



AGENDA

Regular and Special Closed Session Meeting of the Board of Directors of San Diego Community Power (SDCP)

June 22, 2023
5:00 p.m.

City of San Diego Metropolitan Operations Complex (MOC II) Auditorium
9192 Topaz Way, San Diego, CA 92123

The meeting will be held in person at the above date, time and location. Board of Directors Members and members of the public may attend in person. Under certain circumstances, Directors may also attend and participate in the meeting virtually pursuant to the Brown Act (Gov. Code § 54953). As a convenience to the public, SDCP provides a call-in option and internet-based option for members of the public to virtually observe and provide public comments at its meetings. Additional details on in-person and virtual public participation are below. Please note that, in the event of a technical issue causing a disruption in the call-in option or internet-based option, the meeting will continue unless otherwise required by law, such as when a Board Member is attending the meeting virtually pursuant to certain provisions of the Brown Act.

Note: Any member of the public may provide comments to the Board of Directors on any agenda item. When providing comments to the Board, it is requested that you provide your name and city of residence for the record. Commenters are requested to address their comments to the Board of Directors as a whole through the Chair. Comments may be provided in one of the following manners:

1. Providing Oral Comments During Meeting. Anyone attending in person desiring to address the Board of Directors is asked to fill out a speaker's slip and present it to the Clerk of the Board or the Secretary. To provide remote comments during the meeting, join the Zoom meeting by computer, mobile phone, or dial-in number. On Zoom video conference by computer or mobile phone, use the "Raise Hand" feature. This will notify the moderator that you wish to speak during a specific item on the agenda or during non-agenda Public Comment. Members of the public will not be shown on video but will be able to speak when called upon. If joining the meeting using the Zoom dial-in number, you can raise your hand by pressing *9. Comments will be limited to three (3) minutes.
2. Written Comments. Written public comments must be submitted prior to the start of the meeting by using this [Web Comment Form](#). Please indicate a specific agenda item when submitting your comment. All written comments received prior to the meeting will be provided to the Board members in writing. In the discretion of the Chair, the first ten (10) submitted comments shall be stated into the record of the meeting. Comments read at the meeting will

be limited to the first 400 words. Comments received after the start of the meeting will be collected, sent to the Board members in writing, and be part of the public record.

If you have anything that you wish to be distributed to the Board, please provide it via info@sdcommunitypower.org and it will be distributed to the Members.

The public may participate using the following remote options:

Teleconference Meeting Webinar <https://zoom.us/j/94794075133>

Telephone (Audio Only) (669) 900-6833 or (346) 248-7799 | Webinar ID: 947 9407 5133

WELCOME

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS ON CLOSED SESSION ITEMS

CLOSED SESSION

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

Title: Chief Executive Officer

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

Agency designated representative(s): General Counsel

Unrepresented employee: Chief Executive Officer

REPORT FROM CLOSED SESSION

SPECIAL PRESENTATIONS AND INTRODUCTIONS

ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA

PUBLIC COMMENTS

Opportunity for members of the public to address the Board on any items not on the agenda but within the jurisdiction of the Board. Members of the public may provide a comment in either manner described above.

CONSENT CALENDAR

All matters are approved by one motion without discussion unless a member of the Board of Directors requests a specific item to be removed from the Consent Calendar for discussion. A member of the public may comment on any item on the Consent Calendar in either manner described above.

1. Approval of February 23, 2023 and March 23, 2023 Meeting Minutes

2. Receive and File Treasurer's Report for Period Ending April 30, 2023

- 3. Receive and File Update on Power Services**
- 4. Receive and File Update on Human Resources**
- 5. Receive and File Update on Customer (Back Office) Operations**
- 6. Receive and File Update on Marketing and Public Relations**
- 7. Receive and File Update on Regulatory and Legislative Affairs**
- 8. Receive and File Update on Community Advisory Committee**
- 9. Approval of Second Amendment to Professional Services Agreement with Keyes and Fox for up to \$1,300,000 for Legal and Regulatory Services through May 31, 2026**
- 10. Approval of Third Amendment to the Professional Services Agreement with Maher Accountancy for up to \$297,000 for accounting services through FY2024.**
- 11. Approval of Professional Services Agreement with Innovation Network for Communities for up to \$350,000 for a Building and Housing Stock Analysis and Funding Gap Analysis Services through June 30, 2025**
- 12. Approval of Community Advisory Committee Reappointment of Members for Terms Ending in 2023**

REGULAR AGENDA

The following items call for discussion or action by the Board of Directors. The Board may discuss and/or take action on any item listed below if the Board is so inclined.

13. Approval of Second Amendment to CEO Employment Agreement

Recommendation: Approve Second Amendment to Chief Executive Officer Employment Agreement

14. Approval of the FY 2023-24 Operating Budget and FY 2024-28 Capital Investment Plan

Recommendation: Approve the FY 2023-24 Operating Budget and FY 2024-28 Capital Investment Plan

15. Update on the Disadvantaged Communities and Community Solar Green Tariff Programs

Recommendation: Receive and File the update on the Disadvantaged Communities and Community Solar Green Tariff Programs

16. Approve the update to the Collections and Delinquency Policy to Include Residential Customers

Recommendation: Approve the update to Collections and Delinquency Policy to include residential customers

17. Approval of the Renewable Power Purchase Agreement (PPA) Yellow Pine Solar III, LLC

Recommendation: Approve 20-year Renewable Power Purchase Agreement with Yellow Pine Solar III, LLC for 35 MW of Solar PV Renewable Energy and 35 MW of Battery Energy Storage

REPORTS BY CHIEF EXECUTIVE OFFICER AND GENERAL COUNSEL

SDCP Management and General Counsel may briefly provide information to the Board and the public. The Board may engage in discussion if the specific subject matter of the report is identified below, but the Board may not take any action other than to place the matter on a future agenda. Otherwise, there is to be no discussion or action taken unless authorized by law.

DIRECTOR COMMENTS

Board Members may briefly provide information to other members of the Board and the public, ask questions of staff, request an item to be placed on a future agenda, or report on conferences, events, or activities related to SDCP business. There is to be no discussion or action taken on comments made by Directors unless authorized by law.

ADJOURNMENT

Compliance with the Americans with Disabilities Act

SDCP Board of Directors meetings comply with the protections and prohibitions of the Americans with Disabilities Act. Individuals with a disability who require a modification or accommodation, including auxiliary aids or services, in order to participate in the public meeting may contact (888) 382-0169 or info@sdcommunitypower.org. Requests for disability-related modifications or accommodations require different lead times and should be provided at least 72-hours in advance of the public meeting.

Availability of Board Documents

Copies of the agenda and agenda packet are available at <https://sdcommunitypower.org/resources/meeting-notes/>. Late-arriving documents related to a Board meeting item which are distributed to a majority of the Members prior to or during the Board meeting are available for public review as required by law. Public records, including agenda-related documents, can be requested electronically at info@sdcommunitypower.org or by mail to SDCP, PO BOX 12716, San Diego, CA 92112. The documents may also be posted at the above website. Such public records are also available for inspection, by appointment, at San Diego Community Power, 2488 Historic Decatur Road, Suite 250, San Diego, CA 92106. Please contact info@sdcommunitypower.org to arrange an appointment.



**SAN DIEGO COMMUNITY POWER (SDCP)
BOARD OF DIRECTORS**

City of San Diego Metropolitan Operations Complex (MOC II) Auditorium
9192 Topaz Way, San Diego, CA 92123

MINUTES

February 23, 2023

This meeting was conducted utilizing teleconferencing and electronic means consistent with Government Code Section 54953, as amended by Assembly Bill 361, in relation to the COVID-19 State of Emergency and recommended social distancing measures.

The Board minutes are prepared and ordered to correspond to the Board Agenda. Agenda Items can be taken out of order during the meeting.

The Agenda Items were considered in the order presented.

WELCOME

CALL TO ORDER

Chair LaCava (City of San Diego) called the SDCP Board of Directors meeting to order at 5:03 p.m.

ROLL CALL

PRESENT: Chair LaCava (City of San Diego), Vice Chair Lawson-Remer (County of San Diego) (arrived at 5:05 p.m.), Director McCann (Chula Vista), Director Hinze (Encinitas), Director Aguirre (Imperial Beach), Director Parent (La Mesa), and Director Yamane (National City)

ABSENT: None

Also Present: Chief Financial Officer ("CFO")/Treasurer Washington, General Counsel Baron, Executive Assistant to the Chief Executive Officer/ Board Clerk Isley

PLEDGE OF ALLEGIANCE

Chair LaCava (City of San Diego) led the Pledge of Allegiance.

SPECIAL PRESENTATIONS AND INTRODUCTIONS

Chair LaCava (City of San Diego) introduced the following new SDCP staff member:

Chris Stewart, IT Associate

REPORT FROM CLOSED SESSION (IF HELD)

There was no closed session.

ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA

There were no items added, withdrawn, or reordered on the agenda.

PUBLIC COMMENTS

There were no public comments.

CONSENT CALENDAR

(Items 1 through 8)

Director Parent commented on Item 7.

1. Approval of Findings to Continue Holding Remote/Teleconference Meetings Pursuant to Assembly Bill 361

Approved.

2. Receive and File Treasurer's Report for Period Ending December 31, 2022

Received and filed.

3. Receive and File Update on Back Office Operations

Received and filed.

4. Receive and File Update on Marketing and Public Relations

Received and filed.

5. Receive and File Update on Community Advisory Committee

Received and filed.

6. Receive and File Update on Regulatory and Legislative Affairs

Received and filed.

7. Approval of Sublease Agreements with Nuvve Holding Corporation

Approved.

8. Approval of Amendment to Legal Services Agreement with Braun Blaising & Wynne, P.C. for up to \$100,000 for legal services through FY2023

Approved.

ACTION: Motioned by Director McCann (Chula Vista) and seconded by Director Aguirre (Imperial Beach) to approve Consent Calendar Items 1 through 8. The motion carried by the following vote:

Vote: 7-0

Yes: Chair LaCava (City of San Diego), Vice Chair Lawson-Remer (County of San Diego), Director McCann (Chula Vista), Director Hinze (Encinitas), Director Aguirre (Imperial Beach), Director Parent (La Mesa), and Director Yamane (National City)

No: None

Abstained: None

Absent: None

REGULAR AGENDA

9. Approval of Fiscal Year (FY) 2022-23 Budget Amendment

Director McCann (Chula Vista) said the Finance and Risk Management Committee supports the FY 2022-23 budget amendment.

CFO/Treasurer Washington provided an overview of the FY 2022-23 budget amendment.

Board questions and comments ensued.

ACTION: Motioned by Director McCann (Chula Vista) and seconded by Director Hinze (Encinitas) to approve the FY 2022-23 Amended Budget for net revenue of \$929,791,929 and total expenses of \$772,078,710. The motion carried by the following vote:

Vote: 7-0

Yes: Chair LaCava (City of San Diego), Vice Chair Lawson-Remer (County of San Diego), Director McCann (Chula Vista), Director Hinze (Encinitas), Director Aguirre (Imperial Beach), Director Parent (La Mesa), and Director Yamane (National City)

No: None

Abstained: None

Absent: None

10. Recent Changes in Brown Act Teleconferencing and Format of Future SDCP Meetings

Assistant General Counsel Norvell provided a PowerPoint presentation on the requirements of the three teleconferencing methods pursuant to the Brown Act: the traditional pre-pandemic method, AB 361, and AB 2449.

Board questions and comments ensued.

ACTION: Motioned by Director McCann (Chula Vista) and seconded by Director Yamane (National City) to: (1) authorize the Board, committees, and Community Advisory Committee (CAC) to use the standard Brown Act and AB 2449 teleconferencing rules; and (2) continue the hybrid format at Board, committee, and CAC meetings for members of the public. The motion carried by the following vote:

Vote: 7-0

Yes: Chair LaCava (City of San Diego), Vice Chair Lawson-Remer (County of San Diego), Director McCann (Chula Vista), Director Hinze (Encinitas), Director Aguirre (Imperial Beach), Director Parent (La Mesa), and Director Yamane (National City)
No: None
Abstained: None
Absent: None

11. Updates to Board Compensation and Reimbursement Policy

Assistant General Counsel Norvell provided a summary of the proposed revisions to the Board Compensation and Reimbursement Policy.

Board questions and comments ensued.

ACTION: Motioned by Director Hinze (Encinitas) and seconded by Director Yamane (National City) to adopt Resolution No. 2023-2 renaming the Board Compensation and Reimbursement Policy as the “Board and Committee Compensation and Reimbursement Policy,” and amending the policy to: (1) authorize compensation of \$100 per meeting for Board-appointed committee members, including CAC; (2) make compensation subject to the same limits as the Board of Directors (4x per month); (3) make CAC Members eligible for reimbursement of child-care expenses for special (non-regular) CAC meetings, similar to the Board of Directors; (4) expressly note the legal requirement for the Board of Directors and CAC Members to receive AB 1234 Ethics Training and Sexual Harassment Prevention Training as required by the Government Code due to a receipt of compensation or reimbursement; and (5) clarify that Alternate Directors and Board-appointed committee members are eligible for reimbursement if pre-approved by the Board of Directors and performing duties on behalf of SDCP. The motion carried by the following vote:

Vote: 7-0

Yes: Chair LaCava (City of San Diego), Vice Chair Lawson-Remer (County of San Diego), Director McCann (Chula Vista), Director Hinze (Encinitas), Director Aguirre (Imperial Beach), Director Parent (La Mesa), and Director Yamane (National City)
No: None

Abstained: None
Absent: None

12. Approval of a new Electrification Rate - TOU-ELEC

Director of Data Analytics and Account Services Utouh presented a PowerPoint presentation on the new Electrification Rate – TOU-ELEC, highlighting the purpose, customer base, customer cap, monthly service fee, and commodity rates.

Board questions and comments ensued.

ACTION: Motioned by Director Parent (La Mesa) and seconded by Director Aguirre (Imperial Beach) to approve the new Electrification Rate – TOU-ELEC. The motion carried by the following vote:

Vote: 7-0

Yes: Chair LaCava (City of San Diego), Vice Chair Lawson-Remer (County of San Diego), Director McCann (Chula Vista), Director Hinze (Encinitas), Director Aguirre (Imperial Beach), Director Parent (La Mesa), and Director Yamane (National City)
No: None
Abstained: None
Absent: None

13. Approval of Partnership Agreement with the San Diego Padres for the 2023 & 2024 Seasons

Senior Manager Strategic Partnerships Friedman provided a PowerPoint presentation on the proposed Partnership Agreement with the San Diego Padres (“Padres”) for the 2023 and 2024 seasons. Senior Manager Strategic Partnerships Friedman gave an overview of the 2022 Padres season sponsorship and summarized the highlights and costs of sponsoring the 2023 and 2024 seasons.

Board questions and comments ensued.

ACTION: Motioned by Director McCann (Chula Vista) and seconded by Vice Chair Lawson-Remer (County of San Diego) to approve the Partnership Agreement with the San Diego Padres for the 2023 and 2024 seasons. The motion carried by the following vote:

Vote: 7-0

Yes: Chair LaCava (City of San Diego), Vice Chair Lawson-Remer (County of San Diego), Director McCann (Chula Vista), Director Hinze (Encinitas), Director Aguirre (Imperial Beach), Director Parent (La Mesa), and Director Yamane (National City)
No: None
Abstained: None
Absent: None

14. Approval of Partnership Agreement with the San Diego Wave for the 2023 & 2024 Seasons

Senior Manager Strategic Partnerships Friedman provided a PowerPoint presentation on the proposed Partnership Agreement with the San Diego Wave (“Wave”) for the 2023 and 2024 seasons. Senior Manager Strategic Partnerships Friedman gave an overview of the 2022 Wave season sponsorship and summarized the highlights and costs of sponsoring the 2023 and 2024 seasons.

Board questions and comments ensued.

ACTION: Motioned by Director Aguirre (Imperial Beach) and seconded by Vice Chair Lawson-Remer (County of San Diego) to approve the Partnership Agreement with the San Diego Wave for the 2023 and 2024 seasons. The motion carried by the following vote:

Vote: 6-1

Yes: Chair LaCava (City of San Diego), Vice Chair Lawson-Remer (County of San Diego), Director McCann (Chula Vista), Director Hinze (Encinitas), Director Aguirre (Imperial Beach), and Director Parent (La Mesa)
No: Director Yamane (National City)
Abstained: None
Absent: None

15. Approval of Partnership Agreement with the San Diego Loyal for the 2023 Season

Senior Manager Strategic Partnerships Friedman provided a PowerPoint presentation on the proposed Partnership Agreement with the San Diego Loyal (“Loyal”) for the 2023 season. Senior Manager Strategic Partnerships Friedman gave an overview of the 2022 Loyal season sponsorship and summarized the highlights and costs of sponsoring the 2023 season.

Board questions and comments ensued.

ACTION: Motioned by Director McCann (Chula Vista) and seconded by Director Parent (La Mesa) to approve the Partnership Agreement with the San Diego Loyal for the 2023 season. The motion carried by the following vote:

Vote: 6-1

Yes: Chair LaCava (City of San Diego), Vice Chair Lawson-Remer (County of San Diego), Director McCann (Chula Vista), Director Hinze (Encinitas), Director Aguirre (Imperial Beach), and Director Parent (La Mesa)
No: Director Yamane (National City)
Abstained: None
Absent: None

16. Approval of the Policy Platform

Vice Chair Lawson-Remer (County of San Diego) left the meeting at 6:19 p.m.

Director of Regulatory and Legislative Affairs Fernandez provided a PowerPoint presentation on the Regulatory and Legislative Policy Platform, highlighting the background and updates.

Board questions and comments ensued.

ACTION: Motioned by Director McCann (Chula Vista) and seconded by Director Parent (La Mesa) to approve the Regulatory and Legislative Policy Platform. The motion carried by the following vote:

Vote: 6-0

Yes: Chair LaCava (City of San Diego), Director McCann (Chula Vista), Director Hinze (Encinitas), Director Aguirre (Imperial Beach), Director Parent (La Mesa), and Director Yamane (National City)

No: None

Abstained: None

Absent: Vice Chair Lawson-Remer (County of San Diego)

17. Presentation on Residential Enrollment (SD County/National City)

Director of Public Affairs Lebron provided a PowerPoint presentation on the residential enrollment for San Diego County and National City, highlighting the public relations and marketing activities.

Following Board questions and comments, no action was taken.

18. Community Power Plan Update

Director of Programs Santulli provided a PowerPoint presentation regarding the Community Power Plan ("Plan"), highlighting the creation process and timeline, program strategy: short-term (FY 23/24 – FY 24/25) and mid-term (FY 25/26 0 FY 26/27), the commitment to communities of concern, and the next steps.

Following Board questions and comments, no action was taken.

19. Regional Energy Network Progress Update

Director of Programs Santulli provided an update on the progress of the Regional Energy Network (REN), highlighting the existing REN programs, the REN business plan requirements, the REN formation timeline, and the next steps.

Following Board questions and comments, no action was taken.

20. Community Advisory Committee Quarterly Report

Public Outreach Associate Abrenica provided an update on the CAC's proceedings, efforts, and accomplishments for the quarter ending January 31, 2023.

Following Board questions and comments, no action was taken.

REPORTS BY CHIEF EXECUTIVE OFFICER AND GENERAL COUNSEL

CFO/Treasurer Washington reported on SDCP's ongoing efforts and recent activities and events.

DIRECTOR COMMENTS

There were no Director comments.

ADJOURNMENT

Chair LaCava (City of San Diego) adjourned the meeting at 6:57 p.m.

Megan Wiegelman, CMC
City Clerk, City of La Mesa



**SAN DIEGO COMMUNITY POWER (SDCP)
BOARD OF DIRECTORS**

City of San Diego Metropolitan Operations Complex (MOC II) Auditorium
9192 Topaz Way, San Diego, CA 92123

MINUTES

March 23, 2023

This meeting was conducted utilizing teleconferencing and electronic means consistent with Government Code Section 54953, as amended by Assembly Bill 361, in relation to the COVID-19 State of Emergency and recommended social distancing measures.

The Board minutes are prepared and ordered to correspond to the Board Agenda. Agenda Items can be taken out of order during the meeting.

The Agenda Items were considered in the order presented.

WELCOME

CALL TO ORDER

Chair LaCava (San Diego) called the SDCP Board of Directors meeting to order at 5:02 p.m.

ROLL CALL

PRESENT: Chair LaCava (San Diego), Vice Chair Lawson-Remer (County of San Diego), Director Aguirre (Imperial Beach), Director Hinze (Encinitas), Director McCann (Chula Vista), Director Parent (La Mesa) and Director Yamane (National City)

ABSENT: None

Also Present: Chief Executive Officer ("CEO") Burns, Chief Financial Officer ("CFO") Washington, General Counsel Baron

PLEDGE OF ALLEGIANCE

Chair LaCava (San Diego) led the Pledge of Allegiance.

SPECIAL PRESENTATIONS AND INTRODUCTIONS

Chair LaCava (San Diego) introduced the following new SDCP staff members and thanked departing Community Advisory Committee (CAC) members:

Britt Williams, SDCP Administrative Assistant

Jill Monroe, SDCP Senior Marketing Manager
Morgan Adam, SDCP Senior Local Development Manager

Tom Summers, outgoing CAC member representing the City of Imperial Beach
Jen Derks, outgoing CAC member representing the City of La Mesa

ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA

The agenda items were considered in the order presented.

NON-AGENDA PUBLIC COMMENTS

Written comments submitted prior to the start of the meeting were distributed to the Board of Directors and posted on the SDCP website.

Jim Whalen of J. Whalen Associates spoke on his experience related to rooftop solar and offered continued assistance to the SDCP team as desired.

Jeff Osborn spoke on the increase in distribution costs and encouraged the negotiation of competitive PPAs and to avoid the building of unnecessary infrastructure.

David Peterson spoke on the need for a procurement plan and a project ratings system.

Lori Saldaña stated that some Power Purchase Agreements are out-of-state which may be why residents are opting out. And that out-of-state projects are causing the increase in transmission rates.

Summer Light spoke in support of our efforts towards climate change.

Sonja Robinson called in to encourage the board and staff to focus on local distributed resources and micro-grids to decrease transmission costs.

CONSENT CALENDAR

CONSENT CALENDAR PUBLIC COMMENT

Lori Saldaña spoke on Item Number 2 and questioned what is causing the high number of opt-outs and suggested SDCP investigate to determine the cause.

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

Received and Filed

2. Receive and File Update on Back Office Operations

Received and Filed

3. Receive and File Update on Marketing and Public Relations

Received and Filed

4. Receive and File Update on Community Advisory Committee

Received and Filed

5. Receive and File Update on Regulatory and Legislative Affairs

Received and Filed

6. Receive and File Update on Power Services

Received and Filed

7. Receive and File Update on Human Resources

Received and Filed

8. Approval of Teleconferencing Policy

Approved

9. Approval of Second and Fifth Amendments to Legal Services Agreement with Keyes and Fox LLP for up to \$184,752.07 for Legal and Regulatory Services through June 30, 2024.

Approved

10. Approval of Energy Consulting Services Agreement with Pacific Energy Advisors, Inc. up to \$733,567.50 for Energy Consulting Services through March 31, 2025.

Approved

11. Approval of Fifth Amendment to Professional Services Agreement with NewGen Strategies and Solutions, LLC for up to \$846,250 for Regulatory Support and Rate-Related Analysis through June 30, 2024.

Approved

Director questions and comments ensued.

ACTION: Motioned by Director McCann (Chula Vista) and seconded by Director Yamane (National City) to approve Consent Calendar Items 1 through 11.

The motion carried by the following vote:

Vote: 7-0

Yes: Chair LaCava (San Diego), Vice-Chair Lawson-Remer (County of San Diego), Director Aguirre (Imperial Beach), Director Hinze (Encinitas), Director McCann (Chula Vista), Director Parent (La Mesa), and Director Yamane (National City)

No: None

Abstained: None

Absent: None

ITEMS REMOVED FROM THE CONSENT CALENDAR

There were no items removed from the Consent Calendar.

DIRECTOR INITIATED ITEMS

(Consideration of a Request by Vice Chair Lawson-Remer and Director Aguirre)

12. Consider Adoption of Resolution Approving the 100 Percent Renewable Energy by 2035 Policy

Vice Chair Lawson-Remer and Director Aguirre introduced the item and requested support for ensuring 100 percent renewable energy by 2035.

Public Comment:

Cheryl Robertson, Lemon Grove School Board, spoke in support of the item.

Christina Marquez, IBEW Local 569, spoke in support of the item.

Gretchen Newsom, IBEW Local 569, spoke in support of the item.

Zachary Grubbs, IBEW Local 569, spoke in support of the item.

David Harris, Community Advisory Committee, spoke in support of the item.

Serena Pelka, Climate Action Campaign, spoke in support of the item.

Greg Lichtenstein, resident of Scripps Ranch, spoke in support of the item.

Eddie Price, Chair Community Advisory Committee, asked that items like this are presented at the Community Advisory Committee to ensure all communities are part of the conversation.

Sonja Robinson, Climate Equity Public Policy Advocate, Chief Sustainability Officer, spoke in support of the item.

Karl Aldinger, Sierra Club San Diego, spoke in support of the item.

Karinna Gonzales, resident Chula Vista, spoke in support of the item.

Director questions and comments ensued.

ACTION: Motioned by Vice-Chair Lawson-Remer (County of San Diego) and seconded by Director Aguirre (Imperial Beach) to adopt a resolution of the San Diego Community Power Board of Directors Committing San Diego Community Power to 100 Percent Renewable Energy by 2035.

The motion carried by the following vote:

Vote: 7-0

Yes: Chair LaCava (San Diego), Vice-Chair Lawson-Remer (County of San Diego), Director Aguirre (Imperial Beach), Director Hinze (Encinitas), Director McCann (Chula Vista), Director Parent (La Mesa), and Director Yamane (National City)

No: None

Abstained: None

Absent: None

REGULAR AGENDA

13. Approval of Amendment to Renewable Power Purchase Agreement with JVR Energy Park, LLC

Managing Director, Power Services Vosburg gave a presentation on the background of the JVR PPA, provided an overview of the project and detailed community benefits.

Public Comments:

Jeff Osborn, Jacumba Hot Springs resident, spoke against the project.

Tanya Wilkins, Jacumba Hot Springs resident, spoke against the project.

Corrine Chapman, Jacumba Hot Springs resident, spoke against the project.

Corbin Winters, Jacumba Hot Springs resident and business owner, spoke against the project.

Lucy Cannon, Jacumba Hot Springs resident, spoke against the project.

Christina Marquez, IBEW Local 569, spoke in support of the project.

Gretchen Newson spoke in support of the project.

Zachary Grubbs, IBEW Local 569, spoke in support of the project.

Lori Saldaña spoke against the project.

Brandon Reinhard, Senior Director BayWa, spoke in support of the project.

Eddie Price, Chair Community Advisory Committee, spoke in support of concessions for the Jacumba community.

Sonja Robinson spoke against the project.

Director questions and comments ensued.

ACTION: Motioned by Director McCann (Chula Vista) and seconded by Director Yamane (National City) to approve the amendment to the Long-Term Renewable Power Purchase Agreement with JVR Energy Park, LLC, and authorize the CEO to execute the amendment.

The motion carried by the following vote:

Vote: 7-0

Yes: Chair LaCava (San Diego), Vice-Chair Lawson-Remer (County of San Diego), Director Aguirre (Imperial Beach), Director Hinze (Encinitas), Director McCann (Chula Vista), Director Parent (La Mesa), and Director Yamane (National City)

No: None
Abstained: None
Absent: None

14. Approval of the San Diego Community Power Sponsorship Policy

Strategic Initiatives Manager Hommel gave a presentation on the background and purpose of the Sponsorship Policy and detailed the sponsorship criteria.

Public Comment:

Lori Saldaña spoke against the Jacumba project.

Director questions and comments ensued.

ACTION: Motioned by Director Parent (La Mesa) and seconded by Director McCann (Chula Vista) to approve the San Diego Community Power Sponsorship Policy with the amendment to add the word 'primary' before 'purposes' under the policy restrictions section.

The motion carried by the following vote:

Vote: 7-0

Yes: Chair LaCava (San Diego), Vice-Chair Lawson-Remer (County of San Diego), Director Aguirre (Imperial Beach), Director Hinze (Encinitas), Director McCann (Chula Vista), Director Parent (La Mesa), and Director Yamane (National City)

No: None
Abstained: None
Absent: None

15. Approval of the Staff Compensation Policy

Director of People Pugh presented on the staff compensation policy.

Director questions and comments ensued.

ACTION: Motioned by Director McCann (Chula Vista) and seconded by Director Parent (La Mesa) to approve the staff compensation policy.

The motion carried by the following vote:

Vote: 7-0

Yes: Chair LaCava (San Diego), Vice-Chair Lawson-Remer (County of San Diego), Director Aguirre (Imperial Beach), Director Hinze (Encinitas), Director McCann (Chula Vista), Director Parent (La Mesa), and Director Yamane (National City)

No: None
Abstained: None

Absent: None

16. Approval of Support for Senate Bill 411

Director of Regulatory and Legislative Affairs Fernandez gave a presentation on Senate Bill 411 related to Open Meetings and Teleconferencing.

Director questions and comments ensued.

ACTION: Motioned by Vice-Chair Lawson-Remer (County of San Diego) and seconded by Director Hinze (Encinitas) to adopt a support position for Senate Bill 411 (Portantino)

The motion carried by the following vote:

Vote: 7-0

Yes: Chair LaCava (San Diego), Vice-Chair Lawson-Remer (County of San Diego), Director Aguirre (Imperial Beach), Director Hinze (Encinitas), Director McCann (Chula Vista), Director Parent (La Mesa), and Director Yamane (National City)

No: None

Abstained: None

Absent: None

17. Approval of Community Advisory Committee (CAC) Appointment for La Mesa.

Public Outreach Associate Abrenica presented the nomination of Lauren Cazares to the Community Advisory Committee representing La Mesa.

Director questions and comments ensued.

ACTION: Motioned by Direct Parent (La Mesa) and seconded by Director McCann (Chula Vista) to approve the Community Advisory Committee (CAC) Appointment for La Mesa.

The motion carried by the following vote:

Vote: 7-0

Yes: Chair LaCava (San Diego), Vice-Chair Lawson-Remer (County of San Diego), Director Aguirre (Imperial Beach), Director Hinze (Encinitas), Director McCann (Chula Vista), Director Parent (La Mesa), and Director Yamane (National City)

No: None

Abstained: None

Absent: None

18. Update on Phase 4 Enrollment

Director of Public Affairs Lebron and Director of Data Analytics and Account Services Utouh presented on outreach efforts, public relations and opt-out trends.

Public Comment:

Larry Emerson, Community Advisory Committee, commented on grace periods for opt-ins and opt-outs.

Director questions and comments ensued.

Received and Filed

REPORTS BY CHIEF EXECUTIVE OFFICER AND GENERAL COUNSEL

Chief Executive Officer Burns provided an update on staff efforts and activities.

DIRECTOR COMMENTS

Director Aguirre asked for board member briefings be increased to one hour and for staff to present pros and cons related to controversial items. Aguirre also asked for staff to provide a presentation to the board on a Community Benefits Agreement Policy if we do not have a policy she would like to direct staff to create one. With a special focus on Buy Back communities.

Director McCann agreed with Chair LaCava's suggestion that we have the Community Advisory Committee provide us with an update at every board meeting.

Vice-Chair Lawson-Remer agreed with the comments made by Director Aguirre related to the Community Benefits Agreement. Lawson-Remer also requested that the Community Advisory Committee be able to preview all agenda items before they are presented to the board.

Director Yamane gave thanks to Community Advisory Committee members Larry Emerson and Aida Castenada for all the work they are doing in the community.

PUBLIC COMMENTS ON CLOSED SESSION ITEMS

There were no public comments.

CLOSED SESSION

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

Title: Chief Executive Officer

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

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

Unrepresented employee: Chief Executive Officer

ROLL CALL

PRESENT: Chair LaCava (San Diego), , Director Aguirre (Imperial Beach), Director Hinze (Encinitas), Director McCann (Chula Vista), Director Parent (La Mesa) and Director Yamane (National City)

ABSENT: Vice Chair Lawson-Remer (County of San Diego)

Also Present: General Counsel Baron

REPORT FROM CLOSED SESSION

General Counsel Ryan Baron reported there is no reportable actions from today's closed session.

ADJOURNMENT

Chair LaCava (San Diego) adjourned the meeting at 8:21 p.m.

Kimberly Isley, Clerk of the Board



SAN DIEGO COMMUNITY POWER Staff Report – Item 2

To: San Diego Community Power Board of Directors

From: Eric W. Washington, Chief Financial Officer

Via: Karin Burns, Chief Executive Officer

Subject: Treasurer's Report –Presentation of Financial Results for Fiscal Year
2023 Period ended 04/30/23

Date: June 22, 2023

RECOMMENDATION

Receive and File Report.

BACKGROUND

San Diego Community Power (SDCP) maintains its accounting records on a full accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) as applicable to governmental enterprise funds.

SDCP has prepared its year-to-date financial statements for the period ended April 30, 2023, along with budgetary comparisons.

SDCP additionally reports monthly metrics during its Board meetings as part of its Update on Back-Office Operations. As part of the Treasurer's Report, certain key metrics related to risk are to be presented during Financial and Risk Management Committee (FRMC) meetings.

ANALYSIS AND DISCUSSION

Actual financial results for the period ended 04/30/23: \$695.20 million in net operating revenues were reported compared to \$701.99 million budgeted for the period. \$646.50 million in total expenses were reported (including \$624.91 million in energy costs) compared to \$665.79 million budgeted for the period (including \$638.12 million budgeted for energy costs). After expenses, SDCP's change in net position of \$48.69 million was reported for Fiscal Year 2023. The following is a summary of the actual results compared to the Fiscal Year 2023 Budget.

Table 1: Budget Comparison Versus Actual Results

Budget Comparison					
	YTD FY23 as of 04/30/23 (10 mos)	FY23 YTD Budget	Budget Variance (\$)	Budget (%)	
Net Operating Revenues	\$ 695,196,071	\$ 701,992,252	\$ (6,796,181)	99%	
Total Expenses	\$ 646,502,290	\$ 665,787,225	\$ (19,284,935)	97%	
Change in Net Position	\$ 48,693,781	\$ 36,205,027	\$ 12,488,754	34%	

- Net operating revenues finished \$6.80 million (or 1.0 percentage point) under the budget primarily due to remittances coming slightly lower than expected for April.
- Operating expenses finished \$19.28 million (or 3.0 percentage points) under the budget primarily due to savings from all operating expense categories and, in particular, from credits received from the California Independent Systems Operator (CAISO) that were realized in January 2023. SDCP did, however, have significant CAISO fees in March 2023 which reduced overall year-to-date savings.

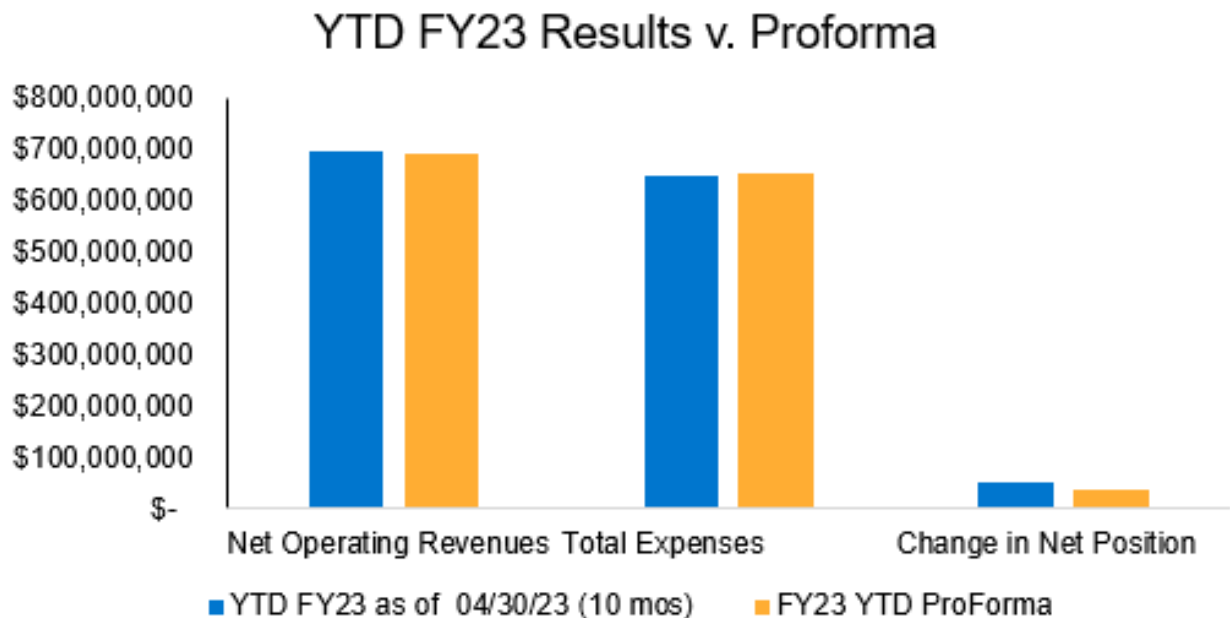
Financial results for the period outperformed the projections presented in the year-to-date proforma. SDCP's change in net position was 28% over the projection primarily due to savings in energy-related costs from CAISO credits as earlier referenced.

The following is a summary to actual results compared to the fiscal year-to-date proforma.

Table 2: Proforma Comparison Versus Actual Results

Proforma Comparison					
	YTD FY23 as of 04/30/23 (10 mos)	FY23 YTD ProForma	ProForma Variance (\$)	Proforma (%)	
Net Operating Revenues	\$ 695,196,071	\$ 689,102,498	\$ 6,093,573	1%	
Total Expenses	\$ 646,502,290	\$ 650,941,547	\$ (4,439,257)	-1%	
Change in Net Position	\$ 48,693,781	\$ 38,160,951	\$ 10,532,830	28%	

Figure 1: Proforma versus Actual Results

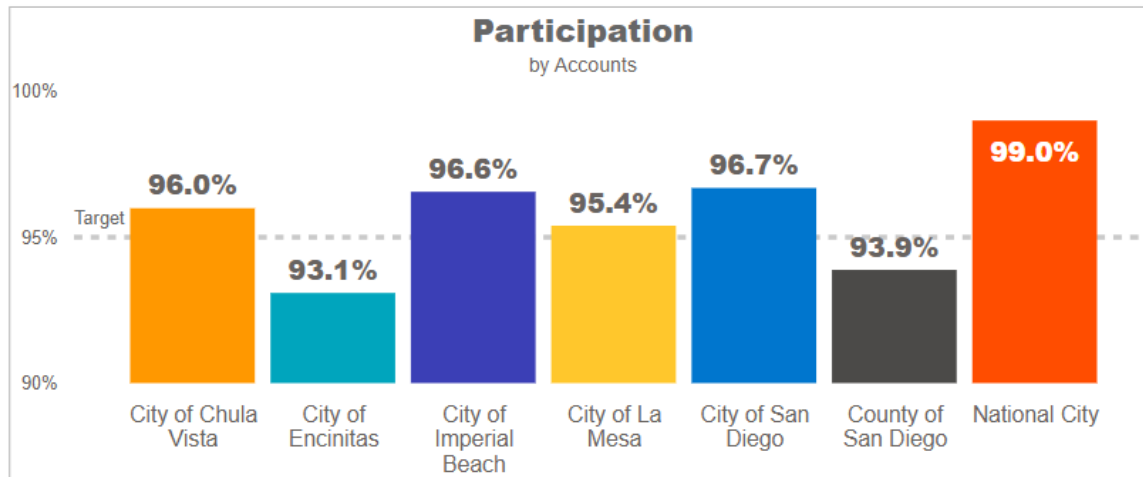


For the period ending 04/30/23, SDCP contributed \$48,693,781 to its reserves but was only expected to gain \$36,205,027 per the FY 2022-23 amended budget. Total SDCP reserves at the end of the period were \$89,205,253 and total available liquidity (including lines of credit) was \$203,475,253. SDCP has a total FY 2022-23 year-end reserve target of \$190,058,650, which is equivalent to 90-days of total operating expenses.

Staff is also presenting certain key metrics (participation rates and usage by jurisdiction) directly related to risk for FRMC consideration and for regular review moving forward. Additional metrics can be added by request.



Participation Rates by Jurisdiction as of June 2, 2023



Jurisdiction	Active	Eligible	Opt Outs	Participation
City of Chula Vista	93,090	96,975	3,885	96.0%
City of Encinitas	26,483	28,449	1,966	93.1%
City of Imperial Beach	10,548	10,924	376	96.6%
City of La Mesa	28,028	29,381	1,353	95.4%
City of San Diego	597,361	617,822	20,461	96.7%
County of San Diego	126,475	145,263	8,890	93.9%
National City	17,892	18,312	183	99.0%
Total	899,877	947,126	37,114	96.1%

COMMITTEE REVIEW

The report was reviewed by the Finance and Risk Management Committee (FRMC) on June 8, 2023.

FISCAL IMPACT

N/A

ATTACHMENTS

Attachment A: 2023 Year-to-Date Period Ended 04/30/23 Financial Statements



ACCOUNTANTS' COMPILATION REPORT

Management
San Diego Community Power

Management is responsible for the accompanying financial statements of San Diego Community Power (a California Joint Powers Authority) which comprise the statement of net position as of April 30, 2023, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. San Diego Community Power's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
May 31, 2023

SAN DIEGO COMMUNITY POWER
STATEMENT OF NET POSITION
As of April 30, 2023

ASSETS

Current assets	
Cash and cash equivalents	\$ 44,650,527
Accounts receivable, net of allowance	81,483,168
Accrued revenue	51,423,886
Prepaid expenses	9,243,318
Other receivables	775,000
Deposits	21,337,324
Total current assets	<u>208,913,223</u>
Noncurrent assets	
Capital assets, net of depreciation	19,480
Lease asset, net of amortization	935,625
Restricted cash	2,146,970
Deposits	555,000
Total noncurrent assets	<u>3,657,075</u>
Total assets	<u>212,570,298</u>

LIABILITIES

Current liabilities	
Accrued cost of electricity	77,991,626
Accounts payable	1,204,398
Other accrued liabilities	3,198,862
State surcharges payable	137,356
Security deposits	1,254,000
Interest payable	379,187
Lease liability	363,591
Total current liabilities	<u>84,529,020</u>
Noncurrent liabilities	
Loan to member government	514,511
Bank note payable	35,730,000
Lease liability	583,395
Total noncurrent liabilities	<u>36,827,906</u>
Total liabilities	<u>121,356,926</u>

NET POSITION

Net investment in capital assets	8,119
Restricted for collateral	2,000,000
Unrestricted	89,205,253
Total net position	<u><u>\$ 91,213,372</u></u>

SAN DIEGO COMMUNITY POWER
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Ten Months Ended April 30, 2023

OPERATING REVENUES

Electricity sales, net	\$ 695,196,071
Total operating revenues	<u>695,196,071</u>

OPERATING EXPENSES

Cost of energy	624,908,450
Contract services	12,823,799
Staff compensation	5,331,572
Other operating expenses	2,208,066
Depreciation and amortization	<u>187,681</u>
Total operating expenses	<u>645,459,568</u>
Operating income (loss)	<u>49,736,503</u>

NON-OPERATING REVENUES (EXPENSES)

Investment income	353,672
Interest and financing expense	<u>(1,407,755)</u>
Nonoperating revenues (expenses)	<u>(1,054,083)</u>

CHANGE IN NET POSITION

	48,682,420
Net position at beginning of period	<u>42,530,952</u>
Net position at end of period	<u><u>\$ 91,213,372</u></u>

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS
Ten Months Ended April 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 661,319,630
Receipts of security deposits	57,461,728
Other operating receipts	10,332,595
Payments to suppliers for electricity	(619,573,763)
Payments for goods and services	(12,794,118)
Payments to employees for services	(4,998,421)
Payments for deposits and collateral	(111,032,995)
Payments of state surcharges	(1,899,237)
Net cash provided (used) by operating activities	<u>(21,184,581)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Proceeds from bank note payable	55,910,000
Principal payments - bank note payable	(56,520,082)
Interest and related expense payments	(1,118,809)
Net cash provided (used) by non-capital financing activities	<u>(1,728,891)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments of lease liability	(199,384)
Payments to acquire capital assets	(20,037)
Net cash provided (used) by capital and related financing activities	<u>(219,421)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income received	<u>353,672</u>
Net change in cash and cash equivalents	(22,779,221)
Cash and cash equivalents at beginning of period	69,576,718
Cash and cash equivalents at end of period	<u><u>\$ 46,797,497</u></u>

Reconciliation to the Statement of Net Position

Cash and cash equivalents (unrestricted)	\$ 44,650,527
Restricted cash	2,146,970
Cash and cash equivalents	<u><u>\$ 46,797,497</u></u>

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS (continued)
Ten Months Ended April 30, 2023

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating income	\$ 49,736,503
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation and amortization expense	187,681
Provision for uncollectible accounts	7,022,183
(Increase) decrease in:	
Accounts receivable	(38,118,361)
Accrued revenue	(4,484,271)
Other receivables	(775,000)
Prepaid expenses	(4,782,010)
Deposits	(12,201,267)
Increase (decrease) in:	
Accrued cost of electricity	20,760,121
Accounts payable	579,444
Other accrued liabilities	2,455,626
State surcharges payable	(195,230)
Supplier security deposits	(41,370,000)
Net cash provided (used) by operating activities	<u><u>\$ (21,184,581)</u></u>



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
San Diego Community Power

Management is responsible for the accompanying special purpose budgetary comparison schedule of San Diego Community Power (SDCP), a California Joint Powers Authority, for the period ended April 30, 2023, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

The special purpose statement is prepared in accordance with the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This report is intended for the information of the Board of Directors of SDCP.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. SDCP's annual audited financial statements will include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to SDCP because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
May 31, 2023

SAN DIEGO COMMUNITY POWER
BUDGETARY COMPARISON SCHEDULE
Ten Months Ended April 30, 2023

	2022/23 YTD Amended Budget	2022/23 YTD Actual	2022/23 YTD Amended Budget Variance (Under) Over	2022/23 YTD Actual/ Amended Budget %	2022/23 Annual Amended Budget	2022/23 Amended Budget Remaining
REVENUES AND OTHER SOURCES						
Gross Ratepayer Revenues	709,083,083	\$ 702,218,254	(6,864,829)	99%	\$ 939,183,767	\$ 236,965,513
Less Uncollectible Customer Accounts	(7,090,831)	(7,022,183)	68,648	99%	(9,391,838)	(2,369,655)
Total Revenues and Other Sources	<u>701,992,252</u>	<u>695,196,071</u>	<u>(6,796,181)</u>		<u>929,791,929</u>	<u>234,595,858</u>
OPERATING EXPENSES						
Cost of Energy	638,122,350	624,908,450	(13,213,900)	98%	738,800,294	113,891,844
Professional Services and Consultants	14,161,833	12,355,478	(1,806,355)	87%	17,271,121	4,915,643
Personnel Costs	5,951,059	5,331,572	(619,487)	90%	7,362,227	2,030,655
Marketing and Outreach	3,761,752	1,696,754	(2,064,998)	45%	4,194,489	2,497,735
General and Administrative	1,642,211	1,179,574	(462,637)	72%	1,890,283	710,709
Programs	1,072,500	-	(1,072,500)	0%	1,275,000	1,275,000
Total Operating Expenses	<u>664,711,705</u>	<u>645,471,828</u>	<u>(19,239,877)</u>		<u>770,793,414</u>	<u>125,321,586</u>
Operating Income (Loss)	<u>37,280,547</u>	<u>49,724,243</u>	<u>12,443,696</u>		<u>158,998,515</u>	<u>109,274,272</u>
NON-OPERATING REVENUES (EXPENSES)						
Investment income	-	353,672	353,672		-	(353,672)
Debt Service and Bank Fees	(1,075,520)	(1,384,134)	(308,614)	129%	(1,285,295)	98,839
Total Non-Operating Revenues (Expenses)	<u>(1,075,520)</u>	<u>(1,030,462)</u>	<u>45,058</u>		<u>(1,285,295)</u>	<u>(254,833)</u>
NET INCREASE (DECREASE)	<u>\$ 36,205,027</u>	<u>\$ 48,693,781</u>	<u>\$ 12,488,754</u>		<u>\$ 157,713,220</u>	<u>\$ 109,019,439</u>

See accountants' compilation report.



SAN DIEGO COMMUNITY POWER Staff Report – Item 3

To: San Diego Community Power Board of Directors
From: Byron Vosburg, Managing Director of Power Services
Via: Karin Burns, Chief Executive Officer
Subject: Update on Power Resources
Date: June 22, 2023

RECOMMENDATION

Recommendation: Receive and file update on Power Resources

BACKGROUND

Staff provides the updates below to the Board of Directors regarding SDCP's power energy procurement activities.

ANALYSIS AND DISCUSSION

Power Services Staffing

Building out a team of experienced, knowledgeable energy professionals has long been a top priority and allows SDCP not only to solicit, negotiate, and administer contracts for energy supply effectively, but also to monitor market activity, manage risk, bring in-house a number of activities that have historically been completed by consultants, and to dedicate additional resources to local and distributed energy procurement and development efforts. The SDCP Power Services team is now 8 people strong, and SDCP expects additional openings to be posted for roles in Q3 2023 and FY 2023-2024.

Long-term Renewable Energy RFPs

As SDCP strives to meet its environmental, financial, and regulatory compliance goals and requirements, long-term power purchase agreements (PPAs) are becoming integral components of its energy supply portfolio. Long-term PPAs provide renewable generation facility developers with the certain revenue stream against which they can finance up-front capital requirements, so each long-term PPA that SDCP signs with a developing facility will underpin a new, incremental renewable energy project. In addition, long-term PPAs lock in renewable energy supply around which SDCP can build its power supply portfolio while also providing power supply cost certainty around which SDCP can develop its pro forma financial model. Moreover, the California Renewable Portfolio

Standard (RPS), as modified in 2015 by Senate Bill 350, requires that SDCP provide 65% of its RPS-required renewable energy from contracts of at least ten years in length. Finally, in D.21-06-025, the California Public Utilities Commission (CPUC) required each Load Serving Entity (LSE) in California to make significant long-term purchase commitments for resource adequacy from new, incremental generation facilities that will achieve commercial operation during 2023 through 2026 for purposes of “Mid Term Reliability” (MTR). These requirements have been augmented and extended into 2026 and 2027 via D.23-02-040.

In pursuit of long-term contracts for renewable energy, staff have released two RFPs for eligible Renewable Energy resources in the past 12 months. Staff are deep in negotiations with several respondents for resources that are expected to be online between 2025 and 2026, while staff and consultants are also reviewing recently received proposals for projects to be online between 2026 and 2028. Staff and the Energy Contracts Working Group (ECWG) evaluate all RFP submissions prior to entering negotiations with selected participants. Assuming that Staff and shortlisted developer(s) are able to agree to mutually agreeable contracts consistent with terms authorized by the ECWG, Staff then review draft agreements with the SDCP Board for approval and authorization to execute the relevant documents.

In addition to RFPs issued by SDCP, the power service team also closely monitors market offers from the IOUs in California to secure contracts for short-term and long-term renewable projects.

Stand-Alone Energy Storage RFP

In addition to the two aforementioned Renewable Energy RFPs, staff have also launched an RFP for stand-alone energy storage resources, which will allow SDCP to meet resource adequacy requirements and protect against market price volatility with clean, reliable storage capacity that can be contracted for 10-20 years. SDCP is pursuing stand-alone energy storage resources of at least 10 MW in capacity, at least 4-hours of duration, and which are expected to be online between 2024 and 2028. More information is available at the link below.

- <https://sdcommunitypower.org/resources/solicitations/>

Local Development

SDCP continues to engage with local developers that have submitted project proposals and hopes to present a handful of resulting PPAs to the Board in the coming months. As outlined in the Strategic Planning session on April 21, 2023, SDCP is currently developing its local infill development plan, which will outline a first phase of potential local, distribution-level renewable energy resource development opportunities and is expected to be presented to the Board for review by the end of 2023. SDCP has been meeting with staff from each member agency to identify potential member owned property to assess as part of this infill plan.



As recently designated Program Administrators of the CPUC's Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) programs, SDCP submitted solicitation documents for approval to the CPUC on May 19th for an RFP for DAC-GT and CSGT resources. Upon approval by the CPUC, SDCP expects that solicitation to be active later this year.

SDCP's Local RFI and Feed-in Tariff remain open. More information is available about each at the links below.

- <https://sdcommunitypower.org/resources/solicitations/>
- <https://sdcommunitypower.org/programs/feed-in-tariff/>

RPS Procurement

As presented to the Board over the past two sessions, SDCP has procured portions of PG&E's and SDG&E's RPS eligible portfolios through their Market Offer solicitations. These transactions will serve to meet renewable power needs in the near-term, as projects in development come online from the aforementioned RFP solicitations.

Market Update

Due to lingering effects of the COVID-19 pandemic, namely inflation and heavily impacted commodity supply chains that have delayed development of new-build energy resources expected to be online over the last two years, the market for renewable energy and resource adequacy (RA) resources continues to be exceptionally tight and expensive. Staff are working with developers, industry groups, the CPUC, and CA Governor's Office and legislators to brainstorm near-term solutions while also actively procuring short-term energy and capacity products and long-term energy resources i) to meet SDCP's portfolio needs practically and cost-effectively and ii) to establish a portfolio of resources that will provide value to SDCP and California's clean, reliable energy needs into the future.

Volatility, which was largely prompted by unrest in Eastern Europe in 2022, in gas and power markets has continued, exacerbated recently in California by limited gas storage and a colder-than-average winter. Luckily, recent "atmospheric river" storms have provided a solid snowpack that should provide significant hydroelectric capacity deep into this summer, suppressing CA energy market prices in spring and summer of 2023.

COMMITTEE REVIEW

N/A

FISCAL IMPACT

N/A

ATTACHMENTS

N/A





SAN DIEGO COMMUNITY POWER Staff Report – Item 4

To: San Diego Community Power Board of Directors
From: Chandra Pugh, Director of People
Via: Karin Burns, Chief Executive Officer
Subject: Update on Human Resources
Date: June 22, 2023

RECOMMENDATION

Receive and File the Update on Human Resources.

BACKGROUND

Human Resources (HR) has been working on the following priorities:

JEDI Council: Our JEDI Council team members have been confirmed. We look forward to our inaugural meeting in July. Council members volunteer for one (1) year and will assist with implementation of initiatives identified at our training in December.

Employee Communication: The HR team has completed and launched a new internal website that will house manager tool kits, new and updated policies, and general resources that we hope will make for more streamlined communication.

Hiring: This month, SDCP welcomes our new Chief Operating Officer, Jack Clark.

We are currently sourcing applicants for the following roles:

- Digital Media Coordinator,
- Account Services Analyst,
- Procurement Manager,
- Human Resources Coordinator
- Public Outreach Coordinator
- Director of Market Risk

Performance Management: The HR team has spent the past several weeks configuring Lattice, a performance management and people success tool that will help

all of our employees and managers drive performance and engage employees in our overall mission. Our recent end user training was a success, and we hope to see all goals that roll up to the strategic plan entered for the year within the next month.

DISCUSSION AND ANALYSIS

N/A

COMMITTEE REVIEW

N/A

FISCAL IMPACT

N/A

ATTACHMENTS:

N/A



SAN DIEGO COMMUNITY POWER

Staff Report – Item 5

To: San Diego Community Power Board of Directors

From: Lucas Utouh, Director of Data Analytics and Account Services

Via: Karin Burns, Chief Executive Officer

Subject: Update on Customer (Back-Office) Operations

Date: June 22, 2023

RECOMMENDATION

Receive and file update on various back-office operations.

BACKGROUND

Staff will provide regular updates to the Board of Directors regarding San Diego Community Power's (SDCP) back-office activities centered around tracking opt actions (i.e., opt outs, opt ups and opt downs) as well as customer engagement metrics. The following is a brief overview of items pertaining to back-office operations.

ANALYSIS AND DISCUSSION

A) Mass Enrollment Update

Phase 4:

Mass enrollment for our Non-Net Energy Metering (NEM) customers in National City and Unincorporated County of San Diego is officially complete as of May 3rd, 2023. So far as of June 16th, 2023 SDCP is serving a cumulative total count of **902,894** active accounts correlating to **1,015,753** meters. There are **129,211** active accounts already enrolled in County of San Diego and **17,906** in National City.

For those accounts on Net Energy Metering (NEM) in Phase 4, their enrollment into SDCP started in April 2023 and will continue for the next twelve months, coinciding with their true up month. Enrolled customers will receive 2 post enrollment notices through the mail at their mailing address on file within 60 days of their account switching over to SDCP service.



B) Customer Participation Tracking

Staff and Calpine have worked together to create a reporting summary of customer actions to opt out of SDCP service, opt up to Power100, or opt down from Power100 to PowerOn. The below charts summarize these actions accordingly as of June 2nd, 2023:

I. Total Opt Outs - Including Active and Inactive

- **Active** - accounts still active at same premise
- **Inactive** - accounts that have moved out, or premise is terminated

Opt Outs by Jurisdiction	2021	2022	2023 Q1	2023-04	2023-05	Total
City of San Diego	1,077	19,278	1,042	209	162	21,768
County of San Diego			6,920	1,196	685	8,800
City of Chula Vista	266	3,472	244	41	27	4,050
City of Encinitas	66	1,886	94	16	4	2,066
City of La Mesa	85	1,272	77	9	8	1,451
City of Imperial Beach	32	345	27	1	2	407
National City			137	32	21	190
Total	1,526	26,253	8,541	1,504	909	38,732

Opt Outs by Class Code	2021	2022	2023 Q1	2023-04	2023-05	Total
Residential	36	25,717	7,717	1,334	805	35,608
Commercial/Industrial	1,490	536	824	170	104	3,124
Total	1,526	26,253	8,541	1,504	909	38,732

Opt Outs by Reason	2021	2022	2023 Q1	2023-04	2023-05	Total
Dislike being automatically enrolled	203	7,214	2,754	450	291	10,912
Rate or additional cost concerns	6	7,754	1,693	327	215	9,995
Decline to provide	227	3,596	1,397	201	101	5,522
Other	818	2,653	706	186	103	4,466
Existing relationship with the utility	2	2,394	1,005	170	106	3,677
Concerns about government-run power agency	24	1,496	503	91	53	2,167
Service or billing concerns	6	724	262	39	29	1,060
Have grid reliability concerns	1	292	169	33	9	504
Rate or Cost Concerns	233					233
Concerns about lack of equivalent CCA programs		132	53	7	2	194
Have renewable Energy Reliability Concerns	6					6
Total	1,526	26,253	8,541	1,504	909	38,732

Opt Outs by Method	2021	2022	2023 Q1	2023-04	2023-05	Total
Web	327	14,353	5,202	822	470	21,174
Customer Service Rep (CSR)	1,098	7,002	1,846	380	238	10,564
Interactive Voice Response (IVR)	101	4,899	1,493	302	201	6,996
Total	1,526	26,253	8,541	1,504	909	38,732

*Historical opt outs including inactive accounts as of 06/02/2023.

