AGENDA

Special Meeting of the Board of Directors of San Diego Community Power (SDCP)

September 23, 2021

3:30 p.m.

Due to the public health orders and guidelines in California and in accordance with the Governor's Executive Orders N-08-21, there will be no location for in-person attendance. SDCP is providing alternatives to in-person attendance for viewing and participating in the meeting. Further details are below.

Note: Any member of the public may provide comments to the SDCP Board of Directors on any agenda item. When providing comments to the Board, it is requested that you provide your name and city of residence for the record. Commenters are requested to address their comments to the Board as a whole through the Chair. Comments may be provided in one of the following manners:

1. Providing Oral Comments During Meeting. To provide comments during the meeting, join the Zoom meeting by computer, mobile phone, or dial-in number. On Zoom video conference by computer or mobile phone, use the "Raise Hand" feature. This will notify the moderator that you wish to speak during a specific item on the agenda or during non-agenda Public Comment. Members of the public will not be shown on video but will be able to speak when called upon. If joining the meeting using the Zoom dial-in number, you can raise your hand by pressing *9. Comments will be limited to three (3) minutes.
2. Written Comments. Written public comments must be submitted prior to the start of the meeting by using this (web form). Indicate a specific agenda item when submitting your comment. All written comments received prior to the meeting will be provided to the Board members in writing. In the discretion of the Chair, the first ten (10) submitted comments shall be stated into the record of the meeting. Comments read at the meeting will be limited to the first 400 words. Comments received after the start of the meeting will be collected, sent to the Board members in writing, and be part of the public record.

If you have anything that you wish to be distributed to the Board, please provide it via info@sdcommunitypower.org and it will be distributed to the Members.

The public may participate using the following remote options:

Teleconference Meeting Webinar

https://zoom.us/j/94794075133

Telephone (Audio Only)

(669) 900-6833 or (346) 248-7799 | Webinar ID: 947 9407 5133

Call to Order

Roll Call

PUBLIC COMMENTS ON CLOSED SESSION ITEMS

CLOSED SESSION

1. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION PURSUANT TO GOVERNMENT CODE SECTION 54957**
   Title: Interim Chief Executive Officer

2. **CONFERENCE WITH LABOR NEGOTIATORS PURSUANT TO GOVERNMENT CODE SECTION 54957.6**
   Agency designated representatives: Ryan Baron, General Counsel
   Unrepresented employee: Interim Chief Executive Officer

3. **PUBLIC EMPLOYEE APPOINTMENT PURSUANT TO GOVERNMENT CODE SECTION 54957**
   Title: Chief Executive Officer

REPORT FROM CLOSED SESSION

ADJOURNMENT

Compliance with the Americans with Disabilities Act

SDCP Board of Directors meetings comply with the protections and prohibitions of the Americans with Disabilities Act. Individuals with a disability who require a modification or accommodation, including auxiliary aids or services, in order to participate in the public meeting may contact (888) 382-0169 or info@sdcommunitypower.org. Requests for disability-related modifications or accommodations require different lead times and should be provided at least 72-hours in advance of the public meeting.

Availability of Board Documents

Copies of the agenda and agenda packet are available at https://sdcommunitypower.org/resources/meeting-notes/. Late-arriving documents related to a Board meeting item which are distributed to a majority of the Members prior to or during the Board meeting are available for public review as required by law. Previously, public records were available for inspection at the City of San Diego Sustainability Department, located at 1200 Third Ave., Suite 1800, San Diego, CA 92101. However, due to the Governor's Executive Orders N-25-20 and N-29-20 and the need for social distancing, in-person inspection is now suspended. Public records, including agenda-related documents, can instead be requested electronically at info@sdcommunitypower.org or by mail to SDCP, 815 E Street, Suite 12716, San Diego, CA 92112. The documents may also be posted at the above website.

AGENDA

Regular Meeting of the Board of Directors of San Diego Community Power (SDCP)

September 23, 2021

5:00 p.m.

Due to the public health orders and guidelines in California and in accordance with the Governor's Executive Orders N-08-21, there will be no location for in-person attendance. SDCP is providing alternatives to in-person attendance for viewing and participating in the meeting. Further details are below.

Note: Any member of the public may provide comments to the SDCP Board of Directors on any agenda item. When providing comments to the Board, it is requested that you provide your name and city of residence for the record. Commenters are requested to address their comments to the Board as a whole through the Chair. Comments may be provided in one of the following manners:

1. Providing Oral Comments During Meeting. To provide comments during the meeting, join the Zoom meeting by computer, mobile phone, or dial-in number. On Zoom video conference by computer or mobile phone, use the "Raise Hand" feature. This will notify the moderator that you wish to speak during a specific item on the agenda or during non-agenda Public Comment. Members of the public will not be shown on video but will be able to speak when called upon. If joining the meeting using the Zoom dial-in number, you can raise your hand by pressing *9. Comments will be limited to three (3) minutes. Please be aware that the Chair has the authority to reduce equally each speaker's time to accommodate a large number of speakers.
2. Written Comments. Written public comments must be submitted prior to the start of the meeting by using this (web form). Indicate a specific agenda item when submitting your comment. All written comments received prior to the meeting will be provided to the Board members in writing. In the discretion of the Chair, the first ten (10) submitted comments shall be stated into the record of the meeting. Comments read at the meeting will be limited to the first 400 words. Comments received after the start of the meeting will be collected, sent to the Board members in writing, and be part of the public record.

If you have anything that you wish to be distributed to the Board, please provide it via info@sdcommunitypower.org and it will be distributed to the Members.

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Telephone (Audio Only)

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Welcome

Call to Order

Pledge of Allegiance

Roll Call

Items to be Added, Withdrawn, or Reordered on the Agenda

Public Comments
Opportunity for members of the public to address the Board on any items not on the agenda but within the jurisdiction of the Board. Members of the public may use the web form noted above to provide a comment or request to speak.

Consent Calendar

All matters are approved by one motion without discussion unless a member of the Board of Directors requests a specific item to be removed from the Consent Agenda for discussion. A member of the public may use the web form noted above to comment on any item on the Consent Calendar.

1. **Treasurer's Report – Presentation of Financial Results for 2021 Fiscal Year End Period ended 6/30/21 and Presentation of Financial Results for Fiscal Year 2022 Period ended 7/31/21**

Reports by Management and General Counsel
SDCP Management and General Counsel may briefly provide information to the Board and the public. The Board may engage in discussion if the specific subject matter of the report is identified below, but the Board may not take any action other than to place the matter on a future agenda. Otherwise, there is to be no discussion or action taken unless authorized by law.

REGULAR AGENDA

The following items call for discussion or action by the Board of Directors. The Board may discuss and/or take action on any item listed below if the Board is so inclined.

2. **First Amendment to Interim Chief Executive Officer Employment Agreement**

   Recommendation: Consider approval of the First Amendment to the Interim Chief Executive Officer Employment Agreement with Bill Carnahan.

3. **Consider and Discuss Recruitment Process for Permanent Chief Executive Officer**

   Recommendation: Receive staff report and public comments, discuss recruitment process, provide direction regarding the hiring of an executive recruiter, and consider the establishment of a temporary ad hoc advisory committee related to executive recruitment.

4. **Update on Regulatory and Legislative Affairs**

   Recommendation: Receive the update on regulatory and legislative affairs.

5. **Net Energy Metering Letter to the California Public Utilities Commission and the Governor's Office as Recommended by the Community Advisory Committee**

   Recommendation: Approve the Community Advisory Committee's recommendation to send a letter supporting Net Energy Metering (NEM) to the California Public Utilities Commission (CPUC) and the Governor's Office with Staff edits.

6. **Resolution to Approve County of San Diego Membership in SDCP**

   Recommendation: Adopt Resolution No. 2021-4, a resolution of the Board of Directors approving the addition of the County of San Diego as a member of SDCP.

7. **New Members Discussion: National City and Oceanside**

   Recommendation: Review and approve analysis and move forward with National City and Oceanside membership.

8. **Employee Handbook Update**

   Recommendation: Receive and file the updated Employee Handbook.

9. **Energy Programs Discussion and Overview**

   Recommendation: Receive update on energy programs priorities

10. **Back Office Metrics and Dashboard Monthly Update**

    Recommendation: Receive update on Back Office Metrics and Dashboard

11. **Power Resources Monthly Update**

    Recommendation: Receive update on Power Resources

Director Comments

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

ADJOURNMENT

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SAN DIEGO COMMUNITY POWER
Staff Report – Item 1

To:	San Diego Community Power Board of Directors
From:	Eric W. Washington, Chief Financial Officer
Via:	Bill Carnahan, Interim Chief Executive Officer
Subject:	Treasurer's Report – Presentation of Financial Results for 2021 Fiscal Year End Period ended 6/30/21 and Presentation of Financial Results for Fiscal Year 2022 Period ended 7/31/21
Date:	Board Meeting, September 23, 2021

RECOMMENDATION
Receive Report

BACKGROUND
San Diego Community Power (SDCP) maintains its accounting records on a full accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) as applicable to governmental enterprise funds.

SDCP has prepared financial statements for the fiscal year-end (FYE) period ended June 30, 2021and for the period ended July 31, 2021, with along with budgetary comparisons.

ANALYSIS AND DISCUSSION
Financial results for the fiscal year end period ended 6/31/21: $14.81 million in net operating revenues were reported. After $27.85 million in total expenses a $-13.04 million a net position deficit was reported. The deficit was covered by funding from a Line of Credit with River City Bank and cash collected from phases 1 and 2 customers. The fiscal year end June 30, 2021 CPA audited financial statement is in progress.

Financial results for the period ended 7/31/21: $35.98 million in net operating revenues were reported. After $30.28 million in total expenses to a $5.70 million change in net position was reported.

FISCAL IMPACT
Not Applicable

ATTACHMENTS
Attachment A: 2021 FYE Period Ended 6/30/21 Financial Statements
Attachment B: 2022 YTD Period Ended 7/31/21 Financial Statements

MAHER ACCOUNTANCY

ACCOUNTANTS' COMPILATION REPORT

Management
San Diego Community Power

Management is responsible for the accompanying financial statements of San Diego Community Power (a California Joint Powers Authority) which comprise the statement of net position as of June 30, 2021, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
August 11, 2021

1101 Fifth Avenue, Suite 200 San Rafael, CA 94901 415 459 1249 mahercpa.com

SAN DIEGO COMMUNITY POWER
STATEMENT OF NET POSITION
As of June 30, 2021

ASSETS	
Current assets	
Cash and cash equivalents	$ 3,220,566
Accounts receivable, net	1,116,121
Accrued revenue	12,220,309
Other receivables	4,043,272
Deposits	1,650,000
Total current assets	22,250,268
Noncurrent assets	
Restricted cash	7,500,000
Deposits	2,250,000
Total noncurrent assets	9,750,000
Total assets	32,000,268
LIABILITIES	
Current liabilities	
Accrued cost of energy	16,144,721
Accounts payable	362,282
Other accrued liabilities	89,334
Due to other governments	11,281
Security deposits	1,020,000
Interest payable	63,464
Bank note payable	22,840,082
Total current liabilities	40,531,164
Noncurrent liabilities	
Other noncurrent liabilities	582,176
Loans payable	5,000,000
Total noncurrent liabilities	5,582,176
Total liabilities	46,113,340
NET POSITION	
Unrestricted (deficit)	(14,113,072)
Total net position	$ (14,113,072)

SAN DIEGO COMMUNITY POWER
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
July 1, 2020 through June 30, 2021

OPERATING REVENUES	
Electricity sales, net	$ 14,809,010
OPERATING EXPENSES	
Cost of energy	24,361,374
Contract services	2,133,939
Staff compensation	907,442
General and administration	213,499
Total operating expenses	27,616,254
Operating income (loss)	(12,807,244)
NONOPERATING EXPENSES	
Interest and financing expense	235,718
Nonoperating expenses	235,718
CHANGE IN NET POSITION	(13,042,962)
Net position at beginning of period	(1,070,110)
Net position at end of period	$ (14,113,072)

See accountants' compilation report.

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS
July 1, 2020 through June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 1,483,861
Receipts of supplier collateral	1,581,000
Payments to suppliers for electricity	(12,259,925)
Payments for goods and services	(2,407,429)
Payments to employees for services	(819,010)
Payments for deposits and collateral	(4,361,000)
Net cash provided (used) by operating activities	(16,782,503)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Proceeds from loans	21,850,000
Interest and related expense payments	(185,913)
Net cash provided (used) by non-capital financing activities	21,664,087
Net change in cash and cash equivalents	4,881,584
Cash and cash equivalents at beginning of period	5,838,982
Cash and cash equivalents at end of period	$ 10,720,566
Reconciliation to the Statement of Net Position	
Cash and cash equivalents (unrestricted)	3,220,566
Restricted cash	7,500,000
Cash and cash equivalents	$ 10,720,566

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS (continued)
July 1, 2020 through June 30, 2021

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income (loss)	$ (12,807,244)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Revenue adjusted for allowance for uncollectible accounts	149,586
(Increase) decrease in:	
Accounts receivable	(1,265,707)
Accrued revenue	(12,220,309)
Other receivables	(4,043,272)
Prepaid expenses	25,000
Deposits	(3,800,000)
Increase (decrease) in:	
Accrued cost of electricity	16,144,721
Accounts payable	32,240
Other accrued liabilities	(28,799)
User taxes due to other governments	11,281
Supplier security deposits	1,020,000
Net cash provided (used) by operating activities	$ (16,782,503)

MAHER
ACCOUNTANCY

ACCOUNTANTS' COMPILATION REPORT

Board of Directors
San Diego Community Power

Management is responsible for the accompanying special purpose statement of San Diego Community Power (SDCP), a California Joint Powers Authority, which comprise the budgetary comparison schedule for the period ended June 30, 2021, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

The special purpose statement is prepared in accordance with the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This report is intended for the information of the Board of Directors of SDCP.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. SDCP's annual audited financial statements will include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to SDCP because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
August 11, 2021

1101 Fifth Avenue, Suite 200 San Rafael, CA 94901 415 459 1249 mahercpa.com

IEGO COMMUNITY POWER
ARY COMPARISON SCHEDULE
July 1, 2020 through June 30, 2021

	2020/21 YTD Actual	2020/21 Annual Budget (Amended)	2020/21 Budget Remaining
REVENUES AND OTHER SOURCES			
Ratepayer revenues	$ 14,958,596	$ 26,552,000	$ 11,593,404
Less uncollectibles	(149,586)	(266,000)	(116,414)
Total Revenues and Other Sources	14,809,010	26,286,000	11,476,990
OPERATING EXPENSES			
Cost of Energy	24,361,374	29,562,000	5,200,626
Personnel Costs	907,442	1,188,000	280,558
Professional Services and Consultants	1,581,055	2,012,000	430,945
Marketing and Outreach	626,198	796,000	169,802
General and Administrative	140,185	220,000	79,815
Total Operating Expenses	27,616,254	33,778,000	6,161,746
Operating Income (Loss)	(12,807,244)	(7,492,000)	5,315,244
NON-OPERATING REVENUES (EXPENSES)			
Debt Service and Bank Fees	(235,718)	(357,000)	(121,282)
Total Non-Operating Revenues (Expenses)	(235,718)	(357,000)	(121,282)
CHANGE IN NET POSITION	$ (13,042,962)	$ (7,849,000)	5,193,962

MAHER
ACCOUNTANCY

ACCOUNTANTS' COMPILATION REPORT

Management
San Diego Community Power

Management is responsible for the accompanying financial statements of San Diego Community Power (a California Joint Powers Authority) which comprise the statement of net position as of July 31, 2021, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
September 9, 2021

SAN DIEGO COMMUNITY POWER
STATEMENT OF NET POSITION
As of July 31, 2021

ASSETS	
Current assets	
Cash and cash equivalents	$ 8,308,249
Accounts receivable, net	24,286,079
Accrued revenue	20,789,636
Prepaid expenses	58,140
Energy settlements and other receivables	354
Deposits	1,650,000
Total current assets	55,092,458
Noncurrent assets	
Restricted cash	7,500,000
Deposits	2,250,000
Total noncurrent assets	9,750,000
Total assets	64,842,458
LIABILITIES	
Current liabilities	
Accrued cost of energy	43,189,939
Accounts payable	369,008
Other accrued liabilities	105,940
Due to other governments	72,034
Security deposits	1,020,000
Interest payable	79,542
Bank note payable	22,840,082
Total current liabilities	67,676,545
Noncurrent liabilities	
Other noncurrent liabilities	582,176
Loans payable	5,000,000
Total noncurrent liabilities	5,582,176
Total liabilities	73,258,721
NET POSITION	
Unrestricted (deficit)	(8,416,263)
Total net position	$ (8,416,263)

See accountants' compilation report.

SAN DIEGO COMMUNITY POWER
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
July 1, 2021 through July 31, 2021

OPERATING REVENUES	
Electricity sales, net	$ 35,976,285
OPERATING EXPENSES	
Cost of energy	29,778,664
Contract services	206,388
Staff compensation	202,720
General and administration	41,538
Total operating expenses	30,229,310
Operating income (loss)	5,746,975
NONOPERATING EXPENSES	
Interest and financing expense	50,166
Nonoperating expenses	50,166
CHANGE IN NET POSITION	5,696,809
Net position at beginning of period	(14,113,072)
Net position at end of period	$ (8,416,263)

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS
July 1, 2021 through July 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 4,309,035
Other operating receipts	5,107,487
Payments to suppliers for electricity	(3,798,015)
Payments for goods and services	(300,005)
Payments to employees for services	(185,450)
Tax and surcharge payments to other governments	(11,281)
Net cash provided (used) by operating activities	5,121,771
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Interest and related expense payments	(34,088)
Net cash provided (used) by non-capital financing activities	(34,088)
Net change in cash and cash equivalents	5,087,683
Cash and cash equivalents at beginning of period	10,720,566
Cash and cash equivalents at end of period	$ 15,808,249
Reconciliation to the Statement of Net Position	
Cash and cash equivalents (unrestricted)	8,308,249
Restricted cash	7,500,000
Cash and cash equivalents	$ 15,808,249

See accountants' compilation report.

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS (continued)
July 1, 2021 through July 31, 2021

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income (loss)	$ 5,746,975
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Revenue adjusted for allowance for uncollectible accounts	363,397
(Increase) decrease in:	
Accounts receivable	(23,533,355)
Accrued revenue	(8,569,327)
Energy settlements and other receivables	4,042,918
Prepaid expenses	(58,140)
Increase (decrease) in:	
Accrued cost of electricity	27,045,218
Accounts payable	6,726
Other accrued liabilities	16,606
User taxes due to other governments	60,753
Net cash provided (used) by operating activities	$ 5,121,771

ACCOUNTANTS' COMPILATION REPORT

Board of Directors
San Diego Community Power

Management is responsible for the accompanying special purpose statement of San Diego Community Power (SDCP), a California Joint Powers Authority, which comprise the budgetary comparison schedule for the period ended July 31, 2021, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

The special purpose statement is prepared in accordance with the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This report is intended for the information of the Board of Directors of SDCP.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. SDCP's annual audited financial statements will include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

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Maher Accountancy

San Rafael, CA
September 9, 2021

1101 Fifth Avenue, Suite 200 San Rafael, CA 94901 415 459 1249 mahercpa.com

SAN DIEGO COMMUNITY POWER
BUDGETARY COMPARISON SCHEDULE
July 1, 2021 through July 31, 2021

	2021/22 YTD Actual	2021/22 Annual Budget	2021/22 Budget Remaining
REVENUES AND OTHER SOURCES			
Gross Ratepayer Revenues	$ 36,339,682	$ 318,321,000	$ 281,981,318
Less 1% Uncollectible Customer Accounts	(363,397)	(3,183,000)	(2,819,603)
Total Revenues and Other Sources	35,976,285	315,138,000	279,161,715
OPERATING EXPENSES			
Cost of Energy	29,778,664	284,304,000	254,525,336
Personnel Costs	202,720	4,885,000	4,682,280
Professional Services and Consultants	143,658	4,981,000	4,837,342
Marketing and Outreach	66,364	1,417,000	1,350,636
General and Administrative	37,904	845,000	807,096
Total Operating Expenses	30,229,310	296,432,000	266,202,690
Operating Income (Loss)	5,746,975	18,706,000	12,959,025
NON-OPERATING REVENUES (EXPENSES)			
Debt Service and Bank Fees	(50,166)	(978,000)	(927,834)
Total Non-Operating Revenues (Expenses)	(50,166)	(978,000)	(927,834)
CHANGE IN NET POSITION	$ 5,696,809	$ 17,728,000	$ 12,031,191

SAN DIEGO COMMUNITY POWER
Staff Report – Item 2

To: San Diego Community Power Board of Directors

From: Ryan Baron, General Counsel

Subject: First Amendment to Interim Chief Executive Officer Employment Agreement

Date: September 23, 2021

RECOMMENDATION
Consider approval of First Amendment to Interim Chief Executive Officer Employment Agreement with Bill Carnahan

BACKGROUND
Effective October 1, 2020, SDCP appointed Bill Carnahan, a former public utility executive with CCA and public power experience, to serve as Interim CEO of SDCP while SDCP performed a critical series of municipal, commercial and residential launches and other key tasks during 2020 and 2021. When Mr. Carnahan was appointed, it was anticipated that once SDCP's CCA program successfully launched, SDCP would begin a new search for a long-term CEO.

As will be discussed during a separate item on SDCP's agenda, SDCP's Board of Directors will discuss re-starting the process of searching for a long-term CEO. The attached amendment to Mr. Carnahan's employment agreement would extent his term of employment for six (6) months while SDCP performs it search for a long-term CEO.

ANALYSIS AND DISCUSSION
The Interim CEO Employment Agreement between SDCP and Mr. Carnahan was developed last year based on similar contracts and a review of salaries and benefits for municipal, CCA, and public power executives in Southern California and other areas of the state.

Under the proposed amendment to the Interim CEO Employment Agreement:

- Mr. Carnahan's term of employment would be extended for up to six (6) months. Mr. Carnahan's employment would remain "at-will" and at the pleasure of the Board of Directors.

- Mr. Carnahan would receive a housing per diem of $200 per day for each night he stays in San Diego County in relation to performing his duties as Interim CEO, with a limit of ten (10) per diems per calendar month. The original Interim CEO Employment Agreement stated that once SDCP started resuming in person meetings and activities “to the extent SDCP and Employee agree that housing is needed, Employee shall receive a gross monthly housing or hotel allowance to be negotiated at the time the in-person attendance is required.” With the SDCP now maintaining a regular office space, more in-person SDCP staff meetings taking place, and the possibility of in-person Board meetings, the proposed per diem would be intended to allow Mr. Carnahan to stay in a residence or hotel within San Diego County while performing in-person duties as Interim CEO.

All other aspects of the Interim CEO Employment Agreement, including salary and other benefits, would remain the same.

FISCAL IMPACT

There is no impact to the current budget for Fiscal Year 21-22, as CEO salary and benefits were anticipated to be incurred during this fiscal year and the proposed amendment is within with budgeted amounts.

ATTACHMENTS

Attachment A: First Amendment to Interim Chief Executive Officer Employment Agreement

FIRST AMENDMENT TO INTERIM CHIEF EXECUTIVE OFFICER EMPLOYMENT AGREEMENT

THIS FIRST AMENDMENT TO INTERIM CHIEF EXECUTIVE OFFICER EMPLOYMENT AGREEMENT ("**Amendment**") is made by and between San Diego Community Power, a California joint powers authority ("**SDCP**") and Bill Carnahan ("**Employee**") as of October 1, 2021.

This Amendment is entered into on the basis of the following facts:

A. SDCP and Employee entered into that certain Interim Chief Executive Officer Employment Agreement dated October 1, 2020 ("Original Agreement"). Pursuant to the Original Agreement, SDCP appointed Employee as Interim Chief Executive Officer to administer and run SDCP's community choice energy program;

B. SDCP wishes to have Employee continue to perform the duties and functions of the Interim CEO while SDCP continues to implement its community choice energy program and conducts a competitive search for a long-term CEO;

C. Employee desires to continue employment by SDCP as its Interim CEO;

D. The SDCP Board of Directors and Employee desire to amend the Original Agreement as set forth in this Amendment. The Original Agreement, together with this Amendment, shall be known as the "**Agreement**."

BASED UPON THE FOREGOING, SDCP AND EMPLOYEE AGREE AS FOLLOWS:

1. Term Extension.

Employee's term of employment is extended by six (6) months, until March 31, 2022. As provided in the Original Agreement, Employee's employment is "at will" and subject to the terms of the Agreement and the pleasure of the SDCP Board of Directors. Consistent therewith, SDCP's Board of Directors may at any time notify Employee of an earlier expiration date for the term of his employment (1) in relation to the hiring of a long-term CEO or (2) for any other or no reason.

2. Housing Per Diem: Section 6(b) (Housing Allowance) of the Original Agreement is replaced to read as follows:

> (b) Housing Per Diem. Employee shall receive a per diem of $200 per day for each night Employee stays in San Diego County in relation to performing duties as Interim CEO. Employee shall be eligible to receive a maximum of ten (10) per diems in a calendar month. The parties intend for this taxable per diem to be used by Employee to stay in a residence or hotel within San Diego County while performing duties as Interim CEO.

3. Effect of Amendment. Except as otherwise expressly set forth herein, all terms of the Original Agreement shall remain in full force and effect.

SIGNATURES ON FOLLOWING PAGE

SIGNATURE PAGE FOR FIRST AMENDMENT TO INTERIM CHIEF EXECUTIVE OFFICER EMPLOYMENT AGREEMENT

Dated: ___________________

SAN DIEGO COMMUNITY POWER

____

Joe Mosca, Chair, Board of Directors

Attest:

____

Megan Wiegelman, Board Secretary

Approved as to Form:

____

Ryan Baron, General Counsel

Dated: ___________________

EMPLOYEE

____

Bill Carnahan, Employee

SAN DIEGO COMMUNITY POWER
Staff Report – Item 3

To: San Diego Community Power Board of Directors

From: Ryan Baron, General Counsel

Subject: Consider and Discuss Recruitment Process for Permanent Chief Executive Officer

Date: September 23, 2021

RECOMMENDATION

Receive staff report and public comments, discuss recruitment process, provide direction regarding the hiring of an executive recruiter, and consider the establishment of a temporary ad hoc advisory committee related to executive recruitment.

BACKGROUND

Section 5.5 of SDCP's Joint Powers Agreement provides that SDCP will appoint a Chief Executive Officer who is responsible for the day-to-day operation and management of SDCP, and that the CEO will be appointed through a transparent, competitive process. In 2020, the SDCP Board of Directors conducted a competitive recruitment for a permanent CEO, but was unable to appoint its preferred candidate at that time. Due to the critical series of municipal, commercial and residential launches and other key tasks upcoming in 2020 and 2021, SDCP hired an Interim CEO. It was anticipated that once SDCP's CCA program successfully launched, SDCP would begin a new search for a long-term CEO.

ANALYSIS AND DISCUSSION

The previous recruitment process included: (a) the hiring of an executive recruiter to assist with the recruitment process; (b) establishing a temporary ad hoc advisory committee to work with the recruiter and participate in the recruitment process; (c) an initial candidate review by the advisory committee and key stakeholders, and (d) interviews of top candidates by the Board of Directors.

The purpose of this item is to discuss the potential recruitment process, provide direction regarding the hiring of an executive recruiter, and consider the establishment of a temporary ad hoc advisory committee related to executive recruitment.

FISCAL IMPACT

The only aspect of this item with a potential fiscal impact at this time is the hiring of an executive recruiter. In 2020, the cost to hire an executive recruiter was $60,000 to $80,000, and costs are anticipated to be similar this year.

ATTACHMENTS

None.

SAN DIEGO COMMUNITY POWER
Staff Report – Item 4

To: San Diego Community Power Board of Directors

From: Laura Fernandez, Director of Regulatory and Legislative Affairs

Via: Bill Carnahan, Interim Chief Executive Officer

Subject: Update on Regulatory and Legislative Affairs

Date: September 23, 2021

RECOMMENDATION
Receive update on regulatory and legislative affairs.

BACKGROUND
Staff will provide regular updates to the Board of Directors regarding SDCP's regulatory and legislative engagement. The following is an overview of this month's discussion items, which are informational only.

DISCUSSION AND ANALYSIS

A) End of 2021 Legislative Session

On September 10, the California legislative session ended for 2021. This means that any bills that did not pass out of both the Assembly and Senate will not have a chance to become law until next year. Bills that did pass out of both houses will now be presented to Governor Gavin Newsom for signature. October 10 is the last day for the Governor to sign or veto bills. SDCP tracked the progress of 40 bills this legislative session. Of those, just the following 12 were presented to the Governor for signature:

1. Assembly Bill (AB) 33
2. AB 322
3. AB 339
4. AB 525
5. AB 843
6. AB 1124
7. Senate Bill (SB) 44
8. SB 52
9. SB 68
10. SB 267

11. SB 423
12. SB 533

These bills cover a wide range of topics, including but not limited to biomass, offshore wind generation, energy storage systems, and electric vehicle charging infrastructure. At the October Board meeting, I will plan to provide an overview of the bills that are ultimately signed into law by the Governor.

B) Application 21-08-010 – San Diego Gas and Electric (SDG&E) Sales Forecast

The last time SDG&E updated its sales forecast was January 1, 2019. Since the 2019 update, a number of factors have affected SDG&E's electric load. Accordingly, pursuant to the provisions of the General Rate Case Phase 2 Settlement Addendum, SDG&E filed its application for approval of its 2022 electric sales forecast on August 13, 2021. In addition to requesting approval of the 2022 sales forecast, SDG&E requests authorization to file an annual, combined sales forecast and Energy Resource Recovery Account (ERRA) forecast by June 15 of each calendar year.

SDG&E's 2022 electric sales forecast is based on the California Energy Commission's latest adopted California Energy Demand forecast. The below table represents the authorized 2019 sales forecast versus the proposed 2022 annual electric net sales.

COMPARISON OF ANNUAL ELECTRIC NET SALES (GWh) – 2019 VERSUS 2022

Sector	Authorized 2019	Proposed 2022	Difference	% Difference
Residential	6,105	5,245	-860	-14.1%
Small Commercial	2,262	2,041	-221	-9.8%
Med & Large Com/Ind	9,441	9,038	-403	-4.3%
Agricultural	323	311	-12	-3.7%
Lighting	80	83	+3	+3.8%
Total	**18,211**	**16,719**	**-1,492**	**-8.2%**

On August 27, SDCP filed a Joint Protest with Clean Energy Alliance ("CCA Parties"). The protest is based on the grounds that the CCA Parties are unable to conclude from a preliminary review of the application and accompanying testimony whether SDG&E has demonstrated that the entirety of the relief it requests is justified and meets the utility's burden of proof. The CCA Parties do, however, strongly agree with SDG&E's request to file subsequent annual electric sales forecast applications combined with the annual ERRA forecast application. SDG&E submitted its reply to protests on September 14 and a prehearing conference took place on September 15. SDG&E seeks California Public

Utilities Commission (CPUC) approval no later than December 16, so that the updated forecast can be incorporated into its annual consolidated Advice Letter for January 1, 2022 effective rates.

