AGENDA

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

February 24, 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 attendance. In compliance with the Brown Act, SDCP is providing alternatives to in-person attendance for viewing and participating in the meeting. Further details are below.

Note: Any member of the public may provide comments to the 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](https://zoom.us/j/94794075133). 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](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

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

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.

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.

2. Approval of October 28, 2021 and November 18, 2021 Meeting Minutes
3. Receive and File Treasurer’s Report for Period Ending 12/31/2021
4. Approval of Resolution Adopting a Board Compensation and Board/Committee Reimbursement Policy
5. Update on Back Office Metrics/Dashboard
6. Update on Regulatory and Legislative Affairs and Approval of Support Position for AB 1814
7. Approval of Engagement Letter Between Keys & Fox, LLP and San Diego Community Power
8. Update on Residential Enrollment Public Relations
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

Regular Agenda
The following items call for discussion or action by the Board of Directors. The Board may discuss and/or take action on any item listed below if the Board is so inclined.
10. Approval of Fiscal Year (FY) 2021-22 Budget Amendment and Review Fiscal Year 2022-23 Budget Schedule
   Recommendation: Approve the fiscal year (FY) 2021-22 budget amendment for total operating revenues of $378,053,506 and operating expenses of $341,199,063.

11. Approval of Financial Reserves Policy Revision
   Recommendation: Approve financial reserves policy revision.

12. Approval of Community Advisory Committee (CAC) Appointments for National City and Unincorporated San Diego County.
   Recommendation: Approve the CAC appointments for National City and Unincorporated San Diego County.

13. Approval of New Rate for Electric Vehicle (EV) Fleet
   Recommendation: Approve the new rate for the Electric Vehicle (EV) fleet.

14. Approval of Proposed 2022 Padres Sponsorship Agreement
   Recommendation: Approve the proposed 2022 Padres sponsorship agreement for the 2022 season.

15. Update on CEO Search Ad Hoc Committee Efforts
   Recommendation: Provide update on CEO Search Ad Hoc Committee efforts.

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
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. Previously, public records were available for inspection at the City of San Diego Sustainability Department, located at 1200 Third Ave., Suite 1800, San Diego, CA 92101. However, due to the Governor’s Executive Orders N-25-20 and N-29-20 and the need for social distancing, in-person inspection is now suspended. Public records, including agenda-related documents, can instead be requested electronically at 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.
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.
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 5:20 p.m.

General Counsel Baron announced there were no reportable actions from Closed Session.

PLEDGE OF ALLEGIANCE

Chair Mosca (Encinitas) led the Pledge of Allegiance.

ROLL CALL

PRESENT: Chair Mosca (Encinitas), Vice Chair Padilla (Chula Vista), Director Baber (La Mesa), Director Dedina (Imperial Beach) (arrived at 5:25), and Director Montgomery Steppe (San Diego)

ABSENT: None

Also Present: Interim Chief Executive Officer (“CEO”) Carnahan, Chief Operating Officer (“COO”) Hooven, General Counsel Baron, Interim Board Clerk Wiegelman
ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA

There were no additions or deletions to the agenda.

PUBLIC COMMENTS

William Powers, Protect Our Communities Foundation Board Member, spoke regarding the amicus brief in support of the Protect Our Communities lawsuit against the California Public Utilities Commission and the procurement procedures followed by SDCP in awarding power purchase agreements.

Brooke J. spoke regarding the recruitment and hiring of a permanent CEO.

Alex C. spoke regarding the recruitment and hiring of a permanent CEO.

CONSENT CALENDAR
(Items 1 through 4)

ACTION: Motioned by Director Baber (La Mesa) and seconded by Director Dedina (Imperial Beach) to approve Consent Calendar Items 1 through 4. The motion carried by the following vote:

Vote: 5-0

Yes: Chair Mosca (Encinitas), Director Padilla (Chula Vista), Director Baber (La Mesa), Director Dedina (Imperial Beach), and Director Montgomery Steppe (San Diego)

No: None

Abstained: None

Absent: None

1. Approval of the minutes of the Regular Meeting of the Board of Directors of San Diego Community Power held on August 26, 2021.

Approved.

2. Back Office Metrics/Dashboard Monthly Update

Received and filed.

3. Approval of Community Advisory Committee Fiscal Year 2021-2022 Work Plan

Approved.

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

Approved.
Approved. Based on the information contained in the staff report, make the following findings and determinations: (1) the Governor-declared COVID-19 State of Emergency remains in effect and the Board has reconsidered the circumstances of the COVID-19 State of Emergency; (2) state or local officials continue to impose or recommend measures to promote social distancing; and (3) for the next thirty (30) days, the meetings of the SDCP Board, its committees, and any other legislative bodies, including the Community Advisory Committee, shall be held pursuant to the provisions of Government Code section 54953(e), allowing legislative body members and members of the public to participate in meetings remotely in accordance with that section.

REGULAR AGENDA

5. Review of Draft Amended and Restated Joint Powers Agreement

General Counsel Baron provided a brief background on the Joint Powers Agreement ("JPA") and reviewed the procedures for amending the JPA and bylaws. General Counsel Baron provided an overview of the proposed amendments to the JPA.

Tara Hammond spoke regarding amending the JPA language as it relates to the CEO appointment process.

Karinna Gonzalez spoke regarding amending the JPA language as it relates to the CEO appointment process.

Matthew Vasilakis, Climate Action Campaign, spoke in support of the proposed JPA amendments and recommended the Board include an amendment to the JPA CEO appointment process language.

Brooke J. spoke regarding amending the JPA language as it relates to the CEO appointment process.

Interim Board Clerk Wiegelman read aloud the first 400 words of the emailed public comments submitted by 3:00 p.m. the day of the Board meeting.

Shela Ott submitted a comment regarding amending the JPA language as it relates to the CEO appointment process.

Eddie Price submitted a comment regarding amending the JPA language as it relates to the CEO appointment process.

Board questions and comments ensued.

ACTION: Motioned by Director Baber (La Mesa) and seconded by Vice Chair Padilla (Chula Vista) to direct staff to provide SDCP Member Agencies, including anticipated new Member Agencies, with a copy of the draft Amended and Restated JPA Agreement and conforming changes to the SDCP Bylaws and place the Amended and Restated JPA Agreement and updated Bylaws on a future SDCP agenda for final approval. The motion carried by the following vote:
Vote: 5-0
Yes: Chair Mosca (Encinitas), Director Padilla (Chula Vista), Director Baber (La Mesa), Director Dedina (Imperial Beach), and Director Montgomery Steppe (San Diego)
No: None
Abstained: None
Absent: None

6. Approval of Collections/Delinquency Policy

Data Analytics and Account Services Director Utouh provided a report on the draft Collections and Delinquent Accounts Handling policy, highlighting the objectives of the draft policy, the state of arrearages in the region, and the programs available to assist customers with arrearages.

Board questions and comments ensued.

Lori Saldana spoke regarding SDCP’s customer demographics and implementing an appropriate collections/delinquency policy for residential customers.

Board questions and comments continued.

ACTION: Motioned by Director Baber (La Mesa) and seconded by Director Montgomery Steppe (San Diego) to approve the Collections and Delinquent Accounts Handling policy, as amended, (1) amend Item 2 under General Criteria to read, “SDCP will select a local collections agency to enforce this policy against non-residential customers”; and (2) add an Item 9 under General Criteria stating that staff will return within a reasonable amount of time following further data collection with a parallel policy for residential customers. The motion carried by the following vote:

Vote: 5-0
Yes: Chair Mosca (Encinitas), Director Padilla (Chula Vista), Director Baber (La Mesa), Director Dedina (Imperial Beach), and Director Montgomery Steppe (San Diego)
No: None
Abstained: None
Absent: None

7. Approval of Phase 3 Net Energy Metering (NEM) Enrollment Schedule

Data Analytics and Account Services Director Utouh provided an overview of the Phase 3 NEM Enrollment Schedule and reviewed the benefits of phasing in NEM customers on a monthly basis at the conclusion of their relevant period.

Board questions and comments ensued.

Karinna Gonzalez spoke regarding the comprehensibility of the Phase 3 NEM Enrollment Schedule.

Board questions and comments continued.
**ACTION:** Motioned by Vice Chair Padilla (Chula Vista) and seconded by Director Baber (La Mesa) to approve the Phase 3 NEM Enrollment Schedule. The motion carried by the following vote:

**Vote:** 5-0  
**Yes:** Chair Mosca (Encinitas), Director Padilla (Chula Vista), Director Baber (La Mesa), Director Dedina (Imperial Beach), and Director Montgomery Steppe (San Diego)  
**No:** None  
**Abstained:** None  
**Absent:** None

**INFORMATION REPORTS / UPDATES**

8. **Operations and Administration Report from the Interim Chief Executive Officer**

Interim CEO Carnahan requested feedback from the Board on the layout of the agenda.

Following Board questions and comments, no action was taken.

9. **Receive and File Treasurer's Report for 2022 Fiscal Year-to-Date period ended 8/31/21**

Chief Financial Officer (“CFO”)/Treasurer Washington provided an overview of the financial results for the period ended August 31, 2022. CFO/Treasurer Washington stated the financial results for the period were positive compared to the budget and exceeded the year-to-date pro forma.

Following Board questions and comments, no action was taken.

10. **Update on Phase 2 Marketing and Public Relations**

Director of External Affairs de la Fuente provided a recap of SDCP’s marketing and public relations campaign that took place for Phase 2 – Commercial and Industrial Enrollment Phase, highlighting the goals, campaign concepts, communications and outreach efforts, and lessons learned.

Board questions and comments ensued.

Lori Saldana spoke regarding the campaign concept and power procurement process.

Following Board questions and comments, no action was taken.

11. **Update on Regulatory and Legislative Affairs**

Regulatory and Legislative Affairs Director Fernandez provided an update on the Disadvantaged Community Green Tariff (“DAC-GT”) and Community Solar Tariff (“CSGT”) Allocation – SDCP advice letter filed, the Percentage of Income Payment Plan (“PIPP”) pilot program, and SDCP’s response in support of OhmConnect’s Petition for Modification.

Following Board questions and comments, no action was taken.
12. Power Resources Monthly Update

Power Services Director Vosburg provided an update on the Resource Adequacy Year-Ahead Compliance Filing.

Board questions and comments ensued.

Lori Saldana spoke inquiring about public access to the compliance filings.

Following Board questions and comments, no action was taken.

COMMITTEE REPORTS / UPDATES

13. Finance and Risk Management Committee Report

CFO/Treasurer Washington provided an update on the proceedings of the Finance and Risk Management Committee.

14. Update on CEO Search Ad Hoc Committee Efforts

Director Baber (La Mesa) provided an update on the proceedings of the CEO Search Ad Hoc Subcommittee.

REPORTS BY MANAGEMENT AND GENERAL COUNSEL

There were no reports.

DIRECTOR COMMENTS

There were no comments.

ADJOURNMENT

Chair Mosca (Encinitas) adjourned the meeting at 8:00 p.m.

Megan Wiegelman, CMC
Interim Board Clerk
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), Vice Chair Padilla (Chula Vista), Director Dedina (Imperial Beach), Alternate Director Humora (La Mesa), and Director Montgomery Steppe (San Diego)

ABSENT: Director Baber (La Mesa)

Also Present: Interim Chief Executive Officer (“CEO”) Carnahan, Chief Operating Officer (“COO”) Hooven, Assistant General Counsel Norvell, Interim Board Clerk Wiegelman

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

Chair Mosca announced Item 10 was withdrawn by staff and would be moved to the December 16, 2021, SDCP Regular meeting.

**PUBLIC COMMENTS**

There were no comments.
CONSENT CALENDAR
(Items 1 through 3)

Director Montgomery Steppe (San Diego) thanked staff for their efforts with the Disadvantaged Community Green Tariff and Modified Cost Allocation Mechanism proceedings.

ACTION: Motioned by Director Montgomery Steppe (San Diego) and seconded by Director Dedina (Imperial Beach) to approve Consent Calendar Items 1 through 3. The motion carried by the following vote:

Vote: 5-0
Yes: Chair Mosca (Encinitas), Director Padilla (Chula Vista), Director Dedina (Imperial Beach), Alternate Director Humora (La Mesa), and Director Montgomery Steppe (San Diego)
No: None
Abstained: None
Absent: None

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

Approved.

2. Back Office Metrics/Dashboard Monthly Update

Received and filed.

3. Update on Regulatory and Legislative Affairs

Received and filed.

INFORMATION REPORTS / UPDATES

4. Operations and Administration Report from the Interim Chief Executive Officer

Interim CEO Carnahan provided an update on SDCP staffing efforts, the Community Advisory Committee’s (“CAC”) discussions on updating the number of CAC members, the clean annual audit report, staff’s efforts in assembling a portfolio of power resources that meet the state requirements, staff’s dedication to customer interface and interaction, staff’s efforts in researching and developing local programs based on the needs and desires of the member cities, and customer education. Interim CEO Carnahan summarized the items of interest (rate discussions, strategic planning meeting, onboarding of new SDCP members, and commencement of Phase 3) that would be coming to the Board for consideration in the near future.

Following Board questions and comments, no action was taken.
5. Receive and File Treasurer’s Report for 2022 Fiscal Year-to-Date period ended 9/30/21

Chief Financial Officer (“CFO”)/Treasurer Washington provided an overview of the financial results for the period ended September 30, 2021. CFO/Treasurer Washington stated the financial results for the period were positive compared to the budget and exceeded the year-to-date pro forma.

Following Board questions and comments, no action was taken.

6. Update on Marketing and Public Relations

Director of External Affairs de la Fuente provided an update on the marketing and public relations strategy for Phase 3 – Residential Enrollment, highlighting the lessons learned from the Phase 2 campaign, the messaging for Phase 3, the media mix to be used, the media roll-out periods, and the planned partnerships.

Following Board questions and comments, no action was taken.

7. Update on Power Resources

Power Services Director Vosburg provided an update on the Resource Adequacy Year-Ahead Compliance Filing.

Following Board questions and comments, no action was taken.

**REGULAR AGENDA**

8. Adopt Resolution to Approve National City Membership in SDCP

COO Hooven provided a brief background on SDCP’s membership process and reviewed the National City membership timeline and key statistics.

Board questions and comments ensued.

**ACTION:** Motioned by Director Dedina (Imperial Beach) and seconded by Vice Chair Padilla (Chula Vista) to adopt Resolution No. 2021-04 approving the addition of National City as a member of SDCP. The motion carried by the following vote:

**Vote:** 5-0

Yes: Chair Mosca (Encinitas), Director Padilla (Chula Vista), Director Dedina (Imperial Beach), Alternate Director Humora (La Mesa), and Director Montgomery Steppe (San Diego)

No: None

Abstained: None

Absent: None
9. Conduct Public Hearing to Approve Implementation Plan Addendum for New Members

Notice of the hearing was given in accordance with legal requirements, and the hearing was held on the date and at the time specified in the notice.

COO Hooven explained the purpose of the hearing and reviewed the SDCP new member policy. COO Hooven provided an overview of the proposed Addendum Number 1 to the SDCP Community Choice Aggregation Implementation Plan and Statement of Intent.

Chair Mosca (Encinitas) opened the public hearing.

Chair Mosca (Encinitas) closed the hearing since there was no one in the audience who wished to speak.

ACTION: Motioned by Director Montgomery Steppe (San Diego) and seconded by Vice Chair Padilla (Chula Vista) to adopt Resolution No. 2021-05 approving Addendum Number 1 to the SDCP Community Choice Aggregation Implementation Plan and Statement of Intent. The motion carried by the following vote:

Vote: 5-0
Yes: Chair Mosca (Encinitas), Director Padilla (Chula Vista), Director Dedina (Imperial Beach), Alternate Director Humora (La Mesa), and Director Montgomery Steppe (San Diego)
No: None
Abstained: None
Absent: None

10. Approval of Board & Committee Compensation Policy

This item was withdrawn from the agenda and moved to the December 16, 2021 SDCP Regular meeting.

COMMITTEE REPORTS / UPDATES

11. Update on CEO Search Ad Hoc Committee Efforts

Vice Chair Padilla provided an update on the proceedings of the CEO Search Ad Hoc Subcommittee.

CAC Vice Chair Hammond stated CAC Chair Price was going to provide an update on the recent proceedings of the CAC.

CAC Chair Price provided an update on the proceedings of the CAC and inquired about the CEO recruitment and appointment process.