II. Opt Ups to Power 100

Opt Ups by Jurisdiction	2021	2022	2023 Q1	2023-04	2023-05	Total
City of San Diego	3,163	2,868	181	35	30	6,268
City of Chula Vista	701	168	18	6	3	896
City of La Mesa	148	118	6	2	1	275
County of San Diego			48	60	17	125
City of Imperial Beach	60	29				89
City of Encinitas	18	1	1			20
National City			1	7		8
Total	4,090	3,184	255	110	51	7,680

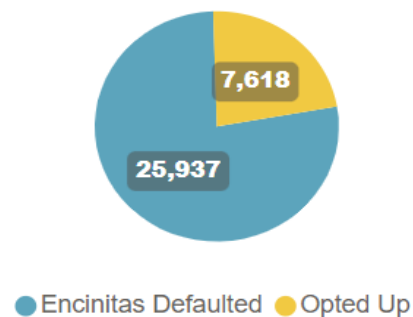
Opt Ups by Class Code	2021	2022	2023 Q1	2023-04	2023-05	Total
Commercial/Industrial	4,087	290	74	61	19	4,522
Residential	3	2,895	181	49	32	3,159
Total	4,090	3,184	255	110	51	7,680

Opt Ups by Method	2021	2022	2023 Q1	2023-04	2023-05	Total
Customer Service Rep (CSR)	4,059	1,369	97	67	23	5,606
Web	27	1,738	137	37	24	1,962
Interactive Voice Response (IVR)	4	81	21	6	4	116
Total	4,090	3,184	255	110	51	7,680

Cumulative Power100 Accounts

Opt Ups by Jurisdiction	Active
City of Encinitas	25,937
City of San Diego	6,233
City of Chula Vista	892
City of La Mesa	273
County of San Diego	124
City of Imperial Beach	88
City of National City	8
Total	33,555

Power100 Opt vs Defaulted



III. Opt Downs from Power100

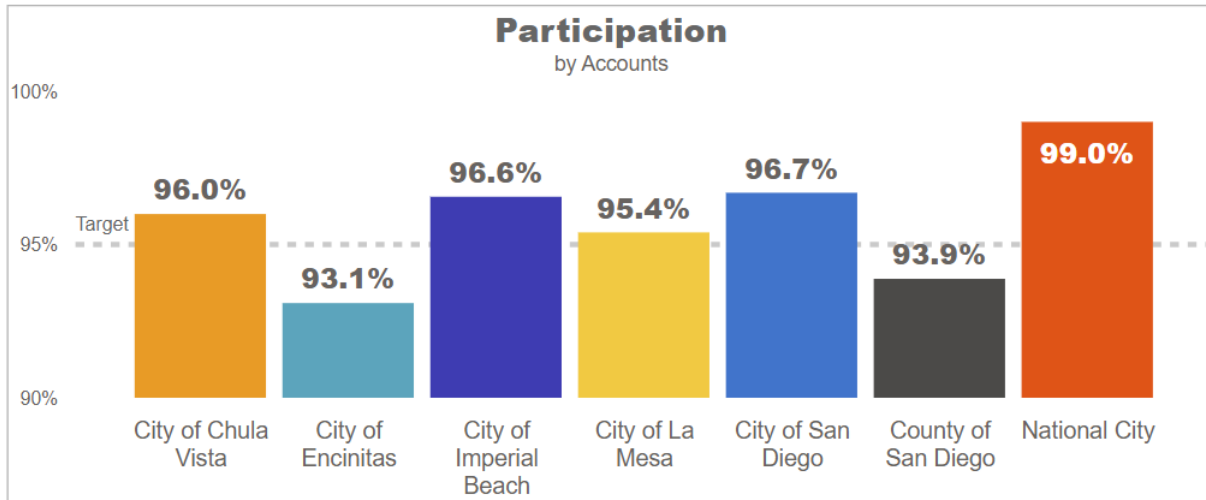
Opt Downs by Jurisdiction	2021	2022	2023 Q1	2023-04	2023-05	Total
City of Encinitas	35	425	27	5	8	500
City of San Diego		26	5	1	3	35
City of Chula Vista		1	3			4
City of La Mesa		2				2
City of Imperial Beach		1				1
County of San Diego			1			1
Total	35	455	36	6	11	543

Opt Downs by Class Code	2021	2022	2023 Q1	2023-04	2023-05	Total
Residential		433	36	6	5	480
Commercial/Industrial	35	22			6	63
Total	35	455	36	6	11	543

Opt Downs by Method	2021	2022	2023 Q1	2023-04	2023-05	Total
Customer Service Rep (CSR)	31	305	21	4	9	370
Web		124	13	2	2	141
Interactive Voice Response (IVR)	4	26	2			32
Total	35	455	36	6	11	543



Participation by Jurisdiction



Jurisdiction	Active	Eligible	Opt Outs	Participation
City of Chula Vista	93,090	96,975	3,885	96.0%
City of Encinitas	26,483	28,449	1,966	93.1%
City of Imperial Beach	10,548	10,924	376	96.6%
City of La Mesa	28,028	29,381	1,353	95.4%
City of San Diego	597,361	617,822	20,461	96.7%
County of San Diego	126,475	145,263	8,890	93.9%
National City	17,892	18,312	183	99.0%
Total	899,877	947,126	37,114	96.1%

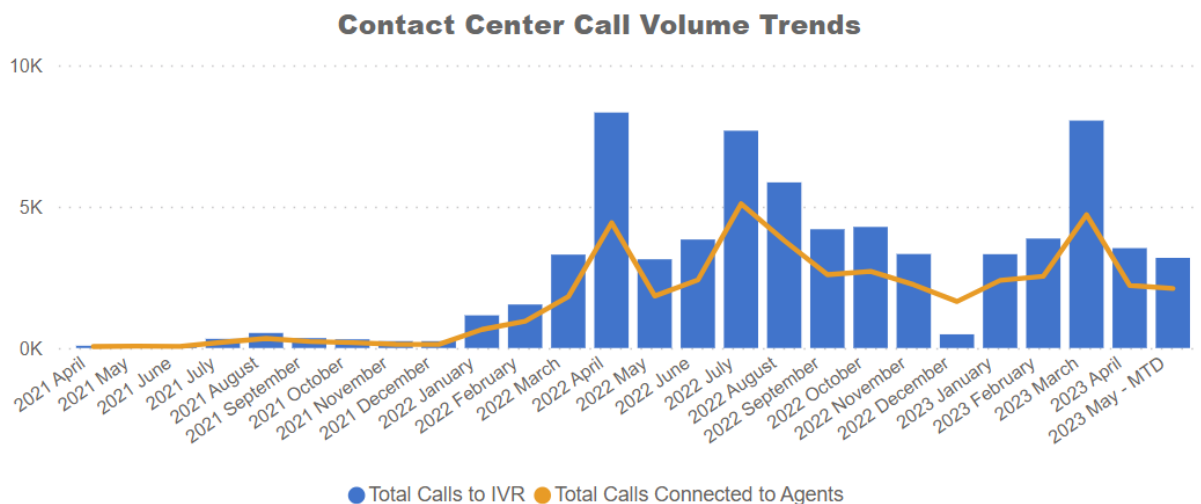
Phase 4 mass enrollment process in National City and Unincorporated County of San Diego for Non-Net Energy Metering (NEM) customers is officially completed as of May, 2023. The participation rate for this new phase is fluid and will change as we continue with our enrollment of Net Energy Metering (NEM) customers from April 2023 through March 2024. In the interim, we are reporting on the opt outs and eligible accounts associated with the phase based on those accounts that we have noticed for enrollment on a rolling basis as of the reporting month.

D) Contact Center Metrics

May call volumes dropped by **9.7%** compared to April but we are expecting more calls into our Contact Center from June onwards as the season changes from Winter to Summer. Consistent with the seasonal transition into Summer where rates are higher than Winter, a lot more customer inquiries around higher bills are expected and possibly an uptick in opt outs as a result.

The chart below summarizes contact made by customers into our Contact Center broken down by month through June 2nd, 2023:

V. Contact Center Metrics

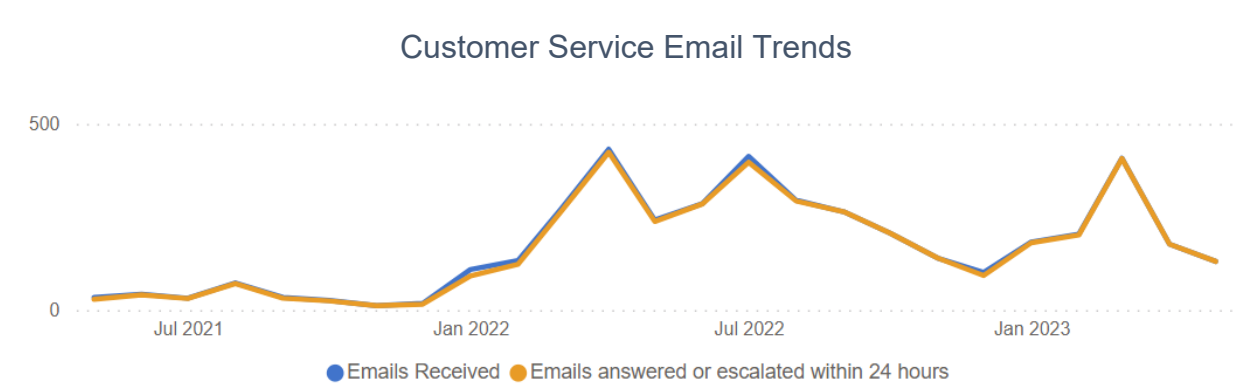


Interactive Voice Response (IVR) and Service Level Agreement (SLA) Metrics

	2021	2022	2023 Q1	2023-04	2023-05	Total
Total Calls to IVR	2,289	47,118	15,229	3,531	3,187	71,354
Total Calls Connected to Agents	1,401	30,174	9,641	2,211	2,106	45,533
Avg Seconds to Answer	20	12	8	3	4	13
Avg Call Duration (Minutes)	8.5	9.8	9.4	9.6	9.4	9.3
Calls Answered within 60 Seconds (75% SLA)	96.23%	95.50%	96.80%	99.82%	99.67%	96.23%
Abandon Rate	0.57%	0.36%	0.26%	0.00%	0.00%	0.39%

Similar to other CCAs' service territories, we are anticipating the trend of our customers calling into our Contact Center's Interactive Voice Response (IVR) system tree and being able to self-serve their opt actions using the recorded prompts as well as utilizing our website for processing opt actions to continue accounting for over 65% of all instances. The remaining portion of customer calls are connected to our Customer Service

Representatives to answer additional questions, assist with account support, or submit opt actions.



Customer Service Emails						
	2021	2022	2023 Q1	2023-04	2023-05	Total
Emails Received	272	2,894	795	177	131	4,269
Emails answered or escalated within 24 hours	257	2,821	790	177	131	4,176
Completion (%)	94%	96%	99%	100%	100%	96%

As of this latest reporting month, we still have a total of 13 Dedicated Customer Service Representatives staffed at our Contact Center and 2 Supervisors. Our robust Quality Assurance (QA) procedures are firmly in place to ensure that our customers are getting a world-class customer experience when they contact us.

COMMITTEE REVIEW
N/A

FISCAL IMPACT
N/A

ATTACHMENTS
N/A





SAN DIEGO COMMUNITY POWER Staff Report – Item 6

To: San Diego Community Power Board of Directors
From: Jen Lebron, Director of Public Affairs
Via: Karin Burns, Chief Executive Officer
Subject: Marketing and Public Relations Update
Date: June 22, 2023

RECOMMENDATION

Receive and file update on Marketing and Public Relations activities for San Diego Community Power.

BACKGROUND

San Diego Community Power (SDCP) has engaged in a variety of public relations, marketing, and community outreach activities to drive awareness, spark community engagement, and maintain high customer enrollment.

ANALYSIS AND DISCUSSION

After months of increased its focus on community engagement as it prepared for the enrollment of customers in National City and the unincorporated areas of San Diego County, SDCP scaled back some of its engagement efforts to emphasize long-term strategic planning and growing the team to create sustainable levels of community outreach, increase levels of media engagement and develop stronger partnerships with key organizations throughout the region.

In the past month, we have hired a new Community Engagement Manager. We are in the process of hiring two Outreach Coordinators who will have Tuesday through Saturday work schedules to ensure that SDCP attends or hosts public engagement events every weekend.

Public Engagement Events

May 6, 2023 – The Inaugural Sustainable 'Hood Education and Career Expo
May 11, 2023 – North Park Business Forum
May 17, 2023 – CalCCA Annual Conference
May 19, 2023 – San Diego Equality Awards
May 24, 2023 – Fallbrook Library
May 27, 2023 – North Park Music Festival
May 31, 2023 – Rancho San Diego Library

June 1, 2023 – San Diego Regional Economic Development Corporation Annual Dinner
June 7, 2023 – Downtown San Diego Partnership Summer Social
June 14, 2023 - Power Association of California Procurement Panel
June 14, 2023 – North San Diego Business Chamber Regional Connect
June 15, 2023 – Sustainable Ramona Community Forum
June 17, 2023 – Wildcoast Baja Bash
June 21, 2023 – Imperial Beach City Council Meeting
June 23, 2023 – Chula Vista Tee Off Fore Kids

Communications and Outreach Strategy

SDCP is in regular communication with regional media in the spirit of transparency and openness with the goal of providing factual, timely information to the public at large. Over the past month, SDCP has engaged with several local reporters to provide background on stories and update them on our enrollment activities.

The Public Affairs team is in the midst of a hiring process for a Digital Media Coordinator who will be tasked with increasing the reach of SDCP social media channels, maintaining the website with easy-to-understand content, and developing a newsletter. We anticipate onboarding the individual in July.

The Public Affairs team will be developing new strategies, processes, and capacity over the next several months to conduct more community outreach, expand marketing and brand awareness efforts, and provide timely, factual information across multiple channels.

COMMITTEE REVIEW

N/A

FISCAL IMPACT

N/A

ATTACHMENTS

N/A



SAN DIEGO COMMUNITY POWER Staff Report – Item 7

To: San Diego Community Power Board of Directors

From: Laura Fernandez, Director of Regulatory & Legislative Affairs
Stephen Gunther, Senior Regulatory Analyst

Via: Karin Burns, Chief Executive Officer

Subject: Update on Regulatory and Legislative Affairs

Date: June 22, 2023

RECOMMENDATIONS

Receive and file update on regulatory and legislative affairs.

BACKGROUND

Staff will provide regular updates to the Board of Directors regarding SDCP's regulatory and legislative engagement.

ANALYSIS AND DISCUSSION

A) Regulatory Updates

Resource Adequacy (RA)

Proposed Decision

On May 25, 2023, the California Public Utilities Commission (CPUC) issued a [*Proposed Decision Adopting Local Capacity Obligations for 2024-2026, Flexible Capacity Obligations for 2024, and Program Refinements*](#) (PD). The PD addresses outstanding issues in Phase 3 of the Implementation Track within the Resource Adequacy (RA) proceeding ([R.21-10-002](#)).

Notably, the PD includes a problematic proposal that will prevent CCAs from expanding their service territory for two years following a system RA deficiency. Moreover, the PD extends the Effective Planning Reserve Margin (PRM) through 2025 and retains the 17% PRM for 2024-2025, without adopting CalCCA's previous recommendation to limit the Effective PRM to resources incremental to

the RA market in order to avoid increasing demand in an already constrained market.

In addition, the extensive PD outlines implementation details regarding the following issues:

- Adopts CAISO's recommended 2024 – 2026 Local Capacity Requirements and 2024 Flexible Capacity Requirements
- Resource Adequacy Import Rules
- Available Transmission Capacity (ATC)
- RA Penalty Points System
- Publication of Deficiency Information
- Untimely Local Waiver Advice Letters
- CAM/Reliability Must Run (RMR) Credit Allocation
- Annual Load Forecasts for RA Requirements
- Demand Response Issues

SDCP staff worked with CalCCA to file [opening comments](#) on June 14 opposing the problematic elements of the PD and arguing against the CPUC's jurisdictional overreach related to CCA expansions. Reply comments were filed on June 19 and the CPUC is expected to vote to adopt a Final Decision as soon as June 29, 2023.

Draft Resolution on SDCP's Appeal of 2021 Year-Ahead Resource Adequacy Citation

On June 8, 2023, the CPUC Administrative Law Chiv issued a [draft resolution](#) on SDCP's appeal of a citation for a procurement deficiency in its September 2021 year-ahead system RA showing. The citation (No. E-4195-0098) was issued by the CPUC's Consumer Protection and Enforcement Division on February 3, 2021, and SDCP filed a notice of appeal of the citation on March 5, 2021.

Through the appeal process, SDCP offered extensive evidence that it took every reasonable effort to comply with its September 2021 year-ahead system RA obligations and that the deficiency was a result of market factors outside of SDCP's control. The draft resolution rejects SDCP's defense, and as such, SDCP will be required to pay the full amount of the penalty of \$388,288 upon the CPUC's approval the final resolution.

On June 28, 2023, SDCP will file comments on the draft resolution. The Draft Resolution is scheduled to be voted on July 13, 2023, and if approved, SDCP will be required to pay the \$388,288 penalty within 30 days.



California Energy Commission (CEC) Load Management Standards (LMS)

Final Order in Response to Joint Extension Request for July 1, 2023 Deadline

On May 31, 2023, the California Energy Commission (CEC) adopted a Final Order in the Load Management Standards (LMS) Implementation Docket ([No. 23-LMS-01](#)). The Order was in response to the Joint Parties' Request for Delay of the July 1, 2023, Market Informed Demand Automation Server (MIDAS) Rate Upload Deadline, which SDCP was a signatory (please refer to the [regulatory and legislative staff report](#) for the May 25 meeting of the Board of Directors, page 188).

The Order denied the full request for delay, but adopted a one-month extension, therefore pushing the MIDAS upload deadline to August 1, 2023. The Final Order also clarified that CCAs are only responsible for uploading the time-dependent generation rates for their customers to MIDAS, rather than needing to upload a composite rate inclusive of distribution and transmission rate components, which are under the purview of the investor-owned utilities.

With this clarification and the one-month extension, SDCP staff are confident that SDCP will be able to comply with the August 1, 2023 compliance deadline. As such, SDCP staff has not filed the Interim Compliance Plan approved by the Board of Directors on May 25, 2023 with the CEC (see page 191 of the [regulatory and legislative staff report](#) for the May 25 meeting of the Board of Directors).

CPUC Energy Efficiency Proceeding

Response to CalChoice Petition for Modification of Decision 14-01-033

On March 15, CalChoice filed a Petition for Modification (PFM) of Decision 14-01-033 within the CPUC energy efficiency proceeding. The Decision excludes funds collected for broader statewide and regional programs to be available for Elect to Administer (ETA) CCAs, which is a pathway for CCAs to access funds collected through public purpose charges and administer energy efficiency programs for their customers. However, changed circumstances in energy efficiency programs have resulted in a dramatic reduction in available funding for ETA CCAs, prompting CalChoice to request a modification to the Decision to set a four percent minimum funding threshold to ensure ETA programs are properly funded.

SDCP has previously explored the ETA option as a way to offer energy efficiency programs through funding already collected from ratepayers, however, the potential funding available to SDCP was extremely low, in part due to the restriction described above. As such, SDCP filed a [response](#) in support of the CalChoice PFM on June 14, 2023.



SDG&E's Real Time Pricing Application

Background

On December 13, 2021, SDG&E filed [Application \(A.\)21-12-006](#) for approval of a Real Time Pricing (RTP) Pilot Rate pursuant to direction from the CPUC. SDG&E's proposed RTP pilot rate design uses hourly day-ahead California Independent System Operator (CAISO) pricing in place of participant's commodity rates as a means to create a dynamic pricing to encourage customers to shift their use according to the dynamic/real-time pricing of electricity.

SDCP and Clean Energy Alliance (CEA) have actively engaged throughout the proceeding, primarily to advocate for CCAs to have improved access to customer usage data held by the utilities in order to properly forecast the load and manage procurement associated with real time pricing. Timely data access is necessary for SDCP and CEA for customers to participate in a real time pricing program. However, SDG&E's RTP Pilot application fails to address the data access issue in the various testimony or supporting materials that it provided.

Opening and Reply Briefs to Email Ruling

On April 6, 2023, CPUC Administrative Law Judge Stephanie Wang issued an email ruling directing parties to address whether to dismiss the SDG&E's RTP pilot rate program application without prejudice through procedural arguments only—not substantive arguments. Given SDG&E's application does not address the data access issues, on June 9, 2023, SDCP and CEA filed an [opening brief](#) in response to the email ruling requesting the CPUC dismiss the application. In addition, the brief recommended the CPUC address data access within the Demand Flexibility Order Instituting Rulemaking, [R. 22-07-005](#).

SDG&E also filed an [opening brief](#) requesting the CPUC dismiss their application without prejudice, noting that information expected from the Demand Flexibility proceeding will help design a more cost-effective real time pricing rate. SDG&E also raised concerns that the expected low participation of CCA customers will result in the costs of implementing the program falling disproportionately on bundled customers. SDCP and CEA plan to file reply briefs filed by July 7, 2023, to respond to SDG&E's arguments.

B) Legislative Update

As reported last month, SDCP has taken positions on six bills so far this legislative session.



Most recently, SDCP took an Oppose Unless Amended position on [AB 1373 \(Garcia\)](#). While this bill has been amended significantly to address a number of concerns raised by SDCP and CalCCA, a number of issues remain, and therefore, SDCP has not yet removed its opposition. SDCP also continues to engage with policymakers in Sacramento to address the same issues in the Governor's Energy Reliability trailer bill.

SDCP staff and SDCP lobbyists have been setting up meetings to discuss the issues in the Energy Reliability trailer bill, which mirror the issues that are outlined in SDCP's letter on AB 1373. At the time of the writing of this staff report, SDCP staff have learned that significant progress has been made on the Energy Reliability trailer bill, and that likely some form of the bill will be approved by June 30, 2023. SDCP staff will continue to keep the Board apprised of important developments.

All of the bills SDCP has taken a position on are listed on the SDCP website: [Legislative Priorities - San Diego Community Power \(sdcommunitypower.org\)](https://sdcommunitypower.org/legislative-priorities)

Staff will continue to monitor the progress of these bills as they progress through the legislative process and update the Board in subsequent reports.

COMMITTEE REVIEW

N/A

FISCAL IMPACT

N/A

ATTACHMENTS

N/A





SAN DIEGO COMMUNITY POWER Staff Report – Item 8

To: San Diego Community Power Board of Directors
From: Xiomalys Crespo, Community Engagement Manager
Via: Karin Burns, Chief Executive Officer
Subject: Receive and File Community Advisory Committee Monthly Report
Date: June 22, 2023

RECOMMENDATION

Receive and file Community Advisory Committee (CAC) monthly report.

BACKGROUND

Per Section 5.10.3 of the San Diego Community Power (SDCP) Joint Powers Authority (JPA) Agreement:

The Board shall establish a Community Advisory Committee comprised of non-Board members. The primary purpose of the Community Advisory Committee shall be to advise the Board of Directors and provide for a venue for ongoing citizen support and engagement in the strategic direction, goals, and programs of the Authority.

At the direction of the Chief Executive Officer (CEO), the CAC provides quarterly presentations to the Board of Directors in the regular agenda, and monthly reports in the consent agenda.

ANALYSIS AND DISCUSSION

At the June 8, 2023 regular meeting of the CAC, several items were discussed.

- CAC members recognized the sacred land where the meeting was held, welcomed Xiomalys Crespo as SDCP's Community Engagement Manager, and approved the May CAC meeting minutes.
- The CAC received an update on Public Relations with a focus on recent outreach and the CalCCA Annual Conference, in which the CAC Chair was part of a panel and the Board of Directors Chair made opening remarks. CAC members expressed an interest in coordinating SDCP staff presentations at city councils of member agencies.

- The CAC received an update on Customer Operations and SDCP staff answered questions from CAC members around reported reasons for opt-outs. CAC members expressed interest in including opt-ups as part of these updates moving forward.
- The CAC received an update on the Fiscal Year 2023-2024 Operating Budget, followed by an update on the Collections and Delinquency Policy to include Residential customers (this item was taken out of order).
- The CAC received an update and asked clarifying questions on the program design of the Disadvantaged Communities (DAC-GT) and Community Solar Green Tariff Programs (CS-GT).
- The CAC received an update on Proposed Language Access Policy and on Community Benefits for the Proposed Ormat-Brawley Power Purchase Agreement.
- The CAC received an update on the coordination and scheduling of Ad-Hoc Committees.
- SDCP staff provided an update on CAC Fiscal Year 2022-2023 Work Plan and future agenda items. There were no potential agenda items suggested for Board of Directors meetings.
- Committee members provided announcements, which included community events, speaking engagements, and future agenda items.

The CAC is expected to have two vacancies at the end of June: one representing Imperial Beach and one representing the County of San Diego, as Member Nepomuceno will be moving out of the region. Members of the public must be residents, community leaders, and/or business owners of the respective jurisdictions and may submit their applications electronically.

COMMITTEE REVIEW

N/A

FISCAL IMPACT

N/A

ATTACHMENTS

N/A





SAN DIEGO COMMUNITY POWER Staff Report – Item 9

To: San Diego Community Power Board of Directors

From: Laura Fernandez, Director of Regulatory and Legislative Affairs

Via: Karin Burns, Chief Executive Officer

Subject: Approval of Second Amendment to Legal Services Agreement with Keyes and Fox LLP for up to \$1,300,000 for Legal and Regulatory Services through May 31, 2026

Date: June 22, 2023

RECOMMENDATIONS

Approve the Second Amendment to the Legal Services Agreement with Keyes & Fox LLP to increase the not-to-exceed amount to \$1,300,000, extend the agreement term through FY2026 and authorize the Chief Executive Officer to execute the agreement.

BACKGROUND

Keyes & Fox LLP has extensive experience supporting community choice aggregators in Energy Resource Recovery Account (ERRA) forecast, ERRA compliance, ERRA trigger, General Rate Case (GRC) and other regulatory proceedings before the California Public Utilities Commission (CPUC).

On May 3, 2022, San Diego Community Power (SDCP) entered into a joint representation agreement (JRA) with Keyes & Fox LLP regarding San Diego Gas & Electric Company's 2021 ERRA Compliance Proceeding and 2023 ERRA Forecast Proceeding. This JRA was subsequently amended on December 16, 2022, as the first amendment to the May 2022 JRA.

Further, on November 12, 2020, SDCP entered into a JRA with Keyes & Fox LLP regarding Application 20-04-014 (November 2020 JRA). This JRA was amended on January 20, 2021, as the first amendment to the November 2020 JRA. Next, on February 9, 2021, the second amendment to the November 2020 JRA was executed followed by the third amendment on May 20, 2022 and the fourth amendment on May 31, 2022.

Subsequently, on March 23, 2023, the SDCP Board of Directors (Board) approved the second amendment to the May 2022 JRA and the sixth amendment to the November 2020 JRA. These amendments superseded and replaced in its entirety both the May 2022 JRA and the November 2020 JRA including all prior amendments. This action also

simplified the agreements with Keyes & Fox LLP to only one combined JRA (March 2023 JRA) with a combined not-to-exceed amount of \$184,752.07

ANALYSIS AND DISCUSSION

Staff recommends executing the second amendment to the March 2023 JRA. The proposed amendment would increase the combined not-to-exceed amount to \$1,300,000 through May 31, 2026. There is also an option to renew the agreement upon mutual consent through May 31, 2028.

SDCP issued a [Request for Proposals](#) for Regulatory Legal Counsel Services on April 12, 2023 jointly with Clean Energy Alliance (CEA). Responses to the RFP were due on May 12. Responses were received from five law firms. The responses were evaluated with regard to relevant experience and qualifications of the firm, including experience working in the San Diego region and familiarity with SDG&E, proposed budget and rates, proposed services and methodology as well as overall response to the RFP. SDCP staff reviewed with CEA staff as well as SDCP leadership, and both SDCP and CEA are recommending to their respective Boards of Directors to execute a contract with Keyes and Fox for the expanded regulatory counsel services.

Keyes & Fox has considerable experience representing CCAs, including intimate experience litigating issues with SDG&E on behalf of both CEA and SDCP, since Keyes & Fox is already representing SDCP and CEA in the ERRA and GRC proceedings. Moreover, Keyes & Fox offers reasonable rates when compared with some of the other responses that were received, and also put forth a reasonable budget that was in line with staff expectations given past engagements with other firms for regulatory counsel services. Additionally, Keyes & Fox is able to offer additional services through EQ Research, who joined in the response to the RFP. EQ Research is able to provide necessary services such as monitoring advice letters or summarizing CPUC decisions at non-attorney rates. Keyes & Fox also has significant experience in issues of vital importance to SDCP, including the Power Charge Indifference Adjustment (PCIA).

Keyes & Fox LLP will be engaged to act as general regulatory counsel to provide legal representation both individually and jointly with other community choice aggregators before the CPUC and other regulatory agencies, as well as compliance related issues and any other matters Keyes & Fox LLP and SDCP both mutually agree to undertake.

This second amendment is the entire agreement between SDCP and Keyes & Fox LLP concerning the provision of regulatory, policy and compliance Legal Services. As described in the Background section, this agreement supersedes or replaces in its entirety all prior Engagement Letters between SDCP and Keyes & Fox LLP with regard to such matters including the March 13, 2023 Joint Representation Agreement Between Keyes & Fox LLP, San Diego Community Power and Clean Energy Alliance re San Diego Gas & Electric Company's 2021 and 2022 Energy Resource Recovery Account Compliance Proceedings, 2023 and 2024 Energy Resource Recovery Account Forecast Proceedings, and Phase I and Phase II General Rate Cases, which approved a total do not exceed for SDCP of \$184,752.07. That not-to-exceed amount is now superseded



and replaced by the not-to-exceed amount contained in this agreement, which is attached to this staff report.

However, this agreement does not supersede or replace the June 15, 2022 engagement between Keyes & Fox LLP and SDCP with respect to the procurement of wholesale electricity supply, energy storage, resource adequacy, renewable energy credits, and transmission rights to serve SDCP customers.

COMMITTEE REVIEW

N/A

FISCAL IMPACT

Cost of this action includes a total amount not-to-exceed \$1,300,000 through May 31, 2026. Funding is included in the proposed FY24 budget and will be included in subsequent annual budgets.

ATTACHMENTS

Attachment A: Joint Representation Agreement Between Keyes & Fox LLP and San Diego Community Power



June 15, 2023

Karin Burns, Chief Executive Officer
San Diego Community Power
PO BOX 12716
San Diego, CA 92101

RE: Engagement Letter and Joint Representation Agreement Between Keyes & Fox LLP and San Diego Community Power (“SDCP”)

Keyes & Fox LLP (“K&F”) is delighted that SDCP, has decided to engage K&F to act as general regulatory counsel to provide legal representation both individually and jointly with other community choice aggregators (“CCAs”) before the California Public Utilities Commission (“Commission”) and other regulatory agencies, as well as compliance related issues and any other matters K&F and SDCP both mutually agree to undertake for the period of June 2023 through May of 2026, with the option to renew this agreement upon mutual consent through May of 2028 (“Legal Services”).

This letter describes the basis of the attorney-client relationship between K&F and SDCP with respect to the Legal Services, and an explanation of how K&F will bill for those services. This letter also describes the risks to and responsibilities of SDCP for matters where SDCP will be jointly represented along with other CCAs (“Joint Representation”).

1. Scope of Engagement

Pursuant to this Engagement Letter, K&F shall provide SDCP with the Legal Services identified above. K&F will do its utmost to represent SDCP effectively, provide Legal Services in an efficient manner, and respond promptly to SDCP’s inquiries.

We have run a conflicts check as it relates to the proposed Legal Services, and we have not found any direct conflicts with undertaking them. If a conflict arises that may impact our ability to provide SDCP with effective representation, we will promptly bring that conflict to SDCP’s attention. If SDCP becomes concerned about any relationship we might have with particular companies, organizations or individuals, please bring those concerns to our attention.

K&F will coordinate projects with Karin Burns, as the designated representative of SDCP, or with whomever Ms. Burns may specifically delegate that authority. We understand that Ms. Burns has the authority to make decisions on behalf of SDCP in connection with the Legal Services proposed, and we are relying on that understanding.

2. Joint Representation

When asked to undertake Joint Representations of multiple CCAs (“Joint Clients”) K&F will represent each of the Joint Clients with respect to the Legal Services, and all appearances and filings made in connection with the Legal Services shall be made in the name of all Joint Clients. By executing this letter, SDCP agrees that for Joint Representation matters, K&F will take direction from each Joint Client. In addition, SDCP agrees that if any Joint Clients in a Joint Representation requests in writing – for any reason or for no reason – to withdraw from Joint Representation, that withdrawal would be effective immediately, and from that point forward, K&F would not have an attorney-client relationship or further attorney-client obligations with the withdrawn party with respect to the Legal Services.

Because K&F will be representing multiple clients in certain matters under this engagement, the applicable rules of professional conduct require that we inform you, as a Joint Client, of actual and potential conflicts of interest with respect to Joint Representation, and that we obtain informed, written consent from each of the Joint Clients agreeing to the Joint Representation.

K&F has run a conflict check as it relates to the Legal Services. Based on the information we have been provided, we do not believe representation of Joint Clients with respect to the Legal Services involves an actual conflict of interest between the Joint Clients. If SDCP is aware of an actual conflict of interest as between and Joint Clients, please let K&F know immediately.

Even though there may be no actual conflict, there are potential conflicts. K&F currently represents numerous CCAs and other organizations and companies in California’s energy industry in matters that may pertain to the Legal Services. K&F may be required to refrain from providing Legal Services on a particular matter if it has an existing conflict or potential conflict due to an existing engagement with another client. K&F will seek to obtain conflict waivers from SDCP and other K&F clients whenever possible.

Differences in respective financial resources, prior experience, interests, and objectives of any Joint Clients could make one approach to K&F’s representation more favorable to one Joint Client than to another, or could lead to disputes among Joint Clients. For example, if K&F was to represent only one client, rather than multiple Joint Clients, K&F might be able to obtain more favorable treatment for that one. Because K&F will be representing multiple Joint Clients, it will be necessary to balance the interests of any Joint Clients rather than prioritizing the interests of only one client.

If a potential conflict arises, either among any Joint Clients or between SDCP and other K&F clients that may impact our ability to fully represent SDCP with respect to the Legal Services, we will promptly bring that conflict to SDCP’s attention.

In the event any Joint Clients become adverse to each other with respect to the Legal Services, SDCP agrees that they shall not seek disqualification of K&F from representation of the other Joint Clients with respect to the Legal Services on the basis of this agreement, K&F’s access to confidential information obtained from SDCP in connection with the Legal Services, or K&F’s separate representation of any Joint Clients on matters unrelated to the Legal Services;

provided, however, that nothing in this agreement authorizes K&F to represent either of the Joint Clients in any action brought by or against either of the other Joint Clients.

3. Confidentiality of Communications and Work Product.

Generally, it is in SDCP's interest to preserve confidentiality of all communications with K&F. If SDCP discloses any of our communications, it jeopardizes the privileged nature of the communications, so we believe it is advisable that SDCP take care not to disclose privileged information to third parties.

For Joint Representations, SDCP understands and acknowledges that any communications between each of the Joint Clients and K&F regarding the Legal Services may not be kept confidential from the other Joint Clients. In addition, should any future dispute among Joint Clients concerning the matter on which Joint Clients have engaged us to represent them lead to litigation, the attorney-client privilege may not protect communications that were commonly shared.

If SDCP wishes to communicate confidentially with K&F about matters outside the scope of any Joint Representation, it should: 1) exclude all third parties from the communication, including the other members of the Joint Clients, and 2) ensure K&F is aware the correspondence is on behalf of the individual agency, company or organization and is not related to the Legal Services subject to a Joint Representation.

Through this Engagement Letter, SDCP authorizes K&F to engage in confidential communications with EQ Research LLC to obtain litigation support with respect to the Legal Services. K&F understands it is the intent of SDCP that all communications and work product that are developed by, or shared with, EQ Research LLC related to the Legal Services shall be confidential and subject to attorney-client privilege and/or attorney work product privilege.

4. Fees, Costs, and Invoicing

By signing this Joint Representation Agreement, SDCP agrees to pay K&F for time and out-of-pocket expenses according to the terms set forth below.

a. Professional Fees

K&F will keep an hourly total of time spent on the Legal Services matters. Work will be performed at hourly rates according to the rates set forth in Attachment A to this Engagement Letter, which is incorporated by reference herein. It is K&F's policy to adjust hourly rates for all attorneys and staff at the beginning of the calendar year. Historically, rate increases have been between 5-8% per year. Rates quoted in Attachment A are 2023 rates. Our firm's practice is to charge for travel time, as discussed in Attachment A.

Tim Lindl and Jake Schlesinger will be the lead K&F attorneys providing the Legal Services to SDCP. Mr. Lindl and Mr. Schlesinger may utilize services of other K&F attorneys and support staff in connection with this matter. By executing this Engagement Letter, you consent to Mr. Lindl and Mr. Schlesinger serving as lead attorneys in providing Legal Services

and to their assignment, as necessary, of work on this matter to the attorneys, support staff or EQ employees listed in Attachment A.

Unless otherwise agreed to in writing, SDCP will not be obligated for fees in excess of \$1,300,000 through May 31, 2026. If the option to extend is elected, budgets for any extension will be determined at that time. Agreements to exceed the fees and expenses stated herein may occur via electronic mail.

Expenses

Expenses may be incurred in performing the Legal Services. K&F will bill for all costs, disbursements, and expenses in addition to our hourly fees. Costs and expenses include costs for travel including mileage and parking, and similar expenses. Expenses shall be billed at actual cost.

b. Invoices and payments

K&F will invoice SDCP on or around the 10th of each month for Legal Services provided during the prior calendar month. Fees for Legal Services will be earned as of the time of invoicing. Invoices shall list the matter worked on and provide information on the dates of service, time involved, attorney responsible, and activity undertaken. SDCP shall be responsible for payment of the total amount of its invoice. Invoices are due and payable within thirty (30) calendar days. Any unpaid amounts after thirty days will accrue interest at a rate of nine percent (9%) per annum.

For Joint Representation matters where K&F represents multiple Joint Clients, K&F will split the invoice among the Joint Clients evenly, unless otherwise agreed to in writing.

5. Termination of K&F's Representation

Either K&F or SDCP may terminate K&F's representation of SDCP at any time and for any reason. At the time K&F's representation of SDCP concludes, all unpaid fees and costs for K&F's Legal Services become due and payable. If at that time SDCP does not request the return of files related to the Legal Services, K&F will retain such files for a period of three years, after which K&F may have the files destroyed.

6. Miscellaneous

This letter is the entire agreement between SDCP and K&F concerning the provision of regulatory, policy and compliance Legal Services. It supersedes or replaces in its entirety all prior Engagement Letters between SDCP and K&F with regard to such matters *including* the March 13, 2023 Joint Representation Agreement Between Keyes & Fox LLP, San Diego Community Power and Clean Energy Alliance re San Diego Gas & Electric Company's 2021 and 2022 Energy Resource Recovery Account Compliance Proceedings, 2023 and 2024 Energy Resource Recovery Account Forecast Proceedings, and Phase I and Phase II General Rate Cases,

which approved a total do not exceed (“DNE”) for SDCP of \$184,752.07. That DNE is now superseded and replaced by the DNE contained in this agreement.

However, this letter does *not* supersede or replace the June 15, 2022 engagement between K&F and SDCP with respect to the procurement of wholesale electricity supply, energy storage, resource adequacy, renewable energy credits, and transmission rights to serve SDCP customers.

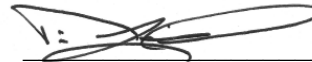
This Engagement Letter and the scope of Legal Services provided under it may be amended from time to time by mutual agreement. California law will govern this agreement and any subsequent amendments.

7. Conclusion

If the terms of K&F’s representation as explained in this Engagement Letter are satisfactory, please execute a copy of this letter as indicated and return it to me. Please feel free to contact me if you have any questions.

We look forward to our representation of SDCP.

Sincerely,



Tim Lindl, Partner
Keyes & Fox LLP



Jacob Schlesinger, Partner
Keyes & Fox LLP

SDCP hereby authorizes K&F to represent its interests with respect to the Legal Services. SDCP acknowledges, by signing this letter, that it has had the opportunity to consult with other counsel about the consequences of this engagement and that K&F recommends that you do so. By signing this letter, the signatory affirms that he or she understands and agrees to bind his or her company to the terms set forth in this Engagement Letter. This Engagement Letter shall not take effect, and K&F shall have no obligation to provide the Legal Service described herein, until SDCP has returned a signed copy of this letter.

SDCP

I have read the foregoing Engagement Letter, understand it and agree to it on behalf of SDCP.

By: _____

Karin Burns

Title: Chief Executive Officer

Date: _____

Attachment A: Keyes & Fox LLP 2023 Hourly Rate Sheet

Kevin Fox	\$480
Jason Keyes	\$370
Tim Lindl	\$420
Jake Schlesinger	\$365
Scott Dunbar	\$335
Sheridan Pauker	\$430/\$455*
Mark Valentine	\$350
Beren Argetsinger	\$310
Nikhil Vijaykar	\$340
Lee Ewing	\$280
Julia Kantor	\$300
Lucas Fykes	\$260
Ann Springgate	\$380
David Wooley	\$280

* Rates with one asterisk are transactional/compliance rates

EQ Research, LLC Analysts and Experts (Non-Keyes & Fox LLP Personnel)

Miriam Makhyoun	\$250/\$275**
Justin Barnes	\$220/\$275**
Jason Hoyle	\$170/\$210**
Blake Elder	\$170/\$210**
Heather DePouw	\$130
Riana Ackley	\$130
Jeremy Abcug	\$125
Alicia Zaloga	\$120
Corey Cochran	\$100
Miriam Makhyoun	\$250/\$275**

** Rates with two asterisks are expert witness rates

Travel Policy: Unless special arrangements are made, travel time is billed at the full hourly rate. Every effort will be made to work productively on the Joint Clients matters during travel. If work is performed for another client during travel, the Joint Clients will not be billed for that time. All reasonable travel expenses are billable – hotel, airfare, car rental, meals, taxi, public transit, etc.

Work Policy: Reasonable time for filing and service is billed at regular billable rates.

Miscellaneous Expenses Policy: Expenses for postage, photocopying, printing, faxing and other minor expenses directly related to a matter are billable at cost to the Joint Clients.



SAN DIEGO COMMUNITY POWER Staff Report – Item 10

To: San Diego Community Power Board of Directors

From: Eric Washington, Chief Financial Officer

Via: Karin Burns, Chief Executive Officer

Subject: Approval of Third Amendment to Professional Services Agreement with Maher Accountancy for up to \$297,000 for services in FY 2023/24

Date: June 22, 2023

RECOMMENDATION

Approve Third Amendment to the Professional Services Agreement with Maher Accountancy for services in Fiscal Year 2023/24 and establish a \$297,000 maximum compensation amount, and authorize the Chief Executive Officer to execute the Third Amendment.

BACKGROUND

On June 25, 2020, the San Diego Community Power (SDCP) Board of Directors (Board) received an update from staff on a request for proposals and other solicitations stating that an accounting firm with Community Choice Aggregation (CCA) experience, Maher Accountancy (Consultant), would be retained and would start work for SDCP on August 1, 2020. Subsequently, on August 1, 2020, the professional services agreement (Agreement) between SDCP and the Consultant was executed for a term of August 1, 2020 to July 31, 2021, with a not-to-exceed amount of \$112,500.

Later, on May 27, 2021, the Board approved the first amendment to the Agreement to establish the not-to-exceed amount of \$241,000 for the period covering May 1, 2021 to June 30, 2022. Then on June 23, 2022 the Board approved the second amendment to the Agreement to establish the not-to-exceed amount of \$223,000 for the period July 1, 2022 to June 30, 2023. This amendment was needed to extend the accounting services with the Consultant. The not-to-exceed amount was also increased to be in alignment with the level of accounting services needed:

1. Fiscal Year 2020-21, SDCP's operating expense budget was \$33.8 million
2. Fiscal Year 2021-22, SDCP's operating expense budget was \$341.2 million
3. Fiscal Year 2022-23, SDCP's operating expense budget was \$770.8 million

SDCP will have completed Phase 4 Non-NEM Residential Enrollment in May 2023 and NEM Residential Enrollment to be complete in March 2024. Therefore, extending the engagement term will facilitate the continuity and consistency of financial reporting through the end of fiscal year 2024. Maher Accountancy is believed to have the expertise needed given the firm's level of experience in the CCA industry.

ANALYSIS AND DISCUSSION

Maher Accountancy is a full-service audit, accounting, tax, and business consulting firm that provides services to businesses and local governments across California. The Consultant provides full-service accounting to eight other CCA clients in the state and provides ancillary services for other CCAs using software and analytical tools developed specifically for its CCA accounts.

The proposed not-to-exceed amount of \$297,000 for the period from July 1, 2023 to June 30, 2024 (12 months), or \$23,500/month plus a \$15,000 one-time audit support fee. This, is an increase from the second amendment which included a not-to-exceed amount of \$223,000 for the period from May 1, 2022 to June 30, 2023, or \$17,500/month (12 months) plus a \$13,000 one-time audit support fee. This translates to a 34.29% increase rate from the second amendment to the third amendment of the Agreement. This increase is in alignment with the combination of cost-of-living increases resulting from inflation and an increased level of accounting services needed due to SDCP growth and development of a more robust fiscal plan.

By comparison, in Fiscal Year 2022-23, SDCP's operating expense budget was \$693.6 million and in Fiscal Year 2023-24, SDCP's proposed expense budget is \$1,025.4 million (per the June 8, 2023 meeting of the Financial and Risk Management Committee). This is a 33.03% increase year-over-year.

Scope of Services in FY 2023/24 (\$297,000)

Maher Accountancy's scope of services for the period outlines the tasks below.

- **Monthly Financial Operational Assistance (\$17,500 fixed monthly fee)**
 1. Maintain accounting system, accounts payable system and processes.
 2. Maintain the general ledger with proper support and documentation.
 3. Manage accounts payable.
 4. Assist with compliance of fiscal provisions of non-energy vendor contracts for services.
 5. Provide periodic and year-to-date financial statements in compliance with GAAP (without disclosures).
 6. Provide monthly financial statements with comparison to budget.
 7. Filing annual information returns, such as form 1099/1096's.
 8. Prepare and file various compliance reports for state and local agencies such as user taxes, energy surcharges and state controller reports including financial transaction and government compensation in California.
 9. Assist in treasury function and assist staff with development of the operating budget.



- **Financial Statement Audit Support (\$15,000 one-time fee)**

1. Draft financial statements, notes, and MD&A letter.
2. Prepare audit workpapers.
3. Coordinate with CCA and auditor.

FISCAL IMPACT

Approval of the proposed second amendment to the Agreement will increase the not-to-exceed amount of the Agreement by \$297,000 for the period from July 1, 2023 to June 30, 2024 and represents a 34.29% increase from the second amendment. Staff believe this is a very reasonable increase given current inflation factors and given the 33.03% increase from SDCP's FY 2022/23 expense budget to the FY 2023/24 expense budget. The cost of this action is also included in the FY 2023/24 proposed budget pending review and final approval by the Board.

ATTACHMENTS

Attachment A: Third Amendment to Professional Services Agreement Between San Diego Community Power and Maher Accountancy.



THIRD AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT BETWEEN SAN DIEGO COMMUNITY POWER AND MAHER ACCOUNTANCY

THIS THIRD AMENDMENT (“**Third Amendment**”) is entered into as of **June 22, 2023** by and between SAN DIEGO COMMUNITY POWER, a California joint powers authority (“**SDCP**”) and MAHER ACCOUNTANCY, a California corporation (“**Consultant**”). SDCP and Consultant are sometimes individually referred to herein as the “**Party**” and collectively as the “**Parties.**”

RECITALS

A. The Parties entered into that certain Professional Services Agreement between San Diego Community Power and Maher Accountancy, dated August 1, 2020 (“**Agreement**”);

B. Pursuant to the Agreement, Consultant provides accounting services to SDCP;

C. The Parties amended the Agreement to extend the term and establish the maximum compensation amount payable to Consultant for its services from May 1, 2021 to June 30, 2022;

D. The Parties executed a Second Amendment to the Agreement to extend the term and establish the maximum compensation amount payable to Consultant for its services from July 1, 2022 to June 30, 2023; and

E. The parties desire to enter into a Third Amendment to the Agreement to extend the term and establish the maximum compensation amount payable to Consultant for its services from July 1, 2023 to June 30, 2024.

AGREEMENT

NOW, THEREFORE, it is agreed by and between the parties as follows:

1. Recitals. The Recitals set forth above are true and correct and are incorporated into the body of this Amendment as though expressly set forth herein.

2. Amendment of Section 1.2. Section 1.2 of the Agreement is amended to extend the term of the Agreement to June 30, 2024.

3. Amendment of Section 3.1. Section 3.1 of the Agreement is amended to establish the not-to-exceed amount payable by SDCP to Consultant for Consultant’s services to Two Hundred Ninety Seven Thousand Dollars (\$297,000) for the period covering July 1, 2023 to June 30, 2024.

4. Scope of Work and Compensation for Services from July 1, 2023 to June 30, 2024. The Agreement is amended to add Exhibit A-1 (Scope of Services) and Exhibit C-1 (Payment for Services Rendered), attached hereto, to apply to Consultant’s services for the period covering July 1, 2023 to June 30, 2024.

5. Capitalized Terms. Any capitalized terms not defined herein shall have the meanings set forth in the Agreement.

6. Full Force. Except as expressly set forth herein, the Agreement shall remain unmodified and in full force and effect.

6. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Parties have executed this Third Amendment to the Professional Services Agreement between San Diego Community Power and Maher Accountancy as of the date first set forth above.

SAN DIEGO COMMUNITY POWER

MAHER ACCOUNTANCY

Name: Karin Burns
Title: Chief Executive Officer
Date: _____

Name: Michael Maher
Title: Vice President and Secretary
Date: _____

ATTEST:

Secretary, SDCP Board of Directors

Name: John Maher
Title: President
Date: _____

APPROVED AS TO FORM:

SDCP General Counsel

EXHIBIT A-1
SCOPE OF SERVICES

A. Monthly Financial Operational Assistance:

1. Maintain accounting system, accounts payable system and processes.
2. Maintain the general ledger with proper support and documentation, including:
 - a. Posting accrued revenue, cash receipts, accounts payable, cash disbursements, payroll, accrued expenses, aggregate customer billings, etc.
 - b. Prepare or maintain the following monthly analysis regarding general ledger account balances:
 - i. Reconciliation to statements from CCA's financial institution for cash activity and balances;
 - ii. Reconciliation of customer data manager reports of customer activity and accounts receivable aging to general ledger;
 - iii. Computation of estimated user fees earned but not billed as of the end of the reporting period;
 - iv. Schedule of depreciation of capital assets;
 - v. Aged schedule of accounts payable;
 - vi. Schedules of details regarding all remaining balance sheet accounts.
3. Manage accounts payable: Maher utilizes a cloud-based accounts payable document management system to provide for documentation of management review, proper segregation of duties, and access to source data. Maher ensures that required authorization is documented and that account coding is correct. CCA's staff then authorizes the release of payment, providing an additional safeguard.
4. Assist with compliance of fiscal provisions of non-energy vendor contracts for services. Before remitting vendor invoices for management approval, Maher verifies that each vendor invoice is compliant with contract provisions regarding time periods, rates, and financial limits.
5. Provide periodic and year-to-date financial statements in compliance with GAAP (without disclosures). The financial statements will be considered a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the AICPA.
6. Provide monthly financial statements with comparison to budget.
 - a. Provide timely budget amendments and insight suggestions.
7. Filing annual information returns, such as form 1099/1096's.
8. Prepare and file various compliance reports for state and local agencies such as user taxes, energy surcharges and state controller reports including financial transaction and government compensation in California.
9. Assist in treasury function and assist staff with development of the operating budget.

B. Financial Statement Audit Support

1. Draft financial statements, notes, and MD&A letter
2. Prepare audit workpapers
3. Coordinate with CCA and auditor.

EXHIBIT C-1

PAYMENT FOR SERVICES RENDERED

Maximum Limit & Fee Schedule

The total amount for services rendered not to exceed **\$297,000.00**. (NTE covers 12 months from July 1, 2023 to June 30, 2024.)

For monthly financial operations support, CCA will be billed with a fixed monthly fee of \$23,500.

For financial statement audit report, CCA will be billed a one-time fee of \$15,000 upon completion of the audit.

Reimbursable Expenses

Administrative, overhead, secretarial time or overtime, word processing, photocopying, in house printing, insurance and other ordinary business expenses are included within the scope of payment for services and are not reimbursable expenses. CCA user fees and payment issuance costs charged by cloud-based accounts payable services will be borne by the CCA.



SAN DIEGO COMMUNITY POWER Staff Report – Item 11

To: San Diego Community Power Board of Directors

From: Colin Santulli, Director of Programs
Nelson Lomeli, Program Manager

Via: Karin Burns, Chief Executive Officer

Subject: Approval of Professional Services Agreement with Innovation Network for Communities for up to \$350,000 for a Building and Housing Stock Analysis and Funding Gap Analysis Services through June 30, 2025

Date: June 22, 2023

RECOMMENDATION

Recommendation: Approval of Professional Services Agreement with Innovation Network for Communities

BACKGROUND

In a continued effort to meet our strategic goal of maintaining “*appropriate and sufficient data sources to support smart program design, implementation and evaluation*”, Staff proposes to hire Building Electrification Institute (BEI) to complete a Building and Housing Stock Analysis (BHSA) and Funding Gap Analysis (FGA).

The purpose of a Building and Housing Stock Analysis is to identify broad opportunities for electrification and decarbonization across our member agencies. A BHSA is an inventory of all the buildings, include homes and businesses, in a certain area using various data sources including but not limited to U.S. Census data and San Diego County Tax Assessor Data. The study will identify the typology of buildings (e.g., single family home, multi family home, etc.), size by square feet, and number of units. This will provide SDCP with a complete picture of existing buildings in our territory – foundational data that will inform building electrification programs identified in the Community Power Plan and broader electrification strategies. The purpose of a Funding Gap Analysis is to estimate the costs of equitably decarbonizing existing buildings, both residential and commercial, and evaluate what costs can be covered by existing programs and funding sources to identify gaps, particularly for low- and moderate-income households.

Staff identified BEI, a project fiscally sponsored by the Innovation Network for Communities (INC), a 501(c)3 non-profit, as the preferred sole-source vendor to complete this analysis. BEI has extensive history completing similar analysis for multiple cities across the nation, including one of SDCP’s member agencies, the City of San Diego. By working with BEI, they can quickly start work on this analysis, achieving considerable time

and cost efficiencies and reducing duplicative, and costly efforts. Additionally, incorporating the methodology used from an equivalent analysis done with SDCP's largest member agency will result in consistent information across all jurisdictions within our service territory. These savings support our operational needs of completing the analysis within a year, in preparation for Fiscal Year 24-25.

BEI has demonstrated the necessary qualifications and expertise required to effectively conduct this analysis. They have been at the forefront of developing foundational and groundbreaking research on existing buildings for multiple local governments, including customer economic analyses. BEI possess extensive knowledge of California's Title 24 building and energy code and the California Air Resources Board Scoping Plan. BEI's past work includes similar building and housing stock analyses for the City of Los Angeles, City of San Jose, and City of Berkeley. They have also conducted a funding gap analysis for residential building electrification for the City of Berkeley.

ANALYSIS AND DISCUSSION

SDCP can make significant greenhouse gas emissions reductions and improve indoor air pollution by eliminating fossil fuel usage in buildings and powering equipment with its renewable energy. However, transitioning existing buildings to be all-electric comes with several challenges such as panel capacity and funding to complete upgrades. With the BHSA, SDCP will have a better understanding of the building stock within its service territory. This will allow SDCP to be able to design and deliver more effective electrification programs that are equitable and deliver benefits to all.

With the Funding Gap Analysis, SDCP will be able to determine what gaps existing in current electrification, decarbonization, and energy efficiency funding exists (including funding from the Infrastructure Investment and Jobs Act and Inflation Reduction Act that flows directly to customers and those distributed to States and agencies). This will allow SDCP to make strategic decisions about how electrification programs are designed and identify how much of an investment is needed from SDCP to achieve our goals.

The information and strategies obtained through the BHSA and FGA will be shared with our member agencies to help coordinate and streamline regional electrification efforts and collectively achieve our climate action goals. The FGA will be helpful to SDCP and our member agencies in potentially explore and identify funding mechanisms, and better leverage funding opportunities to fully transition our buildings towards an equitable and sustainable future.

COMMITTEE REVIEW

The Community Advisory Committee did not review this Agreement.

FISCAL IMPACT

The Agreement is for a not to exceed amount of \$350,000. This analysis was factored into FY 23-24 and FY 24-25 budgets.

ATTACHMENTS

Professional Services Agreement with Innovation Network for Communities.



SAN DIEGO COMMUNITY POWER PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (“**Agreement**”) is made and entered into this 1st day of May 2023, by and between SAN DIEGO COMMUNITY POWER, a California Joint Powers Authority agency (“**SDCP**”) and **Innovation Network for Communities (INC)**, a **501(c)3 registered in New Hampshire, fiscal sponsor of the project “Building Electrification Institute” (“Consultant”)**. SDCP and Consultant are sometimes individually referred to as “**Party**” and collectively as “**Parties**.”

RECITALS

- A. Consultant desires to perform and assume responsibility for the provision of certain professional services required by SDCP on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing building and housing stock analysis and funding gap analysis services and is familiar with the plans of SDCP.
- B. SDCP desires to engage Consultant to render such professional services for the completion of a service territory wide building and housing stock analysis and a funding gap analysis (“**Project**”) as set forth in this Agreement.

AGREEMENT

1. Scope of Services and Term.

1.1 General Scope of Services. Consultant promises and agrees to furnish to SDCP all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply a service territory-wide building and housing stock analysis and a funding gap analysis necessary for the Project (“**Services**”). The Services are more particularly described in Exhibit A attached hereto, and which are stated in the proposal to SDCP. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto, and all applicable local, state and federal laws, rules and regulations.

1.2 Term. The term of this Agreement shall be from **June 23, 2023** to **June 30, 2025**, unless earlier terminated as provided herein. Consultant shall complete the Services within the term of this Agreement and shall meet any other established schedules and deadlines.

1.3 Task Orders. At such time that SDCP determines to have Consultant perform Services under this Agreement, SDCP shall issue a Task Order. Any and all work performed under any Task Order issued pursuant hereto shall be governed by the terms and conditions set forth in this Agreement. It is contemplated that individual Task Orders shall, in general, contain the following information: (i) a description of the scope of work included in such Task Order; (ii) a lump sum price and/or such other terms of compensation (including a not-to-exceed amount) for the specific work included in the Task Order’s scope of work; (iii) a date and time by which the requested work shall be completed for the Task Order’s scope of work and/or such other schedule requirements for Task Order; (iv) any other specific requirements of the scope of work. If Consultant agrees to perform the requested work, begins to perform the requested work, or does

not respond within five calendar days, then Consultant will have agreed to perform the requested work on the terms set forth in the Task Order, this Agreement and its Exhibits.

2. Responsibilities of Consultant.

2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. SDCP retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of SDCP and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

2.2 Schedule of Services. Consultant shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the Schedule of Services set forth in Exhibit B attached hereto. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule, SDCP shall respond to Consultant's submittals in a timely manner. Upon request of SDCP, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

2.3 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of SDCP.

2.4 Substitution of Key Personnel. Consultant has represented to SDCP that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of SDCP. In the event that SDCP and Consultant cannot agree as to the substitution of key personnel, SDCP shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to SDCP, or who are determined by the SDCP to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, or a threat to the safety of persons or property, shall be promptly removed from the Project by the Consultant at the request of the SDCP. The key personnel for performance of this Agreement are listed below. Key personnel is subject to change during the contract period, but any changes will be communicated in advance by the Consultant.

- Jenna Tatum
- Caytie Campbell-Orrock
- Danielle Makous
- Matthew Vasilakis

2.5 SDCP's Representative. SDCP hereby designates Colin Santulli, Director of Programs, or his designee, to act as its representative for the performance of this Agreement ("**SDCP's Representative**"). SDCP's Representative shall have the power to act on behalf of SDCP for all purposes under this Agreement. Consultant shall not accept direction or orders from any person other than SDCP's Representative, or designee.

2.6 Consultant's Representative. Consultant hereby designates **Jenna Tatum**, or their designee, to act as its Representative for the performance of this Agreement ("**Consultant's Representative**"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his or her best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

2.7 Coordination of Services. Consultant agrees to work closely with SDCP staff in the performance of Services and shall be available to SDCP's staff, consultants and other staff at all reasonable times.

2.8 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and sub- contractors shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from SDCP, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its subcontractors who is determined by SDCP to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to SDCP, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

2.9 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to SDCP, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold SDCP, its officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

2.10 Insurance.

2.10.1 Time for Compliance. Consultant shall not commence the Services under this Agreement until it has provided evidence satisfactory to SDCP that it has secured all insurance required under this section, in a form and with insurance companies acceptable to SDCP. In addition, Consultant shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to SDCP that the subcontractor has secured all insurance required under this section.

2.10.2 Minimum Requirements. Consultant shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Consultant, its agents, representatives, employees or subcontractors. Consultant shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(A) Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following: (1) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001 or exact equivalent);; and (2) *Workers' Compensation and Employer's Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(B) Minimum Limits of Insurance. Consultant shall maintain limits no less than: (1) *General Liability*: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit is used, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit; ; and (2) *Workers' Compensation and Employer's Liability*: Workers' Compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of \$1,000,000 per accident for bodily injury or disease.

2.10.3 Insurance Endorsements. The insurance policies shall contain the following provisions, or Consultant shall provide endorsements on forms supplied or approved by SDCP to add the following provisions to the insurance policies:

(A) General Liability.

(i) Commercial General Liability Insurance must include coverage for (1) Bodily Injury and Property Damage; (2) Personal Injury/Advertising Injury; (3) Premises/Operations Liability; (4) Products/Completed Operations Liability; (5) Aggregate Limits that Apply per Project; (6) [reserved]; (7) Contractual Liability with respect to this Agreement; (8) Broad Form Property Damage; and (9) Independent Consultants Coverage.

(ii) The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; or (3) contain any other exclusion contrary to the Agreement.

(iii) The policy shall give SDCP, its directors, officials, officers, employees, and agents insured status using ISO endorsement forms 20 10 10 01 and 20 37 10 01, or endorsements providing the exact same coverage.

(iv) The additional insured coverage under the policy shall be “primary and non-contributory” and will not seek contribution from SDCP’s insurance or self-insurance and shall be at least as broad as CG 20 01 04 13, or endorsements providing the exact same coverage.

(B) Workers’ Compensation and Employers Liability Coverage.

(i) Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers’ compensation or to undertake self-insurance in accordance with the provisions of that code, and Consultant will comply with such provisions before commencing work under this Agreement.

(ii) The insurer shall agree to waive all rights of subrogation against SDCP, its directors, officials, officers, employees, agents and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Consultant.

(C) All Coverages. Defense costs shall be payable in addition to the limits set forth hereunder. Requirements of specific coverage or limits contained in this section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. It shall be a requirement under this Agreement that any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirements and/or limits set forth herein shall be available to SDCP, its directors, officials, officers, employees and agents as additional insureds under said policies. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in this Agreement; or (2) the broader coverage and maximum limits of coverage of any Insurance policy or proceeds available to the named insured; whichever is greater.

(i) The limits of insurance required in this Agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of SDCP (if agreed to in a written contract or agreement) before SDCP’s own insurance or self-insurance shall be called upon to protect it as a named insured. The umbrella/excess policy shall be provided on a “following form” basis with coverage at least as broad as provided on the underlying policy(ies).

(ii) Consultant shall provide SDCP at least thirty (30) days prior written notice of cancellation of any policy required by this Agreement, except that the Consultant shall provide at least ten (10) days prior written notice of cancellation of any such policy due to non-payment of premium. If any of the required coverage is cancelled or expires during the term of this Agreement, the Consultant shall deliver renewal certificate(s) including the General Liability Additional Insured Endorsement to SDCP at least ten (10) days prior to the effective date of cancellation or expiration.

(iii) The retroactive date (if any) of each policy is to be no later than the effective date of this Agreement. Consultant shall maintain such coverage continuously for a period of at least three years after the completion of the work under this Agreement. Consultant shall purchase a one (1) year extended reporting period A) if the retroactive date is advanced past the effective date of this Agreement; B) if the policy is cancelled or not renewed; or C) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement.

(iv) The foregoing requirements as to the types and limits of insurance coverage to be maintained by Consultant, and any approval of said insurance by SDCP, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Consultant pursuant to this Agreement, including but not limited to, the provisions concerning indemnification.

(v) If at any time during the life of the Agreement, any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, SDCP has the right but not the duty to obtain the insurance it deems necessary and any premium paid by SDCP will be promptly reimbursed by Consultant or SDCP will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, SDCP may cancel this Agreement. SDCP may require the Consultant to provide complete copies of all insurance policies in effect for the duration of the Project.

(vi) Neither SDCP nor any of its directors, officials, officers, employees or agents shall be personally responsible for any liability arising under or by virtue of this Agreement.

2.10.4 Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to SDCP, its directors, officials, officers, employees, agents and volunteers.

2.10.5 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by SDCP. Consultant shall guarantee that, at the option of SDCP, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects SDCP, its directors, officials, officers, employees, agents and volunteers; or (2) the Consultant shall procure a bond guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

2.10.6 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, licensed to do business in California, and satisfactory to SDCP.

2.10.7 Verification of Coverage. Consultant shall furnish SDCP with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to SDCP. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf and shall be on forms provided by SDCP if requested. All certificates and endorsements must be received and approved by SDCP

before work commences. SDCP reserves the right to require complete, certified copies of all required insurance policies, at any time.

2.10.8 Subcontractor Insurance Requirements. Consultant shall not allow any subcontractors to commence work on any subcontract until they have provided evidence satisfactory to SDCP that they have secured all insurance required under this section. Policies of commercial general liability insurance provided by such subcontractors shall be endorsed to name SDCP as an additional insured using ISO form CG 20 38 04 13 or an endorsement providing the exact same coverage. If requested by Consultant, SDCP may approve different scopes or minimum limits of insurance for particular subcontractors.

