Operational Performance Audit of The Orange County Power Authority

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December 9, 2022
A. This report is prepared for the Orange County Board of Supervisors pursuant to its August 25, 2022 “County of Orange Request for Information and Audit; Public Records Request for Power Purchase Agreements”¹ sent to the Orange County Power Authority, in view of the August 23 consideration of a proposal by the Orange County Board of Supervisors to withdraw from the OCPA Joint Powers Authority (JPA) pursuant to 6.1.2 of the JPA², and their direction to County Counsel to request from OCPA its confirmation that it will complete the following actions³:

1. Allow a county selected, independent, third-party auditor to review and complete a comprehensive audit of OCPA operations. The audit shall include both (1) an “open book” financial audit of the OCPA’s financial statements detailing its assets, liabilities, revenues, and costs; and (2) a performance audit of OCPA’s operations, including its procurement of purchased power agreements (“PPAs”), the effectiveness of its internal controls, policies, and procedures, and any costs incurred by the OCPA on behalf of the county to date; And to

2. Pause all launch activities on behalf of residential and commercial customer in county unincorporated areas “County Customers,” including, but not limited to, the OCPA’s procurement of electrical power, and defer issuing notice to County Customers concerning their automatic enrollment in the OCPA until such time as the Board receives the independent audit report and considers whether to withdraw from the OCPA.

This document comprises the performance audit of OCPA operations. The financial audit is being prepared separately by Orange County staff. As solicited by Orange County, the question to be answered by this performance audit, is whether Orange County Power Authority (1) staff, (2) operational structure, (3) policies, and (4) procedures are proficient at mitigating risks to customers who join the OCPA in search of finding a reliable source of renewable energy.

B. Summary of Actions taken by the County Executive’s Operational and Performance Audit and by Local Power LLC

From late September to mid-November, 2022, Local Power reviewed OCPA Joint Powers Agreement, Implementation Plan, Policies, and other relevant documents including those relating to personnel, operations, and non-energy contracts; videos of key OCPA Board meetings; agendas and minutes; and conducted 25 interviews with OCPA staff, Board members and other participants, including consultants and contractors. OCPA engaged in most interviews and provided the majority of the documents

³ Aug 23, 2022 Minutes: “AUTHORIZED AND DIRECTED COUNTY COUNSEL TO SEND LETTER TO THE ORANGE COUNTY POWER AUTHORITY ("AUTHORITY") REQUESTING THE AUTHORITY ALLOW AN INDEPENDENT, THIRD-PARTY AUDIT OF THE AUTHORITY’S FINANCES, OPERATIONS AND PROCUREMENT” http://cams.ocgov.com/Web_PublisherSam/sam08_23_2022.htm
requested. The package of power contracts requested by both the County and Local Power LLC were provided on November 9, 2022; however, the documents were redacted of pricing and other details.

C. Summary of Findings

Community Choice Aggregation (CCA) in California was born out of Assembly Bill 117 (2002). A CCA was a new model of energy where energy users had control to make scaled climate action possible while protecting consumers from increased costs. By scaling up the purchasing power of users, local municipal governments would be empowered to manage a local democratic process focused on local solutions, transparency, and customer engagement. Municipalities wishing to form regional CCAs were authorized to use Joint Powers Agencies (JPAs) as OCPA has done.

Local Power was contracted by the County of Orange (County) to conduct a performance audit of OCPA operations, including its procurement of power purchase agreements. All of which contribute to OCPA’s ability to mitigate risks to customers. Examining OCPA’s ability to mitigate risk is crucial to its business operations as the fundamental core of a CCA is to identify the most beneficial rates for its customers in an often-volatile energy market. In the time Local Power conducted the performance review, it made the following findings:

- **OCPA’s loss of load to opt-out is twice that of its own projections (8.5% vs. 16.5%)** and its loss of customers is nearly three times that of the statewide average customer loss of the other 19 CCAs (20.4% vs. 7%).
- The agency’s launch brought rate increases above Southern California SCE in its default products to both its commercial customers and its residential customers.
- **OCPA did not exercise CCA best practices in developing and administering communication materials to customers about rates and opt-out notifications.**
- **The majority of OCPA staff lack CCA and/or energy market expertise. Furthermore, job roles and responsibilities of staff are commingled with multiple other roles, which are not necessarily in line with CCA best practices.**
- **OCPA relies heavily on external contractors for industry expertise. Best practices support development of such expertise in-house.**
- **The Community Action Committee and other Board “ad hoc” subcommittees were and continue to be underutilized despite key roles they play in the CCA model.**

Each of these findings will be explored in detail throughout the report.

D. CCA Rates and Rate Options

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4 Taken from “Opt-out Accounts and Load Analysis as of 2022.11.09.xlsx” received from OCPA staff, 11.14.22
The question of this performance audit concerns OCPA’s proficiency in mitigating risks to consumers seeking a reliable supply of renewable energy. While there are several kinds of risks at play in procuring wholesale power in California, the dynamics of opt-out enrollment are key to understanding CCA risk in general. Opt-out notification is an essential pivot point of a CCA, because it facilitates consumer organization of buying power without forcing customers to participate. While its benefit is to get better deals through scale, CCAs must remain competitive in order to retain customers. Thousands of municipalities with tens of millions of Americans have succeeded at launching with and maintaining competitive rates on average over time, and thus have low risk related to loss of revenues from customer opt-out.

CCAs seeking to cause more renewable energy while maintaining low opt-out rates by customers have succeeded across California and the nation by launching with default products at or below the utility rate (“meet or beat”). They achieve higher levels of renewables in basic service products. Premium rate options for greener products like 100% renewables, solar ownership or energy efficiency retrofits or EVs enhance the profile of a service that is greener at rate parity or cheaper. OCPA’s forecast of 8.5% of combined customer load opting out was based on other CCA programs that don’t cause rate increases with default products. These CCA programs start out competitive, maintain annual average competitiveness, and offer new, greener and more palpable choices. By employing these strategies, CCAs in California and nationally have enjoyed strong customer retention records. Taking this approach, CCA program risk is then limited to unavoidable risks, such as future market conditions, costs, weather, that are common to all forms of energy procurement.

Much higher than expected opt-out rates make the prospect of, perhaps, even higher opt-out levels the most tangible risk to Orange County CCA customers. There is the ongoing risk of the financial impact of opt-out by commercial and residential customers, including due to ongoing media coverage and audits calling into question the operations and management of OCPA.

