



## **AGENDA**

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

April 27, 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](mailto: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 October 27, 2022 Meeting Minutes**
- 2. Receive and File Treasurer's Report for Period Ending February 28, 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. Approval of Third Amendment to Information Technology (IT) Agreement with Brentech Inc. for up to \$77,380 for Computer-Related and Information Technology (IT) Related Services and Technical Labor Services to SDCP through June 30, 2024**
- 9. Approval of Professional Services Agreement with The Energy Coalition up to \$350,000 for Consulting Services to support the formation of a Regional Energy Network through December 31, 2024**

### **Regular Agenda**

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

#### **10. Approval of Debt Policy**

Recommendation: Approve Debt Policy

#### **11. Quarterly Report for the Community Advisory Committee**

Recommendation: Receive and File Quarterly Report for the Community Advisory Committee

#### **12. Approval of Community Advisory Committee (CAC) Appointment for County of San Diego**

Recommendation: Approve the Community Advisory Committee (CAC) Appointment for County of San Diego.

#### **13. Approve Market Offer Confirmation Letter for Purchase of Long-Term Market Offer RPS Energy from PG&E and authorize CEO to execute the agreement**

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

### **Reports by Chief Executive Officer and General Counsel**

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

### **Director Comments**

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

### **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](mailto: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](mailto: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](mailto: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**

October 27, 2022

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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 11 which was heard prior to Item 10, and Items 8, 9, and 12 were withdrawn from the agenda.

**WELCOME**

**CALL TO ORDER**

Chair Mosca (Encinitas) called the SDCP Board of Directors meeting to order at 5:13 p.m.

**ROLL CALL**

**PRESENT:** Chair Mosca (Encinitas), Alternate Director Humora (La Mesa), Director Sotelo-Solis (National City) (arrived at 5:20 p.m.), Director LaCava (City of San Diego), and Director Lawson-Remer (County of San Diego)

**ABSENT:** Chula Vista and Imperial Beach

*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:

Samantha Gunzl, Data Engineer  
Andrea Torres, Senior Portfolio Manager, Power Services  
Asikey Kanu, Portfolio Manager, Power Services  
Christopher Do, Financial Analyst

## **REPORT FROM CLOSED SESSION (IF HELD)**

General Counsel Baron announced there were no reportable actions.

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

Item 12 was deleted from the agenda prior to the meeting.

Chair Mosca (Encinitas) withdrew Item 8 from the agenda and stated it would be moved to the November SDCP Board of Directors meeting.

Chair Mosca (Encinitas) announced that Item 11 would be considered prior to Item 9.

Staff withdrew Item 9 from the agenda and stated it would be moved to the November SDCP Board of Directors meeting.

## **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. Approval of March 4, 2022, July 28, 2022, August 25, 2022 Meeting Minutes**

Approved.

### **3. Approval of Amended Community Advisory Committee (CAC) Operating Guidelines**

Approved.

#### **4. Receive and File Treasurer's Report for Period Ending August 31, 2022**

Approved.

#### **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.

ACTION: Motioned by Alternate Director Humora (La Mesa) and seconded by Director LaCava (City of San Diego) to approve Consent Calendar Items 1 through 7. The motion carried by the following vote:

Vote: 4-0

Yes: Chair Mosca (Encinitas), Alternate Director Humora (La Mesa), Director LaCava (City of San Diego), and Director Lawson-Remer (County of San Diego)  
No: None  
Abstained: None  
Absent: Chula Vista, Imperial Beach, and National City

#### **ITEMS REMOVED FROM THE CONSENT CALENDAR**

There were no items removed from the Consent Calendar.

#### **REGULAR AGENDA**

#### **8. Approval of the Chief Executive Officer (CEO) Contract Amendment**

This Item was withdrawn from the agenda and moved to the November 17, 2022, SDCP Board of Directors meeting.

#### **9. Receive and File June 30, 2022 Fiscal Year-end Audited Financial Statement**

Brett Bradford, Pisenti and Brinker, made brief remarks regarding the results of the current year audit that was in process and provided an update on the status of the final audit report.

This Item was withdrawn from the agenda and moved to the November 17, 2022, SDCP Board of Directors meeting.

## **10. Update on the Community Advisory Committee (CAC) Quarterly Report**

Public Outreach Associate Abrenica provided an update on the CAC's proceedings, efforts, and accomplishments for quarter ending September 30, 2022.

Following Board questions and comments, no action was taken.

## **11. Approval of the Integrated Resource Plan (IRP)**

Senior Regulatory Analyst Gunther and Managing Director Power Services Vosburg provided an overview of the IRP, highlighting the filing requirements, process, and conforming portfolios, and SDCP's 2022 IRP details and objectives.

Director Sotelo-Solis joined the meeting.

**ACTION:** Motioned by Director Sotelo-Solis (National City) and seconded by Alternate Director Humora (La Mesa) to approve the Integrated Resource Plan. The motion carried by the following vote:

**Vote:** 5-0

Yes: Chair Mosca (Encinitas), Alternate Director Humora (La Mesa), Director Sotelo-Solis (National City), Director LaCava (City of San Diego), and Director Lawson-Remer (County of San Diego)

No: None

Abstained: None

Absent: Chula Vista and Imperial Beach

## **12. Update on the California Public Utilities Commission (CPUC) Election to Administer Energy Efficient Programs**

This Item was deleted from the agenda prior to the meeting.

## **DIRECTOR INITIATED ITEMS**

There were no Director initiated items.

## **REPORTS BY CHIEF EXECUTIVE OFFICER AND GENERAL COUNSEL**

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

General Counsel Baron reported on Assembly Bill (AB) 361 and AB 2449.

## **DIRECTOR COMMENTS**

There were no Director comments.



## **ADJOURNMENT**

Chair Mosca (Encinitas) adjourned the meeting at 5:45 p.m.

Megan Wiegelman, CMC  
City Clerk, City of La Mesa



## SAN DIEGO COMMUNITY POWER Staff Report – Item 2

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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 02/28/23

Date: April 27, 2023

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### 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 February 28, 2023, along with budgetary comparisons.

February financial results reflect significant adjustments from the following SDCP Board of Directors (Board) approved actions:

- Approval of new 2023 Rates on January 23, 2023, and effective February 1, 2023 which will increase SDCP reserves and ensure SDCP's financial health.
- Approval of JP Morgan Credit Facility on January 23, 2023, which increased SDCP's line of credit to \$150 million and ensures that SDCP can fiscally respond to regulatory and financial risks.
- Approval of SDCP Budget Amendment on February 23, 2023, that reflects updated revenue and expenses.

Also included in this report are some of the monthly metrics provided to the SDCP Board in the monthly Update on Back-Office Operations report. Moving forward, as part of the Treasurer's Report, certain key metrics related to risk will be presented during Financial and Risk Management Committee (FRMC) meetings.

### ANALYSIS AND DISCUSSION

Actual financial results for the period ended 02/28/23: \$553.79 million in net operating revenues were reported compared to \$558.93 million budgeted for the period. \$529.81 million in total expenses were reported (including \$513.53 million in energy costs)

compared to \$562.58 million budgeted for the period (including \$540.67 million budgeted for energy costs). After expenses, SDCP's change in net position of \$23.98 million was reported for year-to-date as of 2/28/23. The following is a summary of the actual results compared to the year-to-date Fiscal Year 2023 Budget.

Table 1: Budget Comparison Versus Actual Results

Budget Comparison					
	YTD FY23 as of 02/28/23 (8 mos)	FY23 YTD Budget	Budget Variance (\$)	Budget (%)	
Net Operating Revenues	\$ 553,791,653	\$ 558,931,078	\$ (5,139,425)	99%	
Total Expenses	\$ 529,808,952	\$ 562,578,606	\$ (32,769,654)	94%	
<b>Change in Net Position</b>	<b>\$ 23,982,701</b>	<b>\$ (3,647,528)</b>	<b>\$ 27,630,229</b>	<b>-658%</b>	

- Net operating revenues finished \$5.14 million (or 1 percentage point) under the budget primarily due to remittances coming lower than expected for February.
- Operating expenses finished \$32.77 million (or 6.0 percentage points) under the budget primarily due to credits received from the California Independent Systems Operator (CAISO) during January 2023.

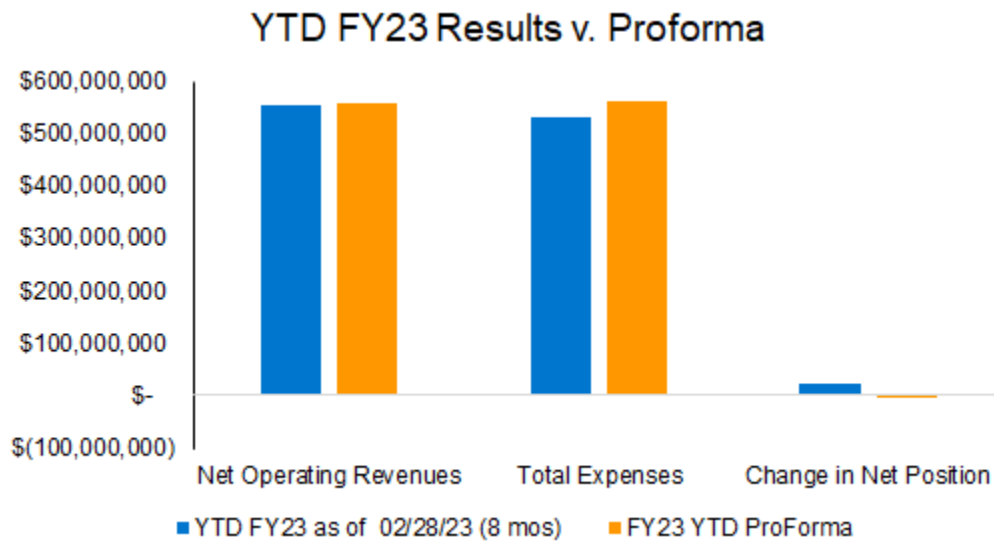
Financial results for the period performed over the projections presented in the year-to-date proforma. SDCP's change in net position exceeded the proforma primarily due to CAISO related credits as earlier referenced.

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

Table 2: Proforma Comparison Versus Actual Results

Proforma Comparison					
	YTD FY23 as of 02/28/23 (8 mos)	FY23 YTD ProForma	ProForma Variance (\$)	Proforma (%)	
Net Operating Revenues	\$ 553,791,653	\$ 558,931,078	\$ (5,139,425)	-1%	
Total Expenses	\$ 529,808,952	\$ 560,238,664	\$ (30,429,712)	-5%	
<b>Change in Net Position</b>	<b>\$ 23,982,701</b>	<b>\$ (1,307,586)</b>	<b>\$ 25,290,287</b>	<b>-1934%</b>	

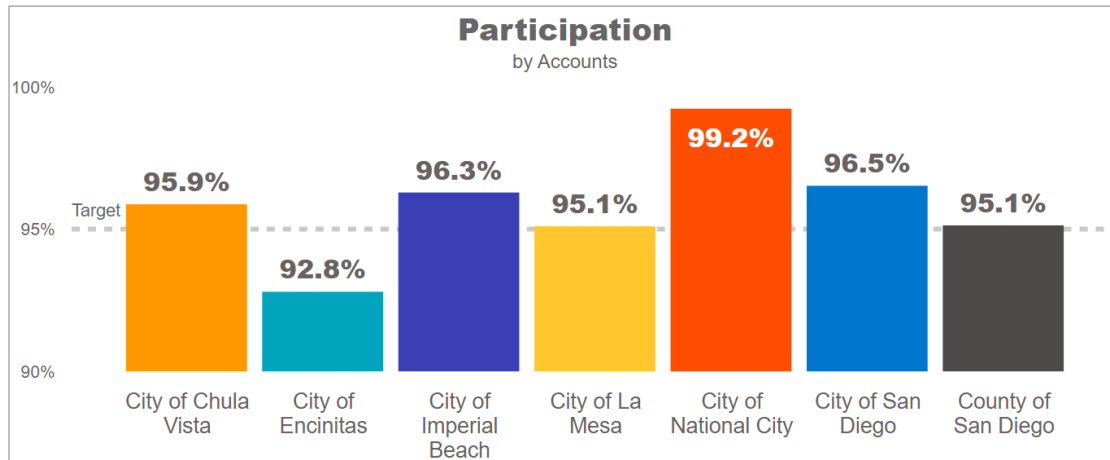
Figure 1: Proforma versus Actual Results



For the period ending 02/28/23, SDCP contributed \$23,982,701 to its reserves but was expecting to lose \$3,647,528 per the FY 2022-23 amended budget. Total SDCP reserves at the end of the period were \$64,513,653 and total available liquidity (including lines of credit) was \$190,783,653. SDCP has a total FY 2022-23 year-end reserve target of \$171,276,631, which is equivalent to 90-days of total operating expenses.

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

## Participation by Jurisdiction



Jurisdiction	Active	Eligible	Opt Outs	Participation
City of Chula Vista	92,845	96,605	3,987	95.9%
City of Encinitas	26,444	28,370	2,043	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	21,410	96.5%
County of San Diego	0	144,027	7,013	95.1%
<b>Total</b>	<b>753,103</b>	<b>943,250</b>	<b>36,431</b>	<b>95.8%</b>

### COMMITTEE REVIEW

The report was reviewed by the Finance and Risk Management Committee (FRMC) on April 13, 2023.

### FISCAL IMPACT

N/A

### ATTACHMENTS

Attachment A: 2023 Year-to-Date Period Ended 02/28/23 Financial Statements



## ACCOUNTANTS' COMPILATION REPORT

Management  
San Diego Community Power

Management is responsible for the accompanying financial statements of San Diego Community Power (a California Joint Powers Authority) which comprise the statement of net position as of February 28, 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  
March 24, 2023

**SAN DIEGO COMMUNITY POWER**  
**STATEMENT OF NET POSITION**  
**As of February 28, 2023**

**ASSETS**

Current assets	
Cash and cash equivalents	\$ 38,515,164
Accounts receivable, net of allowance	71,296,256
Accrued revenue	45,655,933
Prepaid expenses	4,586,581
Deposits	10,067,109
Total current assets	<u>170,121,043</u>
Noncurrent assets	
Restricted cash	2,147,000
Deposits	4,005,000
Total noncurrent assets	<u>6,152,000</u>
Total assets	<u>176,273,043</u>

**LIABILITIES**

Current liabilities	
Accrued cost of electricity	81,536,756
Accounts payable	432,805
Other accrued liabilities	2,541,461
State surcharges payable	325,427
Security deposits	614,873
Interest payable	63,557
Total current liabilities	<u>85,514,879</u>
Noncurrent liabilities	
Loan to member government	514,511
Bank note payable	23,730,000
Total noncurrent liabilities	<u>24,244,511</u>
Total liabilities	<u>109,759,390</u>

**NET POSITION**

Restricted for collateral	2,000,000
Unrestricted	64,513,653
Total net position	<u>\$ 66,513,653</u>

**SAN DIEGO COMMUNITY POWER**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**Eight Months Ended February 28, 2023**

**OPERATING REVENUES**

Electricity sales, net	\$ 553,791,653
Total operating revenues	<u>553,791,653</u>

**OPERATING EXPENSES**

Cost of energy	513,530,177
Contract services	9,755,809
Staff compensation	4,085,641
Other operating expenses	1,740,711
Total operating expenses	<u>529,112,338</u>
Operating income (loss)	<u>24,679,315</u>

**NON-OPERATING REVENUES (EXPENSES)**

Investment income	269,296
Interest and financing expense	<u>(965,910)</u>
Nonoperating revenues (expenses)	<u>(696,614)</u>

**CHANGE IN NET POSITION**

	23,982,701
Net position at beginning of period	<u>42,530,952</u>
Net position at end of period	<u><u>\$ 66,513,653</u></u>



**SAN DIEGO COMMUNITY POWER**  
**STATEMENT OF CASH FLOWS**  
**Eight Months Ended February 28, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 535,553,259
Receipt of security deposits	53,381,328
Other operating receipts	10,332,595
Payments to suppliers for electricity	(499,643,790)
Payments for goods and services	(10,200,792)
Payments to employees for services	(3,814,298)
Payments for deposits and collateral	(99,771,506)
Payments of state surcharges	(1,394,349)
Net cash provided (used) by operating activities	<u>(15,557,553)</u>

**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	<u>(13,626,297)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income received	<u>269,296</u>
Net change in cash and cash equivalents	(28,914,554)
Cash and cash equivalents at beginning of period	69,576,718
Cash and cash equivalents at end of period	<u><u>\$ 40,662,164</u></u>

**Reconciliation to the Statement of Net Position**

Cash and cash equivalents (unrestricted)	\$ 38,515,164
Restricted cash	2,147,000
Cash and cash equivalents	<u><u>\$ 40,662,164</u></u>

**SAN DIEGO COMMUNITY POWER**  
**STATEMENT OF CASH FLOWS (continued)**  
**Eight Months Ended February 28, 2023**

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

Operating income	\$ 24,679,315
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Provision for uncollectible accounts	5,593,855
(Increase) decrease in:	
Accounts receivable	(26,503,121)
Accrued revenue	1,283,682
Prepaid expenses	(125,273)
Deposits	(4,381,052)
Increase (decrease) in:	
Accrued cost of electricity	24,305,252
Accounts payable	(192,150)
Other accrued liabilities	1,798,225
State surcharges payable	(7,159)
Supplier security deposits	(42,009,127)
Net cash provided (used) by operating activities	<u><u>\$ (15,557,553)</u></u>



## ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
San Diego Community Power

Management is responsible for the accompanying special purpose budgetary comparison schedule of San Diego Community Power (SDCP), a California Joint Powers Authority, for the period ended February 28, 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  
March 24, 2023

**SAN DIEGO COMMUNITY POWER**  
**BUDGETARY COMPARISON SCHEDULE**  
**Eight Months Ended February 28, 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
<b>REVENUES AND OTHER SOURCES</b>						
Gross Ratepayer Revenues	564,576,846	\$ 559,385,508	(5,191,338)	99%	\$ 939,183,767	\$ 379,798,259
Less Uncollectible Customer Accounts	(5,645,768)	(5,593,855)	51,913	99%	(9,391,838)	(3,797,983)
Total Revenues and Other Sources	<u>558,931,078</u>	<u>553,791,653</u>	<u>(5,139,425)</u>		<u>929,791,929</u>	<u>376,000,276</u>
<b>OPERATING EXPENSES</b>						
Cost of Energy	540,665,037	513,530,178	(27,134,859)	95%	738,800,294	225,270,116
Professional Services and Consultants	11,062,103	9,484,692	(1,577,411)	86%	17,271,121	7,786,429
Personnel Costs	4,719,229	4,085,641	(633,588)	87%	7,362,227	3,276,586
Marketing and Outreach	3,010,940	1,206,703	(1,804,237)	40%	4,194,489	2,987,786
General and Administrative	1,385,553	805,124	(580,429)	58%	1,890,283	1,085,159
Programs	870,000	-	(870,000)	0%	1,275,000	1,275,000
Total Operating Expenses	<u>561,712,862</u>	<u>529,112,338</u>	<u>(32,600,524)</u>		<u>770,793,414</u>	<u>241,681,076</u>
Operating Income (Loss)	<u>(2,781,784)</u>	<u>24,679,315</u>	<u>27,461,099</u>		<u>158,998,515</u>	<u>134,319,200</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Investment income	-	269,296	269,296		-	(269,296)
Debt Service and Bank Fees	(865,744)	(965,910)	(100,166)	112%	(1,285,295)	(319,385)
Total Non-Operating Revenues (Expenses)	<u>(865,744)</u>	<u>(696,614)</u>	<u>169,130</u>		<u>(1,285,295)</u>	<u>(588,681)</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ (3,647,528)</u>	<u>\$ 23,982,701</u>	<u>\$ 27,630,229</u>		<u>\$ 157,713,220</u>	<u>\$ 133,730,519</u>

See accountants' compilation report.

## SAN DIEGO COMMUNITY POWER

### Staff Report – Item 3

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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: April 27, 2023

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### 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 customers in National City and Unincorporated County of San Diego is currently underway as of 4/4/2023 forward. So far in the month of April, there are 69,228 active accounts already enrolled in County of San Diego and 11,768 in National City. For those accounts on Net Energy Metering, their enrollment into SDGP 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 SDGP service.

