



## **AGENDA**

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

July 28, 2022  
5:00 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 public attendance. In compliance with the Brown Act, SDCP is providing alternatives to in-person public attendance for viewing and participating in the meeting. Further details are below.

**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 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. Please be aware that the Chair has the authority to reduce equally each speaker's time to accommodate a large number of speakers.
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 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**

**Pledge of Allegiance**

**Roll Call**

**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 Findings to Continue Holding Remote/Teleconference Meetings Pursuant to Assembly Bill 361**
- 2. Approval of February 24, 2022 Meeting Minutes**
- 3. Receive and File Treasurer's Report for Period Ending 5/31/22**
- 4. Approval of Updated Procurement Policy for Procurement of Good and Services**
- 5. Approval of Amendment to Professional Services Agreement with Futura Energy Group for up to \$235,000 for Services in FY2023**
- 6. Update on Back Office Metrics/Dashboard and Marketing/Public Relations**
- 7. Approval of the Budget Policy**

**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.*

- 8. Approval of Community Advisory Committee (CAC) Appointment for Chula Vista.**

Recommendation: Approve the appointment of Anthony Sclafani as Chula Vista representative Community Advisory Committee.

- 9. Quarterly Update on Community Advisory Committee.**

Recommendation: Receive and file quarterly update from Community Advisory Committee

- 10. Update on Regulatory and Legislative Affairs**

Recommendation: Receive and file update on Regulatory and Legislative Affairs.

- 11. SDCP Election Regarding Voluntary Allocation of Renewable Energy from SDG&E**

Recommendation: Approve staff's recommended long-term and short-term elections for voluntary allocation of renewable energy from SDG&E and authorize the CEO to i) notify SDGE of SDCP's long-term and short-term voluntary allocation elections, and ii) execute SDG&E's pro-forma contracts associated with long-term and short-term transactions for renewable energy and RECs in substantially similar form as approved to form by legal counsel.

### **Reports by Management and General Counsel**

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

### **Director Comments**

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

### **Adjournment**

### ***Compliance with the Americans with Disabilities Act***

SDCP Board of Directors meetings comply with the protections and prohibitions of the Americans with Disabilities Act. Individuals with a disability who require a modification or accommodation, including auxiliary aids or services, in order to participate in the public meeting may contact (888) 382-0169 or [info@sdcommunitypower.org](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, 815 E Street, Suite 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 1**

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To: San Diego Community Power Board of Directors

From: Ryan Baron, General Counsel

Subject: Findings to Continue Holding Remote/Teleconference Meetings Pursuant to Assembly Bill 361

Date: July 28, 2022

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#### **RECOMMENDATION**

Find and determine that the Board has reconsidered the circumstances of the COVID-19 State of Emergency; the State of Emergency remains in effect; state or local officials continue to impose or recommend social distancing measures; and meetings of SDCP legislative bodies may be held remotely in compliance with Government Code section 54953(e) for the next 30 days.

#### **BACKGROUND**

As more fully described in the staff report for the October 28, 2021 meeting related to AB 361, the State of California has adopted AB 361, which allows public agencies to hold fully or partially virtual meetings under certain circumstances without being required to follow certain Brown Act teleconferencing requirements. Under AB 361, a legislative body holding a fully or partially virtual meeting pursuant to AB 361 must make certain findings at least every thirty (30) days to continue holding such meetings.

If the Board desires to continue allowing Directors and members of SDCP committees to participate remotely pursuant to AB 361, the Board must reconsider the COVID-19 State of Emergency, find that the proclaimed State of Emergency remains in effect, and find either: (1) that state or local officials continue to impose or recommend measures to promote social distancing; or (2) that as a result of the COVID-19 emergency, meeting in person would present imminent risks to the health or safety of attendees.

#### **ANALYSIS AND DISCUSSION**

Based on the continued COVID-19 State of Emergency and continued required or recommended social distancing measures, as initially described in the staff report for October 28, 2021 meeting relating to AB 361, the Board may make the findings necessary to continue allowing Board members and members of all SDCP committees to participate remotely pursuant to AB 361.

## **FISCAL IMPACT**

None.

## **ATTACHMENTS**

None.





**SAN DIEGO COMMUNITY POWER (SDCP)  
BOARD OF DIRECTORS**  
815 E. Street, Suite 12716  
San Diego, CA 92112

**MINUTES**

February 24, 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.

**WELCOME**

**CALL TO ORDER**

Chair Mosca (Encinitas) called the SDCP Board of Directors meeting to order at 5:02 p.m.

**ROLL CALL**

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

**ABSENT:** Vice Chair Padilla (Chula Vista)

*Also Present: Interim Chief Executive Officer ("CEO") Carnahan, Chief Operating Officer ("COO") Hooven, Assistant General Counsel Norvell,*

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

Board questions and comments ensued.

**ACTION:** Motioned by Director LaCava (San Diego) and seconded by Director Sotelo-Solis (National City) to approve findings to continue holding remote/teleconference meetings pursuant to Assembly Bill 361. The motion carried by the following vote:

Vote: 7-0

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

No: None

Abstained: None

Absent: None

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

There were no items to be added, withdrawn, or reordered.

### **PUBLIC COMMENTS**

There were no comments.

### **CONSENT CALENDAR**

(Items 2 through 9)

ACTION: Motioned by Director Sotelo-Solis (National City) and seconded by Director Dedina (Imperial Beach) to approve Consent Calendar Items 2 through 9. The motion carried by the following vote:

Vote: 7-0

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

No: None

Abstained: None

Absent: None

#### **2. Approval of October 28, 2021 and November 18, 2021 Meeting Minutes**

Approved.

#### **3. Receive and File Treasurer's Report for Period Ending 12/31/2021**

Received and filed.

#### **4. Approval of Resolution Adopting a Board Compensation and Board/Committee Reimbursement Policy**

Approved.

#### **5. Update on Back Office Metrics/Dashboard**

Received and filed.

**6. Update on Regulatory and Legislative Affairs and Approval of Support Position for AB 1814**

Received and filed.

**7. Approval of Engagement Letter Between Keys & Fox, LLP and San Diego Community Power**

Approved.

**8. Update on Residential Enrollment Public Relations**

Received and filed.

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

Approved.

**REGULAR AGENDA**

**10. Approval of Fiscal Year (FY) 2021-22 Budget Amendment and Review Fiscal Year 2022-23 Budget Schedule**

CFO Washington provided a presentation on the proposed FY 2021-22 budget amendment and outlined the associated changes.

Board questions and comments ensued.

**ACTION:** Motioned by Director Lawson-Remer (County of San Diego) and seconded by Director Baber (La Mesa) to approve the Fiscal Year (FY) 2021-22 Budget Amendment and Review Fiscal Year 2022-23 Budget Schedule. The motion carried by the following vote:

**Vote:** 7-0

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

**11. Approval of Financial Reserves Policy Revision**

Chief Financial Officer (“CFO”)/Treasurer Washington provided an overview of the Reserve Policy revision and the delegated conditions for the use of the reserve.



Board questions and comments ensued.

**ACTION:** Motioned by Director LaCava (City of San Diego) and seconded by Chair Mosca (Encinitas) to approve the Financial Reserves Policy Revision, as amended, to include language that directs the CEO to report back to the Board at the first opportunity if and when the reserve is used. The motion carried by the following vote:

**Vote:** 7-0

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

## **12. Approval of Community Advisory Committee (CAC) Appointments for National City and Unincorporated San Diego County**

External Affairs Director De La Fuente provided a brief overview of the purpose of the CAC and expansion of its members. Program and Policy Manager Sarria described the application process.

Director Lawson-Remer (County of San Diego) introduced the two new San Diego County CAC members, Peter Anderson and Victoria Abrenica.

Director Sotelo-Solis (National City) introduced the two new National City CAC members, Aida Castaneda and Lawrence Emerson.

Board questions and comments ensued.

**ACTION:** Motioned by Director LaCava (City of San Diego) and seconded by Director Sotelo-Solis (National City) to approve the appointments of Peter Anderson and Victoria Abrenica as the National City representatives and Aida Castaneda and Lawrence Emerson as the Unincorporated San Diego County representatives of the Community Advisory Committee. . The motion carried by the following vote:

**Vote:** 7-0

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

## **13. Approval of New Rate for Electric Vehicle (EV) Fleet**

Director of Data Analytics and Account Services Utouh provided an overview of the Electric Vehicle Rate and associated billing and subscription levels.

Larry Emerson spoke about charging rate incentives to discourage charging during peak times.

Board questions and comments ensued.

**ACTION:** Motioned by Director Sotelo-Solis (National City) and seconded by Director Baber (La Mesa) to approve the new rate for the Electric Vehicle Fleet. The motion carried by the following vote:

**Vote:** 7-0

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

#### **14. Approval of Proposed 2022 Padres Sponsorship Agreement**

Key Accounts Manager Friedman provided background on SDCP's relationship with the Padres organization. Mr. Friedman also provided a metrics recap of the 2021 Season and outlined the 2022 sponsorship terms.

Brian Thorpensen, Padres representative, expressed their appreciation for the Padres Sponsorship.

Board questions and comments ensued.

**ACTION:** Motioned by Director Sotelo-Solis (National City) and seconded by Director Baber (La Mesa) to approve the proposed 2022 Padres Sponsorship Agreement.

**Vote:** 7-0

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

#### **15. Update on CEO Search Ad Hoc Committee Efforts**

Director Sotelo-Solis (National City) provided an update on the efforts of the CEO Search Ad Hoc Subcommittee and reported that the committee interviewed 21 candidates. Director Sotelo Solis (National City) said a list of 5 candidates would be presented to the Board of Directors, CAC members Matthew Vasalakis and Eddie Price, and SDCP staff members Laura Fernandez and Cody Hoozen for interviews.

Director Sotelo-Solis (National City) asked the Board to consider scheduling the CEO interviews on March 4th which was originally when the strategic planning session was to be held.

Board questions and comments ensued.

Matthew Vasalakis spoke on the CEO interview and hiring process.

Received and filed.

### **REPORTS BY MANAGEMENT AND GENERAL COUNSEL**

Interim CEO Carnahan reported on the recruitment and hiring efforts.

### **DIRECTOR COMMENTS**

Chair Mosca stated his support on the continued efforts to schedule a strategic planning session and reiterated the importance of the activity.

### **ADJOURNMENT**

Chair Mosca (Encinitas) adjourned the meeting at 6:48 p.m.

Megan Wiegelman, CMC  
Interim Board Clerk

Prepared by:  
Kimberly Isley  
Assistant Board Clerk



## SAN DIEGO COMMUNITY POWER Staff Report – Item 3

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 2022 Period ended 5/31/22

Date: July 28, 2022

### 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 year-to-date financial statements for the period ended May 31, 2022, along with budgetary comparisons.

### ANALYSIS AND DISCUSSION

Financial results for the period ended 5/31/22: \$304.24 million in net operating revenues were reported compared to \$307.51 million budgeted for the period. \$290.34 million in total expenses were reported (including \$281.96 million in energy cost) compared to \$302.57 million budgeted for the period (including \$292.98 million budgeted for energy costs). After expenses, SDCP's change in net position of \$13.85 million was reported for Fiscal Year 2022. The following is a summary of the actual results compared to the Fiscal Year 2022 Budget.

		Budget Comparison		
	YTD FY22 as of 5/30/22 (11 mos)	FY22 YTD Budget	Budget Variance (\$)	Budget (%)
Net Operating Revenues	\$ 304,238,197	\$ 307,514,491	\$ (3,276,294)	99
Total Expenses	\$ 290,388,336	\$ 302,565,570	\$ (12,177,234)	96
Change in Net Position	\$ 13,849,861	\$ 4,948,921	\$ 8,900,940	

- Net operating revenues finished -\$3.28 million (or -1.1 percentage points) under the amended budget primarily as a result of another timing differential related to

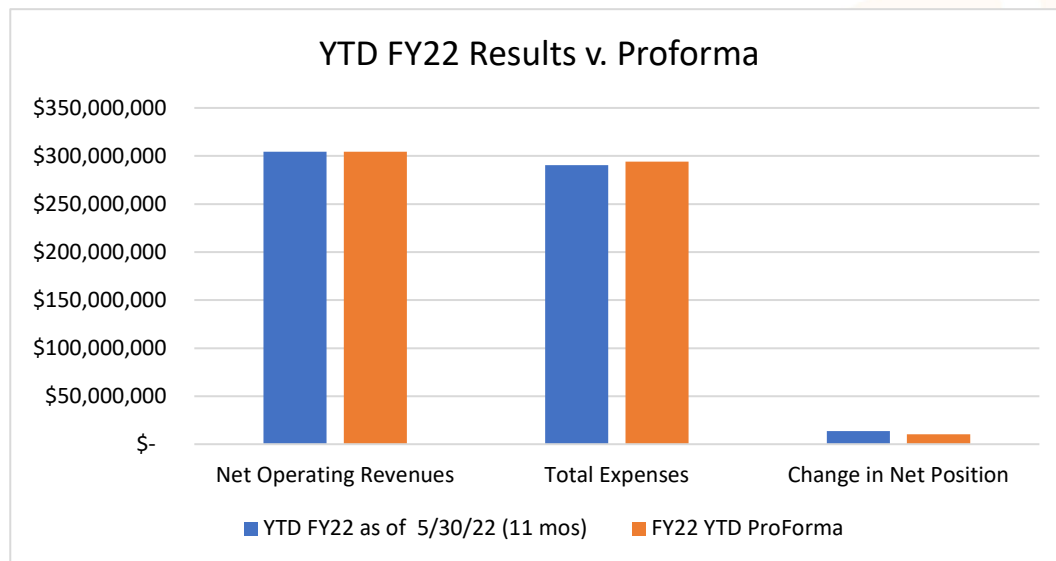
billing similar to last reporting period which will be resolved in the next reporting period.

- Operating expenses finished -\$12.18 million (or -4.0 percentage points) under the amended budget primarily due savings from hedging activities.

Financial results for the period performed better than the projections presented in the year-to-date proforma. SDCP's change in net position was 179.86% over the projection primarily due to lower-than projected energy costs as a result of hedging activities. This was partially offset by lower-than expected net operating revenue.

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

		Proforma Comparison		
	YTD FY22 as of 5/30/22 (11 mos)	FY22 YTD ProForma	ProForma Variance (\$)	Proforma (%)
Net Operating Revenues	\$ 304,238,197	\$ 304,433,522	\$ (195,325)	-0.06%
Total Expenses	\$ 290,388,336	\$ 293,927,823	\$ (3,539,487)	-1.20%
Change in Net Position	\$ 13,849,861	\$ 10,505,699	\$ 3,344,162	31.83%



### COMMITTEE REVIEW

The report was reviewed by the Financial Risk Management Committee (FRMC) on July 7, 2022.

### FISCAL IMPACT

N/A

### ATTACHMENTS

Attachment A: 2022 Year-to-Date Period Ended 5/31/22 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 May 31, 2022, 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  
June 27, 2022

**SAN DIEGO COMMUNITY POWER**  
**STATEMENT OF NET POSITION**  
**As of May 31, 2022**

**ASSETS**

Current assets	
Cash and cash equivalents	\$ 31,395,925
Accounts receivable, net	22,790,414
Accrued revenue	18,339,239
Prepaid expenses	2,671,220
Deposits	6,212,057
Total current assets	<u>81,408,855</u>
Noncurrent assets	
Restricted cash	12,500,000
Deposits	3,450,000
Total noncurrent assets	<u>15,950,000</u>
Total assets	<u>97,358,855</u>

**LIABILITIES**

Current liabilities	
Accrued cost of energy	37,959,798
Accounts payable	164,332
Other accrued liabilities	660,999
State surcharges payable	187,961
Security deposits	21,624,000
Interest payable	102,219
Total current liabilities	<u>60,699,309</u>
Noncurrent liabilities	
Other noncurrent liabilities	517,741
Bank note payable	31,340,082
Loans payable	5,000,000
Total noncurrent liabilities	<u>36,857,823</u>
Total liabilities	<u>97,557,132</u>

**NET POSITION**

Unrestricted	(198,277)
Total net position (deficit)	<u>\$ (198,277)</u>

**SAN DIEGO COMMUNITY POWER**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**Eleven Months Ended May 31, 2022**

**OPERATING REVENUES**

Electricity sales, net	\$ 304,238,197
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**OPERATING EXPENSES**

Cost of energy	281,961,188
Contract services	2,670,527
Staff compensation	3,294,799
General and administration	1,846,423
Total operating expenses	289,772,937
Operating income	14,465,260

**NON-OPERATING REVENUES (EXPENSES)**

Investment income	499
Interest and financing expense	(615,399)
Nonoperating revenues (expenses)	(614,900)

**CHANGE IN NET POSITION**

	13,850,360
Net position at beginning of period	(14,048,637)
Net position at end of period	\$ (198,277)



**SAN DIEGO COMMUNITY POWER**  
**STATEMENT OF CASH FLOWS**  
**Eleven Months Ended May 31, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 277,430,650
Receipts of supplier security deposits	21,204,000
Other operating receipts	6,555,983
Payments to suppliers for electricity	(264,270,371)
Payments for goods and services	(4,656,822)
Payments to employees for services	(3,019,232)
Payments for deposits and collateral	(7,183,708)
Payments for state surcharges	(808,996)
Net cash provided (used) by operating activities	<u>25,251,504</u>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

Proceeds from loans	8,500,000
Interest and related expense payments	(576,644)
Net cash provided (used) by non-capital financing activities	<u>7,923,356</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income received	<u>499</u>
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Net change in cash and cash equivalents	33,175,359
Cash and cash equivalents at beginning of period	10,720,566
Cash and cash equivalents at end of period	<u><u>\$ 43,895,925</u></u>

**Reconciliation to the Statement of Net Position**

Cash and cash equivalents (unrestricted)	31,395,925
Restricted cash	12,500,000
Cash and cash equivalents	<u><u>\$ 43,895,925</u></u>

**SAN DIEGO COMMUNITY POWER**  
**STATEMENT OF CASH FLOWS (continued)**  
**Eleven Months Ended May 31, 2022**

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

Operating income	\$ 14,465,260
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Provision for uncollectible accounts	3,073,113
(Increase) decrease in:	
Accounts receivable	(24,747,406)
Accrued revenue	(6,118,930)
Other receivables	4,043,272
Prepaid expenses	(2,671,220)
Deposits	(5,762,057)
Increase (decrease) in:	
Accrued cost of electricity	21,815,077
Accounts payable	(197,950)
Other accrued liabilities	571,665
State surcharges payable	176,680
Supplier security deposits	20,604,000
Net cash provided (used) by operating activities	<u><u>\$ 25,251,504</u></u>



## ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
San Diego Community Power

Management is responsible for the accompanying budgetary comparison schedule of San Diego Community Power (SDCP), a California Joint Powers Authority, for the period ended May 31, 2022, 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  
June 27, 2022

**SAN DIEGO COMMUNITY POWER**  
**BUDGETARY COMPARISON SCHEDULE**  
**Eleven Months Ended May 31, 2022**

	<b>2021/22 YTD Amended Budget</b>	<b>2021/22 YTD Actual</b>	<b>2021/22 YTD Amended Budget Variance (Under) Over</b>	<b>2021/22 YTD Actual/ Amended Budget %</b>	<b>2021/22 Annual Amended Budget</b>	<b>2021/22 Amended Budget Remaining</b>
<b>REVENUES AND OTHER SOURCES</b>						
Gross Ratepayer Revenues	309,761,978	\$ 307,311,310	(2,450,668)	99%	\$ 380,816,532	\$ 73,505,222
Less Uncollectible Customer Accounts	(2,247,488)	(3,073,113)	(825,625)	137%	(2,763,026)	310,087
Total Revenues and Other Sources	<u>307,514,490</u>	<u>304,238,197</u>	<u>(3,276,293)</u>		<u>378,053,506</u>	<u>73,815,309</u>
<b>OPERATING EXPENSES</b>						
Cost of Energy	292,975,737	281,961,188	(11,014,549)	96%	329,517,592	47,556,404
Personnel Costs	3,533,276	3,294,799	(238,477)	93%	4,023,175	728,376
Professional Services and Consultants	3,017,236	2,167,818	(849,418)	72%	5,126,016	2,958,198
Marketing and Outreach	1,446,662	1,521,279	74,617	105%	1,748,699	227,420
General and Administrative	695,579	827,853	132,274	119%	783,581	(44,272)
Total Operating Expenses	<u>301,668,490</u>	<u>289,772,937</u>	<u>(11,895,553)</u>		<u>341,199,063</u>	<u>51,426,126</u>
Operating Income (Loss)	<u>5,846,000</u>	<u>14,465,260</u>	<u>8,619,260</u>		<u>36,854,443</u>	<u>22,389,183</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Investment income		499	499			499
Debt Service and Bank Fees	<u>(897,080)</u>	<u>(615,399)</u>	<u>281,681</u>	69%	<u>(978,000)</u>	<u>(362,601)</u>
Total Non-Operating Revenues (Expenses)	<u>(897,080)</u>	<u>(614,900)</u>	<u>282,180</u>		<u>(978,000)</u>	<u>(362,102)</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ 4,948,920</u>	<u>\$ 13,850,360</u>	<u>\$ 8,901,440</u>		<u>\$ 35,876,443</u>	<u>\$ 22,027,081</u>



## SAN DIEGO COMMUNITY POWER Staff Report – Item 4

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To: San Diego Community Power Board of Directors

From: Sebastian Sarria, Policy Manager  
Nick Norvell, Associate Counsel, Best Best & Krieger

Via: Karin Burns, Chief Executive Officer

Subject: Approval of Updated Procurement Policy of Goods and Services

Date: July 28, 2022

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### RECOMMENDATION

Adopt Resolution 2022-09 approving updates to the Procurement Policy for SDCP.

### BACKGROUND

At the [April 23, 2020](#), regular meeting of the SDCP Board of Directors, the procurement policy for the organization was approved via resolution 2020-02. As outlined then, the policy is intended towards professional services, general services, supplier, and non-power contracts. The agency's Energy Risk Management Policy provides the procedures whereby power and energy attributes will be procured.

Since then, and as noted in the ["Update on Supplier Diversity Overview and 2021 Report"](#) staff report from the March 24, 2022, regular meeting of the Board of Directors, staff now recommends changes to SDCP's procurement policy so it is in line with Proposition 209 and the California Public Utilities Commission's (CPUC) Supplier Diversity Program via General Order (GO) 156, as well as including an updated section 5.d.i. on exemptions to competitive procurement requirements as recommended by General Counsel.

### ANALYSIS AND DISCUSSION

Through the earlier part of this year, staff has been working with General Counsel to identify areas within the Procurement Policy to update in compliance with Proposition 209 and GO 156. In doing so, staff identified several sections to update and add. Those new sections are found as redlines in Attachment C, which is part of this staff report. Below is a summary of those changes:

#### Section 5.d.i: Exceptions to Competitive Procurement Requirements:

- General Counsel recommends adding that the "Board of Directors may, consistent with applicable law, waive one or more purchasing procedures in this Policy and/or use sole source procurement in its sole discretion." After review, it was identified

that adding this section would be consistent with the procurement policies of other municipalities in the region, such as La Mesa, Chula Vista, National City, and the San Diego County Board of Supervisors. When reviewing a number of other CCA policies, no similar language was found.

#### Section 7: RFP/RFQ Issuance and Proposal Evaluation

- Changes found in this section are recommended by staff in order to ensure compliance with Proposition 209, while giving SDCP the ability to provide small preferential preferences to certain categories of vendors within the limits of applicable law. As such, the policy now includes four preferences, of which vendors may choose two. Those are:
  - Business with office(s) located in San Diego County and include at least 25% San Diego County residents under their employment;
  - Businesses certified as Disabled Veteran;
  - Businesses certified as Persons with Disabilities; and
  - Businesses certified as small business.
- The recommended changes lay out which entities these businesses must be certified with, ranging from the CPUC's Supplier Clearinghouse, Disability:IN, and the California Department of General Services.

#### Section 9: Information on Supplier Diversity

- After staff was made aware of the direction given by the CPUC via GO 156 to encourage more procurement from diverse suppliers within the limits of Proposition 209, staff recommends including a section in the updated procurement policy which outlines these boundaries.

#### Section 10: Procurement of Power and Energy Attributes

- The 2020 version of the Policy notes that a future Risk Management Policy may be adopted authorizing certain SDCP staff to enter into power purchase agreements and other agreements to secure power and energy attributes. The redlines included in Attachment C note that this policy has been updated with the title of Energy Risk Management Policy. Lastly, it notes that the Procurement Policy is for goods and services and not for the acquisition of power or energy attributes.

#### **FISCAL IMPACT**

There is no fiscal impact associated with this action.

#### **ATTACHMENTS**

Attachment A: Resolution 2022-09 Adopting Updated Procurement Policy

Attachment B: Procurement Policy\_2020 Version

Attachment C: Procurement Policy\_Redlines from 2022 Update

Attachment D: Procurement Policy\_2022 Update



**RESOLUTION NO. 2022-09**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF SAN DIEGO COMMUNITY POWER  
ADOPTING A REVISED PROCUREMENT POLICY  
FOR GOODS AND SERVICES**

A. San Diego Community Power (“SDCP”) is a joint powers agency formed pursuant to the Joint Exercise of Powers Act, Cal. Gov. Code § 6500 *et seq.*, California Public Utilities Code § 366.2, and a Joint Powers Agreement effective on October 1, 2019, as amended (“JPA Agreement”).

B. On April 23, 2020, the SDCP Board of Directors adopted Resolution 2020-02, adopting a Procurement Policy related to the procurement of goods and services by SDCP. SDCP’s Procurement Policy establishes formal and informal bidding procedures for SDCP’s procurement of professional services, general services, and supplies, and specifies that SDCP shall comply with the competitive bidding requirements of California law when procuring public works projects.

C. The SDCP Board of Directors now desires to amend the Procurement Policy to read as set forth in Exhibit A.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of San Diego Community Power as follows:

Section 1. The Board of Directors finds that the foregoing recitals are true and correct and are incorporated herein.

Section 2. The Procurement Policy attached hereto as Exhibit A is incorporated as though fully set forth herein, and is hereby adopted as the revised Procurement Policy of SDCP.

Section 3. If any provision of this resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the resolution which can be given effect without the invalid provision or application, and to this end the provisions of this resolution are severable. The Board of Directors hereby declares that it would have adopted this resolution irrespective of the invalidity of any particular portion thereof.

Section 4. This resolution shall take effect immediately upon its adoption.

**PASSED AND ADOPTED** at a meeting of the Board of Directors of San Diego Community Power held on July 28, 2022.

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Chair, Board of Directors  
San Diego Community Power

ATTEST:

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Secretary, Board of Directors  
San Diego Community Power



## **San Diego Community Power**

### **Procurement Policy**

#### **Purpose**

It is in the interest of San Diego Community Power (“SDCP”) to establish administrative procurement practices that facilitate efficient business operations and provide fair compensation and local workforce opportunities whenever possible within a framework of high quality, competitive service offerings.

#### **Policy**

##### **1. Procurement of Professional Services**

SDCP may contract for professional services, including but not limited to consultant, legal, or design services, in its sole discretion. SDCP shall procure professional services in compliance with the Competitive Procurement Requirements in Section 5 of this Policy. SDCP shall endeavor to secure the highest quality professional services available and is not required to award a contract for services to the lowest proposer.

##### **2. Procurement of General Services**

SDCP may contract for general services, including but not limited to cleaning or maintenance services, in its sole discretion. SDCP shall procure general services in compliance with the Competitive Procurement Requirements in Section 5 of this Policy. Although SDCP shall not be required to award to the lowest proposer, SDCP staff shall seek to procure general services at the lowest costs.

##### **3. Procurement of Supplies**

SDCP shall procure supplies in compliance with the Competitive Procurement Requirements in Section 5 of this Policy. Although SDCP shall not be required to award to the lowest proposer, SDCP staff shall seek to purchase supplies at the lowest costs. SDCP is encouraged to jointly procure supplies with other governmental agencies to obtain the lowest cost when possible. In the event one or more SDCP employees are designated as purchasing agents, those individuals shall be included in SDCP’s Conflict of Interest Code as persons who must file an annual statement of economic interest.

##### **4. Procurement of Public Works Projects**

SDCP shall comply with California Public Contract Code Section 20160 *et seq.* and other applicable laws and regulations when procuring public projects in excess of \$5,000. For purposes of this section, a “public project” shall have the same meaning as defined in Public Contract Code Section 20160, and includes, among other things, projects for the erection, improvement, painting, or repair of public buildings and works.

## 5. Competitive Procurement Requirements

- a. Formal Bidding. SDCP shall issue a request for proposals (RFP), a request for qualifications (RFQ), or similar competitive instrument for the purchase of goods or services in excess of \$125,000 in any given contract year or term. Proposals shall be evaluated in accordance with Section 7 of this Policy. These contracts are subject to Board approval before final execution.
- b. Informal Bidding Procedures.
  - i. For contracts valued between \$50,000 and \$124,999.99, staff shall solicit informal written proposals from at least three providers, if feasible. An informal written proposal consists of a written proposal that includes the provider's name, address, phone number, professional license number (if applicable), the work to be performed, and the amount of the proposal. A written proposal may be in an electronic format.
  - ii. For contracts valued between \$10,000 and \$49,999.99, staff shall solicit informal verbal proposals from at least three providers. Staff shall note the three verbal proposals by including the provider's name, address, phone number, and amount of the verbal proposal in SDCP's records.
  - iii. For contracts valued at less than \$10,000, no formal or informal proposals shall be required, but SDCP staff is directed to seek the lowest cost supplies and the highest quality services available.
  - iv. The Chief Executive Officer ("CEO"), at his or her discretion, may direct that SDCP solicit competitive procurements through the formal bidding process for contracts under \$125,000.
- c. General Provisions. The provisions below shall apply to all methods of procurement described above.
  - i. When procuring goods and services utilizing state or federal funds (e.g., grant or loan funds), SDCP shall comply with all state or federal project requirements in securing any goods or services necessary. If there is conflict between the foregoing, the more restrictive requirements shall apply.
  - ii. SDCP shall not be required to award a contract to purchase goods or services from the lowest responsible bidder, unless required by California law.

- iii. No SDCP officer or employee shall split purchases into more than one purchase in order to avoid the Competitive Procurement Requirements in this Policy.
- iv. No SDCP officer or employee shall accept, directly or indirectly, any gift, rebate, money or anything else of value from any person or entity if such gift, rebate, money or anything of value is intended to reward or be an inducement for conducting business, placing orders with, or otherwise using the officer's or employee's position to secure a contract with SDCP.

d. Exceptions to Competitive Procurement Requirements.

- i. Based on the unique facts or circumstances described below and a written justification retained in SDCP's records, the CEO, after consultation with the General Counsel, may waive one or more purchasing procedures in this Policy and/or use sole source procurement if the CEO determines that the best interests of SDCP are served; provided, however, that such method is not in violation of applicable law or policy.

Sole source purchasing is authorized when the goods or services contemplated are capable of being supplied or performed by a sole provider, such as the holder of an exclusive patent or franchise, for purchase of unique or innovative goods or services including but not limited to computer software and technology, or for purchases of goods or services when there is a demonstrated need for compatibility with an existing item or service. Sole source procurement may also be utilized when it is apparent that a needed product or service is uniquely available from the source, or for all practical purposes, it is justifiably in the best interest of SDCP to utilize sole source procurement. The following factors shall not apply to sole source procurements and shall not be included in the sole source justification: personal preference for product or vendor; cost, vendor performance, or local service (this may be considered an award factor in competitive procurements); features that exceed the minimum requirements for the goods or services; explanation of the actual need and basic use for the equipment, unless the information relates to a request for unique factors.

- ii. No competitive procurement shall be required for goods or services valued at less than \$10,000 in any one contract term or contract year.
- iii. No competitive procurement shall be required to rent or lease equipment.

- iv. Competitive procurement shall not be required when the contract, goods or services will be provided by another governmental agency. SDCP can rely on the competitive procurement process provided by another governmental agency, provided that such agency's procurement is in compliance with California law.
- v. In the event of an emergency, the CEO may suspend the normal purchasing and procurement requirements for goods and services related to abatement of the impacts or effects of the emergency.

6. Signing Authority:

SDCP's CEO and designated staff are authorized to execute contracts and related documents in accordance with SDCP's Delegated Contract Authority Policy.

7. RFP/Rfq Issuance and Proposal Evaluation

- a. Proposals received through formal bidding procedures shall be subject to a set of criteria and a scoring system, reviewed and evaluated by relevant SDCP staff and an evaluation committee selected by the CEO or, at the discretion of the Board, members of a designated Board committee. Proposals received shall be evaluated based on competency to perform the scope of work, best fit, price competitiveness, compliance with subsections i (San Diego County Preference) and ii (Other Preferences) below, and other additional criteria added pursuant to SDCP's Sustainable Workforce Policy. The preferences below may not apply to procurements conducted jointly with other public agencies, and shall not apply when prohibited by state or federal statutes or regulations that require award to the lowest responsible bidder.
  - i. SDCP desires to support San Diego County businesses where possible. Businesses with office(s) located in San Diego County and include at least 25% San Diego County residents under their employment shall receive a bonus of up to 5 points or 5% out of a 100-point scoring system in competitive solicitations.
  - ii. SDCP desires to support diversity among its contractors and vendors by working with women, minority, disabled veteran, and lesbian, gay, bisexual, and transgender-owned businesses. Businesses owned and operated by a person representing one or more of these categories shall receive a bonus of up to 5% or 5 points out of a 100-point scoring system in competitive solicitations.
- b. SDCP is committed to the highest standards of responsible behavior and integrity in all of its business relationships. SDCP will consider a company's business

practices, environmental record, and commitment to fair employment practices and compensation in its procurement decisions.