OCPA’s CCA Implementation Plan pro forma assumed 5% of residents and 10% of commercial customers would opt-out, which when weighted for scale translates to 8.5% of load and revenue. As of October 31, 2022 OCPA reported a 16.5% combined load opt-out rate, nearly twice the expected loss of load. This figure precedes the third of four opt-out notifications OCPA is required to mail to all its residential customers, and it will be the first they receive after being enrolled and seeing increased rates from their enrollment in premium default products.

After the second period of notifications following enrollment has occurred on November 1 and December 1, 2022, there remains the risk that the combined opt-out level will be higher. Should this

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6 Staff Report summarizing EES contract responsibilities:
• Draft and File Implementation Plan and Statement of Intent by December 31, 2020;
• Draft and Issue Request for Proposals (RFP) for: Power Supply and Scheduling Services, Data Management and Call Center Services, and Marketing and Outreach;
• Develop and update financial pro forma;
• Assist with banking services RFP; and
• Assist with Regulatory Filings and Timeline Updates.(EES Contract approved December 16, 2022)
occur, the program will generate less revenue than expected in its pro forma and for OCPA’s Credit Agreement, which may alter OCPA financial projections.

Apart from exceeding its forecasted opt-out rate and impacting its financial projections, at just halfway through OCPA’s residential opt-out process, its current opt-out rate is already significantly higher than the average California CCA following opt-out. Of the nineteen CCAs in California, the average participation rate reported by CalCCA is 93%, meaning a 7% opt-out of customers.7 At the halfway point in its residential customer opt-out notification and enrollment process, with opt-outs still arriving each day, OCPA reports participation rates at 79.6% of customers, or an opt out rate of 20.4%.8

A high opt-out rate presents risks and potential additional new opt-outs by commercial customers.9 Such an instance could exacerbate the loss of OCPA revenue and further alter its financial projections. Should such a worst-case scenario occur, the risk remains that OCPA could be placed under pressure to raise rates for remaining customers to meet its financial obligations. Given that basic service is already very similar to SCE in both price and renewable content, it is possible that OCPA basic service rates could become less competitive. Should this occur, further increases in opt-out are possible, which could theoretically impact OCPA’s ability to meet its Credit Agreement obligations.

While the redaction of all of OCPA’s power contracts provided makes the likelihood of such a failure impossible to independently ascertain, there remains the risk of either program termination or member withdrawal, which in certain cases presents financial risk to members.10

What is described above is considered the “worst-case” scenario. In interviews with OCPA staff and Board members, many were confident that SCE, which is seeking a substantial rate increase in January, will succeed in winning CPUC approval. If that occurs, OCPA’s rates for basic service will be closer to the discount predicted in its marketing materials. Otherwise, staff report that OCPA is able to sell excess power at a profit, in which case11 they expect no impact to financial obligations.

E. OCPA Mitigation of Rate Risk

The most obvious risk to OCPA consumers is increased electricity rates. The agency’s launch brought rate increases above Southern California SCE to both its commercial customers and its residential customers. This was the result of the default premium rates (“100% RenewableChoice” and “SmartChoice”) selected

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8 Taken from “Opt-out Accounts and Load Analysis as of 2022.11.09.xlsx” received from OCPA staff, 11.14.22
9 Though its commercial opt-out process was completed in the Spring, OCPA commercial customer opt-out increased significantly in the fall, increasing from .6% of commercial load in July 2022 to 1.6% in August and 2.4% in September, 2022. See OCPA document RFI 3#1 Q1 and 2.
10 Under an “involuntary return” without a year-long return process, whatever costs the CCA can’t cover, the IOU can file a “Tier 2 Letter” with the CPUC to seek permission to place a non bypassable charge on (former) OCPA customer meter accounts.
11 Local Power LLC received redacted power contracts from OCPA, and so cannot evaluate this question.
by most member towns in January and February, 2022 - a couple of months before commercial launch. During that time, rates reached as high as 7% above SCE’s rates.\textsuperscript{12}

During this time, OCPA did offer an optional product rate that required customers to complete an “opt-down” procedure (“BasicChoice”) to receive it. Opting down to BasicChoice effectively prevented a rate increase. While this was strategically a sensible option to have, it also did not demonstrate any particular benefit such as savings or environmental benefits. Whereas, county and city leaders were originally told the basic rate would have higher levels of renewables and save customers around 2% on their bill,\textsuperscript{13} OCPA’s BasicChoice broke even with Southern California SCE at a very slightly higher level of renewables. Given the weak appeal of BasicChoice, launching with a rate premium as the “default” product created the risk of a higher than average opt-out rate by consumers, who face the choice of either acquiescing to a rate increase to be greener,\textsuperscript{14} or having to affirmatively select a product that is very similar to SCE’s basic rate and level of renewables.

F. Sufficient and Effective Customer Communication

Assembly Bill 117 (2002)\textsuperscript{15} authorizes the creation of CCAs in California. AB 117 requires CCAs to “provide consumer protections” to their customers. This consumer protection function is specifically required in CCA opt-out notifications. AB 117 provides that “(t)he community choice aggregator shall fully inform participating customers…. Any notification shall inform customers of…(t)he terms and conditions of the services offered.”\textsuperscript{16} In essence, CCAs are formed specifically to benefit consumers.

While AB 117 does not prescribe the manner in which information should be presented, CCAs have created best practices around sufficient and effective customer communication so as to avoid allegations of being non-transparent.

The simplest and most salient terms and conditions of a CCA’s service are its rate options and corresponding renewable energy levels. In the case of OCPA, which implemented a default rate increase

\textsuperscript{12}The staff report on rate design recommends “Scenario 3”, which assumes member City’s set the default service at SmartChoice. It envisioned a 3.7% increase over SCE for those customers, and 5.6% for 100% RenewableChoice. Table at page 180 of the agenda packet: https://www.ocpower.org/wp-content/uploads/2022/01/January-11-2022-Board-Agenda.pdf

\textsuperscript{13}The Study estimates that a CCE can provide a 2% discount on electricity rates to Irvine customers when compared to Southern California Edison (SCE) while matching SCE’s projected renewable energy portfolio. This discounted rate translates to an estimated $7.7 million in electricity savings to the community each year. “Community Choice Energy Feasibility Study and Technical Assessment” Jan 16, 2020, prepared by EES for the City of Irvine https://legacy.cityofirvine.org/civica/filebank/blobdownload.asp?BlobID=32916

\textsuperscript{14}“Green pricing” programs, in which customers volunteer to pay a premium for greener power, have consistently suffered from very low adoption rates.

