



Western Community Energy Joint Meeting of the Board of Directors and Technical Advisory Committee

AGENDA

Wednesday, July 14, 2021
1:15 PM

Western Riverside Council of Governments
3390 University Avenue, Suite 200
Riverside, CA 92501

Members of the public are encouraged to participate in this meeting via Zoom

Join Zoom Meeting
Meeting ID: 890 1045 7254
Password: 222349
Dial in: (669) 900 9128 U.S.

SPECIAL NOTICE – COVID-19 RELATED PROCEDURES IN EFFECT

Due to the state and local State of Emergency resulting from the threat of Novel Coronavirus (COVID-19), Governor Newsom has issued Executive Order N-29-20 (issued March 17, 2020) in which Section 3 supersedes Paragraph 11 of Executive Order N-25-20 (issued on March 12, 2020). This order states that WRCOG does not need to make a physical location available for members of the public to observe a public meeting and offer public comment. The Order allows WRCOG to hold Committee meetings via teleconferencing and allows for members of the public to observe and address the meeting telephonically or electronically.

To follow the Order issued by the Governor, the WCE Joint Meeting of the Board of Directors and Technical Advisory Committee scheduled for Wednesday, July 14, 2021, at 1:15 p.m. will be held in-person at the location listed on the agenda and virtually, on the Zoom platform. Members of the public may submit public comments before or during the meeting, prior to the close of public comment to snelson@wrcog.us.

Any member of the public requiring a reasonable accommodation to participate in this meeting in light of this announcement shall contact Suzy Nelson 72 hours prior to the meeting at (951) 405-6703 or at snelson@wrcog.us. Later requests accommodated to the extent feasible.

The Board of Directors may take any action on any item listed on the agenda, regardless of the Requested Action.

1. CALL TO ORDER (Todd Rigby, Chair)

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

4. PUBLIC COMMENT

At this time members of the public can address the Board of Directors regarding any items within the subject matter jurisdiction of the Board of Directors that are not separately listed on this agenda. Members of the public will have an opportunity to speak on agenda items at the time the item is called for discussion. No action may be taken on items not listed on the agenda unless authorized by law. Whenever possible, lengthy testimony should be presented to the Board of Directors in writing and only pertinent points presented orally.

5. CONSENT CALENDAR

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

A. Summary Minutes from the May 24, 2021, Special Joint Meeting of the WCE Board of Directors and Technical Advisory Committee

- Requested Action(s):**
1. Approve the Summary Minutes from the May 24, 2021, Special Joint Meeting of the WCE Board of Directors and Technical Advisory Committee.

B. Summary Minutes from the June 9, 2021, Joint Meeting of the WCE Board of Directors and Technical Advisory Committee

- Requested Action(s):**
1. Approve the Summary Minutes from the June 9, 2021, Joint Meeting of the WCE Board of Directors and Technical Advisory Committee.

C. Approval of Amendments to Consulting Agreements for Post-Bankruptcy Services

- Requested Action(s):**
1. Authorize the Executive Director to execute a Second Amendment to the Professional Services Agreement between Western Community Energy and GDS Associates, Inc., in an amount not to exceed \$60,000 for technical and regulatory consulting services.
 2. Authorize the Executive Director to execute a First Amendment to the Professional Services Agreement between Western Community Energy and Calpine Energy Solutions, LLC, in an amount not to exceed \$290,000 through August 2021, for essential post-bankruptcy billing and customer services. The language of the Agreement attached may be modified by legal counsel to reflect payment process changes.

6. REPORTS / DISCUSSION

Members of the public will have an opportunity to speak on agenda items at the time the item is called for discussion.

A. WCE Deregistration and Customer Transition Update

Requested Action(s):

1. Receive and file.

7. CLOSED SESSION

- Conference with Legal Counsel - Anticipated Litigation - Initiation of litigation pursuant to Government Code Section 54956.9(d)(4) - Two (2) potential cases
- Conference with Legal Counsel - Existing Litigation pursuant to 54956.9(d)(1) - Case number: 6:12-12821 (US Bankruptcy Court, Central Division)

8. REPORT FROM THE EXECUTIVE DIRECTOR

Dr. Kurt Wilson

9. ITEMS FOR FUTURE AGENDAS

Members are invited to suggest additional items to be brought forward for discussion at future Executive Committee meetings.

