AGENDA

Regular Meeting of the Board of Directors of San Diego Community Power (SDCP)

May 25, 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

Special Presentations and Introductions

Report from Closed Session (If held)

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 November 17, 2022, December 6, 2022, December 15, 2022, January 18, 2023, January 23, 2023 Meeting Minutes**
2. **Receive and File Treasurer's Report for Period Ending March 31, 2023**
3. **Receive and File Update on Back Office Operations**
4. **Receive and File Update on Marketing and Public Relations**
5. **Receive and File Update on Regulatory and Legislative Affairs**
6. **Receive and File Update on Power Services**
7. **Receive and File Update on Human Resources**
8. **Receive and File Update on Community Advisory Committee**
9. **Approval of 4th Amendment to Professional Services Agreement with Neyenesch Printers for up to $1,228,218 for Printing Services through June of Fiscal Year 2025**
10. **Approval of First Amendment to the Professional Services Agreement with Full Moon Strategies for up to $600,000 for Government Affairs Services through May 30, 2028.**

11. **Approval of Third Amendment to the Professional Services Agreement with Futura Energy Group, LLC for up to $520,000 for recruiting services through March 31, 2024.**
12. **Approval of Updated Voting Shares**

<u>Regular Agenda</u>

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 the Community Power Plan (CPP)**

    Recommendation: Approve the Community Power Plan
14. **Update on Pilot Programs**

    Recommendation: Receive and File the Pilot Programs Update
15. **Presentation on the FY 2023-24 Operating Budget**

    Recommendation: Receive and File the FY2023-24 Operating Budget Presentation
16. **Approval of SDCP Investment Policy**

    Recommendation: Approval of SDCP Investment Policy
17. **Approval of the Interim Compliance Plan for the California Energy Commission's (CEC) Load Management Standards**

    Recommendation: Approve the Interim Compliance Plan for the California Energy Commission's Load Management Standards
18. **Approval of Long-Term Market Offer Sales Confirmation for Purchase of Long-Term, Bundled RPS Energy from SDG&E and authorize CEO to execute the agreement**

    Recommendation: Approve and authorize CEO to enter into Long-Term Market Offer Sales Confirmation for purchase of long-term, bundled renewable energy from SDG&E

<u>Reports by Chief Executive Officer and General Counsel</u>

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.

<u>Director Comments</u>

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.

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): Ryan Baron, General Counsel
   Unrepresented employee: Chief Executive Officer

Report from Closed Session

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

2488 Historic Decatur Road, Suite 250
San Diego, CA 92106

MINUTES
November 17, 2022

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, except for Item 15 which was considered following Reports by Chief Executive Officer and General Counsel.

WELCOME

CALL TO ORDER

Chair Mosca (Encinitas) called the SDCP Board of Directors meeting to order at 5:08 p.m.

ROLL CALL

PRESENT: Chair Mosca (Encinitas), Alternate Director McCann (Chula Vista), Director Dedina (Imperial Beach), Director Baber (La Mesa), Director Sotelo-Solis (National City), and Director LaCava (City of San Diego)

ABSENT: County of San Diego

Also Present: Chief Executive Officer ("CEO") Burns, General Counsel Baron, Executive Assistant to the CEO/Assistant Board Clerk Isley

PLEDGE OF ALLEGIANCE

Chair Mosca (Encinitas) led the Pledge of Allegiance.

SPECIAL PRESENTATIONS AND INTRODUCTIONS

Chair Mosca (Encinitas) introduced the following new SDCP staff members:

Karlee Mink, Portfolio Manager, Power Services
Sheena Tran, Senior Program Manager

REPORT FROM CLOSED SESSION (IF HELD)

There was no closed session.

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

Item 14 was withdrawn from the agenda and moved to the December 15, 2022, SDCP Board of Directors meeting.

PUBLIC COMMENTS

There were no public comments.

CONSENT CALENDAR

Consent Calendar Item 2 was pulled for separate consideration.

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

Approved.

2. REMOVED.

3. **Approve Resolution 2022-20 Adopting the 2023 Board Meeting Schedule**

Resolution No. 2022-20 was adopted.

4. **Receive and File Treasurer's Report for Period Ending September 30, 2022**

Received and filed.

5. **Receive and File Update on Back Office Operations**

Received and filed.

6. **Receive and File Update on Regulatory and Legislative Affairs**

Received and filed.

7. **Receive and File Update on Marketing and Public Relations**

Received and filed.

8. **Receive and File Update on Community Advisory Committee**

Received and filed.

9. **Receive and File the Update on the New Board Member Orientation and New Board Member Handbook**

Received and filed.

ACTION: Motioned by Director LaCava (City of San Diego) and seconded by Director Dedina (Imperial Beach) to approve Consent Calendar Items 1 through 9, except for Item 2. The motion carried by the following vote:

Vote: 6-0

Yes:	Chair Mosca (Encinitas), Alternate Director McCann (Chula Vista), Director Dedina (Imperial Beach), Director Baber (La Mesa), Director Sotelo-Solis (National City), and Director LaCava (City of San Diego)
No:	None
Abstained:	None
Absent:	County of San Diego

2. **Approved Updated Legislative Policy**

CEO Burns explained Section 3.c of the Legislative Policy should read, “Support legislation that would take into account the concept of social cost of carbon.” The word “study” was replaced with “take into account”.

ACTION: Motioned by Director Dedina (Imperial Beach) and seconded by Director Sotelo-Solis (National City) to approve the Legislative Policy with the amendment to Section 3.c, replacing “study” with “take into account”. The motion carried by the following vote:

Vote: 6-0

Yes:	Chair Mosca (Encinitas), Alternate Director McCann (Chula Vista), Director Dedina (Imperial Beach), Director Baber (La Mesa), Director Sotelo-Solis (National City), and Director LaCava (City of San Diego)
No:	None
Abstained:	None
Absent:	County of San Diego

ITEMS REMOVED FROM THE CONSENT CALENDAR

There were no items removed from the Consent Calendar.

REGULAR AGENDA

10. Approval of Amendment to the Chief Executive Officer (CEO) Employment Agreement

General Counsel Baron provided an overview of the amendments to the CEO Employment Agreement.

- Modifies the term of the agreement that upon the expiration of the initial term of employment on April 17, 2025, the CEO would serve at the will and pleasure of the Board of Directors; therefore, the CEO's employment would not have a defined term after April 17, 2025.
- Modifies the repayment period of the $50,000 relocation assistance that was provided by extending the deadline from 8 months after the effective date of the agreement to June 30, 2023.

ACTION: Motioned by Director Sotelo-Solis (National City) and seconded by Director Dedina (Imperial Beach) to approve the amendments to the CEO Employment Agreement. The motion carried by the following vote:

Vote: 6-0

Yes:	Chair Mosca (Encinitas), Alternate Director McCann (Chula Vista), Director Dedina (Imperial Beach), Director Baber (La Mesa), Director Sotelo-Solis (National City), and Director LaCava (City of San Diego)
No:	None
Abstained:	None
Absent:	County of San Diego

11. Receive and File the June 30, 2022 Fiscal Year-end Audited Financial Statement

Chief Financial Officer ("CFO")/Treasurer Washington introduced Brett Bradford of Pisenti & Brinker LLP, who presented a PowerPoint presentation on the June 30, 2022 Fiscal Year-end Audited Financial Statement, highlighting the relative roles and responsibilities of management and the auditor, the significant areas of focus for the audit, and the findings of the audit.

Brett Bradford of Pisenti & Brinker LLP, reported the following required information to the SDCP Board of Directors:

- The significant accounting policies adopted by SDCP throughout the period audited appeared appropriate and consistently applied;
- No alternative treatments of accounting principles for material items in the financial statements were discussed with management;
- There were no proposed adjustments made to the financial statements;
- No significant or unusual transactions or applications of accounting principles where a lack of authoritative guidance exists were identified;

- There were no disagreements with management concerning the scope of the audit, the application of accounting principles, or the basis for management's judgments on any significant matters; and
- There were no difficulties in dealing with management during the performance of the audit.

Board questions and comments ensued.

ACTION: Motioned by Director Sotelo-Solis (National City) and seconded by Alternate Director McCann (Chula Vista) to receive and file the June 30, 2022 Fiscal Year-end Audited Financial Statement. The motion carried by the following vote:

Vote: 6-0

Yes: Chair Mosca (Encinitas), Alternate Director McCann (Chula Vista), Director Dedina (Imperial Beach), Director Baber (La Mesa), Director Sotelo-Solis (National City), and Director LaCava (City of San Diego)
No: None
Abstained: None
Absent: County of San Diego

12. Approval of the Rate Development Policy

Director of Data Analytics and Account Services Utouh provided a PowerPoint presentation on the Rate Development Policy ("Policy"), highlighting the purpose, objectives, priorities, and timeline of the Policy.

Board questions and comments ensued.

ACTION: Motioned by Director Sotelo-Solis (National City) and seconded by Director Dedina (Imperial Beach) to approve the Rate Development Policy. The motion carried by the following vote:

Vote: 6-0

Yes: Chair Mosca (Encinitas), Alternate Director McCann (Chula Vista), Director Dedina (Imperial Beach), Director Baber (La Mesa), Director Sotelo-Solis (National City), and Director LaCava (City of San Diego)
No: None
Abstained: None
Absent: County of San Diego

13. Appointment of Presiding Officer for December 2022 and January 2023 Board of Directors Meetings

Chair Mosca (Encinitas) explained why a presiding officer was needed for the December 2022 and January 2023 Board of Director meetings.

ACTION: Motioned by Chair Mosca (Encinitas) and seconded by Director Sotelo-Solis (National City) to appoint Director LaCava (City of San Diego) as the Presiding Officer for the December 2022 and January 2023 Board of Directors meetings. The motion carried by the following vote:

Vote: 6-0

Yes:	Chair Mosca (Encinitas), Alternate Director McCann (Chula Vista), Director Dedina (Imperial Beach), Director Baber (La Mesa), Director Sotelo-Solis (National City), and Director LaCava (City of San Diego)
No:	None
Abstained:	None
Absent:	County of San Diego

DIRECTOR INITIATED ITEMS

14. Consider SDCP Actions Necessary to Accelerate Achievement of 100% Renewable Energy Portfolio
(Consideration of a Request by Director Lawson-Remer)

This Item was withdrawn from the agenda and moved to the December 15, 2022, SDCP Board of Directors meeting.

RECOGNITION OF OUTGOING BOARD MEMBERS

15. Approval of Resolutions Recognizing Outgoing and Former Directors

The outgoing Directors reflected on their time on the Board and expressed their appreciation for the other Directors, staff, and the organization as a whole.

The Board and SDCP staff thanked the outgoing Directors for their service to SDCP.

ACTION: Motioned by Chair Mosca (Encinitas) and seconded by Director LaCava (City of San Diego) to approve Resolution Nos. 2022-14, 2022-15, 2022-16, 2022-17, 2022-18 and 2022-19 recognizing Chair Mosca (Encinitas), Vice Chair Padilla (Chula Vista), Director Baber (La Mesa), Director Dedina (Imperial Beach), and former Director Montgomery-Steppe (City of San Diego) for their service to SDCP. The motion carried by the following vote:

Vote: 6-0

Yes:	Chair Mosca (Encinitas), Alternate Director McCann (Chula Vista), Director Dedina (Imperial Beach), Director Baber (La Mesa), Director Sotelo-Solis (National City), and Director LaCava (City of San Diego)
No:	None
Abstained:	None
Absent:	County of San Diego

REPORTS BY CHIEF EXECUTIVE OFFICER AND GENERAL COUNSEL

CEO Burns reported on SDCP's ongoing efforts and recent activities and events.

DIRECTOR COMMENTS

There were no Director comments.

ADJOURNMENT

Chair Mosca (Encinitas) adjourned the meeting at 6:15 p.m.

Megan Wiegelman, CMC
City Clerk, City of La Mesa

SAN DIEGO COMMUNITY POWER (SDCP)
BOARD OF DIRECTORS

SPECIAL CLOSED SESSION
(8:30 A.M.)

MINUTES

December 6, 2022

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 Mosca (Encinitas) called the SDCP Board of Directors meeting to order at 8:33 a.m.

ROLL CALL

PRESENT: Chair Mosca (Encinitas), Alternate Director McCann (Chula Vista), Director Sotelo-Solis (National City), Alternate Director Aguirre (Imperial Beach)

ABSENT: Director Lawson-Remer (San Diego County), Director LaCava (San Diego) and Director Baber (La Mesa)

Also Present: General Counsel Ryan Baron and Chief Executive Officer Burns

PUBLIC COMMENTS ON CLOSED SESSION ITEMS

There were no public comments.

CLOSED SESSION

ACTION ITEM

1. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**
   Government Code Section 54956.9(d)(1)
   Voice of San Diego v. San Diego Community Power, Case No. 37-2022-00046360-CU-WM-CTL

REPORT FROM CLOSED SESSION

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

ADJOURNMENT

Chair Mosca (Encinitas) adjourned the meeting at 9:15 a.m.

Kimberly Isley
Clerk of the Board

SAN DIEGO COMMUNITY POWER (SDCP)
BOARD OF DIRECTORS

2488 Historic Decatur Road, Suite 250
San Diego, CA 92106

MINUTES
December 15, 2022

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, except for Item 15 which was considered following Reports by Chief Executive Officer and General Counsel.

WELCOME

CALL TO ORDER

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

ROLL CALL

PRESENT: Interim Presiding Officer LaCava (City of San Diego), Alternate Director McCann (Chula Vista), Alternate Director Aguirre (Imperial Beach), Alternate Director Humora (La Mesa)

ABSENT: County of San Diego, Encinitas, National City

Also Present: Chief Executive Officer ("CEO") Burns, General Counsel Baron, Assistant General Counsel Norvell

PLEDGE OF ALLEGIANCE

Interim Presiding Officer LaCava (San Diego) led the Pledge of Allegiance.

SPECIAL PRESENTATIONS AND INTRODUCTIONS

There were no special presentations or introductions.

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 to be added, withdrawn, or reordered.

PUBLIC COMMENTS

There were no public comments.

CONSENT CALENDAR

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 October 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.

ACTION: Motioned by Alternate Director Humora (La Mesa) and seconded by Alternate Director McCann (Chula Vista) to approve Consent Calendar Items 1 through 5. The motion carried by the following vote:

Vote: 4-0

Yes: Interim Presiding Officer LaCava (City of San Diego), Alternate Director McCann (Chula Vista), Alternate Director Aguirre (Imperial Beach), Alternate Director Humora (La Mesa)
No: None
Abstained: None
Absent: County of San Diego, National City, Encinitas

Director Lawson-Remer (County of San Diego) arrived at the meeting.

REGULAR AGENDA

6. Approval of the Community Clean Energy Innovation Grants Policy

Director of Programs Santulli presented on the Community Grant Program Policy. Santulli provided an overview of program goals, focus areas, evaluation committee and criteria.

ACTION: Motioned by Alternate Director Aguirre (Imperial Beach) and seconded by Alternate Director McCann (Chula Vista) to approve the Community Clean Energy Innovation Grant Policy. The motion carried by the following vote:

Vote: 5-0

Yes: Interim Presiding Officer LaCava (City of San Diego), Alternate Director McCann (Chula Vista), Alternate Director Aguirre (Imperial Beach), Alternate Director Humora (La Mesa), Director Lawson-Remer (County of San Diego)
No: None
Abstained: None
Absent: National City, Encinitas

Director Sotelo-Solis (National City) arrived at the meeting.

7. Update on the Community Power Plan (CPP) Community Needs Survey

Director of Programs Santulli introduced Program Manager Lomeli. Lomeli provided an overview of the Community Power Plan (CPP) Community Needs Survey.

Following Board questions and comments, no action was taken.

8. Update on the Net Energy Metering (NEM) Proceeding and Update on Regulatory and Legislative Affairs

Policy Manager Sarria presented on the Net Energy Metering (NEM) Proceeding and what is included in the new proposed decision.

Following Board questions and comments, no action was taken.

Director Sotelo-Solis (National City) left the meeting.

Alternate Director Bush (National City) arrived at the meeting.

Alternate Director Aguirre (Imperial Beach) left the meeting.

9. Updates to Board Compensation and Reimbursement Policy

Assistant General Counsel Norvell presented details about the Board Compensation and Reimbursement Policy.

ACTION: Motioned by Alternate Director Bush (National City) seconded by Alternate Director Humora (La Mesa) to approve Resolution No. 2022-21 Amending the Board Compensation and Reimbursement Policy to Include Board Meetings and Board Committees. The motion carried by the following vote:

Vote: 5-0

Yes: Interim Presiding Officer LaCava (City of San Diego), Alternate Director McCann (Chula Vista), Alternate Director Humora (La Mesa), Director Lawson-Remer (County of San Diego), Alternate Director Bush (National City)

No: None
Abstained: None
Absent: Encinitas, Imperial Beach

DIRECTOR INITIATED ITEMS

10. Consider SDCP Actions Necessary to Accelerate Achievement of 100% Renewable Energy Portfolio
(Consideration of a Request by Director Lawson-Remer)

Director Lawson-Remer presented the following recommended action:

1. Discuss SDCP actions necessary to do the following:
   a) Align default and opt-in service tiers with previously adopted operational goals regarding gradual achievement of an 100% renewable energy portfolio;
   b) Increase default service tier to 75% by 2027 and 100% by 2030; and
   c) Establish a temporary service tier, if needed.

2. Consider directing SDCP staff to prepare the necessary documents, including a potential amendment to the Joint Powers Agreement and/or any updated Board Policies, as needed, and place the documents and options for action on a future SDCP agenda for consideration no later than April 2023.

3. Consider directing SDCP staff to prepare a targeted impact analysis of these potential changes, focused specifically on energy procurement from local in-fill solar versus large scale solar development projects, to assess and ensure that updates to default opt-in tiers would not hinder SDCP's ability to accelerate development of and procurement from rooftop and in-fill solar.

Board questions and comments ensued.

ACTION: Motioned by Director Lawson-Remer (County of San Diego) and seconded by Alternate Director Bush (National City) to approve:

1. Aligning default and opt-in service tiers with previously adopted operational goals regarding gradual achievement of an 100% renewable energy portfolio; Increasing default service tier to 75% by 2027 and 100% by 2030; and establishing a temporary service tier, if needed.

2. Directing SDCP staff to prepare the necessary documents, including a potential amendment to the Joint Powers Agreement and/or any updated Board Policies, as needed, and place the documents and options for action on a future SDCP agenda for consideration no later than 3rd quarter 2023.

3. Directing SDCP staff to prepare an impact analysis of these potential changes.

4. Encouraging staff to include other options to reach these same objectives including timeline and approach related to accelerating movement to a higher rate of renewable energy as the default option.

The motion carried by the following vote:

Vote: 5-0

Yes: Interim Presiding Officer LaCava (City of San Diego), Alternate Director McCann (Chula Vista), Alternate Director Humora (La Mesa), Director Lawson-Remer (County of San Diego), Alternate Director Bush (National City)

No: None
Abstained: None
Absent: Encinitas, Imperial Beach

REPORTS BY CHIEF EXECUTIVE OFFICER AND GENERAL COUNSEL

CEO Burns reported on SDCP's ongoing efforts and recent activities, hiring and events.

There was no report from General Counsel.

DIRECTOR COMMENTS

Interim Presiding Officer LaCava acknowledged all the accomplishments that SDCP staff has achieved in such a short time. Expressed thanks for staff efforts.

Alternate Director Bush thanked SDCP staff for all their hard work and welcomed Ditas Yamani of National City who will become a member of the SDCP Board of Directors in January.

ADJOURNMENT

Interim Presiding Office LaCava (San Diego) adjourned the meeting at 6:44 p.m.

Kimberly Isley
Clerk of the Board

SAN DIEGO COMMUNITY POWER (SDCP)
BOARD OF DIRECTORS

2488 Historic Decatur Road, Suite 250
San Diego, CA 92106

MINUTES
January 18, 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

Interim Presiding Officer LaCava (San Diego) called the SDCP Board of Directors special meeting/new board member orientation to order at 12:36 p.m.

PLEDGE OF ALLEGIANCE

Interim Presiding Officer LaCava (San Diego) led the Pledge of Allegiance.

OATH OF OFFICE FOR NEW DIRECTORS

Clerk Isley conducted the oath of office for Director McCann, Director Hinze, Director Yamane, Alternate Director Fisher, Alternate Director Shu, Alternate Director Kranz and Director Aguirre

ROLL CALL

PRESENT: Interim Presiding Officer LaCava (San Diego), Alternate Director Jack Shu (La Mesa), Director Ditas Yamane (National City), Director John McCann (Chula Vista), Director Kellie Hinze (Encinitas), Alternate Director Jack Fisher (Imperial Beach) and Director Paloma Aguirre (Imperial Beach) (arrived at 12:58 p.m.)

ABSENT: County of San Diego

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

PUBLIC COMMENTS

There were no public comments.

SPECIAL MEETING AGENDA – BOARD MEMBER ORIENTATION

1. **Presentations and Q&A on SDCP Organization, Strategic Plan, Responsibilities, Programs and Community Relations**

   Presentations were made by:

   Beth Vaughan, Executive Director, CalCCA
   Karin Burns, Chief Executive Officer, SDCP
   Eric Washington, Chief Financial Officer, SDCP
   Byron Vosburg, Managing Director Power Services, SDCP
   Lucas Utouh, Director of Data Analytics and Customer Services, SDCP
   Laura Fernandez, Director of Regulatory and Legislative Affairs, SDCP
   Colin Santulli, Director of Programs, SDCP
   Jen Lebron, Director of Public Affairs, SDCP
   Victoria Abrenica, Public Outreach Associate, SDCP

ADJOURNMENT

Interim Presiding Officer LaCava (San Diego) adjourned the meeting at 3:40 p.m.

Kimberly Isley
Clerk of the Board

SAN DIEGO COMMUNITY POWER (SDCP)
BOARD OF DIRECTORS

2488 Historic Decatur Road, Suite 250
San Diego, CA 92106

MINUTES
January 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

Interim Presiding Officer LaCava (San Diego) called the SDCP Board of Directors meeting to order at 11:02 a.m.

ROLL CALL

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

ABSENT: None

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

PLEDGE OF ALLEGIANCE

Interim Presiding Officer LaCava (San Diego) led the Pledge of Allegiance.

SPECIAL PRESENTATIONS AND INTRODUCTIONS

Interim Presiding Officer (LaCava) introduced the following new SDCP staff members:

Chandra Pugh, Director of People

REPORT FROM CLOSED SESSION (IF HELD)

None

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

The agenda items were considered in the order presented.

NON-AGENDA PUBLIC COMMENTS

Jeffrey Osborn of Jacumba Hot Springs spoke in opposition of the JVR Energy Park as currently designed.

CONSENT CALENDAR

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 November 30, 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 Second Amendment to Professional Services Agreement with Futura Energy Group to add $70,000 for a total of $305,000 for Professional Recruiting Services for FY2023.**

Approved.

ACTION: Motioned by Director McCann (Chula Vista) and seconded by Director Parent (La Mesa) to approve Consent Calendar Items 1 through 7.

The motion carried by the following vote:

Vote: 7-0

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

No: None
Abstained: None
Absent: None

ITEMS REMOVED FROM THE CONSENT CALENDAR

There were no items removed from the Consent Calendar.

REGULAR AGENDA

8. **Election of Chair and Vice Chair for Calendar Year 2023**

General Counsel Baron called for nominations from the floor for the Chair and Vice Chair positions for Calendar Year 2023.

ACTION: Motioned by Director McCann (Chula Vista) and seconded by Director Parent (La Mesa) to nominate Joe LaCava (San Diego) as the Chair.

Public Comment:

Matthew Vasalakis submitted a written comment in support of Director LaCava's nomination for the Chair position.

Joyce Layne spoke in support of Director LaCava's nomination for the Chair position.

Karina Gonzales spoke in support of Director LaCava's nomination for the Chair position.

Director question and comments ensued.

The motion carried by the following vote:

Vote: 7-0

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

No: None
Abstained: None
Absent: None

ACTION: Motioned by Director Yamane and seconded by Director Parent (La Mesa) to nominate Terra Lawson-Remer (County of San Diego) as the Vice Chair.

The motion carried by the following vote:

Vote: 7-0

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

No: None
Abstained: None
Absent: None

9. Appointment of Members to the Finance and Risk Management Committee

Chair LaCava (San Diego) asked for volunteers from the floor. Directors McCann (Chula Vista), Parent (La Mesa) and Aguirre (Imperial Beach) volunteered to serve on the Finance and Risk Management Committee (FRMC). Chair LaCava then nominated Directors McCann (Chula Vista), Parent (La Mesa) and Aguirre (Imperial Beach) to serve on the Finance and Risk Management Committee (FRMC). And, nominated Director McCann (Chula Vista) to Chair the FRMC.

ACTION: Chair LaCava nominated Directors McCann (Chula Vista), Parent (La Mesa) and Aguirre (Imperial Beach) to serve on the Finance and Risk Management Committee (FRMC). And, nominated Director McCann (Chula Vista) to Chair the FRMC.

The nomination carried by the following vote:

Vote: 7-0

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

No: None
Abstained: None
Absent: None

10. Approval of 2023 Rates

Director of Data Analytics and Account Services Utouh, Finance Manager Manglicmot and Chief Executive Officer Burns gave a presentation on the rate development process.

Director question and comments ensued.

ACTION: Motioned by Director McCann (Chula Vista) and seconded by Director Yamane (National City) to approve a 3% rate increase.

The motion carried by the following vote:

Vote: 7-0

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

No: None
Abstained: None
Absent: None

Director Lawson-Remer left the meeting.

11. Approval of New Credit Agreement to Implement New Line of Credit of $150,000,000 from JP Morgan Credit Facility

Chief Financial Officer Washington made a presentation on the proposed Line of Credit increase with JP Morgan.

Director question and comments ensued.

ACTION: Motioned by Director McCann (Chula Vista) and seconded by Director Parent (La Mesa) to approve a New Credit Agreement to Implement New Line of Credit of $150,000,000 from JP Morgan Credit Facility.

The motion carried by the following vote:

Vote: 6-0

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

No: None
Abstained: None
Absent: Lawson-Remer (County of San Diego)

12. Approval of Amended and Restated Vikings Power Purchase Agreement

Managing Director Power Services Vosburg made a presentation on the Amended and Restated Vikings Power Purchase Agreement and provided a project overview of the Vikings Energy Farm, LLC.

ACTION: Motioned by Director McCann (Chula Vista) and seconded by Director Parent (La Mesa) to approve the Amended and Restated Vikings Power Purchase Agreement.

The motion carried by the following vote:

Vote: 6-0

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

No: None
Abstained: None
Absent: Lawson-Remer (County of San Diego)

13. Update on the Community Power Plan

Director of Programs Santulli provided an update on the Community Power Plan.

Following Board questions and comments, no action was taken.

DIRECTOR INITIATED ITEMS

There were no Director initiated items.

REPORTS BY CHIEF EXECUTIVE OFFICER AND GENERAL COUNSEL

There were no reports by the CEO or General Counsel.

DIRECTOR COMMENTS

There were no Director comments.

ADJOURNMENT

Chair LaCava (San Diego) adjourned the meeting at 12:18 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 03/31/23

Date: May 25, 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 March 31, 2023, along with budgetary comparisons. Certified Public Accountants (CPAs) generally issue three levels of financial statements: audit, review and compilation. SDCP's monthly financial statements are issued as a compilation given that an audited financial statement has significantly higher lead times and costs to produce. SDCP's annual financial statements are issued as an audit. By comparison, none of SDCP's member agencies issue monthly reports either as a compilation, review, or audit.

In a compilation engagement such as with SDCP's monthly financial statements issued through the Treasurer's Report, the objective is to assist management in presenting financial information in the form of financial statements without undertaking to provide any assurance that there are no material modifications that should be made to the financial statements so they will conform to the acceptable financial reporting framework. Further, in a compilation, given the limited engagement, disclosures are omitted and per the Statements on Standards for Accounting and Review Services paragraph 80.27b, it is recommended that a statement be included that if the omitted disclosures (and the statement of cash flows, if applicable) were included in the financial statements, they might influence the user's conclusions about the entity's financial position, results of operations, and cash flows (or the equivalent for presentations other than GAAP). This statement is included in SDCP's financial statement.

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

ANALYSIS AND DISCUSSION

Actual financial results for the period ended 03/31/23: $626.58 million in net operating revenues were reported compared to $626.87 million budgeted for the period. $597.38 million in total expenses were reported (including $578.67 million in energy costs) compared to $612.98 million budgeted for the period (including $590.68 million budgeted for energy costs). After expenses, SDCP's change in net position of $29.2 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 03/31/23 (9 mos)	FY23 YTD Budget	Budget Variance ($)	Budget (%)
Net Operating Revenues	$ 626,575,487	$ 626,873,096	$ (297,609)	100%
Total Expenses	$ 597,380,308	$ 615,328,166	$ (17,947,858)	97%
Change in Net Position	**$ 29,195,179**	**$ 11,544,930**	**$ 17,650,249**	**153%**

- Net operating revenues finished $297.61 thousand (or less than 1 percentage point) under the budget primarily due to remittances coming lower than expected in prior periods that were largely offset by California Climate Credits received in March.

- Operating expenses finished $17.95 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.

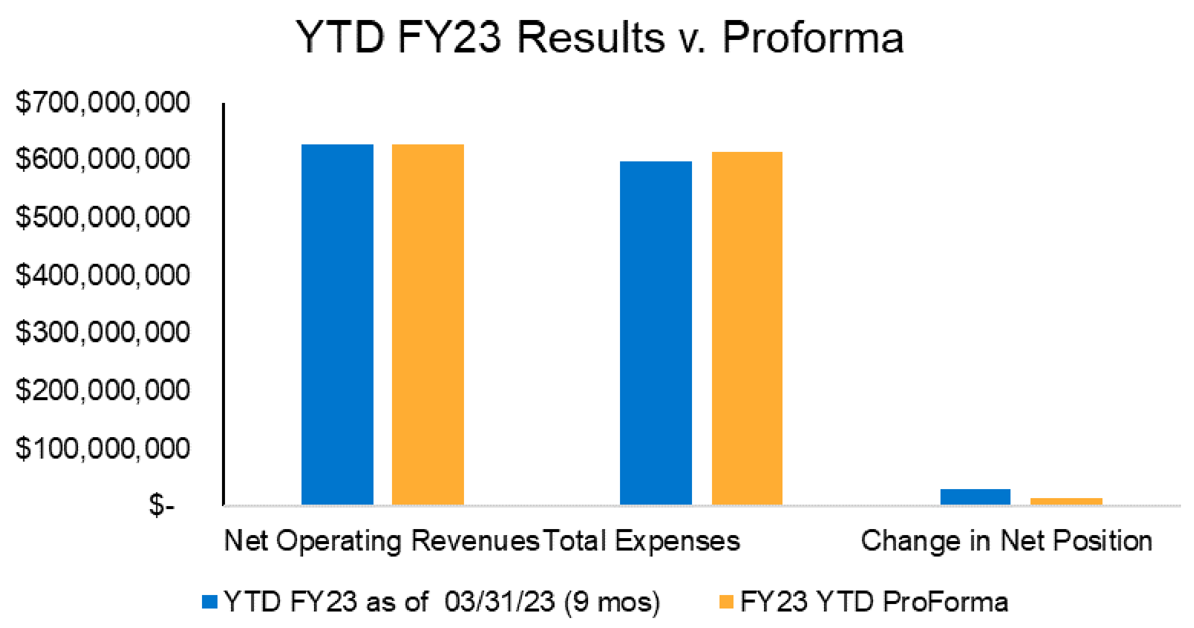
Financial results for the period outperformed the projections presented in the year-to-date proforma. SDCP's change in net position was 110% over the projection primarily due to savings in energy-related costs from CAISO credits previously mentioned.