\textsuperscript{15}“Section 366.2 (c) (1) Notwithstanding Section 366, a community choice aggregator is hereby authorized to aggregate the electrical load of interested electricity consumers within its boundaries to reduce transaction costs to consumers, provide consumer protections, and leverage the negotiation of contracts.” (emphasis added, AB 117, Migden [2002], http://www.leginfo.ca.gov/pub/01-02/bill/asm/ab_0101-0150/ab_117_bill_20020924_chaptered.pdf

\textsuperscript{16}Emphasis added, Section 366.2 (c) (13) (A) of the Public Utilities Code (AB117).
for all participating customers from its member cities, terms and conditions should include information
about rate increase and a comparison of all three products to SCE’s products in price and renewable
content, as a CCA best practice to ensure transparency.

An examination of OCPA’s customer notifications and comparisons to other California CCA notifications showed:

- No clear indication to customers that they have been enrolled in a premium product and their
  rates will increase.
- While opt-out notifications were sent to customers, the information about what an “opt-out” is
  and the consequences of opting-out and opting down were insufficient in our view.
- In presenting the choice between three products, there was insufficient information to enable a
customer to make an informed decision about which product to choose. CCA best practices
would include comparisons between the current rates and benefits the customer is receiving
from the utility company against the rate and renewable levels from each of the three products.
- Because OCPA employed a default rate, there should be information explaining the default rate
product and rate increases in clear terms and how and why the default was chosen by the
customer’s city.
- Best practices would include estimates of monthly bill impacts for each customer.

OCPA staff cited Clean Power Alliance as another example of launching with premium rates. Below is a
comparison of OCPA’s mailer and Clean Power Alliance’s mailer.

Exhibit A. OCPA Customer mailer
A close examination of the two mailers show that OCPA’s pre-enrollment notices to commercial customers, and the residential notices contain almost the same text and images. There is no information about rates or renewables levels, nor about the default premium product and impending rate increase. The required information about how to opt out is given in small print in the corner and includes confusing information about the negative consequences of opting out.

In contrast, Clean Power Alliance’s mailed notifications to its customers clearly and appropriately inform customers of what is happening to their energy bill. Apart from offering rate savings in both its basic rate and its “middle” product, Clean Power Alliance’s opt-out notification provides enough information for customers to understand the impacts of accepting its products. CCA best practices is to provide at least this information and a warning and explanation about any rate increase resulting from a member municipality’s decision to use a default premium product, and easy access to all products.

Inadequate customer information in opt-out notifications presents a very real risk that a failure to adequately inform customers of automatic enrollment of a resulting premium rate, may result in a failure to opt-out of a program in which they would not knowingly participate.

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A CCA best practice for information on rates is to show on the main webpage how residential or commercial customers rates and bills are impacted by the CCA's energy products. OCPA's web page could be improved with a more user friendly interface to allow for easy navigation of options for consumers. An example of this best practice for websites MCE’s residential rates web page,\footnote{https://www.mcecleanenergy.org/rates/} which directly presents average rate information to the viewer.

\textit{Exhibit C. MCE Webpage}

![MCE Webpage Screenshot]

Included here is the PG&E renewable rate for comparison with MCE products. OCPA staff cited the challenge of Southern California Edison’s (SCE) changeable rates as a source of difficulty in citing them; however, citations could be date stamped and updated as is done by other CCAs.

In contrast, OCPA's residential rates web page provides only marketing information about renewable content. There is no description of impacts on either rates or bills and instead, requires the customer to click on a button and enter data into a calculator.
Exhibit D. OCPA Residential Rates Webpage

As for rate comparisons, consumers are directed to click the yellow “Residential Rate Comparison” button, which transfers the customer to a new web site address, where the customer is asked to enter rate classification data into query fields labeled with utility jargon (e.g. “DOMESTIC,” “CARE,” “TOU”) requiring their SCE rate classification in a list of 10 is required. This presents an unnecessary barrier to information.

https://bill-compare.communityenergysolutions.com/ui-v2/home/9/1/1
Exhibit E. OCPA Online Rate Calculator

Calculate & Compare

See what an estimate of your bill could look like with different Orange County Power Authority (OCPA) service offerings compared to Southern California Edison (SCE)’s default rate. You'll need a copy of your latest SCE bill to help you complete the form below. If you do not see your rate plan listed (including OEM rates), please contact answers@ocpower.org for more information. Energy costs change throughout the year. This comparison utilizes SCE rates effective October 1, 2022 and OCPA rates effective October 1, 2022.

Please note: the bill calculator estimates your bill as accurately as possible, using a comparison of Southern California Edison (“SCE”) and Orange County Power Authority (“OCPA”) rates currently in effect. The electric charges on your bill can be separated into two categories: Electric Delivery and Electric Supply/Generation. When you join OCPA, OCPA replaces SCE’s Electric Delivery charge, which accounts for the source of power and how much electricity you are using. This bill calculator accounts for SCE’s Delivery Charges, which are SCE’s charges for delivering electricity to your name. SCE’s delivery charges include assessments for electricity transmission, distribution, maintenance, and various other fees approved by the California Public Utilities Commission. This bill calculator also accounts for excise charges, which include SCE’s charges to recover costs of power purchased on your behalf before joining OCPA. The comparison generated by the bill calculator excludes any applicable taxes or SCE’s minimum charges, special charges or credits such as the California Crop Grant, which are the same regardless of energy provider. Because of these exclusions, the bill calculator may show slight deviations from OCPA’s projected overall bill compared to SCE.

← BACK TO HOME

Calculate & Compare

See what an estimate of your bill could look like with different Orange County Power Authority (OCPA) service offerings compared to Southern California Edison (SCE)’s default rate. You'll need a copy of your latest SCE bill to help you complete the form below. If you do not see your rate plan listed (including OEM rates), please contact answers@ocpower.org for more information. Energy costs change throughout the year. This comparison utilizes SCE rates effective October 1, 2022 and OCPA rates effective October 1, 2022.

No Results
To see your results enter your information in our bill compare calculator and select CALCULATE.

If you do not see your rate plan listed as an option, please contact us at answers@ocpower.org or call toll-free at 1 (866) 252-7998 for more information.
For those customers who do find and enter their SCE rate classification data, he/she next receives an OCPA popup that requires him/her to enter “Summer Usage Data” in the form of kilowatt hours for as Tier 1, Tier 2 and high usage charge.

Compared to MCE’s web page, OCPA’s residential rate page presents three layers of separation between the customer and his/her information. A CCA best practice is no layers; the rate page, alone, should display enough information for customers to make informed decisions about joining the CCA. OCPA could benefit from improving both its written and web communication by providing the right amount of information at a simplistic level for customers to understand.

