SAN DIEGO COMMUNITY POWER

Board of Directors

Regular Meeting

October 26, 2023

Welcome & Call to Order

Roll Call

SAN DIEGO COMMUNITY POWER

Land Acknowledgement

Warm Welcome to our New Hires!

Timothy Treadwell
Senior Program Manager

#dreamteam

Ashley Rodriguez
Local Government Affairs Manager

Aaron Lu
Senior Rates and Strategy Analyst

Christopher Stephens
Procurement Manager

Items to be Added, Withdrawn or Reordered on the Agenda

Public Comment for Items NOT on the Agenda

Consent Agenda

1. Approval of September 28, 2023 Meeting Minutes
2. Receive and File Treasurer's Report for Period Ending August 31, 2023
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 and Public Relations
8. Receive and File Update on Community Advisory Committee
9. Receive and File Update on Legislative and Regulatory Affairs
10. Approval of Ascend Analytics Pilot Extension Agreement for PowerSIMM Pilot Support Services for $50,000 through December 31, 2023
11. Approval of 10-year, 6MW Resource Adequacy Agreement with EnerSmart Alpine BESS LLC and authorize the CEO to execute the Agreement
12. Approval of SDCP New Alternate to the La Mesa Environmental Sustainability Commission
13. Approval of Amended and Restated Engagement Letter with Keyes and Fox LLP for up to $550,000 for Legal Services for Power Procurement through December 31, 2023

Public Comment for Consent Agenda

Regular Meeting Agenda

14. Update on Fiscal Year End 2023 Financial Audit Progress Report
15. Update on Regional Energy Network (REN) Progress
16. Approval of the Net Billing Tariff
17. Approval of Updates to the Existing Net Energy Metering (NEM) Tariff
18. Update on Local Distributed Infill Plan
19. Approval of the NextEra Desert Sands Standalone Storage Energy Storage Services Agreement (ESSA)
20. Approval of the Pattern SunZia Power Purchase Agreement (PPA)

Item 14

Fiscal Year End 2023 Financial Audit Progress Report Presentation

Recommendation:

Receive and File Fiscal Year End 2023 Financial Audit Progress Report Presentation

Presenter:
Dr. Eric Washington,
Chief Financial Officer

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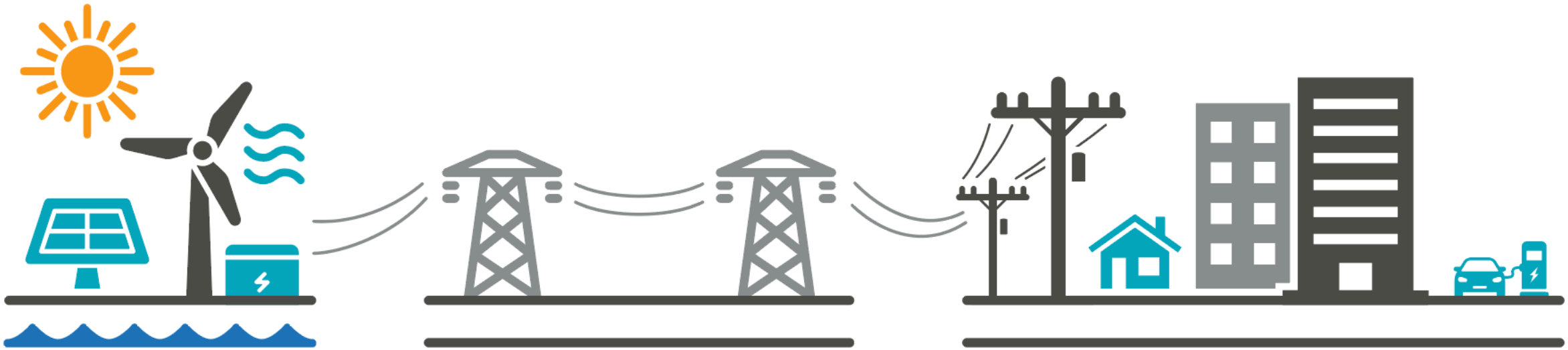
FYE 23 Audit Timeline

July	August	September	October	November
Board approves contract extension with Pisenti & Brinker	FYE 23 SDCP Audit Engagement Begins	FYE 23 Audit in Progress	**FRMC** FYE 23 Audit Update **Board** FYE23 Audit Update	**FRMC** receives full FYE 23 Audit **Board** receives full FYE 23 Audit



PISENTI & BRINKER LLP

Certified Public Accountants & Advisors

San Diego Community Power

Report to the Board of Directors

October 26, 2023

Pisenti & Brinker LLP Introduction:

- Brett Bradford, CPA
  - Audit Partner
  - 20 years in public accounting and performing audits of government entities
  - Currently working with several CCA's throughout California

- Aliandra Schaffer
  - Supervisor
  - 4 years in public accounting and performing audits of governments (CCA's)

Update on Status of current audit:

- The June 30, 2023 audit is well underway:
  - No issues to report at this time.
  - The audit is going well and we are receiving all requested data.
  - We are approximately 90% complete at this time.
  - No significant deficiencies or material weakness in internal control noted at this time.

Questions?

Brett Bradford: 707-577-1582
Aliandra Schaffer: 707-577-1535

PISENTI & BRINKER LLP

Certified Public Accountants & Advisors

Public Comment for Item 14

Item 14

Recommendation:

Receive and File Fiscal Year End 2023 Financial Audit Progress Report Presentation

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Item 15

Update on Regional Energy Network (REN) Progress

Recommendation:

Receive and File the Update on Regional Energy Network (REN) Progress

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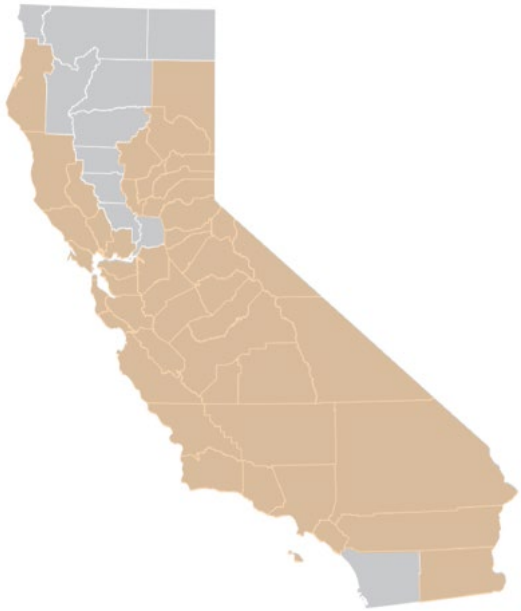
Presenters:
Colin Santulli, Director of Programs
Sheena Tran, Senior Program Manager

Regional Energy Network (REN)

In 2012, the CPUC issued a decision inviting local governments to collaborate and submit proposals for **a new model for administering energy efficiency programs**. REN criteria includes:

- Activities that utilities cannot or do not intend to undertake
- Pilot activities where there is no current utility offering and where there is potential for scalability to a broader geographic reach, if successful
- Activities serving hard-to-reach markets, whether or not there is another utility program that may overlap



Tan shaded areas indicate existing REN territory

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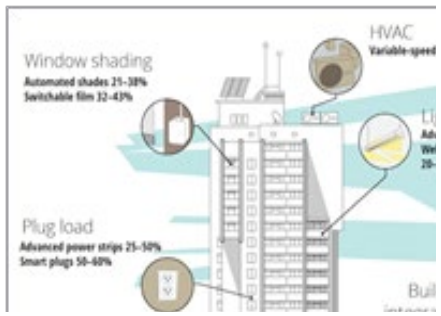
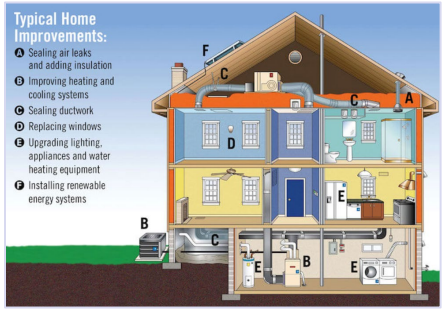
Agenda

