



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

NOTICE OF MEETING

Board Of Directors

NOTICE IS HEREBY GIVEN by the undersigned, as the Executive Director of the Southern California Public Power Authority, that a regular meeting of the Board of Directors is to be held as follows:

Thursday, November 15, 2018

10:00 AM

Los Angeles Department of Water and Power
Executive Conference Room 1514
111 N Hope ST | Los Angeles, California 90012
(213) 367-4668

The following matters are the business to be transacted and considered by the Board of Directors:

1. NOTICE / AGENDA AND OPPORTUNITY FOR THE PUBLIC TO ADDRESS THE BOARD

Members of the public may address the Board at this time on any item on today's agenda or any other item that is within the subject matter jurisdiction of the Board. Comments from members of the public shall be limited to three (3) minutes unless additional time is approved by the board. Any member of the Board may request that items on the agenda be taken out of order, or that items be added to the agenda pursuant to the provisions of Section 54954.2(b) of the California Government Code.

2. CONSENT CALENDAR

All matters listed under the Consent Calendar are considered to be routine and will all be enacted by one motion. There will be no separate discussion of these items prior to the time the Board votes on the motion, unless one or more board members, staff or the public request that specific items be discussed and/or removed for separate discussions or action.

A. Minutes of the Board of Directors

For October 18, 2018

B. Minutes of the Board of Directors (Special)

For October 18, 2018

C. Quarterly Investment Report

For September 2018

D. Monthly Investment Report

For September 2018

E. Resolution 2018-097

Approval of a Goods and Services Agreement with Alternative Energy Systems Consulting Inc.

F. Resolution 2018-098

Approval of a Goods and Services Agreement with DNV GL Energy Services USA, Inc.

G. Resolution 2018-099

Approval of a Master Professional Services Agreement with the Alliance for Sustainable Energy LLC.

H. Resolution 2018-100

Approval of a Participation Agreement with LADWP for Advanced Metering Services.

I. Resolution 2018-101

Approve Professional Services Agreement with Michael Bell Management Consulting, Inc., to serve as interim Chief Financial Officer.

J. Resolution 2018-102

Approval of an Amendment to the Personal Services Agreement with Ramon Redondo.

K. Resolution 2018-103

Authorizing the execution and submission of a compliance filing to the California Energy Commission pursuant to the requirements of the California Emissions Performance Standard Regulations for the Mammoth Casa Diablo IV Energy Project.

3. EXECUTIVE DIRECTOR'S REPORT

The Executive Director will report on activities since the last Board Meeting.

- Strategic Objectives

4. CHIEF FINANCIAL AND ADMINISTRATIVE OFFICER'S REPORTS

The Chief Financial Officer will report on the status of current financing activities. Topics include:

- Pension and Other Post-Employment Benefits (OPEB) Report
- Magnolia Swap Suspension Update

A. Finance Committee Minutes

For October 1, 2018

5. DIRECTOR OF ASSET MANAGEMENT AND SPECIAL PROJECTS' REPORTS

The Director of Project Administration will report on project-related staff and agent activities. Topics include:

- San Juan Project Refunds to the SCPA Members for annual budget overcollection, investment earnings, and reserve fund disbursements.

A. Project Reports

- MPP Operations Report 10-2018
- Palo Verde Status Report 11-2018

6. DIRECTOR OF GOVERNMENT AFFAIRS' REPORTS

The Director of Government Affairs will report on regional, state, and/or federal legislative and regulatory activities affecting Southern California public power utilities including: climate change and air quality, wildfires, renewable energy and traditional energy resources, transportation and building electrification, alternative energy supplies, resource planning, market and utility operations, and joint powers agreements.

- Post-Election Analysis
- Emerging Regulatory And Legislative Issues
- GHG Cap and Trade Regulations
- California Energy Commission Update and Roundtable – Chairman Weisenmiller

A. SCPA Monthly Federal Legislative Report

7. DIRECTOR OF RESOURCE AND PROGRAM DEVELOPMENT'S REPORTS

The Director of Resource and Program Development will report on current activities, including renewable energy project development, resource planning issues, Public Benefits, and smart grid. Topics include:

- 100% Clean Energy Study – National Renewable Energy Laboratory (NREL)

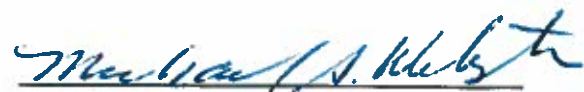
8. ROUNDTABLE DISCUSSION

Opportunity for Board Members to bring up informational items or request that an item be added to a future Board Agenda.