Following Board questions and comments, no action was taken.

REPORTS BY MANAGEMENT AND GENERAL COUNSEL

There were no reports.

DIRECTOR COMMENTS
There were no comments.

**ADJOURNMENT**

Chair Mosca (Encinitas) adjourned the meeting at 6:03 p.m.

Megan Wiegelman, CMC  
Interim Board Clerk
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 December 31, 2022, along with budgetary comparisons.

ANALYSIS AND DISCUSSION
Financial results for the period ended 12/31/21: $190.41 million in net operating revenues were reported compared to $172.02 million budgeted for the period. $173.63 million in total expenses were reported (including $170.51 million in energy cost) compared to $159.71 million budgeted for the period (including $154.82 million budgeted for energy costs). After expenses, SDCP’s change in net position of $16.78 million was reported. The following is a summary to actual results compared to the Fiscal Year 2022 Budget.

<table>
<thead>
<tr>
<th></th>
<th>Budget Comparison</th>
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<tbody>
<tr>
<td></td>
<td>YTD FY22 as of 12/31/21 (6 mos)</td>
</tr>
<tr>
<td>Net Operating Revenues</td>
<td>$ 190,409,391</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$ 173,630,193</td>
</tr>
<tr>
<td>Change in Net Position</td>
<td>$ 16,779,198</td>
</tr>
</tbody>
</table>

- Net operating revenues finished $18.38 million (or 11%) ahead of budget
- Operating expenses came in over budget by 9%
Financial results for the period were under the projections presented in the year-to-date proforma. SDCP’s change in net position was -20.57% under the projection mainly due to increased energy costs. The following is a summary to actual results compared to the fiscal year-to-date proforma.

<table>
<thead>
<tr>
<th></th>
<th>Proforma Comparison</th>
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<tbody>
<tr>
<td></td>
<td>YTD FY22 as of 12/31/21 (6 mos)</td>
</tr>
<tr>
<td>Net Operating Revenues</td>
<td>$190,409,391</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$173,630,193</td>
</tr>
<tr>
<td>Change in Net Position</td>
<td>$16,779,198</td>
</tr>
</tbody>
</table>

**COMMITTEE REVIEW**

The report was not reviewed by the Financial Risk Management Committee (FRMC).

**FISCAL IMPACT**

N/A

**ATTACHMENTS**

Attachment A: 2022 Year-to-Date Period Ended 12/31/21 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 December 31, 2021, 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. 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
February 1, 2022
# SAN DIEGO COMMUNITY POWER
## STATEMENT OF NET POSITION
### As of December 31, 2021

**ASSETS**

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<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Cash and cash equivalents</td>
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<tr>
<td>Accounts receivable, net</td>
<td>21,889,535</td>
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<tr>
<td>Accrued revenue</td>
<td>11,955,059</td>
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<tr>
<td>Prepaid expenses</td>
<td>136,280</td>
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<td>Other receivables</td>
<td>11,733</td>
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<tr>
<td>Deposits</td>
<td>5,322,057</td>
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<tr>
<td><strong>Total current assets</strong></td>
<td>66,812,063</td>
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<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>Restricted cash</td>
<td>9,000,000</td>
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<tr>
<td>Deposits</td>
<td>3,050,000</td>
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<td><strong>Total noncurrent assets</strong></td>
<td>12,050,000</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>78,862,063</td>
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**LIABILITIES**

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<tr>
<th>Description</th>
<th>Amount</th>
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<tr>
<td>Accrued cost of energy</td>
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<td>Accounts payable</td>
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<td>Other accrued liabilities</td>
<td>133,395</td>
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<td>Due to State of California</td>
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<td>Security deposits</td>
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<td>Interest payable</td>
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<td>Bank note payable</td>
<td>22,840,082</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>70,910,247</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other noncurrent liabilities</td>
<td>517,741</td>
</tr>
<tr>
<td>Loans payable</td>
<td>5,000,000</td>
</tr>
<tr>
<td><strong>Total noncurrent liabilities</strong></td>
<td>5,517,741</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>76,427,988</td>
</tr>
</tbody>
</table>

**NET POSITION**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>2,434,075</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td>$2,434,075</td>
</tr>
</tbody>
</table>

See accountants' compilation report.
<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUES</strong></td>
<td></td>
</tr>
<tr>
<td>Electricity sales, net</td>
<td>$190,409,391</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
</tr>
<tr>
<td>Cost of energy</td>
<td>170,505,393</td>
</tr>
<tr>
<td>Contract services</td>
<td>1,214,470</td>
</tr>
<tr>
<td>Staff compensation</td>
<td>1,464,737</td>
</tr>
<tr>
<td>General and administration</td>
<td>445,593</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>173,630,193</td>
</tr>
<tr>
<td><strong>Operating income (loss)</strong></td>
<td>16,779,198</td>
</tr>
<tr>
<td><strong>NONOPERATING EXPENSES</strong></td>
<td></td>
</tr>
<tr>
<td>Interest and financing expense</td>
<td>296,486</td>
</tr>
<tr>
<td><strong>Nonoperating expenses</strong></td>
<td>296,486</td>
</tr>
<tr>
<td><strong>CHANGE IN NET POSITION</strong></td>
<td></td>
</tr>
<tr>
<td>Net position at beginning of period</td>
<td>(14,048,637)</td>
</tr>
<tr>
<td>Net position at end of period</td>
<td>$2,434,075</td>
</tr>
</tbody>
</table>
CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$170,450,311</td>
</tr>
<tr>
<td>Other operating receipts</td>
<td>5,107,487</td>
</tr>
<tr>
<td>Payments to suppliers for electricity</td>
<td>(140,100,053)</td>
</tr>
<tr>
<td>Payments for goods and services</td>
<td>(1,931,667)</td>
</tr>
<tr>
<td>Payments to employees for services</td>
<td>(1,419,774)</td>
</tr>
<tr>
<td>Payments for deposits and collateral</td>
<td>(5,743,708)</td>
</tr>
<tr>
<td>Tax and surcharge payments to other governments</td>
<td>(293,296)</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by operating activities</strong></td>
<td><strong>26,069,300</strong></td>
</tr>
</tbody>
</table>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and related expense payments</td>
<td>(292,467)</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by non-capital financing activities</strong></td>
<td><strong>(292,467)</strong></td>
</tr>
<tr>
<td><strong>Net change in cash and cash equivalents</strong></td>
<td>25,776,833</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at beginning of period</strong></td>
<td>10,720,566</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of period</strong></td>
<td><strong>36,497,399</strong></td>
</tr>
</tbody>
</table>

Reconciliation to the Statement of Net Position

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents (unrestricted)</td>
<td>27,497,399</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>9,000,000</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td><strong>36,497,399</strong></td>
</tr>
</tbody>
</table>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income $ 16,779,198

Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities

Revenue adjusted for allowance for uncollectible accounts 1,923,327

(Increase) decrease in:
- Accounts receivable (22,696,741)
- Accrued revenue 265,250
- Other receivables 4,031,539
- Prepaid expenses (136,280)
- Deposits (4,472,057)

Increase (decrease) in:
- Accrued cost of electricity 30,659,637
- Accounts payable (134,422)
- Other accrued liabilities 44,061
- Due to State of California 255,788
- Supplier security deposits (450,000)

Net cash provided (used) by operating activities $ 26,069,300

See accountants' compilation report.
ACCOUNTANTS’ COMPILATION REPORT

Board of Directors
San Diego Community Power

Management is responsible for the accompanying special purpose statement of San Diego Community Power (SDCP), a California Joint Powers Authority, which comprise the budgetary comparison schedule for the period ended December 31, 2021, 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
February 1, 2022
## SAN DIEGO COMMUNITY POWER
### BUDGETARY COMPARISON SCHEDULE
**Six Months Ended December 31, 2021**

<table>
<thead>
<tr>
<th>REVENUES AND OTHER SOURCES</th>
<th>2021/22 YTD Budget</th>
<th>2021/22 YTD Actual</th>
<th>2021/22 YTD Variance</th>
<th>2021/22 YTD Actual/Budget</th>
<th>2021/22 Annual Budget</th>
<th>2021/22 Budget Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Ratepayer Revenues</td>
<td>173,763,104</td>
<td>$ 192,332,718</td>
<td>18,569,614</td>
<td>111%</td>
<td>$ 318,321,000</td>
<td>$ 125,988,282</td>
</tr>
<tr>
<td>Less 1% Uncollectible Customer Accounts</td>
<td>(1,737,631)</td>
<td>(1,923,327)</td>
<td>(185,696)</td>
<td>0%</td>
<td>(3,183,000)</td>
<td>(1,259,673)</td>
</tr>
<tr>
<td>Total Revenues and Other Sources</td>
<td>172,025,473</td>
<td>190,409,391</td>
<td>18,383,918</td>
<td></td>
<td>315,138,000</td>
<td>124,728,609</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPERATING EXPENSES</th>
<th>2021/22 YTD Budget</th>
<th>2021/22 YTD Actual</th>
<th>2021/22 YTD Variance</th>
<th>2021/22 YTD Actual/Budget</th>
<th>2021/22 Annual Budget</th>
<th>2021/22 Budget Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Energy</td>
<td>154,821,553</td>
<td>170,505,393</td>
<td>15,683,840</td>
<td>110%</td>
<td>284,304,000</td>
<td>113,798,607</td>
</tr>
<tr>
<td>Personnel Costs</td>
<td>1,885,997</td>
<td>1,464,737</td>
<td>(421,260)</td>
<td>78%</td>
<td>4,885,000</td>
<td>3,420,263</td>
</tr>
<tr>
<td>Professional Services and Consultants</td>
<td>1,594,395</td>
<td>985,396</td>
<td>(608,999)</td>
<td>62%</td>
<td>4,981,000</td>
<td>3,995,604</td>
</tr>
<tr>
<td>Marketing and Outreach</td>
<td>533,754</td>
<td>377,371</td>
<td>(156,383)</td>
<td>71%</td>
<td>1,417,000</td>
<td>1,039,629</td>
</tr>
<tr>
<td>General and Administrative</td>
<td>389,600</td>
<td>297,296</td>
<td>(92,304)</td>
<td>76%</td>
<td>845,000</td>
<td>547,704</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>159,225,300</td>
<td>173,630,193</td>
<td>14,404,893</td>
<td></td>
<td>296,432,000</td>
<td>122,801,807</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>12,800,174</td>
<td>16,779,193</td>
<td>3,979,024</td>
<td></td>
<td>18,706,000</td>
<td>1,926,802</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Service and Bank Fees</td>
<td>(489,693)</td>
<td>(296,486)</td>
<td>193,207</td>
<td>0%</td>
<td>(978,000)</td>
<td>(681,514)</td>
</tr>
<tr>
<td>Total Non-Operating Revenues (Expenses)</td>
<td>(489,693)</td>
<td>(296,486)</td>
<td>193,207</td>
<td></td>
<td>(978,000)</td>
<td>(681,514)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHANGE IN NET POSITION</th>
<th>2021/22 YTD Budget</th>
<th>2021/22 YTD Actual</th>
<th>2021/22 YTD Variance</th>
<th>2021/22 YTD Actual/Budget</th>
<th>2021/22 Annual Budget</th>
<th>2021/22 Budget Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>12,310,480</td>
<td>$ 12,310,480</td>
<td>16,482,712</td>
<td>4,172,232</td>
<td>17,728,000</td>
<td>1,245,288</td>
<td></td>
</tr>
</tbody>
</table>
RECOMMENDATION
Adopt Resolution No. 2022-01 adopting a Board Compensation and Board/Committee Reimbursement Policy.

BACKGROUND
At the June 24, 2021, Board of Directors meeting, Director Baber asked about the possibility of providing stipends to Directors that attend meetings to cover the costs of attending. Staff then mentioned they would look into what this process would look like and to return with a recommendation.

According to the Joint Powers Agreement Section 5.10 on Commissions, Board, and Committees, “the Board may establish rules, regulations, policies, or procedures to govern any such commissions, boards, or committees and shall determine whether members shall be compensated or entitled to reimbursement for expenses.” This covers the two other standing committees of SDCP, the Community Advisory Committee and the Finance and Risk Management Committee.

DISCUSSION AND ANALYSIS
Staff proposes that stipends be provided to primary and alternate Board Directors that attend SDCP agendized Board meetings. The stipend amount shall be set at $150.00 for Board Directors per board meeting per month, with a limit of two per month.

Two CCA’s and one public agency were reviewed for developing SDCP’s Board of Directors compensation for attending agendized meetings. Accordingly, one CCA compensates Board members $100.00 for meeting attendance and committee members are compensated $50.00 for meeting attendance. The public agency reviewed indicated that Board members are compensated $150.00 for attending meetings.
The proposed policy would also authorize reimbursement for Board Members and members of Board-appointed committees (including Alternates serving on Standing Committees of the Board and members of the Community Advisory Committee) to be reimbursed for actual and necessary expenses under certain limited, Board-approved circumstances. Specifically, Board Members and Committee Members would be eligible for reimbursement for: (1) attending meetings of other governmental entities or public agencies as a Board-designated representative of SDCP; (2) attending conferences or other organized educational activities conducted in compliance with applicable law, where approved by the Board to attend; and (3) other meetings or activities at which the Board has designated the person to attend. In all cases, reimbursements would require pre-approval by the Board, expense limitations imposed by the California Government Code, submittal of claim forms and documentation, and reporting on attendance at the Board or Committee Member’s next public meeting.

The enclosed resolution would authorize payments starting March 1, 2022. The fiscal year 2022 budget that was approved by the Board includes amounts set aside for these types of expenses.

**COMMITTEE REVIEW**
None.

**FISCAL IMPACT**
$12,600.00 annually is the total approximate costs for covering the proposed stipends.

Stipends for primary or alternate Board Directors in attendance at monthly meetings (7 members) would cost approximately $1,050.00 per month, or $12,600.00 per year.

**ATTACHMENTS**
Attachment A: Resolution No. 2022-01 Adopting a Board Compensation and Board/Committee Reimbursement Policy

Attachment B: Board Compensation and Board/Committee Reimbursement Policy
RESOLUTION NO. 2022-01

A RESOLUTION OF THE BOARD OF DIRECTORS
OF SAN DIEGO COMMUNITY POWER
ADOPTING A BOARD COMPENSATION AND BOARD/COMMITTEE
REIMBURSEMENT POLICY


B. Section 5.10 of the JPA Agreement provides that “the Board may establish rules, regulations, policies, or procedures to govern any such commissions, boards, or committees and shall determine whether members shall be compensated or entitled to reimbursement for expenses.”

C. Government Code section 53232 et seq. provides that, when authorized by statute, local agencies may pay compensation to members of a legislative body for attendance at certain occurrences and to reimburse members of a legislative body for actual and necessary expenses incurred in the performance of official duties, including the activities described therein.

D. Pursuant to Government Code section 6509 and Section 3.4 of the JPA Agreement, SDCP’s powers are subject to the restrictions upon the manner of exercising power possessed by the City of Encinitas, a general law city which is authorized by statute to provide compensation and reimbursement for members of its legislative bodies.

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

Section 1. The Board of Directors hereby adopts the Board Compensation and Board/Committee Reimbursement Policy attached hereto and incorporated herein.

Section 2. If any provision of this resolution, the attached policy, or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the resolution or policy which can be given effect without the invalid provision or application, and to this end the provisions of this resolution and the policy are severable. The Board of Directors hereby declares that it would have adopted this resolution and the attached policy irrespective of the invalidity of any particular portion thereof.

Section 3. This resolution shall take effect on March 1, 2022.
PASSED AND ADOPTED at a meeting of the Board of Directors of San Diego Community Power held on February 24, 2022.

_____________________________
Chair, Board of Directors
San Diego Community Power

ATTEST:

_____________________________
Secretary, Board of Directors
San Diego Community Power
Board Compensation and Board/Committee Reimbursement Policy

Effective Date: __________
Adopted/Amended by Resolution 2022-01

PURPOSE
This policy (“Policy”) establishes the terms and conditions for members of the Board of Directors to receive per diem compensation and reimbursement of reasonable and necessary expenses when performing their official duties on behalf of SDCP. This policy also establishes terms and conditions for members of Board-appointed committees to receive reimbursement under certain circumstances approved by the Board. This Policy is adopted pursuant to Government Code Section 53232 et seq. and must be adopted or amended by resolution.