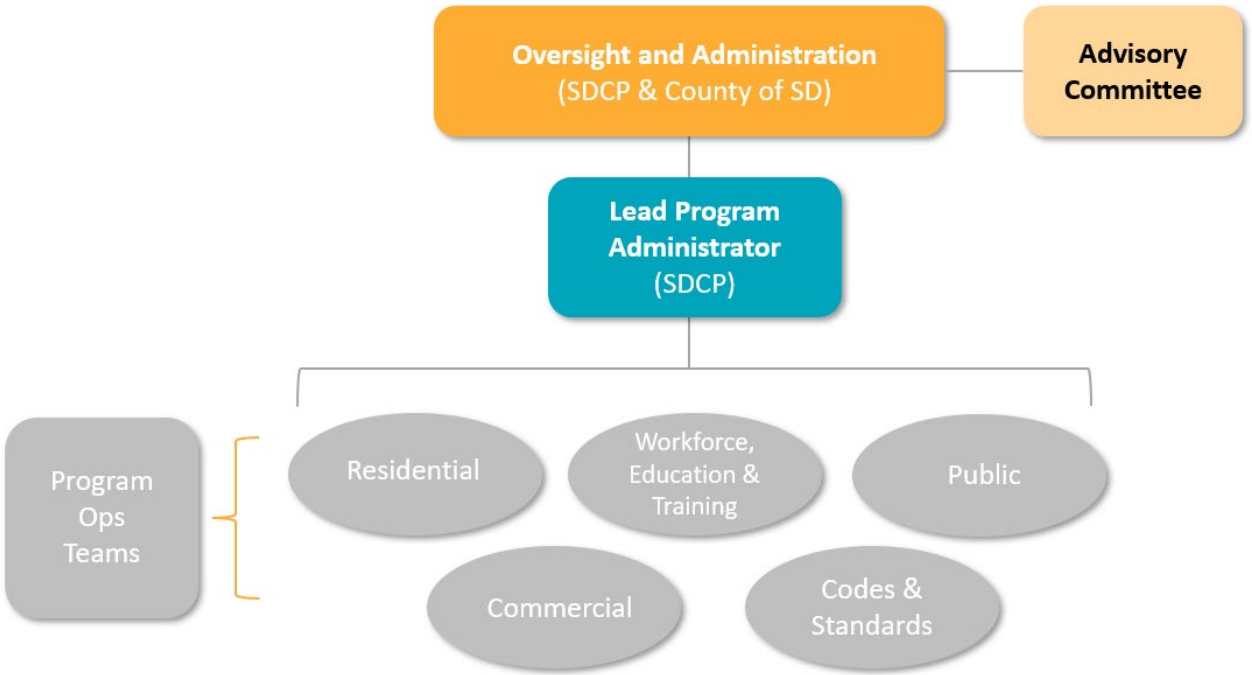
- SDREN Governance Structure and Core Values
- Draft SDREN Programs
- Stakeholder Engagement
- Timeline and Next Steps





SDREN Structure and Core Values

SDREN Governance Structure



- **Oversight and Administration** – Portfolio-level vision and strategy; enact program changes during portfolio cycle; oversee future Business Plan development
- **Lead Program Administrator** – Fiscal, regulatory, procurement, program management
- **Advisory Committee** – Advisement on outreach & enrollment, feedback on program evaluation reports, recommendations on program improvements
  - Local & Regional Governments
  - CBOs
- **Program Operations Teams** – Oversee day-to-day program operations; primarily consist of program managers and 3rd party implementers

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SDREN Core Values

Integrate a collaborative and purposeful investment in the region's underserved and hard-to-reach communities

Grow a regional clean power economy that creates opportunities for the local workforce

Be a trusted local resource to coordinate regional policy, partnerships, and programs

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Icons via flaticon.com

SDREN Draft Programs and Budget

Sectors and Budget Allocation

Sectors and Target Population

1. **Workforce, Education & Training** – High School students, adult workforce, and employers
2. **Codes & Standards** – City and County permitting authorities
3. **Residential** – Homeowners, renters, property owners, tenants
4. **Commercial** – Small and medium businesses
5. **Public** – All public agencies within San Diego County

Budget Allocation

- Initial 4 year (2024-2027) annual budget - $25M - $35M
- Residential, Commercial, and Public sectors ~75% of total budget allocation

SDREN WE&T

	Audience	Description	Sample offerings
WE&T Program 1	High school students	Provide exposure to green careers, enrollment in college courses and connections with employers	1:1 career pathway assistance, dual enroll in STEM college courses at no cost, paid internship, wraparound services
WE&T Program 2	Adult workforce	Provide training and connect participants with jobs in clean energy economy	Training and certification course at no cost, networking opportunities, on-the-job Training, wraparound services
WE&T Program 3	Employers	Work with employers to develop career pathways, provide assistance to ensure employees move through pathways	Stipends to participate in trainings; training program development; training policy development

Expected Budget Allocation: ~20% of overall portfolio budget

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SDREN Codes & Standards

	Audience	Description	Sample Offerings
C&S Program 1	Public agencies – Permitting authorities	Policy and compliance support and enhancing communication and experience between permitting authorities and permit applicants.	Needs assessment; Tools & Templates; Customized one-on-one support; Educational workshops

Expected Budget Allocation: ~5% of overall portfolio budget

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SDREN Residential

	Audience	Description	Sample Measures
Res Program 1: Multifamily	Tenants; Property owners/ managers	Site assessments, customized technical assistance, and rebates to property owners Kits and education to tenant (possible direct install) **coordinated with SDG&E program*	Individual and central HPWH, LED lighting/bulbs, HVAC heat pump, smart thermostats, controls, duct sealing/insulation, pool pump VSD, showerheads, aerators, recirculation pumps, heat pump clothes dryer, induction stove
Res Program 2: Single family	Homeowners; renters	Provide guidance to identify energy programs and upgrades through connected contractors for homeowners Provide kits and education to renters (possible direct install)	HPWH, smart power strips, HVAC heat pumps, shower heads, aerators, LED bulbs, attic insulation, induction stove, recirculation pumps, HP clothes dryer

Expected Budget Allocation: ~30% of overall portfolio budget

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SDREN Commercial

	Audience	Description	Sample Measures
Comm Program 1	Small and medium businesses	Raise awareness and increase adoption to EE practices & measures. Connect a dedicated energy coach to educate SMBs on the value of EE, support access to funding and financing, facility assessments, offer technical assistance & direct install. **coordinated with SDG&E program*	Smart thermostats, HVAC tune-up, LED lighting, controls, behavioral, heat pumps, duct sealing, appliances, faucet aerators, auto door closers, VFDs, window film, smart plugs
Comm Program 2	Small corner stores and food donation centers	Refrigeration replacement, direct install	Glass door and solid door refrigeration & freezer units
Comm Program 3	Commercial property owners	Work with contractors to offer customized incentives to reduce energy use at peak times	Smart thermostats, HVAC, LED lighting, controls, behavioral, heat pumps, duct sealing, appliances, VFDs, smart plugs