#### B) Customer Participation Tracking

Staff and Calpine have worked together to create a reporting summary of customer actions to opt out of SDGP service, opt up to Power100, or opt down from Power100 to PowerOn. The below charts summarize these actions accordingly as of April 3rd, 2023:



## I. Opt Outs

Opt Outs by Jurisdiction	2021	2022	2023-01	2023-02	2023-03	2023-04	Total
City of Chula Vista	266	3,472	122	44	78	1	3,983
City of Encinitas	66	1,886	53	15	26		2,046
City of Imperial Beach	32	345	16	1	10		404
City of La Mesa	85	1,272	43	7	27		1,434
City of San Diego	1,077	19,278	492	249	301	8	21,405
County of San Diego				1,061	5,859	93	7,013
National City				24	113	3	140
<b>Total</b>	<b>1,526</b>	<b>26,253</b>	<b>726</b>	<b>1,401</b>	<b>6,414</b>	<b>105</b>	<b>36,425</b>

Opt Outs by Class Code	2021	2022	2023-01	2023-02	2023-03	2023-04	Total
Residential	36	25,717	714	1,246	5,757	100	33,570
Commercial/Industrial	1,490	536	12	155	657	5	2,855
<b>Total</b>	<b>1,526</b>	<b>26,253</b>	<b>726</b>	<b>1,401</b>	<b>6,414</b>	<b>105</b>	<b>36,425</b>

Opt Outs by Reason	2021	2022	2023-01	2023-02	2023-03	2023-04	Total
Concerns about government-run power agency	24	1,496	11	81	411	6	2,029
Concerns about lack of equivalent CCA programs		132	1	5	47		185
Decline to provide	227	3,596	50	209	1,138	23	5,243
Dislike being automatically enrolled	203	7,214	187	475	2,092	43	10,214
Existing relationship with the utility	2	2,394	68	175	762	5	3,406
Have grid reliability concerns	1	292	3	22	144		462
Have renewable Energy Reliability Concerns	6						6
Other	818	2,653	51	107	548	5	4,182
Rate or additional cost concerns	6	7,754	317	297	1,079	22	9,475
Rate or Cost Concerns	233						233
Service or billing concerns	6	724	38	31	193	1	993
<b>Total</b>	<b>1,526</b>	<b>26,253</b>	<b>726</b>	<b>1,401</b>	<b>6,414</b>	<b>105</b>	<b>36,425</b>

Opt Outs by Method	2021	2022	2023-01	2023-02	2023-03	2023-04	Total
Customer Service Rep (CSR)	1,098	7,002	233	325	1,288		9,946
Interactive Voice Response (IVR)	101	4,899	163	218	1,112	15	6,508
Web	327	14,353	330	858	4,014	90	19,972
<b>Total</b>	<b>1,526</b>	<b>26,253</b>	<b>726</b>	<b>1,401</b>	<b>6,414</b>	<b>105</b>	<b>36,425</b>

*\*Historical opt outs including inactive accounts as of 4/3/2023.*

## II. Opt Ups to Power 100

Opt Ups by Jurisdiction	2021	2022	2023-01	2023-02	2023-03	2023-04	Total
City of Chula Vista	701	168	5	4	9		887
City of Encinitas	18	1			1		20
City of Imperial Beach	60	29					89
City of La Mesa	148	118	3	2	1		272
City of San Diego	3,163	2,868	109	44	28	4	6,207
County of San Diego				8	40	3	51
National City				1			1
<b>Total</b>	<b>4,090</b>	<b>3,184</b>	<b>117</b>	<b>59</b>	<b>79</b>	<b>7</b>	<b>7,527</b>

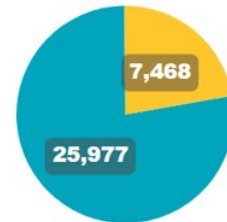
Opt Ups by Class Code	2021	2022	2023-01	2023-02	2023-03	2023-04	Total
Residential	3	2,895	65	51	65	7	3,085
Commercial/Industrial	4,087	290	52	8	14		4,443
<b>Total</b>	<b>4,090</b>	<b>3,184</b>	<b>117</b>	<b>59</b>	<b>79</b>	<b>7</b>	<b>7,527</b>

Opt Ups by Method	2021	2022	2023-01	2023-02	2023-03	2023-04	Total
Customer Service Rep (CSR)	4,059	1,369	54	12	31		5,517
Interactive Voice Response (IVR)	4	81	9	7	5		106
Web	27	1,738	54	40	43	7	1,908
<b>Total</b>	<b>4,090</b>	<b>3,184</b>	<b>117</b>	<b>59</b>	<b>79</b>	<b>7</b>	<b>7,527</b>

### Cumulative Power100 Accounts

Opt Ups by Jurisdiction	Active
City of Chula Vista	883
City of Encinitas	25,977
City of Imperial Beach	88
City of La Mesa	270
City of National City	1
City of San Diego	6,176
County of San Diego	50
<b>Total</b>	<b>33,445</b>

### Power100 Opt vs Defaulted



● Encinitas Defaulted ● Opted Up



### III. Opt Downs from Power100

Opt Downs by Jurisdiction	2021	2022	2023-01	2023-02	2023-03	Total
City of Chula Vista		1		3		4
City of Encinitas	35	425	8	15	4	487
City of Imperial Beach		1				1
City of La Mesa		2				2
City of San Diego		26	2		3	31
County of San Diego					1	1
<b>Total</b>	<b>35</b>	<b>455</b>	<b>10</b>	<b>18</b>	<b>8</b>	<b>526</b>

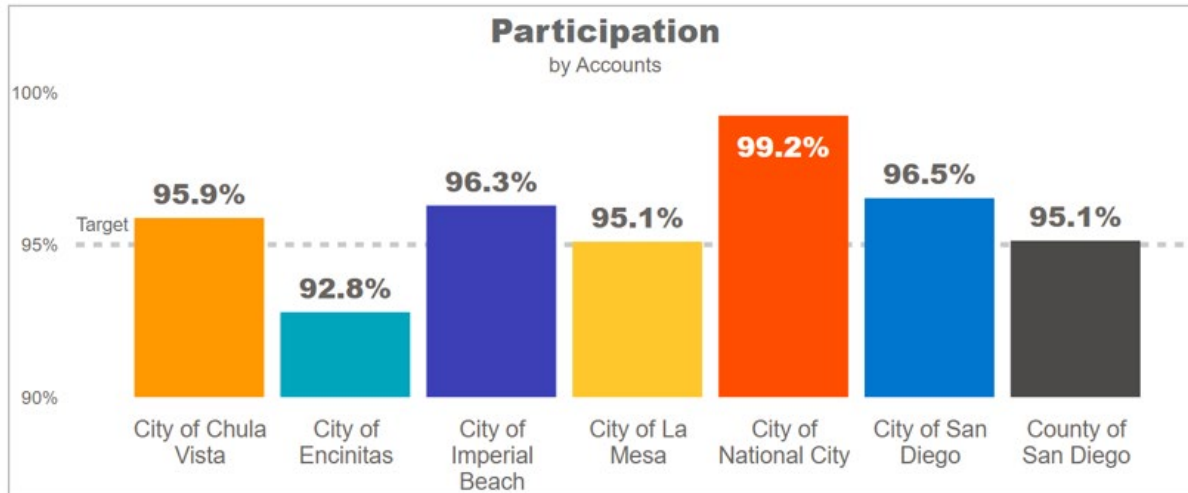
Opt Downs by Class Code	2021	2022	2023-01	2023-02	2023-03	Total
Residential		433	10	18	8	469
Commercial/Industrial	35	22				57
<b>Total</b>	<b>35</b>	<b>455</b>	<b>10</b>	<b>18</b>	<b>8</b>	<b>526</b>

Opt Downs by Method	2021	2022	2023-01	2023-02	2023-03	Total
Customer Service Rep (CSR)	31	305	5	14	2	357
Interactive Voice Response (IVR)	4	26		2		32
Web		124	5	2	6	137
<b>Total</b>	<b>35</b>	<b>455</b>	<b>10</b>	<b>18</b>	<b>8</b>	<b>526</b>





## Participation by Jurisdiction



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

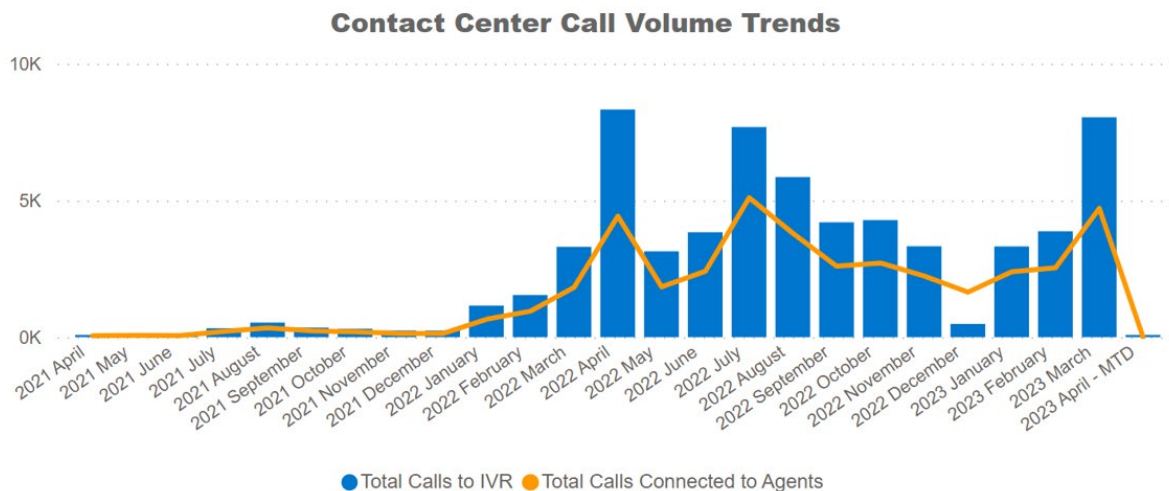
With our first enrollment notices for Phase 4 dropped into customers' mailboxes the first week of February and our 2<sup>nd</sup> enrollment notices dropping during the first week of March, our mass enrollment process in National City and Unincorporated County of San Diego is officially underway in April. The participation rate for this new phase is fluid and will change as we ramp up enrollment in April 2023 through March 2024 for NEM customers. 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.

### C) Contact Center Metrics

As expected right before commencement of Phase 4 mass enrollment, call volumes into our Interactive Voice Response (IVR) tree in March 2023 increased by **108%** compared to February mostly due to National City and Unincorporated County customers calling in with inquiries pertaining to their second enrollment notices that they received via regular mail along with multiple inquiries on their account's transition to SDCP service as a function of our ramped up media engagement efforts including news articles, our CEO interviews with various TV channels and our robust social media campaign.

The chart below summarizes contact made by customers into our Contact Center broken down by month through April 3rd, 2023:

#### V. Contact Center Metrics

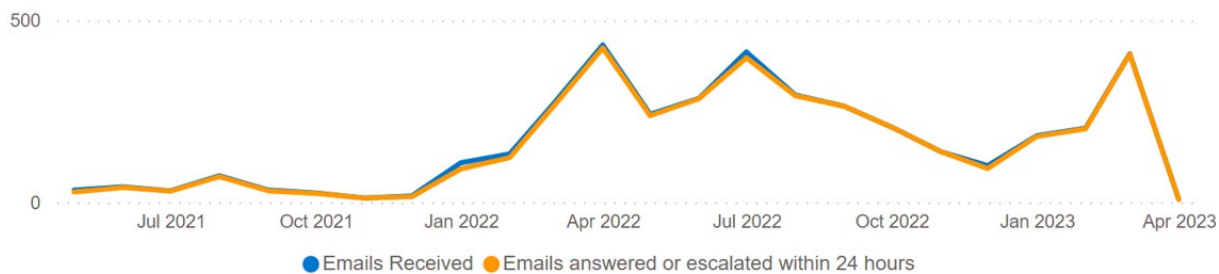


#### Interactive Voice Response (IVR) and Service Level Agreement (SLA) Metrics

	2021	2022	2023-01	2023-02	2023-03	2023-04	Total
Total Calls to IVR	2,289	47,118	3,317	3,870	8,042	78	64,714
Total Calls Connected to Agents	1,401	30,174	2,392	2,537	4,712	0	41,216
Avg Seconds to Answer	20	12	4	5	14	0	14
Avg Call Duration (Minutes)	8.5	9.8	9.1	10.0	9.2	0.0	8.9
Calls Answered within 60 Seconds (75% SLA)	96.23%	95.50%	98.91%	98.94%	92.54%	0.00%	92.10%
Abandon Rate	0.57%	0.36%	0.08%	0.04%	0.67%	0.00%	0.41%

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	2023-01	2023-02	2023-03	2023-04	Total
Emails Received	272	2,894	183	204	408	9	3,970
Emails answered or escalated within 24 hours	257	2,821	181	202	407	9	3,877
Completion (%)	94%	96%	99%	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

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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: April 27, 2023

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### 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 will also support 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 3, 2023 – San Diego State University Sustainable Career Fair  
April 4, 2023 – Borrego Springs  
April 12, 2023 – Rancho San Diego Library  
April 15, 2023 – South Bay Earth Day  
April 20, 2023 – Fallbrook Chamber of Commerce  
April 20, 2023 – Biocom Earth Day Sustainability Panel  
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

### *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 been featured in 10 news stories, in print, online and television.

SDCP and Civilian, its marketing and communications contractor, have worked together to develop a high-impact campaign that will include 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 and online advertisement campaigns began in March. To date, there have been more than 8 million impressions from paid media campaigns.

SDCP will be increasing its earned media efforts in early May. The goal is to ensure new customers – who will be receiving their first bills with the Community Choice Aggregation line item - are aware of SDCP and the meaning of the change.

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

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To: San Diego Community Power Board of Directors  
From: Laura Fernandez, Director of Regulatory & Legislative Affairs  
Via: Karin Burns, Chief Executive Officer  
Subject: Update on Regulatory and Legislative Affairs  
Date: April 27, 2023

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### RECOMMENDATIONS

Receive and file update on regulatory and legislative affairs.

### BACKGROUND

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

### ANALYSIS AND DISCUSSION

#### A) Regulatory Updates

##### Resource Adequacy (RA)

##### *RA Reform Track Phase 2 Final Decision*

On April 7, 2023, the CPUC issued a [Final Decision \(D.23-04-010\)](#) on Phase 2 issues in the Resource Adequacy (RA) Reform Track. As noted in the [regulatory and legislative staff report](#) for the March 2023 meeting of the Board of Directors (see page 27), the Decision provides direction on several implementation details for the "Slice of Day" ("SOD") framework adopted in a July 2021 decision ([D.21-07-014](#)). The Decision outlines implementation details for three workstreams:

1. Compliance tools needed for a SOD RA program;
2. How to count different resource types and conversion of the planning reserve margin ("PRM") to an hourly SOD structure and test year mechanics; and

3. Coordinating the California Independent System Operator Corporation's ("CAISO") processes with the Commission's SOD RA framework

SDCP coordinated with CalCCA to file [opening comments](#) on the Proposed Decision on March 23, 2023, and [reply comments](#) on March 28. Unfortunately, the Final Decision did not adopt CalCCA's recommendation to perform a system-wide study to determine whether LSEs can meet the hourly requirement with current RA fleet under the new accounting rules. It also did not adopt the recommendation to study the potential need for hourly transactability during the 2024 Test Year.

### **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 January 2023 meeting of the Board of Directors (see page 30), on January 6, 2023 the CPUC issued a [Ruling](#) and [Staff Proposal](#) in the Provider of Last Resort ("POLR") proceeding addressing the timing of customer return and POLR service, contract assignability, financial monitoring, Financial Security Requirement ("FSR") affordability, true-ups of re-entry fees, and the deregistration process. In addition, Energy Division held a workshop on the Staff Proposal on January 20, 2023, and a workshop on Example Financial Security Requirement ("FSR") Calculations on April 4, 2023, with the investor-owned utilities ("IOU") and CalCCA presenting their respective FSR calculators.

On April 18, 2023, CalCCA filed [opening comments](#) on the Staff Proposal and Workshops. In general, CalCCA supported the financial monitoring proposal, which would require CCAs to be subject to heightened financial reporting based on triggering criteria indicative of poor financial health, but proposed modifications, including an initial consultation and criteria for exiting financial reporting. CalCCA also opposed PG&E's concept of an insurance pool and supported a ramping period and discount offering for the FSR, among other modifications to the Staff Proposal. While SDCP largely supported CalCCA's comments, SDCP and Clean Energy Alliance ("CEA") jointly filed [opening comments](#) opposing the inclusion of one of the proposed financial monitoring triggering criteria. SDCP and CEA's joint comments highlighted that defaulting on an RA contract is not a predictable indicator of a CCA's financial health and implementing this proposal would result in jurisdictional overreach by the CPUC, and therefore that this element should be removed from the proposal.

### **SDCP Protest of SDG&E Advice Letter 4182-E**

On March 22, 2023, SDG&E filed [Advice Letter \("AL"\) 4182-E](#), seeking authorization to change cost recovery for the 131 MW Westside Canal Energy



Storage Project from the Cost Allocation Mechanism (“CAM”) to the Power Charge Indifference Adjustment (“PCIA”). SDG&E’s AL also requests permission to apply capacity from Westside Canal to its midterm reliability (“MTR”) obligations, established in Decision 21-06-035. In response, SDCP submitted a Protest to AL 4182-E (Attachment A) on April 11, 2023, on the grounds that granting the request will unfairly burden CCA customers with a substantial increase in the PCIA that was not envisioned when the Commission approved the Westside Canal Project, and at the same time, deprive CCA customers of receiving Resource Adequacy (“RA”) credit for the project under CAM rules. SDG&E replied to SDCP’s protest on April 18, 2023, and SDCP staff is awaiting a Disposition from the CPUC Energy Division Tariff Unit.

### **ERRA Compliance**

On April 14, 2023, SDCP and CEA filed an [Opening Brief](#) in the Energy Resource Recovery Account (“ERRA”) Compliance proceeding. This brief addressed three issues. First, the brief recommends that the CPUC provide guidance regarding where cost recovery for SDG&E’s Green Tariff Shared Renewable balancing account will be addressed. Second, the brief recommends that the CPUC require an audit of SDG&E’s Portfolio Allocation Balancing Account (“PABA”) and Non-Fuel Generation Balancing Account (“NGBA”). Finally, the brief recommends that the CPUC direct SDG&E to disclose to the CPUC and parties certain documents identified in its internal ERRA audit.

### **B) Legislative Update**

SDCP has taken a support position on five bills so far this legislative session.

[SB 411](#) (Portantino) is a Brown Act bill that the Board voted to take a position on during the March 2023 Board meeting. This bill is, however, expected to be amended such that it is only applicable to neighborhood councils of Los Angeles. If these amendments are accepted, which staff expects they will be, the bill would no longer be applicable to San Diego Community Power.

SDCP took a support position on another bill that is similar to SB 411, [SB 537](#) (Becker). Like SB 411, the bill would expand teleconferencing opportunities to certain legislative bodies in a manner that is similar to AB 361/declared emergency teleconferencing. The bill would: (1) Allow the fully remote type of teleconferencing for “a board, commission, or advisory body of a multijurisdictional cross county agency, the membership of which board, commission, or advisory body is appointed.” “Multijurisdictional” would mean a legislative body that includes representatives from more than one county, city, city and county, special district, or a joint powers entity; (2) For AB 2449 teleconferencing, expand “just cause” to include remote participation due to an immunocompromised child, parent, grandparent, or other specified relative.





SDCP took a support position on [AB 50](#) (Wood) which would implement both short-term and long-term solutions to expedite interconnection service. SDCP also took a support position on [AB 643](#) (Berman), which would require the CPUC to submit a report to legislature on timelines for interconnection.

Finally, SDCP took a support in concept position on [SB 619](#) (Padilla). The intent of this bill is to address certain issues around certification of transmission lines.

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**

Attachment A: SDCP Protest to SDG&E Advice Letter 4182-E



April 11, 2023

**Via E-Mail (EDTariffUnit@cpuc.ca.gov)**

Energy Division, Tariff Unit  
California Public Utilities Commission  
505 Van Ness Avenue, 4th Floor  
San Francisco, California 94102

**SUBJECT: SDG&E AL 4182-E (Westside Canal Energy Storage Project)**

Dear Energy Division:

Pursuant to the California Public Utilities Commission's ("Commission") General Order 96-B, San Diego Community Power ("SDCP") submits this protest to San Diego Gas & Electric Company ("SDG&E") Advice Letter ("AL") 4182-E, seeking authorization to change cost recovery for the 131 MW Westside Canal Energy Storage Project ("Westside Canal") from the Cost Allocation Mechanism ("CAM") to the Power Charge Indifference Adjustment ("PCIA"). SDG&E also requests permission to apply capacity from Westside Canal to its midterm reliability ("MTR") obligations, established in D. 21-06-035 ("MTR Decision").<sup>1</sup>

SDG&E makes the request under unique circumstances, as hundreds of thousands of customers depart its generation service for Community Choice Aggregation ("CCA") service with SDCP and its sister agency, Clean Energy Alliance ("CEA"). In this departing load environment, resource approvals and related cost recovery for SDG&E must be carefully examined, or else there will be a mismatch between the size and cost of SDG&E's portfolio, on the one hand, and its declining bundled customer base and generation revenues, on the other.

In that context, SDG&E's request for PCIA treatment for the Westside Canal project should be denied for several reasons. While SDG&E makes various arguments for applying the capacity from the Westside Canal project to its MTR obligations, it cites no authority, and fails to make any valid arguments in support of its proposed cost recovery treatment. In addition, SDG&E's proposal appears to be procedurally improper. In order to count for MTR purposes, utility-owned projects must be submitted via application rather than advice letter.

Furthermore, granting the request will unfairly burden CCA customers with a substantial increase in the PCIA that was not envisioned when the Commission approved the Westside Canal Project, and at the same time, deprive CCA customers of receiving Resource Adequacy ("RA") credit for the project under CAM rules. As a result, the Commission should deny

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<sup>1</sup> *Decision Requiring Procurement to Address Mid-Term Reliability (2023-2026)*, D. 21-06-035, R. 20-05-003, June 30, 2021.



SDG&E's request without prejudice and direct SDG&E to file an application to obtain approval for the project.

## Background

### 1. SDCP and CEA Formation and Expansion

D. 21-06-035 was adopted during a period of major load departure, specifically from SDG&E to SDCP and CEA. According to the Implementation Plans and Statements of Intent submitted to the Commission at the end of 2019, SDCP forecasted 937,446 customer accounts to be enrolled in 2021, and CEA forecasted 58,000 customer accounts to be enrolled the same year.<sup>2</sup>

Shortly after SDCP began serving load in 2021, the elected officials from the County of San Diego and the City of National City voted to join SDCP as member cities.<sup>3</sup> Approximately 193,000 additional customers will be served beginning in 2023. SDCP's Amended Implementation Plan projects a demand increase of 2,358 GWh, totaling an energy demand of 7,867 GWh for 2023.<sup>4</sup>

Similarly, in response to public interest and CEA's successful launch, the cities of Escondido and San Marcos voted to join in 2021. As a result of the expansion, CEA anticipates that approximately 86,000 additional customers will be served in 2023 with a demand increase of 656,628 MWh.<sup>5</sup>

Finally, CEA adopted Resolution 2022-004 on July 28, 2022, approving further expansion to the cities of Oceanside and Vista. Once completed, this expansion will result in approximately 102,000 additional customer accounts.<sup>6</sup> With these expansions, CEA anticipates a significant increase in service accounts and energy served over the next two years, with a projected demand of 2,180 GWh and 248,203 customer accounts in 2024.<sup>7</sup>

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<sup>2</sup> SDCP Community Choice Aggregation Implementation Plan and Statement of Intent, December 9, 2019, available at <https://sdcommunitypower.org/wp-content/uploads/2021/01/ImplementationPlan.pdf>; CEA's Community Choice Aggregation Implementation Plan and Statement of Intent, CEA's Community Choice Aggregation Implementation Plan and Statement of Intent, December 2021, available at <https://thecleanenergyalliance.org/wp-content/uploads/2020/12/CEA-Implementation-Plan-with-Reso-and-Attachments.pdf>

<sup>3</sup> SDCP Amended & Restated Joint Powers Agreement, Exhibits C and D, February 24, 2022, available at <https://sdcommunitypower.org/wp-content/uploads/2022/03/JPA-Exhibit-C-and-D-2022-Update-Voting-Shares.pdf>

<sup>4</sup> SDCP Addendum No. 1 to the Community Choice Aggregation Implementation Plan and Statement of Intent, November 18, 2021, at 8, available at [https://sdcommunitypower.org/wp-content/uploads/2022/09/SDCP-CCA-Implementation-Plan\\_Addendum-No.-1.pdf](https://sdcommunitypower.org/wp-content/uploads/2022/09/SDCP-CCA-Implementation-Plan_Addendum-No.-1.pdf)

<sup>5</sup> *Id.*

<sup>6</sup> CEA Addendum No. 2 to the Community Choice Aggregation Implementation Plan and Statement of Intent, October 20, 2022, at 6, available at <https://thecleanenergyalliance.org/wp-content/uploads/2022/12/CEA-Implementation-Plan-Addendum-Approved-with-Appendices.pdf>

<sup>7</sup> Clean Energy Alliance Addendum No. 2 to the Community Choice Aggregation Implementation Plan and Statement of Intent, October 20, 2022, at 7.