8. Nondiscrimination Contract Clause

Each SDCP contract and subcontract shall contain a nondiscrimination clause that reads substantially as follows:

Contractor shall not discriminate on the basis of race, gender, gender expression, gender identity, religion, national origin, ethnicity, sexual orientation, age, or disability in the solicitation, selection, hiring, or treatment of subcontractors, vendors, or suppliers. Contractor shall provide equal opportunity for subcontractors to participate in subcontracting opportunities.

9. Procurement of Power and Energy Attributes

SDCP must secure sufficient power resources and energy attributes to serve its customers, comply with State law, and meet SDCP's and its member agencies' goals. SDCP may adopt a Risk Management Policy authorizing certain SDCP staff to enter into power purchase agreements and other agreements to secure power and energy attributes, provided that such agreements are in substantially the same form as the Board-approved master power purchase agreements, and that all transactions and agreements are in strict compliance with SDCP's Risk Management Policy.

10. Review and Approval as to Form by General Counsel

All SDCP agreements must be approved as to the form and content by the General Counsel or his/her designee prior to signature by any authorized individual.

## **San Diego Community Power**

### **Procurement Policy**

#### **Purpose**

It is in the interest of San Diego Community Power ("SDCP") to establish administrative procurement practices that facilitate efficient business operations and provide fair compensation and local workforce opportunities whenever possible within a framework of high quality, competitive service offerings.

#### **Policy**

##### **1. Procurement of Professional Services**

SDCP may contract for professional services, including but not limited to consultant, legal, or design services, in its sole discretion. \_SDCP shall procure professional services in compliance with the Competitive Procurement Requirements in Section 5 of this Policy. \_SDCP shall endeavor to secure the highest quality professional services available and is not required to award a contract for services to the lowest proposer.

##### **2. Procurement of General Services**

SDCP may contract for general services, including but not limited to cleaning or maintenance services, in its sole discretion. \_SDCP shall procure general services in compliance with the Competitive Procurement Requirements in Section 5 of this Policy. \_Although SDCP shall not be required to award to the lowest proposer, SDCP staff shall seek to procure general services at the lowest costs.

##### **3. Procurement of Supplies**

SDCP shall procure supplies in compliance with the Competitive Procurement Requirements in Section 5 of this Policy. \_Although SDCP shall not be required to award to the lowest proposer, SDCP staff shall seek to purchase supplies at the lowest costs. SDCP is encouraged to jointly procure supplies with other governmental agencies to obtain the lowest cost when possible. In the event

one or more SDCP employees are designated as purchasing agents, those individuals shall be included in SDCP's Conflict of Interest Code as persons who must file an annual statement of economic interest.

#### 4. Procurement of Public Works Projects

SDCP shall comply with California Public Contract Code Section 20160 *et seq.* and other applicable laws and regulations when procuring public projects in excess of \$5,000. For purposes of this section, a "public project" shall have the same meaning as defined in Public Contract Code Section 20160, and includes, among other things, projects for the erection, improvement, painting, or repair of public buildings and works.

#### 5. Competitive Procurement Requirements

- a. Formal Bidding. SDCP shall issue a request for proposals (RFP), a request for qualifications (RFQ), or similar competitive instrument for the purchase of goods or services in excess of \$125,000 in any given contract year or term. Proposals shall be evaluated in accordance with Section 7 of this Policy. These contracts are subject to Board approval before final execution.
- b. Informal Bidding Procedures.
  - i. For contracts valued between \$50,000 and \$124,999.99, staff shall solicit informal written proposals from at least three providers, if feasible. An informal written proposal consists of a written proposal that includes the provider's name, address, phone number, professional license number (if applicable), the work to be performed, and the amount of the proposal. A written proposal may be in an electronic format.
  - ii. For contracts valued between \$10,000 and \$49,999.99, staff shall solicit informal verbal proposals from at least three providers. Staff shall note the three verbal proposals by including the provider's name, address, phone number, and amount of the verbal proposal in SDCP's records.
  - iii. For contracts valued at less than \$10,000, no formal or informal proposals shall be required, but SDCP staff is directed to seek the lowest cost supplies and the highest quality services available.

- iv. The Chief Executive Officer ("CEO"), at his or her discretion, may direct that SDCP solicit competitive procurements through the formal bidding process for contracts under \$125,000.
- c. General Provisions.—The provisions below shall apply to all methods of procurement described above.
- i. When procuring goods and services utilizing state or federal funds (e.g., grant or loan funds), SDCP shall comply with all state or federal project requirements in securing any goods or services necessary. If there is conflict between the foregoing, the more restrictive requirements shall apply.
  - ii. SDCP shall not be required to award a contract to purchase goods or services from the lowest responsible bidder, unless required by California law.
  - iii. No SDCP officer or employee shall split purchases into more than one purchase in order to avoid the Competitive Procurement Requirements in this Policy.
  - iv. No SDCP officer or employee shall accept, directly or indirectly, any gift, rebate, money or anything else of value from any person or entity if such gift, rebate, money or anything of value is intended to reward or be an inducement for conducting business, placing orders with, or otherwise using the officer's or employee's position to secure a contract with SDCP.
- d. Exceptions to Competitive Procurement Requirements.
- i. The Board of Directors may, consistent with applicable law, waive one or more purchasing procedures in this Policy and/or use sole source procurement in its sole discretion.
  - ii. Based on the unique facts or circumstances described below and a written justification retained in SDCP's records, the CEO, after consultation with the General Counsel, may waive one or more purchasing procedures in this Policy and/or use sole source procurement if the CEO determines that the



best interests of SDCP are served; provided, however, that such method is not in violation of applicable law or policy.

Sole source purchasing is authorized when the goods or services contemplated are capable of being supplied or performed by a sole provider, such as the holder of an exclusive patent or franchise, for purchase of unique or innovative goods or services including but not limited to computer software and technology, or for purchases of goods or services when there is a demonstrated need for compatibility with an existing item or service. Sole source procurement may also be utilized when it is apparent that a needed product or service is uniquely available from the source, or for all practical purposes, it is justifiably in the best interest of SDCP to utilize sole source procurement. The following factors shall not apply to sole source procurements and shall not be included in the sole source justification: personal preference for product or vendor; cost, vendor performance, or local service (this may be considered an award factor in competitive procurements); features that exceed the minimum requirements for the goods or services; explanation of the actual need and basic use for the equipment, unless the information relates to a request for unique factors.

~~iii~~.iii. No competitive procurement shall be required for goods or services valued at less than \$10,000 in any one contract term or contract year.

~~iii~~.iv. No competitive procurement shall be required to rent or lease equipment.

~~iv~~.v. Competitive procurement shall not be required when the contract, goods or services will be provided by another governmental agency. SDCP can rely on the competitive procurement process provided by another governmental agency, provided that such agency's procurement is in compliance with California law.

~~v~~.vi. In the event of an emergency, the CEO may suspend the normal purchasing and procurement requirements for goods and services related to abatement of the impacts or effects of the emergency.

## 6. Signing Authority:

SDCP's CEO and designated staff are authorized to execute contracts and related documents in accordance with SDCP's Delegated Contract Authority Policy.

7. RFP/RFQ Issuance and Proposal Evaluation

a. Proposals received through formal bidding procedures shall be subject to a set of criteria and a scoring system, reviewed and evaluated by relevant SDCP staff and an evaluation committee selected by the CEO or, at the discretion of the Board, members of a designated Board committee. Proposals received shall be evaluated based on competency to perform the scope of work, best fit, price competitiveness, compliance with subsections i (San Diego County Preference) and ii (Other Preferences) below, and other additional criteria added pursuant to SDCP's Inclusive and Sustainable Workforce Policy. The preferences below may not apply to procurements conducted jointly with other public agencies, and shall not apply when prohibited by state or federal statutes or regulations that require award to the lowest responsible bidder. Proposers may only pursue two of the four preferences.

i. ~~SDCP desires to support San Diego County businesses where possible.~~ Businesses with office(s) located in San Diego County and include at least 25% San Diego County residents under their employment shall receive a bonus of up to 5 points or 5% out of a 100-point scoring system in competitive solicitations. To receive the preference, a proposer must submit written information relating to the location of its office(s) in San Diego County and the percentage of San Diego County residents under its employment.

ii. ~~SDCP desires to support diversity among its contractors and vendors by working with women, minority, and businesses certified as disabled veteran, and lesbian, gay, bisexual, and transgender-owned businesses. Businesses owned and operated by a person representing one or more of these categories business enterprises as by the Supplier Clearinghouse (thesupplierclearinghouse.com) shall receive a bonus of up to 5% or 5 points or 5% out of a 100-point scoring system in competitive solicitations. To receive the preference, a proposer must submit proof of current, valid certification by the Supplier Clearinghouse. Such proof shall be subject to verification by SDCP.~~

iii. Businesses certified as a Persons with Disabilities business enterprise by the Supplier Clearinghouse or Disability:IN shall receive a bonus of up to 5% or 5

points out of a 100 point scoring system in competitive solicitations. To receive the preference, a proposer must submit proof of current, valid certification by the Supplier Clearinghouse or Disability:IN. Such proof shall be subject to verification by SDCP.

iv. Businesses certified as small business by the Department of General Services shall receive a bonus of up to 5% or 5 points out of a 100-point scoring system in competitive solicitations. To receive the preference, a proposer must submit proof of current, valid certification by the Department of General Services. Such proof shall be subject to verification by SDCP.

b. SDCP is committed to the highest standards of responsible behavior and integrity in all of its business relationships. SDCP will consider a company's business

- b. practices, environmental record, and commitment to fair employment practices and compensation in its procurement decisions.

#### 8. Nondiscrimination Contract Clause

Each SDCP contract and subcontract shall contain a nondiscrimination clause that reads substantially as follows:

Contractor shall not discriminate on the basis of race, gender, gender expression, gender identity, religion, national origin, ethnicity, sexual orientation, age, or disability in the solicitation, selection, hiring, or treatment of subcontractors, vendors, or suppliers. Contractor shall provide equal opportunity for subcontractors to participate in subcontracting opportunities.

#### 9. Information on Supplier Diversity

Public Utilities Code Section 366.2(m) requires certain community choice aggregators, including SDCP, to annually submit to the CPUC: (1) a detailed and verifiable plan for increasing procurement from small, local, and diverse business enterprises; and (2) a report regarding its procurement from women, minority, disabled veteran, and LGBT business enterprises.

General Order 156 (GO 156), adopted by the California Public Utilities Commission (CPUC), requires certain California public utilities to engage in outreach activities and meet specific procurement goals from women, minority, disabled veteran, persons with disabilities, and LGBT business enterprises. Qualified businesses become GO 156 certified through the CPUC and are then added to the GO 156 Supplier Clearinghouse database ([www.thesupplierclearinghouse.com](http://www.thesupplierclearinghouse.com)). Although SDCP is not subject GO 156, SDCP supports the goals and principles of GO 156 and desires to obtain information relating to supplier diversity in order to assist SDCP in evaluating its outreach and other activities consistent with applicable law.

To assist SDCP with its reporting obligations under Public Utilities Code Section 366.2(m) and with evaluating its supplier outreach and other activities, proposers that are awarded the contract will be asked to voluntarily disclose their certification status with the CPUC Clearinghouse, as well as their efforts to work with diverse business enterprises, including WBEs, MBEs, DVBes, and LGBTBEs.

Except as otherwise expressly provided under this Policy and/or required by applicable state or federal law or funding requirements (including, without limitation, any grant or loan conditions), SDCP shall not use any demographic information received from potential vendors in any way as part of its decision-making or selection process. Rather, SDCP will use such information solely for compliance with its reporting obligations to the CPUC and evaluation of SDCP's outreach and other activities consistent with applicable law. Pursuant to Article I, Section 31 of the California

Constitution, SDCP shall not discriminate against or give preferential treatment to any individual or group on the basis of race, sex, color, ethnicity, or national origin except as otherwise allowed therein.

9.10. Procurement of Power and Energy Attributes

SDCP must secure sufficient power resources and energy attributes to serve its customers, comply with State law, and meet SDCP's and its member agencies' goals. SDCP ~~may adopt a~~has adopted an Energy Risk Management Policy authorizing certain SDCP staff to enter into power purchase agreements and other agreements to secure power and energy attributes, ~~provided that such agreements are in substantially the same form as the Board approved master power purchase agreements, and that all transactions and agreements are in strict compliance with SDCP's Risk Management Policy.~~ This Procurement Policy shall not apply to the acquisition of power or energy attributes.

10.11. Review and Approval as to Form by General Counsel

All SDCP agreements must be approved as to the form and content by the General Counsel or his/her designee prior to signature by any authorized individual.

## **San Diego Community Power**

### **Procurement Policy**

#### **Purpose**

It is in the interest of San Diego Community Power (“SDCP”) to establish administrative procurement practices that facilitate efficient business operations and provide fair compensation and local workforce opportunities whenever possible within a framework of high quality, competitive service offerings.

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##### **1. Procurement of Professional Services**

SDCP may contract for professional services, including but not limited to consultant, legal, or design services, in its sole discretion. SDCP shall procure professional services in compliance with the Competitive Procurement Requirements in Section 5 of this Policy. SDCP shall endeavor to secure the highest quality professional services available and is not required to award a contract for services to the lowest proposer.

##### **2. Procurement of General Services**

SDCP may contract for general services, including but not limited to cleaning or maintenance services, in its sole discretion. SDCP shall procure general services in compliance with the Competitive Procurement Requirements in Section 5 of this Policy. Although SDCP shall not be required to award to the lowest proposer, SDCP staff shall seek to procure general services at the lowest costs.

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SDCP shall procure supplies in compliance with the Competitive Procurement Requirements in Section 5 of this Policy. Although SDCP shall not be required to award to the lowest proposer, SDCP staff shall seek to purchase supplies at the lowest costs. SDCP is encouraged to jointly procure supplies with other governmental agencies to obtain the lowest cost when possible. In the event one or more SDCP employees are designated as purchasing agents, those individuals shall be included in SDCP’s Conflict of Interest Code as persons who must file an annual statement of economic interest.

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SDCP shall comply with California Public Contract Code Section 20160 *et seq.* and other applicable laws and regulations when procuring public projects in excess of \$5,000. For purposes of this section, a “public project” shall have the same meaning as defined in Public Contract Code Section 20160, and includes, among other things, projects for the erection, improvement, painting, or repair of public buildings and works.

## 5. Competitive Procurement Requirements

- a. Formal Bidding. SDCP shall issue a request for proposals (RFP), a request for qualifications (RFQ), or similar competitive instrument for the purchase of goods or services in excess of \$125,000 in any given contract year or term. Proposals shall be evaluated in accordance with Section 7 of this Policy. These contracts are subject to Board approval before final execution.
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  - ii. For contracts valued between \$10,000 and \$49,999.99, staff shall solicit informal verbal proposals from at least three providers. Staff shall note the three verbal proposals by including the provider's name, address, phone number, and amount of the verbal proposal in SDCP's records.
  - iii. For contracts valued at less than \$10,000, no formal or informal proposals shall be required, but SDCP staff is directed to seek the lowest cost supplies and the highest quality services available.
  - iv. The Chief Executive Officer ("CEO"), at his or her discretion, may direct that SDCP solicit competitive procurements through the formal bidding process for contracts under \$125,000.
- c. General Provisions. The provisions below shall apply to all methods of procurement described above.
  - i. When procuring goods and services utilizing state or federal funds (e.g., grant or loan funds), SDCP shall comply with all state or federal project requirements in securing any goods or services necessary. If there is conflict between the foregoing, the more restrictive requirements shall apply.
  - ii. SDCP shall not be required to award a contract to purchase goods or services from the lowest responsible bidder, unless required by California law.

- iii. No SDCP officer or employee shall split purchases into more than one purchase in order to avoid the Competitive Procurement Requirements in this Policy.
- iv. No SDCP officer or employee shall accept, directly or indirectly, any gift, rebate, money or anything else of value from any person or entity if such gift, rebate, money or anything of value is intended to reward or be an inducement for conducting business, placing orders with, or otherwise using the officer's or employee's position to secure a contract with SDCP.

d. Exceptions to Competitive Procurement Requirements.

- i. The Board of Directors may, consistent with applicable law, waive one or more purchasing procedures in this Policy and/or use sole source procurement in its sole discretion.
- ii. Based on the unique facts or circumstances described below and a written justification retained in SDCP's records, the CEO, after consultation with the General Counsel, may waive one or more purchasing procedures in this Policy and/or use sole source procurement if the CEO determines that the best interests of SDCP are served; provided, however, that such method is not in violation of applicable law or policy.

Sole source purchasing is authorized when the goods or services contemplated are capable of being supplied or performed by a sole provider, such as the holder of an exclusive patent or franchise, for purchase of unique or innovative goods or services including but not limited to computer software and technology, or for purchases of goods or services when there is a demonstrated need for compatibility with an existing item or service. Sole source procurement may also be utilized when it is apparent that a needed product or service is uniquely available from the source, or for all practical purposes, it is justifiably in the best interest of SDCP to utilize sole source procurement. The following factors shall not apply to sole source procurements and shall not be included in the sole source justification: personal preference for product or vendor; cost, vendor performance, or local service (this may be considered an award factor in competitive procurements); features that exceed the minimum requirements for the goods or services; explanation of the actual need and basic use for the equipment, unless the information relates to a request for unique factors.

- iii. No competitive procurement shall be required for goods or services valued at less than \$10,000 in any one contract term or contract year.
- iv. No competitive procurement shall be required to rent or lease equipment.



- v. Competitive procurement shall not be required when the contract, goods or services will be provided by another governmental agency. SDCP can rely on the competitive procurement process provided by another governmental agency, provided that such agency's procurement is in compliance with California law.
- vi. In the event of an emergency, the CEO may suspend the normal purchasing and procurement requirements for goods and services related to abatement of the impacts or effects of the emergency.

6. Signing Authority:

SDCP's CEO and designated staff are authorized to execute contracts and related documents in accordance with SDCP's Delegated Contract Authority Policy.

7. RFP/RFQ Issuance and Proposal Evaluation

- a. Proposals received through formal bidding procedures shall be subject to a set of criteria and a scoring system, reviewed and evaluated by relevant SDCP staff and an evaluation committee selected by the CEO or, at the discretion of the Board, members of a designated Board committee. Proposals received shall be evaluated based on competency to perform the scope of work, best fit, price competitiveness, compliance with subsections i (San Diego County Preference) and ii (Other Preferences) below, and other additional criteria added pursuant to SDCP's Inclusive and Sustainable Workforce Policy. The preferences below may not apply to procurements conducted jointly with other public agencies, and shall not apply when prohibited by state or federal statutes or regulations that require award to the lowest responsible bidder. Proposers may only pursue two of the four preferences.
  - i. Businesses with office(s) located in San Diego County and include at least 25% San Diego County residents under their employment shall receive a bonus of up to 5 points or 5% out of a 100-point scoring system in competitive solicitations. To receive the preference, a proposer must submit written information relating to the location of its office(s) in San Diego County and the percentage of San Diego County residents under its employment.
  - ii. Businesses certified as disabled veteran business enterprises as by the Supplier Clearinghouse ([thesupplierclearinghouse.com](http://thesupplierclearinghouse.com)) shall receive a bonus of up to 5 points or 5% out of a 100-point scoring system in competitive solicitations. To receive the preference, a proposer must submit proof of current, valid certification by the Supplier Clearinghouse. Such proof shall be subject to verification by SDCP.

- iii. Businesses certified as a Persons with Disabilities business enterprise by the Supplier Clearinghouse or Disability:IN shall receive a bonus of up to 5% or 5 points out of a 100 point scoring system in competitive solicitations. To receive the preference, a proposer must submit proof of current, valid certification by the Supplier Clearinghouse or Disability:IN. Such proof shall be subject to verification by SDCP.
  - iv. Businesses certified as small business by the Department of General Services shall receive a bonus of up to 5% or 5 points out of a 100-point scoring system in competitive solicitations. To receive the preference, a proposer must submit proof of current, valid certification by the Department of General Services. Such proof shall be subject to verification by SDCP.
- b. SDCP is committed to the highest standards of responsible behavior and integrity in all of its business relationships. SDCP will consider a company's business practices, environmental record, and commitment to fair employment practices and compensation in its procurement decisions.

#### 8. Nondiscrimination Contract Clause

Each SDCP contract and subcontract shall contain a nondiscrimination clause that reads substantially as follows:

Contractor shall not discriminate on the basis of race, gender, gender expression, gender identity, religion, national origin, ethnicity, sexual orientation, age, or disability in the solicitation, selection, hiring, or treatment of subcontractors, vendors, or suppliers. Contractor shall provide equal opportunity for subcontractors to participate in subcontracting opportunities.

#### 9. Information on Supplier Diversity

Public Utilities Code Section 366.2(m) requires certain community choice aggregators, including SDCP, to annually submit to the CPUC: (1) a detailed and verifiable plan for increasing procurement from small, local, and diverse business enterprises; and (2) a report regarding its procurement from women, minority, disabled veteran, and LGBT business enterprises.

General Order 156 (GO 156), adopted by the California Public Utilities Commission (CPUC), requires certain California public utilities to engage in outreach activities and meet specific procurement goals from women, minority, disabled veteran, persons with disabilities, and LGBT business enterprises. Qualified businesses become GO 156 certified through the CPUC and are then added to the GO 156 Supplier Clearinghouse database ([www.thesupplierclearinghouse.com](http://www.thesupplierclearinghouse.com)). Although SDCP is not subject GO 156, SDCP supports the goals and principles of GO 156 and desires to obtain information relating to supplier diversity in order to assist SDCP in evaluating its outreach and other activities consistent with applicable law.

To assist SDCP with its reporting obligations under Public Utilities Code Section 366.2(m) and with evaluating its supplier outreach and other activities, proposers that are awarded the contract will be asked to voluntarily disclose their certification status with the CPUC Clearinghouse, as well as their efforts to work with diverse business enterprises, including WBEs, MBEs, DVBes, and LGBTBEs.

Except as otherwise expressly provided under this Policy and/or required by applicable state or federal law or funding requirements (including, without limitation, any grant or loan conditions), SDCP shall not use any demographic information received from potential vendors in any way as part of its decision-making or selection process. Rather, SDCP will use such information solely for compliance with its reporting obligations to the CPUC and evaluation of SDCP's outreach and other activities consistent with applicable law. Pursuant to Article I, Section 31 of the California Constitution, SDCP shall not discriminate against or give preferential treatment to any individual or group on the basis of race, sex, color, ethnicity, or national origin except as otherwise allowed therein.

#### 10. Procurement of Power and Energy Attributes

SDCP must secure sufficient power resources and energy attributes to serve its customers, comply with State law, and meet SDCP's and its member agencies' goals. SDCP has adopted an Energy Risk Management Policy authorizing certain SDCP staff to enter into power purchase agreements and other agreements to secure power and energy attributes. This Procurement Policy shall not apply to the acquisition of power or energy attributes.

#### 11. Review and Approval as to Form by General Counsel

All SDCP agreements must be approved as to the form and content by the General Counsel or his/her designee prior to signature by any authorized individual.



## SAN DIEGO COMMUNITY POWER Staff Report – Item 5

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To: San Diego Community Power Board of Directors

From: Karin Burns, Chief Executive Officer

Subject: Approval of Amendment to Professional Services Agreement with Futura Energy Group, LLC for Recruitment Services for up to \$235,000 for services in FY2023

Date: July 28, 2022

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### RECOMMENDATION

Approve the Amendment to Professional Services Agreement with Futura Energy Group, LLC to increase the Not-To-Exceed Amount to \$235,000 for FY 23 and Authorize the CEO to Execute the Agreement.

### BACKGROUND

In June 2022, Futura Energy Group, LLC was authorized by the Chief Executive Officer through the SDCP Delegated Contract Authority Policy to provide recruiting services with a not-to-exceed amount of \$122,000. This cost was included in the SDCP's budget for FY23. Futura Energy Group, LLC has extensive experience in recruiting in the energy space

### ANALYSIS AND DISCUSSION

Staff recommends increasing the not-to-exceed amount to \$235,000 for FY23. The reasons for this amendment include continuing and increased efforts by Futura Energy Group, LLC that are critical to our staff recruitment efforts.

The initial Agreement included the recruitment of five (5) staff while the Amendment increases the recruitment to eleven (11) staff at different levels as included in Exhibit B. The Amendment also increases the required consultant retainer from \$25,000 to \$40,000.

Further, the Agreement also a full salary survey for each of the proposed positions as SDCP awaits the completion of the Mercer Survey which will include salary surveys for all SDCP positions.

The FY23 budget, which was presented to the Board for approval at the June 2022 meeting, has \$1,111,000 budgeted in the Other Services budget level 3 category and includes full funding for the Amendment.

### **FISCAL IMPACT**

Cost of this action includes a total amount not to exceed \$235,000 through June 30, 2023. The full amount of this \$115,000 increase is included in the FY23 Professional Services budget under Other Services.

### **ATTACHMENTS**

Attachment A: Futura Energy Group, LLC Contract Amendment



## **FIRST AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT BETWEEN SAN DIEGO COMMUNITY POWER AND FUTURA ENERGY GROUP LLC**

THIS FIRST AMENDMENT (“**Amendment**”) is entered into effective as of July 28, 2022 (“**Amendment Effective Date**”), by and between SAN DIEGO COMMUNITY POWER, a California joint powers authority (“**SDCP**”) and FUTURA ENERGY GROUP, LLC, a Texas limited liability company (“**Consultant**”). SDCP and Consultant are sometimes individually referred to herein as the “**Party**” and collectively as the “**Parties**.”

### **RECITALS**

**WHEREAS**, the Parties entered into that certain Professional Services Agreement between SDCP and Consultant dated June 28, 2022 (“**Agreement**”);

**WHEREAS**, pursuant to the Agreement, Consultant provides recruiting and new hire salary survey services; and

**WHEREAS**, the Parties desire to amend the Agreement to increase the maximum reimbursement amount payable to Consultant for its services.

### **AGREEMENT**

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

1. **Amendment 1 to the Agreement.** The Parties hereby agree to amend Professional Service Agreement as follows:
  - a. Section 3.1. Section 3.1 of the Agreement is amended to increase the not-to-exceed amount payable by the Authority to Consultant for Consultant’s services to an additional Two Hundred Thirty Five Thousand Dollars (\$235,000).
  - b. Exhibit B. Exhibit B is amended to add additional compensation for recruitment services.
2. **Capitalized Terms.** Any capitalized terms not defined herein shall have the meanings set forth in the Agreement.
3. **Counterparts.** This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.
4. **Full Force.** Except as expressly set forth herein, the Agreement shall remain unmodified and in full force and effect.

**IN WITNESS WHEREOF**, the Parties have executed this First Amendment to the Professional Services Agreement between San Diego Community Power and Futura Energy Group, Inc. as of the date first set forth above.

**SAN DIEGO COMMUNITY POWER, a  
California joint powers authority**

**FUTURA ENERGY GROUP, INC., a  
Texas limited liability company**

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

APPROVED AS TO FORM:

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

**EXHIBIT B**  
**COMPENSATION**

**Additional Recruitment Services**

- \$40,000 total retainer, paid monthly in equal installments of \$10,000 over the period of July, August, September, and October 2022, then:
  1. \$12,000 to be invoiced upon completion of a Program Associate position
  2. \$12,000 to be invoiced upon completion of a Portfolio Contracts Manager position where several existing candidates were provided by staff and recruiting was already underway
  3. \$22,000 to be invoiced upon completion of a second Portfolio Contracts Manager / Sr. Manager position
  4. \$22,000 to be invoiced upon completion of a Local Area DER Developer position
  5. \$22,000 to be invoiced upon completion of a Settlements Manager or Sr. Manager position
  6. \$22,000 to be invoiced upon completion of a Director of External/Public Affairs/Marketing
  7. \$30,000 to be invoiced upon completion of a Sr. Director/COO of Operations
  8. \$15,000 to be invoiced upon completion of a Load Forecaster or other Power Services team junior/mid-level position –
  9. \$15,000 to be invoiced upon completion of a Program Manager or Second Program Associate (snr) position
  10. \$15,000 to be invoiced upon completion of a Financial Analyst position
  11. \$8,000 to be invoiced upon completion of an Associate position in Marketing/Finance or Power Services



## **SAN DIEGO COMMUNITY POWER**

### **Staff Report – Item 6**

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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 Metrics and Dashboard

Date: July 28, 2022

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### **RECOMMENDATION**

Receive update on various back-office activities.

### **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) Phase 3 Enrollment Update**

Staff is happy to report that our Phase 3 efforts for Imperial Beach, La Mesa, Encinitas, Chula Vista, San Diego and Net Energy Metering (NEM) customers with a true up month of February through June are now complete. Our cumulative count of active accounts being served under our portfolio currently stands at **702,026** as of 7/20/2022, cementing San Diego Community Power as the 2<sup>nd</sup> largest CCA by accounts served in the State of California. Net Energy Metering (NEM) customers with a true up month of July are currently in the process of being transitioned over to our service and the enrollment process for NEM customers will continue until January of 2023.

#### **B) Customer Participation Tracking**

Staff and Calpine have worked together to create a reporting summary of customer actions to opt-out, opt-up to Power100 or opt-down from Power100 to PowerOn. The below charts summarize these actions accordingly as of July 18<sup>th</sup>, 2022:



## I. Opt Outs

Opt Outs by Jurisdiction	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	July - MTD	Grand Total
CITY OF CHULA VISTA	2	77	1	150	9	3	11	12	1	0	0	21	19	159	814	305	279	243	2106
CITY OF ENCINITAS	0	0	3	32	7	11	5	3	1	1	3	60	304	753	191	102	77	39	1592
CITY OF IMPERIAL BEACH	0	0	0	11	0	1	1	0	0	0	19	129	22	13	24	15	10	11	256
CITY OF LA MESA	0	0	15	51	3	6	3	0	6	0	1	158	372	93	122	50	47	30	957
CITY OF SAN DIEGO	14	10	43	516	51	123	111	131	34	23	21	152	194	1501	6425	1645	1349	1516	13859
<b>Grand Total</b>	<b>16</b>	<b>87</b>	<b>62</b>	<b>760</b>	<b>70</b>	<b>144</b>	<b>131</b>	<b>146</b>	<b>42</b>	<b>24</b>	<b>44</b>	<b>520</b>	<b>911</b>	<b>2519</b>	<b>7576</b>	<b>2117</b>	<b>1762</b>	<b>1839</b>	<b>18770</b>

Opt Outs by Class Code	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	July - MTD	Grand Total
Residential	0	0	0	0	0	0	0	0	0	0	36	501	867	2473	7493	2089	1734	1813	17006
Commercial/Industrial	16	87	62	760	70	144	131	146	42	24	8	19	44	46	83	28	28	26	1764
<b>Grand Total</b>	<b>16</b>	<b>87</b>	<b>62</b>	<b>760</b>	<b>70</b>	<b>144</b>	<b>131</b>	<b>146</b>	<b>42</b>	<b>24</b>	<b>44</b>	<b>520</b>	<b>911</b>	<b>2519</b>	<b>7576</b>	<b>2117</b>	<b>1762</b>	<b>1839</b>	<b>18770</b>

Opt Outs by Reason	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	July - MTD	Grand Total
Concerns about Government-Run Power Agency	0	0	2	15	2	2	2	0	0	0	1	33	53	198	600	190	87	56	1241
Concerns about lack of equivalent CCA programs	0	0	0	0	0	0	0	0	0	0	0	3	8	10	48	8	12	9	98
Decline to Provide	0	4	19	11	25	33	31	94	1	1	9	96	152	432	1243	403	210	146	2910
Dislike being automatically enrolled	0	0	28	59	23	18	34	16	3	4	17	142	257	743	2443	611	483	456	5337
Have renewable Energy Reliability Concerns	0	0	0	3	0	2	7	0	0	0	1	4	7	49	118	37	17	6	251
Other	1	83	2	667	12	18	3	7	8	3	8	69	126	325	1030	223	156	165	2906
Rate or Cost Concerns	15	0	11	5	8	70	50	29	29	16	6	95	174	493	1170	344	521	813	3849
Service or Billing Concerns	0	0	0	0	0	1	4	0	1	0	0	17	22	53	151	58	62	57	426
Existing relationship with the utility	0	0	0	0	0	0	0	0	0	0	2	61	112	216	773	243	214	131	1752
<b>Grand Total</b>	<b>16</b>	<b>87</b>	<b>62</b>	<b>760</b>	<b>70</b>	<b>144</b>	<b>131</b>	<b>146</b>	<b>42</b>	<b>24</b>	<b>44</b>	<b>520</b>	<b>911</b>	<b>2519</b>	<b>7576</b>	<b>2117</b>	<b>1762</b>	<b>1839</b>	<b>18770</b>

Opt Outs by Method	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	July - MTD	Grand Total
Customer Service Rep (CSR)	0	83	31	681	23	67	73	84	23	17	16	147	259	462	1661	504	607	566	5304
Interactive Voice Response (IVR)	0	0	1	8	5	27	22	9	16	4	9	55	45	423	1374	384	322	419	3123
Web	16	4	30	71	42	50	36	53	3	3	19	318	607	1634	4541	1229	833	854	10343
<b>Grand Total</b>	<b>16</b>	<b>87</b>	<b>62</b>	<b>760</b>	<b>70</b>	<b>144</b>	<b>131</b>	<b>146</b>	<b>42</b>	<b>24</b>	<b>44</b>	<b>520</b>	<b>911</b>	<b>2519</b>	<b>7576</b>	<b>2117</b>	<b>1762</b>	<b>1839</b>	<b>18770</b>