Expected Budget Allocation: ~30% of overall portfolio budget

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SDREN Public

	Audience	Description	Sample Measures
Public Program 1	Public agencies: • Cities • County • Educational agencies • Special districts	Customized and unbiased hands-on expert guidance and support services from EE project identification to completion for public facilities and assets including access to funding and financing. Focuses on decarbonization measures. Agency-wide benchmarking and strategic energy resilience planning **coordinate with SDG&E Public Sector programs*	**EE measures:** HVAC, HPWH, LED lighting, pipe insulation, window film, pumping, process optimization, RCx, controls, EMS upgrades **DER high-level educational resources:** PV, batteries, EVs, DR programs, solar hot water heating, water efficiency
Public Program 2	Tribes	Tribal engagement to determine community needs for EE program services; collaborate on program design modifications, specialized initiatives, outreach and delivery. **coordinate with County of SD tribal liaison*	Overall stakeholder engagement and outreach; establish SDREN tribal collaborative efforts; customized program outreach; initiative design services

Expected Budget Allocation: ~15% of overall portfolio budget

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SDREN Engagement

Stakeholder Engagement

CBOs/NGOs

- MAAC
- Project New Village
- Art Produce
- Chicano Federation
- Casa Familiar
- SD Regional Climate Collaborative
- Climate Action Campaign
- SD Building Electrification Coalition

Local/Regional Public Agencies

- City of San Diego
- County of San Diego
- Imperial Beach
- Encinitas
- Chula Vista
- La Mesa
- National City
- Vista
- Oceanside
- Clean Energy Alliance
- Coronado
- Carlsbad
- Port of SD
- SANDAG
- SD County Regional Airport Authority

Industry

- South County Economic Development Council
- Cleantech San Diego
- SD Chamber of Commerce
- SD Green Building Council
- City of San Diego Business Improvement District Alliance

Other

- SDG&E
- IBEW 569
- CPUC Energy Division
- Existing RENs
- San Diego Foundation
- International Code Council (ICC) SD Chapter
- Community Colleges
- SD Workforce Partnership

Timeline and Next Steps

REN Formation Timeline

May – October 2023:

- Governance Structure
- Draft Program Development
- Ongoing stakeholder engagement (20+ presentations)

November – December 2023:

- 10/26 SDCP BoD Progress Update
- Compile letters of support
- 12/16 SDCP BoD Seeking Approval
- End Dec File Business Plan

January 2024 - TBD:

- CPUC public process
- Develop and file Implementation Plans
- Release RFPs for Implementation

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Public Comment for Item 15

Item 15

Recommendation:

Receive and File the Update on Regional Energy Network (REN) Progress

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Item 16

Approval of the Net Billing Tariff

Recommendation:

Approve the Net Billing Tariff

Presenters:
Jack Clark, Chief Operations Officer
Colin Santulli, Director of Programs
Nelson Lomeli, Program Manager

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Table of Contents

What is Net Billing Tariff?

What is Net Billing Tariff?

- Net Billing Tariff (NBT) is the next evolution in the new set of rules in California for customers who generate their own clean electricity on-site.
- NBT replaces Net Energy Metering (NEM) on how customers are compensated for self-generating electricity that they export to the grid to reduce their electric utility bill.
- NBT is for new generation customers that interconnected on or after April 15, 2023.
- Does not impact current NEM customers until they complete their 20-year legacy period.

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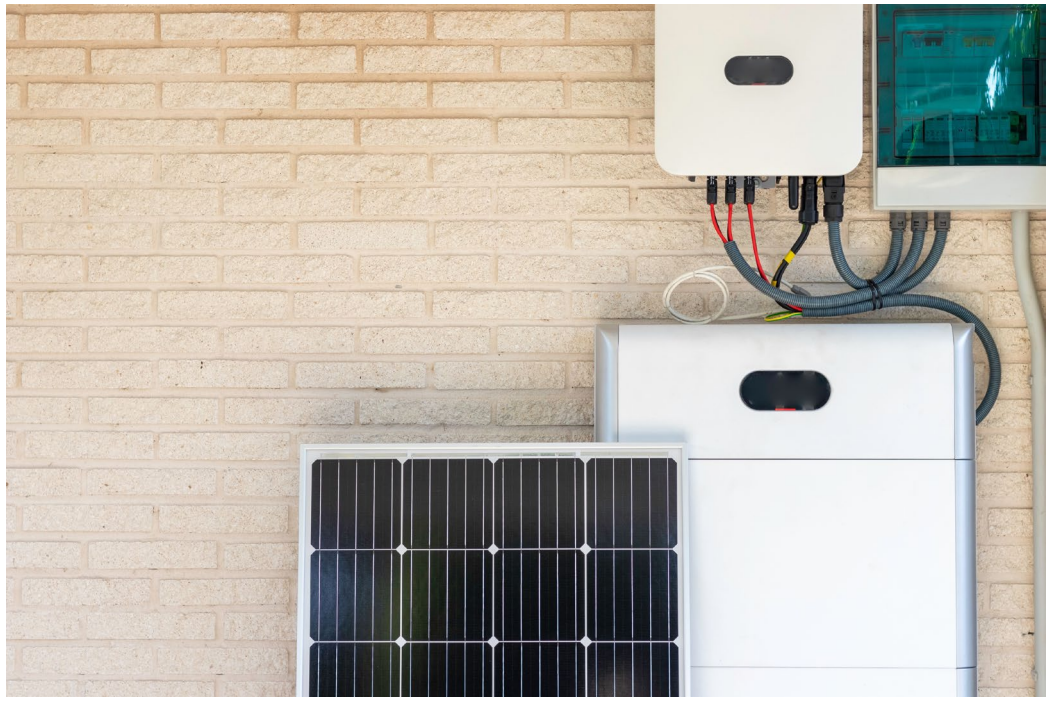
Background on Net Billing Tariff

A Lookback on Net Energy Metering

- Through its proceeding establishing NBT, the CPUC issued an evaluation of the NEM 2.0 Tariff (called a Lookback Study).
- The study determined that as it stands, the NEM program is not cost-effective and leads to higher rates.
- The CPUC determined that a new tariff was needed and solicited ideas from multiple parties in addition to commissioning Energy and Environmental Economics, Inc. (E3) to draft a white paper on potential successors.
- After various hearings, testimony, briefings, and proposals, the CPUC approved NBT in December 2022 for implementation by December 15, 2023.

Advantages of Net Billing Tariff

- NBT is designed to balance the costs to all customers and equity.
- Simultaneously, encourage sustainable growth of distributed generation.
- Designed to help promote the adoption of battery storage for renewable energy generation sources.
- Intended to better reflect the needs of the grid and send appropriate price signals to help with grid resiliency.



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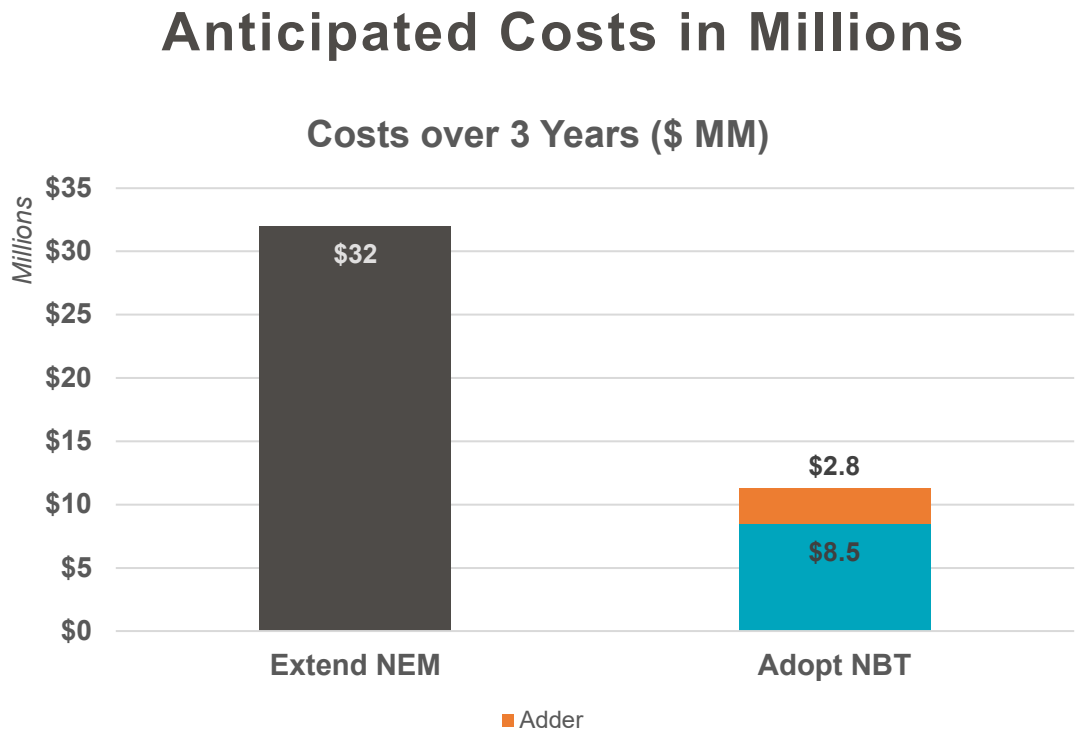
Adopt a Net Billing Tariff
and
Use SDG&E's Avoided Cost Calculator Rates