## **2. D. 21-06-035 (“MTR Decision”)**

The Commission addressed the midterm reliability needs in D. 21-06-035 by requiring at least 11,500 MW of additional net qualifying capacity (“NQC”) to be procured by the load-serving entities (“LSEs”) subject to the Commission’s integrated resource planning (“IRP”) authority, including Investor-Owned Utilities (“IOUs”) and CCA programs. The capacity requirements were adopted annually, beginning with 2,000 MW by 2023, an additional 6,000 MW by 2024, an additional 1,500 MW by 2025, and an additional 2,000 MW by 2026.<sup>8</sup>

Allocation of MTR requirements among LSEs and related cost recovery were central issues in the MTR Decision. Ultimately, the Commission chose the load share approach to allocate procurement requirements among LSEs and required that future departing load customers pay PCIA charges for resulting procurement costs.<sup>9</sup>

Prior to the issuance of D. 21-06-035, SDCP argued in the proceeding that the Commission should take future load growth into account when allocating capacity requirements and proposed a method to do so.<sup>10</sup> SDCP also argued that the Commission should adjust the proposed load share and permit “LSEs in the same service territory to voluntarily exchange procurement allocations in proportion with actual load share, subject to mutual agreement by the parties and Commission approval.”<sup>11</sup> The Commission ultimately agreed, adjusting the proposed load share and including nearly identical language in the final decision authorizing the IOUs to adjust capacity requirements upon mutual agreement with another LSE, so long as total capacity requirements remained the same.<sup>12</sup>

Following issuance of the decision, SDCP negotiated with SDG&E to adjust their respective MTR requirements to reflect load share. SDG&E filed AL 3967-E on March 16, 2022, seeking approval to change its total MTR obligation by 114.3 MW and SDCP’s obligation by an equal amount. The advice letter was approved with an effective date of April 15, 2022.<sup>13</sup>

## **3. D. 21-12-015 (“Summer Reliability Decision”)**

Following the Midterm Reliability Decision, the Commission issued the Summer Reliability Decision, D. 21-12-015, and adopted various supply and demand orders to ensure there was adequate electricity available in the event of extreme weather in the summer of 2022 and 2023.<sup>14</sup> Among these measures, the Commission ordered IOUs to procure between 2,000

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<sup>8</sup> D. 21-06-035 at OP 1.

<sup>9</sup> D. 21-06-035 at OP 12.

<sup>10</sup> See *Comments of San Diego Community Power on the Proposed Decision and Alternate Proposed Decision Requiring Procurement to Address Mid-Term Reliability (2023-2026)*, R. 20-05-003, June 10, 2021.

<sup>11</sup> See *Reply Comments of San Diego Community Power on the Proposed Decision and Alternate Proposed Decision Requiring Procurement to Address Mid-Term Reliability (2023-2026)*, R. 20-05-003, June 15, 2021, at 4.

<sup>12</sup> D. 21-06-035 at 55 and OP 4.

<sup>13</sup> Disposition Letter Approving SDG&E AL 3967-E, June 23, 2022.

<sup>14</sup> *Phase 2 Decision Directing Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to Take Actions to Prepare for Potential Extreme Weather in the Summers of 2022 and 2023*, R. 20-11-003, December 2, 2021.



and 3,000 MW of additional resources to meet the anticipated need.<sup>15</sup> Ordering Paragraph (“OP”) 11 of D. 21-12-015 is unequivocal with respect to cost recovery:

The net costs associated with the supply side procurement by Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) shall be passed through to all benefiting customers consistent with the existing Cost Allocation Mechanism ...

The Commission explained that this approach to cost recovery was consistent with CAM treatment authorized in prior emergency procurement decisions, D.21-02-028 and D.21-03-056, and adopted the same approach.<sup>16</sup>

The rationale was that “[e]mergency reliability procurement benefits all customers, whether bundled IOU customers or customers of other LSEs.”<sup>17</sup> The Commission also clarified that CAM treatment would apply to Utility-Owned Storage (“UOS”) projects, like Westside Canal.<sup>18</sup> To the extent IOUs needed the resource to meet their own RA requirements, the Commission stated: “If an IOU needs to use the procurement to meet its bundled service RA requirements, then the costs are not recovered through CAM, but rather from bundled service customers.”<sup>19</sup>

#### **4. SDG&E Advice Letter 3913-E (Request to Approve Energy Storage Projects)**

SDG&E requested approval and CAM treatment for the Westside Canal project in AL 3913-E, filed on December 14, 2021, in order to meet its share, 200 to 300 MW, of additional power ordered by the Commission in the Summer Reliability Decision, D. 21-12-015. The project is described as a “Build, Own, and Transfer (BOT) agreement with Consolidated Edison Development, Inc. (ConEdDev) for 131 MW.”<sup>20</sup> SDG&E does not provide a firm Commercial Operation Date (“COD”) but states that the project “could be” operational by December 31, 2022.<sup>21</sup>

The advice letter makes no mention of the PCIA. Rather, SDG&E requests that Commission find the project is CAM-eligible, consistent with D. 21-12-015:

SDG&E is authorized to recover the costs of the Melrose and Westside Canal projects via the CAM for the period commencing with the resource online date through the end of 2023. Beginning in 2024, after the emergency period has concluded, the resources will continue to serve the region and Resource Adequacy (RA) benefits associated with the Melrose and Westside Canal projects will be allocated to benefiting customers for the period in which costs are shared, while costs continue to be recovered via the CAM.

#### **5. Resolution E-5193 (Approval of SDG&E Energy Storage Projects)**

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<sup>15</sup> D. 21-12-015 at OP 3.

<sup>16</sup> D. 21-12-015 at 124.

<sup>17</sup> *Id.*

<sup>18</sup> D. 21-12-015 at 108.

<sup>19</sup> D. 21-12-015 at 124.

<sup>20</sup> SDG&E AL 3913-E at 1.

<sup>21</sup> SDG&E AL 3913-E at 11.



The Commission issued Resolution E-5193 on February 10, 2022. It approved three storage projects proposed in SDG&E AL 3913-E and AL 3913-E-A, including Westside Canal, for a total of \$399.2 million.<sup>22</sup> Like the advice letter, the resolution makes no mention of the PCIA, and instead authorizes SDG&E “to recover the costs of the utility-owned energy storage contracts via the Cost Allocation Mechanism.”<sup>23</sup>

## **6. SDG&E AL 4182-E (Request to Change Cost Recovery for Westside Canal)**

Most recently and the subject of this protest, SDG&E filed 4182-E with the Commission on March 22, 2023, seeking approval to change the cost recovery treatment for the Westside Canal project from CAM to PCIA and also to apply capacity to its MTR obligations. Specifically, SDG&E asks that the Commission make the following findings:

- (1) For the period August 1, 2023, through December 31, 2023, SDG&E is authorized to apply 66 MW of the Project toward compliance with its 2023 MTR IRP capacity requirements;
- (2) Beginning January 1, 2024, SDG&E is authorized to apply the full 131 MW from the Project toward compliance with its 2024 MTR IRP capacity requirements;
- (3) For the period August 1, 2023, through December 31, 2023, SDG&E is authorized to recover the cost of 66 MW of the Project through the Power Charge Indifference Adjustment (PCIA) with a 2021 vintage date; and
- (4) Beginning on January 1, 2024, SDG&E is authorized to recover the cost of the full 131 MW from the Project through the PCIA with a 2021 vintage date.<sup>24</sup>

## **Protest**

### **A. SDG&E Cites No Authority for PCIA Treatment for the Westside Canal Project**

SDG&E cites D. 21-12-015 for the proposition that “while resources authorized for emergency reliability may not count toward MTR procurement requirements when the IOU elects to continue to charge all customers in its service territory for the cost of the resources, such resources can count toward MTR IRP procurement requirements for the period when only bundled customers are charged the cost of the resources.”<sup>25</sup> The broad concern expressed by the Commission in D. 21-12-015 makes sense and reflects the principles of cost causation in the sense that LSEs should not be given compliance credit for resources that are being funded by customers of other LSEs.

However, the language that SDG&E cites from D. 21-12-015 does not authorize SDG&E to change the cost recovery treatment for the previously approved Westside Canal project from CAM to PCIA. It does not reference the PCIA at all. Previous authorizations do not

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<sup>22</sup> Resolution E-5193, February 10, 2022.

<sup>23</sup> Resolution E-5193 at OP 3.

<sup>24</sup> SDG&E AL 4182-E at 1.

<sup>25</sup> SDG&E AL 4182-E at 4 (citing D. 21-12-015 at 108-109).





support the change either, as the Commission has repeatedly identified CAM as the appropriate cost recovery mechanism for the project.<sup>26</sup>

Similarly, SDG&E also cites AL 4018-E, submitted June 1, 2022, in support of the requested change. That advice letter, made effective July 1, 2022, was filed pursuant to OP 12 of the Midterm Reliability Decision, D. 21-06-035, which instructed the IOUs to file Tier 2 advice letters describing updates to their respective balancing accounts to capture resources that may be subject to the PCIA. AL 4018-E describes these changes to SDG&E's accounting methods, but it seeks no authority for changing cost recovery treatment for projects like Westside Canal, which were approved under a different Commission order, the Summer Reliability Decision, D. 21-12-015, and subject to a different cost recovery methodology, CAM.

SDG&E's request for cost recovery in AL 4182-E should be rejected because SDG&E does not cite any Commission decisions or other authority in support of its request to change treatment for the Westside Project from CAM to PCIA.

#### **B. SDG&E Makes No Valid Arguments and Provides No Meaningful Justification for PCIA Treatment for the Westside Canal Project**

Equally problematic, SDG&E provides no meaningful justification for PCIA treatment of the Westside Canal Project. SDG&E argues that it should be permitted to count the capacity of the project toward MTR requirements because the project is the least cost/best fit, a method that is not required or applicable to MTR procurement. SDG&E states, without explanation, that granting its request would minimize ratepayer costs and reduce the resources required to procure incremental capacity resources.<sup>27</sup> SDG&E also argues that it should be permitted to count the Westside Canal project toward MTR requirements because the project meets several project eligibility requirements established in D. 21-06-035.

SDG&E's arguments have nothing to do with cost recovery and are not arguments that support PCIA treatment. In the MTR Decision and Summer Reliability Decision, the Commission considered the allocation of requirements among LSEs and the effect on cost recovery, and carefully chose cost recovery mechanisms. SDG&E's arguments do not engage with the reasoning presented there. SDG&E's request for PCIA treatment for Westside Canal should be denied because SDG&E provides no valid arguments for it.

#### **C. SDG&E's Request Appears to Violate the Procedural Requirement in D. 21-06-035 that Utility-Owned Resources Must Be Approved by Application**

By SDG&E's own description, it is proposing a "utility-owned battery storage project" to meet MTR requirements established in D. 21-06-035.<sup>28</sup> Granting the request appears to violate the procedural requirement that cost recovery for utility-owned projects be addressed by application instead of advice letter. OP 13 provides:

Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall each file Tier 3 advice letters to request cost

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<sup>26</sup> See D. 21-12-015 at OP 11. See also Resolution E-5193 (approving SDG&E energy storage contracts) at OP 3.

<sup>27</sup> SDG&E AL 4182-E at 3.

<sup>28</sup> SDG&E AL 4182-E at 1.



recovery for any procurement conducted as a result of this order, *except if the procurement is associated with a pumped storage resource or a utility-owned resource, a full application is required.*

(Italics added.) SDG&E's request should be denied because it is procedurally improper. Instead, the Commission should instruct SDG&E to file an application seeking approval for the change to cost recovery for the Westside Canal project.

**D. Granting SDG&E's Request to Change Cost Recovery Authorization Would Result in an Increase in PCIA Charges and Reduction in RA Credit for SDCP Customers**

Practically speaking, authorizing SDG&E's request would burden SDCP and CEA customers in two important ways. First, it would increase PCIA charges. The MTR Decision, D. 21-06-035, requires that any PCIA-eligible resources be vintaged 2021,<sup>29</sup> even though the project in this case was not online until the end of 2022, meaning that the many CCA customers who departed during this window will be held responsible for the costs. As this project is not currently PCIA eligible, approving SDG&E's advice letter will increase PCIA-eligible costs for SDCP customers.

Second, granting SDG&E's request to obtain PCIA treatment for Westside Canal would effectively remove the project from the CAM list and eliminate any RA credits from the project that SDCP customers currently have the right to pay for and obtain. The project was approved by the Commission on the basis that emergency reliability benefits all customers and thus CAM treatment was warranted. Now, however, SDG&E proposes to change the rules, and one important effect would be to reduce available RA credit available to SDCP and CEA. SDCP encourages the Commission to consider the adverse effect of reducing available CAM resources and associated RA credit in a scarce market as part of its review of AL 4182-E.

**Conclusion**

For the reasons stated above, SDCP requests that the change in cost recovery for the Westside Canal project proposed by SDG&E in AL 4182-E be denied without prejudice. The Commission should instruct SDG&E to file an application seeking approval for the change to cost recovery.

Respectfully,

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<sup>29</sup> D. 21-06-035 at OP 12.





/s/ Ty Tosdal

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Service List: R. 20-05-003.





## SAN DIEGO COMMUNITY POWER Staff Report – Item 6

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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: April 27, 2022

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### 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

The SDCP Power Services team is now 8 people strong – capping a period of significant growth from 2 as recently as August 2022. Building out a team of experienced, knowledgeable energy professionals has long been a top priority and will allow SDCP not only to solicit, negotiate, and administer contracts for energy supply more 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. 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.

### 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 Plan, which will outline potential opportunities related to local renewable energy resource development and is expected to be presented to the Board for review by the end of 2023.

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 Staff Report – Item 7

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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: April 27, 2023

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### RECOMMENDATION

Receive and File the Update on Human Resources.

### BACKGROUND

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

**JEDI Council:** Guidelines for applying to the JEDI council have been drafted and will be reviewed by the leadership team this week. Staff are eager for the council to be operationalized.

**Event Planning Committee:** Representatives have volunteered from each department and our kick off meeting is scheduled for this week. We are excited to offer a year's worth of team building, heritage days, team buildings and other celebrations for our employees to be able to interact and enjoy each other as we grow.

**Performance Management:** We received authorization to purchase a new compensation and performance management platform, Lattice. Lattice will assist the organization in creating visibility around performance processes and goals, 360-degree feedback, 1:1 tracking, employee engagement and career pathing for employee growth. We will spend the next two months working with the Lattice customer support team to configure the platform and anticipate having and end user training for all employee in June with an anticipate launch in July.

**Merit Increases:** Our Performance cycle has concluded. Those receiving merit increases were notified this month and those increases were distributed on the April 20<sup>th</sup> paycheck. Leadership received an informational packet that included salary adjustments for all



employees since hire date so they could speak to the salary increases employees have received over time in the interest of providing transparency regarding pay equity.

Hiring: We will be onboarding our new Community Engagement Manager next month and currently have a posting for a Digital Media Coordinator now open. The HR team is currently updating our onboarding and pre-hiring processes and developing a hiring process SOP to provide clarity on the necessary steps for recruitment and selection of candidates based on a hiring philosophy aligned with our strategic goals.

#### **DISCUSSION AND ANALYSIS**

N/A

#### **COMMITTEE REVIEW**

N/A

#### **FISCAL IMPACT**

N/A

#### **ATTACHMENTS:**

N/A





## SAN DIEGO COMMUNITY POWER Staff Report – Item 8

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To: San Diego Community Power Board of Directors

From: Eric Washington, Chief Financial Officer

Via: Karin Burns, Chief Executive Officer

Subject: Approval of Second Amendment to Professional Services Agreement with Brentech Inc. for up to \$77,380 in FY 2023-24 for Computer and IT-Related Services through June 30, 2024

Date: April 26, 2023

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### RECOMMENDATIONS

Approve second amendment to professional services agreement with Brentech Inc. to increase the not-to-exceed by \$77,380 for services in FY 2023-24, to extend the agreement term through FY 2023-24 and to authorize the Chief Executive Officer to execute the agreement.

### BACKGROUND

On August 17, 2021, San Diego Community Power (SDCP) approved a contract with Brentech Inc. for computer and information technology (IT)-related services and technical labor through June 30, 2022 with a not-to-exceed amount of \$48,000 (\$24,000 for non-equipment services and \$24,000 for equipment). At the time, Brentech supported seven SDCP employees on staff.

BrenTech Inc. is one of San Diego's longest established computer and information technology solutions providers servicing San Diego, Riverside, and Orange Counties with business solutions for over 40 years.

Brentech provides full IT, cloud-based services, and computer system services including:

- Purchase and setup of business-class laptops
- Configuration of cloud-based systems including Microsoft 365, Microsoft application suite (e.g. Word, Excel, Teams, etc.), Microsoft Azure, Microsoft Authenticator, Adobe Acrobat DC, etc.
- Setup, configure, and manage Microsoft 365 accounts for all Staff members
- Setup, configure, and manage miscellaneous email inboxes (Exchange setups)
- Provision of support services to staff members regarding any IT/computer related inquiries, issues, and troubleshooting:



- Advise, establish, configure, and manage IT and network security protocols, policies, best practices, and trainings.
- Assist with, resolve, and report on security breaches (including but not limited to hacking, phishing incidents, virus installations, and all other compromises of SDCP systems and networks).
- Work with and assist SDCP contracted vendors to conduct regular and periodic security audits, including installing monitoring and reporting clients for audit purposes.

Subsequently as SDCP began to scale in size, on July 29, 2022, SDCP amended the contract to extend the agreement through June 30, 2023 with a not-to-exceed amount for FY 2022-23 of \$73,000 (\$33,000 for non-equipment services and \$40,000 for equipment). At the time, Brentech supported 19 SDCP employees on staff.

After the amendment, on February 1, 2023, SDCP hired an IT Associate as SDCP desired to transition its IT services from Brentech Inc. to be delivered internally. This transition is intended to be in parallel to retaining Brentech Inc. in the short term to ensure continuity in IT services and to ensure proper training on SDCP's IT infrastructure and security protocols.

### **ANALYSIS AND DISCUSSION**

Staff recommends increasing the Brentech Inc. contract for a not-to-exceed amount of \$77,380 (\$34,980 for non-equipment services and \$42,400 for equipment) in FY 2023-24 and to extend the agreement term through FY 2023-24.

By the end of FY 2022-23, SDCP's hiring plan projects that the agency will grow to 43 employees on staff with additional potential hires projected in FY 2023-24. While SDCP has hired an IT Associate, SDCP projects a continued need for services provided by Brentech Inc. to ensure that the agency can provide IT support and equipment needs for its growing staff. At the same time, staff also recommend retaining Brentech Inc. to continue to train in-house SDCP IT staff through the end of FY 2023-24.

Staff therefore recommends extending the contract with Brentech for one additional year through FY 2023-24 and maintaining the same not-to-exceed amount from FY 2022-23 but escalated by 6% for inflation specific to the San Diego metro area.

SDCP intends to continue to build its IT services function in house but will conduct a Request for Proposals for these services in the future, if needed.

### **COMMITTEE REVIEW**

N/A

### **FISCAL IMPACT**

Cost of this action includes an increase to the not-to-exceed amount of \$74,200 through June 30, 2024. Funding will be included in the proposed FY 2023-24 budget.





## **ATTACHMENTS**

Attachment A: Second Amendment to Professional Services Agreement Between San Diego Community Power and Brentech Inc.



**AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT BETWEEN  
SAN DIEGO COMMUNITY POWER AND BRENTech INC.**

THIS SECOND AMENDMENT (“**Second Amendment**”) is entered into as of this 27<sup>th</sup> day of April, 2023 by and between SAN DIEGO COMMUNITY POWER, a California joint powers authority (“**SDCP**”) and BRENTech INC., 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 Consultant, dated August 17, 2021 and a First Amendment to the Professional Services Agreement, dated July 29, 2022 (collectively, the “**Agreement**”); and

WHEREAS, pursuant to the Agreement, Consultant provides computer-related and information technology (IT)-related services and technical labor services to SDCP; and

WHEREAS, the Parties desire to amend the Agreement to revise the scope of work, increase the not-to-exceed amount, and extend the term of the Agreement.

**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 amended to extend the term of the agreement to June 30, 2024.
3. Amendment of Section 3.1.1. Section 3.1.1 of the Agreement is amended to increase the not-to-exceed amount for fiscal year 2023-24 to Thirty-Four Thousand Nine-Hundred Eighty Dollars (\$34,980).
4. Amendment of Section 3.1.2. Section 3.1.2 of the Agreement is amended to increase the not-to-exceed amount for fiscal year 2023-24 to Forty-Two Thousand Four-Hundred Dollars (\$42,400).
5. Amendment of Exhibit C. Exhibit C is hereby replaced in its entirety with a new and modified Exhibit C, attached hereto.
6. 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.
7. Capitalized Terms. Any capitalized terms not defined herein shall have the meanings set forth in the Agreement.

8. 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 Amendment to the Professional Services Agreement between San Diego Community Power and BrenTech Inc., as of the date first set forth above.

**SAN DIEGO COMMUNITY POWER**

**BRENTECH, INC.**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: Karin Burns

Name: Daniel Brenner

Title: Chief Executive Officer

Title: President

APPROVED AS TO FORM:

\_\_\_\_\_  
SDCP General Counsel

## **EXHIBIT C**

### **COMPENSATION BILLING RATES**

Consultant will provide 75 Contract Hours of services for eight-thousand seven-hundred and forty-five dollars (\$8,745), with the ability to purchase additional 75 Contract Hours, not to exceed 300 Contract Hours. SDCP will pay a retainer of \$8,745 for each 75 Contract Hours under this Agreement. Consultant will charge a one-hour minimum charge for all onsite service calls. Consultant will charge for remote access support in 15-minute increments. Consultant will provide free voice telephone support with this service agreement during normal business hours.

Consultant will invoice SDCP for work performed according to the charge provisions set above and at contract hour rates set below.

