

Butte Choice Energy Authority

Special Meeting of the Board of Directors

Wednesday, August 26, 2020

5:30 pm

326 Huss Lane, Chico, CA 95928

Board members may be present via teleconference or in person.

Members of the Public may view the meeting and comment as set forth below.

Members of the public will NOT be permitted to enter the meeting site.

Coronavirus (COVID-19) Advisory Notice: The health and safety of community members, public officials and employees is a top priority for BCEA. In compliance with local and state Public Health stay at home orders currently in effect, and as authorized by Executive Orders N-25-20 and N-29-20, the members of the BCEA Board and BCEA staff will be participating in person, electronically, or via teleconference in this meeting. The public will not be permitted to attend at the meeting site to comply with Public Health Orders and social distancing rules. Members of the public are encouraged to participate remotely from a safe location in the manner described below. Please note: should the stay at home orders change prior to this meeting, this agenda will be updated. Please check back on August 26 for any changes.

Remote Public Participation:

A) How to watch the meeting via YouTube:

- a) From your on-line location,
<https://www.youtube.com/channel/UCHidik5N5lu0dU8NwhK3hIw>. Please note there may be a several second delay when you view the livestream webcast.

B) How to provide public comment:

- a) Before the meeting: email your comments to ButteChoiceEnergyCOB@buttecounty.net no later than noon on Wednesday, August 26, 2020 and they will be forwarded to the Board and included in the public record. Be sure to include the agenda item number you are addressing, as well as your full name and address.
- b) During the meeting: email your comment to ButteChoiceEnergyCOB@buttecounty.net and your comment will be read verbatim into the record.

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 ButteChoiceEnergyCOB@buttecounty.net as soon as possible to ensure arrangements for accommodation.

1. Call to Order

2. Public Comment For Items on the Agenda

Under State law, public comment at special meetings is limited to items that are listed on the agenda. Public comments on matters listed on the agenda shall be at the time the matter is called. Public comments from members of the public that are read at this meeting will be limited to 300 words.

3. **Agenda**

a. **Filing with the CPUC to Request Decertification/Deregistration of Butte Choice Energy's Implementation Plan**

Requested Action: Approve filing with the CPUC to de-certify/de-register BCE's implementation plan for a 2021 program launch.

b. **Credit Update and Discussion of 2020 Key Dates and Decision Points**

Requested Action: Receive information and provide direction to staff regarding immediate next steps and go/no-go decision points over the coming months for a potential 2022 launch.

4. **Board Member and Staff Announcements**

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

5. **Adjournment**

Public records that relate to any item on the open session agenda for this special Board meeting are available on the BCEA website at www.buttechoiceenergy.org. Public records that are distributed less than 24 hours prior to the meeting will be posted for public review at the same time they are distributed to all members, or a majority of the members of the Board.

BUTTE CHOICE ENERGY AUTHORITY

Staff Report – Item 3a

To: Butte Choice Energy (BCE) Board of Directors

From: Brian Ring, BCE Interim Co-Executive Officer and Assistant Chief Administrative Officer, County of Butte
Erik Gustafson, BCE Interim Co-Executive Officer and Public Works Director, City of Chico

Subject: Filing with the CPUC to Request De-certification/De-registration of BCE Implementation Plan

Date: August 26, 2020

Recommendation

Approve filing with the CPUC a request to de-certify/de-register the BCE implementation plan.

CPUC Discussions

Staff have worked diligently to coordinate with the California Public Utilities Commission (CPUC) to identify the process that would need to be followed in order to push back the launch date of BCE from 2021 to a date to be determined in 2022.

On August 14th, guidance was given from the CPUC with regard to a path forward to change BCE's launch date. The CPUC recommended that BCE formally de-certify/de-register as a CCA (de-certify the implementation plan that was filed in December of 2019), and after that, the CPUC would relieve BCE of its Resource Adequacy (RA) obligation for the 2021 calendar year. With this, BCE and the JPA established would still be intact along with all consultant contracts, and no other material change would be needed. BCE would re-do its pro formas as planned in order to continue identifying financing options, and re-file a new implementation plan at the end of December 2020 with the intent to launch in 2022. The CPUC will scrutinize this plan, therefore all pro forma and launch details will need to be firmly vetted with financing identified prior to final certification.

