



Finance & Risk Management Committee Meeting

June 6, 2022



Regular Meeting Agenda

Welcome

Roll Call

**Public Comment for
items Not on the Agenda**

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Withdrawn or Reordered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

REGULAR AGENDA

- 1. Report on
Treasurer's Report
for Period Ending
4/30/22**
- 2. Approval of FY 2023
Operating Budget**

**Committee Member
Announcements**

Adjournment

Item 1

Treasurer's Report for Period Ending 4/30/22

Recommendation: Receive and File Treasurer's Report for Period Ending 4/30/22

Presenter:

Dr. Eric Washington,
Chief Financial Officer

Item 1: Treasurer's Report

YTD FY22 Budget v. Actual

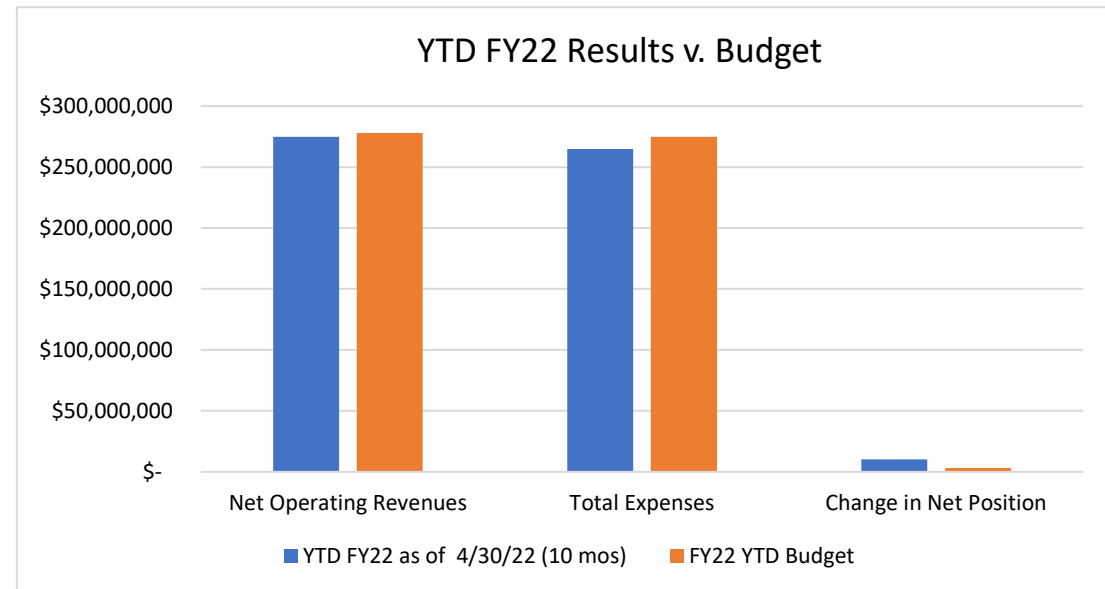
Results for the period were in line compared to the amended budget:

- Net operating revenues 1.1% under budgeted amount due to billing timing differential expected to be resolved next reporting period.
- Operating expenses came in 13.7% under the budgeted amount

Financial results for the YTD FY22:

- \$274.95M in net operating revenues
- \$264.75M in total expenses (includes energy costs of \$257.57M or 97% of net revenues)
- \$10.20M change in YTD net position

	YTD FY22 as of 4/30/22 (10 mos)	Budget Comparison		
		FY22 YTD Budget	Budget Variance (\$)	Budget (%)
Net Operating Revenues	\$ 274,947,538	\$ 277,946,768	\$ (2,999,230)	99
Total Expenses	\$ 264,751,778	\$ 274,906,492	\$ (10,154,714)	96
Change in Net Position	\$ 10,195,760	\$ 3,040,276	\$ 7,155,484	