C) Resource Adequacy Citation Appeal Update

On March 5, 2021, SDCP filed a Notice of Appeal for Citation No. E-4195-0098. This citation was issued by the CPUC's Consumer Protection and Enforcement Division on February 3, 2021, for a deficiency in SDCP's September 2021 Year Ahead (YA) System Resource Adequacy (RA) requirements. SDCP is appealing this citation because the deficiency was not a function of process, cost or other factors within SDCP's control. Instead, the deficiency is a direct result of factors outside SDCP's control that have constrained the amount of available resources in a historically tight RA market. SDCP began a robust procurement effort to secure RA resources early on in its existence and was willing to pay far above the market price and the penalty price of $8.88/kW-month, but there was simply no available resource to buy.

The appeal process is still ongoing, and there have been several procedural steps that have occurred over the past six months. However, the appeal process will be wrapping up this calendar year. Opening briefs were filed on September 20 and reply briefs will be filed by October 15. Evidentiary hearings may take place, depending on issues that are raised in briefs. Evidentiary hearings would be the last procedural step before a Draft Resolution is issued by the CPUC, which will determine the outcome of the appeal. SDCP will have an opportunity to file comments on the Draft Resolution prior to it becoming a Final Resolution. Finally, if SDCP disagreed with the outcome of the Final Resolution, SDCP could file an Application for Rehearing.

D) Net Energy Metering 3.0 Proceeding

Background

The Net Energy Metering (NEM) program is designed to support the installation of customer-sited renewable generation. It was originally established in California with the adoption of SB 656 (Alquist, Stats. 1995, ch. 369), codified in Section 2827 of the Public Utilities Code. Importantly, Public Utilities Code Section 2827.1 only applies to large electrical corporations, and thereby excludes Community Choice Aggregators (CCAs) such as SDCP. This is because CCAs are legally entitled to set their own electricity generation rates. CCAs, therefore, determine their own rate policies, including NEM and net surplus compensation policies.

Under the original NEM program, customers who install and operate small (1MW or less) renewable generation facilities (referred to as "customer-generators") may participate. Previously, under the original NEM rate, customer-generators received a full retail rate bill credit for power generated by their onsite systems that was fed back into the power grid during times when generation exceeded onsite energy demand. These credits were used to offset customers' electricity bills, and could be rolled over to subsequent bills for up to a year.

AB 327 (Perea, 2013) directed each large IOU to switch over to the current NEM tariff on July 1, 2017 or after their NEM capacity exceeded 5% aggregated customer peak demand, whichever came first. SDG&E transferred to the current NEM tariff on June 29, 2016. Customer-generators that interconnected their systems to the grid prior to this date were grandfathered into the former NEM rate, pursuant to Decision (D.)14-03-041. These customer-generators are allowed to remain on the former rate for 20 years from the date they interconnected, or they are permitted to switch to the current NEM rate. The former NEM rate is sometimes referred to as "NEM 1.0", and the current NEM rate as "NEM 2.0" or "NEM Successor Tariff."

The current NEM program was adopted by the CPUC in D.16-01-044 on January 28, 2016 and is available to customers of the large investor-owned utilities (IOUs). The program provides customer-generators full retail rate credits for energy exported to the grid and requires them to pay a few charges that align NEM customer costs more closely with non-NEM customer costs. Any customer-generator applying for NEM will:

- Pay a one-time interconnection fee: Customer-generators with facilities under 1 MW must pay a pre-approved one-time interconnection fee based on each IOU's historic interconnection costs. SDG&E's is $132.
- Pay non-bypassable charges: Customer-generators, similar to other utility customers, will pay charges on each kilowatt-hour (kWh) of electricity they consume from the grid. These charges fund programs such as low-income and energy efficiency programs.
- Transfer to a time-of-use (TOU) rate. If a customer-generator is not already on one, they will be required to take service on a time-of-use (TOU) rate to participate in NEM.
-

NEM 3.0

D.16-01-044 also established the CPUC’s commitment to review the NEM 2.0 tariff in 2019 (or later) citing interactive, yet unresolved, policy movements within the CPUC, but outside the scope of that proceeding. On September 3, 2020 the CPUC initiated a new rulemaking (R.) 20-08-020 in order to address the development of a successor to the existing NEM 2.0 tariffs. This proceeding is known as the NEM 3.0 proceeding. SDCP is a party to the NEM 3.0 rulemaking.

On March 15, 2021, eighteen proposals for a successor to the current NEM tariff were filed by a wide range of parties in the proceeding, including the Joint IOUs, Sierra Club, The Utility Reform Network, Natural Resources Defense Council, Solar Energy Industries Association, Vote Solar, Small Business Utility Advocates, Coalition for Community Solar Access, Protect Our Communities Foundation, GRID Alternatives, among others.

Opening testimony was filed by parties in the proceeding on June 18, 2021, and rebuttal testimony was submitted July 16. Evidentiary hearings took place from July 26 until August 9. Opening briefs were filed on August 31, and reply briefs were filed on September 14. SDCP submitted the attached Joint Reply Brief with San Jose Clean Energy (SJCE). In this reply brief, SJCE and SDCP recommend that the CPUC: (i) reject the Joint IOU proposal to use the Avoided Cost Calculator for determining NEM customer compensation, (ii) reject high fixed charges for NEM customers, (iii) adopt a reasonable glidepath to ensure that the rooftop solar industry can continue to grow sustainably, (iv) reject proposals to move NEM 1.0 and 2.0 customers to the successor tariff, (v) ensure growth of rooftop solar in equity communities, and (vi) explore electrification friendly rates for NEM customers.

This proceeding is now considered submitted, and a Proposed Decision is expected by December 2021.

COMMITTEE REVIEW

N/A

ATTACHMENTS

Attachment A: Joint Reply Brief of San Jose Clean Energy and San Diego Community Power

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Revisit Net Energy Metering Tariffs Pursuant to Decision 16-01-044, and to Address Other Issues Related to Net Energy Metering.	Rulemaking 20-08-020 (Filed August 27, 2020)

JOINT REPLY BRIEF OF SAN JOSÉ CLEAN ENERGY AND SAN DIEGO COMMUNITY POWER

LAURA FERNANDEZ
Director of Regulatory and
Legislative Affairs
815 E Street, Suite 12716
San Diego, CA 92112
Phone: (858) 492-6005
Email: lfernandez@sdcommunitypower.org

San Diego Community Power

NORA FRIMANN
City Attorney

LYNNE LAMPROS
Sr. Deputy City Attorney
Email: lynne.lampros@sanjoseca.gov

Office of the City Attorney
200 East Santa Clara Street, 16th Floor
San José, CA 95113-1905
Phone: (408) 535-1900
Email: cao.main@sanjoseca.gov

*Attorneys for the City of San José,
administrator of San José Clean Energy*

September 14, 2021

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JOINT REPLY BRIEF OF SAN JOSÉ CLEAN ENERGY AND SAN DIEGO COMMUNITY POWER

I. INTRODUCTION

Pursuant to Rule 13.12 of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission" or "CPUC"), Commissioner Guzman Aceves's November 19, 2020 Scoping Ruling ("Scoping Ruling"),[1] Administrative Law Judge ("ALJ") Hymes's April 8, 2021 ruling revising the schedule of this proceeding,[2] and the oral ruling of ALJ Hymes at the conclusion of evidentiary hearings on August 10, 2021, San José Clean Energy ("SJCE") and San Diego Community Power ("SDCP") hereby jointly submit this Reply Brief.

SJCE and SDCP recommend that the Commission: (i) reject the Joint Investor-Owned Utility ("Joint IOU") proposal to use the Avoided Cost Calculator ("ACC") for determining Net Energy Metering ("NEM") customer compensation, (ii) reject high fixed charges for NEM customers, (iii) adopt a reasonable glidepath to ensure that the rooftop solar industry can continue to grow sustainably, (iv) reject proposals to move NEM 1.0 and 2.0 customers to the

[1] R.20-08-020, Joint Assigned Commissioner's Scoping Memo and ALJ Ruling Directing Comments on Proposed Guiding Principles, pp. 2-4 (Nov. 19, 2020) ("Scoping Ruling").
[2] R.20-08-020, Email Ruling Noticing April 22, 2021, Workshop and Revising Procedural Schedule (Apr. 22, 2021).

successor tariff, (v) ensure growth of rooftop solar in equity communities, and (vi) explore electrification friendly rates for NEM customers.

II. BACKGROUND

Operated by the City of San José's ("San José") Community Energy Department, SJCE is the Community Choice Aggregator ("CCA") serving nearly 350,000 homes and businesses in the City of San José with clean, reliable electric generation service. SJCE developed its own NEM program in 2019 to help advance San José's one gigawatt solar goal, as stated in San José's Climate Smart Plan.[3] SJCE currently serves about 28,300[4] solar NEM customers in the City of San José, of which 3,402[5] are California Alternate Rates for Energy ("CARE") and Family Electric Rate Assistance ("FERA") NEM customers. San José's Climate Action Plan supports all forms of renewable power, including utility-scale and customer-sited, to meet California's clean air and climate mitigation goals. San José further supports accelerated adoption of electric vehicle ("EV") charging stations, including EV charging stations powered by on-site solar and storage generation. Through a partnership with the California Energy Commission, San José will double its current EV charging infrastructure over the next few years with over forty percent (40%) of new charging stations being installed in low-income and Disadvantaged Communities ("DACs").[6] In addition, forty-six percent (46%) of available funds for the City of San José from the California Electric Vehicle Infrastructure Project have been reserved for chargers in low-

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[3] City of San José, *Climate Smart San José, A People-Centered Plan For A Low-Carbon City* (Feb. 2018), *available at*: https://www.sanjoseca.gov/home/showdocument?id=1364.
[4] San José City Council Memo, 2020 Power Mix, Opt-Out Fee Waiver, and Net Energy Metering Enrollment (Dec. 4, 2019) *available at:* https://sanjose.legistar.com/LegislationDetail.aspx?ID=4263953&GUID=DFF5D1F6-10B1-412E-B1B1-AC901A3CC22C&Options=&Search=.
[5] PG&E 4013 CRCR report to SJCE dated September 4, 2021.
[6] California Energy Commission, *California Electric Vehicle Infrastructure Project (CALeVIP) - Peninsula-Silicon Valley Incentive Project, available at:* https://calevip.org/incentive-project/peninsula-silicon-valley (last visited Sept. 14, 2021).

income communities and DACs.[7] Additional charges or reduced compensation amounts for NEM customers, such as those being proposed by the Joint IOUs in this proceeding, would limit the options available to DAC EV charging stations to benefit from zero emission, on-site electric power generation.

SDCP is a CCA currently serving the cities of Chula Vista, Encinitas, La Mesa, Imperial Beach, and San Diego. Once full enrollment of the five cities is completed in 2022, SDCP will be the second largest CCA in the state with approximately 770,000 accounts. SDCP is the first CCA in the state to embed within its Joint Powers Authority Agreement the objective of reaching 100% renewable energy by no later than 2035. Meeting this target ten years in advance of the state's Senate Bill ("SB") 100 goal will require a vast increase in renewable energy, including local rooftop solar. Moreover, SDCP will have approximately 90,000 NEM accounts by the time full enrollment is completed in 2022. Ensuring that existing, as well as future, NEM customers are appropriately incentivized to self-generate will support our collective renewable energy goals and is key for sustainable growth of the industry.

III. DISCUSSION

A. THE COMMISSION SHOULD REJECT THE JOINT IOU PROPOSAL TO COMPENSATE NEM CUSTOMERS USING THE ANNUALLY UPDATED AVOIDED COST CALCULATOR.

Currently, California's NEM tariffs enable the end-use utility customer to receive a retail credit on their utility bill for the surplus net generation accounting for consumption, as an incentive for adopting on-site renewable generation and exporting renewable energy to the grid. If NEM customers generate more than they consume, this surplus is compensated at their retail rate. If the customer consumed more than they generated, they are charged at the end of their

[7] *Id.*

relevant billing period.[8] NEM customers pay both usage-based generation and transmission and distribution ("T&D") rates; CCAs true-up the generation portion of the bill and IOUs true-up the T&D side of the bill.[9]

The Commission should reject the Joint IOUs proposal to compensate NEM customers for exports at avoided cost using the value established by the most current version of the ACC, with time-of-export periods that match the time-of-use periods of the underlying tariff.[10] The ACC is updated annually through an obscure process, which earlier this year resulted in controversial and major updates. SJCE and SDCP agree with the positions articulated by Solar Energy Industry Association ("SEIA") and Vote Solar that "the ACC was not intended to be a rate design tool and has never been used to design rates."[11] As these parties also indicate, relying on the ACC model for determining compensation for NEM customers will undoubtedly result in customer uncertainty and market volatility due to the annual update process.[12] Customer uncertainty and market volatility should be avoided so that customer-sited renewable distributed generation continues to grow sustainably, as required by Public Utilities Code Section 2827.1.

B. THE COMMISSION SHOULD REJECT HIGH FIXED CHARGES FOR NEM CUSTOMERS.

In addition to proposing to compensate NEM customers using the value established by the ACC, the Joint IOUs also propose a Grid Benefits Charge ("GBC") that would be based on solar system size and also updated annually.[13] The GBC would recover T&D and non-bypassable

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[8] *See* Cal. Pub. Util. Comm'n, *Net Energy Metering*, *available at*: https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/demand-side-management/net-energy-metering (last visited Sept. 14, 2021).
[9] *See id*.
[10] R.20-08-020, Joint Opening Brief of Pacific Gas and Electric Company, San Diego Gas and Electric Company and Southern California Edison Company, p. 63 (Aug. 31, 2021) ("Joint IOUs Opening Brief").
[11] R.20-08-020, Opening Brief of the Solar Energy Industries Association and Vote Solar, p. 7 (Aug. 31, 2021) ("SEIA/Vote Solar Opening Brief").
[12] *Id*.
[13] *See* Joint IOUs Opening Brief, xii (Summary of Recommendations).

charges ("NBCs") from solar customers, and therefore would impact bundled as well as unbundled (i.e., CCA) customers alike.[14] Similar to the challenges posed by the annual updates to the ACC, updating the GBC on an annual basis would lead to further customer uncertainty as well as market volatility, which as noted above should be avoided.

Moreover, these changes would almost certainly result in reduced incentives to install rooftop solar generation for future customers who did not take service under the NEM 1.0 and 2.0 tariffs. At a time of increasing demand on the California grid it is imperative to deeply reduce greenhouse gas emissions from all sources, including buildings. Any approach that incorporates a high fixed charge is not only counter intuitive to decarbonizing the state's power supply, but also directly contradicts California state law. For example, Public Utilities Code Section 2801 provides:

> [I]t is desirable and necessary to *encourage* private energy producers to competitively develop independent sources of natural gas and electric energy not otherwise available to California consumers served by public utilities, to require the transmission by public utilities of such energy for private energy producers under certain conditions, and remove unnecessary barriers to energy transactions involving private energy producers.[15]

Additionally, Public Utilities Code Section 2827.1 requires that, in developing the successor NEM tariff, the Commission is required to ensure "that customer-sited renewable distributed generation continues to grow sustainably."[16] SJCE and SDCP agree with the California Solar and Storage Association ("CALSSA") who note that "[s]ingling out NEM customers for high fees would *specifically disincentivize* self-generation as a method of achieving demand reductions by directly reducing the savings that these customers are able to obtain from their investments in

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[14] *Id.*
[15] Cal. Pub. Util. Code § 2801 (emphasis added).
[16] Cal. Pub. Util. Code § 2827.1(b)(1).

NEM systems."[17] Therefore, the Joint IOUs' GBC proposal, as well as other similar proposals, would not only reduce the existing cost savings and value proposition for NEM customers, but it would also contradict the California Legislature's clear direction to encourage customer-sited generation. The GBC and other similar proposals for high fixed charges for current and future NEM customers should be summarily rejected by the Commission.

C. SJCE AND SDCP SUPPORT A REASONABLE GLIDEPATH.

SJCE and SDCP join with CALSSA, [18] SEIA/Vote Solar,[19] and Sierra Club[20] in support of a glidepath approach. CALSSA[21] and SEIA/Vote Solar[22] accurately predict that a glidepath will help ensure that the industry continues to grow sustainably, as is required under Public Utilities Code Section 2827.1(b)(1). A successor tariff "that focuses on reducing the export compensation rate, with a reasonable glidepath to step the rates down based on the achievement of adoption targets," as proposed by CALSSA is a reasonable way for the Commission to ensure that customer-sited renewable distributed generation continues to grow sustainably, as required by law.[23] In contrast, instituting a rapid and sudden change towards the ACC could hamper growth of the rooftop solar industry, which the state should be supporting in order to meet its SB 100 goals. For these reasons, SJCE and SDCP reiterate that the ACC approach proposed by the Joint IOUs should be rejected.

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[17] R.20-08-020, Opening Brief of the California Solar & Storage Association, p. 136 (Aug. 31, 2021). ("CALSSA Opening Brief").
[18] CALSSA Opening Brief, pp. 106-107.
[19] SEIA/Vote Solar Opening Brief, pp. 38-39.
[20] R.20-08-020, Sierra Club Opening Brief, p. 6 (Aug. 31, 2021) ("Sierra Club Opening Brief").
[21] CALSSA Opening Brief, p. 106.
[22] SEIA/Vote Solar Opening Brief, p. 76.
[23] CALSSA Opening Brief, p. vii (Summary of Recommendations).

D. SJCE AND SDCP OPPOSE RETROACTIVE CHANGES FOR NEM 1.0 AND NEM 2.0 CUSTOMERS.

SJCE and SDCP agree with parties in the proceeding such as CALSSA who oppose transferring NEM 1.0 and NEM 2.0 customers to the successor tariff. As noted by CALSSA, "[m]odifying eligibility terms retroactively would not only harm existing NEM customers—including lower income customers—and undermine the terms of their investments that the Commission had previously determined were set, but it would also cast doubt on the stability of the NEM program going forward."[24] By the time a successor tariff is approved, SJCE[25] and SDCP collectively will serve over 100,000 NEM 1.0 and 2.0 customers in California.[26] SJCE and SDCP seek to protect the investments of these early adopters and agree with parties in the proceeding such as CALSSA who argue that changes to NEM 1.0 and 2.0 are beyond the scope of the instant proceeding.[27] The Commission should solely focus its attention on a successor tariff for *new* NEM customers.

E. THE COMMISSION SHOULD EXPAND ACCESS TO ROOFTOP SOLAR FOR EQUITY COMMUNITIES.

As the Commission considers a successor tariff, it must ensure that low-income customers, CARE/FERA Program customers and customers in DACs are not only protected, but are prioritized in a way that ensures that solar adoption for these customers and communities continues to grow and expand. SJCE and SDCP support CALSSA's proposal that would allow these customers to be eligible for a tariff that is equivalent to NEM 2.0 – NEM credits at full

[24] *Id.*, p. 194.
[25] San José City Council Memo (December 2019), p. 2, *available at*: http://sanjose.legistar.com/gateway.aspx?M=F&ID=b4a04928-5a29-4036-9105-450da67bca4d.pdf
[26] SDCP Board of Directors May 27, 2021 Meeting, Agenda Packet, p. 93, *available at*: https://sdcommunitypower.org/wp-content/uploads/2020/12/00.-Revised-Agenda-Packet-v4-1.pdf
[27] *See* CALSSA Opening Brief, pp. 220-221.

retail rate minus NBCs.[28] Moreover, NEM 2.0 should be maintained for both current as well as future low-income and CARE/FERA customers. Specifically, SJCE and SDCP agree with CALSSA that low-income should be defined as 80% of area median income.[29] This is to account for regional income differences, which are not considered in the CARE and FERA federal income thresholds of 200% and 250%.

Additionally, SJCE and SDCP share concerns with several of the parties that the solar incentive programs like Disadvantaged Communities–Single-Family Affordable Solar Homes and the Solar on Multifamily Affordable Housing would be adversely affected if the Commission adopts the Joint IOUs' proposal to estimate NEM charges through an ACC rather than a glidepath approach because, as noted by CALSSA, the "programs rely on cost savings created" through the existing structure to encourage adoption by customers.[30]

F. SJCE AND SDCP SUPPORT ELECTRIFICATION RATES.

Lastly, both SJCE and SDCP would be in support of exploring electrification friendly rates available for successor NEM tariff customers. As mentioned in the Sierra Club and SEIA/Vote Solar opening briefs[31], requiring non-low income residential NEM 3.0 customers to take service on an electrification rate could encourage a more efficient use of the renewables on the grid, thereby leading to further electrification and decarbonization of our grid.

IV. CONCLUSION

For all the above reasons, SJCE and SDCP recommend that the Commission: (i) reject the Joint IOU proposal to use the ACC for determining NEM customer compensation, (ii) reject high fixed charges for NEM customers, (iii) adopt a reasonable glidepath to ensure that the

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[28] *Id.*, p. 58.
[29] *Id.*, p. 73.
[30] *Id.*, p. 189.
[31] SEIA/Vote Solar Opening Brief, p. 9; and Sierra Club Opening Brief, pp. 1-2.

rooftop solar industry can continue to grow sustainably, (iv) reject proposals to move NEM 1.0 and 2.0 customers to the successor tariff, (v) ensure growth of rooftop solar in equity communities and (vi) explore electrification friendly rates NEM customers.

Pursuant to Rule 1.8(d) of the Commission's Rules of Practice and Procedure, City of San José, administrator of San José Clean Energy has been authorized by representatives of SDCP to submit this filing on their behalf.

Respectfully submitted,

NORA FRIMMAN
City Attorney

/s/ Lynne E. Lampros

Lynne E. Lampros
Senior Deputy City Attorney II
City of San José
Office of the City Attorney
200 East Santa Clara Street, 16th Floor
San José, CA 95112
Tel: (408) 535-1900
E-mail: lynne.lampros@sanjoseca.gov

Attorney for City of San José, administrator of San José Clean Energy

Dated: September 14, 2021

SAN DIEGO COMMUNITY POWER
Staff Report – Item 5

To: San Diego Community Power Board of Directors

From: Laura Fernandez, Director of Regulatory and Legislative Affairs

Subject: Net Energy Metering Letter to the California Public Utilities Commission and the Governor's Office as Recommended by the Community Advisory Committee

Date: September 23, 2021

RECOMMENDATION

Approve the Community Advisory Committee's recommendation to send a letter supporting Net Energy Metering (NEM) to the California Public Utilities Commission (CPUC) and the Governor's Office with Staff edits.

BACKGROUND

On September 3, 2020, the CPUC initiated a new rulemaking (R.) 20-08-020 to address the development of a successor to the existing NEM 2.0 tariffs. In March of this year, eighteen proposals were submitted by a wide range of parties in what is known as the NEM 3.0 proceeding. Since then, a cost-effectiveness analysis was prepared by E3, opening as well as rebuttal testimony was filed in June and July of this year, and finally, opening and reply briefs were submitted during the months of August and September. SDCP submitted a joint Reply Brief with San José Clean Energy on September 14, 2021.

The next step in the NEM 3.0 proceeding is for a Proposed Decision (PD) to be issued by the Administrative Law Judge (ALJ) in the proceeding. The PD is expected to be issued by December 2021.

ANALYSIS AND DISCUSSION

Between now and December 2021 when the PD is expected, CPUC staff will consider information that was submitted on the record in the proceeding to inform the PD. Additional communications, such as letters transmitted outside of the record of the proceeding to the CPUC are likely to carry some political weight, which has the potential to influence the outcome of the PD. Staff notes that one day after the proceeding was considered submitted, the Affordable Clean Energy for All Coalition, which includes a coalition of diverse interests that includes the Investor-Owned Utilities, sent a letter indicating their strong support for changes to the NEM program.

For all of these reasons, staff supports the CAC's recommendation to send a letter supporting a strong NEM 3.0 outcome. Moreover, staff made several edits to the letter that was approved by the CAC, which can be found as attachment B to this staff report.

Those changes were mostly grammatical in nature, and to align with the operational goals of the organization, such as providing competitive rates and having a diverse pool of resources, such as rooftop solar, from which SDCP will rely on for its 100% renewable energy goal by 2035 or sooner. Staff recommends that the Board of Directors adopt the staff edited letter. Additionally, staff requests permission to further modify the letter if necessary to include other Community Choice Aggregators who may wish to sign onto the letter prior to transmission.

If approved by the Board, this action would aid other efforts undertaken by staff to support a strong NEM 3.0. For example, staff worked with San José Clean Energy in drafting a reply brief that outlined the priorities of what a strong NEM 3.0 outcome should look like.

COMMITTEE REVIEW

The Community Advisory Committee (CAC) has discussed the issue during several past meetings this year. They have voted unanimously to inform the Board that they support a strong NEM 3.0, and at the September 10, 2021 meeting, voted 6 in favor, 1 abstention, with 3 absent, to recommend that the Board send a letter to the CPUC and the Governor's Office calling for the proceeding to adopt a strong NEM 3.0 structure that maintains a sustainable growth of the rooftop solar industry.

FISCAL IMPACT

No fiscal impact is expected with this action.

ATTACHMENTS

Attachment A: CAC Letter on Supporting Sustainable Growth in Rooftop Solar from NEM 3.0 Proceeding.
Attachment B: Staff Edited Letter from the CAC on Supporting Sustainable Growth in Rooftop Solar from the NEM 3.0 Proceeding

Governor Gavin Newsom
1303 10th Street, Suite 1173
Sacramento, CA 95814

California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102
Docket #: R.20-08-020

Dear Governor Newsom,

As one of the largest community choice energy programs in the state, San Diego Community Power requests your support to protect rooftop solar in California and expand access to all ratepayers, especially communities of concern.

California has suffered the devastating effects of the accelerating climate crisis in the past year with wildfires displacing hundreds of thousands of people and producing some of the worst air quality in California history. San Diego Community Power believes that rooftop solar is a key solution to fighting climate change and many of the cities who joined San Diego Community Power did so with a vision of 100 percent renewable energy, which includes local rooftop solar and energy storage.

California has long been a leader in adopting solar energy with over a million Californians generating their own renewable energy onsite with more than 75,000 jobs created, billions of dollars of economic benefit to the state and there is one policy that is vital to that investment: net energy metering (NEM).

Net metering allows individuals and organizations to power their homes, apartments, nonprofit organizations, businesses, cities and schools using clean solar energy, by giving customers a bill credit for the excess clean electricity they share with their neighbors. Today, this is under attack. California's investor-owned utilities are proposing to make changes to this vital policy that would make it nearly impossible for Californians to go solar even though Assembly Bill 327 has a clause that directs the California Public Utilities Commission to adopt a NEM policy that ensures solar will continue to "grow sustainably." The proposed changes would make going solar more expensive, increase the amount of time it takes to pay off systems and ultimately have the potential to eliminate the rooftop solar market in California. The proposed changes would also create monthly fees that San Diego Community Power customers could not avoid, regardless of how strong the NEM program we create is, eroding promises we made to our community to benefit utility companies.

As San Diego Community Power works to provide lower rates and clean energy to our accounts, we acknowledge that the deployment of more rooftop solar will reduce the need for new, expensive utility infrastructure, potentially saving California ratepayers $120 billion as recently reported by Vibrant Energy.

The state has said that we need to triple the amount of rooftop solar in order to meet the 100 percent clean energy goal, and there are ambitious energy storage goals as well. Along with the increase in rooftop solar we will need to reach our state targets, comes green jobs and career opportunities. Transitioning to clean energy has the potential to create 374,000 new jobs in the state all while reducing CO2 emissions, and we'd like to support local green jobs in our communities of concern.

Please, for the sake of an equitable and survivable future, protect rooftop solar and energy storage and advocate for a solar-friendly net metering 3.0 that allows the market to grow increasing solar and storage installations and grid resiliency while reducing fires and impacts to the climate crisis. We must prioritize communities of concern with this proceeding, giving affordable housing tenants, those on the CARE rate, communities of concern and nonprofits serving communities of concern the most solar-friendly rates and the opportunity to save additional money from rooftop solar and energy storage. Drastic changes to the NEM program by the California Public Utilities Commission will negatively impact consumers, support environmental injustices, accelerate the climate crisis and shatter California's clean energy industry. Other states look to California as a model for transitioning to clean energy and what happens here will shape the clean energy landscape across the United States. As we emerge from the economic and public health crises caused by COVID-19, we urge you to maintain the benefits of solar energy for all Californians, and invest in a stronger NEM for communities of concern.

Signed,

cc: Members of the California Public Utilities Commission

SAN DIEGO COMMUNITY POWER
815 E Street, Suite 12716
San Diego, CA 92112
sdcommunitypower.org

Governor Gavin Newsom
1303 10th Street, Suite 1173
Sacramento, CA 95814

California Public Utilities Commission
505 Van Ness Ave.,
San Francisco, CA 94102

RE: SDCP Supports the Sustainable Growth of the Rooftop Solar Industry via the Net Energy Metering (NEM) 3.0 Proceeding

Dear Governor Newsom and CPUC Commissioners,

As one of the largest Community Choice Aggregators (CCA) in California, San Diego Community Power (SDCP) requests your support to protect rooftop solar, ensure that it continues to grow sustainably through the existing Net Energy Metering (NEM) 3.0 proceeding, maintain the existing structure for current NEM customers, and have it available for future customers in our Communities of Concern.

California has suffered the devastating effects of the accelerating climate crisis in the past year with wildfires displacing hundreds of thousands of people and producing some of the worst air quality in state's history. SDCP believes that rooftop solar is a key solution to fighting climate change as many of the jurisdictions which joined the organization did so with a vision of 100 percent renewable energy by 2035 or sooner, including distributed energy resources, such as local rooftop solar and storage. California has long been a leader in adopting solar energy with over a million residents generating their own renewable energy onsite, creating more than 75,000 jobs, and helping contribute billions of dollars of economic benefit to the state through the existing NEM structure.

Net Energy Metering allows customers to power their homes, apartments, nonprofit organizations, businesses, cities, and schools using clean solar energy by giving them a bill credit for the excess clean electricity they send to the grid. Today, the sustainable growth of the industry is under question. California's investor-owned utilities (IOU) and other parties in the proceeding are proposing to make changes via the proceeding which would impact the financial incentives existing NEM customers have enjoyed. The proposed changes would make going solar more expensive to future customers, increase the amount of time it takes to pay off their investments and ultimately have the potential to seriously harm the rooftop solar industry in California. The proposed changes would also create monthly fixed fees that SDCP customers could not avoid on the San Diego Gas & Electric (SDG&E) side of the bill, regardless of the Net Surplus Compensation (NSC) that is provided by SDCP.