10. GENERAL ANNOUNCEMENTS

Members are invited to announce items / activities which may be of general interest to the Executive Committee.

11. NEXT MEETING:

The next Joint Meeting of the Board of Directors and Technical Advisory Committee is scheduled for **Wednesday, August 11, 2021, at 1:15 p.m.**, virtually via Zoom and in-person at the WRCOG's office.

12. ADJOURNMENT

Western Riverside Council of Governments WCE Board of Directors

Minutes

1. CALL TO ORDER

The Joint Meeting of the WCE Board of Directors and Technical Advisory Committee was called to order by Chair Todd Rigby at 8:01 a.m. on May 24, 2021, on the Zoom platform.

2. PLEDGE OF ALLEGIANCE

Chair Rigby led members and guests in the Pledge of Allegiance.

3. ROLL CALL

Board of Directors:

- City of Eastvale - Todd Rigby (Chair)
- City of Hemet - Russ Brown
- City of Jurupa Valley - Chris Barajas
- City of Norco - Ted Hoffman
- City of Wildomar - Ben Benoit

Technical Advisory Committee Members:

- City of Eastvale - Bryan Jones
- City of Hemet - Chris Lopez
- City of Jurupa Valley - Rod Butler
- City of Norco - Andy Okoro
- City of Perris - Clara Miramontes

4. PUBLIC COMMENTS

There were no public comments.

5. CONSENT CALENDAR – (Norco / Wildomar) 5 yes; 0 no; 0 abstention. Items 5.A through 5.C were approved.

A. Summary Minutes from the May 6, 2021, Special Joint Meeting of the WCE Board of Directors and Technical Advisory Committee

Action:

1. Approved the Summary Minutes from the May 6, 2021, Special Joint Meeting of the WCE Board of Directors and Technical Advisory Committee.

B. Summary Minutes from the May 12, 2021, Joint Meeting of the WCE Board of Directors and Technical Advisory Committee

Action:

1. Approved the Summary Minutes from the May 12, 2021, Joint Meeting of the WCE Board of Directors and Technical Advisory Committee.

C. Approval of Engagement and Legal Services Agreement with Weiland Golden Goodrich

Action:

1. Approved as to form and authorized the Executive Director to enter into an Engagement and Legal Services Agreement with Weiland Golden Goodrich, LLP.

6. CLOSED SESSION

Conference with Legal Counsel - Anticipated Litigation
Two potential cases

Conference with Legal Counsel - Anticipated Litigation
Twelve potential cases

There were no reportable actions.

7. REPORTS

A. WCE Declaration of Fiscal Emergency

Dave Wright, WCE Interim General Manager, reported that WCE was formed in 2018 and went into operations in April 2020. There were several contracts for energy Resource Adequacy and renewables and a \$16M credit facility.

In April 2020, the COVID-19 pandemic forced people to shelter at home and the Governor prohibited utilities from turning off customer accounts for non-payment. As a result, delinquencies surged higher than they ever have been for other utilities. WCE's delinquencies have surpassed \$6M.

The summer of 2020 experienced a major heat event, and even though WCE had procured 90% of its required power, the cost of energy increased significantly and cost WCE an additional unanticipated \$12M. These experiences are being felt throughout the state; however, as a new utility, WCE did not have built up reserves as other utilities have.

In February 2021, WCE's lender cut off access to the credit facility. At the same time, there was a freeze in the state of Texas, which affected California energy markets, resulting in an increased cap on energy prices. This Board took actions to increase rates to cover costs and looked at the potential of utilizing COVID-19 relief funds to help WCE with its financial challenges. WCE also hired its own staff instead of utilizing consultants, hoping to experience additional savings.

WCE does not have enough energy to serve customers throughout the summer. A significant amount

needs to be purchased in order to hedge the power supply for the summer; the cost for power has increased significantly. As of today, WCE needs an infusion of over \$40M to make it through one more year of operations. It was determined that WCE cannot utilize COVID-19 relief funds to aid in its operations.