Analysis of Net Billing Tariff

- Staff conducted an in-depth analysis and forecast of solar growth to determine options.
- Staff determined that adopting NBT could save ***all*** SDCP customers over $20.7 million over three years.
- These savings will be passed onto customers through rate savings, adders, and customer programs, such as battery incentives.



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Analysis of Avoided Cost Calculator Rates

- Under NBT, credits for electricity exported to the grid are valued at ACC rates, instead of retail prices.
- SDCP Power Services Staff analyzed SDG&E's ACC documentation for thoroughness, professionalism, and adequacy.
- Staff determined that SDG&E's ACC rates were a sufficient proxy for SDCP's load curve.
- Staff recommends using SDG&E's ACC rates for NBT.

Example of ACC Rates

Average of Loa	Months												
Hour of D	1	2	3	4	5	6	7	8	9	10	11	12	Grand Total
0	$ 0.053	$0.049	$0.051	$0.038	$0.053	$0.051	$0.053	$0.053	$0.052	$0.050	$0.046	$0.053	$ 0.050
1	$ 0.053	$0.049	$0.052	$0.031	$0.048	$0.047	$0.049	$0.051	$0.049	$0.047	$0.045	$0.053	$ 0.048
2	$ 0.054	$0.049	$0.052	$0.029	$0.044	$0.047	$0.049	$0.050	$0.048	$0.046	$0.045	$0.053	$ 0.047
3	$ 0.054	$0.048	$0.050	$0.028	$0.040	$0.048	$0.048	$0.050	$0.047	$0.046	$0.045	$0.052	$ 0.046
4	$ 0.053	$0.049	$0.050	$0.029	$0.041	$0.049	$0.047	$0.050	$0.046	$0.045	$0.045	$0.052	$ 0.046
5	$ 0.053	$0.049	$0.051	$0.031	$0.045	$0.049	$0.048	$0.049	$0.046	$0.045	$0.045	$0.053	$ 0.047
6	$ 0.056	$0.053	$0.053	$0.032	$0.043	$0.049	$0.049	$0.048	$0.048	$0.046	$0.047	$0.054	$ 0.048
7	$ 0.060	$0.053	$0.047	$0.026	$0.022	$0.042	$0.042	$0.049	$0.046	$0.047	$0.042	$0.055	$ 0.044
8	$ 0.057	$0.040	$0.032	$0.011	$0.018	$0.038	$0.041	$0.051	$0.043	$0.043	$0.042	$0.055	$ 0.039
9	$ 0.054	$0.037	$0.025	$0.009	$0.017	$0.040	$0.043	$0.053	$0.044	$0.042	$0.043	$0.055	$ 0.039
10	$ 0.053	$0.036	$0.024	$0.008	$0.017	$0.041	$0.043	$0.053	$0.044	$0.042	$0.042	$0.055	$ 0.038
11	$ 0.052	$0.036	$0.025	$0.008	$0.017	$0.040	$0.043	$0.052	$0.044	$0.043	$0.043	$0.053	$ 0.038
12	$ 0.051	$0.035	$0.024	$0.011	$0.016	$0.039	$0.042	$0.051	$0.043	$0.042	$0.042	$0.053	$ 0.037
13	$ 0.051	$0.036	$0.020	$0.008	$0.016	$0.038	$0.041	$0.050	$0.043	$0.041	$0.043	$0.052	$ 0.037
14	$ 0.051	$0.037	$0.020	$0.006	$0.014	$0.039	$0.041	$0.050	$0.042	$0.041	$0.045	$0.052	$ 0.036
15	$ 0.052	$0.040	$0.021	$0.003	$0.013	$0.039	$0.041	$0.051	$0.044	$0.043	$0.050	$0.054	$ 0.038
16	$ 0.060	$0.057	$0.025	$0.004	$0.013	$0.042	$0.044	$0.055	$0.051	$0.049	$0.054	$0.057	$ 0.043
17	$ 0.065	$0.066	$0.048	$0.011	$0.024	$0.053	$0.066	$0.151	$0.069	$0.077	$0.055	$0.061	$ 0.062
18	$ 0.065	$0.064	$0.064	$0.042	$0.059	$0.062	$0.070	$0.318	$3.121	$0.055	$0.054	$0.062	$ 0.336
19	$ 0.065	$0.064	$0.066	$0.041	$0.054	$0.062	$0.345	$0.923	$3.515	$0.055	$0.055	$0.061	$ 0.442
20	$ 0.065	$0.064	$0.065	$0.041	$0.056	$0.063	$0.149	$0.325	$0.175	$0.054	$0.055	$0.060	$ 0.098
21	$ 0.063	$0.064	$0.063	$0.040	$0.054	$0.060	$0.064	$0.441	$0.060	$0.055	$0.054	$0.057	$ 0.090
22	$ 0.058	$0.057	$0.060	$0.038	$0.053	$0.061	$0.061	$0.342	$0.058	$0.053	$0.050	$0.054	$ 0.079
23	$ 0.054	$0.052	$0.056	$0.037	$0.055	$0.058	$0.057	$0.056	$0.051	$0.049	$0.050	$0.055	$ 0.053
Grand Total	**$ 0.056**	**$0.049**	**$0.043**	**$0.023**	**$0.035**	**$0.048**	**$0.066**	**$0.143**	**$0.326**	**$0.048**	**$0.047**	**$0.055**	**$ 0.078**

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Generation Adders

Net Billing Tariff Avoided Cost Calculator Plus Adders

- In establishing NBT, the CPUC aimed for new customers to payback their renewable energy investment within 9 years.
- The CPUC determined that due to the high rates in SDG&E territory, projects already achieve a 9-year payback.
- They provided adders for new customers in PG&E and SCE territory, but not SDG&E.

Simple Payback Periods for NBT Customers Stand-alone Solar Payback Period (years)

Customer Segment	SDG&E	PG&E	SCE
Residential Non-CARE	5.95	9.00	9.00
Residential CARE	8.43	9.00	9.00
Commercial (not eligible)	7.50	8.17	9.38

CPUC-approve ACC+ Adders

Customer Segment	SDG&E	PG&E	SCE
Residential Non-CARE	$0.000	$0.022	$0.040
Residential CARE	$0.000	$0.090	$0.093
All Non-Residential	$0.000	$0.000	$0.000

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SDCP Generation Adders

Proposed to Make the Tariff the Most Customer-centric and Competitive

- Enhance the competitiveness of SDCP's NBT and value of SDCP to customers
- Close the generation bill credit gap and reduce the payback period to make adoption more financially attractive for customers
- Address and promote equity for CARE and/or FERA customers
- Ensure simplicity and ease of understanding of the adder
- Support grid reliability

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SDCP Generation Adders

Proposed to Make the Tariff the Most Customer-centric and Competitive

- Provide an adder for 6 years to all new customers, including commercial, that install new generation in the next three years
  - Base adder of $0.0075/kWh makes for a 6-year simple payback period
- Provide a higher adder for 6 years to CARE/FERA customers that install new generation in the next three years to reduce payback period
  - CARE adder of $0.11/kWh reduces simple payback period to 6 years from 8 years!