POLICY

1. Per Diem Compensation for the Board of Directors.
   a. Per Diem and Eligible Meetings. Members of the Board of Directors (“Directors”) shall be entitled to receive per diem compensation of $150 per day for attending publicly noticed meetings of the Board of Directors.
   b. Alternates. An alternate director (“Alternate”) shall be entitled to receive per diem compensation where the Alternate attends a meeting in place of the regular Director. Alternates shall be subject to the terms and conditions applicable to Directors in requesting and receiving per diem compensation under this Policy.
   c. Claim Forms. All per diem requests must be submitted to the Secretary or their designee on a claim form provided by the Secretary within sixty (60) days of the date for which a per diem is requested.
   d. Limitations.
      i. Directors shall not receive more than two (2) per diem payments in any calendar month.
      ii. Directors to whom SDCP would pay a per diem under this Policy shall not receive a per diem if they are otherwise eligible to receive a per diem from their respective appointing agency for attendance at SDCP meetings under this Policy.
2. Reimbursement of Reasonable and Necessary Expenses.

   a. Attendance at Meetings and Events on Behalf of SDCP. Directors and members of Board-appointed committees, including Alternates serving on a Standing Committee of the Board and members of the Community Advisory Committee (“Committee Members”), may receive reimbursement for actual and necessary expenses, which may include but not be limited to, travel, meals, lodging, registration, and other expenses incurred in the performance of official duties, for attendance at:

   i. Each meeting of other governmental entities and public agencies at which the Director or Committee Member have been designated by the Board of Directors to represent SDCP;

   ii. A conference or organized educational activity conducted in compliance with Government Code Section 54952.2(c) at which the Director or Committee Member have been approved by the Board of Directors to attend; and

   iii. Other additional meetings or activities at which the Director has been designated by the Board of Directors to represent SDCP.

   b. Rates of Reimbursement. Actual and necessary travel, meals, lodging, and other expenses incurred in the performance of official duties as authorized under this Policy shall be reimbursed at the rates established in Internal Revenue Service Publication 463 or any successor publication, except as limited below:

   i. For mileage reimbursement using a private vehicle, mileage costs shall not exceed the cost of coach class airfare plus costs of transportation to and from the airport at the point of departure and destination. Mileage reimbursement shall be equal to the standard rate in effect for business miles deduction by the Internal Revenue Service, as such rate is established from time to time.

   ii. For lodging in connection with a conference or other organized educational activity, lodging costs shall not exceed the maximum group rate published by the conference or activity sponsor, provided that lodging at the group rate is available at the time of booking. If the group rate is not available, the Director or Committee Member shall use comparable lodging consistent with this Policy.

   iii. Directors and Committee Members shall use government and group rates offered by a provider of transportation or lodging services for travel and lodging whenever available.

   iv. If a Director or Committee Member chooses to incur additional costs that are above the rates established under this Policy, or are not otherwise pre-approved by the Board, then the Director or Committee Member may do so at their own expense.

   c. Pre-Approval by Board of Directors. All reimbursements under this Policy shall be approved by the Board of Directors in a public meeting before the expense is incurred. All expenses that do not fall within subsection (b) or the rates provided therein shall be approved by the Board of Directors in a public meeting before the expense is incurred.
d. **Claim Forms.** All expense reimbursement claims must be submitted to the Secretary or their designee within sixty (60) days of incurring the expense on a claim form provided by the Secretary. Claim forms for expense reimbursement shall be accompanied by the receipts documenting each expense. If no receipt is available, a written explanation and other proof of the expenditure (if available) is required.

e. **Reporting.** Directors and Committee Members shall provide brief reports on attendance at meetings or events subject to reimbursement at the next regular meeting of the Board.
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 to the Board that our rate comparison calculators for both Residential and Commercial customers have been updated to reflect our rates as of February 1st, 2022 in comparison to SDG&E’s latest rates effective January 1st, 2022. Our customers can access these rate comparison calculators from our website via: [Residential Bill Comparison Calculator](#) and [Commercial Bill Comparison Calculator](#) respectively.
Staff is also thrilled to report to the Board that our pre- and post-enrollment notices associated with our Phase 3 mass enrollment are going out as expected based on the schedule below:

<table>
<thead>
<tr>
<th>Notice #1 (Pre-Enrollment Notice #1)</th>
<th>Post card</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-21</td>
<td></td>
</tr>
<tr>
<td>Jan-22</td>
<td></td>
</tr>
<tr>
<td>Feb-22</td>
<td></td>
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<tr>
<td>Mar-22</td>
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<td>Apr-22</td>
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<td>May-22</td>
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<td>Jun-22</td>
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<td>Jul-22</td>
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<td>Aug-22</td>
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<td>Sep-22</td>
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<td>Dec-22</td>
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<td>Jan-23</td>
<td></td>
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<tr>
<td>Feb-23</td>
<td></td>
</tr>
<tr>
<td>Mar-23</td>
<td></td>
</tr>
</tbody>
</table>

*These counts are subject to change due to move ins, move outs, new construction, account closures etc. The greyed-out section signals the fact that the associated mailers have already been sent out.

**B) Participation Tracking**

SDCP 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 February 13th, 2022:
I. Opt Outs

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CITY OF CHULA VISTA</td>
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</tr>
<tr>
<td>CITY OF ENCINITAS</td>
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</tr>
<tr>
<td>CITY OF IMPERIAL BEACH</td>
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</tr>
<tr>
<td>CITY OF LA MESA</td>
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<td>0</td>
<td>0</td>
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II. Opt Ups to Power100

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III. Opt Downs from Power100 (Encinitas)

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IV. Participation Rate.
*For Phase 3, this participation rate is fluid and will change as we ramp up mass enrollment across all member cities throughout 2022. The true participation rate will be computed once customers across all member cities 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:

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<th>Town or Territory</th>
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<th>Eligible</th>
<th>Total Opt Outs</th>
<th>Participation Rate by Accounts Count</th>
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<td>98.06%</td>
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<td><strong>71432</strong></td>
<td><strong>1543</strong></td>
<td><strong>97.84%</strong></td>
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C) Contact Center Metrics

We are also tracking customer interactions via our Calpine Contact Center and the chart below summarizes contact made by customers broken down by month through February 13th:
We have also instituted robust Quality Assurance (QA) procedures to ensure that our customers are getting a world-class customer experience when they contact us via our Contact Center.

**COMMITTEE REVIEW**
N/A

**FISCAL IMPACT**
N/A

**ATTACHMENTS**
N/A
RECOMMENDATIONS

1. Receive and file update on regulatory and legislative affairs.
2. Approve a support position for Assembly Bill (AB) 1814 (Grayson): Transportation electrification: community choice aggregators.

BACKGROUND

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

ANALYSIS AND DISCUSSION

A) Net Energy Metering 3.0 Proceeding

On December 13, 2021, the California Public Utilities Commission (CPUC) issued the long awaited Proposed Decision (PD) in the Net Energy Metering (NEM) 3.0 Rulemaking. The following is a summary of the PD:

- The PD agrees with the conclusions from the Lookback Study, including that NEM 2.0 has negatively impacted non-participant ratepayers, NEM 2.0 is not cost-effective and NEM 2.0 disproportionately harms low-income customers not participating in the NEM tariff.
- The PD adopts a Grid Participation Charge of $8/kW, so the typical 6kW system would pay $48 per month, or $576 per year.
  - Low-income and tribal homes would be exempt from this Grid Participation Charge.
• The PD also would reduce payments to solar customers when these customers generate more electricity than they need.
  o Instead of being compensated at the retail rate, which is the same rate they pay for electricity from the grid, newly enrolled net metering customers would be paid at the much lower “avoided cost” rate.
    ▪ That would amount to about 5 cents per kilowatt-hour of electricity, down from 20 to 30 cents today.
• The PD requires existing residential NEM 1.0 and NEM 2.0 customers to transition to the new tariff no later than 15 years after date of interconnection.
  o However, low-income homes could keep operating under the more favorable terms of the old program for 20 years after installation.
• The NEM 2.0 program would sunset 4 months after the final decision.
• The PD also establishes a Storage Evolution Fund to encourage homes and businesses that already have solar to add batteries.
  o Customers currently enrolled in NEM would receive rebates of $200 per kilowatt-hour for installing an energy storage system — but only if they switch to the new tariff within four years.
    ▪ The rebate would drop the longer customers wait.
• The PD also adopts a proposal by the Solar Energy Industries Association and Vote Solar that will allow customers to oversize loads to promote electrification, this would allow homes and businesses to install solar systems big enough to meet 150% of their energy demand, which could help fuel electric cars or electric heating systems they might add later.
  o Oversizing is not permitted under the current rules.
• Finally, the PD establishes an Equity Fund to address the low adoption rate of distributed generation in low-income households; there is an annual cap of $150 million, so up to $600 million over the next 4 years.
  o The details of this fund will be worked out later through a workshop process.

On January 7, 2022, over thirty parties submitted opening comments in response to the PD. SDCP filed joint comments with East Bay Community Energy (EBCE) and addressed the following points:

• The proposed Grid Participation Charge is illegal under federal law.
  o Under the Public Utilities Regulatory Policy Act of 1978, rates to qualifying facilities must be nondiscriminatory.
• It is reasonable for NEM customers to pay all non-bypassable charges that are paid by other customers.
  o Currently NEM customers are exempted from paying the following charges: the Wildfire Fund Charge, Reliability Services, New System Generation Costs, IOU securitization costs relating to wildfires.
• The Commission should adopt hourly netting practices rather than netting on an instantaneous basis.
  o Unless and until instantaneous data is made available to other key stakeholders including solar installers and community choice aggregators
CCAs implementing instantaneous netting raises consumer protection concerns and is likely to dampen the growth of solar.

- The Commission should adopt Sierra Club’s glidepath towards an export credit rate based upon electrification rates as a more reasonable approach to adjusting compensation for exported energy than the PD’s approach.
  - The PD moves to a net billing framework which bases the credit for exported energy on avoided costs as identified in the Commission’s Avoided Cost Calculator, rejecting recommendations to continuing basing the export credit on retail rates; the proposal by Sierra Club bases the export credit rate on electrification rates with modest fixed charges and a glidepath to avoided cost.
- In order to support low-income customers in their adoption of customer-sited distributed generation, the Commission should exempt low-income customers from any fixed charge associated with the electrification rate as part of adopting the Sierra Club’s export compensation rate proposal.
  - For example, the fixed charge for SDG&Es EV-TOU-5 rate is $16 per month.

Reply comments were filed on January 14, 2022. The next step in the proceeding is oral arguments. Oral arguments were expected to take place on January 12, 2022, however, that date was cancelled and has yet to be rescheduled. The Commission was originally expected to vote on the PD at the January 27, 2022 meeting. However, a procedural email sent on February 3, 2022, indicated that “the proposed decision, which was issued on December 13, 2021, will not appear on the Commission’s voting meeting agenda until further notice.” The procedural email further provided that the newly assigned Commissioner, President Alice Reynolds “requested additional time to analyze the record and consider revisions to the proposed decision based on party comments.” Oral arguments are expected to be rescheduled at a time when all Commissioners can attend, however, no details regarding the timeline for procedural next steps have been provided.

B) Integrated Resource Planning – Modified Cost Allocation Mechanism

In 2019 with Decision 19-11-016, the Commission ordered load-serving entities (LSEs) to procure 3,300 MW of System Resource Adequacy (RA) in three separate tranches, with projects to come online in 2021, 2022 and 2023. The resource need was identified for the entire system, and so the Commission concluded that all LSEs serving load at the time should share in the responsibility and be allocated a procurement obligation. That obligation was allocated among LSEs using a combination of load forecast and RA requirements. Cost recovery and other issues, including RA credits, were to be addressed by a modified Cost Allocation Mechanism (mCAM) that was to be developed by the Commission later in time, but a decision on the mCAM has not yet been issued.

Since D.19-11-016 was adopted, SDCP has registered with the Commission, undertaken substantial energy procurement and began serving load. However, since SDCP was not serving load at the time of the decision, SDCP was not allocated any resources. Applying the same allocation methodology from the decision with updated load forecasts and RA
requirements, analysis performed by SDCP shows that the resources are now misallocated. To put the misallocation in perspective, had SDCP been serving load (including load from anticipated expansions) and received an allocation of System RA when D. 19-11-016 was issued, its allocation would have been 135 MW, or 46% percent of the allocation that SDG&E received. Without the mCAM, the Investor-Owned Utilities (IOUs) retain the excess System RA procured under D. 19-11-016 even though the allocation of those resources no longer accurately reflects load share.

The absence of a decision on the mCAM has given rise to several issues. First, because IOUs retain the excess RA procured under D. 19-11-016, but without direction on cost recovery, it is unclear whether they can sell those resources to new LSEs such as SDCP. Additionally, LSEs such as SDCP who were not named in the decision must procure necessary System RA even though at some point in the future, they may receive RA credits through the mCAM, exposing them to excessive procurement costs. Finally, IOUs will need to recover the costs of procuring the resources through a Commission-approved process, but at present, there is no clear path forward on cost recovery because the Commission has not yet issued a proposed decision establishing the mechanics of the mCAM.

In light of all of these issues, SDCP along with several other similarly situated CCA programs filed a **Motion** requesting clarification and interim guidance regarding the forthcoming mCAM. SDG&E, Southern California Edison Company and Pacific Gas and Electric Company all filed responses to the motion and agreed that the extended delay in the adoption of the mCAM has given rise to uncertainty and other challenges, and that a final decision is needed as soon as possible to resolve these ongoing issues. However, the IOUs oppose the CCA Programs’ proposed interim order that is intended to provide greater certainty and mitigate these various issues faced by departed load customers. On January 10, 2022, SDCP along with the other CCA Programs filed a **reply** to address these issues.

The Commission has not yet addressed the motion. SDCP held an **ex parte** meeting on February 16, 2022 in order to emphasize the importance of granting the interim relief requested in the motion. SDCP will continue to seek clarity regarding mCAM in the regulatory arena to avoid potentially inefficient procurement. SDCP expects a decision regarding mCAM in the first quarter of 2022.

**C. Assembly Bill 1814 (Grayson): Transportation Electrification: Community Choice Aggregators – Recommend Support Position**

A major component in meeting California’s stringent air quality and climate change targets are the state’s transportation objectives to achieve five million zero-emission vehicles (ZEVs) on the road by 2030 and 250,000 electric vehicle charging stations by 2025. These are essential because the transportation sector contributes a large percentage of nitrogen emissions, diesel particulate matter, and statewide greenhouse gas (GHG) emissions.
The CPUC plays a critical role in achieving these emission targets. Under their authority to regulate IOUs, they are directing strategic investments for transportation electrification projects, designing electricity rates, adopting vehicle-grid integration policy and pilot programs, and conducting program evaluation and interagency coordination to ensure strategically coordinated ZEV investments.

Although the CPUC authorizes IOUs to file applications to receive ratepayer funded transportation electrification program funding, CCAs are not explicitly authorized in existing law to access these funds, despite CCA customers paying the same rates that fund the IOUs programs. As a result, CCAs have little ability to receive funding for transportation electrification programs, which limits CCAs in their ability to offer tailored electric vehicle infrastructure and programs to serve residents and businesses, particularly in traditionally underrepresented areas.

**AB 1814** would authorize CCAs to submit applications to the CPUC to receive funding to administer transportation electrification programs in their service areas. CalCCA is sponsoring AB 1814 and seeking support from all CCAs.

CCAs should be given the opportunity to apply for funding through the CPUC for transportation electrification projects because as local community organizations, CCAs are better positioned to design and deliver tailored programs that are cost effective. Therefore, Staff recommends SDCP adopt an official support position for AB 1814.

**COMMITTEE REVIEW**
N/A

**FISCAL IMPACT**
N/A

**ATTACHMENTS**
N/A
SAN DIEGO COMMUNITY POWER  
Staff Report – Item 7

To: San Diego Community Power Board of Directors  
From: Byron Vosburg, Director of Power Services  
Via: Bill Carnahan, Interim CEO  
Subject: Approval of Engagement Letter Between Keyes & Fox LLP and San Diego Community Power  
Date: February 24, 2022

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RECOMMENDATION
Approve Engagement Letter Between Keyes & Fox LLP and San Diego Community Power and Authorize the Interim CEO to Execute the Agreement.