In order for WCE's lender to provide any financial assistance, it required WCE's members to provide at least \$25M. This year's budget is approximately \$125M. There is approximately \$1M in the bank. WCE has \$12M in obligations to Southern California Edison; \$5M to other vendors; \$4M to the lender; and more than \$6M in letters of credit. WCE needs \$10M for anticipated payment and power purchases over the next 30 days. Lastly, rate increases of between 15% and 30% are necessary over the next couple of years.

WCE staff and legal counsel have tried everything possible to avoid declaring a fiscal emergency. WCE just does not have the cash to pay debts coming due.

Action:

1. Adopted Resolution No. 2021-09; A Resolution of the Board of Directors of Western Community Energy declaring a fiscal emergency.

(Wildomar / Norco) 5 yes; 0 no; 0 abstention. Item 7.A was approved.

B. Discussion and Consideration of Potential Bankruptcy

Glen Price, WCE legal counsel, reported that we have been working with Southern California Edison and the lender over the past few months to restructure debt, and attempting to find additional funding to address cashflow needs. This is contingent, however, on WCE's ability to maintain access to cash receipts, and able to obtain a new source of financing. WCE has been able to juggle its cashflow over the past few months with short-term loans from WRCOG and the willingness of certain consultants and creditors to delay payments. Unfortunately there is not enough cash to continue operating that way.

Action:

1. Adopted Resolution No. 2021-10; A Resolution of the Board of Directors of Western Community Energy authorizing the filing of a petition under Chapter 9 of the United States Bankruptcy Code.

(Jurupa Valley / Wildomar) 4 yes; 1 no; 0 abstention. Item 7.B was approved. The City of Hemet representative voted no.

8. NEXT MEETING

The next Joint Meeting of the WCE Board of Directors and Technical Advisory Committee is scheduled for Wednesday, June 9, 2021, at 1:15 p.m., on the Zoom platform. Committee members will have the option of attending this meeting in-person.

9. ADJOURNMENT

The Joint Meeting of the WCE Board of Directors and Technical Advisory Committee adjourned at 10:11 a.m.

Western Riverside Council of Governments WCE Board of Directors

Minutes

1. CALL TO ORDER

The Joint Meeting of the WCE Board of Directors and Technical Advisory Committee was called to order by Chair Todd Rigby at 1:27 p.m., on June 9, 2021, in WRCOG's office, Citrus Conference Room.

2. PLEDGE OF ALLEGIANCE

Director Ben Benoit led members and guests in the Pledge of Allegiance.

3. ROLL CALL

Board of Directors:

- City of Eastvale - Todd Rigby (Chair)
- City of Hemet - Russ Brown
- City of Jurupa Valley - Chris Barajas
- City of Norco - Ted Hoffman
- City of Perris - Rita Rogers
- City of Wildomar - Ben Benoit

Technical Advisory Committee Members:

- City of Eastvale - Bryan Jones*
- City of Jurupa Valley - Mike Flad
- City of Norco - Andy Okoro*
- City of Perris - Clara Miramontes
- City of Wildomar - Gary Nordquist

*Arrived after Roll Call

4. PUBLIC COMMENTS

There were no public comments.

5. CONSENT CALENDAR – (Jurupa Valley / Wildomar) 6 yes; 0 no; 0 abstention. Item 5.A was approved.

A. Extension of Fiscal Year 2020/2021 Agency Budget

Action:

1. Adopted Resolution No. 2021-11; A Resolution of the Board of Directors of Western Community

Energy extending the Fiscal Year 2020/2021 Agency Budget through August 2021.

6. CLOSED SESSION

Conference with Legal Counsel - Existing Litigation pursuant to 54956.9(d)(1)
Case Number: 6:21-12821 (U.S. Bankruptcy Court, Central Division)

There were no reportable actions.

7. OPEN SESSION

This item was added to the agenda at the meeting in order for the Board to consider adopting a resolution authorizing deregistration with the California Public Utilities Commission.

(Jurupa Valley / Wildomar) 6 yes; 0 no; 0 abstention. Item 7 was approved to be added to the agenda.

Chris Gray, WRCOG Interim Executive Director, reported that at this time it is appropriate for WCE to file a notice of deregistration with the California Public Utilities Commission (CPUC) in order to allow for the transition of customers back to Southern California Edison (SCE), and will allow WCE to work collaboratively with SCE and the CPUC to effectuate that change.

Steve DeBaun, WCE legal counsel, indicated that a copy of the resolution was distributed to Board members present, and emailed to those attending the meeting via Zoom.

