SAN DIEGO COMMUNITY POWER

Board of Directors

Regular Meeting

May 27, 2021

Regular Meeting Agenda

Welcome

Call to Order

Pledge of Allegiance

Roll Call

Items to be Added, Withdrawn, or Reordered on the Agenda

Public Comment for Items Not on the Agenda

Consent Calendar (Items 1 – 8)

9. Operations and Administration Report from the Interim CEO
10. Update on Regulatory and Legislative Affairs
11. Discussion and Direction on Potential New Members to SDCP and Input on Response Letter to County of San Diego
12. Approval of Fiscal year (FY) 2021 Budget Amendment and Review Proposed Fiscal Year 2022 Budget
13. Approval of Updates to the Net Energy Metering (NEM) Program and Amend the NEM Program Policy
14. Review and Provide Direction to Staff on Legislative Position for AB 1139
15. Renewable Power Purchase Agreement with IP Oberon, LLC
16. Renewable Power Purchase Agreement with JVR Energy Park, LLC

Director Comments

Reports by Management and General Counsel

Adjournment

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Consent Agenda

1. Approval of the minutes of the Regular Meeting of the Board of Directors of San Diego Community Power held on March 25, 2021 and April 22, 2021.
2. Amendment to Professional Services Agreement with Maher Accountancy for Accounting Services amendment.
3. Amendment to Professional Services Agreement with Tosdal APC for Legal and Regulatory Services
4. Amendment to Professional Services Agreement with NewGen Strategies and Solutions, LLC for Regulatory Support and Rate-related Analysis
5. Amendment to Professional Services Agreement with Keyes & Fox LLP for Legal and Regulatory Services
6. Amendment to Engagement Letter with Best Best & Krieger in the amount of $300,000 for Services through FY22
7. Amendment to Professional Services Agreement with Civilian, Inc. for Marketing and Communication Services
8. Amendment to Professional Services Agreement with Neyenesch Printers in the amount of $277,000 for services through FY22

Item 9

Operations and Administration Report from the Interim Chief Executive Officer

Recommendation: Receive and file update on various operational and administration activities.

- General Administrative Updates: San Diego County & Strategic Planning
- Staffing
- Power Resources
- Back Office Operations
- Retirement Plans

Presenter:
Bill Carnahan, Interim CEO

SAN DIEGO COMMUNITY POWER

SDCP

Phase 2

Civilian™

A Blend of Concepts 2 & 3

2 WIN - WIN

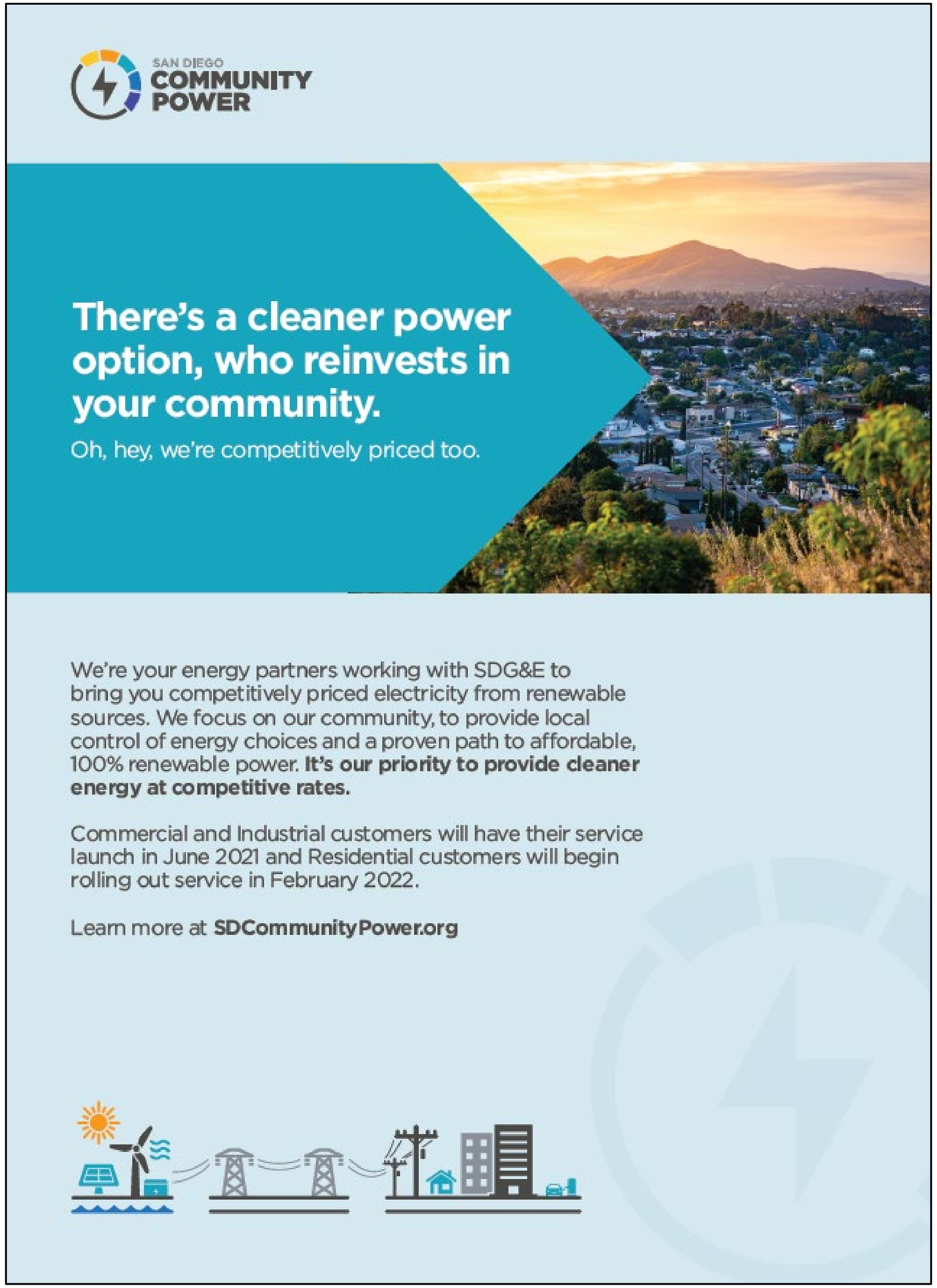
Although doing the right thing for the environment is a goal for most companies, smaller partners may think it would cost them more. With SDCP, these businesses can have peace of mind with affordable pricing for renewable energy.

3 LOCAL PRIDE

With SDCP, San Diego companies can reach their renewable energy goals while knowing they're making a positive impact to their communities.

San Diego Business Journal

Full page: 10” x 13.5”