<b>Title</b>	<b>Amount</b>
Technician	Technician 1.0 contract hours for each hour worked
Engineer	Engineer 1.25 contract hours for each hour worked

All labor and support, and telephone support performed after normal business hours are billed at 1.5 times above contract technician and engineering contract hour rates above.

If labor is required in excess of the 300 Contract Hours, at SDCP's sole discretion and subject to request and approval from SDCP, Consultant will charge for labor time at standard labor rates set below:

<b>Title</b>	<b>Amount per Hour</b>
Technician	\$168.54
Engineer	\$210.94

All labor performed after normal business hours are billed at 1.5 times the standard labor rates. At no point shall the amount billed by Consultant exceed the Compensation amount set forth in Section 3.1 of the Agreement unless approved by SDCP in accordance with Section 3.1, subsections 3.1.1 & 3.1.2.

### **EQUIPMENT**

Any equipment, parts, supplies, and/or other ancillary costs requested by SDCP for procurement by Consultant will be sent to SDCP for approval before being purchased by Consultant and invoiced to SDCP as a pass-through cost.

### **TRAVEL TIME**

All time charged against the agreement will include a round trip travel charge for areas outside of the local area, calculated as travel time North of Hwy 78, South of Hwy. 94, and East of 67 Hwy, **billed in 15-minute increments beginning at perimeter of local area.**

## **SAN DIEGO COMMUNITY POWER**

### **Staff Report – Item 9**

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To: San Diego Community Power Board of Directors

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

Subject: Approval of Professional Services Agreement with The Energy Coalition up to \$350,000 for Consulting Services to support the formation of a Regional Energy Network through 12/31/2024

Date: April 27, 2023

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### **RECOMMENDATION**

Approve the Professional Services Agreement with The Energy Coalition and authorize the CEO to execute the Agreement in substantially the form attached hereto, with such changes as are approved by the CEO and reviewed and approved as to form by the General Counsel.

### **BACKGROUND**

SDCP continues efforts in leading initial steps in a regional effort to develop a Regional Energy Network (REN) in San Diego as described in the February 23, 2023 Staff Report to the SDCP Board of Directors.

In January 2023, SDCP issued Request for Proposal (RFP) number 23-002 for California Public Utilities Commission (CPUC) Energy Efficiency Business Plan Application Development Support Services to provide consulting services for Business Plan Development, CPUC Energy Division support, Data Analysis and Market Analysis, and California Energy Efficiency Coordinating Committee (CAEECC) Stakeholder support. The services requested will support SDCP in meeting one of the Programs Team's FY 2023 annual priorities to lead the regional effort to develop a Regional Energy Network (REN) in San Diego. The completion of the scope of work will result in a completed REN proposal as a business plan to be filed with the CPUC for approval of Program Administrator status and authorization to utilize public purpose funds to offer energy efficiency programs. The multi-year business plan will outline strategies and approaches that will result in measurable energy savings and will include the following as stated in Decision 19-12-021:

- A description of its new and unique value to contribute to California's energy, climate, and/or equity goals.
- A description of its proposed governance structure.

- A “letter of commitment to cooperate” from each existing program administrator with whom the new REN’s proposed activities will overlap.
- A written summary of feedback received from the CAEECC meeting and any other stakeholder input, along with the response or changes that were made as a result of the input.
- A proposed set of energy savings targets.
- A proposed set of goals and metrics.
- An estimate of benefits and costs according to the Total Resource Cost and Program Administrator Cost tests.

## **ANALYSIS AND DISCUSSION**

Staff completed the evaluation process per the SDCP Procurement Policy and selected The Energy Coalition as the preferred bidder based on demonstrated expertise in supporting the formation and implementation of other Regional Energy Networks.

Staff determined the scope of services based on existing requirements that is required to file a complete Business Plan application to the CPUC. However, future CPUC decisions may impact requirements and, thus, the not-to-exceed amount of this contract is proposed to be \$125,000 higher than the proposed bid to account for this uncertainty.

## **COMMITTEE REVIEW**

N/A

## **FISCAL IMPACT**

The costs associated with this Professional Services Agreement will not exceed \$350,000 between May 1, 2023 and December 31, 2024. The FY22/23 Programs Department budget includes \$250,000 for this contract. Staff intend to request funding in the FY 23/24 budget to account for costs from this contract not incurred during the current FY.

## **ATTACHMENTS**

Attachment A: AGREEMENT BETWEEN SAN DIEGO COMMUNITY POWER AND THE ENERGY COALITION FOR CONSULTING SERVICES

## SAN DIEGO COMMUNITY POWER PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (“**Agreement**”) is made and entered into this 1st day of May 2023, by and between SAN DIEGO COMMUNITY POWER, a California joint powers agency (“**SDCP**”) and **The Energy Coalition (TEC)**, a California nonprofit corporation (“**Consultant**”). SDCP and Consultant are sometimes individually referred to as “**Party**” and collectively as “**Parties**.”

### RECITALS

A. Consultant desires to perform and assume responsibility for the provision of certain professional services required by SDCP on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing **CPUC Energy Efficiency Business Plan Application Development Services** and is familiar with the plans of SDCP.

B. SDCP desires to engage Consultant to render such professional services for the CPUC Energy Efficiency Business Plan Application Development Services to establish a Regional Energy Network (“**Project**”) as set forth in this Agreement.

### AGREEMENT

#### 1. **Scope of Services and Term.**

1.1 General Scope of Services. Consultant promises and agrees to furnish to SDCP all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the CPUC Energy Efficiency Business Plan Application Development Services necessary for the Project (“**Services**”). The Services are more particularly described in Exhibit A attached hereto, and which are stated in the proposal to SDCP. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto, and all applicable local, state and federal laws, rules and regulations.

1.2 Term. The term of this Agreement shall be from **May 1, 2023 to December 31, 2024**, unless earlier terminated as provided herein. Consultant shall complete the Services within the term of this Agreement and shall meet any other established schedules and deadlines.

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

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

## **2. Responsibilities of Consultant.**

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

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

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

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

- |                     |                    |                    |
|---------------------|--------------------|--------------------|
| • Craig Perkins     | • Marc Costa       | • Rebecca Hausheer |
| • Laurel Rothschild | • Tim Olsen        | • Julie Castro     |
| • Amy Whitehouse    | • Christina Vanciu | • Meaghan Laverty  |
|                     |                    | • Taylor Rosetti   |



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

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

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

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

2.9 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to SDCP, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold SDCP, its

officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

## 2.10 Insurance.

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

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

(A) Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following: (1) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001 or exact equivalent); (2) *Automobile Liability*: Insurance Services Office Business Auto Coverage (form CA 0001, code 1 (any auto) or exact equivalent); and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(B) Minimum Limits of Insurance. Consultant shall maintain limits no less than: (1) *General Liability*: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit is used, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit; (2) *Automobile Liability*: \$1,000,000 per accident for bodily injury and property damage; and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of \$1,000,000 per accident for bodily injury or disease.

2.10.3 Professional Liability. Consultant shall procure and maintain, and require its subcontractors to procure and maintain, for a period of five (5) years following completion of the Services, errors and omissions liability insurance appropriate to their profession. Such insurance shall be in an amount not less than \$2,000,000 per claim. This insurance shall be endorsed to include contractual liability applicable to this Agreement and shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of the Consultant. "Covered Professional Services" as designated in the policy must specifically include work performed under this Agreement. The policy must "pay on behalf of" the insured and must

include a provision establishing the insurer's duty to defend.

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

(A) General Liability.

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

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

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

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

(B) Automobile Liability. The automobile liability policy shall be endorsed to state that: (1) SDCP, its directors, officials, officers, employees, agents and volunteers shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Consultant or for which the Consultant is responsible; and (2) the insurance coverage shall be primary insurance as respects SDCP, its directors, officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant’s scheduled underlying coverage. Any insurance or self-insurance maintained by SDCP, its directors, officials, officers, employees, agents and volunteers shall be excess of the Consultant’s insurance and shall not be called upon to contribute with it in any way.

(C) Workers’ Compensation and Employers Liability Coverage.

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

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

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

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

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

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

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

(v) If at any time during the life of the Agreement, any policy of

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

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

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

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

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

2.10.8 Verification of Coverage. Consultant shall furnish SDCP with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to SDCP. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf and shall be on forms provided by SDCP if requested. All certificates and endorsements must be received and approved by SDCP before work commences. SDCP reserves the right to require complete, certified copies of all required insurance policies, at any time.

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

2.10.10 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall

exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (A) adequate life protection and life-saving equipment and procedures; (B) instructions in accident prevention for all employees and subcontractors, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

### **3. Fees and Payments.**

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

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

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

3.4 Extra Work. At any time during the term of this Agreement, SDCP may request that Consultant perform Extra Work. As used herein, "**Extra Work**" means any work which is determined by SDCP to be necessary for the proper completion of the Project, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from SDCP's Representative.

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

### **5. General Provisions.**

5.1 Termination of Agreement.

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

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

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

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

**Consultant:** The Energy Coalition  
Attn: Laurel Rothschild, Vice President of Energy Programs  
525 Technology Drive, Suite 350  
Irvine, CA 92618

**SDCP:** San Diego Community Power  
Attn: Executive Director  
815 E Street, Suite 12716  
San Diego, CA 92112

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

5.3 Ownership of Materials and Confidentiality.

5.3.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for SDCP to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by



Consultant under this Agreement (“**Documents & Data**”). Consultant shall require all subcontractors to agree in writing that SDCP is granted a non-exclusive and perpetual license for any Documents & Data the subcontractor prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by SDCP. SDCP shall not be limited in any way in its use of the Documents & Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at SDCP’s sole risk.

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

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

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

All materials and documents which were developed or prepared by the Consultant for general use prior to the execution of this Agreement and which are not the copyright of any other party or publicly available and any other computer applications, shall continue to be the property of the Consultant. However, unless otherwise identified and stated prior to execution of this Agreement, Consultant represents and warrants that it has the right to grant the exclusive and perpetual license for all such Intellectual Property as provided herein.

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

5.3.3 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents and Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not,

without the prior written consent of SDCP, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use SDCP's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of SDCP.

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

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

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

5.6 Indemnification.

5.6.1 To the fullest extent permitted by law, Consultant shall defend (with counsel of SDCP's choosing), indemnify and hold the SDCP, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees and attorney's fees and other related costs and expenses. Consultant shall defend, at Consultant's own cost, expense and risk, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against SDCP, its directors, officials, officers, employees, agents or volunteers. Consultant shall pay and satisfy any judgment, award or decree that may be rendered against SDCP or its directors, officials, officers, employees, agents or volunteers, in any such suit, action or other legal proceeding. Consultant shall reimburse SDCP and its directors, officials, officers, consultants, employees, agents and/or volunteers, for any and all legal expenses and costs, including reasonable attorneys' fees, incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant, the SDCP, its officials, officers, employees, agents, or volunteers. This section shall survive any expiration

or termination of this Agreement.

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

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

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

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

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

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

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

5.13 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subcontractors of Consultant, except as otherwise specified in this Agreement. All references to SDGP include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

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

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

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

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

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

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

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

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

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

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

**[SIGNATURES ON FOLLOWING PAGE]**

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

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

**SAN DIEGO COMMUNITY POWER**

**The Energy Coalition\***

By : \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By : \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ATTEST:

By : \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Secretary, SDCP Board of Directors

APPROVED AS TO FORM:

\_\_\_\_\_  
SDCP General Counsel

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

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

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

## **EXHIBIT A**

### **SCOPE OF SERVICES**

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

#### **SDCP Coordination**

- Monthly invoicing
- Weekly or biweekly check-in meetings
- Staff report and presentation content

#### **Local Stakeholder and Engagement**

- Stakeholder mapping
- Signed letters of support
- Community engagement summary & recommendations

#### **Regulatory Stakeholder Engagement**

- California Energy Efficiency Coordinating Committee (CAEECC) presentation of proposed portfolio & programs
- “Letter of commitment to cooperate” from SDG&E
- Stakeholder feedback summary and response for Business Plan (BP)

#### **Drafting of Business Plan Narrative**

- Market/needs assessment
- Presentation of territory, vision & unique value framework
- Presentation of programs and segmentation strategies
- BP and other required document outlines
- Individual program summaries for BP and SDCP
- Exhibits 1 & 2 draft for review by SDCP
- Supporting graphics and visuals for Exhibits 1 & 2

#### **Metrics and Application Tables**

- Cost Effectiveness Tool (CET) runs
- Final listing of unique value metrics (UVMs), common metrics and segment metrics (and indicators) with associated targets

#### **Packaging of Materials for Submittal**

- Style guide and color palette for BP
- Motion and Notice of Availability
- Final Business Plan application materials for submittal (Exhibits 1-3)
- Final Excel sheets



## **EXHIBIT B**

### **SCHEDULE OF SERVICES**

Schedules to be included in Task Orders and will roughly reflect the following:

<b>Tasks</b>	<b>Timeline</b>
SDCP Coordination	May 2023 – December 2023
Local Stakeholder and Engagement	May 2023 – July 2023
Regulatory Stakeholder Engagement	May 2023 – December 2023
Drafting of Business Plan Narrative	June 2023 – November 2023
Metrics and Application Tables	July 2023 – October 2023
Packaging of Materials for Submission	November 2023 – December 2023

**EXHIBIT C**

**COMPENSATION BILLING RATES**

<b>Title</b>	<b>Hourly Rate</b>
Executive	\$300
Vice President	\$270
Director	\$220
Assistant Director	\$210
Program Manager	\$180
Program Analyst	\$145
Project Manager	\$145
Sr. Project Coordinator	\$110
Project Analyst	\$110
Project Coordinator	\$85
Project Accountant	\$115



## SAN DIEGO COMMUNITY POWER Staff Report – Item 10

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To: San Diego Community Power Board of Directors  
From: Eric Washington, Chief Financial Officer  
Via: Karin Burns, Chief Executive Officer  
Subject: Approval of the SDCP Debt Policy  
Date: April 27, 2023

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### RECOMMENDATION

Approval of the SDCP Debt 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 further 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 Debt Policy herein.

In direct relation to the purpose of the proposed Debt Policy, section 3.2.7 of the JPA states that SDCP at the discretion of the Board may incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers authorized by law pursuant to Government Code Section 53850 et seq. and authority under the Act.

Further, section 3.2.8 of the JPA states that SDCP at the discretion of the Board may issue revenue bonds and other forms of indebtedness and per section 3.2.9 may apply

for, accept, and receive all licenses, permits, grants, loans or other aids from any federal, state or local public agency.

Finally, California Government Code Section 8855 and Senate Bill 1029, among many things, requires debt issuers to adopt a local debt policy governing the issuance of debt and to enhance the management of government financial resources.

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.

Upon receipt of an investment-grade credit rating, SDCP may have the ability to issue debt, such as a revenue bond, given that SDCP can demonstrate the ability to meet potential debt payment obligations through the credit rating.

Staff therefore proposed developing a Debt Policy for review and consideration with the FRMC. The FRMC reviewed the initial framework for the Debt Policy at its meeting on March 16, 2023 and reviewed the draft Debt Policy at its meeting on April 13, 2023. Staff incorporated feedback from the FRMC and are presenting the draft Debt Policy for approval to the Board.

## **ANALYSIS AND DISCUSSION**

The SDCP Board has taken several important steps to potentially achieve an investment-grade credit rating which include, among many items:

1. Developing a Reserve Policy to increase liquidity;
2. Establishing and funding an Operating Reserve;
3. Adopting strategic goals that build to 180-days cash on hand, ultimately leading to an investment-grade credit rating;
4. Approving rates effective February 1, 2023 that potentially allows SDCP to achieve 180-days cash on hand in calendar year 2023.

After an investment-grade credit rating is achieved, SDCP will have an enhanced ability to issue tax-exempt or taxable bonds to finance ownership in energy generation or energy storage asset. Direct asset ownership may provide the opportunity for SDCP to control energy cost.

SDCP is maturing as a global leader, inspiring innovative solutions to climate change by powering our communities with 100% clean energy, and must have access to all the available tools to reach its ambitious strategic goals of 75% renewable energy by 2027, 85% renewable energy by 2030, and 100% renewable energy by 2035 with 15% of SDCP's energy coming from new, distributed infill storage/solar+ storage resources by 2035.



SDCP's ability to issue tax-exempt debt to finance an ownership interest in a generating or storage facility is a distinct advantage over investor-owned utilities and direct access providers. There are no specific asset purchases currently under consideration by staff. The Debt Policy for consideration is a key step to enable SDCP to issue bonds which will ultimately be subject to Board approval as a separate action. The Debt Policy will help SDCP take advantage of ownership opportunities that may arise especially in conjunction with state or federal funding that might be available, for example, through the federal Inflation Reduction Act of 2022.

The proposed Debt Policy will articulate:

1. The situations and steps necessary for the issuance of debt;
2. The types of debt that may be issued; and
3. How the debt fits into SDCP's strategic plan and potential capital investment program.

The proposed debt policy has been reviewed by legal. The policy can evolve over time to adapt to changes in market practices and federal and state regulations. All of the current necessary state law requirements are incorporated.

The Debt Policy also includes sections to:

1. Facilitate decision making;
2. Establish basic parameters and principles; and
3. Other aspects to guide future Boards, staff and consultants.

California Government Code Section 8855 and Senate Bill 1029 require debt issuers to adopt a local debt policy governing the issuance of debt. The policy includes elements that are required by state law. In addition to these requirements, staff are proposing additional requirements as follows:

- **Green Bonds:** To the extent possible, SDCP bond issuances shall be green bonds. A green bond is a type of fixed-income instrument that is specifically earmarked to raise money for climate and environmental projects.
- **1.5x Max Annual Debt Service:** While the specific formulation of the Additional Bonds Test may vary depending on the type of bonds being contemplated, the SDCP will utilize an Additional Bonds which establishes a limitation on new issuances such that the pledged revenues are no less than one and a half times (1.5x) the maximum annual principal and interest and debt service for the aggregate outstanding senior lien bonds including the debt service for the new issuance.
- **5% Annual Debt Service Limit:** The Agency will also seek to maintain aggregate annual debt service on long-term debt at a level not-to-exceed 5% of the Agency's annual total operating expenses. The actual terms and conditions specific to each debt issue will be controlled by the applicable documents.

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



### **COMMITTEE REVIEW**

The FRMC reviewed the initial framework for the Debt Policy at its meeting on March 16, 2023 and unanimously recommended Board approval of the draft Debt Policy at its meeting on April 13, 2023.

### **FISCAL IMPACT**

There are no fiscal impacts to recommend Board approval of the Debt Policy given that debt will not be issued as part of this action.

### **ATTACHMENTS**

Attachment A: Debt Policy (Draft)





Policy Number: XXX-XXX

Original Adoption Date: XXX XX, 2023

## **Subject:** Debt Policy

**Purpose:** This Debt Policy (“Policy”) establishes San Diego Community Power’s (“SDCP”) Debt Policy. The Policy articulates: (1) the situations and steps necessary for the issuance of debt; (2) the types of debt that may be issued; and (3) how the debt fits into SDCP’s capital investment program (CIP), Community Power Plan, integrated resource plan, or strategic policy goals.

This Policy is adopted pursuant to Senate Bill 1029 (Hertzberg, 2016) and Government Code Section 8855 et seq. and must be adopted or amended by resolution. The SDCP Board of Directors (“Board”) is required to adopt a formal Debt Policy before any debt can be used.

## **Background**

The SDCP Board adopts budgets and establishes and adjusts rates, as appropriate, each fiscal year to provide sufficient revenues to pay all operating expenses, make required payments and comply with commitments on all other debts or financial obligations of the Agency.

SDCP is committed to long-term financial planning, maintaining appropriate reserve levels, and employing prudent practices in governance, management, and budget administration. The SDCP Board further adopted its Strategic Plan on June 23, 2022, which included the goal to adopt financial controls and policies to meet or exceed best practices and manage risk.

SDCP utilizes financial policies that foster financial stability, support fiscal discipline, and enable SDCP to maintain strong investment-grade credit ratings.

This Policy confirms the commitment of the SDCP Board, management, staff, advisors and other decision makers to adhere to sound financial management practices, including full and timely repayment of all borrowings, allowing continuing ready access to the capital markets to achieve the most effective cost of capital within prudent risk parameters. The goals and objectives of this Policy are as follows:

- Maintain cost-effective access to capital markets
- Maintain a prudent level of financial risk

- Preserve future financial flexibility
- Finance capital projects, acquisitions, or improvements in a timely and cost-effective manner
- Manage debt effectively within SDCP Board established objectives and parameters
- Maintain strong credit ratings and good investor relations
- Maintain compliance with all relevant laws, reporting, and disclosure requirements
- Foster integrity in the debt management process

Further, this Policy is intended to comply with the regulatory requirements of California Government Code Section 8855 and Senate Bill 1029 which, among many things, requires debt issuers to adopt a local debt policy governing the issuance of debt and to enhance the management of government financial resources.

### **Scope and Authority**

This Policy shall govern the issuance and management of all bonds and other forms of indebtedness of SDCP, together with any credit, liquidity, or other security instruments and agreements that may be executed in connection with the issuance of bonds and other forms of indebtedness (“bonds” or “debt”). It also considers certain financial targets which SDCP and its Board may contemplate in the future in order to continue to implement its capital investment program and to support cost-effective borrowing.

While this Policy specifically governs debt issued directly by SDCP, SDCP may consider joint arrangements with other municipal issuers or private parties to finance a project when it serves SDCP’s policy objectives. SDCP is authorized to join together with other municipal agencies to create a separate entity, such as a joint powers authority, to issue debt on behalf of SDCP or the project participants. Typically, joint venture debt is repaid through revenues generated by the project, and SDCP will be liable only for its share of debt service, as specified in a contract executed in connection with the joint venture debt. If the potential for a joint venture does exist, SDCP will examine and negotiate the financial arrangements, obligations, liabilities, tax issues and other factors that may arise in the context of impacts on SDCP and its direct debt obligations using this Policy and financial best practices as guidance. SDCP will comply with state law limitations and in general, avoid joint procurement situations if SDCP lends it credit or enhances the credit of another entity, unless doing so will result in other net tangible benefits to SDCP. Further, as with all SDCP debt, any joint venture debt would be subject to evaluation and authorization of the Board.



While adherence to this Policy is generally required, it is recognized that changes in the capital markets, SDCP programs and other unforeseen circumstances may from time to time produce situations that are not covered by the Policy and will require modifications or exceptions to best achieve policy goals. In these cases, management flexibility is appropriate, provided specific authorization from the SDCP Board is obtained.

This Policy shall be reviewed at least annually as described below and presented to the SDCP Board for approval of any changes as appropriate. This Policy will remain in effect as amended or restated in the future by the Board.

