

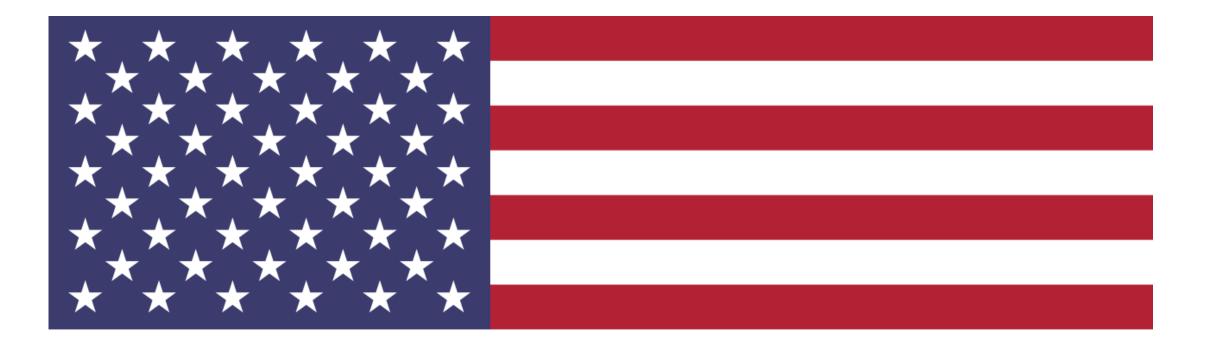
Board of Directors

Regular Meeting

December 14, 2023

Welcome 8 **Call to** Order







Land Acknowledgement

Warm Welcome to our New Hires!





Kiran Singh, Director of Data Analytics and IT Patrick Welch, Senior Legislative Manager

Items to be Added, Withdrawn or Reordered on the Agenda

Public Comment for Items NOT on the Agenda

Consent Agenda

- 1. Approval of November 16, 2023 Meeting Minutes
- 2. Receive and File Update on Programs
- 3. Receive and File Update on Power Services
- 4. Receive and File Update on Human Resources
- 5. Receive and File Update on Customer Operations
- 6. Receive and File Update on Marketing and Public Relations
- 7. Receive and File Update on Community Advisory Committee

Public Comment for Consent

Agenda

Regular Meeting Agenda

- 8. Appointment of General Counsel and Approval of Employment Agreement
- 9. Receive and File Treasurer's Report for Period Ending October 31, 2023
- 10. Approve Conflict of Interest and Ethical Conduct Policy
- 11. Request Approval of Regional Energy Network (REN) Application to CPUC
- **Receive Update on Regulatory and Legislative** 12. Affairs
- 13. Receive Update on 2024 Rate/Power Charge Indifference Adjustment (PCIA) Projected Changes
- Approve CDH VIDAL LLC Power Purchase 14. Agreement (PPA)
- 15. (12/13/23 Update – Item 15 deferred to future meeting) 11

Item 8

Appointment of General Counsel and Approval of Employment Agreement

Recommendation:

Appoint an In-House General Counsel and approve execution of an Employment Agreement in substantially the form attached hereto or presented at the meeting, with non-substantive revisions approved by the Chair and reviewed and approved as to form by General Counsel.



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

Public Comment for Item 8

Item 8

Recommendation:

Appoint an In-House General Counsel and approve execution of an Employment Agreement in substantially the form attached hereto or presented at the meeting, with non-substantive revisions approved by the Chair and reviewed and approved as to form by General Counsel.



Item 9

Treasurer's Report for Period Ending 10/31/23

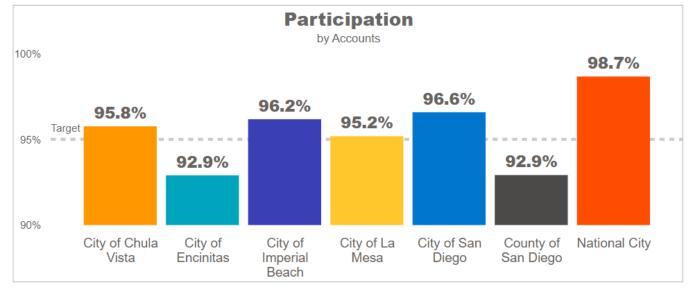
Recommendation:

Receive and File Treasurer's Report for Period Ending October 31, 2023.



Presenter:

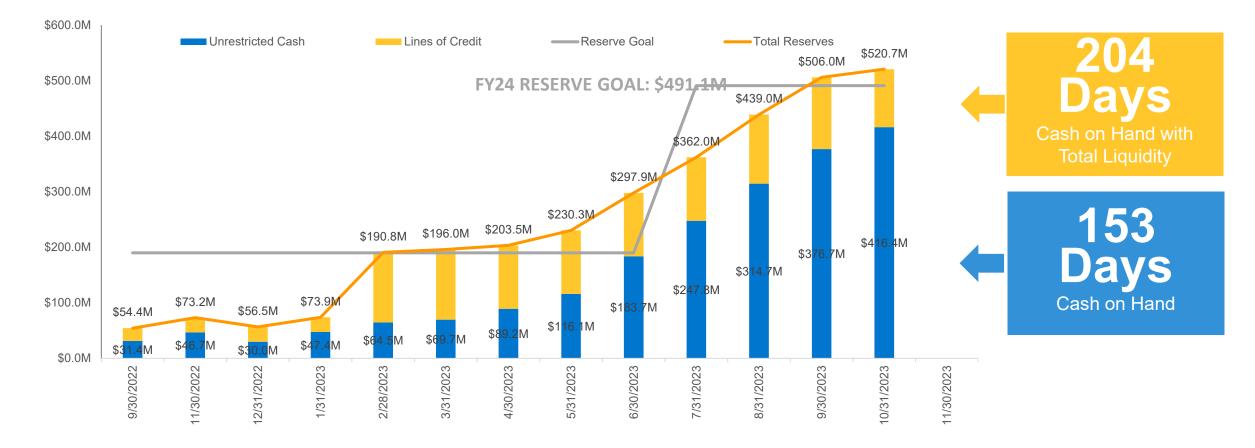
Eric Washington, Chief Financial Officer