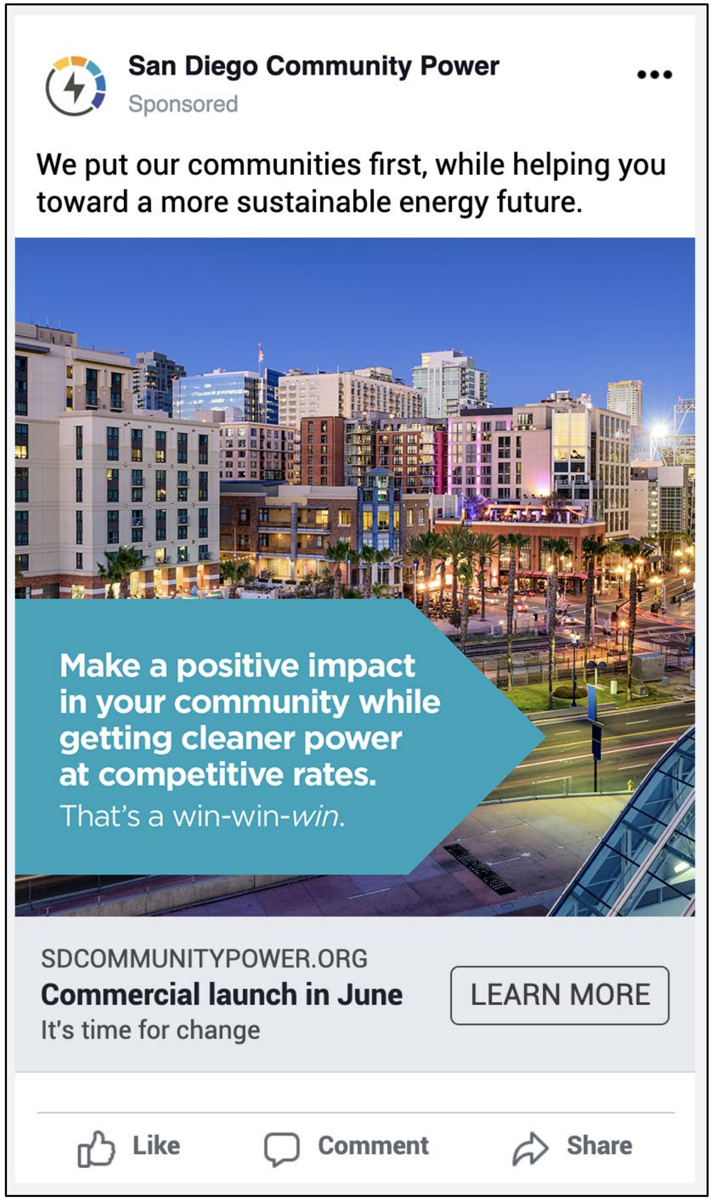
Civilian

San Diego Voice & Viewpoint

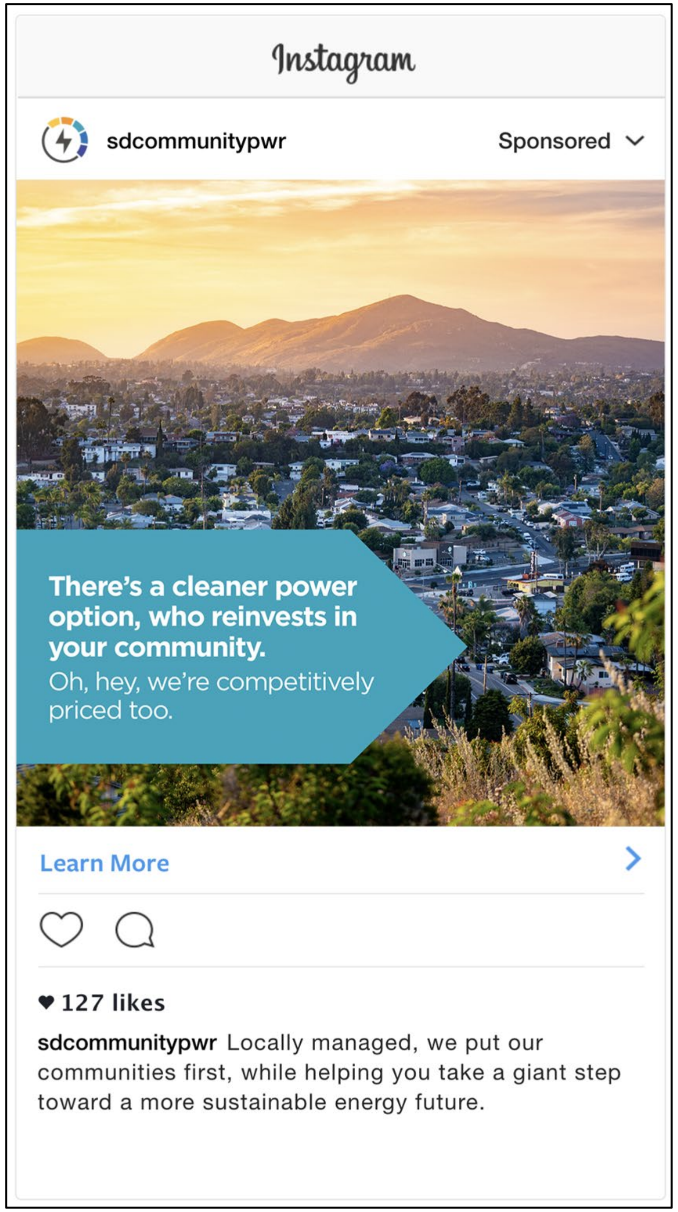
Half page: 13” x 10.5”

Civilian

Social



San Diego Community Power
Sponsored
We put our communities first, while helping you toward a more sustainable energy future.
Make a positive impact in your community while getting cleaner power at competitive rates.
That's a win-win-*win*.
SDCOMMUNITYPOWER.ORG
Commercial launch in June
It's time for change
LEARN MORE
Like
Comment
Share



Instagram
sdcommunitypwr
Sponsored
There's a cleaner power option, who reinvests in your community.
Oh, hey, we're competitively priced too.
Learn More
127 likes
sdcommunitypwr Locally managed, we put our communities first, while helping you take a giant step toward a more sustainable energy future.

Power100 Champion - Badge Design

Using the Power100 Champion name, we needed to create a badge for those partners who opt to 100% renewable energy to display with pride.

Badges can be displayed as a decal on windows, on websites, or in email signatures.

Power100 Champion - Badge Design

Best practices of business badges/decals: Keep it short and sweet. What it’s for and who you are. It’s like a billboard, they’re only looking to glance.

Item 10

Update on Regulatory and Legislative Affairs

Recommendation: Receive and file the update on regulatory and legislative affairs.

- Power Charge Indifference Adjustment Final Decision
- Senate Bill 612 Update
- SDG&E Application for Approval of 2022 Electric Procurement Revenue Requirement Forecasts
- Direct Access Rulemaking Proposed Decision
- Provider of Last Resort Rulemaking

Presenter:
Laura Fernandez,
Director of Regulatory and Legislative Affairs

Item 10: PCIA Final Decision

Issued May 24, 2021

- Adopts RPS Voluntary Allocation and Market Offer (VAMO) proposal
- Rejects RA VAMO proposal
- Defers long-term solution on GHG-Free Energy allocation
- Requires SDG&E to leave 2021 capped PCIA rates in effect through
- Permits LSEs to resell Voluntary Allocation shares of RPS energy

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Item 10: Senate Bill 612

Survives Appropriations, Heads to Senate Floor

- Discussions are underway to increase chance of success on the Senate floor
- June 4 is the deadline for SB 612 to pass out of the Senate
- If the bill passes the Senate floor vote, it goes to the Assembly next month

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Item 10: SDG&E ERRA Forecast

Application Filed April 15, 2021

- SDG&E indicates that the large decrease in revenue requirements leads to a reported decrease in both total bundled rates (decrease of 17.8%) and bundled commodity rates (decrease of 35%)
- Rate reductions are overstated - SDG&E has not yet incorporated its updated 2022 sales forecast
- SDG&E acknowledges that these projections could change if the CPUC approves the request to update the authorized sales forecast
- SDCP raised this issue, among others, in a protest that was filed May 21

NOTIFICATION OF
SAN DIEGO GAS & ELECTRIC COMPANY'S
REQUEST TO DECREASE ELECTRIC RATES
NO. A.21-04-010

WHY AM I RECEIVING THIS NOTICE?

On April 15, 2021, San Diego Gas & Electric Company (SDG&E®) filed the 2022 Energy Resource Recovery Account (ERRA) Forecast Application with the California Public Utilities Commission (CPUC) for approval to decrease electric rates. This application is requesting a total rate decrease estimated to be $468.3 million (or 40.3%).

New rates will begin on January 1, 2022, for a 12-month period ending December 31, 2022.

HOW DOES THIS IMPACT MY BUNDLED ELECTRIC RATES?

Most customers receive bundled electric service from SDG&E, meaning they receive electric generation and distribution services. A summary of the rate impact for these customers is provided in the table below.

If SDG&E's rate request is approved by the CPUC, the average monthly bill for a typical non-California Alternate Rates for Energy (CARE) bundled residential customer using 425 kilowatt-hours (kWh) is estimated to decrease $22.15, or 16.62%, from $133.30 to $111.15, per month in 2022.

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Item 10: Direct Access Proposed Decision

Issued May 14, 2021

- Advocates of direct access have cited Texas as an example of successful, fully competitive retail market
- CPUC does not recommend that direct access be reopened at this time
- Cites reliability concerns and forecasts for additional generation in recommending against expansion
- Also cites CalCCA's concerns regarding the ability of CCAs to remain financially viable and maintain their own long-term contracts if there is a significant risk that load will migrate to Direct Access following expansion

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Item 10: Provider of Last Resort (POLR) Rulemaking

Proceeding Initiated March 25

- CPUC will establish cost allocation and recovery for the POLR
- CPUC will also take steps to ensure that electrical service will be provided to customers without disruption in the event an Load Serving Entity fails to provide or denies service to a retail end-use customer
- CalCCA argued that the POLR should provide service for a short duration (three – six months) from short term procurement with costs allocated to those that receive POLR service

Item 11

Discussion and Direction on Potential New Members to SDCP and Input on Response Letter to County of San Diego

Recommendation:

1. Discuss considerations of adding new member jurisdictions to SDCP and provide direction to staff.
2. Provide input to staff on the draft response letter to the County of San Diego.

Presenters:
Cody Hooven, COO
Bill Carnahan, Interim CEO

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Item 11

Background

- JPA conditions
  - Agencies can apply for membership
  - Board resolution by 2/3 vote
  - Option for membership fee, cost recovery, or other conditions established by the Board
- Benchmarking with other CCAs
  - Many CCAs have expanded
  - Limited expansion policies available; typically, case-by-case decision
  - Common practice is to ensure mission alignment and positive or neutral impacts
  - Financial considerations include impacts of the power charge indifference adjustment, PCIA, reserves built up prior to new member joining, etc.

Item 11

Request from County of San Diego

- Board of Supervisors adopted new Guiding Principles related to Community Choice Energy
  - Prioritizing social equity and environmental stewardship
  - Provide cost competitiveness
  - Achieve 100% renewable energy by 2030; encourage local buildout (within County) and Category 1 renewable energy
  - Support requirements for prevailing wages, as defined in California Labor Code section1770 et seq., and skilled and trained workforce, as defined in California Public Contract Code section 2601
  - Encourage the development of an equitable jobs pipeline for individuals from communities of concern; the use of a bid evaluation policy prioritizing the selection of new local renewable energy and storage projects; and the workforce development criteria prioritizing the use of State-certified apprenticeship…
  - Limit General Fund Liability
- Additional questions included
- Reply requested prior to their June Board meeting, decision expected in August

Item 11

Reply to County of San Diego

- Alignment on Guiding Principles – see draft letter
- Responses to additional questions
  - Rates vs. SDG&E – competitive
  - Rates for new members – generation rates consistent among all customers, PCIA is determining factor,
  - Membership fees, payment obligations, liabilities - reimbursement for pro forma analysis if no-go
  - 2023 enrollment timing – as soon as feasible with phasing TBD
  - Recent pro forma provided

Item 11

Considerations for SDCP Board

- New members alignment with principles outlined in SDCP JPA and Board policy direction
- Financial impacts/benefits to existing customers and new members
  - Pro forma analysis will provide insight on potential costs and revenues
- Cost of pro forma analysis and report
  - Staff recommendation: SDCP funds cost of analysis (up to $30k) and seeks reimbursement from new member if they do not move forward

Item 11

Timeline

County

- By June 30
  - COMPLETE - Provide most recent 3 years of data
  - Commitment to pay fee for analysis if needed
- By August 30 (new)
  - Preliminary decision needed
- By October 31
  - Adopt JPA Agreement
  - COMPLETE - Adopt CCA ordinance as required by law
  - Name a Director and Alternate

SDCP

- By May 27
  - Board approval/direction of New Member Package (new)
- By June 30
  - Provide further response to the County (new)
  - Policy - Set fee for evaluation and criteria or determine if fee needed
- By August 15
  - IN PROCESS - Complete pro forma analysis
- By September 30
  - Present findings and seek Board resolution for new member
  - Determine financial impact to SDCP of new member and mitigations, if needed
- By November 30
  - Amendment and Board approval of Implementation Plan for submission to CPUC (file no later than Jan. 2, 2022)
- January 1, 2023, or later
  - Start service for the County, enrollment schedule TBD

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Item 12

Approval of Fiscal Year (FY) 2021 Budget Amendment and Review Proposed Fiscal Year 2022 Budget