2.10.9 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (A) adequate life protection and life-saving equipment and procedures; (B) instructions in accident prevention for all employees and subcontractors, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

3. **Fees and Payments.**

3.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit C, attached hereto. The total compensation shall not exceed **three-hundred and fifty thousand (\$350,000)** without written approval of SDCP. SDCP's Chief Executive Officer, or designee, may modify individual task amounts for Task Orders subject to the total compensation under this Agreement. Extra Work may be authorized, as described below, and, if authorized, said Extra Work will be compensated at the rates and manner set forth in this Agreement.

3.2 Payment of Compensation. Consultant shall submit to SDCP an itemized statement at intervals agreed upon in the Task Order which indicates work completed or to be completed, the Task Order authorizing the Services, and hours of Services rendered by Consultant (if applicable). The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. SDCP shall, within 45 days of receiving such statement, review the statement and pay all approved charges thereon.

3.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by SDCP.

3.4 Extra Work. At any time during the term of this Agreement, SDCP may request that Consultant perform Extra Work. As used herein, "**Extra Work**" means any work which is determined by SDCP to be necessary for the proper completion of the Project, but which the Parties

did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from SDCP's Representative.

4. **Accounting Records.** Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of SDCP during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

5. **General Provisions.**

5.1 Termination of Agreement.

5.1.1 Grounds for Termination. SDCP may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to SDCP, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause.

5.1.2 Effect of Termination. If this Agreement is terminated as provided herein, SDCP may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such documents and other information within fifteen (15) days of the request.

5.1.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, SDCP may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

5.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective Parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Consultant: Innovation Network for Communities (INC)
Attn: Jenna Tatum, Executive Director, Building Electrification
Institute (BEI), a project fiscally sponsored by INC
156 Grover Lane
Tamworth, NH, 03886

SDCP: San Diego Community Power
Attn: Colin Santulli, Programs Director
815 E Street, Suite 12716
San Diego, CA 92112

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the Party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

5.3 Ownership of Materials and Confidentiality.

5.3.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for SDCP to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement (“**Documents & Data**”). Consultant shall require all subcontractors to agree in writing that SDCP is granted a non-exclusive and perpetual license for any Documents & Data the subcontractor prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by SDCP. SDCP shall not be limited in any way in its use of the Documents & Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at SDCP’s sole risk.

5.3.2 Intellectual Property. In addition, SDCP shall have and retain all right, title and interest (including copyright, patent, trade secret and other proprietary rights) in all plans, specifications, studies, drawings, estimates, materials, data, computer programs or software and source code, enhancements, documents, and any and all works of authorship fixed in any tangible medium or expression, including but not limited to, physical drawings or other data magnetically or otherwise recorded on computer media (“**Intellectual Property**”) prepared or developed by or on behalf of Consultant under this Agreement as well as any other such Intellectual Property prepared or developed by or on behalf of Consultant under this Agreement.

SDCP shall have and retain all right, title and interest in Intellectual Property developed or modified under this Agreement whether or not paid for wholly or in part by SDCP, whether or not developed in conjunction with Consultant, and whether or not developed by Consultant. Consultant will execute separate written assignments of any and all rights to the above referenced Intellectual Property upon request of SDCP.

Consultant shall also be responsible to obtain in writing separate written assignments from any subcontractors or agents of Consultant of any and all right to the above referenced Intellectual Property. Should Consultant, either during or following termination of this Agreement, desire to use any of the above-referenced Intellectual Property, it shall first obtain the written approval of SDCP.

All materials and documents which were developed or prepared by the Consultant for general use prior to the execution of this Agreement and which are not the copyright of any other party or publicly available and any other computer applications, shall continue to be the property of the Consultant. However, unless otherwise identified and stated

prior to execution of this Agreement, Consultant represents and warrants that it has the right to grant the exclusive and perpetual license for all such Intellectual Property as provided herein.

SDCP further is granted by Consultant a non-exclusive and perpetual license to copy, use, modify or sub-license any and all Intellectual Property otherwise owned by Consultant which is the basis or foundation for any derivative, collective, insurrectional, or supplemental work created under this Agreement.

5.3.3 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents and Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of SDCP, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use SDCP's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of SDCP.

5.3.4 Infringement Indemnification. Consultant shall defend, indemnify and hold SDCP, its directors, officials, officers, employees, volunteers and agents free and harmless, pursuant to the indemnification provisions of this Agreement, for any alleged infringement of any patent, copyright, trade secret, trade name, trademark, or any other proprietary right of any person or entity in consequence of the use on the Project by SDCP of the Documents & Data, including any method, process, product, or concept specified or depicted.

5.4 Cooperation; Further Acts. The Parties shall fully cooperate with one another and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

5.5 Attorney's Fees. If either Party commences an action against the other Party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

5.6 Indemnification.

5.6.1 To the fullest extent permitted by law, Consultant shall defend (with counsel of SDCP's choosing), indemnify and hold the SDCP, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees

and attorney's fees and other related costs and expenses. Consultant shall defend, at Consultant's own cost, expense and risk, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against SDCP, its directors, officials, officers, employees, agents or volunteers. Consultant shall pay and satisfy any judgment, award or decree that may be rendered against SDCP or its directors, officials, officers, employees, agents or volunteers, in any such suit, action or other legal proceeding. Consultant shall reimburse SDCP and its directors, officials, officers, consultants, employees, agents and/or volunteers, for any and all legal expenses and costs, including reasonable attorneys' fees, incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant, the SDCP, its officials, officers, employees, agents, or volunteers. This section shall survive any expiration or termination of this Agreement.

5.6.2 If Consultant's obligation to defend, indemnify, and/or hold harmless arises out of Consultant's performance of "design professional" services (as that term is defined under Civil Code § 2782.8), then, and only to the extent required by Civil Code § 2782.8, which is fully incorporated herein, Consultant's indemnification obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and, upon Consultant obtaining a final adjudication by a court of competent jurisdiction, Consultant's liability for such claim, including the cost to defend, shall not exceed the Consultant's proportionate percentage of fault.

5.7 Entire Agreement. This Agreement contains the entire Agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both Parties.

5.8 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in San Diego County.

5.9 Time of Essence. Time is of the essence for each and every provision of this Agreement.

5.10 SDCP's Right to Employ Other Consultants. SDCP reserves right to employ other consultants in connection with this Project.

5.11 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the Parties.

5.12 Assignment or Transfer. Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of SDCP. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

5.13 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days.

All references to Consultant include all personnel, employees, agents, and subcontractors of Consultant, except as otherwise specified in this Agreement. All references to SDCP include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

5.14 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

5.15 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

5.16 No Third-Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

5.17 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

5.18 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, SDCP shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of SDCP, during the term of his or her service with SDCP, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

5.19 Equal Opportunity Employment and Subcontracting. Consultant represents that it is an equal opportunity employer and it shall not discriminate on the basis of race, gender, gender expression, gender identity, religion, national origin, ethnicity, sexual orientation, age, or disability in the solicitation, selection, hiring, or treatment of applicants, employees, subcontractors, vendors, or suppliers. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Further, Consultant shall provide equal opportunity for subcontractors to participate in subcontracting opportunities.

5.20 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for Workers' Compensation, or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

5.21 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

5.22 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

5.23 Subcontracting. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of SDCP. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

5.24 Joint Powers Authority. Consultant hereby acknowledges that SDCP is organized as a Joint Powers Authority in accordance with the Joint Powers Act of the State of California (Cal. Govt. Code section 6500et seq., as the same may be amended from time to time) pursuant to the Restated Joint Powers Agreement dated December 16, 2021 (the “Joint Powers Agreement”), that SDCP is a public entity separate from its members, and that under the Joint Powers Agreement the members have no liability for any obligations or liabilities of SDCP. Consultant agrees that SDCP shall solely be responsible for all debts, obligations and liabilities accruing and arising out of the Agreement and Consultant agrees that it shall have no rights against, and shall not make any claim, take any actions or assert any remedies against, any of SDCP’s members, any cities or countries participating in SDCP’s community choice aggregation program, or any of SDCP’s retail customers in connection with this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

**SIGNATURE PAGE TO
SAN DIEGO COMMUNITY POWER
PROFESSIONAL SERVICES AGREEMENT**

IN WITNESS WHEREOF, the Parties have made and executed this Agreement as of the date first written above.

SAN DIEGO COMMUNITY POWER

By: _____

Name: Karin Burns

Title: Chief Executive Officer

APPROVED AS TO FORM:

By: _____

Name: Ryan Baron

Title: SDCP General Counsel

**INNOVATION NETWORK FOR
COMMUNITIES***

By: _____

Name: Jenna Tatum

Title: Executive Director, Building
Electrification Institute (BEI), a project
fiscally sponsored by the Innovation
Network for Communities

**A corporation requires the signatures of two corporate officers.*

One signature shall be that of the Chairman of Board, the President or any Vice President, and the second signature (on the attest line) shall be that of the Secretary, any Assistant Secretary, the Chief Financial Officer or any Assistant Treasurer of such corporation.

If the above persons are not the intended signators, evidence of signature authority shall be provided to SDCP.

EXHIBIT A

SCOPE OF SERVICES

Task Orders will be issued prior to commencement of work and may include but not be limited to the scope of services below:

PRELIMINARY BUILDING & HOUSING STOCK ANALYSIS WITH RESIDENTIAL FUNDING GAP ANALYSIS

Project Management

The BEI Project Team will lead project management to ensure coordinated delivery of all services throughout the course of the project. The BEI Project Team will check in with SDCP staff and key project partners during regularly scheduled check-in calls. During these calls, BEI will share updates on project progress and can discuss methodology, findings, and recommendations with SDCP. SDCP will identify at least one project manager, who will, at a minimum, join regular check-in calls, assist in follow-up activities, and facilitate review of BEI's research and deliverables by SDCP jurisdictions and other partners, as needed. The BEI project team will also oversee sub-contracts with relevant consultants to implement additional work related to these services.

The BEI project team will facilitate necessary discussions and decision-making with SDCP during our check-ins, and will also be available to advise and help answer questions related to the use of these project deliverables for developing future SDCP programs

Excel-Based Building Inventory of Existing Buildings

Develop a parcel-level inventory for all existing buildings in San Diego Community Power's (SDCP) territory, in order to inform the development of SDCP's future building electrification programs. The analysis will pull from existing data sources provided by SDCP or publicly available data sources, including San Diego County tax assessor data and U.S. census data. The BEI team will work with SDCP to identify common building typologies that are representative of the territory's building stock, which will be built into this data collection and analysis task. Additionally, the BEI team will work with SDCP to set definitions and assumptions on income categories and "Communities of Concern (COC)". The inventory, building typologies, income categories, and COC designations will be used to estimate total installation cost and funding gap calculations to assess core characteristics of the territory's building stock and potential impacts of future building electrification programs.

Survey of Existing Incentive Programs

BEI Project Team will research funding sources available to SDCP jurisdictions from federal, state, utility, regional, and local sources. This will include funding sources available across the electrification, electric readiness, energy efficiency, health and safety, and housing sectors. Federal funding analysis is subject to availability of program details published by the agencies distributing these newer funds, but in the minimum, we will include all available data, including eligibility criteria and deadlines, and an estimation of the percentage of buildings

expected to be reached by these funds.

Total Installation Cost Estimate

BEI Project Team will develop upfront cost estimates for equitable decarbonization of each of 3-5 identified residential typologies, resulting in a total cost assessment by typology, retrofit measure type, income category, and local jurisdiction. BEI Project Team will identify and partner with a local subcontractor who is able to assess and confirm cost estimates and assumptions as needed.

Funding Gap Calculations & Takeaways

BEI Project Team will develop funding gap methodology, resulting in net funding gap after existing incentive dollars are applied to the total installation cost estimates. This analysis will breakdown the results by building typology, retrofit measure type, income category, and local jurisdiction. The analysis will also assess the modeled impact of temporary federal incentives and tax rebates from the IRA.

PRIORITY INDICATOR ANALYSIS

The analysis will pull from existing data sources provided by SDCP or publicly available data sources, including San Diego County tax assessor data and U.S. census data. The BEI team will work with SDCP to identify no more than 20 priority indicators to include in this analysis. These indicators are subject to budget and data availability at the county-level, and may include but not limited to:

- | | |
|---------------------------------------|------------------------------|
| 1. Building vintage | 9. Rent stabilization |
| 2. Energy cost burden | 10. New homeowners |
| 3. Solar PV | 11. Age |
| 4. Heat risk | 12. Families with children |
| 5. Public Safety Power Shut-off areas | 13. Race distribution |
| 6. Wildfire risk | 14. People with disabilities |
| 7. Internet access | 15. Language |
| 8. Affordable housing | |

BEI will then map the priority indicator data at the census-tract level to SDCP territory's building inventory and create maps and statistics for relevant takeaways and considerations in a final slide deck.

EXHIBIT B

SCHEDULE OF SERVICES

Schedule of Services will be reflected on Task Orders issued by SDCP. The table below provides a potential phasing overview.

July - Oct '23	Nov'23 - Feb '24	Mar - May '24	June – Aug '24		
Project Management					
Excel-Based Building Inventory of Existing Buildings					
Excel-Based Indicator Analysis					
Survey of Existing Incentive Programs					
	Total Installation Cost Estimate				
		Funding Gap Calculations & Takeaways			
			Finalize Public Deliverable		

EXHIBIT C

COMPENSATION

Compensation will be determined within a Task Order, with total compensation not to exceed the agreed upon amount in the Agreement.

Consultant Rates

Title	Hourly Rate
Executive Director	\$225
Managing Director	\$225
Deputy Director	\$175
Assistant Director	\$175

Subconsultant Rates

Name	Hourly Rate
Firefly Energy Consulting	\$215
Steven Winter Associates	\$225



SAN DIEGO COMMUNITY POWER Staff Report – Item 12

To: San Diego Community Power Board of Directors

From: Xiomalys Crespo, Community Engagement Manager

Via: Karin Burns, Chief Executive Officer

Subject: Approval of Community Advisory Committee Reappointment of Members for Terms Ending in 2023

Date: June 23, 2023

RECOMMENDATION

Approve the re-appointment of current Community Advisory Committee (CAC) members for terms ending in 2023.

BACKGROUND

Per Section 5.10.3 of the San Diego Community Power (SDCP) Joint Powers Authority (JPA) Agreement:

The Board shall establish a Community Advisory Committee comprised of non-Board members. The primary purpose of the Community Advisory Committee shall be to advise the Board of Directors and provide for a venue for ongoing citizen support and engagement in the strategic direction, goals, and programs of the Authority. The Community Advisory Committee is advisory only, and shall not have decision-making authority, nor receive any delegation of authority from the Board of Directors. Each Party may nominate a committee member(s) and the Board shall determine the final selection of committee members, who should represent a diverse cross-section of interests, skills sets and geographic regions.

Among their responsibilities, CAC members attend and actively participate in monthly meetings, review information provided in advance, may volunteer for sub- or ad-hoc working groups that may be established to cover specific topics, and represent the interests of their communities by sharing relevant information with the CAC and SDCP staff.

In April 2020, the Board of Directors approved the inaugural slate of members for SDCP's Community Advisory Committee. At the time, terms were staggered with some members ending their first term of service in 2022 and others in 2023. The purpose of this approach

is to ensure continuity on the Committee and a quorum to conduct business. Since then, the CAC has expanded to include two representatives, with new representatives taking seats 10 through 14, with seats 11 and 13 automatically updating to expire in 2025.

Per CAC Membership Terms and Criteria, CAC members are eligible to serve a limit of two, three-year staggered terms, where the term of current even seats ends in 2023 and will renew to 2026 on July 1st, 2023. Members may wish to not run for a second term, after which a search process is started to find a replacement.

ANALYSIS AND DISCUSSION

Given the upcoming expirations for seats 2, 4, 6, 8, and 14, staff communicated with the appropriate Board of Directors and their respective staff asking if they would like to open applications for the expiring seats. All offices indicated that they would pursue a reappointment of those members for a second term. If approved by the Board, staff will work with all representatives to ensure a smooth transition in between terms.

SEAT	TERM ENDS	NAME	MEMBER AGENCY
2	2023	MATTHEW VASILAKIS	CITY OF SAN DIEGO
4	2023	CAROLYN SCOFIELD	CHULA VISTA
6	2023	DAVID HARRIS	LA MESA
8	2023	TARA HAMMOND	ENCINITAS
10	2023	VACANT	IMPERIAL BEACH
12	2023	VACANT	COUNTY OF SAN DIEGO
14	2023	LAWRENCE EMERSON	NATIONAL CITY

The CAC is expected to have two even seats vacancies at the end of June: one representing Imperial Beach and one representing the County of San Diego, as Member Nepomuceno will be moving out of the region. Members of the public must be residents, community leaders, and/or business owners of the respective jurisdictions and may submit their applications electronically. In the coming month, staff will work with the Board of Directors and their respective staff on a recruitment and onboarding strategy to fill these vacancies.

COMMITTEE REVIEW

N/A

FISCAL IMPACT

N/A

ATTACHMENTS

Attachment A: CAC Roster and Seat Assignments





Community Advisory Committee Roster and Seat Assignments

Seat	Term Ends	Name	Member Agency Representing
1	2025	Eddie Price	San Diego
2	2023	Matthew Vasilakis	San Diego
3	2025	Anthony Sclafani	Chula Vista
4	2023	Carolyn Scofield	Chula Vista
5	2025	Lauren Casarez	La Mesa
6	2023	David Harris	La Mesa
7	2025	Gary L. Jahns	Encinitas
8	2023	Tara Hammond	Encinitas
9	2025	Anna Webb	Imperial Beach
10	2023		Imperial Beach
11	2025	Peter Andersen	County of San Diego
12	2023	Lea Nepomuceno	County of San Diego
13	2025	Aida Castañeda	National City
14	2023	Lawrence Emerson	National City

Terms end at the end of every June. Members are subject to a limit of two, three-year terms. They are also subject to the [CAC Membership Terms and Criteria](#).



SAN DIEGO COMMUNITY POWER Staff Report – Item 13

To: San Diego Community Power Board of Directors

From: Ryan Baron, General Counsel

Subject: Approval of Second Amendment to the Chief Executive Officer Employment Agreement.

Date: June 22, 2023

RECOMMENDATION

Approve Second Amendment to the Chief Executive Officer Employment Agreement.

BACKGROUND

On April 18, 2022, San Diego Community Power (“SDCP”) entered into a Chief Executive Officer Employment Agreement (“Agreement”) with SDCP Chief Executive Officer (“CEO”) Karin Burns. On October 27, 2022, the parties entered into a First Amendment to the Agreement that extended the term, revised the notice provision as to termination of the Agreement without cause, and extended the relocation expense reimbursement time period.

ANALYSIS AND DISCUSSION

Pursuant to the terms of the Agreement, the CEO is to be evaluated by the Board of Directors annually. As part of the CEO’s performance evaluation, the Board may consider a merit increase in salary based on performance and market conditions. General Counsel has prepared the attached Second Amendment to the Chief Executive Officer Employment Agreement. Under the proposed amendment, the CEO’s annual salary could be increased by a certain percentage or amount from the current salary of Three Hundred and Seventy-Five Thousand (\$375,000).

The Board will make a final decision on a recommendation in closed session and verbally announce and vote on the amount as part of this agenda item. Any increase in salary would be effective on June 22, 2023 or other such time as approved by the Board.

FISCAL IMPACT

There is no impact to the current budget for Fiscal Year 2022-23 as CEO salary and benefits were anticipated to be incurred during this fiscal year.

ATTACHMENTS

Attachment: Second Amendment to Chief Executive Officer Employment Agreement

**SECOND AMENDMENT TO
CHIEF EXECUTIVE OFFICER EMPLOYMENT AGREEMENT BETWEEN
SAN DIEGO COMMUNITY POWER AND KARIN BURNS**

THIS SECOND AMENDMENT (“**First Amendment**”) is entered into effective as of June 22, 2023 (“**Amendment Effective Date**”), by and between the SAN DIEGO COMMUNITY POWER, a California joint powers authority (“**SDCP**”) and KARIN BURNS (“**Executive**”). SDCP and Executive are sometimes individually referred to herein as the “**Party**” and collectively as the “**Parties**.”

RECITALS

A. The Parties entered into a Chief Executive Officer Employment Agreement dated April 18, 2022 (“**Agreement**”).

B. The Parties entered into a First Amendment to the Agreement dated October 27, 2022 (“**First Amendment**”).

C. Pursuant to the Agreement, Executive serves as the Chief Executive Officer to SDCP and is required to perform the functions and duties specified by SDCP’s Board of Directors and as provided by any such other resolutions of the Board, applicable laws, rules, regulations, orders, directives, policies, or procedures in effect or adopted by SDCP.

D. The Parties desire to execute this Second Amendment as of the effective date.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and agreed, the Parties agree to the following terms and conditions:

1. Amendment 2 to the Agreement. The Parties hereby agree to amend the Agreement as follows:
 - a. Section 4. Section 4 of the Agreement is amended to provide Executive with a _____ percent merit increase in salary, in the amount of _____ bringing Executive’s total base salary to _____, payable on a pro-rata basis in accordance with SDCP’s payroll practices and less all applicable payroll taxes and withholdings.
2. Capitalized Terms. Any capitalized terms not defined herein shall have the meanings set forth in the Agreement.
3. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.
4. Full Force. Except as expressly set forth herein, the Agreement shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, the Parties have executed this Second Amendment to the Chief Executive Officer Employment Agreement between San Diego Community Power and Karin Burns as of the date first set forth above.

SAN DIEGO COMMUNITY POWER

KARIN BURNS

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

APPROVED AS TO FORM:

General Counsel

SAN DIEGO COMMUNITY POWER Staff Report – Item 14

To: San Diego Community Power Board of Directors

From: Eric Washington, Chief Financial Officer

Via: Karin Burns, Chief Executive Officer

Subject: Approval of the FY 2023-24 Operating Budget and FY 2024-28 Capital Investment Plan

Date: June 23, 2023

RECOMMENDATION

Approve the FY 2023-24 Operating Budget and FY 2024-28 Capital Investment Plan



BACKGROUND

On October 1, 2019, the Founding Members of San Diego Community Power (SDCP) adopted the Joint Powers Agreement (JPA) which was amended and restated on December 16, 2021. Section 4.6.2 of the JPA specifies that the SDCP Board of Directors (Board) shall adopt an annual budget with a fiscal year that runs from July 1 to June 30.

Section 7.3.1 of the JPA specifies that that all subsequent budgets of SDCP shall be prepared and approved by the Board in accordance with its fiscal management policies that should include a deadline for approval.

On July 28, 2022, the Board adopted a budget development schedule as part of the SDCP Budget Policy. This development schedule includes an annual budget review in May by the Financial and Risk Management Committee (FRMC), which occurs prior to the SDCP Board of Directors (Board) previewing the budget in May and prior to the Board potentially adopting the budget in June.

Table 1. Current Budget Development Schedule

February	March-April	May	June	
Develop Operating Revenue Estimate Develop Operating Expense Estimate Develop financial plan for credit rating in 3-years	Strategic planning sessions with SDCP Board Staff develop operating budgets Baseline budget is developed	Financial and Risk Management Committee Review SDCP Board Preview (Information Item)	 SDCP Board Approval	 July 1 st Budget Implemented Mid-year budget review (February) Budget amendments as necessary

Given the timeline in the Board adopted budget development schedule, staff presented the fiscal year 2023-24 operating budget and fiscal year 2024-28 CIP at the FRMC for review and discussion on May 18, 2023. Staff then presented the draft, proposed fiscal year 2023-24 operating budget and fiscal year 2024-28 CIP to the FRMC and the Community Advisory Committee (CAC) on June 8, 2023. The 2023-24 operating budget and fiscal year 2024-28 CIP at the FRMC both received unanimous approval for a recommendation for approval by the SDCP Board.

Table 2 illustrates the draft FY 2023-24 budget in comparison to SDCP's budgets from prior years.

Table 2. SDCP Budget History

SDCP Budget	Board Adoption Date	Total Expense	Net Position
Fiscal Year 2020-21 Operating Budget	6/25/20 (amended) 5/27/21	\$34,135,000	(\$7,848,092)
Fiscal Year 2021-22 Operating Budget	6/24/21 (amended) 2/24/22	\$341,934,335	\$36,119,151
Fiscal Year 2022-23 Operating Budget	6/23/22 (amended) 2/23/23	\$772,078,710	\$157,713,219
Fiscal Year 2023-24 Operating Budget (proposed)	(proposed) 6/22/23	\$1,002,038,709	\$290,433,821

ANALYSIS AND DISCUSSION

The draft FY 2023-24 budget includes net operating revenue of \$1,292,472,530 and total expenses of \$1,002,038,709, resulting in net income of \$290,433,821.

The FY 2023-24 budget includes the key assumptions outlined below. A more detailed breakdown and explanation of revenues and expenses are presented in Attachment A.

Operating Revenue

SDCP's net operating revenue consists primarily of revenues from sales of electricity. Assumptions for net operating revenue include:

- Enrollment of customers is substantially complete from member jurisdictions in Phases 1, 2, 3 and 4.
- 95% participation rate across all jurisdictions.
- A 4% uncollectible rate which is an increase from the 1% uncollectible rate assumed in all other prior budgets.
- Trifurcation of rates continues to ensure a fair, equitable, and balanced rate structure across customers with differing vintage years.
- Rates remain at the levels adopted by the Board on January 23, 2023, from July 2023 through December 2023 and are reduced from January 2024 to June 2024. A rate reduction, however, is subject to Board approval.



Cost of Energy includes all the various services purchased from the power market through our counterparties to supply energy to SDCP's customers.

Operating Expenses

SDCP's operating expenses fall into five categories: "personnel costs", "professional services and consultants", "marketing and outreach", "general and administration", and "Programs". Expense assumptions include the following:

- **Personnel** include salaries, payroll taxes, benefits, and excused absence and paid time off for staff. The recruitment strategy includes the addition of approximately 23 new staff members during the FY 2023-24 budget cycle growing the agency to 59 total staff.
- **Professional Services and Consultants** include SDG&E fees, data management fees from Calpine, technical support (for rate setting, load analysis, energy scheduling, etc.), legal/regulatory services and other general contracts related to IT services, audits and accounting services.
- **Marketing and Outreach** includes expenses for mandatory notices, communication consultants, mailers, printing, sponsorships, and partnerships to inform the community of SDCP.
- **General and Administration** budget covers the cost of office space, equipment, membership dues, and other general operational costs.
- **Programs** includes funding for general and administrative support for all program areas. Moving forward, individual program costs will be moved to SDCP's Capital Investment Program (CIP).

Non-Operating Expenses

SDCP's budget also includes non-operating expenses related to interest and related expenses used to finance its operations. These costs are comprised of repayment of loan principle, associated interest costs as well as potential renewal fees on debt or letters of credit.

Capital Investment Program (CIP)

New for FY 2023-24, SDCP is developing its first Capital Investment Program (CIP) which will contain all the individual capital projects, equipment purchases, and major programs for the agency that are intended to span multiple years. The FY 2023-24 budget proposes a one-time portion of net operating revenues be transferred to the CIP as a continuing fund in which any unspent funds are kept within that fund and carried forward to the subsequent fiscal year.

Net Income

The proposed FY 2023-24 budget results in a net position of \$290,433,821.



The following table illustrates SDCP's proposed FY 2023-24 operating budget compared to the amended budget for FY 2022-23.

Table 3. FY 2023-24 Proposed Budget compared to FY 2022-23 Amended Budget

Item	FY 23 Amended (\$M)	FY 24 Proposed Budget (\$M)
Gross Revenue	939.2	1,346.30
Less Uncollectible Accounts	(9.4)	(53.9)
Net Revenue	929.8	1,292.5
Cost of Energy	738.8	648.5
Non-Energy Costs	31.9	47.2
Subtotal Operating Expense	770.7	995.8
Debt Service	1.3	2.4
Capital Investment Plan	0	3.8
Total Expense	771.99	1,025.5
Net Position	157.8	290.4
Cumulative Net Position	200.2	490.6
Days Cash on Hand	94.8	179.8

Community Choice Aggregator (CCA) Comparison

By the end of FY 2023-24, SDCP is expected to have similar operating budgets and staffing levels compared to its peer CCAs of similar customer and load size.

Additionally, and similarly, by the end of FY 2023-24, SDCP's reserves and total liquidity are expected to be comparable to its CCA counterparts who have investment-grade credit ratings.

Investor-Owned Utilities (IOUs) Comparison

For calendar year 2023, San Diego Gas & Electric (SDG&E) non-energy (generation-related) operating expenses were 24% of electric revenue. Southern California Edison non-energy (generation-related) operating expenses were 10% of electric revenue and Pacific Gas & Electric non-energy (generation-related) operating expenses were 12% of electric revenue. SDCP's non-energy operating expenses, by comparison, are only 5% of electric revenue in the proposed FY 2023-24 budget.

It is important to note Operating Expenses reported from SDG&E and other IOUs are general costs of the entire organization and are not solely from their electric energy procurement portion of their business.

COMMITTEE REVIEW



The FRMC reviewed the initial framework for the Budget and CIP at its meeting on May 18, 2023 and provided feedback. The FRMC subsequently and unanimously recommended Board approval of the Budget and CIP at its meeting on June 8, 2023. The CAC additionally received an update on the Budget and CIP at its meeting on June 8, 2023.

FISCAL IMPACT

The proposed FY 2023-24 budget is expected to result in a net position of \$290,433,821. By the end of FY 2023-24, SDCP is projected to have total cash reserves of \$490,633,823, or 179.8 days cash on hand.

ATTACHMENTS

Attachment A: FY2023-24 Proposed Operating Budget

Attachment B: FY2024-28 Proposed Capital Improvement Program

Attachment C: Resolution No. 2023-XX Adopting the Fiscal Year 2023-2024 Budget and the Fiscal Year 2024-2028 CIP





SAN DIEGO **COMMUNITY POWER**

Operating Budget

Fiscal Year 2023-24

Proposed Draft

June 22, 2023



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How to Use This Book

San Diego Community Power's (SDCP's) proposed Fiscal Year (FY) 2023-24 operating budget contains Agency budgetary and fiscal policy information as well as detailed operating budgets for Agency Divisions. The proposed operating budget is organized into the following sections:

EXECUTIVE SUMMARY includes the Chief Executive Officer's Letter and the Executive Summary of the proposed operating budget, and provides a high-level overview of the Agency's budget, the changes from the prior year, and other high-level details on specific highlights and changes in the proposed operating budget.

SDCP: AN OVERVIEW provides a high-level overview of SDCP's governance, structure, and Agency values and priorities.

BUDGET PROCESS describes the various financial planning and budgeting processes and reports that inform the budget process.

BUDGET OVERVIEW describes the budget-in brief, financial data summarizing the SDCP's proposed budget, the Capital Investment Plan, and the agency's five-year financial plan.

BUDGET INFORMATION AND SUMMARY TABLES provides technical information on the structure, policies, and processes that govern the SDCP's budget development and implementation as well as high-level financial data summarizing the SDCP's proposed budget. The tables detail changes over a two-year period: FY23 amended budget, and the proposed FY24 budget. The variance column measures the dollar and position differences between fiscal years.

OPERATIONAL BUDGETS provides budgetary information and operational priorities for each of the SDCP's Departments. Department information is organized alphabetically by division name and includes the following information:

- Mission and Services
- Department Highlights
- Professional Services Agreement
- Key Performance Indicators
- Department Positions
- Organizational Chart depicts the department's organizational structure.
- Budget Data Summary; shows a summary of total expenditures and funded positions.

ADDITIONAL RESOURCES provides additional information related to the Community Choice Aggregator (CCA) industry as well as a glossary of commonly used terms.

A Letter from the Chief Executive Officer

I am very proud and excited to present San Diego Community Power's (SDCP's) operating budget for Fiscal Year (FY) 2023-24. I could not be more excited to partner with such a smart, capable, and mission-driven SDGP team, Board, and Community Advisory Committee to further our region's clean energy goals.

San Diego Community Power (SDCP) is a Community Choice Aggregator (CCA) committed to providing municipalities, businesses, and residents in the six-member cities and unincorporated San Diego County with clean, renewable energy at competitive rates and investing in innovative programs that benefit the environment and the economy in our communities.

I believe climate change is the most pressing challenge of our time, and so working towards effective solutions with a team truly dedicated to this effort was very important to me as I sought out the next step in my career.

SDCP is very well positioned to have a significant impact in delivering 100% clean energy and community investment to a large set of commercial and residential customers. As the second largest CCA in California, there is much we can learn from our predecessor CCAs and much we can offer to further our collective goals.

The problems we face are complex, multi-faceted and require collaboration across government entities, utilities, the private sector, NGOs, and all our citizens. It takes a village, and so to be successful we are going to need to do a few key things out of the gate:

1. Listen closely to and collaborate with our current and future industry partners, city officials, constituents, customers, communities and regulatory bodies.
2. Ensure our investment dollars flow with high impact into our communities after



deeply understanding their needs, aspirations, and challenges.

3. Hire the best and brightest who share our vision of a 100% clean energy future ([Career Opportunities - San Diego Community Power](#)).
4. Delight our customers with affordable clean energy, equitable opportunities, and tailored programs that encourage everyone to contribute to and be part of the clean energy transition ([Compare Service Plans - San Diego Community Power](#)).

As SDCP continues to grow, this budget will:

1. Thoughtfully scale the agency as we reach full enrollment to deliver clean-energy programs and exceptional service to the community.
2. Invest in strategic marketing to ensure the community is informed about SDCP and that we continue to build professional-level name recognition, trust, and education.
3. Include the addition of a Capital Investment Plan to inform the community of all future projects and programs.

Please join us at www.sdcommunitypower.org as we embark on an exciting, impactful, and globally important mission to deliver 100% clean energy to customers by 2035 while investing back into our local communities for a brighter, healthier future!

Sincerely,

Karin Burns
Chief Executive Officer

Overview of San Diego Community Power



Overview of San Diego Community Power

Who We Are

San Diego Community Power is a coalition of people who live and work in our communities, focused on moving towards a healthier and sustainable, clean energy future. We're friends and neighbors, teachers and students, employees and bosses. We're of every color and ethnicity, every political stripe and religious belief. All of us have some important things in common: **our goal is to manage our electricity supply, taking advantage of the affordable, common sense options available for cleaner power, today and for future generations. We also prioritize people over profits, to create better health for everyone.**

About Community Choice

SDCP is a Community Choice Aggregation (CCA) program—one of dozens that have formed across the state over the past 10 years. CCAs succeed by introducing healthy competition into the energy marketplace and feeding cleaner electricity into the grid. They partner with the local investor-owned utility (similar to SDG&E) to deliver and service it. Power is cleaner, just as affordable, and just as reliable. It's a simple model that's focused on the future, and really works.

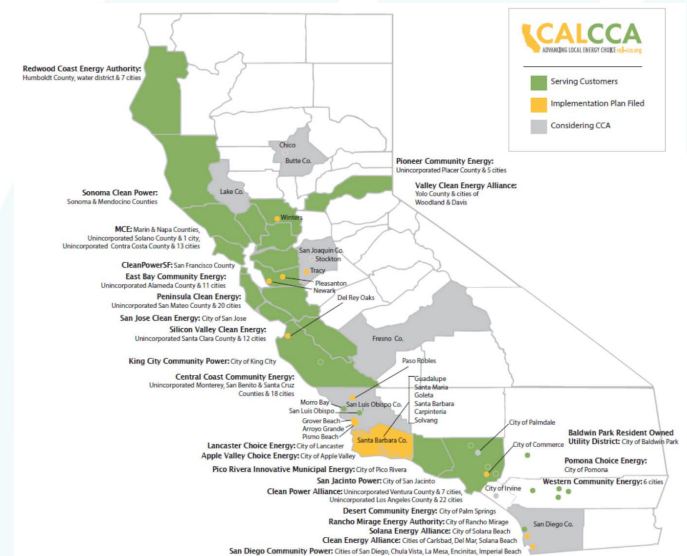
This not-for-profit model goes even further, eliminating for-profit shareholders who make a profit on your electricity use.

At SDCP, our only shareholder is you.

Community Choice Energy might be new to San Diego, but programs just like this one have been springing up throughout California for over 10 years. SDCP is one of 25 programs already serving over 11 million customers. Why is Community Choice growing so fast? That's easy—it's a simple model that works

for people of every age, ethnicity and income group. The public gets choices that make real sense. Choices that are sensible, affordable, and focused on the future.

FIGURE 1: CCAs IN CALIFORNIA



Governance and Structure

In September 2019, the cities of San Diego, Chula Vista, Encinitas, La Mesa, and Imperial Beach adopted an ordinance and resolution to form San Diego Community Power, a California joint powers agency. In 2021, the County of San Diego and National City voted to join SDCP.

SDCP's Board is comprised of elected representatives from each member jurisdiction—which may expand as new communities in the surrounding area decide whether to join SDCP in the future. The Board is publicly accountable to SDCP ratepayers and hosts monthly Board meetings, where they establish policy, set rates, determine power options and maintain fiscal oversight.

As a public agency, SDCP is designed to be fully transparent with all official meetings and information open to the public.

FIGURE 2: SDCP MEMBER CITIES



Organization Structure

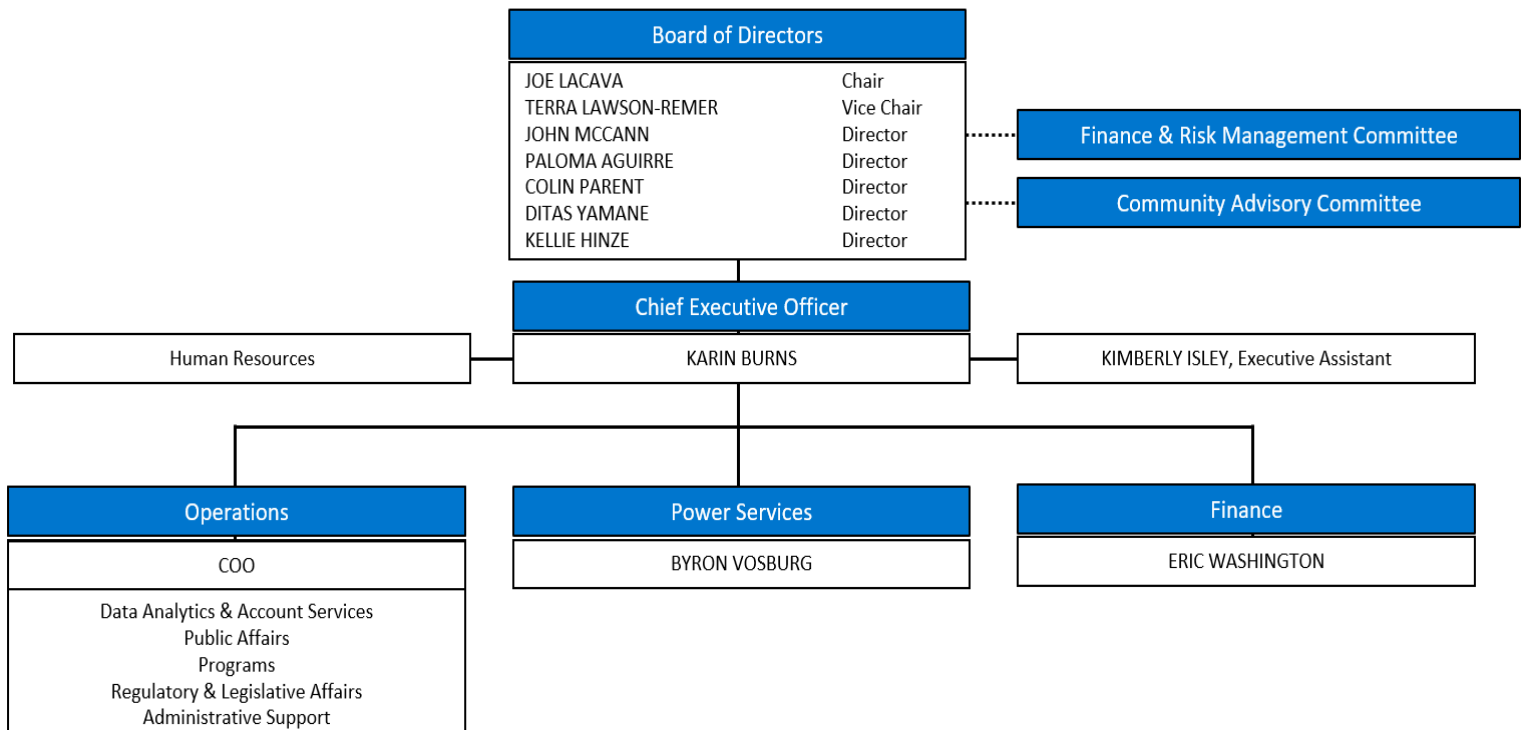


FIGURE 3: ORGANIZATION CHART

Budget Process



Budget Process

Annual Budget Cycle

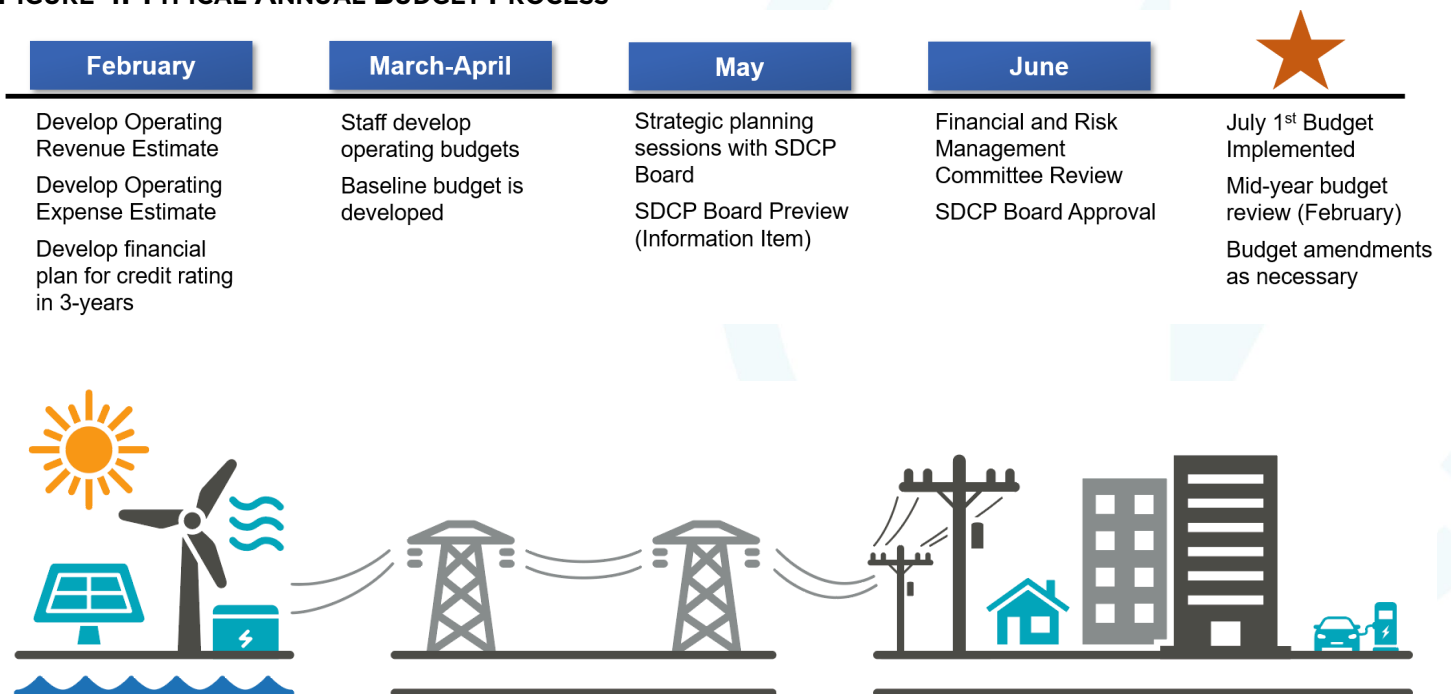
On October 1, 2019, the Founding Members of SDCP adopted the Joint Powers Agreement (JPA) which was amended and restated on December 16, 2021. Section 4.6.2 of the JPA specifies that the SDCP Board of Directors shall adopt an annual budget with a fiscal year that runs from July 1 to June 30. Section 7.3.1 of the JPA additionally specifies that the board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses.

The SDCP Board of Directors adopted the [SDCP Budget Policy](#) on July 28, 2022 that formally outlined the agency’s budget preparation steps and timeline.

The Chief Financial Officer (CFO) begins the annual budget process in February of any given year. The Finance department develops initial revenue and expense estimates and updates its short-term financial plan. In March and April, SDCP staff develop and refine budget proposals to develop an initial budget baseline for the Agency for the upcoming budget year. The budget is further refined through strategic planning sessions and through the SDCP Finance and Risk Management Committee (FRMC).

The CFO will then be required to prepare and submit to the SDCP Board of Directors (Board) a draft proposed budget for the next following fiscal year in May, or no later than the second month immediately preceding the start of the respective fiscal year. The budget shall be in alignment with established goals and shall reflect all activities including operating programs, revenues, and expenditures. The budget shall be approved by the Board at a public meeting in June, or no later than the month immediately preceding the start of the respective fiscal year.

FIGURE 4: TYPICAL ANNUAL BUDGET PROCESS



Budget Calendar

Date	Milestone
January 2023	Finance department prepares for February launch of the annual budget cycle.
February 2023	Budget process begins. Initial revenue and expense estimates are developed.
March to April 2023	Departments propose unconstrained expense requests for review.
April 2023	Staff set initial budget baseline.
April 21, 2023	Feedback incorporated from Strategic Planning sessions with the Board of Directors.
May 18, 2023	Financial Management and Risk Committee reviews the FY 2022-23 budget and provides feedback.
May 25, 2023	FY 2023-24 budget is reviewed by the Board of Directors as an information item.
June 8, 2023	Citizens Advisory Committee reviews the FY 2023-24 budget and provides feedback.
June 8, 2023	Financial Management and Risk Committee reviews the FY 2023-24 budget and provides final feedback.
June 22, 2023	FY 2023-24 budget is potentially adopted by the Board of Directors as an action item.
July 1, 2023	FY 2023-24 budget is implemented.

FIGURE 5: BUDGET CALENDAR



Strategic Planning

SDCP's budgeting process is built around the objectives outlined in its Strategic Plan. The Plan's framework assists staff in weighing the community's priorities against the limited resources available to achieve its strategic goals.

The Strategic Plan is an important management tool to guide operations, assessing the current environment and envisioning the future, to increase effectiveness, organizational commitment, and consensus of SDCP's strategies and objectives.

The Strategic Plan provides a comprehensive framework that ensures priorities set by the SDCP Board are clear to all staff and that SDCP is accountable to meeting community needs by setting objectives to meet identified goals.

On June 23, 2022, the SDCP Board adopted its mission, vision, core values and goals for 2023-2027 as part of its 2023-2027 Strategic Plan. Subsequently, on April 21, 2023, the SDCP Board updated its Strategic Plan.

SDCP then incorporated its Strategic Planning updates into the FY 2023-24 operating budget as part of its annual budget cycle adopted through its Budget Policy.

Mission Statement

Through the Strategic Planning process, SDCP defined its overall Mission Statement. Our Mission summarizes at the highest level why we are here. Everything we do contributes to our ability to achieve the mission.

Vision Statement

SDCP additionally defined its overall Vision Statement to guide the agency. Our Vision describes what we aspire to be as an organization. This is where we are going. Our vision is our commitment to making bold progress in this direction.



FIGURE 6: SDCP'S MISSION STATEMENT



FIGURE 7: SDCP'S VISION STATEMENT

Strategic Goals

To achieve our Mission and Vision, we work to balance our performance across seven Strategic Goals. These are high level, long-term goals that guide our work.

SDCP's Strategic Goals can be further defined and expanded as follows with specific actions to achieving these goals.

1. **Financial Stability** – Practice fiscal strategies to promote long-term organizational sustainability.
 - Adopt financial controls and policies to meet or exceed best practices and manage risk.
 - Obtain an investment-grade credit rating by November 2025.
 - Adopt plan to increase reserves to \$175 million by October 2023 (90-days cash on hand) and \$360 million by October 2025 (180-days cash on hand).
 - Develop Rate Stabilization Reserve of \$70 million to mitigate power cost fluctuations and economic downturns.



FIGURE 8: SDCP'S KEY FOCUS AREAS AND GOALS

2. **Energy Portfolio Development** - Provide sufficient, reasonably priced, clean electricity to our customers.
 - Manage portfolio to manage risk, cost and reliability objectives through risk management tools, sufficient staffing, and staff training.
 - Develop secure Clean Energy Portfolio with goals of: 50% RE (2022), renewable energy 5% (2027), 85% (2030), and 100% (2035).
 - 15% of our energy coming from new, distributed infill storage/solar+ storage resources within Member Agencies by 2035.
 - Support development of innovative energy sources to improve resiliency through pilot programs, grant programs, and partnerships.
 - Create high quality local jobs in renewable energy that support healthy families and vibrant communities.
3. **Community Program Delivery** - Implement energy projects and programs that reduce greenhouse gas emissions, align energy supply and demand, and provide benefits to community stakeholder groups.
 - Implement Community Power Plan (CPP) recommended programs through continuous community engagement and assessment of community benefits while considering technology/ market changes and changing community needs.
 - Invest in programs that target communities of concern (underserved communities) and are distributed throughout our Member Agencies.
 - Invest in programs that promote residential and commercial solar, infill solar and/ or distributed battery storage.
 - Develop local support for deep decarbonization through building and transportation electrification.
 - Develop workforce opportunities in the local clean energy economy (green careers).
 - Support local government and state initiatives to advance decarbonization in alignment with Member Agency Climate Action Plans.
 - Provide all customers with actionable clean energy education.

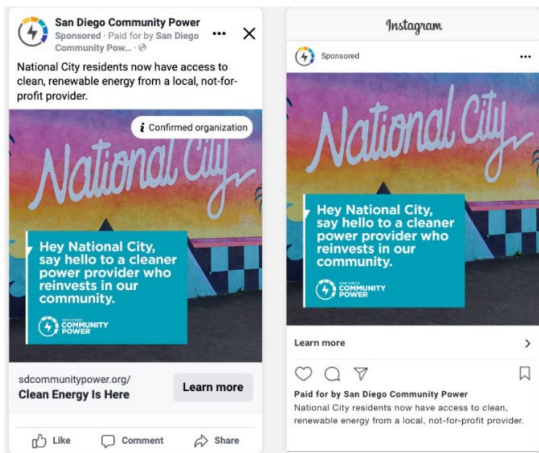
- Maintain appropriate and sufficient data sources to support smart program design, implementation and evaluation.
4. **Brand Building** – Develop trusted brand reputation to help drive participation in programs and ensure support customer service and retention.
- Identify and address gaps between perception and desired brand identity.
 - Translate policy issues into consumer-friendly information and communication.
 - Become known as leadership experts on the CCA model and the industry.
 - Foster relationships with city planning offices, CBOs, NGOs, and Trade Associations.
 - Develop relationships with industry media and influencers.
 - Engage community through participation in local events.
5. **Public Policy** – Advocate for public policies that advance SDCP organizational priorities.
- Proactively educate and engage policymakers to develop policies that support SDCP’s organizational priorities, including advocacy around Power Charge Indifference Adjustment (PCIA) reductions.
 - Sponsor and support legislation and regulation that is consistent with SDCP’s mission, vision, and goals.
 - Develop annual legislative plan to advance and support SDCP objectives and share plan with local Senate and Assembly members and staff.
 - Develop plan to meet more proactively with and educate key decisionmakers (e.g. CEC, CPUC commissioners).
 - Coordination with Member Agency government affairs’ teams to align on legislative positions.
 - Continue to be an active participant in CalCCA and develop partnerships and coalitions to advance SDCP’s policy and legislative agenda through CalCCA efforts.
6. **Customer Service** – Ensure high customer retention and satisfaction.
- Ensure customer satisfaction through key relationships including back-office support and key stakeholders.
 - Continually strive to offer competitive rates.
 - Maintain and grow high levels of customer participation and satisfaction.
 - Achieve 10% of our load at the Power 100 service level by 2027.
 - Build a robust data ecosystem for effective procurement as well as program design, management and evaluation.
7. **Organizational Excellence** – Ensure excellence by adopting sustainable business practices and fostering a workplace culture of innovation, diversity, transparency and integrity.
- Create an organizational culture of inclusion, mutual respect, trust, innovation, and collaboration that upholds organizational core values.
 - Develop an annual staffing plan that identifies and addresses resource needs and gaps.
 - Provide training and professional development opportunities that build new skills and abilities.
 - Foster culture of innovation to yield solutions that accelerate our mission and drive toward SDCP’s vision.
 - Design and implement an internship program that attracts workforce from our member cities and creates opportunities for candidates new to CCAs and the industry.
 - Build institutional capacity of CAC to support the mission and core goals of SDCP.

Community Outreach Strategy

The FY 2023-24 budget was developed with inputs that included extensive community outreach. Input for various budget-line items was incorporated from public hearings, workshops and presentations to community groups, advocacy organizations, local elected officials and city agencies.

SDCP is in regular communication with regional media in the spirit of transparency and openness with the goal of providing factual, timely information to the public at large. Recently in May 2023, SDCP has engaged with several local reporters to provide background on stories and update them on our enrollment activities with SDCP's final Phase 4 enrollment.

SDCP and Civilian, its marketing and communications contractor, have worked together to develop a high-impact campaign targeted at its recent Phase 4 enrollment but included additional education and outreach about SDCP that included the following:



- Multiple mailers sent directly to customer
- Targeted marketing in local publications
- Advertising on billboards in high-traffic areas
- Staff presence and engagement at outreach events

Radio, online and billboard advertisement campaigns began in March 2023. To date, there have been more than 21 million impressions from paid media campaigns related to enrollment.

FIGURE 9: SOCIAL MEDIA OUTREACH

The SDCP Community Power Plan (CPP), adopted by the SDCP Board on May 25, 2023, is a key planning document that guided SDCP's Capital Investment Plan investments. The CPP provides strategic direction for developing customer energy programs over the next five years. As a not-for-profit public agency, SDCP is committed to developing a suite of customer energy programs that respond to community needs, with a focus on Communities of Concern.

The community engagement process for the CPP provided SDCP a key opportunity to hear directly from community members and to build relationships with community partners. SDCP is invested in developing and maintaining relationships with community partners so that community input can continue to inform future program design and implementation. The community engagement process conducted as part

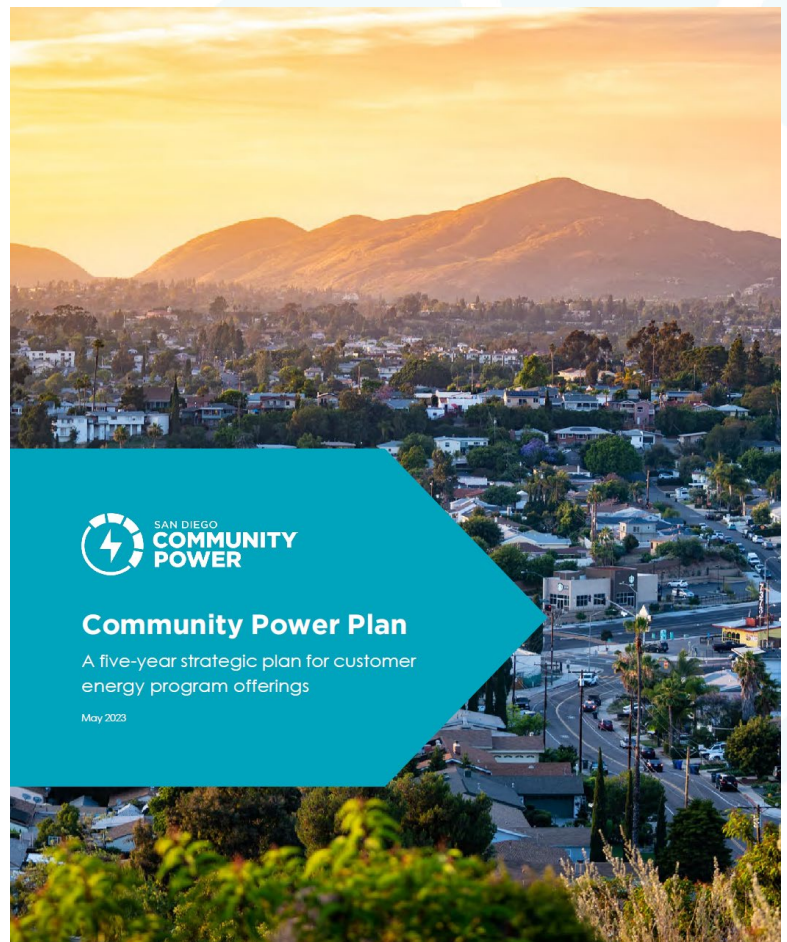


FIGURE 10: SDCP COMMUNITY POWER PLAN

of this Plan should therefore be viewed as a key step in establishing an on-going relationship with the community, rather than as a one-time process.

The community needs assessment was a fundamental piece of the CPP and included extensive community outreach. Between May and November 2022, SDCP heard from more than 3,450 community members through listening sessions, workshops, pop-up events in harder-to-reach communities, and a customer-wide survey. This helped SDCP understand the challenges, needs, goals, and priorities that could be addressed through customer energy programs. Throughout the community engagement process, SDCP prioritized equity and Communities of Concern. Additionally, SDCP sought to develop foundational partnerships with community-based organizations.

TABLE 1: COMMUNITY NEEDS ASSESSMENT

Engagement Method	Estimated Number Engaged
Community-Based Organization Co-Hosted Listening Sessions (2 Rounds)	325
Business, Key Stakeholders, and Public Listening Workshops	45
Unincorporated San Diego County Pop-Up Events	100
Community Needs Survey	2,980
Total	3,450

During the community needs assessment, SDCP's leadership—the Board of Directors, Community Advisory Committee, and staff—was also engaged to further explore the opportunities for SDCP to meet community needs through its program offerings. All the input received throughout the community and organizational engagement was used to identify key priorities that were later incorporated into a program prioritization framework tool. The program prioritization tool and community and organizational priorities helped in the evaluation of potential programs recommended in this Plan and served as important context for SDCP for future program design.



FIGURE 11: SAN YSIDRO COMMUNITY MEMBERS PARTICIPATING IN A LISTENING SESSION CO-HOSTED BY CASA FAMILIAR



FIGURE 13: SAN YSIDRO COMMUNITY MEMBERS PARTICIPATING IN A LISTENING SESSION CO-HOSTED BY CASA FAMILIAR



FIGURE 12: NORTH PARK COMMUNITY MEMBERS PARTICIPATING IN A LISTENING SESSION CO-HOSTED BY ART PRODUCE

Budget Guidelines

Joint Powers Agreement

On October 1, 2019, the Founding Members of SDCP adopted the Joint Powers Agreement (JPA) which was amended and restated on December 16, 2021. There are several sections of the JPA that guide the development and management of the budget.

Section 4.6 Specific Responsibilities of the Board. The specific responsibilities of the Board shall be as follows:

4.6.2 Formulate and adopt an annual budget prior to the commencement of the fiscal year;

Section 7.2 Depository

7.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures.

Section 7.3 Budget and Recovery Costs

7.3.1 Budget. The initial budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of SDCP shall be prepared and approved by the Board in accordance with its fiscal management policies that should include a deadline for approval. Section 4.6.2 of the JPA specifies that the SDCP Board of Directors (Board) shall adopt an annual budget with a fiscal year that runs from July 1 to June 30.

On July 28, 2022, the SDCP Board adopted the [SDCP Budget Policy](#) which outlined the timeline for annual budget preparation and for discretionary budget adjustments. This Policy was adopted pursuant to Government Code Section 6508 et seq.

Budget Policy

Discretionary Budget Adjustments. The CEO or CFO will have the discretion to authorize expense transfers from line items between and within SDCP's budget level 2 categories as established and approved in the annual budget process by the SDCP Board, provided that net transfers total \$150,000 or less from the budget category.

The CEO under his or her discretion may still require approval of the Board for any budget changes that may fall under the discretion of the Policy. Amendments to the annual budget as approved by the Board will reset the original appropriation (revenue or expense) for the fiscal year for the purposes of the Policy.

A budget amendment is expected to occur in February of each calendar year to adjust the original appropriation as necessary and in alignment with SDCP's rate-setting policy in which SDCP's rates are expected to be adjusted in January, the month prior.

Balanced Budget. A balanced budget shall exist when the total projected revenues are greater than or equal to total projected expenses. Total revenues shall include all revenues from retail and wholesale sales of electricity. Total expenses shall include all operating expenses, program expenses, and contributions to reserve funds. Any year-end surplus will be used to maintain reserve levels. Any decrease in revenues and or increase in expenditures that causes the budget to become imbalanced will require an amended budget. The CFO shall prepare a proposed amended budget and submit to the Board for approval.

The Agency also maintains several policies posted to its [Key Documents](#) page on its website that provides further fiscal guidance.

- Budget Policy
- Financial Reserves Policy
- Procurement Policy
- Debt Policy
- Investment Policy
- Rate Development Policy

Other related policies that may directly affect SDCP's finances include:

- Energy Risk Management Policy
- Delegated Contract Authority
- Total Compensation Policy
- Board and Committee Compensation Reimbursement Policy
- NEM Program Policy
- Sponsorship Policy

Key Documents

This page offers links to some of San Diego Community Power's key program documents. These include information about our origination studies, Implementation Plan, JPA Agreement and amendments, bylaws, and other legal agreements.



FIGURE 14: SDCP'S KEY DOCUMENTS PAGE ON ITS WEBSITE

Budget Structure

SDCP's basis of budgeting is through the accrual method. This method means planning that includes revenues and expenses in the budget of the year in which the underlying economic events are expected to occur, not necessarily in the year in which the related cash is expected to be received or paid.

SDCP's basis of accounting, similarly, in its financial statements are as an enterprise fund under the economic resources measurement focus and accrual basis of accounting, in accordance with Generally Accepted Accounting Principles (GAAP) for proprietary funds, as prescribed by the Governmental Accounting Standards Board (GASB).

Department Hierarchy

SDCP's budget is developed as a line-item budget and is organized by department to indicate the Agency's organizational responsibility.

Departments
Power Services Finance Operations <ul style="list-style-type: none"> • Regulatory Affairs • Data Analytics and Account Services • Programs • External Affairs • Human Resources

FIGURE 15: BUDGET STRUCTURE - DEPARTMENT HIERARCHY

Budget Level Hierarchy

Additionally and separately, the budget is also organized by budget levels to organize expenses into relevant, related categories.

1. Operating Revenues

For the first time since conception Operating revenues allow for revenues from sales of electricity to customers complete . Assumptions include an overall 5% opt-out rate.

