



REGULAR MEETING of the Board of Directors of the Clean Power Alliance of Southern California

Wednesday, May 11, 2022

2:00 p.m.

SPECIAL NOTICE: Pursuant to the Proclamation of the State of Emergency by Governor Newsom on March 4, 2020, AB 361, and enacting Resolutions, and as a response to mitigating the spread of COVID-19, this meeting will be held in-person and virtually.

IN-PERSON AT CPA OFFICES

801 S. Grand Ave., Suite 400
Los Angeles, CA 90017

OR

REMOTE PARTICIPATION

[Click here to view a Live Stream of the Meeting on YouTube](#)

If the YouTube stream is not working, please use the zoom link.

*There may be a streaming delay of up to 60 seconds. This is a view-only live stream.

To Listen to the Meeting:

<https://us06web.zoom.us/j/84912360644>

or

Dial: (346) 248-7799 Meeting ID: 849 1236 0644

PUBLIC COMMENT INSTRUCTIONS:

- **In-Person:** Members of the public participating in-person wishing to address the Board of Directors may submit a speaker card to the Clerk of the Board.
- **Email Public Comment:** Members of the public are encouraged to submit written comments on any agenda item to clerk@cleanpoweralliance.org up to four hours before the meeting. Written public comments will be announced at the meeting and become part of the meeting record. Public comments received in writing will not be read aloud at the meeting.
- **Remote Public Comment:** Please notify staff via email at clerk@cleanpoweralliance.org at the beginning of the meeting but no later than immediately before the agenda item is called.
 - You will be asked for your name and phone number (or other identifying information) similar to filling out a speaker card so that you can be called on when it is your turn to speak.
 - You will be called upon during the comment section for the agenda item on which you wish to speak on. When it is your turn to speak, a staff member will unmute your phone or computer audio.
 - You will be able to speak to the Board for the allotted amount of time. Please be advised that all public comments must otherwise comply with our Public Comment Policy.

- Once you have spoken, or the allotted time has run out, you will be muted during the meeting.

If unable to connect by Zoom or phone and you wish to make a comment, you may submit written comments during the meeting via email to: clerk@cleanpoweralliance.org.

While downloading the Zoom application may provide a better meeting experience, Zoom does not need to be installed on your computer to participate. After clicking the webinar link above, click “start from your browser.”

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 the Clerk of the Board at least two (2) working days before the meeting at clerk@cleanpoweralliance.org or (323) 640-7664. 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.

PUBLIC COMMENT POLICY: *The General Public Comment item is reserved for persons wishing to address the Board on any Clean Power Alliance-related matters not on today’s agenda. Public comments on matters on today’s Consent Agenda and Regular Agenda shall be heard at the time the matter is called. Comments on items on the Consent Agenda are consolidated into one public comment period. As with all public comment, members of the public who wish to address the Board are requested to complete a speaker’s slip and provide it to Clean Power Alliance staff at the beginning of the meeting but no later than immediately prior to the time an agenda item is called.*

Each speaker is limited to two (2) minutes (in whole minute increments) per agenda item with a cumulative total of five 5 minutes to be allocated between the General Public Comment, the entire Consent Agenda, or individual items in the Regular Agenda. Please refer to [Policy No. 8 – Public Comment](#) for additional information.

CALL TO ORDER AND ROLL CALL

PLEDGE OF ALLEGIANCE

GENERAL PUBLIC COMMENT

CONSENT AGENDA

1. Adopt Resolution 22-05-028 Finding the Continuing Need to Meet by Teleconference Pursuant to Government Code Section 54953(e)
2. Approve Minutes from April 7, 2022, Board of Directors Meeting
3. Approve Amendment No. 3 to the Professional Services Agreement with NewGen Strategies and Solutions with a Not-to-Exceed Amount of \$118,360 to

Provide Support Related to SCE's Energy Resource Recovery Account (ERRA) Proceedings

4. Approve Amended and Restated Professional Services Agreement with Municipal Capital Markets Group, Inc. (MCM) with a Not-to-Exceed Amount of \$487,500 to be Paid from Bond Proceeds for Municipal Advisory Services
5. Approve Legal Services Agreement with Chapman and Cutler, LLP with a Not-to-Exceed Amount of \$300,000 to be Paid from Bond Proceeds, Unless a Transaction is Not Completed, in which case a Not-to-Exceed Amount of \$25,000
6. Receive and File Community Advisory Committee Monthly Report

REGULAR AGENDA

Action Items

7. Election of Board Chair for a Two-Year Term from July 1, 2022 to June 30, 2024; and Announcement of Committee Chair Appointments
8. Approve Fiscal Year 2022/2023 Rate Setting Approach

Information Item

9. Review Fiscal Year 2022/2023 Budget Priorities

OPEN NOMINATION PERIOD FOR EXECUTIVE COMMITTEE AT-LARGE POSITIONS

MANAGEMENT REPORT

COMMITTEE CHAIR UPDATES

Director Lindsey Horvath, Chair, Legislative & Regulatory Committee

Director Julian Gold, Chair, Finance Committee

Director Robert Parkhurst, Chair, Energy Planning & Resources Committee

BOARD MEMBER COMMENTS

REPORT FROM THE CHAIR

ADJOURN – NEXT REGULAR MEETING ON JUNE 2, 2022

Public Records: Public records that relate to any item on the open session agenda for a regular Board 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, or a majority of, the members of the Board. Those documents are available for inspection online at www.cleanpoweralliance.org/agendas



Staff Report – Agenda Item 1

To: Clean Power Alliance (CPA) Board of Directors

From: Nancy Whang, General Counsel

Approved by: Ted Bardacke, Chief Executive Officer

Subject: Adopt Resolution 22-05-028 Finding the Continuing Need to Meet by Teleconference Pursuant to Government Code Section 54953(e)

Date: May 11, 2022

RECOMMENDATION

Adopt Resolution 22-05-028 finding the continuing need to meet by teleconference pursuant to Government Code Section 54953(e).

BACKGROUND/DISCUSSION

This resolution is required pursuant to AB 361, signed by Governor Newsom on September 20, 2021, so that CPA may continue to meet under the modified teleconferencing rules.

The State of Emergency declared by Gov. Newsom remains in effect and COVID-19 and the Omicron variant continues to pose a threat to the health and lives of the public, and incidences of Omicron subvariant BA.2 and BA.2.12.1 are rising as discussed more fully in Resolution 22-05-028. For these reasons, the recommended action is for the Board to adopt the attached Resolution 22-05-028 finding the continuing need to meet by teleconference pursuant to Government Code Section 54953(e).

This Resolution will authorize the Board to hold teleconference meetings within the requirements of AB 361 but does not prohibit the Board from holding in person meetings.

ATTACHMENT

1. Resolution 22-05-028 Finding the Continuing Need to Meet by Teleconference

RESOLUTION NO. 22-05-028**RESOLUTION OF THE BOARD OF DIRECTORS OF CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA FINDING THE CONTINUING NEED TO MEET BY TELECONFERENCE PURSUANT TO GOVERNMENT CODE SECTION 54953(e)****THE BOARD OF DIRECTORS OF CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA HEREBY RESOLVES AS FOLLOWS:**

WHEREAS, all meetings of the Board Of Directors, the Executive Committee, the Energy, Finance, and Legislative and Regulatory Committee (“Three Standing Committees”), and the Community Advisory Committee (“CAC”) of Clean Power Alliance Of Southern California (“CPA”) are subject to the Ralph M. Brown Act (Cal. Gov. Code §§54950 – 54963) (“Brown Act”); and

WHEREAS, Government Code section 54953(e) of the Brown Act makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, on March 4, 2020, Governor Newsom declared a State of Emergency as a result of the COVID-19 pandemic; and

WHEREAS, such State of Emergency due to COVID-19 remains in effect; and

WHEREAS, COVID-19 continues to threaten the health and lives of the public; and

WHEREAS, the Omicron variant remains a variant of concern, occurrences of Omicron subvariant BA.2 and BA.2.12.1 is rising, breakthrough cases of COVID-19 remain a concern, and the Los Angeles County Department of Public Health recommends measures to promote social distancing, including recommendations to avoid prolonged exposure to crowded indoor spaces.

NOW, THEREFORE, BE IT DETERMINED, AFFIRMED, AND ORDERED BY THE BOARD OF DIRECTORS OF THE CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA THAT:

IT IS DETERMINED, AFFIRMED, AND ORDERED that due to COVID-19, holding in-person meetings of the Board of Directors, Executive Committee, Three Standing Committees, and CAC of CPA will present imminent risk to the health and safety of attendees.

IT IS FURTHER DETERMINED, AFFIRMED, AND ORDERED that meetings of the Board of Directors, Executive Committee, Three Standing Committees, and CAC of CPA may continue to meet by teleconference in accordance with Government Code section 54953(e).

IT IS FURTHER DETERMINED, AFFIRMED, AND ORDERED that this Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (1) 30 days from the date of adoption of this Resolution, or (2) such time the Board of Directors of the Clean Power Alliance of Southern California adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the Board may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953, or (3) the Board of Directors of the Clean Power Alliance of Southern California adopts a Resolution rescinding this Resolution.

IT IS FURTHER DETERMINED, AFFIRMED, AND ORDERED that the approval of this Resolution is not a “project” under Section 21065 of the Public Resources Code and under California Environmental Quality Act (“CEQA”) Guidelines Sections 15378(a) and is exempt under CEQA Guidelines Section 15061(b)(3).

ADOPTED AND APPROVED this ____ day of _____ 2022.

Diana Mahmud, Chair

ATTEST:

Gabriela Monzon, Secretary

MINUTES

REGULAR MEETING of the Board of Directors of the
Clean Power Alliance of Southern California
Thursday, April 7, 2022, 2:00 p.m.

The Board of Directors conducted this meeting remotely, pursuant to the Proclamation of the State of Emergency by Governor Newsom on March 4, 2020, AB 361, and enacting CPA Resolutions, and as a response to mitigating the spread of COVID-19

CALL TO ORDER & ROLL CALL

Chair Diana Mahmud called the meeting to order at 2:00 p.m. and Gabriela Monzon, Clerk of the Board, conducted roll call.

| Roll Call | | | | |
|------------------|---------------------------|-------------------------|-------------------|--------|
| 1 | Agoura Hills | Louis Celaya | Alternate | Remote |
| 2 | Alhambra | Jeff Maloney | Director | Remote |
| 3 | Arcadia | Sho Tay | Director | Remote |
| 4 | Beverly Hills | Julian Gold | Director | Remote |
| 5 | Calabasas | Mary Sue Maurer | Director | Remote |
| 6 | Camarillo | Susan Santangelo | Director | Remote |
| 7 | Carson | Cedric L. Hicks, Sr. | Alternate | Remote |
| 8 | Claremont | Corey Calaycay | Director | Remote |
| 9 | Culver City | Daniel Lee | Director | Remote |
| 10 | Downey | Catherine Alvarez | Director | Remote |
| 11 | Hawaiian Gardens | | | Absent |
| 12 | Hawthorne | Alex Monteiro | Director | Remote |
| 13 | Los Angeles County | Sheila Kuehl | Vice Chair | Remote |
| 14 | Malibu | | | Absent |
| 15 | Manhattan Beach | Hildy Stern | Director | Remote |
| 16 | Moorpark | Jessica Sandifer | Alternate | Remote |
| 17 | Ojai | Betsy Stix | Director | Remote |
| 18 | Oxnard | Bert Perello | Director | Remote |
| 19 | Paramount | Vilma Cuellar Stallings | Director | Remote |
| 20 | Redondo Beach | Christian Horvath | Director | Remote |

| | | | | |
|----|------------------------------|-------------------|-------------------|--------|
| 21 | Rolling Hills Estates | Steve Zuckerman | Director | Remote |
| 22 | Santa Monica | Gleam Davis | Director | Remote |
| 23 | Sierra Madre | Robert Parkhurst | Director | Remote |
| 24 | Simi Valley | Ruth Luevanos | Director | Remote |
| 25 | South Pasadena | Diana Mahmud | Chair | Remote |
| 26 | Temple City | Fernando Vizcarra | Director | Remote |
| 27 | Thousand Oaks | Kevin McNamee | Director | Remote |
| 28 | City of Ventura | Joe Yahner | Alternate | Remote |
| 29 | Ventura County | Linda Parks | Vice Chair | Remote |
| 30 | West Hollywood | Lindsey Horvath | Director | Remote |
| 31 | Westlake Village | Ned Davis | Director | Remote |
| 32 | Whittier | Vicki Smith | Alternate | Remote |

All votes are unanimous unless otherwise stated.

GENERAL PUBLIC COMMENT

No general public comment was received.

CONSENT AGENDA

1. Adopt Resolution 22-04-027 Finding the Continuing Need to Meet by Teleconference Pursuant to Government Code Section 54953 (e)
2. Approve Minutes from March 3, 2022, Board of Directors Meeting
3. Approve Bill Positions in the 2021/2022 Legislative Session as Recommended by the Legislative & Regulatory Committee: (a) SB 1287 - Recommended Position: Oppose Unless Amended; and (b) AB 2238 - Recommended Position: Support
4. Approve Fiscal Year 2021/2022 Amended Budget
5. Receive and File Community Advisory Committee Monthly Report

Motion: Director Parkhurst, Sierra Madre

Second: Director Hicks, Carson

Vote: The consent agenda was approved by a roll call vote.

REGULAR AGENDA

Action Item

6. Review PCIA Voluntary Allocation and Market Offer (VAMO) Presentation, and:
 - a. Approve a 50% Voluntary Allocation of the PCIA Long-Term Renewable Energy Portfolio; and,
 - b. Authorize the Chief Executive Officer to Execute the Voluntary Allocation Agreement with Southern California Edison (SCE) During the May 2022 Enrollment Period

Natasha Keefer, Vice President, Power Supply, and Ted Tardif, Senior Portfolio Manager, Environmental Products & Compliance, provided a joint presentation on the item. Ms. Keefer provided a summary of the Power Charge Indifference Adjustment (PCIA) and noted that CPA can secure long-term voluntary allocations (VA) of PCIA-eligible resources from SCE in May 2022 for deliveries beginning in 2023. Ms. Keefer noted that SCE remains the counterparty of the resource contracts, and CPA's portfolio will receive the bundled renewable energy attributes of those contracts. CPA has the option to receive short-term and/or long-term contracts, however, CPA has opted not to elect short-term allocations due to the composition of the resources in that allocation. Ms. Keefer explained the market offer process for CPA and outlined the 2022 VA election schedule, noting that the VAMO process takes place once per compliance period. Ms. Keefer reviewed various key considerations that factored into the proposed VA recommendation to the Board. Ms. Keefer reviewed data depicting CPA's long-term compliance risks. Mr. Tardif presented the long-term indicative allocations, adding that the long-term portfolio has a small percentage of out-of-state Portfolio Content Category 0 (PCC0) renewable energy credits (RECs). Mr. Tardif clarified that PCC0 classifications represent any renewable energy contracts executed prior to June 1, 2010 and may eventually be classified as unbundled RECs which may be difficult for CPA to remarket. Mr. Tardif detailed the beneficial baseload renewables that long-term voluntary allocation would provide to CPA's portfolio and presented the pros and cons of these allocations. Mr. Tardif provided the three allocation options presented to the Energy Committee, who recommend the 50% long-term allocation option to the Board. Mr. Tardif advised the Board that CalCCA and CPA are currently seeking to clarify the treatment of out-of-state PCC0s with the California Public Utilities Commission (CPUC).

Vice Chair Kuehl expressed preference for the 50% voluntary allocation; noted that PCC3 resources have a poor environmental reputation and asked if staff has explored donating the resources rather than reselling them. Ms. Keefer explained that staff can explore options for removal of unbundled RECs from CPA's portfolio, including remarketing and donation; clarified that PCC3s are not harmful resources, but are unbundled because the out-of-state energy and RECs are not sold together. In response to questions from Directors Perello and Parkhurst regarding resale limitations and the advantages of VA purchases, Ms. Keefer clarified that although there are no limitations to resale of RECs, there may be challenges related to market conditions due to the low-quality and low demand of the product. Ms. Keefer noted that if the resources do not come to CPA, they will stay within SCE's portfolio, which can count towards their renewables obligation, while CPA's customers continue to pay for those contracts through the PCIA. Matt Langer, Chief Operating Officer, specified that CPA pays the above-market cost of a contract through the PCIA and then the market cost through the VAMO, the two together making up the entire value of the contract. Mr. Langer added that taking the 50% allocation would bring CPA much closer to meeting its short-term need and would act as an additional cushion against the long-term compliance. Chair Mahmud opined that the 50% voluntary allocation would allow CPA: (1) to benefit from the energy it already pays for; 2) reduce the amount of renewable energy required to procure, and 3) help to address CPA's short-term needs due to increase in opt-ups at several member agencies.

Director Gold asked about price comparisons and how the PCIA is affected by the removal of otherwise included resources, which are purchased by CPA through the voluntary allocation. Ms. Keefer and Mr. Langer explained that there is an inverse relationship between the market price benchmark and the PCIA; the PCIA price does not change based on CPA's allocation decision because the PCIA is paid by the customer and not by CPA. Should SCE keep the resources, it would still pay a credit into the PCIA because it uses it for its compliance, equal to the same price CPA would pay if it bought the same resource; Conversely, if it were to end up with excess resources for compliance, CPA customers would pay in that case. In response to further questions from Directors regarding benefits to ratepayers, value comparisons of RECs and Resource Adequacy (RA), and the exclusion of short-term allocations, staff explained that customers may see a small reduction in the PCIA, but really the process adds some stability for ratepayers. With regard to price comparisons, when valuing the total number of renewables and RA in the PCIA, renewables are a larger portion of the costs compared to RA. Although the price of renewable energy has dropped in the last 10 years, it remains unclear if that decrease will continue, due in large part to higher demand. Director Lee opined that ratepayers should be made aware of CPA's efforts and progress toward rates stability.

Motion: Director Zuckerman, Rolling Hills Estates

Second: Director Gold, Beverly Hills

Vote: Item 6 was approved by a roll call vote.

7. Clean Energy Prepayment Financing Presentation

Kate Freeman, Financial Strategy & Initiatives Manager, provided a summary of clean energy prepayment financings and indicated that CPA has contracted with Municipal Capital Advisors (MCM) on a short-term basis to assist with evaluating prepay transactions. Ms. Freeman outlined the benefits and risks associated with prepayment financing and provided an overview of the various entities involved in setting up an energy prepayment transaction, including the prepaid supplier; bond issuer; bond investors; existing PPA counterparty or energy seller; and service providers. Ms. Freeman outlined an illustrative flowchart of a prepay transaction example. Ms. Freeman identified the prepayment financing transaction proposed timeline and invited questions from the Board.

Chair Mahmud commented that prepay transactions are complex and staff is providing the information accumulatively to allow Board members to familiarize themselves with the concepts. Director Gold expressed similar sentiments and added that MCM is an experienced partner in prepay transactions; there is no financial downside, as CPA does not issue bonds; and although complicated, they will ultimately lower CPA's costs. Director Parkhurst expressed support, noting that if there is an early termination of a prepay bond, CPA would revert to its standard PPA process. In response to Director Zuckerman's questions regarding joining an existing JPA and the impact of rising interest rates, Ms. Freeman advised that CPA is currently evaluating potential bond issuers in a competitive selection process. Mr. Norman advised that higher interest rates are beneficial to prepay transactions although when interest rates go up, investors have less desire to invest in tax-exempt bonds. Director Perello asked what, if any, advantages exist for other entities that MCM represents while it is also representing CPA and requested clarification about bond insurance requirements. Mr. Norman indicated that there

is no advantage to either MCM or other entities when representing and transacting on behalf of CPA and no bond insurance is required. The rating on the bonds is effectively equal to that of the prepaid supplier whose obligation is to pay out the funds should the transaction be terminated. Chair Mahmud thanked staff for the presentation and expressed interest in discussing the topic further according to the proposed timeline.

8. Customer Programs Update

Jack Clark, Senior Director, Customer Programs, provided a program summary update. Mr. Clark outlined CPA's strategic plan for local programs, including the seven prioritized programs, and introduced the customer programs staff. Mr. Clark provided background information and a timeline of the Power Ready program; CPA will release an RFO for a solar developer to enter into a PPA for the solar/storage portfolio. Mr. Clark identified several member agencies that are in different stages of implementation. Chair Mahmud urged all Directors to take timely advantage of the benefits of this program. Mr. Clark provided an overview of the Building Electrification Reach Code program; explained that reach codes are local standards for energy use and EV infrastructure in building design and construction. Mr. Clark noted that staff is reaching out to member agency staff to gauge interest and understand the needs; it will build out the program accordingly. Mr. Clark reviewed lessons learned and discussed next steps, including that staff will continue to engage customers and member agencies. In response to Director Zuckerman's question, Mr. Clark noted that facilities such as community centers, city halls, maintenance yards, fire stations, and police stations have been accepted as Power Ready site hosts.

OPEN NOMINATION PERIOD FOR BOARD CHAIR FOR A TWO-YEAR TERM BEGINNING ON JULY 1, 2022

Chair Mahmud opened the nomination period for the Board Chair position.

Vice Chair Kuehl, Los Angeles County, nominated Director Julian Gold, City of Beverly Hills. Vice Chair Parks and Directors Horvath (West Hollywood) and Hicks expressed support for the nomination.

MANAGEMENT REPORT

Mr. Bardacke provided an update on the resumption of disconnection activity impacting CPA customers beginning in May. Staff will be available to assist Board members who receive inquiries from customers. Moreover, CPA will not begin any collection activities from inactive customers at this time. Mr. Bardacke indicated that the billing issue from March/April was due to an error on the part of Calpine. CPA staff were able to pre-notify over 4,000 customers with an email/letter and are working to prevent further systematic errors. Director Hicks thanked the staff for the timely outreach on this issue. Mr. Bardacke announced the recent default rate changes to 100% Green in the Cities of Camarillo and Rolling Hills Estates for their commercial customers. With these latest changes, approximately two-thirds of CPA's customers and a majority of CPA's member agencies are at 100% Green default rate. Mr. Bardacke also noted CPA staff will attend about a dozen community events to inform customers about CPA and its programs and invited Board members to share any events where CPA representation would be beneficial.

COMMITTEE CHAIR UPDATES

Director Horvath, Legislative & Regulatory Committee Chair, reported that a virtual lobby day will be held either May 17 or 18; noted that there is no further action needed on a bill related to transportation electrification funding that CPA supported, as it will not move further in the legislative process.

Director Gold, Finance Committee Chair, thanked the Board for the nomination; reported that the Committee will be working on the prepayment financing item and the budget to present to the Board.

Director Parkhurst, Energy Planning & Resources Committee Chair, reported that the Committee worked on VAMO in the past month.

BOARD MEMBER COMMENTS

Director Santangelo thanked everyone who demonstrated support for the default rate change in the City of Camarillo. Director Maloney shared that CPA staff recently provided a detailed presentation to the Alhambra City Council, which proved very helpful and is optimistic about a future transition to 100% Green default rate.

REPORT FROM THE CHAIR

Chair Mahmud welcomed Director Alvarez, City of Downey, and encouraged new Directors to review informational videos about CPA and spend time with Mr. Bardacke for a Q&A. Chair Mahmud announced that the next Board meeting would be on May 11.

ADJOURN

Chair Mahmud adjourned the meeting at 4:29 p.m.



Staff Report – Agenda Item 3

To: Clean Power Alliance (CPA) Board of Directors

From: C.C. Song, Director, Regulatory Affairs

Approved by: Ted Bardacke, Chief Executive Officer

Subject: Amendment No. 3 to Professional Services Agreement with NewGen Strategies and Solutions LLC for Specialized Services Related to SCE's Energy Resource Recovery Account Applications

Date: May 11, 2022

RECOMMENDATION

Approve Amendment No. 3 to the Professional Services Agreement (PSA) with NewGen Strategies and Solutions (NewGen) for a not-to-exceed amount of \$118,360 to provide support related to SCE's Energy Resource Recovery Account (ERRA) application proceedings.

BACKGROUND

NewGen is a consulting firm that has been providing specialized technical support to CPA for the past two years to provide expert review of SCE's ERRA proceedings. In prior ERRA proceedings, NewGen identified numerous items in SCE's filings that, once adjusted, have led to reduced costs for CPA customers. NewGen has been valuable in engaging with SCE's subject matter experts, as well as staff at the California Public Utilities Commission (CPUC), to arrive at favorable outcomes on behalf of CPA and its customers.

NewGen was originally selected in 2020 after discussions with the limited group of consultants who are authorized to review SCE's confidential workpapers that accompany their ERRA applications. Due to the technical nature of this work, and that the contracted consultants will be unable to engage in other market-related activities, this PSA qualifies as a Specialized Service in CPA's Non-Energy Public Contracting Policy and no

competitive bid is required. Following these discussions, CPA determined that NewGen offers the best value and most relevant experience.

DISCUSSION

CPA proposes to use NewGen for the upcoming ERRA year and is proposing to do so through an amendment to the existing PSA. Typically an annual amendment of this size (less than \$125,000) would not need Board approval. However, CPA also has a separate Cost-of-Service (COS) Task Order with NewGen and the total cost of the COS Task Order and the proposed amendment for ERRA proceedings exceeds the annual signing authority of the CEO for any one firm. Therefore, this year's amendment for ERRA proceedings technical support is subject to Board approval.

The scope of services that NewGen will provide include:

1. Review SCE ERRA filings
2. Generate discovery requests and ongoing support for discovery
3. Support written comments or direct testimony
4. Support and attend hearing, if applicable
5. Support for review of SCE's Public Safety Power Shut-Off cost recovery proceeding

CPA staff recommends approval of Amendment No. 3 to the PSA, as the consultants at NewGen have demonstrated value to CPA and its customers in examining SCE's ERRA applications.

ATTACHMENT

1. Amendment No. 3 to NewGen Professional Services Agreement

**AMENDMENT NUMBER THREE
NEWGEN STRATEGIES AND SOLUTIONS LLC
PROFESSIONAL SERVICES AGREEMENT**

This Amendment Number Three (“AMENDMENT THREE”) to the Professional Services Agreement is made by and between Clean Power Alliance of Southern California (“CPA”) and NewGen Strategies and Solutions LLC (“CONTRACTOR”) on May 5, 2022. CPA and CONTRACTOR may individually be referred to herein as a “Party,” or collectively as the “Parties.”

RECITALS

WHEREAS, a Professional Services Agreement (“AGREEMENT”) was executed on May 13, 2020, between CPA and CONTRACTOR in order to contract for professional services to support CPA’s efforts in the California Public Utilities Commission (“CPUC”) 2021 Energy Resource Recovery Account (“ERRA”) forecast proceedings;

WHEREAS, on April 15, 2021, CPA and CONTRACTOR executed Amendment Number One (“AMENDMENT ONE”) in order to extend the term of the AGREEMENT and update both the scope of work set forth in Exhibit A and compensation set forth in Exhibit B;

WHEREAS, on November 16, 2021, CPA and CONTRACTOR executed Amendment Number Two (“AMENDMENT TWO”) in order to update both the scope of work set forth in Exhibit A and compensation set forth in Exhibit B;

WHEREAS, CPA desires to further amend the AGREEMENT in order to authorize the Renewal Term from May 1, 2022, through April 30, 2023 (“Second Renewal Term”), update the scope of work set forth in Exhibit A, and update the compensation set forth in Exhibit B;

WHEREAS, CONTRACTOR has the competence and specialized expertise to provide the professional services, described above; and,

WHEREAS, CONTRACTOR desires to provide and perform these professional services.

NOW, THEREFORE, it is mutually agreed by and between the Parties hereto to amend the AGREEMENT as follows:

1. Exhibit A: Exhibit A of the AGREEMENT shall be deleted in its entirety and replaced with the Exhibit A (Scope of Work) attached to this AMENDMENT THREE.
2. Exhibit B: Exhibit B of the AGREEMENT shall be deleted in its entirety and replaced with the Exhibit B (Payments and Rates) attached to this AMENDMENT THREE.
3. Except as specifically amended hereby, all other terms and conditions of the

AGREEMENT shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this AMENDMENT THREE to be executed as of the date first above written.

~~{Signature Page Follows}~~

| | |
|-----------------------------|---|
| CONTRACTOR | CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA |
| By: _____ | By: _____ |
| Name: Brian Dickman | Name: Theodore Bardacke |
| Title: Executive Consultant | Title: Chief Executive Officer |

Exhibit A Scope of Work

Contractor has divided the scope of services into the following main tasks:

- Task 1 – Review SCE Filings (Initial Application, Supplements, and November Update)
- Task 2 – Generate Discovery Requests and Ongoing Support for Discovery
- Task 3 – Support Written Comments or Direct Testimony
- Task 4 – Support and Attend Hearing
- Task 5 – Support for Public Safety Power Shut-Off Cost Recovery Proceeding

A description of each task follows.

Task 1: Review and Analyze SCE Filings (Initial Application, Supplements, and November Update)

Contractor will conduct an initial review of SCE's filed materials, including supporting testimony, workpapers, and exhibits. A call with Contractor, Keyes & Fox, LLP ("K&F") and CPA should be held to discuss initial impressions and identify areas of focus. After the kickoff call Contractor will complete a directed and more detailed review of SCE's filed materials. Contractor will collaborate with K&F and CPA to develop a list of issues that may adversely impact CPA and that may be mitigated through discovery or filing testimony and/or comments in opposition to SCE's proposal.

Contractor will continue to focus on the identified issues as Contractor reviews and analyzes SCE's filings, including any supplemental testimony and workpapers and the November Update to the ERRRA Forecast. As additional issues arise in later filings, Contractor will coordinate the review and response with K&F and CPA.

Task 2 – Generate Discovery Requests and Ongoing Support for Discovery

Throughout Contractor's detailed review of SCE's filed materials described under Task 2, Contractor will generate requests for discovery to be approved and filed by K&F and respond to discovery issues by SCE or other intervenors in the case. Contractor will collaborate with K&F to ensure that CPA is apprised of any discovery requests or issues.