Recommendation:

1. Approve the FY21 budget amendment.
2. Review the proposed FY22 budget.

Presenters:
Cody Hooven, COO
Mike Maher, Maher Accounting
Eric Washington, CFO

Item 12: Approve FY21 Budget Amendment

	FY 2021 Original Budget *	Amendments	Proposed Amended Budget	Description of change
OPERATING REVENUES				
Gross Ratepayer Revenues	$ 22,688,892	$ 3,863,541	$ 26,552,433	Increased for customer enrollment and volume projections
(Less 1% Uncollectible Customer Accounts)	$ (56,722)	$ (208,802)	$ (265,524)	Decreased due to more conservative uncollectible assumption (1/4% to 1%)
Net Operating Revenues	22,632,170	3,654,739	26,286,908	
OPERATING EXPENSES				
Cost of Energy	$ 32,511,279	$ (2,949,279)	$ 29,562,000	Decreased based on actual costs
Personnel Costs	1,500,000	(312,000)	1,188,000	Decreased due to timing of new hires throughout the year
Professional Services and Consultants	1,336,768	675,232	2,012,000	Increased to better align with known costs and contracted services
Marketing and Outreach	549,000	247,000	796,000	Increased to better align with known costs and contracted services
General and Administration	365,000	(145,000)	220,000	Decreased due to lower costs
Total Operating Expenses	36,262,047	(2,484,047)	33,778,000	
Operating Income (Loss)	$ (13,629,877)		$ (7,491,092)	
NON-OPERATING REVENUES (EXPENSES)				
Interest and Related Expenses	(1,048,000)	691,000	(357,000)	Descreased to align with anticipated debt levels. Interest only, no principal payments.
Total Non-Operating Revenues (Expenses)	$ (1,048,000)	$ 691,000	$ (357,000)	
CHANGE IN NET POSITION	$ (14,677,877)	$ 691,000	$ (7,848,092)	
Non-Budgeted Cash Inflows (Outflows)				
Working capital from River City Bank	$ 24,600,000	$ (600,000)	$ 24,000,000	Adjust loan draws to available balance
Collateral postings	(5,500,000)	-	(5,500,000)	Collateral on energy deals, CAISO and related
Total Other Sources and Uses	19,100,000	(600,000)	18,500,000	

* Reclassifications have been made from the original budget to align with the amended budget categories.

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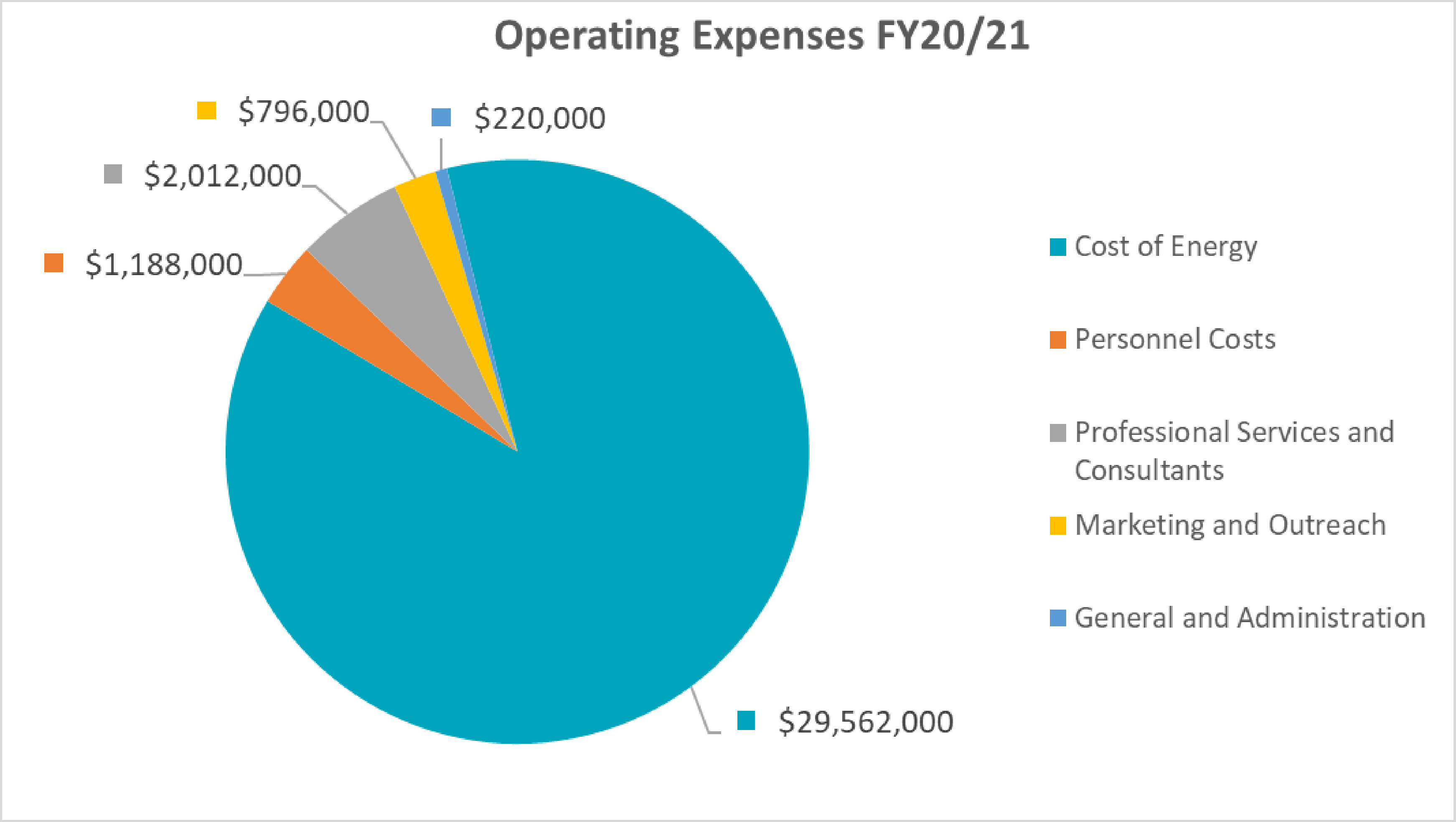
Item 12: Approve FY21 Budget Amendment



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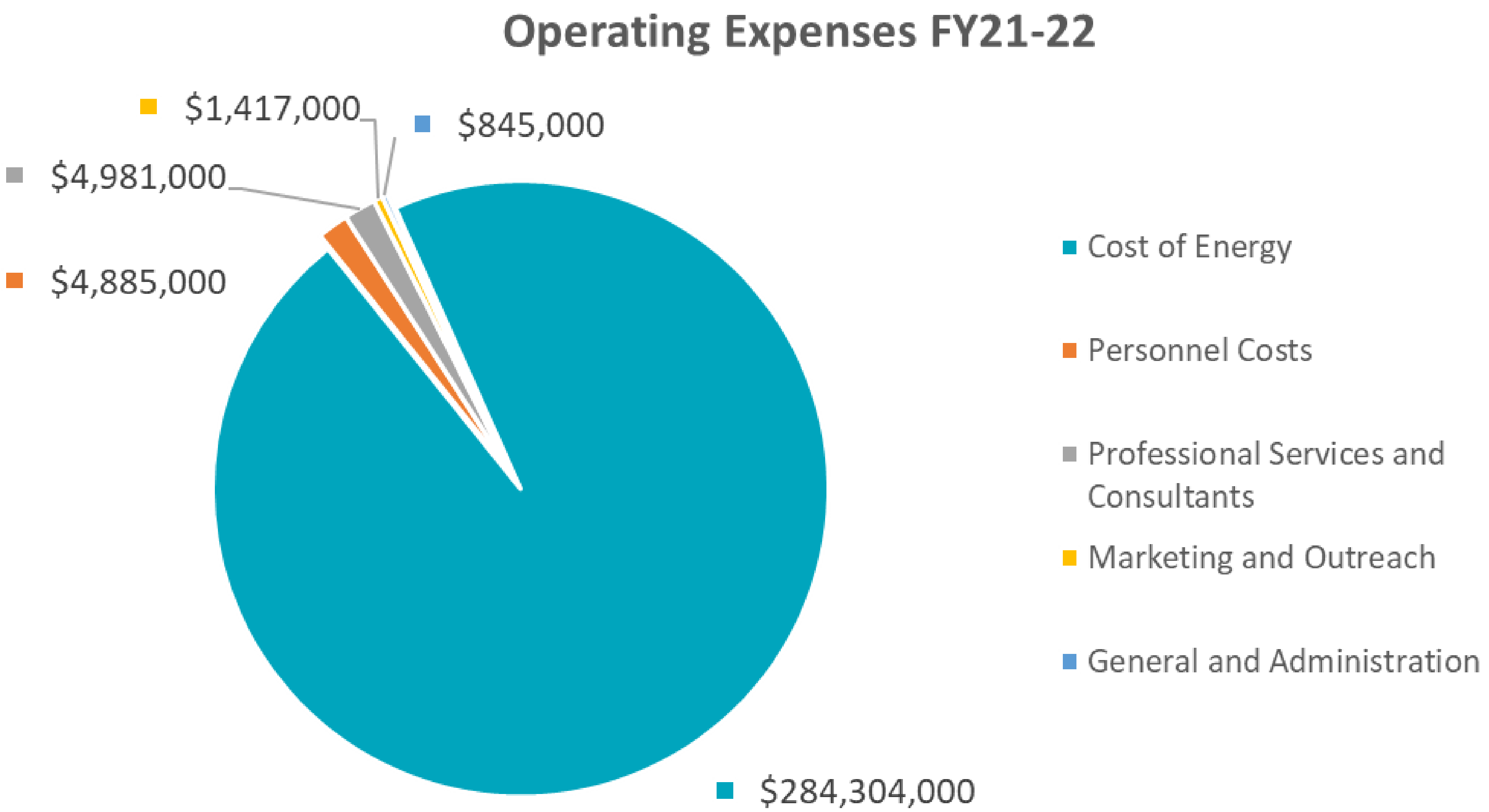
Item 12: Review Proposed FY22 Budget