Director Ben Benoit indicated that this Board is doing everything it can to help protect the customers. Director Benoit intends to work for a state legislative fix to hopefully cover some of WCE's debts.

Action:

1. Adopted Resolution No. 2021-12; A Resolution of the Board of Directors of Western Community Energy authorizing deregistration with the California Public Utilities Commission.

(Wildomar / Jurupa Valley) 6 yes; 0 no; 0 abstention. Item 7 was approved.

8. NEXT MEETING

The next Joint Meeting of the WCE Board of Directors and Technical Advisory Committee is scheduled for Wednesday, July 14, 2021, at 1:15 p.m., on the Zoom platform. Board and Committee members will have the option of attending this meeting in-person.

9. ADJOURNMENT

The Joint Meeting of the WCE Board of Directors and Technical Advisory Committee adjourned at 2:58 p.m.



Western Community Energy Joint Meeting of the Board of Directors and Technical Advisory Committee

Staff Report

Subject: Approval of Amendments to Consulting Agreements for Post-Bankruptcy Services
Contact: Tyler Masters, Program Manager, tmasters@wrcog.us, (951) 405-6732
Date: July 14, 2021

Requested Action(s):

1. Authorize the Executive Director to execute a Second Amendment to the Professional Services Agreement between Western Community Energy and GDS Associates, Inc., in an amount not to exceed \$60,000 for technical and regulatory consulting services.
 2. Authorize the Executive Director to execute a First Amendment to the Professional Services Agreement between Western Community Energy and Calpine Energy Solutions, LLC, in an amount not to exceed \$290,000 through August 2021, for essential post-bankruptcy billing and customer services. The language of the Agreement attached may be modified by legal counsel to reflect payment process changes.
-

Purpose:

To update the Board on short-term consulting services needs through the deregistration and bankruptcy processes.

Background:

WCE continues to move through the bankruptcy petition and deregistration processes. As part of these processes, staff have been in regular communications with with the California Public Utilities Commission (CPUC) and Southern California Edison (SCE) on the steps forward for the seamless transition of customers back to SCE service, and various regulatory requirements that WCE still needs to provide for the remainder of the year. It has been identified that WCE continues to need key consulting support for various billing, regulatory, and customer services needs.

GDS Associates Agreement Update: GDS Associates, Inc. (GDS), (formerly EES Consulting), serves as WCE's technical consultant under a Professional Services Agreement (PSA). In May 2021, the Board authorized staff to enter into a Second Amendment to include services related to the development of technical regulatory documents that include but are not limited to Renewable Portfolio Standard (RPS) plans and compliance reports, Integrated Resources Plans (IRP) and technical services like annual rate review and forecast, and revenue projections. This Amendment was never executed nor was any work ever performed by GDS. Since WCE filed a bankruptcy petition on May 24, 2021, none of these services are needed. After speaking with state regulatory staff (at the CPUC and the California Energy Commission), it has been confirmed that WCE will still need to file a 2020 RPS compliance report and an

IRP in August 2021. As such, staff is requesting the WCE Board approve the Third Amendment to the PSA with GDS that will revise the compensation amount set forth in the Second Amendment and decrease it to not-to-exceed \$60,000 (a decrease from the May approved not-to-exceed \$150,000 amount) for specific RPS and IRP services.

Calpine Agreement Update: Calpine Energy Solutions (Calpine) has provided billing, data, and customer services for WCE since 2019. As WCE continues through the aforementioned bankruptcy and deregistration processes, it has been identified that WCE will continue to need limited, but essential, services from Calpine. Some of these services will ensure a clean transition of customers back to SCE services, but many services will also allow WCE to continue to collect the revenue it is due through payment of bills and arrearage payments through August 2021. The contract amendment is for a not to exceed amount of \$290,000 for services provided post-bankruptcy, May 24, 2021 through August 2021. For reference, this is less than the \$1.15 per meter (or roughly \$150,000 per month) monthly cost incurred any month prior to May 2021. This reduction in cost is due to the limited scope of services and term that Calpine will be providing. Services being provided include billing and data account services, CPUC Arrearage Management Plan (AMP) debt forgiveness tracking, transition of customers back to SCE service, data storage, and call center services. The draft amendment (Attachment 2) is currently being reviewed by Calpine and WCE legal counsels, and while minor wording might change relating to payment processes in light of WCE's bankruptcy filing, the substance of the scope, term, and budget will remain the same. As such, staff is recommending the Board approve a First Amendment substantially as to form per WCE legal counsel review.