Task 3 – Support Written Comments or Direct Testimony

Given development of the issues list in Task 1, as supplemented by responses to discovery received under Task 2, Contractor will prepare direct testimony or support preparation of comments or responses to SCE's proposal in support of CPA. Contractor understands that the final form of CPA's intervention in the ERRRA Forecast will depend on the magnitude of issues identified through Tasks 1 and 2, and the legal strategy determined as the case progresses. If filed testimony is required, Contractor and CPA will

mutually agree on the Contractor's lead sponsor of testimony. If testimony is not required, Contractor will assist in the preparation of comments in opposition to SCE's proposal. Contractor also anticipates supporting written comments filed in response to proposed decisions, and reply comments addressing other parties' positions as required.

Task 4 – Support and Attend Hearing

After completion of Task 3 and upon direction from CPA, Contractor will prepare for, and attend hearing(s) stemming from Contractor's filed direct testimony in this case. Contractor expects this preparation to include 3-4 days of internal preparation, and then another 1-2 days of preparation with K&F and/or with CPA. In addition, Contractor has budgeted for the time and reasonable travel expenses of attending one hearing as part of this Scope of Services and any such expense is governed by Exhibit B to this Agreement.

Task 5 – Support for Public Safety Power Shut-Off Cost Recovery Proceeding

The Commission established Phase 2 of SCE's 2019 and 2020 ERRRA Compliance cases to develop a method for estimating lost sales and revenue during PSPS events and evaluate whether an adjustment should be made to the utility's revenue requirement related to PSPS events during 2019 and 2020. SCE's Application, A.20-04-002, was consolidated with the 2019 ERRRA Compliance Applications for PG&E, A.20-02-009, and SDG&E, A.20-06-001, for purposes of completing Phase 2.

The Consolidated Phase 2 applications will proceed in the same manner as the initial applications, with Joint IOU testimony, intervenor response, rebuttal, and hearings.

Consultant will undertake a review of the Consolidated Phase 2 proceedings, following the approach outlined in Tasks 1-4 above, and provide expert testimony and witness support through the conclusion of the proceedings.

**Exhibit B
Payments and Rates**

Contractor shall satisfactorily provide all the contemplated services detailed in Exhibit A to this Agreement at the hourly billing rates specified in Table 1 below and in compliance with the terms and conditions of this Agreement.

| Table 1: NewGen Strategies & Solutions Billing Rates | |
|---|----------------------------|
| Position | Hourly Billing Rate |
| Partner | \$235 - \$365 |
| Principal | \$235 - \$360 |
| Senior Manager | \$225 - \$270 |
| Manager | \$180 - \$225 |
| Senior Consultant | \$150 - \$180 |
| Consultant | \$125 - \$150 |
| Administrative Services | \$110 |
| Note: Billing rates are subject to change based on annual reviews and salary increases, provided, that Contractor shall provide CPA 30 days prior written notice of any changes to the billing rates. | |

Contractor shall not exceed the amounts specified for each of the Tasks listed in Table 2:

| TABLE 2 | | |
|--|--|--------------------------------------|
| Not to Exceed (NTE) Costs for Each Task: Initial Term (May 1, 2020, through April 30, 2021), and First Renewal Term (May 1, 2021, through April 30, 2022) | | |
| | | Total Cost |
| Task 1 | Review SCE Filings (Initial Application, Supplements, and November Update) | \$ 54,500.00 |
| Task 2 | Generate Discovery Requests and Ongoing Support for Discovery | \$ 12,740.00 |
| Task 3 | Support Written Comments or Direct Testimony | \$13,520.00 |
| Task 5 | Support for Public Safety Power Shut-Off Cost Recovery Proceeding | \$5,500.00 |
| | NTE Subtotal Without Hearing: | \$86,260.00 per Contract Year |
| Task 4 | Support and Attend Hearing | \$19,300.00 |
| | NTE Total Including Hearing: | \$105,560.00 per Contract Year |
| Not to Exceed (NTE) Costs for Each Task: | | |

| Second Renewal Term (May 1, 2022, through April 30, 2023) | | |
|--|--|--------------------------------------|
| | | Total Cost |
| Task 1 | Review SCE Filings (Initial Application, Supplements, and November Update) | \$62,000.00 |
| Task 2 | Generate Discovery Requests and Ongoing Support for Discovery | \$16,120.00 |
| Task 3 | Support Written Comments or Direct Testimony | \$14,880.00 |
| Task 5 | Support for Public Safety Power Shut-Off Cost Recovery Proceeding | \$5,500.00 |
| | NTE Subtotal Without Hearing: | \$98,500.00 per Contract Year |
| Task 4 | Support and Attend Hearing | \$17,360.00 |
| | NTE Total Including Hearing: | \$115,860.00 per Contract Year |

In addition, CPA will reimburse Contractor for up to \$2,500 of CPA-authorized expenses in order for Contractor to complete the design work detailed in Exhibit A to this Agreement provided that Contractor has obtained prior written approval from the CPA contact listed in Section 16 of the Agreement. Any Contractor expenses shall be at-cost, with no mark-up or margin, and shall be submitted with documentation, including but not limited to a receipt, confirming the expense.

The total compensation paid to Contractor, including all deliverables and any expenses, shall not exceed \$108,060.00 per Contract Year for the Initial Term and First Renewal Term.

The total compensation paid to Contractor, including all deliverables and any expenses, shall not exceed \$118,360.00 per Contract Year for the Second Renewal Term.



Staff Report – Agenda Item 4

To: Clean Power Alliance (CPA) Board of Directors

From: David McNeil, Chief Financial Officer

Approved by: Ted Bardacke, Chief Executive Officer

Subject: Amended and Restated Professional Services Agreement with Municipal Capital Markets Group, Inc. (“MCM”) for Municipal Advisory Services

Date: May 11, 2022

RECOMMENDATION

Approve Amended and Restated MCM Agreement with a Not-to-Exceed (“NTE”) of \$487,500 (from bond proceeds).

BACKGROUND

In October 2021 and March 2022, staff presented the Executive Committee (“ExCom”) and the Finance Committee (“FinCom”) with introductions to prepay transactions. In February 2022, staff presented ExCom and FinCom with background information concerning Municipal Financial Advisors (“MFAs”). On April 7, 2022, staff presented the Board with an introduction to prepay transactions. Prepay transactions are well-established financing mechanisms which offer municipal utilities and CCAs the opportunity to reduce renewable energy purchasing costs. In CPA’s case, the cost savings from a single prepay transaction could amount to \$2-\$3 million annually.

A prepay transaction would involve a prepaid supplier and bond issuer. Supporting CPA through this prepay process requires contracting with specialized service providers who have experience with prepay transactions. These service providers, including an MFA and a Prepay Legal Counsel, would support the competitive solicitation for and interfacing with a prepaid supplier, deliberations with a bond issuer, and discussions with the prepaid supplier and bond issuer’s legal counsel (including tax and bond counsel), as well as

having expert knowledge of the market conditions that would support a prepay transaction and the market position that CCAs occupy.

The Municipal Securities Rulemaking Board (“MSRB”), the federal body that regulates municipal advisors, requires that an MFA represent and support a prepay transaction participant like CPA in transaction modeling and analysis, structuring negotiations, and document preparation. An MFA would also assume fiduciary responsibilities to CPA in connection with a potential prepay transaction, provide project management and advisory services to CPA, and assist with the preparation of presentations to the Board and its committees.

DISCUSSION

Staff requests the Board’s approval for an amendment of the current MFA agreement with MCA. CPA expects MCM, together with CPA’s proposed legal counsel, to become CPA’s internal team of trusted advisors to support CPA’s interests in the transaction.

Competitive Solicitation for MFA Services

In January and February 2022, staff conducted a competitive solicitation to identify qualified vendors to provide MFA services. Three vendors replied to the solicitation. After interviews, staff recommends MCM. MCM’s staff has over two decades of experience with municipal prepayments and has been the financial advisor in 32 prepayment transactions completed since 2016 representing 78% of all prepay transactions during this period. MCM represented the northern California CCA Marin Clean Energy in its prepayment transaction which closed in 2021.

MCM will provide support and guidance to staff and the Board throughout the process of evaluating and structuring a prepay transaction as described in the attached April Board Meeting Clean Energy Prepayment Financing Presentation including an updated timeline (see attachment 3).

Original Agreement with MCM

Following the competitive solicitation, in March 2022, CPA entered into an agreement with MCM under the CEO’s signing authority for an NTE of \$125,000 for MCM to support

initial presentations to the Board and committees regarding prepays, the solicitation and evaluation of Prepay Legal Counsel, a Prepaid Supplier, and a Conduit Issuer, and risk mitigation support. To date, CPA has not issued any payments to MCM for services under the original agreement.

Proposed Amended Agreement with MCM

The proposed amended agreement with MCM for MFA services would restate its current agreement with CPA. The amended agreement maintains the original scope of work (“SOW”) for solicitation, project management, and risk mitigation support and revises the SOW by adding three tasks for transaction management and analysis, swap/hedge advisory services, and post-pricing activities.

Amendments also include the following:

- a) **Amended Term:** The term of the Agreement has been amended in order to continue until the earlier of (i) the successful completion of the prepay bond transaction or (ii) two years.
- b) **Amended Fees:** In the original agreement, the NTE was \$125,000 and payment was owed directly by CPA. The amended agreement establishes a new NTE of \$487,500, with any payment to MCM i) contingent upon the closing of a prepay bond transaction and ii) paid by a third party (not CPA) out of the proceeds of a bond issuance. In the event CPA terminates this agreement with MCM for convenience and still completes a prepayment transaction within 60 days of the termination date, MCM will be entitled to receive 75% of the transaction fee from the bond proceeds (not CPA) as compensation for services performed up to that point.

FISCAL IMPACT

No fees are payable by CPA to MCM.

ATTACHMENTS

1. Amended and Restated PSA with Municipal Capital Markets Group, Inc.
2. Presentation from April 7 Board Meeting regarding Prepay Transaction, including Proposed Timeline

Clean Power Alliance of Southern California

This Amended and Restated Professional Services Agreement (this “Agreement”), dated and effective as of March 4, 2022 (the “Effective Date”), amended May 11, 2022, is made by and between:

CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA (“CPA”), and

MUNICIPAL CAPITAL MARKETS GROUP, INC. (“Contractor”).

CPA and Contractor are sometimes collectively referred to herein as the “Parties” and each individually as a “Party.” In consideration of the terms of this Agreement, and for other good and valuable consideration, the Parties make the following acknowledgments and agreements:

RECITALS

WHEREAS, CPA may contract with a provider for municipal advisory services;

WHEREAS, CPA conducted a competitive solicitation and CPA selected Contractor because Contractor has the expertise and specialized experience to provide the services to CPA and offered CPA the Best Value;

WHEREAS, Contractor desires to provide these specialized services to CPA;

WHEREAS, the purpose of this Agreement is to set forth the terms and conditions upon which Contractor shall provide services to CPA;

NOW, THEREFORE, it is agreed based on the consideration set forth below by the Parties to this Agreement as follows:

AGREEMENT

1. Definitions

- a. The definition of “Confidential Information” is set forth in paragraph 10.b. of this Agreement.
- b. “CPA Data” shall mean all data gathered or created by Contractor in the performance of the Services pursuant to this Agreement, including any customer or customer-related data.
- c. “CPA Information” shall mean all confidential, proprietary, or sensitive information provided by CPA to Contractor in connection with this Agreement.
- d. “CPA Materials” shall mean all finished or unfinished content, writing and design of materials but not limited to messaging, design, personalization, or other materials, reports, plans, studies, documents and other writings prepared by Contractor, its officers, employees and agents for CPA for the performance of, the purpose of, or in the course of implementing this Agreement.

- e. "CPA Product" includes collectively CPA Data, CPA Information, and CPA Materials.
- f. "Services" shall mean the scope of work Contractor provides to CPA as specified in Exhibit A.

2. Exhibits and Attachments

The following exhibits and attachments are attached to this Agreement and incorporated into this Agreement by this reference:

Exhibit A – Scope of Work
Exhibit B – Reserved
Exhibit C – Compensation
Exhibit D – Reserved
Exhibit E – Required Disclosure of Violations of Compliance Policies and Procedures
Exhibit F – G-42 Conflicts Disclosure

Should a conflict arise between language in the body of this Agreement and any exhibit or attachment to this Agreement, the language in the body of this Agreement controls, followed by Exhibit A, B, C, D, E, and F in that order.

3. Services to be Performed by Contractor

In consideration of the payments set forth in this Agreement and in Exhibit C, Contractor shall perform services for CPA in accordance with the terms, conditions, and specifications set forth in this Agreement and in Exhibit A ("Services").

4. Compensation

CPA agrees to compensate Contractor as specified in Exhibit C:

- a. In consideration of the Services provided by Contractor in accordance with all terms, conditions and specifications set forth in this Agreement and Exhibit A, ~~CPA shall make payment to~~ Contractor shall be paid on a fixed fee contingency basis and from bond proceeds in the manner specified in Exhibit C.
- b. Unless otherwise indicated in Exhibit C, Contractor shall invoice CPA monthly to accountspayable@cleanpoweralliance.org for all compensation related to Services performed during the previous month. Payments shall be due within fifteen (15) calendar days after the date the invoice is submitted to CPA at the specified email address. All payments must be made in U.S. dollars.

5. Term

Subject to compliance with all terms and conditions of this Agreement, the term of this Agreement shall extend until the earlier of (i) completion of municipal advisory work associated with the issuance of the prepayment bonds, whether in one (1) or more transactions, or (ii) two (2) years from the date of the Agreement~~three (3) months ending June 3, 2022, which may be extended by 30 days by the Parties' mutual agreement~~ ("Term").

6. Termination

- a. Termination for Convenience. CPA may terminate the Agreement in accordance with this paragraph in whole, or from time to time in part, whenever CPA determines that termination is in CPA's best interests. A termination for convenience, in part or in whole, shall take effect by CPA delivering to Contractor, at least thirty (30) calendar days prior to the effective date of the termination or prior to a Notice of Termination specifying the extent to which performance of the Services under the Agreement is terminated.

If the termination for convenience is partial, Contractor may submit to CPA a request in writing for equitable adjustment of price or prices specified in the Agreement relating to the portion of this Agreement which is not terminated. CPA may, but shall not be required to, agree on any such equitable adjustment. Nothing contained herein shall limit the right of CPA and Contractor to agree upon amount or amounts to be paid to Contractor for completing the continued portion of the Agreement when the Agreement does not contain an established price for the continued portion. Nothing contained herein shall limit CPA's rights and remedies at law.

- b. Termination for Default. If Contractor fails to provide in any manner the Services required under this Agreement, otherwise fails to comply with the terms of this Agreement, or violates any ordinance, regulation or law which applies to its performance herein and such default continues uncured for thirty (30) calendar days after written notice is given to Contractor, CPA may terminate this Agreement by giving five (5) business days' written notice. If Contractor requires more than thirty (30) calendar days to cure, then CPA may, at its sole discretion, authorize additional time as may reasonably be required to effect such cure provided that Contractor diligently and continuously pursues such cure.
- c. Termination for Lack of Third-Party Funding. CPA may terminate this Agreement if funding for this Agreement is reduced or eliminated by a third-party funding source.
- d. Effect of Termination. Upon the effective date of expiration or termination of this Agreement: (i) Contractor may immediately cease providing Services in its entirety or if a termination to a part of the Agreement, cease providing the Services that have been terminated; (ii) any and all payment obligations of CPA under this Agreement will become due immediately except any equitable adjustment pursuant to Paragraph 5(a); (iii) promptly transfer title and deliver to CPA all CPA Product or any work in progress pursuant to this Agreement; and (iv) each Party will promptly either return or destroy (as directed by the other Party) all Confidential Information of the other Party in its possession as well as any other materials or information of the other Party in its possession.

Upon such expiration or termination, and upon request of CPA, Contractor shall reasonably cooperate with CPA to ensure a prompt and efficient transfer of all

data, documents and other materials to CPA in a manner such as to minimize the impact of expiration or termination on CPA's customers.

7. Contract Materials

CPA owns all right, title, and interest in and to all CPA Materials and CPA Data. Upon the expiration of this Agreement, or in the event of termination, CPA Materials and all CPA Information, in whatever form and in any state of completion, shall remain the property of CPA and shall be promptly returned to CPA. Upon termination, Contractor may make and retain a copy of such Contract Materials if required by law or pursuant to the Contractor's reasonable document retention or destruction policies.

8. Payments of Permits/Licenses

Contractor bears responsibility to obtain any license, permit, or approval required for it to provide the Services to be performed under this Agreement at Contractor's own expense prior to commencement of the Services.

9. No Recourse against Constituent Members

CPA is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) pursuant to the Joint Powers Agreement and is a public entity separate from its constituent members. CPA shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Contractor shall have no rights and shall not make any claims, take any actions or assert any remedies against any of CPA's constituent members in connection with this Agreement.

10. Confidential Information

- a. Duty to Maintain Confidentiality. Contractor agrees that Contractor will hold all Confidential Information in confidence, and will not divulge, disclose, or directly or indirectly use, copy, digest, or summarize, any Confidential Information unless necessary to comply with any applicable law, regulation, or in connection with any court or regulatory proceeding applicable in which case, any disclosure shall be subject to this paragraph 10.c. and d., below
- b. Definition of "Confidential Information". The following constitutes "Confidential Information," whether oral or written: (a) the terms and conditions of, and proposals and negotiations related to, this Agreement, (b) information, in whatever form, that CPA shares with Contractor in the course and scope of this Agreement, or (c) information that either Contractor stamps or otherwise identifies as "confidential" or "proprietary" before disclosing it to the other.

Confidential Information shall not include: (1) information that is generally available to the public or in the public domain at the time of disclosure; (2) information that becomes publicly known other than through any breach of this Agreement by Contractor or its representatives; (3) information which is subsequently lawfully and in good faith obtained by Contractor or its Representatives from a third party, as shown by documentation sufficient to establish the third party as the source of the Confidential Information; provided

that the disclosure of such information by such third party is not known by Contractor or its Representatives to be in breach of a confidentiality agreement or other similar obligation of confidentiality; (4) information that Contractor or its Representatives develop independently without use of or reference to Confidential Information provided by Contractor; or (5) information that is approved for release in writing by Contractor.

- c. California Public Records Act. The Parties acknowledge and agree that the Agreement including but not limited to any communication or information exchanged between the Parties, any deliverable, or work product are subject to the requirements of the California Public Records Act (Government Code Section 6250 et seq.). In order to designate information as confidential, the Disclosing Party must clearly stamp and identify the specific portion of the material designated with the word "Confidential." The Parties agree not to over-designate material as Confidential Information. Over-designation includes stamping whole agreements, entire pages or series of pages as "Confidential" that clearly contain information that is not Confidential Information.
- d. Third Party Request for Confidential Information. Upon request or demand of any third person or entity not a Party hereto pursuant to the California Public Records Act for production, inspection and/or copying of Confidential Information ("Requested Confidential Information"), CPA will as soon as practical notify Contractor in writing via email that such request has been made. CPA will be solely responsible for taking at its sole expense whatever legal steps are necessary to prevent release to the third party of the Confidential Information designated by Contractor. If Contractor takes no such action after receiving the foregoing notice from CPA, CPA shall, at its discretion, be permitted to comply with the third party's request or demand and is not required to defend against it. If Contractor does take or attempt to take such action, Contractor agrees to indemnify and hold harmless CPA, its officers, directors, employees and agents ("CPA Indemnified Parties"), from any claims, liability, award of attorneys' fees, or damages, and to defend any action, claim or lawsuit brought against any of CPA Indemnified Parties for Contractor's attempt to prevent disclosure or CPA's refusal to disclose any Confidential Information.

11. Insurance

All required insurance coverages shall be substantiated with a certificate of insurance and must be signed by the insurer or its representative evidencing such insurance to CPA within 10 business days after the Agreement is fully executed. The general liability policy shall be endorsed naming Clean Power Alliance of Southern California and its employees, officers and agents as additional insureds. The certificate(s) of insurance and required endorsement shall be furnished to CPA prior to commencement of work and maintained throughout the Term and any Renewal Term. Each certificate shall provide for thirty (30) days advance written notice to CPA of any cancellation or reduction in coverage. Said policies shall remain in force through the life of this Agreement and shall be payable on a per occurrence basis only, except those required by paragraph (d) below which may be provided on a claims-made basis consistent with the criteria noted therein.

Nothing herein shall be construed as a limitation on Contractor's obligation under paragraph 6 of this Agreement to indemnify, defend, and hold CPA harmless from any

and all liabilities arising from the Contractor's negligence, recklessness or willful misconduct in the performance of this Agreement. CPA agrees to timely notify the Contractor of any negligence claim.

Failure to provide and maintain the insurance required by this Agreement will constitute a material breach of the Agreement. In addition to any other available remedies, CPA may suspend payment to the Contractor for any services provided during any time that insurance was not in effect and until such time as the Contractor provides adequate evidence that Contractor has obtained the required coverage.

a. General Liability

The Contractor shall maintain a commercial general liability insurance policy in an amount of no less than one million (\$1,000,000.00) with a two million dollar (\$2,000,000.00) aggregate limit. CPA shall be named as an additional insured on the commercial general liability policy and the Certificate of Insurance shall include an additional endorsement page.

b. Auto Liability (Paragraph 11.b Not Applicable)

Where the services to be provided under this Agreement involve or require the use of any type of vehicle by Contractor in order to perform said services, Contractor shall also provide comprehensive business or commercial automobile liability coverage including non-owned and hired automobile liability in the amount of one million dollars combined single limit (\$1,000,000.00).

c. Workers' Compensation

The Contractor acknowledges the State of California requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Labor Code. If Contractor has employees, a copy of the certificate evidencing such insurance or a copy of the Certificate of Consent to Self-Insure shall be provided to CPA prior to commencement of work.

d. Professional Liability Insurance

Coverages required by this paragraph may be provided on a claims-made basis with a "Retroactive Date" either prior to the date of the Agreement or the beginning of the contract work. If the policy is on a claims-made basis, coverage must extend to a minimum of twelve (12) months beyond completion of contract work. If coverage is cancelled or non-renewed, and not replaced with another claims made policy form with a "retroactive date" prior to the Agreement effective date, the Contractor must purchase "extended reporting" coverage for a minimum of twelve (12) months after completion of contract work. Contractor shall maintain a policy limit of not less than \$1,000,000.00 per incident. If the deductible or self-insured retention amount exceeds \$100,000.00, CPA may ask for evidence that Contractor has segregated amounts in a special insurance reserve fund or Contractor's general insurance reserves are adequate to provide the necessary coverage and CPA may conclusively rely thereon.

Contractor shall be responsible for initiating, maintaining and supervising all safety precautions and programs in connection with the performance of the Agreement.

Contractor shall monitor the safety of the job site(s) during the project to comply with all applicable federal, state, and local laws, and to follow safe work practices.

12. Indemnification

Contractor agrees to indemnify, defend, and hold harmless CPA, its employees, officers, and agents, from and against, and shall assume full responsibility for payment of all wages, state or federal payroll, social security, income or self-employment taxes, with respect to Contractor's performance of this Agreement. Contractor further agrees to indemnify, and hold harmless CPA from and against any and all third-party claims, liabilities, penalties, forfeitures, suits, costs and expenses incident thereto (including costs of defense, settlement, and reasonable attorney's fees), which CPA may hereafter incur, become responsible for, or pay out, as a result of death or bodily injuries to any person, destruction or physical damage to tangible property, or any violation of governmental laws, regulations or orders, to the extent caused by Contractor's negligent acts, errors or omissions, or the negligent acts, errors or omissions of Contractor's employees, agents, or subcontractors while in the performance of the terms and conditions of the Agreement, except for such loss or damage arising from the sole negligence or willful misconduct of CPA, elected and appointed officers, employees, agents and volunteers.

13. Independent Contractor

- a. Contractor acknowledges that Contractor, its officers, employees, or agents will not be deemed to be an employee of CPA for any purpose whatsoever, including, but not limited to: (i) eligibility for inclusion in any retirement or pension plan that may be provided to employees of Contractor; (ii) sick pay; (iii) paid non-working holidays; (iv) paid vacations or personal leave days; (v) participation in any plan or program offering life, accident, or health insurance for employees of Contractor; (vi) participation in any medical reimbursement plan; or (vii) any other fringe benefit plan that may be provided for employees of Contractor.
- b. Contractor declares that Contractor will comply with all federal, state, and local laws regarding registrations, authorizations, reports, business permits, and licenses that may be required to carry out the work to be performed under this Agreement. Contractor agrees to provide CPA with copies of any registrations or filings made in connection with the work to be performed under this Agreement.

14. Compliance with Applicable Laws

The Contractor shall comply with any and all applicable federal, state and local laws and resolutions affecting Services covered by this Agreement.

15. Nondiscriminatory Employment

Contractor and/or any permitted subcontractor, shall not unlawfully discriminate against any individual based on race, color, religion, nationality, sex, sexual orientation, age, protected veteran status, or condition of disability. Contractor and/or any permitted subcontractor understands and agrees that Contractor and/or any permitted subcontractor is bound by and will comply with the nondiscrimination mandates of all

federal, state and local statutes, regulations and ordinances.

16. Work Product.

All finished and unfinished reports, plans, studies, documents and other writings prepared by and for Contractor, its officers, employees and agents in the course of implementing this Agreement shall become the sole property of CPA upon payment to Contractor for such work. CPA shall have the exclusive right to use such materials in its sole discretion without further compensation to Contractor or to any other party. Contractor shall, at CPA's expense, provide such reports, plans, studies, documents and writings to CPA or any party CPA may designate, upon written request. Contractor may keep file reference copies of all documents prepared for CPA.

17. Notices

Any notice, request, demand, or other communication required or permitted under this Agreement shall be deemed to be properly given when **both**: (1) transmitted via email to the email address listed below; and (2) sent to the physical address listed below by either being deposited in the United States mail, postage prepaid, or deposited for overnight delivery, charges prepaid, with an established overnight courier that provides a tracking number showing confirmation of receipt.

In the case of CPA, to:

Name/Title: Theodore Bardacke, Chief Executive Officer
Address: 801 S. Grand Ave., Suite 400
Los Angeles, CA 90017
Telephone: (213) 269-5890
Email: tbardacke@cleanpoweralliance.org

In the case of Contractor, to:

Name/Title: John E. Norman, Managing Director
Address: 8400 E. Prentice Ave., Suite 500
Greenwood Village, CO 80011
Telephone: (303) 779-4900
Email: jnorman@municapital.com

18. Assignment

Neither this Agreement nor any of the Parties' rights or obligations hereunder may be transferred or assigned without the prior written consent of the other Party. Subject to the preceding sentence, this Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

19. Subcontracting

Contractor may not subcontract Services to be performed under this Agreement without the prior written consent of CPA. If the CPA's written consent to a subcontract is not obtained, Contractor acknowledges and agrees that CPA will not be responsible for any fees or expenses claimed by such subcontractor.

20. Retention of Records and Audit Provision

Contractor and any subcontractors authorized by the terms of this Agreement shall keep and maintain on a current basis full and complete documentation and accounting records, employees' time sheets, and correspondence pertaining to this Agreement. Such records shall include, but not be limited to, documents supporting all income and all expenditures. CPA shall have the right, during regular business hours, to review and audit all records relating to this Agreement during the Agreement period and for at least five (5) years from the date of the completion or termination of this Agreement. Any review or audit may be conducted on Contractor's premises, or, at CPA's option, Contractor shall provide all records within a maximum of fifteen (15) days upon receipt of written notice from CPA. Contractor shall refund any monies erroneously charged. Contractor shall have an opportunity to review and respond to or refute any report or summary of audit findings and shall promptly refund any overpayments made by CPA based on undisputed audit findings.

21. Conflict of Interest

- a. No CPA employee whose position with the CPA enables such employee to influence the award of this Agreement or any competing Agreement, and no spouse or economic dependent of such employee, shall be employed in any capacity by the contractor or have any other direct or indirect financial interest in this Agreement. No officer or employee of the Contractor who may financially benefit from the performance of work hereunder shall in any way participate in the CPA's approval, or ongoing evaluation, of such work, or in any way attempt to unlawfully influence the CPA's approval or ongoing evaluation of such work.
- b. The Contractor shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Agreement as well as Exhibit E during the term of this Agreement and any extensions thereto. The Contractor warrants that it is not now aware of any facts that create a conflict of interest. If the Contractor hereafter becomes aware of any facts that might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to CPA. Full written disclosure shall include, but is not limited to, identification of all persons implicated and a complete description of all relevant circumstances. Failure to comply with the provisions of this paragraph, including Exhibit E shall be a material breach of this Agreement.

22. Publicity

Contractor shall not issue a press release or any public statement regarding the Agreement, Services contemplated by this Agreement, or any other related transaction unless CPA has agreed in writing the contents of any such public statement.

23. Governing Law, Jurisdiction, and Venue

This Agreement shall be governed by, and construed in accordance with, the laws of the State of California. The Contractor agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Agreement and further agrees and consents that venue of any action brought hereunder shall be exclusively in

the County of Los Angeles.

24. Amendments

None of the terms and conditions of this Agreement may be changed, waived, modified or varied in any manner whatsoever unless in writing duly signed by the Parties.

25. Severability

Should any provision of this Agreement be held invalid or unenforceable by a court of competent jurisdiction, such invalidity will not invalidate the whole of this Agreement, but rather, the remainder of the Agreement which can be given effect without the invalid provisions, will continue in full force and effect and will in no way be impaired or invalidated.

26. Complete Agreement

This Agreement constitutes the entire Agreement between the parties. No modification or amendment shall be valid unless made in writing and signed by each party. Failure of either party to enforce any provision or provisions of this Agreement will not waive any enforcement of any continuing breach of the same provision or provisions or any breach of any provision or provisions of this Agreement.

27. Counterparts

This Agreement may be executed in one or more counterparts, including facsimile(s), emails, or electronic signatures, each of which shall be deemed an original and all of which together will constitute one and the same instrument

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

Municipal Capital Markets Group, Inc.