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 03/31/23 (9 mos)	FY23 YTD ProForma	ProForma Variance ($)	Proforma (%)
Net Operating Revenues	$ 626,575,487	$ 626,873,096	$ (297,609)	0%
Total Expenses	$ 597,380,308	$ 612,975,166	$ (15,594,858)	-3%
Change in Net Position	**$ 29,195,179**	**$ 13,897,930**	**$ 15,297,249**	**110%**

Figure 1: Proforma versus Actual Results

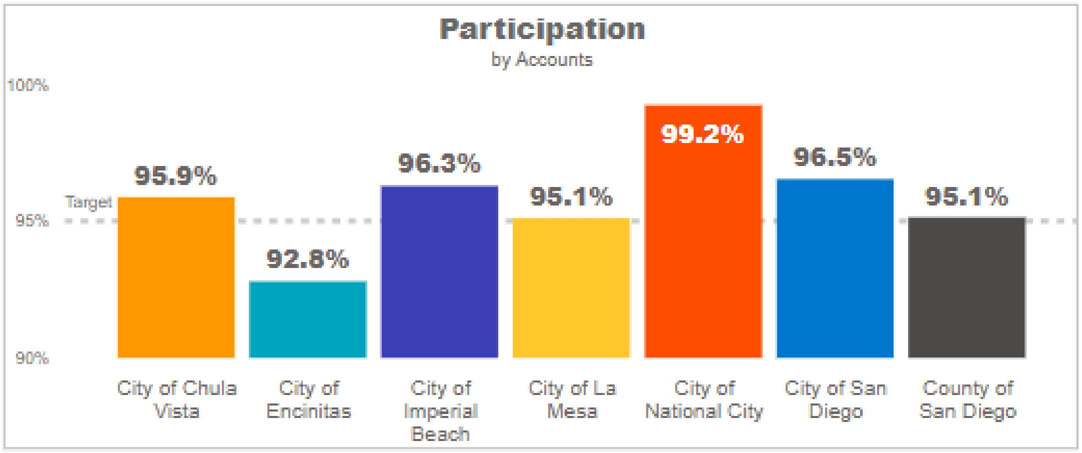


For the period ending 03/31/23, SDCP contributed $29,195,179 to its reserves but was only expected to gain $11,544,930 per the FY 2022-23 amended budget. Total SDCP reserves at the end of the period were $69,726,131 and total available liquidity (including lines of credit) was $195,996,131. SDCP has a total FY 2022-23 year-end reserve cash 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

Participation by Jurisdiction



Jurisdiction	Active	Eligible	Opt Outs	Participation
City of Chula Vista	92,845	96,605	3,983	95.9%
City of Encinitas	26,444	28,370	2,046	92.8%
City of Imperial Beach	10,508	10,878	404	96.3%
City of La Mesa	27,943	29,257	1,434	95.1%
City of National City	0	18,256	140	99.2%
City of San Diego	595,363	615,857	21,405	96.5%
County of San Diego	0	144,027	7,013	95.1%
Total	**753,103**	**943,250**	**36,425**	**95.8%**

COMMITTEE REVIEW
The report was reviewed by the Finance and Risk Management Committee (FRMC) on May 18, 2023.

FISCAL IMPACT
N/A

ATTACHMENTS
Attachment A: 2023 Year-to-Date Period Ended 03/31/23 Financial Statements

MAHER ACCOUNTANCY

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 March 31, 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 3, 2023

SAN DIEGO COMMUNITY POWER
STATEMENT OF NET POSITION
As of March 31, 2023

ASSETS	
Current assets	
Cash and cash equivalents	$ 42,073,974
Accounts receivable, net of allowance	79,307,931
Accrued revenue	42,204,985
Prepaid expenses	5,556,754
Other receivables	775,000
Deposits	21,060,361
Total current assets	190,979,005
Noncurrent assets	
Restricted cash	2,146,985
Deposits	555,000
Total noncurrent assets	2,701,985
Total assets	193,680,990
LIABILITIES	
Current liabilities	
Accrued cost of electricity	92,461,923
Accounts payable	975,286
Other accrued liabilities	2,802,307
State surcharges payable	504,888
Security deposits	729,000
Interest payable	236,943
Total current liabilities	97,710,348
Noncurrent liabilities	
Loan to member government	514,511
Bank note payable	23,730,000
Total noncurrent liabilities	24,244,511
Total liabilities	121,954,859
NET POSITION	
Restricted for collateral	2,000,000
Unrestricted	69,726,131
Total net position	$ 71,726,131

SAN DIEGO COMMUNITY POWER
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Nine Months Ended March 31, 2023

OPERATING REVENUES	
Electricity sales, net	$ 626,575,487
Total operating revenues	626,575,487
OPERATING EXPENSES	
Cost of energy	578,671,540
Contract services	11,122,802
Staff compensation	4,672,004
Other operating expenses	2,097,025
Total operating expenses	596,563,371
Operating income (loss)	30,012,116
NON-OPERATING REVENUES (EXPENSES)	
Investment income	322,359
Interest and financing expense	(1,139,296)
Nonoperating revenues (expenses)	(816,937)
CHANGE IN NET POSITION	29,195,179
Net position at beginning of period	42,530,952
Net position at end of period	$ 71,726,131

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS
Nine Months Ended March 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 603,955,827
Receipts of security deposits	56,936,328
Other operating receipts	10,332,595
Payments to suppliers for electricity	(555,230,510)
Payments for goods and services	(11,510,408)
Payments to employees for services	(4,385,673)
Payments for deposits and collateral	(110,755,631)
Payments of state surcharges	(1,394,349)
Net cash provided (used) by operating activities	(12,051,821)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Proceeds from bank note payable	43,910,000
Principal payments - bank note payable	(56,520,082)
Interest and related expense payments	(1,016,215)
Net cash provided (used) by non-capital financing activities	(13,626,297)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income received	322,359
Net change in cash and cash equivalents	(25,355,759)
Cash and cash equivalents at beginning of period	69,576,718
Cash and cash equivalents at end of period	$ 44,220,959
Reconciliation to the Statement of Net Position	
Cash and cash equivalents (unrestricted)	$ 42,073,974
Restricted cash	2,146,985
Cash and cash equivalents	$ 44,220,959

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS (continued)
Nine Months Ended March 31, 2023

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

Operating income	$ 30,012,116
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Provision for uncollectible accounts	6,329,045
(Increase) decrease in:	
Accounts receivable	(35,249,986)
Accrued revenue	4,734,630
Prepaid expenses	(1,095,446)
Deposits	(11,924,304)
Increase (decrease) in:	
Accrued cost of electricity	35,230,419
Accounts payable	350,332
Other accrued liabilities	2,059,071
State surcharges payable	172,302
Supplier security deposits	(41,895,000)
Net cash provided (used) by operating activities	$ (12,051,821)

MAHER
ACCOUNTANCY

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 March 31, 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 3, 2023

SAN DIEGO COMMUNITY POWER
BUDGETARY COMPARISON SCHEDULE
Nine Months Ended March 31, 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	633,205,147	$ 632,904,532	(300,615)	100%	$ 939,183,767	$ 306,279,235
Less Uncollectible Customer Accounts	(6,332,051)	(6,329,045)	3,006	100%	(9,391,838)	(3,062,793)
Total Revenues and Other Sources	626,873,096	626,575,487	(297,609)		929,791,929	303,216,442
OPERATING EXPENSES						
Cost of Energy	590,683,798	578,671,541	(12,012,257)	98%	738,800,294	160,128,753
Professional Services and Consultants	12,372,293	10,771,481	(1,600,812)	87%	17,271,121	6,499,640
Personnel Costs	5,342,696	4,672,004	(670,692)	87%	7,362,227	2,690,223
Marketing and Outreach	3,477,908	1,420,665	(2,057,243)	41%	4,194,489	2,773,824
General and Administrative	1,509,589	1,027,680	(481,909)	68%	1,890,283	862,603
Programs	971,250	-	(971,250)	0%	1,275,000	1,275,000
Total Operating Expenses	614,357,534	596,563,371	(17,794,163)		770,793,414	174,230,043
Operating Income (Loss)	12,515,562	30,012,116	17,496,554		158,998,515	128,986,399
NON-OPERATING REVENUES (EXPENSES)						
Investment income	-	322,359	322,359		-	(322,359)
Debt Service and Bank Fees	(970,632)	(1,139,296)	(168,664)	117%	(1,285,295)	(145,999)
Total Non-Operating Revenues (Expenses)	(970,632)	(816,937)	153,695		(1,285,295)	(468,358)
CHANGE IN NET POSITION	$ 11,544,930	$ 29,195,179	$ 17,650,249		$ 157,713,220	$ 128,518,041

See accountants' compilation report.

SAN DIEGO COMMUNITY POWER
Staff Report – Item 3

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 Back-Office Operations

Date: May 25, 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

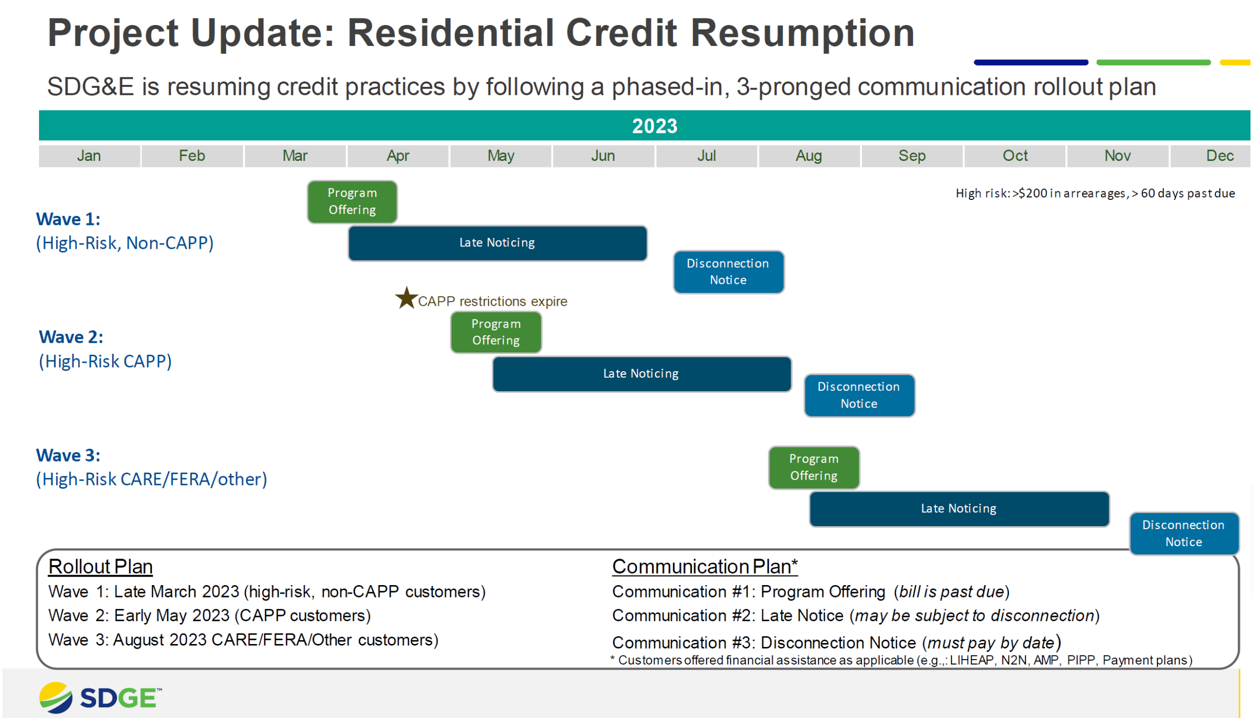
Phase 4:

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 May 15th, 2023 SDCP is serving a cumulative total count of 897,628 active accounts correlating to 1,002,487 meters. There are 124,509 active accounts already enrolled in County of San Diego and 17,732 in National City.

For those accounts on Net Energy Metering in Phase 4, their enrollment into SDCP started in April 2023 and will continue for the next twelve months coinciding with the 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) Residential Customers Credit Resumption by SDG&E

SDG&E is resuming credit practices for residential customers by following a phased-in, 3-pronged communication rollout plan per the below:



What this means for both bundled and SDCP residential customers is that if for whatever reason they fell behind with their utility bills that they should expect to receive communication from SDG&E letting them know of their bill being past due and the resources, payment plans and programs that are available to assist with managing their account balance.

C) 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 May 15th , 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	107	21,713
County of San Diego			6,920	1,196	407	8,523
City of Chula Vista	266	3,472	244	41	16	4,039
City of Encinitas	66	1,886	94	16	1	2,063
City of La Mesa	85	1,272	77	9	3	1,446
City of Imperial Beach	32	345	27	1	2	407
National City			137	32	12	181
Total	1,526	26,253	8,541	1,504	548	38,372

Opt Outs by Class Code	2021	2022	2023 Q1	2023-04	2023-05	Total
Residential	36	25,717	7,717	1,334	479	35,283
Commercial/Industrial	1,490	536	824	170	69	3,089
Total	1,526	26,253	8,541	1,504	548	38,372

Opt Outs by Reason	2021	2022	2023 Q1	2023-04	2023-05	Total
Dislike being automatically enrolled	203	7,214	2,754	450	180	10,801
Rate or additional cost concerns	6	7,754	1,693	327	131	9,911
Decline to provide	227	3,596	1,397	201	61	5,482
Other	818	2,653	706	186	64	4,427
Existing relationship with the utility	2	2,394	1,005	170	66	3,637
Concerns about government-run power agency	24	1,496	503	91	23	2,137
Service or billing concerns	6	724	262	39	16	1,047
Have grid reliability concerns	1	292	169	33	5	500
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	548	38,372

Opt Outs by Method	2021	2022	2023 Q1	2023-04	2023-05	Total
Web	327	14,353	5,202	822	307	21,011
Customer Service Rep (CSR)	1,098	7,002	1,846	380	140	10,466
Interactive Voice Response (IVR)	101	4,899	1,493	302	101	6,896
Total	1,526	26,253	8,541	1,504	548	38,372

**Historical opt outs including inactive accounts as of 5/15/2023.*

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	13	6,251
City of Chula Vista	701	168	18	6	3	896
City of La Mesa	148	118	6	2		274
County of San Diego			48	60	14	122
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	30	7,659

Opt Ups by Class Code	2021	2022	2023 Q1	2023-04	2023-05	Total
Commercial/Industrial	4,087	290	74	61	11	4,514
Residential	3	2,895	181	49	19	3,146
Total	4,090	3,184	255	110	30	7,659

Opt Ups by Method	2021	2022	2023 Q1	2023-04	2023-05	Total
Customer Service Rep (CSR)	4,059	1,369	97	67	13	5,596
Web	27	1,738	137	37	14	1,952
Interactive Voice Response (IVR)	4	81	21	6	3	115
Total	4,090	3,184	255	110	30	7,659

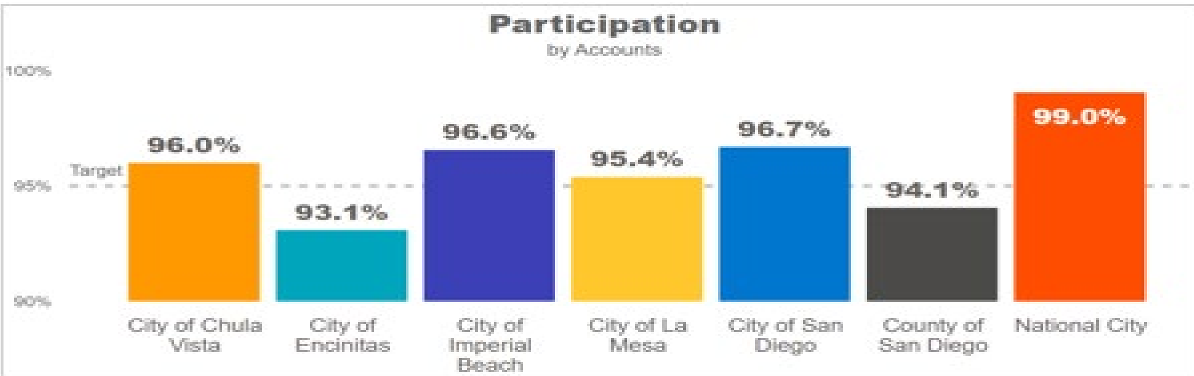
III. Opt Downs from Power100

Opt Downs by Jurisdiction	2021	2022	2023 Q1	2023-04	2023-05	Total
City of Encinitas	35	425	27	5	7	499
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	10	542

Opt Downs by Class Code	2021	2022	2023 Q1	2023-04	2023-05	Total
Residential		433	36	6	4	479
Commercial/Industrial	35	22			6	63
Total	35	455	36	6	10	542

Opt Downs by Method	2021	2022	2023 Q1	2023-04	2023-05	Total
Customer Service Rep (CSR)	31	305	21	4	8	369
Web		124	13	2	2	141
Interactive Voice Response (IVR)	4	26	2			32
Total	35	455	36	6	10	542

Participation by Jurisdiction



Jurisdiction	Active	Eligible	Opt Outs	Participation
City of Chula Vista	93,020	96,902	3,882	96.0%
City of Encinitas	26,468	28,435	1,967	93.1%
City of Imperial Beach	10,544	10,920	376	96.6%
City of La Mesa	28,012	29,367	1,355	95.4%
City of San Diego	597,127	617,590	20,463	96.7%
County of San Diego	124,496	145,048	8,626	94.1%
National City	17,778	18,287	174	99.0%
Total	**897,445**	**946,549**	**36,843**	**96.1%**

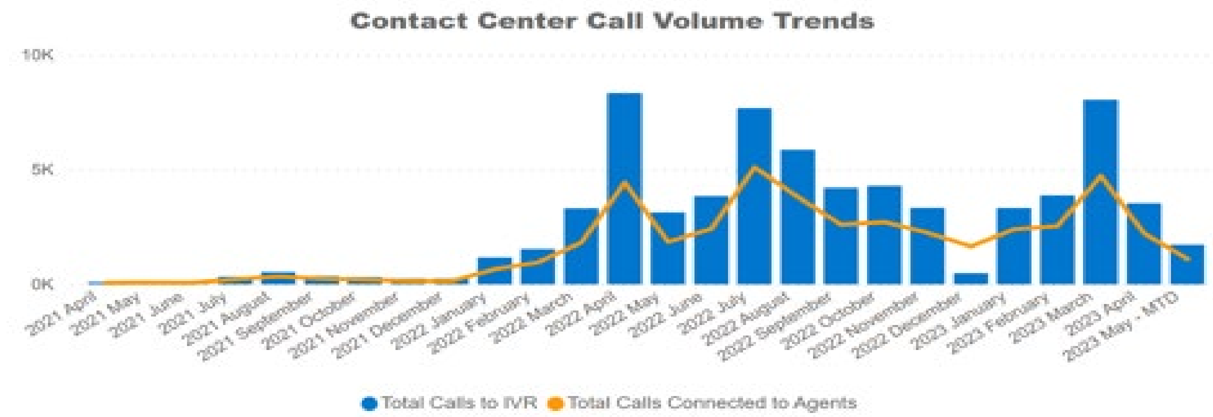
Phase 4 mass enrollment process in National City and Unincorporated County of San Diego for Non-Net Energy Metering (NEM) customers is officially completed in May. The participation rate for this new phase is fluid and will change as we continue with our enrollment of Net Energy Metering (NEM) customers 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

Consistent with observed patterns during mass enrollment, April call volumes dropped by **76.8%** compared to March which was the month in which customers received their 2nd pre-enrollment notice right before customers started switching over from bundled service and into SDCP service in National City and Unincorporated County of San Diego.

The chart below summarizes contact made by customers into our Contact Center broken down by month through May 15th, 2023:

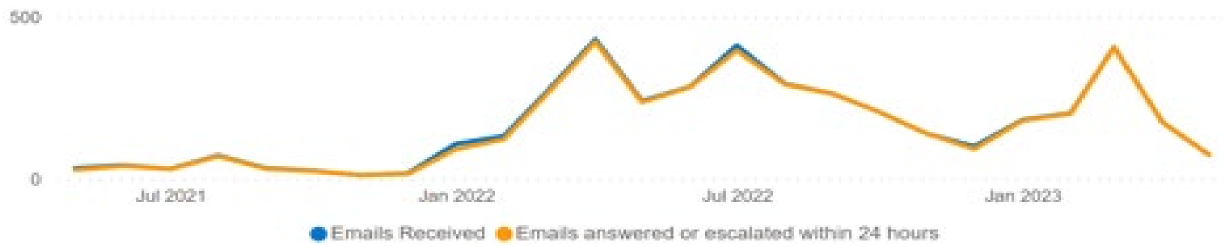
V. Contact Center Metrics



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	1,712	**69,879**
Total Calls Connected to Agents	1,401	30,174	9,641	2,211	1,100	**44,527**
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%	99.64%	**96.23%**
Abandon Rate	0.57%	0.36%	0.26%	0.00%	0.00%	**0.39%**

Similar to other mass enrollments in 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	76	**4,214**
Emails answered or escalated within 24 hours	257	2,821	790	177	76	**4,121**
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 4

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: May 25, 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
SDCP has increased its focus on community engagement as it prepares for the enrollment of customers in National City and the unincorporated areas of San Diego County. This greater engagement has supported the Community Power Plan, which will be a roadmap for the selection and development of local programs based on community needs and gaps in program offerings.

Public Engagement Events

April 22, 2023 – La Mesa Earth Day
April 23, 2023 – Fallbrook Avocado Festival
April 25, 2023 – League of Women Voters, North County San Diego
April 26, 2021 – Sony Electronics Earth Day Fair
April 29, 2023 – Spring Valley Day
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 24, 2023 – Fallbrook Library
May 31, 2023 – Rancho San Diego Library

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.

SDCP and Civilian, its marketing and communications contractor, have worked together to develop a high-impact campaign 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. To date, there have been more than 21 million impressions from paid media campaigns related to enrollment.

Over the past two months, the Public Affairs team has hired two new staff members: our Senior Marketing and Communications Manager and a Community Engagement Manager. The additions of these two critical positions gives SDCP an opportunity to bring more of its marketing and engagement efforts in house. The managers in both of these roles will be growing their respective teams in the coming months to better support public engagement and education efforts across all member agencies.

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 5

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: May 25, 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

Power Charge Indifference Adjustment (PCIA)

Proposed Decision on Greenhouse Gas-Free Resources and the Market Price Benchmark

On May 4, 2023, the California Public Utilities Commission (CPUC) issued a Proposed Decision within the Power Charge Indifference Adjustment Rulemaking (R.17-06-026). The Proposed Decision modifies the calculation of the PCIA by:

a) establishing a new market price benchmark and an allocation mechanism to address the "greenhouse gas-free" incremental value of large hydroelectric energy resources above fossil fuel resources, and
b) revising the calculation of the Energy Index market price benchmark to improve accuracy and transparency.

Generally, SDCP staff views the Proposed Decision as a positive development as the Commission adopts several of the recommendations made by CalCCA in its opening comments to a Ruling filed on March 17, 2023. Notably, the modifications to the PCIA recognize the market value of GHG-free large hydro resources that many CCAs currently pay a premium for in their portfolios. Comments and reply comments on the Proposed Decision are due May 24 and 30, respectively.

SDG&E General Rate Case (GRC)

Phase II Prehearing conference

On May 10, 2023, CPUC Administrative Law Judge (ALJ) Mutialu held a prehearing conference regarding scoping SDG&E's General Rate Case (GRC) Phase II proceeding (Application (A.)23-01-008). During the PHC, SDCP's outside regulatory counsel reiterated the issues raised in SDCP and Clean Energy Alliance's joint protest to SDG&E's Phase 2 Application. These include issues regarding Schedule S: Standby Service tariff as well as the PCIA charge rate design and how it gets captured on customer bills. As a next step, SDCP's outside regulatory counsel is seeking to schedule an ex parte meeting with the ALJ to further discuss these issues.

Provider of Last Resort Update

CPUC Energy Division Staff Proposal for Phase 1 Issues

As outlined in the regulatory and legislative staff report for the April 2023 meeting of the Board of Directors (see page 31), on April 18, 2023, both CalCCA and SDCP, jointly with Clean Energy Alliance, filed opening comments on the CPUC Staff Proposal in the Provider of Last Resort ("POLR") proceeding. SDCP staff worked with CalCCA to file reply comments on May 5, 2023. The reply comments addressed several concerns with the staff proposal regarding the Financial Security Requirement ("FSR") calculation, FSR affordability, financial monitoring, and contract assignment proposals. As a next step, SDCP staff expects a Joint Case Management Statement on next steps to be submitted on May 26, 2023.

B) Legislative Update

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). This bill would establish a central procurement entity, create additional penalties for Resource Adequacy, and would expand the CPUC's jurisdiction over community choice aggregators. SDCP's letter is attached to this staff report.

SB 411 (Portantino) is a Brown Act bill that the Board voted to take a position on during the March 2023 Board meeting. However, this bill was amended such that it is only applicable to neighborhood councils of Los Angeles. Therefore, the bill is no longer relevant or applicable to San Diego Community Power.

All of the bills SDCP has taken a position on are listed on the SDCP website: Legislative Priorities - San Diego Community Power (sdcommunitypower.org)

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

AB 1373: Energy - Oppose Unless Amend Letter

SAN DIEGO COMMUNITY POWER

May 5, 2023

Assemblymember Eduardo Garcia
Chair, Assembly Utilities and Energy Committee
1020 N Street, Suite 408A
Sacramento, CA 958014

RE: AB 1373: Energy - Oppose Unless Amended

Dear Chair Garcia:

On behalf of San Diego Community Power (SDCP), we must unfortunately express our position to oppose AB 1373 unless it is amended. SDCP is the second largest Community Choice Aggregator (CCA) in the state that currently provides renewable electricity service to the cities of Chula Vista, Encinitas, Imperial Beach, La Mesa, and San Diego, and in 2023, to unincorporated San Diego County and the city of National City for a total of over 960,000 customer accounts.

We applaud you and other policymakers for addressing energy reliability both last year and this year. Your forward-thinking approach will help stave off the inevitable energy security issues that are becoming more pronounced with climate change and extreme weather events. The policy debate regarding how to make California's energy affordable, reliable and green is likely to occur over the next several years and involves many different facets to a complex system.

Unfortunately, we believe the focus in AB 1373 on procurement is not warranted given the current energy market. There are issues to be addressed to assist the State but in the immediate term—procurement is not the biggest issue. Quite the contrary, we have seen that Load Serving Entities (LSE) have been able to procure at breakneck speeds—but once they do, our crumbling infrastructure leaves the ability to deliver this energy to consumers riddled with uncertainty.

If policymakers want to address longer-term procurement strategies for mid and long-term reliability, they will need to first ensure infrastructure can withstand the increased load. We do not oppose central procurement for long-lead time projects. We believe the State has a vested interest in long-lead time projects that might be too risky for LSEs to pursue. AB 1373 should be amended to reflect the State's role in the development and construction of resources that require a minimum of five years or in more specified circumstances.

Absent more clearly defined criteria for central procurement to be utilized in specified circumstances in the current market it will only increase rates. Once the State signals to the market that they are willing to buy—the impact on rates is inevitable. San Diego already has one of the highest energy rates in the continental United States. In the current economic environment, consumers are already struggling financially with core needs including energy.

Much like the central procurement provisions of the bill, the proposed penalties for Resource Adequacy (RA) deficiencies fail to recognize current market conditions. If the policy rationale of penalties is to compel behavior—this proposal will not result in any new RA because there is none to be had. What increased penalties will do is again raise rates. We are committed to meeting reliability goals through the RA program but we know there will be a shortage in the RA market until at least 2026. Lastly, given these market conditions and our best faith efforts—the California Public Utilities Commission (CPUC) offers no waivers in this process. If an LSE fails to meet RA, even if there is no RA available, the LSE will be penalized.

Lastly, the bill proposes to give the CPUC expanded jurisdiction over Integrated Resource Plans (IRP). As a community choice aggregator, our core role is to our community, including deciding the mix of resources to be procured. Lastly, this change does nothing to address the immediate and overriding goal we share--to increase clean energy, reliability and low rates. Instead, it strips CCAs of their ability to be nimble in the procurement of resources which is especially necessary in this market as projects continue to encounter delays and cost increases.

Given the longer-term policy discussion required to holistically address the State's energy issues—we respectfully request policymakers address the core infrastructure that will be necessary to deliver clean energy that will meet the State's climate goals and withstand the added demands given the extreme weather events perpetuated by climate change. The state has immense opportunity with federal funds and potentially bond funds to solve core reliability and deliverability issues in transmission and interconnection. Attached please find draft amendments for your consideration.

We appreciate your leadership on this issue. If you have any questions, please contact our lobbyist, Amy Costa: (916) 384-6948 or amy@fullmoonstrategies.com

Sincerely,

Karin Burns, CEO

Attachment

cc: Senator Toni Atkins, President pro Tempore
Senator Nancy Skinner, Chair, Budget and Fiscal Review
Assemblymember Phil Ting, Chair, Budget
Senator Josh Becker, Chair, Budget and Fiscal Review Subcommittee no.2
Assemblymember Steve Bennett, Chair, Budget Subcommittee no.3
Assemblymember Tasha Boerner Horvath
Assemblymember Chris Ward
Assemblymember Akilah Weber
Assemblymember David Alvarez
Senator Steve Padilla
Senator Catherine Blakespear
Joe Stephenshaw, Director, Department of Finance

SAN DIEGO COMMUNITY POWER
Staff Report – Item 6

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: May 25, 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 Q2 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 resources. Staff are deep in negotiations with several respondents for resources that are expected to be online between 2024 and 2026, while staff and consultants are also reviewing recently received proposals to be online in 2027 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.

Long-term 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. 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.

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/

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

SAN DIEGO COMMUNITY POWER
Staff Report – Item 7

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:	May 25, 2023

RECOMMENDATION

Receive and File the Update on Human Resources.

BACKGROUND

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

JEDI Council: Guidance for JEDI council selection process was provided to all staff with nomination process concluding on May 19th. We look forward to our inaugural meeting in June.

Event Planning Committee: Our Event Planning Committee organized a successful kick off celebration for both company and employee personal milestones. We are busy creating a calendar of observances including holiday parties, employee picnic and ad hoc events.

Employee Communication: The HR team is working to provide a platform for communication to all employees that will house manager tool kits, new and updated policies, and how-to guides to better convey company updates and provide resources on HR best practices.

Hiring: SDCP welcomed our new Community Engagement Manager and we are currently sourcing applicants for a Digital Media Coordinator, an Account Services Analyst and a Procurement Manager.

This month we were able to introduce our hiring philosophy to the staff which was developed to better communicate our overall strategy and directly align our processes with our hiring goals. The SDCP team has nearly doubled in size within 9 months and is on track to grow by another 50% over the next 12-18 months. We need to hire expeditiously while still maintaining a thoughtful, purposeful, and inclusive hiring approach that will continue to establish the foundation for collaboration, a high-performing team, and transformational growth. To that end, the HR team is also exploring additional tools to assist with recruitment and applicant tracking and to provide leadership with HR analytics that make more visible our efforts to attract and retain a highly skilled and diverse workforce.

DISCUSSION AND ANALYSIS
N/A

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:	Victoria Abrenica, Public Outreach Associate
Via:	Karin Burns, Chief Executive Officer
Subject:	Receive and File Community Advisory Committee (CAC) Monthly Report
Date:	May 25, 2023

RECOMMENDATION
Receive and file CAC monthly report.

BACKGROUND
According to Section 5.10.3 of the 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 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 May 11, 2023, meeting of the CAC, several items took place.

1. The committee recognized the sacred land where the meeting was held and gave thanks to the original land stewards in the region.
2. The committee introduced Lea Nepomuceno, the newest member of the community advisory committee, who now represents the County of San Diego.
3. The advisory committee approved their April CAC meeting minutes.
4. The CAC formed a Programs Ad Hoc Committee with the following representatives: Committee Member Anderson (County of San Diego), Committee

Member Emerson (National City), Committee Member Scofield (Chula Vista), Committee Member Vasilakis (City of San Diego), and Secretary Webb (Imperial Beach).

5. The CAC formed a Community & Equity Ad Hoc Committee with the following representatives: Chair Price (City of San Diego), Vice Chair Castaneda (National City), Committee Member Cazares (La Mesa), Committee Member Hammond (Encinitas), and Committee Member Harris (La Mesa).
6. The committee members unanimously voted to recommend SDCP's Board of Directors adopt the Community Power Plan.
7. The CAC received an update on SDCP's Pilot Programs, highlighting general categories for potential pilot programs.
8. Staff provided an update on recent public relations updates with a focus on media relations and Phase 4 Enrollment.
9. The group received an update on customer operations focusing on the Phase 4 Enrollment of National City and the County of San Diego. Staff also provided the latest opt-up, opt-out, and opt-down metrics.
10. Staff provided a monthly update on the CAC Fiscal Year 2023-2023 Work Plan and will be returning next month with more updates.

The CAC still has one opening available to represent the city of Imperial Beach. Members of the public must be residents, community leaders, and/or business owners of the respective jurisdictions and may submit their applications here.

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: Lucas Utouh, Director of Data Analytics and Account Services
Tim Manglicmot, Finance Manager

Via: Karin Burns, Chief Executive Officer

Subject: Amendment to Professional Services Agreement with Neyenesch Printers for services through FY2025

Date: May 25, 2023

RECOMMENDATION

Approve amendment to professional services agreement with Neyenesch Printers for an extended term through June of Fiscal Year 2025 with a not-to-exceed amount of $1,228,218 and authorize the Chief Executive Officer to execute the contract. This amendment allows SDCP to continue meeting all of its statutory pre- and post-enrollment notification printing, postage and mailing requirements as part of our Phase 4 mass enrollment efforts for Net Energy Metering (NEM) customers in National City and Unincorporated County of San Diego along with the Power Content Label and Joint Rate Mailer requirements.

