

# Board of Directors

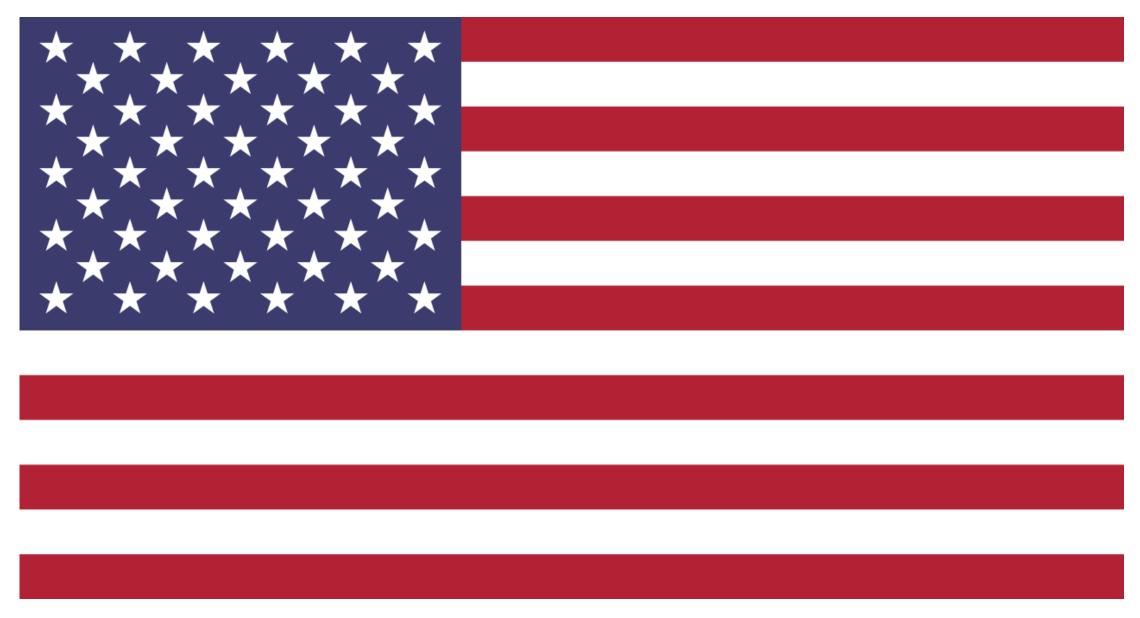
**Regular Meeting** 

**January 18, 2024** 













### Warm Welcome to our New Hires!



**Isabela Krall**Contract Management Associate



Elaine Mezta
Key Account Services Manager



Michelle Porras
Sr. Executive Assistant

# Proclamation Recognizing and Honoring Carolyn Scofield

**Outgoing Community Advisory Committee Member** 







# Consent Agenda

- 1. Approval of December 14th, 2023, Meeting Minutes
- 2. Receive and File Treasurer's Report for Period Ending 11/30/23
- 3. Receive and File Update on Programs
- 4. Receive and File Update on Power Services
- 5. Receive and File Update on Human Resources
- 6. Receive and File Update on Customer Operations
- 7. Receive and File Update on Marketing, Public Relations, and Government Affairs
- 8. Receive and File Update on Community Advisory Committee
- 9. Receive and File Update on Regulatory and Legislative Affairs
- 10. Approve Amendment to BrenTech PSA (4th Amendment) to increase
- the NTE (Not to Exceed) Value up to \$246,720 for FY 2023-2024
- 11. Approval of the Marketing Community Initiative Partnership
- Agreement with TEGNA for \$174,044 through December 31, 2024
- 12. Approval of Amendments to the CAC Scope of Work and Policies and

Procedures 10



# Regular Meeting Agenda

- 13. Election of Officers for SDCP for Calendar Year 2024
- 14. Approval of SDCP's 2024 Rates Schedule
- 15. Approval of Acceptance, Appropriation, and Expenditure of Grant Funds from the California Department of Food and Agriculture ("CDFA") for the Healthy Refrigeration Grant Program
- 16. Update on Flex Load Strategy
- 17. Approve Pelicans Jaw Solar, LLC Power Purchase Agreement (PPA)
- 18. Approve SE US Development, LLC Resource Adequacy (RA)
  Agreement
- 19. Approve Energy Storage Service Agreement (ESSA) for the Chula Vista Energy Center 2 Project
- 20. Approve Hecate Grid Scafell Storage 1 LLC Resource Adequacy (RA)

  Agreement
- 21. Approve Duran Mesa LLC Resource Adequacy (RA) Agreement

# **Election of Officers for SDCP for Calendar Year** 2024

### **Recommendation:**

Elect a Chair and Vice Chair for Calendar Year 2024.



<u>Presenter:</u> Joe LaCava, Chair



### **Recommendation:**

Elect a Chair and Vice Chair for Calendar Year 2024.



### Approval of SDCP's 2024 Rates Schedule

### **Recommendation:**

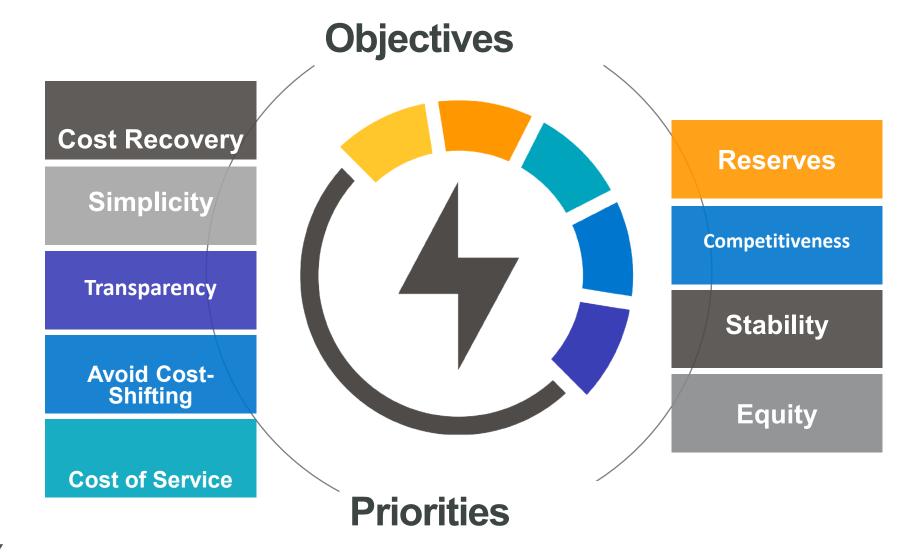
Approve the rates schedule

#### Presenter:

Lucas Utouh, Senior Director of Data Analytics and Customer Operations Jen Lebron, Director of Public Affairs



### Rate Development Policy Objectives





# Proposed Rate Decrease 2023 to 2024

2023

Winter **0.17 \$/kWh** 

Summer 0.22 \$/kWh

2024

Winter **\$0.13 \$/kWh** 

\$0.19 \$/kWh

SDCP is proposing to reduce generation rates from 2023 to 2024 across all rate schedules.