As San Diego Community Power works to provide competitive rates and cleaner energy, we acknowledge that reaching our 100% renewable energy goal requires a diverse portfolio of resources including rooftop solar. Ensuring the sustainable growth of the industry through a supportive NEM 3.0 proceeding is in line with the increase of renewables needed to meet the state's Senate Bill (SB) 100 goal of 100 percent clean energy by 2045. Doing so has the potential to reduce greenhouse gas emissions and create thousands of green jobs that can benefit our Communities of Concern.

In prioritizing an equitable and survivable future, the NEM 3.0 proceeding shall continue the sustainable growth of the industry which helps increase grid resiliency and lessen the impacts of the climate crisis such as the frequency of wildfires. Particularly, it is important to consider potential impacts to our low-income communities like those on the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) rates, who may wish to enroll in NEM but may be discouraged from doing so if the financial incentives are decreased. Expanding NEM benefits to residents on 80 percent of the area median income would also help in these efforts.

As such, drastic changes to the NEM program by the CPUC has the potential to negatively impact the financial incentives customers have enjoyed, and what future customers could have enjoyed as well. California has long been a model on the clean energy transition, and what happens here will shape the clean energy landscape across the United States. Lastly, as we emerge from the economic and public health crises caused by COVID-19, we urge you to maintain the benefits of solar energy for all Californians, ensure that the industry continues to grow sustainably from the NEM 3.0 proceeding, and invest in Communities of Concern who are at the forefront of the climate crisis.

Sincerely,

cc: Members of the California Public Utilities Commission

SAN DIEGO COMMUNITY POWER
Staff Report – Item 6

To: San Diego Community Power Board of Directors

From: Cody Hooven, Chief Operating Officer

Via: Bill Carnahan, Interim Chief Executive Officer

Subject: Resolution to Approve County of San Diego Membership

Date: September 23, 2021

RECOMMENDATION
Adopt Resolution No. 2021-4, a resolution of the Board of Directors approving the addition of the County of San Diego as a member of SDCP.

BACKGROUND
In June, the Board adopted a New Member Policy to guide the process for other regional municipalities to seek membership with SDCP and as guidance for staff and the Board.

Staff have been working with the County of San Diego (County) to respond to information requests and conduct a pro form analysis to determine the financial and operational impacts of membership, a key step in determining membership. This analysis was presented to the Board in June, with staff receiving direction to pursue County membership in SDCP.

The County Board of Supervisors voted on August 31, 2021 to join SDCP and adopted the Joint Powers Authority Agreement at that time. Supervisor Lawson-Remer was named as Board member and Supervisor Vargas was named as alternate.

ANALYSIS AND DISCUSSION
As part of assessing new members, a pro forma analysis, or economic assessment of the impacts of adding a member is conducted. Our consultant Pacific Energy Advisors PEA was engaged to prepare the assessment (Attachment A).

It is estimated that the County's additional customer base would yield average net revenues approximating $5.9 million and $10.5 million (over the two fiscal years following prospective enrollment of eligible electric accounts within the County). These projected incremental revenues could be used to supplement SDCP reserves, expand funding for clean energy or other locally-focused energy programs, or help maintain the general competitiveness of SDCP rates (relative to the incumbent utility and/or other available service alternatives).

Adding the County to SDCP represents an approximate 30% increase in retail sales, assuming 90% of eligible accounts would remain enrolled (reflecting a 10% opt-out rate). This represents a significant increase in renewable energy use in the region once the County accounts are enrolled in SDCP service.

Resource availability is also discussed in the assessment including the need to work closely with SDG&E in order to ensure the ability to procure sufficient amounts of resources, especially resource adequacy. The report analyzed future wholesale power price trends to arrive at the fiscal impact, shown below for the County. Incremental revenues were projected based on forecasted electricity sales and current SDCP rates. In addition to increased power supply needs, incremental costs such as billing charges, service fees, and notices were also included.

Incremental Net Margins from Expansion with the County (in $MM)

	FYE 2023[1] ($MM)	FYE 2024 ($MM)	FYE 2025 ($MM)
Revenue	$26.8	$135.7	$136.4
Power Costs	$-25.8	$-125.7	$-121.8
Other Costs	$-1.0	$-4.1	$-4.1
Net Margin/Reserve Contribution	$0	$5.9	$10.5

Impact on Voting

Voting is impacted any time a new member is added. There are two levels of voting, the first is the so-called “one entity one vote” with majority rules. In this case the five members casting votes will be increased to six. It is expected the vast majority of votes will be taken in this equal vote method.

Under certain circumstances a “weighted vote” may be called for. This method is a form of proportional voting by energy load. To date, this method of voting has not been used by the Board. The table below shows the “voting shares” impact of the County joining the current configuration of members.

Members	Existing	New w/County
San Diego	49.00%	49.00%
San Diego County	--	30.77%
Chula Vista	28.45%	11.84%
Encinitas	9.36%	3.66%
La Mesa	8.79%	3.61%
Imperial Beach	4.40%	1.13%

[1] Reflects partial year of service for fiscal year ending June 20, 2023, with enrollments assumed to commence on April 1, 2023.

Summary and Next Steps
Staff recommend moving forward with membership for the County. Staff will return to the Board with a resolution for membership for any additional cities within the next two months in order to move forward with collective amendments and required State filings by the end of the calendar year. Per the Resolution, the new County Board member may be seated as soon as December of this year.

COMMITTEE REVIEW
N/A

FISCAL IMPACT
Impacts to staffing will be evaluated for Fiscal Year 2023; additional operating costs for FY23 are expected to be covered by additional revenues.

ATTACHMENTS
Attachment A: SDCP Expansion Assessment_County of San Diego
Attachment B: Resolution Approving the Addition of the County of San Diego as a Member of SDCP

San Diego Community Power Expansion Assessment

June 2021

SUMMARY

The County of San Diego ("County") has engaged with San Diego Community Power ("SDCP") to explore the possibility of joining SDCP. On behalf of SDCP, Pacific Energy Advisors, Inc. ("PEA") conducted an assessment of the financial and resource planning implications associated with extending SDCP service to electric customers within the County (which are currently receiving bundled electric service from the incumbent utility, San Diego Gas & Electric, or "SDG&E"). The assessment involved a study to understand the potential increase in electric load and the additional energy resources that would be needed to serve the County. The study also estimated the incremental revenues that would be derived from electricity sales to County customers, as well as the incremental costs associated with energy resource procurement and other items/services that would be necessary to support CCA service expansion to County customers. These factors were jointly evaluated to determine whether any operating surpluses could be generated, on a projected basis, for the benefit of SDCP and its customers.

In consideration of the prospective timing associated with amended implementation plan submittal and in accordance with existing regulatory rules, the earliest possible enrollment date for County customers would be January 1, 2023.[1] For this assessment, PEA modeled various enrollment start times in 2023 and found that April 2023 would be optimal from a financial perspective. Thus, enrollment would be expected to occur toward the end of SDCP's fiscal year ending 2023; the first full year reflecting County load would be SDCP's fiscal year ending 2024.

Under base case assumptions, the analysis indicates that expansion would yield a positive financial impact for SDCP: the expansion would be expected to increase SDCP reserve contributions by approximately 25% per year, beginning in FYE 2024. The projected incremental revenues, costs, and net margin (i.e., surplus or contribution to reserves) is shown in Table 1.

Table 1: Incremental Net Margins from Expansion (in $MM)

	FYE 2023[2]	FYE 2024	FYE 2025
Revenue	$26.8	$135.7	$136.4
Power Costs	$-25.8	$-125.7	$-121.8
Other Costs	$-1.0	$-4.1	$-4.1
Net Margin/Reserve Contribution	$0	$5.9	$10.5

Electric resource requirements associated with the expansion would be significant, and close coordination between SDCP and SDG&E would be important to achieve an appropriate allocation of resources needed

[1] Achieving the prospective early enrollment date for County customers would require submittal of an amended CCA implementation plan no later than December 31, 2021.
[2] Reflects partial year of service for fiscal year ending June 20, 2023, with enrollments assumed to commence on April 1, 2023.

to serve the transferred load. Such coordination and cooperation would be especially critical for resource adequacy and long-term renewable energy supply. Without cooperation from SDG&E to sell excess resources, or alternatively, a regulatory mechanism to ensure transfer of resources as load shifts from SDG&E to SDCP, it may not be possible for SDCP to obtain the necessary resources in the near term to meet its resource adequacy and long-term Renewable Portfolio Standards ("RPS") obligations.

ANALYSIS

PEA conducted an analysis of the County's prospective electric accounts to estimate the revenues and costs associated with extending SDCP service to the County. The analysis incorporated historical monthly electric usage data provided by SDG&E for all current electric accounts located within the unincorporated areas of San Diego County. PEA reviewed load data from 2019 and 2020. PEA decided to base its load study on 2019 data due to the distorting effects of the COVID-19 pandemic on 2020 electricity usage.

Table 2 summarizes the account and electric usage data for the major customer classifications represented within the County. Available data indicate the potential to serve 186,797 new SDCP customer accounts, which are expected to use approximately 1,767,275 MWh of electric energy per year. This would be an approximate 30% increase in size for SDCP, relative to the anticipated retail sales volume associated with SDCP's current membership. The aggregate peak demand of these prospective accounts is estimated at 430 MW.[3]

Table 2: 2019 County Electric Data

Classification	Accounts	Annual Energy (MWh)	Monthly Per Account (kWh)
Residential	166,732	963,074	484
Small Commercial	15,197	198,075	1,086
Medium and Large Commercial	1,373	489,098	29,685
Agricultural	3,108	109,314	2,931
Street Lighting	1,387	7,716	464
Total	186,797	1,767,275	788
***Peak Demand (MW)**			430

*Estimate based on SDCP customer hourly usage profiles.

As compared to the current SDCP customer base, summarized in Table 3 below, the County has a proportionately larger residential and agricultural sector and a smaller commercial sector. County residential customers tend to be larger users of energy than those in SDCP's current service area, with 60% greater average monthly consumption. The agricultural sector is much more predominant in the

[3] These figures reflect bundled electricity customers of SDG&E and exclude customers taking service from non-utility energy providers (namely, direct access service providers) as well as certain accounts on generation service contracts that are not expected to transition to SDCP service. These figures are unadjusted for expected customer attrition (customer elections to "opt-out").

County, with significantly more accounts, although the agricultural accounts tend to be smaller than those currently served by SDCP.

*Table 3: Projected Annual SDCP Electricity Data – Current Membership**

Classification	Accounts	Annual Energy (MWh)	Monthly Per Account (kWh)
Residential	592,459	2,143,048	301
Small Commercial	54,978	823,726	1,249
Medium and Large Commercial	6,960	2,350,808	28,147
Agricultural	229	47,840	17,409
Street Lighting	1,666	33,682	1,685
Total	656,292	5,399,104	686
Peak Demand (MW)			1165

*Forecasted values based on all enrollment phases, including those previously completed and currently planned.

As illustrated in Figures 1 and 2 below, electricity usage within the County shows greater seasonality relative to the current SDCP customer base, with elevated winter usage and more significant summer peak consumption. These usage characteristics are likely due to heating and cooling loads driven by climate differences between the two geographic areas.

Figure 1: San Diego County 12-Month Hourly Load Profile (kW)

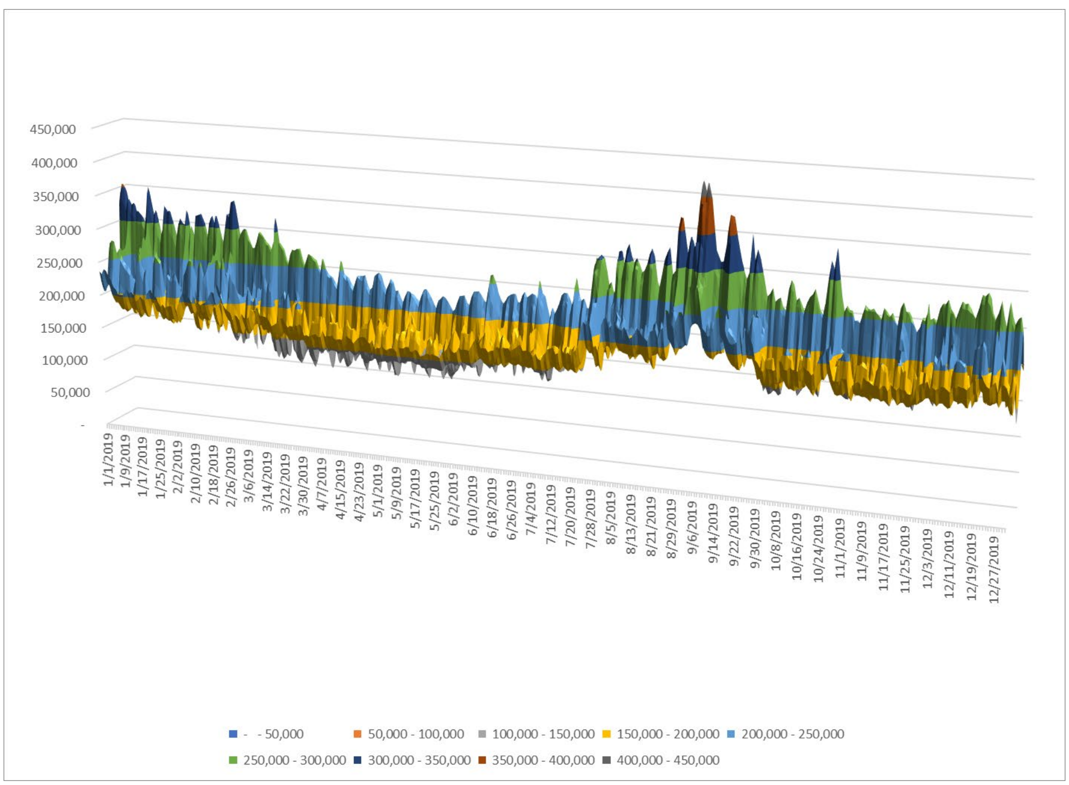
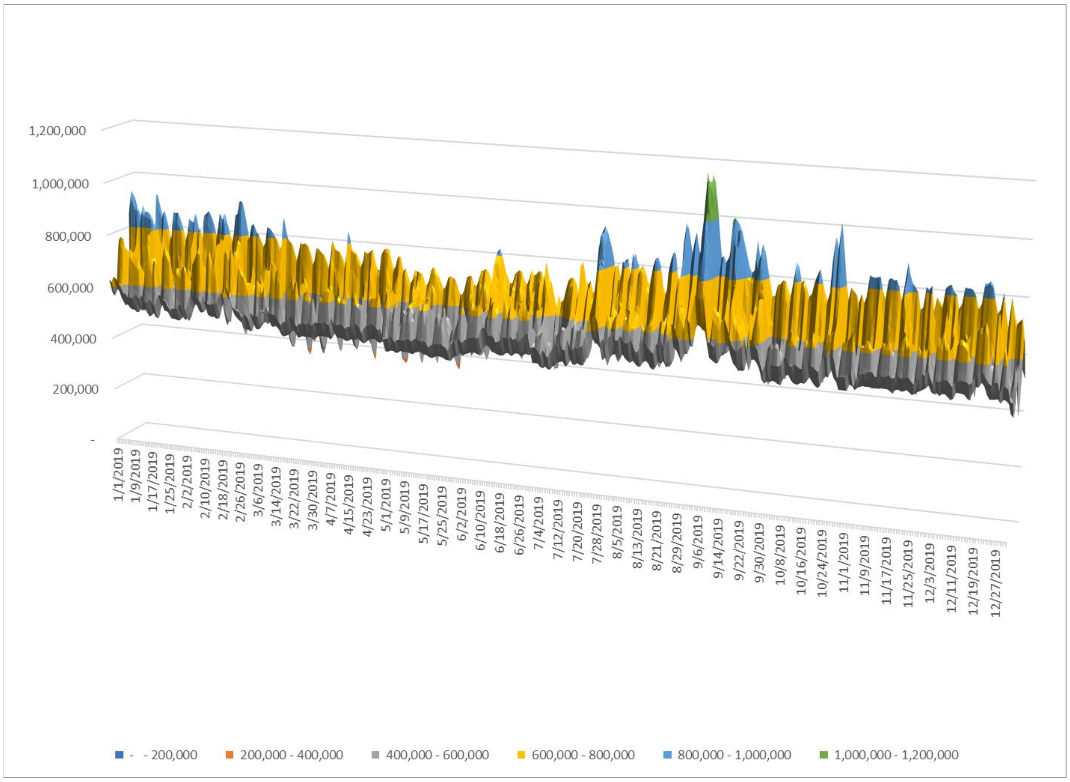


Figure 2: 12-Month Hourly Load Profile (kW) of SDCP's Current Customer Base (All Phases)



FISCAL IMPACTS

For purposes of the fiscal impact analysis, it was assumed that service would be initiated to the County in April 2023 and that 90% of eligible accounts would choose to participate (with the remaining 10% electing to opt-out, continuing to receive bundled electric service from the incumbent utility). This would equate to an increase in annual SDCP electricity sales of 1,630 GWh, or approximately 30% relative to pre-expansion sales. In order to quantify anticipated financial impacts to SDCP, the incremental revenues and costs associated with the prospective service expansion were examined. More specifically, the year of enrollment and the next two fiscal years following expanded service, i.e., the period beginning April 1, 2023 through June 30, 2025, were analyzed to determine likely fiscal impacts over a multi-year planning period.

The incremental revenue surplus - based on the difference between projected revenues and costs directly related to the addition of County accounts - represents the expected fiscal benefit related to expansion. Incremental revenues were projected based on forecasted electricity sales and current SDCP rates. The incremental cost analysis accounts for requisite power supplies that would be required to serve accounts within the County, increased customer billing charges, customer service support (call center), SDG&E service fees, and required customer notices associated with serving additional customers.

Table 4 reflects the estimated incremental fiscal impact during each of the first three fiscal years commencing with (and immediately following) enrollment of County accounts.

Table 4: Incremental Fiscal Impact Related to Prospective County Expansion

	FYE 2023[4]	FYE 2024	FYE 2025
Revenue ($MM)	$26.8	$135.7	$136.4
Power Costs ($MM)	$-25.8	$-125.7	$-121.8
Other Costs ($MM)	$-1.0	$-4.1	$-4.1
Net Margin/Reserve Contribution ($MM)	**$0**	**$5.9**	**$10.5**
Incremental Sales Volume (MWh)	341,635	1,626,416	1,634,548

In consideration of current market conditions, the incremental fiscal impact analysis indicates that adding the County accounts to SDCP's current customer base would provide benefits to SDCP in the form or incremental surplus revenues that could be used to augment reserves or applied to other uses. It is estimated that expanding SDCP service to the County would increase net program margins by approximately $5.9 million and $10.5 million in FYE 2024 and FYE 2025, respectively. This benefit accrues due to the margins generated by increased retail electricity sales relative to anticipated costs, including certain economies of scale that will result from various fixed administrative cost components (that will be spread over a larger sales base). It is worth noting that power supply costs may change over time, and to the extent such changes occur, actual net revenues could materially differ from the net revenue projections reflected in Table 4 (above).

WHOLESALE POWER PRICE SENSITIVITY

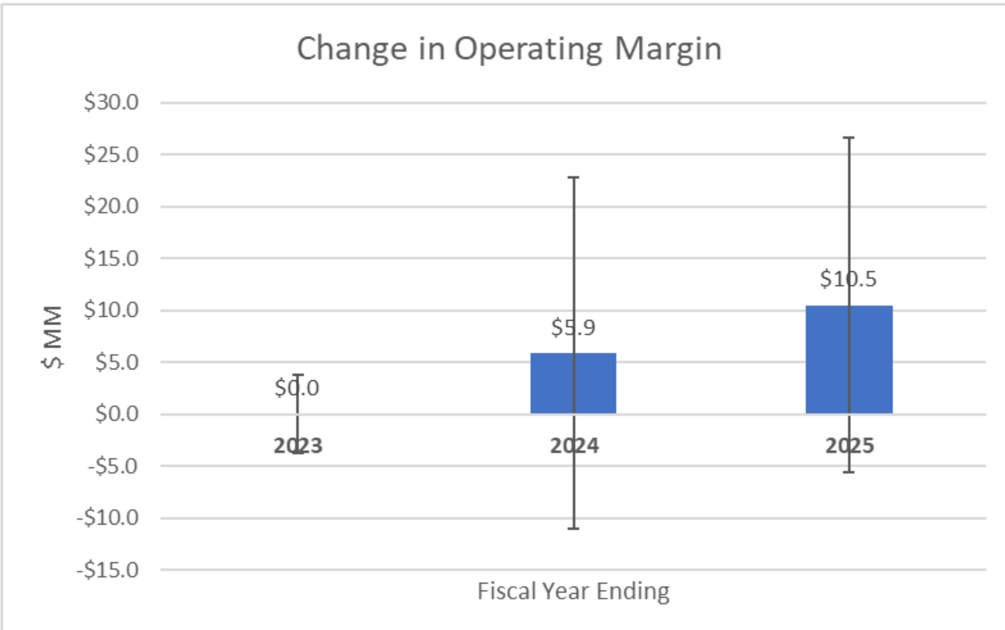
Changes in market prices for electricity represent the single greatest uncertainty that could impact the projected benefits related to expansion. Electricity is a commodity, traded in a highly volatile market, and prices could materially change before SDCP is ready to contract for the power supply needed to serve anticipated County electric loads. Commodity price risk is inherent in the electric utility industry and is not unique to expansion, but expansion imposes challenges with respect to the timing of electricity purchases as well as the timing associated with a final/definitive determination regarding the expansion itself. This is not unlike the challenges SDCP (or any Community Choice Aggregator) faced during its initial startup period. SDCP utilizes professional risk management approaches and forward hedging contracts to mitigate commodity price risk for its existing customers; however, adverse price movements that may occur before SDCP initiates power purchases for the County load could drive up costs and result in negative margins.

Utilizing historical volatility in wholesale power market prices, a likely range of potential power supply costs and resulting net margins can be calculated. Figure 3 shows the base case operating margins and error bars representing one standard deviation in power supply costs, assuming SDCP does not initiate procurement until March 2022, the month during which the CPUC would be expected to certify SDCP's

[4] Reflects partial year of service for fiscal year ending June 20, 2023, with enrollments assumed to commence on April 1, 2023.

Implementation Plan amendment addressing expansion to the County. Over this nine-month period (between the date of this Expansion Assessment and March 2022), the estimated change in market prices at one standard deviation of variation is approximately 14% relative to base case assumptions. As reflected in Figure 3 (below), the likely range of net margin outcomes is wide, ranging from strongly positive to moderately negative. SDCP could narrow the range of outcomes to the extent it begins purchasing power earlier than the timeframe assumed in this Expansion Assessment. Once power supply contracts are executed, and assuming no change in SDCP rates, the ranges would significantly narrow.

Figure 3: Net Surplus Sensitivity to Changes is Power Prices



RESOURCE IMPACTS

Similar to the procurement approach used to support SDCP's current customers, SDCP would need to acquire various energy products to serve the County – it is assumed that the proportionate acquisition of such resources would occur over time through the application of laddered hedging strategy, as followed under SDCP's risk management program. These energy products include Renewable Energy, Other Carbon Free Energy (e.g., large hydro-electric), System Energy, and Resource Adequacy capacity. The quantities will vary over time and are summarized in Table 5 below for a representative year.

Table 5: Summary of Resources Needed to Serve San Diego County

Product	Quantity	Units	Notes
Renewable Energy	950 GWh	GWh Per Year	Approx. half must be from long-term commitments (>= 10 years) per RPS rules
Other Carbon Free	88 to 270 GWh	GWh Per Year	Higher end of range would be needed to offset emissions attributed to PCC2 renewable energy products; lower use of PCC2 products will reduce need for Other Carbon Free volumes

Product	Quantity	Units	Notes
Resource Adequacy, System	55 MW	MW per Month, September Peak	
Resource Adequacy, Local	325 MW	MW Per Month	

Put into more concrete terms, the 950 GWh of annual renewable energy shown above is generally equivalent to the energy produced by a 360 MW solar or wind generation facility or a 125 MW Geothermal facility.

Under California's RPS rules, a significant portion of renewable energy purchases must be secured through contractual commitments of at least ten years in duration. Compliance with the RPS program is measured over multi-year compliance periods, and the expansion would occur during Compliance Period 4 (2021-2024). As shown below, RPS compliance would require an increase in renewable energy purchases during Compliance Period 4 of 1,372 GWh, of which 892 GWh would have to be associated with long-term commitments. Note that SDCP has voluntarily adopted higher renewable energy targets than required by the RPS program, so the total renewable energy needed to meet SDCP policy is greater than the figures shown below.

Current SDCP Membership					
Compliance Period 4	**2021**	**2022**	**2023**	**2024**	**Total**
Retail Sales (GWh)	1,916	4,644	5,391	5,434	17,385
Gross RPS %	35.8%	38.5%	41.3%	44.0%	*40.8%*
Required RPS (GWh)	686	1,788	2,226	2,391	7,091
Gross RPS LT %	65.0%	65.0%	65.0%	65.0%	65.0%
Gross LT RPS	***446***	***1,162***	***1,447***	***1,554***	***4,609***

Current SDCP Membership Plus County					
Compliance Period 4	**2021**	**2022**	**2023**	**2024**	**Total**
Retail Sales (GWh)	1,916	4,644	6,983	7,057	17,385
Gross RPS %	35.8%	38.5%	41.3%	44.0%	*40.8%*
Required RPS (GWh)	686	1,788	2,884	3,105	8,463
Gross RPS LT %	65.0%	65.0%	65.0%	65.0%	65.0%
Gross LT RPS	***446***	***1,162***	***1,875***	***2,018***	***5,501***

RESOURCE AVAILABILITY

Accommodating County expansion will require careful consideration of resource availability, particularly for resource adequacy and long-term renewable energy products. A critical element of resource procurement will be the ability to access resources currently held by SDG&E for the benefit of County customers. When County customers transition to SDCP service, SDG&E should have surplus resource adequacy and long-term renewable energy supply, so SDCP will need to arrange for the acquisition of such supply to facilitate applicable compliance mandates. If no transfer of resources occurs, either by sale or some form of allocation, SDCP would risk being unable to meet its regulatory obligations associated with the increased load associated with County expansion.

Under existing regulation, SDG&E is required to have 100% of the local resource adequacy capacity associated with its current customer base two years forward and 50% in the third year. With the well-known shortages of local resource adequacy capacity in the San Diego/Imperial Valley area, this virtually assures that accessing local RA resources held by SDG&E will be required if SDCP is to meet its increased local RA obligations associated with the County load.

With respect to renewable energy availability, the resource constraint would primarily relate to the long-term renewable energy requirement for Compliance Period 4. Ideally, SDCP would be able to enter into long-term contracts for renewable energy starting in 2023, coincident with the increased load associated with extension of service to the County. Development timelines for new renewable resource development, however, would more likely extend the commercial operation date for new capacity to 2024 or even 2025, depending on how early SDCP begins its procurement efforts. If long-term renewable deliveries were to commence in 2024, SDCP would require the full 892 GWh Compliance Period 4 long-term renewable energy obligation to be delivered in that year, and that commitment would extend for the next nine years. This may result in a higher proportion of renewable energy under long-term contracts than SDCP would normally desire; it is generally beneficial to have a mix of short-, medium-, and long-term contract commitments to diversify risk. Of course, if the earliest delivery for new long-term contracts is after 2024, they could not be used in Compliance Period 4. The RPS program makes no accommodations for significant load increases, and there are severe penalties for not meeting the long-term contracting obligation.

In light of the resource availability issues described above, it would be advisable to engage with SDG&E early in the process to ensure that appropriate resource transfers will be accommodated.

CAPITAL AND LIQUIDITY IMPACTS

Although relatively minimal, additional costs related to the prospective expansion would be incurred during the fiscal year preceding enrollment of County accounts. These costs would relate to marketing and outreach activities, customer noticing, regulatory and legal representation, internal operations, resource planning and electric procurement activities that would be necessary to successfully integrate the County and its customers in SDCP's organization. There would also be increased working capital requirements to address changes in cash flow. SDCP is projected to have sufficient cash liquidity to internally fund pertinent activities related to the prospective expansion.

CONCLUSIONS

This assessment concludes that under base case assumptions extending service to the County would have an overall positive financial benefit to SDCP in the form of additional net surpluses that could be used to augment reserves or applied to other purposes. Due to wholesale market volatility, the likely range of outcomes is wide, ranging from strongly positive (if power prices decrease) to moderately negative (if power prices increase). Extending service to the County would increase SDCP's sales volume by approximately 30% and would require a meaningful increase in SDCP resource acquisition. Advance coordination with SDG&E for resource adequacy and long-term renewable energy resource transfers would be strongly advised to ensure SDCP has the resources necessary to meet its regulatory obligations associated with an increase in load. Among other resource implications, the expansion would increase SDCP's long-term RPS compliance obligations, and meeting these heightened obligations during Compliance Period 4, which spans 2021-2024, would be of immediate importance. It is highly likely that local resource adequacy and long-term renewable energy would need to be obtained from SDG&E to facilitate the transfer of customers to SDCP.

RESOLUTION NO. 2021-4

A RESOLUTION OF THE BOARD OF DIRECTORS OF SAN DIEGO COMMUNITY POWER APPROVING THE ADDITION OF THE COUNTY OF SAN DIEGO AS A MEMBER OF SDCP

WHEREAS, San Diego Community Power ("SDCP") is a joint powers agency formed pursuant to the Joint Exercise of Powers Act, Cal. Gov. Code § 6500 *et seq.*, California Public Utilities Code § 366.2, and a Joint Powers Agreement effective on October 1, 2019 ("JPA Agreement"); and

WHEREAS, Section 2.4 of the JPA Agreement provides that after the initial formation of SDCP by its Founding Members, any incorporated municipality, county, or other public agency authorized to be a community choice aggregator located within the service territory of the applicable investor-owned utility may apply to and become a member of SDCP if certain conditions are met; and

WHEREAS, the conditions for SDCP membership under Section 2.4 of the JPA Agreement include:

- The adoption by a two-thirds vote of the Board of a resolution authorizing membership into SDCP;
- The adoption by the proposed new member of a community choice aggregation ("CCA") ordinance as required by Public Utilities Code Section 366.2(c)(12) and approval and execution of the JPA Agreement and other necessary program agreements by the proposed new member;
- Payment of a membership fee, if any, as may be required by the SDCP Board to cover SDCP costs incurred in connection with adding the new member; and
- Satisfaction of any other reasonable conditions established by the SDCP Board.