BACKGROUND

In November 2020, SDCP conducted an informal bidding process as outlined in our Purchasing Policy to seek a printing and mailing vendor for statutory required customer mailers. After reviewing several proposals, staff recommended moving forward with Neyenesch Printers due to their long tenure as a local family-owned business in the community and demonstrated history of delivering quality printing and mailing services.

In December 2020, SDCP contracted with Neyenesch Printers to conduct printing, postage and mailing services for the Phase 1 and 2 mass enrollment efforts with an end date of June 30, 2021. Since then, Neyenesch has continued to provide high-quality work and has been retained by Clean Energy Alliance (the other CCA in our region) for their own printing and mailing needs as well.

In May 2021, the Board of Directors approved the 1st amendment updating the not to exceed amount from $100,000 to $277,000. However, this amount inadvertently did not factor in postage costs needed to be paid to the United States Postal Service (USPS) in addition to the printing and mailing costs quoted by the vendor and these costs are substantial.

In March 2022, the Board of Directors approved the 2nd amendment updating the not to exceed amount from $277,000 to $1,200,000 through March FY 2023 to include the postage costs needed to be paid to the United States Postal Service (USPS). With the FY 2023 budget approved by the Board in June 2022, the overall printing, mailing and postage expenditure was approved for $2,174,000 to also include all the statutory mailing requirements associated with the Power Content Label and Joint Rate Mailer in 2022.

In August 2022, the Board of Directors approved the 3rd amendment updating the not to exceed amount from $1,200,000 to $2,174,000 to match the FY 2022-23 Board approved budget for this expenditure and extended the term through June 30, 2023 to align with our fiscal year budget timeline.

In October 2022, SDCP issued a printing, postage and mailing RFP in adherence with good business practice principles and only received one response from a single vendor i.e. Neyenesch.

This latest professional services agreement amendment approval by the Board will match the preliminary FY 2024 budgeted dollars for printing, mailing and postage expenditure that will be reviewed and approved by the Board as part of the larger FY 2023-24 budget by June of 2023 so as to match the not-to-exceed articulated in the latest amendment with Neyenesch, the current printing, mailing and postage vendor for SDCP.

ANALYSIS AND DISCUSSION

In FY 2022/2023, SDCP has had exponential printing, postage and mailing needs with the significant quantities needed for our largest mass enrollment phase for City of San Diego and Chula Vista in calendar year 2022 requiring over 1 million cumulative pre- and post-enrollment notices to be sent out to customers. Due to the familiarity and high-quality work provided by Neyenesch, as well as immediate printing and postage needs of SDCP, staff recommended continuing to work with this vendor throughout Phase 3 in 2022 and through June of FY 2023. Prior to the end of this contract term, SDCP issued a formal Request for Proposals (RFP) for printing, mailing and postage services associated with our upcoming County of San Diego and National City mass enrollment efforts in October of 2022 and only Neyenesch responded to the RFP. Given that SDCP did its due diligence to issue an RFP for the printing, postage and mailing services and despite our multiple efforts to reach out to other vendors, only Neyenesch responded, Staff recommends that the Board approves this amendment to ensure compliance with our statutory and non-statutory printing, postage and mailing requirements.

FISCAL IMPACT

Cost of this action includes a total amount not-to-exceed $1,228,218 through June of Fiscal Year 2024. There will not be a net impact to the FY 2023-24 budget that the Board will be reviewing and approving in June 2023 for the upcoming fiscal year.

ATTACHMENTS

Attachment A: Professional Services Agreement amendment with Neyenesch Printers

FOURTH AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT BETWEEN SAN DIEGO COMMUNITY POWER AND NEYENESCH PRINTERS, INC.

THIS FOURTH AMENDMENT (this "Amendment") is entered into as of this May 25, 2023 by and between SAN DIEGO COMMUNITY POWER, a California joint powers agency ("SDCP") and Neyenesch Printers a California corporation ("Consultant"). SDCP and Consultant are sometimes individually referred to herein as the "Party" and collectively as the "Parties."

RECITALS

WHEREAS, the Parties entered into that certain Professional Services Agreement between San Diego Community Power and Neyenesch Printers, dated December 3, 2020 (the "Agreement") with a term from December 3, 2020 to June 30, 2021; and

WHEREAS, the Parties amended the Agreement between San Diego Community Power and Neyenesch Printers, dated July 1, 2021 (the "First Amendment") with a term from July 1, 2021 to June 30, 2022; and

WHEREAS, the Parties amended the Agreement between San Diego Community Power and Neyenesch Printers, dated March 24, 2022 (the "Second Amendment") with a term from July 1, 2021 to June 30, 2023; and

WHEREAS, the Parties amended the Agreement between San Diego Community Power and Neyenesch Printers, dated August 25, 2022 (the "Third Amendment") with a term from July 1, 2021 to June 30, 2023; and

WHEREAS, pursuant to the Agreement, Consultant provides printing, postage and mailing services to SDCP; and

WHEREAS, the parties desire to amend the Agreement to ~~increase~~ decrease the maximum compensation amount payable to Consultant for its services and to extend the term of the Agreement; and

WHEREAS, the CEO is authorized without SDCP Board approval to increase the aggregate contract price of Board-approved non-energy contracts by no more than 10% of the original contract price over the life of the contract.

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 3.1. Section 3.1 of the Third~~Second~~ Amendment is amended to update the cumulative not-to-exceed amount payable by SDCP to Consultant for Consultant's services from $1,200,000 to $2,174,000 to match the FY 2022-23 Board approved budget for this expenditure. The term of the Agreement is extended from June 30, 2023 to June

30, 2025 with the update to cumulative not-to-exceed amount payable by SDCP to Consultant for Consultant's services at $1,228,218 to match the FY 2023-24 budget that will require Board approval for this expenditure.

3. Effect of Amendment. Except as expressly set forth in this Amendment, all other sections, provisions, exhibits and commitments of the Agreement remain unchanged and in full force and effect.

4. Counterparts. This Amendment may be executed in one or more counterparts, including facsimile counterparts, each of which shall, for all purposes, be deemed an original and all such counterparts, taken together, shall constitute 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 Neyenesch Printers, as of the date first set forth above.

SAN DIEGO COMMUNITY POWER	**NEYENESCH PRINTERS, INC.**
______________________________	______________________________
Name: Karin Burns	Name: Kandy Neyenesch
Title: Chief Executive Officer	Title: Chief Financial Officer
Date: ______________________________	Date: ______________________________

APPROVED AS TO FORM:

____
SDCP General Counsel

SAN DIEGO COMMUNITY POWER
Staff Report – Item 10

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 First Amendment to Professional Services Agreement with Full Moon Strategies for up to $720,000 for Government Affairs Services through May 30, 2028
Date:	May 25, 2023

RECOMMENDATIONS

Approve first amendment to professional services agreement with Full Moon Strategies to increase the not-to-exceed amount by $600,000 to $720,000, extend the agreement term through May 30, 2028, and authorize the Chief Executive Officer to execute the agreement.

BACKGROUND

On March 11, 2022, San Diego Community Power (SDCP) issued a request for proposals (RFP) (No. 22-022) to provide government affairs services in order to assist SDCP to: (1) build relationships with state elected and appointed officials; (2) advance SDCP legislative priorities; and (3) provide political communication and coalition support.

Through this RFP, SDCP received 4 proposals in response. The proposals ranged in monthly retainers from $8,500 to $24,000. Each proposer/group of proposers was interviewed by Cody Hooven, SDCP Chief Operating Officer, Laura Fernandez, SDCP Director of Regulatory and Legislative Affairs and Shalini Swaroop, Marin Clean Energy Chief Legal & Policy Officer.

The interviewers unanimously agreed that Amy Costa of Full Moon Strategies was the preferred candidate. One of Amy' stand-out strengths was her detailed understanding of the state budget process, having previously overseen the state budget in one of her prior roles. Amy also has extensive relationships in the Governor's Office. While the Public Policy Advocates joint proposal was also strong, the interviewers had concerns about a potential conflict of interest with another client, the California Large Energy Consumers Association. Although there was the potential for another firm to step in when necessary, the interviewers did not feel as though the other firm had the same energy experience and relationships as the Public Policy Advocates and were concerned about how often it might be necessary to rely on the other lobbyists who were included in the proposal. Dan Chia with Chia Strategies had extensive energy knowledge, but the interviewers were concerned that his prior role with Solar City and Tesla may have compromised his relationships with key stakeholders in Sacramento. Finally, the last joint proposal with Hammond Climate Solutions came in with a proposal that was double the monthly retainer amount of the 2nd highest proposal.

On April 29, 2022, SDCP approved a contract with Full Moon Strategies, a California, S Corporation, for services related to government affairs services from May 1, 2022, to April 30, 2023. This contract has now expired.

On April 27, 2023, SDCP issued an RFP (No. 23-05) to provide government affairs services, this RFP was very similar to the prior RFP (No. 22-022). The services sought were to: (1) build relationships with state elected and appointed officials; (2) advance SDCP legislative priorities; and (3) provide political communication and coalition support. Per the RFP, SDCP expected the work to commence on or about May 30, 2023, through May 30, 2028.

The only response that SDCP received for RFP No. 23-05 was from Full Moon Strategies.

ANALYSIS AND DISCUSSION

Given SDCP's positive experience with Full Moon Strategies, satisfactory proposed contract terms, and that Full Moon Strategies was the only respondent to RFP No. 23-05, staff recommends increasing the existing contract with Full Moon Strategies by $600,000 to a total not-to-exceed amount of $720,000 for services through May 30, 2028, consistent with the terms of the RFP.

The terms of the contract amendment include $120,000 per fiscal year for five years through FY28. This amount is consistent with the not-to-exceed amount of $120,000 in the original contract for FY23 and does not include adjustments for inflation which is favorable for SDCP.

COMMITTEE REVIEW

N/A

FISCAL IMPACT

Cost of this action includes a total amount not-to-exceed $720,000 through May 30, 2028. Funding for these services is included in the proposed FY 2023-24 budget at $120,000 and will be budgeted at this level in each subsequent budget if approved.

ATTACHMENTS

Attachment A: First Amendment to Professional Services Agreement Between San Diego Community Power and Full Moon Strategies

FIRST AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT BETWEEN SAN DIEGO COMMUNITY POWER AND FULL MOON STRATEGIES

THIS FIRST AMENDMENT ("**First Amendment**") is entered into as of this May 25, 2023 by and between SAN DIEGO COMMUNITY POWER, a California joint powers authority ("**SDCP**") and FULL MOON STRATEGIES, a California S Corporation, ("**Consultant**"). SDCP and Consultant are sometimes individually referred to herein as the "**Party**" and collectively as the "**Parties**."

RECITALS

WHEREAS, the Parties entered into that certain Professional Services Agreement, dated April 29, 2022 (the "**Agreement**"); and

WHEREAS, pursuant to the Agreement, Consultant provides certain Services that include lobbying and government relations; and

WHEREAS, the Parties desire to amend the Agreement for Consultant to provide additional government affairs Services through May 30, 2028, and receive compensation for the additional services.

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 May 30, 2028, for all Services.

3. Amendment of Section 3.1. Section 3.1 of the Agreement is amended to increase the not-to-exceed amount payable by SDCP to Consultant for Consultant's services to Seven Hundred Twenty Thousand Dollars ($720,000).

5. Effect of Amendment. Except as expressly set forth in this Amendment, all other sections, provisions, exhibits and commitments of the Agreement remain unchanged and in full force and effect.

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

7. Counterparts. This Amendment may be executed in one or more counterparts, including facsimile counterparts, each of which shall, for all purposes, be deemed an original and all such counterparts, taken together, shall constitute one and the same instrument.

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

SAN DIEGO COMMUNITY POWER	**FULL MOON STRATEGIES**
By : ________________________________	By : ________________________________
Name: Karin Burns____________________	Name: Amy Costa____________________
Title: Chief Executive Officer____________	Title: Founder__________________________
Date: _______________________________	Date: _______________________________

APPROVED AS TO FORM:

____
SDCP General Counsel

SAN DIEGO COMMUNITY POWER
Staff Report – Item 11

To: San Diego Community Power Board of Directors

From: Karin Burns, Chief Executive Officer

Subject: Approval of Third Amendment to Professional Services Agreement with Futura Energy Group, LLC for Recruitment Services for up to $520,000 for services in FY2023

Date: May 25, 2023

RECOMMENDATION

Approve the Third Amendment to Professional Services Agreement with Futura Energy Group, LLC to increase the Not-To-Exceed Amount to $520,000 through March 31, 2024 and Authorize the CEO to Execute the Agreement.

BACKGROUND

On June 23, 2022, the San Diego Community Power (SDCP) Board of Directors (Board) approved the FY 2023 Operating Budget which included a $7.95 million personnel budget and the addition of 21 employees for a total of 40 employees.

On June 28, 2022, given the volume of positions to fill and need to find well-qualified candidates for very skilled positions, the Chief Executive Officer, through the SDCP Procurement Policy and Delegated Contract Authority Policy, authorized an Agreement with Futura Energy Group, LLC to provide recruiting services with a not-to-exceed amount of $122,000 for an initial set of positions. This cost was included in the SDCP's budget for FY2023. Futura Energy Group, LLC has extensive experience in recruiting in the energy space.

Then, on July 28, 2022, the Board approved an amendment to the Agreement to increase the not-to-exceed amount to $235,000 for FY 2023 to include continued and increased efforts by Futura Energy Group, LLC for difficult or highly skilled positions up to a total of 12 positions (see original amended contract).

Subsequently, on August 24, 2022, the Board received and filed a report on SDCP's updated staffing plan and organizational structure which incorporated feedback from strategic planning and updated SDCP's hiring plan in FY 2023, all within the approved FY 2023 budget.

Shortly thereafter, on January 23, 2023, the Board approved the second amendment to the Agreement to increase the not-to-exceed amount to $305,000. This amendment increased the recruitment to twelve (12) staff at different levels.

Due to the success that we have had working with Futura and our upcoming recruitment strategy to scale the agency in FY 2023-24, we would like to request an additional amount for a total revised not-to-exceed of $520,000 for up to nine (9) additional recruited positions, as/if needed.

ANALYSIS AND DISCUSSION

Staff recommends a second amendment to the Agreement to increase the not-to-exceed amount by $215,000 to $520,000 through March 31, 2024.

The initial Agreement included the recruitment of five (5) staff while the second amendment increased the recruitment to twelve (12) staff at different levels. This third amendment proposes to add nine (9) additional staff at different levels for specific positions that are difficult to recruit for. By comparison, the proposed FY 2024 budget proposes adding an additional 23 staff during FY 2024.

The third amendment also includes a $60,000 total retainer, paid monthly in equal installments of $10,000 over the six-month period of June, July, August, September, October, and November 2023.

To date, Futura Energy Group has completed successful recruitments for the following positions:

1. Senior Contracts Manager (Kenny Key)
2. Financial Analyst (Christopher Do)
3. Program Associate (Alyson Scurlock)
4. Portfolio Manager (Asikeh Kanu)
5. Senior Settlements Manager (Tacko Diaite-Koumba)
6. Director of Public Affairs (Jen Lebron)
7. Director of People (Chandra Pugh)
8. Senior Portfolio Manager (Andrea Torres)
9. Portfolio Manager (Karlee Mink)
10. Senior Development Manager (Morgan Adam)
11. Senior Marketing Manager (Jill Monroe)
12. Chief Operating Officer (Jaya Bajpai)

The FY24 budget, which will be previewed at the Board on May 25, 2023, and will be at the Board for approval on June 22, 2023, has $215,000 budgeted in the Other Services budget level 3 category and includes proposed full funding for the Amendment.

FISCAL IMPACT

Cost of this action includes a total amount not to exceed $520,000 through March 31, 2024 with $215,000 budgeted in FY24. The full amount of the $215,000 increase is included in the FY24 Professional Services budget under Other Services.

ATTACHMENTS

Attachment A: Futura Energy Group, LLC Third Amendment

THIRD AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT BETWEEN SAN DIEGO COMMUNITY POWER AND FUTURA ENERGY GROUP LLC

THIS THIRD AMENDMENT ("**Amendment**") is entered into effective as of May 25, 2023 ("**Amendment Effective Date**"), by and between SAN DIEGO COMMUNITY POWER, a California joint powers authority ("**SDCP**") and FUTURA ENERGY GROUP, LLC, a Texas limited liability company ("**Consultant**"). SDCP and Consultant are sometimes individually referred to herein as the "**Party**" and collectively as the "**Parties**."

RECITALS

WHEREAS, the Parties entered into that certain Professional Services Agreement between SDCP and Consultant, dated June 28, 2022, for Consultant to provide recruiting and new hire salary survey services for total compensation not-to-exceed $115,000 ("**Agreement**");

WHEREAS, the Parties entered into a First Amendment to the Agreement, dated July 28, 2022, to increase the total compensation not-to-exceed amount to $235,000;

WHEREAS, the Parties entered into a Second Amendment to the Agreement, dated January 23, 2023, to increase the total compensation not-to-exceed amount to $305,000; and

WHEREAS, the Parties desire to amend the Agreement to increase the total compensation amount payable to Consultant for its services due to SDCP's recruiting needs.

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 1 to the Agreement.** The Parties hereby agree to amend Professional Service Agreement as follows:

    a. Section 1.2. Section 1.2 of the Agreement is amended to extend the term of the agreement to March 31, 2024, for all services.

    b. Section 3.1. Section 3.1 of the Agreement is amended to increase the total compensation for this Third Amendment payable by SDCP to Consultant for Consultant's services to Two Hundred Fifteen Thousand Dollars ($215,000).

    c. Exhibit B. Exhibit B is amended to add additional compensation for recruitment services.

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 First Amendment to the Professional Services Agreement between San Diego Community Power and Futura Energy Group, Inc. as of the date first set forth above.

SAN DIEGO COMMUNITY POWER, a California joint powers authority	**FUTURA ENERGY GROUP, INC., a Texas limited liability company**
Name: ______________________________	Name: ______________________________
Title:______________________________	Title: ______________________________
Date: ______________________________	Date: ______________________________

APPROVED AS TO FORM:

____
General Counsel

EXHIBIT B

COMPENSATION

Additional Recruitment Services

- $60,000 total retainer, paid monthly in equal installments of $10,000 over the 6 month period of June, July, August, September, October and November 2023, then:

    1. $12,000 for 1 Public Outreach Coordinator (sourcing only). We may hire more than 1 from this group but Futura will source (and receive payment) only once.
    2. $18,000 for each of 2 Managers, or $36,000 total
    3. $22,000 for each of 2 Sr. Managers; or $44,000 total
    4. $15,000 for each of 2 Sr. Analysts; or $30,000 total
    5. $12,500 for each of 2 Analysts; or $25,000 total
    6. $8,000 for additional as-needed recruitment

- Total compensation NTE: $215,000

SAN DIEGO COMMUNITY POWER
Staff Report – Item 12

To: San Diego Community Power Board of Directors

From: Karin Burns, Chief Executive Officer

Subject: Annual Energy Usage and Voting Shares Update

Date: May 25, 2023

RECOMMENDATION

Approve Annual Updates to Exhibit C (Annual Energy Use by Jurisdiction) and Exhibit D (Voting Shares of SDCP Members) of the SDCP Joint Powers Agreement.

BACKGROUND

Under SDCP's Joint Powers Agreement ("JPA Agreement"), certain actions taken by a regular majority vote of the Board of Directors may be nullified by a "Voting Shares Vote." Section 4.11.3(b) of the JPA Agreement describes (1) how Voting Shares are determined based on Total Annual Energy Use, (2) how such figures are memorialized in Exhibits C and D of the JPA Agreement, and (3) how Exhibits C and D are updated annually:

> "Total Annual Energy" means the sum of all Parties' Annual Energy Use. The initial values for Annual Energy Use will be designated in **Exhibit C** and shall be adjusted annually as soon as reasonably practicable after January 1, but no later than March 1 of each year. These adjustments shall be approved by the Board. The combined voting share of all Directors representing a Party shall be based upon the annual electricity usage within the Party's jurisdiction. If a Party has two Directors, then the voting shares allocated to that Party shall be equally divided between its two Directors.
>
> The initial voting shares will be set forth in **Exhibit D**. Exhibit D shall be revised no less than annually by March 1 as necessary to account for changes in the Parties' Annual Energy Use and at such other times as necessary to account for changes in the number of Parties. Exhibit D and adjustments shall be approved by the Board.
>
> Notwithstanding the formula for Voting Shares set forth above, for the purposes of the Voting Shares Vote, no one Party to this Agreement shall have a Director (or Directors, as the case may be) with a Voting Share that exceeds 49%, regardless of the Party's actual annual electricity usage. If a Party would have a voting share that exceeds 49%, the excess above 49%

shall be distributed among the other Parties in accordance with their relative annual electricity usage, as shown in Exhibit D.

ANALYSIS AND DISCUSSION

Attachment A provides updates to both Exhibit C and D, per requirements described in the JPA Agreement shown above. The data included was also provided to the Board at the time of approving new members. If Exhibit C and D are approved by the Board, these will replace the exhibits currently in the JPA Agreement. The annual energy use is based on currently available data and will be updated annually to include updated data available. A simple majority vote of the Board of Directors is required to update Exhibits C and D.

COMMITTEE REVIEW

N/A

FISCAL IMPACT

N/A

ATTACHMENTS

Attachment A: Update to Exhibit C (Annual Energy Use by Jurisdiction) and Exhibit D (Voting Shares of SDCP Members) of the SDCP Joint Powers Agreement

Exhibit C: Annual Energy Use by Jurisdiction

Approved May 25, 2023

Jurisdiction	Annual Energy Use (MWh)
San Diego (City)	5,543,234
San Diego County	1,504,127
Chula Vista	612,039
Encinitas	188,391
La Mesa	197,019
National City	167,273
Imperial Beach	63,827
Total	8,275,910

Data sources: Updated data for all Members is from 2022 historical interval data obtained from SDG&E.

Exhibit D: Voting Shares

Approved May 25, 2023

Party	Share (MWh)	Share Weight	Allocation of City of San Diego Share above 49%	Calculated Voting Share (City of SD capped at 49%)
San Diego (City)	5,543,234	66.98%		**49.00%**
San Diego County	1,504,127	18.17%	9.90%	**28.07%**
Chula Vista	612,039	7.40%	4.03%	**11.42%**
Encinitas	188,391	2.28%	1.24%	**3.52%**
La Mesa	197,019	2.38%	1.30%	**3.68%**
National City	167,273	2.02%	1.10%	**3.12%**
Imperial Beach	63,827	0.77%	0.42%	**1.19%**
Total	8,275,910	100.0%	17.99%	**100.00%**

Data sources: Updated data for all Members is from 2022 historical interval data obtained from SDG&E.

SAN DIEGO COMMUNITY POWER
Staff Report – Item 13

To: San Diego Community Power Board of Directors

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

Via: Karin Burns, Chief Executive Officer

Subject: Approval of the Community Power Plan

Date: May 25, 2023

RECOMMENDATION

Approve the Community Power Plan.

BACKGROUND

The CPP is a five-year strategic plan for the types of customer energy programs that SDCP should offer that, per the Joint Powers Authority Agreement, are centered on economic, environmental, and social equity. The CPP strives to ensure that SDCP's programs best meet the needs and priorities of our customers, help us reach our organizational goals, and support regional sustainability efforts.

Development of the CPP started in Fall 2021 when a Request for Proposals was released for consultants to lead the development. SDCP staff, along with two members from the Community Advisory Committee (CAC), selected Arup US, Inc. to develop the CPP. Between May and November 2022, staff conducted a community needs assessment to provide insight on the values, needs, and priorities of SDCP's customers and stakeholders. The assessment involved 12 listening sessions co-hosted with five community-based organizations, multiple virtual workshops to engage residential and commercial community members, interviews with key stakeholders and service providers that serve community members, and a service territory wide community needs survey that resulted in over 2,900 responses. Complete details about the initial community needs assessment methods and findings can be found in the September 22, 2022 Board of Directors (Board) meeting staff report (Agenda Item 11) and an overview of the community needs survey and its findings can be found in the December 15, 2022 Board meeting staff report (Agenda Item 7).

Concurrent to the community needs assessment, the project team conducted a program market assessment to understand the universe of existing programs offered by other community choice aggregators (CCAs), State agencies, and program implementers. The market assessment was supplemented with program information and best practices learned during interviews with staff from ten CCAs and program implementers.

With this information on hand, the project team developed a program prioritization framework that considered community priorities uncovered from the community needs assessment, along with organizational goals. The framework evaluated programs on their ability to meet those goals and priorities. Additional factors, like existing and planned internal and external funding sources and development time, were considered to develop a program strategy on short-, mid-, and long-term tranches. Details of the high-level program strategy that was informed by the tool, available funding sources, and other implementation considerations can be found in the January 23, 2023 Board meeting staff report (Agenda Item 13). Staff used the input received from the Board and CAC to categorize the list of recommended program types presented at the February 23, 2023 Board meeting (Agenda Item 18) which are ultimately reflected in the final CPP.

A public draft of the CPP was released for a 30-day review and comment period in March 2023. During the public comment period, the CPP project team re-engaged with the community, hosting a virtual workshop, as well as presenting the plan to stakeholders and the CAC to solicit feedback. To encourage public comment, an interactive platform was used that allowed reviewers to comment anywhere on the plan and view, "like", and reply to existing comments. Staff received nine public comments representing 76 points of feedback on the interactive platform in addition to feedback provided during presentations. The general themes that emerged from the feedback include:

- Support for the proposed minimum of 50% commitment of a program's non-administrative budget to participation from Communities of Concern (CoC), and clarity around the CoC definition
- Comments about ensuring that renters/multi-family tenants are included in programs
- Suggestions for programs that should be considered for application assistance
- Strong support to pursue external funding sources, including continuing to monitor the Inflation Reduction Act and Infrastructure Investment and Jobs Act
- Encouragement to implement mid-term program types as soon as possible if opportunities arise
- Suggested minor edits and grammatical corrections (e.g., clarifying a program's funding source or identifying an incomplete sentence)

At the April 21, 2023, Board Strategic Planning Session, SDCP staff presented in detail the benefits, design considerations, and funding considerations for each of the13 recommended program types.

DISCUSSION

SDCP staff are proud to present to the Board a final draft of the CPP for approval. The final CPP includes seven chapters that:

- Describe who SDCP is (Chapter 1),
- Outlines the community needs assessment (Chapter 2),
- Describes the program market assessment (Chapter 3),
- Explains the program prioritization framework (Chapter 4),
- Outlines program funding sources (Chapter 5),
- Recommends 13 program types for implementation consideration across short- and mid-term timeframes (Chapter 6), and
- Sets SDCP up for success (Chapter 7).

The 13 program types included in the CPP are the following:

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)

1. Building Electrification: Appliances
2. Building Electrification: Heat Pump Technology
3. Distributed Energy Resources: Energy Storage Systems
4. Distributed Energy Resources: Demand Response
5. Energy Efficiency
6. Transportation Electrification: Infrastructure
7. Transportation Electrification: Light-Duty Vehicles
8. Transportation Electrification: Medium- and Heavy-Duty Vehicles

For each recommended program type, the CPP identifies the community and organizational priorities met and the recommended market sector/customer type to target. In addition, sections outlining the program type’s description, benefits, and design and funding considerations are included.

In the CPP, SDCP makes a commitment to support populations historically underrepresented in energy program participation by committing at least 50% of a program's non-administrative budget, to the extent allowed by funding sources, to participation from Communities of Concern and centering Communities of Concern in program design to enable participation by all customers. SDCP will follow the commitment with internal funds and make every effort to do so when using external funding in accordance with funding guidelines. Additionally, the CPP adjusts SDCP's current working definition of Communities of Concern by expanding it to include areas identified through the California Climate Investments statewide initiative. Census tracts identified by a member agency through their Climate Equity Index reports (such as the City of San Diego and City of Chula Vista) remain included in the Community of Concern definition.

Next Steps

Should the Board approve the CPP, SDCP staff will make it available online at SDCommunityPower.org/CPP in English, Spanish, and Filipino (Tagalog). A dashboard with survey response data will be made available as well as a compilation of Appendices that include the initial Community Engagement Strategy and summaries of many of the other engagement activities (e.g., Listening Sessions, Workshops, etc.).

The CPP will be used by SDCP Program staff to evaluate program and pilot concepts to ensure that they fall within a program type and therefore meet community and organizational priorities. Staff are actively working on various pilot concepts and programs that fall under one or more of the program types identified in the CPP.

As a five-year strategic plan, staff is anticipating updating the CPP to ensure that programmatic activity continues to meet community and organizational goals. This also allows staff to account for advancements in technology and market transformation.

COMMITTEE REVIEW

The CAC was an active member of the CPP project and had a standing agenda item to receive ongoing updates from the project team. Two CAC members, Carolyn Scofield and Matthew Vasilakis, were a part of the project team and provided guidance and assistance throughout the development of the CPP. Staff would like to recognize them for their work and dedication to the project and would also like to thank the CAC for their help and guidance in developing the CPP.

Staff presented the draft final CPP at the May 11, 2023 CAC meeting. Several CAC members made comments about SDCP staff's dedication to reaching the community, recognizing how equity was centered in the CPP's development, and thanking staff for the heavy lift to make the CPP possible. The CAC voted unanimously to recommend to the Board approval of the CPP.

FISCAL IMPACT

None. Funding for the development of the CPP was provided by Calpine Energy Solutions as part of their Data Management Agreement. Fiscal commitments from SDCP for development activities were factored into the FY 22-23 budget.

ATTACHMENTS

SDCP's Community Power Plan (pending approval)

SAN DIEGO COMMUNITY POWER

Community Power Plan

A five-year strategic plan for customer energy program offerings

May 2023

Note from Arup

This plan was developed by Arup US, Inc. in close coordination with San Diego Community Power. All recommendations in this plan are from Arup. The project was led, and the plan was developed by Heather Rosenberg and Ann Dennis. Special thanks to Sahar Abbaszadeh, Bond Harper, Cole Roberts, Kaiya Levine, Karuna Phillips, Maggie Messerschmidt, and Brittany Moffett for their contributions to the project.

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San Diego Community Power and Arup acknowledge the effort and skill of multiple organizations and individuals that made the Community Power Plan possible. Special recognition goes out to the following:

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SDCP further acknowledges the past and continued involvement from community members in listening sessions, community workshops, and our community needs survey. The Community Power Plan would not be possible without the crucial input from our community.

Thank you!

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Executive Summary

Introduction

San Diego Community Power (SDCP), a community-based provider of clean energy, created this Community Power Plan ("Plan") to provide 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 process of developing the Plan included the following steps, which are overviewed in the sections below:

Community Needs Assessment
Chapter 2

Program Market Assessment
Chapter 3

Program Prioritization Framework
Chapter 4

Program Funding Sources
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Community Needs Assessment

The community needs assessment was a fundamental piece of the Plan. 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.

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.

San Ysidro community members participating in a listening session co-hosted by Casa Familiar.

San Ysidro community members participating in a listening session co-hosted by Casa Familiar.

North Park community members participating in a listening session co-hosted by Art Produce.

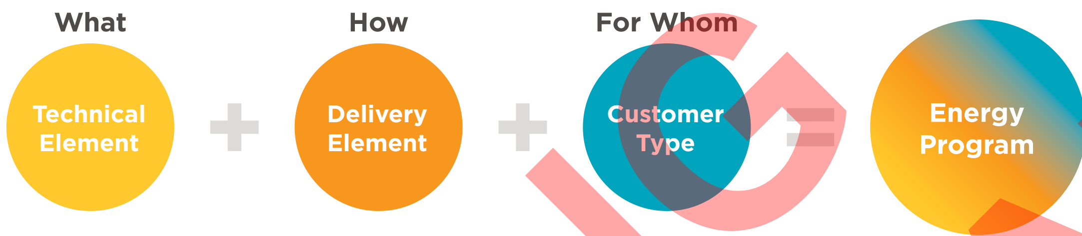
What We Heard During Initial Engagement

Community Priorities	Organizational Priorities
Reducing my energy bill	Increasing energy awareness and education
Addressing climate change by reducing greenhouse gas emissions	Maintaining financial stability
Creating good, well-paying jobs in the energy sector	Making investments in Communities of Concern and keeping energy affordable
Getting rewarded to adjust when I use energy	Managing load flexibility
Breathing cleaner air in my home or business	Maximizing infill solar and energy storage
Reducing air pollution in my community	Visibly showing benefits to customers by investing back into the community
Creating opportunities for Communities of Concern to participate in the clean energy transition	
Building more rooftop solar instead of large systems in remote areas	
Keeping the power on at my home or business	

Program Market Assessment

To understand the universe of existing energy programs available to customers throughout California and learn about best practices for program implementation, a program market assessment was conducted. As part of the assessment, program offerings from other community choice aggregators, state and regional agencies, nonprofits, and San Diego Gas & Electric (SDG&E) were assessed to compile a database of more than 200 programs. Programs were analyzed for similarities and differences and how they are delivered. These programs were distilled into their core characteristics as described below.

