fee that would not exceed \$100,000 that would cover a portion of costs associated with, but not limited to, updating the Implementation Plan, developing updated financial proformas, public outreach, etc.

Timeline to launch new members: Any new community that wishes to join the Authority for service in 2023 would need to do so by mid-October early November 2021 at the latest, so that the Board and staff would have enough time to conduct its public hearing and submit an Updated Implementation Plan to the California Public Utilities Commission prior to January 1, 2022. The new community would then be set to participate in a 2023 launch. Upon launch of the new communities, its Board Member would no longer be an Ex-Officio member.

What are other CCA's doing? Staff has researched what other CCAs have done related to new membership and found the following:

CCA	Are there costs charged for new cities joining?	If so, what are they?
California Choice Energy Authority (Lancaster and San Jacinto)	Yes	Charges the cost of the feasibility study.
Central Coast Community Energy	Yes	\$6,000
East Bay Community Energy	No	
San Diego Community Power	No	
Sonoma Clean Power	Yes	Staff executes contract with the governing body of new community to fund costs of membership analysis and other Sonoma Clean Power costs related to adding community (e.g. cost of updating Implementation Plan). These costs would be deducted from program funding that normally would flow to the new territory until start-up costs are reimbursed to the operating fund. Staff undertakes and completes full analysis.
Silicon Clean Energy	Hasn't added any new members.	
Peninsula Clean Energy	Hasn't added any new members.	
Clean Power Alliance	Not Yet	Charged \$6,000 to the City of Westlake Village. The cost is now \$10,000 upfront with the expression of interest.
Valley Clean Energy	Yes	Cost of feasibility study – min \$25,000 deposit. City

		gets back deposit after launch. A larger city is \$50,000 for Implementation Plan. New members get a seat at the table roughly a year ahead of serving load.
Marin Clean Energy	Yes	Affiliate Membership and Special Consideration Membership.

FISCAL IMPACT

There is no fiscal impact at this time.

ATTACHMENT

1. Administrative Policy Number 009: New Member Policy.

Orange County Power Authority Policy Number 009: New Member Policy

Purpose

It is the purpose of this New Member Policy to increase membership in the Orange County Power Authority and describe the process for interested cities and counties to become a member agency in the Authority and be provided retail electric service and other energy programs. The addition of new members increases buying power and reaffirms the viability of community choice energy by providing local control, competitive rates, rate stabilization, renewable energy, and other incentives for cities and counties. It is within the interests of the Authority to explore the provision of retail electric service in new communities to further the Authority goals. The addition of new members into the Authority will also increase the voice and status of the Authority in legislative and regulatory matters at the California Public Utilities Commission, California Energy Commission, California Air Resource Board, the California State Legislature and elsewhere.

Authorization

The Joint Powers Authority Agreement states in Section 4.1 (Additional Parties): An incorporated city or county, or other public agency as authorized by California Public Utilities Code §331.1, may become a member of the Authority and a Party to this Agreement upon satisfaction of the following:

- 4.1.1. Adoption of a resolution by the governing body of the proposed additional party approving the Agreement, and requesting participation and an intent to join the Authority;
- 4.1.2 Adoption by the Board of a resolution authorizing participation of the proposed additional party;
- 4.1.3 Satisfaction of any additional conditions as established by the Board or applicable laws or regulations; and
- 4.1.4 Execution of the Agreement by the proposed additional party

General Guidelines

1. A member that joins in 2021 would be invited to join at no cost. Members that join in subsequent years would be charged a to-be-determined fee designed to offset a portion of the Authority's out of pocket costs for onboarding each new member not to exceed \$100,000.
2. A member that joins would get one seat on the Board. Upon approval by the Authority Board of Directors, the new member would serve in an *ex-officio* status until the calendar year in which the Authority launches services in its community. An *ex-officio* member serves as an advisory, non-voting member of the Board and/or committees of the Authority. *Ex-officio* members serve at the pleasure of the Board. An *ex-officio* member is not considered a "contracting party" as that term is used in California Government Code § 6502. At the start of the calendar year of launch the member's *ex-officio* status cease and the member will have full rights as an Additional Party, as that term is defined in the Joint Powers Agreement.
3. Applications to serve new members will be considered if all of the following criteria are met:
 - a. The community is relatively close or adjacent to the Authority's existing service territory, so that regular meeting attendance and community engagement is practical.