## II. Opt Ups to Power100

Opt Ups by Jurisdiction	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	July - MTD	Grand Total
CITY OF CHULA VISTA	0	56	0	0	626	9	4	1	4	1	1	6	3	13	52	12	13	13	814
CITY OF ENCINITAS	0	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	18
CITY OF IMPERIAL BEACH	0	0	0	0	0	60	0	0	0	0	0	2	23	1	1	1	0	0	88
CITY OF LA MESA	0	0	12	0	130	3	0	3	0	0	0	6	32	15	29	11	4	3	248
CITY OF SAN DIEGO	0	133	1	2	2922	12	22	10	48	2	11	25	106	172	1210	215	209	129	5229
<b>Grand Total</b>	<b>0</b>	<b>207</b>	<b>13</b>	<b>2</b>	<b>3678</b>	<b>84</b>	<b>26</b>	<b>14</b>	<b>52</b>	<b>3</b>	<b>12</b>	<b>39</b>	<b>164</b>	<b>201</b>	<b>1292</b>	<b>239</b>	<b>226</b>	<b>145</b>	<b>6397</b>

Opt Ups by Class Code	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	July - MTD	Grand Total
Residential	0	2	0	0	0	0	0	0	0	0	1	15	151	179	1179	233	224	89	2073
Commercial/Industrial	0	205	13	2	3678	84	26	14	52	3	11	24	13	22	113	6	2	56	4324
<b>Grand Total</b>	<b>0</b>	<b>207</b>	<b>13</b>	<b>2</b>	<b>3678</b>	<b>84</b>	<b>26</b>	<b>14</b>	<b>52</b>	<b>3</b>	<b>12</b>	<b>39</b>	<b>164</b>	<b>201</b>	<b>1292</b>	<b>239</b>	<b>226</b>	<b>145</b>	<b>6397</b>

Opt Ups by Method	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	July - MTD	Grand Total
Customer Service Rep (CSR)	0	207	11	1	3668	80	23	12	48	3	7	25	151	47	857	38	28	47	5253
Interactive Voice Response (IVR)	0	0	0	0	3	0	0	0	0	0	1	0	0	4	18	12	6	4	48
Web	0	0	2	1	7	4	3	2	4	0	4	14	13	150	417	189	192	94	1096
<b>Grand Total</b>	<b>0</b>	<b>207</b>	<b>13</b>	<b>2</b>	<b>3678</b>	<b>84</b>	<b>26</b>	<b>14</b>	<b>52</b>	<b>3</b>	<b>12</b>	<b>39</b>	<b>164</b>	<b>201</b>	<b>1292</b>	<b>239</b>	<b>226</b>	<b>145</b>	<b>6397</b>

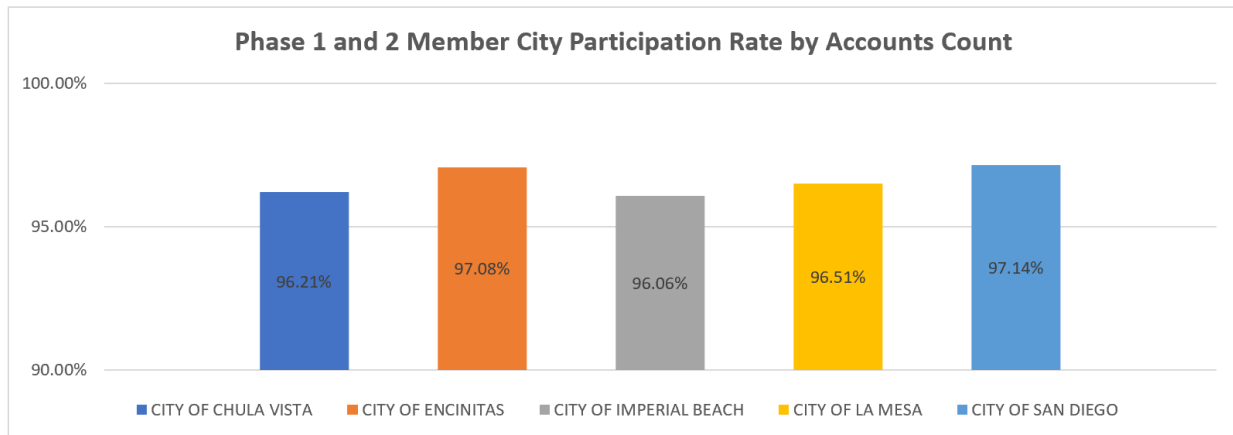
## III. Opt Downs from Power100

Opt Downs by Jurisdiction	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	July - MTD	Grand Total
CITY OF CHULA VISTA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1
CITY OF ENCINITAS	0	0	0	0	24	8	1	1	1	0	0	5	34	127	56	40	52	17	366
CITY OF IMPERIAL BEACH	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1
CITY OF LA MESA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1
CITY OF SAN DIEGO	0	0	0	0	0	0	0	0	0	0	0	0	1	2	2	5	1	5	16
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24</b>	<b>8</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>35</b>	<b>129</b>	<b>58</b>	<b>45</b>	<b>54</b>	<b>24</b>	<b>385</b>

Opt Downs by Class Code	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	July - MTD	Grand Total
Residential	0	0	0	0	0	0	0	0	0	0	0	4	31	128	58	43	51	24	339
Commercial/Industrial	0	0	0	0	24	8	1	1	1	0	0	1	4	1	0	2	3	0	46
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24</b>	<b>8</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>35</b>	<b>129</b>	<b>58</b>	<b>45</b>	<b>54</b>	<b>24</b>	<b>385</b>

Opt Downs by Method	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	July - MTD	Grand Total
Customer Service Rep (CSR)	0	0	0	0	22	6	1	1	1	0	0	4	30	96	26	24	41	10	262
Interactive Voice Response (IVR)	0	0	0	0	2	2	0	0	0	0	0	0	0	17	2	1	3	2	29
Web	0	0	0	0	0	0	0	0	0	0	0	1	5	16	30	20	10	12	94
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24</b>	<b>8</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>35</b>	<b>129</b>	<b>58</b>	<b>45</b>	<b>54</b>	<b>24</b>	<b>385</b>

#### IV. Participation Rate.



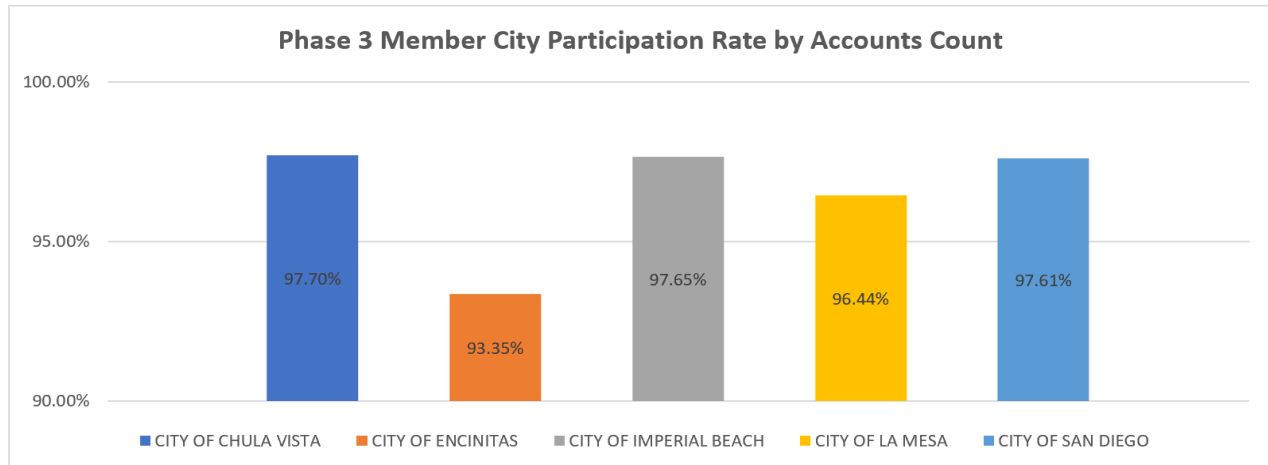
##### Phase 1 and 2

Town or Territory	Active	Eligible	Total Opt Outs	Participation Rate by Accounts Count
CITY OF CHULA VISTA	7599	7898	299	96.21%
CITY OF ENCINITAS	3123	3217	94	97.08%
CITY OF IMPERIAL BEACH	537	559	22	96.06%
CITY OF LA MESA	2656	2752	96	96.51%
CITY OF SAN DIEGO	56891	58567	1676	97.14%
<b>Grand Total</b>	<b>70806</b>	<b>72993</b>	<b>2187</b>	<b>97.00%</b>

For Phase 3, this participation rate is fluid and will change as we continue with mass enrollment across all member cities for customers on Net Energy Metering (NEM) throughout 2022. The true participation rate for this phase will be computed once all NEM and Non-NEM customers across our member cities and are fully enrolled. In the interim, we are reporting on the opt outs and eligible accounts associated with the phase on a rolling basis as of the reporting month:

##### Phase 3

Town or Territory	Active	Eligible	Total Opt Outs	Participation Rate by Accounts Count
CITY OF CHULA VISTA	77044	78854	1810	97.70%
CITY OF ENCINITAS	20976	22471	1495	93.35%
CITY OF IMPERIAL BEACH	9709	9943	234	97.65%
CITY OF LA MESA	23301	24162	861	96.44%
CITY OF SAN DIEGO	498340	510523	12183	97.61%
<b>Grand Total</b>	<b>629370</b>	<b>645953</b>	<b>16583</b>	<b>97.43%</b>



## D) Contact Center Metrics

As expected, call volumes remained relatively steady in June similar to May. We anticipate a bigger uptick in July as customers in Chula Vista and City of San Diego start seeing SDCP's generation charges on their bills in addition to the transition for all of our customers from the Winter to Summer season rates. During this time electricity bills usually increase due to Summer prices being higher than the Winter prices along with customers' usage increases due to cooling needs. As a result of this, we have already observed an increase in customer inquiries pertaining to higher bills over the last few weeks and have shared with our Contact Center talking points that explain the seasonality pricing differentials between Winter and Summer as the primary driver along with usage increases. We have also rolled out our [Summer Readiness](#) webpage on our website that gives customers tips to help manage energy use during high heat, reduce demand on the power grid, stay safe, and spend less on their energy bills.

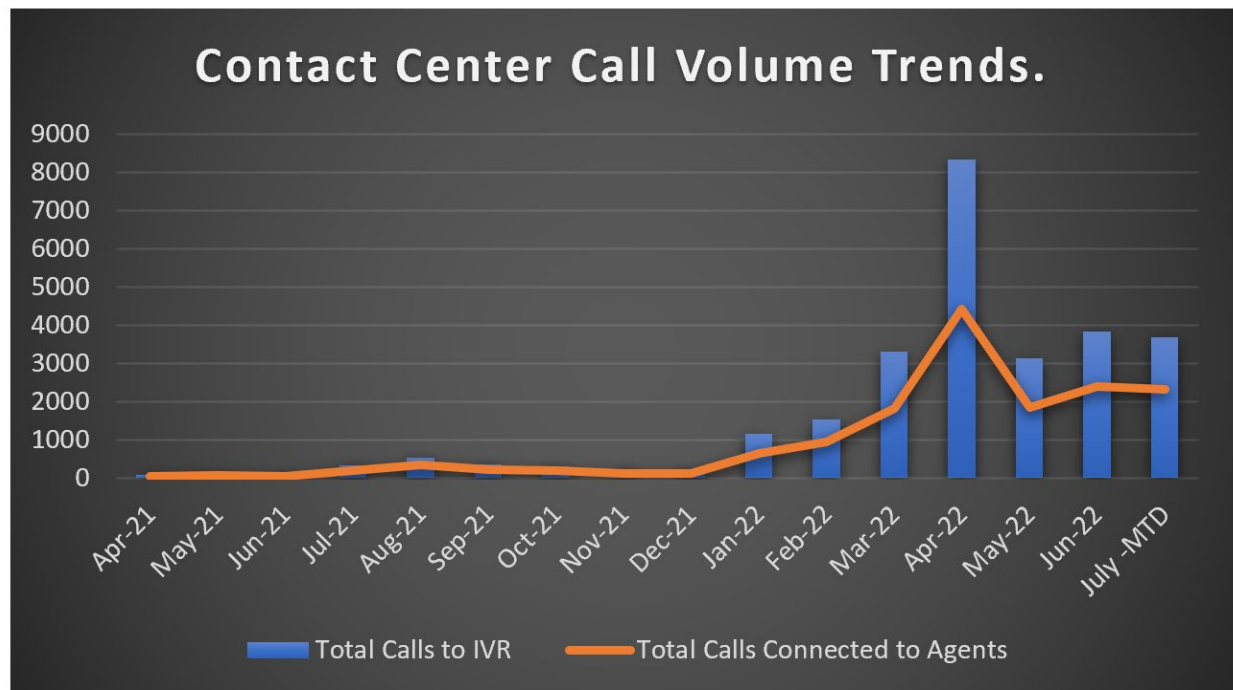
Consistent with observations made in other CCAs' territories, the transition from Winter to Summer season and higher Summer bills expected to arrive starting in July and through the beginning of November could result in increased opt outs. The chart below summarizes contact made by customers broken down by month through June 17<sup>th</sup>:

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

IVR and SLA Details	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	July -MTD	Grand Total
Total Calls to IVR	79	109	103	324	531	349	307	244	243	1154	1538	3302	8326	3137	3836	3677	27259
Total Calls Connected to Agents	49	66	57	205	338	231	191	135	129	654	948	1817	4427	1841	2408	2335	15831
Average Seconds to Answer	0:00:38	0:00:14	0:00:21	0:00:37	0:00:22	0:00:14	0:00:13	0:00:13	0:00:08	0:00:09	0:00:06	0:00:03	0:00:04	0:00:03	0:00:04	0:00:17	
Average Call Duration	0:08:57	0:07:51	0:06:42	0:10:33	0:08:13	0:08:41	0:08:11	0:08:30	0:08:28	0:08:53	0:09:45	0:10:32	0:09:31	0:09:31	0:10:25	0:11:14	
Calls Answered within 60 Seconds (75% SLA)	91.84%	100.00%	89.83%	89.42%	96.46%	99.57%	98.95%	100.00%	100.00%	98.63%	99.26%	100.00%	99.37%	99.84%	99.09%	92.07%	
Abandon Rate	0.00%	0.00%	3.39%	1.44%	0.29%	0.00%	0.00%	0.00%	0.00%	0.46%	0.21%	0.00%	0.00%	0.05%	0.04%	0.43%	

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 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			
Month	Emails Received	Emails answered or escalated within 24 hours	(%)
May-21	34	29	85.29%
Jun-21	43	41	95.35%
Jul-21	32	31	96.88%
Aug-21	73	71	97.26%
Sep-21	34	32	94.12%
Oct-21	26	25	96.15%
Nov-21	12	12	100.00%
Dec-21	18	16	88.89%
Jan-22	109	92	84.40%
Feb-22	133	123	92.48%
Mar-22	272	265	97.43%
Apr-22	432	424	98.15%
May-22	242	238	98.35%
Jun-22	286	285	99.65%
July - MTD	208	202	97.12%

*\*Does not include junk email*

As of this reporting month, we still have a total of 24 Customer Service Representatives staffed at our Contact Center. 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 7

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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 Budget Policy  
Date: July 28, 2022

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### RECOMMENDATION

Approval of Budget Policy.

### BACKGROUND

Staff would like to establish a Budget Policy in accordance with section 7.3.1 of the JPA and to establish guidelines to allow staff the flexibility to make minor technical adjustments.

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

Section 7.2.3 of the JPA states that all expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures. Section 7.3.1 of the JPA also specifies that the Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. On May 27, 2021, the Board exercised this power by revising the FY 2020-21 budget. Similarly, on February 24, 2022, the Board exercised this power by revising the FY 2021-22 budget. In addition, section 7.3.1 of the JPA states that all subsequent budgets of SDCP shall be prepared and approved by the Board.

### ANALYSIS AND DISCUSSION

The Budget Policy is intended to set a formal budget preparation timeline, to give authority to the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to make discretionary adjustments, and to provide guidelines for maintaining a balanced budget.

The budget preparation timeline states that the CFO begins the annual budget process in February of any given year and that the budget is further refined through strategic planning sessions and through the SDCP Finance and Risk Committee. The CFO shall then prepare and submit to the CEO (who further submits to the Board) a draft proposed budget for the next following fiscal year no later than the second month immediately preceding the start of the respective fiscal year. The budget shall be in alignment with established goals and shall reflect all activities including operating programs, revenues, and expenditures. The budget shall be approved by the Board at a public meeting no later than the month immediately preceding the start of the respective fiscal year.

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

These adjustments are intended to provide the CEO with the flexibility to make nominal technical adjustments to the budget within the prescribed parameters without returning to the Board for approval. However, any budget adjustments exceeding this threshold must be approved by the Board. Further, the CEO or CFO under his or her discretion may still require approval of the Board for any budget changes that fall under the discretion of the Budget Policy.

Such expense transfers as described in the Budget Policy may be needed under certain circumstances. It may be necessary to transfer funds from one budget category to another to reflect realignment of priorities, duties or reorganization. Additionally, transfers among major budget categories of expense may be needed to adjust budget estimates to meet actual operating realities. Further, these expense adjustments will be needed during the year-end closing process in which final, nominal budget adjustments are needed to balance the budget.

In addition, the proposed Budget Policy states that SDCP shall maintain a balanced budget. The policy defines "balanced budget" as total projected revenues being greater than or equal to total projected expenditures. This formally sets the expectation that SDCP will maintain a fiscally responsible budget, will avoid excessive spending, and will focus funds in mission-critical areas.

### **COMMITTEE REVIEW**

The policy was reviewed by the Financial Risk Management Committee (FRMC) on July 7, 2022 and was moved forward to the Board without a recommendation. Adjustments to the Budget Policy were made based on feedback received at the FRMC meeting.

### **FISCAL IMPACT**

The Budget Policy formally sets a timeline for annual budget development. This sets a predictable timeline for the Board, the public and other interested parties to provide feedback and will lead to a more informed and robust budget.





Further, by delegating the authority to make minor technical adjustments, the Budget Policy will allow staff to be much more flexible with decision making while having a minimal impact to the budget. Significant adjustments to the budget will require the approval of the Board. This policy is consistent with similar policies in other government agencies in the region and state.

## **ATTACHMENTS**

Attachment A: SDCP Budget Policy





Policy Number: F21-002

Original Adoption Date: XXX XX, XXXX

**Subject:** Budget Policy

**Purpose:** This policy ("Policy") establishes San Diego Community Power's (SDCP's) timeline for annual budget preparation and for discretionary budget adjustments. This Policy is adopted pursuant to Government Code Section 6508 et seq. and must be adopted or amended by resolution.

**Budget Guidelines:**

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

- **Section 4.6 Specific Responsibilities of the Board.** 4.6.2 Formulate and adopt an annual budget prior to the commencement of the fiscal year.
- **Section 7.2 Depository.** 7.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures.
- **Section 7.3 Budget and Recovery Costs.** 7.3.1 Budget. The initial budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of SDCP shall be prepared and approved by the Board in accordance with its fiscal management policies that should include a deadline for approval. Section 4.6.2 of the JPA specifies that the SDCP Board of Directors (Board) shall adopt an annual budget with a fiscal year that runs from July 1 to June 30.

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

The CFO shall then prepare and submit to the CEO (who further submits to the Board) a draft proposed budget for the next following fiscal year in May, or no later than the second month immediately preceding the start of the respective fiscal year. The budget shall be in alignment with established goals and shall reflect all activities

including operating programs, revenues, and expenditures. The budget shall be approved by the Board at a public meeting in June, or no later than the month immediately preceding the start of the respective fiscal year.

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

For example, within the Professional Services and Consultants budget level 2 category, the CFO may authorize that \$150,000 move from the Data Management to the Technical Support budget level 3 categories, provided that the total Professional Services and Consultants budget level 2 category remains the same.

**Table 1.** Example - Expense transfers within budget level 2 categories

<b>Professional Services and Consultants</b>	<b>FY23 Original Budget</b>	<b>FY23 Amended Budget</b>	<b>Change</b>
Data Management	\$ 10,541,810	\$ 10,391,810	\$(150,000)
Legal/Regulatory	\$ 1,330,000	\$ 1,330,000	\$ -
Other Services	\$ 1,111,000	\$ 1,111,000	\$ -
SDG&E Fees	\$ 2,563,226	\$ 2,563,226	\$ -
Technical Support	\$ 1,335,000	\$ 1,485,000	\$ 150,000
<b>Total Prof. Svcs. Expenses</b>	<b>\$ 16,881,036</b>	<b>\$ 16,881,036</b>	<b>\$ -</b>

Additionally, for example, the CEO may authorize that \$150,000 move from the Professional Services and Consultants to the General Administration budget level 2 categories.

**Table 2.** Example – Expense transfers between budget level 2 categories

<b>Budget Level 2</b>	<b>FY23 Original Budget</b>	<b>FY23 Amended Budget</b>	<b>Change</b>
Cost of Energy	\$ 661,638,828	\$ 661,638,828	\$ -
General and Administration	\$ 2,591,363	\$ 2,741,363	\$ 150,000
Marketing and Outreach	\$ 4,164,167	\$ 4,164,167	\$ -
Personnel Costs	\$ 7,951,499	\$ 7,951,499	\$ -
Professional Svcs. and Consultants	\$ 16,881,036	\$ 16,731,036	\$(150,000)
Programs	\$ 1,395,000	\$ 1,395,000	\$ -
Debt Service	\$ 1,314,922	\$ 1,314,922	\$ -
<b>Total Budget Level 2</b>	<b>\$ 695,936,815</b>	<b>\$ 695,936,815</b>	<b>\$ -</b>

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

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



## SAN DIEGO COMMUNITY POWER Staff Report – Item 8

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To: San Diego Community Power Board of Directors

From: Sebastian Sarria, Policy Manager

Via: Karin Burns, Chief Executive Officer

Subject: Approval of Community Advisory Committee (CAC) Appointment for Chula Vista

Date: July 28, 2022

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### RECOMMENDATION

Approve the appointment of Anthony Sclafani as Chula Vista 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.

As noted at the [June 2022](#) meeting of the Board of Directors, staff brought forward reappointments for several members whose terms were expiring but for Chula Vista. Just prior, representative Ed Lopez from Chula Vista had indicated to staff and Director Padilla his desire to not seek reappointment due to work obligations and his desire to let other Chula Vista residents or business owners be on the Community Advisory Committee.

With that, staff began to look for new members by soliciting applications between May 3, 2022, and May 27, 2022. Applications were then provided to Director Padilla for his review and final selection for the June meeting. Director Padilla and his office then communicated to SDCP staff that they needed more time to review applications, looking at the July 2022 meeting of the Board of Directors as the deadline.

## ANALYSIS AND DISCUSSION

In early July 2022, Director Padilla's office communicated to staff that they had reviewed and vetted several strong applicants, ultimately choosing to appoint Anthony Sclafani to fill seat 3 in the Community Advisory Committee. Seat 3 has a term ending in on June 30, 2025, with the opportunity to serve a maximum of two, three-year terms.

SEAT	TERM ENDS	NAME	MEMBER AGENCY
3	2025	ANTHONY SCLAFANI	CHULA VISTA

If approved by the Board with a simple majority vote, staff will work with the representative to conduct his oath of office, conduct onboarding prior to the next CAC meeting on August 12, 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

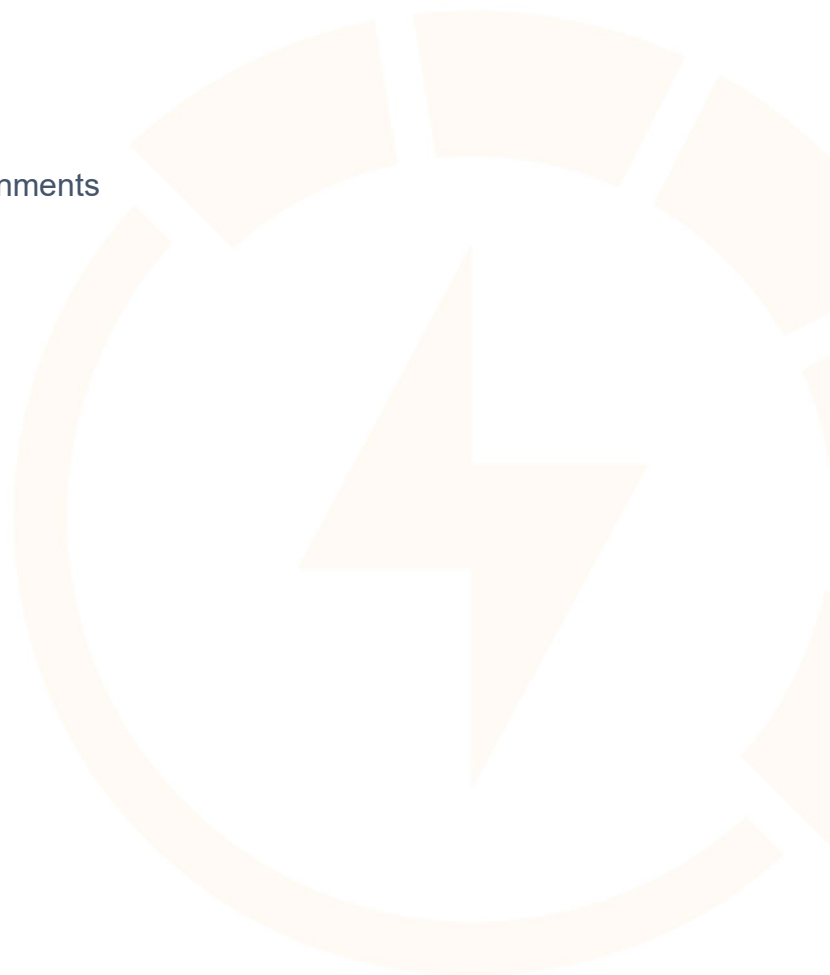
The Community Advisory Committee received an update on the Chula Vista replacement at their July 8, 2022, regular meeting.

## FISCAL IMPACT

N/A

## ATTACHMENTS

Attachment A: CAC Roster and Seat Assignments





## Community Advisory Committee Roster and Seat Assignments

Seat	Term Ends	Name	Member Agency Representing
1	2025	Eddie Price	San Diego
2	2023	Matthew Vasilakis	San Diego
3	2025		Chula Vista
4	2023	Carolyn Scofield	Chula Vista
5	2025	Jen Derks	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	Tom Summers	Imperial Beach
11	2025	Peter Andersen	County of San Diego
12	2023	Victoria Abrenica	County of San Diego
13	2025	Aida Castañeda	National City
14	2025	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 9

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To: San Diego Community Power Board of Directors  
From: Sebastian Sarria, Policy Manager  
Via: Karin Burns, Chief Executive Officer  
Subject: Receive Quarterly Report from the Community Advisory Committee  
Date: July 28, 2022

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### RECOMMENDATION

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

### BACKGROUND

Section 5.10.3 of the SDCP Joint Powers Authority (JPA) Agreement states that 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 program of [SDCP].”*

At the direction of the Chair of the SDCP Board of Directors, the Community Advisory Committee, 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 [April 28, 2022](#).

### ANALYSIS AND DISCUSSION

At the April 28, 2022, regular meeting of the Board of Directors, staff presented a recap of the CAC's activities for the months of January, February, and March. This next update provides recaps for the months of April, May, and June, as demonstrated below. It should be noted that due to the ongoing activities on the development of the Community Power Plan, this was added as a standing item in order to provide ongoing updates and receive feedback on the process.

- April: The CAC received an update on the Chief Executive Officer (CEO) search process, which had just concluded at the March 24, 2022, regular meeting of the Board of Directors, notifying them of the appointment of now CEO Karin Burns. The Committee also approved the formation of an ad-hoc work plan committee, tasked with developing an updated work plan for Fiscal Year 2022-2023. The members in that committee are Aida Castañeda (National City), Gary Jahns



(Encinitas), Larry Emerson (National City), and Anna Webb (Imperial Beach). The committee then received an update from the programs team on the development of the Community Power Plan.

- May: At this meeting, CEO Karin Burns introduced herself to the committee and took initial questions from the members. Afterwards, they received an update on residential enrollment and public relations given the ongoing enrollment of San Diego and Chula Vista residential customer accounts. Lastly, the committee received an update on the development of the Community Power Plan.
- June: Given the return to in-person meetings, the CAC discussed potentially moving to a hybrid meeting format in the near future. After deliberation, the consensus was to move to a hybrid format, allowing those wishing to participate remotely to do so. Staff is reviewing this switch and anticipates moving to hybrid meetings in either August or September. The CAC received another update on the Phase 3 residential enrollment and public relations, so they may better understand how the enrollment of residential accounts in the cities of Chula Vista and San Diego went. Lastly, the CAC received another update from staff on the development of the Community Power Plan.

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

#### **FISCAL IMPACT**

There is no fiscal impact associated with this action.

#### **ATTACHMENTS**

N/A





## SAN DIEGO COMMUNITY POWER Staff Report – Item 10

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To: San Diego Community Power Board of Directors

From: Sebastian Sarria, Policy Manager  
Stephen Gunther, Senior Regulatory Analyst

Via: Karin Burns, Chief Executive Officer

Subject: Update on Regulatory and Legislative Affairs

Date: July 28, 2022

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### RECOMMENDATIONS

Review 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) AB 205

[Assembly Bill \("AB"\) 205](#) was approved by the governor on June 30, 2022. AB 205 authorizes various programs to be administered by the Department of Community Services and Development ("CSD"), California Energy Resources Conservation and Development Commission ("CEC"), California Public Utilities Commission ("CPUC"), and Department of Water Resources ("DWR"). These programs will be coordinated between the four agencies and implemented through proceedings and rulemakings.

SDCP and CalCCA are monitoring the impacts of AB 205 to ensure that CCAs benefit in the long term.

- [Strategic Reliability Reserve](#)

AB 205 appropriates \$200,000,000 from the general fund to the CEC for the 2021-2022 fiscal year to be used for a program to provide incentives for demand side grid support and associated mitigation costs.

#### *New Distributed Electricity Backup Program*

- AB 205 requires the CEC to implement and administer the Distributed Electricity Backup Assets Program to incentivize the construction of cleaner and more efficient distributed energy assets that would serve as on-call emergency supply or load reduction for the state's electrical grid during extreme events.

#### *New Demand Side Grid Support Program*

- 1) AB 205 requires the CEC to implement and administer the Demand Side Grid Support Program to incentivize dispatchable customer load reduction and backup generation operation as on-call emergency supply and load reduction for the state's electrical grid during extreme events.

#### *Strategic Reliability Reserve Fund*

- 1) AB 205 establishes the Strategic Reliability Reserve Fund in the State Treasury to be continuously appropriated without regard to fiscal year and to be expended by the CEC to add resources to the electrical grid to ensure electrical grid reliability and support the clean energy transition.

#### *Electricity Supply Strategic Reserve Program*

- AB 205 authorizes DWR to implement projects, purchases, and contracts to carry out the purposes of the Strategic Reliability Reserve including the Distributed Electricity Backup Assets Program and the Demand Side Grid Support Program;
- The DWR may construct, own and operate, contract for the construction and of, contract for the purchase of electricity from, or finance to secure resources for summer reliability or to preserve the option to extend the life of facilities; and
- Additionally, the DWR may reimburse electrical corporations for the value of imported energy or import capacity products that was delivered or capable of being delivered between July 1, 2022, and September 30, 2022, and was procured at above-market costs or in excess of procurement authorizations set by the CPUC and above the requirements needed to serve its bundled customers in support of summer electric service reliability.

#### ▪ Modifications to the California Arrearage Payment Program ("CAPP") for 2022

AB 205 establishes the 2022 CAPP within the CSD.

- All active residential customers with past due bills incurred during the period starting March 4, 2020, and ending December 31, 2021 ("COVID-19 pandemic bill relief period") are eligible for 2022 CAPP assistance; and
- AB 205 authorizes \$1,197,000,000 for the 2022 CAPP with \$957,600,000 allocated to customers of electrical and gas corporations, including CCAs, and \$239,400,000 allocated to customers of local publicly owned electric utilities and electrical cooperatives.



- Report on Summer Reliability

AB 205 orders the CEC to issue a written report on or before January 31, 2023, to address:

- Evaluation of how the load-serving entities (“LSEs”), publicly owned electrical utilities, and California balancing authorities managed summer reliability during 2022;
- The magnitude of projected reliability problems in 2023-2026; and
- Potential solutions to address reliability concerns.

- Building Initiative for Low-Emissions Development Program Phase 2

AB 205 requires that the CEC implement and administer the Building Initiative for Low-Emissions Development Program Phase 2 to incentivize the construction a new multi-family and single-family market-rate residential buildings as all-electric buildings or with energy storage systems.

- New Certification Process for Non-Fossil Fueled Powerplants, Energy Storage Facilities, and Related Facilities

AB 205 establishes a new certification process, administered by the CEC, for non-fossil fueled powerplants, energy storage facilities, and related facilities. These facilities include:

- Solar photovoltaic (“PV”);
- Terrestrial wind electrical generation powerplants, and thermal generation powerplants with generating capacity of 50 MW or more; and
- Energy storage systems capable of storing 200 MWh or more of electrical energy.

- New Long-Duration Energy Storage Program

AB 205 requires that the CEC establish the Long-Duration Energy Storage Program to provide financial incentives for projects that have power ratings of at least 1 MW and are capable of reaching a target of at least eight hours of continuous discharge of electricity at that rating. Eligible projects include energy storage systems that are interconnected to the electrical grid in California or to a California balancing authority that includes:

- Compressed air or liquid air technologies;
- Flow batteries, advanced chemistry batteries, or mechanical energy storage;
- Thermal energy storage; or
- A hydrogen demonstration project, but does not include a pumped storage project or lithium-ion-based storage technology

- Modification of the California Alternative Rates for Energy (“CARE”) Program



AB 205 adds language stating that the CARE discount shall not reflect any charges for which CARE customers are exempted, discounts to fixed charges or other rates paid by non-CARE customers, or bill savings resulting from participation in other programs, including the medical baseline allowance.