Butte Choice Energy

A place for energy choice

Alice Stebbins
Executive Director
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3298

August 26, 2020

RE: Notice of CCA Deregistration/Decertification

Dear Ms. Stebbins:

On behalf of Butte Choice Energy (“BCE”), I am writing to provide notice of BCE’s deregistration/decertification as a Community Choice Aggregator (“CCA”) with the California Public Utilities Commission (“Commission”). BCE requests that the Commission deregister/decertify BCE without prejudice to the agency re-filing an implementation plan at a later date.

BCE submitted its Implementation Plan and Statement of Intent to the Commission on December 30, 2019. At the time of submission, BCE intended to provide retail electric service in the City of Chico and Unincorporated Butte County, effective April 2021. On April 30, 2020, BCE submitted its registration packet and its \$100,000 bond pursuant to Section 394.25(e) and Resolution E-4133.¹

BCE has been rigorously implementing its 2021 launch plans; however, the CCA has been significantly impacted by the COVID-19 global pandemic. The COVID-19 international health emergency has resulted in considerable economic and financial fallout which has severely constrained credit markets and the ability of BCE to obtain the necessary capital for launch as a new load serving entity. While BCE filed its initial load forecast on May 15 based on load forecast assumptions that it could reasonably control or predict, constrained credit markets have resulted in unforeseen impacts precluding BCE from launching in 2021 in accordance with its certified implementation plan.

BCE filed a revised load forecast on August 17 showing that it would not serve load in 2021 and demonstrating why the CCA met the Commission’s Binding Load Forecast rules under D.19-06-026. It has also advised PG&E of the revised forecast. After further consideration, however, BCE has elected to deregister/decertify the CCA, which action was approved by the BCE Board of Directors at a special meeting held on August 26, 2020. This decision is made with due consideration of Commission forecasting processes and to provide certainty to the Commission as to the status and launch plans of BCE.

¹ See Res. E-4907, p. 5

Previously, CCA's that decertified/deregistered with the Commission have provided notice to various Commission proceeding service lists.² BCE will also file decertification/deregistration notices to the applicable service lists, and, if necessary, will submit any additional filings or notices to effectuate deregistration/decertification. Upon receipt of this notice, BCE anticipates that the Commission will confer with its fiscal department to determine the scheduled reallocation of BCE's bond to effectuate deregistration/decertification.³

BCE anticipates that the COVID-19 impact will ease and that the CCA, upon approval of its Board of Directors, will file a new implementation plan by the end of 2020 with an intended launch in 2022. BCE will keep Commission staff apprised of its revised launch plans as they develop over the next few months.

I want to thank Commission staff for working with BCE in consideration of this request. Please contact me if you have any questions about this deregistration/decertification notice or future BCE implementation efforts.

Sincerely,

Brian Ring
Interim Co-Executive Director
Butte Choice Energy

Erik Gustafson
Interim Co-Executive Director
Butte Choice Energy

cc:

Edward Randolph, Energy Division, CPUC
Matthew Iribarne, Energy Division, CPUC
Ryan Baron, Best Best & Krieger LLP
Debra Lucero, Chair, Butte Choice Energy

² See Notice of Deregistration of City of Hanford, served in Commission proceeding R.16-02-007 (Order Instituting Rulemaking to Develop an Electricity Integrated Resource Planning Framework and to Coordinate and Refine Long-Term Procurement Planning Requirements) and successor proceeding R.20-05-003; R.17-09-020 (Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local and Flexible Procurement Obligations for the 2019 and 2020 Compliance Years) and its successor proceeding R.19-11-009, and R.18-07-003 (Order Instituting Rulemaking To Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program).

³ See City of Hanford Notice of De-registration, R.18-07-003 (January 29, 2020).