	Amended FY 2021 Budget	Proposed FY 2022 Budget	Changes	Description of change
OPERATING REVENUES				
Gross Ratepayer Revenues	$ 26,552,433	$ 318,320,860	$ 291,768,428	Increased due to enrolling customers in Phase 1, 2, and 3
(Less 1% Uncollectible Customer Accounts)	$ (265,524)	$ (3,183,209)	$ (3,448,733)	
Net Operating Revenues	26,286,908	315,137,652	288,319,695	
OPERATING EXPENSES				
Cost of Energy	$ 29,562,000	$ 284,304,000	$ 254,742,000	Increased due to enrolling customers in Phase 1, 2, and 3
Personnel Costs	1,188,000	4,885,000	3,697,000	Adjusted for anticipated timing of new hires throughout the year
Professional Services and Consultants	2,012,000	4,981,000	2,969,000	Major categories are Data Manager fees (Calpine) and SDG&E service fees
Marketing and Outreach	796,000	1,417,000	621,000	Larger outreach and community presence anticipated; includes pilot member city grants
General and Administration	220,000	845,000	625,000	Increase to accommodate increasing industry membership, rent, and insurance
Total Operating Expenses	33,778,000	296,432,000	262,654,000	
Operating Income (Loss)	$ (7,491,092)	$ 18,705,652	$ 25,665,695	
NON-OPERATING REVENUES (EXPENSES)				
Interest and Related Expenses	$ (357,000)	$ (978,000)	$ (621,000)	Adjust to align with anticipated debt levels. Interest only, no principal payments.
Total Non-Operating Revenues (Expenses)	$ (357,000)	$ (978,000)	$ (621,000)	
CHANGE IN NET POSITION	$ (7,848,092)	$ 17,727,652	$ 25,044,695	
Non-Budgeted Cash Inflows (Outflows)				
Working capital from River City Bank	$ 24,000,000	$ 10,000,000	$ (14,000,000)	Adjust loan draws to align with expected needs and available balance

SAN DIEGO COMMUNITY POWER

Item 12: Review Proposed FY22 Budget



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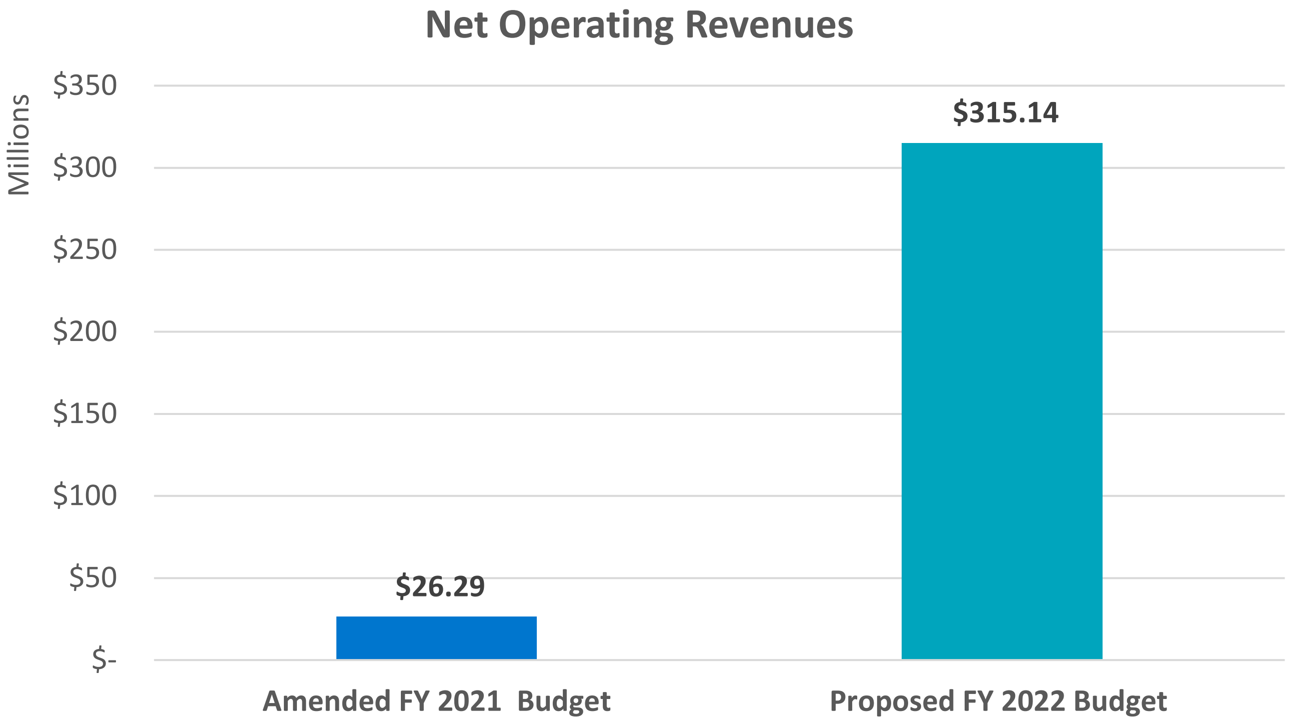
Item 12

FY21 and FY22 Budget Comparison

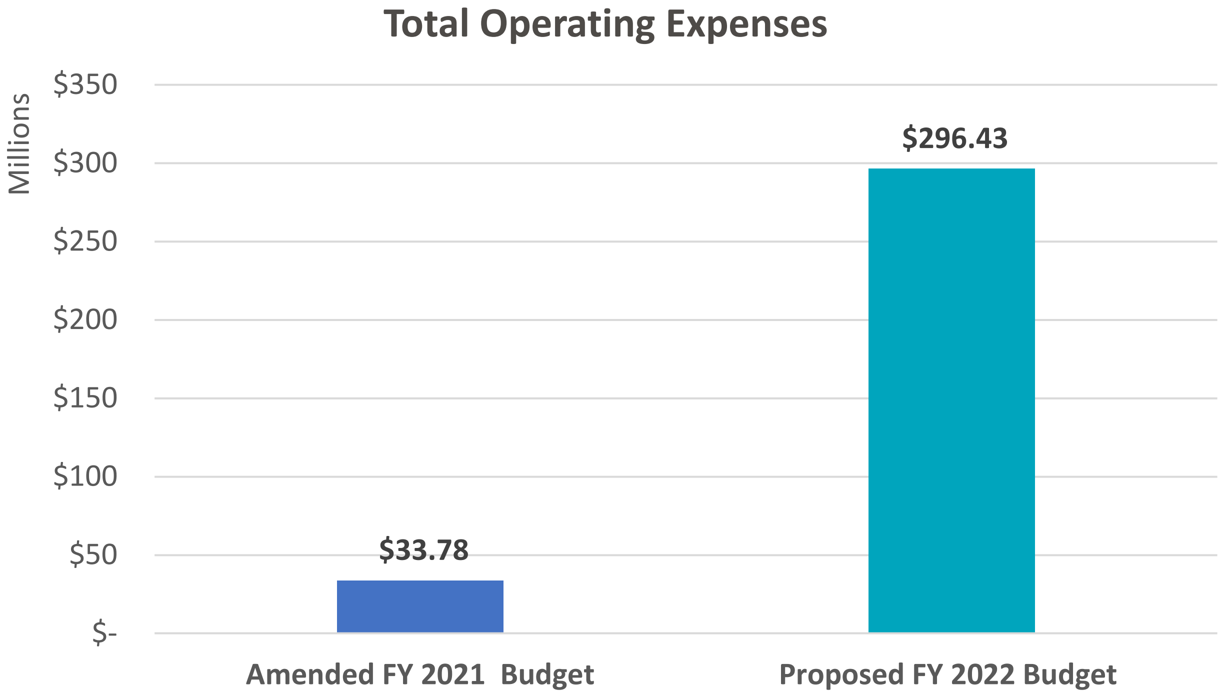


Revenues – takes into account sales of electricity to customers from Phase 1, 2, and the beginning of Phase 3, include opt outs and rates.

Item 12

Expenses

- Cost of energy is higher due to customer enrollment during
- Personnel proposed budget includes
  - Plans to increase staff from 10 to 24 members
  - Development of an intern program for two positions
- Professional services budget reflects
  - Fees paid to Calpine and SDG&E
  - Member city grants funding to support electrification and climate action efforts
- Marketing and Outreach proposes to expand
  - Paid media
  - Additional printing costs
  - Community outreach
- General and Administration – general operations (rent, travel, insurance, etc.)



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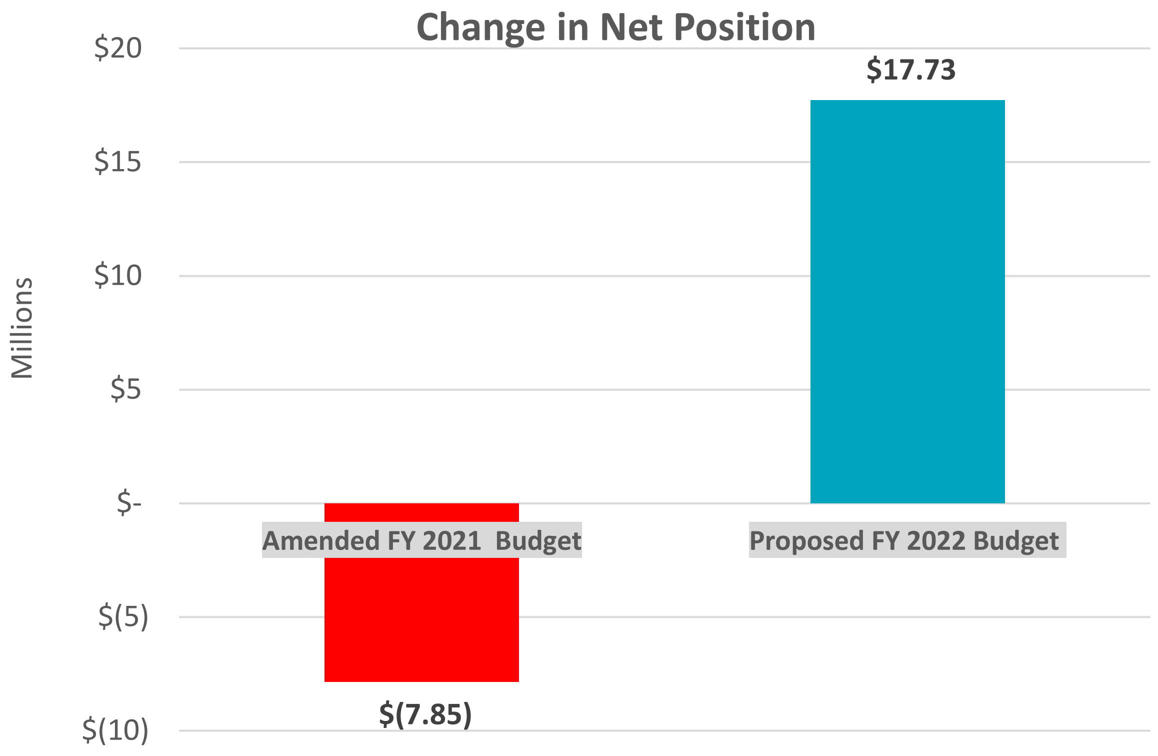
Item 12



Net position –
FY22 proposed $17.7M.
Staff will present the Board with a proposed reserve policy in the coming months.