- b. The community through a letter of intent agrees to abide by the Authority's Joint Powers Agreement, all existing Authority's adopted policies, and any conditions of service prescribed by the Authority's Board of Directors, and to take all steps required by the Joint Powers Agreement and California law to participate in the Authority program.
- 4. In addition to Section 4.1 of the JPA Agreement, the community must adopt an ordinance authorizing the Authority to provide retail electricity services to residents and businesses within its jurisdictional boundary in accordance with California Public Utilities Code § 366.2.

ORANGE COUNTY POWER AUTHORITY
Staff Report – Item 5.B

To: Orange County Power Authority Board of Directors

From: Brian Probolsky, Chief Executive Officer

Subject: REVIEW OF AUTHORITY’S PROPOSED FISCAL YEAR 2021-22 BUDGET

Date: May 11, 2021

RECOMMENDATION

1. Review the proposed FY 2021-22 budget. Staff intends to bring this item to the Board for final approval in the June 2021 Board meeting.

BACKGROUND

OCPA is currently in a startup phase as we plan and prepare for the Phase 1 customer launch anticipated for Spring 2022, the final fiscal quarter of the 2021-22 budget year. Accordingly, most of the expenses and all the customer revenues are going to occur during the final months of the year. OCPA is preparing this budget with certain assumptions about future market prices and customer rates scenarios. These assumptions will be discussed in further detail in subsequent sections of this report.

BUDGET OVERVIEW

The Fiscal Year 2021-22 proposed budget presented in this item seek to:

- Allow for revenues from sales of electricity to customers included in Phase 1
- Procure a supply portfolio of electricity generation in accordance with our plan targets
- Provide for costs relating to community outreach and notification
- Provide for other operational costs of the organization

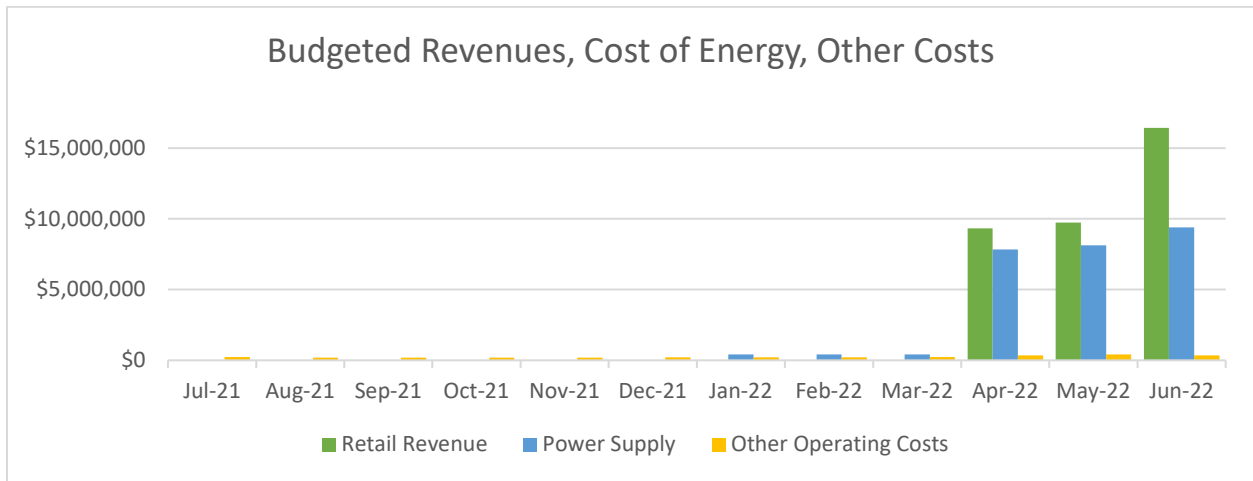
The draft budget is presented first in the form that will be used for adoption, and then is followed by supplemental information. The budget categories are intentionally general to allow some measure of staff discretion, without requiring frequent budget adjustments.