BACKGROUND
In June 2021, SDCP entered into an Engagement Letter with Keyes & Fox LLP (K&F) to provide energy procurement and transaction-related counsel and legal services with a not-to-exceed amount (NTE) of $100,000. K&F has extensive, specialized experience in the energy industry, including with Community Choice Aggregation (CCA) programs in California and with many of the renewable energy developers with whom SDCP expects to contract.

ANALYSIS AND DISCUSSION
Staff recommends that SDCP enter into a second Engagement Letter with K&F to cover expected costs through June 30, 2022. Since entering into the first Engagement Letter in June 2021, K&F has served as SDCP’s primary procurement counsel, supporting energy contracting for long-term renewable power purchase agreements (PPAs); short-term renewable, carbon-free, resource adequacy, and energy hedge contracts; developing standardized form agreements for all products; enabling agreements with potential energy suppliers; negotiating with the incumbent utility for energy supply that it had previously secured on behalf of customers that are now served by SDCP; and exclusivity and offtake agreements related to SDCP’s Local Request for Information. K&F’s expertise, professionalism, and efficiency have enabled SDCP to:

i) meet program goals related to renewable energy supply and promotion of local renewable energy development  
ii) minimize risk and costs associated with its energy supply contracts and portfolio  
iii) achieve successful compliance outcomes with respect to CAISO and CPUC Resource Adequacy requirements.
Through January 2022, SDCP has incurred costs of approximately $95,000, so this second Engagement Letter with an NTE of $100,000 is expected to allow for continued transactional support through June 30, 2022.

**FISCAL IMPACT**
Cost of this action will not exceed $100,000, which is expected to be sufficient to cover K&F costs through at least June 30, 2022. Funding is available in the FY22 budget.

**ATTACHMENTS**
Attachment A: Engagement Letter Between Keyes & Fox LLP and San Diego Community Power
February 17, 2022

Attn: Mr. Byron Vosburg
San Diego Community Power
815 E Street, Suite 12716
San Diego, CA 92112

RE: Engagement Letter Between Keyes & Fox LLP and San Diego Community Power

Keyes & Fox LLP (“K&F”) welcomes the opportunity to continue representation of San Diego Community Power, a California joint powers authority, (“SDCP”) with respect to the procurement of wholesale electricity supply, energy storage, resource adequacy, renewable energy credits, and transmission rights to serve SDCP customers (referred to herein as “Legal Services”). This Engagement Letter excludes work that K&F is performing for SDCP under a separate joint representation agreement and replaces the engagement letter dated May 24, 2021. This Engagement Letter describes the basis of the attorney-client relationship between K&F and SDCP with respect to the Legal Services, along with an explanation of how K&F will bill for those services.

1. Scope of Engagement

Pursuant to this engagement letter, K&F agrees to represent SDCP as its client with regard to the Legal Services described above. Keyes & Fox will do its utmost to serve SDCP effectively, provide Legal Services in an efficient manner, and respond promptly to SDCP’s inquiries.

K&F has run a conflict check as it relates to the contemplated Legal Services and has not found any direct conflicts with undertaking them. If a conflict arises that may impact our ability to provide SDCP with effective representation, including with respect to negotiations that may involve current or former K&F clients as counterparties, we will promptly bring that conflict to SDCP’s attention. If you have any concerns regarding any relationship K&F may have with particular companies, organizations or individuals, please bring those concerns to our attention.

K&F will coordinate the provision of the Legal Services with Byron Vosburg as the designated representatives of SDCP, or with whomever he may specifically delegate that authority. We understand that Mr. Vosburg have the authority to make decisions on behalf of SDCP in connection with the Legal Services, and we are relying on that understanding.

2. Confidentiality of Communications and Work Product

It is in SDCP’s interest to preserve confidentiality of all communications with K&F and such work product related to the Legal Services not intended for use with third parties. If SDCP discloses any of our communications, it jeopardizes the privileged nature of the communications or work product. Accordingly, we advise our clients to take care not to disclose privileged information or work product not intended for use with third parties to any third-party person or entity.
3. **Fees, Expenses, Invoicing, and Retainer**

By signing this Engagement Letter, SDCP agrees to pay K&F for all professional fees and out-of-pocket expenses related to the Legal Services, according to the terms set forth below. Compensation under this Engagement Letter shall not exceed one hundred thousand dollars ($100,000) without prior authorization by SDCP.

**a. Professional Fees**

K&F will keep an hourly total of time spent on the Legal Services. Work will be performed at the hourly rates set forth in the Rates for Professionals provided in Attachment A to this Engagement Letter, which is incorporated by reference herein. Attachment A lists those persons we anticipate may work on the Legal Services. In addition to the K&F attorneys listed in Attachment A, the assistance of other K&F attorneys and/or staff may be enlisted from time to time as determined necessary for the provision of the Legal Services.

It is K&F’s policy to adjust hourly rates for all attorneys and staff at the beginning of the calendar year. Historically, rate increases have been between 5-8% per year. Rates quoted in Attachment A are 2022 rates. K&F shall not increase hourly rates charged for work performed during calendar year 2022 Legal Services above those listed in Attachment A. K&F’s practice is to charge for travel time, as discussed in Attachment A.

Mr. Fox and Ms. Lai will be the lead K&F attorneys working with you in connection with the Legal Services. Mr. Fox and Ms. Lai may utilize the services of other K&F attorneys in connection with this matter. By entering into this Engagement Letter, you consent in writing to Mr. Fox and Ms. Lai serving as the lead attorneys in this matter and to Mr. Fox’s and Ms. Lai’s assignment, with authorization by SDCP, of work on this matter to the other persons listed in Attachment A.

**b. Expenses**

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

**c. Invoices and Payments**

K&F will invoice SDCP at the beginning of each month for Legal Services during the prior calendar month. Invoices will list the matter worked on and provide information on the dates of service, time involved, person responsible and activity undertaken. K&F will use best efforts to respond to requests for special invoice formats. Upon receipt of properly prepared invoicing, SDCP shall pay K&F within thirty (30) calendar days for services provided in accordance with this Engagement Letter.

4. **Termination of K&F’s Representation**

Either SDCP or K&F may terminate K&F’s representation of SDCP at any time and for any reason. At the time K&F’s representation of SDCP concludes, all unpaid fees and costs for work performed by K&F become due and payable. If at that time SDCP does not request the return of such fees and costs, SDCP shall pay such fees and costs.
of files related to the Legal Services, K&F will retain such files for a period of three (3) years, after which K&F may have the files destroyed.

5. Miscellaneous

This letter is the entire agreement between SDCP and K&F concerning the Legal Services and supersedes all prior or contemporaneous agreement between SDCP and K&F, whether written or verbal, for the Legal Services. This agreement and the scope of work provided under it may be amended from time to time by mutual agreement among K&F and SDCP. California law will govern this agreement and any subsequent amendments.

6. Conclusion

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

We look forward to our representation of SDCP.

Sincerely,

Kevin Fox, Partner
Keyes & Fox LLP

By signing this letter, the signatory affirms that he or she understands and agrees to bind his or her company to the terms set forth in this Engagement Letter. This agreement shall not take effect, and K&F shall have no obligation to provide the work described herein, until SDCP has returned a signed copy of this letter.
San Diego Community Power

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

By: ______________________
    [Name]

Title: ____________________

Date: ____________________
Attachment A

Rates for Professionals

Hourly Rates and Other Terms

Kevin Fox, Partner $445
Caryn Lai, Counsel $380
Lilly McKenna, Associate $265
Julia Kantor, Associate $280
Beren Argetsinger, Partner $285
Alicia Zaloga, Paralegal $120

Firm Travel: Travel time is billed at the one-half of the listed hourly rate. Every effort will be made to work productively on the Legal Services during travel. All reasonable travel expenses are billable – hotel, airfare, car rental, meals, taxi, public transit, etc.
To: San Diego Community Power Board of Directors  
From: Rita de la Fuente, Director of External Affairs  
Via: Cody Hooven, Chief Operating Officer  
Subject: Residential Enrollment Public Relations Update  
Date: February 24, 2022

RECOMMENDATION
Receive and file update on Phase 3 and Public Relations (PR) Campaign for residential enrollment.

BACKGROUND
San Diego Community Power (SDCP) is working Civilian, Inc. (Civilian) on an array of marketing activities to drive awareness, spark community engagement, and minimize opt-outs over the coming months during the Phase 3 Residential enrollment period. The Phase 3 PR Campaign began in December with direct mail enrollment notices and continues with various tactics to educate and engage new customers.

ANALYSIS AND DISCUSSION
Public Engagement Events
SDCP staff has recently participated in the following outreach activities:
1/30/22 American Lung Association LUNG FORCE WALK  
2/3/22 San Diego Regional Chamber Sustainability & Industry Committee Presentation  
2/3/22 Imperial Beach Democratic Club Presentation  
2/4/22 Progressive Labor Alliance Presentation  
2/5/22 Imperial Beach Clean-up  
2/12/22 Imperial Beach Artisan Market  
2/21/22 La Mesa Environmental Sustainability Commission  
2/22/22 La Mesa City Council Presentation

SDCP staff is tentatively scheduled to participate in the following upcoming outreach:
2/25/22 La Mesa Farmer’s Market  
3/14/22 San Diego Oasis Presentation  
3/16/22 Encinitas City Council Presentation  
3/18/22 La Mesa Sunrise Rotary Club Presentation
Communications Strategy
PR strategies ramped up at the end of January with press releases and outreach to media. Here is a list of media coverage related to SDCP’s residential launch through February 15, 2022.

San Diego Union-Tribune

San Diego News Fix podcast

KPBS 89.5 FM Radio – Midday Edition Talk Show

KPBS TV and Radio News
https://www.kpbs.org/news/local/2022/02/02/imperial-beach-residents-say-theyre-confused-about-utility-choice

NBC7/KNSD TV

CBS8

Telemundo 20

KUSI TV
https://muckrack.com/broadcast/savedclips/view/u83DvI5ocf

San Diego Metro

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

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

“Total Annual Energy” means the sum of all Parties’ Annual Energy Use. The initial values for Annual Energy Use will be designated in Exhibit C and shall be adjusted annually as soon as reasonably practicable after January 1, but no later than March 1 of each year. These adjustments shall be approved by the Board. The combined voting share of all Directors representing a Party shall be based upon the annual electricity usage within the Party’s jurisdiction. If a Party has two Directors, then the voting shares allocated to that Party shall be equally divided between its two Directors.

The initial voting shares will be set forth in Exhibit D. Exhibit D shall be revised no less than annually by March 1 as necessary to account for changes in the Parties’ Annual Energy Use and at such other times as necessary to account for changes in the number of Parties. Exhibit D and adjustments shall be approved by the Board.

Notwithstanding the formula for Voting Shares set forth above, for the purposes of the Voting Shares Vote, no one Party to this Agreement shall have a Director (or Directors, as the case may be) with a Voting Share that exceeds 49%, regardless of the Party’s actual annual electricity usage. If a Party would have a voting share that exceeds 49%, the excess above 49%
shall be distributed among the other Parties in accordance with their relative annual electricity usage, as shown in Exhibit D.

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

COMMITTEE REVIEW
N/A

FISCAL IMPACT
N/A

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

Approved February 24, 2022

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Annual Energy Use (MWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego (City)</td>
<td>5,712,641</td>
</tr>
<tr>
<td>San Diego County</td>
<td>1,767,275</td>
</tr>
<tr>
<td>Chula Vista</td>
<td>679,985</td>
</tr>
<tr>
<td>Encinitas</td>
<td>210,039</td>
</tr>
<tr>
<td>La Mesa</td>
<td>207,146</td>
</tr>
<tr>
<td>National City</td>
<td>205,319</td>
</tr>
<tr>
<td>Imperial Beach</td>
<td>65,051</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,847,456</strong></td>
</tr>
</tbody>
</table>

Data sources: Updated data for the 5 Founding Members is from 2020. County of San Diego data is from 2019. National City data is from 2018. Data was obtained from SDG&E.
### Exhibit D: Voting Shares

Approved February 24, 2022

<table>
<thead>
<tr>
<th>Party</th>
<th>Share (MWh)</th>
<th>Share Weight</th>
<th>Allocation of City of San Diego Share above 49%</th>
<th>Calculated Voting Share (City of SD capped at 49%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego (City)</td>
<td>5,712,641</td>
<td>64.57%</td>
<td></td>
<td>49.00%</td>
</tr>
<tr>
<td>San Diego County</td>
<td>1,767,275</td>
<td>19.97%</td>
<td>8.78%</td>
<td>28.75%</td>
</tr>
<tr>
<td>Chula Vista</td>
<td>679,985</td>
<td>7.69%</td>
<td>3.38%</td>
<td>11.06%</td>
</tr>
<tr>
<td>Encinitas</td>
<td>210,039</td>
<td>2.37%</td>
<td>1.04%</td>
<td>3.42%</td>
</tr>
<tr>
<td>La Mesa</td>
<td>207,146</td>
<td>2.34%</td>
<td>1.03%</td>
<td>3.37%</td>
</tr>
<tr>
<td>National City</td>
<td>205,319</td>
<td>2.32%</td>
<td>1.02%</td>
<td>3.34%</td>
</tr>
<tr>
<td>Imperial Beach</td>
<td>65,051</td>
<td>0.74%</td>
<td>0.32%</td>
<td>1.06%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,847,456</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>15.57%</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

Data sources: Updated data for the 5 Founding Members is from 2020. County of San Diego data is from 2019. National City data is from 2018. Data was obtained from SDG&E.
RECOMMENDATION

1. Approve the FY2021-22 budget amendment for total operating revenues of $378,053,506 and operating expenses of $341,199,063.

BACKGROUND

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

Section 7.3.1 of the JPA specifies that the board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. On June 24, 2021, the Board approved the FY 2021-22 budget which included total operating revenues of $315,137,651 and operating expenses of $296,431,999.

Since then, the FY 2021-22 budget has had significant changes to its operating revenues and expenses. Specifically, on January 20, 2022, the Board approved a rate change, effective February 1, 2022. This rate change was largely due to significantly higher market power costs affecting all market participants and to an increase in the cost of market power supply in 2022; taken together, energy costs have driven an increase in projected expenses for remainder of FY 2021-22. Other expense adjustments include adjustments in personnel, professional services and consultants, and general and administration costs. These adjustments are primarily due to the timing of acquiring staff, aligning with known costs and contracted services, and a minor increase in the marketing and outreach budget primarily to account for an increase in communications consultants that was previously approved by the Board.
Staff therefore recommend approving an amendment to the FY2021-22 budget to increase total operating revenues to $378,053,506 and operating expenses of $341,199,063, resulting in a net operating income of $36,854,443.

ANALYSIS AND DISCUSSION

FY 2021-22 Amended Budget

The FY 2021-22 amended budget presented here seeks to make adjustments to the budget originally presented to the Board in June 2021. The amended budget includes both significant increases in revenues and in the cost of energy as has been previously discussed in prior Board meetings. This proposed amended budget adjusts the revenues and costs to be in line with the most recent proforma which reflects the rate change approved by the Board in January 2022. The following is a summary of the proposed FY 2021-22 budget amendments.

- **Revenues**
  - The Board approved a rate change during its meeting on January 20, 2022 that increased projected revenue in FY 2021-22 from $315,137,651 to $378,053,506.

- **Expenses**
  - **Cost of energy** was adjusted up by 15.9% from $284,304,000 to $329,517,592. This increase was driven by increased market power costs affecting all market participants. SDCP is also impacted by the increase in cost of market power supply in 2022.
  - **Personnel** costs were adjusted down by 17.6% from $4,885,005 to $4,023,175. This adjustment is primarily due to longer lead times to hire new positions.
  - **Professional services** costs were adjusted up slightly by 2.9% from $4,980,994 to $5,126,016. This small increase is primarily due to adjusting for known costs.
  - **Marketing and Outreach** costs were adjusted up by 23.4% from $1,417,000 to $1,748,699. This increase was driven by a right-sizing of the Civilian contract from an original not-to-exceed amount of $775,680 to $918,860, which was previously approved by the Board on May 27, 2021.
  - **General and Administration** costs were adjusted down slightly by 0.7% from $845,000 to $783,581. This slight decrease is due to lower travel and reimburse requests and to lower rent expenses.

- **Operating Income** – The resulting projected operating income is up from $18,705,652 to $36,854,443 for FY 2021-22.

FY 2022-23 Budget Development Schedule

The proposed budget development schedule for FY 2022-23 presented here seeks to solicit feedback from the Board prior to review in its May 2022 meeting and adoption in its June 2022 meeting.