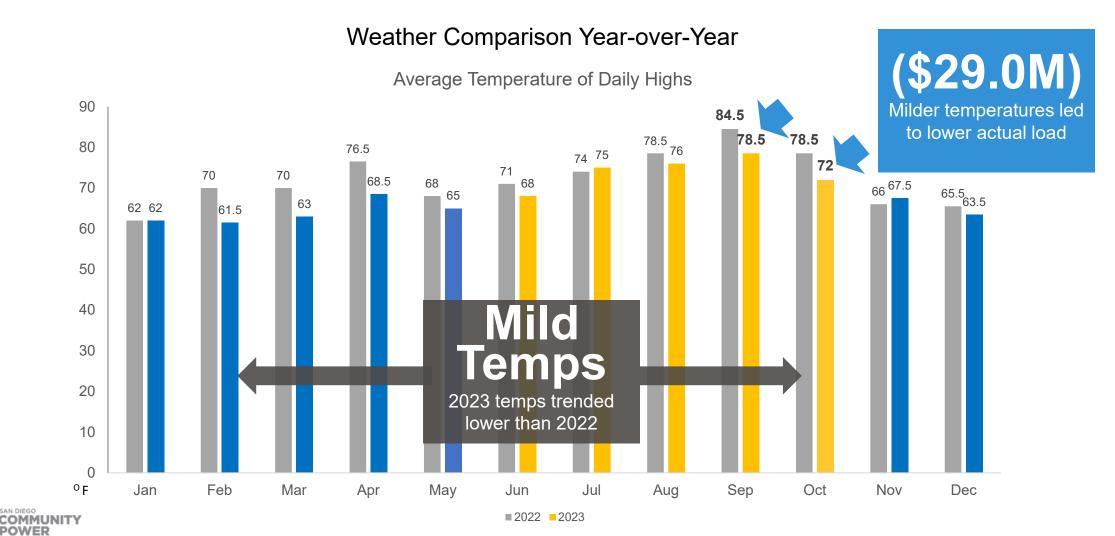
Jurisdiction	Active	Eligible	Opt Outs	Participation
City of Chula Vista	93,419	97,556	4,137	95.8%
City of Encinitas	26,429	28,450	2,021	92.9%
City of Imperial Beach	10,529	10,948	419	96.2%
City of La Mesa	28,005	29,422	1,417	95.2%
City of San Diego	599,220	620,435	21,215	96.6%
County of San Diego	153,881	180,516	12,791	92.9%
National City	18,546	19,213	257	98.7%
Total	930,029	986,540	42,257	95.7%



Rolling 12-Month Reserves FY 2023-24







National Weather Service - (NOAA Online Weather Data)

\$12.63 2023 CPUC Forecast Market Price Benchmark



Budget Comparison									
	YTD FY24 as of		EV24 VTD Budget		Budget		Budget (%)		
	10/3	31/23 (4 mos)	FY24 YTD Budget		Variance (\$)		Budget (%)		
Net Operating Revenues	\$	657,179,799	\$	686,198,508	\$	(29,018,709)	96%		
Total Expenses	\$	424,234,991	\$	393,440,537	\$	30,794,454	108%		
Change in Net Position	\$	232,944,808	\$	292,757,971	\$	(59,813,163)	-20%		

Operating expenses came in 8.0 percentage points over budget:

- Large energy expense related to Voluntary Allocation and Market Offer (VAMO)
- Higher-than-expected resource adequacy and renewable energy costs

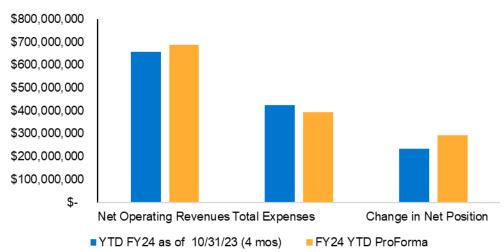


YTD FY24 Proforma v. Actual

Year-to-date financial results compared to projections:

- Net operating revenues were 4% lower than proforma projections
- Total expenses were 8% over the proforma projections
- Change in net position was \$60.14M under the projected

Proforma Comparison									
	YTD FY24 as of 10/31/23 (4 mos)		FY24 YTD		ProForma		Proforma		
				ProForma		/ariance (\$)	(%)		
Net Operating Revenues	\$	657,179,799	\$	686,198,508	\$	(29,018,709)	-4%		
Total Expenses	\$	424,234,991	\$	393,115,212	\$	31,119,779	8%		
Change in Net Position	\$	232,944,808	\$	293,083,296	\$	(60,138,488)	- 2 1%		



YTD FY24 Results v. Proforma



YTD FY24 Budget v. Actual

Results for the period underperformed overall compared to the adopted budget:

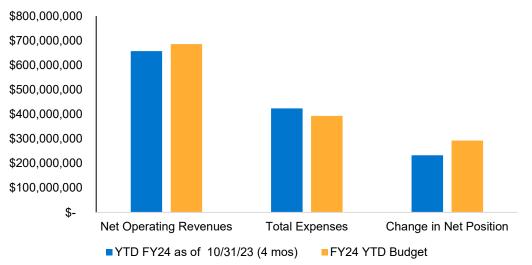
- Net operating revenues 4.0 percentage points under budget.
- Operating expenses came in 8.0 percentage points over budget

Financial results for the YTD FY24:

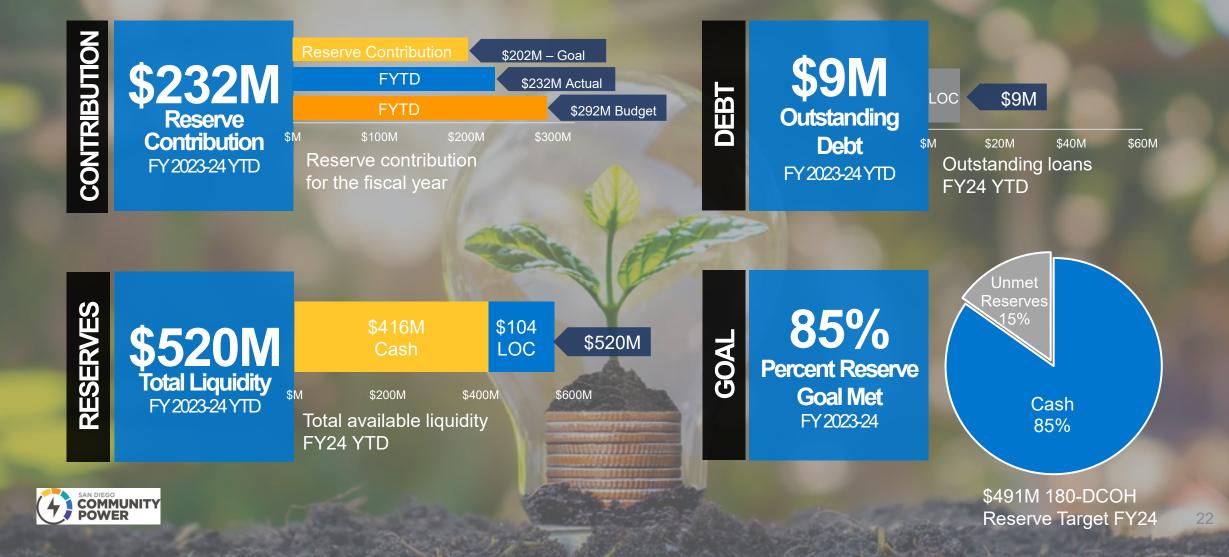
- \$657.18M in net operating revenues
- \$424.23M in total expenses (includes energy costs of \$374.25M or 57% of net revenues)
- \$232.94M change in YTD net position

Budget Comparison									
	YTD FY24 as of		FY24 YTD Budget		Budget		Budget (%)		
	10/	31/23 (4 mos)			Variance (\$)		0(-)		
Net Operating Revenues	\$	657,179,799	\$	686,198,508	\$	(29,018,709)	96%		
Total Expenses	\$	424,234,991	\$	393,440,537	\$	30,794,454	108%		
Change in Net Position	\$	232,944,808	\$	292,757,971	\$	(59,813,163)	-20%		









Public Comment for Item 9

Item 9

Treasurer's Report for Period Ending 10/31/23

Recommendation:

Receive and File Treasurer's Report for Period Ending October 31, 2023.



Item 10

Approve Conflict of Interest and Ethical Conduct Policy

Recommendation:

Approval of Conflict of Interest and Ethical Conduct Policy

<u>Presenter</u>: Jen Lebron, Director of Public Affairs



Conflict of Interest and Ethical Conduct Policy

Goals

- Foster good governance, transparency, and fairness
- Emphasize the importance of public trust bestowed on each individual who represents SDCP
- Provide high-quality services to the community in a fair an impartial manner



Conflict of Interest and Ethical Conduct Policy

Overview

- This policy summarizes a code of ethics and standards that are applicable to all who serve SDCP – the elected officials on the Board of Directors, the residents who are appointed to the CAC, and SDCP employees
- It is largely based on Conflict of Interest policies from other public agencies, notably the City of San Diego
- There are seven sections that lay out the responsibilities of those who serve SDCP customers.



1. Responsibilities of Public Service

- All SDCP directors, committee members, and employees are obligated to uphold the Constitution of the United States and the Constitution of the State of California.
- Their conduct, both official and private, must align with the highest standards of integrity, prioritizing the well-being and welfare of the general public



2. General Rules Regarding Conflict of Interest

- Directors, committee members, and employees are prohibited from engaging in any business or transaction that may conflict with their official duties or compromise their independence, judgment, or action
- This prohibition aligns with the California Government Code, regulations of the Fair Political Practices Commission, and common law conflicts of interest under California law



3. Acceptance of Favors, Gifts, and Gratuities

- The policy establishes the guidelines for accepting gifts, ensuring that such actions do not compromise the impartiality of directors, committee members, and employees
- Notably, gifts received in violation of this policy should be returned or donated to a public charity
- This section provides more specificities regarding the responsibilities of those who serve SDCP beyond what is required by State law



4. Collateral or Outside Employment by Employees

- Employees engaged in outside business activities are required to provide notice and obtain departmental approval to ensure compatibility with SDCP duties
- Employees shall not engage in any collateral employment or business activity which is incompatible or in conflict with the duties, functions, or responsibilities of SDCP, their department, or their employment decision



4. Collateral or Outside Employment by Employees

Activities which may constitute a conflict

- Use of SDCP time, facilities, equipment and supplies, or the use of a badge, uniform, prestige or influence of SDCP or employment for private gain or advantage
- Collateral business activity or employment, which, by its nature, hours or physical demands, would impair the required quality or quantity of the Employee's work with SDCP
- Activities that would impair the Employee's independence of judgment or action in the performance of official duties



5. Use of SDCP Position or Resources for Personal or Outside Gain

- Directors, Committee Members, and Employees shall not use, for private gain or advantage, their SDCP time or SDCP's facilities, equipment or supplies
- Directors, Committee Members, and Employees shall not use or attempt to use their positions to secure unwarranted privileges or exemptions for themselves or others



5. Use of SDCP Position or Resources for Personal or Outside Gain

Directors, Committee Members, and Employees shall not use their position, title or status to influence, or attempt to influence, SDCP's review or approval of an SDCP contract, grant, or other decision for the Director, Committee Member, or Employee in his or her capacity as a private individual, self-employed consultant or to facilitate work, grant funds, or other benefits for a collateral employer or other financial interest.