Item 13

Approval of Updates to the Net Energy Metering (NEM) Program and Amend the NEM Program Policy

Recommendation:

1. Establish a Net Surplus Compensation Rate
2. Establish a Net Surplus Compensation Limit
3. Establish monthly settlements and billing
4. Delegate authority to the Interim Chief Executive Officer to update the NEM policy consistent with the approved Board actions

Presenter:
Nelson Lomeli, Program Manager

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Agenda

Net Energy Metering (NEM)

- Background Information:
  - Number of Existing NEM Customers
  - How Net Energy Metering (NEM) Works
  - True-Up Process & Billing
- Action Items:
  1. Establishing a SDCP Net Surplus Compensation Rate
  2. Establishing a Net Surplus Compensation Cap
  3. Standardize on Settlement & Billing Method for All NEM Customers
  4. Amending the NEM Program Policy

Background:
Existing NEM Customers

Item 13: Net Energy Metering

Net Energy Metering (NEM) is a long and complicated subject.

We are NOT affecting Transmission & Distribution charges, minimum bill payments, grid access, and other charges the utility can, may, and will charge customers.

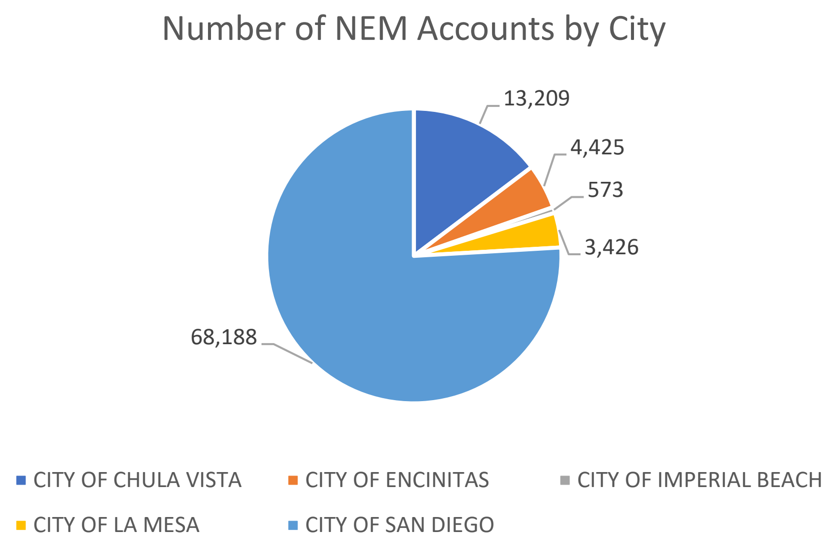
We will have an opportunity to weigh in on those issues in the next agenda item.

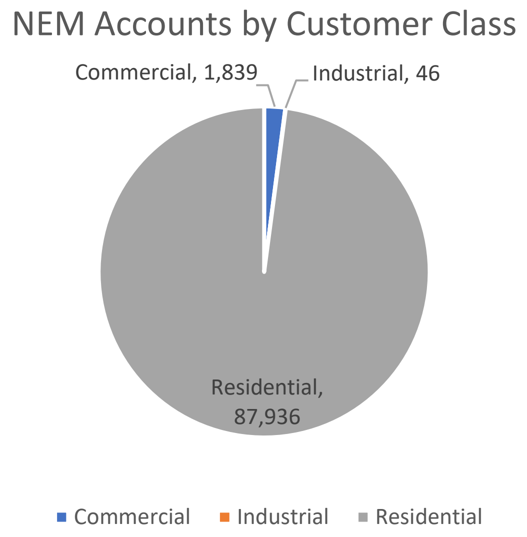
Item 13: Current NEM Customers

Current NEM Customer Landscape

As of February 2021, we have:

- Over 89,800 eligible NEM accounts
    - 573 (0.6%) in the City of Imperial Beach
    - 13,209 (3.8%) in the City of Chula Vista
    - 4,425 (4.9%) in the City of Encinitas
    - 3,426 (14.7%) in the City of La Mesa
    - 68,188 (75.9%) in the City of San Diego
- 8,232 (9.2%) are CARE/FERA customers
- 87,936 (97.9%) accounts are considered Residential
- 1,839 (2.0%) accounts are considered Commercial
- 46 (0.1%) accounts are considered Industrial





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Background:
How Net Energy Metering Currently Works

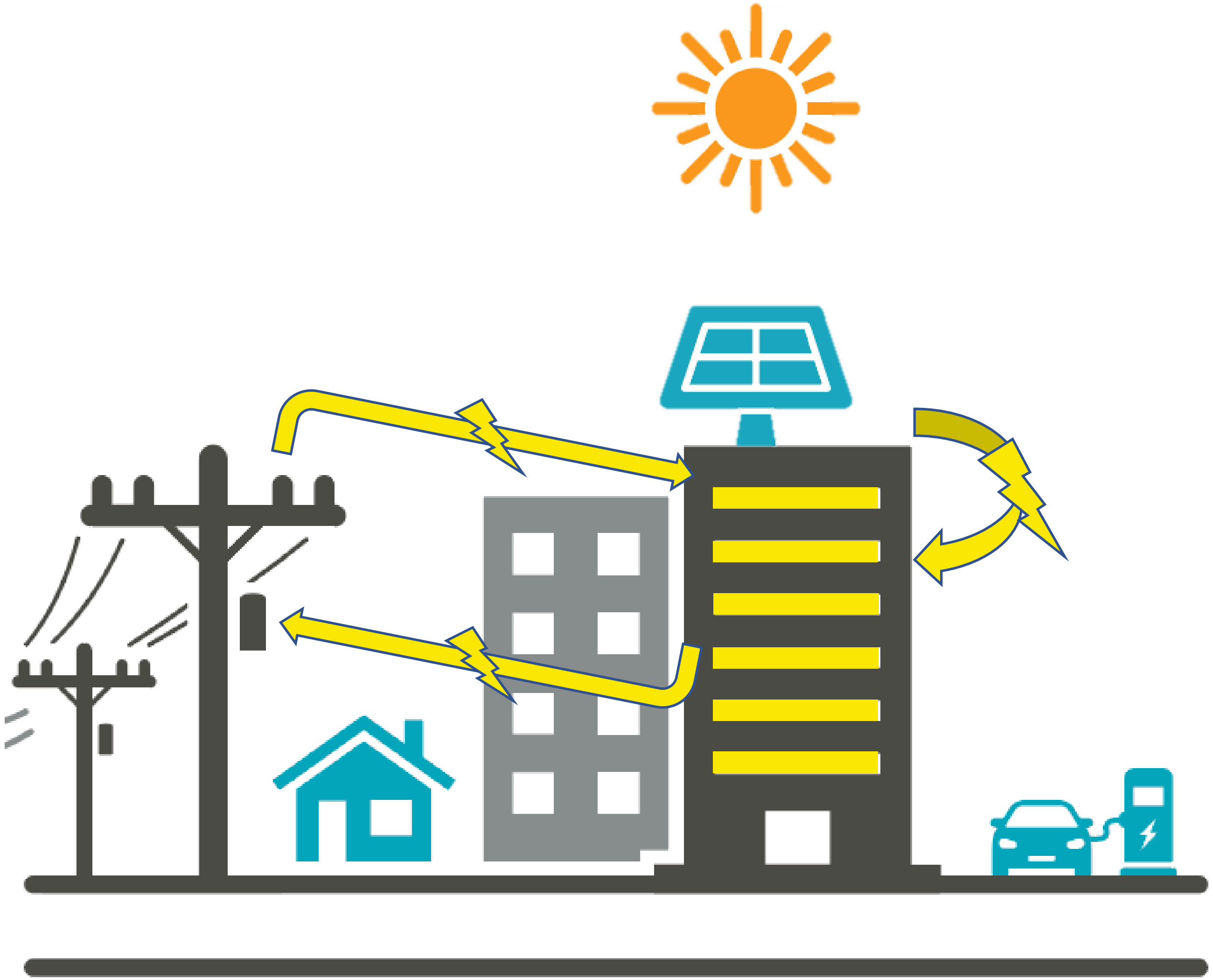
Item 13: How NEM Works

Nelson Lomeli Inc. installs a solar system and interconnects with SDG&E

The energy produced by the system will first be used by the building.

When the customer consumes less electricity than what the system produces, the extra electricity produced is sent to the grid.

When the customer consumes more electricity than what the system produces, the extra electricity consumed is drawn from the grid.



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Item 13: How NEM Billing Works

On a **monthly** basis, if the amount of electricity consumed from the grid is more than the electricity generated from the system, this is called **net consumption**.

- **It is charged based on the customers rate schedule and time-of-use period** (peak/off-peak).

Net Consumption

Month	TOU Period	Customer Rate Schedule $/kWh	Net Usage (Generation) kWh	Charges $	Total Monthly Charges/ (Credits)
June	Peak	$ 0.19	200	38.53	$ 92.21
	Off-Peak	$ 0.09	600	53.68	

If, however, the amount of electricity sent to the grid is more than the electricity consumed from the grid, this is called **net generation**.