WHEREAS, in June 2021, the SDCP Board adopted a New Member Policy to support expansion of SDCP to other interested public agencies located in San Diego County and surrounding areas; and

WHEREAS, in 2019, the San Diego County Board of Supervisors adopted Ordinance No. 10629, electing to implement a CCA program within the jurisdictional boundaries of the County of San Diego ("County"), along with a set of guiding principles for the implementation of a CCA program by the County; and

WHEREAS, in April 2021, the San Diego County Board of Supervisors adopted a revised set of guiding principles and directed County staff to begin discussions with the existing CCA programs within San Diego County, including SDCP; and

WHEREAS, during spring and summer 2021, SDCP performed a pro forma analysis of the financial and operational impacts of the County's membership in SDCP, including a technical feasibility/load impact analysis, and discussed with the County the mutual goals and objectives of SDCP and the County; and

WHEREAS, on June 24, 2021, the results of SDCP's analysis, completed by Pacific Energy Advisors, was presented to the SDCP Board and showed a positive fiscal impact to SDCP under base case conditions if the County joined SDCP; and

WHEREAS, based on the analysis, it was the consensus of the Board to share the analysis with the County and continue discussions relating to the County's potential membership in SDCP; and

WHEREAS, on August 31, 2021, the San Diego County Board of Supervisors elected to join SDCP, authorized the County's Chief Administrative Officer or designee to execute the JPA Agreement and to take all actions necessary to establish County membership in SDCP, and appointed a primary Director and alternate Director to serve on the Board of SDCP; and

WHEREAS, SDCP's New Member Policy provides that prospective new members are required to agree to pay the costs of SDCP's pro forma analysis, but that such costs will be waived under certain circumstances, including where the prospective new members decide to join SDCP; and

WHEREAS, on September 23, 2021, the Board of Directors of SDCP considered the membership of the County of San Diego.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of San Diego Community Power as follows:

<u>Section 1</u>. The above recitals are true and correct and are incorporated herein.

<u>Section 2</u>. The SDCP Board of Directors hereby approves the inclusion of the County of San Diego in San Diego Community Power. The SDCP Board hereby finds that the County of San Diego has taken or has agreed to take all the necessary steps to become a member of SDCP by December 1, 2021 (the "Effective Date"). Subject to completion of any necessary steps that are outstanding as of the date of this Resolution, the County of San Diego shall become a Party to the JPA Agreement and member of SDCP as of the Effective Date. As provided in Section 4.11.3 of the JPA Agreement, Exhibits C and D of the SDCP JPA Agreement shall be adjusted by the Board to account for the addition of the County as a member of SDCP. Consistent with SDCP's New Member Policy, the County is not required to pay a membership fee or other fee for SDCP's costs to analyze the County's prospective membership in SDCP.

<u>Section 3.</u> As provided in Section 4.1.1 of the JPA Agreement, with the addition of the County of San Diego, the Board of Directors of SDCP will be increased to six (6) members as of the Effective Date. The County is entitled to one (1) primary director on the Board of SDCP and one (1) alternate director who may serve in the absence of the County's primary director.

<u>Section 4</u>. If any provision of this Resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the Resolution which can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Board

of Directors hereby declares that it would have adopted this Resolution irrespective of the invalidity of any particular portion thereof.

Section 5. Except as otherwise expressly set forth herein, this Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by a two-thirds vote at a meeting of the Board of Directors of San Diego Community Power held on September 23, 2021.

____
Chair, Board of Directors
San Diego Community Power

ATTEST:

____
Secretary, Board of Directors
San Diego Community Power

SAN DIEGO COMMUNITY POWER
Staff Report – Item 7

To: San Diego Community Power Board of Directors

From: Cody Hooven, Chief Operating Officer
John Dalessi, Pacific Energy Advisors

Via: Bill Carnahan, Interim Chief Executive Officer

Subject: New Members Discussion: National City and Oceanside

Date: September 23, 2021

RECOMMENDATION

Review and approve analysis and move forward with National City and Oceanside membership.

BACKGROUND

In June, the Board adopted a New Member Policy to guide the process for other regional municipalities to seek membership with SDCP and as guidance for staff and the Board. Staff from the cities of National City and Oceanside have been working with SDCP staff to explore membership, consistent with the New Member Policy. Both have reached out and requested a pro forma analysis to determine the financial and operational impacts of membership, a key step in determining membership.

There is another agenda item at this same Board meeting to approve County membership. This staff report assumes the Board approves that action.

ANALYSIS AND DISCUSSION

Fiscal Impact

As part of assessing new members, a pro forma analysis, or economic assessment of the impacts of adding a member is conducted. Our consultant Pacific Energy Advisors PEA was engaged to prepare the assessment for both National City and Oceanside, attached here (Attachment A and B). The assessment considers:

- Resource impacts and needs such as consideration of renewable energy, hydro or other carbon-free energy and resource adequacy capacity requirements.
- Fiscal impacts such as quantifying incremental cost and net margins associated with serving National City and Oceanside customers.

Adding the National City and Oceanside to SDCP represents an approximate 12% increase in retail sales (3% and 9%, respectively), assuming 90% of eligible accounts would remain enrolled (reflecting a 10% opt-out rate). For economic reasons the report recommends a start date for service to be April 2023. Resource availability is also discussed including the need to work closely with SDG&E in order to ensure the ability to procure sufficient amounts of resources, especially resource adequacy. The report analyzed future wholesale power price trends to arrive at the fiscal impact, shown below for each city. Incremental revenues were projected based on forecasted electricity sales and current SDCP rates. In addition to increased power supply needs, incremental costs such as billing charges, service fees, and notices were also included.

Incremental Net Margins from Expansion with National City (in $MM)

	FYE 2023[1]	FYE 2024	FYE 2025
Revenue	$3.4	$16.8	$16.9
Power Costs	-$3.2	-$14.9	-$14.6
Other Costs	-$0.1	-$0.4	-$0.4
Net Margin/Reserve Contribution	$0.1	$1.5	$1.8

Incremental Net Margins from Expansion with Oceanside (in $MM)

	FYE 2023[1]	FYE 2024	FYE 2025
Revenue	$9.8	$48.9	$49.2
Power Costs	-$9.4	-$45.0	-$43.9
Other Costs	-$0.4	-$1.6	-$1.6
Net Margin/Reserve Contribution	$0.1	$2.4	$3.7

Impact on Voting

Voting is impacted any time a new member is added. There are two levels of voting, the first is the so-called “one entity one vote” with majority rules. In this case the five members casting votes will be increased to eight, assuming both cities move forward with membership and the Board approves the County membership. It is expected the vast majority of votes will be taken in this equal vote method.

Under certain circumstances a “weighted vote” may be called for. This method is a form of proportional voting by energy load. To date, this method of voting has not been used by the Board. The table below shows the “voting shares” impact of the County, National City, and Oceanside joining the current configuration of members.

[1] Reflects partial year of service for fiscal year ending June 20, 2023, with enrollments assumed to commence on April 1, 2023.

Members	Existing Voting Shares	New Voting Shares w/County, National City, and Oceanside
San Diego	49.00%	49.00%
San Diego County	--	24.01%
Chula Vista	28.45%	9.24%
Oceanside	--	8.42%
Encinitas	9.36%	2.85%
La Mesa	8.79%	2.81%
National City	--	2.79%
Imperial Beach	4.40%	0.88%
TOTAL	**100%**	**100%**

Summary and Next Steps

Accepting National City and Oceanside as members would provide an overall positive fiscal impact with current projections. Staff recommend moving forward with membership for each city. Staff will return to the Board with a resolution for membership for each city, should their respective City Councils also decide to move forward. SDCP has requested a final decision no later than October 31, 2021 in order to move forward with collective amendments and required State filings by the end of the calendar year.

COMMITTEE REVIEW

N/A

FISCAL IMPACT

None at this stage of discussion.

ATTACHMENTS

Attachment A: SDCP Expansion Assessment_National City
Attachment B: SDCP Expansion Assessment_Oceanside

San Diego Community Power New Membership Assessment

National City

September 2021

SUMMARY

The City of National City ("City") has engaged with San Diego Community Power ("SDCP") to explore the possibility of joining SDCP. On behalf of SDCP, Pacific Energy Advisors, Inc. ("PEA") conducted an assessment of the financial and resource planning implications associated with extending SDCP service to electric customers within the City (which are currently receiving bundled electric service from the incumbent utility, San Diego Gas & Electric, or "SDG&E"). The assessment involved a study to understand the potential increase in electric load and the additional energy resources that would be needed to serve the City. The study also estimated the incremental revenues that would be derived from electricity sales to City customers, as well as the incremental costs associated with energy resource procurement and other items/services that would be necessary to support CCA service expansion to City customers. These factors were jointly evaluated to determine whether any operating surpluses could be generated, on a projected basis, for the benefit of SDCP and its customers.

In consideration of the prospective timing associated with amended implementation plan submittal and in accordance with existing regulatory rules, the earliest possible enrollment date for City customers would be January 1, 2023.[1] For this assessment, PEA modeled various enrollment start times in 2023 and found that April 2023 would be optimal from a financial perspective. Thus, enrollment would be expected to occur toward the end of SDCP's fiscal year ending 2023; the first full year reflecting City load would be SDCP's fiscal year ending 2024.

Under base case assumptions, the analysis indicates that expansion would yield a positive financial impact for SDCP: the expansion would be expected to increase SDCP reserve contributions by approximately 3% per year, beginning in FYE 2024. The projected incremental revenues, costs, and net margin (i.e., surplus or contribution to reserves) is shown in Table 1.

Table 1: Incremental Net Margins from Expansion (in $MM)

	FYE 2023[2]	FYE 2024	FYE 2025
Revenue	$3.4	$16.8	$16.9
Power Costs	-$3.2	-$14.9	-$14.6
Other Costs	-$0.1	-$0.4	-$0.4
Net Margin/Reserve Contribution	$0.1	$1.5	$1.8

[1] Achieving the prospective early enrollment date for City customers would require submittal of an amended CCA implementation plan no later than December 31, 2021.
[2] Reflects partial year of service for fiscal year ending June 20, 2023, with enrollments assumed to commence on April 1, 2023.

While electric resource requirements associated with the expansion would be relatively modest, close coordination between SDCP and SDG&E would be important to achieve an appropriate allocation of resources needed to serve the transferred load. Such coordination and cooperation would be especially important for resource adequacy and long-term renewable energy supply. Without cooperation from SDG&E to sell excess resources, or alternatively, a regulatory mechanism to ensure transfer of resources as load shifts from SDG&E to SDCP, it may not be possible for SDCP to obtain the necessary resources in the near term to meet its resource adequacy and long-term Renewable Portfolio Standards ("RPS") obligations.

ANALYSIS

PEA conducted an analysis of the City's prospective electric accounts to estimate the revenues and costs associated with extending SDCP service to the City. The analysis incorporated 2018 historical monthly electric usage data provided by SDG&E for all current electric accounts located within the City. This historical data was adjusted for expected load growth and used as the basis for the projections.

Table 2 summarizes the account and electric usage data for the major customer classifications represented within the City. Available data indicate the potential to serve 19,248 new SDCP customer accounts, which are expected to use approximately 205,319 MWh of electric energy per year. This would be an approximate 3% increase in size for SDCP, relative to the anticipated retail sales volume associated with SDCP's current membership. The aggregate peak demand of these prospective accounts is estimated at 42 MW.[3]

Table 2: 2019 City Electric Data

Classification	**Accounts**	**Annual Energy (MWh)**	**Monthly Per Account (kWh)**
Residential	16,152	58,157	300
Small Commercial	2,636	41,637	1,316
Medium and Large Commercial	342	103,684	25,264
Agricultural	6	90	1,251
Street Lighting	112	1,751	1,303
Total	19,248	205,319	889
***Peak Demand (MW)**			42

*Estimate based on SDCP customer hourly usage profiles.

As compared to the current SDCP customer base, summarized in Table 3 below, the City has a proportionately larger commercial sector and a smaller residential sector. Consequently, average usage of all customers in the City is greater than that of the current SDCP area.

[3] These figures reflect bundled electricity customers of SDG&E and exclude customers taking service from non-utility energy providers (namely, direct access service providers) as well as certain accounts on generation service contracts that are not expected to transition to SDCP service. These figures are unadjusted for expected customer attrition (customer elections to "opt-out").

*Table 3: Projected Annual SDCP Electricity Data – Current Membership**

Classification	Accounts	Annual Energy (MWh)	Monthly Per Account (kWh)
Residential	598,194	2,248,610	313
Small Commercial	62,969	1,027,926	1,360
Medium and Large Commercial	7,640	2,715,555	29,620
Agricultural	260	54,557	17,486
Street Lighting	1,674	34,021	1,694
Total	670,737	6,080,669	755
Peak Demand (MW)			1,299

*Forecasted values based on all enrollment phases, including those previously completed and currently planned.

As illustrated in Figures 1 and 2 below, electricity usage within the City shows similar seasonal consumption patterns as the current SDCP customer base.

Figure 1: 12-Month Hourly Load Profile (kW) for the City of National City

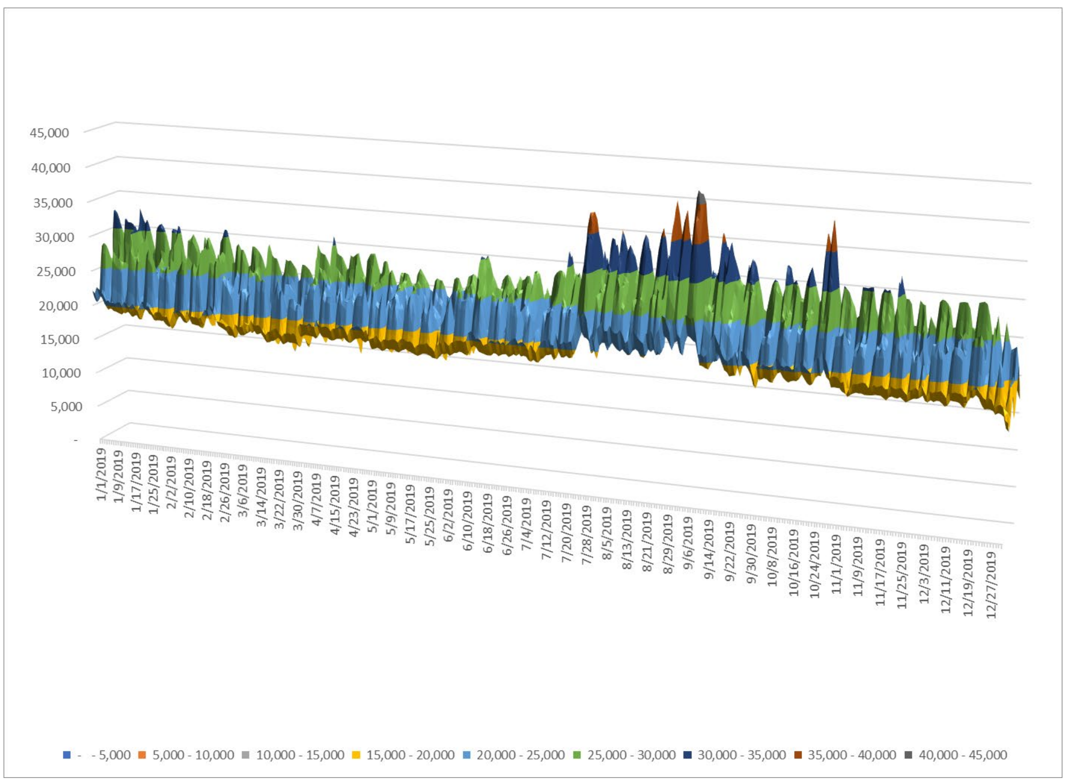
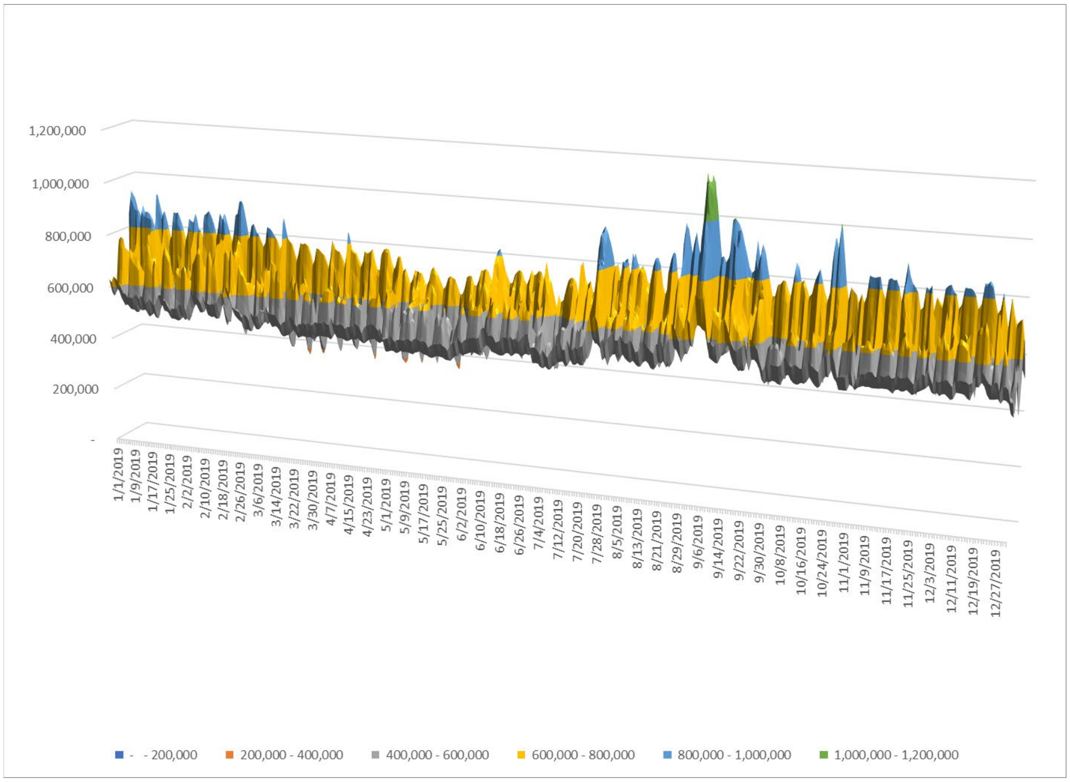


Figure 2: 12-Month Hourly Load Profile (kW) of SDCP's Current Customer Base (All Phases)



FISCAL IMPACTS

For purposes of the fiscal impact analysis, it was assumed that service would be initiated to the City in April 2023 and that 90% of eligible accounts would choose to participate (with the remaining 10% electing to opt-out, continuing to receive bundled electric service from the incumbent utility). This would equate to an increase in annual SDCP electricity sales of 190 GWh, or approximately 3% relative to pre-expansion sales. In order to quantify anticipated financial impacts to SDCP, the incremental revenues and costs associated with the prospective service expansion were examined. More specifically, the year of enrollment and the next two fiscal years following expanded service, i.e., the period beginning April 1, 2023 through June 30, 2025, were analyzed to determine likely fiscal impacts over a multi-year planning period.

The incremental revenue surplus - based on the difference between projected revenues and costs directly related to the addition of City accounts - represents the expected fiscal benefit related to expansion. Incremental revenues were projected based on forecasted electricity sales and current SDCP rates. The incremental cost analysis accounts for requisite power supplies that would be required to serve accounts within the City, increased customer billing charges, customer service support (call center), SDG&E service fees, and required customer notices associated with serving additional customers.

Table 4 reflects the estimated incremental fiscal impact during each of the first three fiscal years commencing with (and immediately following) enrollment of City accounts.

Table 4: Incremental Fiscal Impact Related to Prospective City Expansion

	FYE 2023[4]	FYE 2024	FYE 2025
Revenue ($MM)	$3.4	$16.8	$16.9
Power Costs ($MM)	-$3.2	-$14.9	-$14.6
Other Costs ($MM)	-$0.1	-$0.4	-$0.4
Net Margin/Reserve Contribution ($MM)	**$0.1**	**$1.5**	**$1.8**
Incremental Sales Volume (MWh)	40,604	189,901	190,851

In consideration of current market conditions, the incremental fiscal impact analysis indicates that adding the City accounts to SDCP's current customer base would provide benefits to SDCP in the form or incremental surplus revenues that could be used to augment reserves or be applied to other uses. It is estimated that expanding SDCP service to the City would increase net program margins by approximately $1.5 million and $1.8 million in FYE 2024 and FYE 2025, respectively. This benefit accrues due to the margins generated by increased retail electricity sales relative to anticipated costs, including certain economies of scale that will result from various fixed administrative cost components (that will be spread over a larger sales base). It is worth noting that power supply costs may change over time, and to the extent such changes occur, actual net revenues could materially differ from the net revenue projections reflected in Table 4 (above).

WHOLESALE POWER PRICE SENSITIVITY

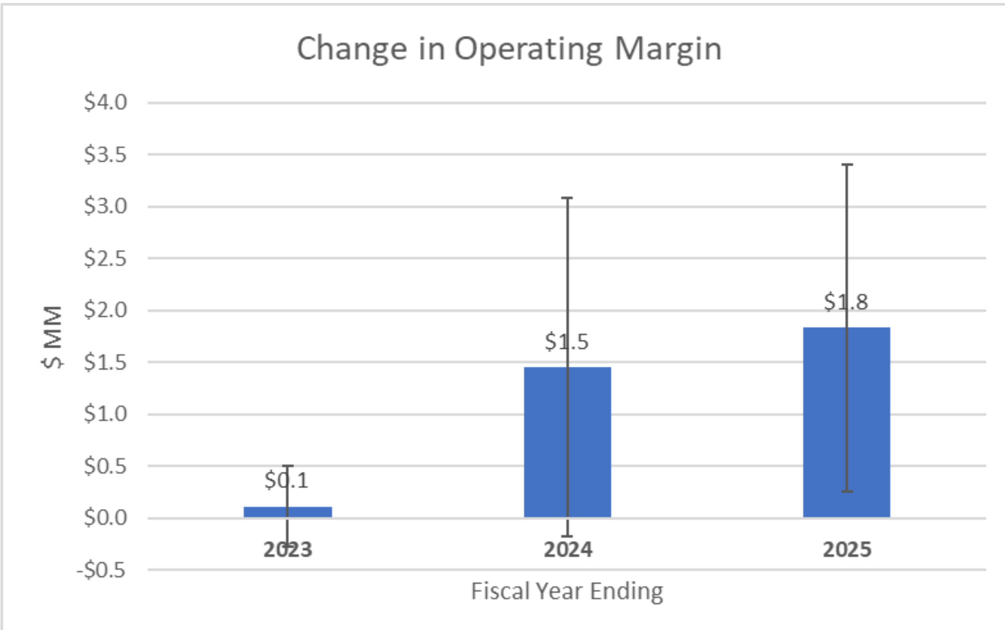
Changes in market prices for electricity represent the single greatest uncertainty that could impact the projected benefits related to expansion. Electricity is a commodity, traded in a highly volatile market, and prices could materially change before SDCP is ready to contract for the power supply needed to serve anticipated City electric loads. Commodity price risk is inherent in the electric utility industry and is not unique to expansion, but expansion imposes challenges with respect to the timing of electricity purchases as well as the timing associated with a final/definitive determination regarding the expansion itself. This is not unlike the challenges SDCP (or any Community Choice Aggregator) faced during its initial startup period. SDCP utilizes professional risk management approaches and forward hedging contracts to mitigate commodity price risk for its existing customers; however, adverse price movements that may occur before SDCP initiates power purchases for the City load could drive up costs and result in negative margins.

Utilizing historical volatility in wholesale power market prices, a likely range of potential power supply costs and resulting net margins can be calculated. Figure 3 shows the base case operating margins and error bars representing one standard deviation in power supply costs, assuming SDCP does not initiate procurement until March 2022, the month during which the CPUC would be expected to certify SDCP's

[4] Reflects partial year of service for fiscal year ending June 20, 2023, with enrollments assumed to commence on April 1, 2023.

Implementation Plan amendment addressing expansion to the City. Over this six-month period (between the date of this Expansion Assessment and March 2022), the estimated change in market prices at one standard deviation of variation is approximately 11% relative to base case assumptions. As reflected in Figure 3 (below), the likely range of net margin outcomes is wide, ranging from strongly positive to slightly negative. SDCP could narrow the range of outcomes to the extent it begins purchasing power earlier than the timeframe assumed in this Expansion Assessment. Once power supply contracts are executed, and assuming no change in SDCP rates, the ranges would significantly narrow.

Figure 3: Net Surplus Sensitivity to Changes is Power Prices



RESOURCE IMPACTS

Similar to the procurement approach used to support SDCP's current customers, SDCP would need to acquire various energy products to serve the City – it is assumed that the proportionate acquisition of such resources would occur over time through the application of a laddered hedging strategy, as followed under SDCP's risk management program. These energy products include Renewable Energy, Other Carbon Free Energy (e.g., large hydro-electric), System Energy, and Resource Adequacy capacity. The quantities will vary over time and are summarized in Table 5 below for a representative year.

Table 5: Summary of Resources Needed to Serve Oceanside

Product	Quantity	Units	Notes
Renewable Energy	110 GWh	GWh Per Year	Approx. half must be from long-term commitments (>= 10 years) per RPS rules
Other Carbon Free	8 to 25 GWh	GWh Per Year	Higher end of range would be needed to offset emissions attributed to PCC2 renewable energy products; lower use of PCC2 products will reduce need for Other Carbon Free volumes

Product	Quantity	Units	Notes
Resource Adequacy, System	5 MW	MW per Month, September Peak	
Resource Adequacy, Local	30 MW	MW Per Month	

Put into more concrete terms, the 110 GWh of annual renewable energy shown above is generally equivalent to the energy produced by a 40 MW solar or wind generation facility or a 15 MW Geothermal facility.

Under California's RPS rules, a significant portion of renewable energy purchases must be secured through contractual commitments of at least ten years in duration. Compliance with the RPS program is measured over multi-year compliance periods, and the expansion would occur during Compliance Period 4 (2021-2024). As shown below, RPS compliance would require an increase in renewable energy purchases during Compliance Period 4 of 141 GWh, of which 92 GWh would have to be associated with long-term commitments. Note that SDCP has voluntarily adopted higher renewable energy targets than required by the RPS program, so the total renewable energy needed to meet SDCP policy is greater than the figures shown below.

Current SDCP Membership					
Compliance Period 4	**2021**	**2022**	**2023**	**2024**	**Total**
Retail Sales (GWh)	2,008	5,197	6,081	6,111	19,397
Gross RPS %	35.8%	38.5%	41.3%	44.0%	*40.8%*
Required RPS (GWh)	719	2,001	2,511	2,689	7,920
Gross RPS LT %	65.0%	65.0%	65.0%	65.0%	65.0%
Gross LT RPS	***467***	***1,301***	***1,632***	***1,748***	***5,148***

Current SDCP Membership Plus City					
Compliance Period 4	**2021**	**2022**	**2023**	**2024**	**Total**
Retail Sales (GWh)	2,008	5,197	6,221	6,301	19,727
Gross RPS %	35.8%	38.5%	41.3%	44.0%	*40.8%*
Required RPS (GWh)	719	2,001	2,569	2,772	8,061
Gross RPS LT %	65.0%	65.0%	65.0%	65.0%	65.0%
Gross LT RPS	***467***	***1,301***	***1,670***	***1,802***	***5,240***

RESOURCE AVAILABILITY

Accommodating City expansion will require consideration of resource availability, particularly for resource adequacy and long-term renewable energy products. An important element of resource procurement will be the ability to access resources currently held by SDG&E for the benefit of City customers. When City customers transition to SDCP service, SDG&E should have surplus resource adequacy and long-term renewable energy supply, so SDCP will need to arrange for the acquisition of such supply to facilitate applicable compliance mandates. If no transfer of resources occurs, either by sale or some form of allocation, SDCP would risk being unable to meet its regulatory obligations associated with the increased load associated with City expansion.

Under existing regulation, SDG&E is required to have 100% of the local resource adequacy capacity associated with its current customer base two years forward and 50% in the third year. With the well-known shortages of local resource adequacy capacity in the San Diego/Imperial Valley area, this virtually assures that accessing local RA resources held by SDG&E will be required if SDCP is to meet its increased local RA obligations associated with the City load.

With respect to renewable energy availability, the resource constraint would primarily relate to the long-term renewable energy requirement for Compliance Period 4. PEA understands that SDCP will soon have an opportunity to pursue an allocation of SDG&E's existing RPS portfolio, as described in Commission Decision 21-05-030, which was adopted on May 20, 2021. Participation in this allocation process is voluntary and certain volumes would be eligible to satisfy long-term renewable energy procurement mandates pertaining to SDCP. Additional details related to this process are forthcoming with initial allocations expected to occur during the 2023 calendar year. To the extent that SDCP can arrange such an allocation to address the increased renewable energy requirements relating to City expansion, incremental procurement obligations would be somewhat diminished. If SDCP chooses to forgo the aforementioned allocation opportunity, SDCP would need to enter into long-term contracts for renewable energy starting in 2023, coincident with (or shortly after) the enrollment of City customers. Development timelines for new renewable generating projects, however, would likely extend a minimum of 24 to 36 months following the administration of a related solicitation for such supply. Depending on how early

SDCP begins its procurement efforts, this could mean that new-build renewable projects may not commence operation until the 2024 or 2025 calendar years (if SDCP waited until it received the CPUC's implementation plan certification before pursuing long-term renewable energy solicitation efforts related to City expansion). If long-term renewable deliveries were to commence in 2024, SDCP would require the full 92 GWh Compliance Period 4 long-term renewable energy obligation to be delivered in that year, and that commitment would extend for the next nine (or more) years. This may result in a higher proportion of renewable energy under long-term contracts than SDCP would normally desire; it is generally beneficial to have a mix of short-, medium-, and long-term contract commitments to diversify risk. Of course, if the earliest delivery for new long-term contracts occurs after 2024, associated renewable energy deliveries could not be used in Compliance Period 4. The RPS program makes no accommodations for significant load increases, and there are severe penalties for not meeting the long-term contracting obligation.

In light of the resource availability issues described above, it would be advisable to engage with SDG&E early in the process to ensure that appropriate resource transfers and/or the previously described renewable energy allocation process can be timely accommodated.

CAPITAL AND LIQUIDITY IMPACTS

Although relatively minimal, additional costs related to the prospective expansion would be incurred during the fiscal year preceding enrollment of City accounts. These costs would relate to marketing and outreach activities, customer noticing, regulatory and legal representation, internal operations, resource planning and electric procurement activities that would be necessary to successfully integrate the City and its customers in SDCP's organization. There would also be increased working capital requirements to address changes in cash flow. SDCP is projected to have sufficient cash liquidity to internally fund pertinent activities related to the prospective expansion.

CONCLUSIONS

This assessment concludes that under base case assumptions extending service to the City would have an overall positive financial benefit to SDCP in the form of additional net surpluses that could be used to augment reserves or applied to other purposes. Due to wholesale market volatility, the likely range of outcomes is wide, ranging from strongly positive (if power prices decrease) to slightly negative (if power prices increase). Extending service to the City would increase SDCP's sales volume by approximately 3% and would require a small increase in SDCP resource acquisition. Despite the modest load increase, advance coordination with SDG&E for resource adequacy and long-term renewable energy resource transfers would be strongly advised to ensure SDCP has the resources necessary to meet its regulatory obligations associated with an increase in load. Among other resource implications, the expansion would increase SDCP's long-term RPS compliance obligations, and meeting these heightened obligations during Compliance Period 4, which spans 2021-2024, would be of immediate importance. It is highly likely that local resource adequacy and possibly long-term renewable energy would need to be obtained from SDG&E to facilitate the transfer of customers to SDCP.

