



Board of Directors

Regular Meeting

May 25, 2023

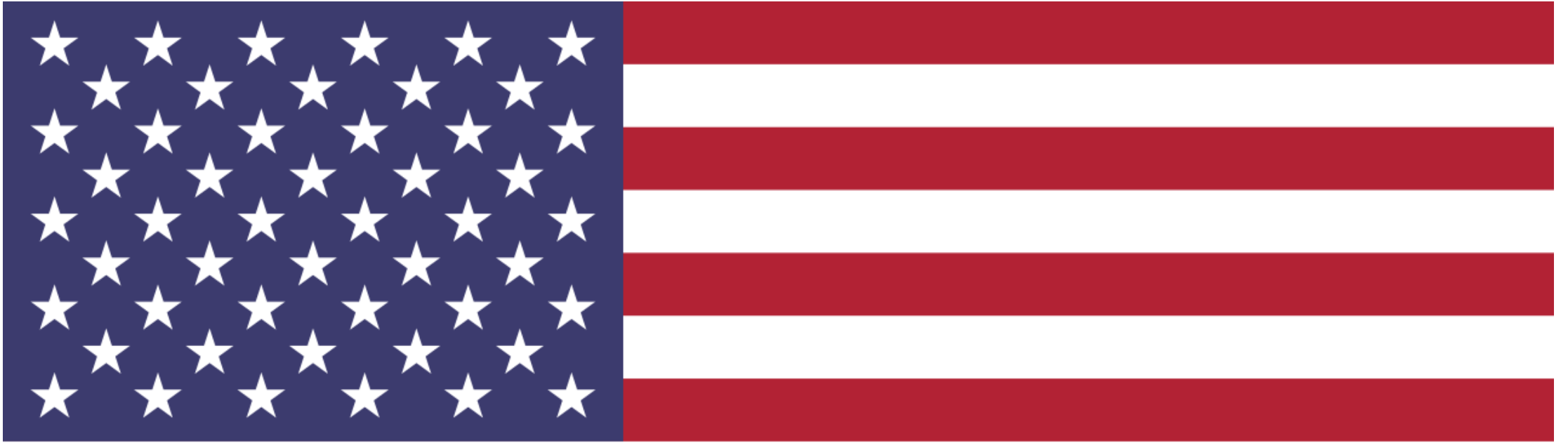




**Welcome
&
Call to
Order**

The background of the image is a photograph of a rocky, arid landscape. The rocks are reddish-brown and have a rough, textured surface. A prominent white diagonal stripe runs from the top-left corner to the bottom-right corner, bisecting the image. The text 'Roll Call' is centered on the white stripe.

Roll Call



Welcome!

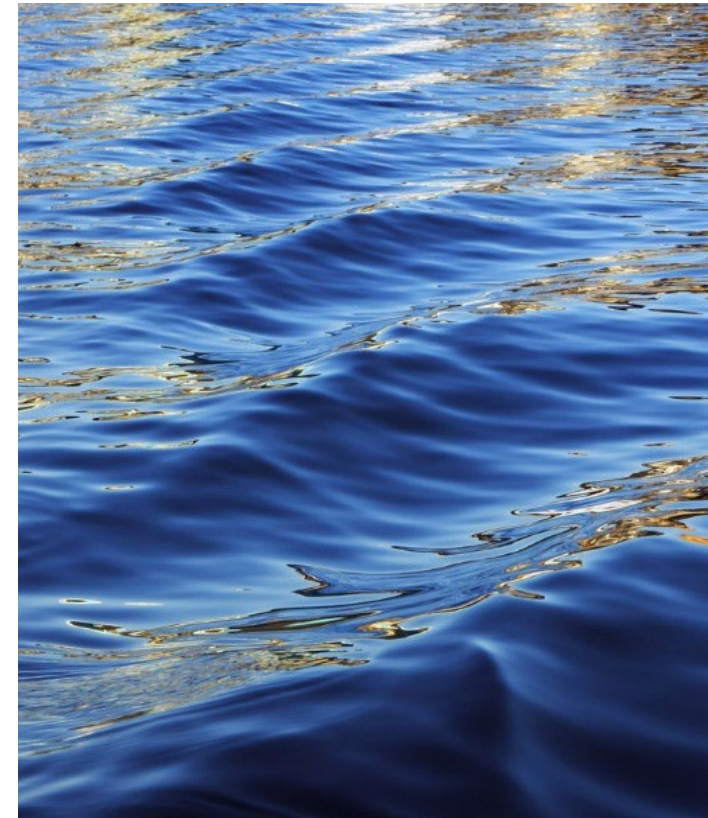
**Xiomalys (see-oh)
Crespo**
Community
Engagement
Manager




We are glad you're here!




SAN DIEGO
**COMMUNITY
POWER**





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Withdrawn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



Public Comment for Items NOT on the Agenda

Consent Agenda

1. Approval of November 17, 2022, December 6, 2022, December 15, 2022, January 18, 2023, January 23, 2023 Meeting Minutes
2. Receive and File Treasurer's Report for Period Ending March 31, 2023
3. Receive and File Update on Back Office Operations
4. Receive and File Update on Marketing and Public Relations
5. Receive and File Update on Regulatory and Legislative Affairs
6. Receive and File Update on Power Services
7. Receive and File Update on Human Resources
8. Receive and File Update on Community Advisory Committee
9. Approval of Fourth Amendment to Professional Services Agreement with Neyenesch Printers for up to \$1,228,218 for Printing Services through June of Fiscal Year 2025
10. Approval of First Amendment to the Professional Services Agreement with Full Moon Strategies for up to \$600,000 for Government Affairs Services through May 30, 2028
11. Approval of Third Amendment to the Professional Services Agreement with Futura Energy Group, LLC for up to \$520,000 for recruiting services through March 31, 2024
12. Approval of Updated Voting Shares



Public Comment for Consent Agenda

Regular Meeting Agenda

- 13. Approval of the Community Power Plan (CPP)
- 14. Update on Pilot Programs
- 15. Presentation on the FY 2023-24 Operating Budget
- 16. Approval of the SDCP Investment Policy
- 17. Approval of the Interim Compliance Plan for the California Energy Commission's (CEC) Load Management Standards
- 18. Approval of the Long-Term Market Offer Sales Confirmation for Purchase of Long-Term, Bundled RPS Energy from SDG&E and authorize CEO to execute the agreement

Item 13

Approval of the Community Power Plan (CPP)

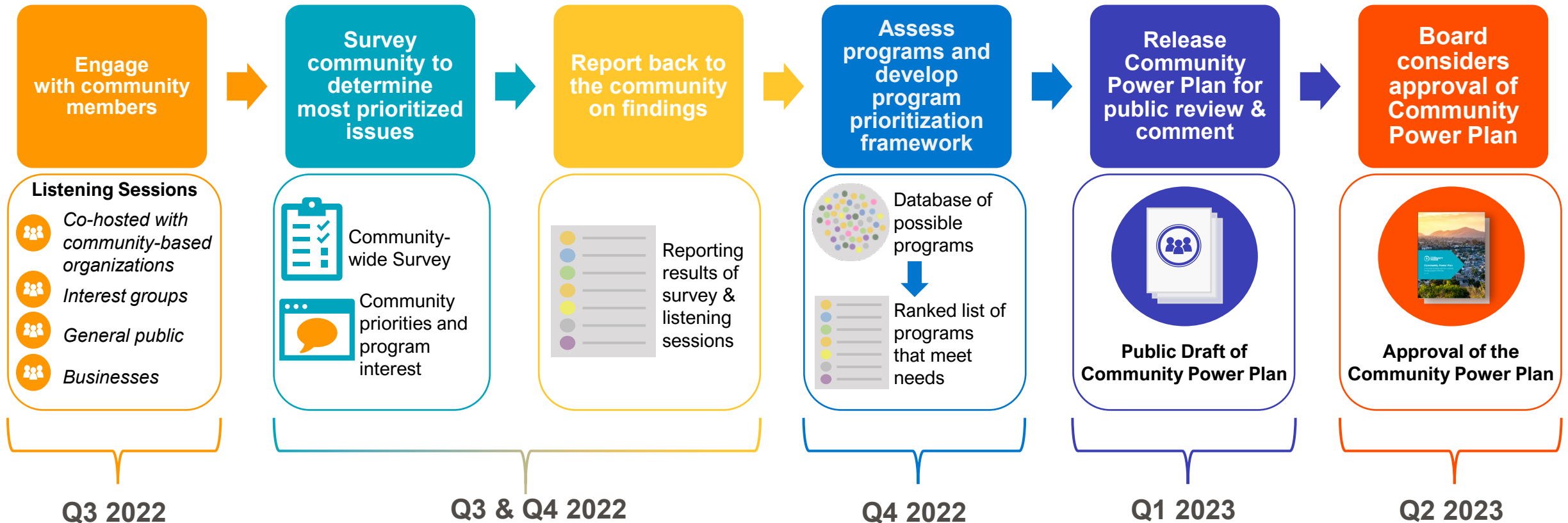
Recommendation:

Approve the Community Power Plan

Presenter:

Colin Santulli, Director of Programs
Nelson Lomeli, Program Manager

Timeline





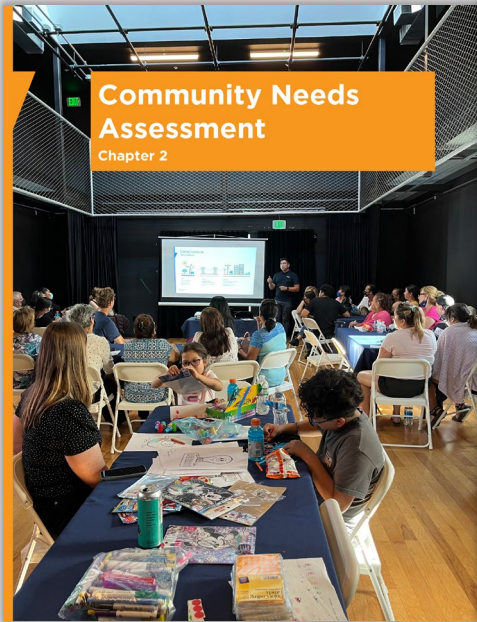
Community Power Plan

A five-year strategic plan for customer energy program offerings

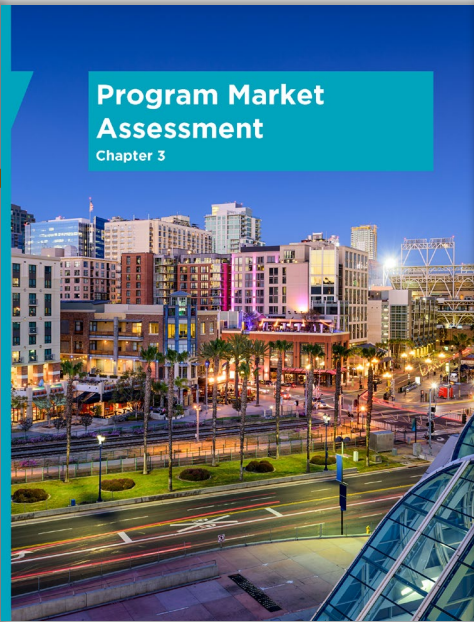
May 2023

Community Power Plan

**Community Needs
Assessment**
Chapter 2



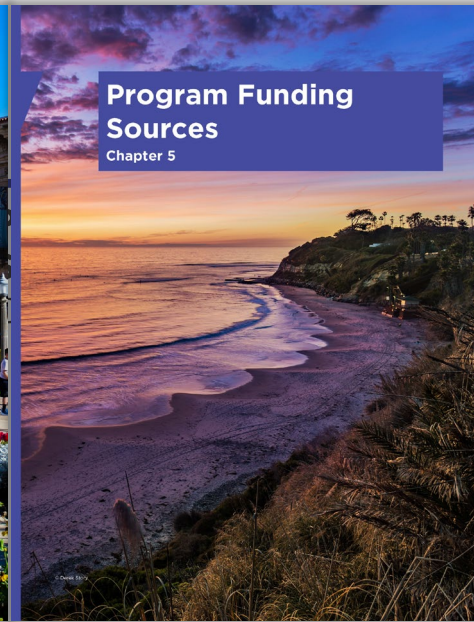
**Program Market
Assessment**
Chapter 3



**Program Prioritization
Framework**
Chapter 4



**Program Funding
Sources**
Chapter 5



**Program
Recommendations**
Chapter 6



Community Power Plan

6.2 SDCP's Commitment to Communities of Concern

SDCP is committed to supporting populations historically underrepresented in energy program participation and receiving associated benefits. As such, SDCP will commit at least **50% of a program's non-administrative budget**, to the extent allowed by funding sources, to participation from Communities of Concern. SDCP will center Communities of Concern in program design to enable participation by all customers. It's important to note that while SDCP will follow the commitment with internal funds, it may not be possible with external funds due to specific rules and regulations.

Communities of Concern are defined as communities identified by California Climate Investments (Assembly Bill 1550 and Senate Bill 535) that includes disadvantaged communities identified by CalEnviroScreen 4.0 and low-income communities and households with incomes either at or below 80% of the statewide median or below a threshold designated as low-income by the Department of Housing and Community Development, as well as the additional census tracts identified by the cities of San Diego and Chula Vista through their Climate Equity Index reports. Specifically, the City of San Diego identified these census tracts as areas with very low, low, and moderate access to opportunity. Meanwhile, the City of Chula Vista defined them as the top 25% scoring areas within its own analysis. If other member agencies were to identify additional census tracts in the future as the cities of San Diego and Chula Vista have, SDCP would recognize those designations under the umbrella of Communities of Concern.



An aerial photo of San Diego Bay, including the communities of Barrio Logan and Logan Heights in the City of San Diego — two Communities of Concern.

Workforce Development

Workforce development and a just transition have become increasingly important in California and nationally. Ambitious state and local clean energy goals continue to increase the expected demand for renewable energy and related clean energy technologies. These trends create a need for a skilled workforce to support the development, installation, and operation of clean energy projects and technologies. As new jobs are created, it is imperative to support the equitable distribution of those economic benefits and to enable a just transition for workers in fossil fuel dependent industries.

SDCP is committed to supporting the just and equitable development of a clean energy workforce. Identifying SDCP's role in supporting the just transition initiatives and more generally in the regional workforce development ecosystem is the first step. Effective workforce development initiatives can fill training gaps and enable the skilled workforce necessary to achieve clean energy goals. Additional benefits include providing career opportunities and economic benefits to local communities, especially Communities of Concern, as workers gain skills and experience that can be applied across a range of clean energy-related industries.

To guide internal business decisions, SDCP has adopted an Inclusive and Sustainable Workforce Policy. This policy enables several goals outlined in the organization's founding documents, including:

1. Demonstrating economic benefits to the region, including prevailing wage jobs and local workforce development;
2. Supporting a stable, skilled, and trained workforce; and
3. Promoting supplier and workforce diversity, including returning veterans and those from Communities of Concern, to the extent permissible by Proposition 209.



Community Power Plan

Short-term Program Types (FY 23/24 – FY 24/25)

Energy Awareness and Education

Application Assistance

Disadvantaged Communities Green Tariff and
Community Solar Green Tariff

Pilot Programs

Grant Programs

Mid-term Program Types (FY 25/26 – FY 26/27)

Building Electrification: Appliances

Building Electrification: Heat Pump Technologies

Distributed Energy Resources: Energy Storage
Systems

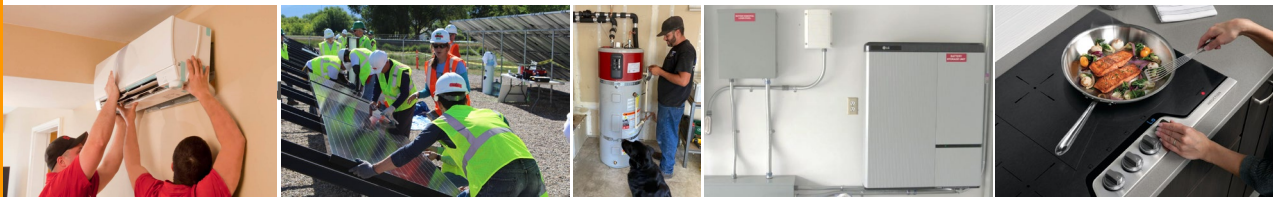
Distributed Energy Resources: Demand
Response & Load Modification

Energy Efficiency

Transportation Electrification: Infrastructure

Transportation Electrification: Light-Duty Vehicles

Transportation Electrification: Medium- and
Heavy-Duty Vehicles



Next Steps

- The CAC unanimously recommended to the Board of Directors adoption/approval of the Community Power Plan at their May 11, 2023 meeting
- Pending adoption, the final Community Power Plan will be uploaded to SDCP's website (in English, Spanish, and Tagalog) along with a survey data portal
- The Community Power Plan, as a *strategic* document, will guide SDCP in the selection and development of program offerings going forward
- The Community Power Plan is expected to be updated in five years to ensure SDCP programmatic activity continues to align with community needs and priorities and organizational goals



Public Comment for Item 13

Item 13

Recommendation:

Approve the Community Power Plan

Item 14

Update on Pilot Programs

Recommendation:

Receive and File the Pilot Programs Update

Presenter:

Colin Santulli, Director of Programs

Pilot Programs

Description & Benefits

- Test innovative program concepts and/or business models
- Answer questions related to program implementation (*e.g., program design, delivery, and customer acceptance*) before attempting to scale a program
- Opportunity to partner, support, and learn from community-based organizations

Design & Funding Considerations

- Integrate opportunities to capture lessons learned (*e.g., data capture, performance evaluations, on-going stakeholder dialogue*)
- Fund smaller projects from SDCP revenues and seek external funding to scale or maximize impact

General Categories for Potential Pilot Programs

1) Building Electrification

- Appliances
- Heat Pump Technology

2) Distributed Energy Resources

- Energy Storage Systems
- Demand Response
- Load Modification

3) Energy Efficiency

4) Transportation Electrification

- Infrastructure
- Light-Duty Vehicles
- Medium- and Heavy-Duty Vehicles

Emergency Water Heater Loaner Program

Market Barrier/Gap Filled

- Most water heaters are only replaced when they fail
- Scheduling electricians/contractors and receiving permits can take weeks—not feasible to go that long without hot water
- Allows residents to restore hot water while enabling fuel-switching
- Gives the resident more time to complete the upgrades to install a Heat Pump Water Heater (HPWH)

Concept Overview

- Provide a loaner gas water heater to be installed in “emergency” situations when a water heater fails
- In the meantime, electrical upgrades/permit work can be completed to support a “permanent” HPWH
- Loaner gas water heater is uninstalled (and reused) when HPWH is installed



120V Induction Stove Incentive

Market Barrier/Gap Filled

- Electric induction stoves require 220/240V outlets
- May require increased electrical capacity, new electrical line, and/or panel upgrade
- Lack of incentives/funds for panel upgrades at existing homes



Concept Overview

- Test out a 120V full range, 4-“burner” induction stove to determine:
 - If it provides the same performance of a 220/240V stove while only using a standard 120V outlet
 - If it is more cost-effective to install compared to panel/electrical upgrades required for a 220/240V stove
- 120V induction stoves also include a built-in battery which may allow them to be used for demand response

Disadvantaged Communities–Single-Family Affordable Solar Homes (DAC-SASH) Roof Repair

Market Barrier/Gap Filled

- Participation in State-funded rooftop solar incentive programs requires a roof in good condition
- State programs, like DAC-SASH, don't allow for funds to be used for roof repairs
- ~50% of potential DAC-SASH participants can't participate based on roof or panel incompatibility

Concept Overview

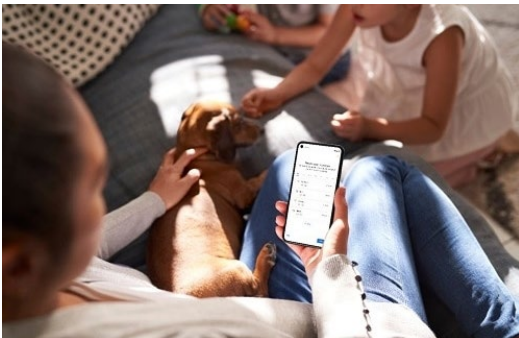
- Fund roof repairs for homes otherwise able to participate in DAC-SASH to allow more State funding to flow into San Diego neighborhoods



Smart Thermostat Incentive

Market Barrier/Gap Filled

- No current offering of a free smart thermostat for customers not enrolled in California Alternate Rates for Energy Program (CARE)/Family Electric Rate Assistance Program (FERA) programs



Concept Overview

- Provide a smart thermostat to customers in Communities of Concern not enrolled in CARE/FERA programs
 - Customers enrolled in CARE/FERA programs are eligible for a free device through SDG&E
- Provide technical assistance and enroll customers in OhmConnect



Energy Kits for Kids

Market Barrier/Gap Filled

- No current offering of energy literacy program directed towards K-12 students and their families



Concept Overview

- Offer “kits” to elementary school students with energy efficiency items to take home and install with an adult
- Can help families save money and energy
- Can include incentive to participate (e.g., if a certain % of students participate, classroom can earn \$1,000 incentive to use at their discretion)

ENERGY STAR Refrigerator/Freezer Swap Out

Market Barrier/Gap Filled

- Small commercial customers are consistently hard to reach for energy program participation and engagement
- California Department of Food and Agriculture (CDFA) currently has a grant available for small businesses to get free refrigerators/freezers but there has been limited participation to date
- SDG&E closed their small commercial program
- Statewide third-party program offers rebates at point of sale (\$50-100/unit)

Concept Overview

- Apply for CDFA grant on behalf of customers and facilitate the equipment upgrade
- Provide energy efficient refrigerators/freezers to corner stores in Communities of Concern and encourage them to stock stores with healthier food options



Managed Electric Vehicle (EV) Charging

Market Barrier/Gap Filled

- Many customers plug in their EV after work during super on peak times that are more expensive and dirtier than off peak



Concept Overview

- Provide upfront and monthly incentives to customers for charging their EVs during “low-carbon” events when power is cleaner and/or more affordable
- Customers can download an app, enter their utility account information, and connect their EV or charger using existing manufacturer login details

Next Steps

- Budget request included in FY 23-24 budget to implement pilot programs
- Staff will develop a decision-making rubric to inform objective selection of pilot program concepts for implementation
- Staff will work with the CAC Programs Ad-Hoc committee on pilot programs and bring back updates to the Board and CAC at future meetings
- Development of pilot programs will be staggered throughout the fiscal year



Public Comment for Item 14

Item 14

Recommendation:

Receive and File the Pilot Programs Update

Item 15

Presentation and Discussion of the FY 2023-24 Operating Budget

Recommendation:

Presentation on the FY 2023-24 Operating Budget

Budget Principles for FY 2023-24

- Maintain a fiscally **responsible** and **sustainable budget**.
- Ensure **sufficient funding** to continue to grow and deliver the level of service needed for the public.
- **Build SDCP reserves** and develop policies that **consider future economic conditions**.
- **Provide an easier to understand and user-friendly** operating budget for both internal and external users.
- **Engage the SDCP Board, constituent groups, and the public** in the budget process and inform them about **sustainable energy needs**.
- Keep the SDCP Board of Directors and Executive Team **informed** on the fiscal condition of SDCP.
- Develop a budget that will ultimately **prioritize people, transparency, and our communities**.

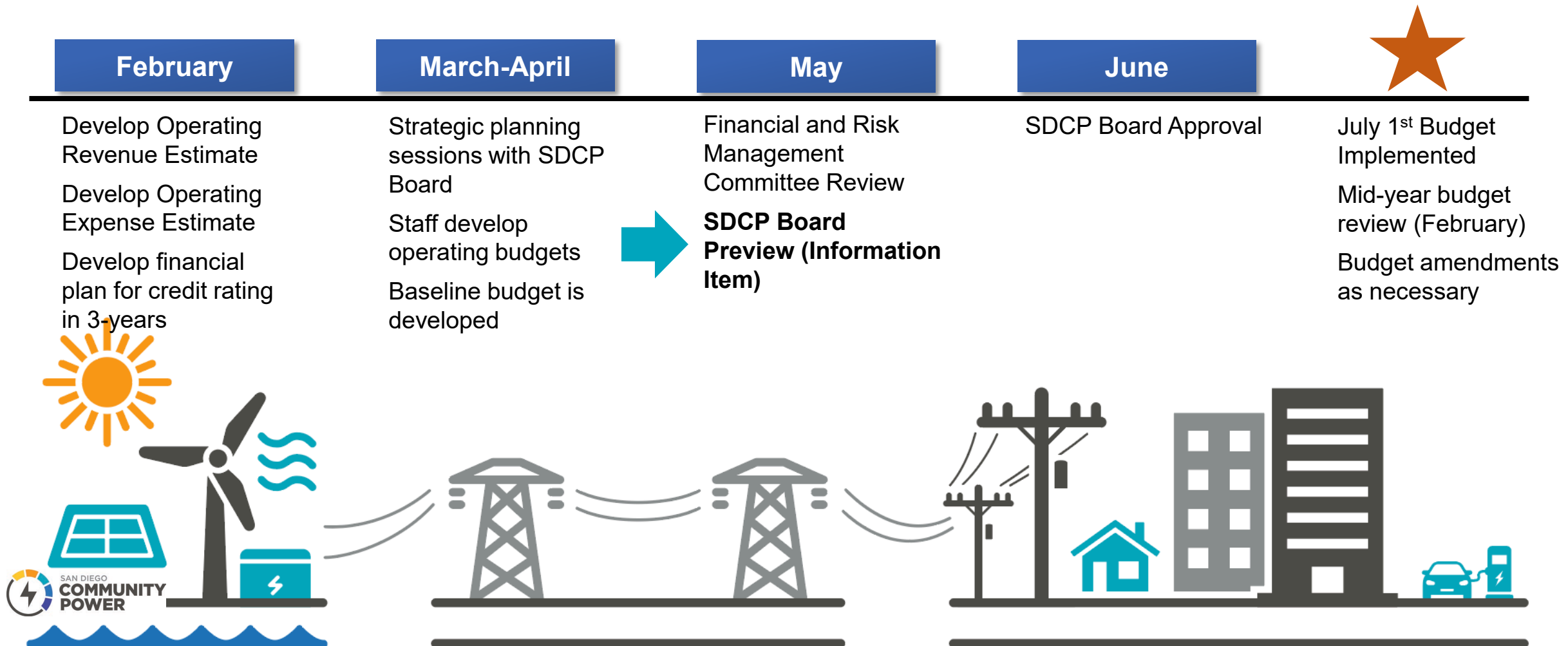
Budget - Highlights

- First full fiscal year of **full enrollment** from Phase 1, 2, 3 and 4.
- Thoughtfully scale the agency by adding 23 staff to **grow to 59 total staff**.
- Continued outreach through **community events, sponsorships and advertising** to inform customers about SDCP.
- Addition of **Capital Investment Plan (CIP)** to shift programs and projects over multi-year periods.