Inadequate communication with customers may have harmed OCPA’s public credibility, and may have contributed to the higher opt-out rates reported in this audit.

G. Staff, Governance Structure, Procedures, and Policies

1. Proficiency of Staff

*Qualifications of Staff:* In the first year of a CCA many long-range decisions are made, including making a binding forecast of OCPA load to CPUC, making Covenant commitments to serve those loads in a Credit Agreement, and signing Resource Adequacy agreements. OCPA began its operations in 2021 with two full-time staff, Chief Executive Officer and Chief Operations Officer. The CEO had no energy or electricity procurement experience. The COO resigned at the end of 2021.

OCPA currently has seven Full Time Employees on staff. At the end of 2021, OCPA was successful in adding qualified finance staff, especially a Chief Financial Officer with significant CCA expertise. Other staff, however, do not have the level of expertise needed to manage electricity procurement and energy activities. These gaps present continuing under-managed risks for participating consumers.

While OCPA did add qualified finance staff at the end of its first year, a significant portion of long-term procurement decisions were already made in the earlier part of the year by OCPA staff who had little, to no, particular knowledge of CCA rules and electricity procurement; thereby, creating the risk of less than proficient evaluation, management and independent evaluation of contractors and, potentially insufficient briefings for OCPA Board members.

It is a CCA best practice to have energy planning and procurement staff in-house. While the CFO and Controller provide support on the financial side currently, it would have been advisable to have both these positions in place in early 2021 when the $35M Credit Agreement was signed, rather than late 2021 and mid-2022, respectively.

OCPA still lacks a COO and energy planning and procurement staff.
Roles and Responsibilities: Best practices require the CCA Board exercise some approval authority over roles and responsibilities of the organization. In the instance of OCPA, there are two findings concerning the roles and responsibilities of the staff and the organization that require the Board to review.

a. CEO Role and Responsibilities

The role of the CEO in the OCPA JPA is defined in a de minimis, unspecified manner in comparison to that of CEOs as described in other CCA JPAs. The OCPA CEO is also made Secretary of the Board, not a role typically held by a CEO of a major public agency. Below is a comparison of the CEO roles described in the OCPA, San Diego Community Power, and Sonoma Clean Power JPAs. Note that San Diego Community Power and Sonoma Clean Power CEO descriptions do not include any responsibilities that fall under a Board-appointed Secretary.

Comparison of CCA CEO Roles

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<thead>
<tr>
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<th>From the Orange County Power Authority JPA²⁰:</th>
<th>From the San Diego Community Power JPA²¹:</th>
<th>From the Sonoma Clean Power JPA²²:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>3.12 Chief Executive Officer. The Board shall appoint a Chief Executive Officer. The Chief Executive Officer shall be the chief administrative officer of the Authority, and shall be Secretary of the Board. The powers and duties of the Chief Executive Officer shall be those delegated and/or assigned to the Chief Executive Officer by duly adopted action of the Board.</td>
<td>5.5 Chief Executive Officer. The Board shall appoint a Chief Executive Officer for SDCP, who shall be responsible for the day-to-day operation and management of SDCP and the CCA Program. The Board shall appoint a qualified person, hired through a transparent, competitive process, to act as the Chief Executive Officer; he or she may not be an elected member of the Board or otherwise representing any Party to SDCP. The Chief Executive Officer may exercise all powers of SDCP, except those powers specifically set forth in Section 4.6 (Specific Responsibilities of the Board) of this Agreement or SDCP’s bylaws, or those powers which by law must be exercised by the Board. The Chief Executive Officer may enter into and execute any Energy Contract, in accordance with criteria and policies established by the Board.</td>
<td>4.4 Chief Executive Officer. The Board of Directors shall appoint a Chief Executive Officer for the Authority, who shall be responsible for the day-to-day operation and management of the Authority and the CCA Program. The Chief Executive Officer may exercise all powers of the Authority, except the powers specifically set forth in Section 4.3 or those powers which by law must be exercised by the Board of Directors. The Chief Executive Officer may enter into and execute any Energy Contract, in accordance with criteria and policies established by the Board.</td>
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<td>3.10.2 Secretary. The Secretary shall be responsible for keeping the minutes of all meetings of the Board and all other official records of the Authority.</td>
<td>4.9.2 Secretary. The Board shall appoint a Secretary, who need not be a member of the Board, who shall be responsible for keeping the minutes of all meetings of the Board and all other official records of the Authority.</td>
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²¹ https://sdcommunitypower.org/wp-content/uploads/2022/03/Amended-JPA.pdf
with criteria and policies established by the Board.

5.3 Secretary. The Board shall appoint a qualified person who is not on the Board to serve as Secretary. The Secretary shall be responsible for keeping the minutes of all meetings of the Board and all other office records of SDCP. If the appointed Secretary is an employee of any Party, such Party shall be entitled to reimbursement for any documented out of pocket costs it incurs in connection with such employee’s service as Secretary of SDCP, and full cost recovery for any documented hours of service provided by such employee during such Party’s normal working hours.

It is a CCA best practice for the Board to appoint a Secretary other than staff or a Board member. OCPA specifies that the CEO is the Board Secretary, and all but the first meeting’s minutes of the Agency’s Board are signed by the CEO, including the minutes of the second Board meeting, where employment contracts for CEO and COO were approved by the Board. There was irregular coverage of Board meeting minutes - some meetings are highly detailed while others are de minimis, omitting or cursorily summarizing comments, questions or requests by members of the public. Furthermore, Board member interviews indicated that on multiple occasions, Board member requests and directives were never completed by staff. Failure of staff to follow through on Board requests or directives could be harmful to the integrity of the Board as it attempts to make decisions concerning the public.

b. OCPA Organizational Chart

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24 Interview of OCPA board members on October 24, 2022 and on November 11, 2022.
The OCPA organizational chart was presented to the OCPA Board at its third meeting. While most of the chart is standard, there should be closer scrutiny around the General Counsel’s reporting responsibilities. The organizational chart shows the General Counsel reporting and accountable to the Board. The General Counsel’s contract, however, specifies him as Counsel to both the CEO and the Board. Among his contracted roles as approved in the December 16, 2020 Board meeting, Counsel appears to play three roles at board meetings:

- Counsel to the Board
- Counsel to the CEO
- Power Planning and Procurement with Best Best & Krieger’s Energy practice

In-House Counsel is a CCA best practice. Where a contractor is chosen as General Counsel, it is a CCA best practice to retain a separate firm to be responsible for power contract negotiations.