San Diego Community Power New Membership Assessment

City of Oceanside

September 2021

SUMMARY

The City of Oceanside ("City") has engaged with San Diego Community Power ("SDCP") to explore the possibility of joining SDCP. On behalf of SDCP, Pacific Energy Advisors, Inc. ("PEA") conducted an assessment of the financial and resource planning implications associated with extending SDCP service to electric customers within the City (which are currently receiving bundled electric service from the incumbent utility, San Diego Gas & Electric, or "SDG&E"). The assessment involved a study to understand the potential increase in electric load and the additional energy resources that would be needed to serve the City. The study also estimated the incremental revenues that would be derived from electricity sales to City customers, as well as the incremental costs associated with energy resource procurement and other items/services that would be necessary to support CCA service expansion to City customers. These factors were jointly evaluated to determine whether any operating surpluses could be generated, on a projected basis, for the benefit of SDCP and its customers.

In consideration of the prospective timing associated with amended implementation plan submittal and in accordance with existing regulatory rules, the earliest possible enrollment date for City customers would be January 1, 2023.[1] For this assessment, PEA modeled various enrollment start times in 2023 and found that April 2023 would be optimal from a financial perspective. Thus, enrollment would be expected to occur toward the end of SDCP's fiscal year ending 2023; the first full year reflecting City load would be SDCP's fiscal year ending 2024.

Under base case assumptions, the analysis indicates that expansion would yield a positive financial impact for SDCP: the expansion would be expected to increase SDCP reserve contributions by approximately 5% per year, beginning in FYE 2024. The projected incremental revenues, costs, and net margin (i.e., surplus or contribution to reserves) is shown in Table 1.

Table 1: Incremental Net Margins from Expansion (in $MM)

	FYE 2023[2]	FYE 2024	FYE 2025
Revenue	$9.8	$48.9	$49.2
Power Costs	-$9.4	-$45.0	-$43.9
Other Costs	-$0.4	-$1.6	-$1.6
Net Margin/Reserve Contribution	$0.1	$2.4	$3.7

[1] Achieving the prospective early enrollment date for City customers would require submittal of an amended CCA implementation plan no later than December 31, 2021.
[2] Reflects partial year of service for fiscal year ending June 20, 2023, with enrollments assumed to commence on April 1, 2023.

While electric resource requirements associated with the expansion would be relatively modest, close coordination between SDCP and SDG&E would be important to achieve an appropriate allocation of resources needed to serve the transferred load. Such coordination and cooperation would be especially important for resource adequacy and long-term renewable energy supply. Without cooperation from SDG&E to sell excess resources, or alternatively, a regulatory mechanism to ensure transfer of resources as load shifts from SDG&E to SDCP, it may not be possible for SDCP to obtain the necessary resources in the near term to meet its resource adequacy and long-term Renewable Portfolio Standards ("RPS") obligations.

ANALYSIS

PEA conducted an analysis of the City's prospective electric accounts to estimate the revenues and costs associated with extending SDCP service to the City. The analysis incorporated historical monthly electric usage data provided by SDG&E for all current electric accounts located within the City. PEA reviewed load data from 2019 and 2020. PEA decided to base its load study on 2019 data due to the distorting effects of the COVID-19 pandemic on 2020 electricity usage.

Table 2 summarizes the account and electric usage data for the major customer classifications represented within the City. Available data indicate the potential to serve 72,723 new SDCP customer accounts, which are expected to use approximately 619,835 MWh of electric energy per year. This would be an approximate 10% increase in size for SDCP, relative to the anticipated retail sales volume associated with SDCP's current membership. The aggregate peak demand of these prospective accounts is estimated at 133 MW.[3]

Table 2: 2019 City Electric Data

Classification	**Accounts**	**Annual Energy (MWh)**	**Monthly Per Account (kWh)**
Residential	66,252	267,235	336
Small Commercial	5,504	88,744	1,344
Medium and Large Commercial	692	254,283	30,622
Agricultural	117	6,011	4,282
Street Lighting	158	3,561	1,878
Total	72,723	619,835	710
***Peak Demand (MW)**			133

*Estimate based on SDCP customer hourly usage profiles.

As compared to the current SDCP customer base, summarized in Table 3 below, the City has a proportionately larger residential sector and a smaller commercial sector. City residential customers tend to be somewhat larger users of energy than those in SDCP's current service area, with 7% greater average

[3] These figures reflect bundled electricity customers of SDG&E and exclude customers taking service from non-utility energy providers (namely, direct access service providers) as well as certain accounts on generation service contracts that are not expected to transition to SDCP service. These figures are unadjusted for expected customer attrition (customer elections to "opt-out").

monthly consumption. However, due to the smaller commercial sector, the average usage of all customers in the City is below that of the current SDCP area.

Table 3: Projected Annual SDCP Electricity Data – Current Membership*

Classification	Accounts	Annual Energy (MWh)	Monthly Per Account (kWh)
Residential	598,194	2,248,610	313
Small Commercial	62,969	1,027,926	1,360
Medium and Large Commercial	7,640	2,715,555	29,620
Agricultural	260	54,557	17,486
Street Lighting	1,674	34,021	1,694
Total	670,737	6,080,669	755
Peak Demand (MW)			1,299

*Forecasted values based on all enrollment phases, including those previously completed and currently planned.

As illustrated in Figures 1 and 2 below, electricity usage within the City shows very similar seasonal consumption patterns as the current SDCP customer base.

Figure 1: 12-Month Hourly Load Profile (kW) for the City of Oceanside

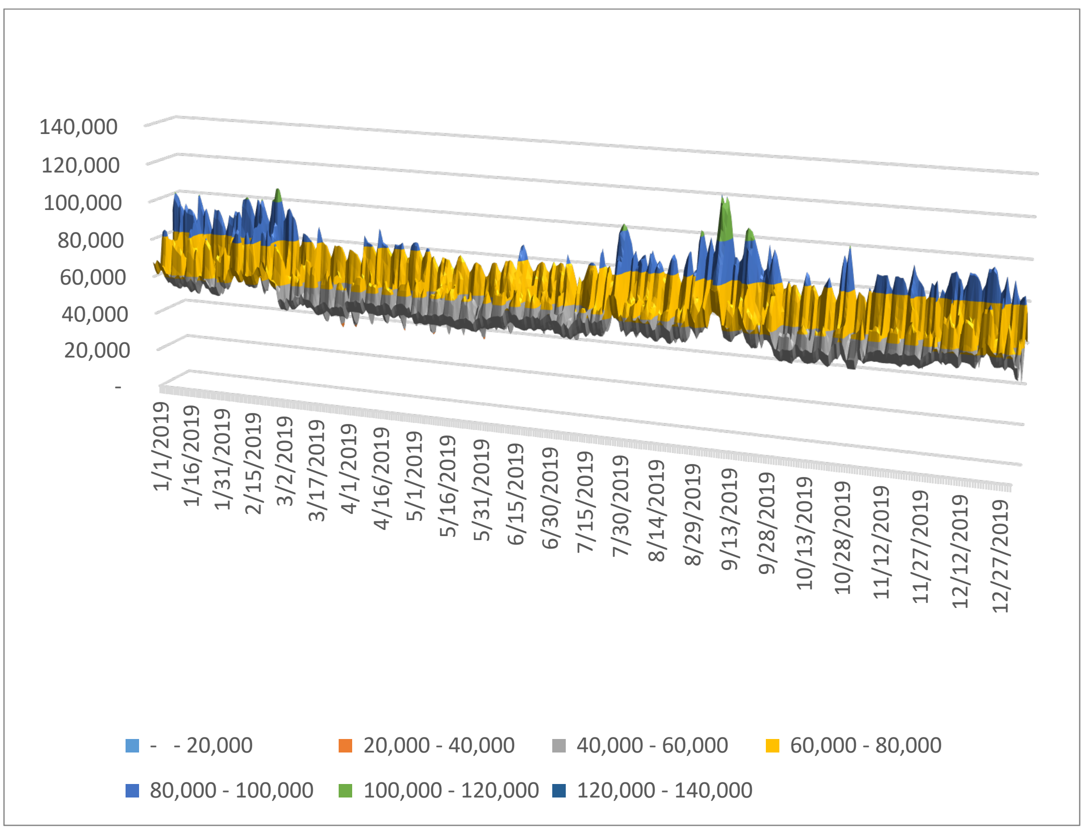
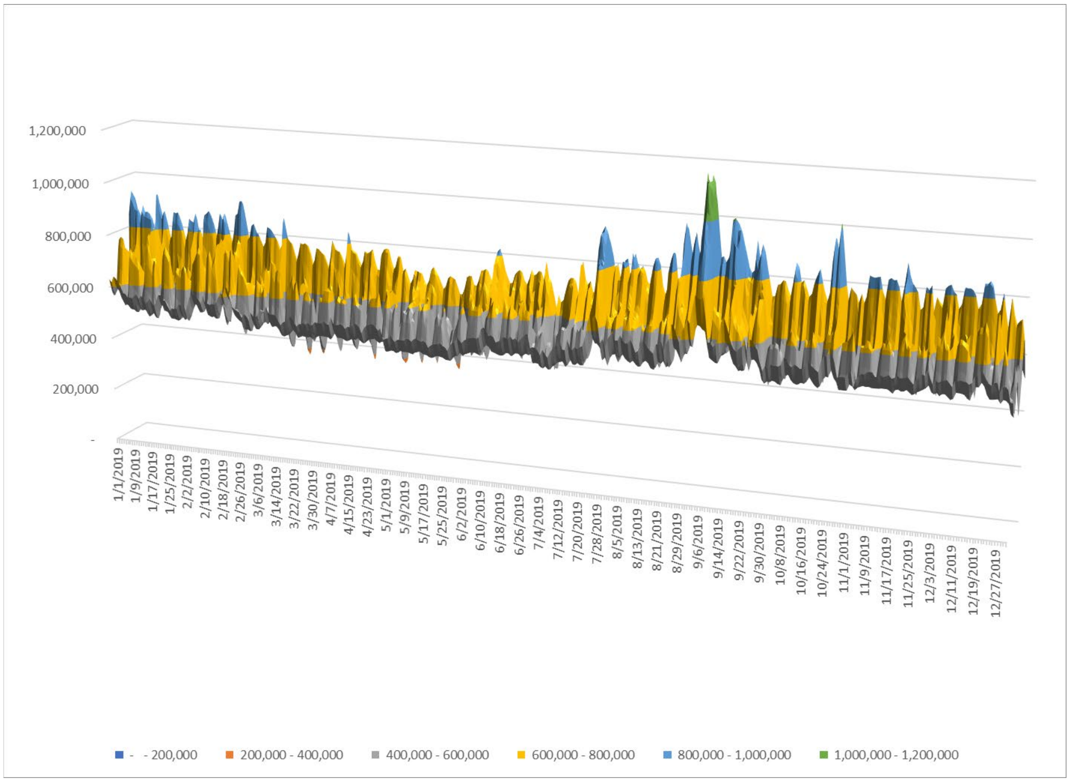


Figure 2: 12-Month Hourly Load Profile (kW) of SDCP's Current Customer Base (All Phases)



FISCAL IMPACTS

For purposes of the fiscal impact analysis, it was assumed that service would be initiated to the City in April 2023 and that 90% of eligible accounts would choose to participate (with the remaining 10% electing to opt-out, continuing to receive bundled electric service from the incumbent utility). This would equate to an increase in annual SDCP electricity sales of 570 GWh, or approximately 9% relative to pre-expansion sales. In order to quantify anticipated financial impacts to SDCP, the incremental revenues and costs associated with the prospective service expansion were examined. More specifically, the year of enrollment and the next two fiscal years following expanded service, i.e., the period beginning April 1, 2023 through June 30, 2025, were analyzed to determine likely fiscal impacts over a multi-year planning period.

The incremental revenue surplus - based on the difference between projected revenues and costs directly related to the addition of City accounts - represents the expected fiscal benefit related to expansion. Incremental revenues were projected based on forecasted electricity sales and current SDCP rates. The incremental cost analysis accounts for requisite power supplies that would be required to serve accounts within the City, increased customer billing charges, customer service support (call center), SDG&E service fees, and required customer notices associated with serving additional customers.

Table 4 reflects the estimated incremental fiscal impact during each of the first three fiscal years commencing with (and immediately following) enrollment of City accounts.

Table 4: Incremental Fiscal Impact Related to Prospective City Expansion

	FYE 2023[4]	FYE 2024	FYE 2025
Revenue ($MM)	$9.8	$48.9	$49.2
Power Costs ($MM)	-$9.4	-$45.0	-$43.9
Other Costs ($MM)	-$0.4	-$1.6	-$1.6
Net Margin/Reserve Contribution ($MM)	**$0.1**	**$2.4**	**$3.7**
Incremental Sales Volume (MWh)	118,708	570,461	573,314

In consideration of current market conditions, the incremental fiscal impact analysis indicates that adding the City accounts to SDCP's current customer base would provide benefits to SDCP in the form or incremental surplus revenues that could be used to augment reserves or be applied to other uses. It is estimated that expanding SDCP service to the City would increase net program margins by approximately $2.4 million and $3.7 million in FYE 2024 and FYE 2025, respectively. This benefit accrues due to the margins generated by increased retail electricity sales relative to anticipated costs, including certain economies of scale that will result from various fixed administrative cost components (that will be spread over a larger sales base). It is worth noting that power supply costs may change over time, and to the extent such changes occur, actual net revenues could materially differ from the net revenue projections reflected in Table 4 (above).

WHOLESALE POWER PRICE SENSITIVITY

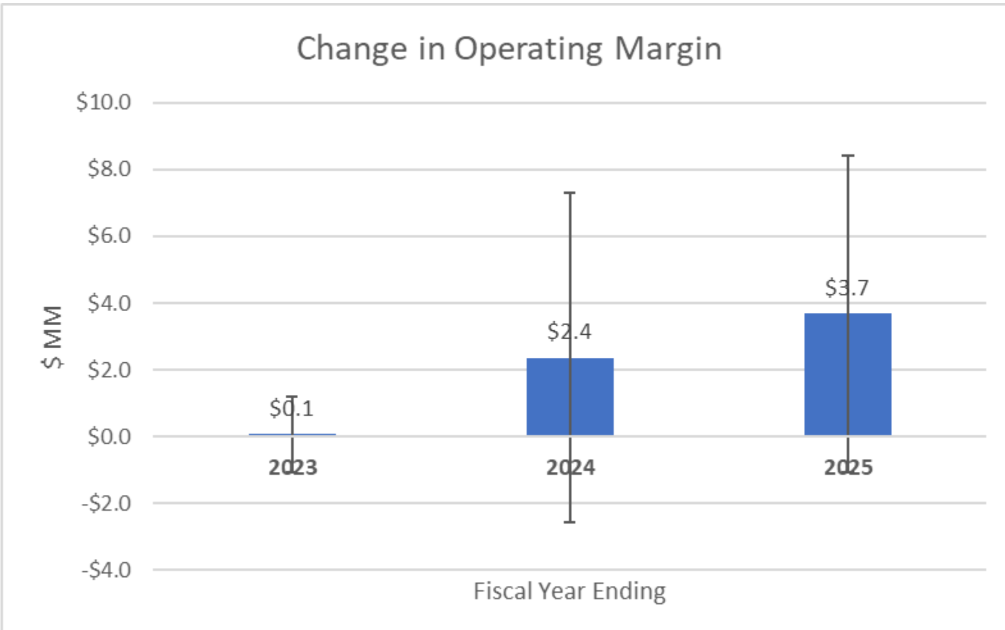
Changes in market prices for electricity represent the single greatest uncertainty that could impact the projected benefits related to expansion. Electricity is a commodity, traded in a highly volatile market, and prices could materially change before SDCP is ready to contract for the power supply needed to serve anticipated City electric loads. Commodity price risk is inherent in the electric utility industry and is not unique to expansion, but expansion imposes challenges with respect to the timing of electricity purchases as well as the timing associated with a final/definitive determination regarding the expansion itself. This is not unlike the challenges SDCP (or any Community Choice Aggregator) faced during its initial startup period. SDCP utilizes professional risk management approaches and forward hedging contracts to mitigate commodity price risk for its existing customers; however, adverse price movements that may occur before SDCP initiates power purchases for the City load could drive up costs and result in negative margins.

Utilizing historical volatility in wholesale power market prices, a likely range of potential power supply costs and resulting net margins can be calculated. Figure 3 shows the base case operating margins and error bars representing one standard deviation in power supply costs, assuming SDCP does not initiate procurement until March 2022, the month during which the CPUC would be expected to certify SDCP's

[4] Reflects partial year of service for fiscal year ending June 20, 2023, with enrollments assumed to commence on April 1, 2023.

Implementation Plan amendment addressing expansion to the City. Over this six-month period (between the date of this Expansion Assessment and March 2022), the estimated change in market prices at one standard deviation of variation is approximately 11% relative to base case assumptions. As reflected in Figure 3 (below), the likely range of net margin outcomes is wide, ranging from strongly positive to modestly negative. SDCP could narrow the range of outcomes to the extent it begins purchasing power earlier than the timeframe assumed in this Expansion Assessment. Once power supply contracts are executed, and assuming no change in SDCP rates, the ranges would significantly narrow.

Figure 3: Net Surplus Sensitivity to Changes is Power Prices



RESOURCE IMPACTS

Similar to the procurement approach used to support SDCP's current customers, SDCP would need to acquire various energy products to serve the City – it is assumed that the proportionate acquisition of such resources would occur over time through the application of a laddered hedging strategy, as followed under SDCP's risk management program. These energy products include Renewable Energy, Other Carbon Free Energy (e.g., large hydro-electric), System Energy, and Resource Adequacy capacity. The quantities will vary over time and are summarized in Table 5 below for a representative year.

Table 5: Summary of Resources Needed to Serve Oceanside

Product	Quantity	Units	Notes
Renewable Energy	320 GWh	GWh Per Year	Approx. half must be from long-term commitments (>= 10 years) per RPS rules
Other Carbon Free	20 to 85 GWh	GWh Per Year	Higher end of range would be needed to offset emissions attributed to PCC2 renewable energy products; lower use of PCC2 products will reduce need for Other Carbon Free volumes

Product	Quantity	Units	Notes
Resource Adequacy, System	25 MW	MW per Month, September Peak	
Resource Adequacy, Local	85 MW	MW Per Month	

Put into more concrete terms, the 320 GWh of annual renewable energy shown above is generally equivalent to the energy produced by a 120 MW solar or wind generation facility or a 40 MW Geothermal facility.

Under California's RPS rules, a significant portion of renewable energy purchases must be secured through contractual commitments of at least ten years in duration. Compliance with the RPS program is measured over multi-year compliance periods, and the expansion would occur during Compliance Period 4 (2021-2024). As shown below, RPS compliance would require an increase in renewable energy purchases during Compliance Period 4 of 423 GWh, of which 275 GWh would have to be associated with long-term commitments. Note that SDCP has voluntarily adopted higher renewable energy targets than required by the RPS program, so the total renewable energy needed to meet SDCP policy is greater than the figures shown below.

Current SDCP Membership					
Compliance Period 4	**2021**	**2022**	**2023**	**2024**	**Total**
Retail Sales (GWh)	2,008	5,197	6,081	6,111	19,397
Gross RPS %	35.8%	38.5%	41.3%	44.0%	*40.8%*
Required RPS (GWh)	719	2,001	2,511	2,689	7,920
Gross RPS LT %	65.0%	65.0%	65.0%	65.0%	65.0%
Gross LT RPS	***467***	***1,301***	***1,632***	***1,748***	***5,148***

Current SDCP Membership Plus City					
Compliance Period 4	**2021**	**2022**	**2023**	**2024**	**Total**
Retail Sales (GWh)	2,008	5,197	6,495	6,683	20,383
Gross RPS %	35.8%	38.5%	41.3%	44.0%	*40.8%*
Required RPS (GWh)	719	2,001	2,682	2,941	8,343
Gross RPS LT %	65.0%	65.0%	65.0%	65.0%	65.0%
Gross LT RPS	***467***	***1,301***	***1,743***	***1,911***	***5,423***

RESOURCE AVAILABILITY

Accommodating City expansion will require careful consideration of resource availability, particularly for resource adequacy and long-term renewable energy products. An important element of resource procurement will be the ability to access resources currently held by SDG&E for the benefit of City customers. When City customers transition to SDCP service, SDG&E should have surplus resource adequacy and long-term renewable energy supply, so SDCP will need to arrange for the acquisition of such supply to facilitate applicable compliance mandates. If no transfer of resources occurs, either by sale or some form of allocation, SDCP would risk being unable to meet its regulatory obligations associated with the increased load associated with City expansion.

Under existing regulation, SDG&E is required to have 100% of the local resource adequacy capacity associated with its current customer base two years forward and 50% in the third year. With the well-known shortages of local resource adequacy capacity in the San Diego/Imperial Valley area, this virtually assures that accessing local RA resources held by SDG&E will be required if SDCP is to meet its increased local RA obligations associated with the City load.

With respect to renewable energy availability, the resource constraint would primarily relate to the long-term renewable energy requirement for Compliance Period 4. PEA understands that SDCP will soon have an opportunity to pursue an allocation of SDG&E's existing RPS portfolio, as described in Commission Decision 21-05-030, which was adopted on May 20, 2021. Participation in this allocation process is voluntary and certain volumes would be eligible to satisfy long-term renewable energy procurement mandates pertaining to SDCP. Additional details related to this process are forthcoming with initial allocations expected to occur during the 2023 calendar year. To the extent that SDCP can arrange such an allocation to address the increased renewable energy requirements relating to City expansion, incremental procurement obligations would be somewhat diminished. If SDCP chooses to forgo the aforementioned allocation opportunity, SDCP would need to enter into long-term contracts for renewable energy starting in 2023, coincident with (or shortly after) the enrollment of City customers. Development timelines for new renewable generating projects, however, would likely extend a minimum of 24 to 36 months following the administration of a related solicitation for such supply. Depending on how early

SDCP begins its procurement efforts, this could mean that new-build renewable projects may not commence operation until the 2024 or 2025 calendar years (if SDCP waited until it received the CPUC's implementation plan certification before pursuing long-term renewable energy solicitation efforts related to City expansion). If long-term renewable deliveries were to commence in 2024, SDCP would require the full 275 GWh Compliance Period 4 long-term renewable energy obligation to be delivered in that year, and that commitment would extend for the next nine (or more) years. This may result in a higher proportion of renewable energy under long-term contracts than SDCP would normally desire; it is generally beneficial to have a mix of short-, medium-, and long-term contract commitments to diversify risk. Of course, if the earliest delivery for new long-term contracts occurs after 2024, associated renewable energy deliveries could not be used in Compliance Period 4. The RPS program makes no accommodations for significant load increases, and there are severe penalties for not meeting the long-term contracting obligation.

In light of the resource availability issues described above, it would be advisable to engage with SDG&E early in the process to ensure that appropriate resource transfers and/or the previously described renewable energy allocation process can be timely accommodated.

CAPITAL AND LIQUIDITY IMPACTS

Although relatively minimal, additional costs related to the prospective expansion would be incurred during the fiscal year preceding enrollment of City accounts. These costs would relate to marketing and outreach activities, customer noticing, regulatory and legal representation, internal operations, resource planning and electric procurement activities that would be necessary to successfully integrate the City and its customers in SDCP's organization. There would also be increased working capital requirements to address changes in cash flow. SDCP is projected to have sufficient cash liquidity to internally fund pertinent activities related to the prospective expansion.

CONCLUSIONS

This assessment concludes that under base case assumptions extending service to the City would have an overall positive financial benefit to SDCP in the form of additional net surpluses that could be used to augment reserves or applied to other purposes. Due to wholesale market volatility, the likely range of outcomes is wide, ranging from strongly positive (if power prices decrease) to moderately negative (if power prices increase). Extending service to the City would increase SDCP's sales volume by approximately 9% and would require a meaningful increase in SDCP resource acquisition. Advance coordination with SDG&E for resource adequacy and long-term renewable energy resource transfers would be strongly advised to ensure SDCP has the resources necessary to meet its regulatory obligations associated with an increase in load. Among other resource implications, the expansion would increase SDCP's long-term RPS compliance obligations, and meeting these heightened obligations during Compliance Period 4, which spans 2021-2024, would be of immediate importance. It is highly likely that local resource adequacy and long-term renewable energy would need to be obtained from SDG&E to facilitate the transfer of customers to SDCP.

SAN DIEGO COMMUNITY POWER
Staff Report – Item 8

To: San Diego Community Power Board of Directors

From: Coody Hooven, Chief Operating Officer

Via: Bill Carnahan, Interim Chief Executive Officer

Subject: Employee Handbook Update

Date: September 23, 2021

RECOMMENDATION

Receive and file the updated Employee Handbook.

BACKGROUND

Per a request made by the San Diego Community Power (SDCP) Board during the August 2021 Board meeting, SDCP has updated to its Employee Handbook (Attachment A) to include the addition of a COVID-19 Vaccination Policy. Additional updates represent current and accepted standards and procedures, and will serve to create a healthy, safe, and respectful work environment for SDCP employees.

ANALYSIS AND DISCUSSION

The Employee Handbook addresses a variety of topics to reflect and represent accepted standards and procedures to create a healthy, safe and respectful work environment for SDCP employees. In addition to a COVID-19 Vaccination Policy, other sections were either updated or added to improve the guidance provided to Employees and ensure SDCP complies with best practices. Sections of the Employee Handbook include, but are not limited to:

- Employee Conduct
- Harassment, Discrimination and Retaliation Prevention Policy
- Grievance Procedure
- Leave
- Remote Work
- COVID-19 Vaccination Policy

Briefly, the COVID-19 Vaccination Policy (Section XX, beginning on page 35) requires all SDCP employees report their vaccination status using a process and form designated by SDCP no later than 5:00 p.m. on November 15, 2021. Employees will certify that they are:

1. Fully vaccinated for COVID-19; or
2. Unvaccinated for COVID-19 due to a pending or approved exemption due to medical/disability or sincerely held religious belief, practice, or observance.

If an employee is granted an approved exemption, they will be required to wear a face mask covering nose and mouth indoors or when in a shared vehicle, and will be required to be tested weekly for COVID-19. COVID-19 testing will be provided to employees at no cost during their work hours following a process and timeline determined by SDCP.

See the updated Employee Handbook for more details.

COMMITTEE REVIEW
This item was not reviewed by committee.

FISCAL IMPACT
N/A

ATTACHMENTS
Attachment A: San Diego Community Power Employee Handbook September 2021

Employee Handbook

September 2021

I. General Provisions

A. Introduction. The policies contained in this Employee Handbook (“Handbook”) apply to all San Diego Community Power (“SDCP”) employees but do not create any contract right, or any express or implied contract of employment. SDCP retains the full discretion to modify this Handbook at any time in accordance with law.

B. Delegation of Authority; Handbook Amendments. The SDCP Board of Directors delegates to the Chief Executive Officer the authority to authorize employment, establish job responsibilities, and perform other personnel actions as to all subordinate employees in accordance with all federal and state laws and regulations and this Handbook. The Chief Executive Officer may delegate the responsibility to perform personnel actions in accordance with this section. The SDCP Board of Directors also delegates to the Chief Executive Officer the authority to amend this Handbook; provided, however, that all amendments shall be consistent with applicable state and federal law, the SDCP Joint Powers Agreement, and all ordinances, resolutions, policies, and other enactments of the SDCP Board of Directors.

C. Definitions. Except where the context requires otherwise, the following terms shall have the meaning set forth below:

1. Chief Executive Officer – The Chief Executive Officer of SDCP.

2. Department Head – The Chief Operating Officer, Chief Financial Officer, Director of Power Resources and any other management-level employee having charge of an SDCP department or division, as designated by the Chief Executive Officer.

3. Handbook – This Employee Handbook, including any amendments hereto.

4. Human Resources - The SDCP employee, division, department, or contractor designated by the Chief Executive Officer to handle human resources matters and other matters covered by this Handbook.

5. SDCP – San Diego Community Power.

6. Supervisor - The person who has immediate responsibility for the direction of the work of a specific employee or group of employees.

II. Equal Employment Opportunity

SDCP affords equal employment opportunity for all qualified employees and applicants as to all terms of employment, including compensation, hiring, training, promotion, transfer, discipline, and termination. SDCP strictly prohibits discrimination against employees or applicants for employment on the basis of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age (40 and over), sexual orientation, or military and veteran status or any other basis protected by applicable law. Employees, volunteers, or applicants who believe they have experienced any form of employment discrimination or abusive conduct are encouraged to report the conduct immediately by using the complaint procedures provided in this

Handbook, or by contacting the U.S. Equal Employment Opportunity Commission, or the California Department of Fair Employment and Housing.

III. Applications and Recruitment

A. Applications. Job applications shall require information describing an individual's training, experience, and other pertinent information as deemed necessary to assess qualifications for the job. Applicants may be required to provide supplementary information, including but not limited to answers to job-related questions; resume; licenses; certifications; diplomas; letters of recommendation; and references. All applications must be completed in full and signed, physically or electronically, by the person applying. Incomplete or not fully signed applications will not be accepted. Applicants who meet the minimum qualifications and pass all examinations may be subject to a background, reference check and medical examination.

B. Appointments. The Chief Executive Officer will make all appointments except for those positions that report to the Board of Directors. The Chief Executive Officer has discretion to decide in what manner a vacancy shall be filled. Vacancies may be filled by reinstatement, promotion, transfer, demotion, appointment of temporary employees, or from an appropriate eligibility list if available. No specific list shall have priority over other lists. The Board of Directors will make appointments for those positions that report to it.

C. Background Checks. After a conditional offer of employment is made to an applicant, SDCP may then request information about criminal convictions, except for misdemeanor marijuana-related convictions that are over two years old, or convictions that have been judicially sealed, eradicated, or expunged. Unless required by law, SDCP will not deny employment to any applicant solely because the individual has been convicted of a crime. SDCP may, however, consider the nature, date and circumstances of the offense, evidence of rehabilitation, as well as whether the offense is relevant to the duties of the position.

D. Pre-Hire Medical Examination and Drug Screen. If a medical examination and/or drug screen is relevant to the duties of a position and required by SDCP, upon notification of an applicant accepting an offer of employment with SDCP, an appointment for a physical examination and drug screen may be scheduled by SDCP for the applicant at a designated location and with a physician of SDCP's choice.

If applicable, each applicant is required to submit to a complete medical history questionnaire and any medical tests established for the position description.

After the physical examination and the evaluation of the questionnaire by the physician, the physician will advise SDCP about an individual's functional abilities and limitations in relation to the essential job functions. A copy of the physician's assessment will be kept by SDCP in a file separate from the official personnel records.