2. Operating Expenses

SDCP's operating expenses fall into five categories: cost of energy, personnel costs, professional services and consultants, marketing and outreach, and general and administration.

- I. **Cost of Energy** – Includes all the various services purchased from the power market through our suppliers to supply energy to SDCP's customers.
- II. **Personnel** – Include salaries, payroll taxes, benefits, and excused absence and paid time off for staff. The recruitment strategy includes the addition of approximately 14 new staff members and two interns during the FY 2022-23 budget cycle.
- III. **Professional services and consultants** – Include SDG&E billing service fees, data management fees from Calpine, technical support (for rate setting, load analysis,

energy scheduling, etc.), legal/regulatory services and other general contracts related to IT services, audits and accounting services. Funding is also included for a program consultant to guide future program investments in the community. Professional services and consultants are further broken down into the below Budget Level 3 categories.

- a. Data Management
- b. SDG&E Fees
- c. Technical Support
- d. Legal/Regulatory
- e. Other Services
- f. Programs Consultant

IV. **Marketing and Outreach** – Includes expenses for mandatory enrollment notices, communication consultants, mailers, printing, sponsorships, and partnerships to inform the community of SDCP. Marketing and outreach are further broken down into the below Budget Level 3 categories.

- a. Printing
- b. Sponsorships and Local Memberships
- c. Communications Consultants

V. **General and Administration** – Costs include leasing office space, industry fees or memberships (e.g., bank fees, CalCCA dues), equipment and software, as well as other general operational costs including Board and Committee expenses, Board stipends, staff travel or professional development, logo gear, and team building.

VI. **Programs** – Includes funding to support initial pilot programs after the SDCP Community Power Plan is complete in calendar year 2023, grants to community organizations, investments that generate equitable energy-related benefits, education campaigns, opportunities for increased collaboration with member agencies and funding for a potential new CPUC energy-efficiency program.

3. **Non-Operating Revenues** – SDCP's budget also includes non-operating expenses related to interest and related expenses used to finance its operations. These costs are comprised of repayment of loan principle, associated interest costs as well as potential renewal fees on debt or letters of credit.

4. **Capital Investment Plan (CIP)** – SDCP's budget also includes non-operating expenses related to a Capital Investment Plan. These expenses could be paid with internal or external fund sources and are considered one-time projects or programs.

FIGURE 16: BUDGET STRUCTURE - BUDGET LEVEL HIERARCHY

Budget Level 1	Budget Level 2	Budget Level 3
Revenue Revenue Operating Expenses Operating Expenses Operating Expenses Operating Expenses Operating Expenses Operating Expenses Operating Expenses Operating Expenses Operating Expenses Operating Expenses Operating Expenses Operating Expenses Operating Expenses Operating Expenses Operating Expenses Operating Expenses Operating Expenses Operating Expenses Operating Expenses Non-Operating Expenses CIP	Gross Ratepayer Revenues (Less 4% Uncollectible Customer Accounts) Cost of Energy Personnel Costs Personnel Costs Personnel Costs Personnel Costs Professional Services and Consultants Professional Services and Consultants Professional Services and Consultants Professional Services and Consultants Professional Services and Consultants Professional Services and Consultants Professional Services and Consultants Marketing and Outreach Marketing and Outreach Marketing and Outreach General and Administration General and Administration General and Administration General and Administration Programs Debt Service CIP	Gross Ratepayer Revenues (Less 4% Uncollectible Customer Accounts) Cost of Energy Salaries Benefits (retirement/health) Payroll Taxes Accrued PTO Legal/Regulatory Technical Support Programs Consultant Other Services SDG&E Fees Data Management Contingency Communications Consultants Printing Sponsorships/Local Memberships Cal CCA Dues Insurance Rent Other G & A Programs Interest and Related Expenses CIP

FY 2023-24 Budget Principles



Fiscal Responsibility

Maintain a **fiscally responsible budget** in accordance with SDCP Budget Policy.



Understandable and Transparent

Provide an **understandable** and **transparent** operating budget for internal and external users.



Sufficient Funding

Ensure **sufficient funding** to meet procurement needs, sustain operational needs, and support sustained growth while delivering clean energy to the communities we serve.



People and Community

Develop a budget that will ultimately **prioritize people** and our **communities**.



Build SDCP Reserves

Build SDCP reserves and develop policies that **consider future economic conditions**.



Informed

Keep the SDCP Board of Directors and staff **informed** of SDCP's fiscal condition.

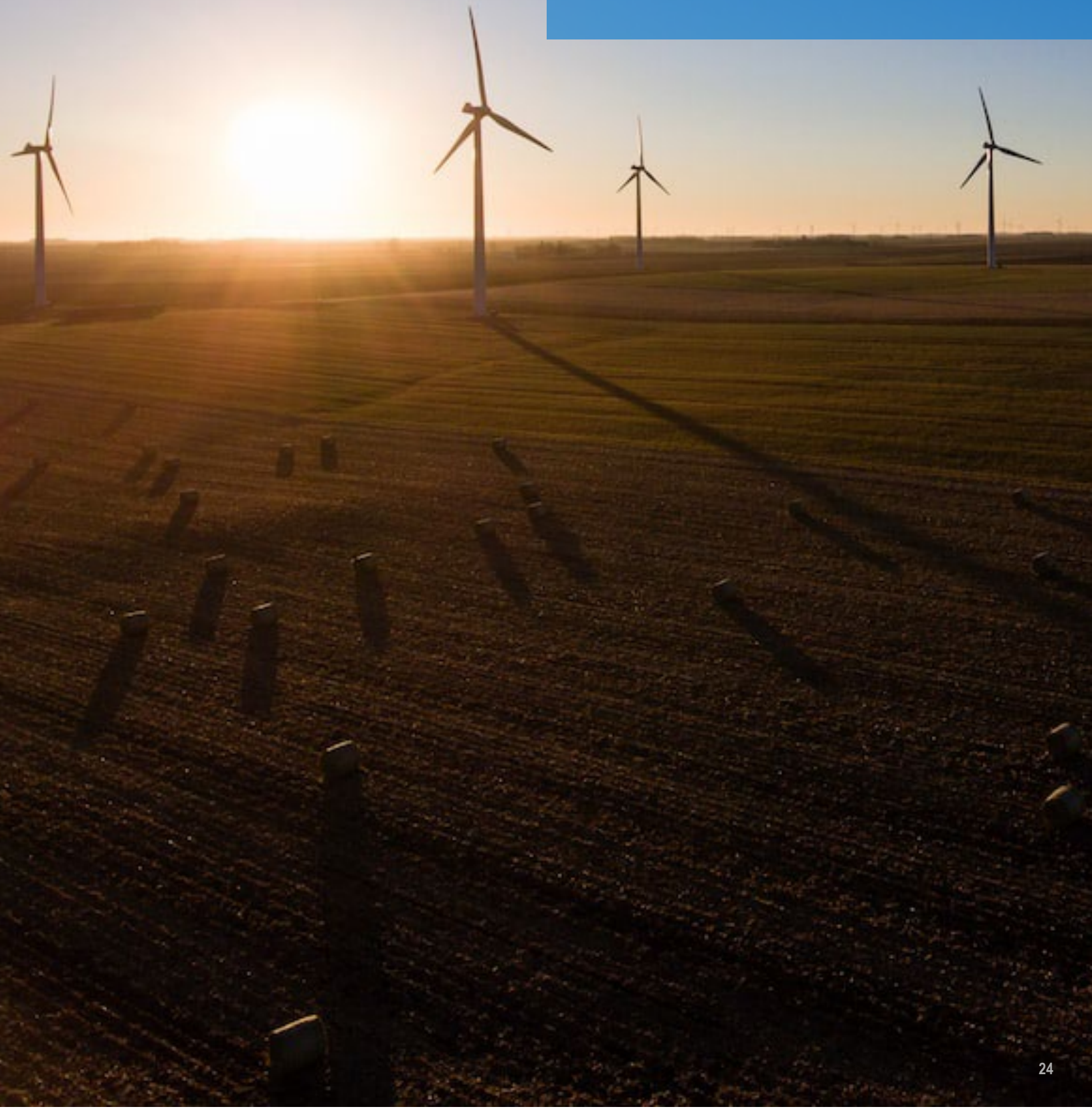
FIGURE 17: BUDGET PRINCIPLES





SAN DIEGO
**COMMUNITY
POWER**

Budget Overview



Budget Overview

Budget-in Brief

The proposed FY 2023-24 Operating Budget is the first full fiscal year of full enrollment from Phase 1, 2, 3 and 4 for all potential ratepayers from SDCP's member jurisdiction within the San Diego region. This budget therefore provides the first representation in the agency's history of what full revenues and expenses are expected to be moving forward, all assumptions being equal.

As SDCP scales to full enrollment, the agency is additionally, thoughtfully scaling the agency by adding 23 staff to grow to 59 total staff. By the end of FY 2023-24, SDCP is expected to have similar operating budgets and staffing levels compared to its peer CCAs of similar customer and load size. Additionally, and similarly, by the end of FY 2023-24, SDCP's reserves and total liquidity are expected to be comparable to its CCA counterparts who have investment-grade credit ratings.

The proposed FY 2023-34 Operating Budget additionally includes continued outreach through community events, sponsorships and advertising to inform customers about SDCP.

Lastly, this budget includes the additional of a Capital Investment Plan (CIP) that shifts programs and projects over multi-year periods from the operating budget to the CIP.

By the end of FY 2023-24, SDCP will be on track to nearly hitting its 180-days cash on hand Strategic Plan Goal reserve target.

Proposed Operating Budget

The SDCP FY 2023-24 Proposed Operating Budget is presented in further detail in the following pages. The table below summarizes the revenue and expense budgets proposed for FY24 in comparison to the FY23 Amended Budget.

TABLE 2: OPERATING BUDGET OVERVIEW

	FY23 Amended	FY24 Proposed
Gross Revenue	939.2	1,346.3
Less Uncollectible Accounts	(9.4)	(53.9)
Net Operating Revenues	929.8	1,292.5
Cost of Energy	738.8	948.5
Non-Energy Costs	32.0	47.2
Subtotal Operating Expense	770.8	995.8
Debt Service	1.3	2.4
CIP	0.0	3.8
Total Expenses	772.1	1002.3
Net Position	157.7	290.4

Amounts displayed in millions, \$

Operating Revenue

SDCP's sole source of revenue currently is from the retail sale of electricity to its customers. Revenue budgeted for FY 2023-24 reflects a full fiscal cycle of retail sales to our commercial and industrial customer base and retail sales to our residential customer base.

The following table summarizes the revenues for FY23 Amended Budget, and the FY24 Proposed Operating Budget.

TABLE 3: OPERATING REVENUE BY BUDGET LEVEL 2

	FY23 Amended	FY23 Proposed
Gross Ratepayer Revenues	939.2	1,346.3
(Less 4% Uncollectible Customer Accounts) ¹	(9.4)	(53.9)
Net Operating Revenues	929.8	1,292.5

Amounts displayed in millions, \$

Operating Expenses

Expenses in the SDCP Operating Budget fall into five budget level 2 categories: cost of energy, personnel costs, professional services and consultants, marketing and outreach, and general and administration.

The table below summarizes the expenses for the FY23 Amended Budget and the FY24 Proposed Operating Budget.

TABLE 4: OPERATING EXPENSES BY BUDGET LEVEL 2

	FY23 Amended	FY24 Proposed
Cost of Energy	738.8	948.5
Professional Services and Consultants	17.3	22.9
Personnel Costs	7.4	13.2
Marketing and Outreach	4.2	3.0
General and Administration	1.9	7.9
Programs	0.8	0.3
Subtotal Operating Expenses	770.8	995.8
Interest and Related Expenses	1.3	2.4
Capital Investment Program (Transfer Out)	0.0	3.8
Total Expenses	772.1	1002.4

Amounts displayed in millions, \$

¹ Uncollectible accounts were budgeted at 1% in FY23

Operating Expenses by Department

The table below summarizes the FY24 Proposed Operating Budget expenses by department. Departments were established as part of the development of the FY24 Proposed Operating Budget and therefore are not shown in the prior year.

TABLE 5: OPERATING EXPENSES BY DEPARTMENT

	FY24 Proposed
Power Services	950.7
Finance	3.8
Operations	17.9
Data Analytics and Account Services	19.1
Public Affairs	1.6
Programs	0.3
Regulatory Affairs	1.5
Human Resources	0.9
Total Operating Expenses	995.8

Amounts displayed in millions, \$

Personnel by Department

The table below summarizes the actual personnel at the end of FY23 and the full-time equivalent (FTE) personnel in the FY24 Proposed Operating Budget. While personnel may be authorized, they must be filled. Detailed information showing filled and proposed FTE transfers by department is included in the following Section. Personnel budget is included within the Operations department.

TABLE 6: PERSONNEL BY DEPARTMENT

	FY23	FY24 Proposed
Power Services	8.0	12.0
Finance	4.0	7.0
Operations	5.0	7.0
Data Analytics and Account Services	4.0	10.0
Public Affairs	5.0	9.0
Programs	6.0	7.0
Regulatory Affairs	2.0	4.0
Human Resources	2.0	3.0
Total FTEs	36.0	59.0



Capital Investment Plan (CIP)

New for FY 2023-24, SDCP is developing its first FY 2024-28 Capital Investment Plan (CIP) which will contain all the individual capital projects, major equipment purchases, and major programs for the agency that are intended to span multiple years.

The FY 2023-24 budget proposes a one-time portion of net operating revenues be transferred to the CIP as a continuing fund in which any unspent funds are kept within that fund and carried forward to the subsequent fiscal year.

The proposed 2024-28 CIP totals \$4.2 million. The operating fund portion of the CIP for FY 2023-24 is \$3.9 million. The FY2023-24 CIP Budget that will be appropriated during this fiscal year totals \$4.2 million, funding nine projects in all program areas in various geographic areas of San Diego.

	FY24 Proposed
Operating Transfer Out	3.9
Operating Transfer In	3.9
DAC-GT CSGT	0.3
CIP Revenue	4.2
CPUC Green Tariffs	0.3
Member Agency Grants	0.4
Building Electrification Education	0.0
Customer Education	0.4
Building and Housing Stock	0.3
Community Grants	0.5
PUC Energy Efficiency Program	0.3
Customer Program Pilots	2.0
Local Development Feasibility Studies	0.1
CIP Expenses	4.2

Amounts displayed in millions,
\$

TABLE 7: FY 2023-24 CIP BUDGET APPROPRIATION

Five-Year Financial Plan

SDCP's five-year financial plan projects that the agency will meet its 90-day cash on hand reserve target in its Reserve Policy by June 2023. Additionally, the plan projects that SDCP will meet its 180-day cash on hand reserve target in its Strategic Plan Goals by August 2024.

The SDCP Board reassesses its five-year financial plan and reserve targets annually during its rate-setting process in January and during its budget development process ending in June.

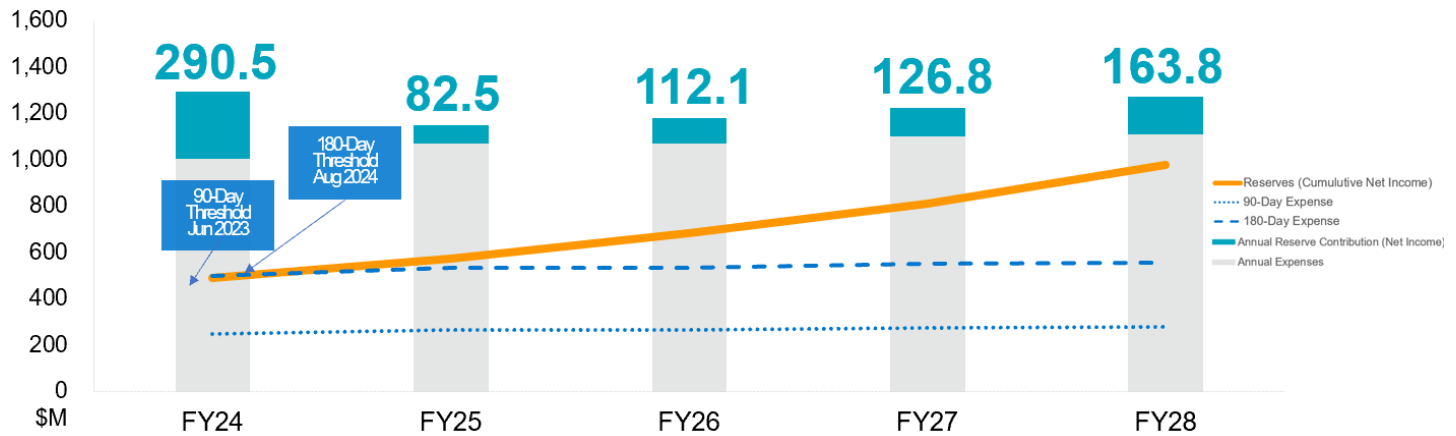


FIGURE 18: SDCP FIVE-YEAR FINANCIAL PLAN

Key assumptions in SDCP's five-year financial plan include:

- Enrollment of customers is substantially complete from member jurisdictions in Phases 1, 2, 3 and 4.
- 95% participation rate across all jurisdictions.
- A 4% uncollectible rate which is an increase from the 1% uncollectible rate assumed in all other prior budgets.
- Trifurcation of rates continues to ensure a fair, equitable, and balanced rate structure across customers with differing vintage years.
- Rates remain at the levels adopted by the Board on January 23, 2023, from July 2023 through December 2023 and are reduced from January 2024 to June 2024. A rate reduction, however, is subject to Board approval.

TABLE 8: SDCP FIVE-YEAR FINANCIAL PLAN

Operating Budget, \$M	FY24	FY25	FY27	FY27	FY28
Net Revenue	1,292.5	1,151.1	1,180.8	1,225.8	1,271.9
Total Expense	1,002.0	1,068.6	1,068.7	1,099.0	1,108.0
Annual Reserve (Net Position)	290.5	82.5	112.1	126.8	163.8
Reserves (Cumulative Net Surplus)	490.7	573.2	685.3	812.1	975.9
90-Day Expense Target	250.5	267.2	267.2	274.8	277.0
180-Day Expense	501.0	534.3	534.4	549.5	554.0

Budget by Department



Budget by Department

Operations

Mission and Services

Under the guidance of the SDCP Board of Directors, the Operations department leads SDCP in having a significant impact to delivering clean energy and community investment to a large set of commercial and residential customers. The Operations department includes the Chief Executive Officer (CEO), Chief Operating Officer (COO), administrative support and legal support. The Operations department ensures all departments work effectively with our partners and community stakeholders to serve our community by providing clean energy.

Department Highlights

- Continued management of ongoing operations including general and administrative expenses, office management, travel, etc.
- The largest professional services agreement in Operations is with BBK at \$450K for general counsel services.
- Lodging and airfare associated is budgeted at \$340K based on last year averages and generally assumes travel of twice per year per employee.
- SDCP rapid growth requires increase in Operations staff to insure all general and administrative functions meet a high standard of service.

Professional Services Agreements

The following key professional services agreements are integral to the performance of the Operations team:

- BBK \$450K
- Sublease (Nuvve) \$400K
- IT Equipment \$122K
- Brentech \$58K

Based on our review, we are noting that the BBK contract for general counsel at \$450K is an increase year-over-year and is a function that can potentially be built in-house. SDCP also has a \$400K sublease through Nuvve and, given the lease amount, SDCP's hiring plan and SDCP's growth, we recommend considering direct-purchase options. However, we note that SDG&E, by comparison, pays \$14M per year for its leases related to operations.

Finally, the Operations budget assumes new IT equipment for the upcoming hires as well as replacement equipment for computers and accessories older than two years. Further, the Finance department expects a reduced usage of the Brentech contract as it continues to build its in-house IT function.

Key Performance Indicators

The Finance Department generally considers the Operations department to provide support and overhead functions for the agency and therefore recommends using an overhead percentage in comparison to its CCA peers and IOU competitors as a key performance indicator.

Department Positions

	FY23 Actual	FY24 Proposed
Operations	5.0	7.0

TABLE 9: OPERATIONS POSITIONS

Department Organizational Structure

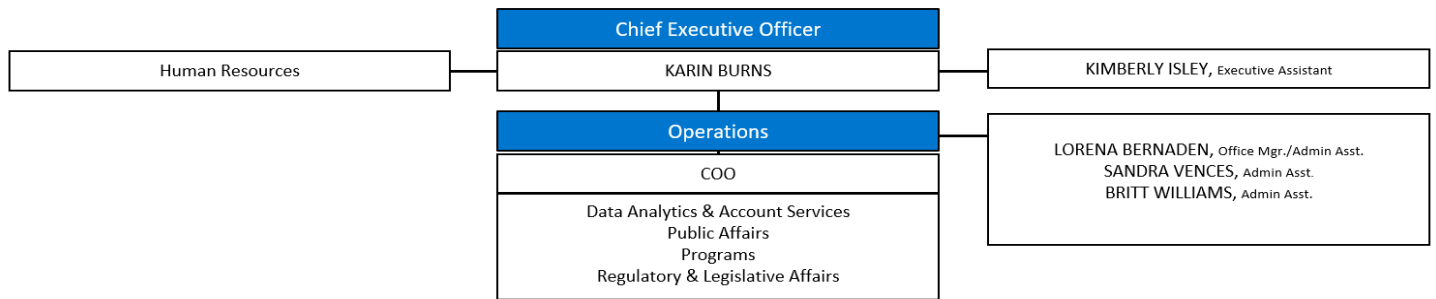


FIGURE 19: OPERATIONS ORGANIZATIONAL STRUCTURE

Power Services

Mission and Services

The Power Services Team is charged with overseeing the San Diego Community Power (SDCP) energy portfolio including, but not limited to, bilateral purchases and sales of electricity under short-, medium- and long- term contracts; development of wholesale energy generation and battery storage facilities to achieve SDCP's ambitious environmental and local development goals; administering requests for proposals and requests for offers for short-, medium- and long- term projects; scheduling of load and generation of electricity into California Independent System Operator (CAISO) markets; compliance with voluntary objectives and regulatory requirements that relate to carbon-free and Renewables Portfolio Standard (RPS) compliance; participation in the CAISO-administered Congestion Revenue Rights ("CRRs") market; management of the balance between load and generation over the short-, medium- and long-term planning horizons; and compliance with California Public Utilities Commission (CPUC) Resource Adequacy (RA) requirements.

Per SB 100 there is an RPS requirement for SDCP to have 60% of its portfolio be renewable by 2030. SDCP is already at 50% renewables in its portfolio and has set more aggressive internal goals of 75% by 2027 and 85% by 2030. Further, pursuant to Public Utilities Code section 399.13(b), from 2021 onwards, 65% of mandated renewable energy purchases must be sourced from long-term contracts of 10 years or more, commonly referred to as Power Purchase Agreements ("PPA").

SDCP has been conscientiously pursuing contracting opportunities to meet these requirements. This contracting is done via competitive solicitations processes ("RFPs or RFOs") that are public in nature. Staff administers the RFPs and then does an initial analysis of submitted projects to put together short-list recommendations. These recommendations are reviewed by a working group of the board that reviews the submitted projects to decide on the projects to shortlisted for long-term PPA negotiations based upon SDCP's energy procurement evaluation criteria. Upon successful negotiations, staff then prepares a package for the board to review the PPA. All PPA's must be reviewed and approved at the board level prior to execution.

In addition to long-term procurement and planning, the Power Services team oversees several short-term procurement and hedging activities ranging from resource adequacy ("RA") to RPS to Congestion Revenue Rights ("CRR") to CAISO and Inter-SC Trade ("IST") trading. These activities aim to both reduce risk and meet any open positions between the long-term procurement activities and the load forecast.

Once contracts are finalized, the Power Services team also handles settlement and payment to each counterparty. This process ensures the product(s) contracted are delivered at the quantity and price contracted.

Importantly, the Power Services team is also responsible for preparing several risk management reports regarding the various portfolios under management. These reports inform the load forecasting model as well as long and short-term procurement activities.

Department Highlights

- Responsible for SDCP's largest expense (Cost of Energy), the Power Services department is expected to grow its staff from 8 positions to 12 positions by the end of FY24.
- Continued energy hedging for FY 2023-24 and for future fiscal years.
- A \$400,000 request for a Power RFO and portfolio/risk modeling analytics firm has been added.
- A local development feasibility study is requested at \$100,000. This will be added to the Capital Investment Program if approved.

- Use of procurement counsel is proposed to increase from \$300,000 to \$500,000 in anticipation of increased transactions.

KEY PERFORMANCE INDICATORS

The Power Services team didn't propose any metrics for budget tracking. However, the Finance Team recommends the reviewing the following metrics during the fiscal year:

- **Cost of Energy – Budget to Actuals.** The ProForma projections include accurate projections for projected load, signed power-purchase agreements, day-ahead needs, penalties, etc. There is also contingency. Taken together, the ProForma projections offer direct opportunities for the Power Services team to directly influence savings in SDCP's largest cost center.
- **Contract Utilization for PEA and Tenaska.** As the Power Services team potentially grows, we propose tracking spending for decreased utilization to ensure we work on building this function in-house.

Department Positions

	FY23 Actual	FY24 Proposed
Power Services	8.0	12.0

TABLE 10: POWER SERVICES POSITIONS

Department Organizational Structure

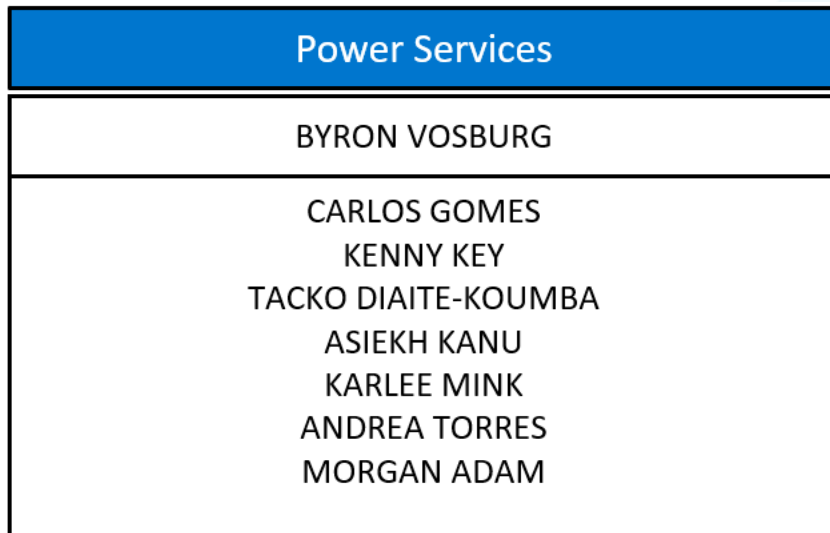


FIGURE 20: POWER SERVICES ORGANIZATIONAL STRUCTURE

Finance

Mission and Services

Under the guidance of the Chief Financial Officer, the Finance Department is responsible for fiscally positioning San Diego Community Power for the delivery of competitively priced cleaner energy choices and programs to the communities we serve. It provides financial resource management that supports SDCP contributions to a cleaner greener equitable energy future and supports SDCP's effort for the reduction of greenhouse gas emissions through sound fiscal management.

The Finance Department operates under six guiding principles: fiscal responsibility, ensuring sufficient funding, building SDCP reserves, providing an understandable and transparent budget, building a budget that prioritizes people, transparency and our communities, and keeping the Board and staff informed on SDCP's fiscal condition.

Fiscal Monitoring

The Finance Department designs, implements, operates, and evaluates internal controls to provide reasonable assurance that SDCP is achieving its financial, operational, reporting, and compliance objectives.

The Finance Department leads SDCP's annual financial audit. The audit reviews SDCP's financial accounting procedures, risks of material misstatement in the Financial Statements, internal controls relevant to the Financial Statements, performing tests of year-end balances based on risk assessment, and evaluates the adequacy of disclosures. The FY 2022 Fiscal Year-End Audited Financial Statement, which the Board received and filed on November 17, 2022, ended with no findings or issues to report.

The Finance Department also closely manages SDCP's liquidity, debt, cash balances, and reserves. This practice ensures SDCP maintains sufficient liquidity for operations, maximizes its cash management, actively manages its debt in an effort to control the cost of funds through periodic principle paydown on credit facilities and focus on reaching the reserve goal of building 90-days cash on hand. As an illustration, the Finance Department publishes the following slide monthly at the Finance and Risk Management Committee (FRMC).

Internally, the Finance Department additionally sets up and monitors controls to ensure that SDCP is compliance with Board-adopted policies and industry best practices including the Energy Risk Management Policy, Procurement Policy, Financial Reserves Policy, Delegated Contract Authority, Generally accepted accounting principles (GAAP), etc. This review includes reviewing invoices, reviewing contracts, etc.

Annual Budget Cycle

Section 4.6.2 of the Joint Powers Agreement (JPA) specifies that the SDCP Board of Directors shall adopt an annual budget with a fiscal year that runs from July 1 to June 30. Section 7.3.1 of the JPA additionally specifies that the board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses.

The annual budget process typically starts in February of any given year. The budget is further refined through strategic planning sessions, through the SDCP Finance and Risk Management Committee, and through the SDCP Board of Directors, for final adoption no later than July 1st.

Capital Investment Plan (CIP)

The Finance Department is developing SDCP's first Capital Investment Plan (CIP). Projects may include energy infrastructure, one-time efforts such as programs, plans, evaluations, educational programs, sponsorships, member-agency contributions, etc.

SDCP generally will identify projects for funding and inclusion in the CIP based on:

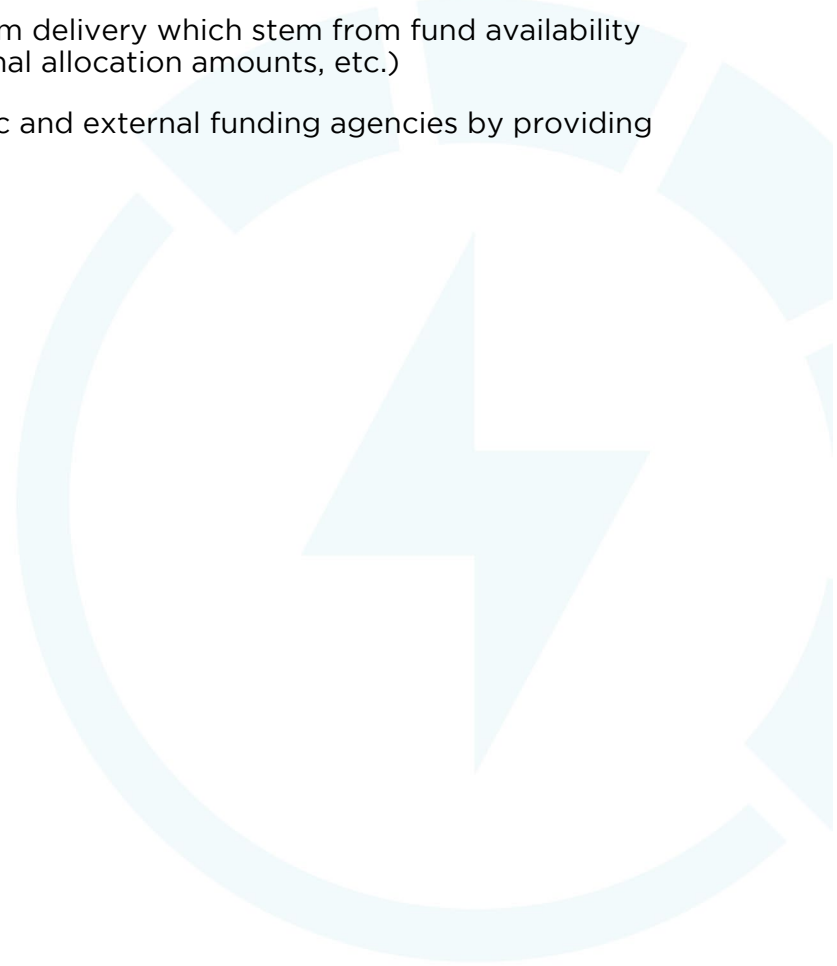
(1) input from public meetings and other community engagement; (2) input

from the SDCP Board of Directors, citizen advisory committees and other

member-agency bodies; (3) SDCP Board and other city and county-approved plans related to climate action; (4) the SDCP Strategic Plan; and (5) staff-identified needs related to critical energy needs, concerns and best practices.

The CIP will aim to:

- Develop a fiscally constrained 5-year program of projects and programs
- Review and forecast capital and one-time revenue sources between FY 2024-2029
- Serve as an implementation tool for the SDCP Strategic Plan and other plans and strategies
- Minimize obstacles to project and program delivery which stem from fund availability limitations (i.e. grant requirements, regional allocation amounts, etc.)
- Foster credibility and trust with the public and external funding agencies by providing transparent and accessible information



FY 2024 Annual Priorities

On June 23, 2022, the SDCP Board adopted the SDCP mission, vision, core values and goals for 2023-2027. Among the key focus areas and organizational goals was financial stability - practice fiscal strategies to promote long-term organizational sustainability.

Under this organizational goal, the Finance Department's annual priorities include:

- Adopt financial controls and policies to meet or exceed best practices and manage risk.
 - Budget Policy which provides a formal budget adoption timeline and provides guidelines for maintaining a balanced budget (adopted on July 28, 2022)
 - Reserve Policy (revised on February 24, 2022)
 - Yearly audited financial statements to review internal controls and risk (received and filed on November 17, 2022)
- Obtain an investment grade credit rating by Nov 2025.
 - Established professional services agreement with PFM Financial Advisors to assist SDCP with the development of its financial planning effort
 - Established or revised several internal policies: NIST Compliance, Delegated Contract Authority, etc.
 - Establish relationship with the credit rating analysts via regular conference calls and meetings.
- Adopt plan to increase reserves to \$175M by October 2023 (90-days cash on hand) and \$360M by October 2025 (180-days cash on hand).
 - Renewed and increased SDCP's agreement with River City Bank for an increased credit facility (adopted on March 24, 2022)
 - FY23 annual operating budget (adopted on June 23, 2022)
 - Increasing SDCP's credit facilities. A request for proposals was issued in November 2022 and the Finance Department anticipates seeking Board approval in January 2023.
 - Rate-setting proposal and resulting reserve contributions to be considered by the Board in January 2023.

Key Metrics

- SDG&E Rates
- Participation Rates
- Regulatory Proceedings
- Forward-Energy Market Curves
- Internal Monitoring: use of government funds
- Cash Flow, Liquidity and Reserves

Department Highlights

- The Finance department will continue exercising financial discipline and risk management to help grow the agency’s reserves to its goal of having 90-days of operating cash on hand.
- Active management of constrained finances to allocate resources to position other departments and programs to launch and to be successful such as the Programs department.
- Additional Budget for Financial Investment Advisor in anticipation of needing to invest excess cash once reserve goals have been reached.
- In the interim, IT staff will report under the Finance department for FY24.

Department Positions

	FY23 Actual	FY24 Proposed
Finance	4.0	7.0

TABLE 11: FINANCE POSITIONS

Department Organizational Structure

Finance
ERIC WASHINGTON
TIMOTHY MANGLICMOT CHRISTOPHER DO CHRIS STEWART

FIGURE 21: FINANCE ORGANIZATIONAL STRUCTURE

Data Analytics and Account Services

Mission and Services

Under the guidance of the COO and under the direction of the Director of Data Analytics and Account Services, the Data Analytics and Account Services department maximizes customer experience and participation by ensuring clear, timely and accurate billing. The team utilizes customer data to foresee trends and patterns in energy usage to support potential rate adjustments and/or new rate structures. It also develops and maintains data warehouses, dashboards, and/or other data visualizations to track KPIs related to opt actions, revenues, A/R, load, cash receipts, customer engagement and costs. Finally, the Data Analytics and Account Services team builds and nurtures positive relationships with customers (especially the Key Accounts) to encourage continued participation in our service and opt-ups to Power100 while minimizing opt outs.

San Diego Community Power's (SDCP) Data Analytics & Account Services Team is comprised of data professionals and account management experts who utilize proprietary data tools to best support SDCP's decision-making capabilities and provide SDCP customers with industry best customer support. The Data Analytics & Account Services Team is currently tasked with a multitude of responsibilities in all facets of SDCP's retail operations, including but not limited to:

- Planning and execution of seamless customer migration from SDG&E to SDCP.
- Rate setting.
- Billing, load and revenue recognition analysis.
- Centralization of multiple streams of data feeds and inputs.
- Data analysis and utilization capturing customer opt actions, usage patterns & participation rate trends.
- Contact Center and customer engagement management.

SDCP receives a vast amount of data from its vendors and partners including SDG&E and Calpine (our back-office provider). To best utilize this data to effectively run our operations, make data-driven decisions, and optimize the customer experience, the Data Analytics & Account Services Team has developed and is expanding a data analytics platform that consists of a set of analytical tools built on a cloud-based platform that helps with customer management, load forecasting, rate design, program marketing, and accounting.

- Maximize customer experience and participation by ensuring clear, timely and accurate billing.
- Utilize customer data to foresee trends and patterns in energy usage and demand to support potential programs, products and/or new rate structures.
- Build and nurture positive relationships with all customers, particularly the Key Accounts, to encourage continued participation in our service and opt ups to Power100 while minimizing opt outs.
- Develop and maintain data infrastructure, dashboards, and/or other data analytics visualizations to track KPIs related to opt actions, revenues, A/R, load, cash receipts, customer engagement and costs.

Who are our Stakeholders?

- Ratepayers – the residents, businesses and municipalities that SDCP serves are our most critical stakeholders. The balance between providing cleaner power while also realizing the economic realities of living in one of the most expensive areas of California requires nuanced and purposeful implementation of our organization’s short and long-term strategies.
- Board of Directors – The Board is publicly accountable to SDCP ratepayers and hosts monthly Board meetings to establish policy, set rates, determine power options and maintain fiscal oversight. As a public agency, SDCP is designed to be fully transparent with all meetings and information open to the public.
- Board Committees – The committees advise the Board on matters related to the operations of San Diego Community Power.
- SDG&E – A working partnership and collaboration between the Data Analytics & Account Services Team and SDG&E is necessary for proper operations, customer support, and enrollment. This relationship is foundational for addressing issues, resolving differences, and creating a positive customer experience.
- Calpine – As our “back-office” service provider, Calpine plays a pivotal role in ensuring successful retail operations of SDCP. As one of their biggest CCA customers, SDCP expects a high level of service from this vendor.
- Internal Teams – The Data Analytics & Account Services works collaboratively across the organization, including Executive, Legislative & Regulatory, Power Services, Programs, External Affairs and Finance Teams to ensure the delivery of outstanding service and value to our customers.

Community Choice Aggregators – our successes (or failures) will play a critical role in shaping the future of Community Choice Aggregation in California. Due to our size and influence, we have the ability (if not the responsibility) to be a leader amongst our peers – whether through advocacy or simply through implementation.

Professional Services Agreements

The following key professional services agreements are integral to the performance of the Data Analytics team:

- Calpine Energy Solutions \$13.5M
- SDG&E \$4.0M
- Neyenesch Printer \$1.2M

Based on our review, increases in Calpine and SDG&E contracts are justified based on number of accounts increased due to Phase 4 enrollments. Additionally, it is pertinent to note that no other CCA has a complete internal back-office infrastructure. Given the considerable amount of time to establish such an infrastructure we recommend moving forward but re-examining the potential to building out an in-house back office.

Key Metrics

The Data Analytics and Account Services Department propose the following metrics to track budget performance in the upcoming year.

“Monthly Estimate to Actual (ETA) KPI tracking metric to ensure that my department budget tracks and/or is below the expenditure approved by the Board.” – Director

The Finance Department recommends using a cost per account and participation rates as KPI. SDG&E provides a CCA Billing schedule that defines service costs. Savings could be realized in prevention of opt-outs.



Department Highlights

- Active management of all customers in all 4 Phases of enrollment.
- SDCP is ranked 1st in size based on load size and 2nd in size by customer accounts compared to other California CCAs. The Finance Department confirms the Data Analytics and Account Services department's hiring plan is considered a reasonable size.
- Calpine Energy Solutions contract regarding professional services or potential in housing of services is the largest professional service contract for SDCP.

Department Positions

	FY23 Actual	FY24 Proposed
Data Analytics and Account Services	4.0	10.0

TABLE 12: DATA ANALYTICS AND ACCOUNT SERVICES POSITIONS

Department Organizational Structure

Data Analytics & Account Services
LUCAS UTOUH
RYAN HANKE CARLY NEWMAN SAMANTHA GUNZL

FIGURE 22: DATA ANALYTICS AND ACCOUNT SERVICES ORGANIZATIONAL STRUCTURE

Public Affairs

Mission and Services

Under the guidance of the COO and under the direction of the Director of Public Affairs, the Public Affairs department is a community- and customer-focused team. The Public Affairs department leads SDCP's outreach strategy and provides strategic support and visionary leadership to build SDCP's recognition and establish SDCP as a trusted and vital member of the community. The department is engaged, connected, and focused on building meaningful partnerships to lead the organization's Public Affairs strategic direction.

The Public Affairs team often acts as the public face and the voice of San Diego Community Power to our stakeholders and customers. Whether we are meeting with representatives from our member agencies, setting up information tables at community events or being interviewed by members of the media, the Public Affairs team strives to provide timely, engaging, transparent and factual information about our organization.

The team is composed of three key sections: Strategic Partnerships, Community Engagement and Marketing and Communications. Each section focuses on different audiences, but there is one common thread: all of us are working to increase awareness about the services and programs SDCP has to offer in our quest to providing affordable, 100 percent renewable energy to San Diegans while investing back into our communities.

The Strategic Partnerships section works with local governments and large, local organizations to collaborate on initiatives that elevate and prioritize equity, sustainability and high-quality jobs. They are responsible for developing strong partnerships across the greater San Diego region and encouraging businesses to opt-up to 100 percent renewable energy as Power100 Champions. Current Power100 champions include Illumina, the San Diego County Regional Airport Authority, the San Diego Padres baseball team, the San Diego Loyal soccer team, San Diego Wave Fútbol Club and Sharp HealthCare.

Our growing Community Engagement section meets our customers wherever they may be. They bring activities for children and informational materials to events that range in size from swap meets to some of the largest civic events in the region. They are true utility players who aim to educate, answer questions and get the general public excited about the work we do at SDCP.

The Community Engagement section also provides staff support for SDCP's Community Advisory Committee (CAC), which advises the SDCP Board of Directors and comprises two volunteer representatives from each member agency.

The Marketing and Communications section is responsible for copy writing, advertising and media relations work done on behalf of SDCP. The section manages the organization's social media accounts and seeks to provide engaging information to the public at large. This section works closely with Civilian, a marketing and communications agency that helped develop SDCP's original branding materials.

Department Highlights

- Continued outreach to educate the community of the benefits of community choice and to encourage awareness of our mission
- Media advertising, sponsorships of community events and organizations, partnerships such as with the San Diego Padres, as well as targeted customer communications.
- Positions added to increase outreach efforts to SDCP member agencies.
- The Public Affairs department are tasked to help inform the community which has a correlation with SDCP participation rates.

Key Metrics

- **Economic trends:** The consumer price index is going up across the board. The SDCP Public Affairs team is monitoring local and national economic trends to provide helpful, easy-to-understand information to our customers who need it most.
- **Local government priorities:** Each of the SDCP's seven member agencies have unique challenges and goals as they work toward implementing their Climate Action Plans. SDCP aims to tailor its support to each of the member agencies to provide top-notch service.
- **Fellow community choice aggregators:** SDCP is in its infancy. We can learn an enormous amount from CCAs that have paved the way before us. Some CCAs have done very well, while others have struggled. We constantly read the news about what is working and what could be improved in CCAs throughout California.
- **Local and regional events:** Key events in each of SDCP's member agencies serve as points of community pride and gathering spaces for our customers. SDCP attends, sponsors and provides educational materials at major events to show our solidarity with the community and meet people where they are.

Department Positions

	FY23 Actual	FY24 Proposed
Public Affairs	5.0	9.0

TABLE 13: PUBLIC AFFAIRS POSITIONS

Department Organizational Structure

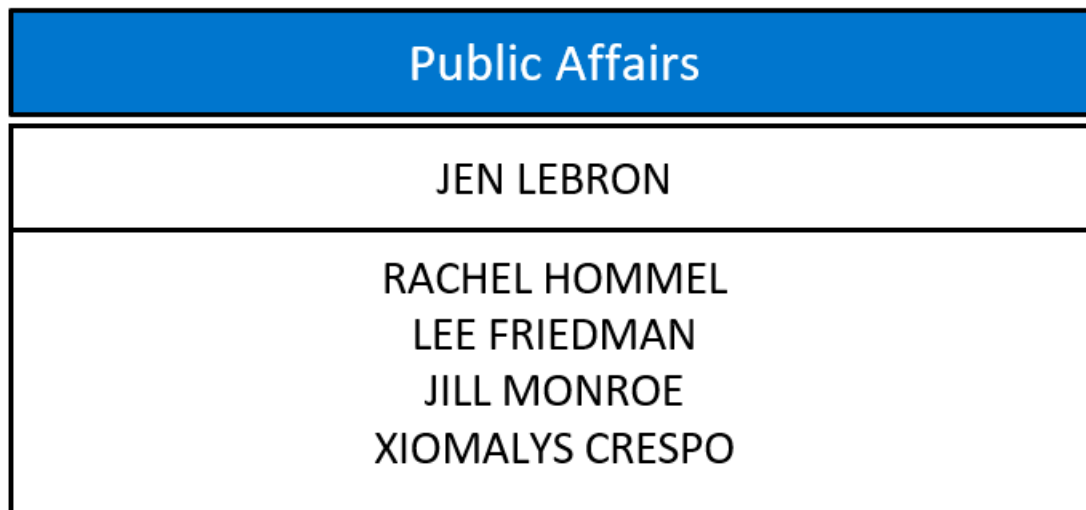


FIGURE 23: PUBLIC AFFAIRS ORGANIZATIONAL STRUCTURE

Programs

Mission and Services

Under the guidance of the COO and under the direction of the Director of Programs, the Programs department is a community- and customer-focused team that sets the strategy in the implementation of customer energy programs. The department works internally and with outside consultants, customers and industry leaders to evaluate, design, and implement a variety of customer programs, as well as collaborate with the Community Advisory Committee to promote accessibility of SDCP services to our Communities of Concern.

FY 2024 Annual Priorities

1. Finalize the Community Power Plan
2. Lead initial steps in regional effort to form a Regional Energy Network
3. Launch Community Clean Energy Innovation Grants to fund energy pilot projects
4. Establish regional partnerships and initiatives to support member agencies' Climate Action Plans
5. Identify and seek state and federal funding to support program goals

Current Programs and Initiatives

Community Power Plan (CPP)

The CPP is a decision-making framework that will guide SDCP's program strategy, and the development of local programs based on community needs and gaps in existing program offerings. SDCP aims to utilize the CPP to develop program offerings that will help increase public awareness of SDCP within its member agencies' communities and to help mitigate customer opt-outs.

One of the stated goals within the Joint Powers Authority for establishing SDCP was to "provide a range of energy product and program options, available to all Parties and customers, that best serve their needs, their local communities, and support regional sustainability efforts". As such, one of the primary reasons that member agencies elected to join SDCP was the expectation that the organization would develop and offer innovative programs as a means of both investing back into local communities and enhancing climate action and justice in the San Diego region. The CPP will take that broad expectation and refine it into both an overall investment strategy and a series of discrete program offerings SDCP could undertake.

The CPP will help SDCP develop local programs that:

- Address climate change by reducing energy-related greenhouse gas emissions
- Support the development of local, cost-effective renewable and distributed energy resources
- Produce economic benefits to the region, including local workforce development
- To the extent authorized by law, support a stable, skilled, and trained workforce
- Pursue purposeful and focused investment in Communities of Concern and programs centered on economic, environmental, and social equity

The CPP includes a community needs assessment to ensure that SDCP's programmatic offerings and strategies align with the communities' values, goals, needs, and priorities as well as organizational goals and priorities. The community needs assessment seeks to identify programmatic gaps that SDCP may be able to fill and identify methods and strategies SDCP could employ to meet community needs, overcome challenges, and close gaps. During the community needs assessment, nearly 3,000 survey responses were collected from residential and business customers within our current/planned service territory, which will be incorporated into SDCP's decision-making framework.

Anticipated Timeline (CY)

- Q3-Q4 2022: Community engagement and existing program assessment
- Q4 2022: Analyze potential program types and draft CPP document
- Q1 2023: Draft CPP presented for public comment
- Q2 2023: Board to vote on approval of final CPP

Community Clean Energy Innovation Grants

Goals and Objectives

SDCP's Community Clean Energy Innovation Grants will aim to support scalable, replicable clean energy pilot projects that provide economic, environmental, and health benefits to SDCP's communities and increase overall energy literacy of SDCP customers. Program funded activities are expected to advance one or more of the following program focus areas:

- Energy behaviors and/or education that reduce energy consumption and/or costs
- Improvements in indoor and/or outdoor air quality related to greenhouse gas emissions
- Workforce development opportunities that support careers in the clean energy industry
- Energy resilience to ensure communities can avoid, prepare for, minimize, adapt to, and recover from energy disruptions
- Increased access to the benefits of clean energy technologies with a focus on underserved communities and vulnerable populations

Eligibility

Community-based non-profits serving SDCP's member agencies will be eligible to apply for a maximum amount of grant funding, expected to be no more than 15% of the total annual approved program budget. Grant applications will be reviewed by an evaluation committee and selected based on alignment with grant criteria and eligibility.

Anticipated Timeline

- Q1 2023: Program launch
- Q2 2024: Pilot projects selected and funded

Disadvantaged Community Green Tarif (DAC-GT) and Community Solar Green Tarif (CSGT)

The DAC-GT program is one of three California Public Utilities Commission (CPUC) programs designed to increase renewable energy generation and alternatives among residential customers in disadvantaged communities (DACs). The DAC-GT program enables California Alternate Rates

for Energy (CARE) and Family Electric Rate Assistance Program (FERA) customers without access to a solar system to power their homes with 100% renewable energy at a 20% discount from their current rate. A community's eligibility is determined using CalEnviroScreen 4.0. Investor-owned utilities (IOUs) and community choice aggregators (CCAs) were allocated a portion of megawatts (MWs) for this program. Funding for DAC-GT is fully refundable by the CPUC and is considered an administration cost. CSGT is similar to DAC-GT but allows low-income customers in DACs to benefit from the development of solar generation projects situated within/nearby DACs.

Anticipated Timeline (CY)

- Q1 2023: SDCP becomes Program Administrators for DAC-GT and CSGT
- Q2 2023: SDCP releases RFP for eligible solar projects
- 2024: New solar projects identified
- Q1 2025: Projects live, customer bill reductions applied

Net Energy Metering (NEM)

NEM is a statewide program available to customers that install an onsite renewable energy generation system, like rooftop solar. This program allows customers to reduce their electricity consumption and bills. NEM allows customers who generate their own electricity to serve their electricity needs directly onsite and to receive a financial credit on their electric bills for any surplus energy fed back to their utility. The excess energy is paid at the customer's otherwise applicable rate schedule (OAS) and time-of-use period. This credit is reflected as a negative number on the bill. As of November 2022, SDCP has over 91,000 (91,404) active NEM accounts. 12% (10,108 CARE/715 FERA) are CARE/FERA customers; 98% (89,665) of accounts are considered Residential, and 2% (1,739) of accounts are considering Commercial or Industrial.

All NEM customers will receive a statement in their monthly SDG&E bill indicating any accrued charges for electric energy usage during the current billing cycle. These generation charges are due and payable on a monthly basis, in accordance with a customer's OAS. SDG&E delivery chargers are due annually. A customer who has accrued credits during previous billing cycles will see such credits applied against currently applicable charges, reducing otherwise applicable charges by an equivalent amount to such credits. Any remaining balance reflected on each customer's billing statement shall be carried forward to subsequent billing cycle(s) until either excess credit is sufficient to satisfy the charges or an account true-up is performed. When a customer's net energy production results in an accrued credit balance in excess of currently applicable charges, the value of any net energy production during the billing cycle (in excess of currently applicable charges) shall be valued at the OAS and noted on the customer's bill, including the quantity of any surplus NEM production (measured in kWh), and carried over as a bill credit for use in a subsequent billing cycle(s).

NEM True Up and Billing

At the end of the customer's 12-month billing period a true-up is conducted. SDCP looks at how much electricity was generated and sent to the grid, and how much electricity was consumed from the grid. If the customer has consumed more than what was generated, the customer will not have a big surprise bill since SDCP does monthly account balancing. However, if the customer generated more than what was consumed, SDCP pays the customer for adding clean electricity to the grid. SDCP does that by paying net generators for surplus electricity at the Net Surplus Compensation (NSC) rate plus SDCP's bonus incentive of \$0.0075/kWh on top of the NSC.

Feed-in Tariff (FIT)

SDCP began offering a FIT program in February 2022. A FIT program allows local developers to sell energy from a small-scale, distributed renewable generating system within SDCP's service territory. It establishes standard, non-negotiable publicly available rules, contract terms, and base prices for all projects and is not applicable for NEM customers. Payments are made monthly by SDCP to the applicant for each Eligible Resource based on metered electric deliveries. Benefits of a FIT program include:

- Increases the availability of small, distributed, local renewable generating resources within the San Diego region
- Expands the ability for sites in the built environment that do not have the onsite demand for net metering to host renewable generating systems
- Promotes local economic benefits
- Leverages the huge renewable energy potential in the region and increases amount of renewable energy
- Helps reduce greenhouse gas emissions

Eligibility

An Eligible Resource must meet the following criteria:

- **New Resource.** The Eligible Resource must be new, meaning that the Eligible Resource must not have produced or delivered electric energy prior to the date on which its FIT application is received by SDCP.
- **Small-Scale.** The nameplate generating capacity of any Eligible Resource must be smaller than 1 MW alternating current.
- **Project Location.** The Eligible Resource must be physically interconnected and located entirely within SDCP's service territory.
- **RPS Eligibility.** An Eligible Resource must qualify and be certified by the California Energy Commission as an Eligible Renewable Energy Resource.

Key Metrics

The Programs Team will be actively leading efforts to develop a Regional Energy Network (REN) in San Diego. The approval of a REN in San Diego would bring CPUC energy efficiency funding to SDCP's customers in the form of various programs. REN program offerings can include residential and commercial energy efficiency, workforce education and training, and public sector support, among other focus areas. Pending regional support, SDCP would support submittal of an application to the CPUC for a REN by December 2023 for funding beginning in 2024.

In addition to the potential funding from forming a REN, we anticipate programs to be funded through the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA); both of which we are monitoring closely and are central in our efforts to bring federal funding to San Diego. Lastly, SDCP's regulatory and legislative team has been tracking the NEM 3.0 proceeding. At this time, we expect the existing NEM tariff to sunset sometime next year based on the pending proposed decision.

Department Highlights

- Anticipated completion of the Community Power Plan in FY23.
- Increases positions to seven by the end of FY23 to position SDCP to have a strong focus on customer programs starting in FY24.
- Potential new pilot programs in FY23 including customer program pilot projects and community grants.
- A \$2M allocation for Customer Program Pilot Projects for ~5 pilot projects over two years is requested. SDCP allocated \$250K in FY23 by comparison.
- Member agency grants are proposed at \$350K (\$50K per member jurisdiction). This line item is consistent with prior years though we're noting that this line item has been historically contentious and grants do not align with load/customers per jurisdiction.
- Community Grants (\$500K), Customer Education Platform (\$350K), PUC Energy Efficiency Program Launch (\$250K), Building and Housing Stock Analysis (BHSA) (\$250K) are all requested totaling \$1.375M versus \$875K in FY23.

Department Positions

	FY23 Actual	FY24 Proposed
Programs	6.0	7.0

TABLE 14: PROGRAMS POSITIONS

Department Organizational Structure

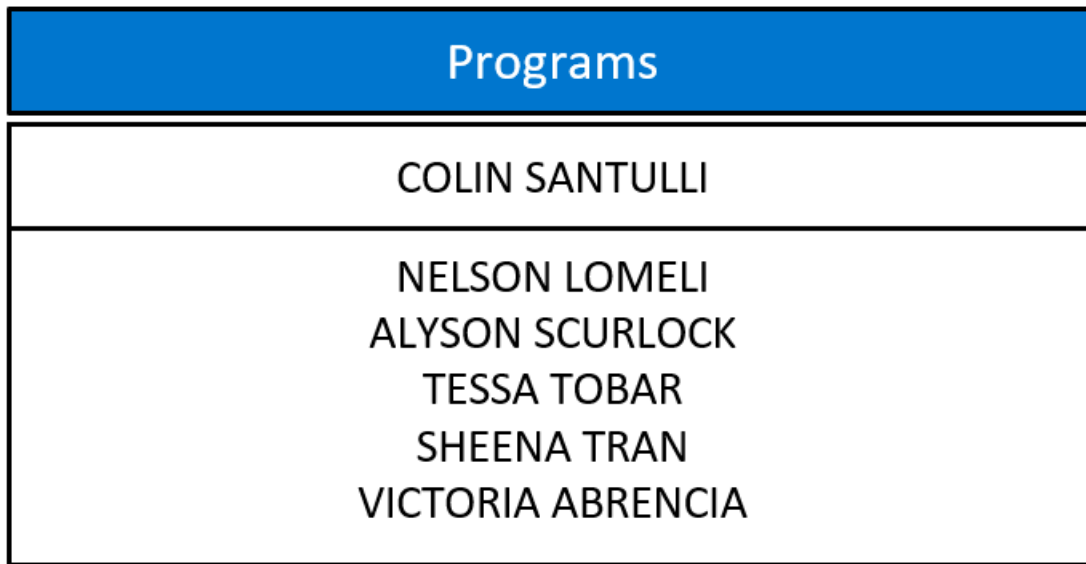


FIGURE 24: PROGRAMS ORGANIZATIONAL STRUCTURE

Regulatory and Legislative Affairs

Mission and Services

The Regulatory and Legislative Affairs team is responsible for advancing SDCP's policy interests before the California Legislature as well as the agencies that impact energy policy in California, including the California Public Utilities Commission (CPUC), the California Energy Commission (CEC), the California Air Resources Board (CARB) and the California Independent System Operator (CAISO). The Regulatory and Legislative Affairs team is also responsible for overseeing compliance with various orders, statutes and regulations that are implemented by these agencies. Lastly, the team tracks developments and funding opportunities coming out of the Federal government such as the Infrastructure and Investment Jobs Act (IIJA) and the Inflation Reduction Act (IRA) that will have impacts in California and the San Diego region.

On the regulatory affairs front, our team monitors over 40 regulatory proceedings at the CPUC, CEC and CARB to determine how and where to engage strategically as necessary. For some proceedings, we work with external regulatory counsel and consultants to develop policy positions and regulatory filings. On other proceedings, we work with the California Community Choice Association (CalCCA), our trade association, to ensure that their filings are reflective of our policy positions and serve the interests of SDCP. Our CEO is on the Executive Committee of the CalCCA for the 2023-2024 period, and we are a voting member within the CalCCA Regulatory Committee. We further participate in small group policy discussions, which are referred to as Tiger Teams. We also work with ad hoc groups of other CCAs across California to develop filings for issues where there may not be alignment among all CCAs or there are unique interests, such as most recently in the Net Energy Metering proceeding. For all of our regulatory engagement, our team works closely with staff across all departments to best understand the potential implications of proposed regulations on SDCP's operations in order to develop our positions and offer solutions.

On the legislative affairs front, we participate as a voting member on the CalCCA Legislative Committee, where we analyze bills and vote on policy positions for CalCCA to lobby. SDCP will generally be in alignment with positions taken by CalCCA, however, SDCP has in the past teed up legislative positions on bills that CalCCA was unwilling to confront. SDCP also has a California based lobbyist who diligently represents our interests in Sacramento. Our lobbyist also helps us develop and maintain key relationships, including with our legislative delegation as well as key decisionmakers at the CPUC, CEC and in the Governor's Office.

On the compliance front, we have a spreadsheet inventory of compliance obligations, which include comprehensive planning documents and regular data requests from various state agencies. Our team ensures that we plan for and meet all of these obligations through coordination with the relevant internal teams. Many of these obligations are handled by an external consultant, Pacific Energy Advisors, and some are handled by outside regulatory counsel, while others we develop and execute in house.

SDCP has a Board approved policy platform that guides regulatory and legislative engagement. This platform will be taken before the Board for an update and approval in February 2023. The current policy platform is provided here for your awareness.

San Diego Community Power Legislative Platform

San Diego Community Power's (SDCP) Legislative Policy Platform (Platform) serves as a guide to the SDCP Board of Directors and SDCP staff in their advocacy efforts and engagement on policy matters of interest to SDCP. The Platform allows both Board members and staff to pursue actions at the local, regional, state and federal legislative levels in a consistent manner and with the understanding that they are pursuing actions in the best interest of the organization and its mission, its member agencies, and its customers. The Platform enables the organization to move swiftly to respond to issues before Legislature and Executive Branch agencies including California Public Utilities Commission (CPUC), the California Energy Commission (CEC), California Independent System Operator (CAISO), and the California Air Resources Board (CARB) so that SDCP's views can be heard on important matters in a timely fashion. This Platform is applicable to statewide referenda, grant funding opportunities, and local ballot initiatives. The Platform provides guidance to the Chief Executive Officer on support or oppose positions that should be taken on legislative matters identified by the SDCP Director of Regulatory and Legislative Affairs and the California Community Choice Association (CalCCA) Board of Directors.

The Platform outlines the legislative priorities and stances of SDCP with the intent to inform customers, representatives, and policymakers on the myriad of public policies that intersect with SDCP's priorities, programs, and services.

SDCP has three major legislative priorities:

1. Accelerating Deep Decarbonization, including electrification of buildings and the transportation sector;
2. Promoting Local Development, and
3. Stabilizing Community Choice.

SDCP support of legislation will be contingent upon that legislation adhering to these legislative priorities as well as SDCP's organizational goals and priorities. Moreover, SDCP supports any and all policies that will preserve or enhance the ability of SDCP to promote these priorities at the local level.

Any questions regarding this Platform can be directed to Laura Fernandez, Director of Regulatory and Legislative Affairs, at lfernandez@sdcommunitypower.org.

General Legislative Principles

SDCP has three general legislative principles. These priorities serve as the foundation for all actions SDCP will take, including the lobbying for policies that promote those same guiding priorities. Public policy encompasses a myriad of subject and topic areas. However, as these policies intersect at the local level, they have the ability to impact SDCP revenues, programs, and/or administrative discretion and control. SDCP will support policies that accelerate deep decarbonization, promote local development, stabilize community choice, or any combination thereof. If a given policy does not meet these criteria, SDCP will oppose, support with amendments, or in some cases take no stance on that policy or legislation. The General Legislative Principles for SDCP are:

Accelerating Deep Decarbonization

- Support the creation or expansion of federal, state, and local policies, programs and funding that enable SDCP to provide 100% renewable energy by 2035 or sooner to customers within its service territory as well as contribute to the State's efforts to reduce greenhouse gas emissions, including through building electrification and transportation electrification.
- Oppose any legislation, policies, programs, referenda, unfunded mandates and budgets that would have an adverse impact on SDCP's ability to advance decarbonization through its procurement, programs, projects, and services.