Programs generally follow a basic structure: they provide support to implement a specific action ("what") through a specific type of mechanism ("how") for a specific type of customer ("for whom"):



The program database included a range of technical elements (e.g., energy efficiency, building electrification) and delivery mechanisms (e.g., rebates, application assistance). Program options were evaluated for two customer types: if the program is available to all customer classes or is specifically targeted at low-income or customers in disadvantaged communities (referred to as Communities of Concern throughout this Plan). Program options were also evaluated across three market sectors (i.e., residential single-family, residential multi-family, and commercial).

Program Prioritization Framework

A program prioritization framework tool was developed to inform which programs best align with the key community and organizational priorities identified during the community needs assessment in a quantitative, consistent, and transparent way. The first step in the process involved creating a new list of 70 programs unique for SDCP based on the 200 programs analyzed to streamline further analysis. The resulting list represented programs that might align with community and organizational priorities but are not currently available to customers in SDCP's service territory (i.e., program gaps), as well as programs that are currently available but could be better delivered to customers. The program prioritization framework tool quantified each of the 70 program options' ability to support the identified community and organizational priorities for each market sector (i.e., residential single-family, residential multi-family, and commercial). The top 20 programs from each market sector were then aggregated into more general program types and analyzed for funding availability.

Program Funding Sources

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.

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.

Program Recommendations

The process of program prioritization provided a list of program options that align with community and organizational priorities. There are more program types on list than SDCP can deliver in five years and therefore the list of program types should not be seen as a "to-do" list. Instead, the list 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.

SDCP is committed to supporting populations historically underrepresented in energy program participation and receiving associated benefits. As such, SDCP will commit at least **50% of a program's non-administrative budget**, to the extent allowed by funding sources, to participation from Communities of Concern. SDCP will center Communities of Concern in program design to enable participation by all customers. It's important to note that while SDCP will follow the commitment with internal funds, it may not be possible with external funds due to specific rules and regulations.

Prior to the development of this Plan, SDCP established a **Net Energy Metering** program for customers that generate renewable energy onsite, and a **Feed-In Tariff** program that incentivizes local, small-scale renewable energy generating projects.

As a result of this Plan, in the **short-term** (FY 23/24 – FY 24/25), SDCP should focus on developing the following types of programs:

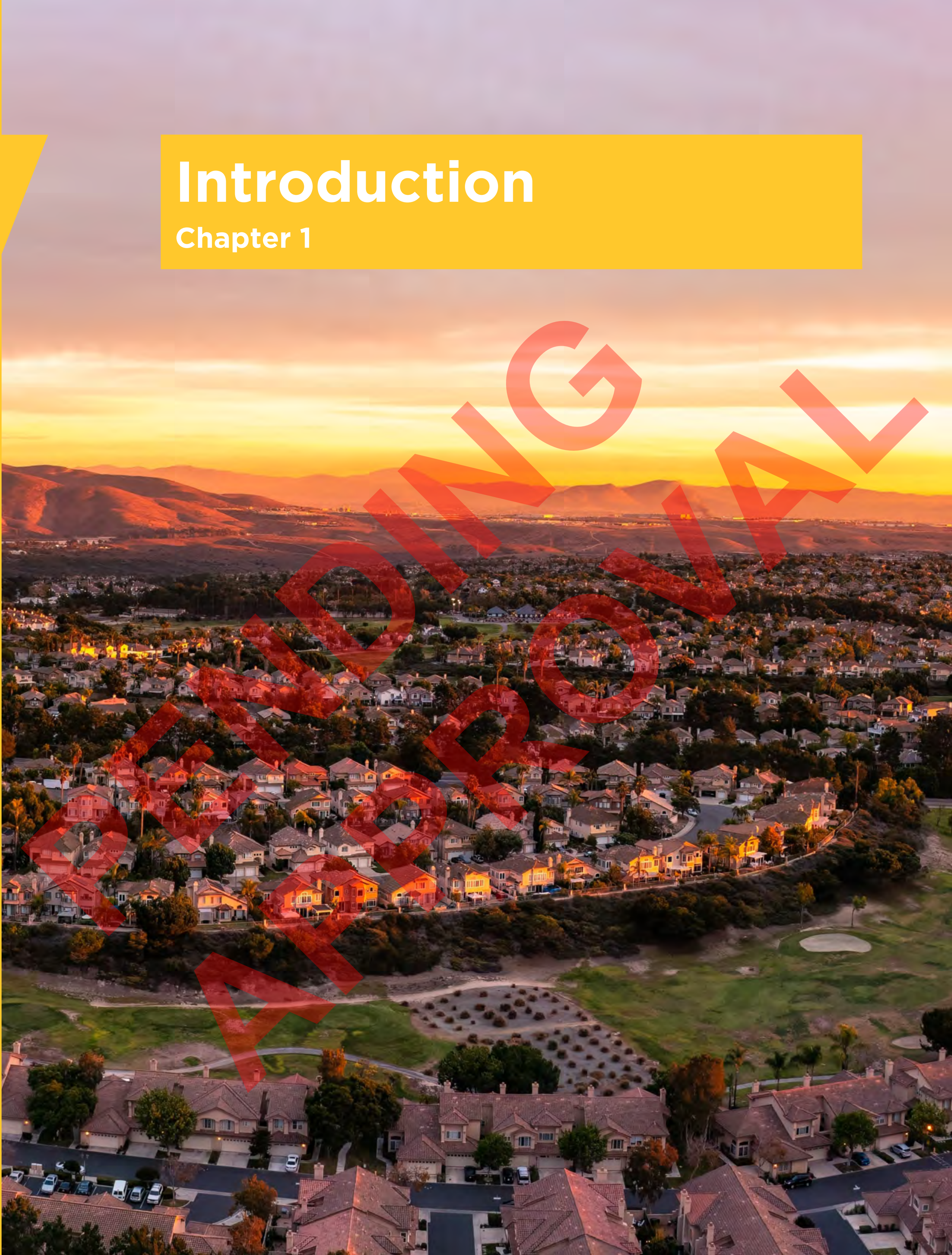
1. **Energy Awareness and Education** to boost understanding of energy issues and increase participation in energy programs available to SDCP's customers and workforce.
2. **Application Assistance** to support customers in pursuing existing third-party programs offered by other entities, including SDG&E and state and federal agencies.
3. **Disadvantaged Communities Green Tariff and Community Solar Green Tariff** 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.
4. **Pilot Programs** to test out program concepts and support implementation of high-impact projects that SDCP may be able to scale with more funding.
5. **Grant Programs** 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.

In the **mid-term** (FY 25/26 – FY 26/27), SDCP should explore opportunities to deploy some of the following program types. SDCP may be able to deploy some of these program types sooner if funding and opportunities exist. The below list is meant to provide flexible guidance for SDCP to deploy a transformative suite of customer energy programs over time and does not commit SDCP to a specific program design or delivery mechanism.

6. **Building Electrification: Appliances** to encourage replacement of natural gas equipment such as stoves and clothes dryers.
7. **Building Electrification: Heat Pump Technology** to incentivize installation of electric space heating and cooling, and water heating to achieve building electrification.
8. **Distributed Energy Resources: Energy Storage Systems** to incentivize installation of energy storage (such as batteries) in combination with onsite solar systems.
9. **Distributed Energy Resources: Demand Response** to incentivize both behavior and installation of controls that help reduce peak energy demand from the grid and enable more efficient use of renewable energy when it is available.
10. **Energy Efficiency** to reduce the amount of energy customers use, improve indoor comfort, and lower energy bills.
11. **Transportation Electrification: Infrastructure** to support installation of electric vehicle charging stations and related technologies.
12. **Transportation Electrification: Light-Duty Vehicles** to incentivize the adoption of electric cars with a focus on Communities of Concern.
13. **Transportation Electrification: Medium- and Heavy-Duty Vehicles** to support the conversion of fleet vehicles including school and transit buses and drayage trucks.

Introduction

Chapter 1



1 Introduction

San Diego Community Power (SDCP) is a local, not-for-profit public agency that provides affordable, reliable electricity from renewable resources. As a community-based clean energy provider, SDCP is committed to providing local energy programs that meet community needs. To accomplish this, SDCP developed this five-year strategic document called the Community Power Plan (referred to as "the Plan" or "Plan") to provide guidance on the types of energy programs that will best meet community needs based on an extensive community engagement process. The Plan reflects SDCP's commitment to invest in programs and initiatives that align with the priorities, needs, and goals of the community, with a focus on Communities of Concern.

> **Communities of Concern** are defined as communities identified by California Climate Investments (Assembly Bill 1550 and Senate Bill 535) that includes disadvantaged communities identified by CalEnviroScreen 4.0 and low-income communities and households with incomes either at or below 80% of the statewide median or below a threshold designated as low-income by the Department of Housing and Community Development, as well as the additional census tracts identified by the cities of San Diego and Chula Vista through their Climate Equity Index reports. Specifically, the City of San Diego identified these census tracts as areas with very low, low, and moderate access to opportunity. Meanwhile, the City of Chula Vista defined them as the top 25% scoring areas within its own analysis. If other member agencies were to identify additional census tracts in the future as the cities of San Diego and Chula Vista have, SDCP would recognize those designations under the umbrella of Communities of Concern.

1.1 What is San Diego Community Power?

SDCP is a local provider of electricity in the San Diego region that serves over 960,000 electric customer accounts. It provides service to the cities of Chula Vista, Encinitas, Imperial Beach, La Mesa, National City, and San Diego, and the unincorporated communities of the County of San Diego (Figure 1).

SDCP is governed by a Board of Directors that includes one elected official from each member agency and is supported by a Community Advisory Committee that includes two community representatives from each member agency.

SDCP was formed in 2019 as a community choice aggregator (CCA) to purchase energy on behalf of its communities. As a community provider of clean electricity, SDCP has the opportunity to support energy efficiency and decarbonization programs, develop more local renewable energy resources in the San Diego region, and invest in innovative, clean technologies and energy-related job training. SDCP currently supplies 50% renewable energy through its PowerOn service offering and provides an optional service offering for 100% renewable energy called Power100. SDCP is committed to providing 100% clean and renewable energy to all customers by 2035 or sooner—the most aggressive commitment of any CCA in California and the first to define it in its Joint Powers Authority Agreement.

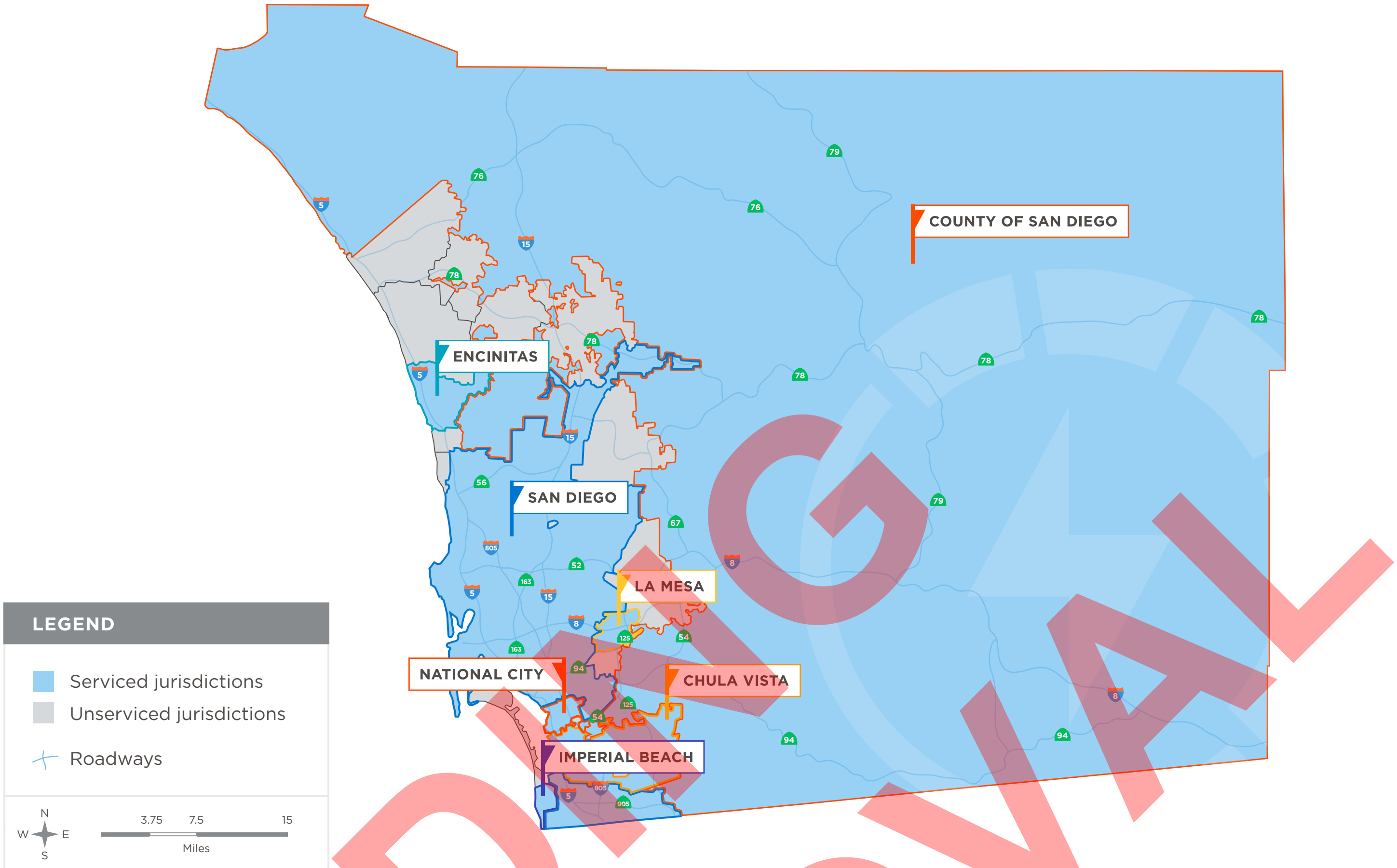


Figure 1. SDCP member agencies

SDCP is different from traditional investor-owned utilities in that it does not own or operate the energy grid—that is still handled by San Diego Gas & Electric (SDG&E). Instead, SDCP purchases the energy needed to supply its customers by contracting directly with renewable energy providers. This introduces competition and more local control into the energy market, allowing SDCP to negotiate for cleaner and more local energy at competitive rates, and to reinvest revenues in community projects and programs (Figure 2).

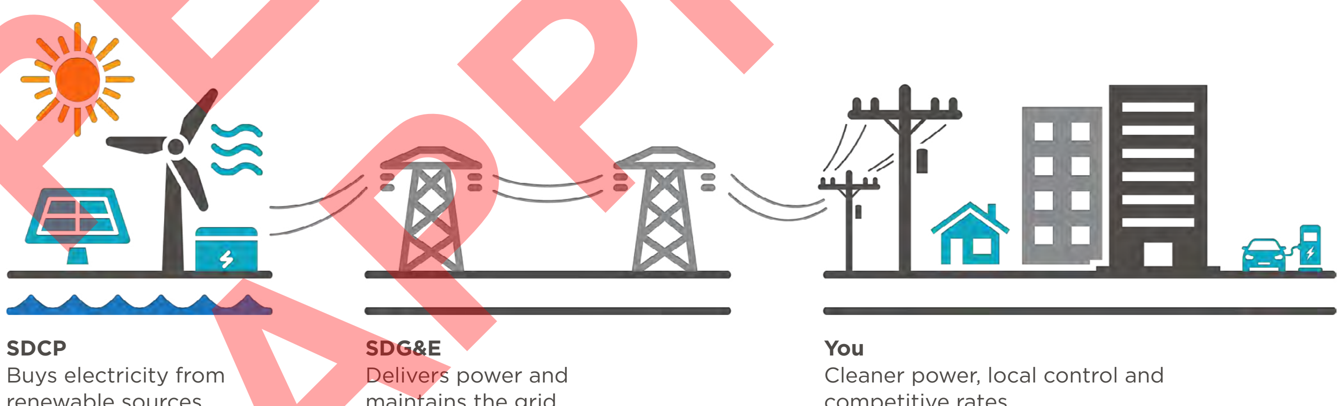


Figure 2. How SDCP works

1.2 San Diego Community Power's Commitment to Equity

SDCP's founding document—the Joint Powers Authority Agreement—established SDCP's commitment to equity by pursuing "purposeful and focused investment in Communities of Concern, prioritization of local renewable power, workforce development, and policies and programs centered on economic, environmental, and social equity." SDCP's goal is to provide affordable, clean energy and invest in the community to create an equitable and sustainable future for the San Diego region.

With this commitment in mind, equitable and inclusive engagement methods were integrated throughout the community engagement conducted during the development of this Plan. These methods seek to acknowledge, understand, and address the implications that the differences in individuals' and communities' backgrounds have in the engagement process. These methods are also mindful and responsive to societal inequities, underserved communities, and unequal environmental impacts on communities. Specific equitable and inclusive engagement methods that were undertaken during the development of this Plan are described in the community needs assessment (Chapter 2).

1.3 What is an Energy Program?

Energy programs broadly refer to reinvestments in the community in various forms, such as through financial incentives, rebates, and education, to achieve energy reduction or sustainability goals. In general, energy programs are designed to help customers take action by lowering the cost of such action, reducing the barrier(s) to acting, or otherwise making it easy for the action to be accomplished. An example of an energy program is providing an incentive or up-front funds to customers to reduce the cost of switching from natural gas to electric equipment.

1.4 About the Community Power Plan

The purpose of this Plan is to help SDCP better identify the types of customer energy programs that should be prioritized over the next five years to best serve its communities and meet other organizational goals. To accomplish this, SDCP created a Plan that:

1. Engaged with communities across SDCP's service territory to learn about customer values, needs, and priorities;
2. Evaluated and prioritized program options based on customer priorities; and
3. Developed strategic direction for SDCP to guide the development of individual programs over the next five years.

SDCP assembled a project team for the Plan, referred to throughout this document as "the team", that included SDCP Program staff, energy and strategic planning advisors, community engagement specialists, language justice experts and translators, and members of SDCP's Community Advisory Committee. The team designed an ambitious community engagement process that was paired with technical analysis to narrow down potential customer energy programs that could be implemented by SDCP.

This Plan is not a prescriptive document, meaning it does not lock SDCP into a defined set of energy programs. Rather, the Plan aims to communicate the methodology that was used to capture community input and how that input informed the list of program types that are most likely to respond to community needs. **The Plan offers context and strategic guidance to support SDCP in selecting and developing a strong portfolio of programs.**

1.5 Organization of the Community Power Plan

The sections in this document are structured to follow the process the team undertook to develop the Plan (Figure 3). An overview of each of the chapters is below.

- **Chapter 2 – Community Needs Assessment:** The process and findings from the community and organizational engagement process that provided insight into values, needs, and priorities.
- **Chapter 3 – Program Market Assessment:** The process for gathering and reviewing the universe of existing customer energy programs that formed a toolbox that the team assembled to align with and address community needs.
- **Chapter 4 – Program Prioritization Framework:** The framework for scoring a program's contribution to community and organizational priorities and ranking the programs from highest to lowest priority.
- **Chapter 5 – Program Funding Sources:** The assessment of available funding sources to select and phase programs appropriately.
- **Chapter 6 – Program Recommendations:** The set of program types recommended from this strategic framework.

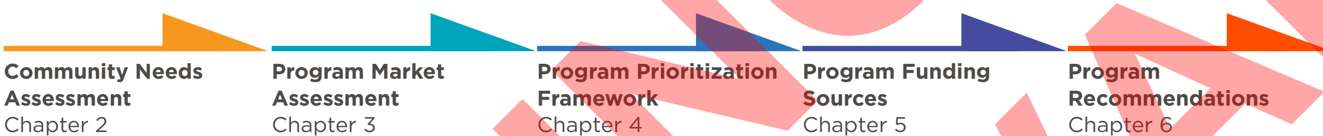
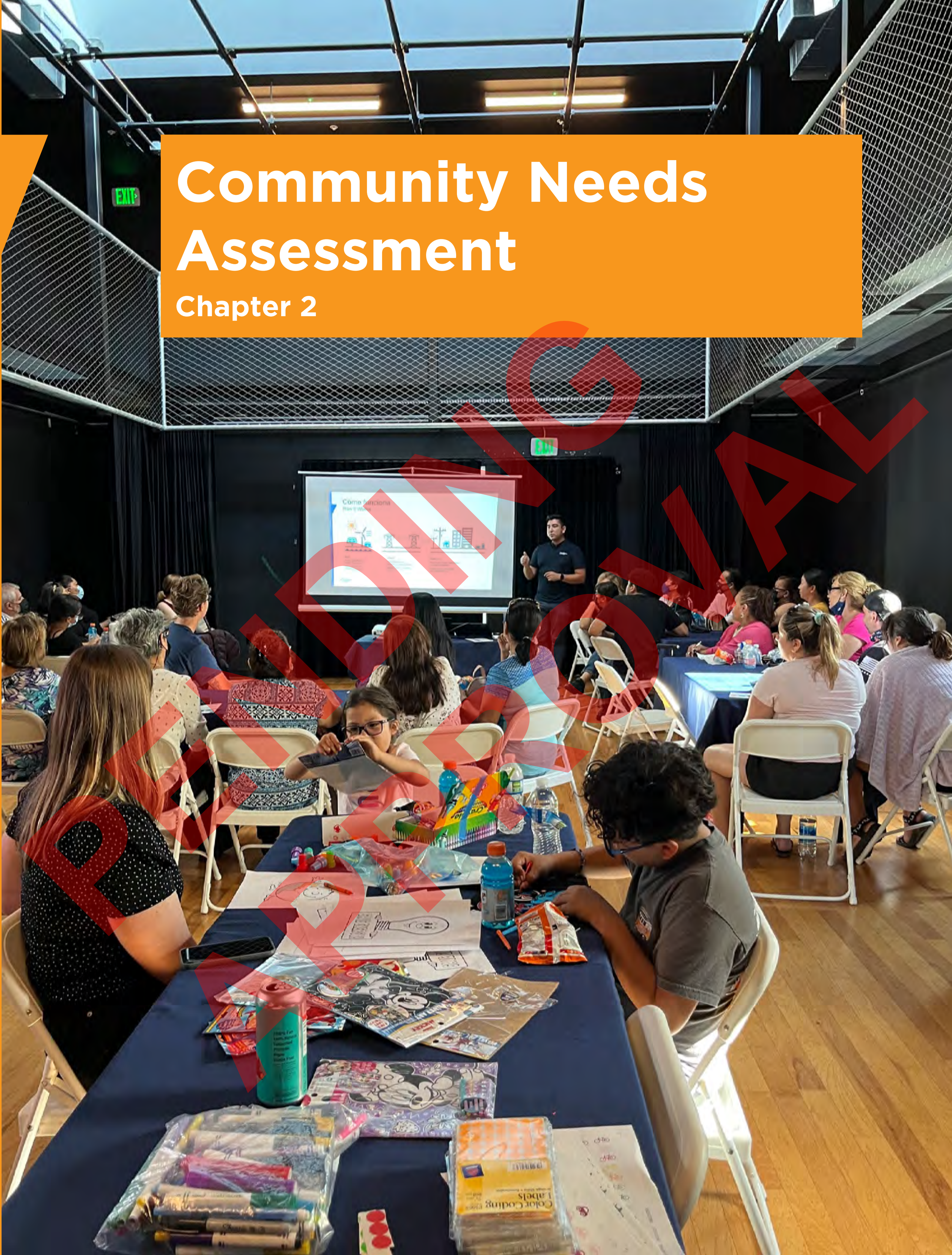


Figure 3. Community Power Plan process

Community Needs Assessment

Chapter 2



2 Community Needs Assessment

The community needs assessment is the result of engaging with more than 3,450 community members through listening sessions, workshops, pop-up events in harder-to-reach communities, and a customer-wide survey between May and November 2022. The purpose of the community engagement process was to learn the values, needs, and priorities of SDCP's communities and in turn, utilize the input to inform future program offerings that respond to community needs. During this time, the team also engaged with SDCP's leadership—the Board of Directors, Community Advisory Committee, and staff—to further explore the opportunities for SDCP as an organization to meet community needs through its program offerings.

This chapter provides an overview of the community and organizational engagement process, including how SDCP prioritized Communities of Concern and other communities that have historically been underrepresented in decision-making processes, and key themes and findings of the community needs assessment.

Pop-up outreach in Dulzura, CA, an unincorporated community in San Diego County.

North Park community members participating in a listening session co-hosted by Art Produce.

2.1 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.

Southeast San Diego community members participating in a listening session co-hosted by Project New Village at their Health & Healing Summerfest event.

2.1.1 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.

2.1.2 Community Engagement Strategy

The strategy for community engagement for this Plan was developed by working with SDCP's member agencies and local community groups that have extensive community engagement experience and best understand how to reach their stakeholders, including harder-to-reach populations. The resulting engagement strategy focused on understanding community characteristics, historic and current challenges, and barriers for effective engagement. It centered on partnering with local community-based organizations and stakeholders who work directly with community members and could advocate for their needs and best practices for meaningful engagement.

Throughout the community engagement process, the team aimed to foster open and transparent communication about how input would be used to inform the Plan. Because of the COVID-19 pandemic, engagement activities were purposely crafted to be flexible and adaptive to adhere to public safety measures and reflect the comfort levels and health concerns of communities and individuals. See Appendix A for the detailed engagement strategy.

2.1.3 Initial Community Engagement Methods

To understand what SDCP's customers value and prioritize, the team employed focused conversations and listening sessions with community-based organizations and their members, interviews with interest groups, and, listening workshops with businesses, key stakeholders, and the general public.

The information gathered from initial community engagement served two purposes. First, the team used the information to identify key themes across the various engagement methods which was incorporated as qualitative data into the community needs assessment findings. Second, the key themes influenced the questions included in the community needs survey.

Community-Based Organization Co-hosted Listening Sessions

A central component of the community engagement effort was to have focused conversations with community members. To accomplish this, the team partnered with five community-based organizations to co-host two rounds of listening sessions with their members. The organizations were selected based on their representation of residents who live in Communities of Concern, service footprint across multiple member agencies, experience and ability bringing community members together, and established relationships and trust with community members. Table 1 includes the community-based organization partners for this Plan and the communities they represent.

Table 1. Community-Based Organization partners

Community-Based Organization	Community Represented
Art Produce	Mid-City San Diego
Casa Familiar	San Ysidro
Chicano Federation	Communities near San Diego's ports
MAAC	Northern and eastern San Diego County
Project New Village	Southeastern San Diego

The first round of listening sessions took place between August and September 2022 and nearly 200 community members participated. The team held the sessions either in English or Spanish with live interpretation services at the direction of the partner organizations. During the second round of listening sessions that took place between November and December 2022, the team shared key findings from the community needs survey back with the community and sought additional feedback.

As part of equitable engagement, SDCP allocated a total of $20,000 for compensation to the community-based organizations that co-hosted the two rounds of listening sessions for their time and staff effort to organize the listening sessions. SDCP also compensated listening session participants with gift cards for their time and lived experience shared. See Appendix B and C for summaries of both rounds of the community-based organization listening sessions, including a detailed account of the input received during these sessions.

Unincorporated San Diego County Pop-Up Events

Community members in unincorporated San Diego County were harder to reach due to its vast, rural geography, and many communities had not yet enrolled in SDCP's service, resulting in less awareness of SDCP. For these reasons, the team employed a different engagement approach in the unincorporated County. The team engaged in a series of pop-up events throughout the unincorporated County, including outside of markets, at libraries, and at food distribution events to gather information from over 100 residents. See Appendix D for a summary of the unincorporated San Diego County pop-up events and input received.

Interest-Group Stakeholder Interviews

To supplement the listening sessions, the team engaged in interviews with "interest-group stakeholders"—organizations, groups, and agencies that have a close relationship with community members and understand the needs, priorities, and challenges of the community or represented populations that SDCP wanted to ensure were engaged during this Plan. The team requested interviews from over ten organizations or groups that represented a broad coalition of interests including community development, housing, and social services. Interviews were conducted with representatives from the Chula Vista Community Collaborative, Encinitas Community Resource Center, International Brotherhood of Electrical Workers Local 569, Logan Heights Community Development Corporation, San Diego Housing Federation, and San Diego & Imperial Counties Labor Council.

Nine Key Priorities Heard from Initial Engagement

- Reducing my energy bill
- Addressing climate change by reducing greenhouse gas emissions
- Creating good, well-paying jobs in the energy sector
- Getting rewarded to adjust when I use energy
- Breathing cleaner air in my home or business
- Reducing air pollution in my community
- Creating opportunities for Communities of Concern to participate in the clean energy transition
- Building more rooftop solar instead of large systems in remote areas
- Keeping the power on at my home or business

Business, Key Stakeholders, and Public Listening Workshops

To ensure that SDCP heard from a broad spectrum of customers including local businesses, key stakeholders, and the general public, five listening workshops were held. The business and key stakeholder workshops focused on understanding the challenges local businesses and major institutions were having around energy, energy trends in the region's business sector, and the kinds of customer programs that could help them meet their goals. The public workshops focused on understanding community needs and challenges and were held in English and Spanish with interpretation services on different dates. The sessions were all virtual and more than 40 people participated. To encourage participation, the team held the workshops at various times and conducted outreach through social media and through relationships with business associations, community organizations, and public officials. See Appendix E for a summary of the workshops and input received.

2.1.4 Community Needs Survey

Community Needs Survey Statistics

Total Survey Responses	2,980
Residential	2,849
Commercial	131

Leveraging the findings from the initial engagement, the team developed a community needs survey that ran between August 30 and October 15, 2022 to hear from as many SDCP customers as possible. The survey focused on learning about major challenges and issues customers face, how they prioritize energy issues and solutions, what energy improvements they have made to their homes or businesses, and what programs they are aware of and/or have participated in the past (see Appendix F for the residential and commercial survey questions). The team received 2,980 complete responses from community members and businesses within SDCP's service territory.

To broaden survey participation, the survey was made available in Spanish and Filipino (Tagalog), the two most used languages in the region other than English. The team promoted the survey by posting on SDCP's social media channels, sharing survey information with community partners, elected officials, and SDCP's member agencies, and through paid social media and print advertising targeted specifically to Communities of Concern. In addition, SDCP collected survey responses in-person through tabling at places where community members were already gathered such as community events, parks, and libraries.

In-person survey collection at a tabling event in the City of San Diego's Barrio Logan community.

Survey Demographics

To ensure that SDCP was conducting a representative survey, respondents were asked to answer a few demographic questions, including their housing type (e.g., single-family, multi-family, or manufactured home), housing tenure (e.g., homeowner or renter), and annual household income. Respondents were also asked to enter their home or business location using zip codes so that the team could perform real-time analysis on where responses were coming from throughout SDCP's service territory. This information was then used to allocate additional resources towards boosting responses in SDCP's member agencies that were underrepresented relative to their population and towards Communities of Concern to ensure they were being represented. Participants were not asked background information to protect their identity and encourage a higher response rate.

The team found that residential survey responses were generally reflective of the population in SDCP's service territory across several variables compared to census data. Census data was sourced from the American Community Survey (ACS) five-year 2020 data tables. Figure 4 shows the breakdown of residential survey responses by SDCP's member agencies.

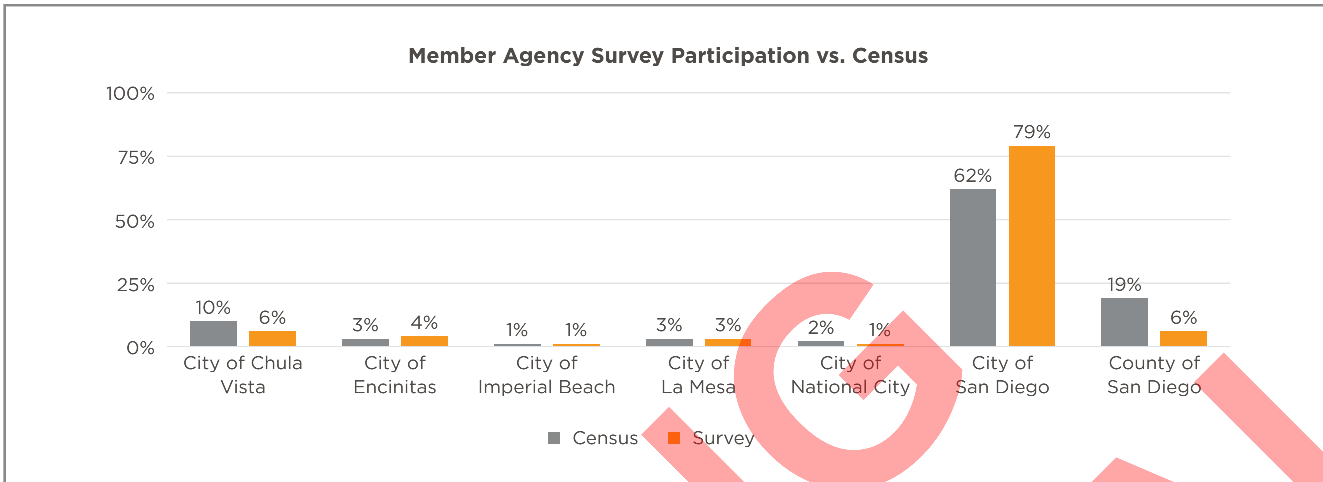


Figure 4. Survey participation by member agency compared to census data

Figure 5 shows the breakdown of residential survey responses by housing type and tenure. Compared to census data, more people who live in multi-family housing and manufactured homes responded to the survey and slightly fewer people living in single-family homes responded. However, more people who live in owner-occupied housing units responded compared to census data.