# Proposed Rate Decrease 2023 to 2024





SDCP is proposing to reduce \$/kWh rates on average **by 17.7%** from 2023 to 2024 across all rate schedules.



### **Proposed Power100**

2023

Winter 0.18 \$/kWh

Summer 0.22 \$/kWh

2024

Winter
0.14 \$/kWh

Summer 0.20 \$/kWh

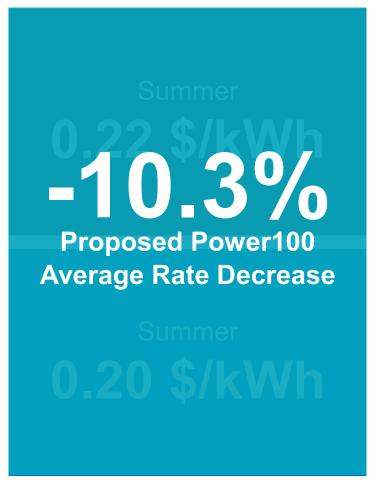


### **Proposed Power100**

2023

2024







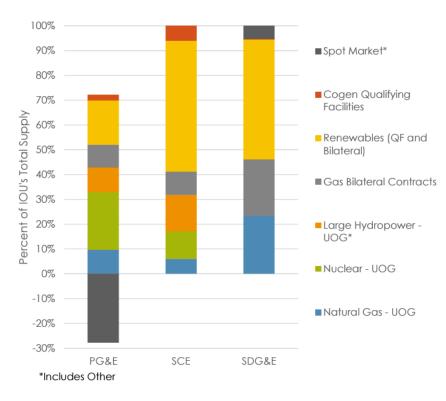
### **Cost of Energy Projection**





Prices in electricity markets exhibit high volatility, and appropriate forward procurement and hedging approaches are necessary to manage exposure to pricing volatility within the CAISO or bilateral energy markets.

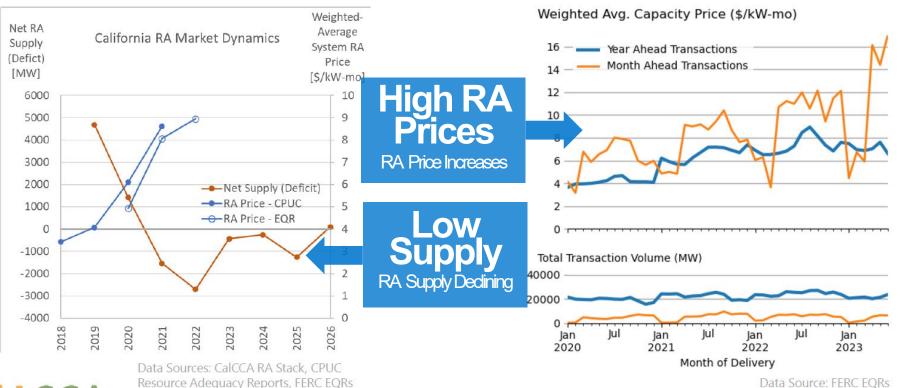
Figure 4.1: 2022 Forecast Energy Supply for Electric Utilities



From CPUC's 2022 California Electric and Gas Utility Costs report published in April 2023



### Resource Adequacy Price Projection

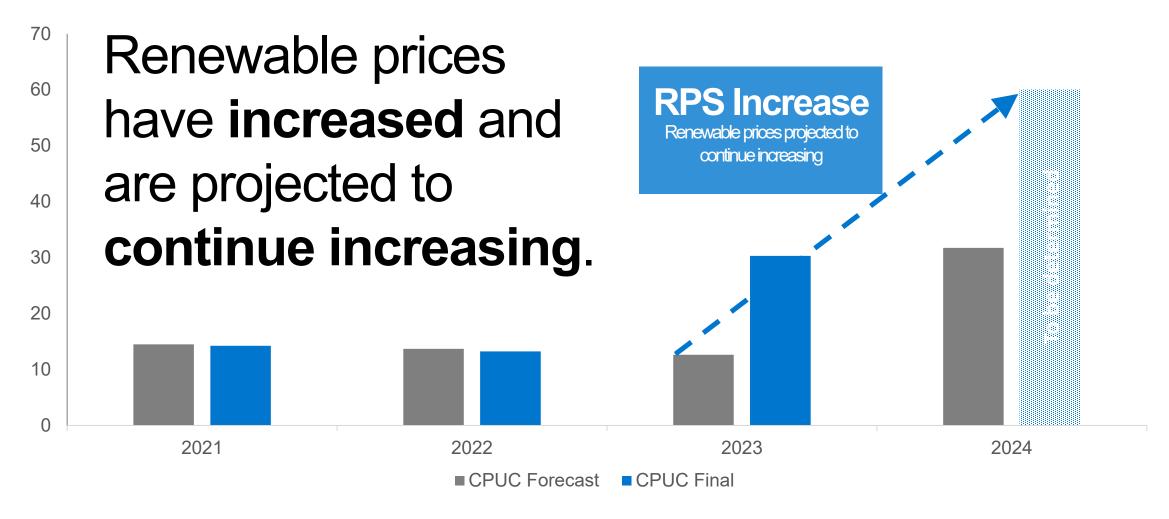


Tight market conditions lead to high RA prices.