Prior Action(s):

May 12, 2021: The WCE Board of Directors authorized the Executive Director to execute a Second Amendment to the Professional Services Agreement between Western Community Energy and GDS Associates, Inc., in an amount not to exceed \$150,000, for technical consulting services.

February 13, 2019: The WCE Board of Directors authorized the Executive Directors to enter into a Professional Services Agreement with Calpine Energy Solutions for Data Management and Customer Services in an amount not to exceed \$1.15 per meter per month, for each meter serviced by WCE in the month, up to 250,000 metered, or \$1.10 per meter per month, for each meter served by WCE in the month, above 250,000 meters.

Fiscal Impact:

The costs associated with consulting services are reflected in Consulting line item of the Agency's Fiscal Years 2020/2021 Budget, which has been extended through August 2021. The costs of each contract amendment is lower than budgeted line items.

Attachment(s):

[Attachment 1 - WCE Second Amendment to PSA with GDS Associates Inc.](#)

[Attachment 2 - WCE First Amendment to PSA with Calpine](#)

**Approval of Amendments to
Consulting Agreements for Post-
Bankruptcy Services**

Attachment 1

**WCE Second Amendment to PSA
with GDS Associates, Inc.**

**SECOND AMENDMENT TO
PROFESSIONAL SERVICES AGREEMENT
BETWEEN WESTERN COMMUNITY ENERGY AND GDS ASSOCIATES, INC.
(Formerly EES Consulting)**

I. PARTIES AND DATE.

This Second Amendment is made and entered into this 14th day of July 2021, by and between the Western Community Energy, a California public agency ("WCE") and GDS Associates, Inc. (Formerly EES Consulting) ("Consultant"), a Corporation incorporated in the State of Georgia with a principal place of businesses at 1850 Parkway Place, Suite 800 Marietta GA 30067. WCE and Consultant are sometimes individually referred to as "Party" and collectively as "Parties."

2. RECITALS.

2.1 Master Agreement.

WCE and EES Consulting, Inc. ("EES") entered into a certain Professional Services Agreement dated August 15, 2019 ("Master Agreement").

2.2 Acquisition.

In February of 2020, Consultant acquired EES and assumed EES' obligations under the Master Agreement.

2.3 First Amendment.

WCE and Consultant entered into the First Amendment on March 18, 2020, for the purpose of acknowledging Consultant's assumption of EES' obligations under the Master Agreement and increasing the term of the Master Agreement for the continued performance of the Services, as that term is defined in the Master Agreement.

2.4 History of Second Amendment.

On May 12, 2021, the Board of Directors of WCE approved an amendment to the Agreement for the purpose of extending the term and increasing the compensation of the Agreement for the continued performance of the Services, as that term is defined in the First Amendment.

Following the Board's approval of the Amendment as discussed above, WCE staff determined that it was necessary to revise the scope and cost of the approval. Therefore, on July 14, 2021, the WCE Board modified its approval of the amendment to refine the scope of services and compensation.

2.5 Second Amendment.

WCE and Consultant desire to enter into this Second Amendment for the purpose of defining and developing final regulatory requirements of WCE through 2021. WCE and Consultant desire to enter into this Second Amendment for the purpose of decreasing the Compensation as described in Exhibit "B" to \$60,000, according to the schedule described in Exhibit "A".

3. TERMS.

3.1 Assumption of Master Agreement.

Consultant hereby represents, warrants and affirms that it assumed all rights, duties and obligations of EES under the Master Agreement.

3.2 Term.

The term of the Master Agreement shall be amended to December 31, 2021, (the "Second Extended Term"), unless earlier terminated as provided in the Master Agreement.

3.3 Compensation.

Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Second Amendment at the rates set forth in Exhibit "B" attached to this Second Amendment and incorporated herein by reference, according to the schedule described in Exhibit "A" attached to this Amendment and incorporated herein by reference. The total compensation for Services performed under this Second Amendment shall not exceed Sixty Thousand Dollars (\$60,000) without written approval of the Executive Director.