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25 December 20, 2020 OCPA Regular Meeting Board Packet. Mr. Baron’s responsibilities are defined as: general legal support for Authority governance and operations including required legal filings with other agencies as may be required by law; preparation of bylaws and other policies as may be desired by the Board; Review of monthly Board agendas and materials, and attendance at all Board meetings and workshops; provide Brown Act, Conflict of Interest and Public Records Act advice and representation; provide and/or review standard vendor contract terms and template for consultants and professional service providers. Draft/review contract for wholesale power services, data management and other high dollar, technical service contracts; advice to the CEO and designated staff on administrative and operational matters; research and advice on operational/public agency legal questions asked by the Board, CEO and designated staff; support regulatory, power procurement and financial efforts, including compliance filings and energy contracting.
Finally, looking through the Board packets through to 2022, there is no confirmation that the Board ever adopted an official organizational structure; however, OCPA provided an updated organizational chart that demonstrates:

- The Finance roles have been filled
- A Data Analyst has been added
- Power Planning and Procurement is vacant
- The COO is vacant
- Customer Programs, Legislative and Regulatory Affairs, and Communications and Outreach staff descriptions have been replaced by two “Business Relationship Managers” and a “Management Analyst.”

2. Governance Structure

Board and committee structures are essential to ensure sound Board procedures and policies. A successful exchange of information and feedback between the Board and its committees and subcommittees form the foundation of a democratically governed CCA that is both informed and responsive to community input.

According to interviews and meeting minutes, the Board ad hoc committees were inadequately consulted in board-designated activities, particularly related to engagement, information, and required opt-out notifications, all-important for ensuring consumer protection under the CCA law, AB117.

Committees are dormant, and subcommittees or “Ad Hoc” committees were formed but are inactive based on a review of meeting minutes, and interviews. The Marketing Committee was underutilized in its designated role in marketing and customer information, which should have included the messaging of the opt-out notification and specifically should have included information on default premium rates and resulting rate increases and BasicChoice service option.

Board members report that the Community Advisory Committee (CAC) is inactive. The CEO remarked that CAC is not involved with OCPA operational matters. CAC is important procedurally to OCPA, because the Board depends upon it for public feedback. Public comments in Board minutes expressed frustration with the delayed formation of the CAC. The CAC had its first meeting on July 12, 2021 despite the OCPA Board directing the staff to return to the next meeting with information on forming a CAC at the January 12, 2021 meeting. In response, a Staff Report stated that “(s)ince the Authority will not launch until the Spring 2022, staff does not want to rush to bring this item before the Board and will be conducting a thorough analysis to ensure it makes a strong recommendation for the Board to act upon in the coming months…”

26 Emphasis added, January 26, 2021 OCPA Staff Report re Citizen’s (later renamed Community) Advisory Committee Update – Item 5.A
Apart from delaying its participation well beyond the start of key decisions, staff’s proposed scope of CAC’s relationship with the Board is narrowly defined. The CAC’s purpose is to advise the OCPA Board on the operation of its Community Choice Energy program, but its opportunities to do so are limited by the JPA. Below is a comparison provided to the OCPA Board between OCPA and other CCAs’ Community Advisory Boards.

**Comparison of CCA Community Advisory Boards**

<table>
<thead>
<tr>
<th>OCPA CAC:</th>
<th>3CE CAC:</th>
<th>East Bay Community Energy CAC:</th>
<th>Sonoma Clean Power CAC:</th>
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<tr>
<td>● From time to time the Board may ask the CAC to work on defined objectives and produce materials or advice that will assist the Board in decision-making;</td>
<td>● Act as a liaison to the community by engaging in community outreach to assist and support 3CE, as well as seeking the views of various groups of customers and potential customers of CCCE regarding 3CE proposals and policies.</td>
<td>● Allows 1 non-voting member on the Board of Directors.</td>
<td>● Review programs, budget, and rates.</td>
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<tr>
<td>● help the Board to identify issues of concern and opportunities to educate community members about the Authority;</td>
<td>● Provide feedback and in-depth review of and oversight over to 3CE Policy and Operations Boards (the “Boards”) and staff (“Staff”) on proposals and policy recommendations related to power supply mix, rate design, customer programs and community engagements.</td>
<td>● Develops a workplan approved by the Board of Directors.</td>
<td>● Advises Board on general planning and business issues.</td>
</tr>
<tr>
<td>● Draft reports to the Board with findings and recommendations as may be needed;</td>
<td></td>
<td>● Work on defined objectives to produce materials that will assist the Board in decision making.</td>
<td>● Reviews contracts over $100k.</td>
</tr>
<tr>
<td>● Represent the views of the Committee constituencies in comments and recommendations;</td>
<td></td>
<td>● Review and comment on budget, rates, policies, and programs.</td>
<td>● May direct staff for research and analysis.</td>
</tr>
<tr>
<td>● Plan for and engage in community events and special</td>
<td></td>
<td>● Identify issues of concern and opportunities to educate community members.</td>
<td>● Analyzes operations and issues and advises the agency’s elected Board of Directors and staff. 28</td>
</tr>
<tr>
<td></td>
<td></td>
<td>● Draft reports with findings and recommendations.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>● Serve as an information-channel back to colleagues and communities.</td>
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</table>

28 (Emphasis and bold added) OCPA Board Meeting, February 23, 2021 From “Attachment 1” in Board packet: “Existing Community Choice Aggregators Community Advisory Committee Matrix.”
projects, as appropriate;
- Serve as an information-channel back to their colleagues and communities;
- Other duties or tasks, as deemed appropriate by the CAC and Board, that meet the purpose of providing a venue for ongoing citizen support and engagement in the strategic direction, goals, and programs of the Authority.27

- Assist with legislative advocacy in furtherance of 3CE key goals.

- Represent the view of their constituents in their comments and recommendation

Compared to OCPA, these CCAs provide their CAC with greater discretion to review and comment regarding their Board’s responsibilities, to directly engage the Board, to review large contracts, and even to direct staff for research and analysis. The OCPA CAC as created lacks a mandate to independently influence the Board or staff and has no independent way to communicate with the Board. The CAC, though formed to advise OCPA’s Board, is substantively under staff control when it should be independent of OCPA staff. Currently, the CAC is required to:

- Have the CEO approve its agenda29
- Have the CEO approve CAC items to be placed on the Board’s agenda
- Have the CEO’s approval to request information from staff.

Apart from the narrow definition of its responsibilities, the procedural limits placed on the CAC harms the ability of the Board to receive and respond to community input, and makes the CAC inappropriately dependent on and powerless to direct staff for research and analysis.