9. CLOSED SESSION

- **Security:** Consultation with Michael S. Webster, Executive Director, and Richard J. Morillo, General Counsel regarding security issues pertaining to the essential public services (water and electric service), pursuant to Section 54957 (a) of the California Government Code.
- **Potential Litigation:** Conference with legal counsel regarding the potential initiation of litigation pursuant to subdivision (c) of section 54956.9 of the California Government Code (one potential case).
- **Potential Litigation:** Conference with legal counsel regarding significant exposure to litigation pursuant to subdivision (b) of section 54956.9 of the California Government Code (one potential case).

The Authority upon request will provide reasonable accommodation to the disabled to ensure equal access to its meetings. To ensure availability, such request should be made 48 hours in advance by contacting the Authority at (626) 793-9364 during business hours.

A handwritten signature in blue ink, reading "Michael S. Webster", is positioned above a horizontal line.

MICHAEL S. WEBSTER

Executive Director
Southern California Public Power Authority

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

A regular meeting of the Board of Directors was held on November 15, 2018 at the offices of the Los Angeles Department of Water and Power, 111 N. Hope St., Los Angeles, California 90012.

This meeting was called to order at 10:00 AM by the President.

The following Board Members (B) and Alternates (A) were present: Dukku Lee (B), Manny Robledo (B), Stephen Zurn (B), David Wright (B), Gurcharan Bawa (B), Todd Jorgenson (B)

Graham Bowen (A), Bob Liu (A), Lincoln Bleveans (A), Vince Brar (A), Rebecca Gallegos (A), Henry Martinez (A), Reiko Kerr (A), Eric Klinkner (A), Daniel Garcia (A), Angela Kimmey (A)

Staff Members present were: Michael Webster, Ted Beatty, Richard J. Morillo, Katherine Ellis, Daniel Hashimi, Joanna Lopez, Amy Mmagu

Attorneys, Member Employees, and Consultants present were: Yolanda Pantig (SCPPA-Downtown), Peter Huynh (SCPPA-Downtown), Mike Bell (Michael Bell Management Consulting), Stephen Cole (Norton Rose Fulbright), Victor Hsu (Norton Rose Fulbright), Eldon Cotton (Consultant), Anthony Samson (Arnold & Porter Kaye Scholer), Tatum Holland (Arnold & Porter Kaye Scholer), Robert Weisenmiller (CEC), Aaron Bloom (NREL), Ray Burgess (Public), Eric Montag (LADWP)

1. Notice/Agenda and Opportunity for the Public to Address the Board

Mr. Lee offered the public an opportunity to address the Board. There being no request to do so, the Board proceeded to the Consent Calendar.

2. Consent Calendar

- Board Meeting Minutes from October 18, 2018
- Special Board Meeting Minutes from October 18, 2018
- Quarterly Investment Report for September 2018
- Monthly Investment Report for September 2018

- **Resolution 2018-097** – Approval of a Goods and Services Agreement with Alternative Energy Systems Consulting, Inc.
- **Resolution 2018-098** – Approval of a Goods and Services Agreement with DNV GL Energy Services USA, Inc.
- **Resolution 2018-099** – Approval of a Master Professional Services Agreement with Alliance for Sustainable Energy, LLC.
- **Resolution 2018-100** – Approval of a Participation Agreement with LADWP for Advanced Metering Services.
- **Resolution 2018-101** – Approve Professional Services Agreement with Michael Bell Management Consulting, Inc to serve as interim Chief Financial Officer.
- **Resolution 2018-102** – Approval of an Amendment to the Professional Services Agreement with Ramon Redondo.
- **Resolution 2018-103** – Authorizing the execution and submission of a compliance filing to the California Energy Commission pursuant to the requirements of the California Emissions Performance Standard Regulations for the Mammoth Casa Diablo IV Energy Project.

The consent calendar was approved as follows:

Moved By: **David Wright**

Seconded By: **Gurcharan Bawa**

Unanimously Approved

3. Executive Director's Report

Mr. Webster reported to the Board on the progress of the SCPPA Strategic Objectives.