- **February 2022**
  - Staff develop initial operating revenue estimates
  - Staff develop initial operating expense estimates
Staff develop financial plan for credit rating in 3-years

- March to April 2022
  - Strategic planning sessions with Board
  - Staff develop operating budget proposals
  - Baseline budget is developed
- May 2022
  - Financial and Risk Management Committee Review
  - Board preview (information item)
- June 2022
  - Board approval
- July 2022 to June 2023
  - July 1st - budget implemented
  - Mid-year budget review (February 2023)
  - Budget amendments as necessary

COMMITTEE REVIEW
The report was not reviewed by the Finance and Risk Management Committee (FRMC).

FISCAL IMPACT
The FY 2021-22 amended budget right sizes the revenues to the rate increase approved by the board on January 20, 2022. The amendment also accounts for increases in energy costs and aligns expenses with known personnel, marketing, communications, professional services, and general and administrative costs.

The resulting FY 2021-22 budget amendment results in operating income of $36.9 million versus $18.7 million in the FY 2021-22 adopted budget.

ATTACHMENTS
Attachment A: FY2021-22 Budget Amendment
FISCAL YEAR 2022 AMENDED BUDGET

for the period

July 1, 2021 through June 30, 2022
## FY 2021-22 Proposed Budget Amendment

### OPERATING REVENUES

<table>
<thead>
<tr>
<th>Description</th>
<th>Original Budget</th>
<th>Amendments</th>
<th>Proposed Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Ratepayer Revenues</td>
<td>$318,320,860</td>
<td>$62,495,672</td>
<td>$380,816,532</td>
</tr>
<tr>
<td>(Less 1% Uncollectible Customer Accounts)</td>
<td>$3,183,209</td>
<td>$420,183</td>
<td>$2,763,026</td>
</tr>
<tr>
<td><strong>Net Operating Revenues</strong></td>
<td><strong>$315,137,651</strong></td>
<td><strong>$62,915,855</strong></td>
<td><strong>$378,053,506</strong></td>
</tr>
</tbody>
</table>

### OPERATING EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>Original Budget</th>
<th>Amendments</th>
<th>Proposed Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Cost of Energy</strong></td>
<td><strong>$284,004,000</strong></td>
<td><strong>$45,213,592</strong></td>
<td><strong>$329,517,592</strong></td>
</tr>
<tr>
<td><strong>Personnel Costs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>$3,541,667</td>
<td>(372,026)</td>
<td>$3,169,641</td>
</tr>
<tr>
<td>Benefits (retirement/health)</td>
<td>$872,400</td>
<td>(416,132)</td>
<td>$456,268</td>
</tr>
<tr>
<td>Payroll Taxes</td>
<td>$270,938</td>
<td>(73,672)</td>
<td>$197,266</td>
</tr>
<tr>
<td>Accrued PTO</td>
<td>$100,000</td>
<td>-</td>
<td>$100,000</td>
</tr>
<tr>
<td>Contingency</td>
<td>$100,000</td>
<td>-</td>
<td>$100,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,885,005</strong></td>
<td><strong>(861,830)</strong></td>
<td><strong>$4,023,175</strong></td>
</tr>
<tr>
<td><strong>Professional Services and Consultants</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal/Regulatory</td>
<td>$895,000</td>
<td>$175,424</td>
<td>$1,070,424</td>
</tr>
<tr>
<td>Technical Support</td>
<td>$947,000</td>
<td>$62,196</td>
<td>$1,009,196</td>
</tr>
<tr>
<td>Programs Consultant</td>
<td>$350,000</td>
<td>-</td>
<td>$350,000</td>
</tr>
<tr>
<td>Broker Fees</td>
<td>$100,000</td>
<td>$7,378</td>
<td>$107,378</td>
</tr>
<tr>
<td>Other Services</td>
<td>$383,000</td>
<td>-</td>
<td>$383,000</td>
</tr>
<tr>
<td>SDG&amp;E Fees</td>
<td>$1,429,000</td>
<td>$25</td>
<td>$1,429,025</td>
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<tr>
<td>Data Management</td>
<td>$652,994</td>
<td>-</td>
<td>$652,994</td>
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<tr>
<td>Contingency</td>
<td>$224,000</td>
<td>(100,000)</td>
<td>$124,000</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$4,980,994</strong></td>
<td><strong>145,023</strong></td>
<td><strong>$5,126,016</strong></td>
</tr>
<tr>
<td><strong>Marketing and Outreach</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communications Consultants</td>
<td>$600,000</td>
<td>$328,710</td>
<td>$928,710</td>
</tr>
<tr>
<td>Notices and Mailers</td>
<td>$240,000</td>
<td>(21,667)</td>
<td>$218,333</td>
</tr>
<tr>
<td>Printing</td>
<td>$277,000</td>
<td>$24,655</td>
<td>$301,655</td>
</tr>
<tr>
<td>Sponsorships/Local Memberships</td>
<td>$150,000</td>
<td>-</td>
<td>$150,000</td>
</tr>
<tr>
<td>Pilot Member City Grants</td>
<td>$150,000</td>
<td>-</td>
<td>$150,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,417,000</strong></td>
<td><strong>331,699</strong></td>
<td><strong>$1,748,699</strong></td>
</tr>
<tr>
<td><strong>General and Administration</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cal CCA Dues</td>
<td>$350,000</td>
<td>$5,154</td>
<td>$355,154</td>
</tr>
<tr>
<td>Insurance</td>
<td>$125,000</td>
<td>-</td>
<td>$125,000</td>
</tr>
<tr>
<td>Rent</td>
<td>$120,000</td>
<td>(22,700)</td>
<td>$97,300</td>
</tr>
<tr>
<td>Other G &amp; A</td>
<td>$250,000</td>
<td>(43,873)</td>
<td>$206,127</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$845,000</strong></td>
<td><strong>(61,419)</strong></td>
<td><strong>$783,581</strong></td>
</tr>
</tbody>
</table>

**Total Operating Expenses**

<table>
<thead>
<tr>
<th>Description</th>
<th>Original Budget</th>
<th>Amendments</th>
<th>Proposed Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$296,431,999</strong></td>
<td><strong>$44,767,065</strong></td>
<td><strong>$341,199,063</strong></td>
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**Operating Income (Loss)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Original Budget</th>
<th>Amendments</th>
<th>Proposed Budget</th>
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<tbody>
<tr>
<td><strong>$18,705,553</strong></td>
<td><strong>$18,148,790</strong></td>
<td><strong>$36,854,443</strong></td>
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2
I. OPERATING REVENUES
SDCP’s sole source of revenue currently is from the retail sale of electricity to its customers. Revenue budgeted for FY 2021-22 reflects a full fiscal cycle of retail sales to our commercial and industrial customer base and a portion of retail sales to our residential customer base. Partial revenues from the residential customer base is due to the planned staggered phasing of customer launch dates.

II. OPERATING EXPENSES
a) **Cost of Energy** – Cost of Energy includes all the various services purchased from the power market through our suppliers. This includes purchased energy, capacity, CAISO fees and other miscellaneous power market expenses.

b) **Personnel** – Personnel costs include salaries, payroll taxes, benefits, and excused absence and paid time off for staff. Two intern positions are also budgeted with the expectation of developing a pipeline opportunity to develop future community choice industry leaders and staff members. In addition, a contingency is included for items such as expanding the internship program to as well as miscellaneous personnel related costs or additional staffing needs. The recruitment strategy includes the addition of approximately 5 new staff members and two interns during the remainder of the FY 2021-22 budget cycle to support the continued growth of SDCP.

c) **Professional services and consultants**
   i) **Legal/Regulatory Services** – SDCP retains legal counsel to assist with the complex aspects of the regulatory, compliance, power supply contract negotiations as well as its general legal needs. This line item will also allow for the retention of a lobbyist to support SDCP’s legislative and regulatory efforts, expected in the latter half of FY 2021-22.

   ii) **Technical Support** – SDCP engages consultants to assist with rate setting, policies, joint rate comparisons with the IOU, load analysis, and a scheduling coordinator. After electric power is scheduled for delivery to customers and ultimately consumed by those customers, the actual electric consumption must be trued up against the forecasted and scheduled energy. This true-up occurs through the settlement process. Settlements also entail addressing a number of other market and regulatory requirements. Staff are currently considering options for Scheduling Coordinator Service.

   iii) **Programs Consultant** – Staff are beginning to develop plans for customer energy programs. This effort ranges from solicitation of feedback on programs preferred by residents and businesses to a detailed and complex application to the California Public Utilities Commission for funding. Budget amounts for consulting support and implementation are estimated here.
iv) **Broker Fees** – SDCP utilizes the services brokers to assist with energy market trades.

v) **Other Services** – SDCP contracts or plans to contract for IT Services, Audit (data and financial audits), Accounting services, Human Resource, and several other tasks. As SDCP matures we will monitor these services to determine whether it is more cost effective or efficient to bring this work in-house.

vi) **SDG&E Service Fees** – Service fees paid to SDG&E consist of a charge of a fixed fee per account per month. The rollout of phases two and three during FY 2021-22 add significant cost compared to FY 2021-22. The fees cover SDG&E’s costs associated with meter reading additional data processing and bill coordination as mandated and regulated by the California Public Utilities Commission (CPUC). There are also numerous small fees associated with data requests.

vii) **Data Management** – Broad scope of services that includes all “back office” billing data validation, bill coordination with SDG&E, call center services and billing technical support, customer enrollment database management, move-in/move-out services, customer research for enrollment support, and many support functions related to data reporting.

viii) **Contingency** – As new members join the CCA, the contingency will support the cost of research, data analysis and feasibility studies as well other miscellaneous professional services and consulting costs that may arise or change.

d) **Marketing and Outreach**

i) **Communications Consultants** – An important focus of SDCP is ensuring the community is informed about SDCP and that we build professional-level name recognition, trust, and education. This also covers the design of all required notifications sent out to customers, informing them of their enrollment in SDCP, opt-out procedures, rate comparisons, as well as other notices or educational or marketing information.

ii) **Notices, Mailers, Printing and Sponsorship** – In addition to required noticing, SDCP performs outreach to educate the community of the benefits of community choice and to encourage awareness of our mission. This will come in the form of media advertising, sponsorships of community events and organizations, mailers, as well as targeted customer communications.

iii) **Pilot Member City Grants** – Staff have proposed this funding to develop a pilot program in support of our member city climate efforts. The criteria for dispersing of this funding is still in development but is intended to consider efforts to
develop and/or implement electrification, decarbonization, and climate action plans.

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

III. **NON-OPERATING REVENUES**
SDCP is financing its operations through debt until it receives sufficient cash inflows from ratepayer revenues. This category includes interest costs as well as potential renewal fees on debt or letters of credit.
RECOMMENDATION
Approve Financial Reserves Policy Revision

BACKGROUND
A best practice for ensuring the long-term viability among investment grade credit rated community choice programs is the implementation of a financial reserve policy and the Board of Directors approved the initial policy for SDCP in June, 2021. The existing policy provides for the review of the policy on an annual basis to make adjustments and improvements based on the actual operating experience of SDCP.

ANALYSIS AND DISCUSSION
One of the key purposes of the operating and working capital reserves is to provide a mechanism for the CCA to address the regular ebb and flow of collections and the timing differences of when revenue is received versus when payments for energy and other operating costs must be made. For example, SDCP receives more revenue in the summer months, whereas energy procurement is often done in the winter months when market prices are lower. Reconciliations of energy costs from the CAISO for the summer months are also often received during the winter months. The reserve allows SDCP to set aside excess revenues for use later in the budget year and smooth out the cash flow cycle. Another key purpose of the reserve is to allow the executive staff the flexibility to react quickly to unexpected changes in customer demand and market conditions, as well as the ability to take advantage of opportunities to buy energy products, particularly compliance products like RA, on short notice at competitive prices. The Financial Reserves Policy as originally adopted required Board approval for any use of the operating and working capital reserve, even if the use does not result in any financial impact over the course of a fiscal year. This has not worked efficiently in practice and hinders the ability of executive staff to make use of the operating and working
capital reserve for its intended purposes as part of day to day operations. Staff, in consultation with legal counsel, has reviewed policies of other CCA throughout California and has prepared updated language on the use of the operating and working capital reserves that will (i) authorize use of the reserve for cash flow purposes during the fiscal year at the discretion of the Chief Financial Officer as long as there is no anticipated net impact on reserve levels at the end of the fiscal year; and (ii) authorize the CEO to use the reserve within certain thresholds and for limited purposes without prior Board approval during each fiscal year. The intent of these changes is to allow uses that do not have a material impact on reserve levels at the discretion of executive staff while reserving to the Board of Directors approval of any significant draw down or use of reserves.

FISCAL IMPACT
There are no fiscal impacts from the changes to the Financial Reserves Policy

ATTACHMENTS
Attachment A: Draft of Financial Reserves Policy Revision
Subject: Financial Reserves Policy

Purpose: San Diego Community Power (SDCP) will maintain Financial Reserves as described in this policy to:

- Meet SDCP’s strategic objectives
- Secure favorable terms with vendors, including power producers
- Secure a standalone investment grade credit rating
- Provide funds to cover unanticipated expenditures

Policy Guidelines: SDCP will allocate up to 15% of gross revenue annually toward building an Operating/Working Capital Reserve equivalent to 90 days of total operating expenses (including power supply expenses) to be held as unrestricted cash. Unrestricted cash is defined as total cash less restricted cash held in accounts that are restricted from use due to collateral requirements or by covenant requirements. SDCP will establish rates and adopt budgets that provide for a growing Operation/Working Capital Reserve that meets the above target funding levels.

Fund Balance Review: The fund balance and annual contributions will be reviewed on an annual basis as part of SDCP’s budget process. The fund balance will also be reviewed at the completion of SDCP’s annual audit to reconcile the fund balance.

Exceeding Target Fund Balance: If reserve funds exceed target levels, the Board may use excess funds for capital projects, financing programs, paying down existing debt, rate reductions, or other strategic purposes.

Conditions for Use of Reserves

- For purposes of this policy, the “use of reserves” is defined as a projected or estimated reduction in the amount of the Operating/Working Capital Reserve by the end of a fiscal year below the sum of the balance of the Operating/Working Capital Reserve at the commencement of the fiscal year plus the projected addition to the Operating/Working Capital Reserve in the budget for the current fiscal year.

- Temporary reductions in the Operating/Working Capital Reserve for cash flow purposes to even out the expected peaks or dips in revenues and expenditures are normal cyclical occurrences to be expected during the fiscal year, and do
not constitute a use of reserves. Transfers to and from the Operating/Working Capital Reserve to account for such temporary cash flow fluctuations is within the discretion of the CFO.

- The CEO will have the discretion to authorize the use of reserves during the fiscal year up to the lesser of 10% of the year’s total budgeted cost, or $40 million, for the following purposes:

  1. Cover increases in power supply expenses due to spikes in costs and/or due to higher customer demand;
  2. Provide necessary funds to make up for unanticipated revenue shortfalls;
  3. Meet any margin or collateral posting requirements under energy supply contracts; and
  4. Provide resources to meet emergency expenditures.

- If further use of reserves are necessary or desirable to manage the operations of SDCP, the CEO must present recommendations to the Board and the Board must authorize such use.

Policy Review: SDCP staff will complete a review of this Financial Reserve Policy annually to ensure that the policy meets the needs of the organization.
RECOMMENDATION
Approve CAC appointments for National City and Unincorporated San Diego County.

BACKGROUND
Section 5.10.3 of the SDCP Joint Powers Authority (JPA) Agreement provides as follows:

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 program 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.

Since the city of National City and San Diego County joined as members of San Diego Community Power, the JPA allows these two additional members to nominate new members to the Community Advisory Committee.

Per the CAC’s Membership Terms and Criteria, which was adopted by the Board at the January 2020 regular meeting and updated in December 2021, the CAC shall be composed of fourteen primary committee members, with two from each member agency. Moreover, if SDCP adds another member agency, the makeup of the CAC will change to one primary and one alternate to ensure sustainable growth of the committee.

ANALYSIS AND DISCUSSION
At the December 2021 meeting, staff presented a process from which recruitment of the new representatives would begin. Applications would open on December 20, 2021, and close on January 19, 2022. Closer to the January 19 date, staff extended the application
open period by two weeks to February 2 to collect more responses. Throughout the process, staff promoted the applications via SDCP’s social media channels and Community Advisory Committee, and directly engaging with staff from National City and San Diego County.