# CPUC Renewable Portfolio Standards Market Price Benchmarks





# Scenarios Evaluated: Year-Over-Year Customer Generation Rate Averages

#### Scenario 1

16.4% decrease yearover-year (8.4 percent premium to SDG&E on Feb. 1)

- FY24 (Jan-Jun): +\$20.3M
- FY25:-\$0.1M
- Reserves Impact: +\$20.2M



#### Scenario 2

24% decrease yearover-year

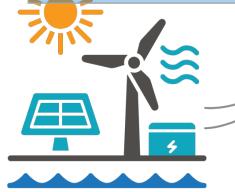
- FY24 (Jan-Jun): -\$15.9M
- FY25:-\$76.0M
- Reserves Impact: -\$91.9M



- FY24 (Jan-Jun): +\$3.2M
- FY25: +\$17.1M

on Feb. 1)

Reserves Impact: +\$20.3M











### Why Reserves?

**Long-Term Financial Power Purchase Agreements** Health **Rate Stability Programs** Leveraging **Debt Issuance Funds** 



### Reserve Strategic Goals

90-Days Cash \$250.0 million

October 2023

180-Days Cash \$500.0 million

October 2025

Investment Grade Credit Rating

November 2025

Rate Stabilization \$70.0 million

**TBD** 

Complete

In progress

In progress

In progress



### **Rate Stability Historical Trend**

Year	Count of SDG&E Generation Rate Changes*	Count of SDCP Generation Rate Change
2024	1	Pending Board Review & Approval
2023	1	1
2022	2	1
2021	5	2
2020	3	N/A
2019	4	N/A

<sup>\*</sup>Per effective date changes observed in historical SDG&E's Schedule Electric Energy Commodity Cost (EECC).



### **Staff Recommendation**

Staff recommendation for Board adoption provides the following benefits for SDCP customers and the organization:

- A 17.7% year-over-year average decrease, from 2023 to 2024, in SDCP electricity generation rates across all customer classes
- A 23.2% year-over-year average decrease, from 2023 to 2024, in SDCP electricity generation winter rates and a 12.3% year-over-year average decrease in summer rates, across all customer classes
- Renewable content (base product at 52% or 55% with zero or low carbon with SDCP vs a base product at 44.8% with SDG&E's most recent 2022 Power Content Label, published in September 2023)
- Allows SDCP to maintain its current reserve levels and work towards a 180-day cash on hand reserve target which will provide financial stability and support securing a credit rating
- Satisfies credit obligations with lenders and power purchase agreements
- Prepares SDCP for market and cost shifts

Staff also recommend adjusting the Power100 premium upwards from \$0.0075/kWh to \$0.01/kWh, effective as of July 1, 2024, to better reflect the increase in cost of procuring 100% renewable power.





### **Recommendation:**

Approve the rates schedule effective Feb. 1, 2024



Approval of Acceptance, Appropriation, and Expenditure of Grant Funds from the California Department of Food and Agriculture ("CDFA") for the Healthy Refrigeration Grant Program

### **Updated Recommendation:**

Adopt resolution authorizing the Chief Executive Officer to: (1) accept, appropriate, and expend CDFA grant funds for the Healthy Refrigeration Grant Program in an amount not to exceed \$710,000; (2) execute a grant agreement with CDFA with respect to such grant funds and to negotiate and execute any amendments, extensions, or renewals of such grant agreement; and (3) take all necessary action to administer, monitor, manage, and ensure compliance with the grant agreement and to negotiate and execute contracts with third parties to implement the grant agreement or use of grant funds.

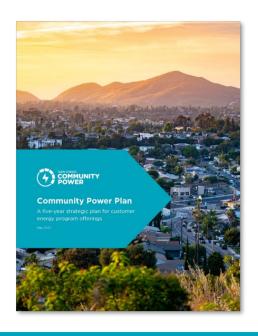


#### Presenters:

Colin Santulli, Director of Programs
Alyson Scurlock, Senior Program Associate

# Background

- At the May 2023 Board meeting, Staff presented initial pilot program concepts under exploration, including an ENERGY STAR Refrigerator/Freezer Upgrade pilot program for small commercial customers.
- In July 2023, Staff submitted a grant application to CDFA's Healthy Refrigeration Grant Program to request funding to implement the pilot program.



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

Customer Energy Awareness and Education

Application Assistance

Disadvantaged Communities Green Tariff and Community Solar Green Tariff

Pilot Programs

**Grant Programs** 



# **Healthy Refrigeration Grant Program**

- Purpose: To improve access to healthy foods in underserved communities, while promoting California-grown agriculture.
- Program provides energy-efficient refrigeration/freezer equipment to corner stores and small businesses in low-income or low-food access areas to expand their selection of fresh fruits and vegetables.





### **Grant Award**

- In late December 2023, Staff were notified that SDCP received a \$710,000 CDFA grant award.
- Grant funding will be used to provide energy-efficient refrigeration/freezer units and additional technical assistance offerings to corner stores/small businesses throughout SDCP's service territory.
  - Equipment will be used to stock California-grown foods (fresh produce, nuts, dairy, meat, eggs, and minimally processed and culturally appropriate foods).
- Full details of the pilot program will be determined after SDCP receives the grant agreement and associated scope from CDFA.

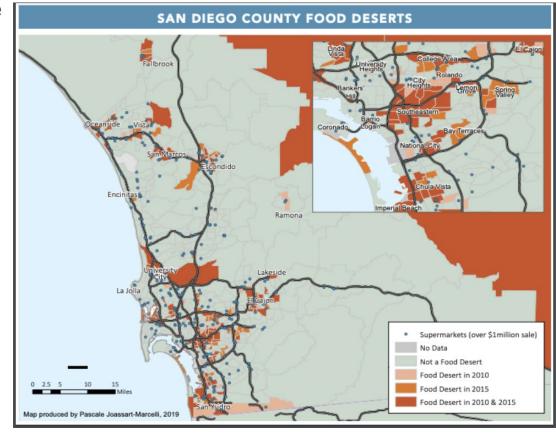






# **Eligibility Summary\***

- Corner stores or small businesses that sell or donate food to low-income or low-food access clientele.
- Low-income areas include census tracts in which the income of at least 20% of the population is at or below the federal poverty level by family size, or the median family income is at or below 80% of the median family income of surrounding census tracts.
- Low-food access areas include census tracts in which there are significant barriers to accessing a supermarket or large grocery store, which may include, but are not limited to, a census tract where at least 500 persons or 33% of the population live more than one mile, for nonrural areas, or more than 10 miles, for rural areas, from a supermarket or large grocery store.





# **Next Steps**

- Staff expect to negotiate and execute a grant agreement with CDFA in Q1 2024 and to launch the pilot program in Q2/Q3 2024.
- Following execution of the grant agreement, Staff will develop program materials, issue solicitations as necessary to contract subconsultants, and start program outreach.