July 1, 2021 through June 30, 2022

	FY 2021 Adopted Budget	FY 2022 Proposed Annual Budget	Change from Prior Year
OPERATING REVENUES			
Electricity Sales, net	\$ -	\$ 35,475,000	\$ 35,475,000
OPERATING EXPENSES			
Cost of Electricity	\$ -	\$ 26,632,000	\$ 26,632,000
Data Manager	-	96,000	96,000
Service Fees - SCE	1,200	10,000	8,800
Personnel	315,840	\$1,262,000	946,160
Professional Services	505,000	780,000	275,000
Legal	150,000	354,000	204,000
Communications & Outreach	200,000	458,000	258,000
General and Administration	100,000	402,000	302,000
Total Operating Expenses	\$ 1,272,040	\$ 29,994,000	\$ 28,721,960
Operating Income (Loss)	\$ (1,272,040)	\$ 5,481,000	\$ 6,753,040
NON-OPERATING REVENUES (EXPENSES)			
Interest and Related Expenses	(25,000)	(652,000)	(627,000)
Total Non-Operating Revenues (Expenses)	\$ (25,000)	\$ (652,000)	\$ (627,000)
CHANGE IN NET POSITION	\$ (1,297,040)	\$ 4,829,000	\$ 6,126,040
NON-BUDGETED CASH OUTFLOWS/INFLOWS			
Cash from Financing	\$ 2,500,000	\$ 26,000,000	\$ 23,500,000
Deposits (CAISO, SCE)	\$ (100,000)	\$ (647,000)	\$ (547,000)
		2021	2021

MAJOR POINTS

- Revenues begin in April 2022
- Approximately 90% of budgeted costs are cost of energy



REVENUES

OCPA's sole source of revenue is from the retail sale of electricity to its customers. While the customer base will eventually include residential, commercial, and industrial rate categories, the 2021-22 fiscal year will only include commercial and industrial categories. This is due to the planned staggered phasing of customer launch dates. OCPA has not set specific rates for its customers at this point, as there is uncertainty surrounding CPUC decisions, SCE rates, and our own power supply costs. Staff has used reasonable estimates to account for these variables. Retail rate revenue is calculated based on a 4% discount off forecast SCE generation rates inclusive of the exit fee (PCIA) that will be charged to CCA customers. Rate levels or specific rate structure decisions have not been made. It was also assumed that 90% of commercial and industrial customers would participate in the CCA program.

EXPENDITURES

POWER SUPPLY

Cost of Energy includes all the various services purchased from the power market through our suppliers. This includes approximately 2,160,000 MWh of energy, capacity, green attributes, CAISO fees and other miscellaneous power market expenses. The volume of purchased energy is approximately 6-7% greater than the volume sold because of normal system losses.

DATA MANAGER

Data Management is a broad scope of services that includes billing data validation, bill coordination with SCE, call center services and billing technical support, customer enrollment database management, move-in/move-out services, and many support functions related to data reporting. OCPA is in the process of selecting their Data Manager

SERVICE FEES – SCE

Service Fees to SCE consist of a charge of a fixed fee per account per month. The fees cover SCE's costs associated with additional data processing and bill coordination and are mandatory and regulated by the California Public Utilities Commission (CPUC). There are also numerous small fees associated with data requests.

PERSONNEL

Personnel costs include salaries, payroll taxes and benefits for Authority Board and staff. OCPA has filled two full-time executive positions in the current fiscal year, and expects to add two senior managers in power management and finance roles as well as three to five administrative and customer facing staff in the upcoming budget year.

PROFESSIONAL SERVICES

Technical Consultants – OCPA has or plans to engage with consultants to assist with rate setting, policies, joint rate comparison with SCE, program research and design, load analysis, and Integrated Resource Plan design.

Portfolio Manager & Scheduling Coordinator – After electric power is scheduled for delivery to customers and ultimately consumed by those customers, the actual electric consumption must be trueed up against the forecasted and scheduled energy. This true-up occurs through the settlement process. Settlements also entail addressing a number of other market and regulatory requirements. Staff are currently considering options for Scheduling Coordinator Service.