Applications were reviewed to determine qualification based on membership criteria including residence or impact their work has on National City or unincorporated San Diego County. In total, 31 applications were received, and 19 qualified to represent unincorporated San Diego County and six to represent National City. The list of applications was sent to the respective member agency staff on February 4 for their review and determination of who would be nominated for appointment.

Once approved, new members would be expected to start at the next regularly scheduled CAC meeting on Friday, March 11. Staff plans to conduct onboarding once they are part of the committee.

Below are the names of appointments from Mayor Sotelo-Solis and Supervisor Lawson-Remer to fill their two vacancies and whether they will occupy an odd seat or even seat.

<table>
<thead>
<tr>
<th>COUNTY OF SAN DIEGO</th>
<th>ODD SEAT (TERM ENDS 6/2025)</th>
<th>EVEN SEAT (TERM ENDS 6/2023)</th>
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<tbody>
<tr>
<td>NATIONAL CITY</td>
<td>Peter Andersen</td>
<td>Victoria Abrenica</td>
</tr>
<tr>
<td></td>
<td>Aida Castañeda</td>
<td>Lawrence Emerson</td>
</tr>
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**COMMITTEE REVIEW**
The Community Advisory Committee received an update on the current expansion at their February 11, 2022 meeting.

**FISCAL IMPACT**
N/A

**ATTACHMENTS**
Attachment A: CAC Membership Terms and Criteria
Attachment B: CAC Roster and Seat Assignments
Community Advisory Committee Membership Terms and Criteria

1. The Committee shall be made up of fourteen (14) primary committee members, with two (2) from each member agency. If another member agency is added beyond a total of seven, the CAC will move to one primary and one alternate member for a total of seven (7) primary committee members. This composition may be revisited by the Board if new member agencies are added to SDCP.

2. The CAC is a Brown Act Committee and all meetings shall be posted and held in public settings;

3. SDCP aims to ensure a wide variety of perspectives and participation on the Community Advisory Committee;

4. Members shall be residents (property owners and/or renters), business owners, employees or representatives of a community-based organization located within one of the member agencies of San Diego Community Power;

5. When reviewing applicants for membership, SDCP staff and the Board of Directors are to prioritize residents, when feasible, from diverse social, economic and racial backgrounds that are representative of all residents within the service territory of San Diego Community Power;

6. There shall be at least one CAC member that is a renter within SDCP’s service territory and one that is a business owner.

7. Applicants must be committed to serving on the CAC and attending regular committee meetings, and occasional SDCP Board meetings. CAC meetings, times, and location will be determined in collaboration with staff. Members will serve a limit of two, three-year staggered terms.

   a. Odd Seats – current term ends 2022 and will renew to 2025 on July 1, 2022.
   b. Even Seats – current term ends 2023 and will renew to 2026 on July 1, 2023.
Community Advisory Committee Roster  
and Seat Assignments

<table>
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<tr>
<th>Seat</th>
<th>Term Ends</th>
<th>Name</th>
<th>Member Agency Representing</th>
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</thead>
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<tr>
<td>1</td>
<td>2022</td>
<td>Eddie Price</td>
<td>San Diego</td>
</tr>
<tr>
<td>2</td>
<td>2023</td>
<td>Matthew Vasilakis</td>
<td>San Diego</td>
</tr>
<tr>
<td>3</td>
<td>2022</td>
<td>Edward Lopez</td>
<td>Chula Vista</td>
</tr>
<tr>
<td>4</td>
<td>2023</td>
<td>Carolyn Scofield</td>
<td>Chula Vista</td>
</tr>
<tr>
<td>5</td>
<td>2022</td>
<td>Jen Derks</td>
<td>La Mesa</td>
</tr>
<tr>
<td>6</td>
<td>2023</td>
<td>David Harris</td>
<td>La Mesa</td>
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<tr>
<td>7</td>
<td>2022</td>
<td>Gary L. Jahns</td>
<td>Encinitas</td>
</tr>
<tr>
<td>8</td>
<td>2023</td>
<td>Tara Hammond</td>
<td>Encinitas</td>
</tr>
<tr>
<td>9</td>
<td>2022</td>
<td>Anna Webb</td>
<td>Imperial Beach</td>
</tr>
<tr>
<td>10</td>
<td>2023</td>
<td>Tom Summers</td>
<td>Imperial Beach</td>
</tr>
<tr>
<td>11</td>
<td>2022*</td>
<td>Peter Andersen</td>
<td>County of San Diego</td>
</tr>
<tr>
<td>12</td>
<td>2023*</td>
<td>Victoria Abrenica</td>
<td>County of San Diego</td>
</tr>
<tr>
<td>13</td>
<td>2022*</td>
<td>Aida Castañeda</td>
<td>National City</td>
</tr>
<tr>
<td>14</td>
<td>2023*</td>
<td>Lawrence Emerson</td>
<td>National City</td>
</tr>
</tbody>
</table>

Seats 1, 3, 5, 7, and 9 will update to 2025 on July 1, 2022 once renewal for those seats take place.

Seats 11 and 13 will automatically update to 2025 since those members will have just joined earlier in 2022. County representatives will be from the unincorporated communities. Terms end on June 30 of every designated year.
SAN DIEGO COMMUNITY POWER
Staff Report – Item 13

To: San Diego Community Power Board of Directors
From: Lucas Utouh, Director of Data Analytics and Account Services
Via: Cody Hooven, Chief Operating Officer
Subject: Approval of New Rate for Electric Vehicle (EV) Fleet
Date: February 24, 2022

RECOMMENDATION
Approve the new rate for electric vehicle (EV) fleet i.e., EV-HP contained in Attachment A to be effective as of February 1, 2022.

BACKGROUND
Prior to San Diego Community Power’s (SDCP) launch and initial enrollment of customers in March 2021, customers received bundled electric service (both generation and delivery) from SDG&E under a wide variety of rate schedules. As customers transition into SDCP service, they become “un-bundled”, effectively splitting the charge between SDG&E for transmission/delivery services, and SDCP for generation services. For ease in customer understanding and comparison to SDG&E, SDCP mirrors SDG&E rate schedule structure including time-of-use periods.

Beginning in January 2022, SDG&E and SDCP non-residential separately metered customers are able to opt into the EV-HP rate plan to support charging of Electric Vehicles (EV) whose monthly maximum demand equals, exceeds, or is expected to equal or exceed 20 kilowatts (kW). This is a new rate structure that allows EV fleet customers to choose the amount of power they need to charge their vehicles and pay for it with a flat monthly subscription fee. This new rate is associated primarily with SDG&E’s Power Your Drive for Fleets program that helps fleet owners and operators reduce operating costs, eliminate emissions, and simplify vehicle maintenance by transitioning to electric vehicles. For SDCP customers wanting to opt-in to this rate, its adoption by the Board will allow them to realize the benefits of receiving more renewable energy content (50% vs. SDG&E’s 31%) at a lower cost.

ANALYSIS AND DISCUSSION
Understanding the need to remain cost competitive, and the many broader financial pressures our customers face, SDCP’s proposed equivalent EV-HP rate for both Secondary and Primary voltage customers will provide customers with an enhanced savings of 2% for our base product, i.e. PowerOn, compared to SDG&E’s base product while offering a substantially higher renewable energy content.
Customers taking service on EV-HP will need to select their preferred kW subscription level. Ideally, the customer’s subscribed power level should exceed their maximum demand. In the event that the maximum demand exceeds the subscription level, the subscription level will be increased accordingly. Customers on SDCP’s EV-HP rate shall pay a monthly subscription charge based on their subscription level.

**COMMITTEE REVIEW**  
N/A

**FISCAL IMPACT**  
N/A

**ATTACHMENTS**  
Attachment A: SDCP’s EV-HP rate Effective February 1, 2022
Rate effective February 1, 2022

<table>
<thead>
<tr>
<th>Rate Name</th>
<th>Season</th>
<th>Charge Type</th>
<th>Time of Use Period</th>
<th>PowerOn</th>
<th>Power100</th>
</tr>
</thead>
<tbody>
<tr>
<td>EV-HP-S</td>
<td>Summer</td>
<td>Demand - 2020 Vintage</td>
<td>On-Peak</td>
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<table>
<thead>
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<th>CCA Rate Name</th>
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<th>Charge Type</th>
<th>Time of Use Period</th>
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<th>Power100</th>
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<tr>
<td>EV-HP-S</td>
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<td>0.01961</td>
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</tr>
</tbody>
</table>
RECOMMENDATION
Approve the proposed Padres Sponsorship Agreement for the 2022 season.

BACKGROUND
In August 2021, San Diego Community Power (SDCP) entered into a sponsorship agreement with the San Diego Padres (Padres) after several months of negotiation for a half-season sponsorship package. The sponsorship was part of SDCP’s larger marketing strategy to improve name recognition, partner with trusted institutions, and increase impressions prior to the Phase 3 Residential Enrollment. As part of the 2021 sponsorship agreement, the Padres agreed to honor the pricing of the half-season package, with a respective full season option. Based on the positive performance of 2021 sponsorship agreement and desire to continue to build a positive relationship between the Padres, SDCP, and the broader audience the Padres reach, SDCP has re-entered into negotiation with the Padres for the 2022 Season which starts on March 31, 2022 and is recommending the Board approve the proposed sponsorship agreement.

ANALYSIS AND DISCUSSION
SDCP, as part of its broader strategy to build trust, name recognition, and drive engagement, is proposing to enter into a full season sponsorship with the San Diego Padres for 2022. With the departure of the San Diego Chargers in 2017, the Padres are the region’s sole major market professional sports team. And since 2019 – after the significant signings of Manny Machado and Fernando Tatis Jr., the Padres have re-energized and re-activated their fan base resulting in Petco Park have the third highest attendance in the MLB last year (a 37% increase over 2019) as well as the highest growth for social media engagement with fans across the MLB.
Developed for the 2021 sponsorship agreement, and proposed to continue through the 2022 season, is a unique asset specific to SDCP – “Tonight’s Lights”. At all home night games, SDCP is announced in the stadium during the pre-game show as a “proud power provider” for the Padres lights, followed by a full video board and LED takeover.

Notably, the terms of the proposed sponsorship include the game-day giveaway on June 8th, 2022 of 35,000 Padres Player Hats (player TBA prior to season start) with the SDCP logo. SDCP will also have the ability to promote, through its own channels, the game-day giveaway prior to June 8th, which SDCP plans to do through its social media channels, and hold a press conference on the day of the game.

For the 2022 season, SDCP and the Padres have negotiated the following terms:

**Signage Benefits**

- Full LED Takeover. Sponsor shall receive one half-inning “full LED takeover” for twenty (20) Padres regular season home Padres Games during the Term. Sponsor shall be responsible, at its sole cost and expense, for the design, production, and preparation of the content, which must be approved in advance by the Padres in its sole and absolute discretion.

- Grandstand/Videoboard. Sponsor shall receive one (1) half-inning of grandstand/videoboard LED signage (Sponsor’s logo only) during twenty (20) agreed upon Padres Games during the Term. Sponsor shall be responsible, at its sole cost and expense, for the design, production, and preparation of the content, which must be approved in advance by the Padres in its sole and absolute discretion.

- Tonight’s Lights. Pre-game messaging on A-Z Guide and PA announcement at the start of the pre-game show, with LED support as a Proud Power Provider during all evening Padres games during the Term. Parties will mutually agree on announcement copy.

- L-Bar Branding. Sponsor shall receive nonexclusive L-Bar branding on all televisions, which shall rotate from the time the gates open to the last pitch, in the Ballpark for forty-one (41) Padres Games during the Term. Sponsor shall pay all costs associated with branding. All branding must be mutually agreed upon.

**Promotional Benefits**

- Giveaway Item. Sponsor shall be the presenting sponsor of the player cap Giveaway Item (“Giveaway Item”) during the Term (player to be determined). Sponsor shall receive name and/or logo placement on the Giveaway Item and all materials promoting the Giveaway Item. Sponsor may include, pending Padres
approval, marketing materials specific to the Giveaway Item in Sponsor’s marketing and promotional activities.

- **Activation Kiosk.** Sponsor shall have the opportunity for an on-site activation (approximately 10’ x 10’ in size) in Gallagher Square during the Giveaway Item Padres Game. Sponsor shall have the right to produce and distribute brochures and collateral material to fans that visit the activation kiosk at its sole cost and expense. All brochures or other collateral materials disseminated must be approved in advance by the Padres, in its sole and absolute discretion. Sponsor shall be responsible for all staffing of the Activation Kiosk, with staff subject to the Padres approval as well as the rules and regulations for the Padres game day employees. Up to four (4) staff members will be allowed to enter the event, without a ticket, to work at the Activation Kiosk.

- **Banner Ad.** Sponsor shall be entitled to MLBAM-produced banner ads on padres.com on mutually agreed upon dates, until the ads have achieved two-hundred-fifty-thousand (250,000) views. All banner material must be approved in advance by Padres and MLBAM.

- **Padres Email.** Sponsor shall have the opportunity to include promotional material in two (2) dedicated email blasts. Sponsor shall pay all production costs associated with the promotional piece. All promotional material must be approved in advance by Padres in its sole and absolute discretion.

- **Social Media Post & Direct Mail.** Sponsor shall have the ability to announce Sponsor’s sponsorship of the Padres on Sponsor’s social channels two (2) times. Sponsor shall also have the opportunity to announce Sponsor’s sponsorship of the Padres in two (2) direct mailing by Sponsor. Sponsor shall be allowed to include in the social media post and direct mailing the official Padres logo.

- **Social Media Posts without Logo.** Sponsor shall have the ability to announce Sponsor’s sponsorship of the Padres on one (1) Sponsor’s paid, owned, earned social media channels, without the official Padres logo.

- **Promotion of Sponsor’s Social Media.** Sponsor shall have the ability to have Padres engage in two (2) of Sponsor’s social media posts. Padres official channels will engage through retweet, repost, or share of Sponsor’s social media posts to Padres followers. Social media posts must be preapproved by the Padres to include content within Padres goals and mission.

- **Post Regular Season Sponsorship Recap.** Padres shall develop a report complete with data and statistics highlighting impressions, performance metrics, and proof of performance of signage and promotional benefits.
Hospitality Benefits

- Planning Meeting/Press Conference. Sponsor shall have the ability to hold an offsite planning meeting and press conference at Petco Park on the day of the cap Giveaway. Any staffing and additional ad-ons shall be paid by the Sponsor.

- Networking Events. Sponsor shall receive invitations to select partner networking events throughout the Term, in Padres sole and absolute discretion.

- Suite Night. Sponsor shall receive the following suite benefits for one (1) mutually agreed upon Padres Game during the Term:
  - Twenty (20) tickets for a suite
  - Ten (10) Standing Room Only tickets
  - Standard food and beverage package

FISCAL IMPACT
The total cost of the Padres 2022 Season Sponsorship is $170,000 and shall be paid according to the following schedule:
- $56,666.66 due on or before April 1, 2022
- $56,666.66 due on or before May 15, 2022
- $56,666.68 due on or before July 1, 2022

ATTACHMENTS
Attachment A: Proposed 2022 Sponsorship Agreement
Attachment B: 2021 Sponsorship Season Metrics Report
Attachment C: Mock-up of Padres Player Hat Giveaway
SPONSORSHIP AGREEMENT

AGREEMENT SUMMARY

SPONSOR:

Name: San Diego Community Power       Phone: 858-922-8087
Address: 815 E Street, Suite 12716       E-mail: lfriedman@sdcommunitypower.org
San Diego, CA 92112

Attn: Lee Friedman

This Sponsorship Agreement (the “Agreement”), dated as of February _____, 2022, consists of
(1) this Agreement Summary (the “Agreement Summary”) and (2) the General Provisions. Sponsor
acknowledges and agrees to be bound by the General Provisions, which are hereby incorporated into
this Agreement. In the event of a conflict between the terms of this Agreement Summary and the
General Provisions, the terms of the General Provisions shall prevail. Any capitalized term used herein
and not otherwise defined herein shall have the meaning set forth in the General Provisions.

SPONSORSHIP BENEFITS:

Padres, L.P. (the “Padres”) shall provide Sponsor with the following benefits, subject to the terms of the
General Provisions attached hereto (the “General Provisions”):

Signage Benefits

- **Full LED Takeover.** Sponsor shall receive one half-inning “full LED takeover” for
twenty (20) Padres regular season home Padres Games during the Term. Sponsor shall be
responsible, at its sole cost and expense, for the design, production, and preparation of the
content, which must be approved in advance by the Padres in its sole and absolute
discretion.