3.4 Continuation of Existing Provisions.

Except as amended by this Second Amendment, all provisions of the Master Agreement and First Amendment including without limitation the indemnity and insurance provisions, shall remain in full force and effect and shall govern the actions of the Parties under this Second Amendment.

3.5 Counterparts.

This Second Amendment may be executed in duplicate originals, each of which is deemed to be an original, but when taken together shall constitute one instrument.

[signatures on following page]

**SIGNATURE PAGE TO SECOND AMENDMENT TO
PROFESSIONAL SERVICES AGREEMENT
BETWEEN WESTERN COMMUNITY ENERGY AND GDS ASSOCIATES, INC.**

IN WITNESS WHEREOF, the Parties hereto have made and executed this Second Amendment as of the date first written above.

WESTERN COMMUNITY ENERGY

GDS ASSOCIATES, INC.

By: _____
Kurt Wilson
Executive Director

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM:

By: _____
General Counsel
Best Best & Krieger

EXHIBIT "A"
Schedule of Services for Second Amendment

Scope of Services

As WCE finalizes its decertification with the CPUC, certain regulatory requirements will likely still need to be met. The Scope and Budget are provided assuming that WCE will need to fully comply with each of the referenced filings.

Task 1 – Draft 2020 RPS Compliance Filing

- WCE’s RPS Compliance Report filing is due August 1, 2021. The compliance filing requires the following:
 - Narrative with summary tables (word doc)
 - RPS Compliance Report Contract ID Generator (Excel file)
 - RPS Hourly e-Tag Summary Report (Excel)
 - 2020 Hourly Meter and e-Tag Reconciliation Report (Excel)

EES will work with WCE to complete the required documents and file as directed with the CPUC. EES will also work with WCE’s legal counsel to develop confidential and public versions for the filing.

Task 2 – Develop 2022 Integrated Resource Plan (IRP)

- The CPUC has not yet provided filing guidance for the Integrated Resource Plan filing requirement in 2022. Therefore, this abbreviated scope is based on the IRP filing completed in 2020. The filing will include the following documents:
 - Narrative Template (Word)
 - Clean System Power “CSP” Calculator (Excel)
 - Resource Data Template “RDT” (Excel)
- A CSP and RDT file will be required for each portfolio modeled. The 2020 requirements included portfolios for 2 conforming portfolios: 42 MMT and 38 MMT benchmarks by 2031. The IRP filing will be based on the relevant IEPR load forecast, which should include WCE’s request for decertification.

EXHIBIT "B"
Updated Budget for Second Amendment

Updated Budget

The table below summarizes the budget projections needed to complete each filing to current standards assuming WCE will be required to complete the filings as if it were to continue serving load.

	Not to Exceed Budget
2020 RPS Compliance Filing	\$10,000
2022 Integrated Resource Plan	\$50,000
Total	\$60,000

EES bills based on time spent on a project. If less time is needed than anticipated, the cost will be less than the not to exceed budget.

**Approval of Amendments to
Consulting Agreements for Post-
Bankruptcy Services**

Attachment 2

**WCE First Amendment to PSA
with Calpine Energy Solutions.**

**FIRST AMENDMENT TO
PROFESSIONAL SERVICES AGREEMENT
BETWEEN WESTERN COMMUNITY ENERGY AND CALPINE ENERGY SOLUTIONS, LLC**

1. PARTIES AND DATE.

This First Amendment is made and entered into this ___ day of _____, 2021, by and between the Western Community Energy, a California public agency ("WCE") and Calpine Energy Solutions, LLC ("Consultant"), a California limited liability company. WCE and Consultant are sometimes individually referred to as "Party" and collectively as "Parties."

2. RECITALS.

2.1 Master Agreement.

WCE and Consultant entered into a certain Professional Services Agreement dated March 22, 2019 ("Master Agreement").

2.2 First Amendment.

WCE and Consultant desire to enter into this First Amendment for the purpose of decreasing the term for the continued performance of the Services, as that term is defined in the Master Agreement and decreasing the Compensation as described in Exhibit "A" to \$290,000.

3. TERMS.

3.1 Term.

The term of the Master Agreement shall be from date first written above to August 31, 2021, unless earlier terminated as provided in the Master Agreement.