In our view, there is inadequate structure in evidence at OCPA. From inception, OCPA has relied heavily on outside consultants for industry expertise. And while that strategy is appropriate as OCPA builds its staff, OCPA has not wound down its dependence on outside consultants, which creates the perception that the current staff have not reached a level of expertise sufficient to conduct the day-to-day

27 Adopted Scope of CAC, May 3, 2021 - “CAC Next steps and documents relating to members, application, purpose and scope OCPA Community Advisory Committee Purpose and Scope.”
29 Interview with CAC Chair Jose Castenada, November 10, 2022.
operations of the OCPA. Ensuring that OCPA staff continue to gain CCA expertise should be a priority for OCPA.

3. Policies and Procedures

a. Board Member Access to Information

In Board member interviews, some expressed concern about lack of access to information on contracts. Different Board members report different forms of access. Outside Counsel said that unredacted power contracts were made available to Board members via individual secure web links distributed to each Board member and that Board members can use this link to individually view the data for discussion during Board meetings. However, other Board members did not recall ever seeing the links and claimed to have never had opportunities to view unredacted power contracts.

CCA best practices would employ direct and deliberate review of sensitive information by all Board members in an appropriate venue that ensures commercially sensitive information is not publicly released.

b. OCPA Implementation Plan

An implementation plan not only details how a CCA will launch, but also the policies and procedures that will guide that launch. An Implementation Plan is the product of collaboration between all the various stakeholders invested in the success of a CCA - Board, CCA staff, and public.

The most important policy included in the Implementation Plan was the timing for the launch of enrollment for commercial and residential customers. The launch for commercial customers was set for March or April 2022. It is noteworthy that this date may be changed through a simple amendment to the CPUC, and should not have caused any urgency by itself. However, both Board members and staff of OCPA refer to the Implementation Plan schedule as being a source of urgency to launch enrollment.

There was limited evidence in meeting minutes that suggest a robust discussion of timeline was discussed, during which options remained to pause or reset the program. OCPA launched enrollment in volatile market conditions in California and nationally after the war in Ukraine had already resulted in higher natural gas prices across the US. OCPA did not alter its schedule in response to these conditions.

There was limited evidence in meeting minutes that suggested a diligent response to the Western Community Energy / West Riverside bankruptcy declaration, which in part had blamed Western’s over-dependence on consultants and lack of staff capacity. Despite public and board comment to the effect that OCPA shared similar characteristics to Western with respect to reliance on consultants, no future board discussion addressed the question of whether to staff up before proceeding with
procurement. OCPA remained unchanged in its approach in its Energy Risk Management Policy, which describes dependence on outside consultants as a risk management strategy\(^{30}\) rather than a problem.

While only one is required by law, it is a best practice for a CCA to dedicate several public hearings to approve a CCA Implementation Plan, and for board members to be informed well in advance of any binding actions taken directly by the board or indirectly by staff. A review of the meeting minutes and interviews with staff and Board members demonstrated that some board members reported that they received inadequate preparation for and had insufficient time to give due consideration to major decisions under its power, such as approval of the CCA implementation plan, which OCPA approved in one meeting\(^{31}\).

This example also gives cause to examine the process undertaken to approve the Joint Powers Agreement and the long-term power contracts with SCE and PG&E. These types of policy decisions require at least the minimum legal 72 hours of notice for Regular Meetings, and 24 hours for Special Meetings, one presentation, and little to no board discussion, though some members reported individual and two-member briefings outside the Board meetings.

c. Bylaws

No bylaws were ever written, though the JPA Agreement includes the writing of bylaws as a function of the Board. To govern effectively, CCA JPA Boards should predicate the complex day to day policy decisions with a clear set of guidelines to follow. Adoption of bylaws is a CCA best practice to create more competent governance that helps guide ephemeral and reactive policy decisions. Bylaws could also provide a framework for addressing complaints of some board members around the process, such as lack of transparency and insufficient staff briefings before important votes.

Staff and Counsel have said the JPA and Board’s adopted policies are meant to replace any need for bylaws.

However, the policies adopted by OCPA do not appear to effectively replace the bylaws contemplated in the OCPA Joint Powers Agreement.\(^{32}\) Bylaws are meant to provide guidance for making more specific decisions, such as on policies or contracts. While in principle policies could provide the equivalent guidance of bylaws, they would have to resemble bylaws in structure, to cover the wide spectrum of issues involved in a CCA program.

An adoption of policies is fundamentally distinguishable from bylaws, which articulate comprehensive, inclusive and focused goals, principles and rules to ensure Board Members exercise due diligence in the exercise of their responsibilities and provide proper direction to the CEO. Bylaws may also be adopted in

\(^{30}\) Orange County Power Authority Policy # 11 - Energy Risk Management Policy

\(^{31}\) OCPA’s first meeting, a Special Meeting, was held December 13, 2020. At its second meeting a week later, also a Special Meeting, it approved its implementation plan - December 22, 2020 (Item 5).

\(^{32}\) Section 3.5, p. 5.
response to new information, not just a priori, but the manner of proceeding should take place in an orderly and principled, properly prioritized manner. A review of OCPA policies in order of adoption follows for evaluation of them as guiding principles:

- **Policy #1** - “Procurement Policy” (Adopted 1.26.21) provides a waiver for the CEO to choose lowest cost bids in an “exception to competitive procurement requirements” in one or more purchasing procedures I this Policy and/or use sole source procurement if the CEO determines that the best interests of Authority are served,” This exception (5di) means the policy is voluntary for the CEO. The guidelines for sole source contracting are vague(5dii).

- **Policy #2** - “Delegate Contract Authority Policy” (Adopted 1.26.21) allows the CEO to sign contracts for up to $125K without Board approval. During the CCA pathway to launch, with no energy staff in place, the CEO and contract counsel received delegated authority even though insufficient hiring had taken place to proceed with due diligence.

- **Policy #3** - “Customer Information Confidentiality” (Adopted 2.9.21) more resembles CCA guiding principles, as confidentiality of information is an important CCA procedures, but is also required by AB117 and is standard practice among CCAs, and so lacks OCPA specific or unique content.

- **Policy #4** - “Prohibiting the Dissemination of Untrue or Misleading Information Policy” (2.9.21) prohibits speech by “Board members, officers, committee members, employees, agents and consultants from the dissemination of any statement related to the Authority’s CCA program that is known to be untrue or misleading.”

- **Policy #5** - “Board of Directors’ Compensation and Expense Reimbursement Policy” (Adopted 2.9.21) authorizes payments to Board members in the amount of $212.50 per meeting, but also authorizes the “Board chair and CEO” at discretion to approve compensation to Board members for “days of service.”