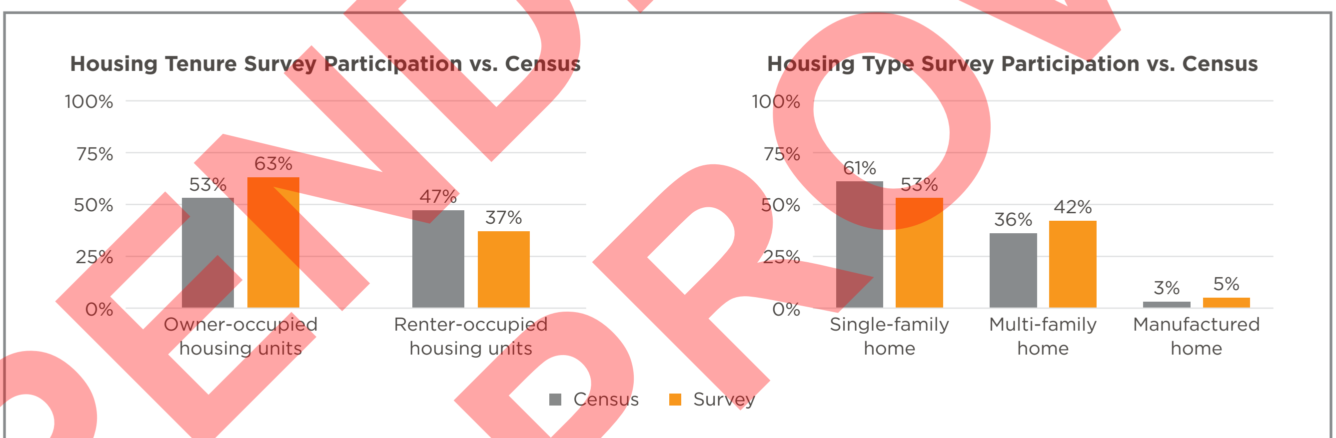


Figure 5. Survey participation by housing type and housing tenure compared to census data

Figure 6 shows the breakdown of residential survey responses by those who entered their annual household income. Responses were generally consistent with census data across most of the income categories in the region. However, there was a slight overrepresentation of people in lower and middle-income levels ($10,000-$99,999) and slightly lower representation from higher income levels (more than $100,000) compared to census data. The team hypothesized that this may be because survey outreach efforts focused primarily on Communities of Concern and these groups tend to have lower annual household incomes than other segments of the population. Knowing that surveys tend to be taken by wealthier people, the team views the spread of responses by annual household income as a success of outreach.

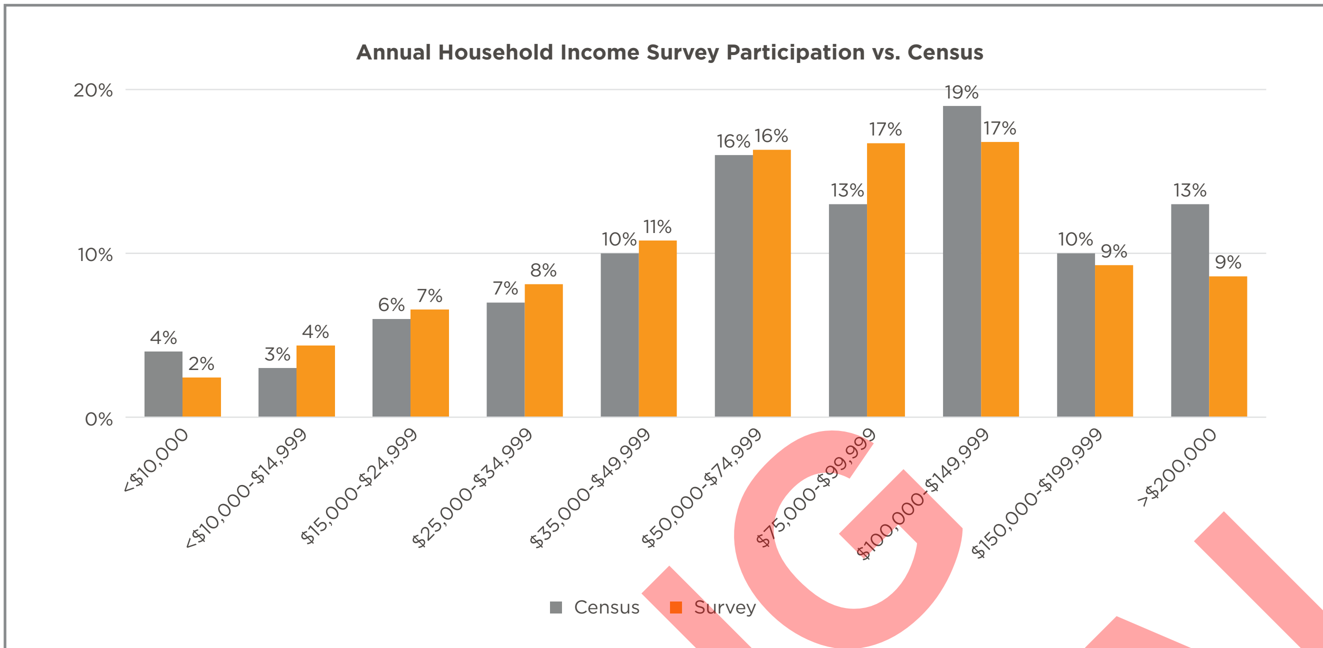


Figure 6. Survey participation by household income compared to census data

2.2 Community Needs Assessment Findings

Overall, the team heard from an estimated 3,450 participants in SDCP's service territory through the initial community engagement methods and community needs survey as outlined in Table 2. The next section overviews the key community priorities that emerged from the entire community engagement process.

Table 2. Estimated number of community members engaged

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**

2.2.1 Community Priorities

The team identified nine key community priorities based on feedback from initial community engagement. The priorities were included in the survey and respondents were asked to rank which were most important to them. Residential and commercial respondents ranked their top five priorities in the following order (Table 3).

Table 3. Energy issues most important to residential and commercial respondents

Order	Residential Priorities	Commercial Priorities
1	Reducing my energy bill	Creating good, well-paying jobs in the energy sector
2	Addressing climate change by reducing greenhouse gas emissions	Reducing my businesses' energy cost
3	Getting rewarded to adjust when I use energy	Getting compensated for when my business uses energy
4	Creating good, well-paying jobs in the energy sector	Addressing climate change by reducing greenhouse gas emissions
5	Breathing cleaner air in my home	Breathing cleaner air in my building

2.2.2 Key Insights About Community Needs

The team gathered many insights during the community engagement process that can help SDCP when designing targeted programs in the future. These insights are summarized below.

Providing important community context

One of the first survey questions focused on general challenges or issues community members are facing in their communities. It was important for SDCP to learn what is top of mind for community members and understand how future energy programs would be perceived or received.

Unsurprisingly, residential survey respondents stated finding housing *that is affordable* and *paying for essentials like food and gas* as their top two concerns. These two responses were highest among residents of multi-family housing, renters, and customers with annual household incomes less than $150,000 per year. Even most survey respondents with annual household incomes greater than $150,000 per year listed housing affordability as their top concern.

Key Insights

- Community members are concerned about costs
- Community members want to see a variety of energy solutions
- Community members need more energy education and resources
- Rural community members have different concerns than city-dwellers
- Community members care about climate change, health, and the environment

Relatedly, commercial survey respondents ranked the *cost of new construction and development* and *increased cost of goods and services* in the top challenges they are facing.

Community members are concerned about costs

Between the lingering effects of the COVID-19 pandemic, the high cost of housing throughout the region, and inflation, many people are hurting financially. This was expressed repeatedly in direct engagement sessions and was confirmed through the community needs survey results. Unpredictable and high energy costs are top of mind and many customers face strained monthly budgets. Programs that help reduce energy bills and create consistency in bills over time are important, especially for low-income customers and those on fixed incomes. Community members also understand that climate impacts are going to exacerbate these issues, particularly as extreme heat events trigger the need for more energy and thus higher energy costs.

Community members want to see a variety of energy solutions

While customers care about costs, they also want to see a variety of energy solutions in their communities. This suggests that strategies that reduce energy costs but increase pollution or fail to offer other benefits would not meet community needs. When asked about what types of energy solutions they want to see, survey respondents identified 1) *building more large-scale renewable energy generating systems in the San Diego region*, 2) *improved indoor air quality through building electrification*, 3) *improved outdoor air quality through transportation electrification*, and 4) *installing renewable energy generating systems on rooftops or parking lots* as top strategies. These top four energy solutions held true across single – and multi-family residents, renters and owners, and all annual household income levels. Commercial respondents had similar results; however, they overwhelmingly ranked improved indoor air quality through building electrification as their top energy solution.

Community members need more energy education and resources

Many participants shared that they or members in their community are confused by energy bills. The transition from SDG&E to SDCP raised questions, and some believed this caused their bills to increase. Participants frequently said they were not aware of energy programs or how to access them. Lack of awareness, confusing or complex applications, and underlying building issues all create barriers to participation. Others thought that things like community solar programs that bring solar into the community and reduce rates for specific customers sounded “too good to be true.” Participants also cited challenges with finding skilled contractors to implement energy projects, particularly related to electrification, or trusted and vetted contractors, particularly related to solar installations.

Rural community members have different concerns than urban communities

A key difference in responses in both direct community engagement and the community needs survey occurred between those who live in urban/suburban areas and those who live in more rural areas of the unincorporated County. In the community engagement that took place in unincorporated San Diego County, participants regularly cited four key issues that were heard far less often in other areas:

- **Concerns about wildfires and power outages:** Participants expressed significant concerns about wildfires in general and their relationship to energy. Many unincorporated areas are highly susceptible to wildfires due to their proximity to natural areas, which are highly susceptible to burning, particularly during hot, dry, windy conditions. These conditions are increasing due to climate change, which is causing natural areas to burn more often and more intensely. Participants noted that during these conditions, their power may be shut off proactively by SDG&E to reduce the risk of wildfires caused by electric infrastructure. When asked about major challenges, most survey respondents from other locations listed *wildfires* as their last or second to last energy concern, while respondents from the unincorporated County listed *wildfires* as their second energy concern, following *paying for essentials like food and gas*.
- **Concerns about electrification:** Because rural areas are more susceptible to wildfires and power outages, fuel redundancy was identified as important during power outages (particularly related to propane or natural gas appliances that can operate when the power goes out). Additionally, some participants suspect switching to electric vehicles to be challenging due to perceptions of limited driving ranges and charging options. While many participants expressed questions about electrification, this concern was much more pronounced in rural communities.
- **Concerns about grid capacity:** Participants expressed concerns that they fear the electrical grid is not robust enough to support the additional electrical demand associated with building and vehicle electrification. There is concern that further electrification will lead to more power outages in rural areas if there are not investments in the grid’s capacity.
- **Concerns about large renewable installations:** Some residents expressed concerns that large-scale solar installations would bring unwanted and unsustainable industrialization to local natural environments. Concerns included environmental degradation, dust, and aesthetics. Some suggested that there was strong preference for other strategies to offset the need for large remote installations, such as additional infill rooftop solar.

Community members care about climate change, health, and the environment

Even while many community members are concerned about costs, concerns about the health and financial impacts of climate change were also shared repeatedly throughout the community engagement process. Community members care about the societal benefits of energy programs, such as improved indoor and outdoor air quality from building and transportation electrification. Many shared concerns that Communities of Concern and income-qualified residents are often left out of the benefits of clean energy programs and other public investments, and therefore noted the importance of SDCP's focus on Communities of Concern and income-qualified residents.

2.3 SDCP Organizational Engagement Process

As stewards of SDCP, SDCP's Board of Directors, Community Advisory Committee, and staff are responsible for ensuring the long-term success of the organization for it to be able to meet community needs over time. During the community needs assessment, the team engaged with these groups to understand organizational goals and priorities that needed to be considered in the process of program prioritization. To do this, the team conducted interviews with individual Board members and workshops with the Community Advisory Committee and staff.

Board members and staff emphasized that SDCP's investment in programs will need to consider the context of SDCP building financial stability as a newer organization and remaining cost competitive. Growing reserve funds to create a stable financial foundation will allow SDCP to direct a larger amount of revenues to customers via programs in the future. Board members, committee members, and staff all highlighted the importance of creating programs that prioritize Communities of Concern and those who are struggling the most financially, noting that they will likely be faced with the greatest impacts of climate change. SDCP can have a positive impact on equity and Communities of Concern by providing local benefits and supporting low-income housing, good jobs, and reducing energy bills.

Board members expressed a need for a transparent, evaluative framework to prioritize programs based on community input and develop a diverse suite of programs. It was noted that SDCP will need to prioritize programs that have a multiplier effect—those that can enable additional funding, support energy procurement goals, or can be leveraged in other ways, while also showcasing visible benefits to the community.

Six Key Priorities Heard from Organizational Engagement

- Increasing energy awareness and education
- Maintaining financial stability
- Making investments in Communities of Concern and keeping energy affordable
- Managing load flexibility
- Maximizing infill solar
- Visibly showing benefits to customer by investing back into the community

It was repeatedly emphasized that SDCP was developed by and for the community and that customers are the cornerstone of the organization. As such, customers must be well served with competitive rates and local programs that benefit them. Doing this will require developing deep and lasting partnerships with community-based organizations to build trust in communities over time. The importance of education was also noted by committee members since there is confusion around understanding energy bills and what it means to transition to SDCP. Education can make energy programs more accessible, can increase participation in programs, and can keep customers from opting out of SDCP based on misinformation. See Appendix G for a summary of the organizational engagement process and input received.

2.4 Conclusion

SDCP is committed to designing energy programs that meet the needs of its customers. The results of the community needs assessment have been integrated in both quantitative and qualitative processes in the program prioritization framework (Chapter 5). These findings helped SDCP prioritize program types that met community needs and priorities and formed the basis of the recommended program types (Chapter 6).

This Plan is the beginning of an on-going conversation with the community, rather than an end point. To design effective programs, SDCP must work in partnership with the communities it serves. Programs designed and launched by SDCP will continue to include community engagement to ensure programs serve the needs of community members and have multiple community benefits.

Program Market Assessment

Chapter 3

3 Program Market Assessment

To understand the universe of existing energy programs available to SDCP customers and learn from the program experience of organizations similar to SDCP, the team conducted a program market assessment. The assessment included energy programs that are currently offered or have been offered in California by other CCAs, utilities, state and regional agencies, nonprofits, and SDG&E.

To conduct the market assessment, the team first conducted a desktop survey of program information available online from a variety of program providers. This review was supplemented by interviews with program subject matter experts. The team also gathered energy efficiency program data from the California Energy Data and Reporting System (CEDARS) database and validated the program offerings with SDG&E. Lastly, publicly available program information from the California Community Choice Association was leveraged to inform further analysis of other CCAs.

The team analyzed program offerings from the following entities:

- California Public Utilities Commission (CPUC) implemented or administered through SDG&E;
- California Energy Commission (CEC);
- California Air Resources Board (CARB);
- San Diego Association of Governments (SANDAG); and
- Other municipal and investor-owned utilities in California.

In addition, the analysis included a deep dive into program offerings from 20 others CCAs including well-established and emerging organizations (e.g., Central Coast Community Energy, Clean Power Alliance, East Bay Community Energy, Marin Clean Energy, Peninsula Clean Energy, Pioneer Community Energy, Redwood Coast Energy Authority, Silicon Valley Clean Energy, and Sonoma Clean Power). The team also spoke with energy program providers and implementers across California and in other states to understand best practices and innovative approaches. These conversations formed the basis of the program design best practices described in program recommendations (Chapter 6).

From this review, a database of over 200 programs was compiled that allowed the team to identify similarities and differences across programs and how they are delivered. Using this information, the team distilled programs into their core characteristics as described in detail below. This chapter outlines the ways the team identified, organized, and characterized energy programs to best align with community needs.

3.1 Energy Program Characteristics

Energy programs are generally designed to assist customers to take an action or achieve a goal that they might not otherwise by providing an incentive. For example, SDCP could offer customers free energy efficiency upgrades for their homes or offices to reduce energy use and therefore lower energy bills.

Programs generally follow a basic structure—they provide support to implement a specific action ("what") through a specific type of mechanism ("how") for a specific type of customer ("for whom")—shown in Figure 7.

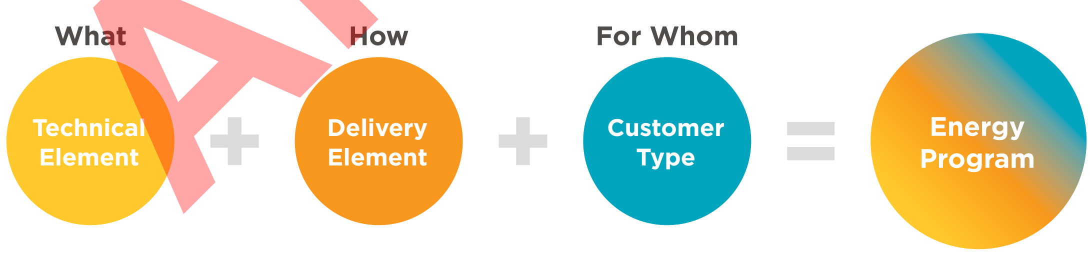


Figure 7. Energy program definition

For example, the "what" might be installing electric heat pump water heaters, which may be more expensive but reduce building emissions compared to natural gas water heaters. The "how" might be offering rebates (e.g., money back after systems are purchased to offset the increased cost). The "whom" might be property managers of multi-family affordable housing.

The team defined the following terms to consistently describe how energy programs are characterized in this Plan (examples of each are described in more detail in the following sections).

- **Program types:** The purpose of the program and the outcome that programs are designed to support.
- **Technical elements:** The specific actions that a program encourages customers to take.
- **Delivery elements:** The methods that are used to encourage people to implement the specific actions that a program encourages customers to take (i.e., technical element).
- **Customer types:** The section of the community or a type of customer. For the purposes of this Plan, programs were viewed as either targeted for all customer classes or targeted specifically for customers in Communities of Concern.
- **Market sectors:** The section of customers or group of similar customers. This Plan includes three market sectors: residential single-family, residential multi-family, and commercial.

The structure of the program database and characterization of programs into these smaller elements allowed the team to look at both existing programs and theoretical programs that would be a good fit to meet community needs and organizational goals.

3.1.1 Program Types and Technical Elements

Using the database of energy programs, the team categorized technical elements into the following eight program types: *Energy Efficiency, Demand Response, Building Electrification, Transportation Electrification, Equipment Electrification, Distributed Energy Resources, Education and Training,* and *Codes and Standards.*

Energy Efficiency

Energy efficiency refers to the many different types of strategies used to directly reduce the amount of energy a building or system uses (e.g., adding insulation and/or replacing drafty windows) or performing the same service or task with less energy (e.g., switching to LED light bulbs). Energy efficiency lowers the total amount of energy needed, saves money, and reduces environmental impacts. Energy efficiency plays a vital role in making other program types most effective, such as building electrification and distributed generation and energy storage systems, as an energy-efficient building may need less solar and storage capacity and produce less strain on the grid.

While energy efficiency measures can vary in approach, the market for energy efficiency measures and programs is well established. To streamline the analysis for this assessment, the team combined energy efficiency measures into a single technical element: *Energy Efficiency: Mixed*.

Demand Response

Demand response programs encourage customers to shift or reduce their energy use during certain times of the day (usually the most expensive times) to reduce peak energy demand on the electrical grid. Energy providers must balance energy supply and demand, which can be a challenge during extreme events like heat waves or as renewable energy production is reduced due to a setting sun. Demand response programs provide an opportunity for customers to play a significant role in the operation of the electrical grid to reduce costs and power outages.

In this assessment, the team classified technical elements that encourage energy customers to change their behavior as *Behavior: Peak Management* and technical elements that encourage installation of controls as *Smart Devices: Peak Management*.

Building Electrification

Many homes and businesses in California use natural gas appliances for heating, water heating, cooking, and laundry. Natural gas is one of the major sources of carbon emissions and indoor air pollution in buildings. Building electrification programs aim to eliminate the burning of fossil fuels in buildings by switching natural gas equipment and appliances to energy efficient electric ones. This reduces indoor air pollution and may reduce long-term operating costs. Due to the limited capacity of many electrical panels to support electric technology, building electrification programs should also incentivize panel upgrades—a necessary step that must happen before other types of electrification can occur.

In this assessment, the team classified building electrification technical elements as *Heat Pump: HVAC, Heat Pump: Water Heater, Appliances: Laundry, Appliances: Cooking,* and *Electrical Panel Upgrades*.

Transportation Electrification

Fossil fuel burning transportation is the biggest source of carbon emissions in California and the San Diego region and is also a major contributor to outdoor air pollution. Transportation electrification programs eliminate the burning of fossil fuels in light-duty vehicles (e.g., sedans and sport utility vehicles) and medium- and heavy-duty vehicles (e.g., buses, delivery vans, and shipping trucks) by converting them to electric. This reduces greenhouse gas emissions and air pollution locally, as well as noise pollution. With volatile gas prices, electric vehicles can result in savings compared to traditional vehicles. Transportation electrification programs support electric vehicle adoption and installation of electric vehicle charging infrastructure.

In this assessment, the team classified transportation electrification technical elements as Electric Vehicle: *Light-Duty, Electric Vehicle: Medium- and Heavy-Duty, Electric Vehicle Charging,* and *Electric Bicycle*.

Equipment Electrification

Equipment electrification programs eliminate the burning of fossil fuels in landscaping, agricultural, and industrial equipment by converting the equipment to all-electric. This reduces carbon emissions and air pollution.

In this assessment, the team classified equipment electrification technical elements as *Electric Landscaping Equipment, Electric Agricultural Equipment,* and *Electric Industrial Equipment*.

Distributed Generation and Energy Storage Systems

Distributed generation and energy storage system programs promote installation of smaller, distributed renewable energy generation and storage systems on rooftops and other developed land. This reduces the need to develop large-scale generating systems in rural areas and invest in new transmission infrastructure. To increase the capacity of distributed generation and energy storage systems, energy storage (such as through batteries) is needed to supplement energy when renewable energy systems may not be generating.

In this assessment, the team classified distributed energy resource technical elements as *Onsite Solar, Community Solar, Feed-In Tariff, Utility Scale Solar,* and *Energy Storage.*

Education and Training

For community members to benefit from energy programs, they need to be aware that the programs exist, understand how to use them, and have access to trusted contractors that can do the work. Education and training programs can include outreach and engagement, public education, and workforce development. Public education programs can target a broad range of people to help raise awareness and access. Meanwhile workforce development programs aim to train existing and potential workers with skills relevant to the clean energy market, which is critical to the success of many programs.

In this assessment, the team classified education and training technical elements as W*orkforce Development, Public Education,* and *Technology Incubator*.

Codes and Standards

Codes and standards programs offer cities and counties assistance in establishing local building energy codes that go beyond the State's minimum requirements. Across California, many cities and counties have adopted building codes that go beyond the State's minimums (called reach codes) that encourage electrification of buildings and transportation. These types of reach codes are adopted because of the health, safety, and environmental benefits that result from switching to renewable energy resources. Codes and standards programs could include working with local governments or other organizations to develop a variety of technical or performance standards related to energy.

In this assessment, the team classified codes and standards technical elements as *Reach Codes*.

3.1.2 Delivery Elements

While the technical elements above describe the actions and objectives that programs are trying to support, the delivery elements below describe how the technical element is encouraged/what motivates a customer to participate in a program. The team identified the following nine categories as possible delivery elements that were considered for evaluation: *Rebate, Up-Front Incentive, On-Bill or Affordable Financing, Free Equipment/Service or Direct Installation, Grant/Fund, Bill Credit, Rate, Technical Assistance,* and *Application Assistance.*

Rebate

A rebate is a payment or partial refund after an action has already been taken by the customer. Rebates are usually issued as a check after the customer submits proof of purchase or proof of installation. Rebates rely on the customer having the money necessary to complete the action in the first place.

Up-Front Incentive

Up-front incentives are direct financial benefits that are paid at or before the time of action to help reduce the cost of a technology or installation. Up-front incentives may include a streamlined application and payment process or immediate payment, reducing the amount of money necessary to complete the action. This can help customers that do not have the money on hand to implement an action.

On-Bill or Affordable Financing

On-bill and affordable financing describe ways that customers can receive small loans with little to no interest to pay for energy improvements. On-bill financing allows the program provider to cover the cost of the project directly. With a lower utility bill because of the savings from the project, the customer can pay back the improvements on their utility bill over time. Affordable financing is provided through a partnership with a financial institution (such as a bank) that is willing and able to provide lower interest rates on loans, which the program administrator can then offer to customers.

Free Equipment/Service or Direct Installation

Free equipment/service refers to programs where energy upgrades are provided to customers for free with no requirements for repayment. For direct installation, contractors or installers are trained and hired by the program administrator to provide improvements directly to a customer at no or low charge.

Grant/Fund

A grant/fund refers to providing money for a particular purpose, such as providing funding to an organization to implement a project, or otherwise provide a service. A grant/fund is distinguished from an up-front incentive in that the funding is usually awarded on a project basis to organizations such as nonprofits, or the public sector to provide benefits to the public instead of to implement a technology.

Bill Credit

A bill credit is a dollar amount that a customer receives as a credit directly on their energy bill. Bill credits are different than rates (described below) which calculate how much a customer owes in a given time period based on their usage. A bill credit is instead a reduction off the cost. For example, a demand response program may credit a customer's bill at a given $/kilowatt (kW) of energy reduced a few times a year when energy savings events are active.

Rate

A rate or rate plan determines how and how much customers are charged for energy consumption, and in some instances, production by their utility provider. Rates can be designed for specific purposes such as electric vehicle charging or energy generation from solar panels. Generally, the objective of specially designed rates is to remove barriers or make the use of technologies more financially attractive to a customer.

Technical Assistance

Technical assistance is a method of providing access to experts that assist the customer in taking the desired action. By providing access to experts well-versed in clean energy programs, technical assistance can introduce customers to new technologies and services, determine exactly what would benefit them the most, and help them overcome barriers. Examples of technical assistance range from easy-to-navigate online resources to one-on-one customer support.

Application Assistance

Application assistance is a method of assisting customers with navigating program offerings or applying for existing programs available to them from other program providers (e.g., utilities and regional, state, and federal agencies). Application assistance can help customers streamline the various application processes and requirements.

3.1.3 Customer Types

Programs can be designed to serve different types of customers and target different populations. The team identified the need to study programs explicitly designed for customers in Communities of Concern and income-qualified residents to further demonstrate how those programs align with community and organizational priorities. The team found that many existing programs in the market are designed in this way. For the purposes of this Plan, energy programs were categorized on whether they focused specifically on Communities of Concern or if they were available to all customer classes.

3.1.4 Market Sectors

Residential and commercial energy customers often have vastly different needs and energy use patterns, therefore most utilities separate customers into these two broad categories. Within the residential sector, single-family and multi-family residents often have different barriers to take actions and are therefore segmented from each other. For example, programs for residents of single-family homes often have lower barriers to participation, while residents of multi-family homes often face higher barriers to program participation. This is due to requiring approval of building managers or owners, large capital expenditure, and the potential for benefits to skew more to one party over the other. Because affordable housing typically occurs in multi-family buildings, the lack of programs designed to support multi-family residents has resulted in an equity gap. For the purposes of this Plan, the team analyzed program lists for three market sectors: residential single-family, residential multi-family, and commercial.

3.2 Conclusion

The program market assessment and approach for consolidating programs in the program database provided a consistent and transparent way for the team to capture and organize hundreds of potential programs as well as analyze different combinations of program characteristics that SDCP might prioritize over the next five years. The next chapter discusses how the team evaluated and prioritized the program lists by market sector to provide strategic direction to SDCP.

Program Prioritization Framework

Chapter 4

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4 Program Prioritization Framework

The community needs assessment (Chapter 2) provided insight into the needs and priorities of the community as well as the organizational priorities of SDCP. The program market assessment (Chapter 3) explored the range of customer energy programs that could be offered to address those challenges and goals. To identify and rank which programs best align with community and organizational priorities in a quantitative, consistent, and transparent way, the team created a prioritization framework tool.

From the community needs assessment, nine community priorities and six organizational priorities were identified, and weights were assigned. These included the following:

Community Priorities	Organizational Priorities
Reducing my energy bill	Increasing energy awareness and education
Addressing climate change by reducing greenhouse gas emissions	Maintaining financial stability
Creating good, well-paying jobs in the energy sector	Making investments in Communities of Concern and keeping energy affordable
Getting rewarded to adjust when I use energy	Managing load flexibility
Breathing cleaner air in my home or business	Maximizing infill solar and energy storage
Reducing air pollution in my community	Visibly showing benefits to customers by investing back into the community
Creating opportunities for Communities of Concern to participate in the clean energy transition	
Building more rooftop solar instead of large systems in remote areas	
Keeping the power on at my home or business	

4.1 Developing the Program List

The team analyzed more than 200 programs from the market assessment and created a new list of 70 different program types developed uniquely for SDCP. This list focused on programs that could fill gaps in what is already available to SDCP customers, programs similar to what other CCAs are providing, and potential new programs that could help fill gaps (see Appendix H for the list of 70 program types assessed). The list of programs evaluated was tailored to address gaps in the current program market in SDCP's service territory in the following ways:

- **Technical elements:** The team analyzed programs or actions that would support community needs that are not available to SDCP customers through current programs. In some cases, new programs were added to introduce new technical elements such as electrification of industrial equipment.
- **Delivery mechanisms or market segments:** The team analyzed programs that might be available locally but are not accessible to some customers (particularly Communities of Concern) because of the incentive type offered or other barriers. In these cases, new programs were added to deliver technical elements via different delivery mechanisms (e.g., up-front incentives instead of rebates) or to additional market sectors (e.g., residential or multi-family).
- **Existing programs with high alignment but potential for increased participation:** The team analyzed programs that are currently available, such as energy efficiency programs offered through SDG&E. Programs like these were included for consideration as "application assistance" programs meaning that SDCP could assist customers with applications to help them receive the benefits of existing programs.

4.2 Evaluating Programs

In the program prioritization framework tool, each program's technical element, delivery element, and customer type was scored by SDCP staff based on how strongly it aligned with addressing each community and organizational priority relative to one another. Each was given a score of – 1 for negative impact, 0 for not applicable, 1 for somewhat/indirectly aligned, and 2 for strongly/directly aligned.

By the Numbers

3 Market Sectors

9 Community Priorities

6 Organizational Priorities

Over 200 Existing Programs

70 Unique Programs Evaluated

13 Program Types Recommended

For example, electric vehicle chargers, as a technical element, contribute strongly/directly to *addressing climate change by reducing greenhouse gas emissions* and *reducing air pollution in my community* among other community and organizational priorities. An up-front incentive, as a delivery element, receives a higher score for *creating opportunities for Communities of Concern to participate in the clean energy transition* and *making investments in Communities of Concern and keeping energy affordable* than a rebate might because up-front incentives are more accessible to customers that do not have resources to afford the technology without initial support.