3.2 Compensation.

Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this First Amendment at the rates set forth in Exhibit "A" attached hereto and incorporated herein by reference. The total compensation for Services performed under this First Amendment shall not exceed Two-Hundred Ninety Thousand Dollars (\$290,000) without written approval of the Executive Director.

3.3 Continuation of Existing Provisions.

Except as amended in this First Amendment, all provisions of the Master Agreement including without limitation the indemnity and insurance provisions, shall remain in full force and effect and shall govern the actions of the Parties under this First Amendment.

3.4 Counterparts.

This First Amendment may be executed in duplicate originals, each of which is deemed to be an original, but when taken together shall constitute one instrument.

[signatures on following page]

**SIGNATURE PAGE TO FIRST AMENDMENT TO
PROFESSIONAL SERVICES AGREEMENT
BETWEEN WESTERN COMMUNITY ENERGY AND CALPINE ENERGY SOLUTIONS, LLC**

IN WITNESS WHEREOF, the Parties hereto have made and executed this First Amendment as of the date first written above.

WESTERN COMMUNITY ENERGY

CALPINE ENERGY SOLUTIONS, LLC

By: _____
Kurt Wilson
Executive Director

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM:

By: _____
General Counsel
Best Best & Krieger

EXHIBIT "A"
COMPENSATION

Budget for Post-Petition Services

The following budget covers services from the start of the post-petition period through the end of August, 2021 when services will be fully sunset:

May	\$34,390.79
June	\$151,500
July	\$75,000
August	\$25,000

Total: \$285,615.79



Western Community Energy Joint Meeting of the Board of Directors and Technical Advisory Committee

Staff Report

Subject: WCE Deregistration and Customer Transition Update
Contact: David Wright, Interim General Manager, dwright@wrcog.us
Date: July 14, 2021

Requested Action(s):

1. Receive and file.

Purpose:

The purpose of this item is to provide an update on the Deregistration process and status of customers' transition to Southern California Edison service.

Background:

WCE Bankruptcy Update: On May 24, 2021, the WCE Board of Directors adopted a resolution declaring a fiscal emergency and authorized the filing of a Chapter 9 Bankruptcy petition to allow for the restructuring of WCE's financial obligations.

Several factors impacted WCE's financial position since program implementation in April 2020. Factors include the COVID-19-related, state-imposed moratorium on utility bill disconnect and associated substantial increase in utility bill delinquencies, an unanticipated 20% higher customer power usage due to stay-at-home orders, summer 2020 extreme weather events, the impact on market-based power prices, and the tightening of requirements of the State of California for Resource Adequacy (RA) resulting in volume shortages and increase costs in the RA market.

WCE Deregistration Update: On June 9, 2021, the WCE Board of Directors adopted a resolution to file a "Notice of Deregistration" with the California Public Utilities Commission (CPUC). After May's Bankruptcy petition was filed, WCE staff began discussing pathways forward with the CPUC and Southern California Edison (SCE); however, after bankruptcy notification, WCE energy providers began to terminate contracts to provide WCE electricity for the summer months. Subsequently, it soon became apparent that WCE would not have sufficient financial resources to continue to purchase power for its customers starting July 2021. As such, staff worked diligently with the CPUC and SCE staff to identify a pathway to begin transitioning customers from WCE to SCE service with the mutual goal of having minimal impact on customers. The deregistration of WCE in early June also protected WCE customers from being placed on a volatile summer month spot market energy prices after transitioning back to SCE.

On June 15, 2021, WCE customers began to migrate back to SCE service. As of June 24, 2021, all

customers have transitioned with over 99% of billing system transition completed and only several hundred requiring manual account review prior to receiving their full bundled SCE electric bills. This means that over 115,000 customers were returned back to SCE successfully.

Under existing rules approved by the CPUC, SCE has the right to seek recovery from WCE for re-entry fees. Re-entry fees are intended to cover SCE's increased administrative, energy, and other costs resulting from the unplanned returned of customers from WCE. If WCE is unable to pay the re-entry fees, SCE has the ability to seek payment from customers upon return to SCE service. At this point, we do not know what the amount of the re-entry fees will be. Over the next several months, WCE will be working with SCE and the CPUC to verify the amount of the re-entry fees and minimize the impacts to the customers. We anticipate that this issue will require a significant effort by staff and legal counsel to address and we will provide the Board and customers with an update after we have greater clarity on this issue. It is likely that additional information will be available in the August/September timeframe and final resolution might not occur for 4-6 months.