## Item 15

### **Updated Recommendation:**

Adopt resolution authorizing the Chief Executive Officer to: (1) accept, appropriate, and expend CDFA grant funds for the Healthy Refrigeration Grant Program in an amount not to exceed \$710,000; (2) execute a grant agreement with CDFA with respect to such grant funds and to negotiate and execute any amendments, extensions, or renewals of such grant agreement; and (3) take all necessary action to administer, monitor, manage, and ensure compliance with the grant agreement and to negotiate and execute contracts with third parties to implement the grant agreement or use of grant funds.



## Item 16

## **Update on Flex Load Strategy**

#### **Recommendation:**

Receive and file the update on the Flex Load Strategy

Presenter:

Tim Treadwell, Senior Program Manager



# **Goals and Objectives**

#### Flexible Load Strategy Goal

To design and deliver a program portfolio that maximizes the size and value of its flexible resource base. This will enable customer load optimization, delivering direct bill savings to program participants, reducing procurement risks and costs, and enabling lower rates for the broader community. Moreover, this approach will align our efforts with the broader policy goals of the state.

#### **Short- and Long-Term Objectives**

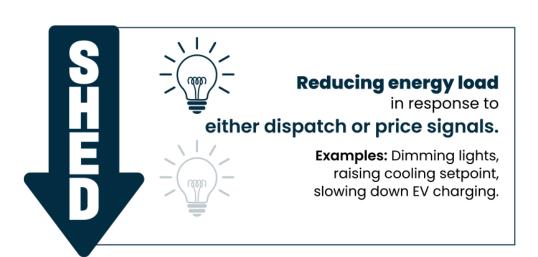
**Short term:** Document opportunities to incorporate load flexibility into program design, including DERMs/Aggregator agreements, qualified product lists (QPLs), and market integrations (e.g. CAISO), while minimizing impacts on participation requirements, costs, and complexity.

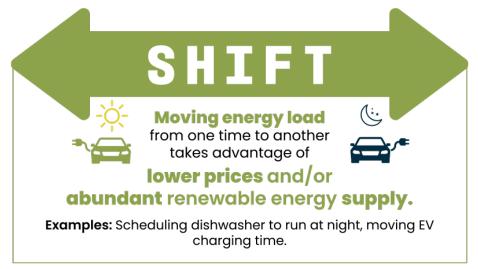
Long term: Design and implement a portfolio that maximizes the flex load value of program participants, including procurement and implementation of required software systems (i.e., DERMS) and integration with Power Services.



# Defining "Flexibility"

Load Flexibility (a.k.a. "Load Management", "Demand Management", "Demand Flexibility") refers to the ability to adjust the power of an energy-consuming or -producing device or system to meet the operational needs of the grid or end-use customers. Load flexible technologies can **shed** energy usage during peak load periods (commonly referred to as "demand response" or "DR") or **shift** energy usage to times when the grid is less congested, prices are lower, or generation is cleaner.







# **System Benefits and Goals**

In the recently released Load-Shift Goal Report, the CEC created a load flexibility framework:

Category	Impact	Examples
Load Modifying (LMDR)	Directly impacts load forecast and LSE procurement requirements.	<ul><li> TOU rates, Real Time Pricing Pilots</li><li> Daily Load Shifting Programs</li></ul>
Resource Planning and Procurement (SSDR)	Contributes to or reduces RA requirements, CAISO economic or reliability dispatch	<ul><li>Proxy Demand Resources</li><li>Reliability Demand Response</li></ul>
Incremental and Emergency	Respond to or prevent emergency conditions, do not contribute to RA obligations	<ul> <li>Emergency Load Reduction Program</li> <li>Demand Side Grid Support Program</li> <li>Distributed Electricity Backup Assets</li> </ul>



## Flex Load as a CCA Resource

Flexible load programming can increase operational efficiency and lower rates for CCA customers by reducing costs and risk associated with:

#### Energy Procurement

- Reduce on-peak usage through targeted energy efficiency and daily load shifting
- Increase consumption during low/negative pricing events using chemical/thermal storage

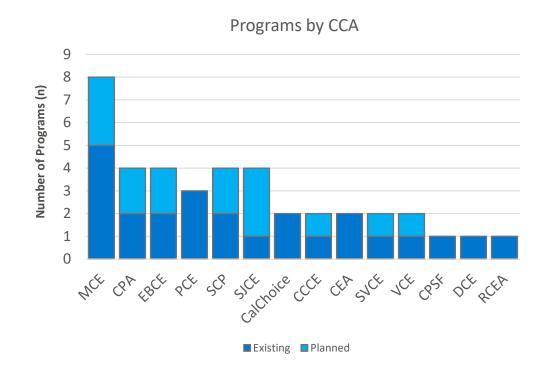
#### Resource Adequacy

 Reduce demand and RA obligation through targeted energy efficiency and daily load shifting

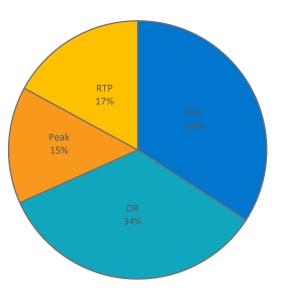


# **CCA Flex Load Programs**

As of Q3 2023, there are a mix of 40 programs that are either active or under development at CCAs across the state.







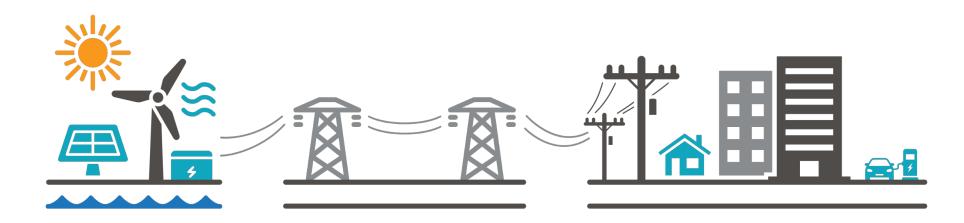
**DLS** = Daily Load Shifting, **DR** = Event based Demand Response, **Peak** = Peak Reduction/EE, **RTP** = Real Time Pricing



## Flexible Load and DERs

Load flexibility is operationalized through distributed energy resources (DERs). CEC defines DERs as:

"a diverse category of devices and technologies that interface with the electricity system at the
distribution level, either directly connected to a distribution utility's wires or on an end-use
customer's premises. Examples include distributed generation and storage, EVs and charging
stations, and grid-interactive buildings, as well as DR, flex loads, and EE strategies."