Clean Power Alliance of Southern California

By: John E. Norman
Title: Managing Director

By: Theodore Bardacke
Title: Chief Executive Officer

Exhibit A – Scope of Work

PROJECT TASKS AND DELIVERABLES

Contractor shall be responsible for providing a full range of municipal advisory services necessary for CPA to evaluate, structure, and execute a prepay transaction.

Contractor must account for the following tasks and all tasks must be completed according to the timelines set forth below:

Task #1: Supplier Evaluation and Selection

Assist CPA with the evaluation and selection of a prepaid supplier and other key contractors.

- a. Review, finalize, and distribute a Request for Proposal (RFP) package to candidate prepaid suppliers. Candidate prepaid supplier may also include bond underwriting services and bond underwriter.
- b. Review, finalize, and distribute a competitive solicitation package to candidate CPA prepay legal counsel, and if needed, bond and tax counsel.
- c. Identify, research, and evaluate strengths and weaknesses of alternative conduit issuers.
- d. Collect, review, and analyze responses to the RFP and competitive solicitations.
- e. Provide an evaluation with a supporting memorandum regarding one or more potential prepay providers for further discussions/negotiations/determination by CPA.
- f. Participate in interviews with candidates or comparable short-listing activities.
 - i. Attend (in-person, virtually, or over the phone) all meetings.
 - ii. Assist with Q&A (both prior to meetings, while preparing, and in real-time during the meetings).
 - iii. Provide input to assist in CPA's candidate evaluation and selection.
- g. Provide an evaluation with a supporting memorandum regarding one or more potential CPA prepay legal counsel candidates for discussions/negotiations/determination by CPA.
- h. Provide an evaluation with a supporting memorandum regarding one or more potential conduit issuer candidates for discussions/negotiations/determination by CPA.
- i. Provide an evaluation with a supporting memorandum regarding one or more potential bond and tax counsel(s) candidates for discussions/negotiations/determination by CPA, as needed.

Deliverables for Task #1:

- Completion and distribution of RFP package to candidate prepaid suppliers.
- Completion and distribution of RFP and competitive solicitation packages to candidate bond counsel, tax counsel, CPA prepay legal counsel, and conduit issuers as applicable.
- Evaluation of prepay supplier proposals with supporting memorandum.
- Evaluation of CPA prepay legal counsel bids with supporting memorandum.
- Evaluation of conduit issuers with supporting memorandum.
- Evaluation of bond and tax counsel(s) bids with supporting memorandum, as applicable.

Timeline for Task #1:

- Distribution of RFP and competitive solicitation packages to candidate prepaid suppliers, and CPA prepay legal counsel.
- Evaluation of prepay supplier proposals, CPA prepay legal counsel bids, and conduit

issuers from March through July 2022, and bond and tax counsel as applicable.

Task #2: Communications

Provide the following communication and advisory services:

- a. Serve as a “prepay bond” subject matter expert and participate in working group, risk management committee, and Board meetings with CPA’s staff and consultants in that capacity. With input from CPA staff, create a plan to educate and inform CPA’s Board members about prepay bonds to enable them to make informed decisions regarding prepay bond transactions.
- b. Coordinate and participate in all working group calls.
- c. Prepare presentation materials, in PowerPoint format, for use in briefing senior staff, the Chief Executive Officer, and the CPA Board, as directed by CPA.
- d. As directed by CPA, attend meetings and briefings with the Board (in-person or by virtual meetings as necessary).
- e. In coordination with CPA staff, review and comment upon a proposed Resolution of the Board and/or other documentation drafted by legal counsel authorizing CPA staff and CPA to negotiate a prepay transaction or any related component activities.

Deliverables for Task #2:

- Presentation materials for CPA’s use in briefing senior staff, the Chief Executive Officer, and the CPA Board.
- Proposed Resolution of the Board and/or other documentation drafted by legal counsel authorizing CPA staff and CPA to negotiate a prepay transaction or any related component activities.

Timeline for Task #2:

- Delivery of presentation materials in advance of information sessions with the Executive Committee (March 16, 2022, and if needed May 18, 2022) and Finance Committee of CPA’s Board (March 23, 2022, and if needed May 25, 2022), and in advance of information sessions with CPA’s Board (April 7, 2022, and if needed June 2, 2022).
- Delivery of proposed Resolution of the Board in advance of sessions with the Executive Committee (May 18, 2022, or if needed June 15, 2022) and Finance Committee of CPA’s Board (May 25, 2022, or if needed June 22, 2022), and in advance of session with CPA’s Board (June 2, 2022, or if needed July 7, 2022).

Task #3: Project Management Support

Provide project management support, including:

- a. Review and comment on a project timeline created by bond underwriter and/or prepaid supplier that results in the issuance of the prepaid bond on terms acceptable to CPA.
- b. Review and comment on all documentation through attendance (in person or as necessary by virtual meetings) at all working group/document sessions with CPA’s staff, consultants, and other professionals.

Deliverables for Task #3:

- Project timeline supporting the prepay bond transaction that includes target dates, responsible parties, timeline, critical path, key milestones, and deliverables.

- Ongoing coordination with CPA staff to plan and manage timely completion of activities within the Scope of Work detailed in Exhibit A.

Timeline for Task #3:

- Ongoing tasks to be completed by Contractor over the Term of the engagement, with anticipated end by December 2022.

Task # 4: Prepay Transaction Risk and Risk Mitigant Identification and Evaluation

- Identify and evaluate risks and risk mitigants for CPA associated with prepay transactions so that CPA (staff and Board) understand the risks and are able to make informed decisions and take appropriate actions to mitigate risks associated with prepay transactions.

Deliverables for Task #4:

- PowerPoint presentation describing risks and risk mitigants associated with prepay transactions.
- Ongoing risk analysis of prepay transactions and support responding to questions from senior management and CPA board members regarding the risks associated with prepay transactions.

Timeline for Task #4:

- Ongoing tasks to be completed by Contractor primarily during March and April 2022 to enable presentations to the Board and its committees during that timeframe.

Task # 5: Prepay Transaction Management, Technical Support and Analysis

- Conduct financial modeling/analytics and related consulting, as directed by CPA.
- Provide independent pricing and structuring recommendations for the bonds.
- Analyze and provide recommendations concerning the acceptance of any underwriting offer.
- Review and comment on supplemental investor material (the “investor roadshow”) supporting the marketing of prepay bonds.
- Monitor order flow during the retail and institutional order periods.
- Collect and consolidate all anticipated costs of issuance for inclusion in the prepay bond sizing.
- Provide an exhibit to the tax certificate supporting the reasonable expectation that the prepay bonds will run to term assuming at least one successful repricing (the “MCM Tax Exhibit”).
- Assist in RFP for reserve fund and debt service fund investment.
- Verbal recommendation of acceptance of any commodity swap pricing to be supplemented by transaction report.
- Verbal recommendation of acceptance of GIC award to be supplemented by transaction report.
- Verbal recommendation of acceptance of any interest rate swap pricing to be supplemented by transaction report.

Deliverables for Task #5:

- Transaction modeling as requested by CPA and in conjunction with any modeling by the underwriter.

- Verbal recommendation of acceptance of underwriting offer, commodity / interest rate swap pricing, and GIC award to be supplemented by the transaction report.
- MCM Tax Certificate.

Timeline for Task #5:

- Delivery of recommended bond structuring memorandum in advance of briefings to CPA's Executive Committee (June 15, 2022) and Finance Committee (June 22, 2022) and in advance of briefings with CPA's Board (July 7, 2022).
- Verbal recommendation of acceptance of underwriting offer, commodity / interest rate swap pricing, and GIC award provided on the bond pricing date.
- The MCM Tax Certificate Exhibit is delivered at closing.
- Costs of issuance estimate throughout and finalized on bond pricing date.

Task # 6: Swap/Hedge Advisory Services

Provide the following swap/hedge advisory services as needed to support a prepay bond transaction:

- Serve as designated qualified independent representative ("QIR") in the provision of general swap advisory services related to any swap-related communication, interaction, or other discussion ("Swap Communication") between conduit issuer and swap dealers (as defined by the Securities and Exchange Commission ("SEC") and the Commodity Futures Trading Commission ("CFTC")).
- Analyze and model alternative hedge structures and provide price indications.
- Review and comment on all hedge documentation and business terms.
- Coordinate with prepaid supplier on behalf of CPA in counterparty selection.
- Verbal recommendation of acceptance of swap pricing to be supplemented by transaction report.
- Negotiate the pricing terms and structure with the counterparty(s).
- Review and comment on swap documents in conjunction with CPA staff and counsel.

Deliverables for Task #6:

- Verbal recommendation of acceptance of swap pricing to be supplemented by transaction report.
- Successful closing of swap transaction.

Timeline for Task #6:

- Deadline for completion of swap transaction will be determined as needed.

Task # 7: Post-Pricing Activities

Provide the following post-pricing services:

- Coordinate post-closing activities to ensure the timing and accurate transfer of funds, including distribution of the flow of funds memorandum prepared by bond underwriter.
- Collect invoices for all costs of issuance and prepare Costs of Issuance Distribution and Wire Instruction for use by bond trustee.
- Prepare a transaction report summarizing the executed prepay transaction, which may include fairness opinions, fair market value certifications, and analyses and evaluations of one or more aspects of the transaction including the MCM Tax Certification, commodity swap and any interest rate swap pricing, bond pricing, GIC pricing, supplier's

initial term discount factor, Termination Payment Schedule sufficiency, etc.

Deliverables for Task #7:

- Transaction report documenting the executed prepay transaction.

Timeline for Task #7:

- Transaction report to be provided within thirty (30) days following the close of the prepay transaction.

Communications with and Assistance to Issuer:

CPA and Contractor acknowledge and agree that CPA may determine to have bonds issued on its behalf by a potential conduit issuer(s) ("Issuer"). In the course of providing services under the Agreement:

- a. It may be necessary or desirable for Contractor to communicate with Issuer regarding certain limited matters with respect to the bonds.
- b. It may be necessary or desirable for Contractor to provide assistance to Issuer with respect to certain administrative matters in connection with the bonds and the transaction documents (such as assistance with on-boarding and "know your customer" paperwork).
- c. The sole purpose of such communications and assistance shall be to implement CPA's directions to Contractor such that CPA and Issuer may act in a coordinated manner.
- d. All such communications and assistance shall be non-advisory and shall be in furtherance of, and shall be deemed not to conflict with, the municipal advisory services provided by Contractor to CPA, and shall not cause Contractor to be deemed to be a municipal advisor to Issuer.

Exhibit B – [Intentionally Left Blank]

Exhibit C – Compensation

~~Contractor shall satisfactorily provide all the contemplated Services detailed in Exhibit A at the fixed price per deliverable specified in the table below and in compliance with the terms and conditions of this Agreement.~~

| Contract (Task) Item | Not to Exceed Amount | Estimated Date of Completion |
|---|-----------------------------|--|
| Task 1: Supplier Evaluation and Selection | \$40,000 | May—June 2022 |
| Task 2: Communication | \$40,000 | April 2022 |
| Task 3: Project Management Support | \$20,000 | May—June 2022 |
| Task 4: Risk Analysis Services | \$20,000 | April 2022 |
| Expenses, if approved in advance, in writing, by CPA | Up to \$5,000 | Ongoing over the duration of this Agreement |
| TOTAL Program Costs | \$125,000 | June 2022 |

~~Any travel, administrative expenses, and materials (hereinafter, "Expenses") will be billed in the amount incurred by Contractor for actual out-of-pocket cost, without any additional mark-up by Contractor. Any Expenses incurred shall be billed for the month in which the Expenses are incurred. Expense reports detailing all Expenses, along with receipts, shall be presented to CPA for reimbursement. All expenses must be approved by CPA in advance writing before they are incurred.~~

~~The Total Maximum Amount that CPA shall pay Contractor, including any subcontractor that the Contractor may retain, for all Services and Expenses to be provided under this Professional Services Agreement shall not exceed One Hundred Twenty-Five Thousand Dollars (\$125,000) ("Not to Exceed" or "NTE").~~

~~Contractor shall satisfactorily perform and complete, in the judgement of CPA, all required Services in accordance with Exhibit A notwithstanding the fact that total payment from CPA shall not exceed the NTE.~~

Contractor's compensation for the Services shall be paid on a contingency basis (the "Transaction Fee"), and no compensation shall be payable to Contractor until after the Services are completed and proceeds from the bond issuance are disbursed.

The Transaction Fee for the Services (whether by an offering or placement of debt obligations, a bank loan, or other financing arrangement), payable at closing of each transaction, is set forth in the table below:

| Financing Proceeds | Transaction Fee |
|---------------------------------------|---------------------------|
| <u>\$0 to \$250,000,000</u> | <u>\$0.75 per \$1,000</u> |
| <u>\$250,000,001 to \$750,000,000</u> | <u>\$0.50 per \$1,000</u> |

The total Transaction Fees for the Services shall not exceed Four Hundred Thirty-Seven Thousand Five Hundred Dollars (\$437,500).

Contractor shall reduce the Transaction Fee by fifteen percent (15%) if the transaction closes before December 31, 2022.

In addition to the Transaction Fee, Contractor shall be paid a fee for the written report set forth in Exhibit A, Task #7 equal to Fifty Thousand Dollars (\$50,000) ("Report Fee"). The written report must be submitted to CPA within thirty (30) days of the transaction's closing as set forth in Exhibit A, Task #7, or the Report Fee will be forfeited. The Report Fee shall not be invoiced or paid until the written report is submitted to CPA.

The total of the Transaction Fee and Report Fee shall not exceed Four Hundred Eighty-Seven Thousand Five Hundred Dollars (\$487,500).

CPA reserves the right to terminate the Services prior to bond issuance. If CPA terminates the Agreement, for convenience or for default, more than sixty (60) days prior to the closing date of the prepayment financing, CPA shall have no obligation to pay the Transaction Fee or the Report Fee but shall be obligated to indemnify Contractor against certain liabilities.

If CPA terminates the Agreement for convenience, sixty (60) or fewer days prior to the closing date of the prepayment financing, The Contractor shall be paid on the closing date of the prepayment financing seventy-five percent (75%) of the Transaction Fee from bond proceeds.

If Contractor terminates the Agreement, no Transaction Fee or Report Fee shall be payable by CPA.

Contractor shall track any requested compensation with sufficient detail and in a manner that may be audited by CPA.

Any and all proceeds disbursed as a result of bond issuance resulting from the Services, less any compensation paid to Contractor, are the sole property of the bond trust estate.

Exhibit D – [Intentionally Left Blank]

Exhibit E - Required Disclosure of Violations of Compliance Policies and Procedures

MCM takes seriously its legal and compliance obligations and maintains written compliance policies, written supervisory procedures, systems, processes, or guidelines reasonably designed to achieve compliance with industry best practice and professional standards, applicable laws, regulations, rules, or other legal requirements ("Compliance Policies and Procedures").

Any failure by a trader or other MCM personnel to follow Compliance Policies and Procedures will be cause for disciplinary action by MCM management, including written reprimands, docking of wages, loss of bonus eligibility, suspension, and/or termination of employment.

MCM shall report to CPA any violation by MCM staff of Compliance Policies and Procedures within 10 business days of the identification of such violation together with a description of the actions taken by MCM to identify and correct the violation.

Exhibit F – G-42 Disclosure

February 17, 2022

Mr. David McNeil, Chief Financial Officer
Clean Power Alliance
801 S. Grand Ave., Suite 400
Los Angeles, CA 90017

Dear Mr. McNeil,

This letter is provided under MSRB Rule G-42 in connection with our current engagement as municipal advisor under the Financial Advisory Agreement dated March __, 2022 (the “Agreement”) between Municipal Capital Markets Group, Inc. (“MCM”) and the Clean Power Alliance (the “Client”). This Disclosure Statement provides the required information regarding any possible conflicts of interest and/or legal or disciplinary events of our firm required to be disclosed to you pursuant to MSRB Rule G-42(b) and (c)(ii).

1. The Agreement. (a) ***Scope of Services, Term and Compensation.*** The Agreement describes the scope of services with respect to MCM’s engagement with Client, any limitations on the scope of services, the term of the Agreement and MCM’s compensation.

(b) ***IRMA status.*** If Client has designated MCM as its independent registered municipal advisor (“IRMA”) for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the “IRMA exemption”), the Scope of Services is not deemed to be expanded to include all actual or potential issuances of municipal securities or municipal financial products merely because MCM, as IRMA, reviews a third-party recommendation relating to a particular actual or potential issuance of municipal securities or municipal financial product not otherwise considered within the Scope of Services. MCM is not responsible for verifying that it is independent (within the meaning of the IRMA exemption as interpreted by the SEC) from another party wishing to rely on the exemption from the definition of municipal advisor afforded under the IRMA exemption. MCM requests that Client provide to it, for review, any written representation of Client contemplated under SEC Rule 15Ba1-1(d)(3)(vi)(B) that references MCM, its personnel and its role as IRMA. In addition, MCM requests that Client not represent, publicly or to any specific person, that MCM is Client’s IRMA with respect to any aspect of municipal financial products or the issuance of municipal securities, or with respect to any specific municipal financial product or any specific issuance of municipal securities, outside the Scope of Services without first discussing such representation with MCM.

2. MCM’s Regulatory Duties When Servicing Client. MSRB Rule G-42 requires that MCM make a reasonable inquiry as to the facts that are relevant to Client’s determination whether to proceed with a course of action or that form the basis for and advice provided by MCM to Client. The rule also requires that MCM undertake a reasonable investigation to determine that it is not basing any recommendation on materially inaccurate or incomplete information. MCM is also required under the rule to use reasonable diligence to know the essential facts about Client and the authority of each person acting on Client’s behalf.

Accordingly, MCM will seek Client’s assistance and cooperation, and the assistance and cooperation of Client’s agents, with the carrying out by MCM of these regulatory duties, including providing to MCM accurate and complete information on a timely basis and reasonable access to relevant documents, other information and personnel needed to fulfill such duties. In addition, to the extent Client seeks to have MCM provide advice with regard to any recommendation made by a third party, MCM requests that Client provide to MCM written direction to do so as well as any information it has received from such third party relating to its recommendation.

3. Required Disclosures. Our firm, MCM, is in an industry that is very tightly regulated. We are registered and in good standing with the Securities and Exchange Commission (SEC) and the Municipal


Securities Rulemaking Board (MSRB). MCM is a member of the Financial Industry Regulatory Association (FINRA) and the Security Investors Protection Corporation (SIPC). The SEC and MSRB write the rules while the SEC and FINRA oversee firms like ours for compliance. The rules of the MSRB and SEC require us to provide this regulatory disclosure statement to you, even though many elements may not be applicable to our particular transaction.

Disclosures of Conflicts of Interest

MSRB Rule G-42 requires that MCM provide you with the following disclosures of material conflicts of interest and of information regarding certain legal events and disciplinary history.

Material Conflicts of Interest – MCM makes the disclosures set forth below with respect to material conflicts of interest in connection with the Scope of Services under the Agreement, together with explanations of how MCM addresses or intends to manage or mitigate any conflicts.

General Mitigations – MCM mitigates such conflicts through our adherence to our fiduciary duty to Client, which includes a duty of loyalty to Client in performing all municipal advisory activities for Client. This duty of loyalty obligates MCM to deal honestly and with the utmost good faith with Client and to act in Client’s best interest without regard to MCM’s financial or other interests. In addition, because MCM is a municipal bond broker-dealer, our success is not dependent on maximizing short-term revenue generated from individual recommendations to MCM’s advisory clients. Instead MCM is dependent on long-term profitability built on a foundation of integrity, quality of service and strict adherence to its fiduciary duty. MCM’s municipal advisory supervisory structure, including our long-standing and comprehensive broker-dealer supervisory processes and practices, provide strong safeguards against individual representatives of MCM potentially departing from their regulatory duties due to personal interests. The disclosures below describe, as applicable, any additional mitigations that may be relevant with respect to any specific conflict disclosed below.

| Disclosure Item | MCM reply in this deal. |
|---|---|
| I. <u>Affiliate Conflict.</u> MCM is required to advise you of any affiliates it has that may cause a conflict in our ability to serve you. We have NO AFFILIATES. | None |
| II. <u>Payments to Be Retained.</u> MCM is required to advise you if MCM has paid a municipal advisor registered under the Securities Exchange Act (the “Solicitor”), to solicit Client to obtain or retain Client’s MCM business under this Agreement. | None |
| III. <u>Payments From Third Parties for Recommendations.</u> MCM is required to advise you if MCM has received a payment from a Third-Party to recommend the Recommended Third-Party to Client. We have NOT received such payment. | None |
| IV. <u>Fee-Splitting Arrangements.</u> MCM is required to advise you of fee-splitting arrangements. | None. |
| V. <u>Compensation-Based Conflicts.</u> MCM is required to advise you of any compensation-based conflicts. | Yes. See Reply at Left.  |
| V. Reply. <u>The fees due under the Agreement will be based on the size of the Issue and the payment of such fees shall be contingent upon the delivery of the Issue. While this form of compensation is customary in the municipal securities market, this may present a conflict because it could create an incentive for MCM to recommend unnecessary financings or financings that are disadvantageous</u> | |

to Client, or to advise Client to increase the size of the issue. This conflict of interest is mitigated by the general mitigations described above.

For additional services where a fixed fee is agreed upon, the amount is usually based upon an analysis by Client and MCM of, among other things, the expected duration and complexity of the transaction and the Scope of Services to be performed by MCM. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, MCM may suffer a loss. Thus, MCM may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. This conflict of interest is mitigated by the general mitigations described above.

Separately, where an hourly fee structure is agreed upon, the aggregate amount equals the number of hours worked by MCM personnel times an agreed-upon hourly billing rate. This form of compensation presents a potential conflict of interest if Client and MCM do not agree on a reasonable maximum amount at the outset of the engagement, because MCM does not have a financial incentive to recommend alternatives that would result in fewer hours worked. This conflict of interest is mitigated by the general mitigations described above.

VI. Other MCM or Underwriting Relationships.



VI. Reply. MCM serves a wide variety of other clients that may, from time to time, have interests that could have a direct or indirect impact on our Client's interests. For example, MCM serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such clients just as it does to Client under this Agreement. Other clients may, from time to time and, depending on the specific circumstances, have competing interests, such as (i) accessing the new issue market with the most advantageous timing and with limited competition at the time of the offering and/or (ii) entering into prepaid transactions with the same suppliers that the Client may have identified as prospective suppliers for its own transactions. In other cases, as a broker-dealer that engages in underwritings of new issuances of municipal securities by other municipal entities, the interest of MCM in achieving a successful and profitable underwriting for its municipal entity underwriting clients could constitute a conflict of interest if as above, the municipal entities that MCM serves as underwriter or municipal advisor have competing interests in seeking to access the new issue market with the most advantageous timing and with limited competition at the time of the offering.

None of these other engagements or relationships would impair MCM's ability to fulfill its regulatory duties to Client.

At any given time, a particular municipal advisor representative of MCM may be involved in multiple transactions in different capacities. Accordingly, these municipal advisor representatives have a conflict of interest in allocating their time and activity between clients. To mitigate this conflict, MCM has implemented policies and procedures under which supervisors must consider the relevant municipal advisor representative's ability to devote sufficient time and attention to a transaction contemplated by a proposed municipal advisory agreement, in light of the representative's other pending transactions, in

Yes. See Reply at left.



| | |
|--|---|
| determining whether to approve the agreement. | |
| <p>VII. <u>Broker-Dealer Business.</u></p> <p>VII. Reply. MCM is a broker-dealer that engages in a broad range of securities-related activities to service its clients, in addition to serving as a municipal advisor or underwriter. Such securities-related activities, which may include but are not limited to the buying and selling of new issue securities, including securities of yours, may be undertaken on behalf of, or as counterparty to you, your personnel, and current or potential investors in your securities. Any potential conflict arising from MCM effecting or otherwise assisting such other clients in connection with such transactions is mitigated by means of such activities being engaged in on customary terms through units of MCM that operate independently from MCM’s municipal advisory business, thereby reducing the likelihood that the interests of such other clients would have an impact on the services provided by MCM to Client under this Agreement.</p> | <p>Yes. See Reply at left.</p>  |
| <p>VIII. <u>Secondary Market Transactions in Client’s Securities.</u></p> <p>VIII. Reply. MCM, in connection with its sales and trading activities, may take a principal position in securities, including your securities, and therefore MCM could have interests in conflict with yours with respect to the value of your securities while held in inventory and the levels of mark-up or mark-down that may be available in connection with purchases and sales thereof. In particular, MCM may submit orders for and acquire your securities issued under the Agreement from members of the underwriting syndicate, either for its own account or for the accounts of its customers. This activity may result in a conflict of interest with you in that it could create the incentive for MCM to make recommendations that could result in more advantageous pricing of your bond in the marketplace. Any such conflict is mitigated by means of such activities being engaged in on customary terms through departments of MCM that operate independently from MCM’s municipal advisory business, thereby reducing the likelihood that such investment activities would have an impact on the services provided by MCM to Client under this Agreement.</p> | <p>Yes. See Reply at left.</p>  |
| <p>IX. <u>MCM Also Advising Conduit Borrower.</u> MCM is required to advise you if MCM is also serving as an advisor to a conduit borrower with respect to an Issue under this Agreement.</p> | None. |
| <p><u>PART B – Disclosures of Information Regarding Legal Events and Disciplinary History</u></p> | |
| <p>I. <u>Material Legal or Disciplinary Event.</u> MSRB Rule G-42 requires that municipal advisors provide to their clients certain disclosures of legal or disciplinary events material to its client’s evaluation of the municipal advisor or the integrity of the municipal advisor’s management or advisory personnel.</p> <p>Reply. The only disciplinary action taken by a regulatory agency against MCM since its founding in 1989 was on March 24, 2016 when the U.S. Securities and Exchange Commission (the “SEC”) issued an order against MCM in connection</p> | <p>Yes. See Reply at left.</p> |

| | |
|--|--|
| with its Municipalities Continuing Disclosure Cooperation Initiative (the “MCDC” issue), described in more detail below. | |
|--|--|

MCDC Initiative

On March 24, 2016, the U.S. Securities and Exchange Commission (the “SEC”) issued an order against MCM pursuant to Rule 19h-1 of the Securities Act of 1934 (the “Securities Act”). This order was issued pursuant to a settlement between MCM and the SEC and was part of the SEC’s MCDC Initiative, a voluntary initiative in which the SEC encouraged municipal issuers and underwriters to self-report violations involving materially inaccurate statements relating to prior compliance with the continuing disclosure obligations specified in Rule 15c2-12 under the Exchange Act.

The SEC’s order contains findings that MCM violated Section 17(a)(2) of the Securities Act by failing to form a reasonable basis through adequate due diligence to believe the truthfulness of certain written statements made to MCM by an issuer of municipal securities regarding its compliance with previous continuing disclosure undertakings pursuant to Rule 15c2-12.

Without admitting or denying the findings in the SEC’s order, except as to the SEC’s jurisdiction over it and the subject matter of the order, MCM consented to the entry of the order. The order required that MCM comply with certain undertakings, including that it hire an independent consultant to review its policies and procedures relating to municipal securities underwriting due diligence, and to pay a civil penalty of \$60,000. MCM has complied with the undertakings and paid the penalty. *Noteworthy of this event and according to the industry newspaper, the Bond Buyer, is that over 90% of Municipal Bond broker-dealers in the U.S. paid civil penalties to the SEC and entered into similar agreements. It was and is the opinion of MCM management that this last fact illustrates this was an unfair and poorly communicated transfer of responsibility by the SEC.*

II. How to Access Form MA and Form MA-I Filings. MCM’s most recent Form MA and each most recent Form MA-I filed with the SEC are available on the SEC’s EDGAR system at <https://www.sec.gov/edgar/browse/?CIK=1129526>. The SEC permits certain items of information required on Form MA or MA-I to be provided by reference to such required information already filed by MCM in its capacity as a broker-dealer on Form BD or Form U4. Information provided by MCM on Form BD or Form U4 is publicly accessible through reports generated by BrokerCheck at <http://brokercheck.finra.org>. For purposes of accessing such BrokerCheck reports, MCM’s CRD number is 107353. Information is also available on the MCM’s web site at www.municipal.com.

PART C – Future Supplemental Disclosures

As required by MSRB Rule G-42, this Disclosure Statement may be supplemented or amended, from time to time as needed, to reflect changed circumstances resulting in new conflicts of interest or changes in the conflicts of interest described above, or to provide updated information with regard to any legal or disciplinary events of MCM. MCM will provide Client with any such supplement or amendment as it becomes available throughout the term of the Agreement.

Dated: February 17, 2022

Municipal Capital Markets Group, Inc.