Proposed SDCP Adders

Customer Class	Residential (Non-CARE/FERA)	Residential (CARE/FERA)	Commercial
Adder Amount	$0.0075/kWh	$0.11/kWh	$0.0075/kWh
Stand-alone Solar Payback Period (years)	5.83	5.91	7.33

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Net Surplus Compensation

Net Surplus Compensation

A Customer-centric Approach for Annual Net Electricity Exported

- Under NBT, the CPUC authorized the utilities to implement an “adjustment” to the NSC process that would result in a lower NSC amount for NBT customers.
- The utilities contend that since all electricity exports are paid already at ACC rates, paying for NSC at the NSC rate (which is essentially the ACC) would be a double payment.
- SDCP takes a customer-centric view that the generation of billing credits using the ACC is different than the compensation of excess annual electricity.
- Staff propose to not implement an adjustment during the NSC process and cash out.
- Staff estimates that NSC payments may cost approximately $3.2 million over three years.
- NBT-served customers would follow the standard NSC process where a check is automatically issued if the NSC payment amount is $100 or more, otherwise, the amount is rolled over into the next billing cycle.

Stakeholder Engagement

Stakeholder Engagement

Broad Outreach Conducted to Solicit Feedback

- SDCP Board of Directors
- SDCP Community Advisory Committee Members
- Local Public Agencies' Elected Officials and Staff
- California Solar & Storage Association (CalSSA)
- **Climate Action Campaign (CAC)**

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Battery Energy Storage Pilot Program

Battery Energy Storage Pilot Program

Developing a Pilot Program for 2024

- Incentivizing the addition of storage with generation is one of the goals of NBT. Adding storage reduces the payback period further for customers.
- Staff intend to launch a battery storage incentive program in 2024.
- Update to the CAC and BoD in Q1 2024.
- Staff will engage with industry, customers, advocates, and community-based organizations on the design of the program.
- Program can be funded through the savings achieved by adoption of NBT, current pilot project budget and future year budget allocations.

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Recommendations Summary

Staff's Recommendations

Create a More Equitable Playing Field for All

1. Approve NBT for all new customers and transitioning customers.
2. Utilize SDG&E's Avoided Cost Calculator rates for billing credits.
3. Provide Generation Adders for 6 years to all new NBT customers that install generation systems in the next three years, with a higher amount for CARE/FERA customers.
4. Adopt the standard approach to Net Surplus Compensation for NBT customers and do not implement an adjustment.

Public Comment for Item 16

Item 16

Recommendation:

Approve the Net Billing Tariff

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Item 17

Approval of Updates to the Existing Net Energy Metering (NEM) Tariff

Recommendation:

Approve the Updates to the Existing Net Energy Metering Tariff

Presenters:
Lucas Utouh, Senior Director of Data Analytics & Customer Operations
Nelson Lomeli, Program Manager

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Proposed Updates to SDCP's NEM Policy

1. Remove $2,500 Net Surplus Compensation (NSC) limit per account per relevant period

2. Adoption of a NEM Generation Credit Refund to ensure that customers are not negatively impacted by SDCP's default monthly NEM billing option

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Public Comment for Item 17

Item 17

Recommendation:

Approve the Updates to the Existing Net Energy Metering Tariff

SAN DIEGO COMMUNITY POWER

Item 18

Update on Local Distributed Infill Plan

Recommendation:

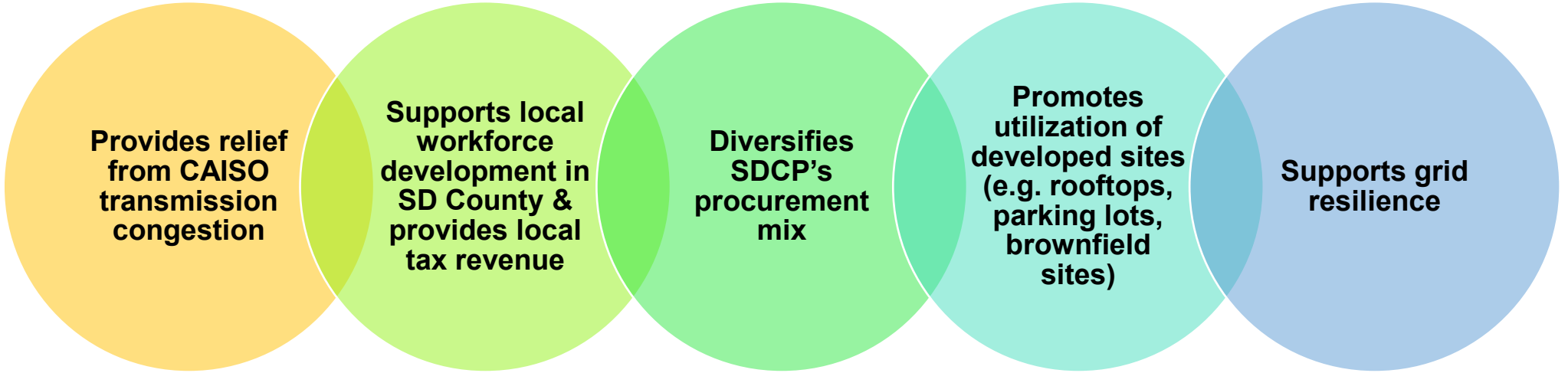
Receive and File the update on Local Distributed Infill Plan