- **Policy #6** is “HELD IN RESERVE”

- **Policy #7** - “Records Management and Retention” (Adopted 4.13.21) provides for deletion of records, basic but creates authority to delete many files.

- **Policy #8** “Computer Use and Email Policy” (Adopted 4.13.21) is standard practice and requires no comment.

- **Policy #9** - “Adding New Municipal Members” (Changed to “New Customers Communities” 9.9.22) is the second policy after Policy that would be considered as part of bylaws or a guiding policy, however like Policy #3, Policy #9 is of merely secondary rank in CCA guiding documents, which are principally concerned with the quality of the service they will provide: energy, consumer impacts & information.

- **Policy #10** - “Volunteer Policy” (Adopted 7.13.21) concerns engaging volunteers.

- **Policy #11** - “Energy Risk Management Policy” (Adopted 7.13.2021) is the first to appear to be a guiding document concerned with energy that could be compared with a bylaw concerning risk. However, this Risk Policy does not include any discussion of opt-out risk, which is the major risk facing CCAs. It does not describe the financial risks from high opt-out rates and risks concerning OCPA’s ability to meet its Credit Agreement obligations. Moreover, this Risk Policy, adopted
about a year after the West Riverside CCA blamed its bankruptcy on overdependence on consultants, identifies dependence on consultants as a “risk management strategy.”

- Policy #12 - “Board Agenda Policy” (Adopted 11.23.21) Policy regarding rules for Board members adding items to the agenda, passed nearly one year after the Board formed and after many major Board decisions and agency commitments had already been made.
- Policy #13 - “Net Energy Metering Policy” (Adopted 10.25.22) also could be found in guiding documents, and incorporates CCA program incentives for solar ownership, but is also a subset of solar power guidance that would be found in bylaws or policies meant to function as bylaws.
- Policy #14 - “Social Media Policy” (Adopted 10.25.22) provides that “OCPA reserves the right to deny access to its communication channels … OCPA reserves the right to move or delete any postings.”

OCPA policies that had been scheduled for adoption have not been created.33

1. Budget and Accounting Policy (Scheduled for Adoption January 26, 2021)
2. Guidelines for Access to Public Records (Scheduled for Adoption January 26, 2021)
3. Time-sensitive Legislative and Regulatory Policy (Scheduled for Adoption March 9, 2021)
4. Debt Management Policy (Scheduled for Adoption September 14, 2021)
5. Delinquent Account, Collections, and Bad Debt Policy (Scheduled for Adoption September 14, 2021)
6. Investment Policy (Scheduled for Adoption September 14, 2021)

OCPA’s adopted policies do not indicate an effort to form a coherent whole, both in substance and board process. OCPA’s adopted policies appear ad hoc in nature, omitting major policy areas such as treatment of customers, customer information, among others, that the guiding principles of a CCA board would normally include. Therefore, OCPA’s adopted policies should not be seen as replacing or providing the function of bylaws.

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33 OCPA Proposed Administrative Policies and Approval Schedule listed from the January 21, 2021 Board meeting.
APPENDIX A
Statement of Local Power LLC Qualifications to Conduct Performance Audit of OCPA

Qualifications to Evaluate Proficiency of CCA Procedures
From the beginning of CCA’s existence, Local Power has been engaged with some of the most successful CCAs in California, both environmentally and economically, including the first several CCAs to launch - creating the approach to “meet or beat” existing utility rates, while developing higher levels of renewable resources by building them locally or “CCA 2.0.”

After Paul Fenn coauthored the nation’s first CCA or Municipal Aggregation bill and law in Massachusetts as the Director of the Massachusetts Senate Energy Committee, Local Power began in 1995 as the Oakland-based nonprofit American Local Power Project, funded by a grant by from Surdna Foundation, educating thousands of municipalities across the country about CCA. Mr. Fenn then was involved formally or informally in the early phases of formation of most of the first half dozen of CCAs that launched, from Ohio to California, including CleanPowerSF, MCE, Sonoma Clean Power, and C3E (San Luis Obispo County) among others, and was former consultant to the local NGO launching San Diego’s Energy Authority in its early years. In 2007, Fenn formed San Francisco-Marin-based Local Power, Inc., and in 2019 formed Massachusetts-based Local Power LLC.

Fenn was sole author of a new and differently structured CCA law in 2002, AB 117. Prior to its passage, Fenn had drafted and collected signatures for original CCA resolutions by a dozen municipalities in the Bay Area and Los Angeles in 1999, calling for a CCA law in California. After writing AB117, and securing Senator Carole Migden as Sponsor, Fenn was an active and successful participant in resisting utility maneuvers during the two year legislative hearings process.

Fenn then went on to write the first CCA ordinance, or “CCA 2.0” to use CCA to build rather than just purchase renewable energy, adopted by the San Francisco Board of Supervisors in 2004. He drafted the CCA Implementation Plan and H Bond Action Plan, the nation’s first “green” renewable bond authority, adopted by San Francisco in 2007. Local Power was retained to analyze local renewable projects for SFLAFCO, and then by SFPUC to perform risk analysis, financial analysis, contract risk analysis, and preparation of In City Buildout Business Case for CCA, completed in 2013. Local Power has created advanced systems for data analysis. Local Power has experience in CCA power procurement, both advising municipalities in their RPFs with suppliers and directly negotiating with wholesale power suppliers in California, and retail power suppliers in other states.

Fenn led the defeat of Proposition 16, a PG&E-funded plebiscite to stop CCA, in 2010: “one of the greatest progressive victories in California history.” Fenn was a major contributor to the two main CPUC CCA decisions that establish protocols on procedures for CCAs, and personally went through many of the same procedural challenges encountered in our audit of OCPA.
Beginning in 2014 Local Power contributed to the New York Public Service Commission’s rulemaking on CCA. Local Power received a contract from the New York State Energy Research and Development Authority to help design NYSEDA’s “CCA Toolkit” for use by New York State municipalities to avoid high upfront consulting costs that can be a burden to communities trying to launch CCAs, and may undermine the accomplishment of their goals. Mr. Fenn was then appointed Member, CCA Subgroup of New York State Clean Energy Advisory Council’s Voluntary Investment Working Group, focused on barriers to local renewable energy development by CCAs under New York’s existing policies and rules. Local Power drafted CCA legislation for New York, which contributed to the executive order that was issued by the Governor to open up New York to CCA in 2016.