By: John E. Norman
Title: Managing Director
Date: February 17, 2022

ACKNOWLEDGED:

Clean Power Alliance

By: David McNeil
Title: Chief Financial Officer
Date: February 17, 2022



Clean Energy Prepayment Financing

April 7, 2022



Background

- Prepays are well-established financing mechanisms that allow municipal utilities and CCAs to leverage their status as issuers of tax-exempt debt to reduce energy costs.
- Thirteen municipal prepayment transactions totaling over \$7.6 billion have been completed in California since 2006; three transactions were completed by CCAs in Fall 2021.
- Staff introduced clean energy prepayment financings to the Executive and Finance Committees in October 2021 and March 2022
- CPA has contracted with Municipal Capital Advisors (MCM) on a short-term basis to assist CPA with an initial evaluation of prepay transactions, an evaluation of potential prepaid energy suppliers and bond issuers, and to assist with presentations to CPA's Board and Committees

Risks and Benefits Overview

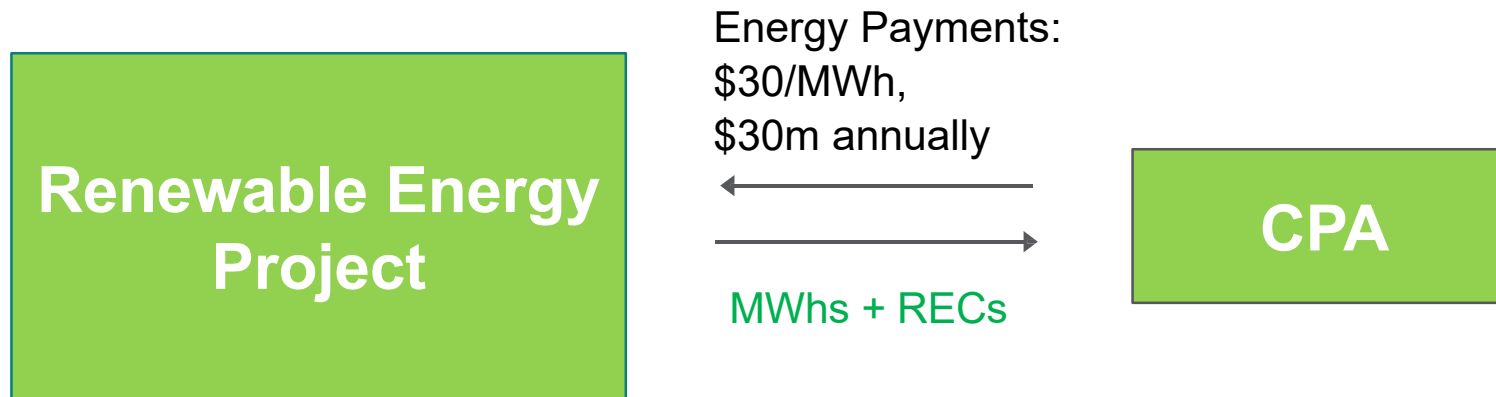
- **Prepays benefits:**
 - An initial prepay transaction is expected to save CPA approximately \$2-3 million per year on its Power Purchase Agreement (PPA) costs, in-line with savings achieved by other CCAs. Additional transactions have the potential to add further savings.
 - Provide a source of savings that can contribute to reserves, lower rates and/or fund customer programs
- **Prepay risks:**
 - The primary risk to CPA is that the prepay program terminates earlier than expected and CPA does not realize expected energy cost savings
 - If the prepay transaction terminates before bond maturity date:
 - The PPA supporting the prepay transaction returns to status quo; CPA re-assumes buyer obligations and pays the PPA price as it does currently.
 - CPA is not responsible for bond repayment.



Energy Prepayment Transaction – Entities

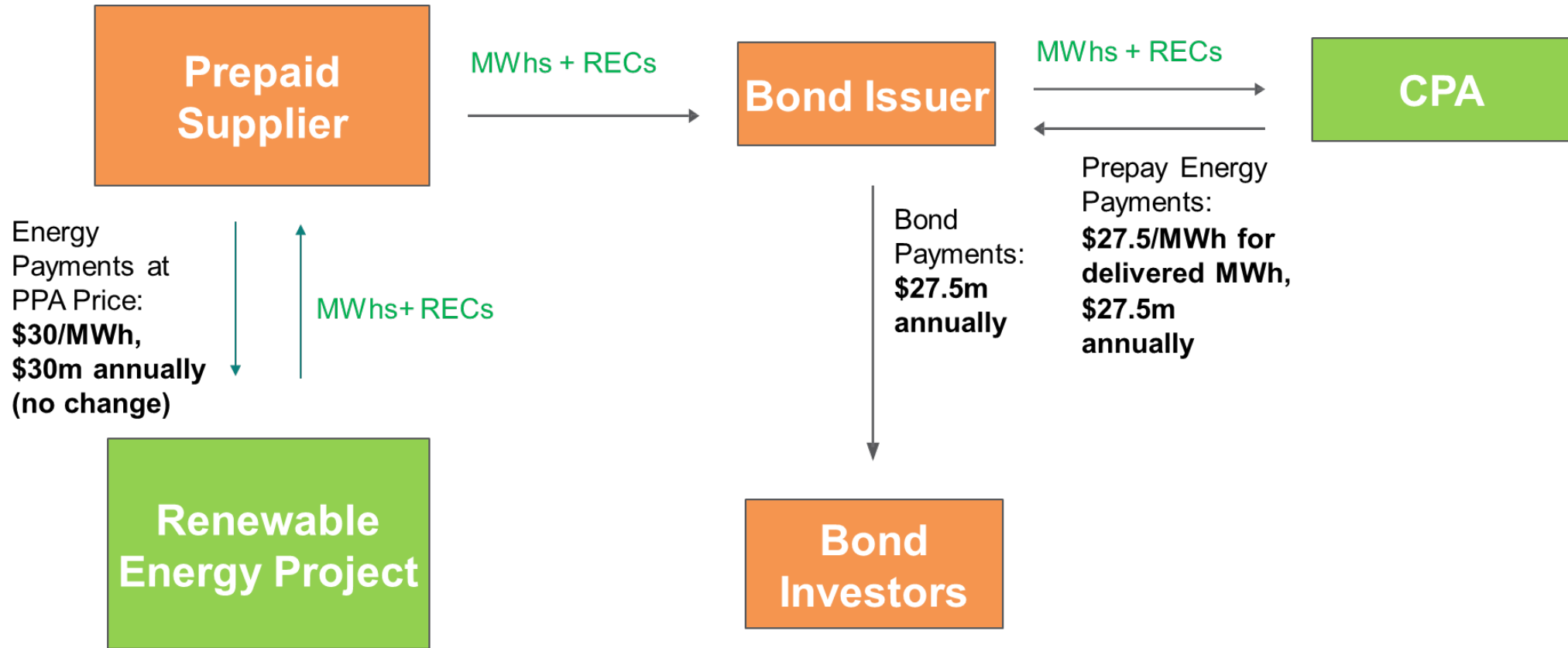
- **Prepaid Supplier**
 - A financial institution or other investment grade credit-rated entity
 - CPA assigns one or more existing PPAs to the Prepaid Supplier, which assumes the PPA obligations of the “buyer”.
 - Receives lump sum “prepayment” from Bond Issuer for long-term energy supply and delivers energy to Bond Issuer; repays outstanding bonds if the prepay transaction terminates before the bond maturity date
- **Bond Issuer**
 - Typically, a JPA authorized to issue prepay bonds; 4 CCAs have created a JPA entity to do that
 - Issues the bond; uses the bond proceeds to pay the Prepaid Supplier in exchange for a long-term supply of energy
 - Delivers energy to CPA in exchange for prepay energy payments
 - Pays Bond Investors
- **Bond Investors**
 - Purchases prepay bonds in exchange for principal and interest payments over the term of the Bond
- **Existing PPA Counterparty / Energy Seller (“Renewable Energy Project”)**
 - Receives monthly cash flows from Prepaid Supplier (rather than CPA) for energy supplied to the Prepaid Supplier
- **Service Providers**
 - Municipal Financial Advisor, Bond and Tax Counsel, CPA Prepay Legal Counsel, Prepay Bond Underwriters
 - Support the structuring and issuance of a prepay Bond

Typical PPA Flowchart



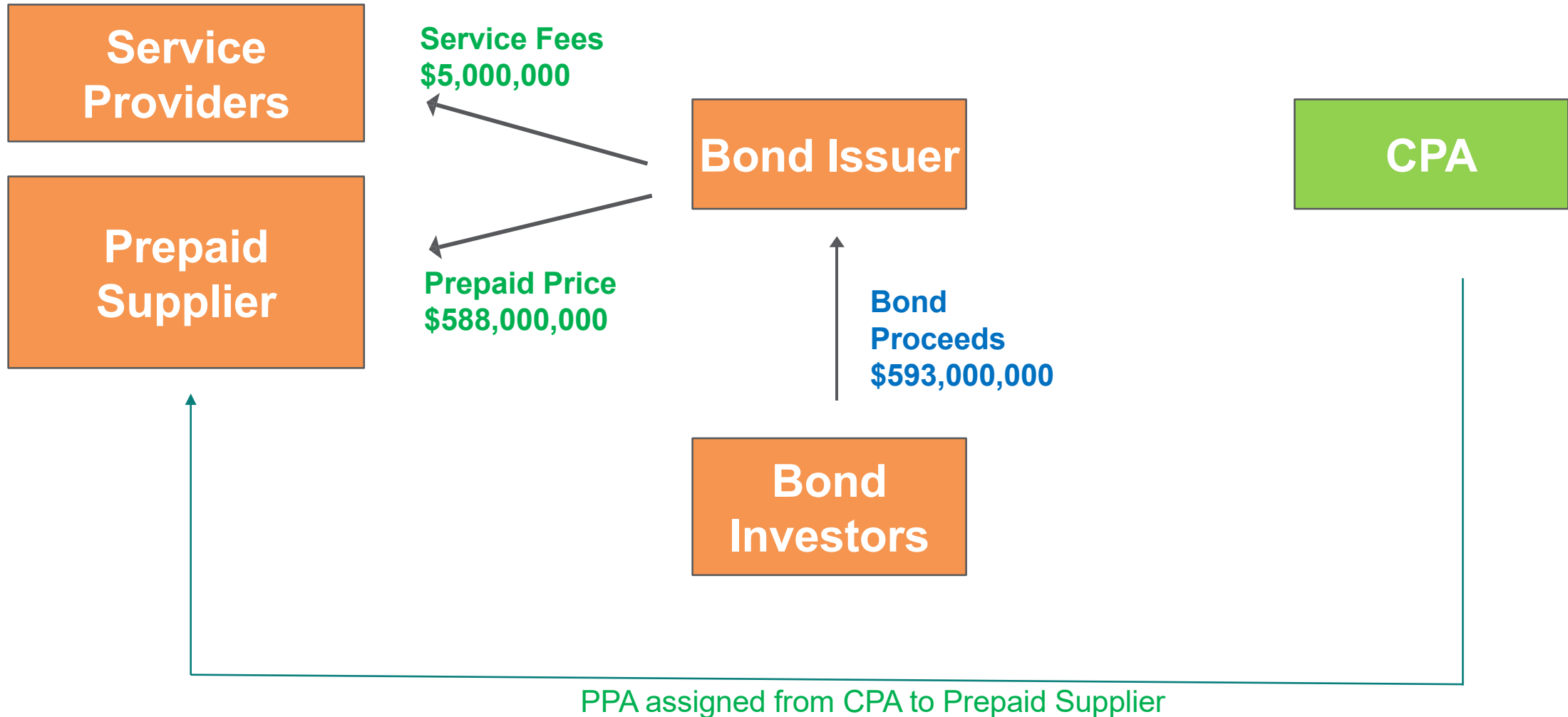
Example Prepay Transaction Flowchart

(Monthly Cash and Electricity Flow)



Example Prepay Transaction Flowchart

(At Bond Issuance / Closing)



Prepayment Transaction Timeline: Board & Committees

March 2022

- Prepay Presentation to Executive Committee (March 16)
- Prepay Presentation to Finance Committee (March 23)

April 2022

- Board (April 7)
 - Introduction to prepay financing
 - Public noticing of a proposed JPA amendment to join Bond Issuer JPA, if necessary
- Prepay Update to Executive Committee (April 20)

May 2022

- Board (May 11)
 - Approval of Agreement with CPA Prepay Legal Counsel
 - Approval of Amended Agreement with Municipal Financial Advisor

June 2022

- Board (June 2)
 - Present Resolution to amend CPA JPA to join Bond Issuer JPA, as required
 - Present Resolution to join a Bond Issuer JPA

Prepayment Transaction Timeline: Board & Committees

July 2022

- Board (July 7)
 - Present Resolution to amend CPA JPA to join Bond Issuer JPA, as required (if not completed in June)
 - Present Resolution to join a Bond Issuer JPA (if not completed in June)
 - Selection of Prepaid Supplier and Bond and Tax Counsel

September 2022

- Prepay Update to Executive Committee (September 21)
- Prepay Update to Finance Committee (September 28)
- Activities: Preparation of documents and resolutions

October 2022

- Board (October 6)
 - Presentation of prepay transaction documents
 - Present Resolution to authorize closing of a prepay transaction

Oct – Dec 2022

- Transaction close



Questions



Prepay Transaction – Key Concepts

Prepay Bond Issuance and Proceeds

- Prepay transactions involve the sale of tax-exempt bonds to Bond Investors by a Bond Issuer. The prepay bond is exempt from federal taxation and from State income taxation for Bond Investors domiciled in California.
- The Bond Issuer uses the bond proceeds to prepay the Prepaid Supplier, usually a financial institution or other investment grade credit-rated entity, for a long-term supply of electricity pursuant to a contract between the Bond Issuer and the Prepaid Supplier
- The Prepaid Supplier:
 - Is obligated to make a payment that is sufficient, together with other available proceeds, to retire the prepay bonds upon a termination of the prepaid contract and to make payments for any electricity that is not delivered, and
 - The Bond Issuer's bonds receive the same credit rating as that of the Prepaid Supplier
- CPA does not issue a bond and bond proceeds do not flow to CPA or to the renewable energy project developers or project owners. CPA has no obligation to repay the bonds.



Renewable Energy Prepayment – Key Concepts

Assignment of an Existing PPA and new Energy Supply Agreements

- In a prepayment transaction, CPA assigns certain rights and obligations, including title and ownership of the renewable energy, under an existing PPA to the Prepaid Supplier
- The renewable energy project owner now delivers energy to the Prepaid Supplier and the Prepaid Supplier assumes responsibilities of the “energy buyer” under the terms of the PPA
- As noted in the previous slide the Prepaid Supplier sells energy to the Bond Issuer under a long-term supply agreement. CPA enters into a separate energy supply agreement with the Bond Issuer under which CPA continues to receive energy and renewable attributes from the renewable energy project (no change from current situation) and make energy payments (less a discount) to the Bond Issuer.
- Title to the renewable energy passes instantaneously from PPA Seller to Prepaid Supplier to Bond Issuer to CPA at the energy delivery point

Renewable Energy Prepayment – Key Concepts

Source of CPA Savings

- In a prepay transaction, a Prepaid Supplier accepts an obligation to make regular PPA payments to the energy project owner and supply energy to the Bond Issuer in exchange for a single lump sum prepayment amount (“prepay price”)
- The “prepay price” is equal to the present value of PPA payments over the prepay bond term discounted at a taxable interest rate approximating what the Prepay Supplier pays to borrow funds
- The Bond Issuer sells prepay bonds to Bond Investors and receives bond proceeds that are required to fund the sum of the “prepaid price” and issuing expenses. Bond Issuer remits the “prepaid price” to the Prepaid Supplier and remits issuing expenses to service providers
- The prepay bonds are amortized over the 30-year term of the transaction and the resulting principal and interest payments (“P&I payments”) are paid by the Bond Issuer to the Bond Investors.
- The Bond Issuer sells CPA the energy each month and CPA pays the Bond Issuer an energy payment sufficient to make P&I payments. The Bond Issuer uses CPA’s payments, and any amounts due from the Prepaid Supplier in lieu of failed deliveries, to make P&I payments to the Bond Investors.
- CPA’s energy payment to the Bond Issuer is lower than the PPA payment due to the energy project owner, resulting in an energy cost savings to CPA



Example Prepay Economics (Illustrative only)

| A | | B | | C | | D | |
|------------------------|-----------------|---------------------|----------------|------------|------------------------|-----------------------|---------------|
| <u>Prepay Supplier</u> | | <u>Bond Issuer</u> | | <u>CPA</u> | | <u>Savings to CPA</u> | |
| Cost of Funds | 3.00% | Bond interest rate | 2.28% | | | | |
| PV of PPA PMTs | \$588,000,000 | PV of Bond Payments | \$ 593,000,000 | | | | |
| Year | PPA Payments(1) | Year | Bond Payments | Year | Prepay Energy Payments | Year | Savings |
| 1 | \$ 30,000,000 | 1 | \$ 27,500,000 | 1 | \$ 27,500,000 | 1 | \$ 2,500,000 |
| 2 | 30,000,000 | 2 | 27,500,000 | 2 | 27,500,000 | 2 | 2,500,000 |
| 3 | 30,000,000 | 3 | 27,500,000 | 3 | 27,500,000 | 3 | 2,500,000 |
| ... | ... | ... | ... | ... | ... | ... | ... |
| 28 | 30,000,000 | 28 | 27,500,000 | 28 | 27,500,000 | 28 | 2,500,000 |
| 29 | 30,000,000 | 29 | 27,500,000 | 29 | 27,500,000 | 29 | 2,500,000 |
| 30 | 30,000,000 | 30 | 27,500,000 | 30 | 27,500,000 | 30 | 2,500,000 |
| Total | \$ 900,000,000 | Total | \$ 825,000,000 | Total | \$ 825,000,000 | Total | \$ 75,000,000 |

| | |
|--|----------------|
| Energy Prepayment | \$ 588,000,000 |
| Issuance Expenses | \$ 5,000,000 |
| Required Bond Proceeds | \$ 593,000,000 |
| Taxable / Tax Exempt Interest Rate Differential (Spread) | 0.72% |

1. Representing the annual cost of the energy under a PPA assigned to the Prepaid Supplier; e.g., a wind PPA with a monthly cost of \$2.5 million per month / \$30 million per year

Risks and Risk Mitigants of Prepay Transactions

- **Prepay transaction terminates before bond maturity date due to:**
 - Non-performance or default by Prepaid Supplier
 - Mitigated by selecting an investment grade credit-rated Prepaid Supplier
 - Insufficient energy supply to meet delivery obligations to Prepay Supplier
 - Mitigated by volume of CPA PPAs and Prepaid Supplier's ability to source energy from the market for delivery to Bond Issuer / CPA if needed
 - Non-performance by CPA
 - Mitigated by CPA financial strength and by reserve accounts funded from bond proceeds
 - Interest rate differentials are too narrow at the end of the initial period (5 to 10 years of the 30-year bond) to achieve CPA minimum savings threshold (e.g., \$2.5 million annually)
 - This risk cannot be mitigated
- **If the prepay transaction terminates before bond maturity date:**
 - The assigned PPA returns to status quo; CPA re-assumes buyer obligations under the PPA and pays the PPA price as it does currently.
 - Prepaid Supplier is required to retire prepay bonds.
 - **CPA is not responsible for bond repayment.**

Risks and Risk Mitigants of Prepay Transactions

- **Market timing risks**

- The risk of being “too late” and not being able to initiate a prepay bond if market conditions become unfavorable or “too early” if spreads widen further after a prepay bond is issued
- If CPA elects to proceed, it will be best served by moving forward with preparations for a prepay transaction expeditiously, so as to be ready to transact when market conditions are favorable

Risks and Risk Mitigants – Pricing

- **The Prepaid Supplier's fees and benefits must be measured and controlled:**
 - Structuring fees
 - Underwriting fees for selling the prepay bonds if the bond underwriter is a related party
 - Fees added to the prepay price for the delivery of physical electricity
 - Electricity remarketing fees
 - Future structuring and underwriting fees for future bond re-pricings
 - Lower funding costs
- **Municipal Financial Advisor (MFA)**
 - Works for CPA to ensure that the Prepaid Supplier fees and implicit funding costs are fair, reasonable and consistent with market pricing
 - Owes a fiduciary responsibility to CPA with contractual risk mitigations, MSRB oversight, and SEC enforcement
- **CPA manages additional risks by engaging in competitive solicitation processes for services, engaging competent outside legal counsel experienced in prepayments, and through the exercise of managerial and professional judgement**



Staff Report – Agenda Item 5

To: Clean Power Alliance (CPA) Board of Directors

From: Nancy Whang, General Counsel

Approved by: Ted Bardacke, Chief Executive Officer

Subject: Legal Services Agreement with Chapman and Cutler LLP (“Chapman”)

Date: May 11, 2022

RECOMMENDATION

Approve the Legal Services Agreement with Chapman as Prepay Legal Counsel with an NTE of \$300,000, to be paid from bond proceeds unless a transaction is not completed, in which case an NTE of \$25,000.

BACKGROUND

In October 2021 and March 2022, staff presented the Executive Committee (“ExCom”) and the Finance Committee (“FinCom”) with introductions to prepay transactions. In February 2022, staff presented ExCom and FinCom with background information concerning Municipal Financial Advisors (“MFAs”). On April 7, 2022, staff presented the Board with an introduction to prepay transactions. Prepay transactions are well-established financing mechanisms which offer municipal utilities and CCAs the opportunity to reduce renewable energy purchasing costs. In CPA’s case, the cost savings from a single prepay transaction could amount to \$2-\$3 million annually.

A prepay transaction would involve a prepaid supplier and bond issuer. Supporting CPA through this prepay process requires contracting with specialized service providers who have experience with prepay transactions. These service providers, including a Prepay Legal Counsel and a Municipal Financial Advisor (MFA), would support the competitive solicitation for and interfacing with a prepaid supplier, deliberations with a bond issuer, and discussions with the prepaid supplier and bond issuer’s legal counsel (including tax

and bond counsel), as well as having expert knowledge of the market conditions that would support a prepay transaction and the market position that CCAs occupy.

At this juncture, CPA will need the support of Prepay Legal Counsel. CPA expects its proposed legal counsel to become a part of CPA's internal team of advisors (along with MCM, CPA's proposed MFA) to support CPA's interests in the transaction.

DISCUSSION

Prepay Legal Counsel is needed to provide advice, counsel, and subject matter expertise to CPA's selection of transaction counterparties, the negotiation and drafting of all agreements and documentation associated with the transaction, and to serve in the capacity of Disclosure Counsel to CPA. Staff requests the Board's approval for a Legal Services Agreement with Chapman to provide these services.

Competitive Solicitation for Legal Services

In April 2022, staff conducted a competitive solicitation to identify qualified law firms to provide legal services in the role of prepay counsel. Three law firms replied to the solicitation. After interviews, staff recommends Chapman.

Chapman lawyers have extensive experience in the prepaid energy market dating back to the mid-1990s. Chapman has worked with a variety of prepaid suppliers, underwriters, bond issuers, and municipal purchasers, and Chapman has represented CCAs as prepay counsel. In 2021, Chapman represented Marin Clean Energy, East Bay Community Energy, and Silicon Valley Clean Energy on their prepayment transactions, and Chapman is currently representing EBCE on an additional prepayment transaction. Chapman has also represented CPA in its negotiations to amend its prior credit agreement with River City Bank and to enter into its existing credit agreement with JPMorgan Chase Bank in 2021.

Legal Services Scope of Work ("SOW")

The SOW contemplated in the Legal Services Agreement includes advice and counsel to support CPA's evaluation and selection of the prepaid supplier, underwriter, and/or bond issuer; drafting support of required documents; negotiation of all contracts in the prepay transaction; and serve in the capacity of Disclosure Counsel to CPA. At the request of the

selected underwriter and at CPA's direction, Chapman may prepare the forepart of the Preliminary Official Statement and the Official Statement (a required disclosure).

Other contract terms include:

- a) Term:** The term of the legal services agreement will begin upon execution of the legal services agreement and will extend through the earlier of i) the successful completion of the prepay bond transaction or ii) two years.
- b) Compensation:** The NTE amount for the proposed legal services is \$300,000. Fees for Chapman (with the exception of \$25,000 in certain cases) are i) contingent upon the successful closing of a prepay bond transaction and ii) paid by a third party (not CPA) out of the proceeds of a bond issuance under the following parameters:
 - i. In the event a prepayment transaction is successfully closed, Chapman would be paid out of the bond proceeds as follows:
 - Chapman will be entitled to receive a fixed fee of \$225,000 for the services described in Tasks 1-3 of the SOW.
 - If CPA directed Chapman to provide the services described in Task 4, Chapman will be entitled to receive an additional fixed fee of \$75,000.
 - ii. If a prepay transaction is not completed, non-contingent compensation to Chapman would consist of the following:
 - If CPA's Board determines not to continue with the negotiation of a prepay transaction during the completion of Task 1, Chapman will be entitled to receive the lesser of \$10,000 or billed hours as compensation for services performed for CPA up to that point.
 - If CPA's Board determines not to continue with the negotiation of a prepay transaction during the completion of Task 2, Chapman will be entitled to receive the lesser of \$25,000 or billed hours as compensation for services performed for CPA up to that point.

In summary, if a prepay transaction is not completed, only the fees billed for Tasks 1-2 will be owed with an NTE of \$25,000.

FISCAL IMPACT

CPA would be potentially obligated to pay Chapman up to \$25,000 if a transaction is not completed. These fees will be included in the FY 2022/23 Budget to be presented to the Board on June 2, 2022.

ATTACHMENT

1. Legal Services Agreement with Chapman and Cutler LLP

AGREEMENT FOR

PROFESSIONAL LEGAL SERVICES

BY AND BETWEEN

CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA
(“CPA”)

AND

CHAPMAN AND CUTLER LLP
(“FIRM”)

May [11], 2022
(Date of Agreement)

Firm Address: 1270 Avenue of the Americas, 30th Fl, New York, NY 10020-1708

Firm Tax ID No.: 36-2153731

Firm Telephone: (212) 655-6000

TABLE OF CONTENTS

AGREEMENT FOR PROFESSIONAL LEGAL SERVICES

RECITALS 1

I. Term and Termination 1

 A. Period of Performance..... 1

 B. Termination and/or Suspension..... 1

II. FIRM’s Services and Responsibilities 3

 A. Supervising Attorney..... 3

 B. Legal Representation 3

III. CPA’s Duties and Responsibilities 4

 A. Supervising Attorney..... 4

 B. Duties and Responsibilities..... 4

IV. Compensation 5

 A. CPA Counsel Billing Requirements 5

 B. Fees 5

 C. Expenses..... 5

V. Invoices and Payments to FIRM 7

 A. Billing (E-Billing) 7

 B. E-Bills 7

 C. Payments 8

VI. Notices 8

 A. If to FIRM 8

 B. If to CPA 8

VII. Assignment 9

| | |
|---|----|
| VIII. Standard Terms and Conditions | 9 |
| A. Indemnification | 9 |
| B. Insurance | 9 |
| C. Independent Contractor Status..... | 10 |
| D. Warranty Against Contingent Fees | 10 |
| E. Governing Laws | 11 |
| F. Compliance with Applicable Law..... | 11 |
| G. Record Retention and Inspection | 11 |
| H. Confidentiality..... | 11 |
| I. Communications With CPA | 12 |
| J. Conflict of Interest | 12 |
| K. Ownership | 13 |
| L. Authorization Warranty..... | 13 |
| M. Changes and Amendments of Terms | 13 |
| N. Validity..... | 13 |
| O. Waiver..... | 13 |
| P. Remedies Reserved to CPA | 14 |
| Q. Complete Agreement and Interpretation..... | 14 |

EXHIBIT A - SCOPE OF WORK AND COMPENSATION / HOURLY BILLING RATES

AGREEMENT FOR PROFESSIONAL LEGAL SERVICES

(“AGREEMENT”)

RECITALS

WHEREAS, CPA desires to retain FIRM for professional legal services related to the negotiation and documentation of a prepay energy transaction as well as other legal services as requested (described in Exhibit A); and,

WHEREAS, FIRM has the legal competence and specialized expertise to provide professional legal services in the areas described above and in Exhibit A (“Legal Services”); and,

WHEREAS, CPA desires to retain FIRM’s services for the Legal Services; and,

WHEREAS, FIRM has agreed to provide the Legal Services in accordance with this Agreement.

NOW, THEREFORE, CPA and FIRM agree as follows:

I. Term and Termination:

A. Period of Performance:

Subject to compliance with all terms and conditions of this AGREEMENT, the term of this AGREEMENT shall commence on the date set forth on the cover page hereto and shall extend until the earlier of (i) completion of Legal Services including the issuance of the prepayment bonds, whether in one (1) or more transactions, or (ii) two (2) years from the date of the Agreement, unless earlier terminated as set forth herein.

B. Termination and/or Suspension:

1. Termination and/or Suspension for CPA’s Convenience:

a) Services performed under this AGREEMENT may be terminated or suspended in whole or in part by CPA at any time, when CPA, in its sole discretion, deems such termination or suspension to be in CPA’s best interest. CPA shall terminate or suspend services by delivering to FIRM a written notice specifying the extent to which services are terminated or suspended and the effective date of the termination or suspension. The notice of termination or suspension shall be sent to the person identified in paragraph VI.A.; and,

b) After receiving a notice of termination or suspension, unless otherwise directed by CPA, FIRM shall:

1) Stop services on the date and to the extent specified in the suspension or termination notice.

- 2) Complete services not terminated or suspended by the notice.
- 3) Submit a Closing Report to CPA as set forth in paragraph I.B.4., below.
- 4) Submit, no later than thirty (30) calendar days after the date of suspension or termination is effective, a final electronic invoice (e-bill) for all services performed prior to CPA's notice of suspension or termination. If FIRM fails to submit a final e-bill within the time allowed, CPA may determine, on the basis of information available, the amount, if any, to be paid to FIRM. CPA's determination shall be final.

2. Termination For FIRM's Default:

- a) Services performed under this AGREEMENT may be terminated in whole or in part by CPA when FIRM:
 - 1) Fails to perform the service(s) within the time specified or any CPA approved extension, or
 - 2) Fails to perform any of the AGREEMENT's other provisions or fails to make progress and endangers the performance of AGREEMENT's terms.
- b) CPA shall give written notice to FIRM of FIRM's default. CPA, in its sole discretion, shall decide whether the default is of such a nature that the FIRM should be given a period to cure the default, and, if so, the cure period shall be specified in the notice.
- c) If CPA wholly or partially terminates services under this AGREEMENT, replacement services may be obtained from another law firm or any other source with terms and in a manner CPA deems appropriate.

3. Termination for Professional Conflict of Interest:

If either FIRM or CPA determines a matter of professional conflict has arisen during FIRM's engagement which should not or cannot be postponed until the conclusion of FIRM's representation of CPA, FIRM or CPA may immediately give written notice to terminate this AGREEMENT. FIRM shall continue to provide high quality, professional legal representation until the appropriate substitutions can be made.