- **It is credited** *(paid)* **based on the customers rate schedule and time-of-use period** (peak/off-peak).
  - It is credited at the same rate the customer would have otherwise paid for electricity.

Net Generation

Month	TOU Period	Customer Rate Schedule $/kWh	Net Usage (Generation) kWh	Charges $	Total Monthly Charges/ (Credits)
June	Peak	$ 0.19	(-200)	(38.53)	$ (92.21)
	Off-Peak	$ 0.09	(-600)	(53.68)	

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Item 13: How True-Up Works

Monthly net consumption and net generation by time-of-use periods are tracked monthly for 12-months (referred to as the **relevant period**)

The associated generation credits and consumption charges are calculated and banked for those 12-months as well.

At the end of 12-months, a **True-Up** is conducted where the monthly generation credits, monthly consumption charges, and minimum bill payments are added up.

- If a customer has more generation credits than charges, the customer owes nothing!
- If a customer has more charges than generation credits, the customer is billed and required to pay the difference.

Month	TOU Period	Customer Rate Schedule $/kWh	Net Usage (Generation) kWh	Charges $	Total Monthly Charges/ (Credits)
June	Peak	$ 0.19	(-200)	(38.53)	$ (92.21)
	Off-Peak	$ 0.09	(-600)	(53.68)	
July	Peak	$ 0.19	(-250)	(48.16)	$ (106.31)
	Off-Peak	$ 0.09	(-650)	(58.15)	
August	Peak	$ 0.19	(-250)	(48.16)	$ (101.84)
	Off-Peak	$ 0.09	(-600)	(53.68)	
September	Peak	$ 0.19	(-200)	(38.53)	$ (87.73)
	Off-Peak	$ 0.09	(-550)	(49.20)	
October	Peak	$ 0.19	(-100)	(19.27)	$ (55.05)
	Off-Peak	$ 0.09	(-400)	(35.78)	
November	Peak	$ 0.05	100	5.04	$ 12.57
	Off-Peak	$ 0.04	200	7.53	
December	Peak	$ 0.05	200	10.07	$ 25.14
	Off-Peak	$ 0.04	400	15.06	
January	Peak	$ 0.05	300	15.11	$ 33.94
	Off-Peak	$ 0.04	500	18.83	
February	Peak	$ 0.05	300	15.11	$ 33.94
	Off-Peak	$ 0.04	500	18.83	
March	Peak	$ 0.05	200	10.07	$ 25.14
	Off-Peak	$ 0.04	400	15.06	
April	Peak	$ 0.05	100	5.04	$ 12.57
	Off-Peak	$ 0.04	200	7.53	
May	Peak	$ 0.05	50	2.52	$ (1.25)
	Off-Peak	$ 0.04	(-100)	(3.77)	
			NET TOTAL		-$301.10

SAN DIEGO COMMUNITY POWER

Action Item #1: Review & Recommend Establishment of a Net Surplus Compensation (NSC) Rate

Item 13: Net Surplus Compensation

- Net Surplus Compensation is **only paid for annual net generation** to compensate those customers that *net* exported electricity in the *year*.
- The Net Surplus Compensation rate for the utilities is set at the wholesale cost of electricity and varies by month.
- Net Surplus Compensation Rate is **NOT** used to calculate monthly generation credits for NEM customers.
  - Generation credits are calculated using the customers' applicable rate schedule *(i.e. TOU-A-S, EV-TOU, DR-TOU, etc.)*

Item 13: Net Surplus Compensation

With NSC, we only care about the Net Usage in kWh

Example:

Annual net generator of -450 kWh

Month	TOU Period	Customer Rate Schedule $/kWh	Net Usage (Generation) kWh	Charges $	Total Monthly Charges/ (Credits)
June	Peak	$ 0.19	(-200)	(38.53)	$ (92.21)
	Off-Peak	$ 0.09	(-600)	(53.68)	
July	Peak	$ 0.19	(-250)	(48.16)	$ (106.31)
	Off-Peak	$ 0.09	(-650)	(58.15)	
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	Off-Peak	$ 0.04	500	18.83	
February	Peak	$ 0.05	300	15.11	$ 33.94
	Off-Peak	$ 0.04	500	18.83	
March	Peak	$ 0.05	200	10.07	$ 25.14
	Off-Peak	$ 0.04	400	15.06	
April	Peak	$ 0.05	100	5.04	$ 12.57
	Off-Peak	$ 0.04	200	7.53	
May	Peak	$ 0.05	50	2.52	$ (1.25)
	Off-Peak	$ 0.04	(-100)	(3.77)	
		NET TOTAL	**-450 kWh**		

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Item 13: Net Surplus Compensation

With NSC, we only care about the Net Usage in kWh

Example:

Annual net generator of -450 kWh

True-Up in May

SDG&E NSC is $0.02702/kWh

Annual Net kWh Exported	**-450 kWh**	
SDG&E May Net Surplus Compensation Rate	$ 0.02702	$/kWh
Total Paid to Customer by SDG&E	**$ (12.16)**	

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Item 13: Setting Our Net Surplus Compensation Rate

Staff Recommendation:

- **Set the Net Surplus Compensation to match SDG&E's monthly Net Surplus Compensation**
- **Add a $0.0075/kWh adder as an incentive for customers generating 100% renewable, local electricity.**
- Potential financial payment to customers of $2.8M per year for net generators.
  - Estimate based on a conservative SDG&E's Max 3-year NSC rate of $0.04452/kWh + $0.0075/kWh adder

Item 13: CCA Compensation Landscape

Using the NSC Method

- Apple Valley Choice Energy
- Baldwin Park Resident Owned Utility District (BPROUD)
- Central Coast Community Energy
- Clean Power Alliance (CPA)
- CleanPower SF
- Desert Community Energy
- East Bay Community Power
- Lancaster Choice Energy
- MCE
- Pico Rivera Innovative Municipal Energy (PRIME)
- Pioneer Community Power
- Pomona Choice Energy
- Rancho Mirage Energy Authority
- San Jose Clean Energy
- Sonoma Clean Power
- Valley Clean Energy

Using the Retail Credit Balance Method

- Silicon Valley Clean Energy
- Peninsula Clean Energy
- Redwood Energy Authority

Item 13: Setting Our Net Surplus Compensation Rate

Other Options Explored

1. **Setting the NSC at parity to SDG&E**
    - Not recommended because:
        - Doesn’t differentiate between SDCP and the utility
        - Doesn’t give customers any incentive to stay with SDCP
2. **Setting the NSC at double SDG&E’s NSC**
    - Not recommended because:
        - SDCP has a large NEM customer base as compared to other CCAs
        - Expose SDCP to large financial risk
3. **Cashing-out customer’s credit balance**
    - Not recommended because:
        - Potentially compensates customers that are not generators of clean electricity on an annual basis

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Item 13: Setting Our Net Surplus Compensation Rate

Action Item Before the Board:

- Establish a Net Surplus Compensation Rate for SDCP.

Staff Recommendation:

- Set the Net Surplus Compensation to match SDG&E's monthly Net Surplus Compensation
- Add a $0.0075/kWh adder as an incentive for customers generating 100% renewable, local electricity.

Finance & Risk Management Committee Input:

- Recommended approval of Staff's recommendation for the Net Surplus Compensation Rate

Action Item #2: Review & Recommend Establishment of a Compensation Cap

Item 13: Establish a Compensation Cap

Action Item Before the Board:

- **Establish a Limit for Net Surplus Compensation from SDCP.**

Staff Recommendation:

- **Limit net surplus compensation at $2,500 per account per relevant period.**

Reason for Recommendation:

- Cap set to minimize financial impacts to SDCP and our customers.
- Protect SDCP customers in the unlikely event that the wholesale market prices (thus the NSC rate) are ever volatile and spike.
  - Note: The 10-year average NSC is $0.035/kWh. Highest it's gone is $0.05082/kWh back in Nov. 2014.
- Vast majority of customers will never approach this cap.
  - Our net generator customers on average, generate 1,773 kWh/year, receiving an avg. compensation of $100.

Finance & Risk Management Committee Input:

- **Recommended establishment of a limit on Net Surplus Compensation**

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Action Item #3: Review & Recommend Standardization of Settlement & Billing Method

Item 13: Standardize True-Up & Billing Method

Current Status

Current SDCP NEM Program Policy states that:

- Residential customers will be trued-up and billed annually.
- Commercial and industrial customers (non-residential) are trued-up and billed monthly.

Under the current policy, for residential customers:

- Their generation credits and consumption charges are calculated and banked for 12-months.
- At their true-up, they potentially can get one massive bill for 12-months worth of electricity usage

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Item 13: Standardize True-Up & Billing Method

Staff Recommendation: Monthly Settlement &Billing for ALL NEM customers

When a customer is a net <u>generator</u>, generation credits are calculated and added to a NEM credit balance account.

When a customer is a net <u>consumer</u>, monthly charges are <u>paid</u> *(taken from)* any accrued generation credits.

If the monthly charges exceed available credit balance, customer is billed for the difference.

This method is more customer centric as it helps customers avoid large end-of-year charges for customer and budget accordingly

Month	TOU Period	TOU-A-S $/kWh	Net Usage kWh	Charges $	Total Monthly Charges		Credit Balance	Billed to Customer
June	Peak	$0.19265	-100	$ (19.27)	$ (37.16)	→	$ (37.16)	$ -
	Off-Peak	$0.08946	-200	$ (17.89)				
July	Peak	$0.19265	25	$ 4.82	$ 13.76	+ →	$ (23.39)	$ -
	Off-Peak	$0.08946	100	$ 8.95				
August	Peak	$0.19265	100	$ 19.27	$ 37.16	+ →	$ -	$ 13.76
	Off-Peak	$0.08946	200	$ 17.89				

Item 13: Standardize True-Up & Billing Method

Benefits of Monthly Settlement & Billing

Allows customers to have smaller monthly billing payments instead of potentially one giant bill.

- Avoids the “bill shock” if customers is a net consumer.
  - (66% of our NEM customers are net consumers)
- Potential risk of customers opting-out when they receive one large bill – may blame it on SDCP.