E. E-Verify. SDCP participates in E-Verify and will provide the federal government with all new employee Form I-9 information to confirm their authorization to work in the U.S.

IV. At-Will Employment

An at-will employee is one who serves at the pleasure of the Chief Executive Officer, does not have any property right in continued employment, and does not have right to any pre- or post-disciplinary procedural due process or evidentiary appeal. SDCP employees are at-will employees.

V. Work Hours

A. Employees are expected to be available during core business hours of 9:00 a.m. to 4:00 p.m. These core hours are when meetings can be scheduled, etc. and an employee would be expected to participate, if needed. Employees are expected to work additional hours either before or after the core business hours Monday through Friday, other than during breaks and meal periods, to complete an 8-hour workday each day. Exempt employees may be required to be available or work after normal business hours. Non-exempt employees (those that receive overtime) must receive prior approval to work beyond normal business hours.

B. Any changes to an employee's schedule or availability must be approved by their supervisor.

VI. Employment of Relatives

SDCP regulates the employment and placement of relatives, spouses, and domestic partners to avoid conflicts of interest and to promote safety, security, supervision, and morale. It is the policy of SDCP not to appoint, promote or transfer a person to a position within the same department, division, or facility in which the person's relative already holds a position, if it would result in a potential for creating an adverse impact on supervision, safety, security, morale or efficiency.

VII. Outside Employment

An employee shall not engage in any paid or self-employment, activity, or enterprise which is inconsistent, incompatible or in conflict with the employee's SDCP duties, functions, responsibilities, or that of the department in which the individual is employed. To avoid perceived or actual conflicts of interest that may arise from outside employment, all employees must obtain written approval from the Chief Executive Officer prior to undertaking any outside employment.

VIII. Separation of Employment

An employee who desires to resign in good standing will give written notice to the Chief Executive Officer, as delineated below, stating the effective date of resignation and the reason for leaving.

A. Department Heads, directors, and managers: at least one month in advance of the last day of actual work unless such time limit is waived by the Chief Executive Officer.

B. All other employees: at least two weeks in advance of the last day of actual work unless such time limit is waived by the Chief Executive Officer.

IX. Limitations on Political Activity

SDCP employees are prohibited from engaging in political activity during working hours, on SDCP property, or using SDCP resources. No SDCP employee shall participate in political activities of any kind while in an SDCP uniform or other SDCP issued clothing.

X. Performance Evaluations

(Reserved)

XI. Employee Conduct

A. Overall Philosophy. It is the intention of SDCP to develop and ensure the highest standards of professional conduct in its employees. To this end, the following guidelines are established to help employees measure the integrity of their actions.

1. As trusted public employees, it is essential to maintain a constructive, creative, and practical attitude toward your job, as well as a deep sense of social responsibility. A high standard of dignity and worth should be reflected in the services rendered;

2. For employees to merit the respect and confidence of the Board, other officials, the public, and employees, it is necessary to maintain a dedication to the highest ideals of honor and integrity;

3. Employees must recognize that SDCP's chief function is to always serve the best interest of all citizens. The public's interest is the employee's primary concern rather than their own personal considerations;

4. It is unacceptable for SDCP employees to seek favors. Efforts to achieve personal gain, obtain profits secured by confidential information, or misuse public time are regarded as highly dishonorable for all employees;

5. Always act in an honest manner and be truthful in securing employment;

6. Possess and use drugs only in a lawful manner and drink only non-alcoholic beverages while on duty;

7. Be free of the influence of drugs not prescribed by a physician or lawfully available without a prescription while on duty.

B. Relations with the Public and Other Employees. Staff are representatives of SDCP and should conduct SDCP business with the public in a customer-friendly manner and in a professional and courteous manner with other employees. In order to maximize good relations, staff is expected to:

1. Be helpful, tolerant, thoughtful, and considerate of the public and other employees;

2. Seek solutions to problems rather than avoiding them;

3. Show pride in yourself and SDCP's programs. Be familiar with SDCP programs to effectively answer questions;

4. Keep skills, equipment, uniforms and facilities in top condition;

5. Be prompt in reporting to and remaining on duty;

6. Be ready and able to render assistance to members of the public and other employees when needed;

7. Treat all individuals equitably in the receipt of SDCP services;

8. Take a proactive role in greeting people with a smile and showing professional courtesy.

C. Standards of Conduct. All actions of employees shall be governed by reasonable standards of conduct as set forth in this Handbook. The intent of these standards of conduct is to work toward the protection of the rights and safety of all employees and members of the public as well as to provide for the efficient, effective operation of SDCP. The following is a **non-exclusive** list of potential reasons or offenses for disciplinary action:

1. Actions contrary to this Handbook, applicable laws and regulations, and any other ordinances, resolutions, policies, or rules of SDCP, or violating safety rules set forth in this Handbook, other SDCP policies, or Federal or State law or regulations;

2. Failure to report to work on time;

3. Absenteeism (without proper notice or excessive amount);

4. Failure to report an injury promptly;

5. Failure to immediately report breakdown or improper operation of equipment to the supervisor;

6. Failure to perform the job in an efficient and professional manner;

7. Dishonesty;

8. Sleeping on the job;

9. Use of prescription drugs that might affect job performance or safety of employees or public without notification to SDCP management;

10. Possession, use, purchase, sale, manufacture, distribution, transportation, or dispensation of intoxicating beverages, illegal drugs or other controlled substances, narcotics, or any artificial stimulant while on duty or being under the influence thereof while on duty; an employee suspected of being

under the influence of any of the above while on duty shall submit to such tests as may be required by SDCP;

11. Willful disobedience, insubordination, or other refusal to take direction from supervisors, including refusal to work on an assigned job or refusal to perform work as required;

12. Taking or willfully damaging any property belonging to SDCP or its officials, officers, employees, customers, vendors, or guests;

13. Careless, reckless, or intentional mishandling or damaging of SDCP property, vehicles, material or equipment;

14. Falsifying work records or time cards, including giving false information to anyone who prepares said records;

15. Loss of driver's license or accumulation of sufficient points under the California Vehicle Code to be considered a high risk by SDCP's insurance carrier, if relevant to the employee's position;

16. Personal conduct during working hours that reflects discredit upon SDCP;

17. Outside employment or activities not in compliance with this Handbook or employee's contract;

18. Harassment, discrimination and/or retaliation practiced against another employee because of the individual's race, religious creed (including religious dress and religious grooming), color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex (including pregnancy, perceived pregnancy, childbirth, breastfeeding, or related medical conditions), gender, gender identity (including transgender identity), gender expression, age (40 or over), sexual orientation, military and veteran status, or any other basis protected by federal, state or local laws;

19. Retaliation against an employee for reporting harassment or discrimination or for participating in the investigation of a harassment or discrimination complaint;

20. Discourteous treatment of SDCP officials, officers, employees, or the public;

21. Conviction of a felony involving moral turpitude, if relevant to the employee's duties with SDCP, or a felony which otherwise adversely affects job performance or fitness for the employee's position;

22. Neglect of duty;

23. Soliciting or accepting tips, gifts, or other personal benefits for SDCP services or actions;

24. Failing to exercise proper custodial responsibility of SDCP keys or property;

25. Using SDCP equipment for personal matters;

26. Altering, falsifying or making a willful or knowing misstatement of facts on any SDCP record or employment application;

27. Misrepresenting reasons when applying for a leave of absence or for other time off work, when a reason is required;

28. Failure to withdraw from, or to report, outside activities or interests, which are covered by codes and laws that reflect a conflict of interest, which would detract from, or adversely affect, the interest of SDCP;

29. Personal hygiene and grooming that is inappropriate for a professional setting;

30. Scheduling off-duty time or vacation without the express consent of the supervisor;

31. Engaging in any form of other employment during SDCP working hours;

32. Actions incompatible with or inimical to public service;

33. Possession or use of a firearm or other weapon while on duty, at an SDCP function, or on SDCP premises;

34. Unauthorized disclosure of confidential information, including but not limited to confidential customer information or information obtained by attending a closed session of the Board;

35. Violation of applicable conflict of interest or ethics laws, rules, regulations, or policies;

36. Disorderly or illegal conduct which adversely affects job performance or fitness for the employee's position;

37. Fighting either physically or verbally with SDCP employees or members of public while on duty, in the workplace, or in other work-related contexts.

D. Disciplinary Action. Disciplinary actions may be taken against any employee by the Chief Executive Officer or such management personnel as the Chief Executive Officer may designate for violations of the standards of conduct or other just cause. Disciplinary actions may include but not be limited to any of the following depending upon the seriousness of the offense:

1. Counseling and Re-Instruction. The employee is provided verbally and in writing a specific description of the violation and the necessary steps that must be taken to correct the problem.

   SDCP management may consider removal from personnel files of letters placed there under this subsection. Such consideration shall be subject to no repetition of the noted problem or similar problems and satisfactory evaluations for a period of two (2) years, plus a recommendation by the employee's supervisor and Department Head. Such determination shall be at the discretion of the Chief Executive Officer.

2. Warning. Continued or repeated violation following counseling and re-instruction may result in a written warning including restatement of the problem and necessary corrective actions within a specified time as determined by the supervisor.

3. Reprimand. Continued or repeated violation following a warning shall result in a written reprimand.

4. Suspension. An ordered interruption of duties for an amount of time determined by the Chief Executive Officer or designee without pay.

5. Salary Reduction. A reduction in pay from the employee's current pay within a pay range to any lower pay within that same range, as such range is recorded in SDCP's current salary schedule (or, if there is no salary schedule, as determined by the Chief Executive Officer or designee).

6. Demotion. A reduction from one position to another position having a lower salary or lower salary range for disciplinary purposes. (Demotions resulting from organizational changes or layoffs are not disciplinary.)

7. Termination. Discharge from SDCP employment.

Disciplinary actions (4) through (7) may be taken by delivering written notice of the action to the employee either in person, by certified mail to the employee's place of residence as shown on the records of SDCP, or any other method reasonably anticipated to provide notice to the employee. The notice will include the type of disciplinary action, the reasons why such action is being taken, the effective date, and any other terms or conditions relevant to the action.

AS NOTED IN SECTION IV, AT-WILL EMPLOYMENT, THE EMPLOYEE DOES NOT HAVE ANY PROPERTY RIGHT IN CONTINUED EMPLOYMENT AND DOES NOT HAVE RIGHT TO ANY PRE- OR POST-DISCIPLINARY PROCEDURAL DUE PROCESS OR EVIDENTIARY APPEAL.

XII. Harassment, Discrimination and Retaliation Prevention Policy

A. Philosophy. It is the intention of SDCP to establish a strong commitment to prohibiting and preventing all forms of discrimination, harassment (including sexual harassment), and retaliation. This section informs all covered individuals of their rights and obligations and establishes procedures for the proper handling of complaints made by such individuals who feel they have been subjected to discrimination, harassment, or retaliation.

B. Method.

1. Policy Statement**.** SDCP prohibits discrimination, harassment, and retaliation because of an individual's protected classification. "Protected Classification" includes race, religious creed (including, but not limited to, religious dress and grooming practices), color, national origin (including, but not limited to, language use restrictions), ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex (including, but not limited to, pregnancy, childbirth, breastfeeding and/or related medical conditions), gender, gender identity, gender expression, age (40 and over), sexual orientation, military and veteran status, use of family or medical leave, or any other basis protected by applicable federal, state, or local law. This Handbook prohibits discrimination, harassment, or retaliation because: (1) of an individual's protected classification; (2) the perception that an individual has a protected classification; or (3) the individual associates with a person who has or is perceived to have a protected classification. It is the policy of the SDCP to create and maintain a working environment that is free from all forms of discrimination, harassment (including sexual harassment), and retaliation.

2. Covered Individuals and Scope of Section**.** This section applies to all persons, including employees regardless of rank or title, reserve employees, elected and appointed officials, volunteers, applicants, paid and unpaid interns, vendors, and contractors and is intended to protect such individuals from discrimination, harassment, and retaliation by any person(s), including members on the public, in connection with the performance of their job duties for SDCP. This section applies to all terms and conditions of employment, internships, and volunteer opportunities, including, but not limited to, selection, hiring, placement, promotion, disciplinary action, layoff, recall, transfer, leave of absence, compensation, and training.

3. Protected Activity. This section prohibits discrimination, harassment, or retaliation because of an individual's protected activity. Protected activity includes making a request for an accommodation for a disability; making a request for accommodation for religious beliefs; making a complaint under this section; opposing violations of this section; or participating in an investigation under this section.

4. Reporting Responsibilities. All covered individuals are responsible for reporting any conduct they believe violates this section as soon as possible.

5. Disciplinary Action. A violation of this section is grounds for appropriate sanctions or disciplinary action, up to and including termination.

6. Prohibition Against Retaliation. Retaliation against a person for involvement in a complaint or investigation under this section is prohibited by law and constitutes a violation of this section, which is grounds for appropriate sanctions or disciplinary action, up to and including termination.

C. Definitions.

1. Discrimination. Discrimination includes treating covered individuals differently and adversely because of the individual's protected classification, actual or perceived; because the individual associates with a person who is member of a protected classification, actual or perceived; or because the individual participates in a protected activity as defined in this section.

2. Harassment. Harassment may include, but is not limited to, any of the following conduct taken because of a person's actual or perceived protected classification.

3. Verbal Harassment. Includes, but is not limited to epithets, derogatory comments or slurs communicated orally or in writing, and propositioning based on a person's protected classification. This includes inappropriate comments about appearance, dress, physical features, gender identification, or race-oriented stories and jokes.

4. Physical Harassment. Includes, but is not limited to, violence or threats of violence, assaulting, impeding or blocking movement, offensive touching, leering, or any physical interference with normal work or movement of a covered individual when directed at the individual on the basis of the individual's protected classification.

5. Visual Harassment. Includes, but is not limited to, derogatory posters, notices, electronic or text messages, photographs, bulletins, cartoons, or drawings related to a protected classification.

6. Sexual Harassment. Includes, but is not limited to, harassment based on sex, gender, pregnancy, childbirth, breastfeeding, or medical condition related to pregnancy, childbirth, or breastfeeding. Sexual harassment includes, but is not limited to, unwelcome sexual advances, requests for sexual favors, and other visual, verbal, or physical conduct of a sexual nature where:

    a. Submission to the conduct is made either explicitly or implicitly as a term or condition of employment (quid pro quo sexual harassment); or

    b. Submission to or rejection of the conduct is used as a basis for employment decisions (quid pro quo sexual harassment); or

    c. Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive work environment (hostile work environment sexual harassment.)

D. Guidelines for Identifying Harassment. Harassment includes any conduct which would be unwelcome or unwanted to an individual of the recipient's same protected classification. The following guidelines to determine if conduct is unwelcome or unwanted should be followed:

1. Sexually harassing conduct, for example, can occur between people of the same or opposite sex, between peers, supervisor to subordinate, subordinate to supervisor, or member of the public to employee and need not be motivated by sexual desire.

2. It is no defense that the recipient "appears" to have consented to the conduct at issue by failing to protest about the conduct. A recipient may not protest for many legitimate reasons, including the need to avoid being insubordinate or to avoid being ostracized or subjected to retaliation.

3. Simply because no one has complained about a joke, gesture, picture, physical contact, or comment does not mean the conduct is welcome. Harassment can evolve over time. Small, isolated incidents might be tolerated up to a point. The fact no one has yet complained does not preclude someone from complaining if the conduct is repeated in the future.

4. Even visual, verbal, or physical conduct between two people who appear to welcome the conduct can constitute harassment of a third person who witnesses the conduct or learns about the conduct later. Conduct can constitute harassment even if it is not explicitly or specifically directed at an individual.

5. Conduct can constitute harassment even if the individual has no intention to harass. Even well-intentioned conduct can violate this section if the conduct is directed at, or implicates a protected classification, and if an individual would find it offensive (e.g., gifts, over-attention, endearing nicknames, hugs).

E. Retaliation. Retaliation occurs when adverse conduct is taken against a covered individual because of the individual's protected activity as defined in this section. "Adverse conduct" may include, but is not limited to: disciplinary action, counseling, or taking sides because an individual has reported harassment or discrimination; spreading rumors about a complainant or about someone who supports or assists the complainant; shunning or avoiding an individual who reports harassment or discrimination; or making real or implied threats of intimidation to prevent or deter an individual from reporting harassment or discrimination.

F. Abusive Conduct. Abusive conduct means conduct in the workplace, with malice, that a reasonable person would find hostile, offensive, and unrelated to an employer's legitimate business interests. Abusive conduct may include repeated infliction of verbal abuse, such as the use of derogatory remarks, insults and epithets, verbal, or physical conduct that a reasonable person would find threatening, intimidating, or humiliating, or undermining of a person's work performance. A single act shall not constitute abusive conduct, unless especially severe and egregious.

G. Responsibilities.

1. SCDP. SDCP will take prompt appropriate action to correct reported incidents of discrimination, harassment, and retaliation. SDCP will pursue preventative measures to protect employees from discrimination, harassment, and retaliation and will take appropriate disciplinary action against anyone found to be in violation of this section. SDCP will not tolerate retaliation against a person who opposes, reports, or assists another person to oppose unlawful discrimination, harassment, or retaliation. SDCP will communicate and distribute this Handbook to all employees and include it in all new employee orientation packets. This Handbook will also be posted on SDCP's Intranet (when available) and will be incorporated into employee handouts.

2. Mandatory Training. Mandatory training sessions on this section and the prevention of discrimination, harassment (including sexual harassment and abusive conduct), and retaliation will be held for personnel during appropriate in-service training programs and orientations as required by law.

3. Non-Managers and Non-Supervisors. Each non-manager or non-supervisor is responsible for:

    a. Treating all individuals in the workplace or on worksites with respect and consideration.

    b. Modeling behavior that conforms to this section.

    c. Participating in periodic training.

    d. Cooperating with SDCP's investigations pursuant to this section by responding fully and truthfully to all questions posed during the investigation.

    e. Taking no actions to influence any potential witness while the investigation is ongoing; and

    f. Reporting any act the individual believes in good faith constitutes harassment, discrimination, or retaliation as defined in this section, to the individual's immediate supervisor, or department head, or Human Resources.

4. Managers and Supervisors. In addition to the responsibilities listed above, each manager and supervisor, on all levels, is responsible for:

    a. Understanding and complying with this section and procedures referencing discrimination, harassment (including sexual harassment), and retaliation.

    b. Taking all steps necessary to prevent discrimination, harassment, and retaliation from occurring, including monitoring the work environment and taking immediate appropriate action to stop potential violations, such as removing inappropriate pictures and correcting inappropriate language.

c. Maintaining confidentiality of complaints made under this section, to the extent allowed by law.

d. Receiving complaints in a fair and serious manner, documenting steps taken to resolve complaints, and explaining the complaint procedure to employees.

e. Making employees aware of this section and obtaining additional information on the subject for them.

f. Taking all complaints or concerns of alleged discrimination harassment, or retaliation seriously no matter how minor or who is involved. If a complaint is received or if an incident of discrimination harassment, or retaliation becomes apparent, immediately contact Human Resources or the SDCP General Counsel to investigate and bring the matter to a final determination regardless of whether a complaint has been submitted.

g. Informing those who complain of discrimination, harassment, or retaliation of the complainant's option to contact the EEOC or DFEH regarding alleged violations of this section.

h. Making the employee aware that Human Resources will be notified of the complaint.

i. Making the employee aware that the Employee Assistance Program is available (if/when applicable).

j. Seeking to prevent any acts of retaliation against those reporting discrimination or harassment, including following up with those who have complained to ensure the behavior has stopped and that there are no reprisals.

k. Assisting in the investigation of complaints involving employee(s) in their departments and, when appropriate, if the complaint is substantiated, recommending appropriate corrective or disciplinary action in accordance with this section, up to and including termination; and

l. Participating in periodic training and scheduling employees for training.

5. SDCP Human Resources/General Counsel. Human Resources and/or the SDCP General Counsel will oversee the conduct of an independent investigation (internally or externally) of all complaints, maintain a confidential file on all charges of discrimination, harassment, or retaliation,

and draft a report summarizing the investigation and investigator's determinations.

H. Confidentiality. SDCP will make every effort to handle complaints of discrimination, harassment, and retaliation in a confidential manner to the greatest extent allowed by law. However, complete confidentiality cannot be guaranteed due to the need to fully investigate and the duty to take effective remedial action. An employee who is interviewed during an investigation is prohibited from attempting to influence any potential witness while the investigation is ongoing. An employee may discuss an interview with a designated representative. SDCP will not disclose a completed investigation report except as it deems necessary to support a disciplinary action, to take remedial action, to defend itself in adversarial proceedings, or to comply with the law or court order.

I. Complaint Procedure

1. Filing. A covered individual who believes they have been subjected to discrimination, harassment, or retaliation, should immediately file a complaint, orally or in writing, with any one of the following without regard to any chain of command:

    a. The immediate supervisor.

    b. Any manager or supervisor within or outside the department.

    c. Human Resources; or

    d. The SDCP General Counsel.

2. Option to Report to Outside Administrative Agencies. An individual has the option to report discrimination, harassment, or retaliation to the U.S. Equal Employment Opportunity Commission (EEOC) or the California Department of Fair Employment and Housing (DFEH). These administrative agencies offer legal remedies and a complaint process. The nearest offices are listed on the Internet, in the government section of the telephone book or employees can check the posters that are located on SDCP bulletin boards for office locations and telephone numbers.

3. Proactive Approach. SDCP takes a proactive approach to potential violations of this section and will conduct an investigation if its supervisory or management employees become aware that harassment, discrimination, or retaliation may be occurring, regardless of whether the recipient or third party reports a potential violation.

J. Investigation Procedure.

1. Initiation and Investigation. Any manager or supervisor receiving a complaint of discrimination, harassment, or retaliation shall immediately notify Human Resources. Complaints about staff from Human Resources should be submitted to the SDCP General Counsel rather than Human Resources.

Failure by a manager or supervisor to report and address discrimination, harassment, or retaliation complaints or suspected acts shall be considered a violation of this section.

SDCP's investigation of any complaint of discrimination, harassment, or retaliation will be fair, prompt, thorough and impartial. Managers and supervisors shall make available any employee for interviews and present any documents required by the investigator.

Human Resources or the SDCP General Counsel will provide the person filing the complaint appropriate feedback about the status and conclusion of the investigation. Reasonable steps will be taken to protect the complainant from further discrimination, harassment, or retaliation while the investigation is pending.

2. Determination. After the investigation is completed, the investigator shall prepare a report and determination regarding the discrimination, harassment, or retaliation allegation levied. Whether or not any alleged action constitutes discrimination, harassment, or retaliation will be determined on a case-by-case basis by assessing the entire record and the totality of the circumstances, including the nature of the conduct and the context in which the alleged incidents occurred.

3. Disciplinary Action. Conduct need not rise to the level of a violation of law to violate this section. A single act can violate this section and provide grounds for discipline or other appropriate sanctions. If it is determined that discrimination, harassment, or retaliation has occurred, prompt appropriate disciplinary action or remedial action shall be taken. After reviewing the facts of the investigation, the appointing authority of the covered individual found in violation of this section shall commence appropriate corrective or disciplinary action in accordance with this Handbook, other relevant SDCP policy, or other lawful basis.

4. Reoccurrence or Retaliation. No covered individual shall be subject to retaliation as the consequence of bringing a complaint to SDCP’s attention or for participating in an investigation. Should the complainant or a witness be subjected to retaliation or a reoccurrence of the discriminating, harassing, or retaliating behavior, the complainant or witness should immediately contact any supervisor, department head, or manager without regard to any chain of command, Human Resources, or the SDCP General Counsel.

K. Prohibition of Abusive Conduct. SDCP is committed to providing a safe and productive work environment. Every employee, and other individuals, including unpaid interns, volunteers, temporary agency workers, consultants, independent contractors, and visitors, have the right to be treated professionally and with respect and should not be subjected to conduct undertaken with malice, that is unrelated to SDCP's legitimate business interest and that a reasonable person would find hostile or offensive. Any person who believes that they are being subjected to abusive conduct should immediately report this to their immediate supervisor, any manager or supervisor within or outside the department, Human Resources, or the SDCP General Counsel.

L. Complaints of Harassment or Discrimination by SDCP Customers. In the event that SDCP receives a complaint, by a customer or other person participating in an SDCP program or activity who is not otherwise a covered individual, alleging the occurrence of unlawful discrimination (such as discriminatory harassment, intimidation, or bullying) based upon (1) the individual's protected classification; (2) the perception that the individual has a protected classification; or (3) the individual associates with a person who has or is perceived to have a protected classification, SDCP will perform an investigation and/or take other actions, as appropriate, in accordance with the procedures described in this section. Any manager or supervisor receiving a complaint of discrimination, harassment, or retaliation under this subsection shall immediately notify Human Resources.

XIII. Safety and Secure Workplace – Zero Tolerance Policy

It is the policy of SDCP that every employee is entitled to work in a safe work environment. To this end, violence, or the threat of violence in the workplace will not be tolerated in any form. It is inappropriate to use violence or threats of violence to intimidate, prevent work from being completed or in any way interfere with providing a safe workplace. Employees are expected to conduct themselves in accordance with the personnel rules of SDCP.

XIV. Use of Property and Electronic Equipment

Work equipment, tools, and materials are provided by SDCP to its employees for the sole purpose of performing work-related tasks. Work equipment is the property of SDCP, and it is the responsibility of the employee to use and maintain it appropriately.

SDCP may issue laptops and business cell phones to employees. Employees who use cell phones, whether personal or SDCP-issued, are expected to confine the use of any personal calls in a way that should not disrupt others, occur during meetings, or interrupt work processes.

Employees who use electronic devices or accounts (whether or not owned or controlled by SDCP) to conduct SDCP business or other public business should be mindful that SDCP is a public agency and as such is subject to public records requests. Communications related to the conducting of public business using a personal device or account may result in employee's device/account information being subject to review by SDCP and public disclosure.

SDCP periodically and without prior notice, monitors, reviews, accesses, or retrieves data from its equipment or resources, including electronic communications and content contained in or transmitted through SDCP networks or electronic resources. SDCP employees must provide the agency with the employee's username or password for any SDCP issued equipment or resource. The existence of passwords or delete functions does not restrict SDCP access. As a result, SDCP employees have no expectation of privacy in their use of any SDCP equipment or resources.

Upon resignation or the termination of employment, or at any other time the SDCP so requests, employees are required to return all items and property issued to them.

XV. Grievance Procedure

A. Overview. SDCP actively encourages open communication between all levels of staff, and is committed to encouraging an open and frank atmosphere in which any problem, complaint, suggestion, or question receives a timely response from supervisors. Effective communication is essential for the well-being of each employee and the continued success of SDCP. SDCP strives to create a supportive work environment and wishes to be responsive to employee needs. Employees are encouraged to raise their work-related concerns with their supervisors as soon as possible after the events that caused their concerns.

The purpose of this section is not to replace, but to supplement these routine methods of responding and settling employee problems. If these routine methods fail to resolve an issue, this section provides a formal procedure for addressing grievances by an employee who claims that they have been affected by a violation, misapplication, or misinterpretation of a law, SDCP policy, rule, regulation or instruction. Grievance procedures contained in employment contracts or a Memorandum of Understanding in effect for employees represented by a recognized employee organization will be followed for employees who are parties to these written contracts with SDCP.

B. Definitions.

1. A “grievance" is a formal written objection or allegation by an employee related to a violation, misapplication, or misinterpretation of a law, SDCP policy, rule, regulation or instruction. As further described below, grievance procedures do not apply to disciplinary matters or termination.

2. A "grievant" is any employee of SDCP presenting a grievance in accordance with this section.

C. General Provisions.

1. **THE GRIEVANCE PROCEDURE DESCRIBED IN THIS SECTION IS NOT AVAILABLE TO GRIEVE OR APPEAL DISCIPLINE OR TERMINATION OF EMPLOYMENT. Employment by SDCP is AT-WILL, and SDCP may terminate employment without having to prove cause or justification and without having to provide a hearing or appeal.**

   The grievance procedure shall also not be used:

   a. for the purpose of resolving complaints, requests or changes in wages, hours, working conditions, or benefits;

   b. to challenge the content of employee evaluations or performance reviews;

   c. to challenge a reclassification, reorganization, or layoff; or

   d. to challenge a decision to employ or appoint an individual to a particular position.

2. Employees who pursue grievances according to the provisions of this section shall be free of harassment by fellow employees, supervisors and management, and grievances pursued in good faith and in accordance with SDCP's standards of conduct shall in no way affect the grievant's present or future employment status.

3. Until final disposition of a grievance, the grievant shall comply with the directions of the grievant's immediate supervisor, except that a grievant may refuse to carry out a particular work assignment which is the subject of a grievance if, at the time the grievant is given the work assignment, the grievant reasonably believes that the grievant will violate the law by carrying out the work assignment. In such a situation, the employee has a duty to tell their immediate supervisor that the grievant believes the work assignment is unlawful and the reasons for the grievant's belief. Pending the resolution of a grievance regarding allegedly unlawful work assignments, SDCP may reassign the grievant without loss of pay or benefits.

D. Procedure. Grievances will be processed in accordance with the following procedures:

1. Level I - Immediate Supervisor. Any employee who believes they have a grievance shall present the grievance in writing to the immediate supervisor within ten days (10) after the grievant knew, or reasonably should have known, of the circumstances which form the basis for the grievance. Failure to do so will render the grievance null and void. The written information shall include: (1) a description of the specific grounds of the grievance, including names, dates, and places necessary for a complete understanding of the grievance; (2) a listing of the reasons why the immediate supervisor's proposed resolution of the problem, if any, is unacceptable; and (3) a listing of specific actions requested of SDCP which will remedy the grievance.

   The immediate supervisor shall hold discussions and attempt to resolve the matter within ten (10) days after the presentation of the grievance. It is the intent at this level that at least one (1) personal conference be held between the grievant and the immediate supervisor.

   The immediate supervisor shall communicate the decision to the grievant in writing within ten (10) days after receiving the grievance. If the immediate supervisor does not respond within the time limits or if the grievant is not satisfied with the response, the grievant may appeal to the next level.

2. Level II - Department Head. If the grievant is not satisfied with the decision at Level I, the grievant may within ten (10) days of the receipt of the decision at Level I appeal the decision to the Department Head. The appeal statement shall include a copy of the original grievance, and a clear, concise statement of the reasons for the appeal.

   The Department Head shall within ten (10) days of the receipt of the appeal, meet and hear the presentation of the grievance and response by both parties to the disagreement. If the Department Head does not respond within the time limits provided, the grievant may appeal to the next level.

3. Level III – Chief Executive Officer or Designee. If the grievant is not satisfied with the decision at Level II, the grievant may, within ten (10) days of the receipt of the decision at Level II, appeal the decision to the Chief Executive Officer or designee. The appeal statement shall include a copy of the original grievance, and a clear, concise statement of the reasons for the appeal.