Presenter:
Morgan Adam,
Senior Local Development Manager, Power Services

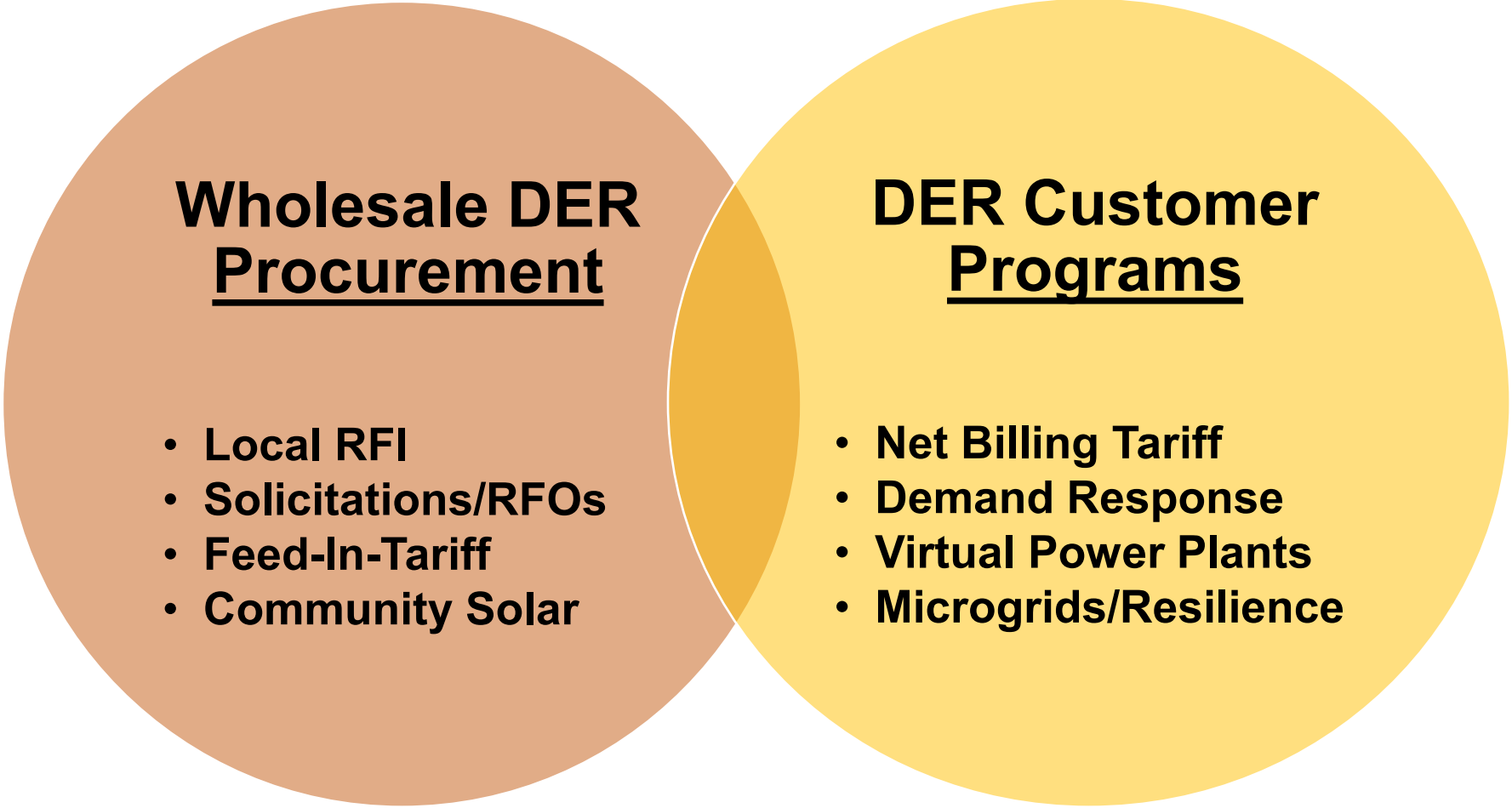
SDCP Infill Goal

Energy Portfolio Development Goal #3:

By 2035, 15% of load served by new, infill DERs



DERs: Wholesale & Customer Programs



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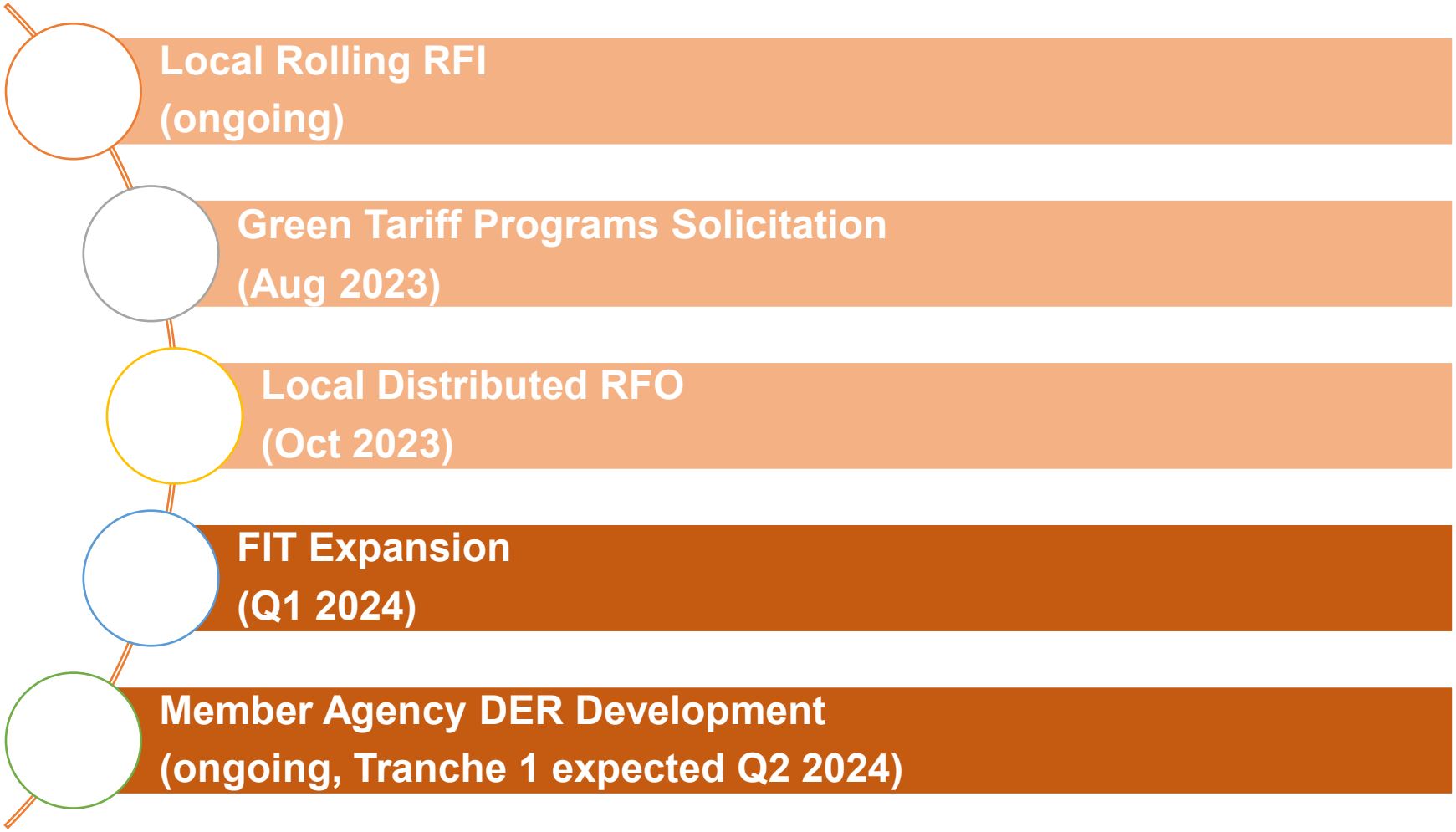
Wholesale DER Overview



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Recent Successes

Local Request for Information (RFI)

- ✓ EnerSmart: 6 distributed batteries in SD County (19.5 MW of Local RA)
- ✓ Multiple other opportunities under negotiation

Solar for Our Communities Green Tariffs

- ✓ Solar Discount Program (DAC-GT)
- ✓ Community Solar Program (CSGT)

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NEW - Local Distributed Infill RFO

Local Distributed RFO

✓A broad solicitation to cast a wide infill net

✓***Key Dates – Released this Week, Shortlist and Award in January***

- Eligible resources:
  - Renewable and energy storage DERs
  - 100kW – 10MW
  - Distribution interconnected
  - Located in San Diego County
- Offers accepted through December 22, 2023
- For more information, please visit https://sdcommunitypower.org/resources/solicitations/

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Upcoming Infill Procurement Initiatives

Feed-In-Tariff (FIT) Expansion

✓ *Expected Q124*

- Likely to expand FIT to increase project sizing and incorporate stand-alone storage
- Include market intel from Distributed RFO

Member Agency Site Development

✓ *Ongoing*

- Continued collaboration with member agencies
- Hone initial site list and identify highest viability sites for first tranche of development (expected Q2 2024)

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Wholesale DER Recap

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Public Comment for Item 18

Item 18

Recommendation:

Receive and File the update on Local Distributed Infill Plan

Item 19

Approval of the NextEra Desert Sands Standalone Storage Energy Storage Services Agreement (ESSA)

Recommendation:

Approve a 20-Year NextEra Desert Sands Energy Storage Services Agreement (ESSA) with Desert Sands Energy Storage II, LLC for a 60 MW/480 MWh (8-hour) battery storage project.