Budget Development for FY 2023-24

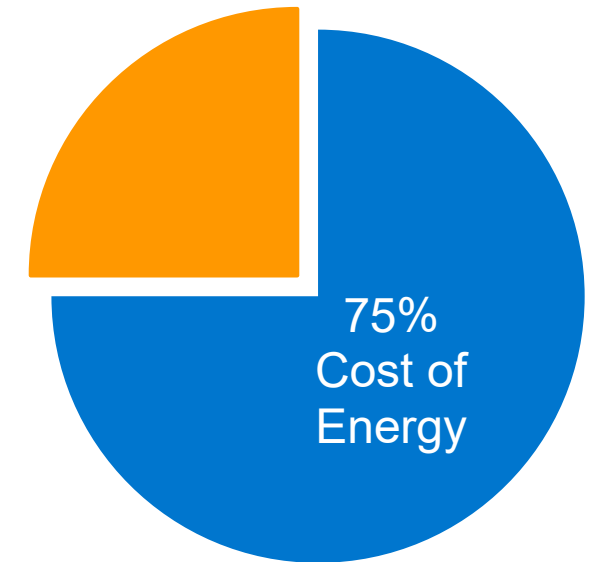
The Board adopted schedule for budget development is the following.



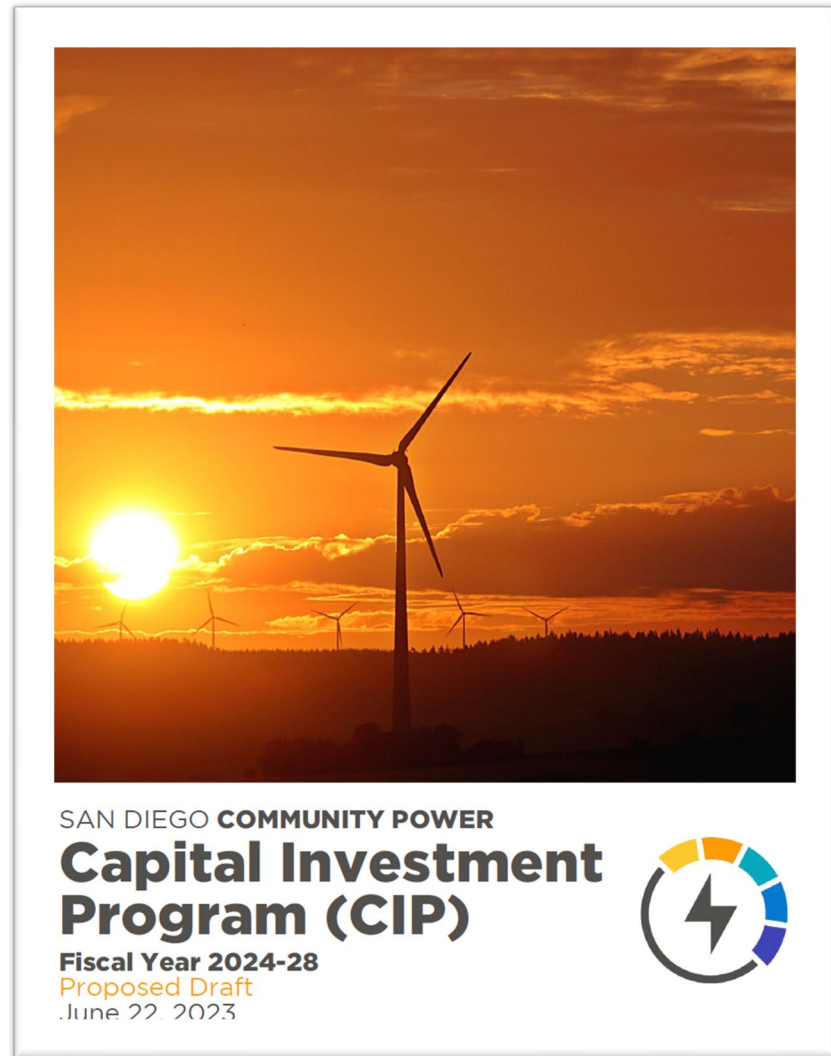
Budget – Summary

Item	FY 23 Amended Budget, \$M	FY 24 Proposed Budget, \$M
Gross Revenue	939.2	1,346.3
Less Uncollectible Accounts	(9.4)	(53.9)
Net Revenue	929.8	1,292.4
Cost of Energy	738.8	971.6
Non-Energy Costs	32.0	47.1
Subtotal Operating Expense	770.8	1,018.7
Debt Service	1.3	2.4
Capital Investment Program	0.0	4.2
Total Expense	772.1	1,025.3
Net Position	157.7	267.1
Cumulative Net Position	200.2	467.3
Days Cash on Hand	94.8	167.4

FY24 Cost of Energy / Net Revenue



FY 2024-28 Capital Investment Plan (CIP)



**Planning
Document**

**Leverage
Funds**

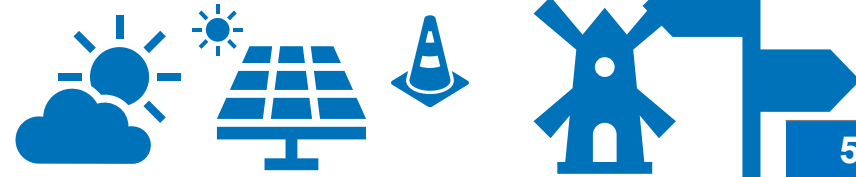
**Community
Power Plan**

**Helps
Community
Anticipate
Needs**

**Short-Term
Program
Types**

**Distributed
Resource
Planning**

FY 2024-28 Capital Investment Plan (CIP)



	Budget						5-Year CIP			
Program, \$000	FY24	FY25	FY26	FY27	FY28	Total (Proposed)				
CPUC Green Tariffs	335.23	FY 2024-28 CIP:					1,062.50			
Member Agency Grants	380.00	First year is appropriated in the budget process					1,900.00			
Building Electrification Education	0.01	Years two through five are planned and not appropriated					0.05			
Customer Education	350.00						350.00	350.00	350.00	1,750.00
Building and Housing Stock	250.00						250.00	250.00	250.00	1,250.00
Community Grants	500.00	Projects and Programs are considered multi-year efforts					2,500.00			
PUC Energy Efficiency Program	250.00	250.00	250.00	250.00	250.00	1,250.00				
Customer Program Pilots	2,000.00	Funds appropriated in the budget will be in a continuing fund to be available in subsequent budget years					10,000.00			
Local Dev. Feasibility Studies	100.00	100.00	100.00	100.00	100.00	500.00				
Total	4,175.2	4,042.5	4,042.5	4,042.5	4,042.5	20,122.55				