5. Use of SDCP Position or Resources for Personal or Outside Gain

In practice

- Directors and Committee Members shall recuse themselves from the discussion or planning for any grant, contract, or decision-making process that relates to their work outside of SDCP
- Directors and Committee Members shall also recuse themselves from voting on items that pertain to any grant, contract, or decision-making process that relates to their work outside of SDCP



6. Use of Confidential Information

Directors, Committee Members, and Employees shall not use confidential information acquired by, or available to, them in the course of their position or employment with SDCP for speculation or personal gain



7. Responsibility and Penalties

Directors, Committee Members and Employees found to be in violation of this Policy or who is found guilty or liable by any court of law, enforcement agency, administrative hearing officer, or public agency investigation, of violating California Government Code section 1090, the California Political Reform Act, or the regulations of the Fair Political Practices Commission, in relation to their service to SDCP, may be subject to censure by the Board of Directors, as well as removal from SDCP committees.





The Conflict of Interest and Ethical Conduct Policy is essential for upholding the values of good governance, transparency, and fairness within SDCP.



Public Comment for Item 10

Item 10

Recommendation:

Approve Conflict of Interest and Ethical Conduct Policy



Item 11

Request Approval of Regional Energy Network (REN) Application to California Public Utilities Commission (CPUC)

Recommendation:

Request Approval of Regional Energy Network (REN) Application to CPUC

Presenter:

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



SDCP Discussions on REN

May 2022 - Board of Director's (BOD) Meeting

- Receive and file update on customer energy programs, presented options to access CPUC program funding including formation of a REN
- June 2022 Community Advisory Committee (CAC) & BoD Meetings
 - FY 2022-2023 Programs Budget inclusion of dedicated FTE and consultant for CPUC application development

January 2023 – SDCP New Board Member & Alternates Orientation

• Staff identified forming a REN as one of the FY 22-23 Programs Department priorities

February 2023 – Community Advisory Committee & Board Meeting

• Receive and file update on REN progress including the REN value and overview of other REN activity in state

April 2023 – 2023 Strategic Planning Session

• Review of annual goals including REN formation and relation to the Community Power Plan

September and October 2023 - CAC and BoD Meetings

• Review of SDREN proposed governance structure, draft programs and budget summaries



Regional Support

SDREN received support from dozens of businesses, community-based organizations, public agencies, and environmental groups throughout the San Diego region.



Next Steps





Public Comment for Item 11

Item 11

Recommendation:

Request Approval of Regional Energy Network (REN) Application to CPUC



Item 12

Receive Update on Regulatory and Legislative Affairs

Recommendation:

Receive and File the Update on Regulatory and Legislative Affairs

Presenter:

Laura Fernandez, Director of Regulatory & Legislative Affairs Aisha Cervantes-Cissna, Senior Policy Manager Stephen Gunther, Senior Regulatory Analyst



2023 Legislative Session in Review

SDCP Took Positions on 7 Bills, 3 of Those Were Signed into Law

- 1. AB 1373 (Signed By Governor)
 - a) Establishes a central procurement function within Dept. of Water Resources
 - b) Establishes Capacity Payments for LSEs that fail to meet RA requirements
 - c) Clarifies IRP jurisdiction



2023 Legislative Session in Review

SDCP Took Positions on 7 Bills, 3 of Those Were Signed into Law

2. SB 411 (Signed By Governor): This bill will permit use of alternate teleconferencing provisions similar to the emergency provisions used during the coronavirus state of emergency indefinitely and without regard to a state of emergency. This bill originally would have applied to SDCP, however, it was subsequently amended to be inapplicable to SDCP and would only apply in a narrow set of circumstances.

3. AB 50 (Signed By Governor): Requires timely interconnection of customer load. Requires IOUs that energized less than 35% of customers with completed applications exceeding 12 months in duration by January 31, 2023, to submit a report to the CPUC on or before December 1, 2024, demonstrating that the IOU has energized 80% of customers with applications deemed complete as of January 31, 2023. The bill would also require each IOU to evaluate and update its existing distribution planning processes. To inform the determination of criteria for timely service, the bill would require the CPUC to annually collect certain information from each IOU until new reporting requirements are established.



2023 Legislative Session in Review

- SB 619 (Padilla, Vetoed): This bill would give utilities the option to get CEQA reviews for transmission projects from the CEC instead of the CPUC and limit the reviews to 270 days.
- SB 233 (Not Active): This bill would have required the CEC to convene a stakeholder workgroup to examine challenges and opportunities associated with using an EV as a mobile battery to power a home or building or provide electricity to the electrical grid, and required the CEC to submit a report to the Governor and Legislature that includes specified information related to the bidirectional capability of EVs and electric vehicle service equipment. This bill would have required that, beginning in model year 2030, all new electric vehicles sold in California be bidirectional capable, including light-duty motor vehicles and school busses, except as exempted by the state board.
- SB 547 (Not Active): This bill would have permitted use of alternate teleconferencing provisions similar to the emergency provisions used during the coronavirus state of emergency indefinitely and without regard to a state of emergency.
- AB 643 (Not Active): Would have required the CPUC to submit a report to the Legislature on timelines for the interconnection of customer-sited energy generation and storage resources



Federal Activities Update

Response from EPA regarding CCA eligibility for Inflation Reduction Act Funding

- ✓ "[W]e anticipate allowing CCAs to participate in programs as appropriate."
- "We concur with the important work that CCAs offer, including fostering partnerships and aggregating local government projects where appropriate."
- SDCP Endorsed Federal Legislation, Clean Energy and Transmission Acceleration Act (CETA) Authored by Congressman Levin
 - * "The reforms proposed by CETA will strengthen grid reliability and enable projects that will reduce greenhouse gas emissions from the energy sector. For these reasons, San Diego Community Power (SDCP) thanks Congressman Levin and Congressman Casten for their leadership in addressing the climate crisis and environmental justice. Our national grid must be prepared to accommodate an ever-increasing amount of renewable energy projects and utilize a broad array of technology to maximize existing transmission capacity. CETA is integral to that effort, which SDCP fully endorses."