Aligns all customer classes to one settlement and billing method simplifying an already confusing program

Aligns with where the industry is going.

- Numerous NEM 3.0 proposals call for monthly true-ups and billing.

Item 13: Standardize True-Up & Billing Method

Action Item Before the Board:

- Amend the NEM Policy to Standardize Settlement & Billing Method for All NEM Customers

Staff Recommendation:

- Establish that all NEM customers will receive monthly settlement & billing with ability for customers to elect to enroll in optional yearly settlement & billing.

CAC Input:

- CAC suggested offering yearly settlement & billing as an option to customers alongside monthly.

Finance & Risk Management Committee Input:

- Recommended approval of Staff's recommendation and offer optional yearly settlement & billing to NEM customers.

Action Item #4:
Amend Board Adopted NEM Program Policy

Item 13: Amend Board Adopted NEM Program Policy

Action Item Before the Board:

- Update the NEM Program Policy as adopted in December 2020 to reflect adopted changes to NEM program in this meeting.

Staff Recommendation:

- Delegate authority to the Interim Chief Executive Officer or his designee to update the NEM policy consistent with the adopted Board actions.

Finance & Risk Management Committee Input:

- Recommended delegation of authority to make necessary updates to NEM Program Policy

Item 14

Review and Provide Direction to Staff on Legislative Position for AB 1139

Recommendation:

1. Receive and file the Community Advisory Committee’s recommended position on AB 1139
2. Adopt a position on AB 1139

Presenter:
Laura Fernandez,
Director of Regulatory and Legislative Affairs

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Item 14: AB 1139 – Heads to Assembly Floor

Staff Supports the Community Advisory Committee Recommendation

- Requires CPUC to develop NEM 3.0 tariff by February 1, 2022
- CPUC required to ensure alternatives for growth in residential disadvantaged communities
- Requires NEM 1.0/2.0 customers be transferred to NEM 3.0 no later than 10 years from date of service under NEM 1.0/2.0
- Eliminates requirement that NEM 3.0 ensures sustainable growth of renewable distributed generation
- If CPUC fails to act by February 1, 2022, requires interconnection fees, monthly fixed charges, and crediting based on hourly wholesale market rate
- CAC recommends the Board take an “oppose” position over concern that the bill will harm rooftop solar in California

SAN DIEGO COMMUNITY POWER

Item 15

Renewable Power Purchase Agreement with IP Oberon, LLC

Recommendation: Approve the Long-term Renewable Power Purchase Agreement with IP Oberon, LLC and authorize the Interim CEO to execute the agreement.

Presenter:
Byron Vosburg,
Director of Power Services

Item 15

Background: Long-term RPS Requirements

- California Renewables Portfolio Standard (“RPS”) requires purchase of renewable energy under long-term contracts (“PPAs”) of 10 years or longer
- Starting in 2021, at least 65% of RPS obligation must be secured via long-term RPS contracts
- Long-term RPS requirement is measured across multi-year compliance periods (e.g. CP4 is 2021-2024)

Item 15

Background: SDCP 2020 LT RPS RFO Timeline

- **June 25, 2020**: SDCP Board Approved LT RPS RFO
- **June 29, 2020**: RFO Launched
- **July 24, 2020**: Responses Due
- **Aug 4, 2020**: Responses Reviewed with Ad-Hoc Contracts Committee
- **Aug 18, 2020**: Shortlist Reviewed with Ad-Hoc Contracts Committee
- **Sep 2020 – March 2021**: Negotiations on-going with all Shortlisted Respondents
- **April 15, 2021**: Update to FRMC Regarding PPA Negotiations
- **April 22, 2021**: SDCP Board Meeting
- **May 27, 2021**: SDCP Board Meeting

Item 15

Background: SDCP LT PPAs Reviewed by FRMC on April 15, 2021

Respondent	Counterparty	Technology	Location	Term (yrs)	Expected Commercial Online Date	Status
RAI Energy	Vikings Energy Farm, LLC	100 MW Solar 150 MW 4-hr Battery Storage	Imperial County, CA	20	Q2 2023	Executed 5/3/21
Intersect Power	IP Oberon, LLC	150 MW Solar	Riverside County, CA	15	Q2 2023	Presenting for Review
BayWa r.e.	JVR Energy Park, LLC	90 MW Solar 70 MW 4-hr Battery Storage	San Diego County, CA	20	Q4 2022 – Q1 2023	Presenting for Review

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Item 15

Company Overview: Intersect Power

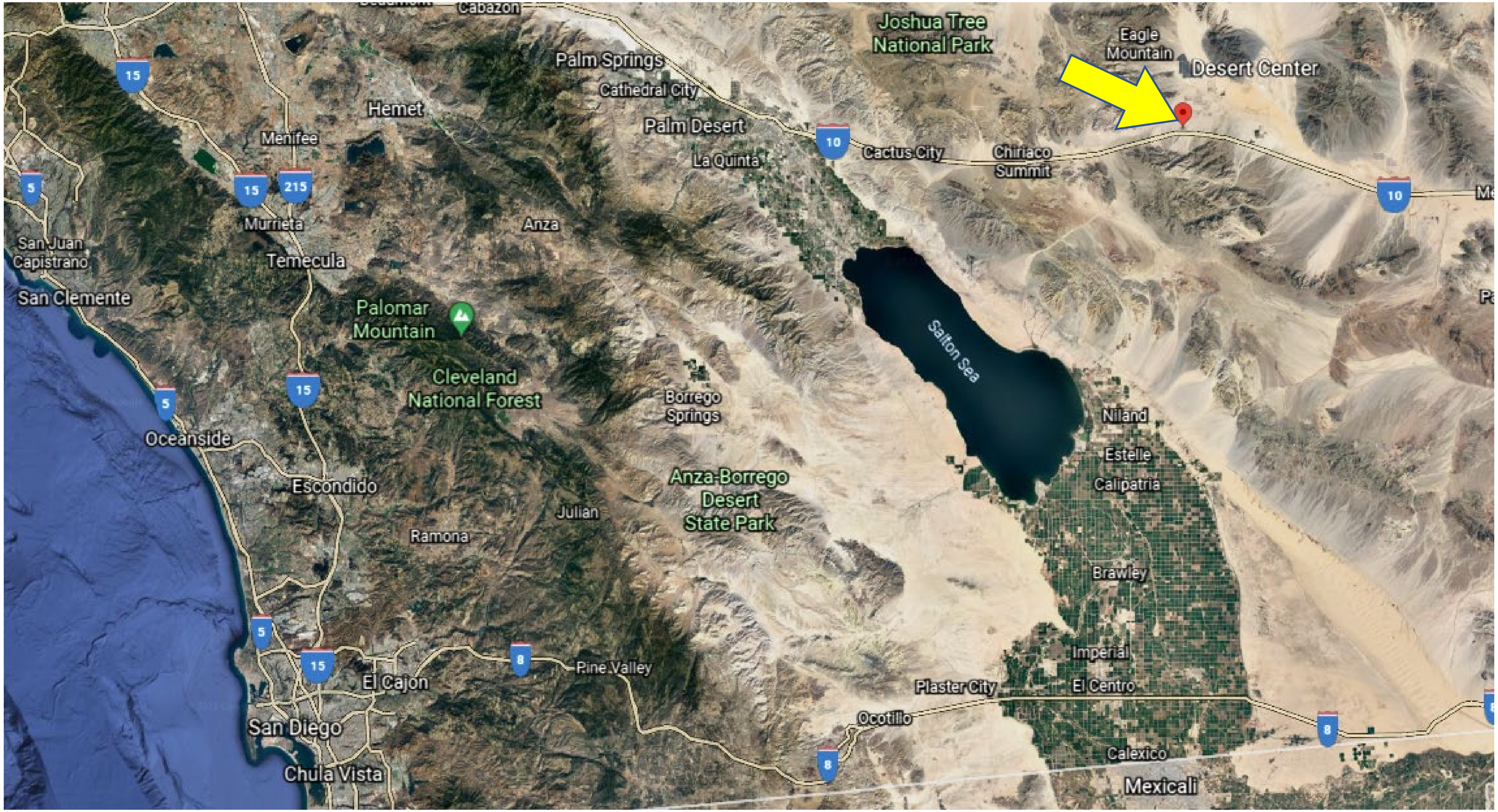
- Established in 2016
  - IP team has shared experience of 10 years, delivered over 2 GW together prior to Intersect
- Developed 1.7 GW of utility-scale solar in CA and TX
  - Team members have developed 3.7 GW (over 65 projects) of utility-scale solar
- Headquartered in San Francisco, CA
- Actively developing 2.4 GW of solar and storage resources to be online by 2023

Item 15

Project Overview: IP Oberon

- Project: 150 MW Solar
- Location: Desert Center, Riverside County, CA
- Guaranteed commercial operation date: June 30, 2023
- Contract term: 15 years
- Expected annual energy production: ~460,000 MWh
  - Power for ~92,000 homes
- Guaranteed energy production: 85% of projected annual deliveries
- Energy price: Fixed energy price applicable to the full term of the agreement
- No credit or collateral obligations for SDCP
- SDCP would receive financial compensation in the event of seller’s failure to successfully achieve certain development milestones