During the transition, customers will experience no change in their service, and their bill will remain substantially the same. While WCE was formed to originally provide lower rates for customers, recent WCE rate adjustments mean that WCE rates are at parity or even higher than current SCE rates. Therefore, customers will see little or no change in their overall bill. The only minor billing situation that may occur is that some customers might receive a bill slightly shorter or longer in usage days (i.e., more or less than a one month period) depending on when they transitioned to SCE service. This, however, will be balanced by the next bill and in the next month, and all months going forward. Upon transition, customers will receive a letter from SCE confirming customer transfer (Attachment 1).

One outstanding issue related to the transition are Net Energy Metering (NEM) customers. NEM customers are those with solar systems. There are approximately 12,000 NEM customers in WCE. Because these customers have solar systems, they simultaneously both produce and consume power. What makes a NEM customer unique is that there is the potential for NEW customers to be reimbursed if they produce more power than they consume on an annual basis. NEM customers are compensated on a 12-month basis, meaning that after 12-months of service a calculation is made to determine whether the customers owes WCE or WCE owes the customer, hence the name Net Energy Metering. When the transition occurred, SCE brought the NEM customers back and restarted the 12-month accounting period for their service. What that means is that WCE potentially owes a payment to each of the NEM customers. Currently, we estimate that 5,000 NEM customers currently are owed a balance by WCE, with the aggregate amount owed of approximately \$600,000. Because of the way in which the transition was done, this obligation remains with WCE instead of being transferred to SCE. WCE is aware of this obligation and is evaluating potential ways in which these customers can be compensated through the bankruptcy process. We anticipate it will be 2-3 months until there is a final resolution to this situation.

Prior Action(s):

June 9, 2021: The WCE Board of Directors adopted Resolution No. 2021-12, authorizing deregistration of WCE with the CPUC.

Fiscal Impact:

The exact fiscal impact is unknown at this time, though the goal is to finalize WCE fiscal operations with all customers and creditors paid as close to the amounts owed as possible. Final fiscal impact will be

determined as the bankruptcy process proceeds. A separate effort is being conducted through the state for WCE to access some COVID-19 related funding that may be available to assist with funding.

Attachment(s):

[Attachment 1 - Voluntary CCA Termination Letter](#)

WCE Deregistration and Customer Transition Update

Attachment 1 Voluntary CCA Termination Letter

«Date»

«Customer_Name»

«Mailing_Address»

«Mailing_City__State__Zip»

Notification: CCA Service Termination: Returning to SCE Service

Customer Account: «Contract Account»

Service Account: «Contract ID»

Service Account Address: «Service_Address»

Dear «Account Name»,

This letter is to inform you that Southern California Edison (SCE) has been notified that your Community Choice Aggregation Service (CCA Service) with Western Community Energy has been terminated due to the CCA's inability to continue to provide service to customers in its service area. As of June 15, 2021, SCE will once again supply the electric generation service for your account.

When your return to SCE generation service has been processed, your account will be removed from CCA Service, and will automatically be returned to SCE's bundled service for a minimum commitment of 12 months.¹ It is possible that your transition may occur mid-bill cycle which can result in a shorter or longer bill period. This may result in a change in your standard monthly payment due dates during the transition, so please keep this in mind. You may contact SCE at **1-800-655-4555 (choose option #4)** to ask questions about your rate options.

If you have any questions, please give us a call at **1-800-974-2356**, Monday through Friday, 7:00 a.m. - 7:00 p.m., or Saturday, 8:00 a.m. - 5:00 p.m. Or visit **[sce.com/ccafaqs](https://www.sce.com/ccafaqs)** for answers to commonly asked questions about CCA Service.

Sincerely,

Southern California Edison
Customer Choice Services

¹ During this 12-month period, which is known as Bundled Portfolio Service, customers will not be allowed to switch to CCA Service or Direct Access Service until their 12-month commitment has been completed. Details for BPS are available in Rule 23 at **[sce.com/tariffbooks](https://www.sce.com/tariffbooks)**.