Energy Resource Recovery Account (ERRA)

- Decision approves SDG&E's updated 2024 revenue requirement, sales forecast, PCIA rates
- SDCP and CEA argued SDG&E should be directed to adopt a forecasted 2024 RA sales volume equal to average of RA sales recorded in 2023
 - Decision agrees with SDCP/CEA and directs SDG&E to revise its 2024 RA sales forecast
 - The impact will be a reduction in PCIA portfolio costs of \$36.7 million –most of which will go to CCA customers as a benefit
 - The reduction in costs will be implemented in January 2024 rates



Final Decision Granting Petition for Modification of Decision (D.)22-05-015 on Modified Cost Allocation Mechanism (MCAM)

PROPOSED DECISION ALI/IF2/smt Agenda ID #22061 Ratesetting Decision PROPOSED DECISION OF ALI FITCH (Mailed 11/9/2023) BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA Order Instituting Rulemaking to Continue Electric Integrated Resource Planning and Related Procurement Rulemaking 20-05-003 Processes. DECISION GRANTING PETITION FOR MODIFICATION ON MODIFIED COST ALLOCATION MECHANISM Summary This decision grants a petition for modification (PFM) of Decision (D.) 22-05-015 filed jointly by San Diego Community Power and the Clean Energy Alliance on October 28, 2022. D.22-05-015 adopted the Modified Cost

(D.) 22-05-015 filed jointly by San Diego Community Power and the Clean Energy Alliance on October 28, 2022. D.22-05-015 adopted the Modified Cost Allocation Mechanism, which allocates costs for electricity procurement by investor-owned utilities on behalf of non-utility load-serving entities. The PFM asks the Commission to use the year-ahead load forecast instead of the actual load being served as the basis for the one-time provision in D.22-05-015 for purchase of resource adequacy capacity. This proceeding remains open.

1. Procedural Background

This section summarizes the procedural background surrounding the filing of the petition for modification (PFM) and the responses to it.

On October 28, 2022, San Diego Community Power (SDCP) and Clean Energy Alliance (CEA) timely filed a joint PFM of Decision (D.) 22-05-015, which is the decision that adopted the Modified Cost Allocation Mechanism (MCAM).

-1-

SAN DIEGO COMMUNITY POWER

Background on Decision (D.)22-05-015

In 2019, D.19-11-016 ordered LSEs to procure additional resource adequacy (RA) capacity After 2019, many customers who the IOUs procured on behalf of departed IOU service to a CCA D.22-05-015 allowed a one-time provision for CCAs to negotiate purchasing the portion of D.19-11-016 capacity based on their departed load at that time

> SDCP and CEA had planned and *approved* expansion at this time



Joint CCA Petition for Modification

- D.22-05-015 states that authorization to purchase RA capacity is, "a one-time provision that shall be based on the load of the non-IOU LSE, as **mutually agreed** between the IOU and the non-IOU LSE, **as of the effective date of this decision**…"
- Both SDCP and Clean Energy Alliance (CEA) interpreted the order to allow the use of its 2023 Year Ahead revised load forecast.
 - For SDCP, this load forecast included National City and the County of San Diego.
 - It was filed with the CPUC *before* the Decision and agreed upon with SDG&E.
- However, within negotiations SDG&E was unwilling to contract for amounts other than SDCP and CEA's respective load share at the time of the Decision, despite knowing customers were departing.

Because a resolution could not be reached in bilateral negotiations, on October 28, 2022, SDCP and CEA jointly filed a Petition for Modification (PFM).

Specifically, the requested modification would allow for the use of 2023 Year Ahead load forecasts for D.19-11-016 resource allocations.



Proposed Decision Denying the PFM and Withdrawal

- On August 24, 2023, the CPUC issued a Proposed Decision denying the Joint CCA PFM.
- The Joint CCAs filed opening comments, held an Ex Parte meeting with Commission staff, and continued to educate policymakers about the potential negative impact on ratepayers.
- The CPUC was scheduled to vote on the Proposed Decision on October 12, 2023, but Withdrew the item from the agenda on October 9...

The Joint CCAs demonstrated that without the modification, customers would pay twice for the same capacity:

49 MW of replacement RA capacity through their CCA

Excess SDG&E capacity through the power charge indifference adjustment (PCIA) Costing ratepayers at least **\$100 million** over the next 12+ years



Final Decision Granting the PFM

- On November 9, 2023, the CPUC issued a new Proposed Decision *granting* the Joint CCA PFM.
- Opening comments were filed on November 29, 2023, and the Joint CCAs filed reply comments on December 4, 2023.

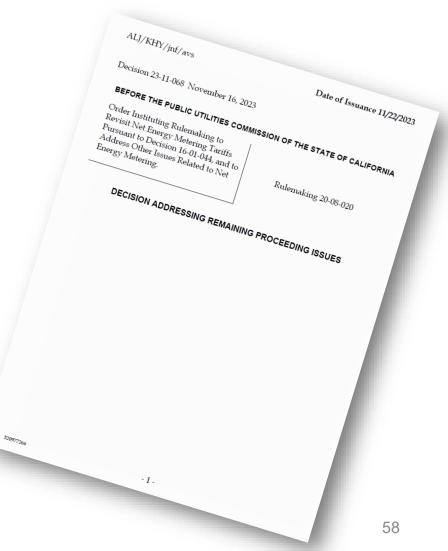
During today's CPUC Business Meeting, the Commission voted to approve the Proposed Decision, making it <u>final</u> and <u>granting our petition</u> to modify!

 The Final Decision <u>allows SDCP to purchase an additional 36 MW of system RA capacity</u> at the Market Price Benchmark beginning for 2025 resource adequacy requirements and continuing throughout the life of the contracts, thus <u>saving ratepayers tens of millions of dollars</u>.