*Amendment to Public Utilities Code § 739.9 – Fixed Rates*

- AB 205 removes the requirement that each electrical corporation offer default rates to residential customers with at least two usage tiers.
  - It adds language that the CPUC may only approve fixed charges that do not impair incentives for beneficial electrification and greenhouse gas emission reduction.
  - It also removes the authorization for the CPUC to consider whether minimum bills are appropriate as a substitute for any fixed charges.
  - AB 205 allows the CPUC to authorize fixed charges for any rate schedule applicable to a residential customer account, established on an “income graduated” basis, meaning that low-income customer pay a smaller fixed charge than high-income customers.
- 
- Amendment to Public Utilities Code § 2827.1 – Net Energy Metering (“NEM”)

Any NEM fixed charges for residential customer generators that differ from the fixed charges allowed pursuant to § 739.9(e) shall be authorized only in a rulemaking proceeding involving every large electrical corporation.

**B) AB 2838 Update**

As previously reported at the April and May 2022 regular meetings of the Board of Directors, SDCP has been monitoring AB 2838, which would authorize the CPUC to allow termination of green tariff programs, such as SDG&E’s EcoChoice and EcoShare programs. AB 2838 would have also allowed the CPUC to consider whether outstanding program costs may be recovered from non-participating ratepayers.

Previously, CalCCA and SDCP took an “Opposed Unless Amended” position. Thanks to efforts done by SDCP’s staff, lobbyist, and regulatory attorney, as well as by CalCCA, amendments were introduced which removed language on seeking cost recovery from non-participating customers. On June 27, 2022, SDCP sent a letter changing our position to neutral to the Assemblymember Patrick O’Donnell, the author of the bill.

**C) DAC-GT/CSGT and GTSR Applications for Review**

SDCP is actively participating in the Investor-Owned Utilities (“IOU”) Applications for Review (“AFR”) of the Disadvantaged Communities Green Tariff (“DAC-GT”)





and Community Solar Green Tariff (“CSGT”) programs, as well as the Green Tariff Shared Renewables (“GTSR”) programs, pursuant to Commission Decision (“D.”) 18-06-027, D.21-12-036 and D.21-12-036, which added GTSR into the AFR for DAC-GT/CSGT. These applications were filed on May 31, 2022, with responses due by July 6, 2022.

In doing so, SDCP retained Braun Blaising and Wynne (“BB&W”) to represent our interests and that of other CCAs, collectively the (“Joint CCAs”), in the DAC-GT/CSGT portion of the proceeding. To view the response, click [here](#). Separately, given the unique nature of San Diego Gas & Electric’s (“SDG&E”) GTSR program status, SDCP retained Tosdal Law to represent our interests in that other portion of the proceeding. To view the protest, click [here](#).

Below is a summary of what was included in each document as it relates to SDCP. For a recap of SDCP’s activities prior to the filing of these applications for review, please [view page 55](#) of May’s Regulatory and Legislative staff report to the Board of Directors.

- DAC-GT/CSGT

In its AFR, SDG&E asked the CPUC to terminate its DAC-GT/CSGT programs due to the load migration to CCAs and the difficulty it has had launching the program. SDG&E also noted its willingness to request authorization to continue to transfer appropriate megawatts (MWs) to CCAs who seek CPUC approval. It should be noted that SDCP previously requested and received its capacity allocation based on its five founding member agencies. Staff plans to file its Implementation Advice Letter later this Fall which will include a request to the CPUC for the additional allocation based on DACs located in National City. Due to these reasons, SDCP supports this request.

SDCP also supports expanding the land eligible for both siting and serving customers with renewable energy projects given the difficult and highly urbanized nature of Disadvantaged Communities (DACs) in SDG&E territory. Particularly, SDCP notes to expand the percentage of eligible DACs from 25% to 40% for both project siting and customer participation. SDCP also requests the Commission to allow DACs in Imperial County to be eligible for DAC-GT project siting.

- GTSR

As part of its AFR filing, SDG&E requested authorization to suspend its GTSR programs “to protect program participants from impacts to GTSR rates that are on a trajectory to be more than 20 times higher than the rates were two years ago.” SDG&E asks to seek cost recovery of its GTSR balancing account under collection to date through the annual ERRR compliance proceedings. To effectively address SDCP’s concern around improper cost recovery from non-



participating customers beyond our engagement with AB 2838, we are instead asking for the CPUC to review the reasonableness of current and future GTSR costs and approve cost recovery in the current AFR proceeding, rather than in ERRR proceedings.

#### **D) Net Energy Metering 3.0 Proceeding – Next Steps**

As noted in the [regulatory and legislative staff report](#) for the June 2022 meeting of the Board of Directors, SDCP filed opening comments on the Net Energy Metering 3.0 proceeding via a reopened record which allowed parties to provide comment on certain topics within the proceeding. SDCP's comments were filed along with East Bay Community Energy ("EBCE"), Redwood Coast Energy Authority ("RCEA"), and Peninsula Clean Energy (PCE).

SDCP decided to not file reply comments, which were due July 1, as staff believed our issues were substantially raised via the opening comments. A revised proposed decision is expected in the next few weeks. Once that proposed decision is released, staff will review and update the Board accordingly of its impacts to SDCP's NEM program.

#### **E) Resource Adequacy Rulemaking**

On June 23, the CPUC adopted Decision (D.) 22-06-050 within the Reform Track of the Resource Adequacy (RA) Rulemaking. The Final Decision did not change substantively from the [proposed decision](#) as described in the June 2022 Update on Regulatory and Legislative Affairs staff report to the Board of Directors (page 33 of the [Agenda Packet](#)). Notably, the CPUC declined to allow for hourly transactions of RA under the 24-hour framework in D.22-06-050, which was argued by CalCCA in opening [comments](#) on June 9 and [reply comments](#) on June 14 as critical for efficiently meeting hourly compliance obligations without creating unnecessary and costly over procurement.

The Decision established three workstreams for Parties to develop proposals on the implementation details. A series of workshops will be held starting on July 27, 2022 and ending in October, 2022. SDCP staff will actively monitor and engage in relevant workshops.

#### **F) CEC Load Management Standards**

##### *Background*

In November 2019, the California Energy Commission (CEC) issued an Order Instituting Rulemaking to begin considering amendments to the Load Management Standards (California Code of Regulations, Title 20, §§ 1621-1625), with the stated



goal to amend the existing load management standards to increase flexible demand resources through electricity rates, energy storage, automation, and other measures.

Informed by several public workshops and a [staff report](#) released in November 2021, the CEC published [proposed amendments](#) to the Load Management Standards (LMS) on December 24, 2021. The proposed updates would require the five largest electric utilities in California -- Los Angeles Department of Water and Power, Pacific Gas and Electric, Sacramento Municipal Utility District, San Diego Gas and Electric, Southern California Edison -- and the CCAs located within their service territories:

- Develop retail electricity rates that change at least hourly to reflect locational marginal costs and submit those rates to the utility's governing body for approval.
- Update the time-dependent rates in CEC's MIDAS database whenever a rate is approved or modified.
- Implement a single statewide standard method for providing automation service providers with access to their customers' rate information.
- Develop a list of cost-effective automated price response programs for each sector and integrate information about time-dependent rates and automation technologies into existing customer education and outreach programs.

SDCP engaged with CalCCA to file several sets of comments in the rulemaking ([6/4/2021](#); [2/7/2022](#); [4/20/2022](#)) objecting to the CEC's exertion of statutory authority to impose the LMS on CCAs, including requiring that CCAs implement CEC mandated rates, which impedes on CCAs' local ratemaking authority. The regulations require the rate to be developed and presented to the CCA's governing board for approval, however, failure to comply with the regulations, including the rate mandate, can result in the Executive Director filing a Complaint at the Commission, or seeking injunctive relief. CalCCA's comments also objected to the inclusion of CCAs in the definition of "utility," and the application to CCAs of sections 1622, 1624 and 1625 of the regulations (load management standards regarding water heaters, pool pumps, etc. not being revised in this rulemaking).

The CEC issued [revisions to the proposed regulatory language](#) on April 6, 2022 removing CCAs from the definition of "utility"; and (2) clarified that section 1622, 1624 and 1625 do not apply to CCAs, but did not remedy SDCP and CalCCA's jurisdictional concerns.

*July 6, 2022 Revisions to Proposed Regulations*





On July 6, 2022, the CEC published its second set of revisions to the proposed regulations. The new language did not address the core jurisdictional concerns regarding CCA rate autonomy. Rather, it expands the ability to ask for an exemption, modification or delay, and extends some deadlines for compliance. Specifically, the new language:

- Adopts CalCCA's recommended definitional changes to ensure CCAs are not defined as "Utilities" in the regulations;
- Adds that applications for exemptions or delays may be supported by proposing pilot programs demonstrating how/when a utility or CCA will come into compliance with the regulations;
- Extends the deadline from one to two years after the effective date of the regulations before which a utility or CCA must apply to its rate-approving body for approval of marginal cost rate(s); and
- Extends the deadline from nine months to one year after the effective date of the regulations before which utilities and CCAs must provide access to customer identification numbers on bills.

SDCP and CalCCA continue to be concerned with the implications of the LMS regulations on CCA rate autonomy and on July 21, 2022 CalCCA filed [comments](#) reiterating the jurisdictional argument. The Commission is set to vote on the proposed regulations on August 10, 2022.

### **G) SDG&E's 6/1/2022 Rate Adjustment**

SDG&E's most recent rate adjustment as of 6/1/2022 resulted in a lowering of their bundled electric generation rates by approximately 4% across all rate classes. Based on our analysis of the Tier 1 Advise Letter 4004-E filed with the CPUC for implementation of this rate adjustment, SDCP deduced that the rates proposed by SDG&E were calculated based on an inconsistent sales forecast and as such both CCAs in our region i.e. San Diego Community Power (SDCP) and Clean Energy Alliance (CEA) jointly filed a protest of SDG&E's temporary decrease in rates effective as of 6/1/2022 with the CPUC. The grounds for the joint protest by SDCP and CEA are summarized below:

- SDG&E partially implemented the approved 2022 Electric Sales Forecast. In other words, they only updated the billing determinants (denominator) but not the revenue requirement (numerator)
- The result of which is an artificial reduction in SDG&E's bundled commodity rates as of 6/1/2022 which will lead to under-collection and rate shock for bundled customers in 2023



- Distortion of the market and price signals, thus causing confusion for customers as SDCP is rolling out its largest Phase 2 for across all of our member cities
- Procedural concerns

Even though the CPUC's Energy Division suspended the Advice Letter 4004-E spelling out SDG&E's 6/1/2022 rate adjustment, the rate change was still allowed to go into effect as a function of the Advice Letter being Tier 1 which are typically effective when filed. As applied by Energy Division, this means SDG&E's rates would go into effect as provided in the Advice Letter, but that the "disposition" of that Advice Letter is suspended.

SDCP's analysis and conclusion of SDG&E's 6/1/2022 rate adjustment being an artificial reduction of bundled commodity rates and thus increasing under-collection that likely will yield rate shock for bundled customers in 2023 has been corroborated by SDG&E filing a Tier 2 Advice Letter 4041-E on 7/15/2022 wherein based on current projections, SDG&E anticipates that the under-collection in its ERRR balance, net of the Bundled portion of the PABA balance, will fall below the 4% trigger point by the end of October 2022. Even though through that Advice Letter 4041-E SDG&E is not seeking a rate increase for the under-collection at this time, the likelihood of a rate increase in 2023 cannot be understated.

As a result, SDCP's rates while still competitively priced, are slightly higher than SDG&E by approximately 1% across the total bill (including SDG&E's additional fees i.e. PCIA and Franchise Fees) relative to SDG&E's recent rate adjustment effective 6/1/2022. From our customers' perspective, we will complete a Joint Rate Comparison which displays a side-by-side comparison to SDG&E's rates that will be posted on our website by 8/1/2022 showing impacts of this rate adjustment for an average customer across all of our customer class rates. SDG&E and SDCP, per the statutory requirements by the CPUC, will be sending Joint Rate Mailers electronically and through physical mailers by 9/1/2022, capturing the average impacts of this artificial bundled rate reduction.

Though SDCP's electric generation service may be slightly higher at this time (typically a matter of cents to a couple dollars on average for residential customers), we are dedicated to providing our customers with stability, transparency, advocacy and reliability while also working to meet our high renewable energy goals.

- SDCP's standard PowerOn service is currently 50% renewable, compared to SDG&E's standard service at 31%.
- SDCP is committed to providing our customers with 100% clean and renewable by electricity by 2035 or sooner.



- SDCP will continue our mission to provide clean energy and invest in our communities to create an equitable and sustainable future for the San Diego region. As a locally run not-for-profit organization, any excess revenues will be reinvested in our local communities through new clean energy developments and community programs. As noted in Section C of this staff report, and on [Page 71](#) of the Customer Energy Programs Update to the Board of Directors at the May 26, 2022, regular meeting, staff is actively working to establish and launch the DAC-GT/CSGT programs which will provide 100% renewable energy to customers who are eligible for the California Alternative Rates for Energy (CARE) or Family Electric Rate Assistance Program (FERA) discounts and provide an additional 20% discount on the electricity and delivery portion of the customers' bills.
- SDCP is actively seeking near-term opportunities to provide bill savings to customers. SDCP will launch a promotional partnership this summer with OhmConnect, a free demand response provider, to provide financial incentives to residential customers for program enrollment and energy reductions. Through the partnership Ohm will also provide SDCP customers with discounted smart thermostats and plugs and will contribute funding to a to-be-developed community grant program.
- SDCP will continue to do our rate setting in open, transparent, and public meetings. We have committed to publishing our rates well in advance of any adjustments. SDCP has already developed talking points and messaging specifically utilized by our call center agents for customers who are concerned about SDCP's value proposition.

## **H) SDG&E 2024 General Rate Case Application**

On May 16, 2022, SDG&E filed its general rate case (GRC) [Application \("A."\) 22-05-016](#), which initiated phase 1 of the GRC proceeding. Phase I of the GRC, referred to as the test year, determines the total revenue requirement the utility is authorized to collect and be used to set rates.

On June 20, 2022, SDCP along with Clean Energy Alliance (CEA), (collectively, "Joint CCAs"), filed a protest to SDG&E's 2024 GRC Application on the following grounds:

- Reasonableness of the Increase to Revenue Requirement
- Reasonableness of Risk Assessment Mitigation Phase ("RAMP") Requests
- Re-vintaging of SDG&E's Utility-Owned Generation Resource Upgrades
- Functionalization (costs allocated across generation/distribution) and Reasonableness of Grid Modernization projects
- Functionalization of Clean Energy Innovations and Company-owned Distributed Energy Resources ("DER")



- Functionalization and Reasonableness of Wildfire Related Costs
- Reasonableness of and Data Access around Smart Meters Upgrades
- Functionalization and Necessity of Customer Service Costs

This protest is attached to this staff report. A Prehearing Conference on Scope and Schedule was held on July 27, 2022.

## **I) SDG&E's 2023 ERRA Forecast and 2021 ERRA Compliance Applications**

On May 31, 2022, SDG&E filed its 2023 Energy Resource Recovery Account (ERRA) Forecast and 2021 ERRA Compliance Applications. ERRA proceedings are used to determine fuel and purchased power costs which can be recovered in rates. Notably, Power Charge Indifference Adjustment (PCIA) PCIA rates are set in SDG&E's ERRA forecast proceedings based on the difference between the forecasted cost of SDG&E's generation in the target year and the forecasted market value.

On July 6, 2022, SDCP along with Clean Energy Alliance (CEA), (collectively, "CCA Parties"), filed protests to SDG&E's 2023 Energy Resource Recovery Account (ERRA) Forecast and 2021 ERRA Compliance Applications arguing, among other issues, that the SDG&E's proposed schedule is one-sided and prejudicial to intervenors. These protests are attached to this staff report.

During the July 15, 2022 Prehearing Conference for SDG&E's 2023 ERRA Forecast and 2021 ERRA Compliance proceedings regulatory counsel on behalf of the CCA Parties argued for revisions to SDG&E's proposed schedule. The Administrative Law Judge tentatively agreed to the below scheduling, pending confirmation in the Scoping Ruling:

- August 22 - Intervenor Testimony
- September 12 - Rebuttal Testimony
- September 23 - Meet and Confer on disputed issues of material fact
- September 29 - Hearing
- October 14 - October Update
- November 2 - Concurrent opening briefs / comments
- November 10 - Concurrent reply briefs

This tentative schedule is an improvement for SDCP intervention but will not be confirmed and final until the Scoping Ruling is issued.

## **COMMITTEE REVIEW**



N/A

**FISCAL IMPACT**

N/A

**ATTACHMENTS**

- A. Joint CCA Protest to SGDE 2024 GRC
- B. Joint SDCP and CEA Protest to SDGE 2021 ERRR Compliance Application
- C. Joint SDCP and CEA Protest of SDGE ERRR Forecast Application



**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



**FILED**

06/20/22

04:59 PM

A2205015

Application of San Diego Gas & Electric Company (U 902 M) for Authority, Among Other Things, to Update its Electric and Gas Revenue Requirement and Base Rates Effective on January 1, 2024.

Application 22-05-016  
(Filed May 16, 2022)

Application of Southern California Gas Company (U904G) for Authority, Among Other Things, to Update its Gas Revenue Requirement and Base Rates Effective on January 1, 2024.

Application 22-05-015  
(Filed May 16, 2022)

**PROTEST OF SAN DIEGO COMMUNITY POWER AND CLEAN ENERGY ALLIANCE  
TO SAN DIEGO GAS & ELECTRIC COMPANY'S  
TEST YEAR 2024 GENERAL RATE CASE APPLICATION**

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June 20, 2022

*On behalf of San Diego Community Power and  
Clean Energy Alliance*

## TABLE OF CONTENTS

I.	INTRODUCTION .....	2
II.	OVERVIEW OF GRC REQUESTS AND THE BROADER CONTEXT IN WHICH THEY OCCUR .....	3
III.	INTEREST IN THE PROCEEDING .....	6
IV.	GROUND FOR PROTEST .....	7
V.	CATEGORIZATION AND NEED FOR EVIDENTIARY HEARINGS.....	22
VI.	PROPOSED SCHEDULE.....	22
VII.	COMMUNICATIONS .....	23
VIII.	CONCLUSION .....	23

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Application of San Diego Gas & Electric Company (U 902 M) for Authority, Among Other Things, to Update its Electric and Gas Revenue Requirement and Base Rates Effective on January 1, 2024.	Application 22-05-016 (Filed May 16, 2022)
Application of Southern California Gas Company (U904G) for Authority, Among Other Things, to Update its Gas Revenue Requirement and Base Rates Effective on January 1, 2024.	Application 22-05-015 (Filed May 16, 2022)

**PROTEST OF SAN DIEGO COMMUNITY POWER AND CLEAN ENERGY  
ALLIANCE TO SAN DIEGO GAS & ELECTRIC COMPANY’S TEST YEAR 2024  
GENERAL RATE CASE APPLICATION**

**I. INTRODUCTION**

On October 6, 2017, San Diego Gas & Electric Company (“SDG&E”) filed Application (A.) 22-05-016, its Test Year (“TY”) 2024 General Rate Case (“GRC”), seeking to increase its electric and gas revenue requirement and base rates effective on January 1, 2024, and increase its revenue requirement in each of the following three years, 2025-2027. On the same day, Southern California Gas Company (“SoCalGas”) filed A.22-05-015, its TY 2024 GRC, seeking to increase its gas revenue requirement and base rates effective on January 1, 2024, and increase its revenue requirement in each of the following three years, 2025-2027. Because SDG&E and SoCalGas are affiliated companies owned by Sempra Energy and their applications involve related questions of



law and fact, similar issues, and have common witnesses, the Commission consolidated these two applications on June 8, 2022.<sup>1</sup>

Pursuant to Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission” or “CPUC”), San Diego Community Power (“SDCP”) and Clean Energy Alliance (“CEA”) (collectively, the “Joint CCAs”)<sup>2</sup> hereby protest certain aspects of the relief sought in the above-captioned *Application of San Diego Gas & Electric Company (“SDG&E”) (U 902 M) for Authority, Among Other Things, to Update its Electric and Gas Revenue Requirement and Base Rates Effective on January 1, 2024* (“Application”). The Joint CCAs have identified several issues below that should be thoroughly investigated before the Commission grants the relief requested in the Application. The Joint CCAs respectfully request that the Commission set this matter for hearing to fully examine those issues together with any other issues that may arise during the course of the proceeding.

## **II. OVERVIEW OF GRC REQUESTS AND THE BROADER CONTEXT IN WHICH THEY OCCUR**

As customers experience the combined effects of rising inflation and the lingering economic hardships emanating from the COVID-19 pandemic, it is crucial for the Commission to consider the additional customer impacts resulting from adoption of SDG&E’s proposed revenue requirement and rate increases. Currently, customers are facing an inflation rate increase of 8.6%, the largest 12-month increase in the last four decades,<sup>3</sup> as well as broader increases to

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<sup>1</sup> *Administrative Law Judge’s Ruling Consolidating Applications*, A. 22-05-016, June 8, 2022, p. 1-2.

<sup>2</sup> Each of the above-mentioned CCAs respectfully requests independent party status.

<sup>3</sup> U.S. Bureau of Labor Statistics, Consumer Price Index Summary, June 10, 2022, <https://www.bls.gov/news.release/cpi.nr0.htm>.

the cost of living, eroding their buying power.<sup>4</sup> These proposed increases also come at a time when economic impacts from the pandemic have customers currently facing a substantial accumulation of past debt, and as the state’s disconnection moratorium has ended, subject to risk of disconnection by the utilities.

The Commission has taken notice of affordability challenges to customers and issued a Proposed Decision on June 10, 2022, ordering SDG&E to “introduce the Affordability Ratio 20 (“AR20”), Affordability Ratio 50 (“AR50”), and Hours-at-Minimum-Wage (“HM”) in its General Rate Case 2024 Phase 2 application.”<sup>5</sup> The Affordability ratio and the HM together measure the “energy burden” by contrasting the cost of a utility bill with the resources of a representative household within a community.<sup>6</sup> AR50 is the “affordability ratio for a representative hypothetical household in the middle, resource-wise, compared to others in a community;” AR20 is the “affordability ratio for a representative hypothetical household at the lower-end, resource-wise, compared to others in a community;” and the HM reflects “any household that earns the minimum wage of their community.”<sup>7</sup> Additionally, in a GRC proceeding with an estimated increase greater than one percent, “the same entity updating the rates associated with an authorized revenue requirement shall update the affordability metrics for production in the same Commission document that presents the rate impacts.”<sup>8</sup> SDG&E’s current application should not be viewed in isolation from these broader developments. The Joint CCAs ask that the Commission incorporate affordability factors or

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<sup>4</sup> The Guardian, U.S. Inflation hits 40-year High of 8.6% as Food, Gas and Shelter Costs Rise, June 10, 2022, <https://www.theguardian.com/business/2022/jun/10/us-inflation-rate-may-2022-four-decade-high>.

<sup>5</sup> Proposed Decision of Commissioner Houck (June 10, 2022) at page 73, OP 7.

<sup>6</sup> *Id.* at p. 3.

<sup>7</sup> *Id.* at p. 4.

<sup>8</sup> *Id.* at page 74, OP 10.

considerations into the framework of evaluating the reasonableness and necessity of SDG&E's requests in this GRC Application.

The impact of SDG&E's application on both bundled and unbundled customers requires cautious and careful consideration under the applicable standards of proof. SDG&E has burden affirmatively establishing the reasonableness of all aspects of its application,<sup>9</sup> and that burden of proof generally is measured based upon a preponderance of the evidence.<sup>10</sup> The Commission and parties must carefully review the Application and voluminous pages of supporting testimony and workpapers to ensure that there is sufficient basis to support SDG&E's proposed increases to its electric distribution revenue requirements and that they are just and reasonable and properly functionalized.

Failure to properly distribute just and reasonable revenue increases across the proper utility functions will have a substantial and adverse impact on the customers who receive generation service from the Joint CCAs. Proper functionalization, i.e., distinguishing generation costs from distribution costs and properly categorizing them, is critical to ensuring fair competition between CCAs and the incumbent utility. If SDG&E were to inappropriately place generation related costs into the distribution revenue requirement, the Joint CCAs could be placed at a significant competitive disadvantage relative to SDG&E, contravening Senate Bill 790's aim to "foster fair competition."<sup>11</sup> Furthermore, improper cost categorization can lead to substantial cost shifts that effectively penalize customers through no fault of their own. As such,

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<sup>9</sup> D.12-12-030 at 42.

<sup>10</sup> *See, e.g.*, D.18-01-009 at 9-10; D.15-07-044 at 29 (observing that the Commission has discretion to apply either the preponderance of evidence or clear and convincing standard in a ratesetting proceeding, but noting that the preponderance of evidence is the "default standard to be used unless a more stringent burden is specified by statute or the Courts.").

<sup>11</sup> *See* § 2(h) of Senate Bill (SB) 790 (Leno, 2011).

the Joint CCAs respectfully request that the Commission carefully evaluate SDG&E's newly proposed cost functionalization methodologies, any rate changes by utility function, the justness and reasonableness of any charges to be borne by CCA customers, and the proper allocation of revenues among bundled and unbundled customers.

### **III. INTEREST IN THE PROCEEDING**

The Joint CCAs are governed by a Board of Directors comprised of elected officials who represent the individual cities and counties the CCA serves or an elected City Council.<sup>12</sup> In their representative capacity, the Joint CCAs are advocates for their customers and their local energy programs before the Commission. The Joint CCAs provide generation services to their customers and their customers receive transmission, distribution, billing, and other services from SDG&E. Such customers are categorized as unbundled customers. Unbundled customers must pay the same electric distribution, transmission, and non-bypassable rates as SDG&E's bundled customers. However, unbundled customers also pay CCA-specific generation rates, which vary and are partially influenced by local mandates to procure and maintain clean electricity portfolios that in many cases exceed state requirements for renewable generation.

Since CCA customers are not responsible for SDG&E's generation costs, any shift in such cost into the distribution component of SDG&E's rates through the GRC Application would force CCA customer to subsidize the generation costs associated with bundled customers. This cross-subsidization puts CCAs at competitive disadvantage, contravening Senate Bill 790's aim to "foster fair competition."<sup>13</sup> The Commission has previously emphasized its desire and its legal

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<sup>12</sup> See Pub. Util. Code §366.2.

<sup>13</sup> Section 2(h) of Senate Bill (SB) 790 (Leno, 2011).

commitment to avoid any such cross-subsidization.<sup>14</sup> Thus, ensuring the Application’s proposed revenue increases are properly categorized and reflect the actual costs of the proposed SDG&E services are of substantial interest to the Joint CCAs.

Similarly, CCA and other unbundled customers, as well as bundled customers, are subject to several non-bypassable charges (“NBCs”), including the Power Charge Indifference Adjustment (“PCIA”) and the Cost Allocation Mechanism (“CAM”), some cost components of which are determined within SDG&E’s GRC proceedings. The utility’s GRC is the only opportunity to ensure that SDG&E’s utility owned generation costs, including those that are ultimately recovered through NBCs, are just, reasonable and prudently incurred. As such, the Joint CCAs have a real, present tangible and pecuniary interest in SDG&E rate proposals that could flow to such NBCs.

#### **IV. GROUNDS FOR PROTEST**

While the Joint CCAs’ examination of the Application is ongoing, the Joint CCAs have identified several initial issues that directly and substantially impact their interests described above. The specific issues enumerated below should be considered preliminary matters that the Joint CCAs have identified as unjust and unreasonable and/or potentially having anti-competitive impacts. The Joint CCAs are still examining the Application, and particularly given the nature of the GRC proceeding and the voluminous information presented in SDG&E’s Application and supporting testimony, the Joint CCAs reserve the right to address, protest and analyze additional

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<sup>14</sup> See, e.g., D.13-08-023 at 17 (“The Commission remains committed to ensuring that Community Choice Aggregators and other non-utility LSEs may compete on a fair and equal basis with regulated utilities. Toward this end, we will continue to consider both the mechanics and overall fairness of cost allocation and departing load charge methodologies proposed in the future, with the specific goal of avoiding cross-subsidization.”) (emphasis added).

issues that may arise in the future. The Joint CCAs expect to present evidence in prepared testimony and through evidentiary hearings showing that SDG&E has failed to meet their burdens of demonstrating the reasonableness of various showings, including but not limited to certain proposals regarding electric distribution costs, electric generation costs, customer service costs, administrative and general expenses, shared services and other support costs, rate base, and post-test year ratemaking. Thus far, we have identified the following specific issue that warrant close scrutiny.

**A. Reasonableness of Increase to Revenue Requirements**

The Commission must ensure that the rates charged by SDG&E are just and reasonable.

As the Commission explained in D.01-10-031:

We have a regulatory responsibility to ensure [SDG&E] provides adequate service at just and reasonable rates, and we must view the facts accordingly. Our legislative mandate encompasses promoting the “safety, health, comfort, and convenience of [SDG&E’s] patrons, employees, and the public.” See §451.<sup>15</sup>

The Joint CCAs protest SDG&E’s request for authorization to increase its revenue requirements as presented in the Application, as SDG&E’s request is without sufficient support. As the applicant, the burden lies with SDG&E to prove entitlement to the relief being sought here and SDG&E must affirmatively establish the reasonableness of each and every proposal within the application.<sup>16</sup>

SDG&E’s application requests remarkable revenue requirement increases. For this GRC, SDG&E requests a \$286 million, or 6.7%, increase in its annual revenue requirement for electric

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<sup>15</sup> D. 01-10-031, Order Granting Rehearing of and Modifying Decision 00-02-046, p. 5.

<sup>16</sup> See, *i.e.*, D. 09-03-025, p. 8 (discussing SCE’s burden of proof in its Test Year 2009 General Rate Case, A.07-11-011).

beginning January 1, 2024, based on a 2024 Test Year (“TY”).<sup>17</sup> If approved, a typical residential electric customer using 400 kWh/month would see a bill increase of \$9.00 per month (5.6%).<sup>18</sup> In addition to the proposed revenue requirement increase for TY 2024, SDG&E’s proposed post-test year (“PTY”) ratemaking mechanism would result in combined electric and gas revenue requirement increases of \$363.2 million (12.02%) in 2025, \$338.1 million (9.99%) in 2026, and \$306.9 million (8.24%) in 2027 , of which 78.2% is attributable to electric service.<sup>19</sup>

As detailed above, customers are currently facing high inflation rates and higher costs for living expenses. Now that the State’s moratorium on disconnections has ended, a significant amount of customer who are still in arrears from the pandemic are subject to disconnection. Looking through an affordability lens, the Joint CCAs have questioned the reasonableness and/or necessity of some of the proposed investments and activities during a time where our local communities are facing financial challenges.

To establish the reasonableness of its proposals, SDG&E must present sufficient support for its increased revenue requirement. A substantial portion of the Application’s expenditure requests are largely driven and supported by SDG&E’s Sustainability Strategy; a corporate strategy framework built around the company’s own emission reduction goals.<sup>20</sup> While SDG&E’s goals and strategies contained within its Sustainability Strategy are commendable, they are set by the company’s corporate leaders and do not reflect the same level of public oversight and development that the State and Cities use to fully vet the adoption and

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<sup>17</sup> Exh. SDGE-01 at p. BAF-13:7 to BAF 13:10.

<sup>18</sup> Exh. SDGE-01 at p. BAF-14:2 to BAF 14:3.

<sup>19</sup> Exh. SDGE-45 at p. MEH-2, Table MH-1.

<sup>20</sup> *Building a Better Future: Our Commitment to Sustainability* (“Sustainability Strategy”), October 2020; SDG&E, *Building a Better Future: Sustainability Strategy Update*, October 2021.

implementation of such policies, goals, and plans. Further, SDG&E intends for its Sustainability Strategy to be a “living” document which will be capable of change without stakeholder input or Commission approval.<sup>21</sup> SDG&E’s Sustainability Strategy underpins many of its proposed actions and investments driving the increased revenue requirement, including upgrading its infrastructure, enhancing its hardware and software capabilities, accelerating its energy transition, and expanding its staff and operational activities.<sup>22</sup> Thus, the Commission should consider the strength of such a document supporting activities driving significant rate increases to be low.

As detailed in the sections that follow, the Joint CCAs seek careful evaluation of justness and reasonableness of the proposed expenditures causing such a significant increase in SDG&E’s revenue requirements.

## **B. RAMP Request**

The Joint CCAs support a safe and reliable electric delivery system and recognize that substantial capital expenditures are sometimes necessary to realize this goal. SDG&E proposes over \$3.2 billion in capital spending from 2022 to 2024 and just under \$300 million in O&M in 2024 for various safety-related initiatives identified in its 2021 Risk Assessment Mitigation Phase (“RAMP”) report.<sup>23</sup> This figure represents the single largest category line item in SDG&E’s application and drives a substantial amount of the proposed rate increases that customers will ultimately have to pay. As such, the RAMP-related expenditures require further scrutiny to ensure the proposed projects and initiatives – 230 of them in total – are just and

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<sup>21</sup> Exh. SDGE-02 at p. EDL-6:9 to EDL-6:13.

<sup>22</sup> Exh. SDGE-02 at p. EDL-10, Table ED-1.

<sup>23</sup> Exh. SDGE-01 at p. BAF-14:14 to 18.



reasonable. RAMP proposals must also be evaluated to ensure that that they are properly categorized according to their function, and if the function is joint, that costs are allocated properly between categories.<sup>24</sup>

### **C. Revintaging SDG&E's Utility-Owned Generation Resources**

CCA customers are subject to several non-bypassable charges (“NBCs”), including the Power Charge Indifference Adjustment (“PCIA”), some cost components of which are determined within SDG&E’s GRC proceedings. The utility’s GRC is the only opportunity to ensure that SDG&E’s utility owned generation costs, including those that are ultimately recovered through NBCs, are just, reasonable, prudently incurred, and correctly vintaged. Accordingly, the Joint CCAs have a strong interest in SDG&E the generation-related costs SDG&E proposes to incur within this proceeding.