Local Power LLC has led the movement of CCAs into renewable energy, then local renewable energy and energy efficiency, then finance, and for the past five years into building energy retro commissioning and ownership by groups and individuals. Paul Fenn wrote many of the procedures being audited, and has extensive experience with the procedures of a CCA. Paul Fenn has hundreds of hours reporting directly to city councils, town councils, Boards of supervisors, state commissions, as well as mayors, governors, and state commissioners, with some involvement with federal commissioners. Local Power also has significant experience in CCA administration.

**Qualifications to Evaluate Proficiency of Policy**

After passage of AB117 in California, Fenn was a major contributor to CPUC CCA regulations informing policies of CCAs, primarily established in R03-10-003 Phase I and Phase II decisions. He was also an expert witness for Women’s Energy Matters (WEM) in CPUC’s Energy Efficiency proceeding related to CCA access to energy efficiency funds per AB117, intervened in the CPUC’s electric utility power procurement proceeding and its Liquefied Natural Gas proceeding, and has been an expert witness in a Nuclear Regulatory Commission proceeding. Mr. Fenn contributed informally to most of the other CCA laws in America, and has worked to define CCA as a method of transformed, not merely cheaper, energy for consumers. Local Power created the “meet or beat” approach to rates with physically greener sourcing, which the vast majority of CCAs in California use today, and increasingly, across America. Moreover, his work resulted in the programs taking big leaps beyond “1.0” CCAs, such as in Sonoma County, whose Sonoma Clean Power was first to implement launch-phase localization.

Local Power has observed the successes and failures of CCAs for nearly a quarter century since creation of the first CCA, the Cape Light Compact, in Massachusetts,. Local Power has prepared three, publicly available, national surveys on the performance of CCAs, conducted in 2009, 2016 and 2019. Our most recent, funded by Urban Sustainability Directors Network (USDN) for publication in 2020, focuses on our “version three” business model, “CCA 3.0: Greenhouse Gas Reduction,” with participation of staff from a dozen east coast cities interested in using CCA for climate action. Highlighted were California CCAs’ successes and failures in reaching their often ambitious renewable energy and greenhouse gas reduction goals. Not only watching, Local Power has actively worked with local officials and CCA administrators to help them avoid mistakes and navigate governance, launch and technical operations of reliable renewable energy programs:
1. City and Town of Ithaca, New York
2. Mid-Hudson Energy Transition, New York (a CCA Administrator based in Ulster County)
3. City of Ann Arbor, Michigan
4. City of Cambridge, Massachusetts
5. Cities of Amherst/Northampton, Massachusetts
6. Sonoma County, California
7. San Luis Obispo County, California
8. City of San Francisco, California
9. City of Boulder, Colorado
10. Sacramento Municipal Utility District, California
11. Imperial Irrigation District, California

Local Power has also worked intensively with state agencies involved in setting up, regulating and improving CCA program compliance and processes to better serve customers and drive renewable energy procurement and development, either as a consultant, competitive grant recipient, or intervenor in rulemakings including the following agencies:

1. California Public Utilities Commission
2. California Energy Commission
3. Massachusetts Department of Public Utilities
4. New York Public Service Commission
5. New York Department of Public Service
6. New York State Energy Research and Development Authority

Governance is a key factor in CCA policy and Local Power has deep experience in this field. Staff members at Local Power are extensively experienced in navigating between CCA Boards and the staff who hire consultants, manage their work to deliver technical information, and assist Board members in understanding material when they vote on decisions. Mr. Fenn was appointed by Board of Supervisors and elected chair of the San Francisco Community Choice Aggregation Citizens Advisory Task Force, providing guidance to the Board for its CCA implementation Plan and leading the CCA Task Force’s policy discussion, presentations and recommendations to the Board of Supervisors concerning the preparation, strategy and launch of CleanPowerSF, San Francisco’s Community Choice Aggregation program. As chair and member expert on CCA of San Francisco’s Community Choice Aggregation Citizens Advisory Task Force, and other venues, Paul Fenn is familiar with the internal procedures followed in relation to staff and CCA Boards, received ethics training, and the definitions and avoidance of conflict of interest in the conduct of public business.

**Qualifications to Evaluate Proficiency of Staff**
Local Power’s longstanding consulting business is conducted primarily with clients who are CCA administrators and their top staff. Local Power understands the skill sets that are required for a CCA administrator to be capable of selecting contractors, evaluating their work, and recommending decisions to Board members who are rotating volunteer local elected officials. We are familiar with the
responsibility of staff to concede all lawful powers to Board members and not seek to exercise it directly, to educate and enable Board governance of a high quality, the prerequisite to success in any undertaking. Because CCAs involve interaction between public Board members subject to public meeting laws and Brown Act, and contractors who are not, Local Power is familiar with the activities that must be carried out between the Board and its contractors, in order to ensure quality control in materials before the Board, education and training, and the necessary time to review materials before decisions are made, in the often complex, far-reaching, and capital intensive decisions made by a CCA, and its public mission to serve consumers of energy. Mr. Fenn has managed a team of up to dozen energy-, finance-, data-, regulatory-, legal-, and other experts helping dozens of local and state government clients planning, implementing and launching CCA programs as a leading expert in the field.

Qualifications to Evaluate Proficiency of Structure
Local Power has been involved in designing program structures for CCA from day one, and has deep knowledge of how different CCA program structures lead to different outcomes in terms of mitigating risks to consumers seeking reliable renewable electricity supply. Local Power co-authored the original “municipal aggregation” model of CCA, CCA 1.0 in Massachusetts, which involved municipalities purchasing electricity for their communities from retail suppliers. Local Power later authored CCA 2.0 in California, which involved municipalities in more of a “utility lite” role, providing their own credit and collateral, setting rates and purchasing electricity from wholesale suppliers. Seeing shortcomings even in this largely successful model, Local Power then developed CCA 3.0, a new structure less focused on “big government” Joint Powers Agencies and more focused on more effective engagement of customers in voluntary investment and building decarbonization. Local Power has not only designed the systems, but helped governments implement them, and is sensitive to how program structures in both management and governance impact CCA program performance.

In 2021 Mr. Fenn received the “Leadership in Solar Policy and Market Transformation Award” by the American Solar Energy Society, for “leadership and significant contribution to the widespread adoption of solar and renewable energy technologies.” Paul Fenn received a certificate of recognition from both MCE and WEM as a “co-founder” of MCE, and a “Climate Hero” award for his role in Sonoma’s CCA. Paul Fenn has a Master’s Degree from the University of Chicago, where he received a PhD fellowship after receiving a Dean’s PhD Fellowship at the New School in New York.