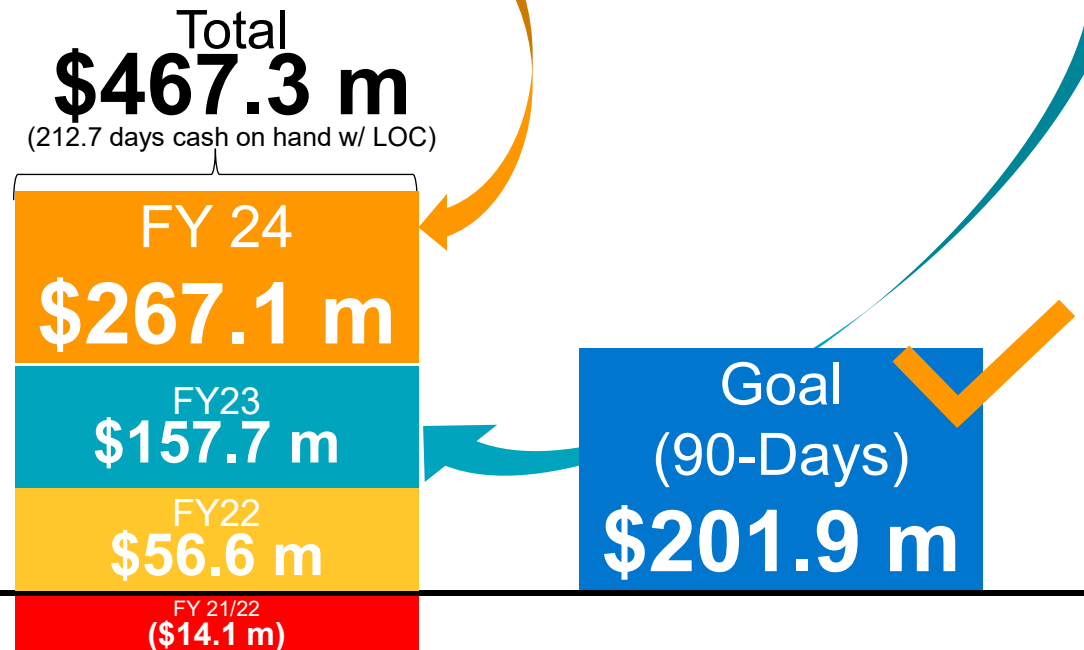
Budget – Reserves

Item	FY 24 Proposed Budget, \$M	FY 23 Amended, \$M
Gross Revenue	1,346.3	939.2
Net Revenue	1,292.4	929.8
Subtotal Operating Expense	1,018.7	770.8
Total Expense	1,025.3	772.1
Net Position	267.1	157.7
Days Cash on Hand	167.4	

Goal SDCP will allocate up to 15% of gross revenue annually toward building an Operating/Working Capital Reserve equivalent to 90 days of total operating expenses held as unrestricted cash.

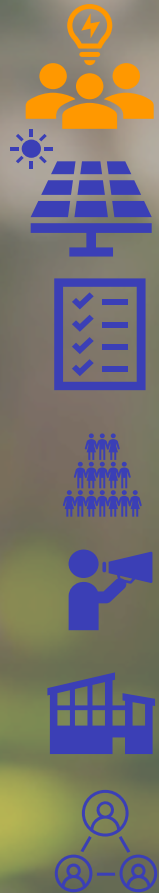
90-Day Total Reserve Goal

FY24 Reserves
Year-end

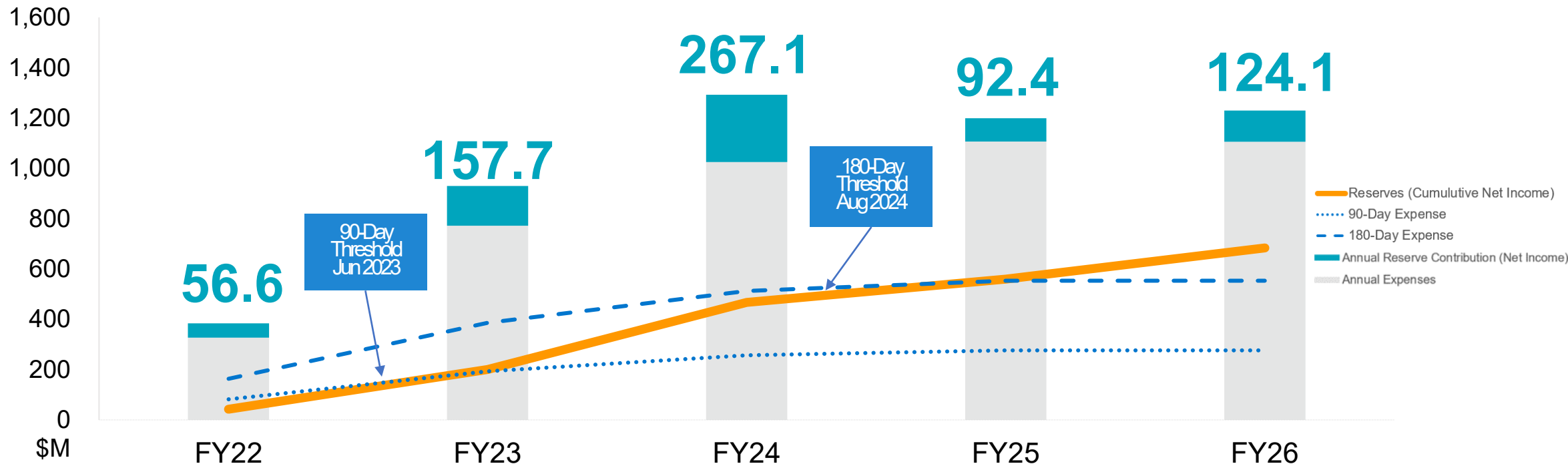


Proposed FY 2023-24 Budget

Budget Changes by Category

	Revenue	Phase 1-4 enrollment for entire FY24 included, Board approved rate change on 1/23/23.	FY24 \$1,292.4m	FY23 \$929.8m
	Cost of Energy	Increased energy load with full Phase 1-4 enrollment. All forward energy prices updated.	FY24 \$971.6m	FY23 \$738.8m
	Professional Services	Calpine and SDG&E fees higher with increased enrollment.	FY24 \$22.9m	FY23 \$17.3m
	Personnel	Recruitment strategy of 23 new staff growing the agency to 59 total staff.	FY24 \$13.4m	FY23 \$7.4m
	Marketing and Outreach	Reduction primarily due to lower printing costs related to mandatory enrollment mailers.	FY24 \$3.0m	FY23 \$4.2m
	General and Administrative	Increased G&A budget to support operating and staff growth anticipated for FY24.	FY24 \$7.5m	FY23 \$1.9m
	Programs	Programs budgeted included in CIP as continuing projects. Overall admin in operating.	FY24 \$0.3m	FY23 \$1.3m

Updated ProForma Projections



Operating Budget, \$M	FY22	FY23	FY24	FY25	FY26
Net Revenue	383.8	929.8	1,292.4	1,189.5	1,232.1
Total Expense	327.2	772.1	1,025.3	1,106.6	1,105.9
Annual Reserve (Net Income)	56.6	157.7	267.1	92.4	124.1
Reserves (Cumulative Net Surplus)	42.5	200.2	467.3	559.7	683.8
90-Day Expense Target	81.8	193.0	256.3	276.7	276.5
180-Day Expense	163.6	386.1	512.7	553.3	553.0

Budget Context – Reserve Comparison

Reserves help with:

Contingencies

- Power supply shocks
- Maintain rate competition
- economic downturns

Cash Availability

- Used to bridge temporary low levels of cash

Interest

- Avoids interest expense with borrowing debt

Credit Rating

- Favorable terms with vendors
- Helps with issuing debt (bonds, commercial paper...)



CCCE <i>S&P ('A' Issuer Credit Rating)</i>	MBCP minimum target is 30% of total, with a goal of 50% of total operating budget expenditures . The max reserve is 75% of total op. budget expenditures.	180 days <i>Of Operating Expense</i>	\$209.1m <i>Based on FY23 Operating Expense</i>
CPA <i>Non-Investment Grade Credit Rating</i>	CPA minimum reserve target equal to 30%, with a maximum reserve target of 50% of total op. budget expenditures . Reserves shall not exceed 60%.	180 days <i>Of Operating Expense</i>	\$457.8m <i>Based on FY23 Operating Expense</i>
MCE <i>Fitch (BBB+/Stable)</i>	MCE's goal of securing 240 days liquidity on hand (includes lines of credit).	240 days <i>Of Operating Expense</i>	\$463.0m <i>Based on FY24 Operating Expense</i>
PCE <i>Fitch (BBB+/Stable)</i>	PCE's goal of securing one hundred eighty (180) days of total operating expenses.	180 days <i>Of Operating Expense</i>	\$150.6m <i>Based on FY24 Operating Expense</i>
SDCP <i>Non-Investment Grade Credit Rating</i>	SDCP will allocate up to 15% of gross revenue annually toward building an Operating/Working Capital Reserve equivalent to 90 days of total operating expenses.	90 days <i>Of Operating Expense</i>	\$256.3m <i>Based on FY24 Proposed Expense</i>

Budget – Personnel

Department	SDCP (Existing/ Proposed)	Marin Clean Energy	Clean Power Alliance	East Bay Community Energy	Peninsula Clean Energy	Central Coast Com. Energy
Existing SDCP Staff	36	-	-	-	-	-
Data Analytics and Account Services	6	16	12	11	8	7
Executive Team	-	5	6	2	3	8
Finance	3	4	9	3	2	3
Human Resources	1	5	3	3	6	6
Operations	1	6	1	4	7	3
Power Services	4	7	15	8	7	4
Programs	1	16	4	7	8	2
Regulatory and Legislative	3	10	11	8	8	2
Public Affairs	4	16	5	8	3	7
Total	59	85	66	54	41	35