The Commission adopted the PCIA to ensure that when investor-owned utility IOU customers depart from bundled service and receive their electricity from a non-IOU provider, such as a CCA, those customers remain responsible for costs previously incurred on their behalf by the IOUs—but only those costs.<sup>25</sup> The Commission has stated “new investments in an old power plant may represent such a significant overhaul of the facility as to justify a “re-vintaging” of the facility. Likewise, it is possible that plant investments for certain upgrades may justify a different vintage treatment for those investments than for the underlying facility.”<sup>26</sup>

SDG&E has proposed a number of investments in its existing generation plants that may warrant either re-vintaging an entire generation plant or assigning a different vintage specific to

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<sup>24</sup> Exh. SDGE-01 at p. BAF-14:15.

<sup>25</sup> D.18-10-019 at 2-3.

<sup>26</sup> D.18-10-019 at 135.

those investments. First, SDG&E proposes to add two 10 MW battery energy storage systems to the Miramar Energy Facility, which is a 92 MW peaking plant.<sup>27</sup> The project will also “install new operational controls logic to optimize operational efficiency” and “reduce GHG emissions and water use between the combined use of both the existing gas turbines.”<sup>28</sup> SDG&E asserts the proposed battery storage units would “allow the facility to operate in a quicker response time compared to starting the gas turbines when the facility is called upon for reliability needs.”<sup>29</sup> In line with D.18-10-019, the Joint CCAs plan to investigate as part of this proceeding whether modifying Miramar to be a hybrid generating facility constitutes a new procurement decision that requires either re-vintaging the plant or establishing a new vintage for storage-related costs.<sup>30</sup>

Second, SDG&E proposes what appears to be an approximately \$17 million hydrogen pilot at Palomar generating facility.<sup>31</sup> Among other things, the pilot will “include a hydrogen blending system that will allow the onsite 588 MW gas-fired combined-cycle electric generation facility to accept hydrogen gas as a blended feedstock with natural gas.”<sup>32</sup> SDG&E proposes to use the pilot to potentially increase the amount of hydrogen blended with natural gas—currently a low amount at approximately 2%—over time.<sup>33</sup> The Joint CCAs plan to investigate as part of

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<sup>27</sup> Exh. SDGE-14 at DSB-3:8-11.

<sup>28</sup> Exh. SDGE-15 at FV-32:17-21.

<sup>29</sup> Exh. SDGE-15 at FV-32:23-26.

<sup>30</sup> Exh. SDGE-15 at FV-31:3 to FV-32:15.

<sup>31</sup> Exh. SDGE-14 at p. DSB-15, Table DSB-5.

<sup>32</sup> Exh. SDGE-15 at FV-31:3 to FV-32:15.

<sup>33</sup> Exh. SDGE-15 at FV-31:3 to FV-32:15.

this proceeding whether changing the fuel stock at Palomar constitutes a new procurement decision that requires establishing a new vintage for hydrogen-related costs.<sup>34</sup>

Third, SDG&E proposes a “Generation Capital Budget” for unspecified capital projects of \$40 million per year tied to its utility-owned generation assets.<sup>35</sup> Such costs could also warrant re-vintaging or separate vintaging treatment for these costs depending on the nature of the projects and their impact on SDG&E’s generating facilities. The Joint CCAs on-going review of SDG&E’s application also may reveal other instances where a close look at the vintaging of generation costs is warranted.

#### **D. Grid Modernization**

Given the increase in distributed energy resources through the state, grid modernization is an important topic for policy makers and the subject of several Commission proceedings and initiatives.<sup>36</sup> In the Application, SDG&E proposes rate increases to fund a 10-year grid modernization plan that includes funding for assets, infrastructure, instrumentation and control systems, and cybersecurity technology.<sup>37</sup> SDG&E’s testimony includes a copy of the grid modernization plan, which its witness identifies as having been adopted pursuant to D. 18-03-023, but the plan is unsigned and undated and does not appear to be a Commission-approved document of any kind.<sup>38</sup> Regardless, while SDG&E describes several projects that support the grid modernization effort, additional information and analysis is required before parties are in a

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<sup>34</sup> Exh. SDGE-15 at FV-31:3 to FV-32:15.

<sup>35</sup> Exh. SDGE-14 at DSB-14:16 to DSB-16:12.

<sup>36</sup> See, e.g., *Order Instituting Rulemaking to Modernize the Electric Grid for a High Distributed Energy Resources Future*, R. 21-06-017, filed June 24, 2021.

<sup>37</sup> Exh. SDGE-01 at p. BAF-21:22 to BAF-22:5.

<sup>38</sup> SDGE-12 at TS-vii, Appendix C.

position to properly categorize costs and determine whether they are reasonable. The Joint CCAs plan to conduct additional review of SDG&E's testimony and conduct discovery to gather the information needed.

**E. Functionalization of Clean Energy Innovations and Company-Owned DER**

SDG&E's proposed cost allocations must comply with longstanding Commission policy to allocate costs to the customers on whose behalf those costs are incurred.<sup>39</sup> As explained by the Commission:

An appropriate functionalization methodology is important to ensure that costs are appropriately allocated to its electric generation function, which only bundled customers pay, and electric distribution function, which both bundled and unbundled customers pay. Without an appropriate cost functionalization process, costs may be misappropriated between electric generation and distribution functions, possibly causing cost shifts between bundled and unbundled customers.<sup>40</sup>

Failure to properly distribute just and reasonable revenue increases across the proper utility functions will have a substantial impact on the millions of customers who receive generation service from the Joint CCAs. If SDG&E were able to shift some of its generation costs into the distribution component of its rates through the current GRC Application, CCA customers would be forced to subsidize bundled customer generation rates. The Commission has previously emphasized its desire and its legal commitment to avoid any such cross-subsidization.<sup>41</sup>

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<sup>39</sup> D.20-12-005 at 293 (citing D.19-09-004 at 4).

<sup>40</sup> D.20-12-005 at 316.

<sup>41</sup> See, e.g., D.13-08-023 at 17 ("The Commission remains committed to ensuring that Community Choice Aggregators and other non-utility LSEs may compete on a fair and equal basis with regulated utilities. Toward this end, we will continue to consider both the mechanics and overall fairness of cost allocation and departing load charge methodologies proposed in the future, with the specific goal of avoiding cross-subsidization.") (emphasis added).

Proper functionalization also is critical to ensuring fair competition between CCAs and the incumbent utility. If SDG&E were to inappropriately place generation related costs into the distribution revenue requirement, the Joint CCAs could be placed at a competitive disadvantage relative to SDG&E, contravening Senate Bill 790's aim to "foster fair competition."<sup>42</sup>

SDG&E's Application includes a number of proposed O&M and capital expenditures between 2022 and 2024 for which proper functionalization is not immediately clear. One such capital expenditure is the utility's plans to spend \$20 million to \$26 million in capital annually for "clean energy innovations" between 2022 and 2024.<sup>43</sup> Those costs include expenditures for what the utility calls advanced energy storage, microgrids and controls, and mobile energy storage, among other things.<sup>44</sup> The purported benefits of many of these costs include both a distribution component (improved reliability) and a generation component (energy dispatched from solar or storage resources).

Witness Valero states the benefits of the advanced energy storage projects include "leveraging excess renewable energy to charge the battery component of the microgrid during the day when the circuit is experiencing lighter load levels, discharging the battery component of the microgrid during times of higher loading, and mitigating electric service intermittency."<sup>45</sup> The testimony adds that the cost of this capital "supports SDG&E's grid modernization efforts and is part of the Grid Modernization Plan."<sup>46</sup> Other similar projects are described as continuing to "advance the company's strategic deployments of energy storage devices on distribution

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<sup>42</sup> See § 2(h) of Senate Bill (SB) 790 (Leno, 2011).

<sup>43</sup> Exh. SDGE-15 at p. FV-17, Table FV-9.

<sup>44</sup> Exh. SDGE-15 at p. FV-17, Table FV-9.

<sup>45</sup> Exh. SDGE-15 at FV-15:5-8.

<sup>46</sup> Exh. SDGE-15 at FV-15:8-10, FV-20:7-8.

circuits with an abundance of PV penetration ... to effectively manage the reliability of the grid.”

<sup>47</sup> SDG&E’s Electric Generation testimony also includes a number of investments in microgrids and battery energy storage that appear to combine both generation elements and distribution elements.<sup>48</sup>

Utilizing energy from utility-owned generation assets to assist in management of the distribution system blurs the lines between two of the traditional areas of functionalization, generation and delivery. The Commission must ensure fair functionalization of these costs, and similarly situated O&M costs, to avoid prohibited cross-subsidization. Beyond these discrete issues, the Joint CCAs seek to carefully evaluate SDG&E’s functionalization methodologies across *all* aspects of its business to assess the justness and reasonableness of any charges to be borne by CCA customers.

#### **F. Functionalization and Reasonableness Review of Wildfire Related Costs**

SDG&E’s Application includes substantial wildfire related costs and infrastructure investments. SDG&E has requested that the CPUC adopt its wildfire mitigation and vegetation management TY 2024 forecast of \$738.3 million in capital expenses plus \$174.6 million in O&M expenses.<sup>49</sup> As wildfires pose significant concerns for all customers in SDG&E’s service territory, the Joint CCAs value SDG&E’s continued efforts to improve the safety of its equipment and implement new protection measures to reduce the risk of future fires.

The substantial costs associated with these efforts flow through as significant costs for both unbundled and bundled customers and require careful review and cost classification to

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<sup>47</sup> Exh. SDGE-15 at FV-20:2-4.

<sup>48</sup> Exh. SDGE-14 at DSB-5:7 to DSB-7:11.

<sup>49</sup> Exh. SDGE-13 at JTW-v to JTW-vi.

ensure funding is maximized and distributed fairly through SDG&E's territory. Much of the SDG&E's forecasted costs will support efforts to reduce the risk of wildfire and impacts of PSPS by hardening approximately 590 miles of electric distribution between 2022 and 2024 using covered conductor and undergrounding. Forecasted costs are also associated with SDG&E's Grid Design and System Hardening projects, including initiatives like SDG&E's generator programs, which provide customers with renewable backup power during PSPS events<sup>50</sup> as well as SDG&E's activities associated with installing four microgrid projects.<sup>51</sup>

The benefits of many of these costs appear to include both a distribution component (improved reliability) and a generation component (energy dispatched from microgrid projects and SDG&E's generator programs). SDG&E's cost allocations are of particular importance to Joint CCAs' customers given that any inaccurate cost allocation would result in improper cost-shifting among bundled and unbundled customers. If SDG&E were able to shift some of its generation costs into the distribution component of its rates through the current GRC Application, CCA customers would be forced to subsidize bundled customer generation rates. The Commission has previously emphasized its desire and its legal commitment to avoid any such cross-subsidization.<sup>52</sup>

Relatedly, many of the above-mentioned efforts to mitigate wildfire risk and reduce PSPS impacts, like its grid hardening plan and use of advanced technology, stem from its most recent

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<sup>50</sup> Exh. SDGE-13 at JTW-vi; Exh. SDGE-13 at JTW-49:13 to JTW-49:21.

<sup>51</sup> Exh. SDGE-13 at JTW-124:5 to JTW-125:19.

<sup>52</sup> See, e.g., D.13-08-023 at 17 ("The Commission remains committed to ensuring that Community Choice Aggregators and other non-utility LSEs may compete on a fair and equal basis with regulated utilities. Toward this end, we will continue to consider both the mechanics and overall fairness of cost allocation and departing load charge methodologies proposed in the future, *with the specific goal of avoiding cross-subsidization.*") (emphasis added).

Wildfire Mitigation Plan Update, on February 11, 2022 (“2022 WMP Update”), which has yet to be approved by the Commission.<sup>53</sup> Additionally, SDG&E’s Application also seeks to recover significant incremental costs, currently recorded in its Wildfire Mitigation Plan Memorandum Account (“WMPMA”), for 2019-initiatives that were unanticipated in the TY 2019 GRC.<sup>54</sup> However, the cumulative recorded WMPMA balances for SDG&E’s 2019 GRC cycle was not available at the time this GRC application is filed.<sup>55</sup> Thus, SDG&E’s is proposing to use separate tracks to seek reasonableness review of WMPMA balances:

*Track 2 filed mid-2023:* WMPMA balances covering May 30, 2019,  
through December 2022

*Track 3 filed mid-2024:* WMPMA balances covering YR2023

Accordingly, a careful review is necessary to ensure that SDG&E’s proposals comply with Commission directives and provide a sufficient record to support its requested relief.

#### **G. Smart Meters**

As part of its application, SDG&E also proposes to upgrade its Advanced Metering Infrastructure (“AMI”) meters originally deployed in 2009 and 2010. SDG&E explains that the upgrades are needed so that customers have ready access to information about how and when they use energy, what contributes to their energy bill, and how they can better manage and control their energy use to meet their needs. The upgrade, SDG&E argues, will enhance grid capabilities, facilitate the company’s grid modernization plan objectives, enable continued growth for DERs, enhance and protect the capture and accurate relay of customer meter data

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<sup>53</sup> Exh. SDGE-13 at JTW-8:13 to JTW-8:14.

<sup>54</sup> Exh. SDGE-13 at JTW-15:9 to JTW-15:15.

<sup>55</sup> Exh. SDGE-13 at JTW-15:15 to JTW-15:17.



information. SDG&E proposes capital spending for meter replacements in the amount of \$4.3 million for 2022, \$32.8 million for 2023, and \$58.5 million for 2024.<sup>56</sup>

The reasonableness of these proposed expenditures is questionable, and they must be subjected to close scrutiny. Billing is one of the primary uses of the data collected, and so a major question is why current equipment needs to be upgraded for billing purposes if data is being collected accurately. Outside of the billing application, SDG&E uses customer data for select purposes, but the extremely limited nature of SDG&E's data sharing practices with CCA programs and with third party service providers, to name two examples, means that the data has only narrow applications. The Commission should not approve major upgrades to meters without meaningful benefit to ratepayers.

#### **H. Functionalization and Necessity of Customer Service Costs**

The Commission requires customer care (or customer service) cost allocations providing support services to be tracked, reported, and to specifically show the extent to which its customer care services and programs support the IOU's electric generation function as compared to electric distribution and gas distribution functions.<sup>57</sup> To "ensure that costs are appropriately functionalized" and to show that cost allocations are justified and supported, the Commission emphasized the need for a stronger evidentiary record, which makes clear whether generation customers cause more or less customer service costs to be incurred than gas or electric distribution customers.<sup>58</sup>

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<sup>56</sup> Exh. SDGE-17, Table DHT-4.

<sup>57</sup> D.20-12-005 at 314-315.

<sup>58</sup> *Id.* at 313-315.

SDG&E's Application is requesting \$37.5 million for TY 2024 associated with customer services, representing a 7.8% increase from Base Year ("BY") 2021 adjusted recorded costs. Such customer services involve operations around billing, credit and collections, remittance processing, postage, branch offices, and customer contact center operations, customer contact center support, and customer operations compliance and strategy. Specifically, SDG&E forecasts include substantial increases in operational costs for billing and customer operations compliance and strategy to support the transition of most of its customer base to a CCA provider as well as a number of proposed Information Technology ("IT") capital expenditures for which its necessity and proper functionalization are not immediately clear.

SDG&E requests \$237,000 in labor for two additional staff positions and \$257,00 in non-labor for contract resources to handle billing activity and increases in market transactions between SDG&E and its LSEs as CCA programs expand.<sup>59</sup> The two positions will support "company compliance with CCA related tariffs and rules" as well as support for "Commission proceedings where CCA activity within the SDG&E business landscape is considered."<sup>60</sup> As CCAs activities largely deal with the generation component of providing electricity, these additional positions are likely to support aspects related to SDG&E's generation activities as a competitor of CCAs. Thus, a closer look is warranted to ensure proper functionalization of costs and fair competition between CCAs and SDG&E.

SDG&E seeks approximately \$64,000,000 between 2022 and 2024 for upgrades to its new Customer Information System ("CIS") system that facilitate CCA customer transitions, provide an enhanced online digital customer experience that enables more self-service

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<sup>59</sup> Exh. SDGE-18 at SFB-10:6 to SFB-10:9.

<sup>60</sup> Exh. SDGE-18 at SFB-34:26 to SFB-35:2.

capabilities, improve operational efficiency, and provide security enhancements to protect customer information against cybersecurity threats.<sup>61</sup> Such enhancements purported benefits include new online customer capabilities to request field services for “annual gas pilot relighting,” “automation that support the creation and completion of service orders and streamline cross-functional handoffs and processing,” “enhanced data visualization for customers participating on Net Energy Metering,” and the automation and streamlining of the processing of program applications.<sup>62</sup>

Lastly, SDG&E requests funds for its Contact Center of the Future project which would digitally transition its Customer Contact Center to a “cloud-hosted environment” that leverages artificial intelligence (“AI”) technology of which the purported benefit include the elimination of on-site hardware, implementation of a virtual agent function and interactive voice response, and modernization of workforce training via eLearning.<sup>63</sup> The Joint CCAs wish to investigate necessity and/or reasonableness of such a proposal.

Given the Commission’s prior direction and the Joint CCAs’ continuing interest in ensuring costs are appropriately functionalized, it is of critical importance to the Joint CCAs to fully investigate and analyze these costs.

#### **I. Other Issues that May Require Further Investigation and Analysis**

As previously stated, the Joint CCAs’ review of the Application is ongoing and will require significant time and discovery to investigate whether the testimony and data provided support SDG&E’s proposals. For example, such issues include:

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<sup>61</sup> Exh. SDGE-01 at BAF-5:14 to BAF-5:24.

<sup>62</sup> Exh. SDGE-01 at BAF-40:17 to BAF-43:13.

<sup>63</sup> Exh. SDGE-01 at BAF-38:4 to BAF-39:27.

- Whether the \$17 million requested investment in a hydrogen pilot at Palomar is reasonable, in the interest of rate payers, and recovered via the appropriate functionalization and cost recovery mechanisms.<sup>64</sup>
- Whether reasonable revenue requirements and correct cost recovery mechanisms have been identified for SDG&E's various generation and distribution investments;<sup>65</sup> and, if no cost recovery mechanism is identified, that costs only flow through to benefitting customers.

Accordingly, a careful review is necessary to ensure that SDG&E's proposals comply with Commission directives and provide a sufficient record to support its requested relief.

## **V. CATEGORIZATION AND NEED FOR EVIDENTIARY HEARINGS**

The Joint CCAs agree with the classification of this proceeding as “ratesetting,” and, for the reasons explained above, believe that hearings are necessary.

## **VI. PROPOSED SCHEDULE**

The Joint CCAs object to SDG&E and SoCalGas' Track 1 proposed schedule. Specifically, the Joint CCAs oppose the proposed date for intervenor testimony to be served, on December 15, 2022. Due to the timing of the Energy Resource Recovery Account (“ERRA”) forecast Application overlapping with this GRC Application, anticipated witnesses will be occupied and unavailable for GRC testimony. The Joint CCAs respectfully request the above date be pushed back until after January 1, 2023.

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<sup>64</sup> Exh. SDGE-15 at FV-31:3 to FV-33:2; Exh. SDGE-14 at p. DSB-15, Table DSB-5.

<sup>65</sup> See, e.g., Exh. SDGE-15 at FV-4:18 to FV-30:20; Exh. SDGE-14 at DSB-5:7 to DSB-7:11, DSB-13:1 to DSB-16:12.

## **VII. COMMUNICATIONS**

The Joint CCAs consent to “email only” service and request that the following individuals be added to the service list for A.21-06-021 on behalf of the Joint CCAs:

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## **VIII. CONCLUSION**

For the foregoing reasons, the Joint CCAs request that the Commission set this matter for hearing to fully examine the GRC issues discussed above. The Joint CCAs appreciate consideration of the issues and points raised in this protest.

Respectfully submitted,

*/s/ Chasity Hendren*

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June 20, 2022

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June 20, 2022

*On behalf of the Joint CCAs*

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Application of San Diego Gas & Electric Company (U 902-E) for Approval of: (i) Contract Administration, Least-Cost Dispatch and Power Procurement Activities in 2021, (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account, Portfolio Allocation Balancing Account, Power Charge Indifference Adjustment Undercollection Balancing Account, Transition Cost Balancing Account, and Local Generating Balancing Account in 2021, and (iii) Costs Recorded in Related Regulatory Accounts in 2021.

Application 22-06-001  
(Filed June 1, 2022)

**JOINT PROTEST OF SAN DIEGO COMMUNITY POWER AND  
CLEAN ENERGY ALLIANCE TO THE APPLICATION OF  
SAN DIEGO GAS & ELECTRIC COMPANY**

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July 6, 2022

*Counsel to San Diego Community Power  
and Clean Energy Alliance*

## **TABLE OF CONTENTS**

I. SDCP AND CEA’S INTEREST.....	3
II. CCA PARTIES SEEK TO ENSURE THAT SDG&E’S GENERATION RESOURCES WERE PRUDENTLY ADMINISTERED, MANAGED AND DISPATCHED AND THAT ITS RECORDED ENTRIES ARE APPROPRIATE, CORRECTLY STATED, AND IN COMPLIANCE WITH COMMISSION PRECEDENT.....	4
III. CATEGORIZATION OF PROCEEDING, NEED FOR HEARINGS, ISSUES TO BE CONSIDERED. ....	5
IV. PROPOSED PROCEDURAL SCHEDULE.....	6
V. COMMUNICATIONS AND SERVICE .....	7
VI. CONCLUSION .....	8



**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Application of San Diego Gas & Electric Company (U 902-E) for Approval of: (i) Contract Administration, Least-Cost Dispatch and Power Procurement Activities in 2021, (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account, Portfolio Allocation Balancing Account, Power Charge Indifference Adjustment Undercollection Balancing Account, Transition Cost Balancing Account, and Local Generating Balancing Account in 2021, and (iii) Costs Recorded in Related Regulatory Accounts in 2021.

Application 22-06-001  
(Filed June 1, 2022)

**JOINT PROTEST OF SAN DIEGO COMMUNITY POWER AND  
CLEAN ENERGY ALLIANCE TO THE APPLICATION OF  
SAN DIEGO GAS & ELECTRIC COMPANY**

In accordance with Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), San Diego Community Power (“SDCP”)<sup>1</sup> and Clean Energy Alliance (“CEA”)<sup>2</sup> (together, “CCA Parties”) hereby submit this protest of San Diego Gas & Electric Company’s (“SDG&E”) *Application of San Diego Gas & Electric Company (U 902-E) for Approval of: (i) Contract Administration, Least-Cost Dispatch and Power Procurement Activities in 2021, (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account, Portfolio Allocation Balancing Account, Power Charge Indifferent Adjustment Undercollection Balancing Account, and Local Generating Balancing Account in 2021, and (iii)*

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<sup>1</sup> SDCP is the Community Choice Aggregator (“CCA”) for the cities of Chula Vista, Encinitas, Imperial Beach, La Mesa, National City and San Diego and the unincorporated areas of San Diego County.

<sup>2</sup> CEA is the CCA for the cities of Carlsbad, Del Mar, and Solana Beach and will be serving Escondido and San Marco in 2023.

*Costs Recorded in Related Regulatory Accounts in 2021* submitted on June 1, 2022 (“Application”).<sup>3</sup>

The impact of SDG&E’s Application on both departed and bundled customers requires cautious and careful consideration under the applicable standards of proof. SDG&E, as the applicant, has the burden of affirmatively establishing the reasonableness of all aspects of its application,<sup>4</sup> and that burden of proof generally is measured based upon a preponderance of the evidence.<sup>5</sup>

The CCA Parties protest the Application on the grounds that the breadth and complexity of the Application, accompanying testimony, and supporting workpapers, prevent the CCA Parties from concluding, at this early stage, whether SDG&E has demonstrated that the entirety of the relief it requests is justified and meets the utility’s burden of proof. The CCA Parties have identified several issues below that require further, detailed examination. Accordingly, the CCA Parties respectfully request that the Commission refrain from granting the relief SDG&E requests in its Application and that it allow further investigation on those issues, together with any other issues that may arise during the course of the proceeding.

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<sup>3</sup> Application (“A.”) 22-06-001, *Application of San Diego Gas & Electric Company (U 902-E) for Approval of: (i) Contract Administration, Least-Cost Dispatch and Power Procurement Activities in 2021, (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account, Portfolio Allocation Balancing Account, Power Charge Indifferent Adjustment Undercollection Balancing Account, and Local Generating Balancing Account in 2021, and (iii) Costs Recorded in Related Regulatory Accounts in 2021* (June 1, 2022) (“Application”).

<sup>4</sup> Decision (“D.”) 12-12-030 at 42.

<sup>5</sup> See, e.g., D.18-01-009 at 9-10; D.15-07-044 at 29 (observing that the Commission has discretion to apply either the preponderance of evidence or clear and convincing standard in a ratesetting proceeding, but noting that the preponderance of evidence is the “default standard to be used unless a more stringent burden is specified by statute or the Courts”).

## **I. SDCP AND CEA’S INTEREST**

SDCP and CEA are Community Choice Aggregators (“CCAs”) that are governed by a Board of Directors comprised of elected officials who represent the individual cities the CCA serves. While CCA Parties’ advocacy frequently benefits both bundled and unbundled customers, the CCAs are the sole advocates for their customers and their local energy programs before this Commission.

CCA customers receive generation services from their local CCA and receive transmission, distribution, billing, and other services from SDG&E. As such, CCA customers in SDG&E’s service territory must pay the same electric distribution, transmission, and non-bypassable rates as SDG&E’s bundled customers. However, CCA customers pay CCA-specific generation rates, which vary and are partially influenced by local mandates to increase electric vehicle use, procure and maintain clean electricity portfolios that in many cases exceed state requirements for renewable generation, and achieve other local goals.

One of the non-bypassable charges to which the customers of CCA Parties are subject to is the Power Charge Indifference Adjustment (“PCIA”). PCIA rates are set in SDG&E’s Energy Resources Recovery Account (“ERRA”) forecast proceedings based on the difference between the forecasted cost of SDG&E’s generation in the target year and the forecasted market value. Prior to D.18-10-019, the PCIA rate was set only on this forecast basis and not trued-up for unbundled customers—only bundled customers’ rates were subject to a true-up.

D.18-10-019 required, for the first time, that SDG&E true up the forecasted costs (net of forecasted market revenues or imputed revenues) approved in D.20-01-005 with the actual recorded costs (net of actual market revenues or imputed revenues) for PCIA-eligible resources.<sup>6</sup>

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<sup>6</sup> D.18-10-019 at Ordering Paragraphs (“OPs”) 7 and 8.

It also required SDG&E to true up the revenues it forecasted it would receive from both bundled and departing load customers over the course of 2021 with the actual revenues it received.<sup>7</sup> This true-up occurs by comparing the forecasted costs and revenues to the recorded costs and revenues within a new balancing account called the Portfolio Allocation Balancing Account (“PABA”). The actual generation costs SDG&E incurred, the actual market values SDG&E realized for its generation, and the actual PCIA revenue that SDG&E collected from retail sales in 2021 are all recorded to the PABA and reviewed as part of this compliance proceeding. For these reasons, CCA Parties’ customers will be directly impacted by the review, and a close examination of the PABA entries in this proceeding is merited.

**II. CCA PARTIES SEEK TO ENSURE THAT SDG&E’S GENERATION RESOURCES WERE PRUDENTLY ADMINISTERED, MANAGED AND DISPATCHED AND THAT ITS RECORDED ENTRIES ARE APPROPRIATE, CORRECTLY STATED, AND IN COMPLIANCE WITH COMMISSION PRECEDENT.**

While all aspects of the Application affect the CCA Parties’ interest, the CCA Parties are particularly interested in ensuring the following issues are investigated and standards are met:

1. Whether during the record year, 2021, SDG&E prudently administered, managed, and dispatched its utility retained generation facilities, qualifying facility (“QF”) contracts, and non-QF contracts in compliance with all applicable rules, regulations, and Commission decisions, including but not limited to Standard of Conduct 4;
2. Whether during the record year SDG&E appropriately operated its memorandum and balancing accounts, in particular the PABA, ERRA, PCIA Undercollection Balancing Account (“CAPBA”), the Green Tariff Shared Renewables (“GSTR”)-related balancing accounts, the Large Generator Balancing Account (“LGBA”), and the New Environmental Regulatory Balancing Account (“NERBA”);
3. Whether the entries SDG&E recorded to its memorandum and balancing accounts, in particular the PABA, ERRA, CAPBA, and GTSR-related balancing accounts, are correctly stated, and in compliance with applicable Commission decisions; and

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<sup>7</sup> *Id.*

4. Whether rate recovery for 2021 record year costs is reasonable and should be authorized.

Analysis of these important issues requires close scrutiny of the Application's testimony and supporting workpapers. The CCA Parties continue to analyze SDG&E's prepared testimony and SDG&E's response to a data request for SDG&E's workpapers and confidential versions of testimony. For example, the CCA Parties are particularly interested in ensuring that there is no cost-shifting between bundled and unbundled customers and that expenses and revenues related to each of SDG&E's resources are appropriately categorized and recorded to the correct balancing account. Until such review and analysis are complete, the CCA Parties cannot conclude whether the relief SDG&E requests is justified. As such, the CCA Parties do not yet take a position on the Application but request that the Commission refrain from granting the relief SDG&E requests in its Application in order to allow for further investigation on these issues and any other issues that may arise during the course of the proceeding.

### **III. CATEGORIZATION OF PROCEEDING, NEED FOR HEARINGS, ISSUES TO BE CONSIDERED.**

The CCA Parties agree with the categorization of this proceeding as ratesetting and believe hearings may be necessary, depending on the CCA Parties' on-going analysis of the Application, SDG&E's responses to discovery, and any settlement discussions that may take place.

In addition, SDG&E's proposed scope of issues is substantially similar to the scope of issues adopted for SDG&E's 2020 ERRRA compliance proceeding.<sup>8</sup> CCA Parties support the scope of issues offered by SDG&E.

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<sup>8</sup> Compare Application, pp. 20-21 with A.20-06-001, *Assigned Commissioner's Scoping Memo and Ruling*, pp. 2-3 (August 12, 2020).

#### **IV. PROPOSED PROCEDURAL SCHEDULE**

Finally, CCA Parties request several modifications to SDG&E's proposed schedule to avoid conflict with the contemporaneous SDG&E 2023 ERRR forecast proceeding. The SDG&E 2023 ERRR forecast application will establish SDG&E's electric procurement revenue requirement for 2023, including its PCIA revenue requirement, and will therefore have a significant impact on CCA Parties and their customers. Further, that application was filed on May 31, 2022, just one day before the present Application, and is necessarily expedited in order to be included in 2023 rates. In particular, SDG&E will update its ERRR forecast application in October and this update is always extensive and requires the complete attention of CCA Parties to ensure accuracy and identify any new issues. Finally, the same personnel and outside counsel and consultants for the CCA Parties are responsible before both SDG&E ERRR forecast and compliance proceedings.

Accordingly, CCA Parties request that the intervenor testimony date provided in SDG&E's proposed schedule be moved to accommodate the significant work that will be required by CCA Parties' expert witness and counsel on SDG&E's October Update to its ERRR forecast application in A.22-05-025.<sup>9</sup> In particular, in their proposed schedule below, CCA Parties suggest an intervenor testimony date of December 16, 2022 and then make changes to the subsequent dates as a result of this change. Although allowing this schedule will extend the procedural schedule proposed by SDG&E by roughly one month, the overall duration would still be shorter than the ERRR compliance proceedings for the other IOUs. For example, Southern California Edison ("SCE") filed its ERRR compliance application on April 1, 2022, two months

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<sup>9</sup> CCA Parties' expert witness, Brian Dickman, will also be the expert witness for the CCAs in the other two utilities' 2023 ERRR forecast proceedings and therefore responsible for analyzing those contemporaneous October Updates as well.

earlier than SDG&E, but the agreed upon schedule for that proceeding includes the same decision deadline, August 2023, as proposed by CCA Parties below.<sup>10</sup>

<b>ACTION</b>	<b>SDG&amp;E PROPOSED DATE</b>	<b>CCA PARTIES PROPOSED DATE</b>
Application filed	June 1, 2022	June 1, 2022
Application noticed on Commission calendar	N/A	June 6, 2022
Protests/Responses	July 1, 2022	July 6, 2022 (30 days from Notice)
Replies to Protests/Responses	July 1, 2022	July 18, 2022 (10 days from Protest) <sup>11</sup>
Prehearing Conference	July 14, 2022	July 15, 2022 <sup>12</sup>
Cal Advocates/Intervenor Testimony	October 14, 2022	December 16, 2022
Rebuttal Testimony	December 2, 2022	February 24, 2023
Parties inform the Administrative Law Judge (ALJ) via email whether hearings are necessary and provide ALJ with witness lists and cross-examination estimates	December 14, 2022	March 10, 2023
Evidentiary Hearings	January 17-21, 2023	March 28-31, 2023
Opening Briefs	February 18, 2023	April 21, 2023
Reply Briefs	March 11, 2023	May 5, 2023
Proposed Decision	April 22, 2023	June 9, 2023
Comments on Proposed Decision	May 13, 2022	June 29, 2023
Reply Comments on Proposed Decision	May 20, 2023	July 6, 2023
Commission Final Decision	June – July 2023	August 2023

## V. COMMUNICATIONS AND SERVICE

CCA Parties consent to “email only” service and request that the following individuals be added to the service list for A.22-06-001:

<sup>10</sup> A.22-04-001, *Application of Southern California Edison Company (U 338-E) in Its 2021 Record Period Annual Energy Resource Recovery Account (ERRA) Review Proceeding*, p. 9 (April 1, 2022); see also A.22-04-001, *Protest of Clean Power Alliance of Southern California, California Choice Energy Authority, and Central Coast Community Energy to the Application of Southern California Edison Company*, p. 7 (May 9, 2022) (supporting SCE’s proposed schedule).

<sup>11</sup> Ten days from the July 6, 2022 is July 16, 2022, which is a Saturday. July 18, 2022 is the subsequent Monday.

<sup>12</sup> A.22-06-001, *Notice of Virtual Prehearing Conference* (June 30, 2022).