Other Miscellaneous - OCPA plans to contract for IT Services, Audit and Accounting, Human Resource, and several other tasks. As OCPA matures they will monitor these services to determine whether there is a need to bring some of this work in-house.

LEGAL

OCPA retains legal counsel to assist with the complex aspects of the regulatory, compliance, power supply contract negotiations as well as its general legal needs.

COMMUNICATION AND OUTREACH

An important focus of the agency is ensuring the community is informed about OCPA. There are certain required notifications that must be sent out to customers, informing them of their enrollment in OCPA, Opt-out procedures, rate comparisons, as well as other notices. OCPA is monitoring the requirements to make sure they are in compliance.

In addition to required noticing, OCPA intends to perform further outreach that educates the community of the benefits of OCPA and to encourage awareness of its mission. This will come in the form of media advertising, sponsorships of community events and organizations, mailers, as well as targeted customer communications.

GENERAL AND ADMINISTRATION

General and Administration costs include office space, industry memberships (e.x. CalCCA), equipment and software, as well as other general operational costs.

NON-OPERATING REVENUES

INTEREST AND RELATED EXPENSES

OCPA is financing its operations through debt until it receives sufficient cash inflows from customers. This category includes interest costs as well as potential renewal fees on debt or letters of credit.

NON-BUDGETED CASH OUTFLOWS/INFLOWS

OCPA has designed their budget following the accrual basis of accounting. This is the same basis OCPA's main financial states will use and is required by Generally Accepted Accounting Principles (GAAP) for governmental enterprise fund accounting. This basis omits certain cash inflows and outflows that are not determined to be a revenue or and expense under GAAP. However, staff acknowledges that these are not insignificant and have chosen to display major items as an information only item at the bottom of the budget.

ORANGE COUNTY POWER AUTHORITY
Staff Report – Item 5.C.

To: Orange County Power Authority Board of Directors

From: Antonia Graham, Chief Operating Officer

Subject: UPDATE ON CALIFORNIA PUBLIC UTILITIES COMMISSION ENERGY EFFICIENCY PROGRAM FUNDING

Date: May 11, 2021

RECOMMENDATION

Receive and file and direct staff accordingly.

DISCUSSION

Staff is preparing to seek funding from the California Public Utilities Commission (CPUC) for program implementation. The CPUC regulates ratepayer-funded energy efficiency programs. Community Choice Aggregators are eligible for this funding. Staff is partnering with The Energy Coalition (TEC), a non-profit based in Irvine. Through the Southern California Regional Energy Network (SoCalREN) Public Agency Program, TEC helps cities, counties, school districts, water agencies, and special districts identify and implement energy efficiency projects, transforming their energy use and generating capital. TEC has assisted with a majority of the cities in Orange County including the cities of Fullerton, Irvine, Huntington Beach, Buena Park, Seal Beach, Newport Beach, Orange, and others. In Huntington Beach, TEC staff assisted staff two large streetlight retrofit projects, an energy storage project, and launched their PEAK education program in the Oak View Community as part of the City's Advanced Energy Community project. TEC is a leader in program development and implementation.

Currently, three CCAs in California have successfully secured this type of funding for customer programs, with one additional CCA program application pending approval from the CPUC. Once approved, CCAs become an administrator of these funds that are collected from CCA customers through a non-bypassable charge authorized by the CPUC for energy efficiency and conservation programs. The CPUC authorized funding covers all costs associated with the implementation and administration of these programs with no impact on CCA operational budgets.

Staff believes that launching programs in Fiscal Year 2022/23 would enable the Authority to attract new members and increase the visibility of the Authority in the communities in which we serve. Staff has begun the process to prepare an application for funding; this process includes stakeholder outreach and cost effectiveness analysis of potential programs. As part of that analysis staff will solicit feedback on what types of programs our communities would be interested in and that meet the cost effectiveness requirements set forth by the CPUC. Staff will then return to the Board in July for final selection of the programs that will ultimately be submitted to the CPUC as part of our Business Plan filing.

FISCAL IMPACT

None.

ATTACHMENT

1. None.