Net Billing Tariff Update: Decision Addressing Remaining Proceeding Issues

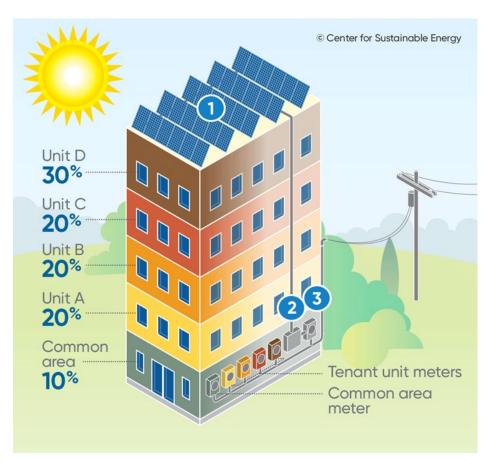
- Adopted on November 16, 2023
- Addresses:
 - Successor tariff for Virtual Net Energy Metering (VNEM): Virtual Net Billing Tariff
 - Successor tariff for Net Energy Metering Aggregation (NEMA): Aggregation subtariff
 - Billing improvements
 - Consumer protections
 - Prevailing wage requirements for contractors
 - Principles for evaluating the Net Billing Tariff
 - Proceeding closure





Virtual Net Billing Tariff

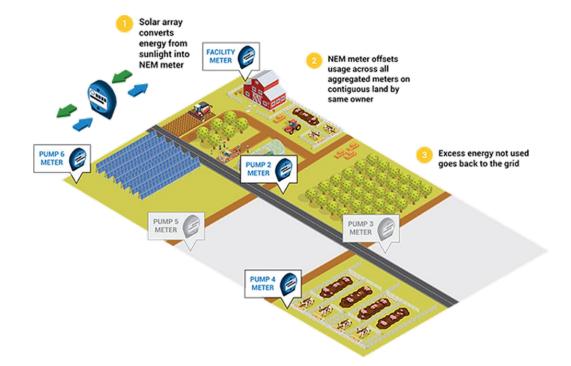
- Largely utilized by multi-family properties
- Distinct from single family NBT as on-site generation typically does not flow directly to any tenant meter but directly back onto grid
- Ensures tenants receive compensation for building's solar production, rather than all benefits going to the property owner





Aggregation Subtariff

- Largely utilized by agricultural and municipal customers
- Benefits a single customer with multiple meters on the same property, adjacent properties, or contiguous properties





Alignment with NBT

- Export compensation based on Avoided Cost Calculator (ACC) rates
- Adopts an adder to ease transition to ACC rates, but SDG&E and non-residential customers are ineligible
- Import rates
 - VNBT: any eligible TOU rate (residential customers) and any available rate (non-residential customers)
 - NEMA: <u>highly differentiated</u> TOU rate (residential customers) and any available <u>TOU</u> rate (non-residential customers)



Storage



- Customers can add storage to their existing system without altering their tariff status
- Customers can operate their systems, including storage, to serve onsite load during outages
- Grid charging of onsite batteries is still prohibited, but a process will launch to explore changing this rule



Next Steps

- Sunset date
 - 11:59 p.m. on February 13, 2024
- Implementation
 - March 31, 2025
 - Temporary service on current tariffs between sunset and implementation
- Legacy treatment
 - $\circ~$ Transition to new tariff will occur when legacy period ends



Billing Improvements

 CCAs successfully advocated for a change in decision language to ensure CCA customer billing issues are addressed in upcoming workshops

9	SD	GE	ACCOUNT NUMBER 0012 3456 7890 Amount due \$211.05			DATE MAILED May 3, 2023 sdge.com	rage 2 o	
Detail	of Curre	nt Charge	5			Important Phone Number 1-800-411-SDGE (7343) En		
Electric	Service					1-800-311-SDGE (7343) Es		
Rate: Time o	f Use - TOU-DR	1-Residential		1-877-889-SDGE (7343) 77				
	ance: 264 kWh			M-F, 7am-8pm, Sat, 7am-6p	m			
	3/29/23 - 4/27/2	3 Total Davs: 3				For emergencies and to report		
					Cycle: 18	outages, please call 24 hours a day. 7 days a week.		
Meter Number: 01234567 (Next scheduled read date May 26, 2023) Meter Constant: 1.000 Billing Voltage Level: Secondary					Cycle: 18	To locate underground cables & gas pipes, please call DigAlert,		
Circuit: 0000			subjected to rotating outage.			Monday-Friday, 6am-7pm.		
Total Usage: 4			hange without notice. used on interval data)			To make a payment using your cred or debit card via a third party		
						vendor, call.	1-800-386-0067	
	C CHARGES	de heleved			Amount(\$)			
	Delivery (Deta		426 kWh					
WWTER USAGE kWh used	On-Peak 109	Off-Peak 164	Super Off-Peak 153					
Rate/kWh	\$.43809	\$.43809	\$.43809					
Charge	\$47.75	+ \$71.85	+ \$67.03	-	186.63			
Wildfire Fun	nd Charge		428 kWh x \$.00530		2.26			
Electricity	Generation (D	etails below)	426 kWh					
WINTER USAGE	On-Peak	Off-Peak	Super Off-Peak					
kWh used	109	164	153					
Rate/kWh	\$.19307	\$.10855	\$.08402					
Charge	\$21.04	+ \$17.80	* \$12.86	=	51.70			
Electricity G	Seneration Credi	t			-51.70			
Baseline Adjustment Credit 343 kWh x -\$.11724 PCIA				-40.21 7.19				
			Total Electric Charges (Contin	ued o	\$155.87 In next page)			

ACCOUNT NUMBER 0012 3456 7890 1

-

Page 2 of 6

DATE MAILED May 3, 2023





Public Comment for Item 12

Item 12

Recommendation:

Receive and File the Update on Regulatory and Legislative Affairs



Item 13

Receive Update on 2024 Rate/Power Charge Indifference Adjustment (PCIA) Projected Changes