Presenter:
Andrea Torres, Senior Portfolio Manager

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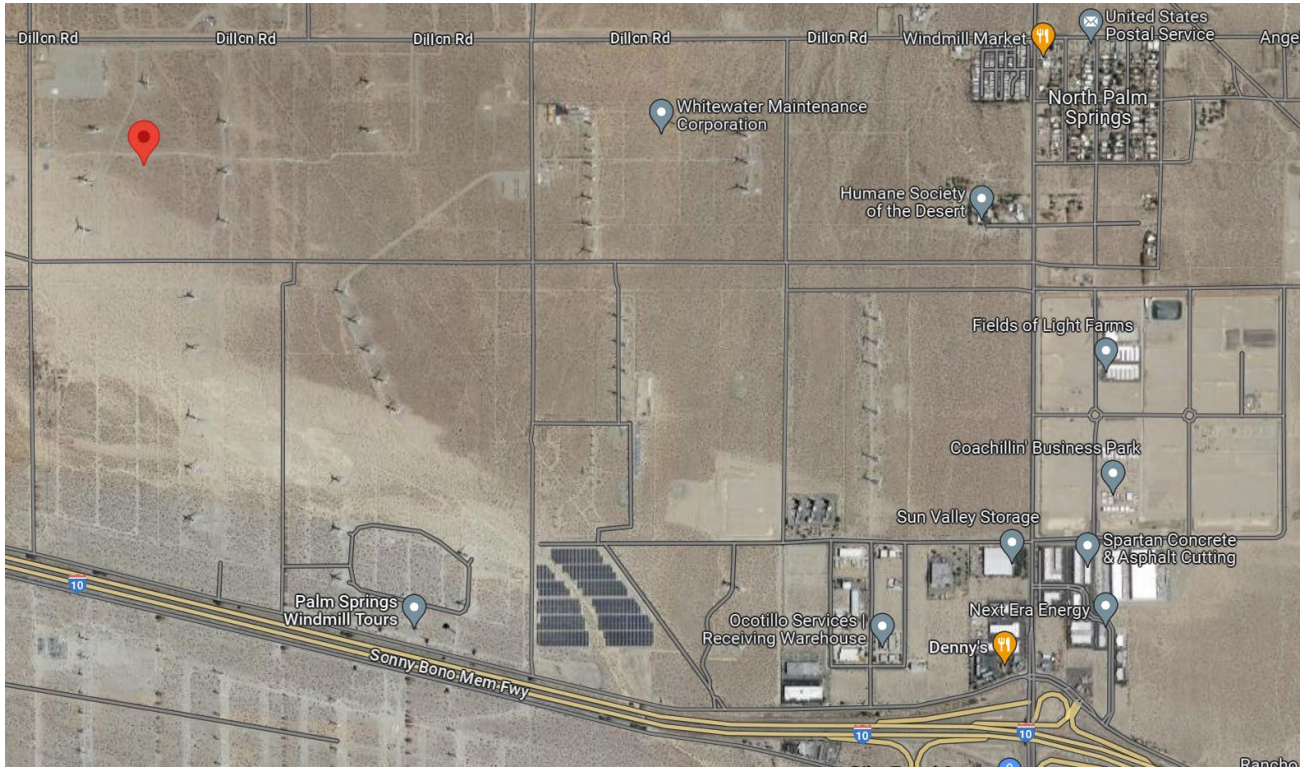
Standalone Storage RFO

- SDCP issued an RFO on April 12, 2023 for standalone storage projects
- Standalone storage assets provide capacity, energy arbitrage and ancillary services for load serving entities like SDCP
- SDCP received a robust response of offers for primarily lithium-ion battery storage projects of varying capacities and duration.
- NextEra's Desert Sands Energy Storage project was among those shortlisted for negotiations by staff and the Energy Contracts Working Group.

Desert Sands Energy Storage

- 60 MW/480 MWh (8-hour) lithium-ion battery
- Location: Palm Springs, Riverside County
- Project is a portion of a larger energy complex for which the CCA Clean Power Alliance has an executed contract for 75 MW/600 MWh



Desert Sands Energy Storage: Key Terms

- Product: Full toll and Resource Adequacy benefits
- Pricing: Fixed capacity pricing adjusted for capacity and availability over a 20-year term
- Timeline: Guaranteed Commercial Operation Date: 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 round-trip efficiency rates over the delivery term.

Desert Sands Energy Storage: Staff Analysis

- With FCDS status and commercial operations commencing in 2027, Desert Sands would fulfill SDCP's Long-Duration Energy Storage MTR requirements under the extension to CPUC D.23-02-040.
- Pricing is competitive with comparable product offerings received from SDCP's recent RFOs for long-duration storage.
- Long-duration storage will provide increased grid resiliency and reliability for our customers.
- NextEra is a global leader in renewable and storage development with over 4 GW developed in California.

Desert Sands Energy Storage: Workforce Development and Community Benefits

- NextEra is committed to making a $250,000 contribution to a community benefits fund that is to be established to directly benefit stakeholders in SDCP's service area.
- The entirety of Desert Sands will provide over 200 construction jobs for which NextEra will ensure that the project is built with union labor.
- NextEra hosts a Renewable Energy Training (RET) simulation lab at the Desert Hot Springs High School in Desert Springs, CA (near the Desert Sands project)
- NextEra has a collaborative partnership with College of the Desert (which serves the Coachella Valley region in Riverside County, CA) where NextEra provides training equipment and subject matter expertise in training students for solar construction.
- NextEra established an internship program that leads to career opportunities at NextEra solar and storage sites.

Public Comment for Item 19

Item 19

Recommendation:

Approve a 20-Year NextEra Desert Sands Energy Storage Services Agreement (ESSA) with Desert Sands Energy Storage II, LLC for a 60 MW/480 MWh (8-hour) battery storage project.

Item 20

Approval of the Pattern SunZia Power Purchase Agreement (PPA)

Recommendation:

Approve a 15-Year Pattern SunZia Power Purchase Agreement (PPA) with SunZia Wind PowerCo LLC for a 150 MW portion of an approximately 3,500 MW SunZia Wind project.

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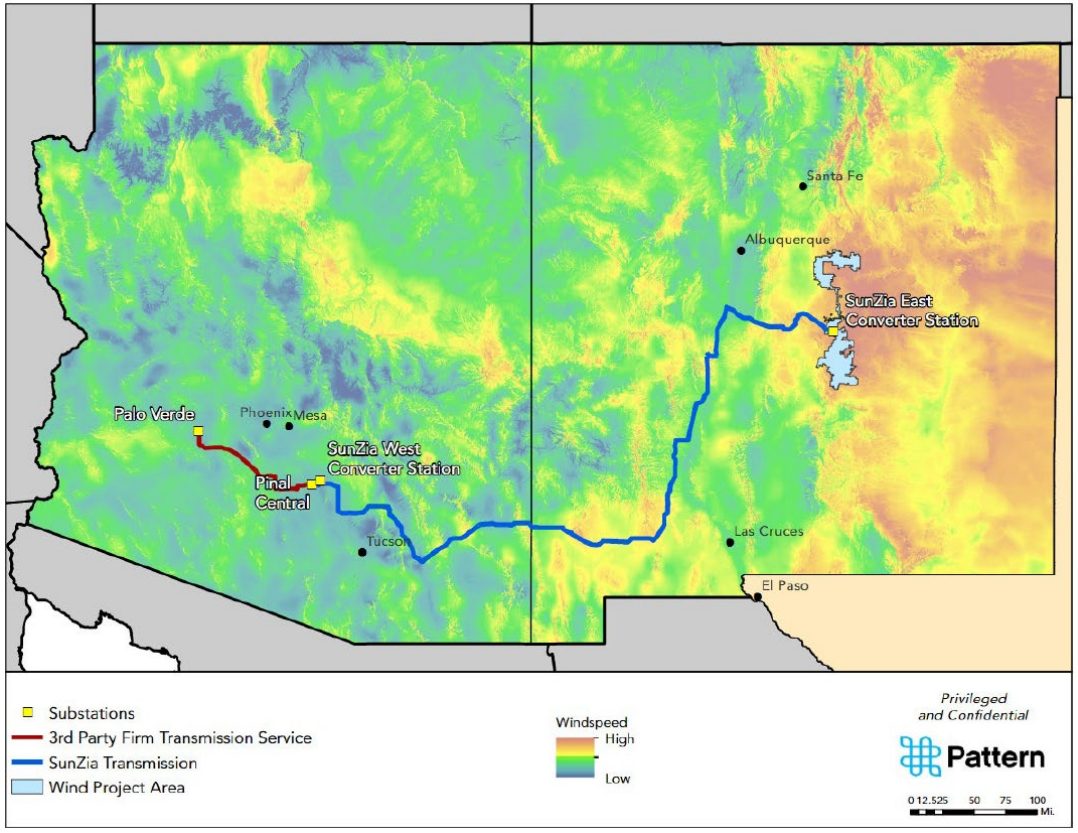
Presenter:
Andrea Torres, Senior Portfolio Manager