**Party Representative.** Please list SDCP and CEA as individual parties to this proceeding with

Mr. Lee Ewing as the representative for each party:

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**Requested Information-Only Service List Additions for SDCP and CEA:**

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**VI. CONCLUSION**

For the foregoing reasons, CCA Parties respectfully request that the Commission grant party status to SDCP and CEA, and adopt the scope, categorization, and procedural schedule proposed above to fully examine and resolve the issues raised in this protest.

Respectfully submitted,

/s/ Lee Ewing  
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July 6, 2022

*Counsel to San Diego Community Power  
and Clean Energy Alliance*



**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Application of SAN DIEGO GAS & ELECTRIC  
COMPANY (U 902-E) for Approval of its 2023  
Electric Procurement Revenue Requirement  
Forecasts, 2023 Electric Sales Forecast, and  
GHG-Related Forecasts

Application 22-05-025  
(Filed May 31, 2022)

**JOINT PROTEST OF SAN DIEGO COMMUNITY POWER AND  
CLEAN ENERGY ALLIANCE TO THE APPLICATION OF  
SAN DIEGO GAS & ELECTRIC COMPANY**

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July 6, 2022

*Counsel to San Diego Community Power  
and Clean Energy Alliance*

## **TABLE OF CONTENTS**

I.	SDCP AND CEA’S INTEREST .....	3
II.	GROUND FOR PROTEST .....	5
A.	SDG&E’s Proposal to Address Delays in Implementing Its Sales Forecast Does Not Respond to the Concerns Raised by D.22-03-003.....	5
B.	Other Issues that Require Further Investigation. ....	7
III.	CATEGORIZATION OF PROCEEDING, ISSUES TO BE CONSIDERED, NEED FOR HEARINGS, AND PROPOSED PROCEDURAL SCHEDULE .....	8
A.	This Proceeding Is Properly Categorized as “Ratesetting.” .....	8
B.	SDG&E’s Proposed Schedule Is One-Sided and Prejudicial to Intervenors.....	8
C.	SDG&E’s Scope of Issues Is Generally Appropriate but Should Be Expanded to Include Implementation of Its Sales Forecast. ....	12
D.	Other Procedural Requests in Light of the Compressed Nature of This Proceeding. ....	14
IV.	COMMUNICATIONS AND SERVICE .....	14
V.	CONCLUSION.....	15

**BEFORE THE PUBLIC UTILITIES COMMISSION  
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Application of SAN DIEGO GAS & ELECTRIC  
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Application 22-05-025  
(Filed May 31, 2022)

**JOINT PROTEST OF SAN DIEGO COMMUNITY POWER AND  
CLEAN ENERGY ALLIANCE TO THE APPLICATION OF  
SAN DIEGO GAS & ELECTRIC COMPANY**

In accordance with Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), San Diego Community Power (“SDCP”)<sup>1</sup> and Clean Energy Alliance (“CEA”)<sup>2</sup> (together, “CCA Parties”) hereby submit this protest to San Diego Gas & Electric Company’s (“SDG&E”) *Application for Approval of its 2023 Electric Procurement Revenue Requirement Forecasts, 2023 Electric Sales Forecast, and GHG-Related Forecasts* submitted on May 31, 2022 (“Application”).<sup>3</sup>

Overall, SDG&E requests Commission approval of a total 2023 forecasted Energy Resources Recovery Account (“ERRA”) revenue requirement of \$537.131 million, which forecast is comprised of the following components:

(1) the ERRA revenue requirement: \$433.755 million;

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<sup>1</sup> SDCP is the Community Choice Aggregator (“CCA”) for the cities of Chula Vista, Encinitas, Imperial Beach, La Mesa, National City and San Diego and the unincorporated areas of San Diego County.

<sup>2</sup> CEA is the CCA for the cities of Carlsbad, Del Mar, and Solana Beach and will be serving Escondido and San Marco in 2023.

<sup>3</sup> Application (“A.”) 22-05-025, *Application of San Diego Gas & Electric Company for Approval of its 2022 Electric Procurement Revenue Requirement Forecast, 2023 Electric Sales Forecast, and GHG-Related Forecasts* (May 31, 2022) (“Application”).

- (2) the Portfolio Allocation Balancing Account (“PABA”) revenue requirement: \$15.445 million and the projected 2022 PABA year-end balance of \$73.209 million;
- (3) the Competition Transition Charge (“CTC”) revenue requirement: \$11.232 million;
- (4) the Local Generation (“LG”) revenue requirement: \$175.361 million;
- (5) the San Onofre Nuclear Generating Station (“SONGS”) Unit 1 Offsite Spent Fuel Storage Cost revenue requirement: \$1.188 million;
- (6) the Tree Mortality Non-Bypassable Charge (“TMNBC”) revenue requirement; and
- (7) the following GHG allowance revenue return allocations:
  - (a) \$(171.067) million for small business and residential California Climate Credit (“CCC”).
  - (b) \$(0.389) million for Emissions-Intensive and Trade-Exposed (“EITE”) Customer Return.<sup>4</sup>

SDG&E also requests approval of its 2023 electric sales forecast and authorization to recover the 2020 undercollected balance recorded to the LGBA and to address the projected 2022 ERRRA year-end balance. Further, SDG&E requests approval for its proposed 2023 (1) GHG Allowance Return rates; (2) vintage Power Charge Indifference Adjustment (“PCIA”) rates; and (3) rate components for the Green Tariff Shared Renewables (“GTSR”) Program. Finally, SDG&E’s Application includes several requests that purport to comply with prior Commission decisions, including modifications to its data disclosure practices and confidentiality designations and a plan to address delays of implementing changes to its sales forecast.

The scope of SDG&E’s requests requires cautious and careful consideration given its impact on both departed and bundled customers. SDG&E as the applicant, has the burden of

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<sup>4</sup> Application at 4-5.

affirmatively establishing the reasonableness of all aspects of its application,<sup>5</sup> and that burden of proof generally is measured based upon a preponderance of the evidence.<sup>6</sup> As explained further below, based on CCA Parties' preliminary review, SDG&E has not demonstrated the entirety of the other relief it requests is justified and meets the utility's burden of proof.

Further, SDG&E proposes a one-sided schedule for this proceeding that would prevent a full examination of the issues raised in the Application. Under its proposed schedule, SDG&E provides only **11 days** from the July 18, 2022 due date for its reply to protests<sup>7</sup> for the Commission to issue a scoping ruling and for intervenors to file answer testimony on July 29, 2022. Meanwhile, SDG&E would have over a month for its rebuttal testimony and builds into the schedule almost another full month further before evidentiary hearings. This proposed schedule follows neither the letter nor the spirit of Decision ("D.") 22-01-023, which emphasizes the importance of providing both the parties and the Commission the ability to thoroughly review this case's record. Instead, SDG&E uses the scheduling changes established in D.22-01-023, along with its own delay in filing this Application, to effectively bar a thorough review of that Application.

## **I. SDCP AND CEA'S INTEREST**

SDCP and CEA are Community Choice Aggregators ("CCAs") that are governed either by a Board of Directors comprised of elected officials who represent the individual cities and counties the CCA serves or by an elected City Council. While CCA Parties' advocacy

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<sup>5</sup> D.12-12-030 at 42.

<sup>6</sup> See, e.g., D.18-01-009 at 9-10; D.15-07-044 at 29 (observing that the Commission has discretion to apply either the preponderance of evidence or clear and convincing standard in a ratesetting proceeding, but noting that the preponderance of evidence is the "default standard to be used unless a more stringent burden is specified by statute or the Courts").

<sup>7</sup> The Application was first noticed on the Commission's daily calendar on June 6, 2022, which, under Rule 2.6 of the Commission's Rules of Practice and Procedure, results in a July 6, 2022 deadline for protests and a July 18, 2022 deadline for replies.

frequently benefits both bundled and unbundled customers, the CCAs are the sole advocates for their customers and their local energy programs before this Commission.

CCA customers receive generation services from their local CCA and receive transmission, distribution, billing, and other services from SDG&E. As such, CCA customers in SDG&E's service territory must pay the same electric distribution, transmission, and non-bypassable rates as SDG&E's bundled customers. However, CCA customers pay CCA-specific generation rates, which vary and are partially influenced by local mandates to increase electric vehicle use, procure and maintain clean electricity portfolios that in many cases exceed state requirements for renewable generation, and achieve other local goals.

CCA and other unbundled customers are also subject to several non-bypassable charges ("NBCs"), including the Power Charge Indifference Adjustment ("PCIA"), the 2022 level of which will be set in this proceeding. The Commission adopted the PCIA to ensure that when investor-owned utility ("IOU") customers depart from bundled service and receive their electricity from a non-IOU provider, such as a CCA, "those customers remain responsible for costs previously incurred on their behalf by the IOUs—but only those costs."<sup>8</sup>

CCA Parties are advocates for the customers in the local communities that formed them. These customers are rapidly growing in number and footprint as formerly bundled customers of IOUs transition to the generation services provided by CCAs. For example, SDCP's enrollment schedule over the first two quarters of 2022 included residential accounts within Imperial Beach, La Mesa, Encinitas, Chula Vista, and San Diego with expansion of service to National City and unincorporated areas of San Diego County planned for 2023. Ensuring the accuracy of the PCIA

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<sup>8</sup> D.18-10-019 at 3 (October 11, 2018); *see also* R.17-06-026, *Scoping Memo and Ruling of Assigned Commissioner* at 2 (September 25, 2017).

and other charges that CCA customers pay, planning for changes to the PCIA, and protecting customers from the rate shock that can result, is a core directive for all CCAs and essential for any load-serving entity (“LSE”). As a result of these factors, and those discussed above and below, SDCP and CEA have a real, present, tangible, and pecuniary interest in this proceeding.

## **II. GROUNDS FOR PROTEST**

SDCP and CEA have identified several issues that directly and substantially impact their interests described above. However, the specific issues enumerated below should be considered preliminary matters that the CCA Parties have identified as potentially unjust and unreasonable or out of compliance with Commission rules and precedent, or which require further investigation. SDCP and CEA continue to examine the Application, issue data requests, and expect that supplemental information, most notably including the October Update, will raise a number of new issues. CCA Parties therefore reserve the right to address additional issues in the course of this proceeding as those issues arise through further review, analysis, discovery and investigation of all aspects of the Application.

### **A. SDG&E’s Proposal to Address Delays in Implementing Its Sales Forecast Does Not Respond to the Concerns Raised by D.22-03-003.**

In its 2022 sales forecast proceeding, A.21-08-010, SDG&E claimed that it would “take SDG&E four months to implement an alternative sales forecast proposal.”<sup>9</sup> The Commission found that this “four-month implementation delay for alternative proposals is prejudicial to other parties [and] . . . not reasonable.”<sup>10</sup> The Commission further stated that “[t]his delay limits the Commission from considering any alternative proposals if the sales forecast had to be

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<sup>9</sup> D.22-03-003 at 11.

<sup>10</sup> *Id.*

implemented by January 1 of the forecasted year.”<sup>11</sup> The Commission therefore directed SDG&E to “propose a detailed plan on how to address the implementation delays in its 2023 sales forecast application.”<sup>12</sup>

In response, the “detailed plan” that SDG&E proposes in its Application would require ERRA/Sales Forecast “participants to submit any alternative system net sales forecasts prior to the submittal of the ERRA/Sales Forecast proceeding to allow sufficient time for SDG&E to consider adjustments to the CED forecast and potentially include them in its ERRA Forecast application from the start.” SDG&E’s plan does not actually address the delay in implementing changes to the sales forecast after the initial filing nor the “limits” this imposes on the Commission’s ability to consider alternative forecasts in this proceeding. The plan therefore does not address the Commission’s concerns raised in D.22-03-003.

Instead, the plan would place the burden on intervenors to propose alternative sales forecasts **in advance of** the submittal of the ERRA/Sales Forecast applications. Intervenors simply do not have the resources to develop an alternative sales forecast for SDG&E at this point, particularly without the tools afforded by a litigated proceeding (e.g., discovery). CCA Parties appreciate SDG&E’s efforts to develop a creative solution to the Commission’s concerns and will make reasonable efforts to identify sales forecast issues in advance of future applications. Further, as always, CCA Parties look forward to working with SDG&E to find a mutually agreeable solution to any issues raised in this and future ERRA/Sales Forecast proceedings. However, D.22-03-003 clearly contemplated a plan to address implementation

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<sup>11</sup> *Id.*

<sup>12</sup> *Id.* at 12.



delays for alternative sales forecast presented for Commission consideration after a litigated proceeding, which SDG&E does not provide in its Application.

### **B. Other Issues that Require Further Investigation.**

The CCA Parties have identified several issues that directly and substantially impact their interests described above. The specific issues enumerated below should be considered preliminary matters that the CCA Parties have identified as potentially unjust and unreasonable or out of compliance with Commission rules and precedent:

- Whether SDG&E's GTSR rate proposals, including its proposal to maintain the 2022 GTSR rates during 2023, are just and reasonable and will not result in cost shifts to non-participating customers;<sup>13</sup>
- Whether SDG&E's proposal to include excess GTSR procurement costs "in the cost recovery mechanism used for its RPS eligible contracts, namely ERRA and PABA" is just, reasonable, and consistent with applicable law;<sup>14</sup>
- Whether SDG&E's proposed corrections regarding its failure to update both the 2020 CAPBA Trigger PCIA adder rates and the 2020 ERRA Trigger PCIA adder rates with the 2022 bundled forecast in the 2022 ERRA Forecast November Update is appropriate, just, and reasonable;<sup>15</sup> and
- Whether SDG&E's cost recovery proposal regarding the modified CAM complies with D.22-05-015.<sup>16</sup>

These are some of the issues the CCA Parties have identified in the Application to date that require further record development. The CCA Parties are still examining the Application and reserve the right to address and protest additional issues in the course of this proceeding as they arise through further review, analysis, discovery, and investigation of all aspects of the Application.

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<sup>13</sup> Morien Direct Testimony at SM-8:3-5; Miller Direct Testimony at SM-8-9-11.

<sup>14</sup> Miller Direct Testimony at SM-7:16 – SM-8:1.

<sup>15</sup> Morien Direct Testimony at GRM-23:3-5, GRM-27:11-13.

<sup>16</sup> Ghianni Direct Testimony at KG-11:17-19, KG-12:5-6.

### **III. CATEGORIZATION OF PROCEEDING, ISSUES TO BE CONSIDERED, NEED FOR HEARINGS, AND PROPOSED PROCEDURAL SCHEDULE**

#### **A. This Proceeding Is Properly Categorized as “Ratesetting.”**

SDCP and CEA agree with SDG&E’s proposed classification of this proceeding as “ratesetting.” While the CCA Parties will pursue settlement and record stipulations to the extent feasible, it is prudent to reserve two days for hearings to address unresolved issues of fact.

#### **B. SDG&E’s Proposed Schedule Is One-Sided and Prejudicial to Intervenors.**

Significant changes are required to SDG&E’s proposed procedural schedule to enact the letter and spirit of D.22-01-023, to avoid conflicts with other ERRA Forecast and Compliance proceedings, and to ensure that parties are not prejudiced by SDG&E’s delay in filing its Application. In D.22-01-023, the Commission made two modifications to the framework for the ERRA forecast proceedings, starting with these 2023 ERRA forecast applications. First, the Commission replaced the November Update with the October Update,<sup>17</sup> finding that “[m]oving the deadlines for utilities’ ERRA forecast updates would provide more time for parties and the Commission to review the updates and for the Commission to timely issue decisions on the ERRA forecast applications.”<sup>18</sup>

Second, the Commission established a May 15th deadline for filing ERRA for applications, whereas the previous deadline applicable to SDG&E was April 15th. On top of this, SDG&E requested and received an additional extension of its deadline until May 31, 2022 for the present

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<sup>17</sup> D.22-01-023 at FOF 1, COL 1.

<sup>18</sup> *Id.* at 11, 14 (“SCE’s characterization of the benefits of the Staff Proposal is incorrect. The purpose of the Staff Proposal is to provide sufficient time for the Commission and parties to thoroughly review ERRA forecast applications and to make it feasible for the Commission to meet its obligations to issue ERRA forecast decisions in time for January 1st rate changes each year.”).

Application because of “anomalies in the electric sales forecast.”<sup>19</sup> Accordingly, SDG&E’s 2023 ERRa forecast Application was filed approximately one and a half months later than in previous years, further condensing an already expedited proceeding.

In comparison to the 2022 SDG&E ERRa forecast proceeding, the present proposal would take the majority of this one and a half months from the time available to intervenors to analyze the Application and accompanying testimony and workpapers, issue discovery, and draft answer testimony. In particular, last year, SDG&E filed its application on April 15, 2021 and intervenor testimony was due on July 16, 2021, a period of over three months. Now, despite the one and a half month delay due to the combined effect of D.22-01-023 and SDG&E’s error, SDG&E proposes moving the intervenor testimony date back by less than two weeks. Further, as mentioned above, SDG&E’s proposal would allow only 11 days between the between the due date for replies to protests and the date for intervenor testimony, during which time the Commission must issue a Scoping Ruling. Meanwhile, SDG&E gives itself **more time** compared to last year for its rebuttal testimony (33 days compared to 29 days). It is deeply unfair to expect parties to draft testimony within **mere days** after the most expedited of Scoping Rulings, especially in cases where disputes over scope are not uncommon.<sup>20</sup>

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<sup>19</sup> Request for an Extension to File San Diego Gas & Electric Company’s 2023 Energy Resource Recovery Account Forecast Application, Executive Director Letter Granting Request (May 12, 2022).

<sup>20</sup> See, e.g., A.13-05-015, *Scoping Memo and Ruling of Assigned Commissioner*, p. 4 (September 12, 2013) (rejecting the inclusion of certain issues in scope and finding that policy issues and other industry-wide practices such as changes to the PCIA methodology are properly addressed in rulemaking dockets, such as R.17-06-026); A.17-06-005, *Scoping Memo and Ruling of Assigned Commissioner*, pp. 3-4 (August 24, 2017) (finding certain issues raised in protests would constitute changes to existing methods of calculation and not allegations of non-compliance with Commission rules, decisions, and resolutions on the part of PG&E); A.21-04-010, *Scoping Memo and Ruling of Assigned Commissioner*, p. 3 (July 15, 2021) (declining to adopt issues related to SDG&E’s 2022 sales forecast to the scope of the proceeding); A.18-06-001, *PG&E Reply to Protests and Responses*, pp. 2-3 (July 16, 2018) (arguing issues the Joint CCAs raised in their Protest issue are out of scope, including that “challenges to the Commission’s existing policy and/or rules are beyond the scope of this proceeding and must be raised via a petition for modification of the decision that established the policy and/or rule in question.”).

As prior SDG&E proceedings make clear, thorough intervenor review is critical to ensuring that the ERRA forecast ultimately approved by the Commission is accurate, just, reasonable, and in compliance with Commission rules and precedent. Last year, for example, the testimony submitted by CCA Parties identified errors in and other appropriate modifications to SDG&E's application that resulted in substantial changes with an impact valued in the millions of dollars.<sup>21</sup> Accordingly, SDG&E's drastic reduction of the period available for intervenor testimony will harm both bundled and unbundled customer by effectively barring a meaningful review of its Application.

In contrast to SDG&E, Pacific Gas and Electric Company ("PG&E"), which filed its ERRA forecast application on the same day as SDG&E, proposed an intervenor testimony date of September 7, 2022 and a rebuttal testimony date of September 21, 2022. It is therefore not clear why SDG&E would provide only a few days, at most, after the Scoping Ruling for intervenor testimony, but would reserve over a month for its own rebuttal testimony. It is also important to note that CCA Parties' expert witness in this proceeding, Brian Dickman, will also serve as the expert witness for the CCAs in the ERRA forecast proceedings of PG&E and SCE. Accordingly, CCA Parties' proposed schedule below provides an intervenor testimony date that is over a week earlier than the PG&E date to 1) establish a compromised schedule and 2) provide a buffer between the two dates for CCA Parties' expert witness.

Finally, while CCA Parties agree with SDG&E's proposal to combine comments on the October Update with briefing, the proposed schedule undermines the purpose of the change from

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<sup>21</sup> See A.21-04-010, *Response of San Diego Community Power and Clean Energy Alliance to the November Update of San Diego Gas & Electric Company*, pp. 6-8 (November 19, 2021) (describing changes identified by CCA Parties and agreed to by SDG&E, including, in part, "certain errors in the pivot tables of SDG&E's workpapers which reduced SDG&E's Indifference Amount by \$1.5 million."); See also D.21-12-040 (adopting further changes to SDG&E's application as a result of CCA Parties examination and advocacy).

a November to October Update by limiting the time for review of this complex and voluminous filing. Again, the Commission moved the deadline for updates to the ERRA forecast applications up a month to “provide more time for parties and the Commission to review the updates.”<sup>22</sup> For example, parties had only 11 days to comment on SDG&E’s November Update to its 2022 ERRA Forecast application.<sup>23</sup> Consequently, although CCA Parties reviewed last year’s November Update as thoroughly as possible under the circumstances, that review was necessarily limited, as demonstrated by the errors in the 2021 November Update that SDG&E now acknowledges in its present Application.<sup>24</sup> Despite the Commission’s reasoning for modifying the timing of ERRA forecast updates, SDG&E’s proposed schedule only provides 14 days after submission of the October Update for the now-combined comments on the October Update and opening briefs, only three more days compared to the period allowed for just comments on last year’s November Update.<sup>25</sup> These three days are woefully insufficient to meaningfully address the Commission’s concern that parties have more time for review of SDG&E’s updated Application.

To bring the proposed schedule into alignment with D.22-01-023, prior ERRA forecast proceedings, and basic equity, CCA Parties propose the below procedural schedule.

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<sup>22</sup> *Id.* at 11, 14 (“SCE’s characterization of the benefits of the Staff Proposal is incorrect. The purpose of the Staff Proposal is to provide sufficient time for the Commission and parties to thoroughly review ERRA forecast applications and to make it feasible for the Commission to meet its obligations to issue ERRA forecast decisions in time for January 1st rate changes each year.”).

<sup>23</sup> A.21-040-10, *E-Mail Ruling Granting Extension of Time to File November Update* (November 5, 2021) (setting a November 8, 2021 date to file the November Update and a November 19, 2021 date for responses to the November Update). The original schedule included a filing deadline of November 5, 2021 for the November Update and a deadline of November 17, 2021 for Responses, but SDG&E requested and received an extension.

<sup>24</sup> Morien Direct Testimony at GRM-23:3-5, GRM-27:11-13.

<sup>25</sup> Further, SDG&E’s proposal would only provide two additional days for comments compared to the schedule originally adopted in the 2022 SDG&E ERRA forecast proceeding. *See supra*, n. 24.

<b>ACTION</b>	<b>SDG&amp;E PROPOSED DATE</b>	<b>CCA PARTIES PROPOSED DATE</b>
Application filed	May 31, 2022	May 31, 2022
Application noticed on Commission calendar	N/A	June 6, 2022
Protests/Responses	June 30, 2022	July 6, 2022 (30 days from Notice)
Replies to Protests/Responses	July 11, 2022	July 18, 2022 (10 days from Protest) <sup>26</sup>
Prehearing Conference	July 15, 2022	July 15, 2022 <sup>27</sup>
Cal Advocates/Intervenor Testimony	July 29, 2022	August 29, 2022
Rebuttal Testimony	August 31, 2022	September 12, 2022
Parties inform the Administrative Law Judge (ALJ) via email whether hearings are necessary and provide ALJ with witness lists and cross-examination estimates	September 12, 2022	September 19, 2022
Evidentiary Hearings	Week of September 26, 2022	September 29-30, 2022
SDG&E October Update	October 14, 2022	October 10, 2022
Comments on October Update / Concurrent Opening Briefs	October 28, 2022	October 31, 2022
Concurrent Reply Briefs	November 11, 2022	November 7, 2022
Proposed Decision	November 2022	November 15, 2022
Comments on Proposed Decision	N/A	December 5, 2022
Reply Comments on Proposed Decision	N/A	December 10, 2022
Commission Final Decision	December 15, 2022	December 15, 2022

**C. SDG&E's Scope of Issues Is Generally Appropriate but Should Be Expanded to Include Implementation of Its Sales Forecast.**

SDG&E proposes the list of issues below for consideration in this proceeding:

1. Whether the Commission should approve SDG&E's total 2023 forecast revenue requirement of \$537.131 million and the amount of the 2023 Tree Mortality Non-Bypassable Charge forecast revenue requirement, to become effective in rates on January 1, 2023;

<sup>26</sup> Ten days from the July 6, 2022 is July 16, 2022, which is a Saturday. July 18, 2022 is the subsequent Monday.

<sup>27</sup> A.22-05-025, *Notice of Virtual Prehearing Conference* (June 30, 2022).

2. Whether the Commission should approve SDG&E's 2023 Energy Resource Recovery Account forecast revenue requirement of \$433.755 million and the projected 2022 ERRA year-end balance of \$(2.003) million including FF&U;
3. Whether the Commission should approve a 2023 Portfolio Allocation Balancing Account forecast revenue requirement of \$15.445 million and the projected 2022 PABA year-end balance of \$73.209 million;
4. Whether the Commission should approve a 2023 Competition Transition Charge forecast revenue requirement of \$11.232 million;
5. Whether the Commission should approve a 2023 Local Generation forecast revenue requirement of \$175.361 million (which excludes the Local Generation Balancing Account 2020 undercollection of \$(0.400) million);
6. Whether the Commission should approve the 2023 San Onofre Nuclear Generating Station Unit 1 Offsite Spent Fuel Storage Cost forecast revenue requirement of \$1.188 million;
7. Whether the Commission should approve SDG&E's 2022 Tree Mortality Non-Bypassable Charge forecast revenue requirement;
8. Whether the Commission should approve SDG&E's 2022 forecasts of GHG revenues, revenue set-asides and returns and administrative expenses, which include:
  - a. Forecast GHG allowance revenues;
  - b. Forecast set asides for clean energy/energy efficiency programs;
  - c. Forecast revenue returns to small business and emissions intensive trade-exposed retail customers;
  - d. GHG administration, customer education and outreach plan costs; and
  - e. Forecast revenue returns to residential customers via the California Climate Credit.
9. Whether the Commission should approve SDG&E's proposed vintage Power Charge Indifference Adjustment in rates;
10. Whether the Commission should approve SDG&E's proposal to adjust the 2020 CAPBA Trigger PCIA adder rates and the 2020 ERRA Trigger PCIA adder rates;
11. Whether the Commission should approve SDG&E's proposed 2023 rate components for the Green Tariff Shared Renewables Program;
12. Whether the Commission should approve SDG&E's request to recover the undercollected 2020 Local Generation Balancing Account recorded activity of \$(0.400) million.

13. Whether the Commission should approve SDG&E's 2023 Electric Sales Forecast; and
14. Whether the Commission should approve SDG&E's proposed modifications to its ERRRA proceeding data disclosure requirements.<sup>28</sup>

Generally, SDG&E's issues list is consistent with the issues included in its Application and considered in prior proceedings and should be adopted. The new issues proposed in the present Application, *i.e.*, issues 10, 13, and 14, are also appropriate additions to include in the scope of this proceeding. Further, as explained above, the scope of issues should be expanded to include consideration of SDG&E's "plan on how to address the delays of implementing modifications to its sales forecast", consistent with D.22-03-003.<sup>29</sup>

#### **D. Other Procedural Requests in Light of the Compressed Nature of This Proceeding.**

In light of the compressed nature of this proceeding, the CCA Parties also request SDG&E be required to serve public and confidential workpapers concurrently—or as close to concurrently, as possible—with all testimony supplements and updates over the course of the proceeding.

#### **IV. COMMUNICATIONS AND SERVICE**

CCA Parties consent to "email only" service and request that the following individuals be added to the service list for A.22-05-025 on behalf of CCA Parties:

**Party Representative.** Please list SDCP and CEA as individual parties to this proceeding with Mr. Lee Ewing as the representative for each party:

Lee Ewing  
Keyes & Fox LLP  
1580 Lincoln St., Suite 1105  
Denver, CO 80203  
Phone: (720) 796-8004  
E-mail: [lewing@keyesfox.com](mailto:lewing@keyesfox.com)

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<sup>28</sup> Application at 20-21.

<sup>29</sup> D.22-03-003 at Ordering Paragraph 2.



**Requested Information-Only Service List Additions for SDCP and CEA:**

Brian Dickman  
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225 Union Boulevard, Suite 305  
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580 California Street, 12th Floor  
San Francisco, CA 94104  
Telephone: (510) 314-8385  
E-mail: [tlindl@keyesfox.com](mailto:tlindl@keyesfox.com)

**V. CONCLUSION**

For the foregoing reasons, CCA Parties respectfully request that the Commission (1) set this matter for hearings to fully examine and resolve the issues identified above, (2) adopt the scope and procedural schedule proposed above, and (3) that it grant independent party status to each SDCP and CEA.

Respectfully submitted,

/s/ Lee Ewing  
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July 6, 2022

*Counsel to San Diego Community Power  
and Clean Energy Alliance*



## SAN DIEGO COMMUNITY POWER Staff Report – Item 11

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To: San Diego Community Power Board of Directors

From: Byron Vosburg, Managing Director

Via: Karin Burns, Chief Executive Officer

Subject: SDCP Election Regarding Voluntary Allocation of Renewable Energy from SDG&E

Date: July 28, 2022

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### RECOMMENDATION

Approve staff's recommended long-term and short-term elections for voluntary allocation of renewable energy from SDG&E and authorize the CEO to i) notify SDGE of SDCP's long-term and short-term voluntary allocation elections, and ii) execute SDG&E's pro-forma contracts associated with long-term and short-term transactions for renewable energy and RECs in substantially similar form as approved to form by legal counsel.

### BACKGROUND

In 2021, the CPUC ordered the 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 now has an opportunity to secure voluntary allocations of PCIA-eligible renewable resources from SDG&E at the Market Price Benchmark, which is established by the current market price in any given year and is the same price at which the PCIA is set. Elections can be made to receive long-term (10+ years) and short-term (<10 years) allocations. 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 26, 2021 meeting and executed in December 2021. SDCP can make its voluntary allocation election volumes under that long-term contract and, if desired, to elect a short-term allocation..

Key factors to be considered regarding Voluntary Allocations:

- The primary value of any allocated volumes to SDCP 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 long-term allocation from SDG&E to meet long-term obligations.
  - Failure to comply with RPS requirements results in a \$50/MWh penalty – many times the market value of the “renewable premium” of each MWh of renewable energy
- SDCP’s compliance with long-term contracting requirements of SB350 is subject to the following uncertainty:
  - Long-term contracting requirements, which are based on total retail sales, which staff have forecast through 2024 but depend on customer participation rates across all enrolled communities
  - Potential delays in development of renewable energy resources currently under contract
  - Future “optimization” by SDG&E of its PCIA-eligible portfolio of renewable resources (of which SDCP will be receiving a “slice”)
- SDG&E’s PCIA RPS portfolio includes ~18% out-of-state, unbundled renewable energy (~12% of long-term portfolio, ~37% of short-term portfolio)
  - SDG&E’s unbundled resources predate RPS categories, so they are treated as “legacy” or “PCC0” for compliance and are assigned zero emissions for purposes of Power Source Disclosure and Power Content Label reporting, but they still appear on Power Content Label as “unbundled”
- Voluntary Allocations are a “slice” of an IOU’s entire PCIA-eligible RPS portfolio, therefore SDCP does not have discretion over resource mix, portfolio management, or administration of SDG&E’s upstream renewable energy supply contracts

## ANALYSIS AND DISCUSSION

As previously discussed in Regulatory and Legislative Updates and Power Services Updates to your Board, SDCP can elect long- and/or short-term Voluntary Allocations from SDG&E. Staff has conferred with an Energy Contracts Working Group, which included less than a quorum of board members and the Risk Oversight Committee and now presents for your approval the following recommendations:

- Staff recommend that SDCP elect to receive 100% of its available long-term renewable energy voluntary allocation from SDG&E, and authorize the CEO to notify SDG&E of the election. Staff notes that the voluntary elections of long-term renewable energy will be governed by the prior confirmation agreement approved by the Board in August 2021 and executed in December 2021.
- Staff further recommend that the Board approve SDG&E’s pro-forma EEL Agreement Confirmations for long-term renewable energy, and authorize the CEO, if appropriate to implement SDCP’s long-term allocation election, to execute the agreements.
  - ~2,900 GWh renewable energy per year, beginning in 2023, and declining over time to zero in 2043



- For reference, at full enrollment, SDCP retail sales will total ~8,400 GWh/year
- Provides foundation of renewable energy (~34%) on top of which SDCP can build toward 85% renewable energy by 2030
- Preserves open positions in renewable energy portfolio beginning in 2023 that will enable SDCP to continue development of incremental renewable energy facilities
- Ensures a prudent (market sensitive) planning reserve margin with respect to Compliance Period 4 (2021-2024) long-term contracting requirements, in consideration of conservative assumptions regarding developing resources, near-term market scarcity, variable output from intermittent resources, and future “portfolio optimization” by SDG&E
- Staff recommend that SDCP elect to receive 0% of its available short-term renewable energy voluntary allocation from SDG&E.
  - ~37% of SDG&E’s short-term allocation portfolio is comprised of unbundled, out-of-state RECs, which cannot be selected or declined separately from SDG&E’s bundled short-term renewable energy portfolio
  - Staff recommend that SDCP forgo election of any short-term allocation from SDG&E and instead focus near-term procurement efforts on bundled renewable energy

### **COMMITTEE REVIEW**

N/A

### **FISCAL IMPACT**

Allocation of PCIA-eligible renewable energy at the applicable Market Price Benchmark should ensure customer indifference.