Budget – CCA Comparison

Community Choice Aggregator	Years Est. (JPA eff. Date)	Customer Accounts*	Cost of Energy, \$M**	Non-Energy Costs, \$M	Net Ratepayer Revenue, \$M	Energy Costs/Net Revenue (%)
Clean Power Alliance	Jun 2017	1,005,000	1,245.00	56.00	1,583.00	79%
San Diego Community Power	Oct 2019	897,445	971.61	54.06	1,292.47	75%
East Bay Community Energy	Dec 2016	635,000	684.00	94.00	935.00	73%
Marin Clean Energy	Dec 2008	580,000	666.00	40.00	800.00	83%
Central Coast Community Energy	Mar 2018	430,000	378.00	40.00	429.00	88%
Peninsula Clean Energy	Feb 2016	310,919	311.00	39.00	350.00	88%

*Customer accounts citations: CPA: May 2023 Board Meeting Agenda, EBCE: Press Release 11/17/22, MCE: Website "FAQ" What is MCE?, 3CE: Website "About 3CE", PCE: Board Meeting April 2023.

**Cost of energy, non-energy costs and ratepayer revenue are from FY24 drafted budgets. 3CE FY23 adopted budget. SDCP from proposed FY24 budget.

***SDCP includes CIP and debt service costs whereas most other CCAs do have minimal or zero debt service costs.



Public Comment for Item 15

Item 15

Recommendation:

Presentation on the FY 2023-24 Operating Budget

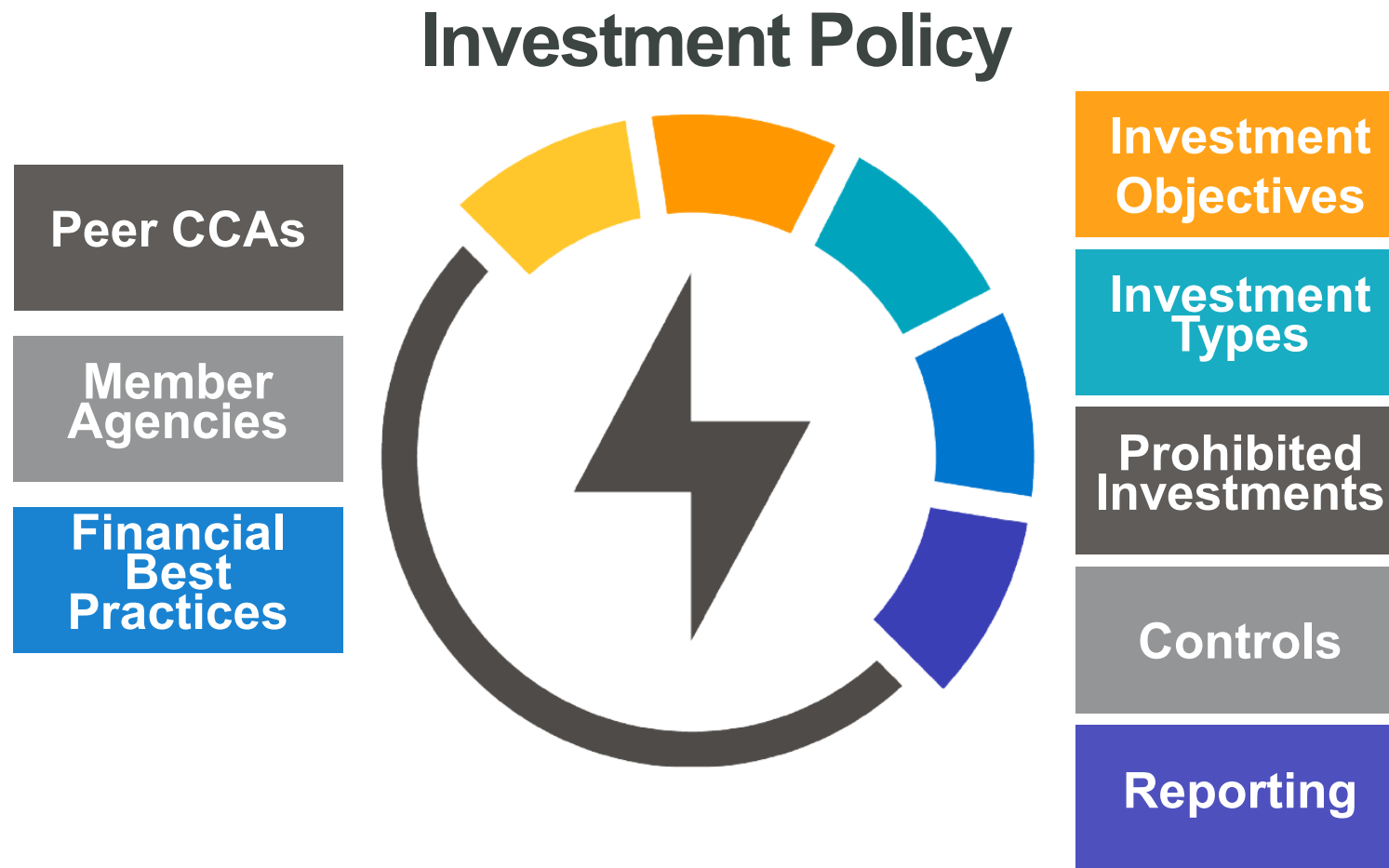
Item 16

Approval of SDCP Investment Policy

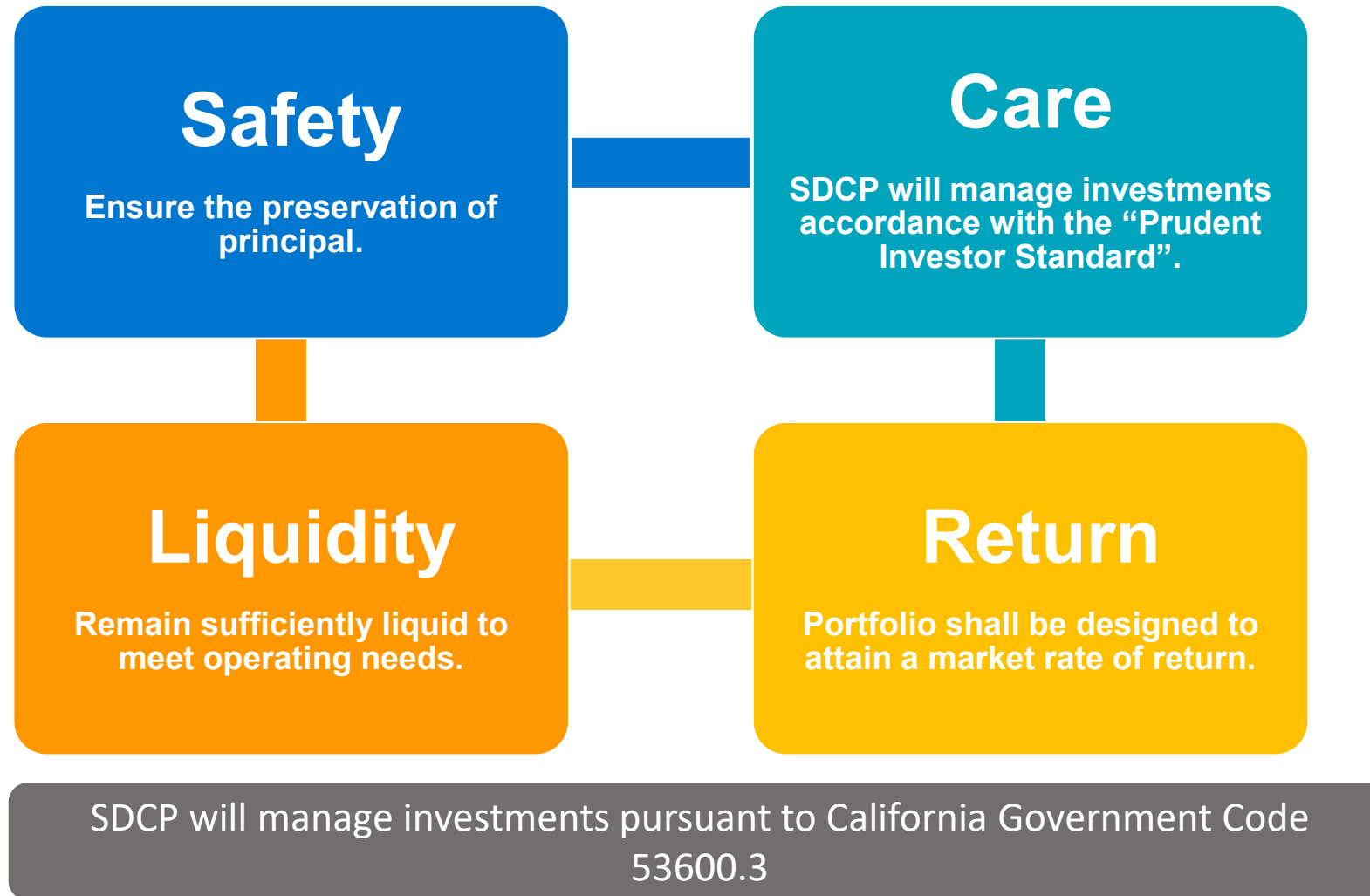
Recommendation:

Approval of SDCP Investment Policy

Development of Investment Policy



Investment Objectives (Safety, Liquidity, Return, Standard of Care)



Acceptable Investment Types

All Authorized investment types for SDCP are pursuant to California Government Code 53601.