Notwithstanding anything in this Policy to the contrary, the failure of SDCP to comply with any provisions of this Policy shall not affect the authorization, validity, or enforceability of any debt or other forms of indebtedness that are otherwise issued in accordance with law.

### **Use of Debt**

To achieve its objectives, SDCP may consider debt financing for the construction, acquisition, rehabilitation, replacement, or expansion of physical assets, including real and personal property, equipment, furnishings, and improvements. Debt may also be issued for other Board-approved needs or for the refunding of prior outstanding debt.

For example, SDCP may consider the use of debt to finance ownership interest in generating or storage assets if it is determined to be a cost-effective alternative to a standard power purchase agreement or if asset ownership may afford synergies between SDCP'S other objectives (e.g., resiliency, GHG free energy, etc.) or additional measurable advantages in terms of operational efficiency.

SDCP, under the direction of the Board, will retain full flexibility in determining the best funding approach on a case-by-case basis.

### **Types of Debt**

Types of bond issuance, further described in the Appendix, include:

- **New Money:** Debt may be incurred to provide for capital financing for future capital expenditures or reimbursement of prior expenditures.
- **Refunding:** Refunding bonds may be issued to realize debt service savings, restructure outstanding debt, modify covenants, or for other debt management purposes. Absent significant non-economic factors, refunding transactions contemplated solely for debt service savings must produce a minimum aggregate

net present value debt service savings of at least 3% of the par value of the refunded bonds, calculated using the refunding issue's true interest cost ("TIC") as the discount rate. SDCP will work with its Municipal Advisor ("MA") to assess potential refunding opportunities.

Bonds may be issued as taxable or federally tax-exempt:

- **Tax-Exempt:** Interest received by bondholders of SDCP's bonds issued on a federally tax- exempt basis is exempt from federal income tax, and so typically may be issued at lower interest rates, reducing SDCP's cost of borrowing. Additional interest rate advantages may be available for bank qualified bonds (where SDCP will issue less than \$10 million of tax- exempt bonds in a year). However, SDCP is limited by federal tax law in the uses of tax- exempt bond proceeds and must comply with additional federal tax law requirements during the full term of any bond issue. Uses of proceeds typically require a governmental purpose and must be spent on capital improvements rather than operating expenses. Tax implications include having reasonable expectations for spending proceeds at the time of issuance, limiting private use of financed projects, and complying with arbitrage restrictions on the bond proceeds.
- **Taxable:** Taxable debt's interest is not exempt from federal income tax, and so is typically issued at higher interest rates than tax-exempt debt. However, the IRS restrictions described above do not apply, and so SDCP may wish to use taxable debt in situations where the project or purpose of borrowing may not meet federal tax law requirements. SDCP may also consider taxable tax credit or direct subsidy bonds, such as Clean Renewable Energy Bonds, Qualified Energy Conservation Bonds, etc., that offer lower costs of borrowing to SDCP through the issuance of taxable debt that is supported by federal subsidy payments on the interest expense to SDCP.

## Method of Sale

SDCP may choose to issue bonds using either a competitive or negotiated sale process. SDCP may also sell bonds by means of a private placement or direct sale with a financial institution or other accredited investor when this method is expected to result in cost savings or provide other advantages compared to a traditional public offering. SDCP staff will work with its Municipal Advisor to determine the most appropriate method of sale for each issuance. Please see the Appendix for a detailed description of the different methods of sale that SDCP may consider.

## Structure and Term

The repayment schedule of a bond issue can vary greatly from one sale to another. The same is true for other debt instruments. SDCP will consider which structures meet SDCP's strategic goals, are cost effective, minimize the new debt's impact on SDCP's overall debt service schedule, future debt capacity, and other factors when deciding how to structure new debt. In addition to debt amortization terms, structuring options may include the addition and procurement of credit enhancement, the establishment of reserves, the use of capitalized interest, and call or redemption options.

In structuring debt service, SDCP shall consider (1) current and forecasted revenues and any anticipated changes to rates, charges and operating expenses, (2) future borrowing plans, (3) meeting the Credit Considerations described in the next section, and (4) feedback from the Municipal Advisor and rating agencies on a structure's potential impacts to SDCP's credit worthiness. Generally, but not a requirement under this Policy, SDCP prefers level debt service over time. SDCP, consistent with tax law, will not structure debt with a maturity date that materially exceeds the average useful life of the assets or improvements being financed.

### **Green Bonds**

To the extent possible, SDCP bond issuances shall be green bonds. A green bond is a type of fixed-income instrument that is specifically earmarked to raise money for climate and environmental projects. These bonds are typically asset-linked and backed by the issuing entity's balance sheet, so they usually carry the same credit rating as their issuers' other debt obligations.

### **Credit Considerations**

When SDCP issues debt, the Agency will have to execute certain bond documentation and agreements (herein generally referred to as 'indentures') that will bind SDCP to specific terms or requirements. Generally speaking, SDCP will agree to abide by certain covenants written in the indenture which describes in detail the obligations and responsibilities of SDCP and the rights of the bondholders which are designed to protect bondholders by setting standards by which SDCP agrees to comply. These types of covenants may require SDCP to meet certain requirements or, conversely, may forbid SDCP from undertaking certain activities that would jeopardize SDCP's ability to repay its debt. An indenture defines SDCP's contractual obligations and determines the parameters of SDCP's permissible financial behavior.

The incorporation of effective bond covenants into SDCP's future bond issues and respective documentation signal a commitment to abide by stated financial and

operating parameters over the long-term and contribute towards SDCP's ability to maintain strong financial health. Credit ratings are ultimately statements about the likelihood of full and timely debt repayment. Because bond covenants govern an issuer's ongoing financial behavior, the analysis of bond/indenture covenants and their impact on the risk profile of a bond is an integral part of the credit rating process.

Credit ratings are fundamentally forward-looking opinions on the relative default risk associated with a particular issuer and its debt obligations. Credit ratings have a significant impact on the interest rates for SDCP debt, and therefore SDCP will work to address the cost and benefits of obtaining and maintaining strong credit ratings. Depending on the lien structure of the debt, some, or all, of the following factors may be included in its bond documentation in order to obtain and maintain strong credit ratings that would broaden the appeal of and lower the cost of debt issued by SDCP.

- **Debt Service Coverage Ratio:** The ability of an agency to pay debt service (i.e. principal and interest on debt obligations) when due is often measured by how much cash flow is available, after payment of operating expenses, to cover debt service payments (Debt Service Coverage Ratio). Debt Service Coverage Ratio is a common financial metric used in the utility industry and is used by the rating agencies and investors to determine the ability of a utility to fulfill its debt obligations and ensure that the utility generates sufficient revenues to make its debt secure. SDCP's future indentures will likely require cash flow in excess of debt service, or a Debt Service Coverage Ratio greater than 1.0x. Many public agencies target a Debt Service Coverage Ratio in its financial and debt policies higher than the minimum required by its indenture to improve debt ratings and lower their costs of borrowing. Should SDCP establish a minimum Debt Service Coverage Ratio in its future indentures, the Board may consider establishing a target ratio in this Policy that is higher than the legal minimum. Note, that a failure by SDCP to meet a target ratio proposed in this Policy will not result in a default under the indenture so long as the minimum Debt Service Coverage Ratio is achieved.
- **Rate Covenant:** A rate covenant is a promise to set rates or fees at levels that are set to recover sufficient revenues at a designated threshold level to cover operating expenses and debt service payments. This designated threshold level is the same as the Debt Service Coverage Ratio discussed previously. SDCP may develop one or more rate covenants in order to measure and govern operating performance. As noted, future indentures may establish minimum levels of coverage and SDCP's Board-adopted financial policies may establish internal goals that exceed these minimum coverage requirements.

- **Additional Bonds Test:** If SDCP were to issue bonds or other debt obligations, the indentures governing those obligations may have covenants that stipulate whether SDCP may sell additional bonds in the future that share that same pledged revenue stream as security. SDCP may develop conditions or standards in its indentures that describe the parameters whereby SDCP could issue additional bonds (referred to as an “additional bonds test”). This test is intended to ensure that future bond issuance does not reduce bondholder security by placing too high a burden on the revenue stream. The additional bonds test may require that SDCP demonstrate that it has sufficient revenues to meet or exceed the designated Debt Service Coverage Ratio before additional bonds can be issued.

While the specific formulation of the Additional Bonds Test may vary depending on the type of bonds being contemplated, the SDCP will utilize an Additional Bonds which establishes a limitation on new issuances such that the pledged revenues are no less than one and a half times (1.5x) the maximum annual principal and interest and debt service for the aggregate outstanding senior lien bonds including the debt service for the new issuance.

The Agency will also seek to maintain aggregate annual debt service on long-term debt at a level not-to-exceed 5% of the Agency’s annual total operating expenses. The actual terms and conditions specific to each debt issue will be controlled by the applicable documents.

- **Reserves:** SDCP may maintain reserves including those in compliance with GASB 62 such as the adopted Operating Reserve Fund to act as a rate stabilization fund that can help mitigate the impacts of revenue variability. Depending on whether or not SDCP incorporates a rate stabilization fund reserve into its indentures, this reserve may be used to help meet Debt Service Coverage Ratio requirements during times of revenue shortfalls. This fund can be a valuable tool to manage and mitigate the risk related to any Debt Service Coverage Ratio requirements included in future indentures and to address revenue and rate volatility. There are other reserves that the Board may consider adopting in the future that, for example, may be utilized for paying debt service, for funding specific capital projects, or for emergency purposes etc.
- **Additional Ratio Targets:** In the future the Board will continue to monitor this Policy and will establish enhancements to further strengthen the financial ratios and targets of SDCP. For example, while not a ratio included in Indenture covenants, another ratio that can help measure SDCP’s financial health and

position is the ratio of debt-funded capital to overall capital spending (i.e., debt to pay-go spending). Prudent use of debt financing rather than pay-go funding of capital projects can facilitate better allocation of resources over time and ensure payment equity across generations for the use of long-term assets.

## **Financing Team and Professional Services**

SDCP will assemble a financing team that will provide advice and support for the development and implementation of debt issuance as well as ongoing analysis and support. The financing team will include both SDCP staff and outside professional consultants. When required by SDCP's procurement policy, SDCP will use a competitive process through a Request for Proposal ("RFP") in the retention of professional consultants. Otherwise, SDCP will adhere to its best practices in contracting to procure such vendors. The professional consultants selected by SDCP could be engaged to help develop a credit strategy, issue debt and/or assist SDCP with its compliance with applicable federal and state statutes, and Internal Revenue Code at the time of issuance as well as on a continuing basis. Please see the Appendix for a detailed description of the outside professional consultants SDCP may include on its financing team.

## **Debt Administration**

The Chief Executive Officer ("CEO"), or designee shall make recommendations on budget, stabilization transfers and rate adjustments. The Chief Financial Officer shall be responsible for the administration and implementation of this Policy and will have day-to-day responsibility for structuring, implementing and managing SDCP's debt program.

## **Internal Control Procedures**

When issuing debt, in addition to complying with the terms of this Policy, SDCP shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds. Please see the Appendix for a detailed description of SDCP's internal control procedures.

## **Post-Issuance Administration**

SDCP will comply with requirements pertaining to initial bond disclosure, continuing disclosure, tax-exemption, post-issuance compliance, and investment of bond proceeds. This includes any continuing disclosure undertakings under Securities and Exchange Commission ("SEC") Rule 15c2-12; tax covenants and related federal tax compliance requirements such as arbitrage restrictions and rebate requirements; and

all California State reporting requirements. Please see the Appendix for a detailed description of SDCP's Post-Issuance Compliance Policy and additional information on SDCP's post-compliance procedures.

### **Training**

The Chief Financial Officer shall provide training the members of SDCP staff involved in the tax compliance and the initial or continuing disclosure process in coordination with the CEO, and the SDCP Board regarding their respective responsibilities for disclosure and tax compliance.

The Chief Financial Officer, or designee, shall arrange for periodic disclosure and tax training sessions conducted by SDCP's disclosure counsel or other professionals (e.g., seminars) which shall include education regarding disclosure policies, SDCP's disclosure obligations under applicable federal and state securities and tax laws, and the tax compliance and disclosure responsibilities of SDCP.

### **Policy Review**

In coordination with the CEO, the Chief Financial Officer, or designee, will be responsible for regularly reviewing and updating this Policy, and shall present any recommended revisions to the Board for consideration and adoption.

## APPENDIX

### Permitted Types of Debt

SDCP may legally issue both short-term and long-term debt, through either a direct loan or through the public market, using the debt instruments described below. SDCP in consultation with its internal Counsel, Bond Counsel and Municipal Advisors, shall determine the most appropriate instrument for a proposed debt offering.

SDCP may issue the following types of tax-exempt or taxable Debt:

- **Long-Term Debt:** Long-term debt generally includes debt issued to finance capital expenditures with the objective of structuring repayment within the expected life of the financed asset. Debt may be used as a tool for rate stabilization as repayment of the debt is spread over the useful life of the financed project. Long-term bonds may bear interest at fixed or variable rates or structured with level debt service payments or otherwise with term maturities. Long-term revenue bonds are a type of debt that may be entered into by SDCP and which may be secured by a lien on the revenues of SDCP. SDCP may also enter into long-term loans with state or federal agencies. These loans typically have fixed interest rates. Government loan programs may offer favorable interest rates and terms, and should be considered as alternatives to market rate debt when available. The use of long-term debt will be evaluated with pay-as-you-go capital investment and would not be expected (absent extraordinary circumstances) to fund non-capital operational expenditures or operating deficits.
- **Short-Term Debt:** Short-term debt generally has a maturity of less than 7 years and may take several forms, including notes, commercial paper, direct bank loans and other short-term products with either fixed or variable rates. Short-term debt products are flexible cash management tools that are primarily used to meet interim funding (pending the issuance of long-term debt). When approving short-term debt products, the Board may limit SDCP's percentage of short-term debt when compared to its long-term debt portfolio taking into account future market access, term-out provisions and retail rate stability.
- **Variable-Rate Debt:** In addition to interim financing, which includes commercial paper and similar short-term borrowing programs, it may be appropriate to issue long-term variable rate debt that bears an interest rate that is reset periodically at predetermined intervals, including entering into revolving credit facilities, to diversify the debt portfolio, to reduce interest costs, and to improve the match of variable rate assets (such as short-term investments and reserves) to liabilities. The amount of variable rate debt will generally not exceed a net 20% after



consideration of investments and cash equivalents of the outstanding debt portfolio of SDCP.

- **Refunding Debt:** Refunding bonds may be issued to refinance existing bonds to achieve debt service savings, restructure the type of debt outstanding, modify SDCP's covenants to bondholders, restructure future debt service payments, take advantage of market opportunities, or to reduce exposure to certain counterparties. SDCP will work with its Municipal Advisor (MA) to assess potential savings and determine whether refunding bond issuance is warranted. If refunding bonds are being contemplated solely for debt service savings, the refunding should generally result in a reduction in average annual debt service or provide an overall savings target (net of all costs) set by the Board at the time it approves the financing. This savings target may be adjusted depending on the remaining term of the debt or under circumstances where the number of refunding options is then limited by federal tax law.

SDCP may consider the following types of fixed or variable rate debt:

- Revenue Bonds secured by general revenues or project revenues
- Commercial Paper or other Interim Funding Notes
- Capital Leases
- Certificates of Participation/Lease Revenue Bonds
- Installment Sale or Purchase Agreements Revenue Bonds
- Bond or Grant Anticipation Notes
- Tax and Revenue Anticipation Notes
- State and Federal Loans and Grants
- Direct Bank Loans or Lines of Credit
- Public Private Partnerships

This list is not meant to be inclusive of all options that may be available to SDCP as different circumstances may dictate. SDCP may from time to time find that other types of debt would be beneficial to further its purposes and may approve such debt without an amendment to this Policy.

## **Method of Sale**

SDCP may choose to issue bonds using either a competitive or negotiated sale process. SDCP may also sell bonds by means of a private placement or direct sale with a financial institution or other accredited investor when this method is demonstrated to result in cost savings or provide other advantages relative to a traditional public offering. SDCP staff will work with its Municipal Advisor to determine the most appropriate method of sale for each issuance.

- **Competitive Sale:** SDCP may elect to sell bonds in the public market on a competitive basis depending on market conditions, required size of issuance and relative complexity of structure. The Bonds are marketed to a wide audience of investment banking (underwriting) firms. The underwriter is selected based on its bid for the securities. SDCP will award the sale of the competitively sold bonds on the basis of the lowest true interest cost basis. Pursuant to this policy, The Chief Financial Officer, or designee, is authorized to sign the bid form on behalf of the SDCP fixing the interest rates on bonds sold on a competitive basis.
- **Negotiated Sale:** SDCP may elect to sell bonds in the public market on a negotiated basis depending on market conditions, required size of issuance and relative complexity of structure. SDCP staff selects the underwriter, or team of underwriters, of its securities in advance of the bond sale on the basis of responses to a proposal review. With the assistance of the Municipal Advisor (MA), SDCP staff works with the underwriter to bring the issue to market and negotiates all rates and terms of the sale. In advance of the sale, SDCP staff will determine compensation for and liability of each underwriter employed and the designation rules and priority of orders under which the sale itself will be conducted. Pursuant to this policy, the Chief Financial Officer or designee will be authorized to sign the bond purchase agreement on behalf of SDCP, fixing the interest rates on bonds sold on a negotiated basis.
- **Private placement:** SDCP may elect to issue debt on a private placement basis. Such method shall be considered if it is demonstrated to result in cost savings or provide other advantages relative to other methods of debt issuance, or if it is determined that access to the public market is unavailable and/or timing considerations require that a financing be completed more quickly than required for a competitive or negotiated sale.

## Financing Team and Professional Services

SDCP will assemble a financing team that will provide advice and support for the best execution of each debt transaction. The financing team may consist of multiple parties with distinct responsibilities and is generally comprised of both SDCP staff and outside professional consultants. These outside professional consultants may include:

- **Municipal Advisors:** SDCP shall utilize the services of independent MAs in connection with debt-related issuances or projects. SDCP's MA will not serve as an underwriter on negotiated bond sales of SDCP.
- **Underwriters:** SDCP will utilize an underwriter in the sale of bonds on a competitive or negotiated basis. An underwriter is a financial services firm that acquires (by purchase) bonds for resale in the public bond markets. For a

negotiated sale, SDCP will select an underwriter through a request for proposal process; basing the selection on value for SDCP including capital structure, underwriting capabilities, demonstrated expertise and experience as well as proposed fees. SDCP may also select an underwriting firm to act as placement agent in connection with a private placement of bonds. In a competitive sale, bonds are offered for sale at a designated date and time, and multiple underwriters may submit bids. The bonds are awarded to the underwriter (or group of underwriters) that submit the lowest bid.

- **Disclosure Counsel:** SDCP will endeavor to provide complete and appropriate disclosure of financial and legal condition in the issuance of debt. SDCP will also take steps and adopt policies in order to provide for compliance with continuing disclosure requirements. Disclosure counsel, which may be Bond Counsel, shall be responsible for assisting SDCP in the preparation of the Preliminary and Final Official Statements and any other disclosure documents. SDCP will select, through a request for proposal process, and retain qualified and experienced counsel in achieving this objective of appropriate disclosure.
- **Bond Counsel:** SDCP will retain qualified and experienced legal counsel as representation of SDCP to provide the customary opinions required for the issuance of bonds and other financial obligations. Bond counsel shall be responsible for developing the legal documents required for each transaction and draft and review documentation sufficient to provide approving legal opinions. Bond counsel will render customary approving legal and tax opinions for each transaction.
- **Trustee:** SDCP may select through a request for proposal process the services of a financial institution, acting through its trust division, to act as trustee. The trustee may hold, invest and disburse financing proceeds as directed by SDCP. The trustee will act as registrar as well as the paying agent for SDCP debt. The Chief Financial Officer or designee shall monitor the services rendered by the trustee.

## Internal Control Procedures

All debt transactions must be approved by the Board of Directors. The proceeds of bond sales will be invested until used for the intended project(s) in order to maximize utilization of the public funds. The investments will be made consistent with the following guidelines: (1) compliance with federal tax arbitrage requirements, as applicable; (2) safety of principal; (3) liquidity; (4) diversity; and (5) return on investment or yield, and may be held as cash. SDCP's Investment Policy guidelines and bond indentures will govern objectives and criteria for investment of bond proceeds. The Treasurer will oversee the investment of bond proceeds consistent with the foregoing guidelines.

Proceeds of debt will be held either by a third-party trustee or by SDCP. The trustee will disburse bond proceeds to SDCP upon submission of one or more written requisitions signed by an authorized SDCP officer. If the funds are held directly by SDCP, they must be held and accounted for in a separate fund or account, the expenditure of which will be documented by SDCP and subject to established internal controls consistent with SDCP's applicable policies and procedures. These procedures will include, in connection with each requisition or expenditure of proceeds held by SDCP, a written record of the particular capital project or program or other expense to which the funds drawn were applied or allocated.

For bond proceeds that are meant to reimburse SDCP for previous expenditures, SDCP staff will provide documentation that conform to tax requirements and other applicable regulations. To support this certification, staff will analyze capital expenditures and establish that requirements are met before the bond issuance takes place and maintain a written record of such analysis and the amount reimbursed to each particular capital project or program or other expense to which such reimbursed proceeds are to be allocated.

For bond proceeds intended to provide funding for ongoing or upcoming capital expenditures, SDCP staff will monitor the expenditure process. Staff will analyze the use of proceeds on an annual basis or more frequently, if deemed appropriate, until the proceeds are completely spent and will perform monitoring and record-keeping in accordance with SDCP's accounting guidelines and other applicable regulatory requirements.

Refunding bond proceeds are generally held by a third-party trustee or fiscal agent to be applied in connection with written directions generally prepared by bond counsel. SDCP will maintain records of the directions to the trustee, and will review of fund statements and other records received from, the trustee.

### **Post-Issuance Administration**

SDCP will comply with requirements pertaining to initial bond disclosure, continuing disclosure, tax-exemption, post-issuance compliance, and investment of bond proceeds. This includes any continuing disclosure undertakings under SEC Rule 15c2-12; tax covenants and related federal tax compliance requirements such as arbitrage restrictions and rebate requirements; and all California State reporting requirements.