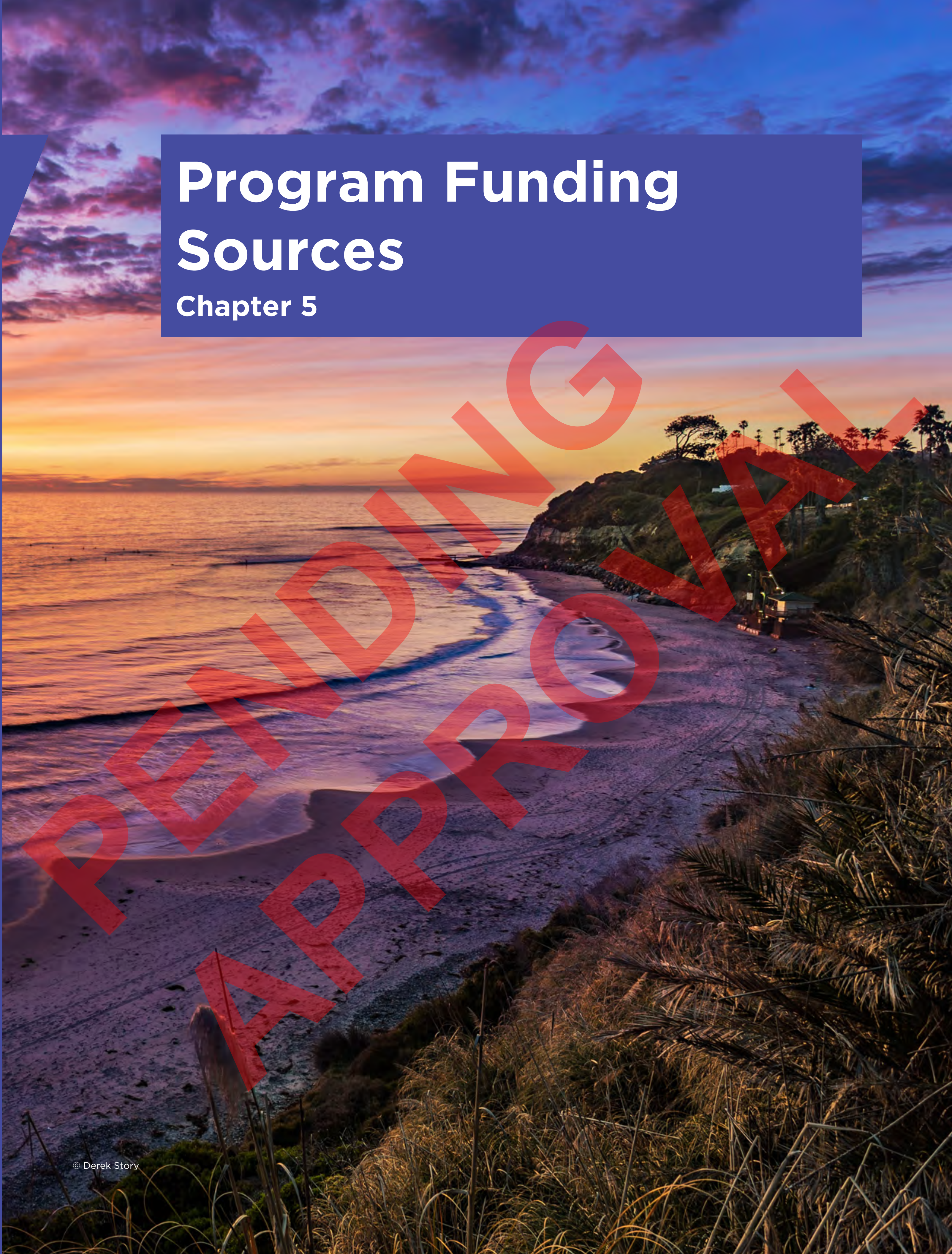
The tool calculated a score for each program using the technical elements, delivery elements, and customer types. This resulted in a ranked list of programs for each of the market sectors (i.e., residential single-family, residential multi-family, and commercial). The top 20 programs from each market sector were then aggregated into general program types and analyzed for funding availability. These program types formed the recommended set of program types presented in Chapter 6.

4.3 Conclusion

The program prioritization framework provided a way for the team to evaluate many programs in a consistent and transparent way and helped narrow a set of options that best align with community and organizational priorities. The resulting program options then needed to be evaluated for their alignment with potential funding sources (described in Chapter 5) and organized into an ambitious but manageable set of choices for action. The framework did not provide all the answers, but it helped SDCP make sure that whatever is pursued from the list of recommended program types will help meet community and organizational priorities.

Program Funding Sources

Chapter 5



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5 Program Funding Sources

5.1 Overview

The previous chapters focus on the process of aligning programs with community and organizational priorities as well as cataloguing the universe of potential programs SDCP could offer its customers. This chapter outlines the range of customer energy program funding sources, including for programs offered to SDCP customers by other agencies (i.e., third-party programs) and for programs that SDCP may deliver to its customers itself through external funding.

5.2 Available to Customers

> ***With an ever-increasing investment in climate mitigation and justice programs by the federal and state governments, SDCP should prioritize enabling access to this funding by its customers at the same level as SDCP-delivered programs.***

We learned in the community needs assessment (Chapter 2) and market assessment (Chapter 3) that knowledge of and/or access to third-party programs remain a significant barrier to adoption. SDCP's standing as a public agency, unbiased source of information can play a meaningful part in increasing the amount of third-party program funding that is ultimately invested in the San Diego region. With an ever-increasing investment in climate mitigation and justice programs by the federal and state governments, SDCP should prioritize helping customers access this funding at the same level as delivering SDCP programs to customers. To do so, SDCP can educate customers on program availability and help customers through application assistance (described in Chapter 6).

The main sources of third-party programs that are available to SDCP customers are described below. It is important to note that this is not a comprehensive list but is instead a subset of example program types available to SDCP customers. SDCP fully expects that new third-party program sources will emerge. SDCP will need to monitor third-party programs as part of any future customer education and application assistance initiatives.

5.2.1 California Public Utilities Commission

The California Public Utilities Commission (CPUC) directly funds several comprehensive distributed energy resource and building electrification market development programs. These programs are typically implemented by program administrators and largely funded with Public Purpose Program Surcharge funds or Greenhouse Gas Allowance Auction Proceeds. Public Purpose Program Surcharge funds are an amount added to the electricity (or gas) bill that customers pay to fund programs created by Assembly Bill 1890 in 1996 and are regulated by the CPUC. Greenhouse Gas Allowance Auction Proceeds are allowances from the Cap-and-Trade program allocated to electric distribution utilities to be used for the benefit of ratepayers as authorized by Assembly Bill 32.

Incentivizing rooftop solar in communities and on buildings with low adoption is the primary goal of the **Disadvantaged Communities–Single-Family Affordable Solar Homes (DAC-SASH)** and **Solar on Multifamily Affordable Housing (SOMAH)** programs. DAC-SASH enables income-qualified homeowners in disadvantaged communities to receive no-cost rooftop solar installations and is available to SDCP customers through 2030. The program is funded by Greenhouse Gas Allowance Auction Proceeds, and if needed, utility ratepayers and is overseen by the CPUC; GRID Alternatives administers the program statewide, with a $8.5 million annual budget. The SOMAH program provides financial incentives to property owners for installing solar systems on qualifying multi-family housing throughout California. Funded through Greenhouse Gas Allowance Auction Proceeds, SOMAH has a program budget of up to $100 million annually and an overall target to install 300 megawatts (MW) of generating capacity in low-income and disadvantaged communities by 2030.

The **Self-Generation Incentive Program (SGIP)** is a statewide program that offers rebates for clean and energy-efficient distributed generation and energy storage technologies, with 80% or more of funding (subject to change) allocated for energy storage. Starting in mid-2023, SGIP will start providing over $84.7 million in incentives for heat pump water heaters with half the funding reserved for low-income customers. SGIP is a ratepayer-funded program overseen by the CPUC and available to retail electric and gas customers of the major California investor-owned utilities, including SDCP customers. The Center for Sustainable Energy administers SGIP in the SDG&E and SDCP service area, while Energy Solutions will administer the SGIP Heat Pump Water Heater program statewide. In 2022, the CPUC authorized funding of more than $1 billion through 2024 for SGIP. This funding includes prioritization of communities living in high wildfire threat areas, communities that have experienced two or more Public Safety Power Shutoff events, as well as low-income and medically vulnerable customers. The funds are also available for "critical facilities" that support community resilience in the event of a Public Safety Power Shutoff or wildfire. SGIP storage technology incentives are divided into the following budget categories: large-scale energy storage, small residential energy storage, residential equity, non-residential storage equity, equity resiliency (residential and non-residential), and heat pump water heaters (general). As of January 2023, roughly $27.9 million (subject to change in future years) is available for SDG&E and SDCP customers.

Building electrification is the focus of the **TECH Clean California** program, funded by ratepayers and overseen by the CPUC. SDCP customers are eligible to participate in this statewide initiative that provides incentives, education, and resources for building electrification such as heat pump installations. Originally, $116 million was allocated to this program over a four-year period starting in December 2021 with approximately $6.6 million earmarked for customers in SDG&E's service area. Demand for this project was high causing all incentive funding to be exhausted by April 2022. In September 2022, additional funding for TECH Clean California was approved that allocated $50 million to benefit all California residents. The State is expected to allocate $95 million (subject to change) to the project for fiscal year (FY) 23/24.

5.2.2 California Air Resources Board

The California Air Resources Board (CARB) provides funding for various transportation electrification efforts that cover light-, medium-, and heavy-duty vehicles. For the purchase or lease of new electric vehicles, incentives of up to $7,000 are available from CARB though the **Clean Vehicle Rebate Project**. In partnership with the San Diego County Air Pollution Control District, CARB is preparing to fund the San Diego region's **Clean Cars 4 All** program that provides incentives for low-income residents in disadvantaged communities to trade in and scrap their old fossil-fuel powered vehicles for newer electric vehicles. Lastly, the **Clean Vehicle Assistance Program** provides grants and affordable financing to help income-qualified Californians purchase or lease a new or used hybrid or electric vehicle. The program currently has no available funding but is expected to receive additional funding in future budget cycles.

CARB offers a host of incentives for medium- and heavy-duty vehicles, with the most prominent source being the **Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP)**. For FY 22-23, $250 million was made available for standard funds and $65 million for transit vehicles. CARB also manages the **Volkswagen Mitigation Trust** which provides $130 million for zero-emission transit, school, and shuttle buses (administered by the San Joaquin Valley Air Pollution Control District); $90 million for zero-emission class 8 freight and port drayage trucks (administered by the South Coast Air Quality Management District); and $70 million for zero-emission freight and marine projects (administered by the Bay Area Air Quality Management District). These programs can provide tens to hundreds of thousands of dollars in funding for the electrification of medium- and heavy-duty vehicles.

5.2.3 San Diego Gas & Electric

SDG&E currently offers more than 90 energy efficiency, demand response, and transportation electrification programs that are available to eligible SDCP customers. These programs are funded by SDG&E and SDCP ratepayers, with the energy efficiency and demand response programs largely funded through the Public Purpose Program Surcharge funds as required by the CPUC. The CPUC authorizes SDG&E to administer the energy efficiency and demand response programs and approves their budgets. For the 2024-2027 energy efficiency budget cycle, over $332 million is being proposed for a suite of energy efficiency programs including but not limited to educating customers, training contractors, moving beneficial technologies toward greater cost-effectiveness, providing energy efficiency to "hard-to-reach or underserved customers", and supporting the development of the next generation of state and federal building and appliance standards.

SDG&E transportation electrification programs are mandated through the CPUC and largely originated via state legislation such as Senate Bill 350 and Assembly Bills 1082 and 1083. Programs primarily aim to incentivize the installation of charging stations at apartments, condos, schools, parks, and beaches, as well as supporting medium- and heavy-duty fleet electrification. Additional pilot projects target specific industries or customers like ports, airports, and park & ride lots. Several transportation electrification programs include a goal to invest 50% of program funding in underserved communities, as defined by Assembly Bill 841.

5.2.4 Regional Agencies

Several regional San Diego agencies administer programs that are open to eligible SDCP customers. Most relevant to SDCP customers, the San Diego County Air Pollution Control District (APCD) and San Diego Association of Governments (SANDAG), both administer several federal, state, and regional funding programs to reduce emissions from mobile sources. These agencies are expected to provide significant funding to support transportation electrification over the coming decades and will be a critical source of third-party programs that SDCP customers can access.

SANDAG has proposed over $1 billion in transportation electrification investments by 2035. This includes over $600 million for incentives for zero-emission vehicles, over $150 million for electric vehicle charging infrastructure incentives, and $325 million for zero-emission buses and charging infrastructure. APCD has historically focused on incentivizing medium- and heavy-duty vehicle and equipment emissions reductions; however, recently it has expanded into light-duty vehicle-scrap programs as well as projects with high community impact as deemed by the Assembly Bill 617 Community Steering Committee. This resulted in a dramatic expansion in grant programs and budget, increasing from $5 million annually in 2017 to $25 million annually in 2021.

A noteworthy program that is funded by the California Energy Commission (CEC) and implemented by the Center for Sustainable Energy is the **California Electric Vehicle Infrastructure Project (CALeVIP)**. CALeVIP is funded from vehicle and vessel registration, vehicle identification plates, and smog abatement fees. Under the San Diego County Incentive Project, presented in partnership with SANDAG and APCD, CALeVIP provides rebates of up to $6,000 for Level 2 electric vehicle chargers and $80,000 for Direct Current Fast Chargers. Starting in 2019, San Diego County had a three-year funding allocation of $21 million for CALeVIP; all initial funding has been allocated or reserved but additional funding is expected in future years.

5.2.5 Federal Funding

The federal Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA) provide an unprecedented opportunity for clean energy project funding. Both pieces of legislation are well aligned with SDCP's priorities for increasing community energy resilience, decarbonization, and environmental justice, and target funding accordingly. In addition to grant opportunities available to SDCP (covered in section 5.3), IIJA and IRA will provide funding directly to customers in the form of grants, loans, rebates, technical assistance, and tax incentives.

The federal **Home Owner Managing Energy Savings** rebate program is expected to provide $292 million to California. Rebates of up to $4,000 will be provided for whole-house energy saving retrofits, including installing solar panels, with rebate amounts doubled for low – and middle-income individuals. The program is under development now by the CEC, and rebates are expected to be available in 2024.

This is not to be confused with the **High-Efficiency Electric Homes Rebate** program which is expected to provide $290 million to California. This program will incentivize low – and middle-income families to electrify their homes (e.g., heat pump technology and electric clothes dryers) with a maximum of a $14,000 rebate per household.

In addition to equipment incentives, IRA includes significant tax provisions directly available to consumers and businesses. The homeowner efficiency credit, called the **Residential Energy Efficiency Home Improvement Credit**, was expanded by the IRA to become annual instead of the previous lifetime limit. Now consumers can receive a tax credit of up to 30% of equipment costs each year for residential clean energy equipment and upgrades. The new **Residential Clean Energy Tax Credit** extends, increases, and expands homeowner tax credits for onsite energy production and storage through 2034. Similar tax incentives are available to support transportation electrification.

The IIJA also established the Environmental Protection Agency's (EPA) **Clean School Bus Program** which provides $5 billion over the next five years starting in FY 22. This program can award up to 100% of the cost of replacing a school bus and may provide funding for charging infrastructure. In 2022, the EPA provided $500 million in rebates with a maximum funding amount of $375,000 per school bus and up to $20,000 in funding for charging infrastructure. The EPA has the authority to release funding through grants, rebates, or contracts.

5.3 Administered by SDCP

SDCP seeks to address community needs through customer energy programs. In many cases, the multitude of third-party programs that are available to customers will address those needs, but when they do not, SDCP will need to design and deliver its own programs. Identifying the most appropriate funding for SDCP-administered programs is a critical and on-going element of strategic planning.

5.3.1 Internal vs. 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.

As reserve targets are met, the opportunity for SDCP to invest revenues back into communities through programs will increase.

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.

5.4 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.

5.4.1 California Public Utilities Commission

SDCP has multiple avenues to provide energy efficiency programs to customers using Public Purpose Program Surcharge funds managed by the CPUC. The CPUC allows for two direct pathways for SDCP to access funding for energy efficiency: **Apply to Administer (ATA)** and **Elect to Administer (ETA)**. Under the ATA pathway, 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, MCE Clean Energy is the only CCA that has gone the ATA pathway. MCE has been administering energy efficiency programs for nearly a decade and recently submitted its 2024-2031 Energy Efficiency Business Plan for approval from the CPUC with approximately a $19 million budget allocated each year.

The ETA option is a more streamlined pathway to access Public Purpose Program Surcharge funds available to CCAs. 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.

An alternative opportunity to access Public Purpose Program Surcharge funds for SDCP is to form a **Regional Energy Network (REN)**. 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.

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.

5.4.2 California Energy Commission

The CEC regularly releases funding opportunities for competitive grants to advance the transition to clean energy and transportation. Currently, there are more than 40 programs listed on its website that offer a range of technical elements and delivery mechanisms for different market sectors. Funding amounts and technologies targeted under each program vary considerably. Of particular interest are future demand response and building decarbonization opportunities. 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. Also under development is 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 23/24 budget (subject to change) for these two residential building decarbonization programs; the role of CCAs is still solidifying as program guidelines develop.

Additionally, 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. Lastly, 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.

5.4.3 California Strategic Growth Council

The California Strategic Growth Council (SGC) is funded by California's Cap-and-Trade system and the State's General Fund to provide grants to promote equitable, sustainable, climate-friendly communities. The SGC administers the **Transformative Climate Communities** and **Affordable Housing and Sustainable Communities** programs that would not necessarily be a program funding source for SDCP but do provide opportunities for regional partnerships and significant funding toward projects that are addressing SDCP customer needs. Beyond the Transformative Climate Communities and Affordable Housing and Sustainable Communities programs, and more directly applicable to SDCP, the SGC will distribute $100 million in competitive grants to develop and deliver **Community Resiliency Hubs**; $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. The SGC is currently developing guidelines, with the applications for both planning and implementation grants expected to open in early 2023. As a not-for-profit public agency, SDCP is eligible to apply, and could pursue partnerships with organizations that operate one or more qualifying facilities. Partnerships and investment in a strong application will be key, as SGC grants have been highly competitive historically.

5.4.4 Federal Funding

As stated above, the IIJA 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.

The 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. SDCP should consider partnerships with community-based organizations or other regional entities to fund pilot programs (discussed in Chapter 6).

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. SDCP should continue to monitor federal funding created from the IRA and IIJA to identify the alignment with the recommended program types discussed in Chapter 6.

5.4.5 Other

Other funding sources may include philanthropic organizations, private sector partnerships, or other state agencies. This would be an opportunity for those supporters that are inclined to contribute to climate change initiatives that benefit the local community. Additional financing mechanisms may emerge in the short-term that are appropriate to explore for funding mid-term programs. Partnerships with large corporate clients that have their headquarters or significant presence in San Diego may also create opportunities.

Several other state agencies could provide funding opportunities for SDCP programs. The California Department of Community Services & Development, which oversees the **Low-Income Weatherization Program**, **Low-Income Home Energy Assistance Program**, and **California Arrearage Payment Program**, among others, has a long history of working to reduce poverty for people in California. Future budget allocations may include opportunities for SDCP to partner with community-based organizations to access and direct California Department of Community Services & Development funding to Communities of Concern and income-qualified residents.

SDCP welcomes interested agencies and organizations to contact them to explore partnership opportunities.

The **Clean Mobility Options** is a statewide program that helps under-resourced communities fund clean, shared, zero-emission mobility projects. This program is funded in partnership with the California Air Resources Board and the California Energy Commission. For FY 23/23, $34 million in funding was made available via vouchers and up to $1.5 million per voucher can be awarded for a project that fills in a community's transportation gaps.

Lastly, the San Diego region has united around the effort to advance transportation electrification under the **Accelerate to Zero Emissions Collaboration (A2Z)**. Led by SANDAG, the APCD, the County of San Diego, the City of San Diego, and SDG&E, A2Z seeks to attract public and private investment into the region and maximize the effectiveness of regional deployment of electric vehicle chargers, with a focus on increasing equitable access to electric vehicles and charging infrastructure. SDCP should participate in A2Z discussions to increase regional competitiveness for future grant funding.

5.5 Conclusion

To serve its communities long-term, SDCP must build a strong financial foundation. Luckily, state and federal agencies are making unprecedented amounts of financial support available directly to SDCP customers to fund the clean energy transition. In the short-term and beyond, SDCP has a clear role to play in aiding customers with securing available funding. External funding is available for SDCP to seek for its own program administration but that brings with it administrative burden and other costly factors that need to be considered. Once firmly established, SDCP can more freely invest its own revenues into the community through programs and enjoy the freedom and flexibility that comes with utilizing its own revenues.

Program Recommendations

Chapter 6

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6 Program Recommendations

This Plan was created to provide strategic guidance for SDCP in developing a suite of programs over the next five years. Weaving together technical analysis, community input, market research, funding analysis, and lessons learned from other CCAs, this chapter outlines both overall guidance for designing effective programs, as well as a list of specific program types that address community and organizational priorities.

6.1 Program Design Best Practices

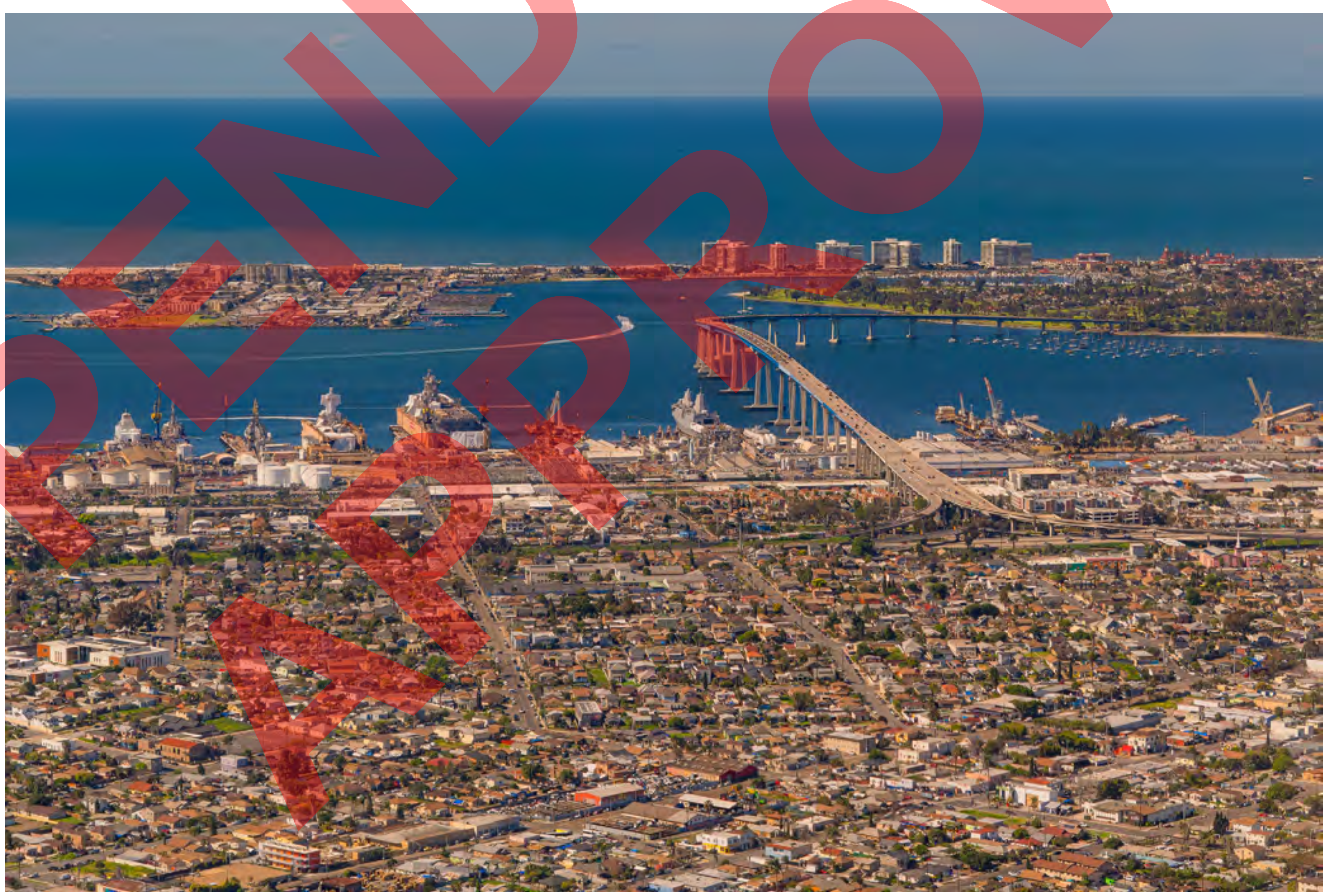
Well-designed programs that are accessible, efficient, effective, and responsive to customer needs are the cornerstones of successful program delivery. The team interviewed CCAs and other program administrators across California to learn about best practices for designing successful programs. Common themes from the interviews are listed below. See Appendix I for a more detailed summary of the input received.

- **The best programs are simple and accessible for customers.** Long and complicated application processes create barriers to participation. SDCP should design programs to be as streamlined and stackable as possible.
- **Programs take time to develop—be ambitious but realistic.** A few well-designed and targeted programs can achieve more than lots of programs that are not appropriately aligned or resourced. It would be better for SDCP to select a few program types from the recommendation list to execute well rather than trying to do everything at once.
- **Be specific about program objectives and metrics for success.** While programs were evaluated in this Plan for their fit across all community priorities, not every program needs to be developed to meet every need. By setting specific goals for each program at the beginning, program design can be optimized, and performance can be more effectively evaluated.
- **Deepen local partnerships.** SDCP is committed to growing strong partnerships with communities, and in particular working with local community-based organizations who help build bridges into Communities of Concern. Building trust takes time, especially when people have been historically marginalized and exploited. SDCP should commit resources and develop structures for meaningful two-way dialogue and deep collaboration—not just through program design but through on-going program implementation, evaluation, and improvement.
- **Build internal capacity and strong systems.** For all programs to be successful over time, SDCP will need to develop strong internal systems to design, implement, measure, and improve programs. This includes developing streamlined information portals and program applications, establishing appropriate metrics for program evaluation, and creating the tools necessary for data capture and process improvements.

6.2 SDCP's Commitment to Communities of Concern

SDCP is committed to supporting populations historically underrepresented in energy program participation and receiving associated benefits. As such, SDCP will commit at least **50% of a program's non-administrative budget**, to the extent allowed by funding sources, to participation from Communities of Concern. SDCP will center Communities of Concern in program design to enable participation by all customers. It's important to note that while SDCP will follow the commitment with internal funds, it may not be possible with external funds due to specific rules and regulations.

Communities of Concern are defined as communities identified by California Climate Investments (Assembly Bill 1550 and Senate Bill 535) that includes disadvantaged communities identified by CalEnviroScreen 4.0 and low-income communities and households with incomes either at or below 80% of the statewide median or below a threshold designated as low-income by the Department of Housing and Community Development, as well as the additional census tracts identified by the cities of San Diego and Chula Vista through their Climate Equity Index reports. Specifically, the City of San Diego identified these census tracts as areas with very low, low, and moderate access to opportunity. Meanwhile, the City of Chula Vista defined them as the top 25% scoring areas within its own analysis. If other member agencies were to identify additional census tracts in the future as the cities of San Diego and Chula Vista have, SDCP would recognize those designations under the umbrella of Communities of Concern.



An aerial photo of San Diego Bay, including the communities of Barrio Logan and Logan Heights in the City San Diego — two Communities of Concern.

Workforce Development

Workforce development and a just transition have become increasingly important in California and nationally. Ambitious state and local clean energy goals continue to increase the expected demand for renewable energy and related clean energy technologies. These trends create a need for a skilled workforce to support the development, installation, and operation of clean energy projects and technologies. As new jobs are created, it is imperative to support the equitable distribution of those economic benefits and to enable a just transition for workers in fossil fuel dependent industries.

SDCP is committed to supporting the just and equitable development of a clean energy workforce. Identifying SDCP's role in supporting the just transition initiatives and more generally in the regional workforce development ecosystem is the first step. Effective workforce development initiatives can fill training gaps and enable the skilled workforce necessary to achieve clean energy goals. Additional benefits include providing career opportunities and economic benefits to local communities, especially Communities of Concern, as workers gain skills and experience that can be applied across a range of clean energy-related industries.

To guide internal business decisions, SDCP has adopted an Inclusive and Sustainable Workforce Policy. This policy enables several goals outlined in the organization's founding documents, including:

1. Demonstrating economic benefits to the region, including prevailing wage jobs and local workforce development;
2. Supporting a stable, skilled, and trained workforce; and
3. Promoting supplier and workforce diversity, including returning veterans and those from Communities of Concern, to the extent permissible by Proposition 209.

6.3 Member Agency Partnerships

Partnerships with member agencies is critical for achieving meaningful progress on climate action. With land use and other regulatory authority, member agencies are at the forefront of climate action by implementing ambitious goals and policies that can drive change across entire regions. By partnering with member agencies, SDCP can understand unique challenges and opportunities that exist within each member agency and gain valuable guidance on navigating on-the-ground hurdles for program implementation. Member agencies can be instrumental in helping to identify local partners and coordinate stakeholders.

Additionally, offering programs to member agencies can be beneficial, as it can help create new opportunities for collaboration and innovation. By helping member agencies achieve their own climate action goals, SDCP can build trust and establish long-term partnerships. SDCP envisions ongoing collaboration with member agency staff to identify impactful program opportunities to support local climate goals.

6.4 Program Phasing

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.

This Plan primarily focuses on the short – and mid-term phases, due to the long-term phase occurring after the five-year timespan of this Plan. Forecasting five years or more into the future is a difficult task because of how quickly the clean energy market is accelerating and the anticipated shifting of customer priorities. During the long-term, SDCP will continue to learn from and improve existing programs and strengthen relationships with its partners and communities. While not explicitly called out in this Plan, in the long-term, SDCP will be better positioned to deliver more complex and involved customer incentive types (e.g., on-bill financing), unique rate structures, and support emerging emission-reducing technologies (e.g., industrial equipment electrification).

6.5 Current Programs

SDCP established limited program offerings before this Plan was developed, including Net Energy Metering and Feed-in Tariff programs. These programs focused on meeting the needs and requirements to serve customers in the transition to SDCP as well as supported initial strategic goals.

- **Net Energy Metering:** To enroll customers into SDCP's service and support customers who generate renewable energy onsite, a Net Energy Metering program was established. This program tracks the difference between energy sent to the grid and energy used from the grid, known as 'net energy', and appropriately credits or charges according to the rate schedule. SDCP's program is customer focused by providing options for monthly or annual billing.
- **Feed-In Tariff:** To support local businesses, provide local economic development benefits, and increase the development of local renewable energy resources, SDCP established a Feed-In Tariff program. This program incentivizes local, small-scale renewable energy projects that are not typically price competitive with utility-scale developments. Higher payment levels at certain times of the day encourage wholesale projects to deliver energy during peak periods when natural gas "peaker" plants are coming online as well as projects that are paired with energy storage.

6.6 Program Type Recommendations

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
Reducing my energy bill	Increasing energy awareness and education	Residential single-family
Addressing climate change by reducing greenhouse gas emissions	Maintaining financial stability	Residential multi-family
Creating good, well-paying jobs in the energy sector	Making investments in Communities of Concern and keeping energy affordable	Commercial
Getting rewarded to adjust when I use energy	Managing load flexibility	Communities of Concern
Breathing cleaner air in my home or business	Maximizing infill solar and energy storage	
Reducing air pollution in my community	Visibly showing benefits to customers by investing back into the community	
Creating opportunities for Communities of Concern to participate in the clean energy transition		
Building more rooftop solar instead of large systems in remote areas		
Keeping the power on at my home or business		

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

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

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

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

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

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

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: Building Electrification: Heat Pump Technology

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

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

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

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

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

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

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.

Moving Forward

Chapter 7

7 Moving Forward

For SDCP and the communities it serves, the completion of this Plan is just the beginning. This Plan summarizes program options that SDCP can draw from over the next five years to advance an equitable, clean energy future for the San Diego region. The program type recommendations provide a toolbox that SDCP can use to meet community needs in ways that provide the most benefit.

Moving on from strategic planning, SDCP will:

- Continue working with stakeholders, with a focus on Communities of Concern, to clarify program design elements that fill gaps and overcome barriers to participation;
- Leverage internal revenues to bring in greater external funding to meet community needs and organizational goals;
- Build internal processes to capture program data and support continual improvement over time; and
- Scale successful programs to expand impact and accelerate change.

SDCP is committed to being ambitious but realistic. As a new CCA, it must set a strong foundation over the next five years so that it can create transformative opportunities for all in the decades to come.

SDCP staff conducting outreach at the San Diego Wave Futbol Club's first game at Snapdragon Stadium.

Appendix A

Community Engagement Strategy

Appendix B

Listening Sessions Co-Hosted with Community-Based Organizations (Round 1)

Appendix C

Listening Sessions Co-Hosted with Community-Based Organizations (Round 2)

Appendix D

Business, Key Stakeholders, and Public Listening Workshops Summary

Appendix E

Unincorporated Communities Pop-Up Engagement Summary

Appendix F

Community Needs Survey Instrument

Appendix G

Organizational Engagement Summary

Appendix H

Program Types Assessment

Appendix I

Community Choice Aggregator Listening Tour Summary

SAN DIEGO COMMUNITY POWER
Staff Report – Item 14

To: San Diego Community Power Board of Directors

From: Colin Santulli, Director of Programs

Via: Karin Burns, Chief Executive Officer

Subject: Update on Pilot Programs

Date: May 25, 2023

RECOMMENDATION

Receive and file update on Pilot Programs.