- ✓ Deposits at Banks
- ✓ Local Agency Investment Fund (LAIF)
- ✓ US Treasury Obligations
- ✓ Federal Agency Securities
- ✓ Bankers' Acceptances
- ✓ Negotiable Certificates of Deposit
- ✓ Placement Service Deposits
- ✓ Money Market Funds
- ✓ Commercial Paper



Acceptable Investment Types

All Authorized investment types for SDCP are pursuant to California Government Code 53601.

Acceptable Investment Types	Maximum Maturity		Maximum % of Portfolio		Maximum % with One Issuer		Minimum Rating	
	Gov. Code	SDCP Policy	Gov. Code	SDCP Policy	Gov. Code	SDCP Policy	Gov. Code	SDCP Policy
Bankers' Acceptances	180 Days	180 Days	40%	40%	30%	5%	None	A-1
Local Agency Investment Fund	N/A	N/A	None	None	None	None	None	None
US Treasury Obligations	5 Years	5 Years	None	None	None	None	None	None
Federal Agency Securities	30 Years	30 Years	25%	25%	None	None	None	None
Deposits at Banks	2 Years	2 Years	10%	10%	None	None	A	A
Negotiable Certificate of Deposit	2 Years	2 Years	10%	10%	None	None	None	None
Placement Service Deposits	2 Years	2 Years	10%	10%	None	None	A	A
Money Market Funds	N/A	N/A	20%	20%	10%	10%	AAAm	AAAm
Commercial Paper	270 Days	270 Days	40%	40%	10%	10%	A-1	A-1

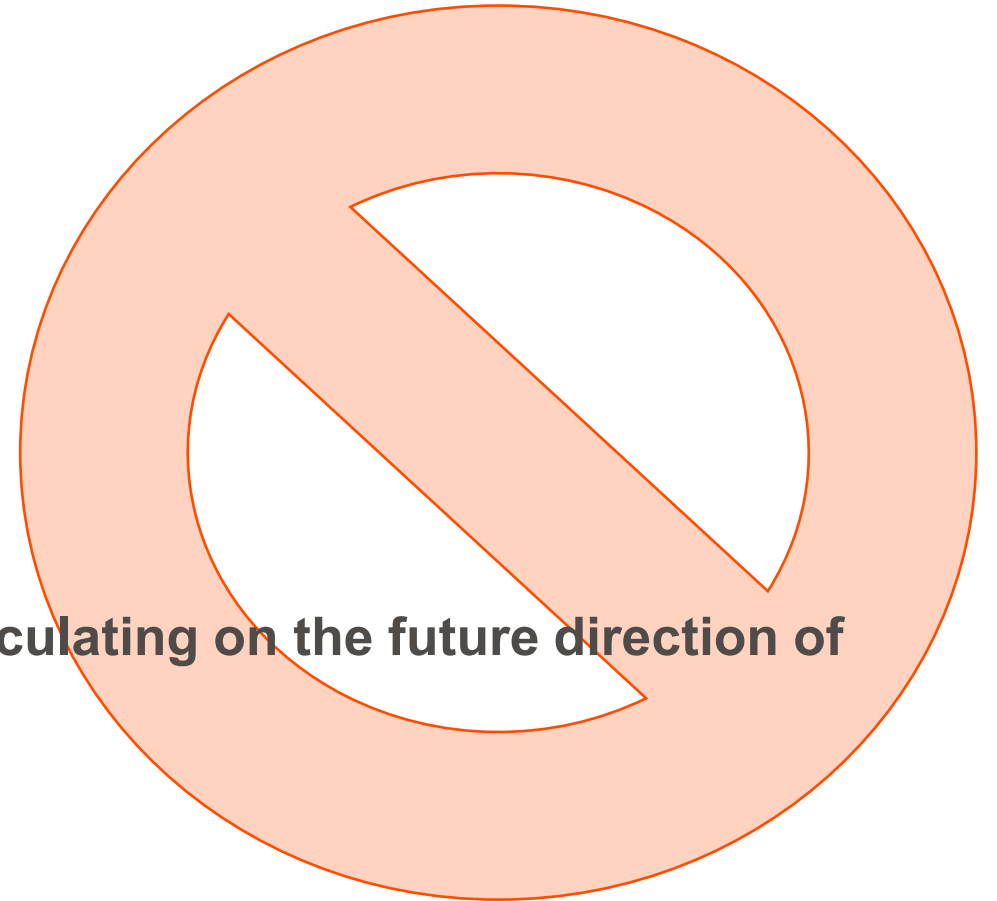
Prohibited Investment Types

Pursuant to Section 53601.6, SDCP shall not invest Funds in any security that could result in a zero-interest accrual, or less, if held to maturity. These prohibited investments include, but are not limited to:

- X Inverse Floaters**
- X Range Notes**
- X Mortgage-derived Interest-only Strips**

In addition SDCP will prohibit the following investment types:

- X Foreign Currency**
- X Crypto Asset Securities**
- X Trading securities for the sole purpose of speculating on the future direction of interest rates.**
- X Purchasing or selling securities on margin.**



Internal Controls and Reporting

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft or misuse. Accordingly, the Treasurer shall establish and maintain internal controls that shall address the following points:

- ☐ Annual Policy Review
- ☐ Annual Audits
- ☐ Reporting
 - ☐ Annually
 - ☐ Quarterly
 - ☐ Monthly ⚡
- ☐ Control of Collusion ⚡
- ☐ Clear Delegation of Authority to Subordinate Staff Members ⚡
- ☐ Delivery-Versus-Payment (DVP) ⚡
- ☐ Safekeeping and Custody ⚡
- ☐ Avoidance of Physical Delivered Bearer Securities ⚡
- ☐ Written Confirmation of Telephone Wire Transfers ⚡
- ☐ Custodian ⚡

⚡ = SDCP imposed controls

The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that:

1. The cost of a control should not exceed the benefits likely to be derived; and
2. The valuation of costs and benefits requires estimates and judgments by management.





Public Comment for Item 16

Item 16

Recommendation:
Approval of SDCP Investment Policy

Item 17

Approval of the Interim Compliance Plan for the California Energy Commission's (CEC) Load Management Standards

Recommendation:

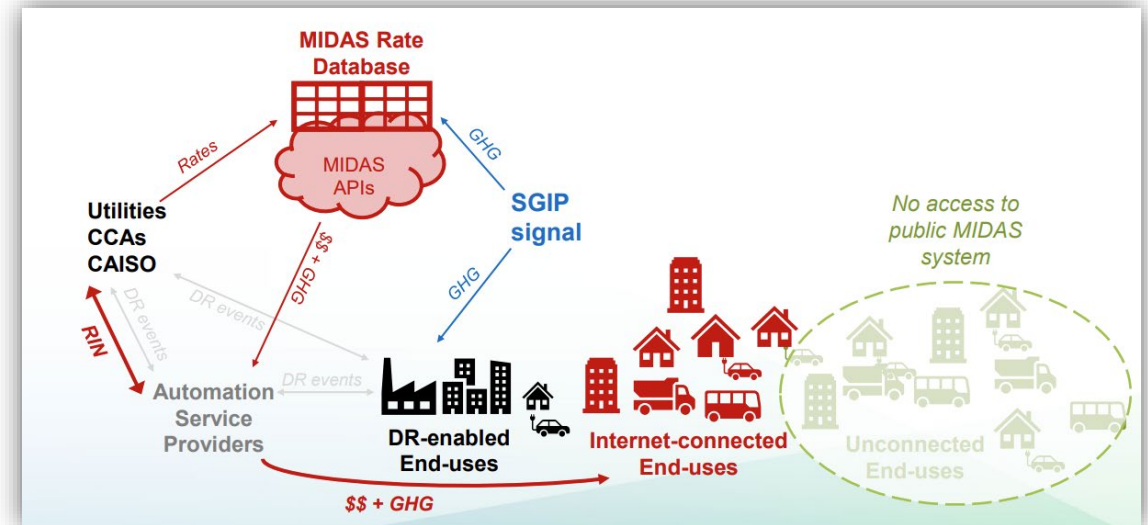
Approve the Interim Compliance Plan for the California Energy Commission's Load Management Standards