### **ATTACHMENTS**

Attachment A: EEI Agreement Long-Form Confirmation for the Long-Term Allocation of Renewable Energy Credits

Attachment B: EEI Agreement Long-Form Confirmation for the Long-Term Allocation of Bundled Energy and Renewable Energy Credits



**EEI MASTER AGREEMENT  
LONG-FORM CONFIRMATION FOR THE LONG-TERM  
ALLOCATION OF BUNDLED ENERGY AND RENEWABLE ENERGY CREDITS  
BETWEEN  
SAN DIEGO GAS & ELECTRIC COMPANY  
AND  
SAN DIEGO COMMUNITY POWER**

This confirmation letter ("Confirmation") confirms the allocation of Renewable Portfolio Standard ("RPS") Energy mandated pursuant to Decision (D.)21-05-030 ("Transaction") between **SAN DIEGO COMMUNITY POWER** ("Party A") and **SAN DIEGO GAS & ELECTRIC COMPANY** ("Party B"), each individually a "Party" and together the "Parties", effective as of July [ ], 2022 (the "Confirmation Effective Date"). This Allocation shall be deemed to have been entered into pursuant to, and shall supplement, form a part of, and be governed by the terms and conditions of the form of Master Power Purchase and Sale Agreement published by the Edison Electric Institute and the National Energy Marketers Association (version 2.1 dated 4/25/00) (the "EEI Agreement") along with any amendments and annexes executed between the Parties thereto (the "Master Agreement"). The Master Agreement and this Confirmation shall be collectively referred to herein as the "Agreement." Capitalized terms used but not otherwise defined in this Confirmation have the meanings ascribed to them in the Master Agreement, Tariff or RPS (as defined below). If any term in this Confirmation conflicts with the Master Agreement, the definitions set forth in this Confirmation shall supersede.

**CONTACT INFORMATION**

<b>Contact Information:</b>	<b>Name: SAN DIEGO COMMUNITY POWER ("Party A")</b>	<b>Name: San Diego Gas &amp; Electric Company ("Party B")</b>
	<b>All Notices:</b>  Attn: Phone: Facsimile: Duns:	<b>All Notices:</b>
	<b>Invoices:</b>	<b>Invoices:</b>
	<b>Wire Transfer:</b>	<b>Wire Transfer:</b>

	<b>Credit and Collections:</b>          <b>Defaults:</b> With additional Notices of an Event of Default or Potential Event of Default to:	<b>Credit and Collections:</b>          <b>Defaults:</b> With additional Notices of an Event of Default or Potential Event of Default to:
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## ARTICLE 1. COMMERCIAL TERMS

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

<b>Product:</b>	<p>The “Product” is electric energy and associated Green Attributes generated from the Project.</p> <p>During the Delivery Period, Party B shall allocate and deliver, and Party A shall pay for and receive, the Allocation Quantity of this Product, subject to the terms and conditions of this Confirmation. Seller shall not substitute or purchase any Green Attributes from any generating resource other than the Project for delivery hereunder.</p>
<b>Project:</b>	<p>All Product allocated from Party B to Party A hereunder shall be from one or more of the facilities listed in <u>Exhibit A</u>, with Long-Term Contracts that (I) meet the representations in Article 6 herein; and, (II): (a) have a first point of interconnection with a California balancing authority, or (b) have a first point of interconnection with distribution facilities used to serve end users within a California balancing authority area, or (c) are scheduled from the eligible renewable energy resource into a California balancing authority without substituting electricity from another source (the “Project”).</p> <p>Party B may add a facility to, or remove a facility from, the list of facilities in <u>Exhibit A</u> from time to time by giving Party A fifteen (15) Business Days prior written notice of any change. Party B may remove a facility from Exhibit A for the following reasons: (i) if Party B’s power purchase agreement corresponding to the facility has been modified, terminated, or assigned to a third party, (ii) if the facility is no longer in Party B’s PCIA-eligible portfolio due to an order or direction from a Governmental Authority, or (iii) if the facility is owned by Party B but ceases operation for Party B. Party B shall retain the sole and absolute discretion to modify, enforce, or terminate its power purchase agreements with the facilities listed in <u>Exhibit A</u> during the Delivery Period. Party A shall not have any right to or discretion to request changes to the list of facilities in <u>Exhibit A</u> during the Delivery Period.</p>
<b>Allocation Capacity</b>	<p>In any hour throughout the Delivery Term, the “Allocation Capacity” shall be, in MW, as determined by Party B in accordance with the Allocation Quantity section of this Confirmation.</p>
<b>Allocation Quantity:</b>	<p>The quantity to be delivered in any calendar year, or pro rata portion of a calendar year, shall be the Allocation Quantity, as defined below.</p> <p>“Allocation Quantity” means the quantity of Product to be delivered from the Project during the applicable calendar year in an amount equal to the product of: (i) one hundred percent (<b>100%</b>), which is Party A’s of long-term Voluntary Allocation election of Party B’s PCIA-eligible RPS Energy Portfolio; times (ii) the proportion of Party A’s vintaged, forecasted annual load to the forecasted annual load in Party B’s service territory, as both amounts are determined in Party B’s annual RPS Plan and approved by the CPUC; times (iii) the quantity of generation from the Project within Party B’s PCIA-eligible RPS Energy Portfolio.</p>
<b>Allocation Price:</b>	<p>Index Price plus Green Attributes Price.</p>

<b>Index Price:</b>	“Index Price” means the CAISO Integrated Forward Market Day-Ahead price (as such term is defined in the Tariff) for <b>SP15</b> 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.
<b>Green Attributes Price:</b>	The Green Attributes Price applicable to the Product delivered to Party A in each calendar year during the Delivery Term shall be the then-applicable Forecast Adder for RPS (in \$/MWh) for deliveries for the applicable calendar year, subject to the true-up set forth in Section 5.4 of this Confirmation.
<b>Term:</b>	The “Term” of this Transaction shall commence upon the Confirmation Effective Date and shall continue until delivery by Party B to Party A of the Allocation Quantity of the Product has been completed and all other obligations of the Parties under this Agreement have been satisfied, unless terminated earlier due to failure to satisfy the Condition Precedent or as otherwise provided for in the Agreement.
<b>Delivery Period:</b>	The “Delivery Period” of this Transaction shall commence on the later of January 1, 2023, and the first day of the month following the month in which the Condition Precedent Satisfaction Date occurs (the “Start Date”) and shall continue until midnight on the date Party B no longer receives Product from any of the contracts in the Project, as such contracts are listed in Appendix A, unless this Agreement is terminated earlier in accordance with the terms of this Agreement.
<b>Delivery Point:</b>	The “Delivery Point” shall be TH_SP15_GEN-APND.
<b>Delivery Obligation:</b>	The obligation to provide the Allocation Quantity is a firm obligation in that Party B shall deliver the quantity of the Product from the Project, instantaneously with its receipt of such Product, consistent with the terms of this Confirmation without excuse other than Force Majeure.
<b>Scheduling Obligations:</b>	Party B, or a qualified third party designated by Party B, shall act as Scheduling Coordinator. Party A hereby authorizes Party B, or Party B’s third-party Scheduling Coordinator designee, to deliver the Product, or cause the Product to be delivered, to the CAISO at the Delivery Point.
<b>Condition Precedent:</b>	<p>The commencement of the Delivery Period in accordance with Section 3 below shall be contingent upon Party B satisfying or waiving CPUC approval as described in Section 4.2 of this Confirmation. Either Party has the right to terminate this Confirmation upon notice in accordance with Section 10.7 of the Master Agreement, which will be effective five (5) Business Days after such notice is given, if: (i) the CPUC does not issue a final and non-appealable order approving this Agreement or the requested relief contained in the related advice letter filing, both in their entirety, (ii) the CPUC issues a final and non-appealable order which contains conditions or modifications unacceptable to either Party, or (iii) the final and non-appealable CPUC approval has not been obtained by Party B, on or before December 31, 2022. Any termination made by a Party under this section shall be without liability or obligation to the other Party.</p> <p>The date on which CPUC approval of this Confirmation has been satisfied or waived, by Party B, in its sole discretion, shall hereinafter be the “Condition Precedent Satisfaction Date.”</p>



	Notwithstanding any other provision in this Confirmation, Party B will have no obligation to transfer Product to Party A unless the Condition Precedent Satisfaction Date has occurred.
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## ARTICLE 2. DEFINITIONS

"Allocation Capacity" means the amount determined by Party B in accordance with the Allocation Quantity section of this Confirmation.

"Allocation Quantity" has the meaning set forth above in the Allocation Quantity section of this Confirmation.

"Alternate Market Index Price" shall be the PCIA Market Price Benchmark Forecast Adder for Energy specific to the SDG&E service territory (in \$/MWh), as published in the Calculation of the Market Price Benchmarks for the Power Charge Indifference Adjustment Forecast and True Up, and originally implemented pursuant to D.19-10-001.

"Alternate Monthly REC Market Price" shall be the Platts California Bundled REC (Bucket 1) Midpoint Price (in \$/MWh) published in the last week of the month prior to the applicable month that the Product is delivered.

"Annual True-Up" has the meaning set forth in Section 5.4(a), below.

"Party A" means "Buyer" or "Purchaser".

"Party B" means "Seller".

"CAISO" means the California Independent System Operator.

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

"Calculation Period" has the meaning set forth in Section 5.1, below.

"California Renewables Portfolio Standard" or "RPS" means the renewable energy program and policies established by California State Senate Bills 1078, X1 - 2 and 350, codified in California Public Utilities Code Sections 399.11 through 399.32 and California Public Resources Code Sections 25740 through 25751, as such provisions are amended or supplemented from time to time.

"Condition Precedent Satisfaction Date" means the date on which CPUC approval, as fully described in the "Condition Precedent" provision, has been satisfied or waived, by Party B, in its sole discretion.

"CEC" means the California Energy Commission, or its regulatory successor.

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

"Day-Ahead" has the meaning set forth in the Tariff.

"Delivery Period" means "Delivery Term".

"Final Adder for RPS" means the PCIA Market Price Benchmark Final Adder, established by the CPUC, as published in the *Calculation of the Market Price Benchmarks for the Power Charge Indifference Adjustment Forecast and True Up*, and originally implemented pursuant to D.19-10-001.

"Floating Price" has the meaning set forth in Section 5.5(b), below.

"Forecast Adder for RPS" means the PCIA Market Price Benchmark Forecast Adder for RPS, established by the CPUC, as published in the *Calculation of the Market Price Benchmarks for the Power Charge Indifference Adjustment Forecast and True Up*, and originally implemented by D.19-10-001.

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

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

- (i) any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SO<sub>x</sub>), nitrogen oxides (NO<sub>x</sub>), carbon monoxide (CO) and other pollutants;
- (ii) 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;<sup>1</sup>
- (iii) the reporting rights to these avoided emissions, such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of Energy.

Green Attributes do not include;

- (i) any energy, capacity, reliability or other power attributes from the Project,
- (ii) production tax credits associated with the construction or operation of the Project and other financial incentives in the form of credits, reductions, or allowances associated with the Project that are applicable to a state or federal income taxation obligation,
- (iii) fuel-related subsidies or "tipping fees" that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits, or
- (iv) emission reduction credits encumbered or used by the Project for compliance with local, state, or federal operating and/or air quality permits.

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

"Integrated Forward Market" has the meaning set forth in the Tariff.

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

"Market Disruption Event" has the meaning set forth in Section 5.5(c)a.

"Monthly Cash Settlement Amount" has the meaning set forth in Section 5.2, below.

"Monthly REC Market Price" has the meaning set forth above in the in the Green Attributes Price.

"PCIA" means the Power Charge Indifference Adjustment in D.18-10-019 and subsequent decisions.

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

“PCIA-eligible RPS Energy Portfolio” means the portion of Party B’s energy supply portfolio determined to be eligible for allocation pursuant to the final and non-appealable CPUC D.21-05-030 or other Governmental Authority action.

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

“True-Up Payment” has the meaning set forth in Section 5.4(a), below.

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

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

“WREGIS Certificate” means “Certificate” as defined by WREGIS in the WREGIS Operating Rules.

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

### **ARTICLE 3. CONVEYANCE OF RENEWABLE ENERGY**

#### **3.1. Party B’s Conveyance of Electric Energy**

Except as stated in this Section 3.1 and beginning on the first day of the Delivery Period and throughout all applicable months of the Delivery Period, Party B shall deliver and sell, and Party A shall purchase and receive, the Product, subject to the terms and conditions of this Confirmation. Party B will not be obligated to sell or replace any Product that is not or cannot be delivered as a result of Force Majeure. The Parties recognize that a schedule of energy to the CAISO balancing authority area is a delivery to the CAISO and not directly to Party A. Scheduling Energy to the CAISO balancing authority area shall constitute delivery of the Product to Party A, provided the WREGIS Certificates evidencing the RECs comprised in the Product are delivered to Party A as provided in this Confirmation.

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

#### **3.2. Party B’s Conveyance of Green Attributes**

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

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

- (i) During the Delivery Period, Party B, at its own cost and expense, shall maintain its registration with WREGIS. All Green Attributes transferred by Party B hereunder shall be designated California RPS-compliant with WREGIS. Party B shall, at its sole expense, use WREGIS as required pursuant to the WREGIS Operating Rules to effectuate the transfer of Green Attributes to Party A in accordance with WREGIS reporting protocols and WREGIS Operating Rules.
- (ii) For each applicable month of the Delivery Period, Party B shall deliver and convey the Green Attributes associated with the electric energy delivered in Section 3.1, rounded down to the nearest whole number, within five (5) Business Days after the

later of (i) the end of the month in which the WREGIS Certificates for the Green Attributes are created and (ii) the date in which Party B receives payment pursuant to Section 5.3 below for the invoice for the applicable Calculation Period to which the Monthly Cash Settlement Amount pertains, by properly transferring such WREGIS Certificates, in accordance with the rules and regulations of WREGIS, equivalent to the quantity of Green Attributes to Party A into Party A's WREGIS account such that all right, title and interest in and to the WREGIS Certificates shall transfer from Party B to Party A.

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

#### **ARTICLE 4. PERFORMANCE ASSURANCE; CPUC FILING AND APPROVAL**

##### **4.1. Performance Assurance**

Notwithstanding anything in the Master Agreement to the contrary, neither Party shall be required to post Performance Assurance, collateral or other security for this Transaction.

##### **4.2. CPUC Filing and Approval**

Within sixty (60) days after the Confirmation Effective Date, Party B shall file with the CPUC the appropriate request for CPUC approval of this Agreement and possibly other RPS sales agreements. Party B shall seek CPUC approval of the filing, including promptly responding to any requests for information related to the request for CPUC approval. Party A shall use commercially reasonable efforts to support Party B in obtaining CPUC approval. Party B and Party A have no obligation to seek rehearing or to appeal a CPUC decision which fails to approve this Agreement, or which fails to meet the requirements contained in the Condition Precedent section. Notwithstanding anything to the contrary in the Confirmation, Party B shall not have any obligation or liability to Party A or any third party for any action or inaction of the CPUC or other Governmental Authority affecting the approval or status of this Confirmation as a transaction eligible for portfolio content category, as defined in California Public Utilities Code Section 399.16(b)(1).

#### **ARTICLE 5. COMPENSATION**

##### **5.1. Calculation Period**

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

##### **5.2. Monthly Cash Settlement Amount**

Party A shall pay Party B the "Monthly Cash Settlement Amount," in arrears, for each Calculation Period in the amount equal to the sum of (a) plus (b) minus (c), where:

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

(b) equals the product of the Green Attributes Price multiplied by the lesser of (i) the CAISO Energy scheduled, delivered and received by Party A pursuant to Section 3.1 during that hour, and (ii) the quantity of Green Attributes (in MWhs) Party B expects to deliver or credit to Party A's WREGIS account pursuant to Section 3.2 during the applicable Calculation Period; and,

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

### **5.3. Payment Date**

Notwithstanding any provision to the contrary in Article 6 of the Master Agreement, payments of each Monthly Cash Settlement Amount by Party A to Party B under this Confirmation shall be made in arrears and due and payable on or before the later of (i) the twentieth (20<sup>th</sup>) day of the month in which Party A receives from Party B an invoice for the Calculation Period to which the Monthly Cash Settlement Amount pertains, and (ii) ten (10) Business Days following Party A's receipt of an invoice issued by Party B for the applicable Calculation Period, provided that, if such day is not a Business Day, then on the next Business Day. The invoice shall include a statement detailing the quantity of Product delivered to Party A during the applicable Calculation Period from each generating facility in the Project. Parties acknowledge that, due to the timing of their creation in WREGIS, Green Attributes may not have been delivered to Party A at the time of invoice or payment for the Calculation Period with which they are associated. Party B shall timely transfer Green Attributes to Party A after their creation in WREGIS in accordance with Section 3.2.

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

### **5.4. Annual True-Up**

(a) Monthly Cash Settlement Amount Annual True-Up. Party B shall calculate a true-up ("Annual True-Up") for each Calculation Period in which the Forecast Adder for RPS was used to calculate the Monthly Cash Settlement Amount as an amount equal to (i) the Forecast Adder for RPS less the Final Adder for RPS, multiplied by (ii) the quantity of Product (in MWhs) that Party B delivered to Party A and for which Party B has already issued an invoice to Party A (the "True-Up Payment"). If the True-Up Payment is a positive amount, such amount is owed by Party B to Party A, and if the True-Up Payment is a negative amount, such amount is owed by Party A to Party B.

(b) True-up Invoices and Payments. Within thirty (30) Business Days after the Final Adder for RPS is issued in each calendar year, Party B shall issue an invoice to Party A for amounts owed by, or due to, Party B, as applicable, resulting from the Annual True-Up. Payment for the Annual true-up shall be due and payable by the owing party on or before the later of (i) the twentieth (20<sup>th</sup>) day of the month in which Party B issues a True-Up Payment invoice and (ii) ten (10) Business Days following Party A's receipt of the invoice issued by Party B for the True-Up Payment, provided that, if such day is not a Business Day, then on the next Business Day.

### **5.5 Market Disruption**

(a) Market Disruption Event. If a Market Disruption Event occurs and is continuing during a Calculation Period, the applicable Floating Price for the affected hours shall be determined by reference to the applicable Floating Price for the first Trading Day thereafter on which no Market Disruption Event exists; provided, however, if the applicable Floating Price is not so determined within three (3) Business Days after the first Trading Day on which the Market Disruption Event occurred or existed, then the Parties agree that the applicable Floating Price for the duration of the Market Disruption Event shall be, with respect to a Market Disruption Event to the Green Attributes Price, the Alternate Monthly REC Market Price and, with respect to the Index Price, the Alternate Market Index Price. Notwithstanding the foregoing and subject to time limitations set forth in Section 10.16(c) below, if the Parties have determined the applicable Floating Price pursuant to this Section 10.16(a) and at a later date the responsible Price Source announces or publishes the relevant Floating Price, then such Floating Price shall be treated as a corrected price pursuant to Section 10.16(c) below."

(b) Corrections to Published Prices. For purposes of determining a Floating Price for any day, if the price published or announced on a given day and used or to be used to determine a relevant

price is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement within three (3) years of the original publication or announcement, either Party may notify the other Party of (i) that correction and (ii) the amount (if any) that is payable as a result of that correction. If, not later than thirty (30) days after publication or announcement of that correction, a Party gives notice that an amount is so payable, the Party that originally either received or retained such amount will, not later than three (3) Business Days after the effectiveness of that notice, pay, subject to any applicable conditions precedent, to the other Party that amount, together with interest at the Interest Rate for the period from and including the day on which payment originally was (or was not) made to but excluding the day of payment of the refund or payment resulting from that correction.

(c) For purposes of this Transaction:

"Exchange" means, in respect of a Transaction, the exchange or principal trading market specified in the relevant Transaction.

"Floating Price" means the Price Source upon which the Index Price or Green Attributes Price is based.

"Market Disruption Event" means, with respect to any Price Source, any of the following events: (a) the failure of the Price Source to announce or publish the specified Floating Price or information necessary for determining the Floating Price; (b) the failure of trading to commence or the permanent discontinuation or material suspension of trading in the relevant options contract or commodity on the Exchange or in the market specified for determining a Floating Price; (c) the temporary or permanent discontinuance or unavailability of the Price Source; (d) the temporary or permanent closing of any Exchange specified for determining a Floating Price; or (e) a material change in the formula for or the method of determining the Floating Price.

"Price Source" means, in respect of a Transaction, the publication (or such other origin of reference, including an Exchange) containing (or reporting) the specified price (or prices from which the specified price is calculated) specified in the relevant Transaction.

"Trading Day" means a day in respect of which the relevant Price Source published the Floating Price.

## **ARTICLE 6. PARTY B'S REPRESENTATIONS, WARRANTIES AND COVENANTS**

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

- (i) the Project qualifies and is certified by the CEC as an Eligible Renewable Energy Resource ("ERR") as such term is defined in Public Utilities Code Section 399.12 or Section 399.16; and
- (ii) the Project's output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law. **[STC 6, NON-MODIFIABLE]**

(b) 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. **[STC REC-1, NON-MODIFIABLE]**

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

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

(e) The term “commercially reasonable efforts” as set forth in this Article 6 shall not require Party B to incur out-of-pocket expenses in excess of twenty-five thousand dollars (\$25,000) in the aggregate in any one calendar year between the Confirmation Effective Date and the last day of the Delivery Period.

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

- (i) Party B has the contractual rights to sell all right, title, and interest in the Product agreed to be delivered hereunder;
- (ii) Party B has not sold or allocated the Product to be delivered under this Confirmation to any other person or entity;
- (iii) at the time of delivery, all rights, title, and interest in the Product to be delivered under this Confirmation are free and clear of all liens, taxes, claims, security interests, or other encumbrances of any kind whatsoever; and
- (iv) this Agreement transfers only bundled Energy and Green Attributes that have been generated on or after the commencement of the Delivery Period; and

## **ARTICLE 7. GENERAL PROVISIONS**

### **7.1. Facility Identification**

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

### **7.2. Audit.**

Party A may, at its sole expense and during normal working hours, examine the records of Party B to the extent reasonably necessary to verify the accuracy of any statement or charge, including aggregated amounts of Delivered Energy or Scheduled Energy; however such audit rights will not apply to the output or other confidential or proprietary information of individual generation facilities.

### **7.3. Governing Law**

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

### **7.4. Dispute Resolution**

(a) Intent of the Parties. Except as provided in the next sentence, the sole procedure to resolve any claim arising out of or relating to this Agreement or any related agreement is the dispute resolution procedure set forth in this Section 10.17. Either Party may seek a preliminary injunction or other provisional judicial remedy if such action is necessary to prevent irreparable harm or preserve the status quo, in which case both Parties nonetheless will continue to pursue resolution of the dispute by means of the dispute resolution procedure set forth in this Section 10.17.

(b) Management Negotiations.

- (i) The Parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement or any related agreements by prompt negotiations between each Party's authorized representative designated in writing as a representative of the Party (each a "Manager"). Either Manager may, by Notice to the other Party, request a meeting to initiate negotiations to be held within ten (10) Business Days of the other Party's receipt of such request, at a mutually agreed time and place (either in person or telephonically). If the matter is not resolved within fifteen (15) Business Days of their first meeting ("Initial Negotiation End Date"), the Managers shall refer the matter to the designated senior officers of their respective companies that have authority to settle the dispute ("Executive(s)"). Within five (5) Business Days of the Initial Negotiation End Date ("Referral Date"), each Party shall provide one another Notice confirming the referral and identifying the name and title of the Executive who will represent the Party.
- (ii) Within five (5) Business Days of the Referral Date, the Executives shall establish a mutually acceptable location and date, which date shall not be greater than thirty (30) days from the Referral Date, to meet. After the initial meeting date, the Executives shall meet, as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute.
- (iii) All communication and writing exchanged between the Parties in connection with these negotiations shall be confidential and shall not be used or referred to in any subsequent binding adjudicatory process between the Parties.
- (iv) If the matter is not resolved within forty-five (45) days of the Referral Date, or if the Party receiving the Notice to meet, pursuant to Section 10.17(a) above, refuses or does not meet within the ten (10) Business Day period specified in Section 10.17(a) above, either Party may initiate arbitration of the controversy or claim by providing Notice of a demand for binding arbitration at any time thereafter.

(c) Arbitration. Any dispute that cannot be resolved by management negotiations as set forth in Section 10.17(b) above shall be resolved through binding arbitration by a retired judge or justice from the AAA panel conducted in San Diego, California, administered by and in accordance with AAA's Commercial Arbitration Rules ("Arbitration").

- (i) Any arbitrator shall have no affiliation with, financial or other interest in, or prior employment with either Party and shall be knowledgeable in the field of the dispute. The Parties shall cooperate with one another in selecting the arbitrator within sixty (60) days after Notice of the demand for arbitration. If, notwithstanding their good faith efforts, the Parties are unable to agree upon a mutually-acceptable arbitrator, the arbitrator shall be appointed as provided for in AAA's Commercial Arbitration Rules.
- (ii) At the request of a Party, the arbitrator shall have the discretion to order depositions of witnesses to the extent the arbitrator deems such discovery relevant and appropriate. Depositions shall be limited to a maximum of three (3) per Party and shall be held within thirty (30) days of the making of a request. Additional depositions may be scheduled only with the permission of the arbitrator, and for good cause shown. Each deposition shall be limited to a maximum of six (6) hours duration unless otherwise permitted by the arbitrator for good cause shown. All objections are reserved for the Arbitration hearing except for objections based on privilege and proprietary and confidential information. The arbitrator shall also have discretion to order the Parties to exchange relevant documents. The arbitrator shall also have discretion to order the Parties to answer interrogatories, upon good cause shown.



- (iii) The arbitrator shall have no authority to award punitive or exemplary damages or any other damages other than direct and actual damages and the other remedies contemplated by this Agreement.
- (iv) The arbitrator shall prepare in writing and provide to the Parties an award including factual findings and the reasons on which their decision is based.
- (v) The arbitrator's award shall be made within nine (9) months of the filing of the Notice of intention to arbitrate (demand) and the arbitrator shall agree to comply with this schedule before accepting appointment. However, this time limit may be extended by agreement of the Parties or by the arbitrator, if necessary.
- (vi) Judgment on the award may be entered in any court having jurisdiction.
- (vii) The prevailing Party in this dispute resolution process is entitled to recover its costs. Until such award is made, however, the Parties shall share equally in paying the costs of the Arbitration.
- (viii) The arbitrator shall have the authority to grant dispositive motions prior to the commencement of or following the completion of discovery if the arbitrator concludes that there is no material issue of fact pending before the arbitrator.
- (ix) The arbitrator shall not have the power to commit errors of law or legal reasoning, and the award may be vacated or corrected on appeal to a court of competent jurisdiction for any such error.
- (x) The existence, content, and results of any Arbitration hereunder is Confidential Information that is subject to the provisions of Section 10.11.

(d) WAIVER OF JURY TRIAL. THE PARTIES WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY LITIGATION ARISING UNDER THIS AGREEMENT TO THE EXTENT SUCH WAIVER IS CONSISTENT WITH APPLICABLE LAW.

#### **7.5. Sovereign Immunity**

Party A warrants and covenants that with respect to its contractual obligations hereunder and performance thereof, it will not claim immunity on the grounds of sovereignty or similar grounds from (a) suit, (b) jurisdiction of court (provided that such court is located within a venue permitted under the Agreement), or (c) execution or enforcement of any judgment; provided, however, that nothing in this Agreement shall waive the obligations and/or rights set forth in the California Government Claims Act (Government Code Section 810 et seq.).

#### **7.6. Confidentiality Amendment to Master Agreement.**

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

"10.11 Confidentiality.

(a) If the Parties have elected on the Cover Sheet to make this Section 10.11 applicable to this Master Agreement, neither Party shall disclose the terms or conditions of a Transaction under this Master Agreement or the completed Cover Sheet to this Master Agreement to a third party other than (i) the Party's Affiliates and its and their officers, directors, employees, lenders, counsel, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential, (ii) for disclosure to the Party B's Procurement Review Group, as defined in CPUC Decision (D) 02-08-071, subject to a confidentiality agreement, (iii) to the CPUC under seal for purposes of review, (iv) at any time on or after the date on which Party A makes its filing seeking CPUC approval of a Transaction, as necessary, either Party shall be permitted to disclose: Party names, resource type, Delivery Term, project location, Allocation Capacity, Allocation Quantity, and Delivery Point; (v) in order to comply with any applicable law, regulation, including, but not limited to, the California Public Records Act and/or the California Ralph M Brown Act, or any exchange, control area or CAISO rule, or order issued by a court or entity with competent jurisdiction over the disclosing Party ("Disclosing Party"), other than to those entities set forth in subsection (vi); or (vi) in order to

comply with any applicable regulation, rule, or order of the CPUC, CEC, or the Federal Energy Regulatory Commission. In connection with requests made pursuant to clause (v) of this Section 10.11(a) ("Disclosure Order") each Party shall, to the extent practicable, use reasonable efforts within its sole and absolute discretion to pursue rights under such applicable laws, regulations, rules or orders which allow for the prevention or limitation of such disclosure. The Disclosing Party's determination of what efforts might be reasonable shall not be subject to challenge by the other Party. After using such reasonable efforts, the Disclosing Party shall not be: (i) prohibited from complying with a Disclosure Order or (ii) liable to the other Party for monetary or other damages incurred in connection with the disclosure of the confidential information. Except as provided in the preceding sentence, the Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation.

(b) Party A and Party B acknowledge and agree that the Master Agreement and any Confirmations executed in connection therewith are subject to the requirements of the California Public Records Act (Government Code Section 6250 et seq.). In order to designate information as confidential, the disclosing party must clearly stamp and identify the specific portion of the material designated with the word "Confidential." The Parties agree not to over-designate material as confidential. Over-designation would include stamping whole agreements, entire pages or series of pages as Confidential that clearly contain information that is not confidential.

(c) Upon request or demand of any third person or entity not a Party hereto to Party B pursuant to the California Public Records Act for production, inspection and/or copying of Confidential Information ("Requested Confidential Information"), Party B will as soon as practical notify Party A in writing via email that such request has been made. Party A will be solely responsible for taking at its sole expense whatever legal steps are necessary to prevent release of the Requested Confidential Information to the third party by Party B. If Party A takes no such action after receiving the foregoing notice from Party B, Party B shall, at its discretion, be permitted to comply with the third party's request or demand and is not required to defend against it. If Party A does take or attempt to take such action, Party B shall provide timely and reasonable cooperation to Party A."

#### **7.7. Termination of Allocation Confirmation.**

(a) For purposes of this Allocation, the definition of "Losses" in Section 1.28 of the Master Agreement is modified by adding to the end thereof:

"Notwithstanding the foregoing, each Party's economic loss shall be determined using the then current Index Price plus the then current Green Attributes Price, so the Non-Defaulting Party's Losses shall be deemed to be zero (\$0)."

(b) For purposes of this Transaction, Section 5.2 of the Master Agreement shall be modified to delete the following sentence: "The Gains and Losses for each Terminated Transaction shall be determined by calculating the amount that would be incurred or realized to replace or to provide the economic equivalent of the remaining payments or deliveries in respect of that Terminated Transaction."

#### **7.8. Counterparts**

This Confirmation may be signed in any number of counterparts with the same effect as if the signatures to the counterparts were upon a single instrument. The Parties may rely on electronic or scanned signatures as originals under this Confirmation. Delivery of an executed signature page of this Confirmation by electronic mail transmission (including PDF) shall be the same as delivery of a manually executed signature page.

**7.9. Entire Agreement; No Oral Agreements or Modifications**

This Confirmation sets forth the terms of the Allocation into which the Parties have entered and shall constitute the entire agreement between the Parties relating to the contemplated purchase and sale of the Product. Notwithstanding any other provision of the Agreement, this Allocation may be confirmed only through a Documentary Writing executed by both Parties, and no amendment or modification to this Transaction shall be enforceable except through a Documentary Writing executed by both Parties.

*[Signatures appear on the following page.]*

DRAFT

ACKNOWLEDGED AND AGREED TO AS OF THE CONFIRMATION EFFECTIVE DATE:

**SAN DIEGO GAS & ELECTRIC COMPANY**

**SAN DIEGO COMMUNITY POWER**

BY: \_\_\_\_\_

BY: \_\_\_\_\_

NAME:

NAME:

TITLE:

TITLE:

\_\_\_\_\_ APPROVED AS TO LEGAL FORM

DRAFT

EXHIBIT A

TO THE CONFIRMATION BETWEEN SAN DIEGO COMMUNITY POWER  
AND SAN DIEGO GAS & ELECTRIC COMPANY

DATED: JULY [ ], 2022

PROJECT FACILITY(IES)

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

**EEI AGREEMENT  
LONG-FORM CONFIRMATION FOR THE LONG-TERM  
ALLOCATION OF RENEWABLE ENERGY CREDITS  
BETWEEN  
SAN DIEGO GAS & ELECTRIC COMPANY  
AND  
SAN DIEGO COMMUNITY POWER**

This confirmation letter ("Confirmation") confirms the allocation of Renewable Portfolio Standard ("RPS") Energy as mandated pursuant to Decision (D.)21-05-030 ("Transaction") between **SAN DIEGO GAS & ELECTRIC COMPANY** ("Party B") and **SAN DIEGO COMMUNITY POWER** ("Party A"), each individually a "Party" and together the "Parties", effective as of July [ ], 2022 (the "Confirmation Effective Date"). This Transaction shall be deemed to have been entered into pursuant to, and shall supplement, form a part of, and be governed by the terms and conditions of the form of Master Power Purchase and Sale Agreement published by the Edison Electric Institute and the National Energy Marketers Association (version 2.1 dated 4/25/00) (the "EEI Agreement"), along with any amendments and annexes executed between the Parties thereto (the "Master Agreement"). The Master Agreement and this Confirmation shall be collectively referred to herein as the "Agreement." Capitalized terms used but not otherwise defined in this Confirmation have the meanings ascribed to them in the Master Agreement, Tariff or RPS (as defined below). If any term in this Confirmation conflicts with the Master Agreement, the definitions set forth in this Confirmation shall supersede.