BUTTE CHOICE ENERGY AUTHORITY

Staff Report – Item 3b

To: Butte Choice Energy (BCE) Board of Directors

From: Brian Ring, BCE Interim Co-Executive Officer and Assistant Chief Administrative Officer, County of Butte
Erik Gustafson, BCE Interim Co-Executive Officer and Public Works Director, City of Chico

Subject: Credit Update and Discussion of 2020 Key Dates and Decision Points

Date: August 26, 2020

Recommendation

Receive information and provide direction to staff regarding immediate next steps and decision points over the coming months for a potential 2022 launch.

Background

At its Board meeting on July 27, 2020, the Board took action to change BCE's launch date from spring 2021 to a date to-be-determined in 2022 due to a tightening credit market impacted by the covid pandemic. The Board also authorized staff to take the steps necessary to effectuate the change, and asked staff and consultants to monitor the market and come back with a potential path forward for a 2022 launch in the hopes that the situation will improve over time.

Analysis and Discussion

As it has only been a month since the Board received a detailed energy and credit market update, not much has changed. Our key vendors report that credit markets remain tight and suppliers are requiring significant collateral. We don't expect this to change significantly in the near future. That said, the City of Oroville has formally expressed interest in potentially joining BCE which may have a positive impact on the BCE budget. The Oroville City Council meets on September 1 to consider approving its contribution of \$20,000 for initial evaluation; Pilot Power Group will be running the load analysis and staff will return to the Board on September 14 with information about Oroville's load forecast and updated proforma estimates from which an informed decision can be made about moving to the next steps.

The following is a brief timeline that shows key activities and dates through the end of this year and into next should the updated financial projections improve and City of Oroville be included. Key "go/no-go" decision dates for a 2022 launch (shown in yellow) occur at two junctures over the next few months, with the culminating decision in November about whether to proceed with drafting a new Implementation Plan or waiting a year and pursuing a launch in 2023. The timeline below assumes the former scenario to align with the Board's July action to consider

launching in 2022. Please note that this timeline focuses only on critical path items such as adding Oroville and financing and does not include all the other elements of start up. All other activities will resume in early 2021 should the Board decide to move forward.

Butte Choice Energy Critical Dates Timeline¹
September 2020 – April 2021

DATE	ACTION
Aug 26	Board approves 2021 Implementation Plan decertification
Aug 27	Decertification letter filed with the CPUC
Sept 1	IRP Due? (TBD)
Sept 1	City of Oroville Council vote to proceed w/evaluation + \$20k
Sept 9	Complete Oroville load impact study
Sept 11	Complete updated proforma with updated pricing and assumptions
Sept 14	BCE Board Meeting – Oroville status, proforma updates, direction re: financing options (move ahead #1)
Sept 15	Presentation to Oroville City Council – study results
Mid Sept	If directed to move forward, re-engage credit discussions
Oct 12	BCE Board Meeting – Discuss financing options and outcome of Oroville Council meeting (move ahead #2)
Mid/late October	Based on Board feedback, work with best option for BCE financing
Oct 20	Oroville to adopt JPA Agreement and CCE Ordinance
Late Oct	Finalize 2022 start date, phasing, RPS targets, potential rate discount (if any)
Early Nov	ERRA Forecast – Proforma updates (if any)
Nov 9	BCE Board Meeting – Oroville rep sworn in; I-Plan preview; best option financial partner selected (Final go/no-go for '22)
Nov-Dec	Continue credit and banking negotiations
Dec 14	BCE Board adopts new Implementation Plan; send to CPUC
Jan 11 or Feb 8	BCE Board approves credit agreement(s) and reengagement of CEO recruitment
March	Bank account established and funded
March	New Implementation Plan Certified
March	2022 Draft Customer Notice Due
Mar/April	New CEO On Board
Mar/April	Reengage all other vendors (Data Mgmt., Marketing, Scheduling, Accounting, etc.)
April	2022 load forecast filing; CCA packet (and bond?) due

¹ Does not include all elements of BCE start-up