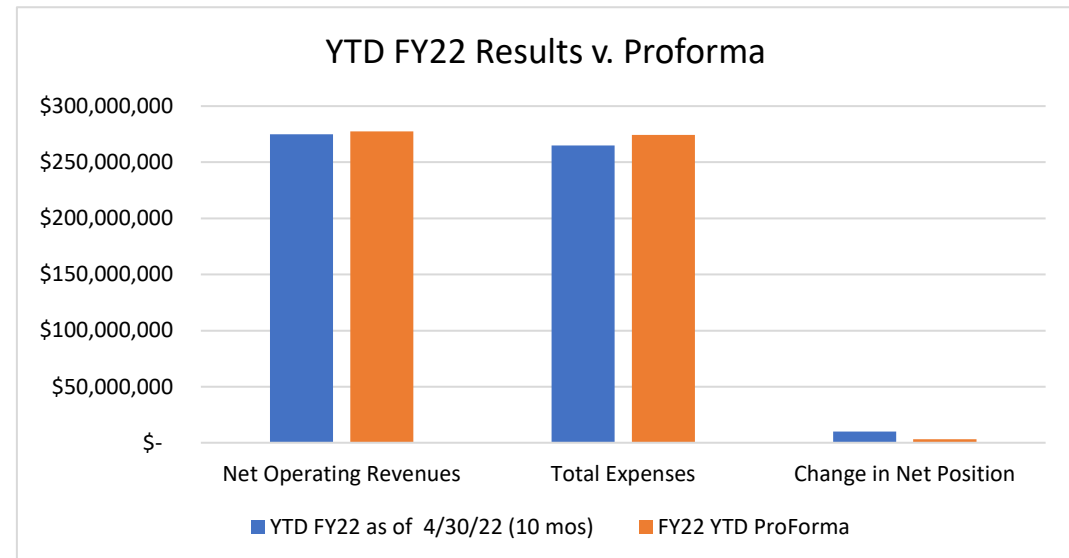
Item 1: Treasurer's Report

YTD FY22 Proforma v. Actual

Year-to-date financial results compared to projections:

- Net operating revenues were 0.9% under the proforma projections
- Total expenses were 3.4% under the proforma projections
- Change in net position was \$6.83M over the projected

	YTD FY22 as of 4/30/22 (10 mos)	Proforma Comparison		Proforma (%)
		FY22 YTD ProForma	ProForma Variance (\$)	
Net Operating Revenues	\$ 274,947,538	\$ 277,553,840	\$ (2,606,302)	-0.94%
Total Expenses	\$ 264,751,778	\$ 274,185,332	\$ (9,433,554)	-3.44%
Change in Net Position	\$ 10,195,760	\$ 3,368,508	\$ 6,827,252	202.68%



Item 1

Recommendation:

**Receive and File Treasurer's Report for Period
Ending 4/30/22**

Presenter:

Dr. Eric Washington,
Chief Financial Officer

Item 2:

Presentation of the Fiscal Year (FY) 2023 Operating Budget

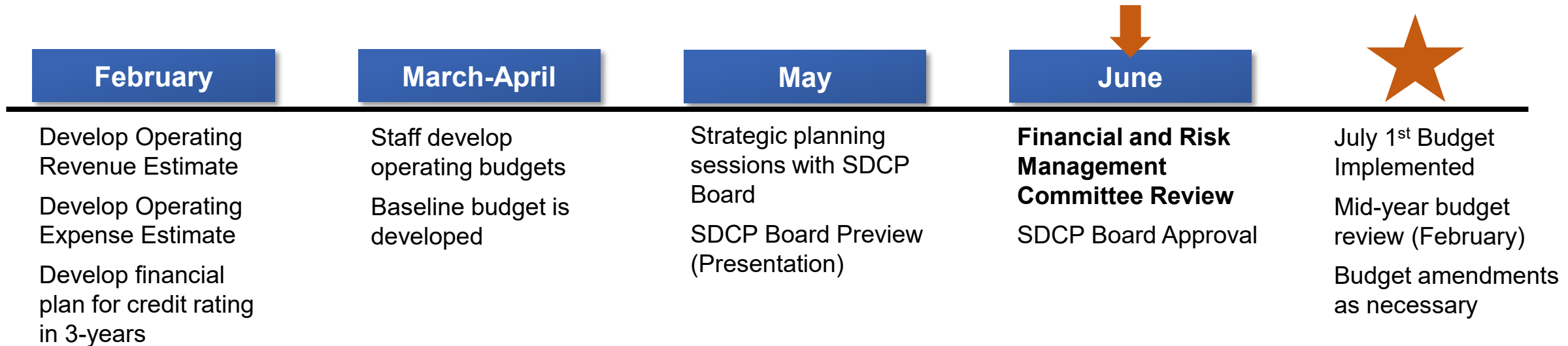
**Recommendation: Recommend Board approval
of the FY 2023 Operating**

Presenter:

Dr. Eric Washington,
Chief Financial Officer

Budget Development for FY 2022-23

The schedule for budget development is the following.



Budget - Highlights

- Focus on **community programs** by staffing up our Programs team and launching initial pilot programs.
- **Phase 4 enrollment** of the County of San Diego and National City during the first half of calendar year 2023.
- Continued outreach through **community events, sponsorships and advertising** to inform customers about SDCP.
- **High cost of energy** with continued increases in forward electricity prices.