Promoting Local Development

- Support any legislation, policy, funding, referenda, and budgets that enhance community choice energy providers' ability to invest in local clean energy, distributed energy resources, grid resiliency, zero-emission transportation, all while promoting equity in the communities that it serves.
- Oppose any legislation, policy, funding, referenda, and budgets that limit or undermine SDCP's ability to invest in local clean energy, distributed energy resources, zero-emission transportation, all while promoting equity in the communities that it serves.

Stabilizing Community Choice

- Support any legislation, policies, funding, referenda, and budgets that maintain or improve the stability of community choice energy providers by ensuring regulatory structure is equitable and enables Community Choice Aggregators (CCAs) to meet their mission and goals. Maintaining local decision-making authority, including rate-setting authority and procurement of energy, is a key pillar for this stability.
- Oppose any legislation, policies, funding, referenda, and budgets that undermine or circumvent CCAs and impede the ability of SDCP to achieve its mission and goals or its value proposition.

The list of policy positions below is by no means exhaustive. In addition to the general legislative priorities, SDCP takes the following more specific public policy positions:

- I. Governance and Authority
 - a. Oppose legislation that limits the local decision-making authority for CCAs, including rate-setting authority and procurement of energy and capacity to serve their customers.
 - b. Oppose legislation that limits SDCP's ability to effectively serve its customers.
 - c. Support legislation that makes it easier for other cities and counties that are not served by a publicly owned utility to form a CCA, become members of SDCP or other CCAs, and oppose legislation that restricts that ability.

II. Deep Decarbonization

- a. Advocate for and support legislative efforts to accelerate deep decarbonization of the energy sector, transportation and the built environment.
- b. Advocate for and support legislative efforts to support and expand access to transportation and building electrification.
- c. Advocate for and support efforts to ensure flexibility in program design so that local data and local needs directly inform program offerings.
- d. Support state funding for electric vehicle infrastructure grant programs.
- e. Advocate for and support legislative efforts to provide incentives to support communities of concern achieving deep decarbonization.

III. Environmental Justice

- a. Support legislation that supports the ability of communities of concern in the SDCP service area to have affordable, reliable and clean energy.
- b. Support legislation that strengthens the resilience of vulnerable communities to the impacts of climate change.
- c. Support legislation that enables all communities, including emerging and historically marginalized communities in California, to participate in deep decarbonization efforts.
- d. Support legislation that would take into account the concept of social cost of carbon.
- e. Support legislation and initiatives that would reduce local air pollution, reduce other negative local impacts associated with energy production, and boost adoption of distributed energy resources within communities of concern.
- f. Oppose legislation and initiatives that have the potential to disproportionately and negatively impact communities of concern.

IV. Environmental Sustainability

- a. Support legislation and initiatives that increase funding for the creation of sustainable and stable energy supply infrastructure.
- b. Support legislation and initiatives that encourage the conservation of energy resources as well as the development of dynamic load-shifting capabilities.
- c. Support legislation and funding for renewable and advanced energy technology that increase efficient consumption.
- d. Support legislation and funding for pilot energy and resource efficiency programs.
- e. Support legislation and initiatives with the goal of reducing and mitigating the effects of climate change and building local resiliency.

- V. Investor-Owned Utility (IOU) Charges and Exit Fees - Power Charge Indifference Adjustment (PCIA)
 - a. Support efforts that seek to eliminate exit fees including the PCIA or wind down exit fees within a reasonable time frame.
 - b. Support efforts to minimize the cost of the PCIA generally and minimize its impact on SDCP's rates.
 - c. Support CalCCA efforts to increase the transparency of IOU electricity contracts that provide the basis for PCIA charges.
 - d. Support legislation that would bring stability to the PCIA and/or provide new mechanisms for CCAs to securitize PCIA charges.
 - e. Support legislation that advances ratepayer equity.
 - f. Oppose legislation that would increase or expand exit fees on CCA customers.
- VI. Resource Adequacy
 - a. Support legislation by CalCCA to implement the recommendations from Working Group 3 via statute.
 - b. Oppose legislation that would supplant CCAs' procurement authority for Resource Adequacy.
 - c. Support reform of the CPUC Resource Adequacy program to allow for stability in the resource adequacy value of existing resources.
 - d. Advocate for and support efforts to remove barriers to demand response, microgrids and behind the meter resources to provide Resource Adequacy.
- VII. Nonbypassable Charges
 - a. Oppose legislation that restricts or limits SDCP's ability to procure its own energy products to meet state policy goals.
 - b. Support legislation that promotes a level playing field between CCAs and other market participants.
 - c. Support legislation that enhances the flexibility of CCA programs to support statewide procurement policy and develop and expand programs, local options, and rate design to support SDCP's community and customers.
- VIII. Community Resilience
 - a. Advocate for and support funding for programs implemented by CCAs and their member jurisdictions to increase community resilience to wildfires, public safety power shutoff (PSPS) events and other potential service disruptions.
 - b. Support legislation that reduces barriers to microgrid development by CCAs.
 - c. Oppose legislation that would enable IOUs to be the only developer of microgrids.
 - d. Support legislation that increases development of community-level resources and distributed energy resources that increase resilience and reduce the need for new transmission and distribution infrastructure.

IX. Local Economic Development

- a. Support legislation that is consistent with SDCP's commitment to an inclusive and sustainable workforce.
- b. Support legislation that enhances opportunities for CCAs to promote local economic development through locally designed programs that meet the unique needs of their member agencies, communities, and customers.
- c. Support efforts to enhance development of local and regional sources of renewable energy.
- d. Support legislation that enables CCAs to collaborate with their member jurisdictions on local energy resources and projects to advance environmental objectives.
- e. Advocate for and support efforts to direct federal economic stimulus/recovery funding to CCAs to deliver local energy resources and projects, as appropriate.

X. California Energy Market Structure

- a. Oppose legislation that expands direct access or the ability or economic incentives for electric service providers to selectively recruit CCA or IOU customers.
- b. Support legislation that would create renewable content and environmental standards for electric service providers to match the products offered by CCAs.
- c. Support legislation that changes California's market structures towards innovative models that reduce costs of energy service and support the expansion of carbon-free resources.
- d. Support legislation that advocates for equitable and timely data access/sharing between the IOUs, CCAs and other LSEs to support accurate and timely load forecasts, which aid in overall statewide grid reliability and resiliency efforts.

XI. Finance

- a. Support legislation that enhances the financial standing of CCAs and their ability to receive a positive credit rating.
- b. Oppose legislation that reduces or removes the tax-exempt status of municipal bonds.
- c. Oppose any legislation that would divert CCA revenues to the State or other governmental entities.

XII. Educational, Neighborhood and Social Services

- a. Support legislation that aids or helps to fund SDCP to provide energy support services, education, and opportunities for reducing energy costs to people who are low-income, seniors, veterans, and/or people with disabilities.
- b. Support legislation and initiatives that increase funding for energy efficiency, demand response, solar plus storage, and transportation electrification programs, and energy literacy services.

Professional Services Agreements

The following key professional services agreements are integral to the performance of the Power Services team:

- External Counsel \$500K
- Newgen Strategies \$250K
- Federal Lobbyist \$150K
- State Lobbyist \$150K
- Additional general consultant support \$120K

Based on our review, the professional services budget requests are reasonable. To date, SDCP used Tosdal for its external counsel service needs, however, given the termination of the agreement and the reduced number of staff we believe the \$500,000 budget is reasonable. Further, we support the additional potential consultant support of \$120,000 to provide further support as we use new external counsel and train new staff who will likely not be directly familiar with SDCP. All other professional service support is in line with prior year spending.

Key Metrics

The Regulatory and Legislative Affairs team proposes the following metrics for budget tracking:

- Ensure the the power procurement team is not unduly hindered by state mandates to buy particular resources, by lobbying against central procurement and other proposals
- Ensure that ratemaking autonomy is not infringed upon via mandates by state agencies to offer certain types of rates to customers
- Ensure that the programs department has flexibility in offering the types of programs it would like to offer to customers and also possibly has outside funding for these programs.

The Regulatory and Legislative Affairs team is successful when we are able to retain procurement, programs and ratemaking autonomy for SDCP. The Regulatory and Legislative Affairs team will also aim to secure federal funding for member agencies or programs, though there is no guarantee our efforts will result in funding. Legislative efforts that we are engaging on are posted on our website, including bills we send position letters on and the status of those bills.

Department Highlights

- Plans to support legislative efforts at the local grassroots level with organizing and outreach to local elected officials to support legislative efforts.
- Monitoring the dynamic regulatory and legislative proceedings that have major impact on SDCP operations.
- Line items for External counsel at \$500K and Consultant Support at \$120K are included whereas in FY23 these items totaled \$314K. Given staffing shortages and consultant turnover with Tosdal, these budget requests seem reasonable.
- Four new positions are included, two senior managers and two senior analysts. If these positions are approved, as they are onboarded, we recommend examining professional services contract spend for a proportional reduction in burn ate.

Department Positions

	FY23 Actual	FY24 Proposed
Regulatory and Legislative Affairs	2.0	4.0

TABLE 15: REGULATORY AND LEGISLATIVE AFFAIRS POSITIONS

Department Organizational Structure

Regulatory and Legislative Affairs
LAURA FERNANDEZ
STEPHEN GUNTHER

FIGURE 25: REGULATORY AND LEGISLATIVE AFFAIRS ORGANIZATIONAL STRUCTURE



Human Resources

Mission and Services

The Human Resources department serves as a key business partner and peer to the management team in leading and creating initiatives, systems, and best practices to recruit, develop, and train a diverse and high-performing workforce and build an organizational culture that supports advancement of our mission and strategic plans.

The department reviews and refreshes the core human resource functions including hiring processes, onboarding, and performance management. The department works with management to ensure that benefits administration is carried out timely in coordination with our benefit partners, (e.g., Paychex Payroll services, Empower retirement plan platform, risk management.)

Lead Culture Cultivator

- Collaborates with leadership and staff to build a positive team culture environment where HR and business activities are guided by our principles: Justice, Equity, Diversity, and Inclusion (JEDI); and values: Impact, Integrity, Innovation, Servant Leadership, and Togetherness.
- Identifies JEDI training opportunities and potential outreach partnership programs with resources in the San Diego County area to generate knowledge and interest about SDCP employment opportunities and learning community resources that may be beneficial to HR and SDCP programs. As an example, this may include networking with community colleges to build internship opportunities.

General Administrator of HR Systems & Staff

- Understands, interprets, and shares relevant labor laws and public agency administration and ensure all people processes, policies, and actions comply with these laws.
- Administers all HR systems with internal support from Finance and SDCP's IT Service provider as needed.
- Reviews current HR systems and explore, and ultimately implement, new systems based on organizational needs. Review current vendor performance, services and contracts as the organization grow to support HR/HRIS reporting, onboarding, group health benefits, risk management/Workers' Compensation, training platforms or training consultants, and staffing/recruiting consultants to identify partners who work to support SDCP organizational needs and objectives.

Candidate Recruitment, Hiring, and On-Boarding

- Develops and implement targeted recruitment strategies to ensure a robust and diverse applicant pool for all openings.
- Manages the hiring process to ensure consistency across departments and appropriate communication among program, administrative, and fiscal staff.
- Provides on-boarding services and agency orientation to all new staff members and ensure department and/or program level orientations are standardized and effective. Onboarding program will be in partnership with the Hire Managers and executives to insure an effective and welcoming introduction. Onboarding is a SDCP team program.

Professional Development and Performance Management

- Trains, coaches, and supports managers to navigate evaluation, training, promotion, discipline, termination, and other HR issues.
- Collaborates with managers to update job descriptions across the agency and implement a system for regular review and revision to descriptions.
- Designs and implement an enhanced performance management tool and process for the exchange of employee feedback and evaluation.
- Develops internal staff trainings and identify relevant available external trainings such as required Respectful, Inclusive workplace and harassment prevention. Leadership development tactics are a key development program need.

Professional Services Agreements

The following key professional services agreements are integral to the performance of the Human Resources team:

- Futura Energy Group \$215K
- A-Star Staffing \$40K
- HR Professional \$40K

Based on our review, use of Futura Energy Group, A-Star Staffing and HR Professional are justified based on recent establishment of an internal Human Resource department. Additionally, it is pertinent to note the Board wants SDCP to attempt to reduce PSAs and internalize services. Given the short amount of time since the HR department has been established, it is necessary to keep PSAs until transition is complete.

Key Metrics

The Human Resource Department proposes the following metrics to track budget performance in the upcoming year.

“Talent acquisition forecasting. Overall operating budget metrics until those are removed.” – Director

The Finance Department recommends using a cost per new hire and retention as a KPI. Savings could be realized in prevention employee turnover.

Department Highlights

- In FY24 SDCP will have an internal Human Resources team for the first time since conception.
- HR department will manage SDCP employee benefits, hiring and general administration of staff, including Board and CAC Members.
- SDCP will review Futura Energy Group contract regarding professional services or potential in housing of services. This is the largest professional service contract for HR.

Department Positions

	FY23 Actual	FY24 Proposed
Human Resources	2.0	3.0

TABLE 13: HUMAN RESOURCES POSITIONS

Department Organizational Structure

Human Resources
CHANDRA PUGH
CHARLENE HOFFMAN

FIGURE 16: HUMAN RESOURCES ORGANIZATIONAL STRUCTURE

Budget by Level 2 and Level 3



Budget by Level 2 and Level 3

Operating Revenue

SDCP's sole source of revenue currently is from the retail sale of electricity to its customers. Revenue budgeted for FY 2023-24 reflects a full fiscal cycle of retail sales to our commercial and industrial customer base as well as for the majority of the residential customer base.

- Additional assumptions for net operating revenue include:
- Enrollment of customers is substantially complete from member jurisdictions in Phases 1, 2, 3 and 4.
- 95% participation rate across all jurisdictions.
- A 4% uncollectible rate which is an increase from the 1% uncollectible rate assumed in all other prior budgets.
- Trifurcation of rates continues to ensure a fair, equitable, and balanced rate structure across customers with differing vintage years.
- Rates remain at the levels adopted by the Board on January 23, 2023, from July 2023 through December 2023 and are reduced from January 2024 to June 2024. A rate reduction, however, is subject to Board approval.

TABLE 16: OPERATING REVENUE BY BUDGET LEVEL 2 AND LEVEL 3

	FY23 Amended	FY24 Proposed
Gross Ratepayer Revenues	939.2	1,346.3
(Less 4% Uncollectible Customer Accounts) ²	(9.4)	(53.9)
Net Operating Revenues	929.8	1,292.5

Amounts displayed in millions, \$

² Uncollectible accounts were budgeted at 1% in FY23

Cost of Energy

Cost of Energy includes all the various services purchased from the power market through our suppliers. This includes purchased energy, capacity, CAISO fees and other miscellaneous power market expenses.

TABLE 17: COST OF ENERGY BY BUDGET LEVEL 2 AND LEVEL 3

	FY23 Amended	FY24 Proposed
Cost of Energy	738.8	948.5
Cost of Energy	738.8	948.5

Amounts displayed in millions, \$



Professional Services and Consultants

Professional Services and Consultants include SDG&E fees, data management fees from Calpine, technical support (for rate setting, load analysis, energy scheduling, etc.), legal/regulatory services and other general contracts related to IT services, audits and accounting services.

- **Legal/Regulatory Services** – SDCP retains legal counsel to assist with the complex aspects of the regulatory, compliance, power supply contract negotiations as well as its general legal needs. This line item will also allow for the retention of both a state and federal lobbyist to support SDCP’s legislative and regulatory efforts.
- **Technical Support** – SDCP engages consultants to assist with rate setting, policies, joint rate comparisons with the IOU, load analysis, and a scheduling coordinator. After electric power is scheduled for delivery to customers and ultimately consumed by those customers, the actual electric consumption must be trued up against the forecasted and scheduled energy. This true-up occurs through the settlement process. Settlements also entail addressing a number of other market and regulatory requirements. As SDCP grows its internal staff, it will look to in-house portions of this service.
- **Other Services** – SDCP contracts or plans to contract for IT Services, Audit services (data and financial), Accounting services, and other services as needs. SDCP continues to examine if these services are more cost effective or efficient to bring in-house and, in particular, SDCP is growing its IT function in house and expecting a reduction in its IT Services professional services agreement.
- **SDG&E Service Fees** – Service fees paid to SDG&E consist of a charge of a fixed fee per account per month. The rollout of all enrollment phases add significant costs compared to FY 2023-24. The fees cover SDG&E’s costs associated with meter reading additional data processing and bill coordination as mandated and regulated by the California Public Utilities Commission (CPUC). There are also numerous small fees associated with data requests.
- **Data Management** – Broad scope of services that includes all “back office” billing data validation, bill coordination with SDG&E, call center services and billing technical support, customer enrollment database management, move- in/move-out services, customer research for enrollment support, and many support functions related to data reporting. With full enrollment from all phases, the cost for Data Management will be higher compared to prior fiscal years.

TABLE 18: PROFESSIONAL SERVICES AND CONSULTANTS BY BUDGET LEVEL 2 AND LEVEL 3

	FY23 Amended	FY24 Proposed
Data Management	10.5	13.5
SDG&E Fees	2.6	4.0
Technical Support	1.3	1.4
Legal/Regulatory	1.3	2.2
Other Services	1.1	1.1
Programs Consultant	0.2	0.0
Broker Fees	0.0	0.0
Contingency	0.0	0.0
Professional Services and Consultants	17.0	22.2

Amounts displayed in millions, \$

Personnel Costs

Personnel costs include salaries, payroll taxes, benefits, and excused absence and paid time off for staff. In addition, costs include assumptions from the Board adopted compensation policy including potential merit and cost-of-living increase.

The recruitment strategy includes the addition of approximately 23 new staff members during the FY 2023-24 budget cycle growing the agency to 59 total staff.

TABLE 19: PERSONNEL COSTS BY BUDGET LEVEL 2 AND LEVEL 3

	FY23 Amended	FY24 Proposed
Salaries	5.9	10.4
Benefits (retirement/health)	1.1	2.0
Payroll Taxes	0.4	0.7
Accrued PTO	0.1	0.1
Contingency	0.0	0.0
Personnel Costs	7.5	13.1

Amounts displayed in millions, \$

Marketing and Outreach

Marketing and Outreach includes expenses for mandatory rate mailers, communication consultants, mailers, printing, sponsorships, and partnerships to inform the community of SDCP. Marketing and outreach are further broken down into the below Budget Level 3 categories:

Communications Consultants – An important focus of SDCP is ensuring the community is informed about SDCP and that we build professional-level name recognition, trust, and education. This also covers the design of all required notifications sent out to customers, opt-out procedures, rate comparisons, as well as other notices or educational or marketing information.

Notices, Mailers, Printing and Sponsorship – In addition to required noticing, SDCP performs outreach to educate the community of the benefits of community choice and to encourage awareness of our mission. This will come in the form of media advertising, sponsorships of community events and organizations, mailers, as well as targeted customer communications.

TABLE 20: MARKETING AND OUTREACH BY BUDGET LEVEL 2 AND LEVEL 3

	FY23 Amended	FY23 Proposed
Printing	2.4	1.4
Sponsorships/Local Memberships	1.2	1.0
Communications Consultants	0.6	0.6
Notices and Mailers (moved to Printing)	0.0	0.0
Pilot City Member Grants (moved to Programs)	0.0	0.0
Marketing and Outreach	4.1	3.0

Amounts displayed in millions, \$

General and Administration

General and Administration costs include leasing office space, industry fees or memberships (e.g., CalCCA dues), equipment and software, as well as other general operational costs including Board and Committee expenses, Board stipends, staff travel or professional development, team building, etc.

TABLE 21: GENERAL AND ADMINISTRATION BY BUDGET LEVEL 2 AND LEVEL 3

	FY23 Amended	FY24 Proposed
Other G & A	1.3	7.0
Cal CCA Dues	0.4	0.4
Rent	0.2	0.4
Insurance	0.0	0.0
General and Administration	2.0	7.9

Amounts displayed in millions, \$



Programs

Programs includes funding for general and administrative support for all program areas including services such as geographic information systems (GIS) mapping grant-writing support, etc. Moving forward, individual program costs will be moved to SDCP’s Capital Investment Program (CIP).

TABLE 22: PROGRAMS BY BUDGET LEVEL 2 AND LEVEL 3

	FY23 Amended	FY24 Proposed
Programs	0.7	0.0
Programs	0.7	0.0

Amounts displayed in millions, \$



Debt Financing



Debt Financing

Credit Facility

On January 23, 2023, the SDCP Board approved a new credit to implement a new line of credit of \$150,000,000 from a JP Morgan credit facility.

The Credit Agreement with JP Morgan provides for a \$150 million multi-use revolving line of credit (LOC). This increased SDCP credit facility is up to a 5-year term from the date of renewal. The funds are available for general corporate purposes with a limit of \$50 million in funds for LOCs, and with a limit of \$100 million for collateral postings and postings for the provider of last resort collateral requirements. Should SDCP require additional credit, SDCP can reallocate the portion available for general corporate purposes to LOCs.

SDCP does not anticipate needing to use its credit facility to finance operations in FY 2023-24 but does expect to maintain a \$37.53 million balance throughout FY 2023-24.

Year ended June 30, 2024	Beginnings	Additions	Payments	Ending
Bank note payable	37.5	-	-	37.5
Loans payable	-	-	-	-
Total	37.5	-	-	37.5

Amounts displayed in millions, \$

Debt Considerations

The SDCP Board has taken several important steps to potentially achieve an investment-grade credit rating which include, among many items:

1. Developing a Reserve Policy to increase liquidity;
2. Establishing and funding an Operating Reserve;
3. Adopting strategic goals that build to 180-days cash on hand, ultimately leading to an investment-grade credit rating;
4. Approving rates effective February 1, 2023 that potentially allows SDCP to achieve 180-days cash on hand in calendar year 2023.

After an investment-grade credit rating is achieved, SDCP will have an enhanced ability to issue tax-exempt or taxable bonds to finance ownership in energy generation or energy storage asset. Direct asset ownership may provide the opportunity for SDCP to control energy cost.

SDCP's ability to issue tax-exempt debt to finance an ownership interest in a generating or storage facility is a distinct advantage over investor-owned utilities and direct access providers. There are no specific asset purchases currently under consideration by staff.

The Debt Policy enables SDCP to issue bonds which will ultimately be subject to Board approval as a separate action. The Debt Policy will help SDCP take advantage of ownership opportunities that may arise especially in conjunction with state or federal funding that might be available, for example, through the federal Inflation Reduction Act of 2022. To date, SDCP has not issued debt.

The Debt Policy articulates:

1. The situations and steps necessary for the issuance of debt;
2. The types of debt that may be issued; and
3. How the debt fits into SDCP's strategic plan and potential capital investment program.

Permitted Debt Types

SDCP may legally issue both short-term and long-term debt, through either a direct loan or through the public market, using the debt instruments described below.

Long-Term Debt	Short-Term Debt	Variable Rate Debt	Refunding Debt
<ul style="list-style-type: none"> ➤ Finance capital expenditures ➤ Structured within expected useful life 	<ul style="list-style-type: none"> ➤ Interim funding pending long-term debt ➤ Maturity generally less than 7 years 	<ul style="list-style-type: none"> ➤ Long-term variable rate debt as needed 	<ul style="list-style-type: none"> ➤ Refinance bonds ➤ Achieve debt service savings ➤ Restructure debt service payments ➤ Modify covenants ➤ Reduce exposure to counterparties

FIGURE 26: SDCP'S PERMITTED DEBT TYPES

The Debt Policy also includes sections to:

1. Facilitate decision making;
2. Establish basic parameters and principles; and
3. Other aspects to guide future Boards, staff and consultants.

The SDCP debt policy additionally includes additional requirements as follows:

- **Green Bonds:** To the extent possible, SDCP bond issuances shall be green bonds. A green bond is a type of fixed-income instrument that is specifically earmarked to raise money for climate and environmental projects.
- **1.5x Max Annual Debt Service:** While the specific formulation of the Additional Bonds Test may vary depending on the type of bonds being contemplated, the SDCP will utilize an Additional Bonds which establishes a limitation on new issuances such that the pledged revenues are no less than one and a half times (1.5x) the maximum annual principal and interest and debt service for the aggregate outstanding senior lien bonds including the debt service for the new issuance.
- **5% Annual Debt Service Limit:** The Agency will also seek to maintain aggregate annual debt service on long-term debt at a level not-to-exceed 5% of the Agency's annual total operating expenses. The actual terms and conditions specific to each debt issue will be controlled by the applicable documents.



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Financial Policies



Financial Policies

Budget Policy

Subject: Budget Policy

Purpose: This policy (“Policy”) establishes San Diego Community Power’s (SDCP’s) timeline for annual budget preparation and for discretionary budget adjustments. This Policy is adopted pursuant to Government Code Section 6508 et seq. and must be adopted or amended by resolution.

Budget Guidelines:

On October 1, 2019, the Founding Members of SDCP adopted the Joint Powers Agreement (JPA) which was amended and restated on December 16, 2021. There are several sections of the JPA that guide the development and management of the budget.

- **Section 4.6 Specific Responsibilities of the Board.** 4.6.2 Formulate and adopt an annual budget prior to the commencement of the fiscal year.
- **Section 7.2 Depository.** 7.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures.
- **Section 7.3 Budget and Recovery Costs.** 7.3.1 Budget. The initial budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of SDCP shall be prepared and approved by the Board in accordance with its fiscal management policies that should include a deadline for approval. Section 4.6.2 of the JPA specifies that the SDCP Board of Directors (Board) shall adopt an annual budget with a fiscal year that runs from July 1 to June 30.

Budget Preparation: The Chief Financial Officer (CFO) begins the annual budget process in February of any given year. The Finance department develops initial revenue and expense estimates and updates its short-term financial plan. In March and April, SDCP staff develop and refine budget proposals to develop an initial budget baseline for the Agency for the upcoming budget year. The budget is further refined through strategic planning sessions and through the SDCP Finance and Risk Management Committee.

The CFO will then be required to prepare and submit to the SDCP Board of Directors (Board) a draft proposed budget for the next following fiscal year in May, or no later than the second month immediately preceding the start of the respective fiscal year. The budget shall be in alignment with established goals and shall reflect all activities including operating programs, revenues, and expenditures. The budget shall be approved by the Board at a public meeting in June, or no later than the month immediately preceding the start of the respective fiscal year.

CEO and CFO Authority: The Chief Executive Officer (CEO) or CFO will have the discretion to authorize expense transfers from line items between and within SDCP’s budget level 2 categories as established and approved in the annual budget process by the SDCP Board, provided that net transfers total \$150,000 or less from the budget category.

For example, within the Professional Services and Consultants budget level 2 category, the CFO may authorize that \$150,000 move from the Data Management to the Technical Support budget level 2 categories, provided that the total Professional Services and Consultants budget level 2 category remains the same.

Table 1. Example - Expense transfers within budget level 2 categories

Professional Services and Consultants	FY23 Original Budget	FY23 Amended Budget	Change
Data Management	\$ 10,541,810	\$ 10,391,810	\$(150,000)
Legal/Regulatory	\$ 1,330,000	\$ 1,330,000	\$ -
Other Services	\$ 1,111,000	\$ 1,111,000	\$ -
SDG&E Fees	\$ 2,563,226	\$ 2,563,226	\$ -
Technical Support	\$ 1,335,000	\$ 1,485,000	\$ 150,000
Total Prof. Svcs. Expenses	\$ 16,881,036	\$ 16,881,036	\$ -

Additionally, for example, the CEO may authorize that \$150,000 move from the Professional Services and Consultants to the General Administration budget level 2 categories.

Table 2. Example - Expense transfers between budget level 2 categories

Budget Level 2	FY23 Original Budget	FY23 Amended Budget	Change
Cost of Energy	\$ 661,638,828	\$ 661,638,828	\$ -
General and Administration	\$ 2,591,363	\$ 2,741,363	\$ 150,000
Marketing and Outreach	\$ 4,164,167	\$ 4,164,167	\$ -
Personnel Costs	\$ 7,951,499	\$ 7,951,499	\$ -
Professional Svcs. and Consultants	\$ 16,881,036	\$ 16,731,036	\$(150,000)
Programs	\$ 1,395,000	\$ 1,395,000	\$ -
Debt Service	\$ 1,314,922	\$ 1,314,922	\$ -
Total Budget Level 2	\$ 695,936,815	\$ 695,936,815	\$ -

The CEO under his or her discretion may still require approval of the Board for any budget changes that may fall under the discretion of the Policy. Amendments to the annual budget as approved by the Board will reset the original appropriation (revenue or expense) for the fiscal year for the purposes of the Policy.

Balanced Budget: A balanced budget shall exist when the total projected revenues are greater than or equal to total projected expenses. Total revenues shall include all revenues from retail and wholesale sales of electricity. Total expenses shall include all operating expenses, program expenses, and contributions to reserve funds. Any year- end surplus will be used to maintain reserve levels. Any decrease in revenues and or increase in expenditures that causes the budget to become imbalanced will require an amended budget. The CFO shall prepare a proposed amended budget and submit to the Board for approval.

Financial Reserves Policy

Subject: Financial Reserves Policy

Purpose: San Diego Community Power (SDCP) will maintain Financial Reserves as described in this policy to:

- Meet SDCP's strategic objectives
- Secure favorable terms with vendors, including power producers
- Secure a standalone investment grade credit rating
- Provide funds to cover unanticipated expenditures

Policy Guidelines: SDCP will allocate up to 15% of gross revenue annually toward building an Operating/Working Capital Reserve equivalent to 90 days of total operating expenses (including power supply expenses) to be held as unrestricted cash. Unrestricted cash is defined as total cash less restricted cash held in accounts that are restricted from use due to collateral requirements or by covenant requirements. SDCP will establish rates and adopt budgets that provide for a growing Operation/Working Capital Reserve that meets the above target funding levels.

Fund Balance Review: The fund balance and annual contributions will be reviewed on an annual basis as part of SDCP's budget process. The fund balance will also be reviewed at the completion of SDCP's annual audit to reconcile the fund balance.

Exceeding Target Fund Balance: If reserve funds exceed target levels, the Board may use excess funds for capital projects, financing programs, paying down existing debt, rate reductions, or other strategic purposes.

Conditions for Use of Reserves

- For purposes of this policy, the "use of reserves" is defined as a projected or estimated reduction in the amount of the Operating/Working Capital Reserve by the end of a fiscal year below the sum of the balance of the Operating/Working Capital Reserve at the commencement of the fiscal year plus the projected addition to the Operating/Working Capital Reserve in the budget for the current fiscal year.
- Temporary reductions in the Operating/Working Capital Reserve for cash flow purposes to even out the expected peaks or dips in revenues and expenditures are normal cyclical occurrences to be expected during the fiscal year, and do not constitute a use of reserves. Transfers to and from the Operating/Working Capital Reserve to account for such temporary cash flow fluctuations is within the discretion of the CFO.
- The CEO will have the discretion to authorize the use of reserves during the fiscal year up to the lesser of 10% of the year's total budgeted cost, or \$40 million, for the following purposes:

1. Cover increases in power supply expenses due to spikes in costs and/or due to higher customer demand;
 2. Provide necessary funds to make up for unanticipated revenue shortfalls;
 3. Meet any margin or collateral posting requirements under energy supply contracts; and
 4. Provide resources to meet emergency expenditures.
- If further use of reserves are necessary or desirable to manage the operations of SDCP, the CEO must present recommendations to the Board and the Board must authorize such use.
 - Any use of the reserves under the CEO's authority shall be reported to the Board at the next regularly scheduled meeting.

Policy Review: SDCP staff will complete a review of this Financial Reserve Policy annually to ensure that the policy meets the needs of the organization.



Procurement Policy

Purpose

It is in the interest of San Diego Community Power (“SDCP”) to establish administrative procurement practices that facilitate efficient business operations and provide fair compensation and local workforce opportunities whenever possible within a framework of high quality, competitive service offerings.

Policy

1. Procurement of Professional Services

SDCP may contract for professional services, including but not limited to consultant, legal, or design services, in its sole discretion. SDCP shall procure professional services in compliance with the Competitive Procurement Requirements in Section 5 of this Policy. SDCP shall endeavor to secure the highest quality professional services available and is not required to award a contract for services to the lowest proposer.

2. Procurement of General Services

SDCP may contract for general services, including but not limited to cleaning or maintenance services, in its sole discretion. SDCP shall procure general services in compliance with the Competitive Procurement Requirements in Section 5 of this Policy. Although SDCP shall not be required to award to the lowest proposer, SDCP staff shall seek to procure general services at the lowest costs.

3. Procurement of Supplies

SDCP shall procure supplies in compliance with the Competitive Procurement Requirements in Section 5 of this Policy. Although SDCP shall not be required to award to the lowest proposer, SDCP staff shall seek to purchase supplies at the lowest costs. SDCP is encouraged to jointly procure supplies with other governmental agencies to obtain the lowest cost when possible. In the event one or more SDCP employees are designated as purchasing agents, those individuals shall be included in SDCP’s Conflict of Interest Code as persons who must file an annual statement of economic interest.

4. Procurement of Public Works Projects

SDCP shall comply with California Public Contract Code Section 20160 *et seq.* and other applicable laws and regulations when procuring public projects in excess of \$5,000. For purposes of this section, a “public project” shall have the same meaning as defined in Public Contract Code Section 20160, and includes, among other things, projects for the erection, improvement, painting, or repair of public buildings and works.

5. Competitive Procurement Requirements

- a. Formal Bidding. SDCP shall issue a request for proposals (RFP), a request for qualifications (RFQ), or similar competitive instrument for the purchase of goods or services in excess of \$125,000 in any given contract year or term. Proposals shall be evaluated in accordance with Section 7 of this Policy. These contracts are subject to Board approval before final execution.
- b. Informal Bidding Procedures.

- i. For contracts valued between \$50,000 and \$124,999.99, staff shall solicit informal written proposals from at least three providers, if feasible. An informal written proposal consists of a written proposal that includes the provider's name, address, phone number, professional license number (if applicable), the work to be performed, and the amount of the proposal. A written proposal may be in an electronic format.
 - ii. For contracts valued between \$10,000 and \$49,999.99, staff shall solicit informal verbal proposals from at least three providers. Staff shall note the three verbal proposals by including the provider's name, address, phone number, and amount of the verbal proposal in SDCP's records.
 - iii. For contracts valued at less than \$10,000, no formal or informal proposals shall be required, but SDCP staff is directed to seek the lowest cost supplies and the highest quality services available.
 - iv. The Chief Executive Officer ("CEO"), at his or her discretion, may direct that SDCP solicit competitive procurements through the formal bidding process for contracts under \$125,000.
- c. General Provisions. The provisions below shall apply to all methods of procurement described above.
- i. When procuring goods and services utilizing state or federal funds (e.g., grant or loan funds), SDCP shall comply with all state or federal project requirements in securing any goods or services necessary. If there is conflict between the foregoing, the more restrictive requirements shall apply.
 - ii. SDCP shall not be required to award a contract to purchase goods or services from the lowest responsible bidder, unless required by California law.
 - iii. No SDCP officer or employee shall split purchases into more than one purchase in order to avoid the Competitive Procurement Requirements in this Policy.
 - iv. No SDCP officer or employee shall accept, directly or indirectly, any gift, rebate, money or anything else of value from any person or entity if such gift, rebate, money or anything of value is intended to reward or be an inducement for conducting business, placing orders with, or otherwise using the officer's or employee's position to secure a contract with SDCP.
- d. Exceptions to Competitive Procurement Requirements.
- i. The Board of Directors may, consistent with applicable law, waive one or more purchasing procedures in this Policy and/or use sole source procurement in its sole discretion.
 - ii. Based on the unique facts or circumstances described below and a written justification retained in SDCP's records, the CEO, after consultation with the General Counsel, may waive one or more purchasing procedures in this Policy and/or use sole source procurement if the CEO determines that the best interests of SDCP are served; provided, however, that such method is not in violation of applicable law or policy.

Sole source purchasing is authorized when the goods or services contemplated are capable of being supplied or performed by a sole provider, such as the holder of an exclusive patent or franchise, for purchase of unique or innovative goods or services including but not limited to computer software and

technology, or for purchases of goods or services when there is a demonstrated need for compatibility with an existing item or service. Sole source procurement may also be utilized when it is apparent that a needed product or service is uniquely available from the source, or for all practical purposes, it is justifiably in the best interest of SDCP to utilize sole source procurement. The following factors shall not apply to sole source procurements and shall not be included in the sole source justification: personal preference for product or vendor; cost, vendor performance, or local service (this may be considered an award factor in competitive procurements); features that exceed the minimum requirements for the goods or services; explanation of the actual need and basic use for the equipment, unless the information relates to a request for unique factors.

- iii. No competitive procurement shall be required for goods or services valued at less than \$10,000 in any one contract term or contract year.
- iv. No competitive procurement shall be required to rent or lease equipment.
- v. Competitive procurement shall not be required when the contract, goods or services will be provided by another governmental agency. SDCP can rely on the competitive procurement process provided by another governmental agency, provided that such agency's procurement is in compliance with California law.
- vi. In the event of an emergency, the CEO may suspend the normal purchasing and procurement requirements for goods and services related to abatement of the impacts or effects of the emergency.

6. Signing Authority:

SDCP's CEO and designated staff are authorized to execute contracts and related documents in accordance with SDCP's Delegated Contract Authority Policy.

7. RFP/RFQ Issuance and Proposal Evaluation

- a. Proposals received through formal bidding procedures shall be subject to a set of criteria and a scoring system, reviewed and evaluated by relevant SDCP staff and an evaluation committee selected by the CEO or, at the discretion of the Board, members of a designated Board committee. Proposals received shall be evaluated based on competency to perform the scope of work, best fit, price competitiveness, compliance with subsections i (San Diego County Preference) and ii (Other Preferences) below, and other additional criteria added pursuant to SDCP's Inclusive and Sustainable Workforce Policy. The preferences below may not apply to procurements conducted jointly with other public agencies, and shall not apply when prohibited by state or federal statutes or regulations that require award to the lowest responsible bidder. Proposers may only pursue two of the four preferences.
 - i. Businesses with office(s) located in San Diego County and include at least 25% San Diego County residents under their employment shall receive a bonus of up to 5 points or 5% out of a 100-point scoring system in competitive solicitations. To receive the preference, a proposer must submit written information relating to the location of its office(s) in San Diego County and the percentage of San Diego County residents under its employment.
 - ii. Businesses certified as disabled veteran business enterprises as by the Supplier Clearinghouse (thesupplierclearinghouse.com) shall receive a bonus of up to 5 points or 5% out of a 100-point scoring system in competitive solicitations. To receive the preference, a proposer must submit proof of current, valid

certification by the Supplier Clearinghouse. Such proof shall be subject to verification by SDCP.

- iii. Businesses certified as a Persons with Disabilities business enterprise by the Supplier Clearinghouse or Disability:IN shall receive a bonus of up to 5% or 5 points out of a 100 point scoring system in competitive solicitations. To receive the preference, a proposer must submit proof of current, valid certification by the Supplier Clearinghouse or Disability:IN. Such proof shall be subject to verification by SDCP.
- iv. Businesses certified as small business by the Department of General Services shall receive a bonus of up to 5% or 5 points out of a 100-point scoring system in competitive solicitations. To receive the preference, a proposer must submit proof of current, valid certification by the Department of General Services. Such proof shall be subject to verification by SDCP.

- b. SDCP is committed to the highest standards of responsible behavior and integrity in all of its business relationships. SDCP will consider a company's business practices, environmental record, and commitment to fair employment practices and compensation in its procurement decisions.

8. Nondiscrimination Contract Clause

Each SDCP contract and subcontract shall contain a nondiscrimination clause that reads substantially as follows:

Contractor shall not discriminate on the basis of race, gender, gender expression, gender identity, religion, national origin, ethnicity, sexual orientation, age, or disability in the solicitation, selection, hiring, or treatment of subcontractors, vendors, or suppliers. Contractor shall provide equal opportunity for subcontractors to participate in subcontracting opportunities.

9. Information on Supplier Diversity

Public Utilities Code Section 366.2(m) requires certain community choice aggregators, including SDCP, to annually submit to the CPUC: (1) a detailed and verifiable plan for increasing procurement from small, local, and diverse business enterprises; and (2) a report regarding its procurement from women, minority, disabled veteran, and LGBT business enterprises.

General Order 156 (GO 156), adopted by the California Public Utilities Commission (CPUC), requires certain California public utilities to engage in outreach activities and meet specific procurement goals from women, minority, disabled veteran, persons with disabilities, and LGBT business enterprises. Qualified businesses become GO 156 certified through the CPUC and are then added to the GO 156 Supplier Clearinghouse database (www.thesupplierclearinghouse.com).

To assist SDCP with its reporting obligations under Public Utilities Code Section 366.2(m) and with evaluating its supplier outreach and other activities, proposers that are awarded the contract will be asked to voluntarily disclose their certification status with the CPUC Clearinghouse, as well as their efforts to work with diverse business enterprises, including WBEs, MBEs, DVBES, and LGBTBES.

Except as otherwise expressly provided under this Policy and/or required by applicable state or federal law or funding requirements (including, without limitation, any grant or loan conditions), SDCP shall not use any demographic information received from potential vendors in any way as part of its decision-making or selection process. Rather, SDCP will use such information solely for compliance with its reporting obligations to the CPUC and evaluation of SDCP's outreach and other activities consistent with applicable law. Pursuant to Article I, Section 31 of the California Constitution, SDCP shall not discriminate against or give preferential treatment to any individual or

group on the basis of race, sex, color, ethnicity, or national origin except as otherwise allowed therein.

10. Procurement of Power and Energy Attributes

SDCP must secure sufficient power resources and energy attributes to serve its customers, comply with State law, and meet SDCP's and its member agencies' goals. SDCP has adopted an Energy Risk Management Policy authorizing certain SDCP staff to enter into power purchase agreements and other agreements to secure power and energy attributes. This Procurement Policy shall not apply to the acquisition of power or energy attributes.

11. Review and Approval as to Form by General Counsel

All SDCP agreements must be approved as to the form and content by the General Counsel or his/her designee prior to signature by any authorized individual.



Debt Policy

Subject: Debt Policy

Purpose: This Debt Policy (“Policy”) establishes San Diego Community Power’s (“SDCP”) Debt Policy. The Policy articulates: (1) the situations and steps necessary for the issuance of debt; (2) the types of debt that may be issued; and (3) how the debt fits into SDCP’s capital investment program (CIP), Community Power Plan, integrated resource plan, or strategic policy goals.

This Policy is adopted pursuant to Senate Bill 1029 (Hertzberg, 2016) and Government Code Section 8855 et seq. and must be adopted or amended by resolution. The SDCP Board of Directors (“Board”) is required to adopt a formal Debt Policy before any debt can be used.

Background

The SDCP Board adopts budgets and establishes and adjusts rates, as appropriate, each fiscal year to provide sufficient revenues to pay all operating expenses, make required payments and comply with commitments on all other debts or financial obligations of the Agency.

SDCP is committed to long-term financial planning, maintaining appropriate reserve levels, and employing prudent practices in governance, management, and budget administration. The SDCP Board further adopted its Strategic Plan on June 23, 2022, which included the goal to adopt financial controls and policies to meet or exceed best practices and manage risk.

SDCP utilizes financial policies that foster financial stability, support fiscal discipline, and enable SDCP to maintain strong investment-grade credit ratings.

This Policy confirms the commitment of the SDCP Board, management, staff, advisors and other decision makers to adhere to sound financial management practices, including full and timely repayment of all borrowings, allowing continuing ready access to the capital markets to achieve the most effective cost of capital within prudent risk parameters. The goals and objectives of this Policy are as follows:

- Maintain cost-effective access to capital markets
- Maintain a prudent level of financial risk
- Preserve future financial flexibility
- Finance capital projects, acquisitions, or improvements in a timely and cost-effective manner
- Manage debt effectively within SDCP Board established objectives and parameters
- Maintain strong credit ratings and good investor relations
- Maintain compliance with all relevant laws, reporting, and disclosure requirements
- Foster integrity in the debt management process

Further, this Policy is intended to comply with the regulatory requirements of California Government Code Section 8855 and Senate Bill 1029 which, among many things, requires debt issuers to adopt a local debt policy governing the issuance of debt and to enhance the management of government financial resources.

Scope and Authority

This Policy shall govern the issuance and management of all bonds and other forms of

indebtedness of SDCP, together with any credit, liquidity, or other security instruments and agreements that may be executed in connection with the issuance of bonds and other forms of indebtedness (“bonds” or “debt”). It also considers certain financial targets which SDCP and its Board may contemplate in the future in order to continue to implement its capital investment program and to support cost-effective borrowing.

While this Policy specifically governs debt issued directly by SDCP, SDCP may consider joint arrangements with other municipal issuers or private parties to finance a project when it serves SDCP’s policy objectives. SDCP is authorized to join together with other municipal agencies to create a separate entity, such as a joint powers authority, to issue debt on behalf of SDCP or the project participants. Typically, joint venture debt is repaid through revenues generated by the project, and SDCP will be liable only for its share of debt service, as specified in a contract executed in connection with the joint venture debt. If the potential for a joint venture does exist, SDCP will examine and negotiate the financial arrangements, obligations, liabilities, tax issues and other factors that may arise in the context of impacts on SDCP and its direct debt obligations using this Policy and financial best practices as guidance. SDCP will comply with state law limitations and in general, avoid joint procurement situations if SDCP lends it credit or enhances the credit of another entity, unless doing so will result in other net tangible benefits to SDCP. Further, as with all SDCP debt, any joint venture debt would be subject to evaluation and authorization of the Board.

While adherence to this Policy is generally required, it is recognized that changes in the capital markets, SDCP programs and other unforeseen circumstances may from time to time produce situations that are not covered by the Policy and will require modifications or exceptions to best achieve policy goals. In these cases, management flexibility is appropriate, provided specific authorization from the SDCP Board is obtained.

This Policy shall be reviewed at least annually as described below and presented to the SDCP Board for approval of any changes as appropriate. This Policy will remain in effect as amended or restated in the future by the Board.

Notwithstanding anything in this Policy to the contrary, the failure of SDCP to comply with any provisions of this Policy shall not affect the authorization, validity, or enforceability of any debt or other forms of indebtedness that are otherwise issued in accordance with law.

Use of Debt

To achieve its objectives, SDCP may consider debt financing for the construction, acquisition, rehabilitation, replacement, or expansion of physical assets, including real and personal property, equipment, furnishings, and improvements. Debt may also be issued for other Board-approved needs or for the refunding of prior outstanding debt.

For example, SDCP may consider the use of debt to finance ownership interest in generating or storage assets if it is determined to be a cost-effective alternative to a standard power purchase agreement or if asset ownership may afford synergies between SDCP’S other objectives (e.g., resiliency, GHG free energy, etc.) or additional measurable advantages in terms of operational efficiency.

SDCP, under the direction of the Board, will retain full flexibility in determining the best funding approach on a case-by-case basis.

Types of Debt

Types of bond issuance, further described in the Appendix, include:

- **New Money:** Debt may be incurred to provide for capital financing for future capital expenditures or reimbursement of prior expenditures.
- **Refunding:** Refunding bonds may be issued to realize debt service savings, restructure outstanding debt, modify covenants, or for other debt management purposes. Absent significant non-economic factors, refunding transactions contemplated solely for debt service savings must produce a minimum aggregate net present value debt service savings of at least 3% of the par value of the refunded bonds, calculated using the refunding issue's true interest cost ("TIC") as the discount rate. SDCP will work with its Municipal Advisor ("MA") to assess potential refunding opportunities.

Bonds may be issued as taxable or federally tax-exempt:

- **Tax-Exempt:** Interest received by bondholders of SDCP's bonds issued on a federally tax-exempt basis is exempt from federal income tax, and so typically may be issued at lower interest rates, reducing SDCP's cost of borrowing. Additional interest rate advantages may be available for bank qualified bonds (where SDCP will issue less than \$10 million of tax-exempt bonds in a year). However, SDCP is limited by federal tax law in the uses of tax-exempt bond proceeds and must comply with additional federal tax law requirements during the full term of any bond issue. Uses of proceeds typically require a governmental purpose and must be spent on capital improvements rather than operating expenses. Tax implications include having reasonable expectations for spending proceeds at the time of issuance, limiting private use of financed projects, and complying with arbitrage restrictions on the bond proceeds.
- **Taxable:** Taxable debt's interest is not exempt from federal income tax, and so is typically issued at higher interest rates than tax-exempt debt. However, the IRS restrictions described above do not apply, and so SDCP may wish to use taxable debt in situations where the project or purpose of borrowing may not meet federal tax law requirements. SDCP may also consider taxable tax credit or direct subsidy bonds, such as Clean Renewable Energy Bonds, Qualified Energy Conservation Bonds, etc., that offer lower costs of borrowing to SDCP through the issuance of taxable debt that is supported by federal subsidy payments on the interest expense to SDCP.

Method of Sale

SDCP may choose to issue bonds using either a competitive or negotiated sale process. SDCP may also sell bonds by means of a private placement or direct sale with a financial institution or other accredited investor when this method is expected to result in cost savings or provide other advantages compared to a traditional public offering. SDCP staff will work with its Municipal Advisor to determine the most appropriate method of sale for each issuance. Please see the Appendix for a detailed description of the different methods of sale that SDCP may consider.

Structure and Term

The repayment schedule of a bond issue can vary greatly from one sale to another. The same is true for other debt instruments. SDCP will consider which structures meet SDCP's strategic goals, are cost effective, minimize the new debt's impact on SDCP's overall debt service schedule, future debt capacity, and other factors when deciding how to structure new debt. In addition to debt amortization terms, structuring options may include the addition and procurement of credit enhancement, the establishment of reserves, the use of capitalized interest, and call or redemption

options.

In structuring debt service, SDCP shall consider (1) current and forecasted revenues and any anticipated changes to rates, charges and operating expenses, (2) future borrowing plans, (3) meeting the Credit Considerations described in the next section, and (4) feedback from the Municipal Advisor and rating agencies on a structure's potential impacts to SDCP's credit worthiness. Generally, but not a requirement under this Policy, SDCP prefers level debt service over time. SDCP, consistent with tax law, will not structure debt with a maturity date that materially exceeds the average useful life of the assets or improvements being financed.

Green Bonds

To the extent possible, SDCP bond issuances shall be green bonds. A green bond is a type of fixed-income instrument that is specifically earmarked to raise money for climate and environmental projects. These bonds are typically asset-linked and backed by the issuing entity's balance sheet, so they usually carry the same credit rating as their issuers' other debt obligations.

Credit Considerations

When SDCP issues debt, the Agency will have to execute certain bond documentation and agreements (herein generally referred to as 'indentures') that will bind SDCP to specific terms or requirements. Generally speaking, SDCP will agree to abide by certain covenants written in the indenture which describes in detail the obligations and responsibilities of SDCP and the rights of the bondholders which are designed to protect bondholders by setting standards by which SDCP agrees to comply. These types of covenants may require SDCP to meet certain requirements or, conversely, may forbid SDCP from undertaking certain activities that would jeopardize SDCP's ability to repay its debt. An indenture defines SDCP's contractual obligations and determines the parameters of SDCP's permissible financial behavior.

The incorporation of effective bond covenants into SDCP's future bond issues and respective documentation signal a commitment to abide by stated financial and operating parameters over the long-term and contribute towards SDCP's ability to maintain strong financial health. Credit ratings are ultimately statements about the likelihood of full and timely debt repayment. Because bond covenants govern an issuer's ongoing financial behavior, the analysis of bond/indenture covenants and their impact on the risk profile of a bond is an integral part of the credit rating process.

Credit ratings are fundamentally forward-looking opinions on the relative default risk associated with a particular issuer and its debt obligations. Credit ratings have a significant impact on the interest rates for SDCP debt, and therefore SDCP will work to address the cost and benefits of obtaining and maintaining strong credit ratings. Depending on the lien structure of the debt, some, or all, of the following factors may be included in its bond documentation in order to obtain and maintain strong credit ratings that would broaden the appeal of and lower the cost of debt issued by SDCP.

- **Debt Service Coverage Ratio:** The ability of an agency to pay debt service (i.e. principal and interest on debt obligations) when due is often measured by how much cash flow is available, after payment of operating expenses, to cover debt service payments (Debt Service Coverage Ratio). Debt Service Coverage Ratio is a common financial metric used in the utility industry and is used by the rating agencies and investors to determine the ability

of a utility to fulfill its debt obligations and ensure that the utility generates sufficient revenues to make its debt secure. SDCP's future indentures will likely require cash flow in excess of debt service, or a Debt Service Coverage Ratio greater than 1.0x. Many public agencies target a Debt Service Coverage Ratio in its financial and debt policies higher than the minimum required by its indenture to improve debt ratings and lower their costs of borrowing. Should SDCP establish a minimum Debt Service Coverage Ratio in its future indentures, the Board may consider establishing a target ratio in this Policy that is higher than the legal minimum. Note, that a failure by SDCP to meet a target ratio proposed in this Policy will not result in a default under the indenture so long as the minimum Debt Service Coverage Ratio is achieved.

- **Rate Covenant:** A rate covenant is a promise to set rates or fees at levels that are set to recover sufficient revenues at a designated threshold level to cover operating expenses and debt service payments. This designated threshold level is the same as the Debt Service Coverage Ratio discussed previously. SDCP may develop one or more rate covenants in order to measure and govern operating performance. As noted, future indentures may establish minimum levels of coverage and SDCP's Board-adopted financial policies may establish internal goals that exceed these minimum coverage requirements.
- **Additional Bonds Test:** If SDCP were to issue bonds or other debt obligations, the indentures governing those obligations may have covenants that stipulate whether SDCP may sell additional bonds in the future that share that same pledged revenue stream as security. SDCP may develop conditions or standards in its indentures that describe the parameters whereby SDCP could issue additional bonds (referred to as an "additional bonds test"). This test is intended to ensure that future bond issuance does not reduce bondholder security by placing too high a burden on the revenue stream. The additional bonds test may require that SDCP demonstrate that it has sufficient revenues to meet or exceed the designated Debt Service Coverage Ratio before additional bonds can be issued.

While the specific formulation of the Additional Bonds Test may vary depending on the type of bonds being contemplated, the SDCP will utilize an Additional Bonds which establishes a limitation on new issuances such that the pledged revenues are no less than one and a half times (1.5x) the maximum annual principal and interest and debt service for the aggregate outstanding senior lien bonds including the debt service for the new issuance.

The Agency will also seek to maintain aggregate annual debt service on long-term debt at a level not-to-exceed 5% of the Agency's annual total operating expenses. The actual terms and conditions specific to each debt issue will be controlled by the applicable documents.

- **Reserves:** SDCP may maintain reserves including those in compliance with GASB 62 such as the adopted Operating Reserve Fund to act as a rate stabilization fund that can help mitigate the impacts of revenue variability. Depending on whether or not SDCP incorporates a rate stabilization fund reserve into its indentures, this reserve may be used to help meet Debt Service Coverage Ratio requirements during times of revenue shortfalls. This fund can be a valuable tool to manage and mitigate the risk related to any Debt Service Coverage Ratio requirements included in future indentures and to address revenue and rate volatility. There are other reserves that the Board may consider adopting in the future that, for example, may be utilized for paying debt service, for funding specific capital projects, or for emergency purposes etc.
- **Additional Ratio Targets:** In the future the Board will continue to monitor this Policy and will establish enhancements to further strengthen the financial ratios and targets of SDCP.

For example, while not a ratio included in Indenture covenants, another ratio that can help measure SDCP's financial health and position is the ratio of debt-funded capital to overall capital spending (i.e., debt to pay-go spending). Prudent use of debt financing rather than pay-go funding of capital projects can facilitate better allocation of resources over time and ensure payment equity across generations for the use of long-term assets.

Financing Team and Professional Services

SDCP will assemble a financing team that will provide advice and support for the development and implementation of debt issuance as well as ongoing analysis and support. The financing team will include both SDCP staff and outside professional consultants. When required by SDCP's procurement policy, SDCP will use a competitive process through a Request for Proposal ("RFP") in the retention of professional consultants. Otherwise, SDCP will adhere to its best practices in contracting to procure such vendors. The professional consultants selected by SDCP could be engaged to help develop a credit strategy, issue debt and/or assist SDCP with its compliance with applicable federal and state statutes, and Internal Revenue Code at the time of issuance as well as on a continuing basis. Please see the Appendix for a detailed description of the outside professional consultants SDCP may include on its financing team.

Debt Administration

The Chief Executive Officer ("CEO"), or designee shall make recommendations on budget, stabilization transfers and rate adjustments. The Chief Financial Officer shall be responsible for the administration and implementation of this Policy and will have day-to-day responsibility for structuring, implementing and managing SDCP's debt program.

Internal Control Procedures

When issuing debt, in addition to complying with the terms of this Policy, SDCP shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds. Please see the Appendix for a detailed description of SDCP's internal control procedures.

Post-Issuance Administration

SDCP will comply with requirements pertaining to initial bond disclosure, continuing disclosure, tax-exemption, post-issuance compliance, and investment of bond proceeds. This includes any continuing disclosure undertakings under Securities and Exchange Commission ("SEC") Rule 15c2-12; tax covenants and related federal tax compliance requirements such as arbitrage restrictions and rebate requirements; and all California State reporting requirements. Please see the Appendix for a detailed description of SDCP's Post-Issuance Compliance Policy and additional information on SDCP's post-compliance procedures.

Training

The Chief Financial Officer shall provide training the members of SDCP staff involved in the tax compliance and the initial or continuing disclosure process in coordination with the CEO, and the SDCP Board regarding their respective responsibilities for disclosure and tax compliance.

The Chief Financial Officer, or designee, shall arrange for periodic disclosure and tax training

sessions conducted by SDCP's disclosure counsel or other professionals (e.g., seminars) which shall include education regarding disclosure policies, SDCP's disclosure obligations under applicable federal and state securities and tax laws, and the tax compliance and disclosure responsibilities of SDCP.

Policy Review

In coordination with the CEO, the Chief Financial Officer, or designee, will be responsible for regularly reviewing and updating this Policy, and shall present any recommended revisions to the Board for consideration and adoption.



APPENDIX

Permitted Types of Debt

SDCP may legally issue both short-term and long-term debt, through either a direct loan or through the public market, using the debt instruments described below. SDCP in consultation with its internal Counsel, Bond Counsel and Municipal Advisors, shall determine the most appropriate instrument for a proposed debt offering.

SDCP may issue the following types of tax-exempt or taxable Debt:

- **Long-Term Debt:** Long-term debt generally includes debt issued to finance capital expenditures with the objective of structuring repayment within the expected life of the financed asset. Debt may be used as a tool for rate stabilization as repayment of the debt is spread over the useful life of the financed project. Long-term bonds may bear interest at fixed or variable rates or structured with level debt service payments or otherwise with term maturities. Long-term revenue bonds are a type of debt that may be entered into by SDCP and which may be secured by a lien on the revenues of SDCP. SDCP may also enter into long-term loans with state or federal agencies. These loans typically have fixed interest rates. Government loan programs may offer favorable interest rates and terms, and should be considered as alternatives to market rate debt when available. The use of long-term debt will be evaluated with pay-as-you-go capital investment and would not be expected (absent extraordinary circumstances) to fund non-capital operational expenditures or operating deficits.
- **Short-Term Debt:** Short-term debt generally has a maturity of less than 7 years and may take several forms, including notes, commercial paper, direct bank loans and other short-term products with either fixed or variable rates. Short-term debt products are flexible cash management tools that are primarily used to meet interim funding (pending the issuance of long-term debt). When approving short-term debt products, the Board may limit SDCP's percentage of short-term debt when compared to its long-term debt portfolio taking into account future market access, term-out provisions and retail rate stability.
- **Variable-Rate Debt:** In addition to interim financing, which includes commercial paper and similar short-term borrowing programs, it may be appropriate to issue long-term variable rate debt that bears an interest rate that is reset periodically at predetermined intervals, including entering into revolving credit facilities, to diversify the debt portfolio, to reduce interest costs, and to improve the match of variable rate assets (such as short-term investments and reserves) to liabilities. The amount of variable rate debt will generally not exceed a net 20% after consideration of investments and cash equivalents of the outstanding debt portfolio of SDCP.
- **Refunding Debt:** Refunding bonds may be issued to refinance existing bonds to achieve debt service savings, restructure the type of debt outstanding, modify SDCP's covenants to bondholders, restructure future debt service payments, take advantage of market opportunities, or to reduce exposure to certain counterparties. SDCP will work with its Municipal Advisor (MA) to assess potential savings and determine whether refunding bond issuance is warranted. If refunding bonds are being contemplated solely for debt service savings, the refunding should generally result in a reduction in average annual debt service or provide an overall savings target (net of all costs) set by the Board at the time it approves the financing. This savings target may be adjusted depending on the remaining term of the debt or under circumstances where the number of refunding options is then limited by federal tax law.

SDCP may consider the following types of fixed or variable rate debt:

- Revenue Bonds secured by general revenues or project revenues
- Commercial Paper or other Interim Funding Notes
- Capital Leases
- Certificates of Participation/Lease Revenue Bonds
- Installment Sale or Purchase Agreements Revenue Bonds
- Bond or Grant Anticipation Notes
- Tax and Revenue Anticipation Notes
- State and Federal Loans and Grants
- Direct Bank Loans or Lines of Credit
- Public Private Partnerships

This list is not meant to be inclusive of all options that may be available to SDCP as different circumstances may dictate. SDCP may from time to time find that other types of debt would be beneficial to further its purposes and may approve such debt without an amendment to this Policy.

Method of Sale

SDCP may choose to issue bonds using either a competitive or negotiated sale process. SDCP may also sell bonds by means of a private placement or direct sale with a financial institution or other accredited investor when this method is demonstrated to result in cost savings or provide other advantages relative to a traditional public offering. SDCP staff will work with its Municipal Advisor to determine the most appropriate method of sale for each issuance.