4. Closing Report Upon Termination or Suspension:

- a) Immediately upon the termination or suspension of this AGREEMENT for any reason, FIRM shall deliver a Closing Report to CPA. The Closing Report shall include, for each case or matter assigned to FIRM

which in whole or in part is terminated or suspended, the following:

- 1) A brief description of the facts and current status,
- 2) A discussion of the applicable law, and
- 3) A list and description of all future scheduled court appearances, and applicable deadlines.

b) Immediately upon any termination or suspension, FIRM shall, at its own cost, deliver to CPA all evidence, files, and attorney work product for each case or matter for which work under this AGREEMENT has been terminated or suspended. This includes any computerized indices, programs, and document retrieval systems created or used for the case or matter. If FIRM's services include pending litigation, FIRM shall file the appropriate substitution of counsel with the court when instructed by CPA.

II. FIRM's Services and Responsibilities:

A. Supervising Attorney:

1. FIRM shall appoint a Supervising Attorney, who shall serve as the lead counsel for work performed under this AGREEMENT. The person designated as FIRM's Supervising Attorney, and any changes in this designation, shall be promptly communicated in writing to CPA.
2. FIRM's Supervising Attorney shall have full authority to act for FIRM on all daily operational matters under this AGREEMENT and shall serve as or designate lead counsel for all law and motion appearances, pretrial and trial proceeding(s), settlement conference(s), or meetings of counsel for parties, depositions, document productions, and all court and other proceedings in which substantive rights of the parties may be determined. Designation of lead counsel shall be subject to approval by CPA.

B. Legal Representation:

1. FIRM recognizes that the CPA General Counsel is the authorized legal representative for the CPA and its officers and employees. Subject to the direction and control of CPA General Counsel, FIRM shall provide CPA with high quality legal advice and representation consistent with this AGREEMENT, the Rules of Professional Conduct, and all applicable laws and court rules.
2. FIRM shall provide representation with fully qualified staff at the least costly billing category. Consistent with this requirement, CPA may request that a particular attorney or specified attorneys work on a particular project or multiple projects specified in Exhibit A.

3. FIRM shall keep CPA informed of all significant developments in each case or matter assigned to FIRM and shall provide CPA with copies of all significant documents.
4. FIRM acknowledges that nothing in this AGREEMENT is intended, nor will be construed, as creating any exclusive arrangement between CPA and FIRM. Nothing in this AGREEMENT will restrict CPA from obtaining similar services from other firms or sources.

III. CPA's Duties and Responsibilities:

A. Supervising Attorney:

1. CPA shall appoint its General Counsel as CPA's Supervising Attorney for each case or matter assigned to FIRM.
2. CPA's Supervising Attorney shall have full authority to act for CPA on all daily operational matters under this AGREEMENT and shall review and approve all FIRM's reports, whether written or oral, and any change in FIRM's Supervising Attorney.

B. Duties and Responsibilities:

1. CPA shall make available to FIRM all documents and other information possessed by CPA which are relevant to any case or other matter assigned to FIRM under this AGREEMENT.
2. CPA shall assist FIRM in obtaining CPA records and/or information necessary to respond to discovery and to help familiarize the FIRM with CPA operations and policies.
3. CPA shall review and approve as appropriate:
 - a) All reports, requests, and other services provided by FIRM under this AGREEMENT.
 - b) Any proposed tactical maneuver or trial strategy.
 - c) All recommended settlement proposals. Approval of proposed settlement recommendations is subject to CPA's settlement approval procedures.
 - d) All billing statements in accordance with procedures referenced in this AGREEMENT.
4. CPA may review all correspondence and judicial, administrative, and other documents.

5. CPA will evaluate FIRM's performance under this AGREEMENT and may report this evaluation to CPA's Board of Directors. CPA reserves the right to conduct an audit of any and all aspects of FIRM's compliance with this AGREEMENT. Any such audit may be conducted by CPA staff or a contract auditor, in CPA's sole discretion.

IV. Compensation:

A. CPA Counsel Billing Requirements:

All charges by FIRM, whether for fees or attorney work, or for reimbursement for expenses incurred shall be in accordance with the Agreement.

B. Fees:

1. FIRM shall provide legal services at the hourly billing rates for attorney(s) and if applicable, paralegals set forth in Exhibit A to this AGREEMENT.
2. The billing rates set forth in Exhibit A may be subject to review and adjustment as agreed in writing between CPA and FIRM..

C. Expenses:

1. Non-Reimbursable Expenses: Certain expenses incurred by FIRM in providing services under this AGREEMENT shall be considered FIRM overhead which shall not be reimbursed by CPA, but which shall be borne by FIRM as expenses included within the hourly billing rates set forth in Exhibit A. Expenses which will not be reimbursed and which should not be billed are the following:
 - a) Postage.
 - b) Telephone charges (both local and long distance).
 - c) Copy charges.
 - d) Mileage/Parking within the counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura.
 - e) On-line subscription, connection, or other costs for computerized research. (Attorney and paralegal time incurred conducting such research may be billed.)
 - f) Document reproduction. (See below for large volume exception.)

- g) Staff time or overtime for performing secretarial, clerical, or word processing functions.
 - h) Time spent complying with CPA audits or billing inquiries.
 - i) Charges for services or expenses incurred which have not been authorized by CPA.
2. Reimbursable Ordinary Expenses: CPA shall reimburse FIRM for its actual out-of-pocket expenses, but without any additional costs for having advanced the funds, for the following:
- a) Deposition costs (other than videotaping unless approved as set forth below).
 - b) Transcript fees.
 - c) Filing fees for which the CPA is not exempt.
 - d) Messenger service if specifically requested by the CPA's Supervising Attorney, if required because of an emergency over which the FIRM has no control, or if necessary to ensure the safekeeping of sensitive documents or materials.
 - e) Process service fees.
3. Reimbursable Extraordinary Expenses: CPA shall reimburse FIRM for its actual out-of-pocket expenses, but without any additional costs for having advanced the funds, for the following, but only if FIRM has obtained prior written approval from CPA:
- a) Outside vendor document reproductions which, because of the volume or format requirements, are impractical to complete in-house.
 - b) Consultants.
 - c) Experts.
 - d) Investigative services.
 - e) Expenses for travel outside the Counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura. Reimbursement for such travel expenses will be limited to the amount CPA's employees may claim for such travel. Information on such limits will be made available to FIRM upon request at the time FIRM seeks permission for such travel.
 - f) Videotaping of depositions.

- g) Extraordinary computerized research requirements.
- h) Other extraordinary expenses for which FIRM has obtained prior written approval from CPA.

V. Invoices and Payments to FIRM:

A. Billing (E-Billing):

The FIRM shall submit all invoices for attorney fees and reimbursable expenses to CPA at accountspayable@cleanpoweralliance.org with a copy to CPA's General Counsel at the email address specified in paragraph VI.B.

B. E-Bills:

1. FIRM shall submit invoices for services and for reimbursable expenses monthly in arrears, or quarterly in arrears if approved by CPA.
2. Each e-bill must also include a signed dated declaration of FIRM's Supervising Attorney with the following statement:

“I have personally examined this e-bill. All entries are in accordance with the AGREEMENT for Professional Legal Services, are correct and reasonable for the services performed and the cost incurred, and no item on this statement has been previously billed to CPA.”

3. Each e-bill shall be itemized to include:
 - a) Staffing level(s), hourly rates, and specific activities for each attorney and/or paralegal.
 - 1) Each billing entry shall include a detailed description of specific activities for each attorney and/or paralegal.
 - 2) All receipts for expenses shall be scanned and attached to the e-bill.
 - 3) No attorney or paralegal may be utilized on a matter until an hourly billing rate for that person has been approved in writing by the CPA. All time must be billed at the approved hourly rate.
4. FIRM shall maintain in a form subject to audit, and in accordance with generally accepted accounting principles, backup documentation to support all entries included in the monthly billing statement. Such documentation shall be available to CPA upon request.

C. Payments:

1. Any FIRM payments shall be as specified in and subject to Exhibit A. In the event that payment is owed to FIRM pursuant to Exhibit A, CPA shall make payment(s) for services rendered under this AGREEMENT in arrears based on the itemized billing statement(s) FIRM submits to CPA.
2. CPA's legal and accounting staff shall review all billing statements for reasonableness of the time billed as well as full compliance with this AGREEMENT and all CPA Counsel Billing Requirements.
3. CPA shall make its best effort to process payments promptly after receiving FIRM's e-bill. However, CPA shall not pay interest or finance charges on any outstanding balance(s).
4. Payments to FIRM are conditioned upon FIRM's compliance with all provisions of this AGREEMENT, including but not limited to, paragraph VIII.B.

VI. Notices:

Unless otherwise specified herein, all notices and required reports shall be in writing and transmitted by electronic mail ("email") to the CPA or FIRM representative at the email address specified below:

A. If to FIRM:

Chapman and Cutler LLP
Attn: Douglas A. Bird
Supervising Attorney/Partner
1270 Avenue of the Americas, 30th Fl
New York, NY 10020-1708
Email: doug.bird@chapman.com

B. If to CPA:

Theodore Bardacke
Chief Executive Officer
Clean Power Alliance of Southern California
801 S. Grand Ave., Ste. 400, Los Angeles, CA 90017
Email: tbardacke@cleanpoweralliance.org

With a copy to:

Nancy Whang
General Counsel
Clean Power Alliance of Southern California
801 S. Grand Ave., Ste. 400, Los Angeles, CA 90017
Email: nwhang@cleanpoweralliance.org

VII. Assignment:

- A. No part of this AGREEMENT or any right or obligation arising from it is assignable without CPA's written consent.
- B. Any attempt by FIRM to assign or subcontract services relating to this AGREEMENT without CPA's consent shall constitute a material breach of this AGREEMENT.

VIII. Standard Terms and Conditions:

The following standard CPA contract terms and conditions are included herein as part of this AGREEMENT and are fully binding on the parties hereto:

A. Indemnification:

FIRM shall indemnify and hold harmless CPA from any and all costs, demands, expenses, losses, claims, damages, liabilities, settlements and judgments, including in-house and contracted attorneys' fees and expenses, arising out of any actual or alleged death or injury to any human person, or damage to any tangible real or personal property (e.g., buildings, equipment, furniture and fixtures) as a result of FIRM's negligence; provided, however, that this Section VIIIA shall not be construed to apply to any claims arising out of the professional negligence or malpractice of FIRM as counsel providing the services described herein.

B. Insurance:

FIRM shall provide and maintain at its own expense the following programs of insurance covering FIRM's operations during the term of this AGREEMENT. FIRM shall use insurers satisfactory to CPA's Chief Financial Officer and shall deliver evidence of a satisfactory insurance to CPA on or before the effective date of this AGREEMENT. Evidence shall specifically identify this AGREEMENT and FIRM shall provide CPA written notice by registered mail at least thirty (30) days in advance of any modification or termination of any program insurance.

- 1. Liability: Such insurance shall be primary to and not contributing with any other insurance maintained by CPA, and with respect to Comprehensive General Liability insurance shall name the Clean Power Alliance of Southern California as an additional insured, and shall include, but not be limited to:
 - a) Comprehensive General Liability insurance endorsed for Premises-Operations, Products/Completed Operations, Contractual, Broad Form
 - b) Property Damage, and Personal Injury with a combined single limit of not less than \$1,000,000 per occurrence.

If the above insurance is written on a Claims Made Form, the insurance shall be endorsed to provide an extended reporting period of not less than five years following termination of this AGREEMENT.

c) Professional liability insurance with a liability limit of at least \$2,000,000 per claim.

d) Comprehensive Auto Liability endorsed for all owned, non-owned, and hired vehicles with a combined single limit of at least \$300,000 per occurrence.

2. Workers' Compensation: A program of Workers' Compensation insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employers Liability with a \$1,000,000 limit, covering all persons providing services on behalf of FIRM and all risks to such persons under this AGREEMENT.

3. Failure to Procure Insurance: Failure on the part of FIRM to procure or maintain required insurance shall constitute a material breach for which CPA may immediately terminate or suspend this AGREEMENT.

C. Independent Contractor Status:

1. This AGREEMENT is not intended and shall not be construed to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between CPA and FIRM.

2. FIRM understands and agrees that all FIRM personnel furnishing services to CPA under this AGREEMENT are employees solely of FIRM and not of CPA for purposes of workers' compensation liability.

3. FIRM shall bear the sole responsibility and liability for furnishing workers' compensation benefits to any FIRM personnel for injuries arising from services performed under this AGREEMENT.

D. Warranty Against Contingent Fees:

1. FIRM warrants that no person or selling agency has been employed or retained to solicit or secure this AGREEMENT upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee.

2. For breach or violation of this warranty, CPA shall have the right to terminate this AGREEMENT, and in its sole discretion, to deduct from the AGREEMENT price or consideration, or otherwise recover, the full amount of any such commission, percentage, brokerage, or contingent fee.

E. Governing Laws:

This AGREEMENT shall be governed by and construed in accordance with the laws of the State of California and any action brought by either party on this AGREEMENT shall be brought in Los Angeles County.

F. Compliance with Applicable Law:

FIRM shall comply with all applicable Federal, State, and local laws, rules, regulations, and ordinances, and all provisions required thereby to be included in this AGREEMENT are hereby incorporated herein. FIRM shall comply with the governing Rules of Professional Responsibility in the jurisdiction in which FIRM performs the work.

G. Record Retention and Inspection:

FIRM will maintain records related to this engagement in formats and organization that FIRM, in its sole professional judgment, determine are efficient and appropriate for the conduct of this engagement provided that FIRM gives written notice to CPA of the formats and organization used. After the engagement ends, meaning the date of FIRM's last bill for services in this matter, FIRM will maintain or destroy these records in accordance with FIRM's then-existing record retention policy. A copy of FIRM's current record retention policy and any changes to the record retention policy shall be promptly provided to CPA. Notwithstanding the foregoing, FIRM will first give CPA written notice of its intention to destroy the records at CPA's last known address and a copy of the notice shall be sent to CPA's General Counsel at the email address provided herein. The notice will inform CPA that the records will be destroyed 60 days after the date of the notice unless CPA notifies FIRM in writing that CPA wants the records to be sent to CPA at your expense. If the notice is returned to FIRM as undeliverable, FIRM will destroy the records, as the lack of a correct forwarding address will indicate that CPA has abandoned them. If at any time CPA requests transfer of the records to which CPA is entitled, FIRM shall transfer such records in electronic formats and organized in a manner in which FIRM has maintained them. In that event or if CPA requests destruction of the records, FIRM reserves the right to retain, at FIRM's expense, a copy of any part of the records to comply with legal or ethical obligations. Within ten (10) days of CPA's written request, FIRM shall allow CPA or authorized State or Federal agencies or any duly authorized representative to have the right to access, examine, audit, excerpt, copy, or transcribe any pertinent transaction, activity, time cards, or other records relating to this AGREEMENT.

H. Confidentiality:

1. FIRM shall maintain the confidentiality of all information which it may acquire arising out of or connected with activities under this AGREEMENT in

accordance with all applicable Federal, State, and CPA laws, regulations, ordinances, and directives relating to confidentiality, including the Code of Professional Responsibility. FIRM shall inform all of its principals, employees, and agents providing services hereunder of the confidentiality provisions of this AGREEMENT.

2. FIRM shall ensure that all attorneys, paralegals, and secretarial and clerical personnel having access to information relevant to FIRM's provision of services under this AGREEMENT, are aware of and acknowledge the confidentiality requirements set forth in paragraph 1, above.
3. These confidentiality obligations shall survive this AGREEMENT's termination or expiration.
4. FIRM is rendering legal services only to CPA and to no other person or entity in connection with the matters described above. As long as CPA keeps confidential FIRM's advice, the attorney-client privilege and the confidential relationship will not be inadvertently waived.

I. Communications With CPA:

FIRM recognizes that its communications with CPA and its agents and employees, officers and/or representatives are subject to the attorney-client privilege. FIRM warrants that it shall not disclose or use in any manner other than in the furtherance of FIRM's representation of CPA, any privileged information obtained from CPA or its officers, agents, or employees. FIRM understands that the CPA General Counsel is the legally empowered legal representative of the CPA and its officers and employees and FIRM shall not without specific direction from CPA General Counsel communicate with, advise or represent the CPA's Board of Directors or other CPA officers or employees.

J. Conflict of Interest: Failure to comply with the provisions of this paragraph shall be a material breach of this AGREEMENT.

1. No CPA employee whose position with CPA enables such employee to influence the award of this AGREEMENT or any competing AGREEMENT, and no spouse or economic dependent of such employee, shall be employed in any capacity by FIRM or have any other direct or indirect financial interest in this AGREEMENT. No officer or employee of FIRM who may financially benefit from the performance of work hereunder shall in any way participate in the CPA's approval, or ongoing evaluation, of such work, or in any way attempt to unlawfully influence CPA's approval or ongoing evaluation of such work.
2. FIRM shall comply with all conflict of interest laws, ordinances, resolution, and regulations now in effect or hereafter to be enacted during the term of this AGREEMENT. FIRM warrants and represents that it is not now aware of any facts that create a conflict of interest. If FIRM hereafter becomes aware of any

facts that might reasonably be expected to create a conflict of interest, it shall immediately disclose the conflict in writing to CPA and shall resolve the issue in a manner satisfactory to CPA provided FIRM is ethically able to disclose any details. Full written disclosure shall include, but is not limited to, identification of all persons implicated and a complete description of all relevant circumstances. FIRM agrees to notify CPA of any conflicts of interest and agrees to seek CPA's consent and waiver before representing another client adverse to CPA.

K. Ownership:

To the extent permitted by law or contract, CPA shall own, or retain all right, title and interest in and to all proprietary information provided by CPA to FIRM in connection with this AGREEMENT ("CPA Information") and all finished or unfinished content, writing and materials including but not limited to materials, reports, plans, studies, documents and other writings prepared by FIRM, its partners, employees, contractors, and agents as deliverables for Exhibit A ("CPA Materials").

CPA grants FIRM the right to use of CPA Information or CPA Materials during the Term of this AGREEMENT.

L. Authorization Warranty:

FIRM represents and warrants that the signatory to this AGREEMENT is fully authorized to obligate FIRM and that all corporate acts necessary to the execution of this AGREEMENT have been accomplished.

M. Changes and Amendments of Terms:

CPA reserves the right to change any portion of the work required under this AGREEMENT or amend its terms and conditions as may become necessary.

N. Validity:

The invalidity in whole or in part of any provision of this AGREEMENT shall not void or affect the validity of any other provision.

O. Waiver:

No waiver of a breach of any provision of this AGREEMENT by either party shall constitute a waiver of any other breach of the provision or any other provision of this AGREEMENT. Failure of either party to enforce any provision of this AGREEMENT at any time shall not be construed as a waiver of that provision. CPA's remedies as described in this AGREEMENT shall be cumulative and additional to any other remedies in law or equity.

P. Remedies Reserved to CPA:

The remedies reserved to CPA shall be cumulative and additional to any other remedies provided in law or equity.

Q. Complete Agreement and Interpretation:

This AGREEMENT supersedes all prior communications and all previous written and oral agreements and shall constitute the complete and exclusive statement of understanding between CPA and FIRM relating to the subject matter of this AGREEMENT. No provision of this AGREEMENT is to be interpreted for or against either party because that party's legal representative drafted such provision.

Executed as of the date set forth on the cover page to this AGREEMENT:

Chapman and Cutler LLP

Clean Power Alliance of Southern California

By: Douglas A. Bird
Title: Partner

By: Theodore Bardacke
Title: Chief Executive Officer

Approved as to Form:

By: Nancy Whang
Title: General Counsel

EXHIBIT A
SCOPE OF WORK AND COMPENSATION / HOURLY
BILLING RATE

Chapman and Cutler LLP (“FIRM”)

SCOPE OF WORK

The contemplated services for the prepay transaction, including the issuance of the prepayment bonds, whether in one (1) or more transactions, are:

Task #1: Support CPA’s Evaluation and Selection of Supplier, Underwriter, and Bond Issuer

Provide the following supplier evaluation and selection services:

- Support CPA, along with its municipal financial advisor, in reviewing and analyzing prepaid suppliers and/or underwriter’s written offers for further discussions/negotiations/determination by CPA.
- Participate in interviews with prepaid suppliers, underwriters, bond issuers, or engage in other selection activities, including but not limited to:
 - Attend (in-person, virtually, or over the phone, at CPA’s discretion) all meetings.
 - Assist with Q&A (both prior to meetings, while preparing, and in real-time during the meetings).
- Provide advice and counsel to assist in CPA’s issuer evaluation and selection of a prepaid supplier, underwriter, and/or bond issuer.

Expected Deliverables for Task #1:

- Prepare requested documentation (as directed) regarding the evaluation of proposals.
- Prepare requested documentation (as needed) regarding bond issuer engagement.

Task #2: Advice and Counsel for Prepay Transaction

Provide the following advice, counsel, and/or legal services:

- Serve as a “prepay bond” legal subject matter expert and attend (in-person or by virtual meetings as necessary) working group calls, risk management committee, CPA’s standing Committee meeting, or Board meetings with CPA’s staff and consultants in that capacity. With direction from CPA, inform CPA’s Board members about legal matters and risks involving prepay bonds to enable them to make informed legal decisions regarding prepay bond transactions.
- Coordinate and participate in all CPA working group calls.
- Advise regarding documentation, and draft Resolution of the Board and/or other documentation authorizing CPA to negotiate a prepay transaction.

Expected Deliverables for Task #2:

- Draft proposed Resolution of the Board and/or other documentation authorizing CPA to negotiate a prepay transaction or any related component activities.

Task #3: Legal Structure Analysis and Support – At CPA’s sole discretion and direction to move forward with a prepay transaction

Provide legal analysis and support, including:

- Review, provide input, or other support (as directed by CPA) on all documentation related to CPA and the issuer through attendance (in person or as necessary by virtual meetings) at

all working group/document sessions with CPA’s staff, consultants, and other professionals.

- Negotiate all contracts in the prepay transaction and provide any necessary support related to such negotiations.
- Serve in the capacity of Disclosure Counsel in the drafting of the Preliminary and Final Official Statements.

Expected Deliverables for Task #3:

- Prepare final drafts of all prepay transaction documents for CPA Board consideration, including but not limited to the Preliminary Official Statement and the Official Statement.

Task #4 – OPTIONAL: Prepare “Forepart” of the Preliminary Official Statement and the Official Statement

In the event that selected Underwriter requests that CPA prepare the “forepart” of the Preliminary Official Statement and the Official Statement, prepare the “forepart” at CPA’s discretion and direction.

COMPENSATION

Tasks #1 and #2 shall be billed at the hourly rate specified below. The total amount of fees for services under Task #1 shall not exceed \$10,000.00. The total amount of fees for services under Tasks #1 and #2, collectively, shall not exceed \$25,000.00.

In the event that CPA decides, in its sole discretion, to proceed with a prepayment transaction and that prepayment transaction successfully closes, the total amount of fees under Tasks #1-#3 shall not exceed \$225,000.00 in a contract year and if CPA directs Firm to perform Task #4, the total amount of fees for Task #4 shall not exceed \$75,000. Any fees for Tasks #1-4 services shall be paid exclusively from the proceeds of the prepayment transaction. In no event shall the cumulative total fees for Tasks #1-#4 under this Exhibit A exceed \$300,000.00 unless expressly authorized in writing by CPA.

In the event that CPA decides not to proceed with a prepayment transaction for any reason and at any time, the total amount of fees due to Chapman shall not exceed \$25,000 unless expressly authorized in writing by CPA.

CPA and the FIRM acknowledge that the not-to-exceed amounts are not estimates of the total costs required to complete this engagement

HOURLY BILLING RATE

| Firm Personnel | Title | Agreed Hourly Billing Rate |
|-----------------------|------------------------------|-----------------------------------|
| Douglas A. Bird | Supervising Attorney/Partner | \$700 |
| Jacquelyn Cerasuolo | Partner | \$700 |
| Jim Burr | Partner | \$700 |



Staff Report – Agenda Item 6

To: Clean Power Alliance (CPA) Board of Directors
From: Christian Cruz, Community Outreach Manager
Approved by: Ted Bardacke, Chief Executive Officer
Subject: Community Advisory Committee (CAC) Report
Date: May 11, 2022

RECOMMENDATION

Receive and file.

APRIL MEETING REPORT

At the April meeting, the CAC received a presentation on CPA's budget priorities for FY 2022/23 from Chief Financial Officer David McNeil. These priorities include:

- CPA investments in communications
- Continued investment in customer programs in support of Electric Vehicle (EV) charging, demand response, and community solar
- CPA investments in staff expansion in the areas of energy, data, and risk management to ensure continuous coverage of key functions
- CPA investments in systems to help improve management of energy cost volatility and optimize new energy and storage projects

Staff requested feedback from the CAC on the operating budget priorities, particularly in the areas of communications and programs. To enhance awareness of default rate changes, the CAC requested that CPA prioritize messaging to vulnerable customers. The CAC also requested that the messaging include information about bill assistance programs like the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs.

2022/2023 RATES

At the April meeting, the CAC received a presentation on CPA's 2022/2023 rate options from Chief Operating Officer Matt Langer. The options presented targets between 90-150 days of Liquidity on Hand (LOH) in case of volatility in the energy markets. The options include a low revenue option (\$178M, 109 days of LOH), a middle revenue option (\$236M, 131 days of LOH), and a high revenue option (\$265M, 142 days of LOH). The middle and high revenue scenarios also provide an opportunity to dedicate up to \$10 million in additional one-time program spending, potentially focused on member agency sustainability and resiliency needs.

In addition, the presentation highlighted that CPA froze CARE rates at 2020 levels in 2021 to mitigate the impact of significant rate increases on CPA's most vulnerable customers. CPA staff assessed a range of options for ending or phasing out the CARE rate freeze, recognizing that maintaining the freeze has a significant impact on CPA's net position, and at the same time many vulnerable customers are still experiencing high levels of economic stress. As such, all rate options presented set CPA CARE rates at or below SCE CARE rates and below or close to CPA's January 2022 rates.

Staff requested feedback from the CAC on the rate options that will be presented to the Board of Directors for consideration. Many members of the CAC supported the high revenue rate option. As the summer could bring extreme heat weather and energy market events. CAC members also supported the goal of obtaining an investment-grade credit rating and the high revenue option accelerates progress toward that goal. CAC members were also in favor of maintaining the CARE rate freeze through October. Some CAC members expressed support for additional program spending if financial performance allows.

ATTACHMENT

1. CAC Meeting Attendance

| Community Advisory Committee Attendance | | | | | | | | | | | |
|--|-----|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|
| 2022 | | | | | | | | | | | |
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov |
| East Ventura/West LA County | | | | | | | | | | | |
| Angus Simmons (Vice Chair) | ✓ | ✓ | ✓ | ✓ | | | | | | | |
| Jennifer Burke | ✓ | ✓ | ✓ | ✓ | | | | | | | |
| Debbie West | A | ✓ | ✓ | ✓ | | | | | | | |
| San Gabriel Valley | | | | | | | | | | | |
| Richard Tom | ✓ | ✓ | ✓ | ✓ | | | | | | | |
| Kim Luu | ✓ | A | A | ✓ | | | | | | | |
| West/Unincorporated Ventura County | | | | | | | | | | | |
| Lucas Zucker | A | A | A | A | | | | | | | |
| Vern Novstrup | A | ✓ | ✓ | ✓ | | | | | | | |
| South Bay | | | | | | | | | | | |
| David Lesser | ✓ | ✓ | ✓ | ✓ | | | | | | | |
| Emmitt Hayes | A | ✓ | ✓ | A | | | | | | | |
| Gateway Cities | | | | | | | | | | | |
| Jaime Lopez | A | A | A | A | | | | | | | |
| Genaro Bugarin | ✓ | ✓ | ✓ | A | | | | | | | |
| Westside | | | | | | | | | | | |
| Cris Gutierrez | ✓ | ✓ | ✓ | ✓ | | | | | | | |
| David Haake (Chair) | ✓ | ✓ | A | ✓ | | | | | | | |
| Unincorporated LA County | | | | | | | | | | | |
| Neil Fromer | ✓ | ✓ | ✓ | ✓ | | | | | | | |
| Kristie Hernandez | ✓ | ✓ | ✓ | ✓ | | | | | | | |

Major Action Items and Presentations

January

Executive Director Update
 Diversity, Equity, and Inclusion Plan Update

February

Executive Director Update
 Net Energy Metering 3.0
 CAC Final Draft Workplan

March

Executive Director Update
 CPA Bill Positions

April

2022/2023 Rates
 2022/2023 Budget Priorities



Staff Report – Agenda Item 7

To: Clean Power Alliance (CPA) Board of Directors

From: Gabby Monzon, Clerk of the Board

Approved by: Ted Bardacke, Chief Executive Officer

Subject: Board Chair Election for a Two-Year Term Beginning on July 1, 2022; Committee Chair Appointments; Open Nomination Period for Executive Committee At-Large Elections

Date: May 11, 2022

ACTION ITEM

Elect a Board Chair for a two-year term from July 1, 2022 to June 30, 2024.

REPORT

At the April 7, 2022, Board of Directors meeting, Chair Mahmud opened the nomination period for the Board Chair position for a two-year term beginning on July 1, 2022. The Chair may be a Director who meets the eligibility criteria below and is elected by a vote of all Regular Directors.

The eligibility criteria for Board Chair¹ is:

1. The potential candidate must be a Regular Director;
2. The potential candidate must have attended at least 50% of CPA's Regular Meetings in the prior 12 months; and,
3. The potential candidate must affirm that the candidate intends to serve a full term as an Executive Committee member.

The nomination period closed on Friday, April 15, 2022. The following nomination was received:

1. Julian Gold, Beverly Hills

¹ This is the same eligibility criteria for Committee Chairs and At-Large member of the Executive Committee

The Clerk of the Board has verified that the nominee meets all the eligibility criteria. The Clerk received three requests for a mail-in ballot. The Board Chair position must be elected by Regular Directors. A roll call vote among Regular Directors will take place during the Board's consideration of this item.

Committee Chair Appointments

Following the election of the Board Chair at the May 11th meeting, the newly elected Chair will announce Committee Chair appointments for CPA's three standing committees: (1) the Legislative & Regulatory, (2) Finance, and (3) Energy Planning & Resources Committees. Each Committee Chair serves on CPA's Executive Committee.