SAN DIEGO COMMUNITY POWER
Operating Budget
Fiscal Year 2022-23
Proposed Draft
June 23, 2022



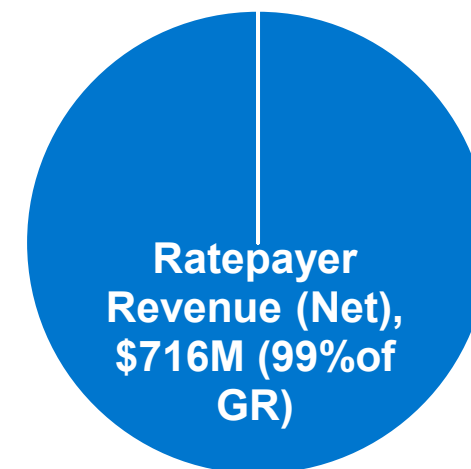
Budget – Changes since 5/26 Board Meeting

Item	5/26 Board Meeting, \$M	6/6 FRMC Meeting, \$M	Net Change	Update
Net Revenue	689.2	709.0	19.8	ERRA reduction removed due to higher energy costs
Cost of Energy	641.9	661.6	19.7	Forward market prices continue to increase since May 2022
Interest and Related Expense	6.3	1.3	(5.0)	Principal payments offset by restricted cash
Professional Services and Consultants	17.0	16.8	(0.2)	Reclass programs consultant to Programs
Programs	0.7	1.1	0.4	Reclass programs consultant from professional services
Marketing and Outreach	4.1	4.1	0.0	
Total			(4.9)	

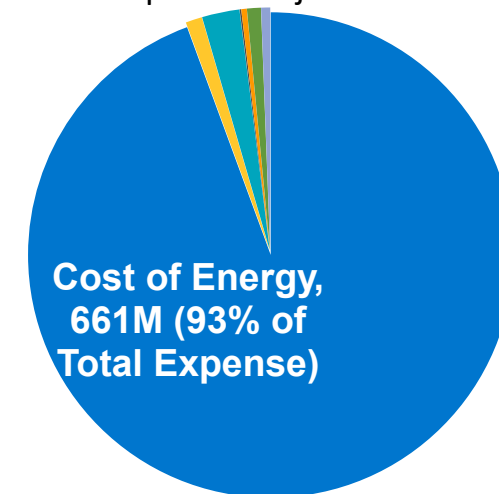
Budget – Summary

Item	FY 23 Proposed Budget, \$M	FY 22 Amended, \$M
Gross Revenue	716.1	380.8
Less Uncollectible Accounts	(7.2)	(2.7)
Net Revenue	709.0	378.1
Cost of Energy	661.6	329.5
Non-Energy Costs	31.9	11.7
Subtotal Operating Expense	693.6	341.1
Debt Service	1.3	0.7
Total Expense	675.2	341.9
Net Position	14.1	36.1

FY 23 Operating Budget
Revenue Projection



FY 23 Operating Budget
Expense Projection



Budget – Key Revenue Assumptions

Item	FY 23 Proposed, \$M	FY 22 Amended, \$M
Gross Revenue	716.1	380.8
Less Uncollectible Accounts	(7.2)	(2.7)
Net Revenue	709.0	378.1

- **Opt-out rate** is assumed to be 5%.
- Participation rate in **Power100** assumed at 7% of revenues (currently 6.4% as of 5/9/22).
- **Uncollectible accounts** assumed at 1% of total gross revenue.
- Enrollment of **Phase 4** expected to begin during the first half of 2023.
- Power prices have increased in 2023 which triggered the removal of **ERRA**.

Budget – Cost of Energy

FY23 Budget Projections, \$M	Feb 2022	May 2022	June 2022
Cost of Energy	597.8	641.9	661.6

- Outlook for future years has worsened due to continued increases in forward electricity prices, with natural gas prices having reached 18-year highs.
- Between February and May, projected cost of energy for FY23 has increased 7.4% or **\$44.1 million**.
- Since May 2022, projected cost of energy for FY23 has increased 3.1% or **\$19.7 million**.

Budget by Category

FY23

FY22



Revenue

Includes Phase 1 through Phase 3. Phase 4 starts in 2023.

FY23
\$709.0m

FY22
\$378.1m



Cost of Energy

Assumes hedging as of May 2022 and forward prices for the remaining, unhedged energy.

FY23
\$661.6m

FY22
\$329.5m



Professional Services

Data Management and SDG&E fees comprise majority.