- **Competitive Sale:** SDCP may elect to sell bonds in the public market on a competitive basis depending on market conditions, required size of issuance and relative complexity of structure. The Bonds are marketed to a wide audience of investment banking (underwriting) firms. The underwriter is selected based on its bid for the securities. SDCP will award the sale of the competitively sold bonds on the basis of the lowest true interest cost basis. Pursuant to this policy, The Chief Financial Officer, or designee, is authorized to sign the bid form on behalf of the SDCP fixing the interest rates on bonds sold on a competitive basis.
- **Negotiated Sale:** SDCP may elect to sell bonds in the public market on a negotiated basis depending on market conditions, required size of issuance and relative complexity of structure. SDCP staff selects the underwriter, or team of underwriters, of its securities in advance of the bond sale on the basis of responses to a proposal review. With the assistance of the Municipal Advisor (MA), SDCP staff works with the underwriter to bring the issue to market and negotiates all rates and terms of the sale. In advance of the sale, SDCP staff will determine compensation for and liability of each underwriter employed and the designation rules and priority of orders under which the sale itself will be conducted. Pursuant to this policy, the Chief Financial Officer or designee will be authorized to sign the bond purchase agreement on behalf of SDCP, fixing the interest rates on bonds sold on a negotiated basis.
- **Private placement:** SDCP may elect to issue debt on a private placement basis. Such method shall be considered if it is demonstrated to result in cost savings or provide other advantages relative to other methods of debt issuance, or if it is determined that access to the public market is unavailable and/or timing considerations require that a financing be completed more quickly than required for a competitive or negotiated sale.

Financing Team and Professional Services

SDCP will assemble a financing team that will provide advice and support for the best execution of each debt transaction. The financing team may consist of multiple parties with distinct responsibilities and is generally comprised of both SDCP staff and outside professional consultants. These outside professional consultants may include:

- **Municipal Advisors:** SDCP shall utilize the services of independent MAs in connection with debt-related issuances or projects. SDCP's MA will not serve as an underwriter on negotiated bond sales of SDCP.
- **Underwriters:** SDCP will utilize an underwriter in the sale of bonds on a competitive or negotiated basis. An underwriter is a financial services firm that acquires (by purchase) bonds for resale in the public bond markets. For a negotiated sale, SDCP will select an underwriter through a request for proposal process; basing the selection on value for SDCP including capital structure, underwriting capabilities, demonstrated expertise and experience as well as proposed fees. SDCP may also select an underwriting firm to act as placement agent in connection with a private placement of bonds. In a competitive sale, bonds are offered for sale at a designated date and time, and multiple underwriters may submit bids. The bonds are awarded to the underwriter (or group of underwriters) that submit the lowest bid.
- **Disclosure Counsel:** SDCP will endeavor to provide complete and appropriate disclosure of financial and legal condition in the issuance of debt. SDCP will also take steps and adopt policies in order to provide for compliance with continuing disclosure requirements. Disclosure counsel, which may be Bond Counsel, shall be responsible for assisting SDCP in the preparation of the Preliminary and Final Official Statements and any other disclosure documents. SDCP will select, through a request for proposal process, and retain qualified and experienced counsel in achieving this objective of appropriate disclosure.
- **Bond Counsel:** SDCP will retain qualified and experienced legal counsel as representation of SDCP to provide the customary opinions required for the issuance of bonds and other financial obligations. Bond counsel shall be responsible for developing the legal documents required for each transaction and draft and review documentation sufficient to provide approving legal opinions. Bond counsel will render customary approving legal and tax opinions for each transaction.
- **Trustee:** SDCP may select through a request for proposal process the services of a financial institution, acting through its trust division, to act as trustee. The trustee may hold, invest and disburse financing proceeds as directed by SDCP. The trustee will act as registrar as well as the paying agent for SDCP debt. The Chief Financial Officer or designee shall monitor the services rendered by the trustee.

Internal Control Procedures

All debt transactions must be approved by the Board of Directors. The proceeds of bond sales will be invested until used for the intended project(s) in order to maximize utilization of the public funds. The investments will be made consistent with the following guidelines: (1) compliance with federal tax arbitrage requirements, as applicable; (2) safety of principal; (3) liquidity; (4) diversity; and (5) return on investment or yield, and may be held as cash. SDCP's Investment Policy guidelines and bond indentures will govern objectives and criteria for investment of bond proceeds. The Treasurer will oversee the investment of bond proceeds consistent with the foregoing guidelines.

Proceeds of debt will be held either by a third-party trustee or by SDCP. The trustee will disburse bond proceeds to SDCP upon submission of one or more written requisitions signed by an authorized SDCP officer. If the funds are held directly by SDCP, they must be held and accounted

for in a separate fund or account, the expenditure of which will be documented by SDCP and subject to established internal controls consistent with SDCP's applicable policies and procedures. These procedures will include, in connection with each requisition or expenditure of proceeds held by SDCP, a written record of the particular capital project or program or other expense to which the funds drawn were applied or allocated.

For bond proceeds that are meant to reimburse SDCP for previous expenditures, SDCP staff will provide documentation that conform to tax requirements and other applicable regulations. To support this certification, staff will analyze capital expenditures and establish that requirements are met before the bond issuance takes place and maintain a written record of such analysis and the amount reimbursed to each particular capital project or program or other expense to which such reimbursed proceeds are to be allocated.

For bond proceeds intended to provide funding for ongoing or upcoming capital expenditures, SDCP staff will monitor the expenditure process. Staff will analyze the use of proceeds on an annual basis or more frequently, if deemed appropriate, until the proceeds are completely spent and will perform monitoring and record-keeping in accordance with SDCP's accounting guidelines and other applicable regulatory requirements.

Refunding bond proceeds are generally held by a third-party trustee or fiscal agent to be applied in connection with written directions generally prepared by bond counsel. SDCP will maintain records of the directions to the trustee, and will review of fund statements and other records received from, the trustee.

Post-Issuance Administration

SDCP will comply with requirements pertaining to initial bond disclosure, continuing disclosure, tax-exemption, post-issuance compliance, and investment of bond proceeds. This includes any continuing disclosure undertakings under SEC Rule 15c2-12; tax covenants and related federal tax compliance requirements such as arbitrage restrictions and rebate requirements; and all California State reporting requirements.

- **Post-Issuance Compliance Policy:** SDCP will adopt a Post-Issuance Compliance Policy ("PICP") to provide for ongoing monitoring and reporting with respect to compliance with SEC requirements for publicly offered indebtedness and with tax regulations applicable to tax-exempt debt. The PICP will provide for the federal disclosure requirements, responsibility for reporting, training, and describe procedures for compliance with continuing disclosure agreements entered into for each such series of bonds from the date they are issued until the bonds are no longer outstanding. The PICP may be administratively adopted and amended without approval of the Board.
- **Financial Disclosure:** SDCP will comply with applicable deliverable obligations and financial disclosure requirements, as specified in any and all bond and debt-related documents. Staff has developed and will maintain an updated schedule of the requirements in compliance with SDCP's internal record-keeping processes. SDCP will post required documents to the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access ("EMMA") website as required on a timely basis. SDCP, at its discretion, may also post documents voluntarily to EMMA. SDCP will provide financial disclosure to rating agencies, institutional and individual investors, other levels of government, and the general public to share clear, comprehensible, financial information using the appropriate channels/policies/procedures. The Chief Financial Officer is responsible for monitoring the

compliance by SDCP of applicable disclosure requirements. SDCP also may contract with an outside service provider to monitor disclosure postings.

- **Tax Compliance:** SDCP will comply with applicable federal arbitrage and rebate regulations related to its bonds and other debt instruments. These responsibilities include monitoring the investment and expenditure of bond proceeds, maintaining a system of record-keeping and reporting and contracting for the services of outside arbitrage consultants as necessary. SDCP will establish and implement post-issuance procedures to guide its compliance with these requirements. The Chief Financial Officer is responsible for monitoring the compliance by SDCP of applicable tax requirements for debt issued on a tax-exempt basis.
- **Record Keeping:** A copy of all debt-related records shall be retained at SDCP's offices or otherwise electronically. At a minimum, these records shall include all official statements, bid documents, bond documents/transcripts, indentures, resolutions, trustee statements, leases, and title reports for each financing (to the extent available). The following documents shall be maintained for the term of each issue of bonds (including refunding bonds) plus at least three years:
 - A copy of the bond closing transcript(s) and other relevant documentation delivered to SDCP at or in connection with closing of the issue of bonds;
 - A copy of material documents relating to capital expenditures financed or refinanced by bond proceeds, including (without limitation) construction contracts, purchase orders, invoices, trustee requisitions and payment records, draw requests for bond proceeds and evidence as to the amount and date for each draw down of bond proceeds, as well as documents relating to costs paid or reimbursed with bond proceeds and records identifying the assets or portion of assets that are financed or refinanced with bond proceeds, including a final allocation of bond proceeds;
 - A copy of all contracts and arrangements involving the use of bond-financed or refinanced assets; and
 - A copy of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statements, in connection with any investment agreements, and copies of all bidding documents, if any.

Investment Policy

Subject: Investment Policy

Purpose: The San Diego Community Power (“SDCP”) Investment Policy (“Policy”) establishes investment guidelines for protecting SDCP’s cash reserves, deposits, and investments (“Funds”) while producing a reasonable rate of return on investments.

The Policy articulates: (1) the objectives and priorities for SDCP investments; (2) the types of investments that are permitted and prohibited; and (3) the controls SDCP will implement to ensure assets are protected.

This Policy is adopted pursuant to California Government Code Section (“Section”) 53600-53608 and must be adopted or amended by resolution. The SDCP Board of Directors (“Board”) is not required to adopt a formal Investment Policy by statute, however, it is in the best practice to ensure agency assets are protected.

Background

On October 1, 2019, the Founding Members of San Diego Community Power (SDCP) adopted the Joint Powers Agreement (JPA) which was amended and restated on December 16, 2021.

Section 3.2.12 of the JPA specifies that the SDCP Board of Directors (Board) may at its discretion adopt rules, regulations, policies, bylaws and procedures governing the operation of SDCP.

Further, Section 4.5.5 of the JPA states that one of the general purposes of the Board is to set policy.

Section 5.10.2(C) of the JPA finally states one of the primary purposes of the Financial and Risk Management Committee (FRMC) is to review and recommend to the Board financial policies and procedures to ensure equitable contributions by Parties consistent with a recommendation for Board approval of the Investment Policy herein. Further, this section states the FRMC may have such other responsibilities as may be approved by the Board, including but not limited to advising the Chief Executive Officer on fiscal and risk management policies and procedures, rules and regulations governing investment of surplus funds, audits to achieve best practices in corporate governance and selection and designation of financial institutions for deposit of SDCP funds, and credit/depository matters.

Investment Objectives

To the extent possible, investments will align with SDCP's mission, vision, value, and goals. When managing Funds, SDCP's primary objectives shall be to (1) safeguard the principal of the Funds, (2) meet the liquidity needs of SDCP, (3) achieve a return on funds invested, and (4) exercise a high standard of care on Funds within SDCP's control.

- 1) Safety:** Safety of principal is the foremost objective of cash and investment management activities. The investment of Funds shall be undertaken in a manner that seeks to ensure the preservation of principal.
- 2) Liquidity:** The Funds of SDCP shall remain sufficiently liquid to meet all operating needs that may be reasonably anticipated. Since all possible cash demands cannot be anticipated, the investment of Funds in deposits or instruments that are available on demand is recommended.
- 3) Return on Investments:** SDCP's deposit and investment portfolio shall be designed with the objective of attaining a market rate of return throughout the economic cycle while considering investment risk and liquidity constraints. The return on deposits and investments is of secondary importance compared to the safety and liquidity objectives described in Investment Objectives, Section A and Investment Objectives, Section B, above.
- 4) Standard of Care:** SDCP will manage Funds in accordance with the "Prudent Investor Standard" pursuant to California Government Code Section 53600.3³ as follows:

"All governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

³ All further statutory references are to the California Government Code unless otherwise stated.

Delegation of Authority

Pursuant to Section 53607, the Board has the authority to delegate the responsibility to manage SDCP's funds to the Treasurer. The Treasurer has authority to appoint Deputy Treasurer(s) as the Treasurer deems necessary to carry the duties in accordance with the Investment Policy.

SDCP may engage the services from one or more external investment advisers, who are registered under the Investment Advisers Act of 1940, to assist in the management of SDCP's investment portfolio in a manner consistent with the SDCP's Policy. External investment advisers may be granted discretion to purchase and sell investment securities in accordance investment objective set forth in this Policy.

Scope

This Investment Policy applies to all funds and investment under the direct authority of SDCP. This Policy does not apply to the investment of bond proceeds, which would be governed by any applicable bond documents and any other funds specifically exempted by SDCP's Board of Directors.

Acceptable Investment Types: To the extent possible, investments will align with SDCP's mission, vision, value, and goals.

- 1. Deposits at Bank(s):** Funds may be invested in non-interest-bearing depository accounts to meet SDCP's operating and collateral needs and grant requirements. Funds not needed for these purposes may be invested in interest-bearing depository accounts or Federal Deposit Insurance Corporation (FDIC) insured certificates of deposit with maturities not to exceed five (5) years. Banks eligible to receive deposits will be federally or state chartered and will conform to Section 53635.2 which requires that banks "have received an overall rating of not less than 'satisfactory' in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California's communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code." As per Section 53652, banks must collateralize the deposits of public agencies in an amount equal to no less than 110% of as currently stated in the value of the deposits. The Treasurer will monitor the credit quality of eligible banks holding SDCP deposits that exceed FDIC insurance limits to ensure the safety of SDCP deposits.
- 2. Local Agency Investment Fund (LAIF):** Funds may be invested in the Local Agency Investment Fund established by the California State Treasurer for the benefit of local agencies.
- 3. US Treasury Obligations:** Funds may be invested in United States Treasury obligations with a term to maturity not exceeding five (5) years and subject to the limitations set forth in Sections 53601 et seq. and 53635 et seq.
- 4. Federal Agency Securities:** Funds may be invested in Federal Agency Securities with a term to maturity not exceeding five (5) years and subject to the limitations set forth in Sections 53601 et seq. and 53635 et seq.
- 5. Bankers' Acceptances:** Funds may be invested in Banker's Acceptances provided that they are issued by institutions which have short-term debt obligations rated "A-1" or its equivalent of better by at least one NRSRO (Nationally Recognized Statistical Rating Organization). Not more than 40% of the portfolio may be invested in Bankers' Acceptances, and no more than 5% of the portfolio may be invested in any single issuer. The maximum maturity shall not exceed 180 days.

- 6. Negotiable Certificates of Deposit:** Funds may be invested in negotiable certificates of deposit in accordance with the requirements of Section 53601 and 53601.8, and subject to the following limitations:
- A.** Issued by an entity as defined in Section 53601(i); and
 - B.** No more than 30% of the total portfolio shall be invested in certificates of deposit.
- 7. Placement Service Deposits:** Funds may be invested in deposits placed with a private sector entity that assists in the placement of deposits with eligible financial institutions located in the United States (Section 53601.8). The full amount of principal and the interest that may be accrued during the maximum term of each deposit shall at all times be insured by federal deposit insurance. The maximum portfolio exposure to the deposits placed pursuant to this section shall be limited by Section 53601.8.
- 8. Money Market Funds:** Funds may be invested in money market funds pursuant to Section 53601(l)(2) and subject to Section 53601(l)(4).
- 9. Commercial Paper:** of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper must meet all of the following conditions in either paragraph A or paragraph B:
- A.** The entity meets the following criteria: (i) is organized and operating in the United States as a general corporation, (ii) has total assets in excess of five hundred million dollars (\$500,000,000), and (iii) has debt other than commercial paper, if any, that is rated in a rating category of “A” or its equivalent or higher by an NRSRO.
 - B.** The entity meets the following criteria: (i) is organized within the United States as a special purpose corporation, trust, or limited liability company, (ii) has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and (iii) has commercial paper that is rated “A-1” or higher, or the equivalent, by an NRSRO.

Prohibited Investment Types

Pursuant to Section 53601.6, SDCP shall not invest Funds in any security that could result in a zero-interest accrual, or less, if held to maturity. These prohibited investments include, but are not limited to, inverse floaters, range notes, or mortgage-derived interest-only strips. The purchase of foreign currency denominated securities is prohibited. The purchase of Crypto Asset Securities is prohibited. Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited. Purchasing or selling securities on margin is prohibited. The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited. SDCP is prohibited from investing in any company or organization whose business do not align with SDCP’s mission, vision, value, and goals.

Investment Portfolio Management

The term to maturity of any Funds invested shall not exceed five (5) years pursuant to Section 53601. The Treasurer will allocate Funds among authorized investments consistent with the objectives and standards of care outlined in this Policy.

Diversification

SDCP’s investment portfolio will be diversified to avoid incurring unreasonable and avoidable risks associated with concentrating investments in specific security types, maturity segment, or in

individual financial institutions. No more than 5% of the investment portfolio shall be in securities of any one issuer except for U.S. Treasuries, U.S. Government Agency issues, and investment pools such as LAIF, and money market funds.

- A. Credit Risk:** Credit risk, defined as the risk of loss due to failure of the insurer of a security, shall be mitigated by investing in those securities with an “A” or above rating and approved in the Investment Policy and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm SDCP’s cash flow.
- B. Market Risk:** Market risk or interest rate risk, defined as the risk of market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by implementing a short term and long-term investment strategies. It is explicitly recognized herein, however, that in a diversified portfolio, occasional measured losses are inevitable and must be considered within the context of overall investment return.

Credit Rating

This Investment Policy sets forth minimum credit ratings for each type of security. These credit ratings apply to the initial purchase of a security and do not automatically force the sale of a security if the credit ratings of the security fall below the policy limits.

Minimum credit ratings:

- A.** For securities with maturities of 13 months or less, the rating must be in the highest short-term rating category (without regard to qualification of such rating symbol such as “+” or “-”) by at least one nationally recognized statistical rating organization (the “NRSRO”).
- B.** For securities with maturities greater than 13 months, the rating must be “A” or higher by at least one NRSRO.

The monitoring of credit ratings consists of the following procedures:

1. When a credit rating downgrade occurs which results in a rating below the minimum credit requirement, SDCP’s Finance Department or external investment adviser will analyze and evaluate the credit rating to determine whether to hold or sell the investment.
2. In the event a security in the Fund receives a credit rating downgrade which results in a rating below the minimum credit rating requirement, SDCP’s Treasurer will report the rating change to the Finance and Risk Management Committee in the monthly public report. In the same manner, the Finance and Risk Management Committee will be informed on the decision to hold or sell a downgraded security.
3. The Investment Officials or authorized employees involved in the investment process and external investment advisers shall meet at least quarterly to review and update the approved list of securities and establish credit criteria for each category of security.

To ensure that the Fund maintains the highest overall credit rating with the contracted NRSRO, the asset allocation and portfolio holdings will be provided to the contracted NRSRO on a monthly basis.

Brokers

The Treasurer shall endeavor to complete investment transactions in accordance with Section 53601.5, institutions eligible to transact investment business with SDCP include:

- A. Institutions licensed by the state as a broker-dealer.
- B. Institutions that are members of a federally regulated securities exchange.
- C. Primary government dealers as designated by the Federal Reserve Bank and non-primary government dealers.
- D. Nationally or state-chartered banks.
- E. The Federal Reserve Bank.
- F. Direct issuers of securities eligible for purchase.

Broker/dealers shall be approved by the Chief Executive Officer upon recommendation by the Treasurer. Selection of broker/dealers shall be based upon the following criteria: the reputation and financial strength of the company or financial institution, the reputation and expertise of the individuals employed, and pursuant to the requirements of Section 53601.5. The Treasurer shall require any selected broker, brokerage firm, dealer, or securities firm to affirm that it has not, within any 48-consecutive month period, made a political contribution to any member of the SDCP Board, or any candidate who may join the SDCP Board in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, the Political Reform Act, including section 84308, or any applicable SDCP Policy, as amended from time to time. The selected broker or dealers shall be provided with and acknowledge receipt of this Policy.

Losses

Losses are acceptable on a sale before maturity and may be taken if required to meet the liquidity needs of SDCP or if the reinvestment proceeds will earn an income flow with a present value higher than the present value of the income flow that would have been generated by the original investment, considering any investment loss or foregoing interest on the original investment.

Delivery and Safekeeping

The delivery and safekeeping of all securities shall be made through a third-party custodian when practical and cost effective as determined by the Treasurer, or a duly appointed Deputy Treasurer, and in accordance with Section 53608.

The Treasurer shall review all transaction confirmations for conformity with the original transaction and monitor for excessive trading.

Ethics and Conflict of Interest

The Investment Officials or authorized employees involved in the investment process, shall act as custodians of the public trust and will refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Investment Officials and any external investment advisers acknowledge that all direct SDCP investments are subject to public review and evaluation.

SDCP Investment Officials involved in the investment process shall refrain from personal business activity that could create a conflict of interest or the appearance of a conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

SDCP Investment Officials shall disclose to General Counsel or designee i) any material interests in financial institutions with which they conduct business, and ii) disclose any personal investments

with a direct, indirect or beneficial interest totaling \$2,000 or more. Investment Officials shall refrain from undertaking any personal investment transactions with the same individual from the external investment adviser with whom business is conducted on behalf of SDCP.

Investment Officials, pursuant with all applicable laws, shall not accept honoraria, gifts, and gratuities from advisers, brokers, dealers, bankers, or other entity with whom SDCP conducts business.

Any external investment adviser contracted by SDCP will comply with Municipal Securities Rulemaking Board Rule G-37 and shall follow the Investment Adviser Fiduciary Standard established by the U.S. Securities and Exchange Commission.

Internal Controls

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met.

Accordingly, the Treasurer shall establish and maintain internal controls that shall address the following points:

- A. Control of Collusion:** Collusion is a situation where two or more employees are working in conjunction to defraud their employer. To achieve a segregation of duties, individuals who authorize investment transactions shall not also record or reconcile said transactions.
- B. Clear Delegation of Authority to Subordinate Staff Members:** Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
- C. Delivery-Versus-Payment (DVP):** All investment transactions shall be conducted on a delivery-versus-payment basis.
- D. Safekeeping and Custody:** Securities purchased from any bank or dealer, including appropriate collateral (as defined by California Government Code), that are not insured by the FDIC, shall be placed with an independent third party for custodial safekeeping. To protect against potential losses due to failure of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all cash and securities in SDCP's portfolio shall be held in safekeeping in SDCP's name by a third-party custodian, acting as agent for SDCP under the terms of a custody agreement executed by the bank and SDCP. All investment transactions will require a safekeeping receipt or acknowledgment generated from the trade. A monthly report will be received by SDCP from the custodian listing all securities held in safekeeping with current market data and other information. The only exceptions to the foregoing shall be depository accounts and securities purchases made with: (1) local government investment pools; (2) time certificates of deposit, (3) Local Agency Investment Fund, and (4) mutual funds and money market mutual funds, since these securities are not deliverable.
- E. Avoidance of Physical Delivered Bearer Securities:** Book entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Bearer securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with such securities.
- F. Written Confirmation of Telephone Wire Transfers:** Due to the potential for error and improprieties arising from telephone transactions, all telephone transactions should be

supported by written or electronic communications and approved by the appropriate person. Development of a Wire Transfer Agreement with the Lead Bank or Third-Party.

- G. Audits:** SDCP's Funds shall be subject to a process of independent review by its external auditors. SDCP's external auditors shall review the investment portfolio in connection with SDCP's annual audit for compliance with the Policy pursuant to Section 27134. The results of the audit shall be reported to the Treasurer.

Reports

A. Monthly: The Treasurer will perform a monthly review of the investment function. Following the commencement of investment transactions, the Treasurer shall submit a monthly report of all investment transactions to the Finance and Risk Management Committee. Investment transactions are defined as the purchase, sale or exchange of securities.

B. Annually: The Treasurer will submit an annual report to the Finance and Risk Management Committee within 60 days of the end of a fiscal year providing the following:

- A list of individual securities by investment type, issuer, credit risk rating, CUSIP number, settlement date of purchase, date of maturity, par value and dollar amount invested on all securities, the market value and source of the market value information;
- A statement that the portfolio is in compliance with this Policy and in accordance with Section 53646 or the manner in which the portfolio is not in compliance; and
- A statement of SDCP's ability to meet anticipated cash requirements for the upcoming 12 months.

C. Annual Review: This Policy will be reviewed annually by the Treasurer. The Board is authorized to approve changes to this Policy following the review of proposed changes by the Finance Risk Management Committee.

Glossary of Investment Terms

ASSET BACKED SECURITIES. Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

BANKERS' ACCEPTANCES. A short-term, negotiable, unconditional, and time draft drawn on and accepted by a bank. It is typically used in trade to finance the purchase and sale of goods.

BENCHMARK. A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

BROKER. A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

CERTIFICATE OF DEPOSIT (CD). A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs may be marketable.

CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SYSTEM (CDARS). A private placement service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than \$250,000 each, so that FDIC coverage is maintained.

COLLATERAL. Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

COLLATERALIZED MORTGAGE OBLIGATIONS (CMO). Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

COMMERCIAL PAPER. The short-term unsecured debt of corporations.

COUPON. The rate of return at which interest is paid on a bond.

CREDIT RISK. The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

CRYPTO ASSET. Digital assets that use public ledgers over the internet to prove ownership. They use cryptography, peer-to-peer networks and a distributed ledger technology (DLT) – such as blockchain – to create, verify and secure transactions.

CUSIP. Committee on Uniform Securities Identification Procedures. A CUSIP number identifies most financial instruments, including: stocks of all registered U.S. and Canadian companies, commercial paper, and U.S. government and municipal bonds.

DEALER. A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

DISCOUNT. The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as discount securities. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

DIVERSIFICATION. Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

DURATION. The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See modified duration).

FEDERAL FUNDS RATE. The rate of interest charged by banks for short-term loans to other banks. The Federal Reserve Bank through open-market operations establishes it.

ISSUER. The entity identified as the counterparty or obligator related to a security trade.

INVERSE FLOATER. A bond or other type of debt whose coupon rate has an inverse relationship to a benchmark rate.

INVESTMENT OFFICIALS. This includes any applicable SDCP staff participating in the investment process; SDCP Treasurer; SDCP Deputy Treasurer(s); and SDCP Board of Directors.

LEVERAGE. Borrowing funds in order to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.

LIQUID. Term for securities that can be converted to cash quickly.

LIQUIDITY. The speed and ease with which an asset can be converted to cash.

LOCAL AGENCY INVESTMENT FUND (LAIF). A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

LOCAL GOVERNMENT INVESTMENT POOL. Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

MARGIN. The difference between the market value of a security and the loan a broker makes using that security as collateral.

MARKET RISK. The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

MARKET VALUE. The price at which a security can be traded.

MATURITY. The final date upon which the principal of a security becomes due and payable.

MODIFIED DURATION. The percent change in price for a 100 basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

MONEY MARKET. The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

MORTGAGE BACK SECURITY. Debt obligations that represent claims to the cash flows from pools of mortgage loans, most commonly on residential property.

MORTGAGE-DERIVED INTEREST-ONLY STRIPS. A financial product created by separating the interest and principal payments of a mortgage-backed security.

MORTGAGE PASS-THROUGH SECURITIES. A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

MUNICIPAL SECURITIES. Securities issued by state and local agencies to finance capital and operating expenses.

MUTUAL FUND. An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds, and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO). A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Fitch, S&P, and Moody's.

NEGOTIABLE CD. A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor).

PREMIUM. The difference between the par value of a bond and the cost of the bond, when the cost is above par.

RANGE NOTES. A structured investment where the coupon is linked to the performance of a reference index

REPURCHASE AGREEMENT. Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a reverse repurchase agreement.

SAFEKEEPING. A service to bank customers whereby securities are held by the bank in the customer's name.

TOTAL RATE OF RETURN. A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

U.S. TREASURY OBLIGATIONS. Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

TREASURY BILLS. All securities issued with initial maturities of one year or less are issued as discounted instruments, and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

TREASURY NOTES. All securities issued with initial maturities of two to ten years are called Treasury notes, and pay interest semi-annually.

TREASURY BONDS. All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

VOLATILITY. The rate at which security prices change with changes in general economic conditions or the general level of interest rates.

YIELD TO MATURITY. The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

Rate Development Policy

Effective Date: November 17, 2022

BACKGROUND:

San Diego Community Power (SDCP) advocates for ratepayers by providing a choice of electricity providers and shifting control of local energy decisions from profit-driven, incumbent utility into the hands of residents and businesses located in our service jurisdiction. This creates competition in rates that benefits customers, increased transparency and ensures a better overall customer experience.

PURPOSE

This policy provides the framework for SDCP's Board of Directors and staff to ensure SDCP's rate design, development and implementation process remains transparent, fiscally responsible and centered on the customer.

As a public not-for-profit agency, SDCP must, at a minimum, set rates to recover costs associated with debt service and the purchase of power and operational costs. It is in the best interest of SDCP and its customers to design and implement rates that meet revenue requirements as well as targeted reserves, while maintaining rate competitiveness, stability and long-term financial viability.

GENERAL CRITERIA

SDCP has established various objectives and priorities that shall be considered as part of SDCP's rate design process. SDCP's rate setting objectives are as follows:

1. **Cost Recovery:** rates must be sufficient to recover all expenses, debt service and other expenditure requirements.
2. **Reserves:** rates must be sufficient to build prudent reserves in line with [SDCP's Reserve Policy](#), which will provide funds to cover unanticipated expenditures, secure favorable terms with vendors, secure a standalone investment-grade credit rating and meet strategic objectives.
3. **Rate Competitiveness and Customer Value:** rates must allow SDCP to successfully compete to retain and attract customers while offering superior electricity service offerings with higher renewable content compared to the incumbent investor-owned utility.
4. **Rate Stability:** rate changes should be minimized to reduce customer bill impacts with a preference for annual rate adjustments. Additionally, a Rate Stabilization Fund may be established and over time sufficiently funded to help mitigate significant swings in rates.
5. **Equity among customers:** rate difference among customers should be justified by differences in usage characteristics and/or cost of service. Additionally, to the extent possible, rates shall be equalized from a value proposition perspective among customers enrolled during different Power Charge Adjustment Indifference (PCIA) Vintage Years.
6. **Rate Structures:** as new rates are developed, emphasis shall be put on rate-design simplicity and comparability as well as overall customer experience. SDCP reserves the right to design pilot rates as reviewed and approved by the Board.
7. **Transparency:** SDCP's Board will review and approve rates at an open and public meeting held in accordance with the Ralph M. Brown Act. SDCP shall post a copy of the adopted rates in both English and Spanish on its website within 14 calendar days of approval or by the rates' effective date, whichever is sooner. SDCP shall also make any rate design documents promptly available upon request under the California Public Records Act.
8. **Cost Shifting:** SDCP shall avoid, to the best of its ability, cost shifting between customer classes.

9. **Cost of Service:** SDCP may explore a cost-of-service model for rate design. Cost-of-service studies are used to determine the total costs incurred by a utility in providing service to its customers and the allocation of those costs through rates back to customer classes. Revenue collected from each customer class then may be compared with that class's cost responsibility to determine the extent to which each class is reimbursing the utility for the costs it incurred in providing service.

SDCP's RATE SETTING TIMELINE

SDG&E's Energy Resource Recovery Account (ERRA) application is usually approved by the CPUC in December, which provides the trajectory of bundled service commodity rates including the above market costs and other fees¹ that will be passed on from SDG&E to all customers. Once the ERRA is approved, SDCP staff shall present proposed rates for the year to the Board in January of each year for review, deliberation and approval to be effective no later than February 15. With ever-changing market developments and regulatory climate, there may be instances where SDCP staff also proposes intra-year changes to rates.

To the greatest extent possible, SDCP's rates will be competitive with SDG&E's rates. With each SDG&E and SDCP rate change, both entities are required to work collaboratively to co-publish and post a Joint Rate Comparison on their respective websites to allow customers to easily see how rates compare.

IMPLEMENTATION OF SDCP's RATES

SDCP's rate setting process is and will always be open and transparent to the public. SDCP's Board of Directors, which is composed of a representative from each of its member agencies, will set rates according to agreed-upon strategic goals of SDCP and the cost of service.

Prior to the implementation of new rates, the Board will review and deliberate the proposed rates in a public setting and take comments from the public.

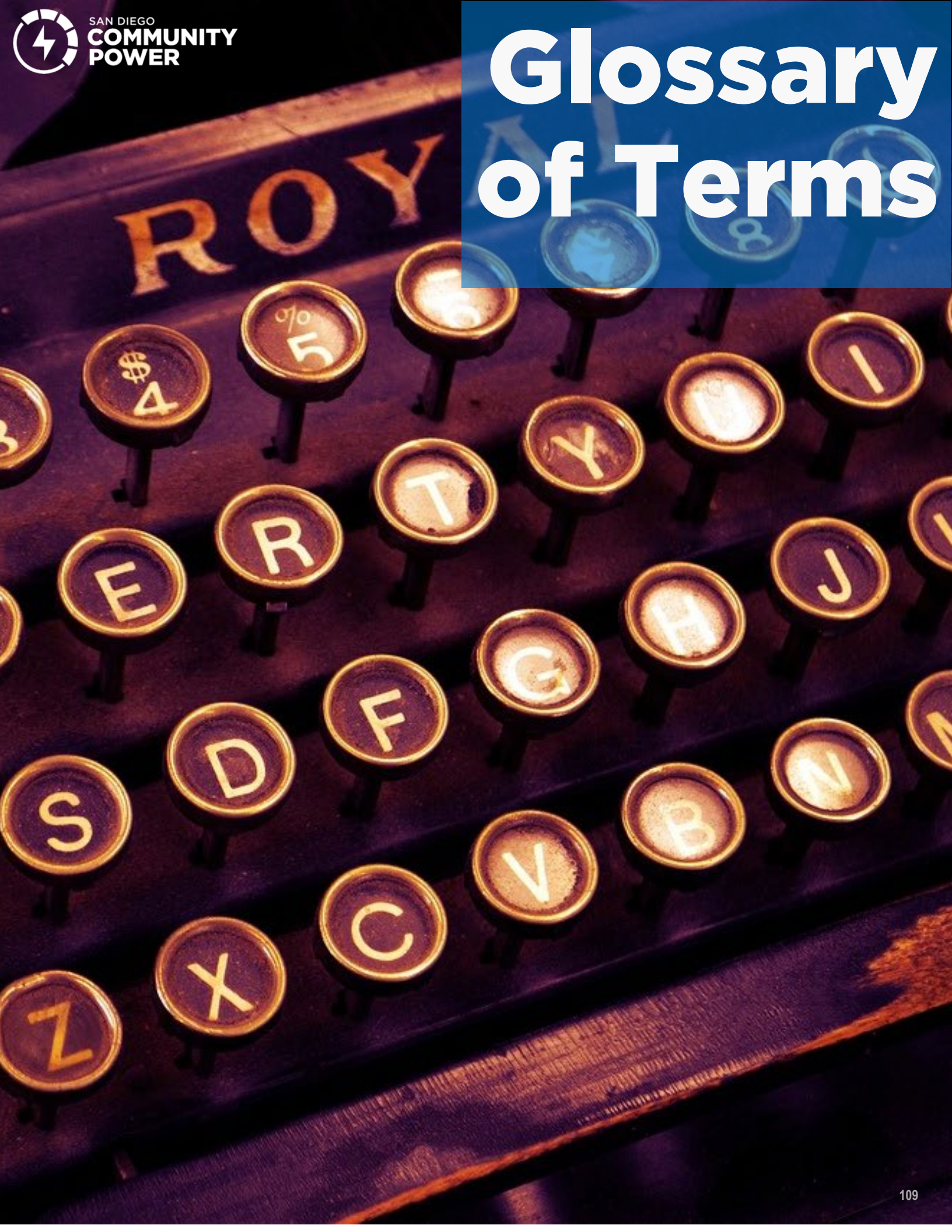
Once the Board approves proposed rates, the rates will be published on SDCP's website in advance of their effective date, giving customers time to compare, budget and better understand what to expect on their bills going forward. For more information on SDCP's rates, visit <https://sdcommunitypower.org/billing-rates/residential-rates/> for residential rates or <https://sdcommunitypower.org/billing-rates/commercial-rates/> for commercial rates.

¹ Fees passed on by SDG&E to "departing load" customers such as SDCP include the Power Charge Indifference Adjustment (PCIA) and Franchise Fees. The PCIA is a charge to ensure that both SDG&E customers and those who have left SDG&E service to purchase electricity from other providers pay for the above market costs for electric generation resources that were procured by SDG&E on their behalf. "Above market" refers to expenditures for generation resources that cannot be fully recovered through sales of these resources at current market prices.

The Franchise Fee is a surcharge applied to electricity transported over SDG&E systems that are constructed in public streets and highways. SDG&E collects the surcharge from customers and remits them to the appropriate municipality. The surcharge is charged equally to customers regardless of who provides their electric generation.

The PCIA and the SDG&E commodity portion of the Franchise Fee are included within the generation rate of SDG&E's standard bundled service. In other words, they are paid by all customers, regardless of who provides their electricity generation.

Glossary of Terms



Glossary of Terms

AB - Assembly Bill - An Assembly Bill is a piece of legislation that is introduced in the Assembly. In other words, the Assembly, rather than the Senate, is the house of origin in the legislature for the legislation. In California, it is common for legislation to be referred to by its house of origin number (such as, AB 32) even once it becomes law.

AL - Advice Letter - An Advice Letter is a request by a CPUC jurisdictional entity for Commission approval, authorization, or other relief.

ALJ - Administrative Law Judge - ALJs preside over CPUC cases to develop the evidentiary record and draft proposed decisions for Commission action.

ARB - Air Resources Board - The California Air Resources Board (CARB or ARB) is the "clean air agency" in the government of California. CARB is charged with protecting the public from the harmful effects of air pollution and developing programs and actions to fight climate change.

AREM - Alliance for Retail Energy Markets - a not for profit corporation that advocates for continued development of successful customer choice in retail energy markets and provides a focused voice for competitive energy retailers and their customers in selected public policy forums on the state level. AREM represented direct access providers such as Constellation NewEnergy and Direct Energy.

BayREN - Bay Area Regional Energy Network - BayREN offers region-wide energy programs, services and resources to members of the public by promoting energy efficient buildings, reducing carbon emissions and building government capacity.

CAISO - California Independent System Operator - a non-profit independent system operator that oversees the operation of the California bulk electric power system, transmission lines and electricity market generated and transmitted by its members (~80% of California's electric flow). Its stated mission is to "operate the grid reliably and efficiently, provide fair and open transmission access, promote environmental stewardship and facilitate effective markets and promote infrastructure development." CAISO is regulated by FERC and governed by a five-member governing board appointed by the governor.

CALCCA - California Community Choice Association - Association made up of Community Choice Aggregation (CCA) groups which represents the interests of California's community choice electricity providers.

CALSEIA - California Solar Energy Industries - CALSEIA represents more than 200 companies doing solar-related business in California, including manufacturers, distributors, installation contractors, consultants, and educators. Members' annual dues support professional staff and a lobbyist who represent the common interests of California's solar industry at the Legislature, Governor's Office, and state and local agencies.

CALSLA - California City County Street Light Association - statewide association representing cities, counties and towns before the CPUC that is committed to maintaining fair and equitable street light electric rates and facilities charges, and disseminating street light related information.

CAM – Cost Allocation Mechanism - the cost recovery mechanism to cover procurement costs incurred in serving the central procurement function.

CARB – California Air Resources Board - The CARB is charged with protecting the public from the harmful effects of air pollution and developing programs and actions to fight climate change in California.

CARE – California Alternative Rates for Energy - A State program for low-income households that provides a 30% discount on monthly energy bills and a 20% discount on natural gas bills. CARE is funded through a rate surcharge paid by all other utility customers.

CBE – Communities for a Better Environment - environmental justice organization that was founded in 1978. The mission of CBE is to build people's power in California's communities of color and low-income communities to achieve environmental health and justice by preventing and reducing pollution and building green, healthy and sustainable communities and environments.

CCA – Community Choice Aggregator - A community choice aggregator, sometimes referred to as community choice aggregation, allows local governments to procure power on behalf of their residents, businesses, and municipal accounts from an alternative supplier while still receiving transmission and distribution service from their existing utility provider. CCAs are an attractive option for communities that want more local control over their electricity sources, more green power than is offered by the default utility, and/or lower electricity prices. By aggregating demand, communities gain leverage to negotiate better rates with competitive suppliers and choose greener power sources.

CCSF – City and County of San Francisco - The City and County of San Francisco often engage in joint advocacy before the CPUC. San Francisco operates CleanPowerSF, a CCA.

CEC – California Energy Commission - the primary energy policy and planning agency for California, whose core responsibilities include advancing state energy policy, achieving energy efficiency, investing in energy innovation, developing renewable energy, transforming transportation, overseeing energy infrastructure and preparing for energy emergencies.

CEE – Coalition for Energy Efficiency - non-profit comprised of US and Canadian energy efficiency administrators working together to accelerate the development and availability of energy efficient products and services.

CLECA – California Large Energy Consumers Association - an organization of large, high load factor industrial customers located throughout the state; the members are in the cement, steel, industrial gas, pipeline, beverage, cold storage, food packaging, and mining industries, and share the fact that electricity costs comprise a significant portion of their costs of production. Some members are bundled customers, others are Direct Access (DA) customers, and some are served by Community Choice Aggregators (CCAs); a few members have onsite renewable generation.

CPUC – California Public Utility Commission - state agency that regulates privately owned electric, natural gas, telecommunications, water, railroad, rail transit, and passenger transportation companies, in addition to authorizing video franchises.

C&I – Commercial and Industrial - Business customers. C&I customers generally consume much higher volumes of electricity and gas. Many utilities segment their C&I customers by energy consumption (small, medium and large).

CP – Compliance Period - Time period to become RPS compliant, set by the CPUC (California Public Utilities Commission)

DA - Direct Access - An option that allows eligible customers to purchase their electricity directly from third party providers known as Electric Service Providers (ESP).

DA Cap - the maximum amount of electric usage that may be allocated to Direct Access customers in California, or more specifically, within an Investor-Owned Utility service territory.

DACC - Direct Access Customer Coalition a regulatory advocacy group comprised of educational, governmental, commercial and industrial customers that utilize direct access for all or a portion of their electrical energy requirements

DA Lottery - a random drawing by which DA waitlist customers become eligible to enroll in DA service under the currently-applicable Direct Access Cap.

DA Waitlist - customers that have officially registered their interest in becoming a DA customer but are not yet able to enroll in service because of DA cap limitations.

DAC - Disadvantaged Community - Disadvantaged communities refers to the areas throughout California which most suffer from a combination of economic, health, and environmental burdens. These burdens include poverty, high unemployment, air and water pollution, presence of hazardous wastes as well as high incidence of asthma and heart disease. One way that the state identifies these areas is by collecting and analyzing information from communities all over the state. CalEnviroScreen, an analytical tool created by the California Environmental Protection Agency (CalEPA), combines different types of census tract-specific information into a score to determine which communities are the most burdened or "disadvantaged."

DASR - Direct Access Service Request - Request submitted by C&I customers to become direct access eligible.

Demand - The rate at which electric energy is delivered to or by a system or part of a system, generally expressed in kilowatts (kW), megawatts (MW), or gigawatts (GW), at a given instant or averaged over any designated interval of time. Demand should not be confused with Load or Energy.

DER - Distributed Energy Resource - A small-scale physical or virtual asset (e.g. EV charger, smart thermostat, behind-the-meter solar/storage, energy efficiency) that operates locally and is connected to a larger power grid at the distribution level.

Distribution - The delivery of electricity to the retail customer's home or business through low voltage distribution lines.

DLAP - Default Load Aggregation Point - In the CAISO's electricity optimization model, DLAP is the node at which all bids for demand should be submitted and settled.

DR - Demand Response - An opportunity for consumers to play a significant role in the operation of the electric grid by reducing or shifting their electricity usage during peak periods in response to time-based rates or other forms of financial incentives.

DRP - Distributed Resource Plans - plans that are required by statute that are intended to identify optimal locations for the deployment of distributed resources.

DWR - Department of Water Resources - DWR manages California's water resources, systems, and infrastructure in a responsible, sustainable way.

ECR - Enhanced Community Renewable - An IOU program that reflects the "Community Solar" model of renewable energy purchasing. Customers sign up to purchase a portion of a local solar project directly from a Developer at a level that meets at least 25% of their monthly electricity

demand, but up to 100%. The customer will pay the Developer for the subscribed output, and receive a credit on their utility bill that reflects their enrollment level.

ED - Energy Division - The CPUC's Energy Division develops and administers energy policy and programs to serve the public interest, advise the Commission, and ensure compliance with the Commission decisions and statutory mandates.

EE - Energy Efficiency- the use of less energy to perform the same task or produce the same result. Energy-efficient homes and buildings use less energy to heat, cool, and run appliances and electronics, and energy-efficient manufacturing facilities use less energy.

ELCC - Effective Load Carrying Capacity - The additional load met by an incremental generator while maintaining the same level of system reliability. For solar and wind resources the ELCC is the amount of capacity which can be counted for Resource Adequacy purposes.

EPIC - Electric Program Investment Charge - The EPIC program was created by the CPUC to support investments in clean energy technologies that provide benefits to the electricity ratepayers of PG&E, San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE)

ERRA - Energy Resource Recovery Account - ERRA proceedings are used to determine fuel and purchased power costs which can be recovered in rates. The utilities do not earn a rate of return on these costs, and only recover actual costs. The costs are forecast for the year ahead. If the actual costs are lower than forecast, then the utility gives money back, and vice versa.

ES - Energy Storage - the capture of energy produced at one time for use at a later time to reduce imbalances between energy demand and energy production.

ESA - Energy Storage Agreement - means a battery services contract, a capacity contract, demand response contract or similar agreement.

ESP - Energy Service Provider - An energy entity that provides service to a retail or end-use customer.

EV - Electric Vehicle - a vehicle that uses one or more electric motors for propulsion.

FCR - Flexible Capacity Requirements - "Flexible capacity need" is defined as the quantity of resources needed by the CAISO to manage grid reliability during the greatest three-hour continuous ramp in each month. Resources will be considered as "flexible capacity" if they can sustain or increase output, or reduce ramping needs, during the hours of "flexible need." "FCR" means the flexible capacity requirements established for LSEs by the CPUC pursuant to the CPUC Decisions.

GHG - Greenhouse gas - water vapor, carbon dioxide, tropospheric ozone, nitrous oxide, methane, and chlorofluorocarbons (CFCs). A gas that causes the atmosphere to trap heat radiating from the earth. The most common GHG is Carbon Dioxide, though Methane and others have this effect as well.

GRC - General Rate Case - Proceedings used to address the costs of operating and maintaining the utility system and the allocation of those costs among customer classes. For California's three large IOUs, the GRCs are parsed into two phases. Phase I of a GRC determines the total amount the utility is authorized to collect, while Phase II determines the share of the cost each customer class is responsible and the rate schedules for each class. Each large electric utility files a GRC application every three years for review by the Public Advocates Office and interested parties and approval by the CPUC.

GTSR – Green Tariff Shared Renewables - The GTSR program enables customers to receive 50 to 100 percent of their electricity demand from renewable sources. The GTSR program has two components: the Green Tariff (GT) component and the Enhanced Community Renewables (ECR) component. Through GT, a customer may pay the difference between their current generation charge and the cost of procuring 50 to 100 percent renewables. With ECR, a customer agrees to purchase a share of a community renewable (typically solar) project directly from a developer, and in exchange will receive a credit from their utility for the customer's avoided generation procurement.

GWh – Gigawatt-hour - The unit of energy equal to that expended in one hour at a rate of one billion watts. One GWh equals 1,000 megawatt-hours.

ICA – Integration Capacity Analysis - The enhanced integrated capacity and locational net benefit analysis quantifies the capability of the system to integrate Distributed Energy Resources (DERs) within the distribution system. Results are dependent on the most limiting element of the various power system criteria such as thermal ratings, power quality, system protection limits and safety standards of existing equipment.

IDER – Integrated Distributed Energy Resources - A CPUC proceeding that aims to more effectively coordinate the integration of demand-side resources in order to better meet customer and grid needs, while enabling California to attain its greenhouse gas reduction goals.

IDSM – Integrated Demand-Side Management - an approach that joins together all the resources utilities have at their disposal to plan, generate and supply electricity in the most efficient manner possible.

IEP – Independent Energy Producers - California's oldest and leading nonprofit trade association, representing the interest of developers and operators of independent energy facilities and independent power marketers.

IMD – Independent Marketing Division - Under state law, IOUs are prohibited from lobbying or marketing on community choice unless the IOU forms an independent marketing division funded by shareholders rather than ratepayers. SDG&E' and its parent company Sempra were permitted by the CPUC to create such an independent marketing division, which allowed SDG&E to lobby against plans to create a CCA program.

IOU – Investor-Owned Utility - A private electricity and natural gas provider, such as SDG&E, PG&E or SCE, which are the three largest IOUs in California.

IRP – Integrated Resource Plan - A plan which outlines an electric utility's resource needs in order to meet expected electricity demand long-term.

kW – Kilowatt - Measure of power where power (watts) = voltage (volts) x amperage (amps) and 1 kW = 1000 watts

kWh – Kilowatt-hour - This is a measure of consumption. It is the amount of electricity that is used over some period of time, typically a one-month period for billing purposes. Customers are charged a rate per kWh of electricity used.

LCE – Lancaster Choice Energy - the CCA that serves the City of Lancaster, California.

LCFS – Low Carbon Fuel Standard - A CARB program designed to encourage the use of cleaner low-carbon fuels in California, encourage the production of those fuels, and therefore, reduce greenhouse gas emissions.

LCR - Local (RA) Capacity Requirements - The amount of Resource Adequacy capacity required to be demonstrated in a specific location or zone.

LMP - Locational Marginal Price - Each generator unit and load pocket is assigned a node in the CAISO optimization model. The model will assign a LMP to the node in both the day-ahead and real time market as it balances the system using the least cost. The LMP is comprised of three components: the marginal cost of energy, congestion and losses. The LMP is used to financially settle transactions in the CAISO.

LNBA - Locational Net Benefits Analysis - a cost-benefit analysis of distributed resources that incorporates location-specific net benefits to the electric grid.

Load - An end use device or customer that receives power from an energy delivery system. Load should not be confused with Demand, which is the measure of power that a load receives or requires. See Demand.

LSE - Load-serving Entity - Entities that have been granted authority by state, local law or regulation to serve their own load directly through wholesale energy purchases and have chosen to exercise that authority.

LTPP - Long-Term Procurement Rulemaking - This is an “umbrella” proceeding to consider, in an integrated fashion, all of the Commission’s electric procurement policies and programs.

MCE - Marin Clean Energy - the first CCA in California that began serving customers in 2010. They serve customers in Contra Costa, Marin, Napa and Solano counties in Northern California.

MEO - Marketing Education and Outreach - a term generally used to describe various strategies to inform customers, such as to motivate consumers to take action on energy efficiency or conservation measures and change their behavior.

MW - Megawatt - measure of power. A megawatt equals 1,000 kilowatts or 1 million watts.

MWH - Megawatt-hour - measure of energy

NAESCO - National Association of Energy Service Companies - an advocacy and accreditation organization for energy service companies (ESCOs). Energy Service Companies contract with private and public sector energy users to provide cost-effective energy efficiency retrofits across a wide spectrum of client facilities.

NBC - Non-Bypassable Charge - fees that are paid on every kilowatt-hour of electricity that is consumed from the grid. These charges can be used to fund things like energy assistance programs for low-income households and energy efficiency programs. These charges apply even if customers buy grid-supplied power from an outside power company such as a CCA.

NDA - Non-Disclosure Agreement - a contract by which one or more parties agree not to disclose confidential information that they have shared with each other.

NEM - Net Energy Metering - A program in which solar customers receive credit for excess electricity generated by solar panels.

NRDC - Natural Resources Defense Council - non-profit international environmental advocacy group.

NP-15 - North Path 15 - NP-15 is a CAISO pricing zone usually used to approximate wholesale electricity prices in northern California in PG&E’s service territory.

OIR – Order Instituting Rulemaking - A procedural document that is issued by the CPUC to start a formal proceeding. A draft OIR is issued for comment by interested parties and made final by vote of the five Commissioners of the CPUC.

OSC – Order to Show Cause - order requiring an individual or entity to explain, justify, or prove something.

ORA – Office of Ratepayer Advocates - the independent consumer advocate within the CPUC, now called Public Advocates office.

PA – Program Administrator (for EE Business Plans) IOUs and local government agencies authorized to implement CPUC-directed Energy Efficiency programs.

PCE – Peninsula Clean Energy Authority - CCA serving San Mateo County and all 20 of its cities and towns as well as the City of Los Banos.

PCC1 – RPS Portfolio Content Category 1 – Bundled renewables where the energy and REC are dynamically scheduled into a California Balancing Authority (CBA) such as the CAISO. Also known as “in-state” renewables.

PCC2 – RPS Portfolio Content Category 2 – Bundled renewables where the energy and REC are from out-of-state and not dynamically scheduled to a CBA.

PCC3 – RPS Portfolio Content Category 3 – Unbundled REC

PCIA or “exit fee” - Power Charge Indifference Adjustment (PCIA) is an “exit fee” based on stranded costs of utility generation set by the California Public Utilities Commission. It is calculated annually and assessed to customers of CCAs and paid to the IOU that lost those customers as a result of the formation of a CCA.

PCL – Power Content Label – A user-friendly way of displaying information to California consumers about the energy resources used to generate the electricity they sell, as required by AB 162 (Statute of 2009) and Senate Bill 1305 (Statutes of 1997).

PD – Proposed Decision – A procedural document in a CPUC Rulemaking that is formally commented on by parties to the proceeding. A PD is a precursor to a final Decision voted on by the five Commissioners of the CPUC.

PG&E – Pacific Gas & Electric - the IOU that serves 16 million people over a 70,000 square mile service area in Northern California.

PHC – Prehearing Conference - CPUC hearing to discuss the scope of a proceeding among other matters. Interested stakeholders can request party status during these.

Pnode – Pricing Node – In the CAISO optimization model, it is a point where a physical injection or withdrawal of energy is modeled and for which a LMP is calculated.

PPA – Power Purchase Agreement – A contract used to purchase the energy, capacity and attributes from a renewable resource project.

PRP – Priority Review Project - transportation electrification pilot projects approved by the CPUC pursuant to SB 350.

PRRR – Progress on Residential Rate Reform – Pursuant to a CPUC decision, the IOUs must submit to the CPUC and parties periodic updates on the progress of their efforts to assist customers with

residential rate design changes related to rate reform, including tier collapse and transition to a default time of use rate.

PUC – Public Utilities Code - California statute that contains 33 Divisions, and the range of topics within this Code includes natural gas restructuring, private energy producers, telecommunication services, and specific municipal utility districts and transit authorities. Primary statute for governance of utilities as well as CCAs in California.

PURPA – Public Utilities Regulatory Policy Act - federal statute passed by Congress to encourage fuel diversity via alternative energy sources and to introduce competition into the electric sector. It was meant to promote energy conservation (reduce demand) and promote greater use of domestic energy and renewable energy (increase supply). The law was created in response to the 1973 energy crisis.

RA – Resource Adequacy - Under its Resource Adequacy (RA) program, the California Public Utilities Commission (CPUC) requires load-serving entities—both independently owned utilities and electric service providers—to demonstrate in both monthly and annual filings that they have purchased capacity commitments of no less than 115% of their peak loads.

RAM – Renewables Auction Mechanism - a procurement program the Investor-owned Utilities (IOUs) may use to procure RPS eligible generation. The IOUs may use RAM to satisfy authorized procurement needs, for example, system Resource Adequacy needs, local Resource Adequacy needs, RPS needs, reliability needs, Local Capacity Requirements, Green Tariff Shared Renewables needs, and any need arising from Commission or legislative mandates.

RE – Renewable Energy - Energy from a source that is not depleted when used, such as wind or solar power.

REC – Renewable Energy Certificate - A REC is the property right to the environmental benefits associated with generating renewable electricity. For instance, homeowners who generate solar electricity are credited with 1 solar REC for every MWh of electricity they produce. Utilities obligated to fulfill an RPS requirement can purchase these RECs on the open market.

RES-BCT – Renewables Energy Self-Generation Bill Credit Transfer - This program enables local governments and universities to share generation credits from a system located on one government-owned property with billing accounts at other government-owned properties. The system size limit under RES-BCT is 5 MW, and bill credits are applied at the generation-only portion of a customer's retail rate.

RFO – Request for Offers a competitive procurement process used by organizations to solicit the submission of proposals from interested parties in response to a scope of services.

RPS – Renewable Portfolio Standard - Law that requires CA utilities and other load serving entities (including CCAs) to provide an escalating percentage of CA qualified renewable power (culminating at 33% by 2020) in their annual energy portfolio.

SB – Senate Bill - a piece of legislation that is introduced in the Senate. In other words, the Senate, rather than the Assembly, is the house of origin in the legislature for the legislation.

SCE – Southern California Edison - the large IOU that serves the Los Angeles and Orange County area.

SCP – Sonoma Clean Power Authority - CCA serving Sonoma County and surrounding areas in Northern California.

SDG&E - San Diego Gas & Electric - the IOU that serves San Diego county, they own the infrastructure that delivers SDCP energy to customers.

SGIP - Self-Generation Incentive Program - A program which provides incentives to support existing, new, and emerging distributed energy resources (storage, wind turbines, waste heat to power technologies, etc.)

SUE - Super User Electric - electric surcharge that's intended to penalize consumers for excessive energy use.

SVCE - Silicon Valley Clean Energy - CCA serving Silicon Valley Area.

TCR EPS Protocol - The Climate Registry Electric Power Sector Protocol - Online tools and resources provided by The Climate Registry to assist organizations to measure, report, and reduce carbon emissions.

TE - Transportation Electrification - For the transportation sector, electrification means replacing fossil fuels with electricity as the means of powering light-duty vehicles, medium- and heavy-duty trucks, and buses. The primary goal is to reduce greenhouse gas (GHG) emissions and, ultimately, contribute to mitigating the effects of climate change on the planet.

Time-of-Use (TOU) Rates — The pricing of delivered electricity based on the estimated cost of electricity during a particular time-block. Time-of-use rates are usually divided into three or four time-blocks per 24 hour period (on-peak, mid-peak, off-peak and sometimes super off-peak) and by seasons of the year (summer and winter). Real time pricing differs from TOU rates in that it is based on actual (as opposed to forecasted) prices that may fluctuate many times a day and are weather sensitive, rather than varying with a fixed schedule.

TM - Tree Mortality - refers to the death of forest trees and provides a measure of forest health. In the context of energy, the CPUC is tasked with utilizing its authority to extend contracts and take actions to authorize new contracts on bioenergy facilities that receive feedstock from high hazard zones.

TURN - The Utility Reform Network - A ratepayer advocacy group charged with ensuring that California IOUs implement just and reasonable rates.

Unbundled RECs - Renewable energy certificates that verify a purchase of a MWH unit of renewable power where the actual power and the certificate are “unbundled” and sold to different buyers.

VPP - Virtual Power Plant - A cloud-based network that leverages an aggregation of distributed energy resources (DERs) to shift energy demand or provide services to the grid. For example, thousands of EV chargers could charge at a slower speed and hundreds of home batteries could discharge to the grid during a demand peak to significantly reduce the procurement of traditional supply resources.

VAMO - Voluntary Allocation, Market Offer - the process for SDG&E to allocate a proportional share of their renewable portfolio to SDCP and other LSEs within the service territory.

Budget Resolution



Budget Resolution

RESOLUTION NO. ____
A RESOLUTION OF THE BOARD OF DIRECTORS
OF SAN DIEGO COMMUNITY POWER
ADOPTING THE FISCAL YEAR 2023–2024 BUDGET AND THE FISCAL
YEAR 2024-2028 CAPITAL INVESTMENT PLAN

A. San Diego Community Power (“SDCP”) is a joint powers authority formed pursuant to the Joint Exercise of Powers Act, Cal. Gov. Code § 6500 *et seq.*, California Public Utilities Code § 366.2, and a Joint Powers Agreement effective on October 1, 2019 and amended on December 16, 2021 (“JPA Agreement”).

B. The JPA Agreement provides that SDCP’s fiscal year (“FY”) shall be 12 months commencing each year on July 1 and ending on June 30 the following year.

C. The JPA Agreement further provides that all expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures.

D. The SDCP Board proposes to adopt the FY 2023-24 Operating Budget, attached hereto as Attachment A.

E. The SDCP Board further proposes to adopt the FY 2024-28 Capital Investment Plan that provides comprehensive five-year plan for SDCP’s capital investment expenditures, attached hereto as Attachment B.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of San Diego Community Power as follows:

Section 1. The Board of Directors hereby adopts the FY 2023–24 Operating Budget.

Section 2. The Board of Directors hereby adopts the FY 2024-28 Capital Investment Plan.

Section 3. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a meeting of the Board of Directors of San Diego Community Power held on June 22, 2023.

Chair, Board of Directors
San Diego Community Power

ATTEST:

Secretary, Board of Directors
San Diego Community Power



Acknowledgements

Finance Department

San Diego Community Power's (SDCP's) Finance department works to maintain a fiscally responsible budget in accordance with SDCP Budget Policy. The department ensures sufficient funding to meet procurement needs, sustain operational needs, and support sustained growth while delivering clean energy to the communities we serve. In addition, the team actively works to build SDCP reserves and develop policies that consider future economic conditions, provides an understandable and transparent operating budget for internal and external users, strives to keep the SDCP Board and staff informed of SDCP's fiscal condition, and develops a budget that will ultimately prioritize people, transparency, and our communities.

Board of Directors

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Supervisor Terra Lawson-Remer, Vice Chair
Mayor Paloma Aguirre, Director
Council Member Kellie Hinze, Director
Mayor John McCann, Director
Council Member Colin Parent, Director
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- Anthony Sclafani

County of San Diego

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- Lea Nepomuceno

Encinitas

- Gary L. Jahns
- Tara Hammond

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- Lauren Cazares

National City

- Aida Castañeda, Vice Chair
- Larry Emerson

San Diego

- Eddie Price, Chair
- Matthew Vasilakis

SDCP Executive Team

Karin Burns, Chief Executive Officer
Eric Washington, Chief Financial Officer
Byron Vosburg, Managing Director

Finance Department

Eric Washington, Chief Financial Officer
Tim Manglicmot, Senior Finance Manager
Christopher Do, Financial Analyst



SAN DIEGO **COMMUNITY POWER**
**Capital Investment
Plan (CIP)**

Fiscal Year 2024-28

Proposed Draft

June 22, 2023



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How to Use This Book

San Diego Community Power's (SDCP's) proposed Fiscal Year (FY) 2024-2028 Capital Investment Plan (CIP) contains Agency budgetary and fiscal policy information as well as detailed Agency capital investment plans. The proposed Capital Investment Plan is organized into the following sections.

EXECUTIVE SUMMARY includes the Chief Executive Officer's Letter of the proposed CIP, and provides a high-level overview of the Agency's capital budget and other high-level details on specific projects and their benefits to the community in the proposed CIP.

CAPITAL INVESTMENT PLAN OVERVIEW describes the CIP in brief including summary tables that reflect the operating transfer in to the CIP as well as the list of planned projects in the next five years.