Executive Committee At-Large Elections

The Board Officers, Committee Chairs, and the Immediate Past Chair comprise seven of the ten positions on CPA's Executive Committee. The remaining three positions are composed of At-Large positions, two of which represent L.A. County Members and one which represents Ventura County members.

Subsequent to the announcement of Committee Chair appointments, current Board Chair Diana Mahmud will open the nomination period for CPA's At-Large Executive Committee positions. The terms for each position begin on July 1, 2022 and expire on June 30, 2024.

The Clerk of the Board verified that each of the Regular Directors listed below are Regular Directors who have attended 50% of CPA's Regular Meetings in the prior 12 months.²

² Eligible members who are named as Committee Chairs will not be eligible for At-Large Executive Committee nominations as they will automatically become members of the Executive Committee.

| Los Angeles County | | | |
|---------------------------|---------------------|-----------------|-------------------------|
| Agoura Hills | Deborah Klein Lopez | Malibu | Mikke Pierson |
| Alhambra | Jeff Maloney | Manhattan Beach | Hildy Stern |
| Arcadia | Sho Tay | Paramount | Vilma Cuellar Stallings |
| Calabasas | Mary Sue Maurer | Santa Monica | Gleam Davis |
| Claremont | Corey Calaycay | Sierra Madre | Robert Parkhurst |
| Culver City | Daniel Lee | Temple City | Fernando Vizcarra |
| Hawthorne | Alex Monteiro | West Hollywood | Lindsey Horvath |

| Ventura County | |
|-----------------------|------------------|
| Camarillo | Susan Santangelo |
| Moorpark | Janice Parvin |
| Ojai | Betsy Stix |
| Simi Valley | Ruth Luevanos |

Timeline

The Clerk of the Board will provide a list of Regular Directors eligible to be nominated for the Executive Committee At-Large positions. The nomination period for At-Large positions will close on Friday, May 20, 2022. The LA County At-Large position must be nominated and elected by Regular Directors representing jurisdictions in LA County, and the Ventura County At-Large position must be nominated and elected by Regular Directors representing jurisdictions in Ventura County.

Procedures for the election will be determined by the number of nominees for each position. The election for the At-Large positions will occur at the June 2022 Board meeting.

ATTACHMENT

None.



Staff Report – Agenda Item 8

To: Clean Power Alliance (CPA) Board of Directors
From: Matthew Langer, Chief Operating Officer
Approved By: Ted Bardacke, Chief Executive Officer
Subject: FY 2022/23 Rate Setting Approach
Date: May 11, 2022

RECOMMENDATION

Approve the following rate setting approach for FY 2022/23 as recommended by CPA's Executive Committee:

- (a) Clean Power rates targeted at parity with SCE;
- (b) 100% Green rates targeted at a 3% premium to Clean Power rates;
- (c) Lean Power rates targeted at a 1% discount to Clean Power rates;
- (d) Include a subsidy to maintain CARE¹ rates at current levels until September 30, 2022.

The rate setting approach will be used to develop detailed rates that will be brought to the Board for approval at its June 2 meeting in concert with CPA's FY 2022/23 budget.

BACKGROUND

Rates and Competitive Environment

In 2022 the Power Charge Indifference Adjustment (PCIA) dropped approximately 85%, driven by historically high energy market forward prices² which reduced the above market

¹ When referring to CARE customer rates, other programs that protect low-income and vulnerable customers, such as FERA and Medical Baseline, would also receive the similar treatment.

² The on-peak benchmark price of energy was \$71.72 in 2022, compared to \$44.43 in 2021.

cost of SCE's PCIA portfolio. CPA customers experienced resulting bill reductions of 6%-7% beginning in March of this year while CPA rates remained at their July 2021 levels.

At the same time, SCE's generation rates increased by approximately 18% starting March 2022. Several factors contributed to the increase, including a more than \$700 million under-collection in 2021 resulting from SCE generation rates that were lower than needed to recover costs; elevated forward energy prices in 2022; and lower PCIA prices increasing bundled customer costs. The combination of the increased SCE generation rates and the decreased PCIA significantly improved CPA's competitive position versus SCE.

Average CPA Residential Customer Bill

| Energy Product | January 2022 | Comparison to SCE | March 2022 | Comparison to SCE |
|-------------------|--------------|-------------------|------------|-------------------|
| SCE base | \$160.72 | | \$173.03 | |
| Lean | \$170.81 | 6.3% | \$158.54 | -8.4% |
| Clean | \$172.08 | 7.1% | \$159.82 | -7.6% |
| 100% Green | \$176.33 | 9.7% | \$164.06 | -5.2% |

Average CPA Small Business Customer Bill

| Energy Product | January 2022 | Comparison to SCE | March 2022 | Comparison to SCE |
|-------------------|--------------|-------------------|------------|-------------------|
| SCE base | \$233.17 | | \$252.91 | |
| Lean | \$249.22 | 6.9% | \$233.65 | -7.6% |
| Clean | \$251.37 | 7.8% | \$235.80 | -6.8% |
| 100% Green | \$256.58 | 10.0% | \$241.01 | -4.7% |

The competitive environment remains volatile, primarily driven by PCIA and SCE generation rate fluctuations that are outside of CPA's control. In 2021, the PCIA increased compared to 2020 while SCE generation rates remained nearly flat, squeezing CPA's competitive position. The dramatic PCIA decrease and significant SCE generation rate increase in 2022 has put CPA in a more favorable competitive position, but early forecasts

of 2023 rates project a “snap-back” to a higher PCIA and lower SCE generation rates, which will potentially put CPA in a position similar to 2021 and reduce CPA’s flexibility in rate setting in 2023.

Reserves, Liquidity, and Credit Rating Goals

A credit rating is an opinion published by an independent rating agency (e.g., S&P, Moody’s, and Fitch) that assesses the likelihood an entity will repay its debts. Entities with an investment-grade rating are considered the best credit risks and can attract financing at the lowest cost and from the greatest number of lenders and investors. If CPA makes a larger contribution to reserves this year, it can accelerate its progress toward Board-approved reserve and liquidity targets, positioning CPA to secure an investment-grade (IG) credit rating.

Achieving an IG credit rating is an important milestone in CPA’s progress that will yield multiple benefits:

- Increases the number and quality of financial institutions willing to finance CPA’s long-term renewable and energy storage projects, thus reducing costs for developers, increasing probability of project completion, and allowing them to provide CPA with a wider variety of lower-cost projects from which to choose.
- Increases energy supplier participation in CPA’s short-term solicitations for renewable and conventional energy and Resource Adequacy, increasing competition and potentially reducing costs.
- Reduces or eliminates certain collateral posting obligations, freeing up cash
- Enhances CPA’s reputation as a stable, financially sound leader in the energy industry, leading to greater trust and influence in the state legislative and regulatory arenas.

Credit Ratings by Agency

| | Moody's | S&P | Fitch | Meaning |
|------------------|---------|------|-------|--|
| Investment Grade | Aaa | AAA | AAA | Prime |
| | Aa1 | AA+ | AA+ | High Grade |
| | Aa2 | AA | AA | |
| | Aa3 | AA- | AA- | |
| | A1 | A+ | A+ | Upper Medium Grade |
| | A2 | A | A | |
| | A3 | A- | A- | |
| | Baa1 | BBB+ | BBB+ | Lower Medium Grade |
| | Baa2 | BBB | BBB | |
| Baa3 | BBB- | BBB- | | |
| Junk | Ba1 | BB+ | BB+ | Non Investment Grade Speculative |
| | Ba2 | BB | BB | |
| | Ba3 | BB- | BB- | |
| | B1 | B+ | B+ | Highly Speculative |
| | B2 | B | B | |
| | B3 | B- | B- | |
| | Caa1 | CCC+ | CCC+ | Substantial Risks |
| | Caa2 | CCC | CCC | Extremely Speculative |
| | Caa3 | CCC- | CCC- | In Default w/ Little Prospect for Recovery |
| | Ca | CC | CC+ | |
| | | C | CC | |
| | | | CC- | In Default |
| | D | D | DDD | |

Building liquidity (cash and unused lines of credit) is critical for achieving an investment-grade credit rating. The key metric for liquidity is Days Liquidity on Hand (DLOH).³ CPA is at 67 DLOH as of December 2021, considered in the “adequate” range by rating agencies. Staff believe that CPA would need to be at least at the midpoint of the “strong” range of 90-150 DLOH to receive an IG rating in the next year.

Investment-grade Credit Ratings and Days Liquidity on Hand

| Risk Factor | Metric | Extremely Strong | Very Strong | Strong | Adequate | Vulnerable | Highly Vulnerable |
|--------------------------|-------------------------------|------------------|-------------|--------|----------|------------|-------------------|
| Liquidity | Days Liquidity on Hand (days) | >=270 | 150-270 | 90-150 | 45-90 | 15-45 | <=15 |
| Indicative Credit Rating | | High IG | Medium IG | Low IG | Sub-IG | | |

³ DLOH is defined as available cash and unused lines of credit divided by net operating expenses times 365.

DISCUSSION

The competitive environment in 2022 presents a unique opportunity for CPA to make significant progress toward its near-term and long-term financial goals, while balancing other factors including maintaining CPA's competitive position and value proposition, preparing for upcoming member agency default changes, preparing for a less favorable competitive environment in 2023, and ensuring financial resilience through continuing energy market volatility.

At the March 3 Board meeting, staff presented two bookend cases for how CPA might set rates for FY 2022/23: a "lower revenue" case, where most customer rates are kept the same, and a "higher revenue" case, where Clean Power is priced at parity with SCE's base rate. In both cases, energy product differentials were set based on cost of service analysis, with 100% Green Power at a 3% premium to Clean Power and Lean Power at a 1% discount to Clean Power. The 2021 CARE rate freeze was assumed to end (as discussed further below) and subset rates were updated based on cost of service for large commercial energy users. Staff's preliminary estimate was that the lower revenue case would contribute an additional \$17 million to CPA's expected FY 2022/23 net position compared to the FY 2021/22 baseline, and the higher revenue would contribute an additional \$185 million to CPA's expected FY 2022/23 net position compared to the baseline.

Based on feedback from the Board in March, staff developed additional options and presented them to the Executive Committee on April 20 and these options are now being presented to the Board.

These options include the following assumptions while allowing CPA to make significant progress toward Board-approved reserve and liquidity targets.

- Product differentials are based on CPA's cost of service and are similar to last year: Lean Power is 1% less than Clean Power; 100% Green Power is 3% higher than Clean Power.

- Subset rates are updated to reflect CPA's current cost of service.
- The CARE rate freeze ends June 30, 2022. Additional scenarios for CARE customers are discussed separately below.

Options For Consideration

The options framed in term of the risk around CPA receiving an IG credit rating in the next year. The Executive Committee supported Option 3, the lowest-risk option, along with an extension of the 2021 CARE rate freeze through September 30, 2022.

| Options | Projected Contribution to Net Position | Projected Days Liquidity on Hand (6/30/23) | Comparison to SCE | | |
|---------------------------|--|--|-------------------|-------|------------|
| | | | Lean | Clean | 100% Green |
| 1: Highest-risk scenario | \$178M | 109 | -4% | -3% | 0% |
| 2: Moderate-risk scenario | \$236M | 131 | -2% | -1% | 2% |
| 3: Lowest-risk scenario | \$265M | 142 | -1% | 0% | 3% |

See Appendix for detailed bill comparisons for residential and small business customers on each option.

Option 1: Highest-risk Scenario

This option places 100% Green Power at parity with SCE, Clean Power at 3% discount to SCE, and Lean Power at a 4% discount to SCE. It would result in a projected \$178 million contribution to CPA's net position and 109 DLOH as of June 30, 2023. Staff believes that it is important to be safely with the "strong" range (above 120 DLOH) to maximize the chance of receiving an IG rating. Energy market volatility is increasing; for example, heat events in 2020 reduced CPA's budgeted contribution to net position by \$20 million, and similar events could occur in 2022. In addition, CPA's cash needs are seasonal, so DLOH varies throughout the year, making a cushion above the target important. Based on these factors staff believes that this option poses a high risk to CPA's

ability to receive an IG rating in the next year.

Option 2: Moderate-risk Scenario

This approach sets 100% Green Power at a 2% premium to SCE, with Clean Power at a 1% discount to SCE and Lean Power at a 2% discount to SCE based on the COS product differentials. Projected contribution to net position is \$236 million, with 131 DLOH projected as of June 30, 2023, posing a moderate risk to CPA's chance of getting an IG rating next year.

Option 3: Lowest-risk Scenario (recommended by Executive Committee)

This approach sets 100% Green Power at a 3% premium to SCE, with Clean Power at parity to SCE and Lean Power at a 1% discount, based on COS product differentials. Projected contribution to net position is \$265 million, with 142 DLOH projected as of June 30, 2023. Staff believes that this option provides a buffer against market volatility and seasonal fluctuations in cash flow and maximizes CPA's chance of receiving an IG rating in the next year while still maintaining favorable rate comparisons.

CARE Rate Freeze and Potential One-Time Programmatic Spend Options

CARE Rate Freeze

CPA froze CARE rates at 2020 levels in 2021 to mitigate the impact of significant rate increases on our most vulnerable customers. This year CPA's rate will be more competitive, lessening the need to maintain the rate freeze. Staff assessed a range of options for ending or phasing out the CARE rate freeze, understanding that maintaining the freeze has a significant impact on CPA's net position, and at the same time recognizing that many vulnerable customers are still experiencing high levels of economic stress. All of the options set CPA CARE rates at or below SCE CARE rates and below or close to CPA's January 2022 rates.

| CARE Rate Freeze Options | Reduction to Net Position | Reduction to DLOH |
|---|---------------------------|-------------------|
| A: End freeze 7/1/22 (base case) | \$0 | 0 |
| B: End freeze 10/1/22 | \$10M | 4 |
| C: Step down rate freeze by half 7/1/22 | \$18M | 7 |
| D: Maintain freeze for FY22/23 | \$35M | 13 |

Option A, ending the freeze in July 2022, represents the base case for the three risk scenarios described above. CARE rates would be at or below SCE rates for all products, and average CARE customer bills would increase about \$4 per month compared to January 2022 rates.

Option B (recommended by the Executive Committee), ending the freeze in October 2022, would provide vulnerable customers with an additional three months of rate protection during the summer when electricity bills are typically at their highest. The end of the freeze would coincide with the switch to lower winter time-of-use rates on October 1. This option would reduce the contribution to net position an estimated \$10 million and reduce DLOH by an estimated 4 days. CARE rates would remain 17-18% lower than SCE rates through September 2022, saving customers \$16 per month on average compared to January 2022 rates. Rates would revert to the levels in Option A shown below on October 1, parity with SCE for Clean and 100% Green and a discount of 1.5% for Lean Power.

Option C would step down the rate freeze by half starting July 2022, reducing the projected contribution to net position by \$18 million and reducing DLOH by a projected 7 days. CARE rates would remain 8-9% below SCE rates, with average customer savings of \$6 per month compared to January 2022 rates.

Option D would maintain the rate freeze for FY 2022/23, providing customers with a 17-18% discount compared to SCE and \$16 per month savings compared to January 2022 rates. This option would reduce the projected contribution to net position by \$35 million

and reduce DLOH by 13 days.

Average CPA CARE Customer Bill (lowest-risk scenario)

| Energy Product | January 2022 | Comparison to SCE | Option A: End Freeze | | Option C: Step Down Freeze | | Option D: Maintain Freeze | |
|----------------|--------------|-------------------|----------------------|-------------------|----------------------------|-------------------|---------------------------|-------------------|
| | | | July 2022 | Comparison to SCE | July 2022 | Comparison to SCE | Current | Comparison to SCE |
| SCE base | \$108.72 | | \$116.98 | | \$116.98 | | \$116.98 | |
| Lean | \$111.82 | 2.9% | \$115.26 | -1.5% | \$105.38 | -9.9% | \$95.50 | -18.4% |
| Clean | \$112.90 | 3.8% | \$116.99 | 0.0% | \$106.79 | -8.7% | \$96.58 | -17.4% |
| 100%Green | \$112.90 | 3.8% | \$116.99 | 0.0% | \$106.79 | -8.7% | \$96.58 | -17.4% |

Option B = Option D through Sept. 30 and Option A starting October 1.

One-time Program Spending Potential

The moderate-risk and lowest-risk options provide an opportunity to dedicate up to \$10 million in additional one-time program spending, potentially focused on member agency sustainability and resiliency needs. How these funds would be spent could be a focus of the mid-point Customer Programs Strategic Plan review to take place later in 2022. For example, programs could include rebates for member agency vehicle fleet electrification; member agency or CBO competitive grants; or direct install funds to customers. Funding for one-time customer program spending could be made available through the Fiscal Stabilization Fund providing flexibility to expend funds over future periods.

SUMMARY OF OPTIONS

The three options presented pose different levels of risk for CPA receiving an IG credit rating and more or less financial cushion to withstand market events and competitive pressures in 2023, events and factors that are outside of CPA's control. Options 2 and 3 offer opportunities for differential treatment of CARE customers and/or one-time programmatic spending while still collecting sufficient revenue to reduce financial risks.

Option 1

Under Option 1, the highest-risk scenario, the CARE rate freeze would end in July and

customers would see a \$2-4 per month bill decrease compared to January 2022.

Option 2

Under Option 2, the moderate-risk scenario, CPA could:

- A. Extend the CARE rate freeze through September 2022; or
- B. End the CARE rate freeze in July and dedicate \$10 million in one-time program spending.

Either of these options would cost an additional \$10 million, and customers would see a \$0-1 per month bill decrease on average compared to January.

Option 3

Under Option 3, the lowest-risk scenario, CPA could:

- A. Extend the rate freeze through September 2022 (\$10 million cost);
- B. End the CARE rate freeze in July and dedicate \$10 million in one-time program spending (\$10 million cost); or
- C. Extend the rate freeze through September 2022 and dedicate \$5 million in one-time program spending (\$15 million cost).

Customers would see a \$1-2 per month bill increase compared to January under each sub-option.

The Executive Committee recommended Option 3A, the lowest risk scenario with the CARE rate freeze ending October 1.

Community Advisory Committee Input

Staff presented the rate approach options to the Community Advisory Committee on April 21, 2022. The CAC supported maximizing CPA's opportunity to receive an IG credit rating next year, while continuing protection for low-income customers through the summer months when energy use and customer bills are highest. Committee members expressed interest in retaining customers at the 100% Green Power rate, and emphasized the

importance of communication and messaging about the rate change, particularly with the numerous member agency default changes taking place later this year.

NEXT STEPS

At the June Board meeting, staff will present rates reflecting the approved rate setting approach and recovering CPA's budgeted revenue requirement. may change slightly ahead of the June Board meeting based on updates to reflect alignment with the CPA's load forecast and budget but will continue to follow the adopted approach.

ATTACHMENTS

1. Appendix
2. FY 2022/23 Rate Setting Approach Presentation
3. CARE/FERA/Medical Baseline Customers by Member Jurisdiction

APPENDIX

Rate Comparisons for Residential Customers

Average CPA Residential Customer Bill

| | Energy Product | January 2022* | Comparison to SCE | July 2022 | Comparison to SCE |
|-----------------------------|----------------|---------------|-------------------|-----------|-------------------|
| Highest-risk option | SCE base | \$160.72 | | \$173.03 | |
| | Lean | \$170.81 | 6.3% | \$166.31 | -3.9% |
| | Clean | \$172.08 | 7.1% | \$167.99 | -2.9% |
| | 100% Green | \$176.33 | 9.7% | \$173.03 | 0.0% |
| Moderate-risk option | SCE base | \$160.72 | | \$173.03 | |
| | Lean | \$170.81 | 6.3% | \$169.64 | -2.0% |
| | Clean | \$172.08 | 7.1% | \$171.35 | -1.0% |
| | 100% Green | \$176.33 | 9.7% | \$176.49 | 2.0% |
| Lowest-risk option | SCE base | \$160.72 | | \$173.03 | |
| | Lean | \$170.81 | 6.3% | \$171.30 | -1.0% |
| | Clean | \$172.08 | 7.1% | \$173.03 | 0.0% |
| | 100% Green | \$176.33 | 9.7% | \$178.22 | 3.0% |

*Customer bills are approximately 6-7% lower as of March 1 owing to reduction in the PCIA.

Rate Comparisons for Small Business Customers

Average CPA Small Business Customer Bill

| | Energy Product | January 2022* | Comparison to SCE | July 2022 | Comparison to SCE |
|-----------------------------|----------------|---------------|-------------------|-----------|-------------------|
| Highest-risk option | SCE base | \$233.17 | | \$252.91 | |
| | Lean | \$249.22 | 6.9% | \$243.09 | -3.9% |
| | Clean | \$251.37 | 7.8% | \$245.54 | -2.9% |
| | 100% Green | \$256.58 | 10.0% | \$252.91 | 0.0% |
| Moderate-risk option | SCE base | \$233.17 | | \$252.91 | |
| | Lean | \$249.22 | 6.9% | \$247.95 | -2.0% |
| | Clean | \$251.37 | 7.8% | \$250.45 | -1.0% |
| | 100% Green | \$256.58 | 10.0% | \$257.96 | 2.0% |
| Lowest-risk option | SCE base | \$233.17 | | \$252.91 | |
| | Lean | \$249.22 | 6.9% | \$250.38 | -1.0% |
| | Clean | \$251.37 | 7.8% | \$252.91 | 0.0% |
| | 100% Green | \$256.58 | 10.0% | \$260.50 | 3.0% |

*Note that customer bills are approximately 6-7% lower as of March 1 owing to reduction in the PCIA.



Item 8 - FY 2022/23 Rate Setting Options

May 11, 2022



Executive Summary

- ⚡ Each year CPA sets rates once to coincide with the beginning of our fiscal year on July 1
- ⚡ As CPA considers FY2022/23 rates, the competitive environment presents a unique opportunity to make significant progress towards our near and long-term financial goals
- ⚡ Staff is requesting that the Board approve a rate approach to inform the rates to be adopted at the June Board meeting

- ⚡ Agenda:
 - Recap of 2022 rate environment
 - Considerations for FY2022/23 rates
 - Rate setting options
 - CARE subsidy and programmatic options
 - Options recap and discussion



FY 2022/23 Rates Process

- ✓ December 2021 – April 2022 (Staff) – Cost of Service study; FY 2022/23 rate design planning, energy cost projections, load forecasting, and budgeting (ongoing)
- ✓ December 2, 2021 (Board) – First Look at 2022 PCIA and SCE Rates
- ✓ February 16, 2022 (Executive Committee) – Initial 2022 Rate Setting Discussion
- ✓ March 3, 2022 (Board) – FY 2022/23 Rates Outlook
- ✓ April 20, 2022 (Executive Committee) – FY 2022/23 Rates Approach
- ✓ April 21, 2022 (Community Advisory Committee) – FY 2022/23 Rates Approach
- ⚡ May 11, 2022 (Board) – Request approval of FY 2022/23 Rate Setting Option
- ⚡ May 18, 2022 (Executive Committee) – Proposed FY 2022/23 Rates
- ⚡ June 2, 2022 (Board) – Request approval of Proposed FY 2022/23 Rates

Recap: PCIA Impacts

- ⚡ The PCIA dropped approximately 85% in 2022, driven by historically high energy market forward prices which reduced the above market cost of SCE's PCIA portfolio
 - On-peak benchmark price of energy in 2022 was \$71.72, compared to \$44.43 in 2021
- ⚡ CPA customers saw resulting bill reductions of 6-7% beginning March 2022 with no action by CPA

Average CPA Residential Customer Bill

| Energy Product | January 2022 | March 2022 | % Change |
|----------------|--------------|------------|----------|
| Lean | \$170.81 | \$158.54 | -7.2% |
| Clean | \$172.08 | \$159.82 | -7.1% |
| 100% Green | \$176.33 | \$164.06 | -7.0% |

Average CPA Small Business Customer Bill

| Energy Product | January 2022 | March 2022 | % Change |
|----------------|--------------|------------|----------|
| Lean | \$249.22 | \$233.65 | -6.2% |
| Clean | \$251.37 | \$235.80 | -6.2% |
| 100% Green | \$256.58 | \$241.01 | -6.1% |



Recap: Competitive Impacts

- ⚡ SCE’s generation rates increased by ~18% beginning March 2022
- ⚡ The increased SCE generation rate combined with the decreased PCIA improved CPA’s competitive position versus SCE
- ⚡ Several factors led to increased SCE generation rates
 - A \$700+ million undercollection from 2021 resulting from SCE generation rates that were lower than needed to recover costs
 - Elevated forward prices for energy in 2022
 - Lower PCIA increases bundled customer costs

Average CPA Residential Customer Bill

| Energy Product | January 2022 | Comparison to SCE | March 2022 | Comparison to SCE |
|----------------|--------------|-------------------|------------|-------------------|
| SCE base | \$160.72 | | \$173.03 | |
| Lean | \$170.81 | 6.3% | \$158.54 | -8.4% |
| Clean | \$172.08 | 7.1% | \$159.82 | -7.6% |
| 100% Green | \$176.33 | 9.7% | \$164.06 | -5.2% |

Average CPA Small Business Customer Bill

| Energy Product | January 2022 | Comparison to SCE | March 2022 | Comparison to SCE |
|----------------|--------------|-------------------|------------|-------------------|
| SCE base | \$233.17 | | \$252.91 | |
| Lean | \$249.22 | 6.9% | \$233.65 | -7.6% |
| Clean | \$251.37 | 7.8% | \$235.80 | -6.8% |
| 100% Green | \$256.58 | 10.0% | \$241.01 | -4.7% |



Considerations for FY 22/23 Rates

⚡ CPA is presented with a rare opportunity to accelerate its progress towards achieving mid- and long-term strategic financial goals while balancing other factors:

- Make significant progress toward Board-approved reserve and liquidity targets
- Prepare to achieve an investment-grade credit rating
- Prepare for a less favorable competitive environment in 2023
- Maintain CPA's competitive position and overall value proposition
- Prepare for upcoming default changes
- Ensure financial resilience through continuing energy market volatility



Credit Rating Overview

- ⚡ An important milestone in CPA's progress is achieving an investment-grade (IG) credit rating
- ⚡ What is an investment-grade credit rating?
 - A credit rating is an opinion published by an independent rating agency (e.g. S&P, Moody's, and Fitch) that assesses the likelihood an entity will repay its debts
 - Entities with an investment-grade rating are considered the best credit risks and can attract financing at the lowest cost and from the greatest number of lenders and investors
- ⚡ How does CPA obtain a credit rating?
 - CPA engages with a credit rating agency which will evaluate CPA and assign a credit rating

| | Moody's | S&P | Fitch | Meaning |
|------------------|---------|------|------------|--|
| Investment Grade | Aaa | AAA | AAA | Prime |
| | Aa1 | AA+ | AA+ | High Grade |
| | Aa2 | AA | AA | |
| | Aa3 | AA- | AA- | |
| | A1 | A+ | A+ | Upper Medium Grade |
| | A2 | A | A | |
| | A3 | A- | A- | |
| | Baa1 | BBB+ | BBB+ | Lower Medium Grade |
| | Baa2 | BBB | BBB | |
| Baa3 | BBB- | BBB- | | |
| Junk | Ba1 | BB+ | BB+ | Non Investment Grade Speculative |
| | Ba2 | BB | BB | |
| | Ba3 | BB- | BB- | |
| | B1 | B+ | B+ | Highly Speculative |
| | B2 | B | B | |
| | B3 | B- | B- | |
| | Caa1 | CCC+ | CCC+ | Substantial Risks |
| | Caa2 | CCC | CCC | Extremely Speculative |
| | Caa3 | CCC- | CCC- | In Default w/ Little Prospect for Recovery |
| | Ca | CC | CC+ | |
| | | C | CC | |
| | | CC- | In Default | |
| D | D | DDD | | |



Credit Rating Benefits

- ⚡ Receiving an IG credit rating will yield many benefits to CPA
 - Increases the number and quality of financial institutions willing to finance CPA's long-term renewable and energy storage projects, reducing costs for developers, increasing probability of project completion, and allowing them to provide CPA with a wider variety of lower-cost projects to choose from
 - Increases energy supplier participation in CPA's short-term solicitations for renewable and conventional energy and Resource Adequacy, increasing competition and potentially reducing costs
 - Reduces or eliminates certain collateral posting obligations, freeing up cash
 - Enhances CPA's reputation as a stable, financially sound leader in the energy industry, leading to greater trust and influence in the state legislative and regulatory arenas

- ⚡ If CPA makes a larger contribution to reserves this year, it will accelerate its progress toward an IG credit rating



Credit Rating Metrics

- ⚡ Building liquidity (cash and unused lines of credit) is critical for achieving an investment grade credit rating
 - The key metric for liquidity is Days Liquidity on Hand (DLOH)
 - DLOH is defined as available cash and unused lines of credit divided by net operating expenses x 365
- ⚡ CPA is currently in the “adequate” range – 67 DLOH as of Dec 2021
- ⚡ Staff believes that CPA would need to be at least in the middle of the “strong” range to receive an IG rating in the next year

| Risk Factor | Metric | Extremely Strong | Very Strong | Strong | Adequate | Vulnerable | Highly Vulnerable |
|--------------------------|-------------------------------|------------------|-------------|-----------|----------|------------|-------------------|
| Liquidity | Days Liquidity on Hand (days) | >=270 | 150-270 | 90-150 | 45-90 | 15-45 | <=15 |
| Indicative Credit Rating | | High IG | | Medium IG | Low IG | Sub-IG | |



2023/24 Outlook

- ⚡ The competitive environment remains volatile, primarily driven by PCIA and SCE generation rate fluctuations outside of CPA's control
 - In 2021 the PCIA increased compared to 2020, while SCE generation rates remained nearly flat, squeezing CPA's competitive position
 - In 2022, the PCIA dramatically decreased while SCE generation rates significantly increased, leaving CPA in a more favorable competitive position
 - Early forecasts of 2023 rates project a “snap-back” to a higher PCIA and lower SCE generation rates, potentially putting CPA in a similar position to 2021

- ⚡ CPA will have less flexibility in rate setting in 2023 because it will likely be a challenging year competitively
 - This highlights the opportunity to accumulate more reserves this year to enhance flexibility and increase options for providing rate stability and competitiveness in the future



2022/23 Rate Option Assumptions

- ⚡ Staff prepared three options for how CPA might set rates for FY2022/23
- ⚡ Each option assumes the following:
 - Product differentials are based on CPA's cost of service for each of the three rate products and are similar to last year: Lean Power is 1% less than Clean Power; 100% Green Power is 3% higher than Clean Power
 - Subset rates updated to reflect CPA's current cost of service
 - CARE rate freeze ends June 30, 2022; additional scenarios for how to address CARE rate freeze are addressed separately



2022/23 Rate Options

- ⚡ The options target DLOH within the “strong” range of 90-150 days
- ⚡ Staff believes it is important to be safely within the “strong” range (i.e. above 120 DLOH) to maximize the chance of receiving an IG rating
 - Volatility in the energy markets is increasing; 2020 heat events reduced budgeted contribution to net position by \$20M; similar events could occur in 2022
 - CPA’s cash needs are seasonal, so DLOH varies throughout the year making a cushion above the target important
 - The options are framed in terms of the risk around CPA receiving a credit rating in the next year. The high-risk option means an IG rating is much less likely in the next year

| Scenarios | Projected Contribution to Net Position | Projected Days Liquidity on Hand (6/30/23) | Comparison to SCE | | |
|-------------------------|--|--|-------------------|-------|------------|
| | | | Lean | Clean | 100% Green |
| 1. Highest-risk option | \$178M | 109 | -4% | -3% | 0% |
| 2. Moderate-risk option | \$236M | 131 | -2% | -1% | 2% |
| 3. Lowest-risk option | \$265M | 142 | -1% | 0% | 3% |



Rate Comparison Ranges – Residential

Average CPA Residential Customer Bill

Highest-risk option

| Energy Product | January 2022* | Comparison to SCE | July 2022 | Comparison to SCE | Change Compared to Jan. |
|----------------|---------------|-------------------|-----------|-------------------|-------------------------|
| SCE base | \$160.72 | | \$173.03 | | \$12.31 |
| Lean | \$170.81 | 6.3% | \$166.31 | -3.9% | -\$4.50 |
| Clean | \$172.08 | 7.1% | \$167.99 | -2.9% | -\$4.09 |
| 100% Green | \$176.33 | 9.7% | \$173.03 | 0.0% | -\$3.30 |

Moderate-risk option

| Energy Product | January 2022* | Comparison to SCE | July 2022 | Comparison to SCE | Change Compared to Jan. |
|----------------|---------------|-------------------|-----------|-------------------|-------------------------|
| SCE base | \$160.72 | | \$173.03 | | \$12.31 |
| Lean | \$170.81 | 6.3% | \$169.64 | -2.0% | -\$1.17 |
| Clean | \$172.08 | 7.1% | \$171.35 | -1.0% | -\$0.73 |
| 100% Green | \$176.33 | 9.7% | \$176.49 | 2.0% | \$0.16 |

Lowest-risk option

| Energy Product | January 2022* | Comparison to SCE | July 2022 | Comparison to SCE | Change Compared to Jan. |
|----------------|---------------|-------------------|-----------|-------------------|-------------------------|
| SCE base | \$160.72 | | \$173.03 | | \$12.31 |
| Lean | \$170.81 | 6.3% | \$171.30 | -1.0% | \$0.49 |
| Clean | \$172.08 | 7.1% | \$173.03 | 0.0% | \$0.95 |
| 100% Green | \$176.33 | 9.7% | \$178.22 | 3.0% | \$1.89 |

*Customer bills are approximately 6-7% lower as of March 1 owing to reduction in the PCIA.