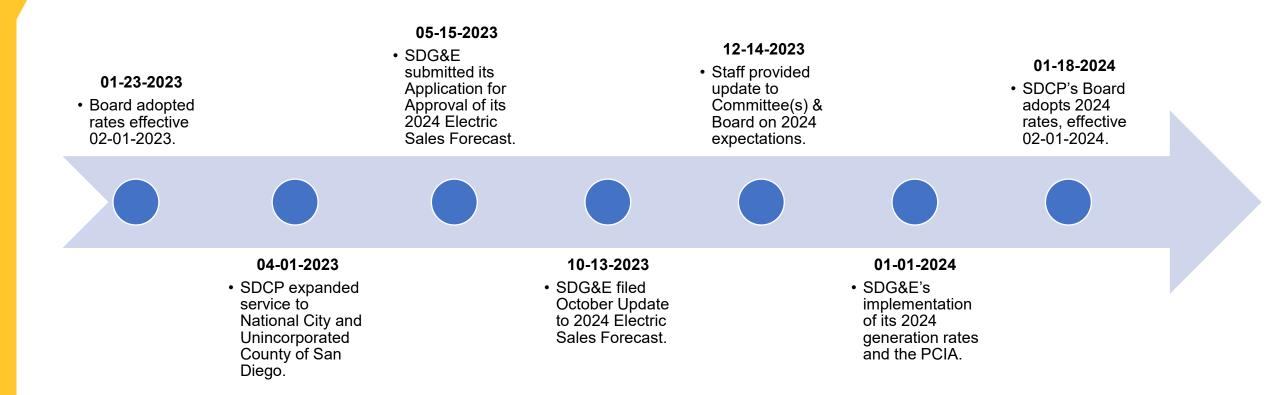
Recommendation:

Receive and File the Update on 2024 Rate & Power Charge Indifference Adjustment (PCIA) Projected Changes Presenter:



Aaron Lu, Senior Rates and Strategy Analyst Lucas Utouh, Senior Director of Data Analytics and Customer 67 Operations

2023 and 2024 Rates Timeline





Rate-Setting Process Overview (1)

Rate Development Policy Objectives:

- Cost Recovery,
- Reserves,
- Rate Competitiveness and Customer Value,
- Rate Stability,
- Equity Among Customers,
- Rate Structure Simplicity and Comparability,
- Transparency,
- Avoidance of Cost Shifting, and
- Cost of Service.



Rate-Setting Process Overview (2)

How are SDCP rates determined?

- Generation costs
- Additional fees
- PCIA, franchise fees, etc.
- SDG&E Delivery

Power Charge Indifference Adjustment (PCIA) and **Franchise Fees** are factored in our overall rate setting mechanics to ensure competitiveness with SDG&E's rates.

PCIA is set annually in SDG&E's Electric Sales Forecast/Energy Resource Recovery Account (ERRA) proceedings. It includes above-market costs related to power supply commitments that the utilities made many years ago.

Franchise Fees is a surcharge applied to electricity transported over SDG&E systems that are constructed in public streets and highways. All customers i.e., bundled and un-bundled, are assessed Franchise Fees.

Competitiveness Factor exists in the value proposition that the Board sets in our rate setting mechanics. In January 2023, the Board approved a 3% discount for our customers.

Time of Use – TOUDR-Residential

Residential: TOUDR	SDG&E 44.5% Renewable	SDCP PowerOn 54.9% Renewable + 5% Carbon Free	SDCP Power100 100% Renewable			
Generation Rate (\$/kWh)	\$0.15454	\$0.17602	\$0.18353			
SDG&E Delivery Rate (\$/kWh)	\$0.25571	\$0.25571	\$0.25571			
SDG&E PCIA (\$/kWh)	\$0.04439	\$0.01687	\$0.01687			
Franchise Fees (\$/%)	\$0.00376	\$0.00376	\$0.00376			
Total Electricity Cost (\$/kWh)	\$0.45840	\$0.45236	\$0.45987			
Average Monthly Bill (\$)	\$182.90	\$180.49	\$183.49			
Average Monthly Usage: 399 kWh Rates current as of February 1, 2023						



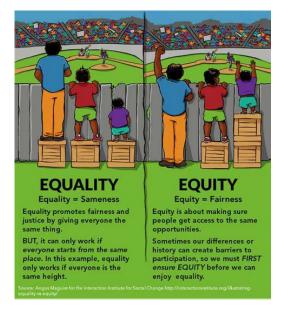
PCIA savings can result from either the cost of the portfolio going down, or the value going up.

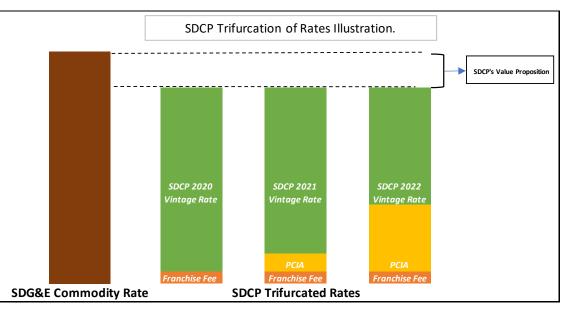


2024 Rate Setting Mechanics (1)

Equity vs. Equality:

- Equity recognizes that each person has different circumstances and allocates the exact resources and opportunities needed to reach an equal outcome.
- Equality means each individual or group of people is given the same resources or opportunities.
- This trifurcation will maintain a fair, equitable, and balanced rate structure that does not create winners and losers across our customers.





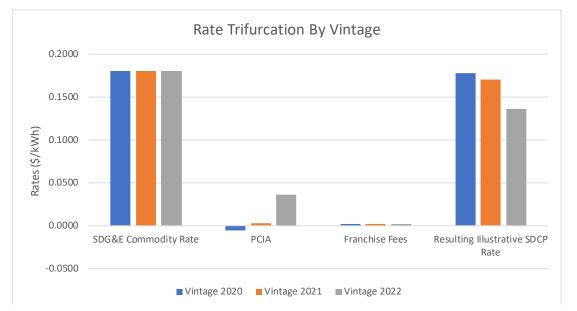


2024 Rate Setting Mechanics (2)

- SDCP's Phase 1 and 2 customers (vintage 2020), Phase 3 customers (vintage 2021), and Phase 4 customers (vintage 2022) are all charged a different PCIA by SDG&E because they are enrolled in different "vintage" years.
- Due to the substantial deltas expected between PCIA vintages 2020, 2021, and 2022, staff will recommend to the Board trifurcation of three sets of rates in 2024.