- **Post-Issuance Compliance Policy:** SDCP will adopt a Post-Issuance Compliance Policy (“PICP”) to provide for ongoing monitoring and reporting with respect to compliance with SEC requirements for publicly offered indebtedness and with tax regulations applicable to tax-exempt debt. The PICP will provide for the federal disclosure requirements, responsibility for reporting, training, and describe procedures for compliance with continuing disclosure agreements entered into for each such series of bonds from the date they are issued until the bonds are no longer outstanding. The PICP may be administratively adopted and amended without approval of the Board.
- **Financial Disclosure:** SDCP will comply with applicable deliverable obligations and financial disclosure requirements, as specified in any and all bond and debt-related documents. Staff has developed and will maintain an updated schedule of the requirements in compliance with SDCP’s internal record-keeping processes. SDCP will post required documents to the Municipal Securities Rulemaking Board’s (“MSRB”) Electronic Municipal Market Access (“EMMA”) website as required on a timely basis. SDCP, at its discretion, may also post documents voluntarily to EMMA. SDCP will provide financial disclosure to rating agencies, institutional and individual investors, other levels of government, and the general public to share clear, comprehensible, financial information using the appropriate channels/policies/procedures. The Chief Financial Officer is responsible for monitoring the compliance by SDCP of applicable disclosure requirements. SDCP also may contract with an outside service provider to monitor disclosure postings.
- **Tax Compliance:** SDCP will comply with applicable federal arbitrage and rebate regulations related to its bonds and other debt instruments. These responsibilities include monitoring the investment and expenditure of bond proceeds, maintaining a system of record-keeping and reporting and contracting for the services of outside arbitrage consultants as necessary. SDCP will establish and implement post-issuance procedures to guide its compliance with these requirements. The Chief Financial Officer is responsible for monitoring the compliance by SDCP of applicable tax requirements for debt issued on a tax-exempt basis.
- **Record Keeping:** A copy of all debt-related records shall be retained at SDCP’s offices or otherwise electronically. At a minimum, these records shall include all official statements, bid documents, bond documents/transcripts, indentures, resolutions, trustee statements, leases, and title reports for each financing (to the extent available). The following documents shall be maintained for the term of each issue of bonds (including refunding bonds) plus at least three years:
  - A copy of the bond closing transcript(s) and other relevant documentation delivered to SDCP at or in connection with closing of the issue of bonds;

- A copy of material documents relating to capital expenditures financed or refinanced by bond proceeds, including (without limitation) construction contracts, purchase orders, invoices, trustee requisitions and payment records, draw requests for bond proceeds and evidence as to the amount and date for each draw down of bond proceeds, as well as documents relating to costs paid or reimbursed with bond proceeds and records identifying the assets or portion of assets that are financed or refinanced with bond proceeds, including a final allocation of bond proceeds;
- A copy of all contracts and arrangements involving the use of bond-financed or refinanced assets; and
- A copy of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statements, in connection with any investment agreements, and copies of all bidding documents, if any.



## SAN DIEGO COMMUNITY POWER Staff Report – Item 11

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To: San Diego Community Power Board of Directors  
From: Victoria Abrenica, Public Outreach Associate  
Via: Karin Burns, Chief Executive Officer  
Subject: Receive Quarterly Report from the Community Advisory Committee  
Date: April 27, 2023

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### RECOMMENDATION

Receive and file quarterly report from the San Diego Community Power Community Advisory Committee (CAC).

### 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 Chair of the San Diego Community Power (SDCP) Board of Directors, the CAC, via staff, shall provide quarterly updates during the regular meetings of the Board of Directors on a quarterly basis. The last quarterly update was provided on [February 23, 2023](#).

### ANALYSIS AND DISCUSSION

At the February 23, 2023, regular meeting of the Board of Directors, staff presented a recap of the CAC's activities for the months of October, November, December and January.

This update provides recaps for the months of February and March. It should be noted that a standing item updating the committee on their Fiscal Year 2022-2023 Work Plan has been added to ensure the CAC is able to meet their Fiscal Year 2022-2023 Work Plan goals.

February: The group received two updates from the SDCP programs team. Program Manager Nelson Lomeli provided an update on the status of Community Power Plan. The CAC received an update on the Regional Energy Network (REN) process from Senior Program Manager, Sheena K. Tran.

Laura Fernandez, Director of Regulatory & Legislative Affairs, led a discussion on SDCP's Net Energy Metering 3.0 decision. Jen Lebron, Director of Public Affairs provided an update on SDCP's Phase 4 Enrollment in National City and Unincorporated San Diego County. Lucas Utouh, Director of Data Analytics and Accounts Services provided an update on back-office operations and focused on the latest opt-up, opt-out, and opt-down metrics. The advisory committee received an update on the 2023 Brown Act and discussed the Remote Teleconferencing Policy. The committee voted to approve the 2023 CAC Regular Meeting Schedule. Lastly, Jen Derks (La Mesa) resigned from the Community Advisory Committee. With the departure of committee member Derks, there were vacancies in La Mesa, Imperial Beach, and County of San Diego.

**March:** The committee recognized outgoing CAC members Charles Summers (Imperial Beach) and Jen Derks (La Mesa). The Programs team presented two items. Program Manager, Nelson Lomeli, provided an update from on SDCP's Community Power Plan and the launch of the public comment window of the Public Draft of the Community Power plan. The committee received an update from, Program Associate, Alyson Scurlock on SDCP's FY 22-23 Community Clean Energy Innovation Grant Program and nominated Matthew Vasilakis (City of San Diego) and Gary L. Jahns (Encinitas) to participate on the Evaluation Committee. Lucas Utouh, Director of Data Analytics and Accounts Services provided an update on back-office operations and focused on Phase 4 enrollment and the latest opt-up, opt-out, and opt-down metrics. The Public Affairs team provided three updates. Jen Lebron, Director of Public Affairs provided an update on public relations focusing on earned and paid media. The committee and received an update on the hiring process of SDCP's Senior Marketing and Communications Manager and Community Engagement Manager. Rachel Hommel, Strategic Initiatives Manager, presented San Diego Community Power's Draft Sponsorship Policy, and the group reviewed and provided input. Victoria Abrenica, Public Outreach Associate provided a monthly update on the CAC's Fiscal Year 2022-2023 Work Plan and will be returning monthly to ensure the advisory committee is able to meet their Work Plan goals.

Staff will return to the Board at the start of the third quarter of the year, which will take place in July, to report on second quarter activities.

## **COMMITTEE REVIEW**

N/A

## **FISCAL IMPACT**

N/A

## **ATTACHMENTS**

Attachment A: February 10, 2023, CAC Meeting Agenda

Attachment B: March 10, 2023, CAC Meeting Agenda







## **AGENDA**

### **Regular Meeting of Community Advisory Committee San Diego Community Power (SDCP)**

February 10, 2023

1:00 p.m.

The meeting will proceed as a teleconference meeting in compliance with waivers to certain provisions of the Brown Act provided for under Government Code section 54953(e)(1)(A), in relation to the COVID-19 State of Emergency and recommended social distancing measures. There will be no location for in-person attendance. In compliance with the Brown Act, SDCP is providing alternatives to in-person attendance for viewing and participating in the meeting. Further details are below.

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

1. Providing Oral Comments During Meeting. To provide 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 form](#)). Please indicate a specific agenda item when submitting your comment. All written comments received prior to the meeting will be provided to the CAC 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 CAC members in writing, and be part of the public record.

If you have anything that you wish to be distributed to the CAC, please provide it via [info@sdcommunitypower.org](mailto:info@sdcommunitypower.org), who will distribute the information to the Members.

The public may participate using the following remote options:

Teleconference Meeting Webinar

<https://zoom.us/j/93647500600>

Telephone (Audio Only)

(669) 900-6833 or (253) 215-8782 | Webinar ID: 936 4750 0600

1. **Welcome**
2. **Roll Call**
3. **Public Comment for Items Not on the Agenda**
4. **Items to be Withdrawn, or Reordered on the Agenda**

### **REGULAR AGENDA**

5. **Receive Update on the Community Power Plan**
6. **Receive Update on REN Process**
7. **Discuss NEM 3.0 Decision**
8. **Receive Update on Public Relations and Back-Office Operations**
9. **Receive Update on 2023 Brown Act and Discuss Remote Teleconferencing Policy**
10. **Approval of 2023 CAC Regular Meeting Schedule**
11. **Standing Item: Discussion of Potential Agenda Items for Board of Directors Meetings**
12. **Committee Member Announcements**  
*Committee Members may briefly provide information to other members and the public. There is to be no discussion or action taken on comments made by Committee Members unless authorized by law.*
13. **Adjournment**

#### ***Availability of Committee Documents***

Copies of the agenda and agenda packet are available at <https://sdcommunitypower.org/resources/meeting-notes/>. Late-arriving documents related to a CAC meeting item which are distributed to a majority of the Members prior to or during the CAC meeting are available for public review as required by law. Public records, including agenda-related documents, can instead be requested electronically at [info@sdcommunitypower.org](mailto:info@sdcommunitypower.org) or by mail to SDCP at 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](mailto:info@sdcommunitypower.org) to arrange an appointment.



## **AGENDA**

### **Regular Meeting of Community Advisory Committee San Diego Community Power (SDCP)**

March 10, 2023

1:00 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. Community Advisory Committee (CAC) Members and members of the public may attend in person. Under certain circumstances, CAC Members 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 CAC 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 Community Advisory Committee (CAC) on any agenda item. When providing comments to the CAC, it is requested that you provide your name and city of residence for the record. Commenters are requested to address their comments to the CAC 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 CAC is asked to fill out a speaker's slip and present it to the CAC Chair 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 form](#)). Please indicate a specific agenda item when submitting your comment. All written comments received prior to the meeting will be provided to the CAC 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 CAC members in writing, and be part of the public record.

If you have anything that you wish to be distributed to the CAC, please provide it via [info@sdcommunitypower.org](mailto:info@sdcommunitypower.org), who will distribute the information to the Members.

The public may participate using the following remote options:

Teleconference Meeting Webinar

<https://zoom.us/j/93647500600>

Telephone (Audio Only)

(669) 900-6833 or (253) 215-8782 | Webinar ID: 936 4750 0600

1. **Welcome**
2. **Roll Call**
3. **Special Presentations and Introductions**
4. **Public Comment for Items Not on the Agenda**
5. **Items to be Withdrawn, or Reordered on the Agenda**

#### **REGULAR AGENDA**

6. **Approval of February CAC Meeting Minutes**
7. **Receive Update on the Community Power Plan**
8. **Receive Update on SDCP's FY22-23 Community Clean Energy Innovation Grant Program and Nominate Representative(s) to Participate on Evaluation Committee**
9. **Receive Update on Public Relations and Back-Office Operations**
10. **Review and Provide Input on San Diego Community Power's Sponsorship Policy**
11. **Standing Item: Update on CAC FY 22-23 Work Plan**
12. **Standing Item: Discussion of Potential Agenda Items for Board of Directors Meetings**
13. **Committee Member Announcements**  
*Committee Members may briefly provide information to other members and the public. There is to be no discussion or action taken on comments made by Committee Members unless authorized by law.*
14. **Adjournment**

#### ***Availability of Committee Documents***

Copies of the agenda and agenda packet are available at <https://sdcommunitypower.org/resources/meeting-notes/>. Late-arriving documents related to a CAC meeting item which are distributed to a majority of the Members prior to or during the CAC meeting are available for public review as required by law. Public records, including agenda-

related documents, can instead be requested electronically at [info@sdcommunitypower.org](mailto:info@sdcommunitypower.org) or by mail to SDCP at 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](mailto:info@sdcommunitypower.org) to arrange an appointment.



## SAN DIEGO COMMUNITY POWER Staff Report – Item 12

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To: San Diego Community Power Board of Directors

From: Victoria Abrenica, Public Outreach Associate

Via: Karin Burns, Chief Executive Officer

Subject: Approval of Community Advisory Committee (CAC) Appointment for County of San Diego

Date: April 27, 2023

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### RECOMMENDATION

Approve the appointment of Lea Nepomuceno as County of San Diego representative for the Community Advisory Committee.

### 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. The Community Advisory Committee is advisory only, and shall not have decision-making authority, nor receive any delegation of authority from the Board of Directors. Each Party may nominate a committee member(s) and the Board shall determine the final selection of committee members, who should represent a diverse cross-section of interests, skills sets and geographic regions.

### ANALYSIS AND DISCUSSION

Applications for San Diego County opened September 2022 and will close once filled. At the January 2023 Special New Board Member Orientation Meeting, staff presented the recruitment, application, nomination, and appointment process. At the February 2023 Board Meeting, staff announced the vacancies on the Community Advisory Committee (CAC) and presented the process on how a director, from the respected member agency, can appoint a representative from their community. Throughout the recruitment process, staff promoted the CAC openings via SDCP's social media channels, Community Advisory Committee meetings, outreach events, and directly engaging with staff from the County of San Diego.

Applications were reviewed to determine qualification based on membership criteria including residence or impact their work has in the County of San Diego. In total, 8 applications were received, and 7 qualified to represent the County of San Diego. All eligible applications were sent to County of San Diego staff on March 14, 2023, and April 18, 2023, for their review and determination of who would be nominated for appointment.

Vice-Chair Lawson-Remer reviewed the diverse range of applicants, ultimately choosing to appoint Lea Nepomuceno to fill seat 12 on the Community Advisory Committee. Seat 12 has a term ending on June 30, 2023, with the opportunity to serve a maximum of two, three-year terms.

Seat 10 remains vacant. Applications for this seat will remain open until filled.

SEAT	TERM ENDS	NAME	MEMBER AGENCY
10	2023	VACANT	IMPERIAL BEACH
12	2023	LEA NEPOMUCENO	SAN DIEGO COUNTY

If approved by the Board with a simple majority vote, staff will work with the representative to conduct their oath of office, conduct onboarding prior to the next CAC meeting on May 11, as well as be available to answer any questions. Staff will also update Attachment A: CAC Roster and Seat Assignments, to include the new representative.

#### COMMITTEE REVIEW

N/A

#### FISCAL IMPACT

N/A

#### ATTACHMENTS

Attachment A: CAC Roster and Seat Assignments





## Community Advisory Committee Roster and Seat Assignments

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

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



## SAN DIEGO COMMUNITY POWER

### Staff Report – Item 13

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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 PG&E

Date: April 27, 2023

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### RECOMMENDATION

Approve and authorize CEO to enter into Renewables Portfolio Standard Energy Market Offer Confirmation Letter for purchase of long-term renewable energy from PG&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 PG&E's long-term Market Offer solicitation and was awarded a slice of PG&E's "Product C" portfolio, which is comprised of long-term, PCC1 bundled renewable energy.

Staff recommends that SDCP enter into the attached transaction with PG&E as it presents an opportunity to meet near- and long-term renewable energy needs at fixed, competitive prices. PG&E's "Product C" 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 2023)
- End Date: Expiration of PG&E's relevant PCIA-eligible renewable energy supply contracts (expected in 2043)
- Structure: Index plus fixed-price renewable premium
- Price: Confidential
- Portfolio Slice "Election" Quantity: Confidential while PG&E completes MO solicitation processes
- Estimated Annual Generation: Confidential. Varies by year, subject to intermittent resource generation, and declining over time as PG&E's relevant PCIA-eligible renewable energy contracts expire

## COMMITTEE REVIEW

To be reviewed with SDCP Energy Contracts Working Group on April 26, 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 PACIFIC GAS AND ELECTRIC COMPANY AND SAN DIEGO  
COMMUNITY POWER



**MASTER POWER PURCHASE AND SALE AGREEMENT  
RENEWABLES PORTFOLIO STANDARD ENERGY MARKET OFFER  
CONFIRMATION LETTER**

**BETWEEN**

*PARTICIPANT FULL NAME (ALL CAPS)* (“PARTY A”)

**AND**

**PACIFIC GAS AND ELECTRIC COMPANY (“PARTY B”)**

This confirmation letter (“Confirmation”) confirms the Transaction between

*Name, place of formation, and type of entity*

(“Party A” or “Buyer”), and Pacific Gas and Electric Company, a California corporation, (“Party B” or “Seller”), each individually a “Party” and together the “Parties”, which becomes effective on the date fully executed by both Parties (the “Confirmation Effective Date”), in which Seller agrees to provide to Buyer Product, as such term is defined in this Confirmation. This Transaction is governed by the Master Power Purchase and Sale Agreement between the Parties, effective as of *Date of EEI Master between Parties*, together with the Cover Sheet, [the Collateral Annex and Paragraph 10 to the Collateral Annex,] and any other annexes thereto (collectively, as amended, restated, supplemented, or otherwise modified from time to time, the “Master Agreement”). The Master Agreement and this Confirmation are collectively referred to herein as the “Agreement”. Capitalized terms used but not otherwise defined in this Confirmation, have the meanings specified for such terms in the Master Agreement, the RPS (defined herein) or the Tariff (defined herein), as applicable. If there is a conflict between the terms in this Confirmation and those in the Master Agreement, this Confirmation shall control. Section references herein are to this Confirmation unless otherwise noted.

**[Standard contract terms and conditions shown in shaded text are those that “may not be modified” per CPUC Decisions (“D.”) 07-11-025; D.10-03-021, as modified by D.11-01-025; and D.13-11-024.]**

**ARTICLE 1**

**PRODUCT**

1.1 Product. “Product” means, following Voluntary Allocation, all remaining RPS Energy and Green Attributes generated and associated with Resources in the Long-Term Resource Pool. Seller shall provide Buyer Product equal to the Total Amount.

1.2 Buyer’s Exclusive Right. Buyer has exclusive right to Product for the Total Amount, including the right to account for or report Product equal to the Total Amount to a Governmental Entity.

**ARTICLE 2**

**TOTAL AMOUNT AND GREEN ATTRIBUTES PRICE**

2.1 Total Amount. The “Total Amount” is the sum of all Monthly Amounts in the Delivery Period. For every month in the Delivery Period, the “Monthly Amount” is the product of (i) the Election for the applicable calendar year, multiplied by (ii) following Voluntary

Allocation, the total remaining RPS Energy for that month for every Resource in the Long-Term Resource Pool.

2.2 Election.

- (a) For Products to be delivered in every year over the Delivery Period, the “Election” is \_\_\_\_%.

2.3 Green Attributes Price.

- (a) For Products to be delivered in every year over the Delivery Period, the “Green Attributes Price” is \$ \_\_\_\_\_/MWh.

2.4 Change in Long-Term Resource Pool. Seller may add or remove a Resource from the Long-Term Resource Pool as allowed under Voluntary Allocation, and as soon as practicable, Seller will provide Notice to Buyer of any changes to the Long-Term Resource Pool. Seller shall retain the sole discretion to modify Appendix B after CPUC Approval to ensure that the Long-Term Resource Pool only includes Resources with terms greater than 10 years as of the start of the Delivery Period. Seller shall retain the sole and absolute discretion to modify, enforce, or terminate its power purchase agreements for Resources during the Delivery Period. Buyer shall not have any right to or discretion to request changes to the Resources or the Long-Term Resource Pool during the Delivery Period.

**ARTICLE 3**  
**DELIVERY**

3.1 Delivery. Throughout the Delivery Period, Seller shall deliver, and Buyer shall receive, Product in accordance with the Confirmation. Seller, or a qualified third-party designated by Seller, will act as Scheduling Coordinator to deliver Product in each hour to the CAISO at the Delivery Point. Buyer shall take title and risk of loss of Product at the applicable Delivery Point selected by Seller.

3.2 Delivery Point. The “Delivery Point” is and shall mean where Seller, or a qualified third-party designated by Seller, shall deliver to, and Buyer shall take possession of, Product, which shall be NP 15, SP 15, and/or ZP 26, as selected by Seller.

3.3 Delivery Period. Subject to the satisfaction of the Conditions Precedent, the “Delivery Period” shall commence as of the date upon which CPUC approval occurs and last through and until the date upon which the amount of Green Attributes conveyed to the buyer meets the Total Amount following the Long-Term End Date.

**ARTICLE 4**  
**CONDITIONS PRECEDENT**

4.1 Conditions Precedent. Notwithstanding any other provision of this Confirmation to the contrary, all of the Parties' obligations are conditioned upon (a) CPUC Approval; and (b) Seller's receipt of the Performance Assurance described in Article 7 as applicable from Buyer no later than five (5) Business Days following Seller's Notice to Buyer of CPUC Approval (collectively, "Conditions Precedent").

**ARTICLE 5**  
**CONVEYANCE OF GREEN ATTRIBUTES**

5.1 Green Attributes. Seller represents and warrants that Seller holds the rights to such Green Attributes from the Resources in the Long-Term Resource Pool and Seller agrees to convey such Green Attributes to Buyer as included in the delivery of Product from the Resources in the Long-Term Resource Pool subject to the terms and conditions of this Agreement.

5.2 Conveyance of Green Attributes. Seller shall convey to Buyer the Green Attributes associated with Product no later than twenty-five (25) Business Days once the following have occurred: (a) Seller has obtained the WREGIS Certificates for the Green Attributes for the applicable Calculation Period or calendar year and (b) Seller has received Buyer's payment of the Monthly Cash Settlement Amount in accordance with Article 6 herein. Since WREGIS Certificates will only be created for whole MWh amounts of RPS Energy generated, any fractional MWh amounts (i.e., kWh) will be carried forward until sufficient generation is accumulated for the creation of a WREGIS Certificate. During the Delivery Period, Seller shall transfer all right, title, and interest in and to the WREGIS Certificates to Buyer's WREGIS account in an aggregate amount equivalent to the Total Amount.

5.3 WREGIS Certificate True-Up. A "WREGIS Certificate True-Up" means any deficit or surplus in WREGIS Certificates delivered to Buyer for a calendar month as compared to the Monthly Amount for the same calendar month ("True-Up Month"). Any adjustments to resolve a WREGIS Certificate True-Up will be made as an adjustment on Seller's monthly invoice to Buyer in accordance with Article 6, provided that no adjustments will be made for any WREGIS Certificate True-Up after twenty-four (24) months from the True-Up Month.

**ARTICLE 6**  
**COMPENSATION**

6.1 Calculation Period. The "Calculation Period" shall be each calendar month or portion thereof that Delivery was conveyed to Buyer.

6.2 Monthly Cash Settlement Amount. Buyer shall pay Seller the Monthly Cash Settlement Amount, in arrears, for each Calculation Period.

The "Monthly Cash Settlement Amount" for a particular Calculation Period shall be equal to (a) plus (b) minus (c), where:

(a) equals the product of (i) the Index Price multiplied by (ii) the Monthly Amount; and

(b) equals the product of (i) the Green Attributes Price, multiplied by (ii) the Monthly Amount; and

(c) equals the product of (i) the Index Price multiplied by (ii) the Monthly Amount.