Options for Ending CARE Rate Freeze

- ⚡ CPA froze CARE rates at 2020 levels in 2021 to mitigate the impact of significant rate increases on our most vulnerable customers
- ⚡ CPA staff assessed a range of options for ending or phasing out the CARE rate freeze, recognizing that maintaining the freeze has a significant impact on CPA's net position, and at the same time many vulnerable customers are still experiencing high levels of economic stress
- ⚡ All revenue options set CPA CARE rates at or below SCE CARE rates and below or close to CPA's January 2022 rates

| Scenarios | Reduction to Net Position | Reduction to DLOH |
|---|---------------------------|-------------------|
| A: End freeze 7/1/22 (base case) | \$0 | 0 |
| B: End freeze 10/1/22 | \$10M | 4 |
| C: Step down rate freeze by half 7/1/22 | \$18M | 7 |
| D: Maintain freeze for FY22/23 | \$35M | 13 |

Average CPA CARE Customer Bill (Lowest-risk option)

| Energy Product | January 2022 | Comparison to SCE | Option A: End Freeze | | Option C: Step Down Freeze | | Option D: Maintain Freeze | |
|----------------|--------------|-------------------|----------------------|-------------------|----------------------------|-------------------|---------------------------|-------------------|
| | | | July 2022 | Comparison to SCE | July 2022 | Comparison to SCE | Current | Comparison to SCE |
| SCE base | \$108.72 | | \$116.98 | | \$116.98 | | \$116.98 | |
| Lean | \$111.82 | 2.9% | \$115.26 | -1.5% | \$105.38 | -9.9% | \$95.50 | -18.4% |
| Clean | \$112.90 | 3.8% | \$116.99 | 0.0% | \$106.79 | -8.7% | \$96.58 | -17.4% |
| 100% Green | \$112.90 | 3.8% | \$116.99 | 0.0% | \$106.79 | -8.7% | \$96.58 | -17.4% |

Option B = Option D through Sept 30 and Option A starting October 1.



One-Time Program Spending Potential

- ⚡ The moderate and low risk options provide an opportunity to dedicate up to \$10 million in additional one-time program spending, potentially focused on member agency sustainability and resiliency needs
- ⚡ How these funds would be spent could be a focus of the mid-point Customer Programs Strategic Plan review to take place later in 2022
 - For example, programs could include rebates for member agency vehicle fleet electrification; member agency or CBO competitive grants; direct install funds for customers
- ⚡ Funding for one time customer program spending could be made available through the Fiscal Stabilization Fund providing flexibility to expend funds over future periods



Options Recap and Discussion

- ⚡ Three options pose different levels of risk for CPA receiving an IG credit rating, putting more or less weight on events and factors outside of CPA's control
- ⚡ Options 2 and 3 offer opportunities for differential treatment of CARE customers and/or one-time programmatic spending while still collecting sufficient revenue to reduce financial risks

Option 1: Highest-risk scenario (\$2- \$4 bill decrease vs. Jan)

- End CARE rate freeze in July

Option 2: Moderate-risk scenarios (\$0 - \$1 bill decrease)

- A: End CARE rate freeze in October (\$10M cost), or
- B: End CARE rate freeze in July and \$10 million in one-time program spending (\$10M cost)

Option 3: Lowest-risk scenarios (\$1 - \$2 bill increase) – 3A recommended by Executive Comm.

- A: End CARE rate freeze in October (\$10M cost), or
- B: End CARE rate freeze in July and \$10 million in one-time program spending (\$10M cost), or
- C: End CARE rate freeze in October and \$5 million in one-time program spending (\$15M cost)



Next Steps

- ⚡ Today, staff is requesting that the Board approve a FY 2022/23 rate approach
- ⚡ Final rate setting will take place at the June Board meeting along with adoption of the FY2022/23 budget
 - This rate setting is mostly technical and will follow the rate approach adopted at today's Board meeting
- ⚡ CPA's load forecast and financial projections will be updated prior to the June Board meeting so exact numbers for contribution to net position and days of liquidity on hand will change



Questions



Appendix

Rate Comparison Ranges – Small Business

Average CPA Small Business Customer Bill

Highest-risk option

| Energy Product | January 2022* | Comparison to SCE | July 2022 | Comparison to SCE | Change Compared to Jan. |
|----------------|---------------|-------------------|-----------|-------------------|-------------------------|
| SCE base | \$233.17 | | \$252.91 | | \$19.74 |
| Lean | \$249.22 | 6.9% | \$243.09 | -3.9% | -\$6.13 |
| Clean | \$251.37 | 7.8% | \$245.54 | -2.9% | -\$5.83 |
| 100% Green | \$256.58 | 10.0% | \$252.91 | 0.0% | -\$3.67 |

Moderate-risk option

| Energy Product | January 2022* | Comparison to SCE | July 2022 | Comparison to SCE | Change Compared to Jan |
|----------------|---------------|-------------------|-----------|-------------------|------------------------|
| SCE base | \$233.17 | | \$252.91 | | \$19.74 |
| Lean | \$249.22 | 6.9% | \$247.95 | -2.0% | -\$1.27 |
| Clean | \$251.37 | 7.8% | \$250.45 | -1.0% | -\$0.92 |
| 100% Green | \$256.58 | 10.0% | \$257.96 | 2.0% | \$1.38 |

Lowest-risk option

| Energy Product | January 2022* | Comparison to SCE | July 2022 | Comparison to SCE | Change Compared to Jan |
|----------------|---------------|-------------------|-----------|-------------------|------------------------|
| SCE base | \$233.17 | | \$252.91 | | \$19.74 |
| Lean | \$249.22 | 6.9% | \$250.38 | -1.0% | \$1.16 |
| Clean | \$251.37 | 7.8% | \$252.91 | 0.0% | \$1.54 |
| 100% Green | \$256.58 | 10.0% | \$260.50 | 3.0% | \$3.92 |

*Note that customer bills are approximately 6-7% lower as of March 1 owing to reduction in the PCIA.



CARE/FERA/Medical Baseline Customers by Member Jurisdiction

| Jurisdiction | CARE | FERA | MBL | Total | % of Residential Customers on C/F/MBL |
|-----------------------|----------------|--------------|---------------|----------------|---------------------------------------|
| AGOURA HILLS | 789 | 38 | 238 | 1,065 | 16% |
| ALHAMBRA | 9,735 | 180 | 314 | 10,229 | 35% |
| ARCADIA | 3,835 | 164 | 331 | 4,330 | 23% |
| BEVERLY HILLS | 1,659 | 49 | 148 | 1,856 | 13% |
| CALABASAS | 1,004 | 38 | 224 | 1,266 | 15% |
| CAMARILLO | 3,658 | 108 | 633 | 4,399 | 18% |
| CARSON | 8,448 | 226 | 522 | 9,196 | 37% |
| CLAREMONT | 1,795 | 43 | 362 | 2,200 | 20% |
| CULVER CITY | 2,157 | 55 | 167 | 2,379 | 15% |
| DOWNEY | 11,351 | 308 | 692 | 12,351 | 38% |
| HAWAIIAN GARDENS | 1,533 | 29 | 43 | 1,605 | 53% |
| HAWTHORNE | 9,446 | 161 | 214 | 9,821 | 40% |
| LOS ANGELES COUNTY | 98,922 | 1,981 | 5,967 | 106,870 | 40% |
| MALIBU | 225 | 10 | 82 | 317 | 6% |
| MANHATTAN BEACH | 478 | 16 | 112 | 606 | 4% |
| MOORPARK | 1,844 | 72 | 348 | 2,264 | 23% |
| OJAI | 479 | 7 | 67 | 553 | 20% |
| OXNARD | 17,273 | 414 | 643 | 18,330 | 38% |
| PARAMOUNT | 6,401 | 118 | 176 | 6,695 | 52% |
| REDONDO BEACH | 2,741 | 73 | 270 | 3,084 | 11% |
| ROLLING HILLS ESTATES | 168 | 4 | 83 | 255 | 9% |
| SANTA MONICA | 6,112 | 75 | 302 | 6,489 | 14% |
| SIERRA MADRE | 538 | 17 | 100 | 655 | 15% |
| SIMI VALLEY | 7,417 | 275 | 1,694 | 9,386 | 25% |
| SOUTH PASADENA | 1,240 | 36 | 117 | 1,393 | 14% |
| TEMPLE CITY | 3,148 | 87 | 223 | 3,458 | 31% |
| THOUSAND OAKS | 6,051 | 198 | 1,210 | 7,459 | 19% |
| VENTURA CITY | 7,387 | 171 | 583 | 8,141 | 22% |
| VENTURA COUNTY | 4,433 | 136 | 785 | 5,354 | 19% |
| WEST HOLLYWOOD | 3,932 | 24 | 160 | 4,116 | 18% |
| WESTLAKE VILLAGE | 235 | 7 | 80 | 322 | 12% |
| WHITTIER | 7,636 | 232 | 719 | 8,587 | 32% |
| Total | 232,070 | 5,352 | 17,609 | 255,031 | 29% |



Staff Report – Agenda Item 9

To: Clean Power Alliance (CPA) Board of Directors

From: Ted Bardacke, Chief Executive Officer
David McNeil, Chief Financial Officer

Subject: FY 2022/23 Budget Priorities

Date: May 11, 2022

RECOMMENDATION

Review FY 2022/23 budget priorities.

ATTACHMENT

1. FY 2022/2023 Budget Priorities Presentation



Item 9 - FY 2022/23 Budget Priorities and Operating Expense Highlights

May 11, 2022



FY 2022/23 Budget Process

- ✓ January – April 2022 (Staff) – FY 2022/23 Goal Setting, Departmental Budgeting, Rate Design Planning, Energy Cost Projections & Consolidated Budget Planning (ongoing)
- ✓ April 20, 2022 (Executive Committee) – Budget Priorities
- ✓ April 21, 2022 (Community Advisory Committee) – Budget Priorities
- ✓ April 27, 2022 (Finance Committee) – Budget Priorities & Draft FY 2022/23 Operating Expenses Budget
- ⚡ May 11, 2022 (Board) – Budget Priorities
- ⚡ May 18, 2022 (Executive Committee) – Draft FY 2022/23 Budget
- ⚡ May 25, 2022 (Finance Committee) – Proposed FY 2022/23 Budget
- ⚡ June 2, 2022 (Board) – Proposed FY 2022/23 Budget

2022/2023 Operational Priorities

1. Achieve financial targets, including IG Credit Rating
2. Meet renewable procurement and GHG emissions targets
3. Attract, retain and develop high-performing and diverse staff
4. Comply with or surpass regulatory and legal obligations
5. Develop and deliver impactful customer programs, including mid-term strategic review
6. Finish development of and implement DEI plan
7. Establish and improve processes
8. Update and Implement Data and Systems Strategic Plan
9. Lead and shape regulatory and policy discussions
10. Maintain customer participation rates, with particular emphasis on agencies changing their default rates
11. Plan for future success, including long-term rate product strategy

Operating Expense Context

- ⚡ CPA manages ~\$850 million of annual energy costs representing 95% of total costs. Operating expenses represent ~5% of total costs. One-third of operating expenses are fixed by regulatory, contractual, or policy obligations.
- ⚡ Energy market risks continue to be elevated as California continues to experience significant heat events and available supply of energy remains constrained.
- ⚡ CPA contracts for and operationalizes long-term renewable and storage projects involving billions of dollars of financial commitments.
- ⚡ CPA will become the 3rd largest LSE in CAISO by end of 2022 and is the largest supplier of renewable energy in the nation. Regulatory, political and PR *opportunities and scrutiny* are multiplying.
- ⚡ Expanding suite of customer programs requires CPA to develop tools to get customers to actively sign-up for programs in addition to retaining them as core electricity service customers.
- ⚡ Data challenges do not seem to be abating and are impacting the customer experience.



FY 22/23 Operating Expenses Overview

- ⚡ CPA added significant staff capacity in risk management, data management, and energy operations in the past year. These resources have improved internal performance and capacity.
- ⚡ Consolidating these benefits is dependent on ensuring continuous coverage of key functions, establishing/documenting processes, and investing in staff retention and talent acquisition.
- ⚡ Investments in communications, customer care and data management provide a better customer experience and help customers, particularly low-income, to access assistance programs.
- ⚡ Investments in Customer Programs and regulatory matters provide customer/community benefits in the short-term and offer ROI opportunities for CPA over the medium and long term.
- ⚡ Operating expenses are projected to increase by ~31% (22.5% inflation adjusted).
- ⚡ One-time increases in mailing and communications expenses are due to notification and outreach to ~300,000 customers in jurisdictions changing their default rates in October 2022.
- ⚡ CPA has limited ability to impact rates in the short term through adjustments to budgeted energy or operating expenses but can increase impact and reduce risk through these investments.

Notable Budget Increase Areas

Staffing – Context and Priorities

- ⚡ 2021/22: Budgeted headcount of 55 – plus 4 added mid-year w/n budget. Currently have 47 staff.
- ⚡ Turnover: Need to hire 2 to gain 1
 - ⚡ Jan 2021 to March 2022 – Hired 35/Net gain of 14
 - ⚡ Oct 2021 to March 2022 – Hired 13/Net gain of 8

FY 2022/23 New Positions

| Work Area | Count | Position/Title |
|----------------------------|--------------|---|
| Customer Care | 1 | Director, Customer Care |
| Customer Programs | 1 | Program Associates |
| Communications & Marketing | 2 | Project Manager, Graphic Designer |
| Human Resources | 1 | Associate, People and Culture |
| Procurement | 2 | Sr. Manager, Energy Market Operations, Power Supply Analyst |
| Rate & Strategy | 1 | Analyst, Rates and Strategy |
| Regulatory Affairs | 2 | Analyst I, Analyst II |
| Total | 10 | |

- ⚡ Build out mid-levels of the organization to ensure coverage during staff absences and inevitable vacancies, reduce burnout, build for the future, and plan for succession.
- ⚡ In-source regulatory, rate setting, and communications activities while deepening resources in energy procurement to manage newly commissioned renewable energy and storage resources
- ⚡ Invest in human resources staff, professional development (G&A), and recruiting (Other Services) to attract and retain staff

Staffing Budget Detail

| | FY 2022/23 Staffing Cost Increase - Detail | \$ | % of Incr |
|--------------|---|------------|------------------|
| A | FY 2021/22 Budget | 9,893,000 | |
| | Full Year Impact of 21/22 New Hires | 1,817,000 | 45% |
| | COLA (6%) | 449,000 | 11% |
| | Merit Increases (5%) | 374,000 | 9% |
| | New Positions | 1,385,000 | 34% |
| B | Subtotal Increase | 4,025,000 | 100% |
| C=A+B | FY 2022/23 Budget Total | 13,918,000 | |
| D=B/A | YOY % Increase | 41% | |

- ⚡ Initial budget projects staffing costs to increase by 41%, from 1.1% of total revenue in FY2021/22 to a still industry-leading 1.4% of revenue in the upcoming year.
- ⚡ Almost half of increase is driven by the full-year impact of positions added mid-year, promotions, and higher than expected mid-year COLA (pegged to the official inflation rate).
- ⚡ The staffing budget does not include a contingency. However, budget assumes all positions are filled for the full year; vacancies and delayed hiring are likely to reduce actual spend.
- ⚡ \$500k of staffing expenses are reimbursable via CPUC customer program funding (Powershare)

Staffing – What's Next

⚡ Outlook for beyond 21/22 (one year ago)

- ✓ Customer Programs will need one more position
- ✓ External Affairs staffing needs will depend on strategic decisions on insourcing
- ✓ Regulatory/Policy will need one more position
- ✓ Procurement/Finance/Data all will need one more position

⚡ Outlook for beyond 2022/23

- ⚡ More programs = More staff
- ⚡ Market and technology conditions plus regulatory creep can be a significant driver for several divisions (data, procurement, regulatory, finance)
- ⚡ CPA offers remote work options for most staff. Has aided both retention and recruitment. ~40% of staff work remotely. Depending on evolving in-office vs. remote mix, may need space expansion in 18-24 months



Customer Programs

- ⚡ Expenses related to customer programs fall into Customer Programs (incentives and implementer costs), Communications, Technical Services and Staffing budget line items.
- ⚡ Workforce Development and the PowerShare/Community Solar programs are funded by third parties
- ⚡ Customer programs related expenses (ex Staffing) fall in the following categories:

| | A | B | C | D | E | F | G |
|---|-------------------|----------------|-----------------------|------------------|-------------|---|-----------------------------------|
| | Budget Line Item | | | Total | % of Total | Reimbursable costs / 3rd party Funding | Customer Program Expenses, Net |
| | Customer Programs | Communications | Technical Services | | | | |
| 100% Reimbursable | | | | | | | |
| ⚡ Power Share/Community Solar (CPUC) | 1,415,000 | 367,000 | | 1,782,000 | 31% | 1,782,000 | - |
| ⚡ Electrification Workforce Development (Nextera) | 349,000 | 26,000 | | 375,000 | 7% | 375,000 | - |
| Leverage State Resources | | | | | | | |
| ⚡ Electric Vehicle Charging | 872,000 | 85,000 | | 957,000 | 17% | - | 957,000 |
| Strategic with long-term ROI or community benefits potential | | | | | | | |
| ⚡ Power Response/Demand Response | 1,627,000 | 364,000 | | 1,991,000 | 35% | - | 1,991,000 |
| ⚡ Power Ready/Backup Power | | 40,000 | 30,000 | 70,000 | 1% | - | 70,000 |
| ⚡ Building Electrification Code Incentives | 400,000 | 26,000 | | 426,000 | 7% | - | 426,000 |
| ⚡ Low Carbon Fuel Standard credit for EV charger operators | | | 150,000 | 150,000 | 3% | - | 150,000 |
| Total | 4,663,000 | 908,000 | 180,000 | 5,751,000 | 100% | 2,157,000 | 3,594,000 |

Communications

| | 2021/22 | 2022/23 | Diff \$ | Diff % |
|------------------------------------|-----------|-----------|-----------|--------|
| Advertising | 668,000 | 435,000 | (233,000) | -35% |
| Communication Consultants | 580,500 | 1,126,000 | 545,500 | 94% |
| Sponsorships | 47,000 | 100,000 | 53,000 | 113% |
| Website | 51,000 | 144,000 | 93,000 | 182% |
| Communication - Others | 96,000 | 18,000 | (78,000) | -81% |
| Special Events | 12,500 | 25,000 | 12,500 | 100% |
| CBO Grants | 50,000 | 170,000 | 120,000 | 240% |
| Communication & Outreach | 1,505,000 | 2,018,000 | 513,000 | 34% |
| <u>Third Party Funding</u> | | | | |
| AMP | (160,000) | - | 160,000 | -100% |
| Power Share (CPUC Funding) | (506,000) | (366,500) | 139,500 | -28% |
| Workforce (Nextera) | - | (25,900) | (25,900) | |
| Communication Costs net of Funding | 839,000 | 1,625,600 | 786,600 | 94% |

Program Marketing Support

- ⚡ Customer Program marketing represents approximately 40% of expected communications expenses
- ⚡ Power Share (100% reimbursable) and Power Response require customer acquisition investments

Brand Awareness and Reputation Enhancement (**CAC Priority**)

- ⚡ Assists with program marketing (customers), recognition among stakeholders, default changes, expansion efforts
- ⚡ Event, organizational sponsorships, and CBO Grants for hard-to-reach populations
- ⚡ Communications Consultants spend can be reduced if new positions are approved and new staff can be hired in a timely manner

General & Administrative (G&A)

| | 2021/22 | 2022/23 | Diff \$ | % of Total Incr |
|-----------------------------|------------------|------------------|------------------|-----------------|
| Office Operating Expenses | 40,000 | 155,000 | 115,000 | 5% |
| Software | 510,000 | 1,104,000 | 594,000 | 28% |
| Prof. Development | 132,000 | 506,000 | 374,000 | 18% |
| HR | 28,000 | 133,000 | 105,000 | 5% |
| Insurance | 132,000 | 183,000 | 51,000 | 2% |
| Phone & Internet | 156,000 | 170,000 | 14,000 | 1% |
| Industry Membership Dues | 472,000 | 492,000 | 20,000 | 1% |
| Depreciation & Amortization | - | 684,000 | 684,000 | 33% |
| Others | 113,000 | 250,000 | 137,000 | 7% |
| Total | 1,583,000 | 3,677,000 | 2,094,000 | 100% |

Increase in G&A concentrated in:

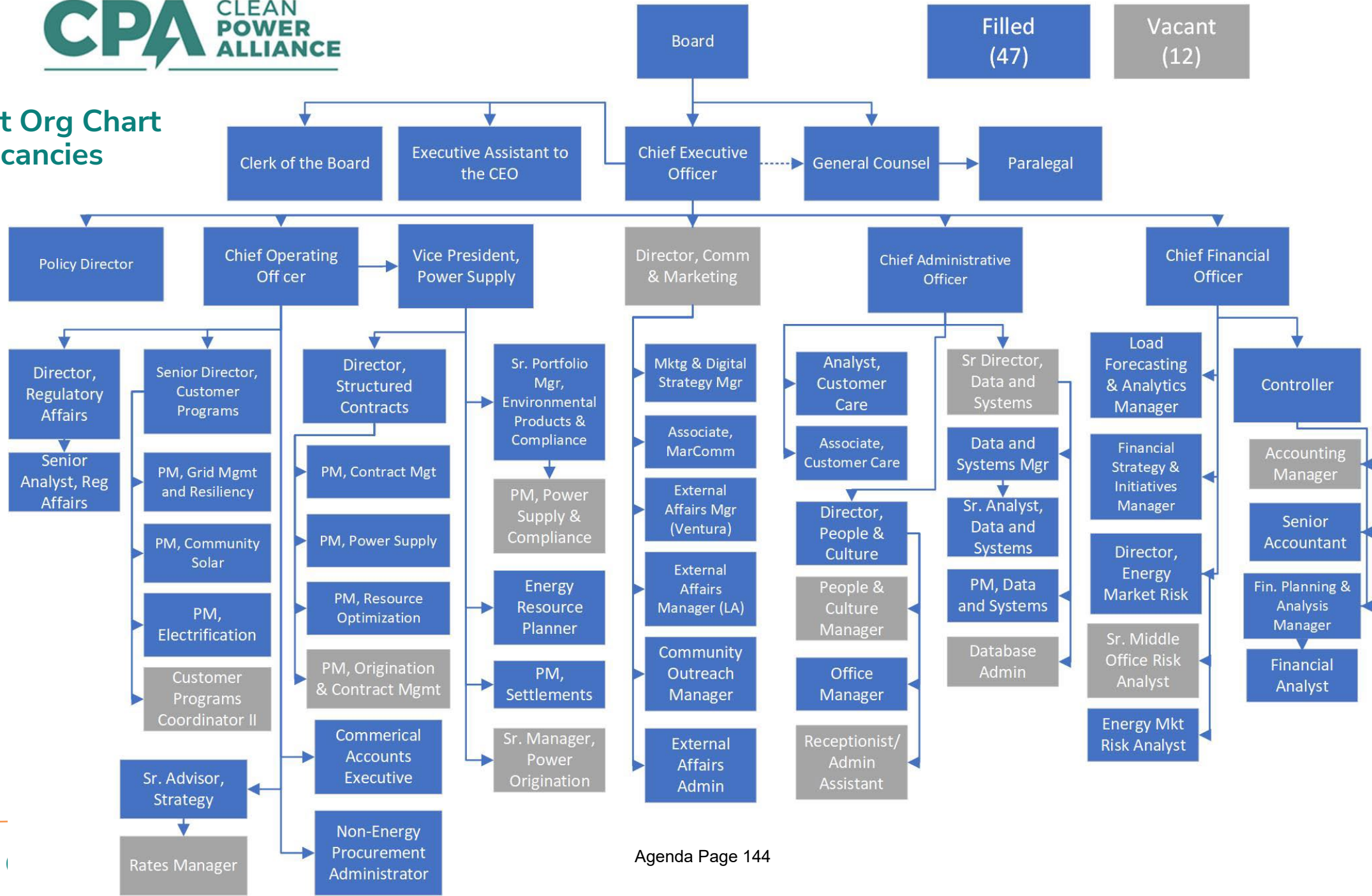
- ⚡ Software, including deployments to manage energy planning and operations
- ⚡ Professional Development and HR services to recruit/retain staff and build internal capacity
- ⚡ Office-related expenses, mitigated by CPA continuing to allow remote work
- ⚡ Depreciation and amortization expenses formerly budgeted as a separate “Depreciation” budget line item is now budgeted under G&A. Most of the office rent related expenses formerly budgeted under “Occupancy” are now included in G&A (Depreciation and Office Operating Expenses)

Summary

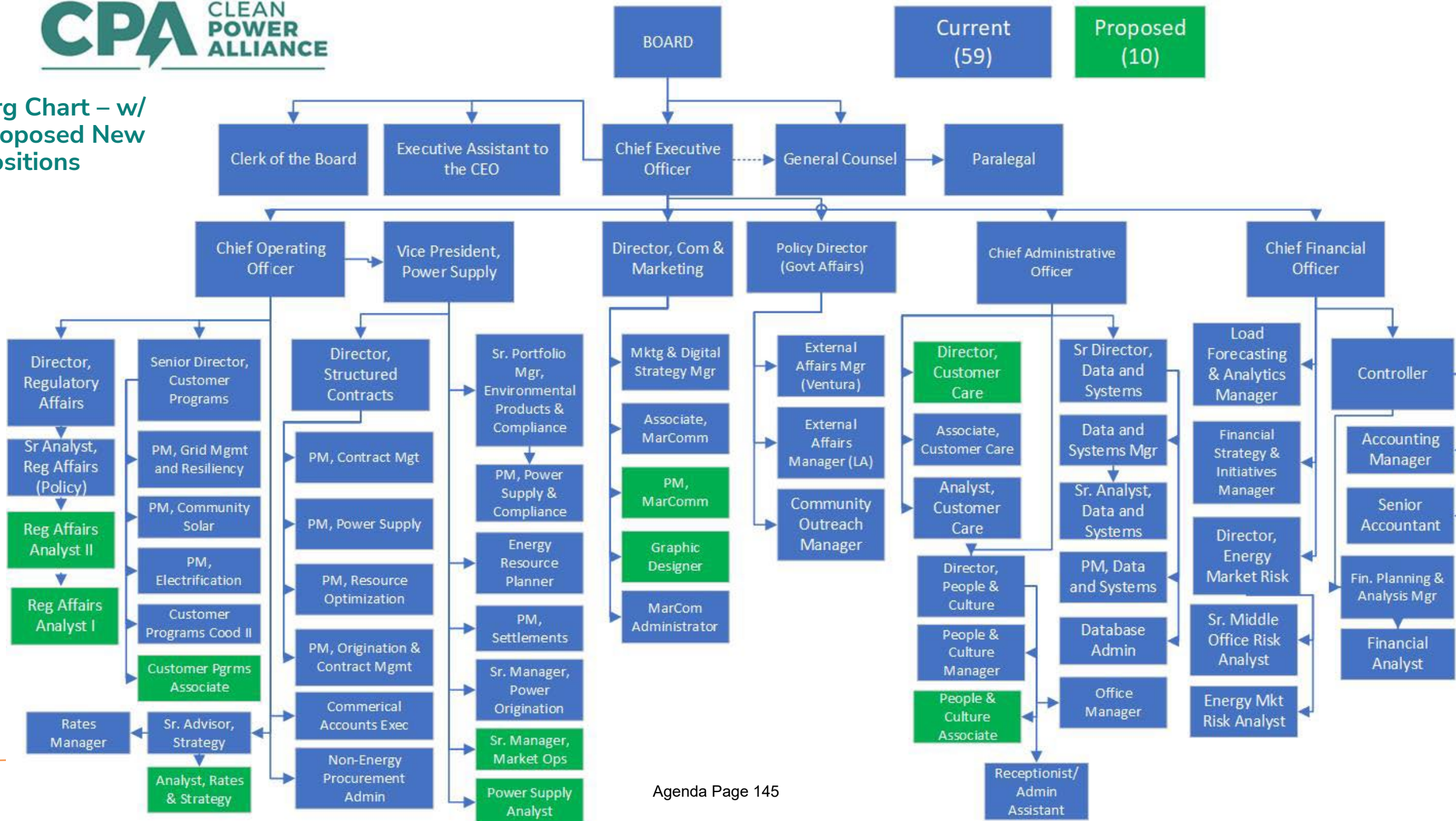
- ⚡ Investments in communications and customer programs are expected to improve the customer experience, provide customer/community benefits in the short-term, offer ROI opportunities for CPA over the long term, and enable assistance for low-income customers
- ⚡ New positions and investments in staffing are intended to attract and retain staff, reduce burn-out, build internal resources and processes to prepare for expected levels of staff turnover, contain expenditures on third party consultants, and improve performance.
- ⚡ Continued investments in energy/data/risk management staff, software, and systems in FY 2022/23 will help improve management of energy costs, operationalize new energy and storage projects, and improve timeliness, efficiency and accuracy while reducing energy costs over the long term

Questions?