# **DER Asset Classes by Customer Type**



Residential

- HEMS/Smart panels
- Smart thermostats
- Water heating
- Energy storage
- EV charging (EVSE/telematics)
- Pool pumps
- Flex enhancing EE measures



#### HVAC and lighting controls

- Water Heating
- Energy Storage
- Flex enhancing EE measures



Commercial/Institutional

- BMS (HVAC/Lighting)
- Energy Storage (Chemical/Thermal)
- EV charging (EVSE/Fleet)
- Pool pumps
- Flex enhancing EE measures





# **Program Portfolio**

#### **Load Flexibility**

SDREN	Building Electrification	Managed Charging	Residential Storage
<ul><li>Contractor Training</li><li>Codes &amp; Standards</li><li>Direct Installation of EE</li><li>Marketplace/Incentives</li></ul>	<ul> <li>Direct Installation of EE</li> <li>Electrification Incentives</li> </ul>	<ul> <li>Control of charge timing/rate</li> </ul>	<ul><li>Storage Incentives</li><li>Control of charge/ discharge</li></ul>



# **Integration Strategies**

#### **Qualified Product List**

- Devices restrict options to devices that are grid enabled
- OEMs prioritize/limit(?) to those with a diversity of DERMS integrations

#### **Incentives Payments**

- Upfront integrate payment into purchase/installation process
- Reoccurring include monthly and/or performance-based payments

#### **Direct Installation**

- Enrollment customer acceptance of T&C while onsite
- Commissioning verify device registration within DERMS or OEM Cloud

#### Terms & Conditions

- Dispatch allow for evolution in operational strategy
- Design allow for changes to DERMS architecture

#### Technical Assistance

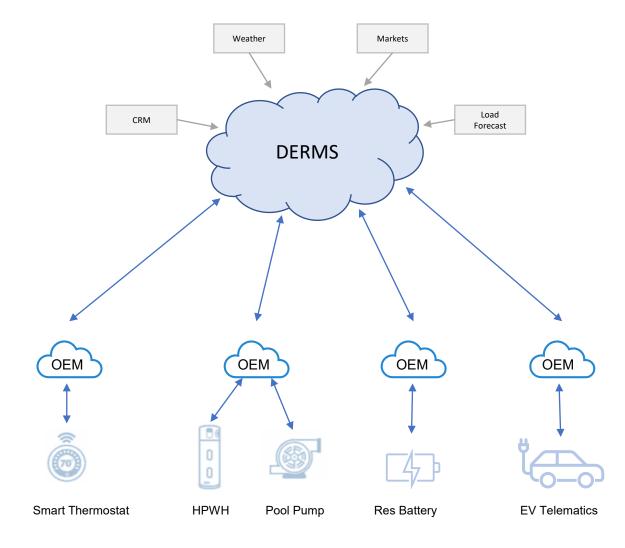
- Contractor Training train on flex load measure installation and commissioning
- Code & Standards code officials on new flex requirements/options



## **DERMS**

A Distributed Energy Resource Management System (DERMS):

- Is a software platform that enables real-time operation of grid-connected DERs
- Incorporates data points, such as weather, wholesale prices, and consumer behavior/preference to optimize how, when, and where energy is consumed, produced, or stored
- Enable a range of objectives related to distribution grid operations, end-customer value, and market participation.
- Are still an emerging technology so there is considerable variation in the asset, integrations, communication protocols, and control capabilities available across platforms.

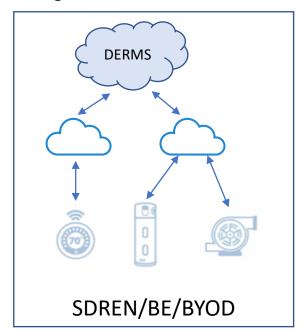




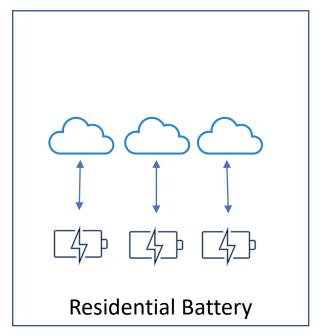
## **DERMS Architecture - Phase I**

#### Mid 2024

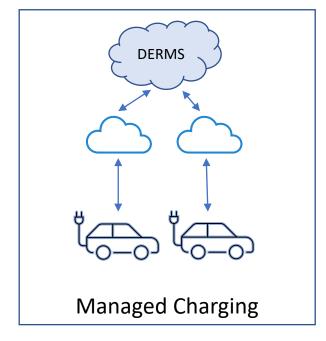
Pilot basic operation with Programs and Power Services



Control batteries as standalone asset through OEM cloud



Focus on leading OEMs while integration market develops

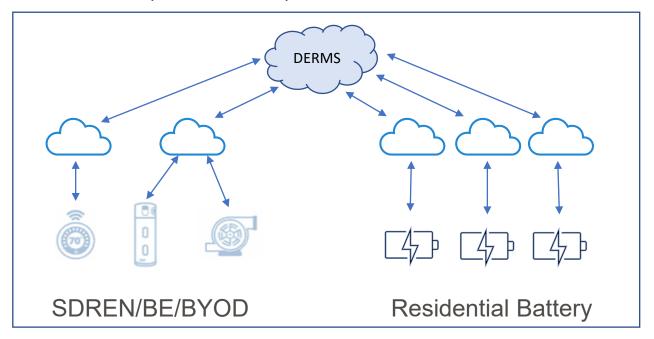




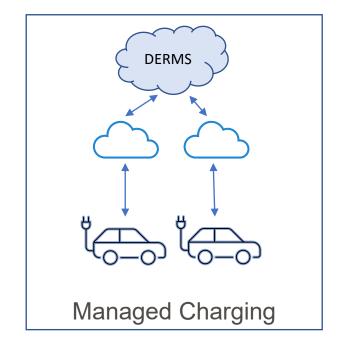
## **DERMS Architecture - Phase II**

#### **Early 2025**

Consolidate non-vehicle assets into a single platform to enable coordinated dispatch and rate optimization