6.3 Payment. Notwithstanding anything to the contrary in Article Six of the Master Agreement, Buyer shall pay Seller the Monthly Cash Settlement Amount four (4) calendar months following the applicable Calculation Period and on or before the later of: (a) the twenty-fifth (25th) day of the month in which Buyer receives from Seller an invoice for the Calculation Period to which the Monthly Cash Settlement Amount pertains, or (b) within fifteen (15) days following receipt of an invoice issued by Seller for such applicable Calculation Period, provided that if such payment due date is not a Business Day, then on the next Business Day. This provision shall survive termination or expiration of the Agreement for all amounts due prior to such termination or expiration.

## **ARTICLE 7**

### **CREDIT TERMS**

7.1 This Confirmation's credit requirements for the RPS Energy portion of the Product shall be governed by the Master Agreement

7.2 This Confirmation's credit requirements for the Green Attributes portion of the Product shall apply as specified below:

(a) If the Master Agreement has a Collateral Annex, then the Exposure Amount for the Green Attributes portion of Product shall be equal to the lesser of (1) the product of the following: (i) five percent (5%), multiplied by (ii) the volume of the undelivered Green Attributes for Product, multiplied by (iii) the Green Attributes Price or (2) the highest consecutive six (6) months of expected payments.

(b) In the event the Master Agreement does not have a Collateral Annex and Section 8.2(c), entitled "Collateral Threshold" with respect to "Party B Credit Protection", of the Master Agreement applies, then for the Green Attributes portion of the Product to be delivered to Party B, the definition of Termination Payment in Section 8.2(c) of the Master Agreement will be the lesser of (1) product of the following: (i) five percent (5%), multiplied by (ii) the volume of the undelivered Green Attributes for applicable Product(s) multiplied by (iii) the Green Attributes Price or (2) the highest consecutive six (6) months of expected payments.

7.3 Section 8.1 of the Master Agreement, entitled "Party A Credit Protection", and all corresponding provisions of (i) the Cover Sheet to Section 8.1 of the Master Agreement and (ii) the Collateral Annex with respect to such Section 8.1 and the applicable provisions thereto of Paragraph 10 to the Collateral Annex do not apply to this Confirmation.

**ARTICLE 8**  
**SELLER'S REPRESENTATIONS, WARRANTIES, AND COVENANTS**

8.1 **Seller Representations and Warranties.** 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.

(a) For the avoidance of doubt, the term "Project" as used in the immediately preceding paragraph means Resources in the Long-Term Resource Pool, and the phrase "Delivery Term" means the Delivery Period.

8.2 **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. 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.**

(a) For the avoidance of doubt, the phrase "Delivery Term" as used in the immediately preceding paragraph means the Delivery Period.

8.3 **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.**

(a) For the avoidance of doubt, the term "contract" as used in the immediately preceding paragraph means this Confirmation, and the phrase "first delivery" means the first date of the Delivery Period.

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

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

(b) at the time of delivery, all rights, title, and interest in Product required to be delivered hereunder are free and clear of all liens, taxes, claims, security interests, or other encumbrances of any kind whatsoever;



(c) Seller shall not substitute or purchase any Product from any generating resource other than the Resource(s) in the Long-Term Resource Pool hereunder;

(d) the facility(s) designated by Seller as the Resource(s) in the Long-Term Resource Pool and all electrical output from the facility(s) designated as the Resource(s) in the Long-Term Resource Pool are, or will be, by the first date of the Delivery Period, registered with WREGIS as RPS-eligible.

(e) As of the Confirmation Effective Date and throughout the Delivery Period, Seller represents, warrants and covenants that the Resource(s) in the Long-Term Resource Pool meet the criteria in either (i) or (ii)

(i) The facility(s) designated by Seller as the Resource(s) in the Long-Term Resource Pool either has a first point of interconnection with a California Balancing Authority, or a first point of interconnection with distribution facilities used to serve end users within a California Balancing Authority Area; or;

(ii) The facility(s) designated by Seller as the Resource(s) in the Long-Term Resource Pool has an agreement to dynamically transfer electricity to a California Balancing Authority.

(f) If and to the extent that the Product sold by Seller is a resale of part or all of a power purchase agreement between Seller and one or more third parties, Seller represents, warrants and covenants that the resale complies with the following conditions in (i) through (iv) below as of the Confirmation Effective Date and throughout the Delivery Period:

(i) The original upstream third party contract(s) meets the criteria of California Public Utilities Code Section 399.16(b)(1)(A);

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

(iii) The RPS Energy transferred hereunder is transferred to Buyer in real time; and

(iv) If a Resource has an agreement to dynamically transfer electricity to a California Balancing Authority, the transactions implemented under this Agreement are not contrary to any condition imposed by a Balancing Authority participating in the dynamic transfer arrangement.

## **ARTICLE 9**

### **TERMINATION AND CALCULATION OF SETTLEMENT AMOUNT**

In the event this Transaction becomes a Terminated Transaction pursuant to Section 5.2 of the Master Agreement, then the Settlement Amount with respect to this Transaction shall not be calculated in accordance with the Master Agreement, but instead will be calculated as follows:

The Non-Defaulting Party shall determine its Gains and Losses by determining the Market Quotation Average Price for the Terminated Transaction. In the event the Non-Defaulting Party is not able, after commercially reasonable efforts, to obtain the Market Quotation Average Price with respect to the Terminated Transaction, then the Non-Defaulting Party shall calculate its Gains and Losses for the Terminated Transaction in a commercially reasonable manner by calculating the arithmetic mean of the quotes of at least three (3) Broker or Index Quotes based on the offers to sell or bids to buy, as applicable, obtained for transactions substantially similar to the Terminated Transaction. Such Broker or Index Quotes must be obtained assuming that the Party obtaining the quote will provide sufficient credit support for the proposed transaction. In the event the Non-Defaulting Party is not able, after commercially reasonable efforts to obtain at least three (3) such Broker or Index Quotes with respect to the Terminated Transaction, then the Non-Defaulting Party shall calculate its Gains and Losses for such Terminated Transaction in a commercially reasonable manner by reference to information supplied to it by one or more third parties including, without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets. Third parties supplying such information may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors and other sources of market information; provided, however, that such third parties shall not be Affiliates of either Party. Only in the event the Non-Defaulting Party is not able, after using commercially reasonable efforts, to obtain such third-party information, then the Non-Defaulting Party shall calculate its Gains and Losses for such Terminated Transaction in a commercially reasonable manner using relevant market data it has available to it internally. If the Non-Defaulting Party's aggregate Gains exceed its aggregate Losses and Costs, if any, resulting from the termination of this Transaction, the Settlement Amount for this Transaction will be zero.

## **ARTICLE 10**

### **GENERAL PROVISIONS**

10.1 Buyer Audit Rights. In addition to any audit rights provided under the Master Agreement, Seller shall, upon the Confirmation Effective Date and continuing until the end of the Delivery Period, provide documentation (which may include, for example, WREGIS reports) sufficient to demonstrate that Product has been conveyed and delivered to Buyer.

#### 10.2 Governing Law.

(a) Notwithstanding any provision to the contrary in the Master Agreement, the Governing Law applicable to this Agreement shall be as set forth herein. This Section 9.2 does not change the Governing Law applicable to any other confirmation or transaction entered into between the Parties under the Master Agreement.

(b) **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.

**ACKNOWLEDGED AND AGREED TO:**

**Buyer, or Party A:**

*NAME, place of formation, and type of entity*

\_\_\_\_\_

**Seller, or Party B:**

**PACIFIC GAS AND ELECTRIC  
COMPANY, a California corporation**

Sign: \_\_\_\_\_

Sign: \_\_\_\_\_

Print: \_\_\_\_\_

Print: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## APPENDIX A

### DEFINED TERMS

Any capitalized terms used in this Confirmation but not otherwise defined below shall have the meaning ascribed to such term in the Master Agreement:

“Applicable Law” means any statute, law, treaty, rule, tariff, regulation, ordinance, code, permit, enactment, injunction, order, writ, decision, authorization, judgment, decree or other legal or regulatory determination or restriction by a court or Governmental Authority of competent jurisdiction, or any binding interpretation of the foregoing, as any of them is amended or supplemented from time to time, that apply to either or both of the Parties, the Product, or the terms of the Agreement.

“Balancing Authority” has the meaning set forth in the Tariff.

“Business Day” means all calendar days other than those days on which the Federal Reserve member banks in New York City are authorized or required by law to be closed, and shall be between the hours of 8:00 a.m. and 5:00 p.m. Pacific Prevailing Time for the relevant Party’s principal place of business where the relevant Party, in each instance unless otherwise specified, shall be the Party from whom written communications or payment or delivery is being sent and by whom written communications or payment or delivery is to be received.

“Buyer” means Party A.

“CAISO” means the California Independent System Operator Corporation or the successor organization to the functions thereof.

“Confirmation Effective Date” means the date in which the Confirmation is fully executed by both Parties.

“CPUC” means the California Public Utilities Commission.

“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. For the purpose of this definition of “CPUC Approval”, a CPUC Energy Division disposition which contains such findings, or deems approved an advice letter requesting such findings, shall be deemed to satisfy the CPUC decision requirement set forth above. Also, for the purpose of this definition of “CPUC Approval” only, the references therein to “Buyer” shall mean “Seller”.

“California Renewables Portfolio Standard” or “RPS” means the California renewables portfolio standard, as set forth in Cal. Pub. Util. Code §§ 399.11 et seq. and Cal. Pub. Res. Code §§ 25740-25751, and as administered by the CEC as set forth in the CEC RPS Eligibility Guidebook (9<sup>th</sup> Ed.), as may be subsequently modified by the CEC, and the California Public

Utilities Commission (“CPUC”) as set forth in CPUC Decision (“D”) 08-08-028, D.08-04-009, D.11-01-025, D.11-12-020, D.11-12-052, D.12-06-038 and D.14-12-023, and as may be modified by subsequent decision of the CPUC or by subsequent legislation, and regulations promulgated with respect thereto.

“CEC” means the California Energy Commission.

“CPUC” means the California Public Utilities Commission.

“Delivery Period” has the meaning set forth in Section 3.3.

“Delivery Point” has the meaning set forth in Section 3.2.

“Election” has the meaning set forth in Section 2.2.

“Energy” means electrical energy, measured in MWh.

“FERC” means the Federal Energy Regulatory Commission.

“Green Attributes” means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Resource, and its avoided emission of pollutants. Green Attributes include but are not limited to Renewable Energy Credits, as well as: (a) 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; (b) any avoided emissions of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), 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 ; (c) 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 Resource, (ii) production tax credits associated with the construction or operation of the Resource and other financial incentives in the form of credits, reductions, or allowances associated with the Resource that are applicable to a state or federal income taxation obligation, (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 Resource for compliance with local, state, or federal operating and/or air quality permits. If the Resource 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 Resource.

"Green Attributes Price" has the meaning set forth in Section 2.3.

"Governmental Authority" or "Governmental Entity" means any federal, state, local or municipal government, governmental department, commission, board, bureau, agency, or instrumentality, or any judicial, regulatory or administrative body, or the CAISO or any other transmission authority, having or asserting jurisdiction over a Party or the Agreement.

"Index Price" means the Trading Hub price (as defined in the Tariff) measured in \$/MWh, for each MWh of Product, and associated with the Product to the Delivery Point 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.

"Long-Term End Date" is the end date of the contract with the longest term in the Long-Term Resource Pool, excluding PG&E owned resources and resources without fixed expiration dates.

"Long-Term Resource Pool" means Seller's Resources in Appendix B reflecting all PCIA-eligible RPS resources remaining after Voluntary Allocation with power purchase agreements with terms that have greater than 10 years remaining from the start of the Delivery Period that meet the criteria of Public Utilities Code §399.16(b)(1). The actual resources included in this pool (and listed in Appendix B) may change for reasons set forth in Section 2.4.

"MWh" means megawatt-hour.

"Monthly Cash Settlement Amount" has the meaning set forth in Section 6.2.

"Monthly Amount" has the meaning set forth in Section 2.1.

"PG&E" means the Pacific Gas and Electric Company, its successors and assigns.

"PCIA" or "Power Charge Indifference Adjustment" is a charge to ensure that both PG&E customers and those who have left PG&E service to purchase electricity from other providers pay for the above-market costs for electric generation resources that were procured by PG&E on their behalf. "Above market" refers to expenditures for generation resources that cannot be fully recovered through sales of these resources at current market prices.

"Product" has the meaning set forth in Section 1.1.

"Renewable Energy Credits" or "REC" has the meaning set forth in California Public Utilities Code Section 399.12(h) and CPUC Decision 08-08-028, as may be amended from time to time or as further defined or supplemented by Law.

"Resource(s)" means generation units owned by Seller or contracted by Seller, which corresponding costs are recovered through the PCIA.

"RPS Energy" means the Energy generated from Resources from the Long-Term Resource Pool.

“Scheduling Coordinator (SC)” means an entity certified by the CAISO to perform the functions as described in the Tariff.

“Seller” means Party B.

“Tariff” means the FERC-approved California Independent System Operator Tariff, including any current CAISO-published “Operating Procedures” and “Business Practice Manuals,” as may be amended, supplemented or replaced from time to time.

“Total Amount” has the meaning set forth in Section 2.1.

“Voluntary Allocation” means the 2022 process by which PG&E allocates its PCIA-eligible RPS Energy among all PCIA-eligible load-serving entities in its service territory up to their forecasted, vintaged, annual load shares and the actual, vintaged, annual RPS Energy production of PCIA-eligible RPS Energy resources, as defined in CPUC Decision D.21-05-030, or as modified by subsequent decision of the CPUC.

“WREGIS” means the Western Renewable Energy Generation Information System or any successor renewable energy tracking program.

“WREGIS Certificate” has the same meaning as “Certificate” as defined by WREGIS in the WREGIS Operating Rules and are designated as eligible for complying with the California Renewables Portfolio Standard.

**APPENDIX B**  
**LIST OF RESOURCES IN LONG-TERM RESOURCE POOL**

<b>Resource Name</b>	<b>Technology</b>	<b>CES RPS ID</b>	<b>PCIA Vintage</b>	<b>End Date</b>
Montezuma Wind Energy Center	Wind	60543A	2010	1/27/2036
High Plains Ranch II	Solar PV	60603A	2008	10/30/2038
Topaz Solar Farm	Solar PV	61698A	2008	10/26/2039
Ivanpah Unit 1	Solar Thermal	62273A	2009	1/20/2039
Ivanpah Unit 3	Solar Thermal	62275A	2009	1/26/2039
AV Solar Ranch One	Solar PV	60790A	2009	11/20/2039
Agua Caliente Solar Project	Solar PV	60894A	2009	6/22/2039
High Plains Ranch III	Solar PV	60603A	2010	9/30/2038
Mojave Solar Project	Solar Thermal	60848A	2009	11/20/2039
Genesis Solar Energy Project	Solar Thermal	60605A	2009	3/6/2039
DTE Stockton	Biomass	60964A	2009	2/20/2039
Alpaugh 50	Solar PV	60945A	2010	3/7/2038
Alpaugh North	Solar PV	60946A	2010	3/7/2038
Atwell Island	Solar PV	60947A	2010	3/11/2038
Corcoran	Solar PV	60948A	2010	8/14/2038
White River	Solar PV	60949A	2010	6/26/2038
Sunshine Landfill	Landfill Gas	60815A	2010	8/31/2034
Potrero Hills Landfill	Landfill Gas	63116A	2010	4/12/2041
Desert Center Solar Farm	Solar PV	61068A	2010	12/16/2039
North Star Solar	Solar PV	61198A	2010	6/19/2035
Vasco Wind Energy Center	Wind	61344A	2010	3/12/2037
Montezuma II Wind Energy Center	Wind	61345A	2010	3/13/2037
Westlands Solar Farms	Solar PV	61755A	2011	4/30/2034
Orion Solar	Solar PV	61570A	2011	6/25/2034
North Sky River Energy Center	Wind	61385A	2011	12/20/2037
Copper Mountain Solar 2	Solar PV	60990A	2011	5/12/2040
Shiloh IV Wind Project	Wind	61617A	2011	1/27/2038
West Antelope	Solar PV	61850A	2012	2/8/2035
Western Antelope Blue Sky Ranch A	Solar PV	61517A	2012	2/16/2035
SPI Biomass Portfolio	Biomass	60088A	2012	9/22/2035
SPI Biomass Portfolio	Biomass	61146A	2012	9/22/2035
SPI Biomass Portfolio	Biomass	60087A	2012	9/22/2035
SPI Biomass Portfolio	Biomass	60089A	2012	9/22/2035



SPI Biomass Portfolio	Biomass	60576A	2012	9/22/2035
Kansas	Solar PV	61263A	2012	12/31/2037
Lost Hills Solar	Solar PV	61893A	2012	12/31/2043
Cuyama Solar Array	Solar PV	61891A	2012	12/31/2043
Blackwell Solar	Solar PV	61892A	2012	12/31/2043
Henrietta Solar	Solar PV	61841A	2012	9/30/2036
Kent South	Solar PV	61262A	2012	2/18/2035
Algonquin SKIC 20 Solar	Solar PV	61558A	2012	3/30/2035
Mammoth G1	Geothermal	60306A	2012	12/25/2033
Alamo Solar, LLC	Solar PV	61453A	2012	6/29/2035
CID Solar PV Project	Solar PV	62285A	2012	3/19/2035
Old River One	Solar PV	60853A	2013	2/8/2035
Shafter Solar	Solar PV	62325A	2013	7/15/2035
Rising Tree Wind Farm II	Wind	62426A	2013	8/6/2035
Kekawaka Creek Hydroelectric Facility	Small Hydro	60186A	2013	5/31/2035
RE Astoria	Solar PV	62284A	2013	1/2/2034
Midway Solar Farm I	Solar PV	61295A	2013	5/31/2040
California Flats Solar Project	Solar PV	62552A	2013	4/9/2034
Portal Ridge Solar C Project	Solar PV	61684A	2014	4/20/2037
Sunray 2	Solar PV	62694A	2014	8/24/2037
Bayshore Solar A	Solar PV	63133A	2015	4/17/2038
Bayshore Solar B	Solar PV	63134A	2015	4/17/2038
Bayshore Solar C	Solar PV	63135A	2015	4/17/2038
Java Solar	Solar PV	63137C	2016	1/30/2040
RE Gaskell West 3	Solar PV	63619C	2017	3/22/2038
RE Gaskell West 4	Solar PV	63617C	2017	3/22/2038
RE Gaskell West 5	Solar PV	63618C	2017	3/22/2038
PGE Alta	Small Hydro	60033	Pre-2002	N/A
PGE Centerville	Small Hydro	60034	Pre-2002	N/A
PGE Coleman	Small Hydro	60037	Pre-2002	N/A
PGE Cow Creek	Small Hydro	60038	Pre-2002	N/A
PGE Crane Valley	Small Hydro	60039	Pre-2002	N/A
PGE Deer Creek	Small Hydro	60040	Pre-2002	N/A
PGE De Sabla	Small Hydro	60041	Pre-2002	N/A
PGE Dutch Flat 1	Small Hydro	60042	Pre-2002	N/A
PGE Halsey	Small Hydro	60043	Pre-2002	N/A
PGE Hamilton Branch	Small Hydro	60044	Pre-2002	N/A
PGE Hat 1	Small Hydro	60045	Pre-2002	N/A
PGE Hat 2	Small Hydro	60046	Pre-2002	N/A
PGE Inskip	Small Hydro	60047	Pre-2002	N/A
PGE Kerckhoff 1	Small Hydro	62360	Pre-2002	N/A

PGE Kilarc	Small Hydro	60049	Pre-2002	N/A
PGE Lime Saddle	Small Hydro	60050	Pre-2002	N/A
PGE Newcastle	Small Hydro	60053	Pre-2002	N/A
PGE Oak Flat	Small Hydro	60276	Pre-2002	N/A
PGE Phoenix	Small Hydro	60054	Pre-2002	N/A
PGE Potter Valley	Small Hydro	60055	Pre-2002	N/A
PGE Five Points	Solar PV	61432	2010	N/A
PGE Stroud	Solar PV	61434	2010	N/A
PGE Westside	Solar PV	61433	2010	N/A
PGE Cantua	Solar PV	61823	2011	N/A
PGE Giffen	Solar PV	61822	2011	N/A
PGE Huron	Solar PV	61821	2011	N/A
PGE Gates	Solar PV	62353	2012	N/A
PGE Guernsey	Solar PV	62354	2012	N/A
PGE West Gates	Solar PV	62352	2012	N/A
PGE Rock Creek RPS	Small Hydro	62269	Pre-2002	N/A
PGE San Joaquin 1A	Small Hydro	60056	Pre-2002	N/A
PGE San Joaquin 2	Small Hydro	60057	Pre-2002	N/A
PGE San Joaquin 3	Small Hydro	60058	Pre-2002	N/A
PGE South	Small Hydro	60059	Pre-2002	N/A
PGE Spaulding 1	Small Hydro	60060	Pre-2002	N/A
PGE Spaulding 2	Small Hydro	60061	Pre-2002	N/A
PGE Spaulding 3	Small Hydro	60062	Pre-2002	N/A
PGE Spring Gap	Small Hydro	60063	Pre-2002	N/A
PGE Toadtown	Small Hydro	60064	Pre-2002	N/A
PGE Tule River	Small Hydro	60065	Pre-2002	N/A
Vaca-Dixon Solar (PG&E)	Solar PV	60966	2010	N/A
PGE Volta 1	Small Hydro	60066	Pre-2002	N/A
PGE Volta 2	Small Hydro	60067	Pre-2002	N/A
PGE West Point	Small Hydro	60068	Pre-2002	N/A
PGE Wise 1	Small Hydro	60069	Pre-2002	N/A
PGE Wise 2	Small Hydro	60070	Pre-2002	N/A
PGE A.G.Wishon	Small Hydro	60032	Pre-2002	N/A

## GLOSSARY OF TERMS

**AB – Assembly Bill** - An Assembly Bill is a piece of legislation that is introduced in the Assembly. In other words, the Assembly, rather than the Senate, is the house of origin in the legislature for the legislation. In California, it is common for legislation to be referred to by its house of origin number (such as, AB 32) even once it becomes law.

**AL – Advice Letter** - An Advice Letter is a request by a CPUC jurisdictional entity for Commission approval, authorization, or other relief.

**ALJ – Administrative Law Judge** - ALJs preside over CPUC cases to develop the evidentiary record and draft proposed decisions for Commission action.

**ARB – Air Resources Board** - The California Air Resources Board (CARB or ARB) is the "clean air agency" in the government of California. CARB is charged with protecting the public from the harmful effects of air pollution and developing programs and actions to fight climate change.