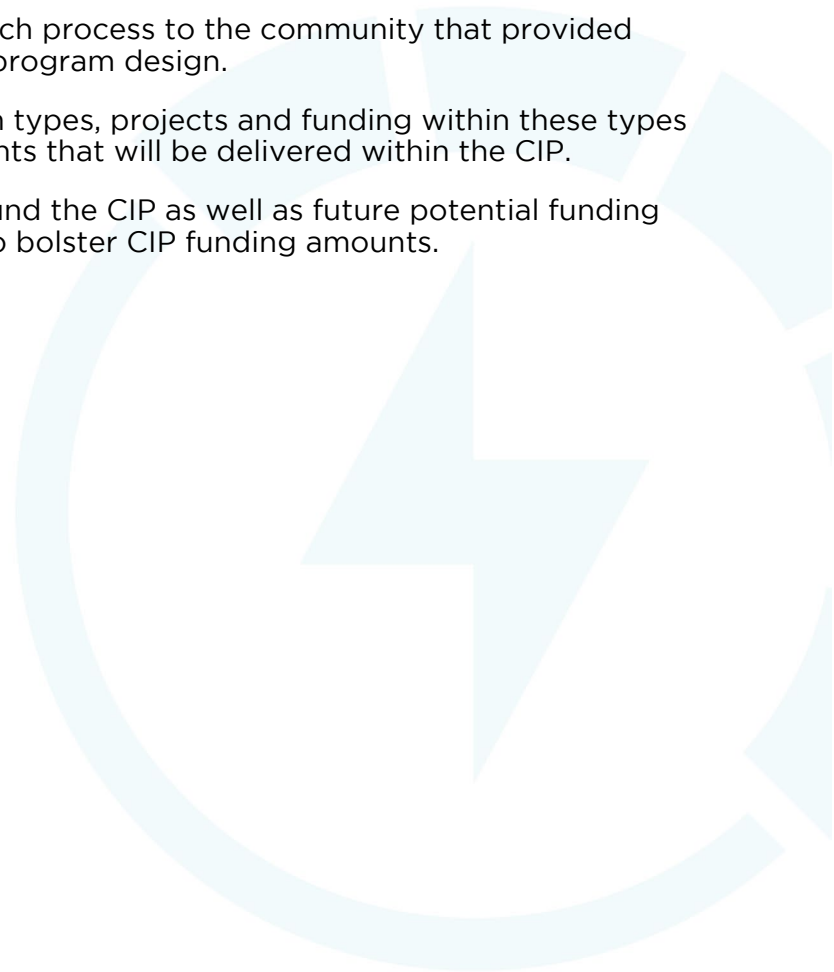
SDCP: AN OVERVIEW provides a high-level overview of SDCP's governance, structure, and Agency values and priorities.

STRATEGIC PLAN describes SDCP's strategic planning process and board-adopted strategic goals that provide the foundation for the creation of the CIP.

COMMUNITY ENGAGEMENT outlines the outreach process to the community that provided feedback and significant input into project and program design.

PROGRAM TYPES includes the thirteen program types, projects and funding within these types falling into short, medium and long-term segments that will be delivered within the CIP.

FUNDING GUIDE explains funding source that fund the CIP as well as future potential funding sources that SDCP can leverage and apply for to bolster CIP funding amounts.



A Letter from the Chief Executive Officer

I am very proud and excited to present San Diego Community Power's (SDCP's) Capital Investment Plan for Fiscal Year (FY) 2024-28. I could not be more excited to partner with such a smart, capable, and mission-driven SDCP team, Board, and Community Advisory Committee to further our region's clean energy goals.

San Diego Community Power (SDCP) is a Community Choice Aggregator (CCA) committed to providing municipalities, businesses, and residents in the six-member cities and unincorporated San Diego County with clean, renewable energy at competitive rates and investing in innovative programs that benefit the environment and the economy in our communities.

I believe climate change is the most pressing challenge of our time, and so working towards effective solutions with a team truly dedicated to this effort was very important to me as I sought out the next step in my career.

SDCP is very well positioned to have a significant impact in delivering 100% clean energy and community investment to a large set of commercial and residential customers. As the second largest CCA in California, there is much we can learn from our predecessor CCAs and much we can offer to further our collective goals.

The problems we face are complex, multi-faceted and require collaboration across government entities, utilities, the private sector, NGOs, and all our citizens. It takes a village, and so to be successful we are going to need to do a few key things out of the gate:

1. Listen closely to and collaborate with our current and future industry partners, city officials, constituents, customers, communities and regulatory bodies.
2. Ensure our investment dollars flow with high impact into our communities after



deeply understanding their needs, aspirations, and challenges.

3. Hire the best and brightest who share our vision of a 100% clean energy future ([Career Opportunities - San Diego Community Power](#)).
4. Delight our customers with affordable clean energy, equitable opportunities, and tailored programs that encourage everyone to contribute to and be part of the clean energy transition ([Compare Service Plans - San Diego Community Power](#)).

As SDCP continues to grow, this CIP will:

1. Deliver program and project options that align with community and organizational priorities.
2. Provides SDCP with the confidence to target a core set of program types focused on community needs.
3. Gives SDCP the flexibility to co-design programs and projects with community partners and to be responsive to external funding opportunities as they emerge.

Please join us at www.sdcommunitypower.org as we embark on an exciting, impactful, and globally important mission to deliver 100% clean energy to customers by 2035 while investing back into our local communities for a brighter, healthier future!

Sincerely,

Karin Burns
Chief Executive Officer

Capital Investment Plan Overview



Capital Investment Plan Overview

New for FY 2023-24, SDCP is developing its first Capital Investment Plan (CIP) which will contain all the individual capital projects, major equipment purchases, and major programs for the agency that are intended to span multiple years. The FY 2023-24 budget proposes a one-time portion of net operating revenues be transferred to the CIP as a continuing fund in which any unspent funds are kept within that fund and carried forward to the subsequent fiscal year.

The CIP includes funding for local development feasibility studies, customer program pilot projects, member agency grants, community grants, a customer education platform, and other areas as outlined in the short- and medium-term program areas. Given the number of planning and pilot projects, the SDCP CIP is largely funded by internal funding which allows maximum flexibility in the planning phase with designing programs and projects. This allows the agency to focus on designing based on community and agency needs rather than based on the requirements requested by a funding agency. The planning phase of a program or project also requires less funding when compared to implementation or design and construction. As SDCP builds reserve funds and to have maximum impact, SDCP leverage the CIP to aggressively pursue external funding from sources such as state and federal agencies.

	FY24 Proposed
Operating Transfer Out	3.9
Operating Transfer In	3.9
DAC-GT CSGT	0.3
CIP Revenue	4.2

Amounts displayed in millions, \$

TABLE 1: FY 2023-24 CIP BUDGET APPROPRIATION

Project	FY24 Proposed
CPUC Green Tariffs	0.3
Member Agency Grants	0.4
Building Electrification Education	0.0
Customer Education	0.4
Building and Housing Stock	0.3
Community Grants	0.5
PUC Energy Efficiency Program	0.3
Customer Program Pilots	2.0
Local Development Feasibility Studies	0.1
CIP Expenses	4.2

Amounts displayed in millions, \$

TABLE 2: FY 2023-24 CIP BUDGET EXPENSES



The first year of the CIP is appropriated as part of SDCP's annual budget process and becomes the adopted capital budget for the fiscal year. The subsequent years of the CIP are planned expenses that are subject to Board approval during the annual budget process and are subject to change.

Program	Program	FY24	FY25	FY26	FY27	FY28	Total
Disadvantaged Communities Green Tariff and Community Solar Green Tariff	CPUC Green Tariffs	0.3	0.3	0.4	0.4	0.4	1.8
Grant Programs	Member Agency Grants	0.4	0.4	0.4	0.4	0.4	2.0
Energy Awareness and Education	Building Electrification Education	0.0	-	-	-	-	0.0
Energy Awareness and Education	Customer Education	0.4	-	-	-	-	0.4
Grant Programs	Community Grants	0.5	-	-	-	-	0.5
Energy Efficiency	PUC Energy Efficiency Program	0.3	-	-	-	-	0.3
Pilot Programs	Customer Program Pilots	2.0	-	-	-	-	2.0
Pilot Programs	Building and Housing Stock	0.3	-	-	-	-	0.3
Pilot Programs	Local Development Feasibility Studies	0.1	-	-	-	-	0.1
CIP Expenses		4.2	0.7	0.8	0.8	0.8	7.4
Amounts displayed in millions, \$							

TABLE 3: FY 2024-28 CIP PROGRAMS AND PROJECTS



Overview of San Diego Community Power



Overview of San Diego Community Power

Who We Are

San Diego Community Power is a coalition of people who live and work in our communities, focused on moving towards a healthier and sustainable, clean energy future. We're friends and neighbors, teachers and students, employees and bosses. We're of every color and ethnicity, every political stripe and religious belief. All of us have some important things in common: **our goal is to manage our electricity supply, taking advantage of the affordable, common sense options available for cleaner power, today and for future generations. We also prioritize people over profits, to create better health for everyone.**

About Community Choice

SDCP is a Community Choice Aggregation (CCA) program—one of dozens that have formed across the state over the past 10 years. CCAs succeed by introducing healthy competition into the energy marketplace and feeding cleaner electricity into the grid. They partner with the local investor-owned utility (similar to SDG&E) to deliver and service it. Power is cleaner, just as affordable, and just as reliable. It's a simple model that's focused on the future, and really works.

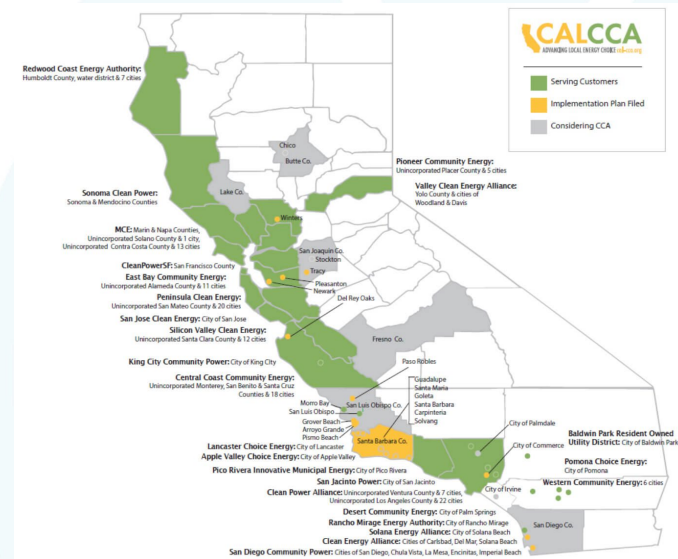
This not-for-profit model goes even further, eliminating for-profit shareholders who make a profit on your electricity use.

At SDCP, our only shareholder is you.

Community Choice Energy might be new to San Diego, but programs just like this one have been springing up throughout California for over 10 years. SDCP is one of 25 programs already serving over 11 million customers. Why is Community Choice growing so fast? That's easy—it's a simple model that works

for people of every age, ethnicity and income group. The public gets choices that make real sense. Choices that are sensible, affordable, and focused on the future.

FIGURE 1: CCAS IN CALIFORNIA



Governance and Structure

In September 2019, the cities of San Diego, Chula Vista, Encinitas, La Mesa, and Imperial Beach adopted an ordinance and resolution to form San Diego Community Power, a California joint powers agency. In 2021, the County of San Diego and National City voted to join SDCP.

SDCP's Board is comprised of elected representatives from each member jurisdiction—which may expand as new communities in the surrounding area decide whether to join SDCP in the future.

The Board is publicly accountable to SDCP ratepayers and hosts monthly Board meetings, where they establish policy, set rates, determine power options and maintain fiscal oversight.

As a public agency, SDCP is designed to be fully transparent with all meetings and information open to the public.

FIGURE 2: SDCP MEMBER CITIES



Organization Structure

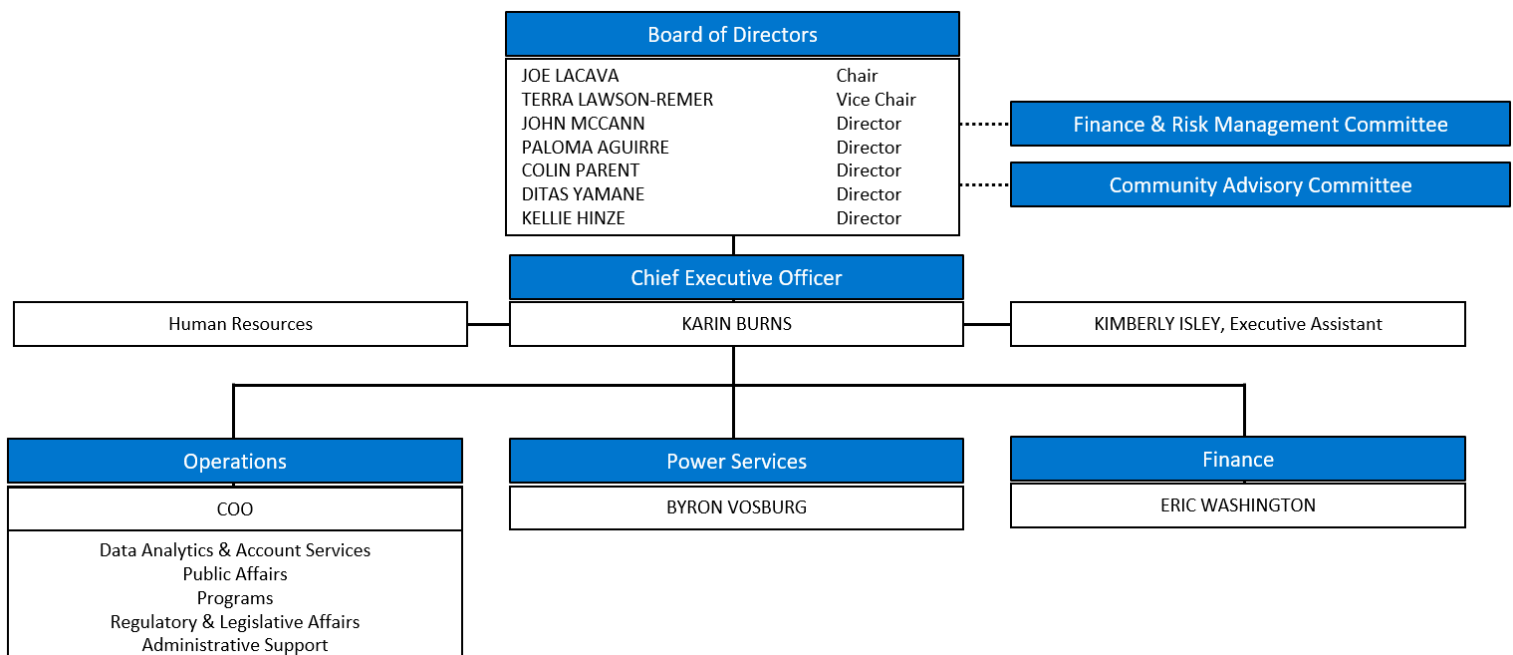


FIGURE 3: ORGANIZATION CHART

Capital Investment Plan



Capital Investment Plan (CIP)

About the CIP

The SDCP Fiscal Year 2024 - 2028 Capital Improvement Plan (CIP) includes 9 projects that will receive funding in the five-year period, totaling \$7.4 million in investments across SDCP member jurisdictions. Projects include a number of short- and medium-term programs and projects that are largely pilot and planning studies. This allows SDCP to thoughtfully plan and design its projects and programs based on community and agency needs to deliver programs and projects that provide maximum public impact and that can potentially leverage other local, state and federal funds.

This plan continues SDCP's commitment to plan and finance programs and projects that align with community and organizational priorities. The programs and projects are a list that provides SDCP with the confidence to target a core set of program types focused on community needs. It also gives SDCP the flexibility to co-design programs with community partners and to be responsive to external funding opportunities as they emerge.

This plan is not a final or absolute list of funded projects and projects may not have funding identified. Each funded and partially funded project shows a potential source of funding but does not necessarily indicate actual funding of the project has occurred. As design requirements, budgets and priorities change, the planned projects may also move within the plan or may drop out entirely.

Likewise, this list is not all-inclusive. Often, unexpected requirements cause unforeseen projects to be inserted into the design and execution process. Further, funding sources identified in the CIP are potential funding sources which may not materialize. Projects, programs, and funding are additionally subject to Board approval consistent with the JPA and the internal policies and programs of the agency.

CIP Development Process

SDCP will update the CIP annually during its budget-development process. Programs and projects are included in the CIP based on alignment with SDCP's strategic goals and based on community engagement.

The proposed capital budget and CIP undergoes a public outreach process comprising a wide range of stakeholder groups. The CIP additionally is a dynamic document that is intended to be updated regularly as needs shift or as fund availability changes. All subsequent updates to the CIP will be brought to the SDCP Board for approval.

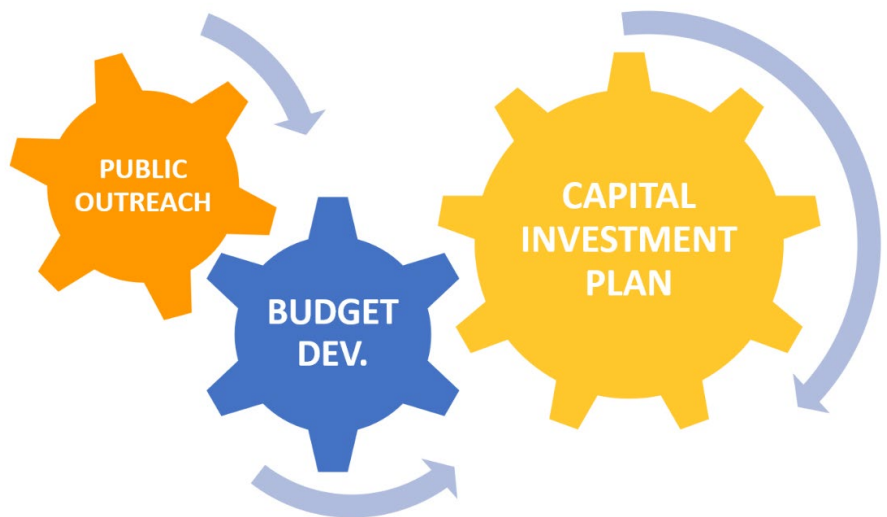


FIGURE 4 CIP DEVELOPMENT PROCESS

Strategic Planning



Strategic Planning

SDCP's budgeting process including its CIP is built around the objectives outlined in its Strategic Plan. The Plan's framework assists staff in weighing the community's priorities against the limited resources available to achieve its strategic goals.

The Strategic Plan is an important management tool to guide operations, assessing the current environment and envisioning the future, to increase effectiveness, organizational commitment, and consensus of SDCP's strategies and objectives.

The Strategic Plan provides a comprehensive framework that ensures priorities set by the SDCP Board are clear to all staff and that SDCP is accountable to meeting community needs by setting objectives to meet identified goals.

On June 23, 2022, the SDCP Board adopted its mission, vision, core values and goals for 2023-2027 as part of its 2023-2027 Strategic Plan. Subsequently, on April 21, 2023, the SDCP Board updated its Strategic Plan.

SDCP then incorporated its Strategic Planning updates into the FY 2023-24 operating budget as part of its annual budget cycle adopted through its Budget Policy.

Mission Statement

Through the Strategic Planning process, SDCP defined its overall Mission Statement. Our Mission summarizes at the highest level why we are here. Everything we do contributes to our ability to achieve the mission.

Vision Statement

SDCP additionally defined its overall Vision Statement to guide the agency. Our Vision describes what we aspire to be as an organization. This is where we are going. Our vision is our commitment to making bold progress in this direction.



FIGURE 5 MISSION STATEMENT



FIGURE 6 VISION STATEMENT

Strategic Goals

To achieve our Mission and Vision, we work to balance our performance across seven Strategic Goals. These are high level, long-term goals that guide our work.

SDCP's Strategic Goals can be further defined and expanded as follows with specific actions to achieving these goals.

1. **Financial Stability** – Practice fiscal strategies to promote long-term organizational sustainability.
 - Adopt financial controls and policies to meet or exceed best practices and manage risk.
 - Obtain an investment-grade credit rating by November 2025.
 - Adopt plan to increase reserves to \$175 million by October 2023 (90-days cash on hand) and \$360 million by October 2025 (180-days cash on hand).
 - Develop Rate Stabilization Reserve of \$70 million to mitigate power cost fluctuations and economic downturns.

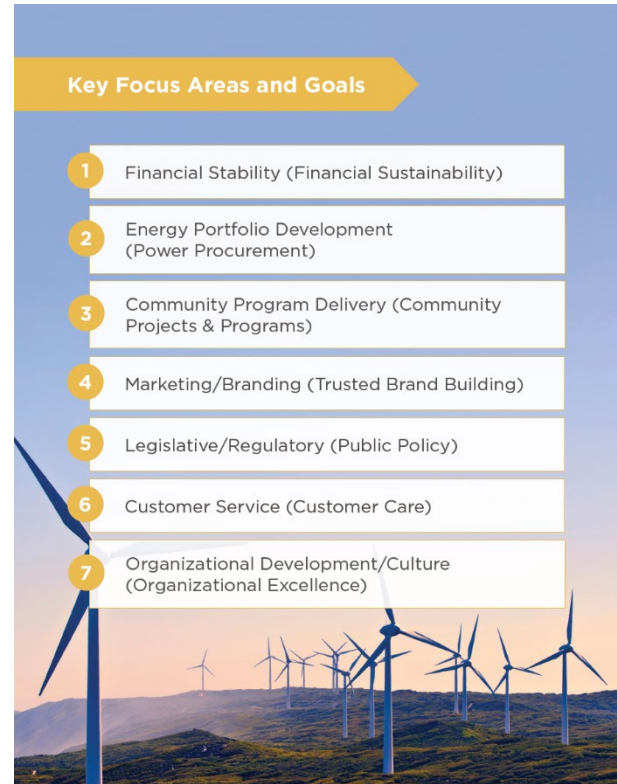


FIGURE 7 KEY FOCUS AREA AND GOALS

2. **Energy Portfolio Development** - Provide sufficient, reasonably priced, clean electricity to our customers.
 - Manage portfolio to manage risk, cost and reliability objectives through risk management tools, sufficient staffing, and staff training.
 - Develop secure Clean Energy Portfolio with goals of: 50% RE (2022), renewable energy 5% (2027), 85% (2030), and 100% (2035).
 - 15% of our energy coming from new, distributed infill storage/solar+ storage resources within Member Agencies by 2035.
 - Support development of innovative energy sources to improve resiliency through pilot programs, grant programs, and partnerships.
 - Create high quality local jobs in renewable energy that support healthy families and vibrant communities.
3. **Community Program Delivery** - Implement energy projects and programs that reduce greenhouse gas emissions, align energy supply and demand, and provide benefits to community stakeholder groups.
 - Implement Community Power Plan (CPP) recommended programs through continuous community engagement and assessment of community benefits while considering technology/ market changes and changing community needs.
 - Invest in programs that target communities of concern (underserved communities) and are distributed throughout our Member Agencies.
 - Invest in programs that promote residential and commercial solar, infill solar and/ or distributed battery storage.
 - Develop local support for deep decarbonization through building and transportation electrification.
 - Develop workforce opportunities in the local clean energy economy (green careers).
 - Support local government and state initiatives to advance decarbonization in alignment with Member Agency Climate Action Plans.
 - Provide all customers with actionable clean energy education.

- Maintain appropriate and sufficient data sources to support smart program design, implementation and evaluation.
4. **Brand Building** – Develop trusted brand reputation to help drive participation in programs and ensure support customer service and retention.
 - Identify and address gaps between perception and desired brand identity.
 - Translate policy issues into consumer-friendly information and communication.
 - Become known as leadership experts on the CCA model and the industry.
 - Foster relationships with city planning offices, CBOs, NGOs, and Trade Associations.
 - Develop relationships with industry media and influencers.
 - Engage community through participation in local events.
 5. **Public Policy** – Advocate for public policies that advance SDCP organizational priorities.
 - Proactively educate and engage policymakers to develop policies that support SDCP’s organizational priorities, including advocacy around Power Charge Indifference Adjustment (PCIA) reductions.
 - Sponsor and support legislation and regulation that is consistent with SDCP’s mission, vision, and goals.
 - Develop annual legislative plan to advance and support SDCP objectives and share plan with local Senate and Assembly members and staff.
 - Develop plan to meet more proactively with and educate key decisionmakers (e.g. CEC, CPUC commissioners).
 - Coordination with Member Agency government affairs’ teams to align on legislative positions.
 - Continue to be an active participant in CalCCA and develop partnerships and coalitions to advance SDCP’s policy and legislative agenda through CalCCA efforts.
 6. **Customer Service** – Ensure high customer retention and satisfaction.
 - Ensure customer satisfaction through key relationships including back-office support and key stakeholders.
 - Continually strive to offer competitive rates.
 - Maintain and grow high levels of customer participation and satisfaction.
 - Achieve 10% of our load at the Power 100 service level by 2027.
 - Build a robust data ecosystem for effective procurement as well as program design, management and evaluation.
 7. **Organizational Excellence** – Ensure excellence by adopting sustainable business practices and fostering a workplace culture of innovation, diversity, transparency and integrity.
 - Create an organizational culture of inclusion, mutual respect, trust, innovation, and collaboration that upholds organizational core values.
 - Develop an annual staffing plan that identifies and addresses resource needs and gaps.
 - Provide training and professional development opportunities that build new skills and abilities.
 - Foster culture of innovation to yield solutions that accelerate our mission and drive toward SDCP’s vision.
 - Design and implement an internship program that attracts workforce from our member cities and creates opportunities for candidates new to CCAs and the industry.

Build institutional capacity of CAC to support the mission and core goals of SDCP.



Community Engagement



Community Engagement

Community Engagement Process

The community engagement process provided SDCP a key opportunity to hear directly from community members and to build relationships with community partners. SDCP is invested in developing and maintaining relationships with community partners so that community input can continue to inform future program design and implementation. The community engagement process conducted as part of this Plan should therefore be viewed as a key step in establishing an on-going relationship with the community, rather than as a one-time process.



FIGURE 8: SOUTHEAST SAN DIEGO COMMUNITY MEMBERS PARTICIPATING IN A LISTENING SESSION



Community Power Plan

The SDCP Community Power Plan (CPP), adopted by the SDCP Board on May 25, 2023, is a key planning document that guided SDCP's Capital Investment Plan investments. The CPP provides strategic direction for developing customer energy programs over the next five years. As a not-for-profit public agency, SDCP is committed to developing a suite of customer energy programs that respond to community needs, with a focus on Communities of Concern.

The community engagement process for the CPP provided SDCP a key opportunity to hear directly from community members and to build relationships with community partners. SDCP is invested in developing and maintaining relationships with community partners so that community input can continue to inform future program design and implementation. The community engagement process conducted as part of this Plan should therefore be viewed as a key step in establishing an on-going relationship with the community, rather than as a one-time process.

The community needs assessment was a fundamental piece of the CPP and included extensive community outreach. Between May and November 2022, SDCP heard from more than 3,450 community members through listening sessions, workshops, pop-up events in harder-to-reach communities, and a customer-wide survey. This helped SDCP understand the challenges, needs, goals, and priorities that could be addressed through customer energy programs. Throughout the community engagement process, SDCP prioritized equity and Communities of Concern. Additionally, SDCP sought to develop foundational partnerships with community-based organizations.

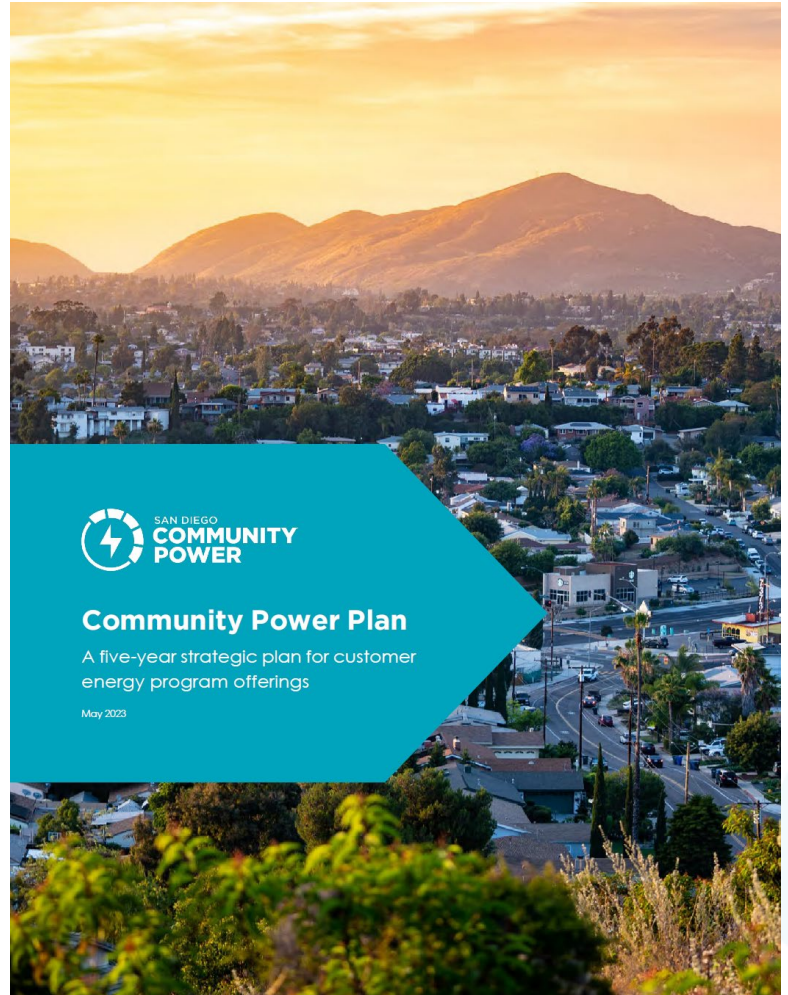


FIGURE 9: COMMUNITY POWER PLAN

TABLE 4: COMMUNITY NEEDS ASSESSMENT

Engagement Method	Estimated Number Engaged
Community-Based Organization Co-Hosted Listening Sessions (2 Rounds)	325
Business, Key Stakeholders, and Public Listening Workshops	45
Unincorporated San Diego County Pop-Up Events	100
Community Needs Survey	2,980
Total	3,450

During the community needs assessment, SDCP's leadership—the Board of Directors, Community Advisory Committee, and staff—was also engaged to further explore the opportunities for SDCP to meet community needs through its program offerings. All the input received throughout the community and organizational engagement was used to identify key priorities that were later incorporated into a program prioritization framework tool. The program prioritization tool and community and organizational priorities helped in the evaluation of potential programs recommended in this Plan and served as important context for SDCP for future program design.



FIGURE 10: SAN YSIDRO COMMUNITY MEMBERS PARTICIPATING IN A LISTENING SESSION



FIGURE 12: SAN YSIDRO COMMUNITY MEMBERS PARTICIPATING IN A LISTENING SESSION CO-HOSTED BY CASA FAMILIAR



FIGURE 11: NORTH PARK COMMUNITY MEMBERS PARTICIPATING IN A LISTENING SESSION



Prioritizing Equity and Communities of Concern

SDCP is committed to making equity central to any community engagement conducted and to this Plan. To undertake meaningful equitable and inclusive engagement, SDCP prioritized partnering with, and providing compensation to, local community-based organizations that work directly with community members in Communities of Concern and can advocate for their collective needs. Specific equitable and inclusive engagement principles that were integrated into the community engagement for this Plan are noted below.

Minimizing obstacles

The team implemented engagement strategies that were responsive to people's different needs, circumstances, and/or varying experiences interacting with public agencies to build comfort and trust. The team employed strategies and activities that minimized obstacles to participation, including the amount of time required for participation and providing virtual and in-person options. The team focused on maintaining flexibility and adaptability to incorporate lessons learned during the engagement process.

Valuing input

The team valued local and lived knowledge by gaining an understanding of the priorities and initiatives of each community when soliciting input. This included collecting perspectives regarding a community's current goals, projects, and potential solutions.

Bridging partnerships

The team established partnerships with community-based organizations throughout SDCP's service territory. In doing so, SDCP gained a deeper understanding of the issues, priorities, and effective engagement methods of its key stakeholders and their respective communities.

Recognizing everyday challenges

The team recognized the day-to-day challenges community members face and adapted subject matter to their needs and experiences. For instance, addressing climate change and reducing air pollution may not be top priorities for community members facing multiple types of burdens.

Additionally, the team considered that increasing electricity bills and many households behind on bills and at risk of service shutoffs would likely generate some initial distrust in SDCP.

Promoting accessibility

The team considered accessibility for the broadest range of community characteristics, including language, internet access, physical disability, time limitations, and subject matter understanding. Materials and presentations were developed for broad understanding using non-technical, simplified terms.

Incorporating language justice

The team employed a language justice approach throughout the community engagement process. Language justice recognizes the power of language and the ways that it intersects with and reflects a community's history, culture, and identity as a key part of establishing trust and understanding.

This ensured that everyone involved in the process could speak, understand, and be understood in the language(s) in which they feel most comfortable. It also included a commitment to creating multilingual and cross-language opportunities where all communities, especially those who do not speak English as a first language, can be valued as equal participants. Language justice also supports the development of accessible and relevant communication tools and strategies that connect with the unique and varied experiences, interests, and priorities of communities.

Capital Program Areas



Capital Program Areas

Program Type Overview

Utilizing the input received during the community needs assessment, the programs from the market assessment, and the scores from the program prioritization framework, five short-term program types and eight mid-term program types are recommended as options for implementation. All recommended program types align with at least one of the following community and organizational priorities and could target at least one of the following market sectors/customer types.




















Community Priorities	Organizational Priorities	Market Sectors/Customer Types
 <i>Reducing my energy bill</i>	 <i>Increasing energy awareness and education</i>	 <i>Residential single-family</i>
 <i>Addressing climate change by reducing greenhouse gas emissions</i>	 <i>Maintaining financial stability</i>	 <i>Residential multi-family</i>
 <i>Creating good, well-paying jobs in the energy sector</i>	 <i>Making investments in Communities of Concern and keeping energy affordable</i>	 <i>Commercial</i>
 <i>Getting rewarded to adjust when I use energy</i>	 <i>Managing load flexibility</i>	 <i>Communities of Concern</i>
 <i>Breathing cleaner air in my home or business</i>	 <i>Maximizing Infill solar and energy storage</i>	
 <i>Reducing air pollution in my community</i>	 <i>Visibly showing benefits to customers by investing back into the community</i>	
 <i>Creating opportunities for Communities of Concern to participate in the clean energy transition</i>		
 <i>Building more rooftop solar instead of large systems in remote areas</i>		
 <i>Keeping the power on at my home or business</i>		

FIGURE 13: SDCP COMMUNITY AND ORGANIZATION PRIORITIES

Given the significant influence that timing of available funding imposes on program delivery, this five-year Plan approached programs using the following phases:

- **Current-term (FY 21/22 – FY 22/23):** Programs that SDCP currently offers.
- **Short-term (FY 23/24 – FY 24/25):** Program types that can be launched quickly with available funding and/or with a manageable amount of SDCP’s revenues to address immediate needs identified in the community needs assessment.
- **Mid-term (FY 25/26 – FY 26/27):** Program types that will take time for external funding to be secured, internal funding to be allocated, and/or require additional time to design and

deliver. These include program types that may require more significant investments from SDCP's revenues. SDCP may choose to implement these program types sooner as funding and opportunities arise.

- **Long-term (FY 27/28+):** Program types that require more complex program design and development, are dependent on SDCP being more established, and/or that support emerging clean energy technologies.

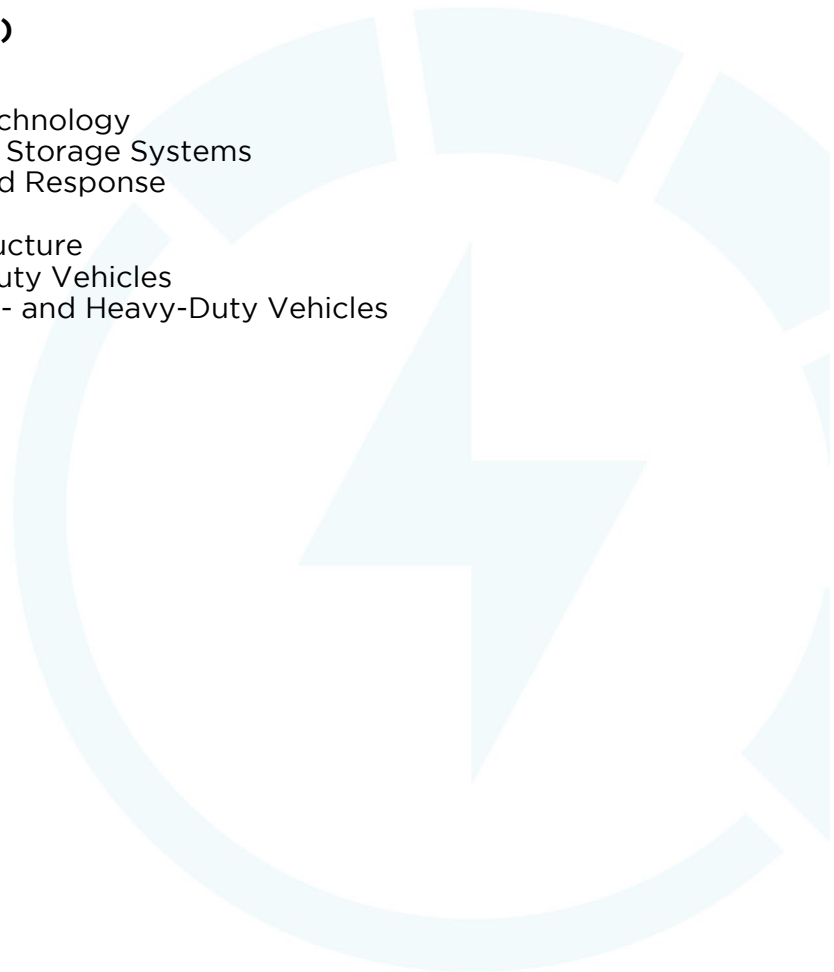
The list of mid-term program types was selected due to their alignment with community and organizational goals. Implementation of programs will largely be determined by funding considerations and other market developments. Given that it is better to develop a small number of well-designed and impactful programs rather than trying to do everything, SDCP should be deliberate about which of the recommended program types to focus on, for which market sectors/customer types, and in which order. The below list is meant to provide flexible guidance for SDCP to deploy a transformative suite of customer energy programs over time.

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

1. Energy Awareness and Education
2. Application Assistance
3. Disadvantaged Communities Green Tariff and Community Solar Green Tariff
4. Pilot Programs
5. Grant Programs

Mid-Term Program Types (FY 25/26 - FY 26/27)

6. Building Electrification: Appliances
7. Building Electrification: Heat Pump Technology
8. Distributed Energy Resources: Energy Storage Systems
9. Distributed Energy Resources: Demand Response
10. Energy Efficiency
11. Transportation Electrification: Infrastructure
12. Transportation Electrification: Light-Duty Vehicles
13. Transportation Electrification: Medium- and Heavy-Duty Vehicles



Program Type 1: Energy Awareness and Education

TABLE 1: ENERGY AWARENESS AND EDUCATION PROJECTS

Project	Scope of Work	CIP Total
Customer Education	To boost understanding of energy issues and increase participation in energy programs available to SDCP's customers and workforce.	\$350,000
Building Electrification Education	To encourage replacement of natural gas equipment such as stoves and clothes dryers and to incentivize installation of electric space heating and cooling, and water heating to achieve building electrification.	
Total		\$350,000

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
 Short-term	  	   

Description

SDCP could offer energy awareness and education programs for its customers and workforce. Energy and bill education programs teach customers about how their energy bill works, how usage impacts costs, and the benefits of clean energy. Beyond energy bills and usage, education efforts can provide workers with resources and customers with unbiased information about how to participate in the clean energy transition, such as through lists of qualified and vetted contractors and equipment installers. Energy awareness and education initiatives could also include K-12 education programs.

An educated workforce will be needed to support the development, installation, and operation of many electrification technologies, especially among building electrification programs. Providing education to contractors can ensure that workers have knowledge on the latest electrification technology to support broad adoption and acceptance.

Benefits

As a significant barrier cited in the community engagement process, building awareness around energy can support behavioral changes to promote energy efficiency and lower bills—a key issue for many community members. Education can also lead to increased uptake of rate-based programs (e.g., California Alternate Rates for Energy) that benefit Communities of Concern.

Many clean energy technologies face increased barriers to adoption due to the lack of qualified contractors and equipment installers or lack of awareness by Communities of Concern. Education and awareness programs for contractors can help overcome these barriers and benefit customers.

Design Considerations

During the community engagement process, many expressed a lack of awareness around energy and the need for education, especially among Communities of Concern. Because many communities have a high level of distrust for government and utilities, partnering with trusted community-based organizations on education programs can help increase access, build trust, and deepen partnerships.

Education programs can also be paired with other program offerings to maximize awareness and participation.

SDCP should consider offering education via K-12 programs to increase awareness of the benefits of clean energy and grow awareness of SDCP as an organization. SDCP should also consider contractor training opportunities to support greater adoption of clean energy technologies, such as electric heat pumps, as contractor participation will be required to bring newer technologies to a broader market at scale. Lastly, SDCP should consider partnering with water agencies/authorities that offer water education programs to complement those programs and explain the water/energy nexus.

Funding Considerations

SDCP should consider using internal revenues for this program type to expedite implementation. SDCP should explore partnering with trusted community-based organizations that currently offer educational programs or have experience with implementing educational programs and provide funding to the organizations to administer the programs.



Program Type 2: Application Assistance

TABLE 2: APPLICATION ASSISTANCE PROJECTS

Project	Scope of Work	CIP Total
N/A	N/A	-
Total		-

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
 Short-term		

Description

There are many existing energy programs that SDCP customers may have access to from other local, state, and federal agencies (i.e., third-party programs). SDG&E alone offers more than 80 energy efficiency and demand response programs, though not all of them are relevant for each customer. The number of programs and the complexity of application processes can create barriers to access for many customers including under-resourced community members, small businesses, and/or organizations that serve Communities of Concern; therefore, an opportunity exists for SDCP to assist with application processes for third-party programs.

Benefits

Funds are available from a variety of third-party programs that can currently help meet community needs. Since a lack of participation in existing programs was noted in the community needs survey, SDCP can help customers access the benefits of third-party programs to boost the success of the programs and help bring additional resources for a variety of energy measures to the San Diego region.

Design Considerations

Because there are many existing programs that each have their own intricacies, SDCP should consider working with partners to select a targeted list of program types to provide application assistance for, rather than trying to support all application types. Recommendations for program types to provide application assistance for include energy efficiency, heat pump technology, transportation electrification infrastructure for income-qualified individuals and Communities of Concern, and onsite solar and energy storage for Communities of Concern. Example programs that align well with community needs could include SDG&E's energy efficiency programs, like the Residential Energy Solutions program and Energy Savings Assistance program, the TECH Clean California program, the Self-Generation Incentive Program, and the Disadvantaged Communities-Single-Family Affordable Solar Homes program.

Application assistance can be a strategy to build partnerships with trusted community-based organizations and partners or other public agencies. While application assistance may be offered to all, outreach can be conducted in partnership with community-based organizations to target support for Communities of Concern.

Funding Considerations



SDCP should consider allocating internal resources (i.e., staff time) for application assistance to amplify the local benefits of available funding from existing programs.



Program Type 3: Disadvantaged Communities Green Tariff and Community Solar Green Tariff

TABLE 3: DISADVANTAGED COMMUNITIES GREEN TARIFF AND COMMUNITY SOLAR GREEN TARIFF PROJECTS

Project	Scope of Work	CIP Total
CPUC Green Tariffs	To bring the benefits from local solar projects to those who may not be able to install solar on their roofs and offer a 20% bill discount to eligible residential customers in state-defined disadvantaged communities.	\$335,232
Total		\$335,232

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
Short-term	      	  

Description

The Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) programs provide the benefits of solar and provide a bill discount to income-qualified residential customers in under-resourced communities who have barriers to installing or are unable to install solar on their roof. Eligible communities are determined by the California Public Utilities Commission using the CalEnviroScreen tool which identifies “disadvantaged communities” as census tracts that are disproportionately burdened by and vulnerable to multiple sources of pollution.

Benefits

The DAC-GT and CSGT programs are intended to further promote the installation of renewable energy generation among disadvantaged communities with a particular focus on low-income residents within them. The California Public Utilities Commission created both programs to include a 20% bill discount so that low-income customers can affordably access local renewable energy resources that they would not otherwise be able to access.

Design Considerations

As California Public Utilities Commission programs, many of the design elements of DAC-GT and CSGT are already established and prescribed. Customers are sometimes automatically enrolled in these programs; therefore, some participants may be unaware of the program, its benefits, or their enrollment status. Additionally, participants may be skeptical and view the combination of

benefits and bill savings as “too good to be true.” Partnering with trusted, local community-based organizations can help increase program awareness. Additionally, partnering with local organizations will be critical for the CSGT program since one of the requirements is identifying local program sponsors. SDCP should work with language justice specialists to remove jargon from program descriptions so that participants learn about the program benefits and do not unsubscribe.

Funding Considerations





The DAC-GT and CSGT programs are funded first through Greenhouse Gas Allowance Auction proceeds. If such funds are exhausted, the programs are then funded through Public Purpose Program Surcharge funds. SDCP is in the process of pursuing funding from the California Public Utilities Commission for these programs.



Program Type 4: Pilot Programs

TABLE 4: PILOT PROGRAMS PROJECTS

Project	Scope of Work	CIP Total
Customer Pilot Programs	To test out program concepts and support implementation of high-impact projects that SDCP may be able to scale with more funding.	\$2,000,000
Building and Housing Stock Analysis	Develop resources on existing building stock to inform program design.	\$250,000
Local Development Feasibility Study	Developing local infill planning including receiving feedback and guidance from SDCP Board, Community Advisory Committee, and other stakeholders to confirm needs and goals, visiting with member agencies to evaluate potential sites and opportunities, then reviewing scope and schedule of initial Local Infill Development plan with SDCP Board for the feasibility studies.	\$100,000
Total		\$2,350,000

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
Short-term	      	   

Description

Pilot programs are small-scale, short-duration projects (6-18 months) that can provide SDCP and stakeholders data on program design, technology acceptance, and other information helpful for broader program delivery.

Benefits

Pilot programs can provide a range of benefits, such as:

- Testing local acceptance of incentive projects that have successfully been implemented in other parts of the State or country.
- Filling in gaps and facilitating bringing State funding into the region.
- Demonstrating the efficacy of emerging technologies and/or business models in the real-world.
- Evaluating innovative incentive delivery methods and mechanisms.
- Provide data on real-world, local project costs, barriers, and opportunities.
- Reducing risks of large-scale broad program delivery by providing lessons learned at a smaller scale.

Design Considerations

Pilot programs can give SDCP the opportunity to flexibly invest defined amounts of internal resources to quickly learn about elements of a particular program before seeking significantly more investments for scaled programs. When developing pilot programs, SDCP should integrate opportunities to capture lessons learned throughout the process, whether that be through data capture, performance evaluation, and/or on-going stakeholder dialogue. Pilot programs can also provide the opportunity for SDCP to partner, support, and learn from community-based organizations. SDCP should work with community-based organizations, where feasible, to design and implement pilot programs.

Funding Considerations

Depending on the amount of investment required, pilot programs can be funded by internal revenues. Smaller pilot programs can function as a preliminary phase in the design of broader externally funded programs. However, due to the size of SDCP's service area, SDCP should also consider seeking external funding to scale pilot programs to the entire service area and maximize impact.



Program Type 5: Grant Programs

TABLE 5: GRANT PROGRAMS PROJECTS

Project	Scope of Work	CIP Total
Member Agency Grants	Grant programs to support both community organizations and its member agencies. Grants focus on addressing the key priorities heard during the community engagement process and provide member agency grants to support regional climate action goals.	\$380,000
Community Grants	To implement innovative program ideas from community-based organizations or specific clean energy projects that help SDCP's member agencies achieve their climate action goals.	\$500,000
Total		\$830,000

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
Short-term	      	   

Description

Grant programs allow SDCP to provide financial assistance to community-based organizations and member agencies to implement clean energy projects or innovative program ideas. Grant programs require applicants to submit a proposal outlining their project or initiative and how it will meet the goals and objectives of the program.

Benefits

Grant programs can provide numerous benefits for SDCP and the communities it serves, such as:

- Providing a source of funding to community-based organizations and member agencies that may not have the resources to implement innovative projects.
- Encouraging and supporting creative ideas that may not be possible through traditional funding sources.
- Creating tangible trust – and relationship-building opportunities between SDCP, its member agencies, and community organizations.
- Increasing visibility of SDCP within the communities it serves.
- Helping to achieve SDCP and member agency sustainability goals by aligning grant programs with initiatives such as promoting clean energy, reducing carbon emissions, and supporting local economic development.

Design Considerations

SDCP should consider creating grant programs to support both community organizations and its member agencies. SDCP could provide community grants focused on addressing the key priorities heard during the community engagement process for the this Plan and provide member agency grants to support regional climate action goals. SDCP should consider partnering with trusted and

proven regional organizations to streamline grant program development and implementation while easing administrative burden on staff.

Funding Considerations

SDCP should consider using internal revenues to expedite the initial launch of the programs and simplify the funding administration process with community-based organizations and/or member agencies. Future philanthropic funding may be available for grant programs, especially if SDCP is providing internal revenues as a match. SDCP should consider partnering with regional entities to expand the impact of grant programs.



Program Type 6: Building Electrification: Appliances

TABLE 6: BUILDING ELECTRIFICATION: APPLIANCES PROJECTS

Project	Scope of Work	CIP Total
N/A	N/A	-
Total		-

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
 Mid-term	   	  

Description

Appliance electrification programs encourage the adoption of electric appliances, such as electric induction stoves and electric clothes dryers, to achieve building electrification.

Benefits

Converting appliances from natural gas to electric helps reduce reliance on fossil fuels and provides a safer cooking environment due to the lack of an open flame. Switching to an electric induction stove or cooktop from a natural gas one can significantly improve indoor air quality because natural gas appliances release harmful pollutants. Gas stove cooking exposes millions of people in California to pollution levels that would be illegal outdoors (Environmental Health Perspectives, January 2014).

Induction stoves work by creating heat only within compatible cookware making them much safer due to the lack of an open flame or hot surface/burners. Induction stoves are extremely efficient and provide better temperature control than traditional electric stoves and rival gas stoves.

Electric heat pump clothes dryers require less maintenance than gas clothes dryers, which provides cost savings in repairs over their operational life. They can reduce the amount of energy used by up to 30% when compared to a traditional electric dryer. Additionally, due to their efficient design, heat pump clothes dryer do not need to be vented which reduces installation costs.



Design Considerations

The transition to electric stoves can be a big change for people who are used to cooking with natural gas stoves. SDCP should consider providing education and outreach, including

demonstrations, to make residents of single-family and multi-family homes, and building owners/landlords aware of the negative health impacts of gas stoves, the performance and safety benefits of electric induction cooking, and the compatibility of induction cookware. SDCP should also consider providing gift cards or other incentives for induction compatible cookware to help offset costs.

Many buildings will require electrical panel upgrades to accommodate electric appliances, which may require hiring electricians for installation. If panel upgrades performed by an electrician are necessary, the total cost of the project will increase. SDCP should consider offering incentives for panel upgrades alongside appliance electrification programs. For Communities of Concern and other income-qualified customers with limited access to financing, direct installation, or up-front incentives are recommended over rebates.

Funding Considerations

SDCP should consider using internal revenues to fund appliance electrification and panel upgrade incentive programs. Providing additional incentives that can stack on top or fill in the gaps of the TECH Clean California program and the Home Electrification and Appliance Rebates that will be administered by the California Energy Commission (CEC) should also be considered.



Program Type 7: Distributed Energy Resources: Energy Storage Systems

TABLE 7: DISTRIBUTED ENERGY RESOURCES: ENERGY STORAGE SYSTEMS PROJECTS

Project	Scope of Work	CIP Total
N/A	N/A	-
Total		-

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
 Mid-term	  	   

Description

Heat pump technology programs encourage the installation of electric heat pumps for space heating, cooling, and water heating in buildings.

Benefits

Conversion to heat pump technology supports buildings that are more efficient, cleaner, healthier, and safer. Heat pump technology is more efficient than its natural gas counterparts and avoids the onsite use of natural gas, which is responsible for most building emissions and can cause negative health impacts due to indoor air pollution. Unlike traditional heating systems, heat pump technology can provide space heating and cooling from the same system, which can lower costs compared to installing separate systems. Heat pump technology can benefit older homes especially because they can introduce incredibly efficient cooling capacity that has not typically existed—a critical service for many residents in a changing and warmer climate. Switching to a heat pump water heater removes an additional source of pollution especially when they are located inside the home and can efficiently heat water.

To enable the installation of heat pump technology, electrical panel upgrades may be needed for buildings that have outdated or constrained electrical panels. While panel upgrades do not have direct environmental or health benefits, outdated panels are a barrier for electrification for many projects, as their cost can significantly increase project costs that may not be covered in other incentive programs.



Design Considerations

SDCP should consider supporting electrical panel upgrades in addition to the installation of heat pump technology. SDCP, like other CCAs, should also consider smart control requirements to enable demand response functionality since heat pump technology can be controlled to optimize when it is used to save energy and lower costs.

To support income-qualified customers and multi-family affordable housing, who may have challenges accessing up-front capital and have limited capacity to research and implement projects,

SDCP should consider direct installation programs. These sectors often have limited cash flow and complex ownership structures that make it difficult to access capital through loans, which can result in maintenance backlogs that would need to occur before energy retrofits. As a result, they may not implement clean energy programs without significant financial support and technical assistance. SDCP should consider that residents of these buildings may be overburdened by rent and utility costs and may end up displaced if housing costs increase because of electrification.

Given the vulnerability of the occupants, programs should also include protections for renters. This may require SDCP to work closely with local housing departments or other agencies to ensure that Communities of Concern are supported in the transition.

One common barrier during program design is the lack of skilled labor and equipment being carried by contractors. When older systems fail and need to be replaced, residential building owners generally cannot wait for contractors to order new equipment. Direct installation programs around efficiency and weatherization have traditionally leveraged entry-level skills, whereas the installation of heat pump technology requires more skilled labor, including electricians, heating and ventilation technicians, and plumbers. SDCP should consider providing contractor training and mid-stream incentives to enable contractors to know how to install heat pumps correctly, have heat pumps on hand, and offer competitive pricing.

Funding Considerations

A major source of State funding for heat pump technology is the TECH Clean California program. SDCP should consider leveraging this program to provide additional stackable incentives. With funding flowing from the Inflation Reduction Act through the Environmental Protection Agency's Greenhouse Gas Reduction Fund and Environmental and Climate Justice Block Grants, SDCP should consider partnering with community-based organizations and regional agencies to apply for funding targeting the conversion to heat pump technology. SDCP should also monitor how funding from the Home Electrification and Appliance Rebates will be administered and implemented by the CEC.



Program Type 8: Distributed Energy Resources: Energy Storage Systems

TABLE 8: DISTRIBUTED ENERGY RESOURCES: ENERGY STORAGE SYSTEMS PROJECTS

Project	Scope of Work	CIP Total
N/A	N/A	-
Total		-

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
 Mid-term	   	   

Description

Energy storage system programs support the installation of onsite energy storage systems to be paired with renewable energy resources (e.g., onsite solar).

Benefits

While the amount of solar available on the grid has increased dramatically in California, it is not being sufficiently captured during times of high production so that it can be used to meet needs when renewable energy resources are not available. This causes an imbalance—too much energy on the grid at times and not enough at others, requiring fossil fuel-based sources of electricity to make up the difference. Increasing the amount of energy storage that is paired with renewable energy generation helps make the electric grid cleaner. Energy storage can help to increase the resilience of the grid by balancing supply and demand and can also be used for backup power during outages or emergencies. This can be especially beneficial for critical facilities, community resilience hubs, and for customers who need to always have power available for medical devices, safety, or emergency response.

Design Considerations

Multiple program pathways exist to support energy storage market development, depending on the level of resources available. For example, SDCP should work with local governments or others to implement energy storage systems at scale in critical facilities or community resilience hubs in ways that enable bulk purchasing of batteries and controls, including microgrids. SDCP should also provide technical support to customers to enable comprehensive energy retrofits, including energy storage systems.

Funding Considerations

SDCP should consider offering incentives to stack on top of other energy storage funding sources such as the Self-Generation Incentive Program (SGIP) like other CCAs have done. Additionally, SDCP should also consider creative financing to bridge the gap in SGIP processing timelines and complexities by providing an up-front incentive instead of requiring participants to wait for a rebate. Internal revenues could be prioritized for energy storage system market development programs given the potential multiple organizational and community benefits.

Program Type 9: Distributed Energy Resources: Demand Response

TABLE 9: DISTRIBUTED ENERGY RESOURCES: DEMAND RESPONSE PROJECTS

Project	Scope of Work	CIP Total
N/A	N/A	-
Total		-

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
 Mid-term	  	   

Description

Demand response programs incentivize customers to reduce their electricity use when energy demand on the grid is at its peak. These types of programs can encourage behavioral changes to shift or reduce usage or can leverage smart devices to automatically take the desired action.

Benefits

Decarbonizing buildings requires more than just reducing the amount of energy used; it requires changing the time of when energy is used to maximize the use of renewable energy and minimize peak demand when the grid requires larger fossil-fuel generation to come online. Demand response technologies enable this shift in when energy is used, helping customers control costs, and making the best use of renewable energy when it is available. Demand response technologies can also enable buildings to help build the overall resilience of the grid by helping operators shift loads during peak times, reducing the likelihood of power outages during extreme heat events.

Design Considerations

A gap exists around support for installation of smart controls on other systems, such as heat pump technology, electric vehicle chargers, and energy storage systems. Many CCAs require or encourage the equipment they incentivize to have demand response capabilities. SDCP should require that incentivized equipment be grid interactive. By establishing technology requirements across other programs, SDCP could provide the most future-proofing and flexibility to enable customers to participate in demand response programs.

Funding Considerations

Because demand response programs have the potential to reduce the amount of energy that SDCP needs to procure or bring value to SDCP's power services in other ways (i.e., resource adequacy), SDCP should consider funding these programs through internal revenues. SDCP should monitor the Demand Side Grid Support program development and other related demand response programs available from the California Energy Commission and California Public Utilities Commission.

Program Type 10: Energy Efficiency

TABLE 10: ENERGY EFFICIENCY PROJECTS

Project	Scope of Work	CIP Total
PUC Energy Efficiency Program	To reduce the amount of energy customers use, improve indoor comfort, and lower energy bills.	\$250,000
Total		\$250,000

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
Mid-term	  	   

Description

Energy efficiency programs promote a wide range of strategies that can reduce the amount of energy buildings use.

Benefits

Energy efficiency is a critical decarbonization strategy with multiple co-benefits: reduced energy demand, reduced customer energy bills, increased indoor air quality, and increased indoor comfort. Weatherization efforts, including insulation, improved windows and doors, and cool roofs can help keep indoor environments safe and comfortable longer when power outages occur—and less energy demand means customers can install smaller renewable energy generating systems (e.g., onsite solar) which leads to lower installation costs.

Design Considerations

With SDG&E offering a multi-year energy efficiency program portfolio, SDCP should develop complimentary programs that fill gaps and avoid duplication. SDCP should consider opportunities to provide free or low-cost energy efficiency upgrades for income-qualified customers and residents in Communities of Concern to be responsive to community priorities. Energy efficiency programs for multi-family buildings can help fill a gap, as these buildings often have complex ownership structures and other barriers that make it difficult to access traditional programs; this is especially notable for affordable multi-family housing.

SDCP should consider that residents of inefficient buildings may be overburdened by rent and utility costs and may end up displaced if housing costs increase because of energy efficiency upgrades.

Given the vulnerability of the occupants and the importance of keeping people housed, energy efficiency programs should include protections for renters. This may require SDCP to work closely with local housing departments or other agencies. While challenging, these considerations can help support Communities of Concern.

Funding Considerations

Since SDCP is not eligible to receive energy efficiency funding via the Elect to Administer pathway, SDCP is limited in its opportunity to access energy efficiency funds from the California Public Utilities Commission via Public Purpose Program Surcharge funds. However, as one of the last regions in the State without a Regional Energy Network (REN), SDCP should continue its exploration of forming one. Programs from a REN would fill gaps in existing energy efficiency



programs by serving hard-to-reach customers and would not be required to meet the restrictive cost-effectiveness thresholds.



Program Type 11: Transportation Electrification: Infrastructure

TABLE 11: TRANSPORTATION ELECTRIFICATION: INFRASTRUCTURE PROJECTS

Project	Scope of Work	CIP Total
N/A	N/A	-
Total		-

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
 Mid-term	     	 

Description

Transportation electrification infrastructure programs support the deployment of electric vehicle charging stations and related technologies (e.g., Vehicle-to-Grid) to enable light-, medium-, and heavy-duty transportation electrification.

Benefits

Expansion of the electric vehicle charging network is needed to support customers switching from fossil-fuel powered cars, which are associated with both carbon emissions and local air pollution. Increasing access to charging infrastructure can increase customer confidence to make the transition to electric vehicles, especially for residents of multi-family buildings and in rural areas, as noted during the community needs assessment.

Design Considerations

SDCP should focus transportation electrification infrastructure programs on locations where the private sector is not currently prioritizing development (i.e., geographical areas or market sectors). Gaps in access to electric vehicle charging infrastructure could be filled through strategies such as direct installation of equipment for multi-family buildings located in Communities of Concern. In some cases, SDCP should provide additional funding to residents to stack on top of existing funding from incentive programs for all applicants or some sectors (e.g., Communities of Concern). In light of significant funding becoming available for public charging infrastructure, SDCP should partner with member agencies to expand public access to charging infrastructure in locations underserved by public charging and/or that could serve residents of multi-family buildings. Creative approaches for deploying charging infrastructure on member agency-owned land could create benefits (e.g., lower charging costs and increased charging locations) relative to charging infrastructure on commercial properties. SDCP also should consider offering technical assistance and incentives for commercial charging infrastructure to support the transition of medium- and heavy-duty vehicles to electric.

Funding Considerations

Significant focus has been placed on transportation electrification by state and federal agencies, creating many opportunities for SDCP to seek external infrastructure incentive programs. The California Public Utilities Commission's Locally Invested Transportation Equity funding offers a chance to test innovative program designs with a focus on community partnerships. The California Energy Commission is expected to provide additional opportunities for creative incentive design and delivery through future Vehicle-to-Grid funding and the Electric Program Investment Charge program.