BACKGROUND

Pilot programs were identified as one of the recommended short-term program types in the Community Power Plan (CPP), SDCP's five-year strategic plan for customer energy programs. In the CPP, pilot programs are defined as 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.

DISCUSSION

SDCP staff are in the early stages of exploring pilot program concepts based on the recommended mid-term program types in the CPP:

- Building Electrification (Appliances and Heat Pump Technology)
- Distributed Energy Resources (Energy Storage Systems and Demand Response)
- Energy Efficiency
- Transportation Electrification (Infrastructure and Light-, Medium-, and Heavy-Duty Vehicles)

Market research conducted by staff included interviews with a variety of existing program implementers (e.g., Center for Sustainable Energy, Recurve, GRID Alternatives), industry (e.g., Baker Electric, Virtual Peaker, OhmConnect), and public agencies (e.g., various CCAs, Regional Energy Networks, and the County of Los Angeles). Research is ongoing with pilot concepts in varying stages of development.

Initial concepts that have shown the most promise for implementation and alignment with the CPP include the following:

- **120V Heat Pump Water Heater (HPWH) Direct Install**
  - Market Barrier: A standard HPWH requires a 240V service, which typically requires costly electrical upgrades.
  - Pilot Overview: Test a 120V HPWH to determine if the product meets a customer's hot water demand and suggested cost-savings.

- **Emergency Water Heater Loaner Program**
  - Market Barrier: Most water heaters are only replaced when they fail and installing a HPWH can be time-intensive due to scheduling electricians/ contractors and obtaining permits.
  - Pilot Overview: Provide a temporary loaner gas water heater to be installed in "emergency" failed water heater situations, allowing time for electrical upgrades/permits to be completed to support a "permanent" HPWH.

- **120V Induction Stove Incentive**
  - Market Barrier: Most standard full-range electric induction stoves require 220/240V service, which typically requires costly electrical upgrades.
  - Pilot Overview: Test a 120V full range, 4-"burner" induction stove with a built-in battery that may be able to be used for demand response to determine if it delivers similar performance of a standard induction stove and is more cost-effective.

- **Disadvantaged Communities—Single-Family Affordable Solar Homes (DAC-SASH) Roof Repair Incentive**
  - Market Barrier: Participation in State-funded rooftop solar incentive programs requires a roof in good condition and funding for roof repairs is limited.
  - Pilot Overview: Fund roof repairs for homes who are otherwise eligible to participate in DAC-SASH to allow more State funding to flow into San Diego neighborhoods.

- **Smart Thermostat Incentive**
  - Market Barrier: Smart thermostats, which have relatively high up-front costs but can provide long-term energy savings to users, are fully subsidized only for CARE/FERA enrolled customers.
  - Pilot Overview: Provide a fully or heavily subsidized smart thermostat and technical assistance to customers in Communities of Concern not enrolled in CARE/FERA programs.

- **Energy Kits for Kids**
  - Market Barrier: There is currently not a program offering for energy literacy of K-12 students.
  - Pilot Overview: Offer "kits" to elementary school students with energy efficiency items to take home and install with an adult, potentially helping families save energy and money, and provide incentives to classrooms for participation.

- **ENERGY STAR Refrigerator/Freezer Upgrade**
    - Market Barrier: Small commercial customers are consistently hard to reach for energy program participation and existing utility incentive programs for this customer class are limited.
    - Pilot Overview: Facilitate no-cost refrigerator/freezer upgrades for corner stores in Communities of Concern, while also encouraging them to stock stores with healthier food options, by applying for California Department of Food and Agriculture grant funding on behalf of customers.

- **Managed Electric Vehicle (EV) Charging**
    - Market Barrier: Many customers plug in their EVs after work during super on-peak times that are more expensive and dirtier than charging during off-peak times.
    - Pilot Overview: Provide upfront and monthly incentives to customers for charging their EVs during "low-carbon" events when power is cleaner and/or more affordable.

Next Steps

The FY 23-24 budget includes a budget request for implementing pilot programs. Staff anticipate that the development of pilot programs will be staggered throughout the fiscal year. SDCP staff will develop a decision-making rubric to inform objective selection of pilot program concepts for implementation.

COMMITTEE REVIEW

SDCP staff presented initial pilot program concepts to the Community Advisory Committee (CAC) at their May 11, 2023 meeting. Staff will continue to develop pilot program concepts with the newly formed CAC Programs Ad-Hoc Committee and will present pilot program updates at future CAC meetings.

FISCAL IMPACT

None at this time. Fiscal commitments from SDCP for pilot programs will be factored into the FY 23-24 budget.

ATTACHMENTS

None.

SAN DIEGO COMMUNITY POWER
Staff Report – Item 15

To: San Diego Community Power Board of Directors

From: Eric Washington, Chief Financial Officer

Via: Karin Burns, Interim Chief Executive Officer

Subject: Presentation and Discussion of Fiscal Year 2023-24 Operating Budget

Date: May 25, 2023

RECOMMENDATION
Receive staff presentation and preliminary draft of the Fiscal Year (FY) 2023-24 Operating Budget.

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 1st Budget Implemented Mid-year budget review (February) Budget amendments as necessary

Given the timeline in the Board adopted budget development schedule, staff is presenting the draft, proposed fiscal year 2023-24 operating budget to the FRMC for review and discussion.

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	$1,025,346,442	$267,126,088

ANALYSIS AND DISCUSSION

The draft FY 2023-24 budget includes net operating revenue of $ $1,292,472,530 and total expenses of $ $1,025,346,442, resulting in net income of $267,126,088.

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 $267,126,088.

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

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

Item	FY 23 Amended Budget, $M	FY 24 Proposed Budget, $M	Difference
Gross Revenue	939.2	1,346.3	407.1
Less Uncollectible Accounts	(9.4)	(53.9)	(44.5)
Net Revenue	**929.8**	**1,292.4**	**362.6**
Cost of Energy	738.8	971.6	232.8
Non-Energy Costs	32.0	47.1	15.1
Subtotal Operating Expense	**770.8**	**1,018.7**	**247.9**
Debt Service	1.3	2.4	1.1
Capital Investment Program	0.0	4.2	4.2
Total Expense	**772.1**	**1,025.3**	**253.2**
Net Position	**157.7**	**267.1**	
Cumulative Net Position	**200.2**	**467.3**	
Days Cash on Hand	**94.8**	**167.4**	

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 service provider portion of their business.

COMMITTEE REVIEW
The FRMC reviewed the initial framework for the Budget at its meeting on May 18, 2023 and provided feedback.

FISCAL IMPACT
The proposed FY 2023-24 budget is expected to result in a net position of $267,126,088. By the end of FY 2023-24, SDCP is projected to have total cash reserves of $467,326,088 or 167.4 days cash on hand.

ATTACHMENTS

Attachment A: FY2023-24 Proposed Operating Budget

SAN DIEGO COMMUNITY POWER

FISCAL YEAR 2023-24 BUDGET

for the period

July 1, 2023 through June 30, 2024

SAN DIEGO COMMUNITY POWER

San Diego Community Power
Draft Budget for FY 2023-24 (Proposed)
Supplemental Details

	FY 2022-23 Draft Budget	% of Net Revenues
OPERATING REVENUES		
Gross Ratepayer Revenues	$ 1,346,325,552	
(Less 1% Uncollectible Customer Accounts)	$ (53,853,022)	
Net Operating Revenues	$ 1,292,472,530	100.0%
COST OF ENERGY		
Cost of Energy	$ 971,608,498	
Total Cost of Energy	$ 971,608,498	75.2%
Gross Net Position	$ 320,864,032	24.8%
OPERATING EXPENSES		
Professional Services and Consultants		
Data Management	$ 13,458,692	
SDG&E Fees	$ 4,035,591	
Technical Support	$ 1,440,000	
Legal/Regulatory	$ 2,176,000	
Other Services	$ 1,808,593	
Total Prof. Svcs. Costs	$ 22,918,876	1.8%
Personnel Costs		
Salaries	$ 10,220,469	
Benefits (retirement/health)	$ 2,260,353	
Payroll Taxes	$ 820,775	
Accrued PTO	$ 127,373	
Total Personnel Costs	$ 13,428,970	1.0%
Marketing and Outreach		
Printing	$ 1,367,378	
Partnerships/Sponsorships/Memberships	$ 964,000	
Marketing and Communications	$ 640,000	
Total Mrktg and Outreach Costs	$ 2,971,378	0.2%
General and Administration		
Other G & A	$ 6,643,095	
Education and Training	$ 60,000	
Cal CCA Dues	$ 405,000	
Rent	$ 398,768	
Insurance	$ 20,800	
Total G & A Costs	$ 7,527,663	0.6%
Programs		
Programs	$ 278,250	
Total Programs Costs	$ 278,250	0.0%
Net Operating Expenses	$ 47,125,138	3.6%
Total Operating Expenses	$ 1,018,733,636	78.8%
Operating Income (Loss)	$ 273,738,895	21.2%
NON-OPERATING REVENUES (EXPENSES)		
Interest and Related Expenses	$ 2,437,574	
Total Non-Operating Revenues (Expenses)	$ 2,437,574	0.2%
CAPITAL INVESTMENT PROGRAM (CIP)		
Transfer to Capital Investment Program	$ 4,175,232	
Interfund Transfer Out (Expenses)	$ 4,175,232	0.3%
CHANGE IN NET POSITION	$ 267,126,088	20.7%

I. OPERATING REVENUES

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.

II. OPERATING EXPENSES

a) ***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.

b) ***Personnel*** – 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.

c) ***Professional services and consultants***

i) 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.

ii) 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.

iii) 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.

iv) 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.

v) 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.

d) ***Marketing and Outreach***

i) 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.

ii) 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.

e) ***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.

f) ***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).

III. NON-OPERATING REVENUES (EXPENSES)

Non-operating revenue represents interest income earned on cash reserves. Non-operating expenses represents interest paid on borrowed funds under the bank credit facility maintained by SDCP used to finance a portion of its operations. Expenses also include other bank related fees (i.e. letter of credit issuance fees, renewal fees, etc.).

IV. CAPITAL INVESTMENT PRORAM (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.

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.

SAN DIEGO COMMUNITY POWER

SAN DIEGO COMMUNITY POWER
Staff Report – Item 16

To: San Diego Community Power Board of Directors

From: Eric W. Washington, Chief Financial Officer

Via: Karin Burns, Chief Executive Officer

Subject: Recommend Board Approval of SDCP Investment Policy

Date: May 25, 2023

RECOMMENDATION

Recommend Board approval of the Investment Policy.

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.

On January 23, 2023, the Board approved a rate adjustment effective February 1, 2023. As part of this approval, the Board received a presentation from staff that outlined that SDCP projected, per the best assumptions at the time which are subject to change, the agency would build 180-days of cash on hand by October 2023. The milestone for building 180-days of cash on hand is one of the major considerations for SDCP to ultimately receive an investment-grade credit rating consistent with the strategic goals adopted by the Board on June 23, 2022.

Once SDCP receives an investment-grade credit rating and builds to 180-days cash on hand, SDCP will need to ensure proper policies are in place to manage its liquidity and support an investment-grade credit rating.

Staff therefore propose an Investment Policy for review and consideration by the FRMC.

ANALYSIS AND DISCUSSION

Since the establishment of SDCP operational cash flow has been diligently monitored by the Finance department. Due to the rapid growth of the organization and projected increase in cash balances, Staff recommends the approval of an Investment Policy by the Finance and Risk Management Committee that would govern the management of funds controlled by SDCP.

The proposed Investment Policy outlines SDCP's investment objectives, defines the standard of care consistent with California Government Code 53600, delegates authority to manage SDCP funds to the Treasurer, defines authorized investments and requires an annual review of the Investment Policy.

The Investment Objectives are:
1) to secure the safety of principal
2) ensure adequate liquidity to enable SDCP to meet obligations
3) to achieve a market return on investment
4) to maintain "Prudent Investor Standard" of care

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 objectives. External investment advisers may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy.

All Authorized investment types for SDCP are pursuant to California Government Code such as deposits at banks, funds deposited with the Local Agency Investment Fund, US Treasury and Federal Agency Securities, Bankers' Acceptances, Certificates of Deposit, Service Deposits, and Money Market Funds. SDCP implemented additionally constraints on Banker's Acceptances to reduce the Maximum % with One Issuer from 30% to 5% to reduce risk exposure on Bank defaults and require a minimum "A" rating.

Acceptable Investment Types	Maximum % with One Issuer		Minimum Rating	
	Gov. Code	SDCP Policy	Gov. Code	SDCP Policy
Deposits at Banks	None	None	A	A
Local Agency Investment Fund	None	None	None	None
US Treasury Obligations	None	None	None	None
Federal Agency Securities	None	None	None	None
Bankers' Acceptances	30%	***5%***	None	***A***
Negotiable Certificate of Deposit	None	None	None	None
Placement Service Deposits	None	None	A	A
Money Market Funds	10%	10%	AAAm	AAAm
Commercial Paper	10%	10%	A-1	A-1

SDCP prohibited investment types are pursuant to California Government Code Section 53601.6 which includes securities 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. SDCP will impose additional investment prohibitions on foreign currency, crypto asset securities, prohibit trading securities based on speculation on the direction of interest rates, prohibit trading securities on margin, and prohibit the use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage.

Internal Controls mandated by California Government Code that SDCP will perform are Annual Reports on Investments, Annual Review of the Investment Policy and Annual Audits as pursuant to Section 27134. SDCP is required by California Government Code to only report quarterly on investments, however SDCP will report on a monthly cadence. SDCP will impose additional controls such as control of collusion, clear delegation of authority, all investments transactions are conducted on delivery-versus-payment basis, safekeeping and custody, avoidance of physical delivered bearer securities, and written confirmation of telephone wire transfers.

All changes or updates to the SDCP Investment Policy will require Board approval.

COMMITTEE REVIEW

The FRMC reviewed the initial framework for the Investment Policy at its meeting on May 17, 2023 and unanimously recommended Board approval of the draft Investment Policy at its meeting on May 18, 2023.

FISCAL IMPACT

There are no fiscal impacts to recommend Board approval of the Investment Policy.

ATTACHMENTS

Attachment A: SDCP Investment Policy - Draft

Policy Number: XXX-XXX
Original Adoption Date: XXX XX, 2023

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 53600.3[1] 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."

[1] 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 that 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.

SAN DIEGO COMMUNITY POWER
Staff Report – Item 17

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:	Approval of Interim Compliance Plan for the California Energy Commission's Load Management Standards
Date:	May 25, 2023

RECOMMENDATIONS

Approve the submission of an interim Load Management Standards Compliance Plan (Attachment A) that would extend deadlines for submitting data into the California Energy Commission's ("CEC") Market Informed Demand Automation Server ("MIDAS") as permitted under the California Code of Regulations, Title 20, Section 1623.1(a)(2).

BACKGROUND

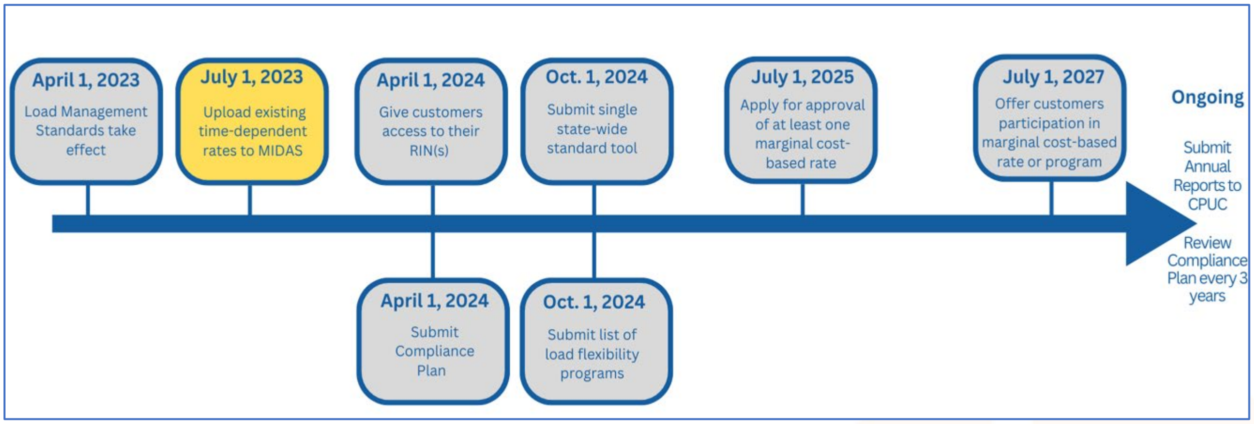
On October 12, 2022, the California Energy Commission adopted updates to the state's Load Management Standards ("LMS") to encourage increased demand flexibility through price signals and rate design. For more background on the development of the LMS amendments and SDCP's engagement, please refer to the regulatory and legislative staff report for the July 2022 meeting of the Board of Directors (see page 71).

Under the updated standards, which took effect on April 1, 2023, Pacific Gas and Electric Company, Southern California Edison Company, Sacramento Municipal Utility District, San Diego Gas & Electric, Los Angeles Department of Water and Power, and large community choice aggregators, including SDCP, are required to do the following:

- Develop retail electricity rates that change at least hourly to reflect grid costs and greenhouse gas emissions and are approved by their governing board.
- Maintain up-to-date rates in a database called the Market Informed Demand Automation Server ("MIDAS"), which will provide a central repository for all rate information.

- Educate customers about time-dependent rates and automation technologies to encourage their use.

Specifically, the LMS regulations include a series of compliance deadlines for SDCP, as outlined below. The first compliance deadline requires SDCP to upload its existing time-dependent rates applicable to its customers to the CEC's MIDAS database by July 1, 2023.



California Code of Regulations, Title 20, Section 1623.1(a)(2) authorizes CCA Boards to delay or modify compliance with LMS requirements if "despite a Large POU's or Large CCA's good faith efforts to comply, requiring timely compliance with the requirements of this article would result in extreme hardship to the […] CCA," or would not be "technologically feasible or cost effective."

ANALYSIS AND DISCUSSION

SDCP staff is extensively engaged in the implementation details of the LMS updates and finds a request for extension to upload information to the MIDAS system is necessary given several outstanding issues.

Starting in November 2022, the CEC convened Working Groups to develop functional requirements for MIDAS and the format for Rate Identification Numbers ("RIN"). To date, CEC staff has hosted seven Working Group meetings and SDCP staff have been active participants. While significant progress has been made through the Working Groups and direct coordination with CEC staff, SDCP staff has determined uploading all existing time-dependent rates to the MIDAS system by July 1, 2023, is not cost effective or technologically feasible prior to the CEC addressing the issues outlined below:

- *Requirements for Rate Identification Numbers and MIDAS protocols are not finalized.* CEC has not formally released the final specification for RIN construction and MIDAS is not yet able to support all required rate components. During the Working Group meetings, participants have raised critical implementation questions that have yet to be resolved, including:
    - How should unbundled vs. bundled rates and RIN be addressed and what entity is responsible for combining rate components?

    - What rate modifiers that can result in different generation and distribution prices for different customers be included in MIDAS and how?
    - What rate data granularity should be used?
- *Application programming interface requirements must be finalized with current documentation.* CEC has not released the final specifications or guidelines for how rates must be categorized and formatted before uploading to MIDAS and accompanying documentation is currently under active development by the CEC. SDCP is unable to cost effectively develop automated systems to upload complex pricing to MIDAS while the system is in active development and without current documentation. While limited manual upload of rates may be possible, it would be a time and labor-intensive process.

Coordination with CEC and Request for Extension
In addition to participating in the CEC Working Group meetings, SDCP staff has coordinated with CalCCA to inform discussions with CEC staff and Commissioner McAllister. Moreover, on April 28, 2023, SDCP joined in a request for extension of the July 1, 2023 MIDAS upload requirement submitted by the three investor-owned utilities and the thirteen “Large CCAs” subject to the LMS requirements, filed in Docket No. 23-LMS-01. The request outlines the issues described above and recommends a phased approach to compliance; however, CEC has not formally responded to the request at the time of this report.

Section 1623.1(a)(3)(A) of the California Code of Regulations, Title 20, provides the only mention of the ability to delay compliance with a LMS requirement but requires approval of a compliance plan for delay by a CCA governing board prior to submission of that plan to the Commission’s Executive Director. CCA compliance plans, however, are not due under the LMS until April 1, 2024, which creates an ambiguity as to how CCAs seek extension from the July 1, 2023, MIDAS upload requirement. As such, SDCP staff recommends submitting the attached interim compliance plan to demonstrate SDCP Board of Directors’ approval of the MIDAS upload extension.

COMMITTEE REVIEW

N/A

FISCAL IMPACT

N/A

ATTACHMENTS

Attachment A: Load Management Standards Interim Compliance Plan

San Diego Community Power

INTERIM LOAD MANAGEMENT STANDARD

COMPLIANCE PLAN

(Approved by SDCP Board of Directors Motion)

May 25, 2023

I. PURPOSE

In Docket Number 21-OIR-03 the California Energy Commission (CEC) adopted Load Management Standards (CCR Title 20 §§ 1621-1625) applicable to San Diego Community Power (SDCP). The purpose of this plan is to identify the steps and activities that SDCP will need to undertake in order to prepare a Final Compliance Plan by the current completion date of April 1, 2024. As several of the CEC's requirements for the Load Management Standard (LMS) have due dates prior to the filing date of the Final Compliance Plan, this interim plan also addresses how SDCP will meet those requirements.

All dates are subject to change by either the CEC or the SDCP Board of Directors upon either entity making the necessary findings.

II. UPLOADING SDCP RATE INFORMATION TO MIDAS

a. Twelve months after all MIDAS rate upload requirements are finalized, locked-in and published by the CEC; Ratepayer Identification Number (RIN) protocols are finalized; upload and access problems with MIDAS are resolved to allow easy entry of data; and the MIDAS system is proven scalable to the amount of data that will need to be input and processed, SDCP will upload its electric energy generation rates to MIDAS.
b. San Diego Gas & Electric (SDG&E) will remain responsible for uploading its transmission and distribution rates to MIDAS.

III. DEVELOPMENT OF STATE-WIDE ACCESS TO THE MIDAS SYSTEM

a. SDCP will provide its customers with their Ratepayer Identification Numbers (RIN) on billing statements and on-line accounts by April 1, 2024, unless delayed by:
    i. The CEC failing to resolve RIN protocols in time to meet the deadline;
    ii. The inability to coordinate and resolve RIN issues between SDCP and SDG&E.
    iii. The inability of the combined SDG&E and SDCP billing process to handle the assignment of RIN numbers.

b. SDCP will work with all other Load-Serving Entities (LSEs) subject to the LMS requirements to make the MIDAS system readily accessible to all customers by October 1, 2024. As this requires a "single statewide standard tool for authorized rate data access to third parties that is compatible with each of those entities' systems" SDCP will look to the CEC to oversee development of this tool. This tool shall:
    1. Incorporate cybersecurity measures;
    2. Minimize enrollment barriers;
    3. Be accessible in a digital, machine-readable format according to best practices and standards;
    4. Allow access to authorized third-parties;
    5. Allow third-parties to transfer customers to new rates "in the next billing cycle according to [LSE] standard procedures."

c. Unless SDCP develops a rate comparison tool for customers eligible for multiple rates, SDCP is not required to incorporate this feature into the MIDAS system.

IV. DEVELOP A FINAL COMPLIANCE PLAN BY APRIL 1, 2024

a. SDCP shall prepare a Final Compliance Plan for submission to the SDCP Board of Directors by no later than April 1, 2024, showing how it will meet LMS program requirements. This plan will be:

    i. Consistent with Section 1623.1 of the regulations;
    ii. Meet the goals of encouraging off-peak usage, encourage control of seasonal and peak loads to improve system reliability and efficiency, lessen/delay need for new generation, reduce fossil-fuel and GHG emissions; and
    iii. Evaluate cost-effectiveness, equity, technical feasibility, benefits to the grid, and benefits to the customer.

V. DEVELOP AND OFFER REAL-TIME ELECTRIC RATES BY JULY 1, 2025

a. SDCP shall develop at least one real-time (i.e. hourly or sub-hourly) electric rate for each customer class and offer it to their customers.
b. If SDCP determines that real-time rates are neither feasible nor cost-effective it shall propose alternative proposals for demand flexibility such as interruptible rates, demand response programs, etc.

VI. SDCP BOARD OF DIRECTORS APPROVAL

a. SDCP will present to the SDCP Board of Directors a Final Compliance Plan by no later than April 1,2024.
b. The SDCP Board of Directors will adopt the Compliance Plan in a publicly noticed meeting no later than 60 days after submission to the SDCP Board of Directors.
c. No later than 30 days after SDCP Board of Directors approval, the CEO shall transmit the Final Compliance Plan to the CEC.
d. Any real-time rates or other demand response programs developed as part of the LMS process must be approved by the SDCP Board of Directors in the same manner and process as all other SDCP rates.

VII. COST TRACKING AND RECOVERY

a. SDCP will develop the necessary accounting methods to track the costs of complying with the CEC's LMS requirements.
b. SDCP will seek recovery of these costs from all applicable sources including the CEC.

VIII. SDCP BOARD OF DIRECTORS AUTHORITY

a. Nothing in this plan overrides or supersedes the SDCP Board of Directors' sole authority as the governing and rate-making body of SDCP.
b. Nothing in this plan implies any jurisdictional authority of the CEC over SDCP's rates and rate programs.
c. As allowed by statute and in the CEC regulations the SDCP Board of Directors has the authority and is allowed to modify any deadline or make necessary program changes if implementation of the LMS requirements would:
    i. Impose extreme hardship on SDCP;
    ii. Reduce system reliability or efficiency; and/or
    iii. Not be technologically feasible or cost-effective.

SAN DIEGO COMMUNITY POWER
Staff Report – Item 18

To: San Diego Community Power Board of Directors

From: Byron Vosburg, Managing Director
Karlee Mink, Portfolio Manager

Via: Karin Burns, Chief Executive Officer

Subject: Approval and Authorization of CEO to enter into Renewables Portfolio Standard Energy Market Offer Confirmation Letter for purchase of long-term renewable energy from SDG&E

Date: May 25th, 2023

RECOMMENDATION
Approve and authorize CEO to enter into Renewables Portfolio Standard Energy Market Offer Confirmation Letter for purchase of long-term renewable energy from SDG&E

BACKGROUND
In 2021, the CPUC ordered California's IOUs to offer PCIA-paying LSEs voluntary allocations (VA) of PCIA-eligible renewable resources, and then sell any unallocated resources through an annual market offer (MO) process. SDCP and SDG&E foresaw this process and incorporated the VA mechanism into a long-term renewable contract, which confirmation agreement was approved by the Board at its August 2021 meeting and which allocation elections were approved by the Board in September 2022. Subsequent to the completion of the VA process and consistent with CPUC direction, the three IOUs released short-term and long-term MO solicitations.

Key factors to be considered regarding VAMO transactions:

- The primary value to SDCP of any long-term VA or MO volume is to satisfy regulatory compliance obligations.
    - SB350 requires all LSEs to buy at least 65% of their RPS requirements (~40% of all retail sales) from long-term contracts (10+ years)
    - Because there is no grace period between commencement of retail service and long-term contracting requirements – despite a two- to three-year development timeline for new resources to achieve commercial operations – SDCP will need to rely on significant purchases from existing resources to meet long-term obligations.
    - Failure to comply with RPS requirements results in a $50/MWh penalty

- SDCP’s compliance with long-term contracting requirements of SB350 is subject to the following uncertainty:
  - Long-term contracting requirements depend on customer participation rates across all enrolled communities
  - Potential delays in development of renewable energy resources currently under contract
  - Future “optimization” by IOUs of their PCIA-eligible portfolios of renewable resources (of which SDCP will be receiving a “slice”)
- VAMO purchases are a “slice” of a pre-defined subset of the IOU’s PCIA-eligible RPS portfolio, therefore SDCP does not have discretion over resource mix, portfolio management, or administration of IOU upstream renewable energy supply contracts

ANALYSIS AND DISCUSSION

SDCP participated in SDG&E’s long-term Market Offer solicitation and was awarded a slice of SDG&E’s “Long-term” portfolio, which is comprised of long-term, PCC1 bundled renewable energy.

Staff recommends that SDCP enter into the attached transaction with SDG&E as it presents an opportunity to meet near- and long-term renewable energy needs at fixed, competitive prices. SDG&E’s “Long-term” offering is made up entirely of CAISO-interconnected, bundled renewable energy and will immediately increase SDCP’s renewable energy content while enabling SDCP to continue longer-term procurement and development efforts that will result in construction of new renewable generation facilities throughout the term of this agreement. Relevant details regarding the contract are included below.

Contract Summary:

- Start Date: Upon approval by CPUC (expected in Q3/Q4 2023)
- End Date: Expiration of SDG&E’s relevant PCIA-eligible renewable energy supply contracts (expected in 2040)
- Structure: Index plus fixed-price renewable premium
- Price: Confidential
- Portfolio Slice “Election” Quantity: Confidential while SDG&E completes MO solicitation processes
- Estimated Annual Generation: Confidential. Varies by year, subject to intermittent resource generation, and declining over time as SDG&E’s relevant PCIA-eligible renewable energy contracts expire

COMMITTEE REVIEW

To be reviewed with SDCP Energy Contracts Working Group on May 23rd, 2023

FISCAL IMPACT

The pricing of this contract is confidential, but the price and structure of this agreement would result in both value and cost certainty to SDCP and its customers.