**AReM – Alliance for Retail Energy Markets** - a not for profit corporation that advocates for continued development of successful customer choice in retail energy markets and provides a focused voice for competitive energy retailers and their customers in selected public policy forums on the state level. AREM represented direct access providers such as Constellation NewEnergy and Direct Energy.

**BayREN – Bay Area Regional Energy Network** - BayREN offers region-wide energy programs, services and resources to members of the public by promoting energy efficient buildings, reducing carbon emissions and building government capacity.

**CAISO – California Independent System Operator** - a non-profit independent system operator that oversees the operation of the California bulk electric power system, transmission lines and electricity market generated and transmitted by its members (~80% of California's electric flow). Its stated mission is to "operate the grid reliably and efficiently, provide fair and open transmission access, promote environmental stewardship and facilitate effective markets and promote infrastructure development." CAISO is regulated by FERC and governed by a five-member governing board appointed by the governor.

**CALCCA – California Community Choice Association** - Association made up of Community Choice Aggregation (CCA) groups which represents the interests of California's community choice electricity providers.

**CALSEIA – California Solar Energy Industries** - CALSEIA represents more than 200 companies doing solar-related business in California, including manufacturers, distributors, installation contractors, consultants, and educators. Members' annual dues support professional staff and a lobbyist who represent the common interests of California's solar industry at the Legislature, Governor's Office, and state and local agencies.

**CALSLA** – California City County Street Light Association - statewide association representing cities, counties and towns before the CPUC that is committed to maintaining fair and equitable street light electric rates and facilities charges, and disseminating street light related information.

**CAM – Cost Allocation Mechanism** - the cost recovery mechanism to cover procurement costs incurred in serving the central procurement function.

**CARB – California Air Resources Board** – The CARB is charged with protecting the public from the harmful effects of air pollution and developing programs and actions to fight climate change in California.

**CARE – California Alternative Rates for Energy** - A State program for low-income households that provides a 30% discount on monthly energy bills and a 20% discount on natural gas bills. CARE is funded through a rate surcharge paid by all other utility customers.

**CBE – Communities for a Better Environment** - environmental justice organization that was founded in 1978. The mission of CBE is to build people's power in California's communities of color and low-income communities to achieve environmental health and justice by preventing and reducing pollution and building green, healthy and sustainable communities and environments.

**CCA – Community Choice Aggregator** - A community choice aggregator, sometimes referred to as community choice aggregation, allows local governments to procure power on behalf of their residents, businesses, and municipal accounts from an alternative supplier while still receiving transmission and distribution service from their existing utility provider. CCAs are an attractive option for communities that want more local control over their electricity sources, more green power than is offered by the default utility, and/or lower electricity prices. By aggregating demand, communities gain leverage to negotiate better rates with competitive suppliers and choose greener power sources.

**CCSF – City and County of San Francisco** - The City and County of San Francisco often engage in joint advocacy before the CPUC. San Francisco operates CleanPowerSF, a CCA.

**CEC – California Energy Commission** - the primary energy policy and planning agency for California, whose core responsibilities include advancing state energy policy, achieving energy efficiency, investing in energy innovation, developing renewable energy, transforming transportation, overseeing energy infrastructure and preparing for energy emergencies.

**CEE – Coalition for Energy Efficiency** - non-profit comprised of US and Canadian energy efficiency administrators working together to accelerate the development and availability of energy efficient products and services.

**CLECA – California Large Energy Consumers Association** - an organization of large, high load factor industrial customers located throughout the state; the members are in the cement, steel, industrial gas, pipeline, beverage, cold storage, food packaging, and mining industries, and share the fact that electricity costs comprise a significant portion of their costs of production. Some members are bundled customers, others are Direct Access (DA) customers, and some are served by Community Choice Aggregators (CCAs); a few members have onsite renewable generation.

**CPUC – California Public Utility Commission** - state agency that regulates privately owned electric, natural gas, telecommunications, water, railroad, rail transit, and passenger transportation companies, in addition to authorizing video franchises.



**C&I – Commercial and Industrial** – Business customers. C&I customers generally consume much higher volumes of electricity and gas. Many utilities segment their C&I customers by energy consumption (small, medium and large).

**CP – Compliance Period** – Time period to become RPS compliant, set by the CPUC (California Public Utilities Commission)

**DA – Direct Access** – An option that allows eligible customers to purchase their electricity directly from third party providers known as Electric Service Providers (ESP).

**DA Cap** – the maximum amount of electric usage that may be allocated to Direct Access customers in California, or more specifically, within an Investor-Owned Utility service territory.

**DACC – Direct Access Customer Coalition** a regulatory advocacy group comprised of educational, governmental, commercial and industrial customers that utilize direct access for all or a portion of their electrical energy requirements

**DA Lottery** – a random drawing by which DA waitlist customers become eligible to enroll in DA service under the currently-applicable Direct Access Cap.

**DA Waitlist** – customers that have officially registered their interest in becoming a DA customer but are not yet able to enroll in service because of DA cap limitations.

**DAC – Disadvantaged Community** - Disadvantaged communities refers to the areas throughout California which most suffer from a combination of economic, health, and environmental burdens. These burdens include poverty, high unemployment, air and water pollution, presence of hazardous wastes as well as high incidence of asthma and heart disease. One way that the state identifies these areas is by collecting and analyzing information from communities all over the state. CalEnviroScreen, an analytical tool created by the California Environmental Protection Agency (CalEPA), combines different types of census tract-specific information into a score to determine which communities are the most burdened or "disadvantaged."

**DASR – Direct Access Service Request** – Request submitted by C&I customers to become direct access eligible.

**Demand** - The rate at which electric energy is delivered to or by a system or part of a system, generally expressed in kilowatts (kW), megawatts (MW), or gigawatts (GW), at a given instant or averaged over any designated interval of time. Demand should not be confused with Load or Energy.

**DER – Distributed Energy Resource** – A small-scale physical or virtual asset (e.g. EV charger, smart thermostat, behind-the-meter solar/storage, energy efficiency) that operates locally and is connected to a larger power grid at the distribution level.

**Distribution** - The delivery of electricity to the retail customer's home or business through low voltage distribution lines.

**DLAP – Default Load Aggregation Point** – In the CAISO's electricity optimization model, DLAP is the node at which all bids for demand should be submitted and settled.



**DR – Demand Response** - An opportunity for consumers to play a significant role in the operation of the electric grid by reducing or shifting their electricity usage during peak periods in response to time-based rates or other forms of financial incentives.

**DRP – Distributed Resource Plans** - plans that are required by statute that are intended to identify optimal locations for the deployment of distributed resources.

**DWR – Department of Water Resources** – DWR manages California’s water resources, systems, and infrastructure in a responsible, sustainable way.

**ECR – Enhanced Community Renewable** - An IOU program that reflects the "Community Solar" model of renewable energy purchasing. Customers sign up to purchase a portion of a local solar project directly from a Developer at a level that meets at least 25% of their monthly electricity demand, but up to 100%. The customer will pay the Developer for the subscribed output, and receive a credit on their utility bill that reflects their enrollment level.

**ED – Energy Division** - The CPUC's Energy Division develops and administers energy policy and programs to serve the public interest, advise the Commission, and ensure compliance with the Commission decisions and statutory mandates.

**EE – Energy Efficiency**- the use of less energy to perform the same task or produce the same result. Energy-efficient homes and buildings use less energy to heat, cool, and run appliances and electronics, and energy-efficient manufacturing facilities use less energy.

**ELCC – Effective Load Carrying Capacity** – The additional load met by an incremental generator while maintaining the same level of system reliability. For solar and wind resources the ELCC is the amount of capacity which can be counted for Resource Adequacy purposes.

**EPIC – Electric Program Investment Charge** – The EPIC program was created by the CPUC to support investments in clean energy technologies that provide benefits to the electricity ratepayers of PG&E, San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE)

**ERRA – Energy Resource Recovery Account** – ERRA proceedings are used to determine fuel and purchased power costs which can be recovered in rates. The utilities do not earn a rate of return on these costs, and only recover actual costs. The costs are forecast for the year ahead. If the actual costs are lower than forecast, then the utility gives money back, and vice versa.

**ES – Energy Storage** - the capture of energy produced at one time for use at a later time to reduce imbalances between energy demand and energy production.

**ESA – Energy Storage Agreement** - means a battery services contract, a capacity contract, demand response contract or similar agreement.

**ESP – Energy Service Provider** - An energy entity that provides service to a retail or end-use customer.

**EV – Electric Vehicle** - a vehicle that uses one or more electric motors for propulsion.

**FCR – Flexible Capacity Requirements** - “Flexible capacity need” is defined as the quantity of resources needed by the CAISO to manage grid reliability during the greatest three-hour continuous ramp in each month. Resources will be considered as “flexible capacity” if they can sustain or increase output, or reduce ramping needs, during the hours of “flexible need.” “FCR”





means the flexible capacity requirements established for LSEs by the CPUC pursuant to the CPUC Decisions.

**GHG – Greenhouse gas** - water vapor, carbon dioxide, tropospheric ozone, nitrous oxide, methane, and chlorofluorocarbons (CFCs). A gas that causes the atmosphere to trap heat radiating from the earth. The most common GHG is Carbon Dioxide, though Methane and others have this effect as well.

**GRC – General Rate Case** – Proceedings used to address the costs of operating and maintaining the utility system and the allocation of those costs among customer classes. For California's three large IOUs, the GRCs are parsed into two phases. Phase I of a GRC determines the total amount the utility is authorized to collect, while Phase II determines the share of the cost each customer class is responsible and the rate schedules for each class. Each large electric utility files a GRC application every three years for review by the Public Advocates Office and interested parties and approval by the CPUC.

**GTSR – Green Tariff Shared Renewables** - The GTSR program enables customers to receive 50 to 100 percent of their electricity demand from renewable sources. The GTSR program has two components: the Green Tariff (GT) component and the Enhanced Community Renewables (ECR) component. Through GT, a customer may pay the difference between their current generation charge and the cost of procuring 50 to 100 percent renewables. With ECR, a customer agrees to purchase a share of a community renewable (typically solar) project directly from a developer, and in exchange will receive a credit from their utility for the customer's avoided generation procurement.

**GWh – Gigawatt-hour** - The unit of energy equal to that expended in one hour at a rate of one billion watts. One GWh equals 1,000 megawatt-hours.

**ICA – Integration Capacity Analysis** - The enhanced integrated capacity and locational net benefit analysis quantifies the capability of the system to integrate Distributed Energy Resources (DERs) within the distribution system. Results are dependent on the most limiting element of the various power system criteria such as thermal ratings, power quality, system protection limits and safety standards of existing equipment.

**IDER – Integrated Distributed Energy Resources** – A CPUC proceeding that aims to more effectively coordinate the integration of demand-side resources in order to better meet customer and grid needs, while enabling California to attain its greenhouse gas reduction goals.

**IDSMD – Integrated Demand-Side Management** - an approach that joins together all the resources utilities have at their disposal to plan, generate and supply electricity in the most efficient manner possible.

**IEP – Independent Energy Producers** – California's oldest and leading nonprofit trade association, representing the interest of developers and operators of independent energy facilities and independent power marketers.

**IMD – Independent Marketing Division** - Under state law, IOUs are prohibited from lobbying or marketing on community choice unless the IOU forms an independent marketing division funded by shareholders rather than ratepayers. SDG&E' and its parent company Sempra were permitted by the CPUC to create such an independent marketing division, which allowed SDG&E to lobby against plans to create a CCA program.

**IOU – Investor-Owned Utility** – A private electricity and natural gas provider, such as SDG&E, PG&E or SCE, which are the three largest IOUs in California.



**IRP – Integrated Resource Plan** – A plan which outlines an electric utility’s resource needs in order to meet expected electricity demand long-term.

**kW – Kilowatt** – Measure of power where power (watts) = voltage (volts) x amperage (amps) and 1 kW = 1000 watts

**kWh – Kilowatt-hour** – This is a measure of consumption. It is the amount of electricity that is used over some period of time, typically a one-month period for billing purposes. Customers are charged a rate per kWh of electricity used.

**LCE – Lancaster Choice Energy** - the CCA that serves the City of Lancaster, California.

**LCFS – Low Carbon Fuel Standard** – A CARB program designed to encourage the use of cleaner low-carbon fuels in California, encourage the production of those fuels, and therefore, reduce greenhouse gas emissions.

**LCR – Local (RA) Capacity Requirements** – The amount of Resource Adequacy capacity required to be demonstrated in a specific location or zone.

**LMP – Locational Marginal Price** – Each generator unit and load pocket is assigned a node in the CAISO optimization model. The model will assign a LMP to the node in both the day-ahead and real time market as it balances the system using the least cost. The LMP is comprised of three components: the marginal cost of energy, congestion and losses. The LMP is used to financially settle transactions in the CAISO.

**LNBA – Locational Net Benefits Analysis** - a cost-benefit analysis of distributed resources that incorporates location-specific net benefits to the electric grid.

**Load** - An end use device or customer that receives power from an energy delivery system. Load should not be confused with Demand, which is the measure of power that a load receives or requires. See Demand.

**LSE – Load-serving Entity** – Entities that have been granted authority by state, local law or regulation to serve their own load directly through wholesale energy purchases and have chosen to exercise that authority.

**LTPP – Long-Term Procurement Rulemaking** - This is an “umbrella” proceeding to consider, in an integrated fashion, all of the Commission’s electric procurement policies and programs.

**MCE – Marin Clean Energy** - the first CCA in California that began serving customers in 2010. They serve customers in Contra Costa, Marin, Napa and Solano counties in Northern California.

**MEO – Marketing Education and Outreach** - a term generally used to describe various strategies to inform customers, such as to motivate consumers to take action on energy efficiency or conservation measures and change their behavior.

**MW – Megawatt** – measure of power. A megawatt equals 1,000 kilowatts or 1 million watts.

**MWH – Megawatt-hour** – measure of energy

**NAESCO – National Association of Energy Service Companies** - – an advocacy and accreditation organization for energy service companies (ESCOs). Energy Service Companies





contract with private and public sector energy users to provide cost-effective energy efficiency retrofits across a wide spectrum of client facilities.

**NBC – Non-Bypassable Charge** - fees that are paid on every kilowatt-hour of electricity that is consumed from the grid. These charges can be used to fund things like energy assistance programs for low-income households and energy efficiency programs. These charges apply even if customers buy grid-supplied power from an outside power company such as a CCA.

**NDA – Non-Disclosure Agreement** - a contract by which one or more parties agree not to disclose confidential information that they have shared with each other.

**NEM – Net Energy Metering** – A program in which solar customers receive credit for excess electricity generated by solar panels.

**NRDC – Natural Resources Defense Council** - non-profit international environmental advocacy group.

**NP-15 – North Path 15** – NP-15 is a CAISO pricing zone usually used to approximate wholesale electricity prices in northern California in PG&E's service territory.

**OIR – Order Instituting Rulemaking** - A procedural document that is issued by the CPUC to start a formal proceeding. A draft OIR is issued for comment by interested parties and made final by vote of the five Commissioners of the CPUC.

**OSC – Order to Show Cause** - order requiring an individual or entity to explain, justify, or prove something.

**ORA – Office of Ratepayer Advocates** - the independent consumer advocate within the CPUC, now called Public Advocates office.

**PA – Program Administrator (for EE Business Plans)** IOUs and local government agencies authorized to implement CPUC-directed Energy Efficiency programs.

**PCE – Peninsula Clean Energy Authority** - CCA serving San Mateo County and all 20 of its cities and towns as well as the City of Los Banos.

**PCC1 – RPS Portfolio Content Category 1** – Bundled renewables where the energy and REC are dynamically scheduled into a California Balancing Authority (CBA) such as the CAISO. Also known as "in-state" renewables.

**PCC2 – RPS Portfolio Content Category 2** – Bundled renewables where the energy and REC are from out-of-state and not dynamically scheduled to a CBA.

**PCC3 – RPS Portfolio Content Category 3** – Unbundled REC

**PCIA or "exit fee"** - Power Charge Indifference Adjustment (PCIA) is an "exit fee" based on stranded costs of utility generation set by the California Public Utilities Commission. It is calculated annually and assessed to customers of CCAs and paid to the IOU that lost those customers as a result of the formation of a CCA.

**PCL – Power Content Label** – A user-friendly way of displaying information to California consumers about the energy resources used to generate the electricity they sell, as required by AB 162 (Statute of 2009) and Senate Bill 1305 (Statutes of 1997).



**PD – Proposed Decision** – A procedural document in a CPUC Rulemaking that is formally commented on by parties to the proceeding. A PD is a precursor to a final Decision voted on by the five Commissioners of the CPUC.

**PG&E – Pacific Gas & Electric** - the IOU that serves 16 million people over a 70,000 square mile service area in Northern California.

**PHC – Prehearing Conference** - CPUC hearing to discuss the scope of a proceeding among other matters. Interested stakeholders can request party status during these.

**Pnode – Pricing Node** – In the CAISO optimization model, it is a point where a physical injection or withdrawal of energy is modeled and for which a LMP is calculated.

**PPA – Power Purchase Agreement** – A contract used to purchase the energy, capacity and attributes from a renewable resource project.

**PRP – Priority Review Project** - transportation electrification pilot projects approved by the CPUC pursuant to SB 350.

**PRRR – Progress on Residential Rate Reform** – Pursuant to a CPUC decision, the IOUs must submit to the CPUC and parties periodic updates on the progress of their efforts to assist customers with residential rate design changes related to rate reform, including tier collapse and transition to a default time of use rate.

**PUC – Public Utilities Code** - California statute that contains 33 Divisions, and the range of topics within this Code includes natural gas restructuring, private energy producers, telecommunication services, and specific municipal utility districts and transit authorities. Primary statute for governance of utilities as well as CCAs in California.

**PURPA – Public Utilities Regulatory Policy Act** - federal statute passed by Congress to encourage fuel diversity via alternative energy sources and to introduce competition into the electric sector. It was meant to promote energy conservation (reduce demand) and promote greater use of domestic energy and renewable energy (increase supply). The law was created in response to the 1973 energy crisis.

**RA – Resource Adequacy** - Under its Resource Adequacy (RA) program, the California Public Utilities Commission (CPUC) requires load-serving entities—both independently owned utilities and electric service providers—to demonstrate in both monthly and annual filings that they have purchased capacity commitments of no less than 115% of their peak loads.

**RAM – Renewables Auction Mechanism** - a procurement program the Investor-owned Utilities (IOUs) may use to procure RPS eligible generation. The IOUs may use RAM to satisfy authorized procurement needs, for example, system Resource Adequacy needs, local Resource Adequacy needs, RPS needs, reliability needs, Local Capacity Requirements, Green Tariff Shared Renewables needs, and any need arising from Commission or legislative mandates.

**RE – Renewable Energy** - Energy from a source that is not depleted when used, such as wind or solar power.

**REC - Renewable Energy Certificate** - A REC is the property right to the environmental benefits associated with generating renewable electricity. For instance, homeowners who generate solar



electricity are credited with 1 solar REC for every MWh of electricity they produce. Utilities obligated to fulfill an RPS requirement can purchase these RECs on the open market.

**RES-BCT – Renewables Energy Self-Generation Bill Credit Transfer** - This program enables local governments and universities to share generation credits from a system located on one government-owned property with billing accounts at other government-owned properties. The system size limit under RES-BCT is 5 MW, and bill credits are applied at the generation-only portion of a customer's retail rate.

**RFO – Request for Offers** a competitive procurement process used by organizations to solicit the submission of proposals from interested parties in response to a scope of services.

**RPS - Renewable Portfolio Standard** - Law that requires CA utilities and other load serving entities (including CCAs) to provide an escalating percentage of CA qualified renewable power (culminating at 33% by 2020) in their annual energy portfolio.

**SB – Senate Bill** - a piece of legislation that is introduced in the Senate. In other words, the Senate, rather than the Assembly, is the house of origin in the legislature for the legislation.

**SCE – Southern California Edison** - the large IOU that serves the Los Angeles and Orange County area.

**SCP – Sonoma Clean Power Authority** - CCA serving Sonoma County and surrounding areas in Northern California.

**SDG&E – San Diego Gas & Electric** - the IOU that serves San Diego county, they own the infrastructure that delivers SDCP energy to customers.

**SGIP – Self-Generation Incentive Program** – A program which provides incentives to support existing, new, and emerging distributed energy resources (storage, wind turbines, waste heat to power technologies, etc.)

**SUE – Super User Electric** - electric surcharge that's intended to penalize consumers for excessive energy use.

**SVCE – Silicon Valley Clean Energy** - CCA serving Silicon Valley Area.

**TCR EPS Protocol – The Climate Registry Electric Power Sector Protocol** – Online tools and resources provided by The Climate Registry to assist organizations to measure, report, and reduce carbon emissions.

**TE – Transportation Electrification** - For the transportation sector, electrification means replacing fossil fuels with electricity as the means of powering light-duty vehicles, medium- and heavy-duty trucks, and buses. The primary goal is to reduce greenhouse gas (GHG) emissions and, ultimately, contribute to mitigating the effects of climate change on the planet.

**Time-of-Use (TOU) Rates** — The pricing of delivered electricity based on the estimated cost of electricity during a particular time-block. Time-of-use rates are usually divided into three or four time-blocks per 24 hour period (on-peak, mid-peak, off-peak and sometimes super off-peak) and by seasons of the year (summer and winter). Real time pricing differs from TOU rates in that it is based on actual (as opposed to forecasted) prices that may fluctuate many times a day and are weather sensitive, rather than varying with a fixed schedule.



**TM – Tree Mortality** - refers to the death of forest trees and provides a measure of forest health. In the context of energy, the CPUC is tasked with utilizing its authority to extend contracts and take actions to authorize new contracts on bioenergy facilities that receive feedstock from high hazard zones.

**TURN – The Utility Reform Network** - A ratepayer advocacy group charged with ensuring that California IOUs implement just and reasonable rates.

**Unbundled RECs** - Renewable energy certificates that verify a purchase of a MWH unit of renewable power where the actual power and the certificate are “unbundled” and sold to different buyers.

**VPP – Virtual Power Plant** – A cloud-based network that leverages an aggregation of distributed energy resources (DERs) to shift energy demand or provide services to the grid. For example, thousands of EV chargers could charge at a slower speed and hundreds of home batteries could discharge to the grid during a demand peak to significantly reduce the procurement of traditional supply resources.

**VAMO – Voluntary Allocation, Market Offer** - the process for SDG&E to allocate a proportional share of their renewable portfolio to SDCP and other LSEs within the service territory.