***[For Long-form Confirmations only: CONTACT INFORMATION]***

<b>Contact Information:</b>	<b>Name: SAN DIEGO COMMUNITY POWER ("Party A")</b>	<b>Name: San Diego Gas &amp; Electric Company ("Party B")</b>
	<b>All Notices:</b>  Attn: Phone: Facsimile: n/a Duns: Federal Tax ID Number:	<b>All Notices:</b>
	<b>Invoices:</b>	<b>Invoices:</b>
	<b>Wire Transfer:</b>	<b>Wire Transfer:</b>

	<b>Credit and Collections:</b>          <b>Defaults:</b> With additional Notices of an Event of Default or Potential Event of Default to:	<b>Credit and Collections:</b>          <b>Defaults:</b> With additional Notices of an Event of Default or Potential Event of Default to:
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## ARTICLE 1. COMMERCIAL TERMS

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

<b>Product:</b>	<p>The “Product” is Green Attributes generated from the Project.</p> <p>During the Delivery Period, Party B shall allocate and deliver, and Party A shall pay for and receive, the Allocation Quantity of this Product, subject to the terms and conditions of this Confirmation. Party B shall not substitute or purchase any Green Attributes from any generating resource other than the Project for delivery hereunder.</p>
<b>Project:</b>	<p>All Product allocated from Party B to Party A hereunder shall be from one or more of the facilities listed in <u>Exhibit A</u>, each meeting the requirement of 6.1(a) and with Long-Term Contracts (the “Project”).</p> <p>Party B may add a facility to, or remove a facility from, the list of facilities in <u>Exhibit A</u> from time to time by giving Party A fifteen (15) Business Days prior written notice of any change. Party B may remove a facility from Exhibit A for the following reasons: (i) if Party B’s power purchase agreement corresponding to the facility has been modified, terminated, or assigned to a third party, (ii) if the facility is no longer in Party B’s PCIA-eligible portfolio due to an order or direction from a Governmental Authority, or (iii) if the facility is owned by Party B but ceases operation for Party B. Party B shall retain the sole and absolute discretion to modify, enforce, or terminate its power purchase agreements with the facilities listed in <u>Exhibit A</u> during the Delivery Period. Party A shall not have any right to or discretion to request changes to the list of facilities in <u>Exhibit A</u> during the Delivery Period.</p>
<b>Contract Capacity</b>	<p>In any hour throughout the Delivery Term, the “Contract Capacity” shall be, in MW, as determined by Seller in accordance with the Contract Quantity section of this Confirmation.</p>
<b>Allocation Quantity:</b>	<p>Commencing on the Allocation Start Date and continuing through the remainder of the Delivery Period, the quantity to be delivered in any calendar year, or pro rata portion of a calendar year, shall be the Allocation Quantity, as defined below unless excused pursuant to the Delivery Obligation section below. Party B in its sole discretion shall determine the hourly Contract Quantity during the Delivery Period.</p> <p>“Allocation Quantity” means the quantity of Product to be delivered from the Project during the applicable calendar year in an amount equal to the product of: (i) one hundred percent (<b>100%</b>), which is Party A’s long-term Voluntary Allocation election of Party B’s PCIA-eligible RPS Energy Portfolio; times (ii) the proportion of Party A’s vintaged, forecasted annual load to the forecasted annual load in Party B’s service territory, as both amounts are determined in Party B’s annual RPS Plan and approved by the CPUC; times (iii) the quantity of generation from the Project within Party B’s PCIA-eligible RPS Energy Portfolio.</p>
<b>Green Attributes Price:</b>	<p>The Green Attributes Price applicable to the Product delivered to Party A in each calendar year during the Delivery Term shall be the then-applicable Forecast Adder for RPS (in \$/MWh) for deliveries for the applicable calendar year, subject to the true-up set forth in Section 5.4 of this Confirmation.</p>



<b>Term:</b>	The “Term” of this Transaction shall commence upon the Confirmation Effective Date and shall continue until delivery by Party B to Party A of the Allocation Quantity of the Product has been completed and all other obligations of the Parties under this Agreement have been satisfied, unless terminated earlier due to failure to satisfy the Condition Precedent or as otherwise provided for in the Agreement.
<b>Delivery Period:</b>	The “Delivery Period” of this Transaction shall commence on the later of January 1, 2023, and the first day of the month following the month in which the Condition Precedent Satisfaction Date occurs (the “Start Date”), and shall continue until the date Party B no longer receives Product from any of the contracts in the Project, as such contracts are listed in Appendix A, unless this Agreement is terminated earlier in accordance with the terms of this Agreement.
<b>Delivery Point:</b>	Party A’s WREGIS Account
<b>Delivery Obligation:</b>	The obligation to provide the Allocation Quantity is a firm obligation in that Party B shall deliver the quantity of the Product from the Project, instantaneously with its receipt of such Product, consistent with the terms of this Confirmation without excuse other than Force Majeure. If a failure by Party B to deliver the quantity from the Project is not excused by Force Majeure, Party B shall make up such failure in accordance with the “Allocation Quantity” Section.
<b>WREGIS Delivery</b>	Party A hereby authorizes Party B, or its third-party designee, to deliver the Product, or cause the Product to be delivered, into Party A’s WREGIS account in the quantity(ies) and timeline(s) set forth in the “Allocation Quantity” Section.
<b>Condition Precedent:</b>	<p>The commencement of the Delivery Period in accordance with Section 3 below shall be contingent upon Party B satisfying or waiving CPUC approval as described in Section 4.2 of this Confirmation. Either Party has the right to terminate this Confirmation upon notice in accordance with Section 10.7 of the Master Agreement, which will be effective five (5) Business Days after such notice is given, if: (i) the CPUC does not issue a final and non-appealable order approving this Agreement or the requested relief contained in the related advice letter filing, both in their entirety, (ii) the CPUC issues a final and non-appealable order which contains conditions or modifications unacceptable to either Party, or (iii) the final and non-appealable CPUC approval has not been obtained by Party B, on or before December 31, 2022. Any termination made by a Party under this section shall be without liability or obligation to the other Party.</p> <p>The date on which CPUC approval of this Confirmation has been satisfied or waived, by Party B, in its sole discretion, shall hereinafter be the “Condition Precedent Satisfaction Date.”</p> <p>Notwithstanding any other provision in this Confirmation, Party B will have no obligation to transfer Green Attributes to Party A unless the Condition Precedent Satisfaction Date has occurred.</p>

## ARTICLE 2. DEFINITIONS

“Allocation Quantity” has the meaning set forth above in the Allocation Quantity section of this Confirmation.

“Alternate Monthly REC Market Price” shall be the Platts California Bundled REC (Bucket 1) Midpoint Price (in \$/MWh) published in the last week of the month prior to the applicable month that the Product is delivered.

“Annual True-Up” has the meaning set forth in Section 5.4(a), below.

“Party A” means “Purchaser”.

“Party B” means “Seller”.

“CAISO” means the California Independent System Operator.

“CAISO Energy” means “Energy” as defined in the Tariff.

“Calculation Period” has the meaning set forth in Section 5.1, below.

“California Renewables Portfolio Standard” or “RPS” means the renewable energy program and policies established by California State Senate Bills 1078, X1 - 2 and 350, codified in California Public Utilities Code Sections 399.11 through 399.32 and California Public Resources Code Sections 25740 through 25751, as such provisions are amended or supplemented from time to time.

“Condition Precedent Satisfaction Date” means the date on which CPUC approval, as fully described in the “Condition Precedent” provision, has been satisfied or waived, by Party B, in its sole discretion.

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

“CEC” means the California Energy Commission, or its regulatory successor.

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

“Delivery Period” means “Delivery Term”.

“Final Adder for RPS” means the PCIA Market Price Benchmark Final Adder, established by the CPUC, as published in the *Calculation of the Market Price Benchmarks for the Power Charge Indifference Adjustment Forecast and True Up*, and originally implemented by D.19-10-001.

“Forecast Adder for RPS” means the PCIA Market Price Benchmark Forecast Adder for RPS, established by the CPUC, as published in the *Calculation of the Market Price Benchmarks for the Power Charge Indifference Adjustment Forecast and True Up*, and originally implemented by D.19-10-001.

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

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

- (i) any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SO<sub>x</sub>), nitrogen oxides (NO<sub>x</sub>), carbon monoxide (CO) and other pollutants;
- (ii) 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;<sup>1</sup>

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<sup>1</sup> Avoided emissions may or may not have any value for GHG compliance purposes. Although avoided emissions are

- (iii) the reporting rights to these avoided emissions, such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of Energy.

Green Attributes do not include;

- (i) any energy, capacity, reliability or other power attributes from the Project,
- (ii) production tax credits associated with the construction or operation of the Project and other financial incentives in the form of credits, reductions, or allowances associated with the Project that are applicable to a state or federal income taxation obligation,
- (iii) fuel-related subsidies or "tipping fees" that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits, or
- (iv) emission reduction credits encumbered or used by the Project for compliance with local, state, or federal operating and/or air quality permits.

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

"Long-Term Contract" means any RPS power purchase and sale agreement (i) pursuant to which Party B purchases renewable energy from a third party generator, (ii) which has at least ten (10) years remaining in its original delivery term as of the Start Date or, for facilities added to Exhibit A after the Start Date, as of the date when its generation facilities are added to Exhibit A from which Party B shall allocate Product to Party A under this Agreement, and (iii) which otherwise meets Party B's representations and warranties set forth in Article 6 of this Agreement.

"Market Disruption Event" has the meaning set forth in Section 5.5(c).

"Monthly Cash Settlement Amount" has the meaning set forth in Section 5.2, below.

"Monthly REC Market Price" has the meaning set forth above in the in the Green Attributes Price.

"PCIA" means the Power Charge Indifference Adjustment in D.18-10-019 and subsequent decisions.

"PCIA-eligible RPS Energy Portfolio" means the portion of Party B's energy supply portfolio determined to be eligible for allocation pursuant to the final and non-appealable CPUC D.21-05-030 or other Governmental Authority action.

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

"True-Up Payment" has the meaning set forth in Section 5.4(a), below.

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

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

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included in the list of Green Attributes, this inclusion does not create any right to use those avoided emissions to comply with any GHG regulatory program.

“WREGIS Certificate” means “Certificate” as defined by WREGIS in the WREGIS Operating Rules.

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

### **ARTICLE 3. CONVEYANCE OF RENEWABLE ENERGY**

#### **3.1. Conveyance of Green Attributes**

Except as stated in this Section 3.1, Party B shall deliver and sell, and Party A shall purchase and receive, the Product, subject to the terms and conditions of this Confirmation. Party B will not be obligated to sell or replace any Product that is not or cannot be delivered as a result of Force Majeure.

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

#### **3.2. WREGIS Transfers**

The Green Attributes are delivered and conveyed upon completion of all actions described in Section 3.2(b) below.

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

(b) For each applicable month of the Delivery Period, Party B shall deliver and convey the Allocation Quantity of Green Attributes, rounded down to the nearest whole number, within five (5) Business Days after the later of (i) the end of the month in which the WREGIS Certificates for the Green Attributes are created and (ii) the date in which Party B receives payment pursuant to Section 5.3 below for the invoice for the applicable Calculation Period to which the Monthly Cash Settlement Amount pertains, by properly transferring such WREGIS Certificates, in accordance with the rules and regulations of WREGIS, equivalent to the quantity of Green Attributes to Party A into Party A's WREGIS account such that all right, title and interest in and to the WREGIS Certificates shall transfer from Party B to Party A.

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

### **ARTICLE 4. PERFORMANCE ASSURANCE; CPUC FILING AND APPROVAL**

#### **4.1. Performance Assurance**

Notwithstanding anything in the Master Agreement to the contrary, neither Party shall be required to post Performance Assurance, collateral or other security for this Transaction.

#### **4.2. CPUC Filing and Approval**

Within sixty (60) days after the Confirmation Effective Date, Party B shall file with the CPUC the appropriate request for CPUC approval of this Agreement and possibly other RPS sales agreements. Party B shall seek CPUC approval of the filing, including promptly responding to any requests for information related to the request for CPUC approval. Party A shall use commercially reasonable efforts to support Party B in obtaining CPUC approval. Party B and Party A have no obligation to seek rehearing or to appeal a CPUC decision which fails to approve this Agreement, or which fails to meet

the requirements contained in the Condition Precedent section. Notwithstanding anything to the contrary in the Confirmation, Party B shall not have any obligation or liability to Party A or any third party for any action or inaction of the CPUC or other Governmental Authority affecting the approval or status of this Confirmation as a transaction eligible for portfolio content category, as defined in California Public Utilities Code Section 399.16(b)(1).

## **ARTICLE 5. COMPENSATION**

### **5.1. Calculation Period**

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

### **5.2. Monthly Cash Settlement Amount**

Party A shall pay Party B the "Monthly Cash Settlement Amount," in arrears, for each Calculation Period in the amount equal to the Green Attributes Price multiplied by the Allocation Quantity (in MWs) to be delivered or credited to Party A's WREGIS account pursuant to Section 3.2 for the applicable Calculation Period.

### **5.3. Payment Date**

Notwithstanding any provision to the contrary in Article 6 of the Master Agreement, payments of each Monthly Cash Settlement Amount by Party A to Party B under this Confirmation shall be made in arrears and due and payable on or before the later of (i) the twentieth (20<sup>th</sup>) day of the month in which Party A receives from Party B an invoice for the Calculation Period to which the Monthly Cash Settlement Amount pertains, and (ii) ten (10) Business Days following Party A's receipt of an invoice issued by Party B for the applicable Calculation Period, provided that, if such day is not a Business Day, then on the next Business Day. The invoice shall include a statement detailing the quantity of Product to be delivered to Party A for the applicable Calculation Period from each generating facility in the Project. Parties acknowledge that, due to the timing of their creation in WREGIS, Green Attributes may not have been delivered to Party A at the time of invoice or payment for the Calculation Period with which they are associated.

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

### **5.4. Annual True-Up**

(a) Monthly Cash Settlement Amount Annual True-Up. Party B shall calculate a true-up ("Annual True-Up") for each Calculation Period in which the Forecast Adder for RPS was used to calculate the Monthly Cash Settlement Amount as an amount equal to (i) the Forecast Adder for RPS less the Final Adder for RPS, multiplied by (ii) the quantity of Product (in MWs) that Party B delivered to Party A and for which Party B has already issued an invoice to Party A (the "True-Up Payment"). If the True-Up Payment is a positive amount, such amount is owed by Party B to Party A, and if the True-Up Payment is a negative amount, such amount is owed by Party A to Party B.

(b) True-up Invoices and Payments. Within thirty (30) Business Days after the Final Adder for RPS is issued in each calendar year, Party B shall issue an invoice to Party A for amounts owed by, or due to, Party B, as applicable, resulting from the Annual True-Up. Payment for the Annual true-up shall be due and payable by the owing party on or before the later of (i) the twentieth (20<sup>th</sup>) day of the month in which Party B issues a True-Up Payment invoice and (ii) ten (10) Business Days following Party A's receipt of the invoice issued by Party B for the True-Up Payment, provided that, if such day is not a Business Day, then on the next Business Day.

## 5.5. Market Disruption

(a) Market Disruption Event. If a Market Disruption Event occurs and is continuing during a Calculation Period, the applicable Floating Price for the affected hours shall be determined by reference to the applicable Floating Price for the first Trading Day thereafter on which no Market Disruption Event exists; provided, however, if the applicable Floating Price is not so determined within three (3) Business Days after the first Trading Day on which the Market Disruption Event occurred or existed, then the Parties agree that the applicable Floating Price for the duration of the Market Disruption Event shall be, with respect to a Market Disruption Event to the Green Attributes Price, the Alternate Monthly REC Market Price. Notwithstanding the foregoing and subject to time limitations set forth in Section 5.5(b) below, if the Parties have determined the applicable Floating Price pursuant to this Section 5.5(a) and at a later date the responsible Price Source announces or publishes the relevant Floating Price, then such Floating Price shall be treated as a corrected price pursuant to Section 5.5(b) below.

(b) Corrections to Published Prices. For purposes of determining a Floating Price for any day, if the price published or announced on a given day and used or to be used to determine a relevant price is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement within three (3) years of the original publication or announcement, either Party may notify the other Party of (i) that correction and (ii) the amount (if any) that is payable as a result of that correction. If, not later than thirty (30) days after publication or announcement of that correction, a Party gives notice that an amount is so payable, the Party that originally either received or retained such amount will, not later than three (3) Business Days after the effectiveness of that notice, pay, subject to any applicable conditions precedent, to the other Party that amount, together with interest at the Interest Rate for the period from and including the day on which payment originally was (or was not) made to but excluding the day of payment of the refund or payment resulting from that correction.

(c) For purposes of this Transaction:

"Exchange" means, in respect of a Transaction, the exchange or principal trading market specified in the relevant Transaction.

"Floating Price" means the Price Source upon which the Green Attributes Price is based.

"Market Disruption Event" means, with respect to any Price Source, any of the following events: (a) the failure of the Price Source to announce or publish the specified Floating Price or information necessary for determining the Floating Price; (b) the failure of trading to commence or the permanent discontinuation or material suspension of trading in the relevant options contract or commodity on the Exchange or in the market specified for determining a Floating Price; (c) the temporary or permanent discontinuance or unavailability of the Price Source; (d) the temporary or permanent closing of any Exchange specified for determining a Floating Price; or (e) a material change in the formula for or the method of determining the Floating Price.

"Price Source" means, in respect of a Transaction, the publication (or such other origin of reference, including an Exchange) containing (or reporting) the specified price (or prices from which the specified price is calculated) specified in the relevant Transaction.

"Trading Day" means a day in respect of which the relevant Price Source published the Floating Price.

## ARTICLE 6. PARTY B'S REPRESENTATIONS, WARRANTIES AND COVENANTS

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

- (i) the Project qualifies and is certified by the CEC as an Eligible Renewable Energy Resource ("ERR") as such term is defined in Public Utilities Code Section 399.12 or Section 399.16; and
- (ii) the Project's output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law. **[STC 6, NON-MODIFIABLE]**

(b) 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. **[STC REC-1, NON-MODIFIABLE]**

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

(d) For the avoidance of doubt, the term "contract" as used in the immediately preceding paragraph means this Confirmation.

(e) The term "commercially reasonable efforts" as set forth in this Article 6 shall not require Party B to incur out-of-pocket expenses in excess of twenty-five thousand dollars (\$25,000) in the aggregate in any one calendar year between the Confirmation Effective Date and the last day of the Delivery Period.

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

- (i) Party B has the contractual rights to sell all right, title, and interest in the Product agreed to be delivered hereunder;
- (ii) Party B has not sold the Product to be delivered under this Confirmation to any other person or entity; and
- (iii) At the time of delivery, all rights, title, and interest in the Product to be delivered under this Confirmation are free and clear of all liens, taxes, claims, security interests, or other encumbrances of any kind whatsoever.

## **ARTICLE 7. GENERAL PROVISIONS**

### **7.1. Facility Identification**

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

### **7.2. Audit**

Party A may, at its sole expense and during normal working hours, examine the records of Party B to the extent reasonably necessary to verify the accuracy of any statement or charge, including aggregated amounts of Delivered Energy or Scheduled Energy; however such audit rights will not apply to the output or other confidential or proprietary information of individual generation facilities.

### 7.3. 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.

### 7.4. Dispute Resolution

(a) Intent of the Parties. Except as provided in the next sentence, the sole procedure to resolve any claim arising out of or relating to this Agreement or any related agreement is the dispute resolution procedure set forth in this Section 10.17. Either Party may seek a preliminary injunction or other provisional judicial remedy if such action is necessary to prevent irreparable harm or preserve the status quo, in which case both Parties nonetheless will continue to pursue resolution of the dispute by means of the dispute resolution procedure set forth in this Section 10.17.

(b) Management Negotiations.

- (i) The Parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement or any related agreements by prompt negotiations between each Party's authorized representative designated in writing as a representative of the Party (each a "Manager"). Either Manager may, by Notice to the other Party, request a meeting to initiate negotiations to be held within ten (10) Business Days of the other Party's receipt of such request, at a mutually agreed time and place (either in person or telephonically). If the matter is not resolved within fifteen (15) Business Days of their first meeting ("Initial Negotiation End Date"), the Managers shall refer the matter to the designated senior officers of their respective companies that have authority to settle the dispute ("Executive(s)"). Within five (5) Business Days of the Initial Negotiation End Date ("Referral Date"), each Party shall provide one another Notice confirming the referral and identifying the name and title of the Executive who will represent the Party.
- (ii) Within five (5) Business Days of the Referral Date, the Executives shall establish a mutually acceptable location and date, which date shall not be greater than thirty (30) days from the Referral Date, to meet. After the initial meeting date, the Executives shall meet, as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute.
- (iii) All communication and writing exchanged between the Parties in connection with these negotiations shall be confidential and shall not be used or referred to in any subsequent binding adjudicatory process between the Parties.
- (iv) If the matter is not resolved within forty-five (45) days of the Referral Date, or if the Party receiving the Notice to meet, pursuant to Section 10.17(a) above, refuses or does not meet within the ten (10) Business Day period specified in Section 10.17(a) above, either Party may initiate arbitration of the controversy or claim by providing Notice of a demand for binding arbitration at any time thereafter.

(b) Arbitration. Any dispute that cannot be resolved by management negotiations as set forth in Section 10.17(b) above shall be resolved through binding arbitration by a retired judge or justice from the AAA panel conducted in San Diego, California, administered by and in accordance with AAA's Commercial Arbitration Rules ("Arbitration").

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



mutually-acceptable arbitrator, the arbitrator shall be appointed as provided for in AAA's Commercial Arbitration Rules.

- (ii) At the request of a Party, the arbitrator shall have the discretion to order depositions of witnesses to the extent the arbitrator deems such discovery relevant and appropriate. Depositions shall be limited to a maximum of three (3) per Party and shall be held within thirty (30) days of the making of a request. Additional depositions may be scheduled only with the permission of the arbitrator, and for good cause shown. Each deposition shall be limited to a maximum of six (6) hours duration unless otherwise permitted by the arbitrator for good cause shown. All objections are reserved for the Arbitration hearing except for objections based on privilege and proprietary and confidential information. The arbitrator shall also have discretion to order the Parties to exchange relevant documents. The arbitrator shall also have discretion to order the Parties to answer interrogatories, upon good cause shown.
- (iii) The arbitrator shall have no authority to award punitive or exemplary damages or any other damages other than direct and actual damages and the other remedies contemplated by this Agreement.
- (iv) The arbitrator shall prepare in writing and provide to the Parties an award including factual findings and the reasons on which their decision is based.
- (v) The arbitrator's award shall be made within nine (9) months of the filing of the Notice of intention to arbitrate (demand) and the arbitrator shall agree to comply with this schedule before accepting appointment. However, this time limit may be extended by agreement of the Parties or by the arbitrator, if necessary.
- (vi) Judgment on the award may be entered in any court having jurisdiction.
- (vii) The prevailing Party in this dispute resolution process is entitled to recover its costs. Until such award is made, however, the Parties shall share equally in paying the costs of the Arbitration.
- (viii) The arbitrator shall have the authority to grant dispositive motions prior to the commencement of or following the completion of discovery if the arbitrator concludes that there is no material issue of fact pending before the arbitrator.
- (ix) The arbitrator shall not have the power to commit errors of law or legal reasoning, and the award may be vacated or corrected on appeal to a court of competent jurisdiction for any such error.
- (x) The existence, content, and results of any Arbitration hereunder is Confidential Information that is subject to the provisions of Section 10.11.

(d) WAIVER OF JURY TRIAL. THE PARTIES WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY LITIGATION ARISING UNDER THIS AGREEMENT TO THE EXTENT SUCH WAIVER IS CONSISTENT WITH APPLICABLE LAW.

#### **7.5. SOVEREIGN IMMUNITY**

Party A warrants and covenants that with respect to its contractual obligations hereunder and performance thereof, it will not claim immunity on the grounds of sovereignty or similar grounds from (a) suit, (b) jurisdiction of court (provided that such court is located within a venue permitted under the Agreement), or (c) execution or enforcement of any judgment; provided, however, that nothing in this Agreement shall waive the obligations and/or rights set forth in the California Government Claims Act (Government Code Section 810 et seq.)

#### **7.6. Confidentiality Amendment to Master Agreement.**

Changes to the Master Agreement shall apply to this Confirmation only. For purposes of this Confirmation, Section 10.11 is deleted in its entirety and replaced with the following:

“10.11 Confidentiality.

(a) If the Parties have elected on the Cover Sheet to make this Section 10.11 applicable to this Master Agreement, neither Party shall disclose the terms or conditions of a

Transaction under this Master Agreement or the completed Cover Sheet to this Master Agreement to a third party other than (i) the Party's Affiliates and its and their officers, directors, employees, lenders, counsel, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential, (ii) for disclosure to the Party B's Procurement Review Group, as defined in CPUC Decision (D) 02-08-071, subject to a confidentiality agreement, (iii) to the CPUC under seal for purposes of review, (iv) at any time on or after the date on which Party A makes its filing seeking CPUC approval of a Transaction, as necessary, either Party shall be permitted to disclose: Party names, resource type, Delivery Term, project location, Contract Capacity, Allocation Quantity, and Delivery Point; (v) in order to comply with any applicable law, regulation, including, but not limited to, the California Public Records Act and/or the California Ralph M Brown Act, or any exchange, control area or CAISO rule, or order issued by a court or entity with competent jurisdiction over the disclosing Party ("Disclosing Party"), other than to those entities set forth in subsection (vi); or (vi) in order to comply with any applicable regulation, rule, or order of the CPUC, CEC, or the Federal Energy Regulatory Commission. In connection with requests made pursuant to clause (v) of this Section 10.11(a) ("Disclosure Order") each Party shall, to the extent practicable, use reasonable efforts within its sole and absolute discretion to pursue rights under such applicable laws, regulations, rules or orders which allow for the prevention or limitation of such disclosure. The Disclosing Party's determination of what efforts might be reasonable shall not be subject to challenge by the other Party. After using such reasonable efforts, the Disclosing Party shall not be: (i) prohibited from complying with a Disclosure Order or (ii) liable to the other Party for monetary or other damages incurred in connection with the disclosure of the confidential information. Except as provided in the preceding sentence, the Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation.

(b) Party A and Party B acknowledge and agree that this Agreement is subject to the requirements of the California Public Records Act (Government Code Section 6250 et seq.). In order to designate information as confidential, the disclosing party must clearly stamp and identify the specific portion of the material designated with the word "Confidential." The Parties agree not to over-designate material as confidential. Over-designation would include stamping whole agreements, entire pages or series of pages as Confidential that clearly contain information that is not confidential.

Upon request or demand of any third person or entity not a Party hereto to Party B pursuant to the California Public Records Act for production, inspection and/or copying of Confidential Information ("Requested Confidential Information"), Party B will as soon as practical notify Party A in writing via email that such request has been made. Party A will be solely responsible for taking at its sole expense whatever legal steps are necessary to prevent release of the Requested Confidential Information to the third party by Party B. If Party A takes no such action after receiving the foregoing notice from Party B, Party B shall, at its discretion, be permitted to comply with the third party's request or demand and is not required to defend against it. If Party A does take or attempt to take such action, Party B shall provide timely and reasonable cooperation to Party A."

#### **7.7. Terminated Transaction**

(a) For purposes of this Transaction, the definition of "Losses" in Section 1.28 of the Master Agreement is modified by adding to the end thereof:

"Notwithstanding the foregoing, each Party's economic loss shall be determined using the then current Index Price plus the then current Green Attributes Price, so the Non-Defaulting Party's Losses shall be deemed to be zero (0); provided, however, that if Party B is the Defaulting Party, Party B shall be obligated to disgorge to Party A any profits obtained from the resale of the Allocation Quantity, unless resale is required under applicable law."

(b) For purposes of this Transaction, Section 5.2 of the Master Agreement shall be modified to delete the following sentence: “The Gains and Losses for each Terminated Transaction shall be determined by calculating the amount that would be incurred or realized to replace or to provide the economic equivalent of the remaining payments or deliveries in respect of that Terminated Transaction.”

**7.8. Counterparts**

This Confirmation may be signed in any number of counterparts with the same effect as if the signatures to the counterparts were upon a single instrument. The Parties may rely on electronic or scanned signatures as originals under this Confirmation. Delivery of an executed signature page of this Confirmation by electronic mail transmission (including PDF) shall be the same as delivery of a manually executed signature page.

**7.9. Entire Agreement; No Oral Agreements or Modifications**

This Confirmation sets forth the terms of the Transaction into which the Parties have entered and shall constitute the entire agreement between the Parties relating to the contemplated purchase and sale of the Product. Notwithstanding any other provision of the Agreement, this Transaction may be confirmed only through a Documentary Writing executed by both Parties, and no amendment or modification to this Transaction shall be enforceable except through a Documentary Writing executed by both Parties.

***[Signatures appear on the following page.]***

ACKNOWLEDGED AND AGREED TO AS OF THE CONFIRMATION EFFECTIVE DATE:

**SAN DIEGO GAS & ELECTRIC COMPANY**

**SAN DIEGO COMMUNITY POWER**

BY: \_\_\_\_\_

BY: \_\_\_\_\_

NAME:

NAME:

TITLE:

TITLE:

\_\_\_\_\_ APPROVED AS TO LEGAL FORM

DRAFT

EXHIBIT A

TO THE CONFIRMATION BETWEEN SAN DIEGO COMMUNITY POWER  
AND SAN DIEGO GAS & ELECTRIC COMPANY

DATED: JULY [ ], 2022

PROJECT FACILITY(IES)

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

## GLOSSARY OF TERMS

**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.

**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.

**CEC – California Energy Commission**

**CPUC – California Public Utilities Commission**

**C&I – Commercial and Industrial** – Business customers

**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.

**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**

**DASR – Direct Access Service Request** – Request submitted by C&I 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. SVCE settles its CAISO load at the PG&E DLAP as SVCE is in the PG&E transmission access charge area.

**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.

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

**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.

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

**EV – Electric Vehicle**

**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.

**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.

**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.



**IOU – Investor-Owned Utility** – A private electricity and natural gas provider.

**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.

**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.

**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.

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

**NRDC – Natural Resources Defense Council**

**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.

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

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

**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.

**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 process 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.

**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.

**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.

**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.

**RPS - Renewables 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.

**SCE – Southern California Edison**

**SDG&E – San Diego Gas & Electric**

**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.)

**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.

**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, midpeak, 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.

**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.



AB	Assembly Bill
AL	Advice Letter
ALJ	Administrative Law Judge
ARB	Air Resources Board
AReM	Alliance for Retail Energy Markets
BayREN	Bay Area Regional Energy Network
CAISO	California Independent System Operator
CalCCA	California Community Choice Association
CALSEIA	California Solar Energy Industries Association
CALSLA	California City County Street Light Association
CAM	Cost Allocation Mechanism
CARE	California Alternate Rates for Energy
CBE	Communities for a Better Environment
CCA	Community Choice Aggregator
CCSF	City and County of San Francisco
CEC	California Energy Commission
CEE	Coalition for Energy Efficiency
CLECA	California Large Energy Consumers Association
CPUC	California Public Utilities Commission
DA	Direct Access
DACC	Direct Access Customer Coalition
DER	Distributed Energy Resources
DR	Demand Response
DRP	Distributed Resource Plans
DWR	Department of Water Resources
ECR	Enhanced Community Renewable
ED	Energy Division
EE	Energy Efficiency
ELCC	Effective Load Carrying Capacity
EPIC	Electric Program Investment Charge
ERRA	Energy Resource Recovery Account

ES	Energy Storage
ESA	Energy Storage Agreements
ESP	Electric Service Provider
EV	Electric Vehicle
FCR	Flexible Capacity Requirements
GHG	Greenhouse Gas
GRC	General Rate Case
GTSR	Green Tariff Shared Renewables
ICA	Integration Capacity Analysis
IDER	Integrated Distributed Energy Resources
IDSMD	Integrated Demand-Side Management
IEP	Independent Energy Producers
IMD	Independent Marketing Division
IOU	Investor Owned Utility
IRP	Integrated Resource Planning
LCE	Lancaster Choice Energy
LCFS	Low Carbon Fuel Standard
LCR	Local (RA) Capacity Requirements
LNBA	Locational Net Benefits Analysis
LSE	Load-Serving Entity
LTPP	Long- Term Procurement Rulemaking
MCE	Marin Clean Energy
MEO	Marketing, Education And Outreach
MW	Megawatt
NAESCO	National Association of Energy Service Companies
NDA	Non-Disclosure Agreement
NEM	Net Energy Metering
NBC	Non-Bypassable Charge
NRDC	Natural Resources Defense Council
OIR	Order Instituting Rulemaking
OSC	Order to Show Cause
ORA	Office of Ratepayer Advocates
PA	Program Administrator (for EE Business

	Plans)
PAC	Public Agency Coalition
PAM	Portfolio Allocation Methodology
PCE	Peninsula Clean Energy Authority
PCIA	Power Charge Indifference Adjustment
PD	Proposed Decision
PG&E	Pacific Gas & Electric
PHC	Prehearing Conference
PPA	Power Purchase Agreement
PRP	Priority Review Project
PRRR	Progress On Residential Rate Reform
PUC	Public Utilities Code
PURPA	Public Utilities Regulatory Policy Act
RA	Resource Adequacy
RAM	Renewables Auction Mechanism
REC	Renewable Energy Credit
RES-BCT	Renewable Energy Self-Generation Bill Credit Transfer
RFO	Request for Offers
RICA	Renewable Integration Cost Adder
RPS	Renewables Portfolio Standard
SB	Senate Bill
SCE	Southern California Edison
SCP	Sonoma Clean Power Authority
SDG&E	San Diego Gas & Electric
SGIP	Self-Generation Incentive Program
SUE	Super User Electric
SVCE	Silicon Valley Clean Energy
TE	Transportation Electrification
TM	Tree Mortality
TOU	Time-of-Use
TURN	The Utility Reform Network

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