SDCP should continue to collaborate with the San Diego Association of Governments and San Diego County Air Pollution Control District through the regional Accelerate to Zero Emissions Collaboration and in their effort to incentivize charging infrastructure. Lastly, SDCP can support member agencies in their efforts to seek funding such as through the Clean Mobility Options program.



Program Type 12: Transportation Electrification: Light-Duty Vehicles

TABLE 12: TRANSPORTATION ELECTRIFICATION: LIGHT-DUTY VEHICLES PROJECTS

Project	Scope of Work	CIP Total
N/A	N/A	-
Total		-

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
Mid-term	   	  

Description

Light-duty vehicle electrification programs support customers in the transition from fossil-fuel powered cars to electric cars. Examples of light-duty vehicles include sedans, sport utility vehicles, and pick-up trucks.

Benefits

The switch from fossil-fuel powered cars towards electric vehicles have the dual benefit of reducing carbon emissions and air pollution locally. Compared to light-duty fossil-fuel cars, light-duty electric vehicles are easier to maintain and have an overall lower lifetime cost of operation. With the right rate structures and technology, electric vehicles also present the opportunity to serve as energy storage systems and help with grid resiliency.

Design Considerations

SDCP should prioritize expanding access to electric vehicles for income-qualified customers, such as offering incentives for used electric vehicles to increase affordability. Previously leased electric vehicles can be good options for used electric vehicles if they are in good condition. SDCP should consider partnering with car dealerships to offer point-of-sale incentives on used electric vehicles. SDCP should avoid providing after-sale rebates since it requires customers to have the upfront capital and ability to wait for a rebate. It should be noted that point-of-sale incentives can be more challenging to implement and SDCP will need to do additional work to support this type of delivery mechanism.

In addition, SDCP should focus on reducing other barriers to electric vehicle adoption such as by providing favorable financing options. Electric vehicle programs can be paired with support for charging infrastructure in Communities of Concern. Lastly, SDCP should consider designing programs that reduce other barriers to electric vehicle adoption by providing point-of-sale incentives or other types of up-front assistance instead of after-sale rebates. SDCP should also consider how best to fill in the gap for financing options by income-qualified customers.

Funding Considerations

Internal revenues may be required to create incentives to stack on top of available State funding for electric vehicle adoption (i.e., Clean Vehicle Rebate Project and Clean Vehicle Assistance Program) or the future regional vehicle-scrap program (i.e., Clean Cars 4 All). As with transportation electrification infrastructure programs, the regional Accelerate to Zero Emissions Collaboration initiative will be involved in all aspects of bringing funding to the region, both for SDCP to potentially access for self-administered programs and for its customers to access via third-party programs.

Program Type 13: Transportation Electrification: Medium- and Heavy-Duty Vehicles

TABLE 13: TRANSPORTATION ELECTRIFICATION: MEDIUM- AND HEAVY-DUTY VEHICLES PROJECTS

Project	Scope of Work	CIP Total
N/A	N/A	-
Total		-

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
Mid-term	   	 

Description

Medium- and heavy-duty vehicle electrification programs encourage the transition away from fossil- fuel powered commercial vehicles toward electric alternatives. Examples of medium- and heavy- duty vehicles include delivery and shuttle vans (class 2-6), diesel shipping trucks (class 7-8), school and transit buses, transport refrigeration trucks, drayage trucks, and forklifts.

Benefits

The electrification of medium- and heavy-duty vehicles reduces carbon emissions and local air pollution. Air pollution tends to be high around ports and logistics corridors, where heavy commercial vehicles regularly travel and often spend time idling. These are also places where large portions of Communities of Concern can be found, leading to disproportionate impacts on the health of these communities. Transitioning these vehicles has the added benefit of reducing noise pollution as well.

Design Considerations

SDCP should analyze which fleets of medium- and heavy-duty vehicles have the highest impact on Communities of Concern. The Port of San Diego is a clear partner given its location, business operations, and recent policy direction in the Maritime Clean Air Strategy. Working with transit agencies, school districts, and public agencies, SDCP can support the transition of fleets that serve the public to create the co-benefit of exposing more of the public to electric transportation.

SDCP should also create medium- and heavy-duty vehicle electrification programs that target businesses that operate their fleets primarily in Communities of Concern. While some medium-duty electric vehicle types are cost-competitive now, others are far more expensive and will take more support and resources to transition. In addition, because medium- and heavy-duty vehicles vary in the distance they can travel on each charge, SDCP should work with commercial customers to determine which vehicles options would work well based on their specific need, travel patterns, and markets served. SDCP also needs to consider the need for appropriate charging infrastructure to support the conversion.

Funding Considerations

SDCP should consider working with customers to implement innovative business models that lower the cost of vehicles. It should also consider leveraging internal funding to capture new funding opportunities and maximize impact.

Funding Guide



Funding Guide

There are two main ways that SDCP can fund programs—through its own internal revenues or by applying for external funding. Funding programs with internal revenues would provide the greatest amount of flexibility for SDCP to design programs in ways that specifically meet community needs; however, as a newer organization, SDCP must also balance building a strong financial foundation, meeting reserve targets and other organizational priorities. In the short-term, the amount of revenues SDCP can direct to customers in the form of programs will be limited, but that amount is expected to grow over time.

Even further, internal funding allows maximum flexibility in the planning phase with designing programs and projects whereby the agency can focus on designing based on community and agency needs rather than the requirements requested by a funding agency. The planning phase of a program or project also requires less funding when compared to implementation or design and construction.

While building reserve funds and to have maximum impact, SDCP will need to pursue external funding from sources such as state and federal agencies. External funding takes more work to apply for and administer and is less flexible than using internal revenues, but the total dollar amounts from external sources can be much higher. The main sources of external funding include the California Public Utilities Commission and California Energy Commission, as well as other state and federal agencies. The federal Infrastructure Investment and Jobs Act and the Inflation Reduction Act will also create new funding sources, likely delivered through these same state agencies.

Internal versus External Funding

When considering funding for administering programs, SDCP must evaluate using internal revenues and applying for external funding, which both have impacts that need to be thoroughly considered. Investing internal revenues into programs would be done so over other potential organizational priorities. That said, investing revenues back into the community through programs provides arguably the most equitable distribution of revenues to customers and undoubtedly provides the highest level of certainty and flexibility for SDCP to administer programs.

External funding is typically competitively bid, requiring additional resources for grant tracking and writing, and creating risk for long-term program planning due to the uncertainty of grant awards.

Additionally, many of the potentially cumbersome administrative elements of external funding (e.g., reporting, program design, and timelines) can be less burdensome when funding programs with internal revenues. This flexibility is particularly important when considering SDCP's equity commitments because external funding sources may have requirements that can make it difficult to deliver programs effectively to customers in Communities of Concern.

Research across the CCA landscape shows a variety of different approaches when considering program funding sources. Some CCAs aggressively spend their own revenues on programs with little use of outside funds due to the administrative burden and complexity associated with external funds, among other reasons. Others spend a relatively limited amount of revenues on programs, instead relying almost solely on external funding sources. As a young organization, SDCP should prioritize a middle ground between these two extremes and adjust the strategy as the organization matures.

In the short-term, SDCP has committed to building financial reserves of \$500 million (180-day cash on hand), since one of the organization's strategic goals is to obtain a credit rating. This attention to building a strong financial position is important to enable SDCP to effectively meet the long-term needs of the community. As reserve targets are met, the ability of SDCP to invest revenues back into communities through programs will increase.

Meeting financial reserve targets will give SDCP the ability to offer programs with larger budgets and provide financial incentives using internal revenues. Internal revenues can also support increased external funding, for example by developing pilot programs which can be expanded with external resources, or by supplementing external funding with additional funds to support full project needs. Doing so can make SDCP's internal dollars go farther.

External Sources

SDCP can apply for funds from a variety of sources to supplement SDCP's own investments in programs. These external sources vary in the level of funding resources they provide, the complexity of the application process for securing them, and the flexibility they offer in how funds are distributed.

New funding opportunities will become available as budget is allocated through state legislation. SDCP will monitor for funding opportunities that are a good fit to pursue, based on community and organizational priorities, and apply for them in the short-term, while understanding that funding may not become available until the mid-term. For some external funding opportunities, SDCP may be able to partner with other regional agencies and partners to share the administrative burden.

SDCP should explore the viability of capturing funding from the sources below.



Funding Guide

Funding Source	Description
SDCP Revenue Bond	Section 3.2.8 of the JPA states that SDCP at the discretion of the Board may issue revenue bonds and other forms of indebtedness. Upon receipt of an investment-grade credit rating, SDCP may have the ability to issue debt, such as a revenue bond, given that SDCP can demonstrate the ability to meet potential debt payment obligations through the credit rating. Under the SDCP Debt Policy, SDCP may issue a revenue bond in the next 5 years up to ~\$700 million that will be guided by planning and pilot projects and programs and that will need to be authorized by the SDCP Board.
SDCP Operating Transfers	Through the annual budget process, the SDCP Board may approve an appropriation of funds to be transferred out of the operating budget and transferred into the CIP. These funds will remain in an SDCP continuing fund to be used across multiple fiscal years given that CIP projects generally last longer than one year.
CPUC Apply to Administer (ATA)	SDCP could offer energy efficiency programs that do not duplicate SDG&E's current offerings with all programs required to meet strict cost-effectiveness tests. Cost-effectiveness requirements can limit program offerings to residential customers and especially to customers in Communities of Concern. Due to the administrative burden, lack of flexibility and creativity, and strict cost-effectiveness requirements.
CPUC Elect to Administer (ETA)	The ETA option is a more streamlined pathway to access Public Purpose Program Surcharge funds available to CCAs when compared to ATA. Unfortunately, due to the methods used to determine available funding, currently there are no available funds eligible for SDCP to receive in the short - and mid-term under this pathway
CPUC Regional Energy Network (REN)	Public Purpose Program Surcharge funds available for RENs. The San Diego region is one of the last highly populated areas in the State not included in one. REN programs fill gaps in existing energy efficiency programs by serving "harder-to-reach" customers. They are also not held to the same cost-effectiveness thresholds, allowing for more flexibility in developing programs that serve Communities of Concern.
CPUC Locally Invested Transportation Equity (LITE) pilots	Separate from energy efficiency funding, the CPUC expects to fund innovative transportation electrification pilot projects called Locally Invested Transportation Equity (LITE) pilots. Incentives from the LITE pilot projects are limited to low-income customers and small fleets located in disadvantaged communities as defined by CalEnviroScreen 4.0, and would allow for testing new rebate design approaches that may fill gaps in the statewide rebate program in creative ways. Up to \$25 million will be available statewide with individual pilots capped at \$4 million. The CPUC will seek pilot concepts by the end of 2023 with projects expected to begin in 2025.
CEC Demand Side Grid Support Program	The Demand Side Grid Support Program is currently under development and will ultimately offer incentives to electric customers that provide load reduction and back-up power generation to support the State's electrical grid during extreme heat events.
CEC Electric Program Investment Charge (EPIC)	The CEC's Electric Program Investment Charge (EPIC) program is a consistent funding opportunity to advance new and innovative clean energy solutions. The EPIC program invests \$130 million annually in a variety of technology research. The CEC has awarded EPIC funding to CCAs for a variety of projects. Most notably, Sonoma Clean Power

	received a \$5 million EPIC grant in 2018 to support its Advanced Energy Center and associated energy efficiency programs
CEC Vehicle-to-Building/Grid Integration (V2B or V2G)	The CEC is a potential source of funding for Vehicle-to-Building/Grid Integration (V2B or V2G) pilots that will become more valuable to SDCP, both from a customer program perspective and potentially from an energy procurement perspective in the future.
Equitable Decarbonization Program	The Equitable Building Decarbonization Program which envisions two incentive programs to reduce greenhouse gas emissions in homes: a direct install program and a statewide incentive program. The State has allocated \$600 million in the FY 223-24 budget (subject to change) for these two residential building decarbonization programs; the role of CCAs is still solidifying as program guidelines develop.
SGC Community Resiliency Hubs	The California Strategic Growth Council (SGC) - \$25 million will be available in FY 22/23 and \$75 million will be available in FY 23/24. SDCP could partner with local agencies or community-based organizations to support the development of community resilience hubs, with a focus on providing onsite solar, energy storage, and backup power that can support communities during emergencies.
EPA Greenhouse Gas Reduction Fund	The Inflation Reduction Act (IRA) established the federal Environmental Protection Agency's Greenhouse Gas Reduction Fund to provide competitive grants for mobilizing financing and private capital for clean energy projects. The Greenhouse Gas Reduction Fund emphasizes projects that benefit low-income and disadvantaged communities. Expected to be available in 2023, it will expend \$27 billion in competitive grants and financial and technical assistance to enable communities to deploy or benefit from zero-emission technologies.
EPA Environmental and Climate Justice Block Grants	The Environmental Protection Agency was also funded through the IRA to establish Environmental and Climate Justice Block Grants. Local governments and community-based organizations are required to partner to apply for \$3 billion in funding available over the next five years. The block grants will fund various activities in line with SDCP community and organizational priorities, such as indoor air pollution reduction, greenhouse gas emissions reduction, and climate resiliency. No specific timeline for the funding has been announced for the block grants
Other Federal Funds	As stated above, the Infrastructure Investment and Jobs Act and IRA represent the largest climate investment in the history of the federal government. SDCP is eligible to pursue forms of funding not available to for-profit entities such as traditional investor-owned utilities. Several funding opportunities are clear to SDCP now, and more may arise as details continue to emerge during program development.

TABLE 14: SDCP FUNDING GUIDE



Budget Resolution

RESOLUTION NO. ____
A RESOLUTION OF THE BOARD OF DIRECTORS
OF SAN DIEGO COMMUNITY POWER
ADOPTING THE FISCAL YEAR 2023–2024 BUDGET AND THE FISCAL
YEAR 2024-2028 CAPITAL INVESTMENT PLAN

A. San Diego Community Power (“SDCP”) is a joint powers authority formed pursuant to the Joint Exercise of Powers Act, Cal. Gov. Code § 6500 *et seq.*, California Public Utilities Code § 366.2, and a Joint Powers Agreement effective on October 1, 2019 and amended on December 16, 2021 (“JPA Agreement”).

B. The JPA Agreement provides that SDCP’s fiscal year (“FY”) shall be 12 months commencing each year on July 1 and ending on June 30 the following year.

C. The JPA Agreement further provides that all expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures.

D. The SDCP Board proposes to adopt the FY 2023-24 Operating Budget, attached hereto as Attachment A.

E. The SDCP Board further proposes to adopt the FY 2024-28 Capital Investment Plan that provides comprehensive five-year plan for SDCP’s capital investment expenditures, attached hereto as Attachment B.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of San Diego Community Power as follows:

Section 1. The Board of Directors hereby adopts the FY 2023–24 Operating Budget.

Section 2. The Board of Directors hereby adopts the FY 2024-28 Capital Investment Plan.

Section 3. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a meeting of the Board of Directors of San Diego Community Power held on June 22, 2023.

Chair, Board of Directors
San Diego Community Power

ATTEST:

Secretary, Board of Directors
San Diego Community Power



Acknowledgements

Finance Department

San Diego Community Power's (SDCP's) Finance department works to maintain a fiscally responsible budget and CIP in accordance with SDCP Budget Policy. The department ensures sufficient funding to meet procurement needs, sustain operational needs, and support sustained growth while delivering clean energy to the communities we serve. In addition, the team actively works to build SDCP reserves and develop policies that consider future economic conditions, provides an understandable and transparent operating budget for internal and external users, strives to keep the SDCP Board and staff informed of SDCP's fiscal condition, and develops a budget that will ultimately prioritize people, transparency, and our communities.

Board of Directors

Council Member Joe LaCava, Chair
Supervisor Terra Lawson-Remer, Vice Chair
Mayor Paloma Aguirre, Director
Council Member Kellie Hinze, Director
Mayor John McCann, Director
Council Member Colin Parent, Director
Council Member Ditas Yamane, Director

Finance and Risk Management Committee

Mayor John McCann, Chair
Mayor Paloma Aguirre, Director
Council Member Colin Parent, Director

Community Advisory Committee

Chula Vista

- Carolyn Scofield
- Anthony Sclafani

County of San Diego

- Peter Andersen
- Lea Nepomuceno

Encinitas

- Gary L. Jahns
- Tara Hammond

Imperial Beach

- Anna Webb, Secretary

La Mesa

- David Harris
- Lauren Cazares

National City

- Aida Castañeda, Vice Chair
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San Diego

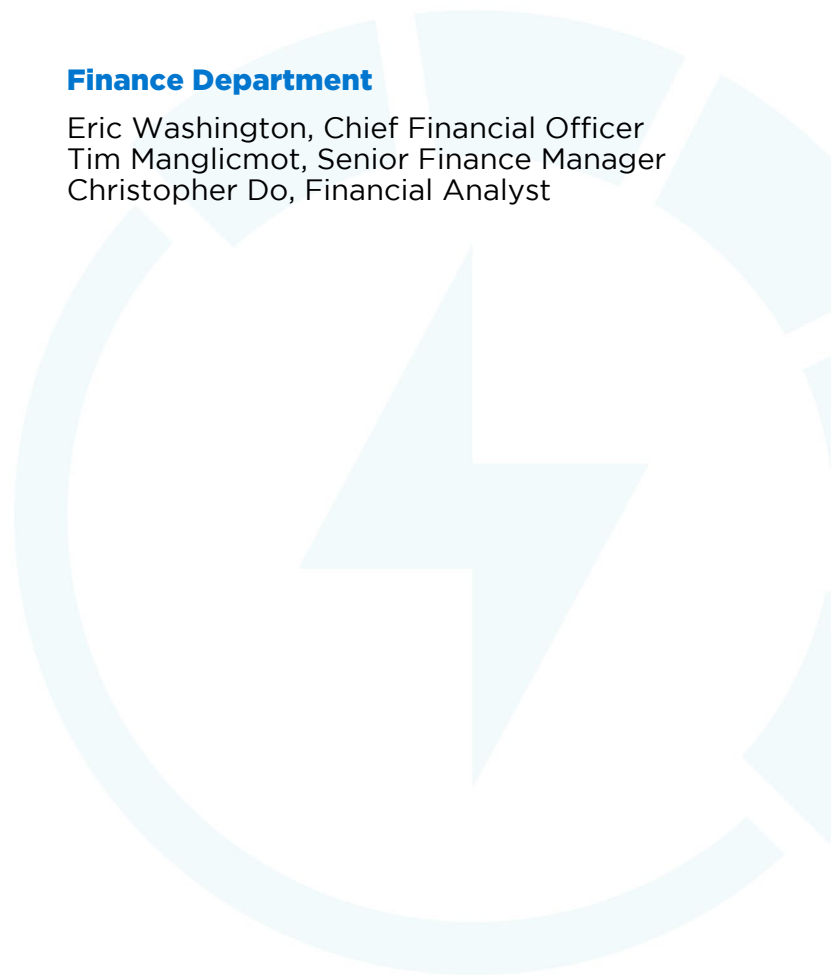
- Eddie Price, Chair
- Matthew Vasilakis

SDCP Executive Team

Karin Burns, Chief Executive Officer
Eric Washington, Chief Financial Officer
Byron Vosburg, Managing Director

Finance Department

Eric Washington, Chief Financial Officer
Tim Manglicmot, Senior Finance Manager
Christopher Do, Financial Analyst



RESOLUTION NO. ____
A RESOLUTION OF THE BOARD OF DIRECTORS
OF SAN DIEGO COMMUNITY POWER
ADOPTING THE FISCAL YEAR 2023–2024 BUDGET
AND THE FISCAL YEAR 2024-2028 CAPITAL INVESTMENT PLAN

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Section 3. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a meeting of the Board of Directors of San Diego Community Power held on June 22, 2023.

Chair, Board of Directors
San Diego Community Power

ATTEST:

Secretary, Board of Directors
San Diego Community Power



SAN DIEGO COMMUNITY POWER Staff Report – Item 15

To: San Diego Community Power Board of Directors

From: Colin Santulli, Director of Programs
Tessa Tobar, Program Associate

Subject: Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) Update

Date: June 22, 2023

RECOMMENDATION

Receive and file an update on the Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT).

BACKGROUND

On September 29, 2021, SDCP filed its Tier 2 Advice Letter (“AL”) with the Commission requesting a capacity transfer from SDG&E under the Disadvantaged Communities - Green Tariff (“DAC-GT”) and Community Solar Green Tariff (“CSGT”) based on the disadvantaged communities located within founding member agencies of SDCP. The Commission accepted and approved SDCP’s capacity transfer request on October 29, 2021. SDCP submitted its implementation advice letter on October 12, 2022, seeking approval of the proposed programs and obtaining the status of a program administrator (“PA”). As part of the implementation advice letter, SDCP sought additional capacity transfer from disadvantaged communities located in National City, a new member city that was added to SDCP’s joint powers authority (“JPA”) after SDCP submitted AL 4-E.

On March 16, 2023, the California Public Utilities Commission (“CPUC”) voted to adopt [Resolution E-5246](#) on SDCP’s DAC-GT and CSGT Implementation AL. As noted in the [regulatory and legislative staff report](#) for the February 2023 meeting of the Board of Directors Resolution approves [SDCP’s Tier 3 Implementation Advice Letter](#) to become a PA of the DAC-GT and CSGT programs and the additional allocation of 15.78 MW for DAC-GT and 4.38 MW, adjusted for National City. SDCP did not include the General Cost Delta or 20% Bill Discount in the Program Year (“PY”) 2023 to 2024 Budget Forecast due to a lack of eligible interim resources. As a result, SDCP will auto-enroll customers when new projects come online in 2025.

On May 19, 2023, SDCP submitted a [Tier 2 AL 13-E](#), seeking CPUC approval for SDCP’s DAC-GT and CSGT solicitation materials. The DAC-GT and CSGT solicitation documents include the Request for Offer (RFO) Protocol, Term Sheet, and Generation Offer Form.

Pending Commission approval, SDCP will release the DAC-GT and CSGT solicitation documents 60 days after submitting AL 13-E on the [SDCP Open Solicitations website](#).

ANALYSIS AND DISCUSSION

Introduction to DAC-GT and CSGT

The Green Tariff programs are one of three California Public Utilities Commission (CPUC) programs designed to increase renewable energy generation and alternatives among residential customers in disadvantaged communities (DACs). The DAC-GT program enables California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance Program (FERA) customers without access to a solar system to power their homes with 100% renewable energy at a 20% discount from their current rate. A community's eligibility is determined using [CalEnviroScreen 4.0](#). CSGT is similar to DAC-GT but allows low-income customers in DACs to benefit from the development of solar generation projects situated within DACs and nearby the benefiting residents DACs. Funding for DAC-GT and CSGT are fully refundable by the CPUC. SDCP has an allocation of 15.78 MW for DAC-GT and 4.38 MW for CSGT. Both programs are estimated to serve nearly nine thousand residential customers in DACs.

Eligibility

To define which communities are eligible for the Green Tariffs programs, the CPUC relied upon CalEnviroScreen 4.0, which identifies California communities by census tract that are disproportionately burdened by and vulnerable to multiple sources of pollution. For these programs, the CPUC defines a "disadvantaged community" as a community that appears among the top 25 percent of census tracts identified by CalEnviroScreen statewide, as well as 22 census tracts in the highest 5 percent of CalEnviroScreen's Pollution Burden, but that does not have an overall CalEnviroScreen score because of unreliable socioeconomic or health data. SDCP has over 40 eligible census tracts located in Chula Vista, National City, and the City of San Diego.

Among other changes proposed through the GAP proceeding, SDCP has formally advocated for program changes to expand eligibility. SDCP supports expanding eligibility to include communities within the top 40% of census tracts identified by CalEnviroScreen. If these proposed changes are adopted, an additional 56 census tracts would become eligible, including census tracts in Imperial Beach, La Mesa, and the unincorporated county. The CPUC is expected to issue a decision related to the proposed changes in the summer of 2023.

DAC-GT projects must be sited in any eligible DAC within SDG&E's service territory but can serve any eligible SDCP residential customers enrolled in CARE or FERA located in a DAC. CSGT projects must be sited in an eligible DAC within SDCP's service

territory. Additionally, CSGT projects must be within five miles of participating customers and have a Community Sponsor on behalf of the customers.

Community Sponsor

As required by the California Public Utilities Commission in [Decision 18-06-027](#), pages 78, CSGT projects must have a Community Sponsor. Community involvement must be demonstrated by a non-profit community-based organization or local government “sponsoring” a project on behalf of residents. Developers will be required to obtain a letter of commitment from sponsors to bid for projects. The sponsor’s role is to be a catalyst for the community and the project and may involve utility and developer participation in this effort. As a result, a Community Sponsor(s) may be eligible to subscribe to up to 25 percent of a CSGT project’s capacity and receive a 20 percent bill discount for up to 20 years. If there are multiple sponsors, if eligible, the 20% bill credit can be shared for up to 25% of the project’s output (not to exceed the sponsor’s energy needs).

Webpage Development

Staff are developing a dedicated webpage for DAC-GT and CSGT, under the “Programs” tab for solar developers to learn more information about the programs, garner excitement within the community, and result in a healthy bid response rate. The webpage will include multiple iterations that are tailored to different audiences. For example, the first iteration of the webpage will be for solar developers, the second iteration will also include nonprofit community-based organizations (“CBO”), local government entities, and schools. The third iteration will be tailored to the enrolled customers in 2025. Each iteration will include a high-level overview, timeline, customer and project site eligibility, links to additional resources, and upcoming outreach events.

Anticipated Timeline (CY)

- **Q2 2023:**
 - CPUC approves SDCP Solicitation Documents
 - SDCP develops DAC-GT and CSGT webpage and conducts outreach to solar developers and CBOs
- **Q3 2023:** SDCP releases RFP for eligible solar projects
- **2024:** New solar projects identified
- **2025:** Projects live, customer bill reductions applied

Next Steps

SDCP staff are in contact with the Board of Directors’ staff responsible for land management in Chula Vista, National City, and the City of San Diego to identify available land on Member Agency property in eligible DACs for DAC-GT and CSGT project locations. To help identify eligible locations, staff will include a list of census tracts.



During this time, the DAC-GT and CSGT team will re-engage with the community, stakeholders, Board, and CAC to solicit feedback on potential sites. After incorporating input from the community, SDCP staff anticipate presenting a final list of eligible sites to the Board for adoption in 2024.

COMMITTEE REVIEW

SDCP staff provided an update on Regulatory and Legislative Affairs regarding DAC-GT and CSGT to the Board of Directors at their February 23, 2023 meeting. The Board of Directors received and filed the update.

FISCAL IMPACT

None. DAC-GT and CSGT are CPUC programs with total cost recovery.

ATTACHMENTS

None.





SAN DIEGO COMMUNITY POWER Staff Report – Item 16

To: San Diego Community Power Board of Directors

From: Lucas Utouh, Director of Data Analytics and Account Services

Via: Karin Burns, Chief Executive Officer

Subject: Approval of Remainder of Collections/Delinquency Policy for Residential Customers

Date: June 22, 2023

RECOMMENDATION

Approve the Remainder of Collections/Delinquency Policy for Residential Customers

BACKGROUND

As a best practice for ensuring the long-term ability to predict risk, reduce bad-debts and provide a better experience for customers, it is imperative that load serving entities including CCAs and Utilities reshape their collections and delinquent accounts handling policies to better position themselves well especially in the post COVID19 environment. According to McKinsey & Company (a consulting firm tracking credit and collection processes in the energy sector globally), the reshaping of the collections and delinquent accounts handling is critical in allowing such entities to see other benefits for their customers including improving customer experience, loyalty and brand recognition. In a tight economic and regulatory framework, load serving entities need to work smarter to minimize and mitigate bad debts for their overall long term financial viability, resiliency and competitiveness. The development of the subject policy was based on Staff's review of collections and delinquent accounts' handling policies across community choice aggregation (CCA) programs in California.

Following Staff's recommendation during the October 2021 Board meeting to adopt a Collections and Delinquent Accounts Handling Policy, Directors Monica Montgomery-Steppe and Bill Baber proposed amendments to the policy presented. Staff then incorporated the recommended amendments accordingly and tracked all the changes made to the original policy for the Board of Directors' review, consideration and approval during the December 2021 Board meeting. The Board approved the Collections and Delinquent Accounts Handling Policy specific to just the Non-Residential customers during the December 2021 Board meeting and instructed Staff to collect additional data specific to the Residential customers throughout 2022 following the conclusion of the largest residential customers' enrollment Phase 3 across City of San Diego, City of Chula

Vista, City of Imperial Beach, City of La Mesa and City of Encinitas. Staff has collected the delinquency and arrearage data as instructed by the Board in 2021 and is proposing the approval of the remainder of the collections and delinquency policy for residential customers in addition to the existing Board approved policy that covers Non-residential customers.

ANALYSIS AND DISCUSSION

Adopting a robust Collections and Delinquent Accounts Handling Policy will allow SDCP to better serve our customers and set clear expectations on the handling of past due customer charges. In alignment with SDG&E's past due date clause articulated in their Rule 9 and Rule 11, bills for residential electric service are due and payable upon presentation whereby such bills are the first notice to the customer that the amount shown is due and payable. Residential bills will become past due if not paid within 19 days of the date mailed; Non-residential bills will become past due if not paid within 15 days from the date mailed. Staff is proposing that the Board approves a Collections and Delinquent Accounts Handling Policy that is more customer-centric whereby any active SDCP customer who has overdue SDCP charges that exceed \$250 shown on their SDG&E bill for residential and \$500 for Non-residential classes to receive a late payment notification letter from SDCP after being 60 days past due and a second letter at 90 days past due, informing them of their overdue status and the avenues available to pay the overdue SDCP charges.

COMMITTEE REVIEW

This item was reviewed by the Community Advisory Committee and the Finance & Risk Management Committee on June 8, 2023. Both committees unanimously supported the staff recommendation.

FISCAL IMPACT

Adopting a Collections and Delinquent Accounts Handling Policy will contribute to SDCP achieving its strategic long-term objectives.

ATTACHMENTS

Attachment A: Collections and Delinquent Accounts Handling Policy approved by the Board during the December 2021 Board meeting along with the proposed changes recommended by Staff after analyzing the Residential customers from 2022 through current period.





San Diego Community Power

Collections and Delinquent Accounts Handling Policy

Effective Date: June 22, 2023

PURPOSE

This policy establishes a delinquent accounts, late payment notification, collections and write off policy that provides the framework for San Diego Community Power (SDCP) Staff and Back Office Service provider to better serve our customers and set clear expectations on the handling of past due customer charges for both Residential and Non-Residential customers

GENERAL CRITERIA

1. All customers have an obligation to pay for outstanding SDCP charges for the period in which they received service from SDCP.

DELINQUENCY HANDLING: LATE PAYMENT NOTIFICATION

2. Any active SDCP customer who has overdue SDCP charges that exceed \$250 for residential and \$500 for non-residential class shown on their SDG&E bill will receive a late payment notification letter from SDCP at the customer's last known mailing address on file or, if customer consented to receive electronic notices or electronic bills, at customer's last known email address on file. The first letter and/or email will be sent after the account balance is 60 days past due, with a second letter and/or email sent after being 90 days past due, informing the customer of their overdue status, the avenues available to pay the overdue SDCP charges, and means to apply for a payment plan arrangement with SDG&E. The customer will be provided 30 days after the second and final late payment notification is sent to either pay in full or make arrangements to cure the past due balance through payment plans offered by SDG&E on behalf of SDCP. If payment in full is not received within the prescribed 30 days, or the terms of an activated payment arrangement are not fulfilled, the delinquent SDCP customer account will be dropped from SDCP generation service and returned to SDG&E bundled generation service on the next account meter read date. SDG&E has discretion to assess the customer an opt out fee in accordance with SDG&E's Schedule CCA ("Transportation of Electric Power for Community Choice Aggregation Customers") and to also enforce their other terms and conditions, including the return to full-bundled SDG&E service on SDG&E's Transitional Bundled Service (TBS) rate. Transfer back to SDG&E service does not relieve the customer of paying SDCP charges and/or other charges due and owing including SDG&E charges, nor does it halt any SDG&E shut-off procedures.

[Please see the following exceptions:](#)

- Customers already on any SDG&E payment arrangement plans who are meeting the payment plan requirements will be excluded from receiving late payment notifications and/or being subjected to SDCP's delinquent accounts handling protocols.
- SDCP customers enrolled in the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) shall receive an additional 2 late payment letters after being 120 days past due and 150 days past due respectively after the initial 2 letters referenced in #2 above and will be provided 30 days, after the 4th and final late payment notification letter is sent, to either pay in full or make arrangements to cure the past due balance in installments through payment plans offered through SDG&E on behalf of SDCP. If payment in full is not received within the prescribed 30 days, or the terms of an activated payment arrangement are not fulfilled, the delinquent SDCP customer account will be closed and returned to SDG&E bundled generation service on the next account meter read date. SDG&E has discretion to assess the customer an opt out fee in accordance with SDG&E's Schedule CCA ("Transportation of Electric Power for Community Choice

- Aggregation Customers”) and to also enforce their other terms and conditions, including the return to full-bundled SDG&E service on SDG&E’s Transitional Bundled Service (TBS) rate.
- SDCP customers enrolled in the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) at the time SDG&E returns the uncollectable receivable to SDCP are not subject to the collections protocols articulated in this policy if the balance is \$500 or less.

COLLECTIONS:

3. SDCP has selected a proven collections agency through a formal solicitation process to enforce this policy for Non-Residential customers in 2022 in accordance with the 2021 Board approved Collections and Delinquent Accounts Handling policy and will look to expand the scope of service to cover residential customers once the Board approves the policy updates herein.
4. Any overdue SDCP charges (120 days or more past due) totaling \$50.00 or more which have not been paid by a customer who is no longer active and being collected by SDG&E may be referred to a collections agency for settlement.
5. Any overdue SDCP charges (120 days or more past due) totaling \$49.99 or less which have not been paid by a customer who is no longer active and being collected by SDG&E may be considered bad debt and written off.
6. No accrued interest will be charged on any customer account.
7. If a customer has not paid within 180 days following the initiation of the collections process, the collection agency may file credit reporting information on the customer with all applicable agencies.
8. Under review and the guidance of SDCP Staff, the collections agency may be authorized to pursue legal action on any customer with an outstanding balance of \$750 or more.
9. The collection agency is prohibited from selling information provided by SDCP for the purposes of collection of the past due balance.
10. The collection agency retained by SDCP shall comply with all laws or regulations relating to consumer protection, credit reporting or monitoring, debt collections, customer confidentiality, or other similar laws and regulations.
11. After a customer has paid all overdue amounts, all collections activity will terminate for that customer.

MISCELLANEOUS:

12. On no less than an annual basis, SDCP Staff shall review the delinquency handling protocols, late payment notification, collections and write off practices articulated in this policy and propose adjustments to the Board as needed.
13. The Chief Executive Officer (CEO) of SDCP or their designee may, in their discretion, cancel, recall an account from the collection agency or otherwise deviate from the process specified in this policy for reasons including but not limited to cases of unforeseeable events, inconsistent receivable data from SDG&E, exigent circumstances, SDG&E bill presentment limitations or customer hardship.
14. Notwithstanding any other provision of this policy, SDCP may pursue any remedy available under applicable law to collect delinquent amounts due to SDCP.

SAN DIEGO COMMUNITY POWER

Staff Report – Item 17

To: San Diego Community Power Board of Directors

From: Byron Vosburg, Managing Director and Andrea Torres, Sr. Portfolio Manager

Subject: Renewable Power Purchase Agreement with Yellow Pine Solar III, LLC

Date: June 22, 2023

RECOMMENDATION

Adopt the proposed Renewable Power Purchase Agreement with Yellow Pine Solar III, LLC and authorize the CEO to execute the agreement.

BACKGROUND

As San Diego Community Power (SDCP) strives to meet its environmental, financial, and regulatory compliance goals and requirements, long-term power purchase agreements (PPAs) of at least 10 years in duration are integral components of its energy supply portfolio. Long-term PPAs provide renewable generation facility developers with the certain revenue stream against which they can finance up-front capital requirements, so each long-term PPA that SDCP signs with a developing facility will underpin a new, incremental renewable energy project. In addition, long-term PPAs lock in renewable energy supply around which SDCP can build its power supply portfolio while also providing power supply cost certainty around which SDCP can develop its pro forma financial model.

Moreover, the California Renewable Portfolio Standard (RPS), as modified in 2015 by Senate Bill 350, requires that SDCP provide 65% of its RPS-required renewable energy from contracts of at least ten years in length. Finally, in D.21-06-025, the California Public Utilities Commission (CPUC) required each Load Serving Entity (LSE) in California to make significant long-term purchase commitments for resource adequacy from new, incremental generation facilities that will achieve commercial operation during 2023 through 2026.

The proposed PPA is for capacity and renewable energy benefits from a 35 MW solar and 35 MW, 4-hour battery energy storage facility (currently referred to as “Yellow Pine Solar 3”) with Yellow Pine Solar III, LLC, a subsidiary of NextEra Energy Resources Development, LLC (NextEra). The PPA originated from an offer SDCP received in 2022 via its 2022 Long-Term California RPS-Eligible Renewable Energy Request for Proposals

(RFP). SDCP engaged with NextEra after short-listing the project and has reached terms mutually agreeable to both parties.

ANALYSIS AND DISCUSSION

Staff negotiated the attached PPA for the purchase of renewable energy and resource adequacy from the Yellow Pine Solar 3 project, which is a solar-plus-battery-storage project to be developed in Clark County, Nevada by NextEra.

The project is part of a larger 500 MW development by NextEra. SDCP's portion of the project will have a guaranteed capacity of 35 MW of solar production and 35 MW of battery storage capacity. As previously reviewed with the Ad Hoc Energy Contracts Working Group, the contract offers competitive energy and capacity prices.

Renewable energy produced by the facility will be an important ~100 MWh/year foundation of long-term renewable energy deliveries within SDCP's power supply portfolio.

Below is additional information regarding NextEra and the draft PPA.

Background on NextEra:

- NextEra has over 33 years of experience with renewable energy development
- NextEra has developed 1,982 MW in California across 18 projects
- Notable projects from NextEra include:
 - Arlington II, 100 MW solar + 132 MW storage, 2022
 - Arlington III, 131 MW solar + 110 MW storage, 2022
 - Golden Hills North Wind, 46 MW, 2017
 - Blythe IV, 125 MW solar (2020) + 47 MW storage (2022)
 - Desert Sunlight Storage, 230 MW, 2022

Contract Overview – Yellow Pine Solar III, LLC

- Project: 35 MW Solar, 35 MW/140 MWh lithium-ion battery energy system
- Project location: Clark County, Nevada
- Guaranteed commercial operation date:
 - June 1, 2025 (storage), October 1, 2025 (solar)
- Contract term: 20 years
- Expected annual energy production: approximately 101,000 MWhs
- Guaranteed energy production: 85% of projected annual deliveries
- Pricing:
 - Solar – Fixed energy price applicable to the full term of the agreement subject to limited adjustment due to the verified impact of certain photovoltaic tariff events
 - BESS – Fixed capacity price adjusted for availability and verified capacity



- 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 the guaranteed energy production from the solar facility and failure to meet guaranteed efficiency from the storage facility once the project is operational.

Community Benefits:

- NextEra will secure a project labor agreement for the project as with prior phases
- NextEra provides sole sponsorship of developing solar curriculum and research at University of Nevada Las Vegas, including mentoring the annual senior design project focused on solar energy systems
- NextEra hosts a Renewable Energy Training (RET) simulation lab at University of Nevada Las Vegas and College of Southern Nevada
- NextEra provides presentations at local high schools in Southern Nevada that highlight the benefits of renewable energy and growing career opportunities within the state
- NextEra established an internship program that leads to career opportunities at NextEra solar and storage sites.

COMMITTEE REVIEW

Key terms of this PPA were reviewed with the Energy Contract Working Group (ECWG) on June 12, 2023, and the ECWG recommended to move forward with the execution of this PPA.

FISCAL IMPACT

The competitive energy and capacity pricing of the PPA are confidential, but the long-term purchase of renewable energy and capacity will provide SDCP with significant value and cost certainty over the term of this PPA.

ATTACHMENTS

Attachment A: Renewable Power Purchase Agreement with Yellow Pine Solar III, LLC (redacted version for commercially sensitive information)



GLOSSARY OF TERMS

AB – Assembly Bill - An Assembly Bill is a piece of legislation that is introduced in the Assembly. In other words, the Assembly, rather than the Senate, is the house of origin in the legislature for the legislation. In California, it is common for legislation to be referred to by its house of origin number (such as, AB 32) even once it becomes law.

AL – Advice Letter - An Advice Letter is a request by a CPUC jurisdictional entity for Commission approval, authorization, or other relief.

ALJ – Administrative Law Judge - ALJs preside over CPUC cases to develop the evidentiary record and draft proposed decisions for Commission action.

ARB – Air Resources Board - The California Air Resources Board (CARB or ARB) is the "clean air agency" in the government of California. CARB is charged with protecting the public from the harmful effects of air pollution and developing programs and actions to fight climate change.

AReM – Alliance for Retail Energy Markets - a not for profit corporation that advocates for continued development of successful customer choice in retail energy markets and provides a focused voice for competitive energy retailers and their customers in selected public policy forums on the state level. AREM represented direct access providers such as Constellation NewEnergy and Direct Energy.

BayREN – Bay Area Regional Energy Network - BayREN offers region-wide energy programs, services and resources to members of the public by promoting energy efficient buildings, reducing carbon emissions and building government capacity.

CAISO – California Independent System Operator - a non-profit independent system operator that oversees the operation of the California bulk electric power system, transmission lines and electricity market generated and transmitted by its members (~80% of California's electric flow). Its stated mission is to "operate the grid reliably and efficiently, provide fair and open transmission access, promote environmental stewardship and facilitate effective markets and promote infrastructure development." CAISO is regulated by FERC and governed by a five-member governing board appointed by the governor.

CALCCA – California Community Choice Association - Association made up of Community Choice Aggregation (CCA) groups which represents the interests of California's community choice electricity providers.

CALSEIA – California Solar Energy Industries - CALSEIA represents more than 200 companies doing solar-related business in California, including manufacturers, distributors, installation contractors, consultants, and educators. Members' annual dues support professional staff and a lobbyist who represent the common interests of California's solar industry at the Legislature, Governor's Office, and state and local agencies.

CALSLA – California City County Street Light Association - statewide association representing cities, counties and towns before the CPUC that is committed to maintaining fair and equitable street light electric rates and facilities charges, and disseminating street light related information.

CAM – Cost Allocation Mechanism - the cost recovery mechanism to cover procurement costs incurred in serving the central procurement function.

CARB – California Air Resources Board – The CARB is charged with protecting the public from the harmful effects of air pollution and developing programs and actions to fight climate change in California.

CARE – California Alternative Rates for Energy - A State program for low-income households that provides a 30% discount on monthly energy bills and a 20% discount on natural gas bills. CARE is funded through a rate surcharge paid by all other utility customers.

CBE – Communities for a Better Environment - environmental justice organization that was founded in 1978. The mission of CBE is to build people's power in California's communities of color and low-income communities to achieve environmental health and justice by preventing and reducing pollution and building green, healthy and sustainable communities and environments.

CCA – Community Choice Aggregator - A community choice aggregator, sometimes referred to as community choice aggregation, allows local governments to procure power on behalf of their residents, businesses, and municipal accounts from an alternative supplier while still receiving transmission and distribution service from their existing utility provider. CCAs are an attractive option for communities that want more local control over their electricity sources, more green power than is offered by the default utility, and/or lower electricity prices. By aggregating demand, communities gain leverage to negotiate better rates with competitive suppliers and choose greener power sources.

CCSF – City and County of San Francisco - The City and County of San Francisco often engage in joint advocacy before the CPUC. San Francisco operates CleanPowerSF, a CCA.

CEC – California Energy Commission - the primary energy policy and planning agency for California, whose core responsibilities include advancing state energy policy, achieving energy efficiency, investing in energy innovation, developing renewable energy, transforming transportation, overseeing energy infrastructure and preparing for energy emergencies.

CEE – Coalition for Energy Efficiency - non-profit comprised of US and Canadian energy efficiency administrators working together to accelerate the development and availability of energy efficient products and services.

CLECA – California Large Energy Consumers Association - an organization of large, high load factor industrial customers located throughout the state; the members are in the cement, steel, industrial gas, pipeline, beverage, cold storage, food packaging, and mining industries, and share the fact that electricity costs comprise a significant portion of their costs of production. Some members are bundled customers, others are Direct Access (DA) customers, and some are served by Community Choice Aggregators (CCAs); a few members have onsite renewable generation.

CPUC – California Public Utility Commission - state agency that regulates privately owned electric, natural gas, telecommunications, water, railroad, rail transit, and passenger transportation companies, in addition to authorizing video franchises.



C&I – Commercial and Industrial – Business customers. C&I customers generally consume much higher volumes of electricity and gas. Many utilities segment their C&I customers by energy consumption (small, medium and large).

CP – Compliance Period – Time period to become RPS compliant, set by the CPUC (California Public Utilities Commission)

DA – Direct Access – An option that allows eligible customers to purchase their electricity directly from third party providers known as Electric Service Providers (ESP).

DA Cap – the maximum amount of electric usage that may be allocated to Direct Access customers in California, or more specifically, within an Investor-Owned Utility service territory.

DACC – Direct Access Customer Coalition a regulatory advocacy group comprised of educational, governmental, commercial and industrial customers that utilize direct access for all or a portion of their electrical energy requirements

DA Lottery – a random drawing by which DA waitlist customers become eligible to enroll in DA service under the currently-applicable Direct Access Cap.

DA Waitlist – customers that have officially registered their interest in becoming a DA customer but are not yet able to enroll in service because of DA cap limitations.

DAC – Disadvantaged Community - Disadvantaged communities refers to the areas throughout California which most suffer from a combination of economic, health, and environmental burdens. These burdens include poverty, high unemployment, air and water pollution, presence of hazardous wastes as well as high incidence of asthma and heart disease. One way that the state identifies these areas is by collecting and analyzing information from communities all over the state. CalEnviroScreen, an analytical tool created by the California Environmental Protection Agency (CalEPA), combines different types of census tract-specific information into a score to determine which communities are the most burdened or "disadvantaged."

DASR – Direct Access Service Request – Request submitted by C&I customers to become direct access eligible.

Demand - The rate at which electric energy is delivered to or by a system or part of a system, generally expressed in kilowatts (kW), megawatts (MW), or gigawatts (GW), at a given instant or averaged over any designated interval of time. Demand should not be confused with Load or Energy.

DER – Distributed Energy Resource – A small-scale physical or virtual asset (e.g. EV charger, smart thermostat, behind-the-meter solar/storage, energy efficiency) that operates locally and is connected to a larger power grid at the distribution level.

Distribution - The delivery of electricity to the retail customer's home or business through low voltage distribution lines.

DLAP – Default Load Aggregation Point – In the CAISO's electricity optimization model, DLAP is the node at which all bids for demand should be submitted and settled.



DR – Demand Response - An opportunity for consumers to play a significant role in the operation of the electric grid by reducing or shifting their electricity usage during peak periods in response to time-based rates or other forms of financial incentives.

DRP – Distributed Resource Plans - plans that are required by statute that are intended to identify optimal locations for the deployment of distributed resources.

DWR – Department of Water Resources – DWR manages California’s water resources, systems, and infrastructure in a responsible, sustainable way.

ECR – Enhanced Community Renewable - An IOU program that reflects the "Community Solar" model of renewable energy purchasing. Customers sign up to purchase a portion of a local solar project directly from a Developer at a level that meets at least 25% of their monthly electricity demand, but up to 100%. The customer will pay the Developer for the subscribed output, and receive a credit on their utility bill that reflects their enrollment level.

ED – Energy Division - The CPUC's Energy Division develops and administers energy policy and programs to serve the public interest, advise the Commission, and ensure compliance with the Commission decisions and statutory mandates.

EE – Energy Efficiency- the use of less energy to perform the same task or produce the same result. Energy-efficient homes and buildings use less energy to heat, cool, and run appliances and electronics, and energy-efficient manufacturing facilities use less energy.

ELCC – Effective Load Carrying Capacity – The additional load met by an incremental generator while maintaining the same level of system reliability. For solar and wind resources the ELCC is the amount of capacity which can be counted for Resource Adequacy purposes.

EPIC – Electric Program Investment Charge – The EPIC program was created by the CPUC to support investments in clean energy technologies that provide benefits to the electricity ratepayers of PG&E, San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE)

ERRA – Energy Resource Recovery Account – ERRA proceedings are used to determine fuel and purchased power costs which can be recovered in rates. The utilities do not earn a rate of return on these costs, and only recover actual costs. The costs are forecast for the year ahead. If the actual costs are lower than forecast, then the utility gives money back, and vice versa.

ES – Energy Storage - the capture of energy produced at one time for use at a later time to reduce imbalances between energy demand and energy production.

ESA – Energy Storage Agreement - means a battery services contract, a capacity contract, demand response contract or similar agreement.

ESP – Energy Service Provider - An energy entity that provides service to a retail or end-use customer.

EV – Electric Vehicle - a vehicle that uses one or more electric motors for propulsion.

FCR – Flexible Capacity Requirements - “Flexible capacity need” is defined as the quantity of resources needed by the CAISO to manage grid reliability during the greatest three-hour continuous ramp in each month. Resources will be considered as “flexible capacity” if they can sustain or increase output, or reduce ramping needs, during the hours of “flexible need.” “FCR”



means the flexible capacity requirements established for LSEs by the CPUC pursuant to the CPUC Decisions.

GHG – Greenhouse gas - water vapor, carbon dioxide, tropospheric ozone, nitrous oxide, methane, and chlorofluorocarbons (CFCs). A gas that causes the atmosphere to trap heat radiating from the earth. The most common GHG is Carbon Dioxide, though Methane and others have this effect as well.

GRC – General Rate Case – Proceedings used to address the costs of operating and maintaining the utility system and the allocation of those costs among customer classes. For California's three large IOUs, the GRCs are parsed into two phases. Phase I of a GRC determines the total amount the utility is authorized to collect, while Phase II determines the share of the cost each customer class is responsible and the rate schedules for each class. Each large electric utility files a GRC application every three years for review by the Public Advocates Office and interested parties and approval by the CPUC.

GTSR – Green Tariff Shared Renewables - The GTSR program enables customers to receive 50 to 100 percent of their electricity demand from renewable sources. The GTSR program has two components: the Green Tariff (GT) component and the Enhanced Community Renewables (ECR) component. Through GT, a customer may pay the difference between their current generation charge and the cost of procuring 50 to 100 percent renewables. With ECR, a customer agrees to purchase a share of a community renewable (typically solar) project directly from a developer, and in exchange will receive a credit from their utility for the customer's avoided generation procurement.

GWh – Gigawatt-hour - The unit of energy equal to that expended in one hour at a rate of one billion watts. One GWh equals 1,000 megawatt-hours.

ICA – Integration Capacity Analysis - The enhanced integrated capacity and locational net benefit analysis quantifies the capability of the system to integrate Distributed Energy Resources (DERs) within the distribution system. Results are dependent on the most limiting element of the various power system criteria such as thermal ratings, power quality, system protection limits and safety standards of existing equipment.

IDER – Integrated Distributed Energy Resources – A CPUC proceeding that aims to more effectively coordinate the integration of demand-side resources in order to better meet customer and grid needs, while enabling California to attain its greenhouse gas reduction goals.

IDSMD – Integrated Demand-Side Management - an approach that joins together all the resources utilities have at their disposal to plan, generate and supply electricity in the most efficient manner possible.

IEP – Independent Energy Producers – California's oldest and leading nonprofit trade association, representing the interest of developers and operators of independent energy facilities and independent power marketers.

IMD – Independent Marketing Division - Under state law, IOUs are prohibited from lobbying or marketing on community choice unless the IOU forms an independent marketing division funded by shareholders rather than ratepayers. SDG&E' and its parent company Sempra were permitted by the CPUC to create such an independent marketing division, which allowed SDG&E to lobby against plans to create a CCA program.

IOU – Investor-Owned Utility – A private electricity and natural gas provider, such as SDG&E, PG&E or SCE, which are the three largest IOUs in California.



IRP – Integrated Resource Plan – A plan which outlines an electric utility’s resource needs in order to meet expected electricity demand long-term.

kW – Kilowatt – Measure of power where power (watts) = voltage (volts) x amperage (amps) and 1 kW = 1000 watts

kWh – Kilowatt-hour – This is a measure of consumption. It is the amount of electricity that is used over some period of time, typically a one-month period for billing purposes. Customers are charged a rate per kWh of electricity used.

LCE – Lancaster Choice Energy - the CCA that serves the City of Lancaster, California.

LCFS – Low Carbon Fuel Standard – A CARB program designed to encourage the use of cleaner low-carbon fuels in California, encourage the production of those fuels, and therefore, reduce greenhouse gas emissions.

LCR – Local (RA) Capacity Requirements – The amount of Resource Adequacy capacity required to be demonstrated in a specific location or zone.

LMP – Locational Marginal Price – Each generator unit and load pocket is assigned a node in the CAISO optimization model. The model will assign a LMP to the node in both the day-ahead and real time market as it balances the system using the least cost. The LMP is comprised of three components: the marginal cost of energy, congestion and losses. The LMP is used to financially settle transactions in the CAISO.

LNBA – Locational Net Benefits Analysis - a cost-benefit analysis of distributed resources that incorporates location-specific net benefits to the electric grid.

Load - An end use device or customer that receives power from an energy delivery system. Load should not be confused with Demand, which is the measure of power that a load receives or requires. See Demand.

LSE – Load-serving Entity – Entities that have been granted authority by state, local law or regulation to serve their own load directly through wholesale energy purchases and have chosen to exercise that authority.

LTPP – Long-Term Procurement Rulemaking - This is an “umbrella” proceeding to consider, in an integrated fashion, all of the Commission’s electric procurement policies and programs.

MCE – Marin Clean Energy - the first CCA in California that began serving customers in 2010. They serve customers in Contra Costa, Marin, Napa and Solano counties in Northern California.

MEO – Marketing Education and Outreach - a term generally used to describe various strategies to inform customers, such as to motivate consumers to take action on energy efficiency or conservation measures and change their behavior.

MW – Megawatt – measure of power. A megawatt equals 1,000 kilowatts or 1 million watts.

MWH – Megawatt-hour – measure of energy

NAESCO – National Association of Energy Service Companies - – an advocacy and accreditation organization for energy service companies (ESCOs). Energy Service Companies



contract with private and public sector energy users to provide cost-effective energy efficiency retrofits across a wide spectrum of client facilities.

NBC – Non-Bypassable Charge - fees that are paid on every kilowatt-hour of electricity that is consumed from the grid. These charges can be used to fund things like energy assistance programs for low-income households and energy efficiency programs. These charges apply even if customers buy grid-supplied power from an outside power company such as a CCA.

NDA – Non-Disclosure Agreement - a contract by which one or more parties agree not to disclose confidential information that they have shared with each other.

NEM – Net Energy Metering – A program in which solar customers receive credit for excess electricity generated by solar panels.

NRDC – Natural Resources Defense Council - non-profit international environmental advocacy group.

NP-15 – North Path 15 – NP-15 is a CAISO pricing zone usually used to approximate wholesale electricity prices in northern California in PG&E's service territory.

OIR – Order Instituting Rulemaking - A procedural document that is issued by the CPUC to start a formal proceeding. A draft OIR is issued for comment by interested parties and made final by vote of the five Commissioners of the CPUC.

OSC – Order to Show Cause - order requiring an individual or entity to explain, justify, or prove something.

ORA – Office of Ratepayer Advocates - the independent consumer advocate within the CPUC, now called Public Advocates office.

PA – Program Administrator (for EE Business Plans) IOUs and local government agencies authorized to implement CPUC-directed Energy Efficiency programs.

PCE – Peninsula Clean Energy Authority - CCA serving San Mateo County and all 20 of its cities and towns as well as the City of Los Banos.

PCC1 – RPS Portfolio Content Category 1 – Bundled renewables where the energy and REC are dynamically scheduled into a California Balancing Authority (CBA) such as the CAISO. Also known as "in-state" renewables.

PCC2 – RPS Portfolio Content Category 2 – Bundled renewables where the energy and REC are from out-of-state and not dynamically scheduled to a CBA.

PCC3 – RPS Portfolio Content Category 3 – Unbundled REC

PCIA or "exit fee" - Power Charge Indifference Adjustment (PCIA) is an "exit fee" based on stranded costs of utility generation set by the California Public Utilities Commission. It is calculated annually and assessed to customers of CCAs and paid to the IOU that lost those customers as a result of the formation of a CCA.

PCL – Power Content Label – A user-friendly way of displaying information to California consumers about the energy resources used to generate the electricity they sell, as required by AB 162 (Statute of 2009) and Senate Bill 1305 (Statutes of 1997).



PD – Proposed Decision – A procedural document in a CPUC Rulemaking that is formally commented on by parties to the proceeding. A PD is a precursor to a final Decision voted on by the five Commissioners of the CPUC.

PG&E – Pacific Gas & Electric - the IOU that serves 16 million people over a 70,000 square mile service area in Northern California.

PHC – Prehearing Conference - CPUC hearing to discuss the scope of a proceeding among other matters. Interested stakeholders can request party status during these.

Pnode – Pricing Node – In the CAISO optimization model, it is a point where a physical injection or withdrawal of energy is modeled and for which a LMP is calculated.

PPA – Power Purchase Agreement – A contract used to purchase the energy, capacity and attributes from a renewable resource project.

PRP – Priority Review Project - transportation electrification pilot projects approved by the CPUC pursuant to SB 350.

PRRR – Progress on Residential Rate Reform – Pursuant to a CPUC decision, the IOUs must submit to the CPUC and parties periodic updates on the progress of their efforts to assist customers with residential rate design changes related to rate reform, including tier collapse and transition to a default time of use rate.

PUC – Public Utilities Code - California statute that contains 33 Divisions, and the range of topics within this Code includes natural gas restructuring, private energy producers, telecommunication services, and specific municipal utility districts and transit authorities. Primary statute for governance of utilities as well as CCAs in California.

PURPA – Public Utilities Regulatory Policy Act - federal statute passed by Congress to encourage fuel diversity via alternative energy sources and to introduce competition into the electric sector. It was meant to promote energy conservation (reduce demand) and promote greater use of domestic energy and renewable energy (increase supply). The law was created in response to the 1973 energy crisis.

RA – Resource Adequacy - Under its Resource Adequacy (RA) program, the California Public Utilities Commission (CPUC) requires load-serving entities—both independently owned utilities and electric service providers—to demonstrate in both monthly and annual filings that they have purchased capacity commitments of no less than 115% of their peak loads.

RAM – Renewables Auction Mechanism - a procurement program the Investor-owned Utilities (IOUs) may use to procure RPS eligible generation. The IOUs may use RAM to satisfy authorized procurement needs, for example, system Resource Adequacy needs, local Resource Adequacy needs, RPS needs, reliability needs, Local Capacity Requirements, Green Tariff Shared Renewables needs, and any need arising from Commission or legislative mandates.

RE – Renewable Energy - Energy from a source that is not depleted when used, such as wind or solar power.

REC - Renewable Energy Certificate - A REC is the property right to the environmental benefits associated with generating renewable electricity. For instance, homeowners who generate solar



electricity are credited with 1 solar REC for every MWh of electricity they produce. Utilities obligated to fulfill an RPS requirement can purchase these RECs on the open market.

RES-BCT – Renewables Energy Self-Generation Bill Credit Transfer - This program enables local governments and universities to share generation credits from a system located on one government-owned property with billing accounts at other government-owned properties. The system size limit under RES-BCT is 5 MW, and bill credits are applied at the generation-only portion of a customer's retail rate.

RFO – Request for Offers a competitive procurement process used by organizations to solicit the submission of proposals from interested parties in response to a scope of services.

RPS - Renewable Portfolio Standard - Law that requires CA utilities and other load serving entities (including CCAs) to provide an escalating percentage of CA qualified renewable power (culminating at 33% by 2020) in their annual energy portfolio.

SB – Senate Bill - a piece of legislation that is introduced in the Senate. In other words, the Senate, rather than the Assembly, is the house of origin in the legislature for the legislation.

SCE – Southern California Edison - the large IOU that serves the Los Angeles and Orange County area.

SCP – Sonoma Clean Power Authority - CCA serving Sonoma County and surrounding areas in Northern California.

SDG&E – San Diego Gas & Electric - the IOU that serves San Diego county, they own the infrastructure that delivers SDCP energy to customers.

SGIP – Self-Generation Incentive Program – A program which provides incentives to support existing, new, and emerging distributed energy resources (storage, wind turbines, waste heat to power technologies, etc.)

SUE – Super User Electric - electric surcharge that's intended to penalize consumers for excessive energy use.

SVCE – Silicon Valley Clean Energy - CCA serving Silicon Valley Area.

TCR EPS Protocol – The Climate Registry Electric Power Sector Protocol – Online tools and resources provided by The Climate Registry to assist organizations to measure, report, and reduce carbon emissions.

TE – Transportation Electrification - For the transportation sector, electrification means replacing fossil fuels with electricity as the means of powering light-duty vehicles, medium- and heavy-duty trucks, and buses. The primary goal is to reduce greenhouse gas (GHG) emissions and, ultimately, contribute to mitigating the effects of climate change on the planet.

Time-of-Use (TOU) Rates — The pricing of delivered electricity based on the estimated cost of electricity during a particular time-block. Time-of-use rates are usually divided into three or four time-blocks per 24 hour period (on-peak, mid-peak, off-peak and sometimes super off-peak) and by seasons of the year (summer and winter). Real time pricing differs from TOU rates in that it is based on actual (as opposed to forecasted) prices that may fluctuate many times a day and are weather sensitive, rather than varying with a fixed schedule.



TM – Tree Mortality - refers to the death of forest trees and provides a measure of forest health. In the context of energy, the CPUC is tasked with utilizing its authority to extend contracts and take actions to authorize new contracts on bioenergy facilities that receive feedstock from high hazard zones.

TURN – The Utility Reform Network - A ratepayer advocacy group charged with ensuring that California IOUs implement just and reasonable rates.

Unbundled RECs - Renewable energy certificates that verify a purchase of a MWH unit of renewable power where the actual power and the certificate are “unbundled” and sold to different buyers.

VPP – Virtual Power Plant – A cloud-based network that leverages an aggregation of distributed energy resources (DERs) to shift energy demand or provide services to the grid. For example, thousands of EV chargers could charge at a slower speed and hundreds of home batteries could discharge to the grid during a demand peak to significantly reduce the procurement of traditional supply resources.

VAMO – Voluntary Allocation, Market Offer - the process for SDG&E to allocate a proportional share of their renewable portfolio to SDCP and other LSEs within the service territory.