Item 15



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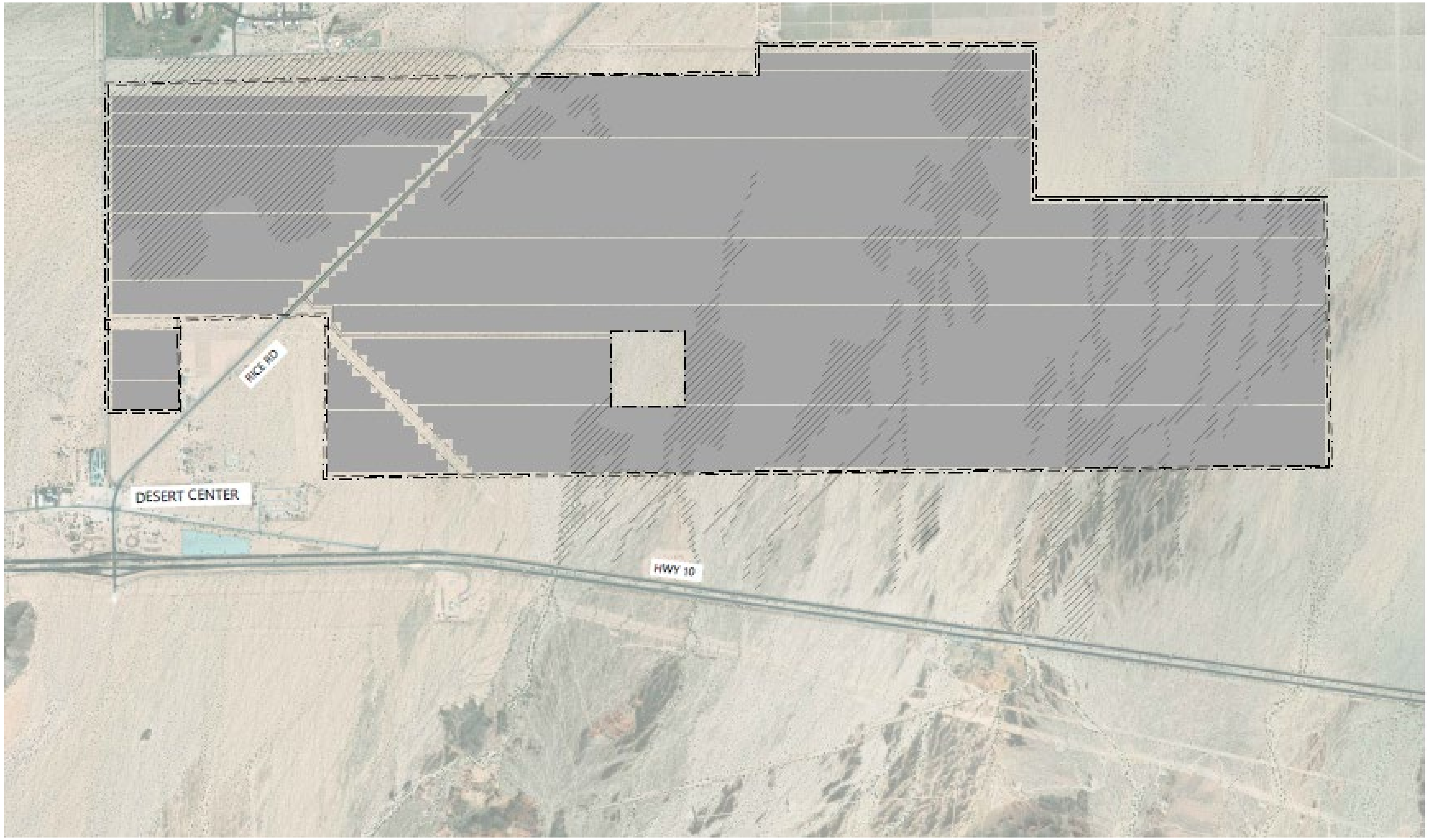
Item 15



SAN DIEGO COMMUNITY POWER

Item 15

Recommendation: Approve the Long-term Renewable Power Purchase Agreement with IP Oberon, LLC and authorize the Interim CEO to execute the agreement.

Item 16

Renewable Power Purchase Agreement with JVR Energy Park, LLC

Recommendation: Approve the Long-term Renewable Power Purchase Agreement with JVR Energy Park, LLC and authorize the Interim CEO to execute the agreement.

Presenter:
Byron Vosburg,
Director of Power Services

Item 16

Background: SDCP LT PPAs Reviewed by FRMC on April 15, 2021

Respondent	Counterparty	Technology	Location	Term (yrs)	Expected Commercial Online Date	Status
RAI Energy	Vikings Energy Farm, LLC	100 MW Solar 150 MW 4-hr Battery Storage	Imperial County, CA	20	Q2 2023	Executed 5/3/21
Intersect Power	IP Oberon, LLC	150 MW Solar	Riverside County, CA	15	Q2 2023	Presenting for Review
BayWa r.e.	JVR Energy Park, LLC	90 MW Solar 70 MW 4-hr Battery Storage	San Diego County, CA	20	Q4 2022 – Q1 2023	Presenting for Review

SAN DIEGO COMMUNITY POWER

Item 16

Company Overview: BayWa r.e.

- Jointly owned by BayWa AG (51%) and Energy Infrastructure Partners (49%)
  - BayWa AG founded in Munich, Germany in 1923
- Located in 30 countries
- 4 GW installed worldwide
- 10 GW under management
  - 1.5 GW operating/constructing in North America.
- US headquarters in Irvine, CA
- Previously completed 28 MW Jacumba Solar facility in 2017

SAN DIEGO COMMUNITY POWER

Item 16

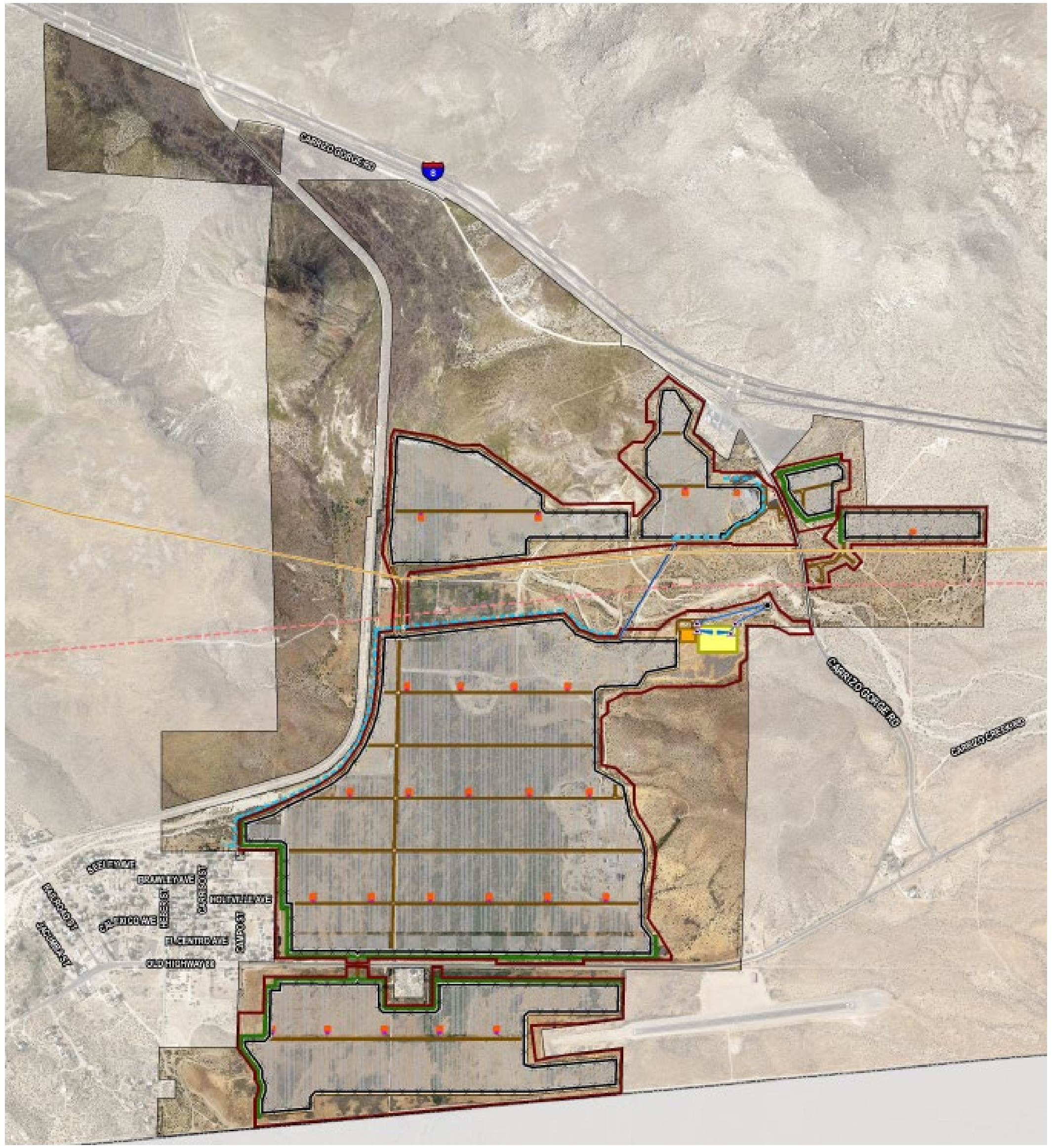
Project Overview: JVR Energy Park

- Project:
  - 90 MW Solar
  - 70 MW/280 MWh Battery Energy Storage System (BESS)
- Location: Jacumba Hot Springs, San Diego County, CA
- Guaranteed commercial operation date: March 31, 2023
- Contract term: 20 years
- Expected annual energy production: ~260,000 MWh
  - Power for ~52,000 SD Co. homes
- Guaranteed energy production: 85% of projected annual deliveries
- Energy price:
  - Solar – Fixed energy price applicable to the full term of the agreement
  - BESS – Fixed capacity price adjusted for efficiency, availability and verified capacity
- No credit or collateral obligations for SDCP
- SDCP would receive financial compensation in the event of seller’s failure to successfully achieve development milestones

Item 16


Palomar Mountain
Cleveland National Forest
Borrego Springs
Salton Sea
Niland
Estelle
Calipatria
Oceanside
Vista
Escondido
Anza-Borrego Desert State Park
Julian
Ramona
Brawley
Imperial
Pine Valley
El Cajon
Plaster City
El Centro
JVR Energy Park
San Diego
Calexico
Chula Vista
Mexicali
5
15
8

Item 16


CARRIZO GORGE RD
CARRIZO GORGE RD
BRAWLEY AVE
HOLTVILLE AVE
CALEXICO AVE
EL CENTRO AVE
OLD HIGHWAY 80

Item 16

Recommendation: Approve the Long-term Renewable Power Purchase Agreement with JVR Energy Park, LLC and authorize the Interim CEO to execute the agreement.

Regular Meeting Agenda

Director Comments

Reports by Management and General Counsel

Adjournment

SAN DIEGO COMMUNITY POWER

Board of Directors

Next Regular Meeting

June 24, 2021