- **Grandstand/Videoboard.** Sponsor shall receive one (1) half-inning of
grandstand/videoboard LED signage (Sponsor’s logo only) during twenty (20) agreed upon
Padres Games during the Term. Sponsor shall be responsible, at its sole cost and expense,
for the design, production, and preparation of the content, which must be approved in
advance by the Padres in its sole and absolute discretion.

- **Tonight’s Lights.** Pre-game messaging on A-Z Guide and PA announcement at the start
of the pre-game show, with LED support as a Proud Power Provider during all evening
Padres games during the Term. Parties will mutually agree on announcement copy.

- **L-Bar Branding.** Sponsor shall receive nonexclusive L-Bar branding on all televisions,
which shall rotate from the time the gates open to the last pitch, in the Ballpark for
forty-one (41) Padres Games during the Term. Sponsor shall pay all costs associated with
branding. All branding must be mutually agreed upon.
Promotional Benefits

- **Giveaway Item.** Sponsor shall be the presenting sponsor of the player cap Giveaway Item (“Giveaway Item”) during the Term (player to be determined). Sponsor shall receive name and/or logo placement on the Giveaway Item and all materials promoting the Giveaway Item. Sponsor may include, pending Padres approval, marketing materials specific to the Giveaway Item in Sponsor’s marketing and promotional activities.

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Hospitality Benefits

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- **Networking Events.** Sponsor shall receive invitations to select partner networking events throughout the Term, in Padres sole and absolute discretion.

- **Suite Night.** Sponsor shall receive the following suite benefits for one (1) mutually agreed upon Padres Game during the Term:
  - Twenty (20) tickets for a suite
  - Ten (10) Standing Room Only tickets
  - Standard food and beverage package

**TERM:**

The term (the “Term”) shall commence on January 1, 2022, and end on October 31, 2022 (unless terminated earlier in accordance with the General Provisions).

**ANNUAL PAYMENT(S):**

Sponsor shall pay Padres pursuant to the following schedule:

$170,000 paid to Padres
- $56,666.66 due on or before April 1, 2022
- $56,666.66 due on or before May 15, 2022
- $56,666.68 due on or before July 1, 2022

Upon execution by both parties, this Agreement is a binding legal contract.

PADRES, L.P.                SAN DIEGO COMMUNITY POWER

By: _________________________________    By: _________________________________
Erik Greupner                 Its: Chief Executive Officer
Its:  Chief Executive Officer
SPONSORSHIP AGREEMENT

GENERAL PROVISIONS

This Sponsorship Agreement (the “Agreement”) consists of (1) the attached Agreement Summary and (2) these General Provisions. In the event of a conflict between the terms of the Agreement Summary and these General Provisions, the terms of these General Provisions shall prevail.

1. **Sponsorship Benefits.** During the Term, for and in consideration of the Payments set forth herein, the Padres, which operates and controls the Major League Baseball (“MLB”) team known as the San Diego Padres (the “Team”), will furnish to Sponsor the Sponsorship Benefits set forth in the Agreement Summary (the “Sponsorship Benefits”), subject to any limitations and conditions imposed by the Office of the Commissioner of Baseball generally or with respect to specific events such as nationally-televised games, World Baseball Classic, All-Star Games, playoff games and World Series Games (“MLB Events”). Any Sponsorship Benefits that are unused by Sponsor in the applicable year of the Term shall expire.

2. **Term.** The Term shall commence and end on the dates set forth in the Agreement Summary, unless terminated earlier in accordance with this Agreement, provided, however, that in no event shall the Term extend beyond the term of the Joint Use and Management Agreement by and between the City of San Diego and Padres, L.P. dated as of February 1, 2000.

3. **Payments.**
   a. In consideration of the Sponsorship Benefits to be furnished by the Padres to Sponsor, Sponsor shall pay to the Padres the Annual Payments identified in the Agreement Summary on the dates set forth therein. Sponsor shall not set off against any Annual Payment the amount of any Monetary Obligation (defined below) of the Padres to Sponsor.
   b. Sponsor is responsible for paying the following items directly and shall not deduct from or offset such items against the Annual Payment: (i) any agency fees or commissions Sponsor incurs in connection with the transactions contemplated by this Agreement; or (ii) any tax, fee or levy that any federal, state or local government agency imposes on the transactions contemplated by this Agreement. Sponsor’s obligation in the previous clause excludes income taxes payable by the Padres. Sponsor shall reimburse the Padres for any amount described in the first sentence of this paragraph that the Padres becomes obligated to pay.
   c. Forms of payment accepted are corporate check, cashier’s check and wire transfer only.

4. **Responsibility for Materials; Advertising Copy.**
   a. The Padres shall be responsible, at its sole cost and expense, for maintaining the fixed panel structures and (if applicable) the lighting system for the advertising copy in or on any signage to be furnished hereunder (the “Signage”).
   b. Sponsor shall be responsible, at its sole cost and expense, for: (i) the design, production and preparation of all advertising copy and commercial messages to be displayed, published, broadcast, telecast or distributed pursuant to this Agreement in accordance with the deadlines established by the Padres; (ii) furnishing to the Padres the name, brand names, trademarks, service marks, logos or other identification (the “Mark(s)”) of Sponsor, for use in any advertisements or commercial messages to be furnished hereunder, and (iii) maintaining the advertising copy displayed in or on the Signage in good and attractive order, repair and condition throughout the Term, including the cost of painting or repainting the advertising copy displayed on the Signage to the extent necessary in the reasonable judgment of the Padres.
   c. All advertising copy and commercial messages displayed, published, broadcast, telecast or distributed pursuant to this Agreement, and all characteristics thereof (including without limitation design, layout, elevation, configuration, context, size and color), must be approved in advance by the Padres and, if applicable, MLB. Sponsor acknowledges that the maintenance of the Padres’ reputation and image are paramount. Sponsor agrees that the Padres may withdraw approval granted pursuant to this Section 4(c) if any previously approved advertising copy or commercial messages may bring Sponsor, the Padres or its or their services into public disrepute, contempt, scandal or ridicule, or which provokes, shocks, insults or offends the community, or which injures, or may injure, the success of the Padres.
d. Sponsor shall have the right to change or modify any advertising copy displayed pursuant to this Agreement, subject to the Padres’ right of approval of all proposed changes or modifications (and the timing thereof). Any changes or modifications of advertising copy shall be designed, produced and prepared and, if applicable, erected and installed, at Sponsor’s sole cost and expense. Sponsor agrees to provide the Padres with all proposed changes or modifications of advertising copy at least 30 days prior to the proposed date of display thereof.

e. The Padres shall have the right to change or modify any Signage in the event it is displayed in an area that is being upgraded or retrofitted. In the event that such an upgrade affects the Signage, the Padres shall be responsible for all costs related to the design, production and preparation of the replacement Signage, subject to Sponsor’s approval, which shall not be unreasonably withheld.

5. Display of Signage. All advertising copy to be displayed on Signage shall be displayed on such Signage (and with respect to Signage designed to be illuminated, illuminated during night games) during all regular-season Team home baseball games (each, a “ Padres Game”) scheduled to be played at the ballpark located on Parcel 1 of Parcel Map No. 19494, in the City of San Diego, County of San Diego, State of California, according to the map thereof filed in the Office of the County Recorder or San Diego County, on May 25, 2004 (the “Ballpark”) or as otherwise set forth in the Agreement Summary. The location, size, content and display of all Signage are subject to all applicable laws, including without limitation any applicable sign ordinance, and subject to MLB requirements and conditions, whether applicable generally or with respect to specific events such as MLB Events, and whether applicable to all categories of advertiser or only to certain categories.

6. Use of Trademarks and Service Marks. Sponsor hereby grants to the Padres a limited license to display the Sponsor’s Marks in any advertisements or commercial messages to be furnished hereunder. Except as expressly provided herein, neither party shall have the right to use, or obtain an interest in, the Marks of the other party or its affiliates without the other party’s prior written consent. All advertising or promotional materials displayed, distributed or otherwise used pursuant to this Agreement in conjunction with the Padres’ Marks must be approved in advance by the Padres in each case.

7. Indemnity; Insurance; and Assumption of the Risk.

a. The Padres agrees to indemnify, protect, defend, and hold harmless Sponsor, its affiliates, predecessors and successors, owners, agents, partners, officials, employees and representatives (collectively, the “Sponsor Parties”) from and against any and all actions, demands, liabilities, losses, claims, damages, costs or expenses, including without limitation court costs and reasonable attorneys’ fees (collectively, the “Claims”), arising from the negligence or willful misconduct of the Padres or any of its affiliates, predecessors and successors, owners, agents, partners, officials, employees or representatives. In the event that any Claim is brought against any of Sponsor Parties, then, upon receipt of notification of such Claim, the Padres will assume the defense of such Claim and, upon the request of one or more of Sponsor Parties, will permit such party or parties to participate in the defense, such participation to be at such party’s expense. This provision shall survive any cancellation or termination of this Agreement as to activities which occurred while this Agreement was in force.

b. Sponsor agrees to indemnify, protect, defend, and hold harmless the Padres, the City of San Diego, the Public Facilities Financing Authority and their respective affiliates, predecessors and successors, owners, agents, partners, officials, employees and representatives (collectively, the “ Padres Parties”) from and against any and all Claims: (i) for libel, slander, defamation, invasion of privacy, improper trade practices, illegal competition, infringement of trademark, trade name, copyright, licenses or other proprietary rights, or unfair competition, arising from or alleged to arise from the display, publication, broadcast, telecast or distribution of any advertising copy or commercial message furnished by Sponsor Parties, or of Sponsor’s Marks furnished by Sponsor Parties; (ii) arising from the use of Sponsor’s products or services; or (iii) arising from the negligence or willful misconduct of any of Sponsor Parties. In the event that any Claim is brought against any of the Padres Parties, then, upon receipt of notification of such Claim, Sponsor will assume the defense of such Claim and, upon the request of one or more of the Padres Parties, will permit such party or parties to participate in the defense, such participation to be at such party’s expense. This provision shall survive any cancellation or termination of this Agreement as to activities which occurred while this Agreement was in force.
c. Sponsor must obtain, and continuously maintain at its own expense, and require each of its own subcontractors to obtain and maintain, the following insurance policies:

i. Workers’ Compensation Insurance (or its equivalent in the country in which it operates) in compliance with state or provincial laws, covering employees, volunteers, temporary workers and leased workers, including Employers’ Liability with minimum limits of:

- $1,000,000 Each Accident;
- $1,000,000 Disease - Each Employee;
- $1,000,000 Disease - Policy Limit.

ii. An Insurance Services Office (or its equivalent) occurrence based Commercial General Liability Insurance Policy, providing coverage for bodily injury and property damage and personal and advertising injury including contractual liability and products/completed operations liability coverage with minimum limits of:

- $1,000,000 Each Occurrence;
- $2,000,000 General Aggregate;
- $2,000,000 Products/Completed Operations Aggregate.

iii. Products completed/operations insurance shall be maintained for a minimum period of three (3) years after final payment and Sponsor shall continue to provide evidence of such coverage to Owner on an annual basis during the aforementioned period.

iv. Automobile Liability Insurance, covering owned, non-owned, leased or hired automobiles, with a minimum combined single limit of $1,000,000 Each Accident.

v. Media Liability or equivalent Professional Liability Insurance, with a minimum limit of $10,000,000 Each Claim to cover third-party claims of intellectual property rights infringement including but not limited to infringement of trademark, copyright, trade name, trade dress, slogan, and rights of publicity claims.

vi. Umbrella Liability Insurance, in excess of 1, 2 & 3 above, with minimum limits of:

   i. $5,000,000 Each Occurrence;
   ii. $5,000,000 General Aggregate.

Umbrella policies must follow form of the underlying policies.

All insurance policies must be issued by an admitted insurance carrier with an A.M. Best rating of A-8 or better. Club and each of its subsidiaries or affiliated entities, any entity which, now or in the future, controls, is controlled by, or is under common control with the Club, and its and their directors, officers and employees (“Additional Insureds”) must be named as additional insureds on the Commercial General Liability, Commercial Automobile Liability, Media Liability and Umbrella Liability Policies. Additional insured coverage shall be extended to include products-completed operations coverage. All liability insurance policies must provide Cross Liability coverage (separation of insureds or severability of interest provisions). The Commercial General Liability policy shall include no third-party-over action exclusions or similar endorsements or limitations. The Commercial General Liability policy shall include no exclusion for communicable disease, including but not limited to COVID-19, coronavirus or other related or similar illnesses or conditions. Sponsor’s liability policies shall include no exclusion for claims by employees of any of Sponsor’s contractors, subcontractors or independent contractors. Further, coverage for the Additional Insureds shall apply on a primary and non-contributory basis irrespective of any other insurance, whether collectible or not. No policy shall contain a self-insured retention. No policy shall contain a deductible in excess of $25,000 and any/all deductibles shall be the sole responsibility of the Sponsor and shall not apply to the Club. All policies shall be endorsed to provide a waiver of subrogation.
in favor of the Additional Insureds. Sponsor shall provide the Club with at least 30 days’ written notice if any of the required policies are cancelled or not renewed. Sponsor shall furnish the Club with certificates of insurance evidencing compliance with all insurance provisions noted above prior to the commencement of the Sponsorship and annually at least ten (10) days prior to the expiration of each required insurance policy. Sponsor shall provide Club with copies of its insurance policies and/or endorsements upon request. If any of the required policies are written on a claims made basis, Sponsor shall maintain such coverage for a period of three (3) years after termination of the Agreement and provide evidence of such coverage on an annual basis during the three (3) year period. The insurance requirements set forth will in no way modify, reduce, or limit the indemnification herein made by Sponsor. Any actions, errors or omissions that may invalidate coverage for Sponsor shall not invalidate or prohibit coverage available to the Additional Insureds. Receipt by the Club of a certificate of insurance, endorsement or policy of insurance which is more restrictive than the contracted for insurance shall not be construed as a waiver or modification of the insurance requirements above or an implied agreement to modify same, nor is any verbal agreement to modify same permissible or binding.

d. SPONSOR, FOR SPONSOR AND SPONSOR’S GUESTS AND INVITEES, (COLLECTIVELY “SPONSOR’S GUESTS”), ASSUMES ALL RISK OF PERSONAL INJURY TO, OR FOR ANY DAMAGE TO OR ANY LOSS OF PROPERTY OF, SPONSOR OR SPONSOR’S GUESTS, ARISING OUT OF, DURING OR RELATED TO THE SPONSORSHIP BENEFITS OR THEIR USE OF THE SERVICES AND FACILITIES OF THE BALLPARK. NEITHER THE PADRES NOR ANY OF ITS AFFILIATES, INCLUDING WITHOUT LIMITATION, THE PADRES, PADRES GP, LLC, SAN DIEGO BALLPARK FUNDING LLC, AS WELL AS THE CITY OF SAN DIEGO OR THE PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO, A CALIFORNIA JOINT POWERS AUTHORITY, SHALL BE LIABLE OR RESPONSIBLE FOR ANY LOSS, DAMAGE OR INJURY TO ANY PERSON OR TO ANY PROPERTY OF SPONSOR OR SPONSOR’S GUESTS IN, ABOUT OR AROUND THE BALLPARK, RESULTING FROM ANY CAUSE WHATSOEVER, UNLESS SUCH LOSS, DAMAGE OR INJURY IS DUE TO THE PADRES’ NEGLIGENCE OR WILLFUL MISCONDUCT.

e. In addition, this section is an acknowledgement and express assumption of risk and release of liability in any way related to Sponsor or Sponsor’s Guests being exposed to or contracting COVID-19 (as defined by the World Health Organization) and any strains, variants, or mutations thereof, the coronavirus that causes COVID-19 and/or any other airborne, aerosolized or surface transmissible communicable and/or infectious diseases, viruses, bacteria or illnesses or the causes thereof (collectively, “Communicable Disease”), during or in connection with the use, performance or exploitation of the Sponsorship Benefits by Sponsor or Sponsor’s Guests or their presence at the facilities at the Ballpark. Sponsor acknowledges and expressly assumes the risk that Sponsor or Sponsor’s Guests may be exposed to Communicable Disease. Sponsor expressly understands that the risks of exposure to Communicable Disease include contracting Communicable Disease and the associated dangers, medical complications (including death) and physical and mental injuries, both foreseen and unforeseen, that may result from contracting Communicable Disease. Sponsor further acknowledges and understands that Sponsor or Sponsor’s Guests’ interaction with the Padres’ staff, players or any other individuals involved with the use, performance or exploitation of the Sponsorship Benefits by Sponsor or Sponsor’s Guests or their presence at the facilities at the Ballpark poses an elevated, inherent risk of being exposed to and contracting Communicable Disease, that it cannot be guaranteed that Sponsor or Sponsor’s Guests will not be exposed to Communicable Disease, and that potential exposure to or contraction of Communicable Disease in connection with the use, performance or exploitation of the Sponsorship Benefits by Sponsor or Sponsor’s Guests or their presence at the facilities at the Ballpark are risks that cannot be eliminated. If infected with Communicable Disease, Sponsor acknowledges and understands that Sponsor or Sponsor’s Guests may subsequently infect others, even if Sponsor or Sponsor’s Guests do not experience or display any symptoms.