Competitive Factor (Discount)	3%	3%	3%
Rates (\$/kWh)	Vintage 2020	Vintage 2021	Vintage 2022
SDG&E Commodity Rate	0.1800	0.1800	0.1800
PCIA	-0.0051	0.0027	0.0364
Franchise Fees	0.0020	0.0020	0.0020
Resulting Illustrative SDCP Rate	0.1777	0.1700	0.1362

Illustrative Rate Setting Process Based On Trifurcation





2024 Commodity Rate Projections

Illustrative SDG&E commodity rates, effective 01-01-2024

	SDG&E Commodity Rates						
		October-23			November-23		
Rate Group	Current (\$/kWh)	Proposed (\$/kWh)	Difference	% Difference	Proposed (\$/kWh)	Difference	% Difference
Residential	0.20	0.18	-0.02	-8.6%	0.16	-0.03	-16.8%
Small Commercial	0.17	0.16	-0.01	-8.4%	0.14	-0.04	-20.4%
Medium & Large C&I	0.20	0.19	-0.02	-9.1%	0.17	-0.03	-16.6%
Agriculture	0.15	0.13	-0.01	-8.2%	0.12	-0.02	-17.0%
Streetlighting	0.13	0.12	-0.01	-8.8%	0.11	-0.02	-16.7%
System Total	0.19	0.18	-0.02	-8.5%	0.16	-0.03	-16.9%

- SDG&E's commodity rates are projected to decrease as of 01-01-2024, on average by approximately 17%.
- The primary driver for the decrease in commodity rates is that SDG&E's forecasted costs of purchasing electricity in 2024 are expected to decrease. An adjustment between SDG&E's balancing accounts is also driving the projected rate decrease.



Next Steps

- Staff continues to monitor updates from SDG&E & CPUC throughout the remainder of the year and into 2024.
- SDG&E commodity rates and PCIA rates, that will go into effect on 01-01-2024, will not be finalized until the last week of December.
- Staff will recommend to the Board to adopt a rate change, effective as of 02-01-2024, in January. A few key early considerations are as follows:
 - Due to variation in PCIA for vintage years, staff will continue to recommend trifurcated rates.
 - SDG&E expects costs for purchasing electricity to decrease, as of the time of filing the October ERRA and November Regulatory Account updates.
 - Final SDG&E commodity costs and PCIA rates will determine the trajectory of SDCP's proposed 2024 rates.



Public Comment for Item 13

Item 13

Recommendation:

Receive and File the Update on 2024 Rate & Power Charge Indifference Adjustment (PCIA) Projected Changes



Item 14

Approve CDH VIDAL LLC Power Purchase Agreement (PPA)

Recommendation:

Approve a 20-year Power Purchase Agreement (PPA) with CDH VIDAL LLC for a 160 MW/160 MWh (4-hour) battery storage project.



<u>Presenter</u>: Byron Vosburg, Managing Director Power Services

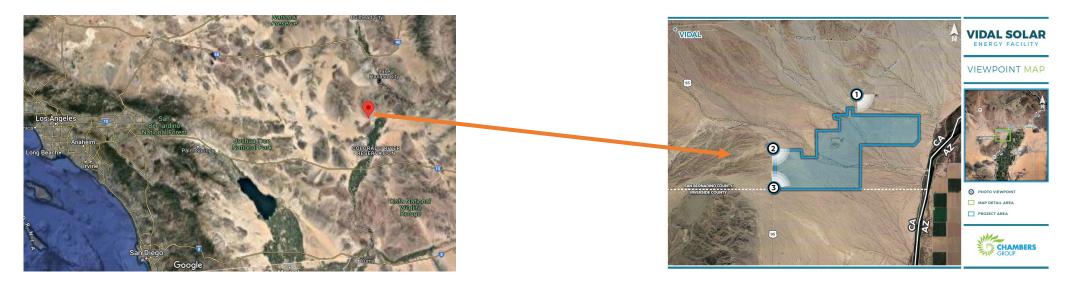
SDCP Long-Term Procurement

- 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 our 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.



Vidal Project Summary

- 160MW PV and 160/640 MWh (4-hour) lithium-ion battery
- Location: San Bernardino County
- Interconnection: WAPA (external to CAISO). Seller will deliver energy to CAISO, and SDCP will need to allocate import rights to this project to claim associated resource adequacy attributes.





Vidal: Key Terms

- **Product:** RPS, capacity and ancillary services
- Pricing: Fixed for a 20-year term
- Timeline: Guaranteed Commercial Operation Date is March 1, 2026
- 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.



Vidal: Staff Analysis

- The Vidal project will contribute to SDCP's 100% renewable by 2035 target, providing over 480,000 MWh of renewable energy per year, in addition to energy management and capacity benefits from battery energy storage.
- With commercial operations commencing in 2026, Vidal 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.



Vidal: Workforce Development and Community Benefits

- The Vidal project will provide **250 construction jobs** and 11 permanent jobs.
- The Vidal project is committed to using union labor at the project, having a fully executed Project Labor Agreement with the Operating Engineers Local 12, the Southwest Regional Council of Carpenters, the Southern California District Council of Laborers and its affiliated Local Union 783, IBEW Local 477 and the Ironworkers Local 416 and 433.
- The project has committed \$500,000 to a community benefit fund to benefit SDCP customers.



Public Comment for Item 14

Item 14

Recommendation:

Approve a 20-year Power Purchase Agreement (PPA) with CDH VIDAL LLC for a 160 MW/160 MWh (4-hour) battery storage project.



Report by Chief Executive Officer

RECENT COMMUNITY PARTNERSHIPS

- Business For Good
 Community Partner of the Year
- December Nights
 Mobility Sponsorship
- Chula Vista Starlight Parade Sponsor





SDCP IN THE COMMUNITY

- Presentation in Imperial Beach
- Community Breakfast in National City
- Outreach at local libraries





WE ARE (STILL) HIRING!

Open Positions

Clerk of the Board

Interviewing

Data Engineer

Final Stages

Key Account Services Manager

Celebrating our 2023 accomplishments!

- Serving nearly 1 million customers
- Developing customer-centric programs that support our communities
- Securing renewable resources
- Building a strong fiscal foundation
- Advocating at the state and federal levels



Report by General Counsel

Director Comments



Next Regular Board of Directors Meeting

January 18, 2024