Current Org Chart – w/Vacancies



Org Chart – w/
Proposed New
Positions



GASB No 87 (Leases) Budget Impact

New accounting guidelines replace the current operating and capital lease categories with a single model for lease accounting. New lease accounting requires that CPA:

- ⚡ Recognize an intangible asset and a lease liability on the balance sheet equal to the present value of remaining building lease payments.
- ⚡ Record monthly lease payment as “principal and interest”; interest is budgeted and expensed under interest expense and the principal reduces the lease liability. The intangible asset (“Intangible – Building Lease”) is amortized (reduced each month).

Resulting FY 22-23 Budget changes

- ⚡ Occupancy and depreciation budget line items are being phased out.
- ⚡ Depreciation and amortization expenses and CPA share of building operating costs to be included G&A.
- ⚡ Interest expense now includes a portion of the monthly lease payment
- ⚡ Increase in interest and amortization expenses are offset by elimination of “rent” expense. Net impact on total expenses: \$0.00



Management Report

To: Clean Power Alliance (CPA) Board of Directors
From: Ted Bardacke, Chief Executive Officer
Subject: Management Report
Date: May 11, 2022

SB1287 and Provider of Last Resort Rulemaking

SB1287 (Bradford), which CPA opposed and could have imposed extremely high financial security requirements on CCAs to protect Investor Owned Utilities in the case of a CCA bankruptcy, did not get a hearing in the Senate Energy Committee and is effectively dead for this legislative session. CPA and its lobbyists, together with CalCCA and Los Angeles County, effectively collaborated in sidelining the bill.

However, the risk of onerous new financial security requirements being imposed on CCAs remains via the California Public Utilities Commission rulemaking on Provider of Last Resort (POLR), which is currently in workshop phase. An outcome of SB520 (Hertzberg), which CPA also opposed before its passage in 2020, the rulemaking conceptually may be taking a turn towards trying to protect the POLR, which in the near-term are the IOUs, from the financial impacts of the extremely unlikely scenario of all CCAs failing at exactly the same time. This protection could be in the form of financial security and posting requirements of several hundred million dollars across the CCA community.

CPA staff, along with CalCCA, is highly engaged in the POLR rulemaking and the Legislative & Regulatory Committee has been updated. Depending on the direction that the rulemaking takes over the next several weeks, CPA may seek to engage the Board in advocacy efforts with the CPUC.

EV Charger Incentive Launch in LA County

On April 5th, CPA and its CALeVIP partner, launched a \$13.2 million incentive program for the installation of publicly available Level 2 EV chargers in Los Angeles County. All

funds were provisionally reserved the morning of launch and over \$42 million worth of applications above the available amount of funding have been received. A minimum of 60% of the incentive funds will be committed to Disadvantaged and Low-Income communities. In Ventura County, CPA and CALeVIP have \$1.2 million of incentives for Level 2 chargers still available from the program that launched in 2021. With a requirement to commit 50% of program funds to Disadvantaged and Low-Income Communities, most if not all of the remaining funds in Ventura County are set-aside for those communities.

Triennial Data Privacy Report and Audit

In April, CPA submitted its Triennial Data Privacy Report for the reporting period of 2019-2021 to the CPUC, which included an independent audit of CPA's data privacy and security protection policies and procedures for energy usage data. The report and audit contained no exceptions, indicated that CPA is in compliance with CPUC requirements with no findings, and noted that CPA is ranked among the top 5% of utilities for Data Security and Information Technology Environment and Controls.

April Community Environmental Events

April was a busy month for CPA's community outreach staff, who attend Earth Day themed events. After a two-year hiatus due to Covid, CPA staff tabled at environmental events in Alhambra, Calabasas, Carson, Claremont, Downey, Hawthorne, Ojai, Paramount, Sierra Madre, South Pasadena, Rolling Hills Estates, Thousand Oaks. In addition to CPA staff and Board members, members of CPA's Community Advisory Committee also helped provide information to residents and customers. Sign-ups for Power Share were a focus of outreach in cities with customers eligible for this discount program.

Lunch Reception for Chair Diana Mahmud

On Friday June 17, CPA will be holding an in-person lunch reception at CPA's new offices for outgoing Board Chair Diana Mahmud to celebrate and thank her for her five years of leadership as a founding member and Board Chair. The event will begin at noon and additional details will be sent out later this week. Please save the date.

Monthly Financial Performance

CPA recorded a net operating loss of \$8.2 million in February, largely due to a \$7.2 million over accrual of revenue in January that was reversed in February. Absent the January revenue reversal, CPA would have recorded a \$700k loss in February, \$1.1 million better than a budgeted loss of \$1.8 million. For the year-to-date through February, CPA recorded an operating income of \$21.9 million, \$50 million more than the budgeted, year-to-date operating loss of \$28.1 million. CPA repaid \$10 million of its outstanding \$30 million loan from LA County in February and is on track to repay the remaining balance on time by June 2022. The most recent financial dashboard is provided in Attachment 1.

Customer Participation Rate and Opt Actions

As of April 26, 2022, CPA's overall participation rate was 95.6%, unchanged from the previous two months. CPA had a total of 998,953 active customers, up 158 customers from the previous month. Opt-out levels – 251 accounts in April – are consistent with steady state levels in the spring, when opt-out activity is typically the lowest of the year. New accounts (“move-ins”) were lower than closed accounts (“move-outs”) by 2,282 customers in April. Attachment 2 provides participation rates and active accounts by jurisdiction.

Customer Service Center Performance

Incoming calls to CPA's Customer Service Center were lower than normal at 1,507 calls through April 26. In April, 99% of calls were answered within 45 seconds and average wait time was 5 seconds.

Contracts Executed Under Chief Executive Officer's Authority

A list of non-energy contracts executed under the CEO's signing authority is provided in Attachment 3. The list includes all open contracts as well as all contracts, open or completed, executed in the past 12 months.

ATTACHMENTS

1. February Financial Dashboard
2. Overall Participation Rates by Jurisdiction
3. Non-Energy Contracts Executed under CEO's Authority

Financial Dashboard

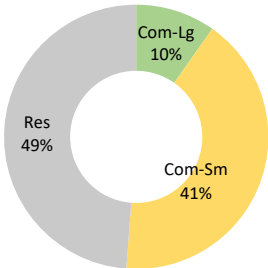
YTD
Feb
2022

Active Accounts
998,236

Participation Rate
95.79%

YTD Sales Volume
7,814 GWh

Feb Sales Volume
815 GWh



Summary of Financial Results

| in \$000,000's | February | | | | Year- to- Date | | | |
|----------------------|----------|--------|------|-------|----------------|--------|-------|------|
| | Actual | Budget | Var | % | Actual | Budget | Var | % |
| Energy Revenues | 49.5 | 58.0 | -8.5 | -15% | 597.5 | 623.4 | -25.8 | -4% |
| Cost of Energy | 55.3 | 57.2 | -1.9 | -3% | 557.3 | 629.8 | -72.5 | -12% |
| Net Energy Revenue | -5.8 | 0.8 | -6.6 | -809% | 40.2 | -6.5 | 46.7 | 721% |
| Operating Expenses | 2.4 | 2.7 | -0.3 | -10% | 18.3 | 21.7 | -3.3 | -16% |
| Net Operating Income | -8.2 | -1.8 | -6.3 | -346% | 21.9 | -28.1 | 50.0 | 178% |

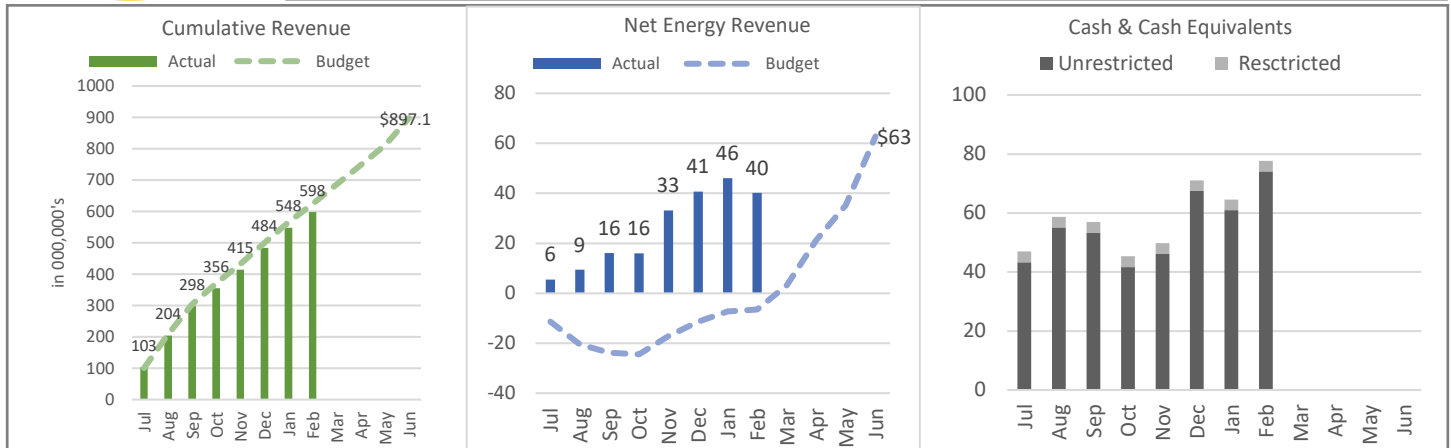
Note: Numbers may not sum up due to rounding.

CPA recorded an operating loss of \$8.2 million in February 2022. The operating loss was \$6.3 million more than the budgeted operating loss of \$1.8 million. For the year to date, CPA recorded an operating income of \$21.9 million, \$50 million more than the budgeted, year-to-date operating loss of \$28.1 million.

Revenue was lower than budgeted in February due to a \$7.2 million over accrual of revenue in January that was reversed in February. Absent the January revenue reversal, CPA would have recorded a \$700k loss in Feb, \$1.1 million lower than a budgeted loss of \$1.8m. For the year to date, operating costs were lower than budgeted operating costs primarily because of lower staffing costs resulting from delayed hiring and staff turnover, the performance of services later in the year than budgeted, and the non-utilization of contingencies.

As of February 28, 2022, CPA had \$74.1 million in unrestricted cash and cash equivalents, and \$79.853 million available on its bank line of credit. CPA repaid \$10 million of its \$30 million loan from the County of Los Angeles in February 2022. The remaining \$20 million loan outstanding is repayable in June 2022. In February 2022 CPA received and applied to customer bills approximately \$15 million of funding from the California Arrearage Payment Program (CAPP).

CPA is in sound financial health and in compliance with its bank and other credit covenants.



Definitions:

Accounts: Active Accounts represent customer accounts of active customers served by CPA per Calpine Invoice.

Participation Rate %: Participation Rate represent active accounts divided by eligible CPA accounts

YTD Sales Volume: Year to date sales volume represents the amount of energy (in gigawatt hours) sold to retail customers

Revenues: Retail energy sales less allowance for doubtful accounts

Cost of energy: Cost of energy includes direct costs incurred to serve CPA's load

Operating expenses: Operating expenditures include general, administrative, consulting, payroll and other costs required to fund operations

Net operating income, also known as earnings before interest, depreciation and amortization (EBIDA), represents the difference between revenues and expenditures before depreciation expense, interest income and expense, and capital expenditures

Cash and Cash Equivalents: Includes cash held as bank deposits.

Year to date (YTD): Represents the fiscal period beginning July 1, 2021

Participation by City and County

| Jurisdiction | Default Option | Active Accounts | Participation Rate | Lean % | Clean % | 100% Green % |
|-----------------------|----------------|-----------------|--------------------|--------|---------|--------------|
| Agoura Hills | 100% Green | 8,138 | 94.0% | 1.94% | 0.37% | 97.69% |
| Alhambra | Clean | 33,834 | 97.8% | 1.49% | 98.12% | 0.39% |
| Arcadia | Lean | 22,400 | 97.6% | 99.77% | 0.10% | 0.13% |
| Beverly Hills | Clean | 18,624 | 99.3% | 1.63% | 98.23% | 0.15% |
| Calabasas | 100% Green | 9,717 | 97.0% | 1.34% | 0.30% | 98.36% |
| Camarillo | Lean | 28,328 | 95.5% | 99.12% | 0.27% | 0.60% |
| Carson | Clean | 29,177 | 97.1% | 1.30% | 97.73% | 0.97% |
| Claremont | Clean | 12,594 | 94.7% | 2.33% | 96.97% | 0.69% |
| Culver City | 100% Green | 19,160 | 97.5% | 4.09% | 1.15% | 94.77% |
| Downey | Clean | 36,643 | 97.1% | 1.49% | 98.08% | 0.43% |
| Hawaiian Gardens | Clean | 3,616 | 96.7% | 1.22% | 98.01% | 0.77% |
| Hawthorne | Lean | 28,406 | 98.8% | 98.95% | 0.10% | 0.95% |
| Los Angeles County | Clean | 297,211 | 95.7% | 1.77% | 97.61% | 0.62% |
| Malibu | 100% Green | 6,896 | 96.7% | 2.94% | 0.54% | 96.52% |
| Manhattan Beach | 100% Green | 15,391 | 98.1% | 2.62% | 0.41% | 96.97% |
| Moorpark | Clean | 11,400 | 89.4% | 3.02% | 96.41% | 0.57% |
| Ojai | 100% Green | 3,486 | 93.0% | 6.02% | 1.35% | 92.63% |
| Oxnard | 100% Green | 55,184 | 96.1% | 4.06% | 0.45% | 95.48% |
| Paramount | Lean | 15,575 | 98.4% | 98.85% | 0.10% | 1.05% |
| Redondo Beach | Clean | 33,211 | 98.9% | 1.92% | 97.68% | 0.40% |
| Rolling Hills Estates | 100% Green | 3,451 | 96.4% | 7.16% | 14.98% | 77.86% |
| Santa Monica | 100% Green | 53,745 | 98.7% | 3.54% | 0.71% | 95.75% |
| Sierra Madre | 100% Green | 4,965 | 94.3% | 5.40% | 1.59% | 93.01% |
| Simi Valley | Lean | 43,137 | 93.2% | 99.66% | 0.13% | 0.21% |
| South Pasadena | 100% Green | 11,625 | 97.5% | 3.69% | 10.96% | 85.35% |
| Temple City | Lean | 12,535 | 97.1% | 99.81% | 0.06% | 0.14% |
| Thousand Oaks | 100% Green | 44,055 | 88.8% | 8.28% | 1.69% | 90.03% |
| Ventura | 100% Green | 43,536 | 93.8% | 4.95% | 1.27% | 93.79% |
| Ventura County | 100% Green | 32,186 | 85.9% | 6.45% | 1.24% | 92.31% |
| West Hollywood | 100% Green | 26,282 | 99.8% | 2.41% | 0.37% | 97.22% |
| Westlake Village | Lean | 3,708 | 87.7% | 99.60% | 0.05% | 0.35% |
| Whittier | Clean | 30,737 | 96.0% | 1.86% | 97.72% | 0.42% |
| Total | | 998,953 | 95.6% | | | |

Overall Participation by Default Option

| Default Option | Participation Rate | Default Option | Active Accounts | % of Active |
|----------------|--------------------|----------------|-----------------|----------------|
| 100% Green | 95.2% | 100% Green | 337,817 | 33.82% |
| Clean | 96.3% | Clean | 507,047 | 50.76% |
| Lean | 95.5% | Lean | 154,089 | 15.43% |
| Total | 95.6% | Total | 998,953 | 100.00% |

| Clean Power Alliance | | | | | |
|--|---|---------------|-------------------|---------------|--|
| Non-energy contracts executed under Chief Executive Officer authority | | | | | |
| Rolling 12 months -- Open contracts shown in Bold | | | | | |
| Vendor | Purpose | Month | NTE Amount | Status | Notes |
| Lattice | Performance management software | April 2022 | \$9,000 | Active | |
| Active San Gabriel Valley | Grant for community-based outreach | April 2022 | \$8,000 | Active | |
| MERITO | Grant for community-based outreach | April 2022 | \$8,000 | Active | |
| LinkedIn | Subscription for recruiting tools | March 2022 | \$34,306 | Active | |
| MCM | Municipal advisory services | March 2022 | \$125,000 | Active | |
| Pinnacle | AV maintenance/service plan | March 2022 | \$25,273 | Active | |
| Gridwell | Resource adequacy training | February 2022 | \$2,000 | Active | |
| Abbot, Stringham and Lynch | IT compliance reporting for CPUC | February 2022 | \$8,500 | Active | |
| California Science Center | Event space rental for Staff Retreat | February 2022 | \$6,440 | Active | |
| Orange Grove Consulting | DEI implementation planning services | February 2022 | \$105,750 | Active | |
| Zoe Misquez | Filing lobbying compliance forms | January 2022 | \$500 | Active | |
| Critical Mention, Inc. | Media monitoring service | January 2022 | \$6,000 | Active | |
| | | | | | Original Contract Date: November 2021 NTE \$20,000 Amendment 1 - \$0, to clarify fee structure |
| Clear Language Company | Minute transcription for board meetings | January 2022 | \$0 | | |
| PR Web/Cision | Media/PR wire distribution services | January 2022 | \$3,060 | Active | |
| Ironclad | Contract lifecycle management platform | January 2022 | \$22,000 | Active | |
| | | | | | Original Contract Date: October 2020 NTE \$120,000 Amendment 1 - NTE increased to \$128,000 First Renewal Term extends through 10/20/2022 |
| Langan | GIS services/web browser tool | December 2021 | \$8,000 | Active | |
| Maria Shafer | Minute transcription for board meetings | November 2021 | \$20,000 | Active | |
| | | | | | Original Contract Date: November 2020 NTE \$12,000 Amendment 1 - NTE increased to \$32,500 Extends through 5/29/2022 |
| Informal Development | Website repair, development, & as-needed maintenance | November 2021 | \$20,500 | Active | |
| Clear Language Company | Minute transcription for board meetings | November 2021 | \$20,000 | Active | |
| | | | | | Original Contract Date: May 2020 NTE \$71,240 Amendment 1: authorized first renewal term and increased NTE to \$102,560 Amendment 2: increased NTE to \$108,060 |
| NewGen Strategies and Solutions, LLC | Regulatory Support for 2021 ERRA forecast proceedings | November 2021 | \$5,500 | Active | |

| Clean Power Alliance | | | | | |
|--|--|----------------|-------------------|---------------|--|
| Non-energy contracts executed under Chief Executive Officer authority | | | | | |
| Rolling 12 months -- Open contracts shown in Bold | | | | | |
| Vendor | Purpose | Month | NTE Amount | Status | Notes |
| Omni Government Relations & Pinnacle Advocacy, LLC | Lobbying Services | November 2021 | \$125,000 | Active | Original Contract Date: December 2019 NTE \$108,000 Amendment #1 - first renewal term authorized November 2020, NTE \$108,000 Amendment #2 - second (final) renewal authorized, extends through December 5, 2022, new NTE \$125,000 |
| MK Partners | Integration services for Salesforce SW | October 2021 | \$7,995 | Active | |
| Sigma Computing, Inc. | Business intelligence & analytics software tool | October 2021 | \$10,000 | Active | |
| MRW & Associates | Extension of ratemaking services contract | October 2021 | \$35,000 | Active | Original Contract Date: December 2020 NTE \$90,000 Amendment #1 - NTE increased to \$125,000 Extends through 12/2/2022 (renewals authorized) |
| Ross Associates | Consulting services for leadership training | October 2021 | \$50,000 | Active | |
| Salesforce | Stakeholder Relationship Management application subscription | September 2021 | \$15,300 | Active | |
| Clean Energy Counsel LLP | Extension of legal services agreement | September 2021 | \$30,000 | Active | Original Contract Date: November 2020 NTE \$355,000 Amendment #1 - NTE increased to \$385,000 in July 2021 Extends through 11/6/2021 (renewals authorized) |
| Elite Edge Consulting | Extension of consulting agreement for accounting services | September 2021 | \$120,000 | Active | Original Contract Date: September 2020 NTE \$112,000 Amendment #1 - NTE for renewals increased to \$120,000 in September 2020 Amendment #2 - First renewal authorized July 2021 - Extends through 6/30/2022 |
| CV Resources | Recruiting Services | September 2021 | N/A | Active | 20% of starting salary upon hiring an exclusively referred candidate |

| Clean Power Alliance | | | | | |
|--|--|----------------|-------------------|---------------|--|
| Non-energy contracts executed under Chief Executive Officer authority | | | | | |
| Rolling 12 months -- Open contracts shown in Bold | | | | | |
| Vendor | Purpose | Month | NTE Amount | Status | Notes |
| Oscar Associates LLC | Recruiting Services | September 2021 | N/A | Active | 30% of starting salary upon hiring an exclusively referred candidate |
| Abbot, Stringham and Lynch | 2020 CEC Power Source Disclosure Audit | August 2021 | \$16,700 | Active | Includes two optional renewals for years 2021 and 2022 |
| Bradsby Group | Recruiting Services | August 2021 | N/A | Active | 25% of starting salary upon hiring an exclusively referred candidate |
| Pickit | Digital Asset Management | August 2021 | \$2,400 | Active | Annual Subscription |
| Chapman & Cutler, LLP | 2021 Legal Services (CPA's Credit Agreement) | August 2021 | \$35,000 | Active | Original Contract Date: 3/1/21 NTE \$20,000 Amendment #1 - NTE increased to \$55,000 Extends through 4/30/22, auto-renew |
| Knowledge City | Employee Training | July 2021 | \$7,251 | Active | Licenses for employee training Extends through 6/30/2022 |
| Clever Creative Inc. | CPA Brand Audit and Design Refresh | May 2021 | \$5,000 | Completed | Original Contract Date: January 2021 NTE \$50,000 Amendment #1 - NTE increased to \$55,000 in May 2021 - Extends through 6/30/21 |
| (W)right On Communications, Inc. | On-call External Affairs support services | May 2021 | \$8,000 | Completed | Original Contract Date: January 2021 NTE \$50,000 Amendment #1 - NTE increased to \$58,000 in May 2021 - Extends through 6/15/21 |
| Polsinelli, LLP | Legal Service Agreement (Employment, Compliance, General Legal Support related to Commercial Liability, Risk, and Mitigation issues) | April 2021 | \$75,000 | Active | Amendment #2 to original Agreement executed on March 8, 2019 |
| AccuWeather Enterprise Solutions | Professional Forecasting Weather Services | April 2021 | \$4,800 | Active | Addendum to April 2020 Agreement. Extended through March 2023 at \$400/mo |

| Clean Power Alliance | | | | | |
|--|---|----------------|-------------------|---------------|---|
| Non-energy contracts executed under Chief Executive Officer authority | | | | | |
| Rolling 12 months -- Open contracts shown in Bold | | | | | |
| Vendor | Purpose | Month | NTE Amount | Status | Notes |
| Shute, Mihaly & Weinberger, LLP | Legal Service Agreement (Regulatory, Administrative, Environmental, Energy Procurement, Public Contracting, Public Entity Governance Laws, Issues and/or Proceedings) | April 2021 | \$65,000 | Active | |
| OpenPath | New Office Keycard Access Control System | January 2021 | \$1,500 | Active | |
| Prime Government Solutions, Inc. | Board and committee meeting agenda management software | December 2020 | \$16,000 | Active | |
| ProComply, Inc. | Energy regulation compliance training | October 2020 | \$5,000 | Active | |
| Crown Castle Fiber LLC | New Office Dedicated Internet Access Service | September 2020 | \$ 18,600 | Active | |
| NextLevel Internet, Inc. | New Office High Speed Internet Service | September 2020 | \$ 6,936 | Active | |
| Windstream Services, LLC | New Office Telephone Service | September 2020 | \$ 14,095 | Active | |
| Zero Outages | New Office Security, Firewall, & Wi-Fi Service | September 2020 | \$ 7,608 | Active | |
| Burke, Williams, Sorenson, LLP | Legal Services Agreement (Brown Act, public entity governance issues and other legal services) | July 2020 | \$ 100,000 | Active | |
| Hall Energy Law PC | Energy Procurement Counsel | July 2020 | \$ 125,000 | Active | |
| Adobe Inc. | AdobeSign Secure Electronic Signature Service | June 2020 | \$ 3,200 | Active | |
| Davis Wright Tremaine, LLP | Legal Services Agreement (Regulatory Assistance) | April 2020 | \$ 90,000 | Active | 1st Amendment in October 2020 to increase the NTE from \$4,000 to \$35,000. 2nd Amendment in March 2021 to increase the NTE from \$35,000 to \$125,000. |
| Snowflake Inc. | Cloud-Native Elastic Data Warehouse Service | April 2020 | \$ 36,000 | Active | |
| Inventure Recruitment | Ongoing Recruitment Services | October 2019 | \$ 120,000 | Active | Renewed for 2021 at same amount |



Commonly Used Acronyms

| | |
|---------|--|
| BESS | Battery Energy Storage System |
| CAC | Community Advisory Committee |
| CAISO | California Independent System Operator |
| CALCCA | California Community Choice Association |
| CalEVIP | California Electric Vehicle Incentive Program |
| CARB | California Air Resources Board |
| CARE | California Alternate Rates for Energy (Low Income Discount Rate) |
| CCA | Community Choice Aggregation |
| CEC | California Energy Commission |
| CPUC | California Public Utilities Commission |
| DA | Direct Access (Private Retail Energy Supplier) |
| DAC | Disadvantaged Community (As Defined by Calenviroscreen 3.0) |
| DER | Distributed Energy Resources |
| DR | Demand Response |
| ERMP | Energy Risk Management Policy |
| ERRA | Energy Resource Recovery Account (SCE Generation Rate Setting) |
| ESA | Energy Storage Agreement |
| EVSE | Electric Vehicle Supply Equipment (EV Charger) |
| FERA | Family Electric Rate Assistance (Low Income Discount Rate) |
| GHG | Greenhouse Gas |
| IOU | Investor Owned Utility |
| IRP | Integrated Resource Plan |
| JPA | Joint Powers Authority |



Commonly Used Acronyms

| | |
|------|--|
| Kwh | Kilowatt-Hour (A Measure of Energy Used in A One-Hour Period) |
| Kw | Kilowatt = 1,000 Watts (Watt = A Measure of Instantaneous Power) |
| LSE | Load Serving Entity |
| MB | Medical Baseline (Discount Rate for Medical Equipment Needs) |
| MW | Megawatt = 1,000 Kilowatts |
| Mwh | Megawatt-Hour = 1,000 Kilowatt-Hours |
| NEM | Net Energy Metering (Usually for Customers with Solar) |
| OAT | Other Applicable Tariffs |
| PCIA | Power Charge Indifference Adjustment (Can Be Called "Exit Fee") |
| PCC1 | Renewable Energy Generated Inside California |
| PCC2 | Renewable Energy Generated Outside California |
| PCC3 | A REC from A Renewable Resource, Delivered Without Energy |
| PCL | Power Content Label |
| POU | Publicly Owned or Municipal Utility |
| PPA | Power Purchase Agreement |
| PSPS | Public Safety Power Shutoff |
| PV | Photovoltaic (Solar) Panels |
| RA | Resource Adequacy |
| REC | Renewable Energy Credit |
| RPS | Renewables Portfolio Standard |
| T&D | Transmission and Distribution |
| TOU | Time Of Use (Used to Refer to Rates that Differ by Time Of Day) |
| WECC | Western Electricity Coordinating Council |