Long-Term California RPS-Eligible Renewable Energy Request for Proposals (RFP)

- SDCP issued an RFP in October 2022 for renewables and paired renewables + storage projects.
- SDCP received a variety of offers for a solar, wind and battery assets.
- Pattern Energy's SunZia Wind project was among those shortlisted for negotiations by staff in consultation with the Energy Contracts Working Group.

SunZia Wind PowerCo LLC



- 150 MW of wind of approximately 3,500 MW from the SunZia Wind project
- Project location: Lincoln, Torrance and San Miguel counties, New Mexico

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SunZia Wind: Key Terms

- Product: Energy, PCC1 RECs, Resource Adequacy
- Pricing: Fixed pricing per MWh of deliveries
- Timeline: Expected Commercial Operation Date: March 31, 2026
- SDCP receives financial compensation for failure to meet certain performance requirements including but not limited to achieving certain development milestones or failure to deliver minimum MWh volumes annually.

SunZia Wind: Staff Analysis

Pricing is competitive with comparable product offerings received from SDCP's recent RFOs for wind generation.

Wind generation is expected to be generally complementary to solar photovoltaic generation, both on a daily and seasonal timeframe, providing needed diversity in SDCP's portfolio.

SunZia Wind will contribute toward SDCP's mid-term reliability requirements.

Pattern has 14 years of experience in renewable energy development and operates 367 MW in wind generation projects in California.

Pattern has placed more than 6,000 MW of wind and solar projects into service worldwide.

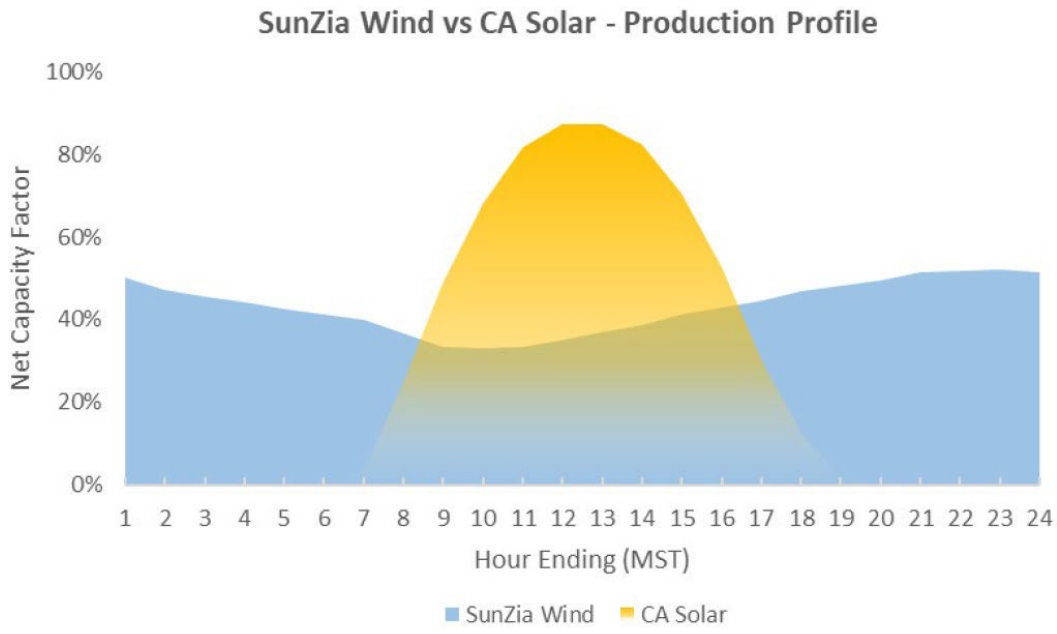

Figure. Illustrated SunZia daily wind profile compared to solar profiles (Source: Pattern SDCP RFO project narrative)

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SunZia Wind: Workforce Development and Community Benefits

- The 3,500 MW SunZia Wind project is estimated to create approximately 2,000 construction jobs.
- 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.

Public Comment for Item 20

Item 20

Recommendation:

Approve a 15-Year Pattern SunZia Power Purchase Agreement (PPA) with SunZia Wind PowerCo LLC for a 150 MW portion of an approximately 3,500 MW SunZia Wind project.

Report by Chief Executive Officer

SAN DIEGO COMMUNITY POWER

Operating Budget

Fiscal Year 2023-24

Resolution No. 2023-04

June 22, 2023

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

San Diego Community Power
California

For the Fiscal Year Beginning

July 01, 2023

Christopher P. Morrill

Executive Director

CALCCA
ADVANCING LOCAL ENERGY CHOICE

Annual Board Retreat

Recent Conferences

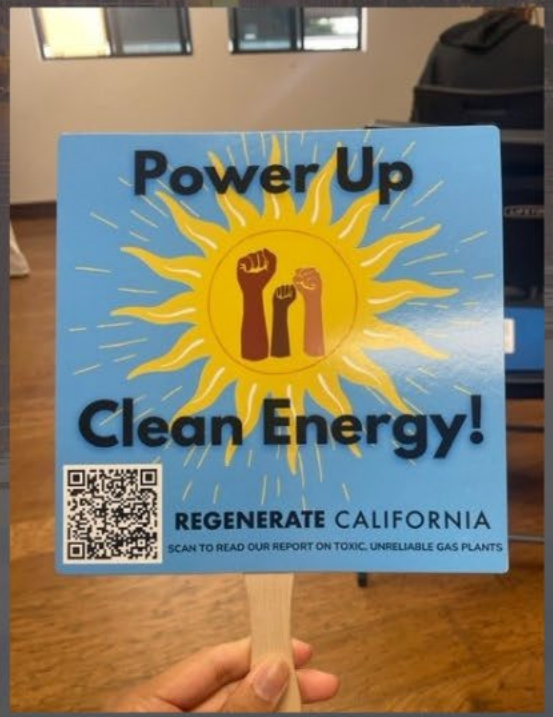
California Energy Commission Building Electrification Summit

Cleantech San Diego Energy Storage and Our Cleantech Future

SDCP Out and About in the Community

Casa Familiar's Casa Fest

EHC Clean Air Congresso



Wave Fan Fest

Beautify Chula Vista

We Are (Still) Hiring!

Open Positions

- Key Account Service Manager - Open
- Legislative Manager/Senior Legislative Manager - Interviewing
- General Counsel - Open
- Senior Executive Assistant to the C-Suite - Open

New Employee Onboarding

Starting on Nov. 1:

Diana Gonzalez, Risk Manager

Erin Hudak, Compliance Analyst

Kiran Singh, Director of Data Analytics and IT

Report by General Counsel

Director Comments

Adjournment

SAN DIEGO COMMUNITY POWER

Next Regular Board of Directors Meeting

November 16, 2023