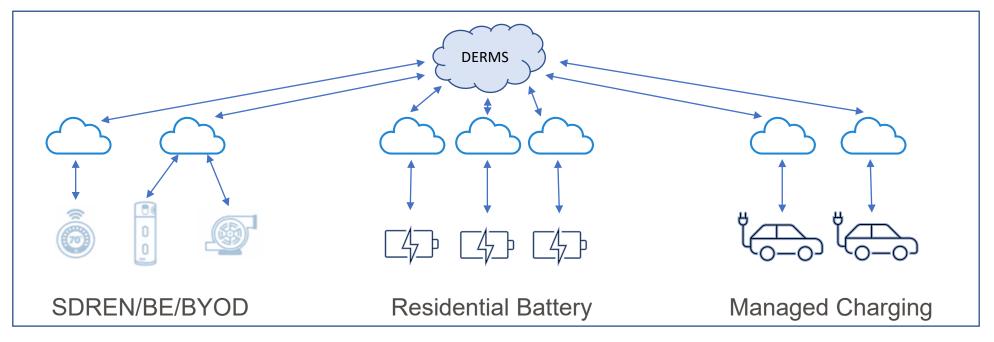
Incorporate additional OEMs as available





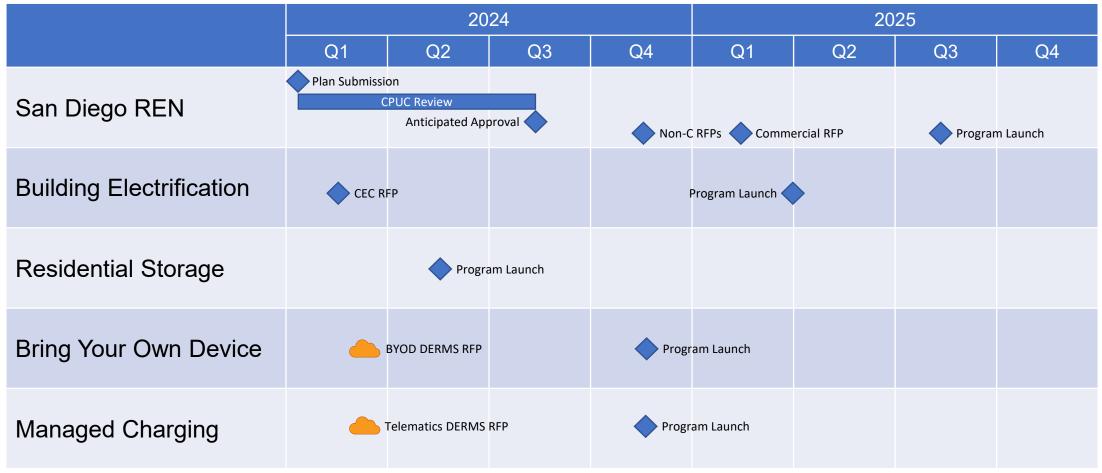
## **DERMS Architecture - Phase III**

Late 2025-2026





# Flex Load Strategy Tentative Timeline







## Item 16

#### **Recommendation:**

Receive and file the update on the Flex Load Strategy



# Item 17 Approve Pelicans Jaw Solar, LLC Power Purchase Agreement (PPA)

Recommendation: Approve a 15-year PPA with Pelicans Jaw Solar, LLC for a 226 MW solar photovoltaic electric (PV) generation facility and a 118 MW (4-hour) Battery Energy System Storage (BESS) facility

<u>Presenter</u>:

Byron Vosburg, Managing Director Power Services



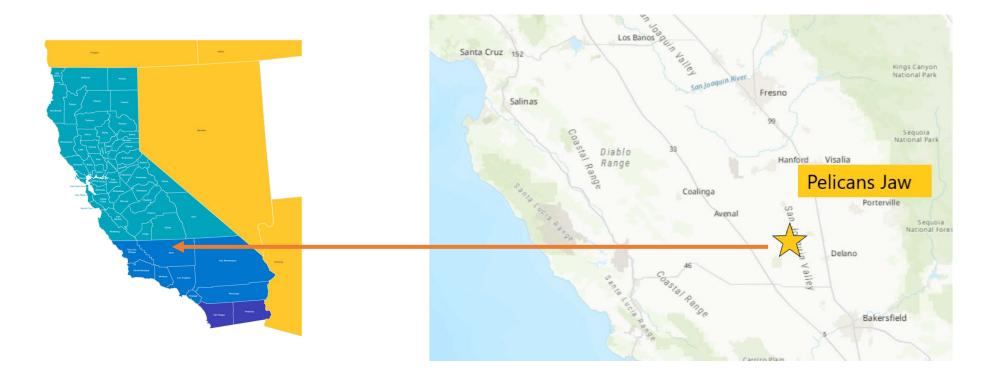
#### **SDCP Long-Term Procurement**

- Goal of 75% renewables by 2027, 100% renewables by 2035
- Long-term PPAs provide developers with a certain revenue stream against which they
  can finance up-front capital requirements, incentivizing new incremental renewable
  energy and storage buildout.
- Long-term PPAs provide power supply cost certainty in SDCP's portfolio.
- CPUC requires significant long-term purchase commitments for resource adequacy from new, incremental generation facilities that will achieve commercial operation during 2023 through 2026.
- This project came through a competitive solicitation SDCP issued in early 2023. The
  project was shortlisted by SDCP's energy contract working group.



### **Pelicans Jaw: Project Summary**

- 226MW PV and 118/472 MWh (4-hour) lithium-ion battery
- Location: Kern County





#### Pelicans Jaw: Key Terms

- Product: RPS, capacity and ancillary services
- Pricing: Fixed for a 15-year term
- Timeline: Guaranteed Commercial Operation Date is April 1, 2027
- SDCP receives financial compensation for failure to meet certain performance requirements including but not limited to achieving certain development milestones and meeting guaranteed efficiency rates over the delivery term.



#### Pelicans Jaw: Staff Analysis

- The Pelicans Jaw project will contribute to SDCP's 100% renewable by 2035 target, providing over 637,000 MWh of renewable energy per year, in addition to energy management and capacity benefits from battery energy storage.
- With commercial operations commencing in 2027, Pelicans Jaw would help fulfill SDCP's Mid-Term Reliability requirements under CPUC D.21-06-025.
- Pricing is competitive with comparable product offerings received from SDCP's recent RFPs. The long-term purchase of energy, RPS attributes, and capacity will provide SDCP with significant value and cost certainty over the term of this PPA.
- SBE is a California-based solar and storage developer, owning and operating 1.4 GWac of solar projects in US, including 450 MWac of solar projects operating in California with 3 GWac of solar and 4.5 GWac of storage in its California pipeline, including the Pelicans Jaw project.