Mr. Webster highlighted the Legislative Working Group Meeting where the whitepaper item listed on page one of the SCPPA Strategic Objectives was discussed. Mr. Webster noted the progress of the whitepaper and stated that the final version will be passed at the upcoming CMUA Capitol Day and APPA Legislative Rally events. Mr. Webster reminded the Board of the importance of their staff in coordinating these efforts to ensure the whitepaper data is reflective of their efforts.

Mr. Webster announced the distribution of the 2019 SCPPA Annual Conference Save The Date. Mr. Webster noted the importance of the conference in discussing the road to 100% clean energy, smart cities, and electric transportation infrastructure.

STAFF REPORTS

4. Chief Financial & Administrative Officer's Report

Responding to the Board's request from the previous Board of Director's meeting, Mr. Bell provided the Board with the Pension and Other Post-Employment Benefits (OPEB) Report. Mr. Bell noted the Board adoption of Resolution 2014-114 that established the goal of funding 100% of the OPEB obligations with a minimum of 80% over a reasonable period of time. Mr. Bell stated that as the last fiscal year end, July 30, 2017, the pension was at 78%; which, indicates an \$805,000 underfunding. In accordance with the resolution adopted by the Board, the actuary has identified payments needed to reach the 100% status and SCPPA is making those contributions. Mr. Bell noted the CalPers lowered their investment assumption from 7.5% to 7%, which has impacted the funding level. Mr. Bell also highlighted that the retiree medical benefits are not on a pay as you go basis, which has resulted in the 2019 payment of \$13,864. Mr. Bell detailed that SCPPA is following the direction of resolution 2014-114 and will continue to make contributions to meet the 100% goal. Mr. Webster made a comment that the initial resolution stated 80% and that the pay as you go for OPEB is the appropriate way too move forward and that the appropriate reporting was made to the Board as stated in the resolution.

Mr. Bell updated the Board on the Magnolia Swap Suspension, highlighting that the RBC swap was suspended on November 8, 2018 and provided an overall savings of \$1,386,000. Mr. Bell noted the Barclay's swap has not yet been suspended but will be forthcoming in the next couple weeks. Mr. Bell identified the delay in the process as being a result of the European Union reporting requirements producing additional efforts.

Mr. Bell asked for a motion to file and receipt Finance Committee Meeting Minutes from October 1, 2018.

The Finance Committee Minutes were approved as follows:

Moved By: **Manny Robledo**

Seconded By: **Gurcharan Bawa**

Unanimously Approved

5. Director of Asset Management and Special Projects' Report

Ms. Ellis provided the Board with an update on the Palo Verde Project noting the unit 2 Fall outage beginning on October 7, 2018. Ms. Ellis detailed the outage time as being over 48 days with full power expected to occur over the Thanksgiving weekend. Ms. Ellis stated her willingness to help facilitate the plant schedules for the traders who are trying to procure replacement power. Ms. Ellis noted that the Arizona proposition 127 ballot measure constitutional amendment to achieve 50% RPS did not pass.

Ms. Ellis discussed the total San Juan Refunds to be returned to Member participants as being \$16 million. Cash and investments totaled \$6 million, and contingency \$9.8 million. Ms. Ellis noted the funding curve change for the San Juan trust fund, which resulted in SCPPA need to contribute an additional \$400,000. Ms. Ellis stated that each Member

participant's shares of the \$400,000 would be deducted from the refund amount and are expected to be transferred on December 8, 2018.

Ms. Ellis provided the board with a fiscal year end 2017-18 project budget performance update. Ms. Ellis identified the total project budgets as being \$856 million, with actual expenditures being about \$807 million. Ms. Ellis highlighted the biggest variances by category as being traditional geothermal and wind, noting that the variances within those categories were mostly attributed to Palo Verde, three new geothermal facilities, lower than expected generation at Windy Flats and Milford II respectively. Ms. Ellis provided the Board with a preview of the new consolidated document that summarizes the quarterly budget comparisons which will replace the previous individual budget documents. Ms. Ellis noted the benefit in using the new document for compare project performance.