   The Chief Executive Officer or designee shall, within ten (10) days of the receipt of the appeal, meet and hear the presentation of the grievance and response by both parties to the disagreement. The presentation may include written or oral comments from other employees, witnesses and the Department Head, if deemed necessary, for a complete review of the grievance as determined by the Chief Executive Officer or designee. The decision of the Chief Executive Officer or designee must be made within ten (10) days of the hearing. The decision of the Chief Executive Officer is final.

XVI. Leave

A. Death in the Family. In the event of the death of a member of the immediate family, SDCP provides four (4) days administrative leave to all regular employees. Immediate family is defined as follows: grandparents, parents, spouse, registered domestic partner, siblings, children, or grandchildren, of the employee or employee's spouse or registered domestic partner, and others as approved by the Chief Executive Officer.

   Additionally, an employee may request to use up to three (3) days of accrued sick leave should the employee be emotionally unable to return to work after the administrative leave has been exhausted.

   Time off beyond the above maximum seven (7) days for purposes of death in the family can be requested via vacation accrued.

B. Holidays. The offices of SDCP shall normally be closed on observed holidays. The following holidays will be so observed.

January	1	New Year's Day
January	(third Monday)	Martin Luther King Jr. Day
February	(third Monday)	President’s Day
March	31	Cesar Chavez Day
May	(last Monday)	Memorial Day
June	19	Juneteenth
July	4	Independence Day

September	(first Monday)	Labor Day
November	11	Veteran's Day
November	(fourth Thursday & following Friday)	Thanksgiving
December	24-31	Winter Holiday

If any of the above holidays fall on a Sunday, the following Monday will be observed. If the holiday falls on Saturday, the preceding Friday will be observed.

C. Jury Duty. As soon as the employee receives a jury summons, the immediate supervisor must be notified. The employee will be granted full wages while serving, less any salary received from the court.

D. Leave of Absence. Leave without pay may be granted to an employee by the Chief Executive Officer.

E. Pregnancy Disability Leave. Under the California Fair Employment and Housing Act (FEHA), if an employee is disabled by pregnancy, childbirth, or related medical conditions, the employee is eligible to take a pregnancy disability leave (PDL) of up to four (4) months. If an employee is affected by pregnancy or related medical condition, the employee is also eligible for a reasonable accommodation and/or a transfer to a less strenuous or hazardous position or to less strenuous or hazardous duties, if this reasonable accommodation and/or transfer is medically advisable.

A PDL does not need to be taken in one continuous period, but can be taken on an as-needed basis. Time off needed for prenatal or postnatal care, severe morning sickness, doctor-ordered bed rest, gestational diabetes, pregnancy-induced hypertension, preeclampsia, childbirth, recovery from childbirth, post-partum depression, and loss are all covered by a PDL.

The four (4) months of PDL provided for under California law is separate from the twelve (12) weeks of family leave provided for under state law. Consequently, an employee who is eligible to take a PDL remains eligible to take up to twelve (12) weeks of family leave upon the birth of the employee's child.

PDL leave is unpaid, however, employees are required to use accrued sick leave while on a PDL. Employees may elect, at their option, to use their accrued vacation and other compensatory time for which they are eligible.

Employees may continue to receive insurance benefits provided by SDCP at the same level and the same sharing costs as regular employees. Before the leave begins, the designated Human Resources representative shall provide the employee with the amount and due dates of any premiums that become due during the employees' leave.

PDL is not a break in service for seniority purposes; however, the period of the leave does not count as accrued service for retirement plan purposes and SDCP will not make retirement plan contributions during the period of unpaid leave. The employee will also not accrue vacation or sick leave or participate in any other SDCP program based on salary earned or time worked during a family leave.

Employees returning from PDL generally have a right to reinstatement to the same or equivalent position held immediately before leave; however, employees returning from leave have no greater right to reinstatement than if employed continuously during the leave.

F. Military Leave. Military leave shall be administered in accordance with state and federal law. The employee is required to submit a written request to their supervisor for time off as soon as the employee is informed of the date of their military service so that work schedules can be arranged. The Uniformed Services Employment and Reemployment Act of 1994 governs reemployment rights after military service and protects against discrimination based on military service or training and applies to all employers.

G. Paid Sick Leave Eligibility. Eligible employees are entitled to Paid Sick Leave as required by the Healthy Workplaces, Healthy Families Act of 2014. To be eligible for California paid sick leave, employees must work in California for thirty (30) or more days within a year of their hire date. Once this eligibility requirement has been satisfied, employees are entitled to begin using accrued paid sick leave once they have worked for SDCP for at least ninety (90) days.

Employees may use Paid Sick Leave for the following purposes:

- The diagnosis, care, or treatment of an existing health condition of, or preventative care for, an employee or an employee’s family member; or

- To attend legal proceedings, or to obtain medical treatment, counseling or other victims’ services for domestic violence, sexual assault or stalking.

A “family member” for these purposes is defined as a child (biological, adopted, or foster child, stepchild, legal ward, or a child to whom the employee stands in loco parentis), a parent (biological, adoptive or foster parent, stepparent, or legal guardian of an employee or the employee’s spouse or registered domestic partner, or a person who stood in loco parentis when the employee was a minor child), a spouse or registered domestic partner, a grandparent, grandchild and sibling. Additionally, paid sick leave may be used for an employee who is a victim of domestic violence, sexual assault or stalking.

Paid sick days are paid at an employee’s normal rate of pay earned during regular work hours. Accrued, unused paid sick leave is not paid out upon termination or resignation. However, employees separating from employment who are rehired within one (1) year from the date of separation will have their previously accrued and unused paid sick days reinstated. Employees also begin accruing paid sick leave upon re-hire (assuming an employee’s bank is below the applicable cap). In addition, if an employee is re-hired within one (1) year from the date of separation, any number of days that the employee previously worked for SDCP will be credited toward the ninety (90) calendar days that the employee must have worked for SDCP before being eligible to use paid sick leave under this policy.

If the need for paid sick leave is foreseeable (e.g., scheduled routine medical appointments), employees must provide reasonable advance notice. If the leave is not foreseeable, employees must provide notice of the leave as soon as practicable. When requesting sick leave, employees should not disclose any private medical information or any other confidential personal information.

SDCP strictly prohibits any form of retaliation or discrimination against an employee for attempting to use or using paid sick leave under this policy, and for any other reason prohibited by applicable law. Employees who believe they have been discriminated or retaliated against should report their concerns to Human Resources.

H. Vacation Leave. At the discretion of the Department Head or supervisor as to setting the period of time to be taken for any vacation leave, all full-time, regular employees are granted vacation leave with pay under the following conditions:

1. Regular employees working, or on paid leave a minimum of forty (40) hours per week, will accrue vacation leave hours as follows:

Years of Continuous Employment	Accrual Rate Per Year (Accrued Biweekly)
Upon Employment	160 hours
After 2 years	180 hours
After 4 years	220 hours

   An employee may accumulate up to 40 hours (5 working days) of vacation. Where conditions beyond the employee's control make it impossible for the employee to take vacation leave when 45 days have been accumulated, the Chief Executive Officer may extend the accrual of vacation hours.

2. Pay for vacation leave shall be at the hourly rate currently paid the employee at the time the vacation is taken.

3. All requests for vacation leave must be approved by an employee's immediate supervisor at least two (1) week in advance of use. In the event of an emergency, the advance notice may be shortened at the discretion of the supervisor.

4. Holidays, vacation time and sick leave are included in figuring the "continuous service" of an employee. Holidays falling within the proposed vacation period are not charged to vacation time.

5. In case of conflicting requests that have been submitted simultaneously within a department, the Department Head will make a decision based on the needs of the department.

6. At the time of termination, employees will be paid for any vacation leave accrued but not yet used.

7. Should a pay period occur during an employee's vacation, the employee may submit a written request to receive their paycheck up to one week in advance of the next normal pay date. Said request should be submitted to the Chief Financial Officer or Finance Manager at the time the vacation request is approved by the employee's supervisor.

8. Annually, on or about December 1 of each year, the employee with a minimum of one hundred and twenty (120) hours of accumulated vacation leave, and at least five (5) years of employment with SDCP, may irrevocably elect how much, if any, of the vacation leave to be earned in the following calendar year will be compensated for in cash at the end of that year. The amount elected by the employee to be paid in cash at year end will be compensated by SDCP to the extent the accumulated balance at year end does not drop below the minimum of one hundred and twenty (120) hours. Any vacation leave compensated by SDCP will be at the current salary rate on the date of payment. Vacation leave to be earned in the following year, which the employee does not elect to have compensated for in cash at the end of that year, may be taken as vacation leave during that year or will be added to the employee’s accumulated balance of vacation leave. No part of the employee’s accumulated balance will be compensated for in cash by SDCP until termination under this Handbook.

I. <u>Proration of Accrued Benefits</u>. Subject to the vacation and sick leave accrual limitations, as set forth in this Handbook, vacation and sick leave accruing to an employee will be prorated in the event the employee is not working (i.e. regular part-time employee working less than full time, a hire date or termination date not beginning or ending on a pay period date, or leave without pay during a pay period), or is not on paid leave for the entire 80 hours of the pay period.

The proration will be based on the number of hours actually paid during the pay period in question. For example, the employee paid for 50 hours of work or sick leave in a pay period will earn 50/80 of accrued vacation and sick leave benefits for that pay period.

J. <u>Leave for Medical Disability</u>. Subject to the provisions set forth below, in the event of a leave because of a medical disability, the employee's job will be held for the employee as required by applicable federal or state law, or at the discretion of the Chief Executive Officer, whichever is greater, in accordance with the following formula:

Term of Employment	Term of Hold
1. Employees with less than two (2) years of employment	To extent of accrued leave
2. Employees with two (2) to six (6) years of employment	Up to six (6) months*
3. Employee with more than six (6) years of employment	One (1) month for each full year of employment to a maximum of up to twelve (12) months*

*After all accumulated leave has been used.

Any paid or unpaid leave granted pursuant to this section shall run concurrently with any leave granted pursuant to applicable federal or state law.

To hold a job open, the employee must present a declaration of total medical disability signed by a medical doctor covering the entire period of the hold.

Medical, dental and any other insurance benefits as provided to regular employees shall continue while an employee is on leave for medical disability or has been approved for disability retirement, as authorized herein, subject to limitations that may be imposed by the specific provider of the benefit.

Employees determined to be disabled resulting from a bona-fide SDCP workers' compensation injury/illness, will have the term of hold doubled for the employees identified above, or as required by workers' compensation law.

Nothing in this policy is intended to diminish SDCP's commitment to employ and reasonably accommodate qualified disabled employees. SDCP will provide an unpaid leave of absence to eligible employees as a reasonable accommodation to qualified disabled employees, unless such leave constitutes undue hardship for SDCP. Employees desiring reasonable accommodations should contact Human Resources.

K. Family and Medical Leave Act (FMLA) and California Family Rights Act (CFRA)

1. General. In accordance with state and federal laws, SDCP shall provide unpaid leave under the Family Medical Leave (FMLA) / California Family Rights Act (CFRA) to any "eligible" employee who requests leave for any of the following reasons:

    a. The birth or adoption of a child by the employee or placement of a child in foster care with the employee (all family leave taken for one of these purposes must be concluded within one year of the event); or

    b. To care for the employee's child, parent, grandparent, grandchild, sibling, parent-in-law, spouse or registered domestic partner who has a serious health condition; or

    c. For an employee's own serious health condition which makes the employee unable to perform any of the essential functions of the employee's position; or

    d. Under the FMLA, an employee may take up to twelve (12) workweeks of qualifying military related exigency leave and up to twenty-six (26) workweeks for an injured or ill servicemember.

   It is SDCP's responsibility to determine based on information provided by the employee whether leave qualifies as FMLA/CFRA leave.

2. Definitions.

    a. "Serious health condition" means an illness, injury, impairment or physical or mental condition which warrants the participation of a family member to provide care and involves either (a) inpatient care in a hospital, hospice or residential health care facility; or (b) continuing treatment or continuing supervision by a qualified health care provider.

    b. "Child" refers to a biological, adopted or foster child, a stepchild, a legal ward, or a child of a person charged with a parent's rights, duties and responsibilities as to that child. The child must either be under 18 years of age or an adult dependent child.

    c. "Parent" refers to a biological, foster or adoptive parent, a stepparent or a legal guardian.

    d. "Next of kin" refers to a current servicemember is the nearest blood relative, other than the current servicemember's spouse, parent, child, in the following order of priority: (1) a blood relative who has been designated in writing by the servicemember as the next of kin for Family Medical Leave purposes; (2) a blood relative who has been granted legal custody of the servicemember; (3) siblings; (4) grandparents; (5) aunts and uncles; and (6) first cousins.

    e. "Health care provider" means a duly licensed physician, surgeon, osteopathic physician or osteopathic surgeon. For Military Caregiver Leave, an authorized health care provider may be a DOD, VA, TRICARE network, non-network TRICARE, or non-military-affiliated health care provider.

    f. A "need to care for" a family member encompasses both physical and psychological care. It includes situations where, for example, because of a serious health condition, the family member is unable to care for their own basic medical, hygienic, or nutritional needs or safety, or is unable to transport themselves to the doctor, etc. The term also includes providing psychological comfort and reassurance which would be beneficial to a child, spouse, Domestic Partner, or parent with a serious health condition who is receiving inpatient or home care. The term also includes situations where the employee may be needed to fill in for others who are caring for the family member, or to make arrangements for changes in care, such as transfer to a nursing home.

    g. "Qualifying exigency" include: (1) short-notice deployment (i.e., deployment within seven or less days of notice); (2) military events and related activities; (3) certain childcare and school activities; (4) finance and legal arrangements; (5) care of the military member's parent who is incapable of self-care; (6) counseling; (7) rest and recuperation; (8) post-deployment activities; and

(9) additional activities agreed to by the employer and the employee.

h. "Covered Active Duty" for members of the Regular Armed Forces, is duty during deployment of the member with the Armed Forces to a foreign country. "Covered Active Duty" for members of the Reserve components of the Armed Forces (members of the National Guard and Reserves) is duty during deployment of the member with the Armed Forces to a foreign country under a call or order to active duty in a contingency operation.

i. A "Covered Service member" is either: (a) a current member of the Armed Forces (including a member of the National Guard or Reserves) who is undergoing medical treatment, recuperation, or therapy, is in outpatient status, or is on the temporary disability retired list, for a serious injury or illness, or (b) a veteran of the Armed Forces (including the National Guard or Reserves) discharged within the five-year period before the family member first takes military caregiver leave to care for the veteran and who is undergoing medical treatment, recuperation, or therapy for a qualifying serious injury or illness. A veteran who was dishonorably discharged does not meet the definition of a Covered Service member.

j. For a current service member, a "serious injury or illness" is one that may render the service member medically unfit to perform his or her military duties. For a veteran, a "serious injury or illness" is one that renders the veteran medically unfit to perform his or her military duties, or an injury or illness that qualifies the veteran for certain benefits from the Department of Veterans Affairs or substantially impairs the veteran's ability to work. For veterans, it includes injuries or illnesses that were incurred or aggravated during military service but that did not manifest until after the veteran left active duty.

3. Eligibility. An employee is eligible for FMLA/CFRA leave if, at the time leave commences, <u>all</u> of the following are satisfied:

   a. The employee has worked for SDCP for at least 3 months (not necessarily consecutive months); and

   b. The employee has worked at least 480 hours during the 3 months immediately preceding the leave period; and

   c. Employees who are "exempt" under the Fair Labor Standards Act (FLSA) are presumed to have worked for the required number of hours provided they have been employed by SDCP for at least 3 months; and

   d. If spouses, or an employee and registered domestic partner, are both employed by SDCP, family leave taken may be limited to a total of 12 weeks leave for the birth, adoption or placement of a child, or to care for the employee's parent(s).

4. Notification Requirement – Employee. The employee must notify the employee's immediate supervisor, in writing, of the requested leave at least 30 calendar days before the leave is to begin if the leave is foreseeable. If the leave is not foreseeable, the employee must give as much notice as practicable (usually within two (2) business days). The employee's notice must provide an estimate of the amount of time the employee will be on leave, and an estimated return to work date.

   Employees must consult with their supervisors regarding any planned medical treatment and make a reasonable effort to schedule leave not to unduly interfere with SDCP's operations, subject to the employees' health care providers' approval. Failure to comply with these notice requirements may result in deferral of the requested leave until compliance.

   a. When an employee requests FMLA/CFRA leave because of the employee's own, child's, spouse's, domestic partner's, or parent's serious health condition, SDCP requires the employee to provide medical certification from the health care provider, supporting need for leave. The certification form is available from the Human Resources department. As more particularly detailed on the certification form, the certification shall contain the following:

      i. The date on which the condition began;

      ii. The probable duration of the condition;

      iii. An estimate of the amount of time that the health care provider believes the employee needs to care for the individual requiring the care;

      iv. If for the employee's own health condition, a statement that due to the serious health condition the employee is unable to work or to perform at least one of the essential functions of their position; and

      v. If for care of a family member, a statement that the health condition warrants participation of a family member to provide care.

      SDCP reserves the right to request a second or third medical opinion, upon reasonable cause, regarding whether the employee's own health condition qualifies as a "serious health condition," at SDCP's cost.

      If additional leave is required beyond the initial period and within the applicable twelve (12) week limitation, the employee must resubmit, before the end of the initial estimate, all applicable certifications and notices required by this policy.

b. When an employee requests leave due to a qualifying exigency arising when the employee's spouse, child, or parent, who is a member of the Armed Forces (including the National Guard and Reserves), and who is on covered active duty or has been notified of an impending call or order to covered active duty, SDCP requires that the employee submit certification supporting the need for leave. The certification form is U.S. Department of Labor form WH-384, and is available in the Human Resources department or directly from the U.S. Department of Labor's website at www.dol.gov in the Forms section.

   As more particularly detailed on form WH-384, the certification shall contain the following:

   i. A copy of the military member's active duty orders;

   ii. A statement or description of the appropriate facts regarding the qualifying exigency;

   iii. The approximate date on which the leave began (or will begin); and

   iv. The contact information for any third party you are meeting.

c. When an employee requests Military Caregiver Leave, SDCP requires that the employee submit certification supporting the need for leave. The certification forms are U.S. Department of Labor form WH-385 (Certification for Serious Injury or Illness of Current Servicemember) and form WH-385-V (Certification for Serious Injury or Illness of a Veteran for Military Caregiver Leave), and are available in the Human Resources Department or directly from the U.S. Department of Labor's website at www.dol.gov in the Forms section.

   As more particularly detailed on forms WH-385 and WH-385-V, the certification shall contain the following:

   i. Contact information for the authorized health care provider completing the certification, the type of medical practice or specialty, and affiliation with the military, if any;

   ii. Whether the injury or illness was incurred or aggravated by service in the line of duty on active duty, when it began or was aggravated, and its likely duration;

   iii. A statement of appropriate facts regarding the servicemember's health condition sufficient to support the need for FMLA leave;

iv. Information to show that the servicemember needs care and estimates for the period and dates of treatment or recovery needed;

v. If care is needed intermittently or on a reduced schedule, the schedule of treatments or appointments, or an estimate of the frequency and duration of periodic care;

vi. Your name, the name of the covered service member, and your relationship to the service member; and

vii. Information on the service member's branch, rank, and unit assignment or the veteran's date and type of separation.

Employees may take up to a maximum of 12 workweeks of Family Medical Leave within a 12-month period. SDCP uses a rolling twelve-month period to determine an employee's eligibility for leave. The 12-month period is measured backward from the date an employee uses any family leave.

For Military Caregiver Leave, employees may take up to 26 workweeks of leave during a "single 12-month period." The single 12-month period begins on the first day the employee takes leave for this reason and ends 12 months later, regardless of the 12-month period established by the employer for other FMLA leave reasons.

An eligible employee is limited to a combined total of 26 workweeks of leave for any Family Medical Leave-qualifying reasons during the single 12-month period. Up to 12 of the 26 weeks may be for Family Medical Leave-qualifying reason other than Military Caregiver Leave.

5. Duration. Employees may take up to a maximum of 12 workweeks of FMLA/CFRA leave within a 12-month period. SDCP uses a rolling twelve-month period to determine an employee's eligibility for leave. The 12-month period is measured backward from the date an employee uses any family leave.

   For Military Caregiver Leave, employees may take up to 26 workweeks of leave during a "single 12-month period." The single 12-month period begins on the first day the employee takes leave for this reason and ends 12 months later, regardless of the 12-month period established by the employer for other FMLA leave reasons.

   An eligible employee is limited to a combined total of 26 workweeks of leave for any Family Medical Leave-qualifying reasons during the single 12-month period. Up to 12 of the 26 weeks may be for Family Medical Leave-qualifying reason other than Military Caregiver Leave.

Leave may be taken intermittently (in blocks of time or on a reduced-time schedule) if the leave is for the serious health condition of the employee or the employee's family member and if such intermittent leave is medically necessary as determined by the health care provider of the person with the serious health condition. SDCP will account for the leave in the shortest period of time the payroll system uses to calculate absences. Intermittent leave is “medically necessary” if the employee’s or family member’s condition is intermittent, or if the employee is only needed to care for the family member on an intermittent basis.

An employee is obligated to comply with the notification and certification requirements of in this policy when taking intermittent leave.

6. Pay and Benefits Continuation.

    a. Family Medical Leave is unpaid, however, employees are required to use accrued sick, vacation and compensatory leave while on an approved family medical leave, but shall have the right to retain up to 40 hours of accrued vacation and/or sick leave.

    b. Employees may continue to receive medical, dental, and other SDCP-provided insurance coverage at the same level and the same sharing costs as regular employees. Before the leave begins, the designated Human Resources representative shall provide the employee with the amount and due dates of any premiums that become due during the employees’ leave.

    c. Family Medical Leave is not a break in service for seniority purposes; however, the period of the leave does not count as accrued service for retirement plan purposes and SDCP will not make retirement plan contributions during the period of unpaid leave. The employee will also not accrue vacation or sick leave or participate in any other SDCP program based on salary earned or time worked during a family leave.

    d. Employees returning from Family Medical Leave generally have a right to reinstatement to the same or equivalent position held immediately before leave; however, employees returning from leave have no greater right to reinstatement than if employed continuously during the leave.

7. Failure to Return/False Representations. If an employee fails to return to work immediately after the approved leave expires or if a leave is obtained based on false representations regarding the need for FMLA/CFRA leave, the employee will be considered to have voluntarily quit. Moreover, if an employee fails to return to work after an approved leave expires, SDCP may seek reimbursement for any/all benefits paid during the leave.

8. Special Rules for Pregnancy Disability Leave. The right to take CFRA leave is separate and distinct from the right to take a pregnancy disability leave (PDL). Leave taken by an employee disabled by pregnancy, childbirth, or

related medical conditions is not family leave under the CFRA even though it may be considered FMLA leave. SDCP may require that an employee's PDL and FML leave run concurrently, but CFRA leave can never run concurrently with a pregnancy disability leave. This means that at the end of the employee's period(s) of PDL and/or PDL and FML leave (whichever occurs first), a CFRA eligible employee may take up to twelve (12) workweeks of CFRA leave due to the birth of her child or for other family leave purposes.

The maximum combined leave entitled for PDL, FML and CFRA leave for the birth of a child is four (4) months and twelve (12) workweeks.

9. Unlawful Interference with Leave Rights. SDCP complies with applicable family care, medical leave and military leave laws. Under the FML, it is unlawful for any employer to: interfere with, restrain, or deny the exercise of an right provided under the FML or discharge or discriminate against any person for opposing any practice made unlawful by the FMLA or for involvement in any proceeding under or relating to the FML. If an employer has done so, an employee may file a complaint with the U.S. Department of Labor or may bring a private lawsuit against an employer. The FML does not affect any federal or state law prohibiting discrimination, or supersede any state or local law of collective bargaining agreement that provides greater family or medical leave rights. If you have questions, or would like further clarification about your rights under the FML or other types of leave, please contact Human Resources. Separately, employees may file complaint of claimed violations of CFRA with the California Department of Fair Employment and Housing (DFEH) which is authorized to investigate such complaints. For more information, visit the DFEH's website at http://www.dfeh.ca.gov.

XVII. Lactation Accommodation Policy

SDCP complies with all state and federal laws governing break times for lactation or expressing milk, including but not limited to California Labor Code Section 1030 et seq. SDCP will provide a reasonable amount of break time to accommodate an employee who wishes to express breast milk for their infant child. To the extent possible, such break time shall run concurrently with the meal and rest periods. If special arrangements are made to provide an employee extra time beyond or in addition to their normal rest period, the employee may use accumulated vacation, compensable time or leave for the additional time required. If no compensable leave time is available for use, the time shall be unpaid. Employees are encouraged to notify their supervisor or other appropriate personnel in advance of their intent to make use of the lactation accommodations offered for employees. As needed, the supervisor shall work with the employee to address arrangements and scheduling in order to ensure that the employees' essential job duties are covered during the break time. SDCP will designate a room for employees to express milk in private or provide similar private arrangements.

XVIII. Ethics Training

Each SDCP employee shall receive training in ethics meeting the requirements set forth in Government Code section 53234, *et seq.* ("AB 1234 Training"). Each employee shall receive at least two hours of AB 1234 Training every two years. The training may be taken in person or online, and may be completed by taking the Fair Political Practices Commission's free online "Local Officials Ethics Training Course."

Each SDCP employee who commences service with SDCP shall receive AB 1234 Training no later than six months from the first day of service to SDCP; provided that a new employee may satisfy the requirement by providing proof of having received AB 1234 Training within the previous two years from the date of employment. Upon completion of the AB 1234 Training, SDCP employees shall submit proof of completion of the training to SDCP's Secretary or designee, who shall maintain records indicating the dates employees completed the training and the entity that provided the training. SDCP shall maintain such records for at least five years after the training date, and such records are public records subject to disclosure under the California Public Records Act.

XIX. <u>Remote Work</u>

A. Purpose Statement. The purpose of this section is to provide the policy and procedures related to remote work, or working from home. Remote work enables employees to work at home, on the road or in a satellite location for all or part of their workweek. Due to several factors including the startup nature of SDCP, the COVID-19 pandemic, and the interest of SDCP to provide flexible working options for employees, SDCP considers remote work to be a necessary, viable, and beneficial work option.

B. An employee's remote work schedule must be approved by their supervisor and/or the CEO.

C. Work Environment and IT Support

  1. Employees are responsible for ensuring a safe home work environment that is quiet and free of distractions, with reliable and secure internet and/or wireless access.

  2. The employee is responsible for ensuring that their remote work location and facilities provide an adequate level of security to safeguard unauthorized access to confidential or other sensitive SDCP information and records.

  3. All employees must have access to a computer and phone while remote working. In the event an employee uses their own personal device, the employees are prohibited from downloading any data on to their personal devices (laptops, tablets, etc.) that contains customer information. Any official SDCP work conducted on a personal device must be conducted through an approved application to ensure all data and records are within the control of SDCP. Employees should reach out to IT Support for any assistance.

  4. Employees will be provided with technological resources (a laptop computer, cellular phone stipend, etc.) for telework to be performed

remotely, until SDCP has designated office space. At that time, SDCP will evaluate the continuing need to provide these resources to employees who request to continue to work remotely on a part-time or full-time basis.

D. Home Office Equipment

1. Any equipment or supplies purchased by SDCP are considered the property of SDCP. Employees may “sign out” office equipment such as docking stations or other equipment that SDCP furnishes as part of office space furnishings. Employees shall be responsible for maintaining any equipment in their possession and returning the equipment to the office upon the employee’s separation.

2. SDCP will support employee home office investments to maintain a healthy, ergonomic, and productive work environment while working remotely.

    a. Eligible home office investment purchases may include: office chair, web cameras, camera or desk lighting, printers, etc.

    b. Employees are eligible for a one-time reimbursement of up to $700 toward eligible home office investments. Receipts should be submitted in order to be reimbursed.

    c. Prior to purchasing any equipment, employees should check with office management or IT (vendor) for approval of eligible items.

    d. Employees must notify their supervisor promptly when unable to perform work assignments because of equipment failure or other unforeseen circumstances.

3. SDCP will not reimburse any expenses related to:

    a. Insuring, remodeling, and maintaining the employee’s home workspace.

    b. Household expenses or incidental residential utility costs, including but not limited to heat, electricity, standard internet and home telephone service.

    c. SDCP accepts no responsibility for damage or repairs to employee-owned equipment or property.

E. Communications, Meetings, and Trainings

1. Professional conduct while performing SDCP business from a location outside of the SDCP’s office will be held to the same standard as if the employee was in the office.

2. All calls and emails should be returned as promptly as would occur if the employee were working at the office.

3. Employees shall maintain contact with their supervisor and colleagues on a reasonable basis during office hours via phone, video meetings, team/individual collaborative tools (e.g., Google chat or Teams), or email.

4. Meetings shall be conducted via conference call or use of the SDCP-funded video conferencing platform with screen share as needed.

5. To manage video or remote meeting fatigue, employees should consider options such as shortening to 25 or 50 minutes to allow for breaks, occasionally encouraging off-camera participation, or using a phone call rather than video.

6. Supervisors shall work with direct reports to establish a reporting system that keeps the employee's supervisor informed of the employee's hours worked, daily activities, accomplishments, and duties on a daily basis.

7. All employees must attend required agency wide and department meetings; social events should be considered optional.

8. All employees must complete SDCP assigned trainings.

F. Participation in Non-Essential Work-Related Events

Consistent with general COVID-19 protocol direction, employees should not attend in-person non-essential work-related events unless statewide COVID-19 guidelines allow for them.

G. Time Off

1. In the event an employee becomes sick and is unable to perform their duties via remote work, the employee should notify their supervisor and utilize available paid time off to cover any time off in accordance with policy.

2. Employees can contact their supervisor or Human Resources staff with questions about available leave benefits, including Short-Term Disability benefits.

XX. <u>COVID-19 Vaccination Policy</u>

A. Purpose Statement. The purpose of this section is to provide a safe work environment and protect the health and safety of SDCP employees and the public we serve.

According to the federal Centers for Disease Control (CDC), the California Department of Public Health, and the San Diego County Public Health Officer, COVID-19 continues to pose a risk, especially to individuals who are not fully vaccinated, and certain safety measures remain necessary to protect against COVID-19 cases and deaths. Vaccination is the most effective way to prevent transmission and limit COVID-19 hospitalizations and deaths. Unvaccinated persons are at greater risk of contracting and spreading COVID-19 within the workplace.

Since June 15, 2021, when most restrictions from the state were lifted, the average daily incident case rate of COVID-19 in San Diego County has increased to reach the "High Transmission" level of the CDC's Indicators for Level of Community Transmission.

In addition, the significantly more transmissible Delta variant of the SARS-CoV-2 virus has become the predominant strain in the U.S. and has been detected in specimens collected from County residents with laboratory-confirmed COVID-19, from multiple unrelated households. Recent real-world evidence supports research findings that suggest authorized vaccines are highly protective against hospitalization and death from infection with the Delta variant, and people who are fully vaccinated are less likely to be contagious or transmit the virus to someone else.