#### Pelicans Jaw: Workforce Development and Community Benefits

- The project will provide 400 construction jobs and 3 permanent jobs.
- The project has a fully executed Project Labor Agreement with:
  - Operating Engineers Local 12 San Diego, CA
  - Southwest Regional Council of Carpenters Los Angeles, CA
  - Southern California District Council of Laborers and its affiliated Local Union 220 Bakersfield, CA
  - IBEW Local 428 Bakersfield, CA
  - IBEW Local Union 47 Diamond Bar CA
  - Ironworkers Locals 416 and 433 Norwalk, CA & City of Industry, CA
- The project has committed \$500,000 to a community benefit fund to benefit SDCP customers.





## **Item 17**

Recommendation: Approve a 15-year PPA with Pelicans Jaw Solar, LLC for a 226 MW solar photovoltaic electric (PV) generation facility and a 118 MW (4-hour) Battery Energy System Storage (BESS) facility



# Item 18 Approve SE US Development, LLC Resource Adequacy (RA) Agreement

Recommendation: Approve an FCDS-contingent 5-year RA Agreement with SE US Development, LLC for up to 402 MW of (4-hour) Battery Energy System Storage (BESS) capacity

Presenter:

Byron Vosburg, Managing Director Power Services



#### **Athos: Project Summary**

- Athos Storage is a stand-alone storage project being developed by SB Energy (SBE) at its existing solar site
- 402/1,208 MWh (4-hour) lithium-ion battery
- Location: Riverside





#### **Athos: Key Terms**

- Product: Resource Adequacy
- **Pricing:** Fixed for a 5-year term
- Timeline: Guaranteed Commercial Operation Date is June 1, 2026
- **Deliverability:** Contract is contingent on SBE obtaining delivery for the Athos project via the CAISO Transmission Planning Process in 2024
- SDCP would receive financial compensation in the event of seller's failure to successfully achieve certain development milestones as well as seller's failure to meet guaranteed resource adequacy guarantees once the project is operational.
- SDCP would receive an option to contract with SBE a full energy service storage agreement for the Athos project for deliveries beginning in 2029 should the project obtain deliverability in the 2024 CAISO Transmission Plan Process



#### **Athos: Staff Analysis**

- The project would contribute to SDCP's resource adequacy contracting goals.
- Pricing is competitive with comparable product offerings received from SDCP's recent RFPs. The long-term purchase of resource adequacy will provide SDCP with significant value and cost certainty over the term of this agreement.
- SBE is a California-based solar and storage developer, owning and operating 1.4 GWac of solar projects in US, including 450 MWac of solar projects operating in California with 3 GWac of solar and 4.5 GWac of storage in its California pipeline, including the Pelicans Jaw project.



#### **Athos: Workforce Development and Community Benefits**

- The Athos project will provide 45-50 construction jobs and 1 permanent job.
- The project is committed to executing a **Project Labor Agreement** and will identify the unions involved when the agreement is negotiated.
- The project will be developed at SBE's operating Athos I & II solar projects, minimizing any impacts on the surrounding communities.





## Item 18

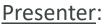
Recommendation: Approve an FCDS-contingent 5-year RA Agreement with SE US Development, LLC for up to 402 MW of (4-hour) Battery Energy System Storage (BESS) capacity



## Item 19

Approve Energy Storage Service Agreement (ESSA) for the Chula Vista Energy Center 2 Project

Recommendation: Approve an FCDS-contingent 15-year ESSA with the Chula Vista Energy Center 2 Project for a 49.7 MW (4 hour) Battery Energy System Storage (BESS) facility



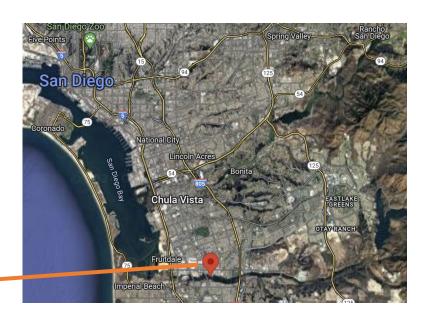
Byron Vosburg, Managing Director Power Services



### **CVEC2: Project Summary**

- Chula Vista Energy Center 2 (CVEC2) is a stand-alone storage project being developed by Wellhead Electric Company, Inc. (Wellhead)
- 49.7/198.8 MWh (4-hour) lithium-ion battery
- Location: San Diego







### **CVEC2: Key Terms**

- Product: Full toll and Resource Adequacy benefits
- Pricing: Fixed for a 15-year term
- Timeline: Guaranteed Commercial Operation Date is June 1, 2026
- **Deliverability:** Contract is contingent on Wellhead obtaining delivery for the CVEC2 project via the CAISO Transmission Planning Process in 2024, 2025, or 2026
- SDCP would receive financial compensation in the event of seller's failure to successfully achieve certain development milestones as well as seller's failure to meet guaranteed efficiency rates once the project is operational.



### **CVEC2: Staff Analysis**

- The project would contribute to SDCP's local capacity target.
- With commercial operations commencing in 2026, the project would help fulfill SDCP's Mid-Term Reliability requirements under CPUC D.21-06-025.
- Pricing is competitive with comparable product offerings received from SDCP's recent RFO for stand alone storage and the long-term purchase of capacity, energy arbitration, and ancillary services will provide SDCP with significant value and cost certainty over the term of this ESSA.
- Wellhead and/or its affiliates currently own and/or operate eleven generating projects totaling over 525 MW.



### **CVEC2: Workforce Development and Community Benefits**

- Wellhead is committed to using union labor at the project.
- Project development will bring approximately 130 clean-energy jobs throughout construction and will be staffed during operations by Wellhead's 6-person San Diego area O&M staff.
- Project is located in a disadvantaged community and will help displace local and regional gasfired generation in peak hours and fewer renewable curtailments will occur.
- Wellhead is providing scholarships to local high schools for students continuing education in the areas of Science, Technology, Engineering and Math.





Recommendation: Approve an FCDS-contingent 15-year ESSA with the Chula Vista Energy Center 2 Project for a 49.7 MW (4 hour) Battery Energy System Storage (BESS) facility



## Approve Hecate Grid Scafell Storage 1 LLC Resource Adequacy (RA) Agreement

Recommendation: Approve an FCDS-contingent 10-year RA Agreement with Hecate Grid Scafell Storage 1 LLC for 50 MW of Battery Energy System Storage (BESS) capacity

<u>Presenter</u>:

Asikeh Kanu, Portfolio Manager



### **SDCP RA Procurement**

- Long-term RA agreements provide cost and capacity certainty in SDCP's portfolio
- CPUC requires significant long-term purchase commitments for resource adequacy from new, incremental generation facilities that will achieve commercial operation during 2023 through 2028.
- Pursuant to D.08-06-031 and D.09-06-028, LSEs (e.g. SDCP) may utilize local resources that are expected to come online in the future to address CPUC local RA obligations.