Background

The California Energy Commission (CEC) adopted updates to the state's Load Management Standards (LMS) on October 12, 2022

Requirements:

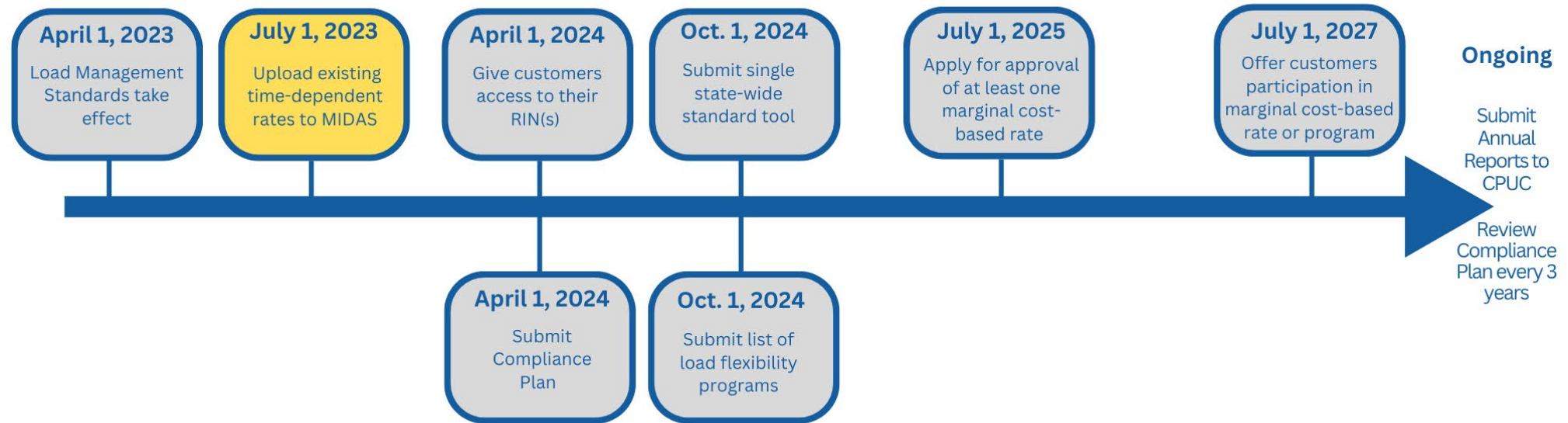
- Develop retail electricity rates that change at least hourly to reflect grid costs and greenhouse gas emissions
- Maintain up-to-date rates in a database called the Market Informed Demand Automation Server ("MIDAS")
- Educate customers about time-dependent rates and automation technologies



CEC Staff Workshop Presentation, April 12, 2021

Prior to adoption SDCP raised concerns over jurisdiction and implementation barriers

Timeline & Working Groups



Beginning in November 2022, CEC staff convened a Working Group to develop functional requirements for MIDAS and the format for Rate Identification Numbers (RIN)

To date, there have been seven Working Group meetings and SDCP staff have been active participants

Implementation Concerns

Requirements for RINs and MIDAS protocols are not finalized

Critical implementation questions include:

- How to address unbundled vs. bundled rates
- What rate modifiers be included and how?
- What rate data granularity should be used?

Application programming interface requirements must be finalized with current documentation.

- SDCP is unable to cost effectively develop automated systems while the system is in active development
- Manual upload of rates would be a time and labor-intensive process

Uploading all existing time-dependent rates to the MIDAS system by July 1, 2023, is not cost effective or technologically feasible prior to the CEC addressing these issues

Coordination with CEC and Request for Extension

- SDCP staff has coordinated with CalCCA to inform discussions with CEC staff and Commissioner McAllister
- SDCP joined in a request for extension of MIDAS upload requirement submitted by the three investor-owned utilities and the thirteen “Large CCAs” subject to the LMS requirements on April 28, 2023
 - CEC filed a Proposed Order in response to the extension request on May 19, 2023
 - The Proposed Order is scheduled to be voted on at the May 31, 2023, CEC business meeting



Interim Compliance Plan

- California Code of Regulations, Title 20, Section 1623.1(a)(2) authorizes CCA Boards to delay or modify compliance with LMS requirements if “**despite a Large POU’s or Large CCA’s good faith efforts to comply, requiring timely compliance with the requirements of this article would result in extreme hardship to the [...] CCA,**” or would not be “**technologically feasible or cost effective.**”
- LMS requires approval of a compliance plan for delay by a CCA governing board prior to submission of that plan to the CEC’s Executive Director by April 1, 2024
- SDCP staff recommends the Board approve an Interim Compliance Plan that would extend the July 1, 2023, deadline for uploading rates into MIDAS, if necessary

The background of the slide is a photograph of a rocky, arid landscape. Large, reddish-brown rock formations are visible, with some sparse green vegetation and small white flowers growing in the crevices. A large, white, diagonal banner cuts across the center of the image, providing a space for the title text.

Public Comment for Item 17

Item 17

Recommendation:

Approve the Interim Compliance Plan for the California Energy Commission's Load Management Standards

Item 18

Approval of Long-Term Market Offer Sales Confirmation for Purchase of Long-Term, Bundled RPS Energy from SDG&E and authorize CEO to execute the agreement

Recommendation:

Approve and authorize CEO to enter into Long-Term Market Offer Sales Confirmation for purchase of long-term, bundled renewable energy from SDG&E

Item 18

Background:

VAMO = Voluntary Allocation + Market Offer

Voluntary Allocation (VA):

PCIA eligible LSEs offered voluntary allocation of their IOUs Long-term portfolios

Market Offer (MO):

Long-term Market Offer of remaining PCIA eligible RPS volumes

- CPUC directed
- Overseen by independent evaluators
- Bidding conducted by all 3 IOUs simultaneously

Item 18

“Long-term” portfolio: Category 1, bundled renewable energy

- Wind
- Solar PV

March 2023: SDG&E Issued Long-term Market Offer Solicitation

- Pricing structure: Index-plus REC price bids
- Term: 2023-2040

April 2023:

- SDCP bids submitted

May 2023:

- SDCP bid short-listed by SDG&E
- SDCP awarded bid by SDG&E

Q2-Q3 2023: SDG&E submits agreement for CPUC approval

Item 18

Contract Summary:

- Start Date: Upon approval by CPUC (expected in Q3-Q4 2023)
- End Date: Expiration of SDG&E's relevant PCIA-eligible renewable energy supply contracts (expected in 2040)
- Structure: Index plus fixed-price renewable premium
- Price: Confidential
- Portfolio Slice "Election" Quantity: Confidential while SDG&E completes MO solicitation process
- Estimated Annual Generation: Confidential. Varies by year, subject to intermittent resource generation, and declining over time as SDG&E's relevant PCIA-eligible renewable energy contracts expire



Public Comment for Item 18

Item 18

Recommendation:

Approve and authorize CEO to enter into Long-Term Market Offer Sales Confirmation for purchase of long-term, bundled renewable energy from SDG&E



Report by Chief Executive Officer

CalCCA Conference

May 17 – 19



Japanese Delegation

May 23



Outreach & Engagement

Spring Valley Day, April 29
North Park Music Fest, May 27



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Report by General Counsel



Director Comments



Adjournment



Next Regular Board of Directors Meeting

June 22, 2023





Board of Directors

Special Meeting
Closed Session

May 25, 2023



Special Meeting Agenda

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: Chief Executive Officer

1. CONFERENCE WITH LABOR NEGOTIATORS PURSUANT TO GOVERNMENT CODE SECTION 54957.6

Agency designated representative(s): Ryan Baron, General Counsel

Unrepresented employee: Chief Executive Officer

REPORT FROM CLOSED SESSION

ADJOURNMENT



Public Comment on Closed Session Item

Closed Session Agenda

**1. PUBLIC EMPLOYEE PERFORMANCE
EVALUATION PURSUANT TO GOVERNMENT
CODE SECTION 54957**

Title: Chief Executive Officer

**2. CONFERENCE WITH LABOR NEGOTIATORS
PURSUANT TO GOVERNMENT CODE
SECTION 54957.6**

Agency designated representative(s): Ryan
Baron, General Counsel Unrepresented
employee: Chief Executive Officer

Special Meeting Agenda

Roll Call

Report from Closed Session

Adjournment