ATTACHMENTS

Attachment A: EEI MASTER POWER PURCHASE AND SALE AGREEMENT RENEWABLES PORTFOLIO STANDARD ENERGY MARKET OFFER CONFIRMATION LETTER BETWEEN SAN DIEGO GAS AND ELECTRIC COMPANY AND SAN DIEGO COMMUNITY POWER

MARKET OFFER SALES MODEL PPA
(BUNDLED PRODUCT)

LONG-TERM MARKET OFFER SALES
MODEL PPA (BUNDLED PRODUCT) CONFIRMATION
BETWEEN
SAN DIEGO GAS & ELECTRIC COMPANY
AND
[INSERT NAME]

This confirmation letter ("Confirmation") confirms the Market Offer transaction pursuant to Decision (D.)21-05-030 ("Transaction") between **San Diego Gas & Electric Company** ("Seller" or "SDG&E" "Party B") and _______________ ("Buyer" or "Party A"), each individually a "Party" and together the "Parties", effective as of _____________, (the "Confirmation Effective Date"). This Transaction is governed by the Master Power Purchase and Sale Agreement published by the Edison Electric Institute and the National Energy Marketers Association (version 2.1 dated 4/25/00) (the "EEI Agreement"), along with any amendments and annexes executed between the Parties thereto (the "Master Agreement"). The Master Agreement and this Confirmation shall be collectively referred to herein as the "Agreement." Capitalized terms used but not otherwise defined in this Confirmation have the meanings ascribed to them in the Master Agreement, Tariff or RPS (as defined below). If any term in this Confirmation conflicts with the Master Agreement, the definitions set forth in this Confirmation shall supersede. ***[Note: additional conforming changes may be required if this Transaction is governed by the EEI Agreement]***

CONTACT INFORMATION

Contact Information:	**Name: [INSERT]** ("Buyer")	**Name: San Diego Gas & Electric Company** ("Seller")
	All Notices: Attn: Phone: Facsimile: Duns: Federal Tax ID Number:	**All Notices:** San Diego Gas & Electric Company 8315 Century Park Court San Diego, CA Zip: 92123 Attn: Electric & Fuel Procurement Contract Administration Phone: (858) 650-5536 Facsimile: (858) 650-6190 Duns: 006911457 Federal Tax ID Number: 95-1184800
	Invoices:	**Invoices:** San Diego Gas & Electric Company 8315 Century Park Ct. San Diego, California 92123-1593 Attn: Energy Accounting Manager Phone: (858) 650-6177 Facsimile: (858) 650-6190
	Wire Transfer:	**Wire Transfer:** BNK: Union Bank of California for: San Diego Gas & Electric Company ABA: Routing # 122000496 ACCT: #4430000352 Confirmation: SDG&E, Major Markets FAX:(213) 244-8316

	Credit and Collections:	**Credit and Collections:** San Diego Gas & Electric Company, Energy Risk Management 8315 Century Park Court, CP21C San Diego, CA 92123-1593 Attn: Energy Risk Manager Telephone: (858) 654-6484 Facsimile: (858) 650-6190
	Defaults: With additional Notices of an Event of Default or Potential Event of Default to:	**Defaults:** With additional Notices of an Event of Default or Potential Event of Default to: San Diego Gas & Electric Company 8330 Century Park Ct. San Diego, California 92123 Attn: General Counsel Phone: (858) 650-6141 Facsimile: (858) 650-6106

ARTICLE 1. *C*OMMERCIAL TERMS

The Parties hereby agree that the General Terms and Conditions are incorporated herein, and to the following provisions as provided for in the General Terms and Conditions:

Product:	The "Product" is an As-Available Delivery Obligation of electric energy and associated Green Attributes in the Contract Quantity. During the Delivery Period, Seller shall deliver and sell, and Buyer shall purchase and receive, this Product, subject to the terms and conditions of this Confirmation. Seller shall not substitute or purchase any Green Attributes from any generating resource other than the Project for delivery hereunder.
Project:	All Product sold hereunder shall be from one or more of the facilities ***[for long-term allocations:*** with Long-Term Contracts***]***, each meeting the requirement of 6.1(a) and as listed in Exhibit A, as may be updated from time to time by written notice from Seller to Buyer (collectively, the "Project"). The Project from which Product is sold by Seller to Buyer shall: (a) that have a first point of interconnection with a California balancing authority, (b) have a first point of interconnection with distribution facilities used to serve end users within a California balancing authority area, or (c) are scheduled from the eligible renewable energy resource into a California balancing authority without substituting electricity from another source. The Parties acknowledge and agree that the Project consists of a pool of facilities and that Seller is permitted to utilize one or more of these pooled facilities in order to satisfy its obligations hereunder. The Parties further acknowledge and agree that, with respect to Section 3 of this Confirmation, Product shall solely be limited to the actual Product generated and delivered by the pooled facilities used to satisfy the Contract Quantity, and that Buyer is not entitled to any additional Product produced by the pooled facilities in the Project above and beyond the Contract Quantity. Seller may add a facility to, or remove a facility from, the list of facilities in <u>Exhibit A</u> from time to time by giving Buyer fifteen (15) Business Days prior written notice of any change. Seller may remove a facility from Exhibit A for the following reasons: (i) if

	Seller's power purchase agreement corresponding to the facility has been modified, terminated, or assigned to a third party, (ii) if the facility is no longer in Seller's PCIA-eligible portfolio due to an order or direction from a Governmental Authority, or (iii) if the facility is owned by Seller but ceases operation for Seller. Seller shall retain the sole and absolute discretion to modify, enforce, or terminate its power purchase agreements with the facilities listed in Exhibit A during the Delivery Period. Buyer shall not have any right to or discretion to request changes to the list of facilities in Exhibit A during the Delivery Period.
Contract Capacity	In any hour throughout the Delivery Term, the "Contract Capacity" shall be, in MW, as determined by Seller in accordance with the Contract Quantity section of this Confirmation.
Contract Quantity:	***[for As-Available deliveries:*** "Contract Quantity" shall be **[**a quantity up to **INSERT]**, unless excused pursuant to the definition of As-Available Delivery Obligation below. Seller in its sole discretion shall determine the hourly Contract Quantity during the Delivery Period.***]***
Contract Price:	Index Price plus Green Attributes Price
Index Price:	"Index Price" means the CAISO Integrated Forward Market Day-Ahead price (as such term is defined in the Tariff) for SP15 for each applicable hour as published by the CAISO on the CAISO website; or any successor thereto, unless a substitute publication and/or index is mutually agreed to by the Parties.
Green Attributes Price:	$**[XX.XX] /** MWh
Term:	The "Term" of this Transaction shall commence upon the Confirmation Effective Date and shall continue until delivery by Seller to Buyer of the Contract Quantity of the Product has been completed and all other obligations of the Parties under this Agreement have been satisfied, unless terminated earlier due to failure to satisfy the Condition Precedent or as otherwise provided in the Agreement.
Delivery Period:	The "Delivery Period" of this Transaction shall commence on ***[MM/DD/YYYY]*** (the "Start Date"), and continue until midnight on ***[For short-term: MM/DD/YYYY; For long-term:*** the date Seller no longer receives Product from any of the contracts in the Project, as such contracts are listed in Appendix A, unless this Agreement is terminated earlier in accordance with the terms of this Agreement***]***; provided that if CPUC Approval is not received by the Start Date above, then the Start Date shall be the first day of the month following the month in which the Condition Precedent Satisfaction Date occurs .
Delivery Point:	The "Delivery Point" is [insert].
As-Available Delivery Obligation:	***[for As-available deliveries:*** "As-Available Delivery Obligation" shall mean the obligation to provide the Contract Quantity is an as-available obligation in that Seller shall deliver the quantity of the Product from the Project, instantaneously with its receipt of such Product, consistent with the terms of this Confirmation. Seller's failure to deliver shall be excused, and Seller shall have no obligation to make up or replace any failure of the Facility to generate and deliver the quantity from the Project: if (i) the Project is unavailable as a result of a Scheduled or Forced Outage, (ii) by an event or circumstance that affects the Project so as to prevent Seller from performing its obligations, which event or circumstance was not anticipated as of the date the Transaction was agreed to, and which is not within the reasonable control of, or the

	result of the negligence of, the Seller, (iii) by Buyer's failure to perform, or (iv) by ***[SELECT APPLICABLE FUEL:*** [the unavailability of landfill gas which was not anticipated as of the Execution Date, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such landfill gas to the Project, and which by the exercise of reasonable due diligence, Seller is unable to overcome or avoid or causes to be avoided.] OR [insufficient wind power for the Project to generate energy as determined by the best wind speed and direction standards utilized by other wind producers or purchasers in the vicinity of the Project or if wind speeds exceed the Project's technical specifications.] OR [the unavailability of water or the unavailability of sufficient pressure required for operation of the hydroelectric turbine-generator as reasonably determined by Seller within its operating procedures, neither of which was anticipated as of the Execution Date, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such water to the Project, and which by the exercise of due diligence, such Seller or the party supplying the water is unable to overcome or avoid or causes to be avoided.] OR [insufficient solar power for the Project to generate energy as determined by the best solar standards utilized by other solar producers or purchasers in the vicinity of the Project] OR [a reduction or insufficiency of biomass that causes a reduction or cessation of generation of electric energy by the Project].***]***
Scheduling Obligations:	Seller, or a qualified third party designated by Seller, shall act as Scheduling Coordinator. Buyer hereby authorizes Seller, or its third-party Scheduling Coordinator designee, to deliver the Product, or cause the Product to be delivered, to the CAISO at the Delivery Point.
Condition Precedent:	The commencement of the Delivery Period in accordance with Section 3 below shall be contingent upon the Seller obtaining or waiving CPUC Approval of this Confirmation. Either Party has the right to terminate this Confirmation upon notice in accordance with Section Section 10.7 of the EEI***;*** Agreement, which will be effective five (5) Business Days after such notice is given, if: (i) the CPUC does not issue a final and non-appealable order approving this Agreement or the requested relief contained in the related advice letter filing, both in their entirety, (ii) the CPUC issues a final and non-appealable order which contains conditions or modifications unacceptable to either Party, or (iii) the final and non-appealable CPUC Approval has not been obtained by Seller, on or before ***[INSERT DEADLINE DATE]***. The date on which CPUC Approval of this Confirmation has been obtained or waived, by Seller, in its sole discretion, shall hereinafter be the "Condition Precedent Satisfaction Date." Any termination made by a Party under this section shall be without liability or obligation to the other Party. Notwithstanding any other provision in this Confirmation, Seller will have no obligation to transfer Green Attributes to Purchaser unless the Condition Precedent Satisfaction Date has occurred.

ARTICLE 2. DEFINITIONS

"Buyer" means "Purchaser".

"CAISO" means the California Independent System Operator.

"CAISO Energy" means "Energy" as defined in the Tariff.

"Renewables Portfolio Standard" or "RPS" means the renewable energy program and policies established by California State Senate Bills 1078, X1 - 2 and 350, codified in California Public Utilities Code Sections

399.11 through 399.32 and California Public Resources Code Sections 25740 through 25751, as such provisions are amended or supplemented from time to time.

“Condition Precedent Satisfaction Date” means the date on which CPUC Approval, as fully described in the “Condition Precedent” provision, has been obtained or waived, by Seller, in its sole discretion.

"CPUC" means the California Public Utilities Commission or its regulatory successor.

"CPUC Approval" means a final and non-appealable order of the CPUC, without conditions or modifications unacceptable to the Parties, or either of them, which approves this Agreement in its entirety, including payments to be made by the Buyer, subject to CPUC review of the Buyer's administration of the Agreement. CPUC Approval will be deemed to have occurred on the date that a CPUC decision containing such findings becomes final and non-appealable.

Notwithstanding the foregoing, if a Tier 2 or Tier 3 advice letter process is used to obtain CPUC Approval of this Agreement, CPUC Approval will also be deemed to have occurred on the date that a CPUC Energy Division disposition which contains such findings or deems approved an advice letter requesting such findings becomes final and non-appealable.

“Day-Ahead” has the meaning set forth in the Tariff.

“Delivery Period” means “Delivery Term”.

“Designated Contract Capacity” means the amount determined by Seller in accordance with the Scheduling Obligations section of this Confirmation.

“Governmental Authority” means any federal, state, local or municipal government, governmental department, commission, board, bureau, agency, or instrumentality, or any judicial, regulatory or administrative body, having jurisdiction as to the matter in question.

"Green Attributes" means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Project, and its avoided emission of pollutants. Green Attributes include but are not limited to Renewable Energy Credits, as well as:

(i) any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants;
(ii) any avoided emissions of carbon dioxide (CO2), methane (CH4), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth’s climate by trapping heat in the atmosphere;[1]
(iii) the reporting rights to these avoided emissions, such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser’s discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of Energy.

Green Attributes do not include;

(i) any energy, capacity, reliability or other power attributes from the Project,
(ii) production tax credits associated with the construction or operation of the Project and other financial incentives in the form of credits, reductions, or allowances associated with the Project that are applicable to a state or federal income taxation obligation,

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1 Avoided emissions may or may not have any value for GHG compliance purposes. Although avoided emissions are included in the list of Green Attributes, this inclusion does not create any right to use those avoided emissions to comply with any GHG regulatory program.

(iii) fuel-related subsidies or “tipping fees” that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits, or

(iv) emission reduction credits encumbered or used by the Project for compliance with local, state, or federal operating and/or air quality permits.

If the Project is a biomass or biogas facility and Seller receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Project. **[STC 2 – GREEN ATTRIBUTES, NON-MODIFIABLE]**

“Integrated Forward Market” has the meaning set forth in the Tariff.

[For Long-Term Market Offer: “Long-Term Contract” means any RPS power purchase and sale agreement pursuant to which Seller purchases renewable energy from a third party generator, which has at least ten (10) years remaining in its original delivery term as of the Start Date or, for facilities added to Exhibit A after the Start Date, as of the date when its generation facilities are added to Exhibit A from which Seller shall allocate Product to Buyer under this Agreement, and (iii) which otherwise meets Seller’s representations and warranties set forth in Article 6 of this Agreement.***]***

“Tariff” means the tariff and protocol provisions, including any current CAISO-published “Operating Procedures” and “Business Practice Manuals,” as amended or supplemented from time to time, of the CAISO.

“Vintage” means the calendar year and month during the Delivery Period in which the WREGIS Certificate is created through the generation of the Product.

"WREGIS" means the Western Renewable Energy Generation Information System or other process recognized under applicable laws for the registration, transfer or ownership of Green Attributes.

"WREGIS Certificate" means **"**Certificate**"** as defined by WREGIS in the WREGIS Operating Rules.

"WREGIS Operating Rules" means the operating rules and requirements adopted by WREGIS.

ARTICLE 3. CONVEYANCE OF RENEWABLE ENERGY

3.1. Seller’s Conveyance Of Electric Energy

Except as stated in this Section 3.1 and beginning on the first day of the Delivery Period and throughout all applicable months of the Delivery Period, Seller shall deliver and sell, and Buyer shall purchase and receive, the Product, subject to the terms and conditions of this Confirmation. Seller will not be obligated to sell or replace any Product that is not or cannot be delivered as a result of Uncontrollable Force.

Should any electric energy provided by Seller under this Confirmation be determined to have originated from a resource other than the Project, Seller shall remedy such failure in a manner reasonably acceptable to Buyer within a reasonable period of time after written notice of such failure is given to the Seller by the Buyer.

3.2. Seller’s Conveyance Of Green Attributes

(a) Green Attributes. Seller hereby provides and conveys all Green Attributes associated with all electricity generation from the Project to Buyer as part of the Product being delivered. Seller represents and warrants that Seller holds the rights to all Green Attributes from the Project, and Seller agrees to convey and hereby conveys all such Green Attributes to Buyer as included in the delivery of the Product from the Project. The Green Attributes are delivered and conveyed upon completion of all actions described in Section 3.2(b) below.

(b) Green Attributes Initially Credited to Seller’s WREGIS Account

(i) During the Delivery Period, Seller, at its own cost and expense, shall maintain its registration with WREGIS. All Green Attributes transferred by Seller hereunder shall be designated California RPS-compliant with WREGIS. Seller shall, at its sole expense, use WREGIS as required pursuant to the WREGIS Operating Rules to effectuate the transfer of Green Attributes to Buyer in accordance with WREGIS reporting protocols and WREGIS Operating Rules.

(ii) For each applicable month of the Delivery Period, Seller shall deliver and convey the Green Attributes associated with the electric energy delivered in Section 3.1 within five (5) Business Days after the end of the month in which the WREGIS Certificates for the Green Attributes are created by properly transferring such WREGIS Certificates, in accordance with the rules and regulations of WREGIS, equivalent to the quantity of Green Attributes to Purchaser into Purchaser's WREGIS account such that all right, title and interest in and to the WREGIS Certificates shall transfer from Seller to Purchaser.

(iii) In addition to its other obligations under this Section 3.2, Seller shall convey to Buyer WREGIS Certificates from the Project that are of the same Vintage as the Product that was provided under Section 3.1 of this Confirmation.

ARTICLE 4. PERFORMANCE ASSURANCE; CPUC FILING AND APPROVAL

4.1. Performance Assurance [SDG&E CREDIT DEPARTMENT TO EVALUATE BASED ON COUNTERPARTY]

(a) To secure its obligations under this Agreement, Buyer agrees to deliver to Seller and maintain in full force and effect Performance Assurance in the amount of **$[INSERT AMOUNT]** in the form of cash or a Letter of Credit from the Execution Date and for the Delivery Term of this Agreement.

(b) Buyer hereby grants to Seller a present and continuing first priority security interest in, and lien on (and right of setoff against), and assignment of, all cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, Seller, and each Party agrees to take such action as the other Party reasonably requires in order to perfect the Seller's first-priority security interest in, and lien on (and right of setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or any time after the occurrence and during the continuation of an Event of Default by Seller or an Early Termination Date as a result thereof, Seller may do any one or more of the following: (i) exercise any of the rights and remedies of a secured party with respect to all Performance Assurance, including any such rights and remedies under Law then in effect; (ii) exercise its rights of setoff against such collateral and any and all proceeds resulting therefrom or from the liquidation thereof; (iii) draw on any outstanding Letter of Credit issued for its benefit; and (iv) liquidate all or any portion of any Performance Assurance then held by or for the benefit of Seller free from any claim or right of any nature whatsoever of Buyer, including any equity or right of purchase or redemption by Buyer. Seller shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce the Buyer's obligations under the Agreement (Buyer remaining liable for any amounts owing to Seller after such application), subject to Seller's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

(c) Upon an Event of Default of Buyer prior to CPUC Approval, Seller may terminate this Agreement in which case Buyer shall owe Seller liquidated damages in the amount of the Performance Assurance and Seller may retain such Performance Assurances to pay such liquidated damages. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to an Event of Default of Buyer prior to CPUC Approval would be difficult or impossible to predict with certainty, (b) the liquidated damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the liquidated damages set forth in this section are the exclusive remedy for an Event of Default of Seller prior to CPUC Approval.

(d) [NOTE ADDITIONAL CREDIT TERMS TO BE INSERTED DEPENDING ON LENGTH OF

TERM, ETC.]

4.2. CPUC Filing and Approval

Within ***[INSERT]*** days after the Confirmation Effective Date, Seller shall file with the CPUC the appropriate request for CPUC Approval of this Agreement and possibly other agreements. Seller shall seek CPUC Approval of the filing, including promptly responding to any requests for information related to the request for CPUC Approval. Buyer shall use commercially reasonable efforts to support Seller in obtaining CPUC Approval. Seller and Buyer have no obligation to seek rehearing or to appeal a CPUC decision which fails to approve this Agreement, or which fails to meet the requirements contained in the Condition Precedent section. Notwithstanding anything to the contrary in the Confirmation, Seller shall not have any obligation or liability to Buyer or any third party for any action or inaction of the CPUC or other Governmental Authority affecting the approval or status of this Confirmation as a transaction eligible for portfolio content category, as defined in California Public Utilities Code Section 399.16(b)(1).

ARTICLE 5. COMPENSATION

5.1. Calculation Period

The “Calculation Period” shall be each calendar month, or portion thereof, during the Delivery Period.

5.2. Monthly Cash Settlement Amount

Purchaser shall pay Seller the Monthly Cash Settlement Amount, in arrears, for each Calculation Period in the amount equal to the sum (a) plus (b) minus (c), where:

(a) equals the sum, over all hours of the Calculation Period, of the applicable Index Price for each hour, multiplied by the quantity of CAISO Energy scheduled, delivered and received by Purchaser pursuant to Section 3.1 during that hour; and

(b) equals the product of the Green Attributes Price multiplied by the quantity of Green Attributes (in MWhs) delivered or credited to Purchaser’s WREGIS account pursuant to Section 3.2 during the applicable Calculation Period; and

(c) equals the sum, over all hours of the Calculation Period, of the applicable Index Price for each hour, multiplied by the quantity of CAISO Energy scheduled, delivered and received by Purchaser pursuant to Section 3.1 during that hour.

5.3. Payment Date

Notwithstanding any provision to the contrary in Section 9.2 of the Master Agreement, payments of each Monthly Cash Settlement Amount by Purchaser to Seller under this Confirmation shall be due and payable on or before the later of the twentieth (20^{th}) day of the month in which the Purchaser receives from Seller an invoice for the Calculation Period to which the Monthly Cash Settlement Amount pertains, or within ten (10) Business Days, or, if such day is not a Business Day, then on the next Business Day, following receipt of an invoice issued by Seller for the applicable Calculation Period. The invoice shall include a statement detailing the portion of Product transferred to Purchaser during the applicable Calculation Period.

Invoices to Buyer will be sent by Excel/PDF format via email to Buyer’s Invoice Contact set forth above in Contact Information, and for purposes of this Confirmation, Buyer shall be deemed to have received an invoice upon the receipt of the Excel/PDF format of the invoice. Payment to Seller shall be made by electronic funds transfer pursuant to the Wire Transfer instructions set forth above in Contract Information.

ARTICLE 6. SELLER’S REPRESENTATIONS, WARRANTIES AND COVENANTS

(a) Seller, and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement that:

(i) the Project qualifies and is certified by the CEC as an Eligible Renewable Energy Resource ("ERR") as such term is defined in Public Utilities Code Section 399.12 or Section 399.16; and

(ii) the Project's output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law. **[STC 6, NON-MODIFIABLE]**

(iii) Seller and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement the Renewable Energy Credits transferred to Buyer conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent decision of the California Public Utilities Commission or by subsequent legislation. **[STC REC-1, NON-MODIFIABLE]**

To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law.

The term “commercially reasonable efforts” as set forth in Sections 6.1 (a) and (b) above shall not require Seller to incur out-of-pocket expenses in excess of **$[INSERT]** in the aggregate in any one calendar year between the Confirmation Effective Date and the last day of the Term.

(c) Seller warrants that all necessary steps to allow the Renewable Energy Credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under the contract. **[STC REC-2, NON-MODIFIABLE]**

For the avoidance of doubt, the term “contract” as used in the immediately preceding paragraph means this Agreement.

(d) In addition to the foregoing, Seller warrants, represents and covenants, as of the Confirmation Effective Date and throughout the Delivery Period, that:

(i) Seller has the contractual rights to sell all right, title, and interest in the Product agreed to be delivered hereunder;

(ii) Seller has not sold the Product to be delivered under this Confirmation to any other person or entity; and

(iii) at the time of delivery, all rights, title, and interest in the Product to be delivered under this Confirmation are free and clear of all liens, taxes, claims, security interests, or other encumbrances of any kind whatsoever.

(iv) The original upstream third party contract(s), under which Buyer is re-selling, meets the criteria of California Public Utilities Code Section 399.16(b)(1)(A);

(v) This Agreement transfers only Energy and Green Attributes that have not yet been generated prior to the commencement of the Delivery Period; and

(vi) The Energy transferred hereunder is transferred to Buyer in real time.

ARTICLE 7. GENERAL PROVISIONS

7.1. Facility Identification

Upon Buyer's reasonable request, within ten (10) Business Days after the end of each month during the Delivery Period, Seller shall provide indicative identification, based on preliminary meter data, of the facility(s) from the pooled facility that the Product was delivered from for that month.

7.2. Governing Law

THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. TO THE EXTENT ENFORCEABLE AT SUCH TIME, EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT. **[STC 17 – APPLICABLE LAW, NON-MODIFIABLE]**

7.3. Dispute Resolution

(a) Intent of the Parties. Except as provided in the next sentence, the sole procedure to resolve any claim arising out of or relating to this Agreement or any related agreement is the dispute resolution procedure set forth in this Section 7.3. Either Party may seek a preliminary injunction or other provisional judicial remedy if such action is necessary to prevent irreparable harm or preserve the status quo, in which case both Parties nonetheless will continue to pursue resolution of the dispute by means of the dispute resolution procedure set forth in this Section 7.3.

(b) Management Negotiations.

(i) The Parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement or any related agreements by prompt negotiations between each Party's authorized representative designated in writing as a representative of the Party (each a "Manager"). Either Manager may, by Notice to the other Party, request a meeting to initiate negotiations to be held within ten (10) Business Days of the other Party's receipt of such request, at a mutually agreed time and place (either in person or telephonically). If the matter is not resolved within fifteen (15) Business Days of their first meeting ("Initial Negotiation End Date"), the Managers shall refer the matter to the designated senior officers of their respective companies that have authority to settle the dispute ("Executive(s)"). Within five (5) Business Days of the Initial Negotiation End Date ("Referral Date"), each Party shall provide one another Notice confirming the referral and identifying the name and title of the Executive who will represent the Party.

(ii) Within five (5) Business Days of the Referral Date, the Executives shall establish a mutually acceptable location and date, which date shall not be greater than thirty (30) days from the Referral Date, to meet. After the initial meeting date, the Executives shall meet, as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute.

(iii) All communication and writing exchanged between the Parties in connection with these negotiations shall be confidential and shall not be used or referred to in any subsequent binding adjudicatory process between the Parties.

(iv) If the matter is not resolved within forty-five (45) days of the Referral Date, or if the Party receiving the Notice to meet, pursuant to Section 7.3(a) above, refuses or does not meet within the ten (10) Business Day period specified in Section 7.3(a) above, either Party may initiate arbitration of the controversy or claim by providing Notice of a demand for binding arbitration at any time thereafter.

(c) Arbitration. Any dispute that cannot be resolved by management negotiations as set forth in Section 7.3(b) above shall be resolved through binding arbitration by a retired judge or justice from the

AAA panel conducted in San Diego, California, administered by and in accordance with AAA's Commercial Arbitration Rules ("Arbitration").

(i) Any arbitrator shall have no affiliation with, financial or other interest in, or prior employment with either Party and shall be knowledgeable in the field of the dispute. The Parties shall cooperate with one another in selecting the arbitrator within sixty (60) days after Notice of the demand for arbitration. If, notwithstanding their good faith efforts, the Parties are unable to agree upon a mutually-acceptable arbitrator, the arbitrator shall be appointed as provided for in AAA's Commercial Arbitration Rules.

(ii) At the request of a Party, the arbitrator shall have the discretion to order depositions of witnesses to the extent the arbitrator deems such discovery relevant and appropriate. Depositions shall be limited to a maximum of three (3) per Party and shall be held within thirty (30) days of the making of a request. Additional depositions may be scheduled only with the permission of the arbitrator, and for good cause shown. Each deposition shall be limited to a maximum of six (6) hours duration unless otherwise permitted by the arbitrator for good cause shown. All objections are reserved for the Arbitration hearing except for objections based on privilege and proprietary and confidential information. The arbitrator shall also have discretion to order the Parties to exchange relevant documents. The arbitrator shall also have discretion to order the Parties to answer interrogatories, upon good cause shown.

(iii) The arbitrator shall have no authority to award punitive or exemplary damages or any other damages other than direct and actual damages and the other remedies contemplated by this Agreement.

(iv) The arbitrator shall prepare in writing and provide to the Parties an award including factual findings and the reasons on which their decision is based.

(v) The arbitrator's award shall be made within nine (9) months of the filing of the Notice of intention to arbitrate (demand) and the arbitrator shall agree to comply with this schedule before accepting appointment. However, this time limit may be extended by agreement of the Parties or by the arbitrator, if necessary.

(vi) Judgment on the award may be entered in any court having jurisdiction.

(vii) The prevailing Party in this dispute resolution process is entitled to recover its costs. Until such award is made, however, the Parties shall share equally in paying the costs of the Arbitration.

(viii) The arbitrator shall have the authority to grant dispositive motions prior to the commencement of or following the completion of discovery if the arbitrator concludes that there is no material issue of fact pending before the arbitrator.

(ix) The arbitrator shall not have the power to commit errors of law or legal reasoning, and the award may be vacated or corrected on appeal to a court of competent jurisdiction for any such error.

(x) The existence, content, and results of any Arbitration hereunder is Confidential Information that is subject to the provisions of Section 7.5, below.

7.4. SOVEREIGN IMMUNITY

For purposes of this Confirmation only, the Master Agreement is amended by adding the following new provision: "Purchaser hereby waives sovereign immunity with regard to disputes relating to this Confirmation."

7.5. Confidentiality Amendment to the EEI Agreement.

Changes to the EEI Agreement shall apply to this Confirmation only. For purposes of this Confirmation, Section 10.11***;*** (Confidentiality) of the EEI Agreement is deleted in its entirety and replaced with the following:

EEI: 10.11(a) Neither Party shall disclose the non-public terms or conditions of this Agreement or any transaction hereunder to a third party, other than (i) the Party's Affiliates and its and their officers, directors, employees, lenders, counsel, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential, (ii) for disclosure to the Buyer's Procurement Review Group, as defined in CPUC Decision (D) 02-08-071, subject to a confidentiality agreement, (iii) to the CPUC under seal for purposes of review, (iv) disclosure of terms specified in and pursuant to Section 10.11(b of this Agreement; (v) in order to comply with any applicable law, regulation, including, but not limited to, the California Public Records Act and/or the California Ralph M Brown Act, or any exchange, control area or CAISO rule, or order issued by a court or entity with competent jurisdiction over the disclosing Party ("Disclosing Party"), other than to those entities set forth in subsection (vi); or (vi) in order to comply with any applicable regulation, rule, or order of the CPUC, CEC, or the Federal Energy Regulatory Commission. In connection with requests made pursuant to clause (v) of this Section 10.11(a)***;*** ("Disclosure Order") each Party shall, to the extent practicable, use reasonable efforts within its sole and absolute discretion to pursue rights under such applicable laws, regulations, rules or orders which allow for the prevention or limitation of such disclosure. The Disclosure Party's determination of what efforts might be reasonable shall not be subject to challenge by the other Party. After using such reasonable efforts, the Disclosing Party shall not be: (i) prohibited from complying with a Disclosure Order or (ii) liable to the other Party for monetary or other damages incurred in connection with the disclosure of the confidential information. Except as provided in the preceding sentence, the Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation.

(b) RPS Confidentiality. Notwithstanding Section 10.11(a) of this Agreement, at any time on or after the date on which the Seller makes its filing seeking CPUC Approval for this Agreement, either Party shall be permitted to disclose the following terms with respect to this Agreement: Party names, resource type, Delivery Term, project location, Contract Capacity, Contract Quantity, and Delivery Point.

(c) Publicity. Except as otherwise agreed to in this Section 10.11 above, no announcement, publicity, advertising, press release, promotional or marketing materials regarding the arrangement contemplated under this Agreement, including the existence hereof, shall be made by either Party without the prior written approval of the other Party which approval shall not be unreasonably withheld or delayed." Notwithstanding the foregoing, the Parties understand acknowledge and agree that Buyer is a California Public Agency and that certain actions and documents of Buyer are subject to public notice and/or disclosure under applicable laws and regulations, including, but not limited to, the California Public Records Act and/or the California Ralph M. Brown Act, and that Buyer is not obligated to seek prior approval of Seller when Buyer is complying, in its sole and absolute discretion, with such laws and regulations.

ACKNOWLEDGED AND AGREED TO AS OF THE CONFIRMATION EFFECTIVE DATE:

SAN DIEGO GAS & ELECTRIC COMPANY	**[INSERT NAME OF PURCHASER]**
BY:______________________________	BY:______________________________
NAME:	NAME:
TITLE:	TITLE:

______ APPROVED AS TO LEGAL FORM

EXHIBIT A

TO THE CONFIRMATION BETWEEN ________________AND SAN DIEGO GAS & ELECTRIC COMPANY

DATED: __________________

PROJECT FACILITY(IES)

Name of Facility	TECH-NOLOGY	START DATE	TERM (YRS)	CAPACITY (MW)	RESOURCE ID	CEC RPS ID	WREGIS GU ID	EIA ID	LOCATION	BALANCING AUTHORITY

EXHIBIT B

FORM OF LETTER OF CREDIT

[DATE]

To: San Diego Gas & Electric Company
555 W. Fifth Street
Mail Code: ML 18A3
Los Angeles, CA 90013

Re: Our Irrevocable Standby Letter of Credit No._____
In the Amount of US_____________

Ladies and Gentlemen:

We hereby open our irrevocable standby Letter of Credit Number ______ in favor of [name of Beneficiary] (“Beneficiary”), by order and for account of [name of Applicant] (“Applicant”), [address of Applicant], available at sight upon demand at our counters, at [location] for an amount of US$ _____________ [amount spelled out and xx/100 U.S. Dollars] against presentation one of the following documents:

1. Statement signed by a person purported to be an authorized representative of Beneficiary stating that: “[name of Applicant] (“Applicant”) is in default under the WSPP Agreement and Confirmation between Beneficiary and Applicant dated _________________ or under any transaction contemplated thereby (whether by failure to perform or pay any obligation thereunder or by occurrence of a “default”, “event of default” or similar term as defined in such agreement, any other agreement between Beneficiary and Applicant, or otherwise). The amount due to Beneficiary is U.S. $__________.”

or,

2. Statement signed by a person purported to be an authorized representative of Beneficiary stating that: “as of the close of business on [insert date, which is less than 60 days prior to the expiration date of the Letter of Credit] you have provided written notice to us indicating your election not to permit extension of this Letter of Credit beyond its current expiry date. The amount due to Beneficiary, whether or not a default has occurred, is U.S. $__________.”

Special Conditions:

- All costs and banking charges pertaining to this Letter of Credit are for the account of Applicant.

- Partial and multiple drawings are permitted.

- Fax of Document 1 or 2 above is acceptable. Notwithstanding anything to the contrary herein, any drawing hereunder may be requested by transmitting the requisite documents as described above to us by facsimile at ______________ or such other number as specified from time to time by us. The facsimile transmittal shall be deemed delivered when received. It is understood that drawings made by facsimile transmittal are deemed to be the operative instrument without the need of originally signed documents.

This Letter of Credit expires on _____________ at our counters.

We hereby engage with Beneficiary that upon presentation of a document as specified under and in compliance with the terms of this Letter of Credit, this Letter of Credit will be duly honored in the amount stated in Document 1, or 2 above. If a document is so presented by 1:00 pm on any New York banking day, we will honor the same in full in immediately available New York funds on that day and, if so presented after 1:00 pm on a New York banking day, we will honor the same in full in immediately available New York funds by noon on the following New York banking day.

It is a condition of this Letter of Credit that it shall be deemed automatically extended without an amendment for a one-year period beginning on the present expiry date hereof and upon each anniversary of such date, unless at least ninety (90) days prior to any such expiry date we have sent you written notice by regular and registered mail or courier service that we elect not to permit this Letter of Credit to be so extended beyond, and will expire on its then current expiry date. No presentation made under this Letter of Credit after such expiry date will be honored.

We agree that if this Letter of Credit would otherwise expire during, or within 30 days after, an interruption of our business caused by an act of god, riot, civil commotion, insurrection, act of terrorism, war or any other cause beyond our control or by any strike or lockout, then this Letter of Credit shall expire on the 30th day following the day on which we resume our business after the cause of such interruption has been removed or eliminated and any drawing on this Letter of Credit which could properly have been made but for such interruption shall be permitted during such extended period.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 Revision) International Chamber of Commerce, Publication No. 600 (“UCP”), except to the extent that the terms hereof are inconsistent with the provisions of the UCP, including but not limited to Articles 14(b) and 36 of the UCP, in which case the terms of this Letter of Credit shall govern. Matters not covered by the UCP shall be governed and construed in accordance with the laws of the State of California.

[Name of Bank]

____

Authorized Signature(s)

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 (Statue 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.