### **Scafell Project Summary**

- 50MW/200MWh (4-hour) lithium-ion battery
- Location: Ramona, CA (San Diego County)
- Interconnection: CAISO (Creelman Substation)







### Scafell: Key Terms

- Product: SD-IV Local RA
- Pricing: Fixed for a 10-year term
- **Timeline:** Guaranteed Commercial Operation Date is March 1, 2027 (incentive for June 1, 2026 COD)
- Deliverability: Contract is contingent on Hecate Grid obtaining delivery for the Scafell project via the CAISO Transmission Planning Process in 2024
- SDCP receives financial compensation for failure to meet certain performance requirements including but not limited to achieving certain development milestones and meeting guaranteed efficiency rates over the delivery term.



### Scafell: Staff Analysis

- The Scafell project will contribute to SDCP's local RA target, providing 50 MW of local capacity yearly through 2035.
- Should commercial operations commence in 2026, Scafell would help fulfill SDCP's Mid-Term Reliability requirements under CPUC D.21-06-025.
- Pricing is competitive with comparable RA offers received from SDCP's recent RFPs.
- Hecate Grid has 135MW/290MWh of BESS projects in operation and construction with 7 GW of BESS projects in development across the country.



### Scafell: Workforce Development & Community Benefits

- Project development will bring approximately 50 clean-energy jobs throughout construction and will be staffed by one full-time employee during operations.
- Hecate Grid intends to execute a PLA with qualified union labor including trade apprentices to construct this project (in accordance with the Inflation Reduction Act).
- Project will help displace local and regional gas-fired generation in peak hours and contribute to a decrease in renewable curtailments.
- The project has committed \$25,000 to a community benefit fund to benefit SDCP customers.





Recommendation: Approve an FCDS-contingent 10-year RA Agreement with Hecate Grid Scafell Storage 1 LLC for 50 MW of Battery Energy System Storage (BESS) capacity



## Approve Duran Mesa LLC Resource Adequacy (RA) Agreement

Recommendation: Approve an 11 to 13—year RA Purchase and Supply Agreement with Duran Mesa LLC for 51 MW of wind capacity



Andrea Torres, Senior Portfolio Manager



### **Duran Mesa/SunZia: Project Summary**

- Product: Resource adequacy from 51 MW of wind capacity, first from the operational Duran Mesa project (part of the larger Western Spirit portfolio), then from the developing approximately 3,000 MW SunZia Wind project once its operational.
- Location: Torrance, Lincoln and San Miguel counties, New Mexico
- Source: Bilateral negotiations





### **Duran Mesa/SunZia: Key Terms**

- Product: Resource adequacy benefits
- Pricing: Fixed \$/kW-month pricing for a 11 to 13-year term
- **Timeline:** Initial deliveries commence on January 1, 2025. Delivery term tenor ensures 10 years of delivery from the SunZia Wind project to conform to the CPUC's mid-term reliability requirements for load serving entities.
- Performance requirements: SDCP would receive financial compensation in the event of seller's unexcused failures to deliver resource adequacy benefits



### Duran Mesa/SunZia: Staff Analysis

- The contract will contribute to SDCP's mid-term resource adequacy contracting goals starting with the 2025 compliance year.
- Pricing is competitive with comparable product offerings received from SDCP's recent RFPs. The long-term purchase of resource adequacy will provide SDCP with significant value and cost certainty over the term of this agreement.
- Pattern provides \$50,000 annually to the Corona Landowners Association which provides scholarships to local students.
- Pattern supports the Region 9 Educational Cooperative through a grant match to support youth vocational education on a mobile wind and solar technical training program.
- SunZia Wind has received letters of support from IBEW International President,
   Kenneth Cooper and from the New Mexico Building Construction & Trades Council.





**Recommendation:** Approve an 11 to 13—year RA Purchase and Supply Agreement with Duran Mesa LLC for 51 MW of wind capacity





# Your Energy Resource: SDCP's Quarterly Newsletter



#### Your Energy Resource

San Diego Community Power Newsletter

San Diego Community Power is your community-driven clean energy provider. At SDCP, we're working to lead the San Diego region towards a healthier, more sustainable future.



Get to Know San Diego Community Power

San Diego Community Power is a not-for-profit public agency bringing the San Diego region cleaner energy at competitive rates. We purchase energy from renewable sources, like solar or wind, and SDG&E then delivers that power to your home or business.

Learn More



Introducing Our Electrification Marketplace!

San Diego Community Power has partnered with Electrum to help you bring residential solar and battery storage to your home. Through our marketplace, powered by Electrum, you can receive estimates and connect with licensed contractors who can help make these projects a reality. In addition, our website can help you learn more about electrification and how it can benefit you and your family.

Flectrify Your Li



Power100 Champion Bivouac Ciderworks on Sustainability as a Small Business

Power100 Champions are local businesses that partner with San Diego Community Power to opt up to 100% renewable energy. We recently sat down with the founder of Bivouac Cideworks to discuss how Power100 Champions is helping her small business achieve its sustainability goals.

Read Mor



Get Involved with SDCP — Join Our Community Advisory Committee (CAC)

Our CAC is made up of two community representatives from each of our seven member agencies. CAC members provide guidance to our Board of Directors and contribute to programs bringing cleaner energy to the San Diego region. Applications are now being accepted to fill two vacancies: Chula Vista and the Country of San Diego (unincorporated areas).

Learn More or Appl



#### Introducing Our Electrification Marketplace!

San Diego Community Power has partnered with Electrum to help you bring residential solar and battery storage to your home. Through our marketplace, powered by Electrum, you can receive estimates and connect with licensed contractors who can help make these projects a reality. In addition, our website can help you learn more about electrification and how it can benefit you and your family.

**Electrify Your Life** 



### Illuminate Unity, Empower Community

San Diego Community Power, your community-driven energy partner, committed to a cleaner, brighter future for San Diego.



# Out in the Community for MLK Day

All People's MLK Breakfast:



**MLK Parade and Festival:** 



## WE ARE (STILL) HIRING!

### **Open Positions**

Data Scientist

### Interviewing

- Data Engineer
- IT Manager
- Clerk of the Board

Veera Tyagi, General Counsel - starts Feb. 1







Next Regular Board of Directors Meeting

February 22, 2024