6. Director of Government Affairs' Report

Anthony Samson of Arnold and Porter Kaye Scholer discussed the post-election results and analysis of those outcomes. Mr. Samson noted the blue wave on the federal and state level. Mr. Samson also highlighted the Democrat supermajority in the California State Senate and the potential for levy taxes, proposed constitutional amendments, and ability to create emergency bills. Mr. Samson announced the incoming Governor, Gavin Newsom, as coming in with a budget surplus which may help him move an ambitious agenda without levying tax increases. Mr. Samson also noted Governor Newsom's focus areas: early childhood education, homelessness, housing, universal care. Mr. Samson stated that it is unclear what position Newsom will take in relation to matters affecting SCPA; however, his staff has been briefed on regionalization. Newsom has announced his staffers

Mr. Samson introduced Tatum Holland to present on the new senators in SCPA delegation and how those elected may affect issues pertaining to SCPA. Ms. Holland announced the Senators as: Susan Rubio, Maria Elena Durazo, and Bob Archuleta. Ms. Holland identified their areas of focus as being education, workers' rights and labor issues, and veterans' issues and local control issues, respectively. Ms. Holland noted the 2018 Assembly election highlights Christie Smith winning AD 38 (Santa Clarita) and AD 60 (Riverside) being a tight race between Sabrina Cervantes and Bill Essayli. Ms. Holland noted that many of the incumbents would be unfamiliar with public power and that it would be a good opportunity for members to educate them on this matter.

Ms. Mmagu provided the Board with a discussion on the emerging Regulatory and Legislative issues with the pending results of the election. Ms. Mmagu emphasized the importance of the legislative whitepaper in informing the incumbents on the importance of public power. Ms. Mmagu identified the potential upcoming bill issues as being wildfires, utility liability reform, procurement mandates, pumped storage, grid regionalization and the Public Utilities Commission decision on the PCIA – CCA looking to reverse that decision. Ms. Mmagu mentioned the Wildfire committee being formed under SB 109 to discuss a holistic approach on wildfires. Ms. Mmagu clarified that SCPA cannot participate in this committee as a public utility representative has not yet been appointed. Ms. Mmagu noted that SCPA is working with CMUA and APPA to put together a letter to send to the

legislature urging them to appoint a public utility representative. Ms. Mmagu provided the Board with an update on the GHG Cap-and-Trade Regulations.

7. Roundtable Discussion

The Board President asked for a change in the order of agenda items to move the Roundtable Discussion before the CEC Chairman presentation and the Director of Resource and Program Development's Report.

Board Members were given a two-minute opportunity to bring up informational items or request that an item be added to a future Board Agenda.

Mr. Wright asked for a joint legislative Board Meeting to facilitate a discussion between the General Managers and legislators on developing a legislative platform. Mr. Webster re-informed the Board of the regularly scheduled Board of Director's meeting in January which is to be held with the legislative working group in attendance. Mr. Webster noted that the discussion will be substantial in covering state and federal affairs. The Board agreed to discuss the matter further during the January meeting.

The California Energy Commission Chairman Robert Weisenmiller provided the Board with an update and roundtable discussion on the California Energy Commission. Mr. Weisenmiller noted the state's energy policy targets on climate change as having the primary objective of reducing greenhouse gas emissions. Mr. Weisenmiller highlighted the greenhouse gas emissions inventory as decreasing by 10.7 percent in 2017 due to the increase in solar, wind, and hydroelectric power generation. Mr. Weisenmiller compared these generation rates with the 2016 year and highlighted the 50 percent increase of hydroelectric power and 22 percent increase in grid-scale solar generation. Mr. Weisenmiller emphasized that the fossil generation is adjusted down as the renewables increase. Mr. Weisenmiller discussed California's climate change impacts as being a decline in snowpack and an expected increase in wildfires. Mr. Weisenmiller emphasized that adaptation needs will be less if the global greenhouse gas emissions are greatly reduced. Mr. Weisenmiller addressed the Integrated Resource Plan process for publicly owned utilities, renewables portfolio standard compliance and Energy Commission data collection initiatives.

8. Director of Resource and Program Development's Report

Eric Montag of the Los Angeles Department of Water & Power introduced Aaron Bloom of The National Renewable Energy Laboratory (NREL). Mr. Montag noted that the 100% Clean Energy Study was a motion that derived from the City Council. Mr. Bloom provided the Board with a presentation on the NREL 100% Renewable Energy Study. Mr. Bloom discussed the four phase approach to reaching 100% renewable energy by 2020: (Phase 1 - 2017) launch and organization, (Phase 2 - 2018) scenarios, (Phase 3 - 2019) analysis and modeling, (Phase 4 - 2020) final report.

9. Closed Session

The President declared an end to the public portion of the meeting and the Board then went into closed session to discuss the items listed on the meeting notice. The meeting was adjourned at **1:10 PM** by the Board at the conclusion of the closed session discussion.

Respectfully Submitted,

David H. Wright
Secretary