A continued increase in the vaccination rate is paramount to stem this rapid increase in COVID-19 transmission. Currently authorized vaccines have proven effective at preventing severe outcomes from the virus causing COVID-19, including the Delta variant. COVID-19 vaccines are free, safe, and widely available. Getting vaccinated is one of the most important ways to help stop COVID-19 spread.

B. Vaccination Requirement. In order to ensure that SDCP meets its obligation to provide a safe and healthy workplace for employees and allow SDCP to follow public health recommendations, all SDCP employees must be fully vaccinated for COVID-19, or request an exemption, as a condition of employment no later than November 15, 2021.

C. Reporting Vaccination Status and Documentation. All SDCP employees must report their vaccination status using a process and form designated by SDCP no later than 5:00 p.m. on November 15, 2021. Employees will certify that they are:

    1. Fully vaccinated for COVID-19; or

    2. Unvaccinated for COVID-19 due to a pending or approved exemption due to medical/disability or sincerely held religious belief, practice, or observance.

    Employees will certify that the information they provide regarding vaccination status is true and accurate.

    Employees are required to provide SDCP with proof of vaccination status, which may include any of the following documents:

    1. A screen shot of the digital vaccination record, which is available free and instantly from the state of California, https://myvaccinerecord.cdph.ca.gov/

2. A photo of the CDC COVID-19 vaccination record card

3. Documentation by the employee's healthcare provider

D. Requests for Exemptions. SDCP will review requests for medical, disability, and religious exemptions on a case-by-case basis consistent with procedures for reasonable accommodation requests.

1. Medical/Disability Exemption: Employees with a medical condition, disability, or other medical restriction that affects their eligibility for a vaccine, as verified by their medical provider, may request a reasonable accommodation through the Human Resources Department to be exempted from this vaccination requirement.

   Requests for medical/disability exemption must be submitted to the Human Resources Department using a process and form designated by SDCP no later than November 15, 2021. Employees also must include with their request a completed Certification from their Health Care Provider no later than November 15, 2021 at 5:00 p.m.

2. Requests for Religious Exemption: Employees with a sincerely held religious belief, practice, or observance that prohibits them from receiving a vaccine may request a reasonable accommodation to the Human Resources Department by 5:00 p.m. on November 15, 2021, using a process and form designated by SDCP.

3. Requirement for Weekly COVID-19 Testing and Face Masking for Unvaccinated Employees with Approved or Pending Exemptions: As of November 15, 2021, all unvaccinated employees who: (a) are required to be, or will be, physically present in SDCP's workplace or SDCP meetings and (b) who have a pending or approved medical, disability, or religious exemption, are required thereafter as a condition of employment to be tested weekly for COVID-19 and wear a face mask covering nose and mouth indoors or when in a shared vehicle. COVID-19 testing will be provided to employees at no cost during their work hours following a process and timeline determined by SDCP.

E. New Employees. All new employees hired after September 23, 2021 must attest to their vaccination status and provide proof of vaccination or request a medical/disability or religious exemption within forty-five (45) calendar days of the hiring date as a condition of employment. For employees who are required to be, or will be, physically present in SDCP's workplace or SDCP meetings, masking and weekly testing will be required until proof of vaccination is provided.

F. Definitions.

1. "COVID-19 Vaccine": A COVID-19 vaccine satisfies the requirement of this section if the U.S. Food and Drug Administration (FDA) has issued Emergency Use Authorization (EUA) or full Licensure for the vaccine. Vaccines that currently meet this requirement include Moderna or Pfizer-

BioNTech (two-dose COVID-19 vaccine series) and Johnson & Johnson/Janssen (a single-dose COVID-19 vaccine).

2. “Employees”: For purposes of this section, the term “employees” includes all full, part-time, hourly, and as-needed SDCP employees regardless of appointment type, volunteers, and interns.

3. “Fully Vaccinated”: To be fully vaccinated, 14 days or more must have passed from the date the employee received the final dose of a two-dose COVID-19 vaccine series (Moderna or Pfizer-BioNTech) or a single-dose COVID-19 vaccine (Johnson & Johnson/Janssen) as of November 15, 2021. The employee must also have received any subsequent vaccine booster shots recommended for vaccinated persons by the Food and Drug Administration.

4. “Unvaccinated”: An employee who is not “Fully Vaccinated”, as defined above, or whose status is unknown.

XXI. Additional Policies

SDCP has adopted, or may adopt, additional policies relating to SDCP employment, including without limitation, policies relating to a standard work week and hours, flexible work arrangements; geographic requirements or expectations; and moving expenses.

XXII. Employee Acknowledgement

This is to acknowledge that I have received a copy of the San Diego Community Power ("SDCP") Employee Handbook and understand that it contains important information on SDCP's general personnel policies and my obligations as an employee. I acknowledge that I am expected to read, understand, and adhere to SDCP policies and will familiarize myself with the material in the handbook. I understand that I am governed by the contents of the handbook and that SDCP may change, rescind or add to any policies, benefits or practices described in this Handbook, from time to time in its sole and absolute discretion, with or without prior notice. SDCP will advise employees of material changes within a reasonable timeframe.

Furthermore, I understand that employment with SDCP is not for a specified term and is at the mutual consent of the employee and SDCP. Accordingly, either the employee or SDCP can terminate the employment relationship at will, with or without cause, at any time. This represents a final and binding integrated agreement with respect to the at-will nature of the employment relationship and cannot be modified, unless it is modified in a written agreement signed both by the Chief Executive Office Director and me.

I UNDERSTAND THAT I AM AN AT-WILL EMPLOYEE WHO SERVES AT THE PLEASURE OF THE CHIEF EXECUTIVE OFFICER. I HAVE NO PROPERTY RIGHT IN CONTINUED EMPLOYMENT AND NO PRE OR POST DISCIPLINARY PROCEDURAL DUE POSSESS OR EVIDENTIARY APPEAL. I UNDERSTAND THAT NOTHING CONTAINED IN THE HANDBOOK IS INTENDED TO CREATE, NOR BE CONSTRUED AS CREATING, AN EXPRESS OR IMPLIED CONTRACT, OR GUARANTEE OF EMPLOYMENT FOR A DEFINITE OR INDEFINITE TERM.

____________________________________ __________________

EMPLOYEE'S SIGNATURE DATE

____

EMPLOYEE'S PRINTED NAME

SAN DIEGO COMMUNITY POWER
Staff Report – Item 9

To: San Diego Community Power Board of Directors

From: Cody Hooven, Chief Operating Officer
Nelson Lomeli, Program Manager
Sebastian Sarria, Policy and Program Manager

Subject: Energy Programs Priorities for Fiscal Year 21-22

Date: September 23, 2021

RECOMMENDATION
Receive update on energy program priorities.

BACKGROUND
One of the core purposes of San Diego Community Power (SDCP), as articulated in the Joint Powers Authority (JPA) Agreement, is to foster local economic benefits such as job creation, local energy programs, and local power development.

Since our inception, the Board of Directors and Staff have been diligently working to ensure a smooth rollout of the organization which have included but not limited to the hiring of permanent staff, procurement of power to meet demand, and successfully enrolling customers throughout the service territory.

Staff continues to recognize the importance of customer programs as an additional benefit and has been working to establish the foundations of customer programs and designing programs that ensure the smooth transition of customers to SDCP service.

ANALYSIS AND DISCUSSION
With the successful completion of Phase 1 and Phase 2 of customer enrollment and increase in operational capacity, Staff has been able to strategize an ambitious yet realistic approach to programmatic development, beginning in the current fiscal year 2021-2022. In this approach, we account for programs that are necessary to ensure the successful enrollment of customers in Phase 3, provide benefits to our local economy and environment, benefits our low-income customers and communities of concern, and support our member agencies, while looking into the near-term future to ensure we are providing programs that serve our communities. We break up our priorities into five categories:

Early Implementation Programs. Programs that are necessary to implement in order to serve customers transitioning into our service or programs were previously adopted by the Board. This includes:

Net Energy Metering

- Ensures that the more than 90,000 customers that installed on-site generation transition to SDCP service.

Renewable Energy Self-Generation Bill Credit Transfer (RES-BCT)

- Allows Local Governments that installed one energy generation facility and allocated generation bill credits to other accounts not served by the generating facility to offset bills transition to SDCP service.

Feed-In Tariff

- A renewable energy purchasing program which sets the rules and price for the purchase of electricity from small-scale wholesale renewable electricity projects within service territory.

Low-Income Focused

Disadvantaged Communities Green Tariff (DAC-GT)

- A California Public Utilities Commission funded program that provides low-income customers enrolled in the California Alternative Rates for Energy (CARE) or the Family Electric Rate Assistance Program (FERA) and living within a State-defined Disadvantaged Community (DAC) to receive 100% renewable energy at a 20% discount to their bill.
- Staff is actively pursuing an allocation of capacity through an Advice Letter to the CPUC.

Community Solar Green Tariff (CS-GT)

- A California Public Utilities Commission funded program that allows residential customers that live in a DAC to benefit from a local solar project and receive a 20% discount on their bill.
- CS-GT requires that a local solar project be built in a DAC and within five miles where the benefiting customers reside.
- CS-GT provides benefiting customers a sense of ownership of the solar project by requiring that at least one Community Sponsor helps ensure community interest and community engagement.

Partnership with Member Agencies

Local Government Commission

- Work with the Local Government Commission to schedule energy educational workshops for our Member Agencies and provide them with Governmental Assistance (e.g., permit streamline, templates, etc.) as needed.

Member Agency Funding Pilot

- Use SDCP funding to further support energy-related technical assistance work at our Member Agencies that will benefit our customers.
- This is a pilot project and Staff is working with Member Agency staff to determine the best approach.

Looking Ahead

Community Power Plan

- Conduct a community-wide needs assessment and report that will guide SDCP in:
  - Local development of renewable energy
  - Decarbonization strategies
  - Program needs, strategy, and development
  - Workforce development

On the Horizon

Elect-To-Administer (ETA)

- The less administratively burdensome method of accessing public funds administered by the CPUC to conduct energy efficiency work.
- Staff is evaluating the funding amounts potentially available, the potential programs that can be offered with funds, and the cost-effectiveness of accessing funds.
- Public funds for energy efficiency programs come with restrictive cost-effectiveness requirements that make programs difficult to design and implement.

Regional Energy Network (REN)

- In exploring the ETA process, Staff learned that the most effective way to access public funds without the restrictive cost-effectiveness requirements is through a regional agency purposely designed to access public funds for energy efficiency work.
- Staff is evaluating in the possibility of a San Diego Regional Energy Network and determining next steps as two public agencies are needed to form a REN.

Staff aims to ensure customer retention for Phase 3 enrollment, equitable access to solar is prioritized, partnerships with our member agencies are enhanced and strengthened, as well as lay the groundwork for future programmatic opportunities such as through the creation of a Community Power Plan.

COMMITTEE REVIEW

The Community Advisory Committee (CAC) discussed and provided input on the program priorities at their September 10, 2021 regular meeting.

FISCAL IMPACT

No fiscal impact is expected – factored into the FY21-22 budget.

SAN DIEGO COMMUNITY POWER
Staff Report – Item 10

To:	San Diego Community Power Board of Directors
From:	Lucas Utouh, Director of Data Analytics and Account Services
Via:	Bill Carnahan, Interim Chief Executive Officer
Subject:	Back-Office Metrics and Dashboard Monthly Update
Date:	Board Meeting, September 23, 2021

RECOMMENDATION
Receive update on various back-office activities.

BACKGROUND
Staff will provide regular updates to the Board of Directors regarding San Diego Community Power's (SDCP) back-office activities centered around opt actions tracking (i.e. opt outs, opt ups and opt downs) as well as customer engagement metrics. The following is a brief overview of items pertaining to back-office operations.

ANALYSIS AND DISCUSSION
A) Phase 3 Enrollment Planning

SDG&E, Calpine and the SDCP Teams kicked off Phase 3 Enrollment planning efforts on 9/16/2021 by hosting a joint conference call where each team discussed lessons learned from Phase 1 and 2 from a People, Process and Systems perspective as well as improvements needed to ensure a successful and seamless Phase 3. The following five key objectives and goals were agreed upon:

1. Supporting customer choice and the transition of energy procurement to regional CCA partners.
2. Making the customer experience as seamless and easy as possible, being responsive to customer needs.
3. Formation and support of dedicated and collaborative teams working together across all partners and support organizations.
4. Compliance and strategic alignment – working together through Commission rules and Decisions to advocate for what's best for our region.
5. Ongoing data and information sharing to ensure operational success and customer benefits.

B) Opt Actions Tracking

SDCP Staff and Calpine have collaborated to create a reporting dashboard of customer actions to opt-out, opt-up to Power100 or opt down from Power100 to PowerOn. The below charts summarize these actions accordingly as of September 12th, 2021:

I. Opt Outs

Opt Outs by City	February	March	April	May	June	July	August	September - MTD	2021 YTD Grand Total
CITY OF CHULA VISTA	2	32	1	150	9	3	11	1	209
CITY OF ENCINITAS	0	0	3	32	7	11	5	0	58
CITY OF IMPERIAL BEACH	0	0	0	11	0	1	1	0	13
CITY OF LA MESA	0	0	15	51	3	6	3	0	78
CITY OF SAN DIEGO	14	7	43	516	51	123	111	56	921
Grand Total	**16**	**39**	**62**	**760**	**70**	**144**	**131**	**57**	**1279**

Opt Outs by Class Code	February	March	April	May	June	July	August	September - MTD	2021 YTD Grand Total
Residential	0	0	0	0	0	0	0	0	0
Commercial/Industrial	16	39	62	760	70	144	131	57	1279
Grand Total	**16**	**39**	**62**	**760**	**70**	**144**	**131**	**57**	**1279**

Opt Outs by Reason	February	March	April	May	June	July	August	September - MTD	2021 YTD Grand Total
Concerns about Government-Run Power Agency	0	0	2	15	2	2	2	0	23
Decline to Provide	0	4	19	11	25	33	31	44	167
Dislike being automatically enrolled	0	0	28	59	23	18	34	3	165
Have renewable Energy Reliability Concerns	0	0	0	3	0	2	7	0	12
Other	1	35	2	667	12	18	3	0	738
Rate or Cost Concerns	15	0	11	5	8	70	50	10	169
Service or Billing Concerns	0	0	0	0	0	1	4	0	5
Grand Total	**16**	**39**	**62**	**760**	**70**	**144**	**131**	**57**	**1279**

Opt Outs by Method	February	March	April	May	June	July	August	September - MTD	2021 YTD Grand Total
Customer Service Rep (CSR)	0	35	31	681	23	67	73	50	960
Interactive Voice Response (IVR)	0	0	1	8	5	27	22	3	66
Web	16	4	30	71	42	50	36	4	253
Grand Total	**16**	**39**	**62**	**760**	**70**	**144**	**131**	**57**	**1279**

II. Opt Ups to Power100

Opt Ups by City	February	March	April	May	June	July	August	September - MTD	2021 - YTD Grand Total
CITY OF CHULA VISTA	0	56	0	0	626	9	4	0	695
CITY OF ENCINITAS	0	18	0	0	0	0	0	0	18
CITY OF IMPERIAL BEACH	0	0	0	0	0	60	0	0	60
CITY OF LA MESA	0	0	12	0	130	3	0	2	147
CITY OF SAN DIEGO	0	133	1	2	2922	12	22	3	3095
Grand Total	**0**	**207**	**13**	**2**	**3678**	**84**	**26**	**5**	**4015**

Opt Ups by Class Code	February	March	April	May	June	July	August	September - MTD	2021 - YTD Grand Total
Residential	0	2	0	0	0	0	0	0	2
Commercial/Industrial	0	205	13	2	3678	84	26	5	4013
Grand Total	**0**	**207**	**13**	**2**	**3678**	**84**	**26**	**5**	**4015**

Opt Ups by Method	February	March	April	May	June	July	August	September - MTD	2021 - YTD Grand Total
Customer Service Rep (CSR)	0	207	11	1	3668	80	23	4	3994
Interactive Voice Response (IVR)	0	0	0	0	3	0	0	0	3
Web	0	0	2	1	7	4	3	1	18
Grand Total	**0**	**207**	**13**	**2**	**3678**	**84**	**26**	**5**	**4015**

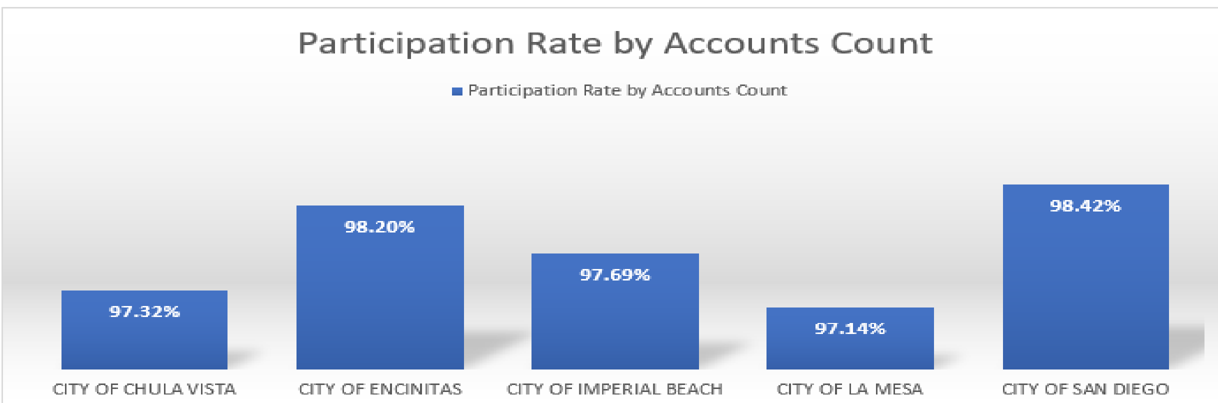
III. Opt Downs from Power100 (Encinitas)

Opt Downs by City	February	March	April	May	June	July	August	September -MTD	2021 - YTD Grand Total
CITY OF CHULA VISTA	0	0	0	0	0	0	0	0	0
CITY OF ENCINITAS	0	0	0	0	24	8	1	0	33
CITY OF IMPERIAL BEACH	0	0	0	0	0	0	0	0	0
CITY OF LA MESA	0	0	0	0	0	0	0	0	0
CITY OF SAN DIEGO	0	0	0	0	0	0	0	0	0
Grand Total	**0**	**0**	**0**	**0**	**24**	**8**	**1**	**0**	**33**

Opt Downs by Class Code	February	March	April	May	June	July	August	September -MTD	2021 - YTD Grand Total
Residential	0	0	0	0	0	0	0	0	0
Commercial/Industrial	0	0	0	0	24	8	1	0	33
Grand Total	**0**	**0**	**0**	**0**	**24**	**8**	**1**	**0**	**33**

Opt Downs by Method	February	March	April	May	June	July	August	September -MTD	2021 - YTD Grand Total
Customer Service Rep (CSR)	0	0	0	0	22	6	1	0	29
Interactive Voice Response (IVR)	0	0	0	0	2	2	0	0	4
Web	0	0	0	0	0	0	0	0	0
Grand Total	**0**	**0**	**0**	**0**	**24**	**8**	**1**	**0**	**33**

IV. Participation Rate (Phase 1 and 2)



City	Active	Eligible	Total Opt Outs	Participation Rate by Accounts Count
CITY OF CHULA VISTA	7481	7802	209	97.32%
CITY OF ENCINITAS	3112	3216	58	98.20%
CITY OF IMPERIAL BEACH	531	563	13	97.69%
CITY OF LA MESA	2562	2726	78	97.14%
CITY OF SAN DIEGO	56481	58128	921	98.42%
Grand Total	**70167**	**72435**	**1279**	**98.23%**

C) Contact Center Metrics

We are also tracking customer interactions via our Contact Center and the chart below summarizes contact made by customers broken down monthly:

IVR and SLA Details	April	May	June	July	August	September - MTD	2021 YTD Grand Total
Total Calls to IVR	79	109	103	324	531	105	1251
Total Calls Connected to Agents	49	66	57	205	338	76	791
Average Seconds to Answer	0:00:38	0:00:14	0:00:21	0:00:37	0:00:22	0:00:13	
Average Call Duration	0:08:57	0:07:51	0:06:42	0:10:33	0:08:13	0:08:22	
Calls Answered within 60 Seconds (75% SLA)	91.84%	100.00%	89.83%	89.42%	96.46%	100.00%	
Abandon Rate	0.00%	0.00%	3.39%	1.44%	0.29%	0.00%	

Customer Service Emails			
	Emails Received	Emails answered or escalated within 24 hours	(%)
May	34	29	85.29%
June	43	41	95.35%
July	32	31	96.88%
August	73	71	97.26%
September - MTD	16	15	93.75%

FISCAL IMPACT
Not Applicable

ATTACHMENTS
Not Applicable

GLOSSARY OF TERMS

CAISO – California Independent System Operator - a non-profit independent system operator that oversees the operation of the California bulk electric power system, transmission lines and electricity market generated and transmitted by its members (~80% of California's electric flow). Its stated mission is to "operate the grid reliably and efficiently, provide fair and open transmission access, promote environmental stewardship and facilitate effective markets and promote infrastructure development. CAISO is regulated by FERC and governed by a five-member governing board appointed by the governor.

CALCCA – California Community Choice Association – Association made up of Community Choice Aggregation (CCA) groups which represents the interests of California's community choice electricity providers.

CARB – California Air Resources Board – The CARB is charged with protecting the public from the harmful effects of air pollution and developing programs and actions to fight climate change in California.

CEC – California Energy Commission

CPUC – California Public Utility Commission

C&I – Commercial and Industrial – Business customers

CP – Compliance Period – Time period to become RPS compliant, set by the CPUC (California Public Utilities Commission)

DA – Direct Access – An option that allows eligible customers to purchase their electricity directly from third party providers known as Electric Service Providers (ESP).

DA Cap – the maximum amount of electric usage that may be allocated to Direct Access customers in California, or more specifically, within an Investor-Owned Utility service territory.

DA Lottery – a random drawing by which DA waitlist customers become eligible to enroll in DA service under the currently-applicable Direct Access Cap.

DA Waitlist – customers that have officially registered their interest in becoming a DA customer but are not yet able to enroll in service because of DA cap limitations.

DAC – Disadvantaged Community

DASR – Direct Access Service Request – Request submitted by C&I to become direct access eligible.

Demand - The rate at which electric energy is delivered to or by a system or part of a system, generally expressed in kilowatts (kW), megawatts (MW), or gigawatts (GW), at a given instant or averaged over any designated interval of time. Demand should not be confused with Load or Energy.

DER – Distributed Energy Resource – A small-scale physical or virtual asset (e.g. EV charger, smart thermostat, behind-the-meter solar/storage, energy efficiency) that operates locally and is connected to a larger power grid at the distribution level.

Distribution - The delivery of electricity to the retail customer's home or business through low voltage distribution lines.

DLAP – Default Load Aggregation Point – In the CAISO's electricity optimization model, DLAP is the node at which all bids for demand should be submitted and settled. SVCE settles its CAISO load at the PG&E DLAP as SVCE is in the PG&E transmission access charge area.

DR – Demand Response - An opportunity for consumers to play a significant role in the operation of the electric grid by reducing or shifting their electricity usage during peak periods in response to time-based rates or other forms of financial incentives.

DWR – Department of Water Resources – DWR manages California's water resources, systems, and infrastructure in a responsible, sustainable way.

ELCC – Effective Load Carrying Capacity – The additional load met by an incremental generator while maintaining the same level of system reliability. For solar and wind resources the ELCC is the amount of capacity which can be counted for Resource Adequacy purposes.

EPIC – Electric Program Investment Charge – The EPIC program was created by the CPUC to support investments in clean energy technologies that provide benefits to the electricity ratepayers of PG&E, San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE)

ERRA – Energy Resource Recovery Account – ERRA proceedings are used to determine fuel and purchased power costs which can be recovered in rates. The utilities do not earn a rate of return on these costs, and only recover actual costs. The costs are forecast for the year ahead. If the actual costs are lower than forecast, then the utility gives money back, and vice versa.

ESP – Energy Service Provider - An energy entity that provides service to a retail or end-use customer.

EV – Electric Vehicle

GHG – Greenhouse gas - water vapor, carbon dioxide, tropospheric ozone, nitrous oxide, methane, and chlorofluorocarbons (CFCs). A gas that causes the atmosphere to trap heat radiating from the earth. The most common GHG is Carbon Dioxide, though Methane and others have this effect as well.

GRC – General Rate Case – Proceedings used to address the costs of operating and maintaining the utility system and the allocation of those costs among customer classes. For California's three large IOUs, the GRCs are parsed into two phases. Phase I of a GRC determines the total amount the utility is authorized to collect, while Phase II determines the share of the cost each customer class is responsible and the rate schedules for each class. Each large electric utility files a GRC application every three years for review by the Public Advocates Office and interested parties and approval by the CPUC.

GWh – Gigawatt-hour - The unit of energy equal to that expended in one hour at a rate of one billion watts. One GWh equals 1,000 megawatt-hours.

IEP – Independent Energy Producers – California's oldest and leading nonprofit trade association, representing the interest of developers and operators of independent energy facilities and independent power marketers.

IOU – Investor-Owned Utility – A private electricity and natural gas provider.

IRP – Integrated Resource Plan – A plan which outlines an electric utility's resource needs in order to meet expected electricity demand long-term.

kW – Kilowatt – Measure of power where power (watts) = voltage (volts) x amperage (amps) and 1 kW = 1000 watts

kWh – Kilowatt-hour – This is a measure of consumption. It is the amount of electricity that is used over some period of time, typically a one-month period for billing purposes. Customers are charged a rate per kWh of electricity used.

LCFS – Low Carbon Fuel Standard – A CARB program designed to encourage the use of cleaner low-carbon fuels in California, encourage the production of those fuels, and therefore, reduce greenhouse gas emissions.

LCR – Local (RA) Capacity Requirements – The amount of Resource Adequacy capacity required to be demonstrated in a specific location or zone.

LMP – Locational Marginal Price – Each generator unit and load pocket is assigned a node in the CAISO optimization model. The model will assign a LMP to the node in both the day- ahead and real time market as it balances the system using the least cost. The LMP is comprised of three components: the marginal cost of energy, congestion and losses. The LMP is used to financially settle transactions in the CAISO.

Load - An end use device or customer that receives power from an energy delivery system. Load should not be confused with Demand, which is the measure of power that a load receives or requires. See Demand.

LSE – Load-serving Entity – Entities that have been granted authority by state, local law or regulation to serve their own load directly through wholesale energy purchases and have chosen to exercise that authority.

NEM – Net Energy Metering – A program in which solar customers receive credit for excess electricity generated by solar panels.

NRDC – Natural Resources Defense Council

OIR – Order Instituting Rulemaking - A procedural document that is issued by the CPUC to start a formal proceeding. A draft OIR is issued for comment by interested parties and made final by vote of the five Commissioners of the CPUC.

MW – Megawatt – measure of power. A megawatt equals 1,000 kilowatts or 1 million watts.

MWH – Megawatt-hour – measure of energy

NP-15 – North Path 15 – NP-15 is a CAISO pricing zone usually used to approximate wholesale electricity prices in northern California in PG&E's service territory.

PCC1 – RPS Portfolio Content Category 1 – Bundled renewables where the energy and REC are dynamically scheduled into a California Balancing Authority (CBA) such as the CAISO. Also known as "in-state" renewables

PCC2 – RPS Portfolio Content Category 2 – Bundled renewables where the energy and REC are from out-of-state and not dynamically scheduled to a CBA.

PCC3 – RPS Portfolio Content Category 3 – Unbundled REC

PCIA or "exit fee" - Power Charge Indifference Adjustment (PCIA) is an "exit fee" based on stranded costs of utility generation set by the California Public Utilities Commission. It is calculated annually and assessed to customers of CCAs and paid to the IOU that lost those customers as a result of the formation of a CCA.

PCL – Power Content Label – A user-friendly way of displaying information to California consumers about the energy resources used to generate the electricity they sell, as required by AB 162 (Statue of 2009) and Senate Bill 1305 (Statutes of 1997).

PD – Proposed Decision – A procedural document in a CPUC Rulemaking process that is formally commented on by Parties to the proceeding. A PD is a precursor to a final Decision voted on by the five Commissioners of the CPUC.

Pnode – Pricing Node – In the CAISO optimization model, it is a point where a physical injection or withdrawal of energy is modeled and for which a LMP is calculated.

PPA – Power Purchase Agreement – A contract used to purchase the energy, capacity and attributes from a renewable resource project.

RA – Resource Adequacy - Under its Resource Adequacy (RA) program, the California Public Utilities Commission (CPUC) requires load-serving entities—both independently owned utilities and electric service providers—to demonstrate in both monthly and annual filings that they have purchased capacity commitments of no less than 115% of their peak loads.

RE – Renewable Energy - Energy from a source that is not depleted when used, such as wind or solar power.

REC - Renewable Energy Certificate - A REC is the property right to the environmental benefits associated with generating renewable electricity. For instance, homeowners who generate solar electricity are credited with 1 solar REC for every MWh of electricity they produce. Utilities obligated to fulfill an RPS requirement can purchase these RECs on the open market.

RPS - Renewable Portfolio Standard - Law that requires CA utilities and other load serving entities (including CCAs) to provide an escalating percentage of CA qualified renewable power (culminating at 33% by 2020) in their annual energy portfolio.

SCE – Southern California Edison

SDG&E – San Diego Gas & Electric

SGIP – Self-Generation Incentive Program – A program which provides incentives to support existing, new, and emerging distributed energy resources (storage, wind turbines, waste heat to power technologies, etc.)

TCR EPS Protocol – The Climate Registry Electric Power Sector Protocol – Online tools and resources provided by The Climate Registry to assist organizations to measure, report, and reduce carbon emissions.

Time-of-Use (TOU) Rates — The pricing of delivered electricity based on the estimated cost of electricity during a particular time-block. Time-of-use rates are usually divided into three or four time-blocks per 24 hour period (on-peak, midpeak, off-peak and sometimes super off-peak) and by seasons of the year (summer and winter). Real time pricing differs from TOU rates in that it is based on actual (as opposed to forecasted) prices that may fluctuate many times a day and are weather sensitive, rather than varying with a fixed schedule.

TURN – The Utility Reform Network - A ratepayer advocacy group charged with ensuring that California IOUs implement just and reasonable rates.

Unbundled RECs - Renewable energy certificates that verify a purchase of a MWH unit of renewable power where the actual power and the certificate are "unbundled" and sold to different buyers.

VPP – Virtual Power Plant – A cloud-based network that leverages an aggregation of distributed energy resources (DERs) to shift energy demand or provide services to the grid. For example, thousands of EV chargers could charge at a slower speed and hundreds of home batteries could discharge to the grid during a demand peak to significantly reduce the procurement of traditional supply resources.