FY23
\$16.8m

FY22
\$5.1m



Personnel

14 new staff and 2 interns - Power Services to 8 staff and Programs to 7 staff.

FY23
\$7.5m

FY22
\$4.0m



Marketing and Outreach

Mandatory enrollment notices, communication consultants, mailers, printing, sponsorships.

FY23
\$4.1m

FY22
\$1.7m



General and Administrative

Office space, equipment, membership dues, and other general operational costs.

FY23
\$2.5m

FY22
\$0.8m



Programs

Initial pilot programs launch and other community-based program efforts.

FY23
\$1.1m

FY22
\$0.0m



Interest and Related Exp.

Repayment of loan principle, interest costs and potential renewal fees or letters of credit.

FY23
\$1.3m

FY22
\$0.7m

Net Position
+14.0m

FY 2023 Budget – Details



San Diego Community Power Draft Budget for FY 2022-23 Supplemental Details

	FY 2022-23 Draft Budget	% of Net Revenues
OPERATING REVENUES		
Gross Ratepayer Revenues	\$ 716,146,107	
(Less 1% Uncollectible Customer Accounts)	\$ (7,161,461)	
Net Operating Revenues	<u>\$ 708,984,646</u>	<u>100.0%</u>
COST OF ENERGY		
Cost of Energy	\$ 661,638,828	
Total Cost of Energy	<u>\$ 661,638,828</u>	<u>93.3%</u>
Gross Net Position	<u>\$ 47,345,818</u>	<u>6.7%</u>
OPERATING EXPENSES		
Professional Services and Consultants		
Data Management	\$ 10,541,810	
SDG&E Fees	\$ 2,563,226	
Technical Support	\$ 1,335,000	
Legal/Regulatory	\$ 1,268,000	
Other Services	\$ 1,108,455	
Total Prof. Svcs. Costs	<u>\$ 16,816,491</u>	<u>2.4%</u>
Personnel Costs		
Salaries	\$ 5,914,426	
Benefits (retirement/health)	\$ 1,052,803	
Payroll Taxes	\$ 408,589	
Accrued PTO	\$ 75,218	
Total Personnel Costs	<u>\$ 7,451,035</u>	<u>1.1%</u>
Marketing and Outreach		
Printing	\$ 2,323,000	
Sponsorships/Local Memberships	\$ 1,136,667	
Communications Consultants	\$ 642,000	
Total Mktg and Outreach Costs	<u>\$ 4,101,667</u>	<u>0.6%</u>
General and Administration		
Other G & A	\$ 1,937,461	
Cal CCA Dues	\$ 370,000	
Rent	\$ 180,000	
Insurance	\$ 3,902	
Total G & A Costs	<u>\$ 2,491,363</u>	<u>0.4%</u>
Programs		
Programs	\$ 1,085,000	
Total Programs Costs	<u>\$ 1,085,000</u>	<u>0.2%</u>
Net Operating Expenses	<u>\$ 31,945,556</u>	<u>4.5%</u>
Total Operating Expenses	<u>\$ 693,584,384</u>	<u>97.8%</u>
Operating Income (Loss)	<u>\$ 15,400,262</u>	<u>2.2%</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest and Related Expenses	\$ 1,314,922	
Total Non-Operating Revenues (Expenses)	<u>\$ 1,314,922</u>	<u>0.2%</u>
CHANGE IN NET POSITION	<u>\$ 14,085,340</u>	<u>2.0%</u>

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	972,500	834.28	32.665	895.25	93%
San Diego Community Power	Oct 2019	931,675	661.64	33.260***	708.98	93%
East Bay Community Energy	Dec 2016	613,263	442.34	37.757	499.70	89%
Marin Clean Energy	Dec 2008	470,000	410.70	49.436	483.96	85%
Central Coast Community Energy	Mar 2018	296,000	326.30	32.179	351.53	93%
Peninsula Clean Energy	Feb 2016	296,000	216.70	24.994	222.24	98%

*Customer accounts from CalCCA as of October 2021, SDCP customer accounts are projected as of April 2023

**Cost of energy, non-energy costs and ratepayer revenue are from FY22 adopted budgets. SDCP costs and revenue are from its June 2022 Proforma.

***SDCP includes debt service costs of \$1.3M whereas most other CCAs do have minimal or zero debt service costs.

Item 2:

Presentation of the Fiscal Year (FY) 2023 Operating Budget

**Recommendation: Recommend Board approval
of the FY 2023 Operating**

Presenter:

Dr. Eric Washington,
Chief Financial Officer



Finance & Risk Management Committee Meeting

Next Regular Meeting
July 7, 2022