In connection with the foregoing, Sponsor agrees that Sponsor or Sponsor’s Guests will not participate in the use, performance or exploitation of the Sponsorship Benefits or be present at the facilities at the Ballpark if, within 14 days prior, Sponsor or Sponsor’s Guests: (i) tested positive or presumptively positive for Communicable Disease or was identified as a potential carrier of Communicable Disease; (ii) experienced any symptoms commonly associated with Communicable Disease, including, without limitation, fever, cough, loss of sense of taste or smell, or shortness of breath; (iii) traveled to a country that
is subject to a U.S. State Department Level 4 “Do Not Travel” Advisory or a CDC Level 3 Travel Health Notice (each, a “Prohibited Country”); and/or (iv) was in direct contact with or the immediate vicinity of any person who is either confirmed or suspected of being infected with Communicable Disease or who has travelled to a Prohibited Country within 14 days preceding Sponsor or Sponsor’s Guests encounter with such person. Sponsor further agrees that Sponsor or Sponsor’s Guests will submit to any health screening and/or Communicable Disease testing that may be required as a condition of Sponsor or Sponsor’s Guests in connection with the use, performance or exploitation of the Sponsorship Benefits by Sponsor or Sponsor’s Guests or their presence at the facilities at the Ballpark.

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, SPONSOR HEREBY WAIVES, RELEASES, FOREVER DISCHARGES, AND COVENANTS NOT TO SUE THE PADRES PARTIES OR THE MLB ENTITIES (THE “RELEASED PARTIES”) FOR, AND THE RELEASED PARTIES SHALL NOT BE RESPONSIBLE FOR, ANY CLAIM, LIABILITY OR DEMAND OF WHATEVER KIND OR NATURE, EITHER IN LAW OR IN EQUITY (INCLUDING, WITHOUT LIMITATION, FOR PERSONAL INJURY, DEATH OR PROPERTY DAMAGE) THAT MAY ARISE IN CONNECTION WITH, OR RELATE IN ANY WAY TO, EXPOSURE TO OR CONTRACTION OF COMMUNICABLE DISEASE BY SPONSOR OR SPONSOR’S GUESTS OR ANY OTHER INDIVIDUAL INFECTED BY SPONSOR OR SPONSOR’S GUESTS, INCLUDING, WITHOUT LIMITATION CLAIMS RESULTING FROM THE NEGLIGENCE OF THE RELEASED PARTIES AND/OR THE INHERENT RISKS ASSOCIATED WITH PARTICIPATION IN THE USE, PERFORMANCE OR EXPLOITATION OF THE SPONSORSHIP BENEFITS BY SPONSOR OR SPONSOR’S GUESTS OR THEIR PRESENCE AT THE FACILITIES AT THE BALLPARK DURING A COMMUNICABLE DISEASE PANDEMIC.

SPONSOR FURTHER ACKNOWLEDGES AND AGREES THAT SPONSOR IS FAMILIAR WITH AND DOES HEREBY WAIVE THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE (AND SIMILAR PROVISIONS OF OTHER JURISDICTIONS) WHICH PROVIDES AS FOLLOWS: “A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

8. Compliance with Rules, Regulations and Policies; Conduct. All use by Sponsor and Sponsor’s Guests of any hospitality benefits granted hereunder shall be subject to the rules, regulations and policies established from time to time by the Padres and/or the Team and may be revoked in the event of the failure of Sponsor or Sponsor’s Guests to comply with such rules, regulations and policies. With respect to any hospitality benefits granted hereunder, Sponsor and Sponsor’s Guests shall maintain proper decorum, comply with all laws, rules and regulations of all governmental authorities, not suffer or permit the continuation of any use or manner of use of the hospitality benefits in violation of any applicable agreements, not create any nuisance, and not take any action which either diminishes hazard insurance coverage for the Ballpark or increases the premium payable for such insurance. Sponsor and Sponsor’s Guests shall be bound by and observe the terms and conditions upon which any admission tickets are issued or sold.

   a. Except as otherwise provided in this Section 9, there shall be no effect on the obligations of the Padres and Sponsor as a result of a temporary failure properly to provide Sponsorship Benefits pursuant to this Agreement. The provisions of subsections (b) through (f) of this Section 9 shall constitute the sole remedy for the inability of the Padres to provide Sponsorship Benefits for any reason other than intentional breach by the Padres.

   b. If any portion of the Signage is not properly displayed (including Signage that is damaged or not properly illuminated) during more than six Padres Games in a calendar year for any reason whatsoever, whether within or beyond the reasonable control of the Padres or the Team, including without limitation a work stoppage or temporary unavailability of the Ballpark, the Padres shall have the option, on written notice to Sponsor: (i) to extend the Term beyond its expiration to include the number of events first taking place at the Ballpark after such expiration as may be necessary to make up the number of Padres Games in excess
of six such games during which such Signage was not properly displayed; (ii) to provide substitute sponsorship benefits to Sponsor with a value at least equal to the amount paid for the affected Signage for the Padres Games in excess of six games during which such Signage was not properly displayed; or (iii) to refund to Sponsor a pro-rata portion of that part of the amount paid by Sponsor for the affected Signage, which shall be calculated by multiplying such part of the amount paid for the affected Signage by a fraction, the numerator of which shall be the number of Padres Games during which such Signage was not properly displayed minus six, and the denominator of which shall be eighty-one. All refunds shall be paid within 30 days after the end of the calendar year to which such refund applies. Notwithstanding the foregoing, in the event that any of the Signage Benefits inventory is eliminated from the Ballpark during the Term, the Padres shall provide Sponsor with substitute Signage Benefits of equal or greater value in its sole discretion.

c. If a promotional program is scheduled to take place pursuant to this Agreement over more than six Padres Games during a calendar year, and more than six of the Padres Games in a calendar year that are part of such promotional program are not played for any reason whatsoever, whether within or beyond the reasonable control of the Padres or the Team, including without limitation a work stoppage or temporary unavailability of the Ballpark, the Padres shall have the option, on written notice to Sponsor; (i) to extend the promotional program to make up for the number of Padres Games in excess of six such games which were not played, either in the season during which the promotional program was scheduled to take place or in the succeeding season; (ii) to provide substitute sponsorship benefits to Sponsor with a value at least equal to the amount paid by Sponsor for that portion of the promotional program missed in excess of six games; or (iii) to refund to Sponsor a pro-rata portion of the amount paid for such promotional program, which shall be calculated by multiplying the amount paid by Sponsor by a fraction, the numerator of which shall be the number of Padres Games not played minus six, and the denominator of which shall be the number of Padres Games that are part of the promotional program for such calendar year. All refunds shall be paid within 30 days after the end of the calendar year to which such refund applies.

d. If advertising scheduled to be displayed, published, broadcast, telecast or distributed pursuant to this Agreement is not displayed, published, broadcast, telecast or distributed for any reason whatsoever, whether within or beyond the reasonable control of the Padres or the Team, including without limitation a work stoppage or temporary unavailability of the Ballpark, the Padres shall have the option, on written notice to Sponsor; (i) to provide Sponsor with the missed advertising in alternate magazine issues or broadcast availabilities or, for advertising scheduled to be displayed during Padres Games, in alternate Padres Games; (ii) to provide substitute sponsorship benefits to Sponsor with a value at least equal to the amount paid by Sponsor for the advertising missed; or (iii) to refund to Sponsor a pro-rata portion of the amount paid by Sponsor for the advertising, which shall be calculated by multiplying the amount paid by a fraction, the numerator of which shall be the number of such missed messages, and the denominator of which shall be the number of messages which Sponsor was to receive.

e. If any hospitality benefits to be provided pursuant to this Agreement cannot be provided for any reason whatsoever, whether within or beyond the reasonable control of the Padres or the Team, including without limitation a work stoppage or temporary unavailability of the Ballpark, the Padres shall have the option, on written notice to Sponsor; (i) to provide Sponsor with the hospitality benefits at a make-up Padres Game or to extend the hospitality benefit to make up for the number of Padres Games which were not played, either in the season during which the hospitality benefits were scheduled to take place or in the succeeding season: (ii) to provide substitute sponsorship benefits to Sponsor with a value at least equal to the amount paid by Sponsor for the hospitality benefits not received: or (iii) to refund to Sponsor a pro-rata portion of the amount paid by Sponsor for the hospitality benefits.

f. In no event shall the aggregate amount of remediation pursuant to subsections (b) through (e) of this Section for any calendar year exceed the Annual Payment made by Sponsor for such calendar year.

10. **Standards.** Sponsor acknowledges that maintenance of Padres’ reputation and image is paramount. Sponsor agrees to conduct itself at all times with due regard to public morals and conventions and agrees that neither it nor anyone representing it will: (i) commit any act or do anything that is or shall be an offense involving moral turpitude or is an act which brings or which may bring the Padres or its services into public disrepute, contempt, scandal or ridicule, or which provokes, shocks, insults or offends the community, or which injures, or may injure, the success of the Padres; and (ii) portray the Padres or its services or mission in a false or poor light. If the Padres has a good faith and reasonable belief that Sponsor has violated the terms of this Section, it shall provide
Sponsor with reasonably detailed written notice of such alleged violation and Sponsor shall have ten calendar
days to cure such violation if it is reasonably amenable to cure; provided that if Sponsor does not cure such
violation, then the Padres may terminate this Agreement. Upon termination pursuant to this Section, the Padres
shall provide a refund to Sponsor of a pro-rata portion of the Annual Payment paid by Sponsor for unused
Sponsorship Benefits.

11. **Limitation on Damages.** The parties agree that neither party shall be liable for, and in no event whatsoever shall
damages or other award based on this Agreement or the performance or failure to perform any provision hereof
include, any recovery for loss-of-profits, loss-of-business, special, indirect, incidental, consequential or punitive
damages.

12. **Default.**

   a. “Monetary Obligation” shall mean any obligation that Sponsor may satisfy with the payment of money and
   includes without limitation: (i) payment of the Annual Payment; (ii) reimbursement Sponsor is required to
   pay the Padres; and (iii) the payment of interest associated with a Monetary Obligation. “Non-monetary
   Obligation” shall mean any obligation that is not a Monetary Obligation. If Sponsor fails to pay any
   Monetary Obligation within 15 days of the date due, that obligation shall bear simple interest at the rate of
   10% per year until paid.

   b. An “Event of Default” shall mean any of the following: (i) Sponsor's failure to pay within 15 days of the
date due any Monetary Obligation; (ii) Sponsor’s failure to comply with any Non-monetary Obligation of
this Agreement within 15 days after the Padres gives notice of such default (iii) any of the following events
or occurrences occur concerning Sponsor: (1) if Sponsor is a business organization, Sponsor’s existence is
terminated by the dissolution, merger or sale of substantially all of its assets; (2) Sponsor makes an
assignment of this Agreement in violation of its terms; (3) Sponsor attempts to resell, distribute or otherwise
transfer Sponsorship Benefits to any person without obtaining the Padres’ prior written consent; (4) a
receiver or trustee is appointed to manage Sponsor’s assets; (5) there is an assignment of substantially all of
Sponsor’s assets for the benefit of creditors; (6) Sponsor commences any type bankruptcy proceeding under
Title 11 of the United States Code or any successor or other federal or state insolvency law (“Bankruptcy
Law”); or (7) the court orders relief against Sponsor in an involuntary case under the Bankruptcy Law.

   c. The Padres may exercise all of the following remedies if an Event of Default occurs: (i) suspend and/or
terminate any or all of Sponsor’s rights under this Agreement, including without limitation immediate
suspension or termination of all Sponsorship Benefits; and (ii) exercise any further rights and remedies the
law allows. Upon the Padres’ termination of Sponsor’s rights under this Agreement, Sponsor may not
recover or offset against the Padres any amount Sponsor has paid or incurred under this Agreement.

13. **No Legal Partnership.** Notwithstanding colloquial descriptions of Sponsor as a “partner,” nothing herein shall
be construed as establishing a legal partnership, joint venture or agency relationship between the Padres and
Sponsor or between the Team and Sponsor. Neither the Padres nor the Team has authority to bind or act in any
respect on behalf of Sponsor, and Sponsor does not have authority to bind or act in any respect on behalf of the
Padres or the Team.

14. **Exclusivity.** No marketing exclusivity in any category or with respect to any competitors of Sponsor is conferred
or implied by this Agreement except to the extent explicitly set forth in the Agreement Summary.

15. **Compliance with Laws.** This Agreement shall be subject to all federal, state and local laws, regulations and
ordinances, either presently in existence or as may be enacted, made or enforced after the effective date of this
Agreement, including the regulations and actions of all governmental agencies or commissions.

16. **Subservience.** Notwithstanding any other provision of this Agreement, this Agreement and the rights,
exclusivities and protections granted by the Padres to Sponsor hereunder shall, at the request of MLB, be subject
to its review and written approval, and shall in all respects be subordinate to, and shall not prevent the issuance,
entering into, or amendment of, any of the following, each as may be issued, entered into or amended from time
to time (collectively, the “MLB Documents”): (i) any present or future agreements or arrangements entered into
by, or on behalf of, any of the MLB entities and/or any of their respective present or future affiliates, assigns or
successors (collectively, the “MLB Entities”), or the MLB Clubs acting collectively, including, without limitation,
the Major League Constitution, the Basic Agreement between the MLB Clubs and the MLB Players Association,
the Professional Baseball Agreement, the Major League Rules, the Interactive Media Rights Agreement, and each agency agreement and operating guidelines among the MLB Clubs and any MLB Entity; and (ii) the present and future mandates, rules, regulations, policies, practices, bulletins, by-laws, directives or guidelines issued or adopted by, or on behalf of, the Commissioner of Baseball, the Office of the Commissioner of Baseball or any other MLB Entity. The issuance, entering into, amendment, or implementation of any of the MLB Documents shall be at no cost or liability to any MLB Entity or to any individual or entity related thereto. The territory within which Sponsor is granted rights hereunder is limited to, and nothing herein shall be construed as conferring on Sponsor rights in areas outside of, the Home Television Territory of the Padres, as established and amended from time to time pursuant to the MLB Documents. To the extent Sponsor is granted rights hereunder to or in connection with any Spring Training games: (i) the territory within which Sponsor is granted such rights hereunder is limited to, and nothing herein shall be construed as conferring on Sponsor rights in areas outside of, the “Spring Training Territory” of the Padres, as established and amended from time to time pursuant to the MLB Documents: and (ii) the time period within which Sponsor is granted such rights hereunder is limited to, and nothing herein shall be construed as conferring on Sponsor rights during any time period other than, the time period commencing immediately prior to and concluding immediately after the period in which Spring Training games are played. Except to the extent of any Club IMS Programming (as such term is defined in the MLB Documents) that is permitted to be granted by the Padres to Sponsor pursuant to the Interactive Media Rights Agreement and which is granted to Sponsor hereunder, no rights, exclusivities or obligations involving the Internet or any interactive or on-line media (as defined by the MLB Entities) are conferred by this Agreement, except as are specifically approved in writing by the applicable MLB Entity.

17. **Integration.** This Agreement is the final, complete and exclusive statement and expression of the agreement among the parties hereto with relation to the subject matter of this Agreement, it being understood that there are no oral representations, understandings or agreements covering the same subject matter as this Agreement. This Agreement supersedes, and cannot be varied, contradicted or supplemented by evidence of any prior or contemporaneous discussions, correspondence, or oral or written agreement of any kind. All exhibits hereto are incorporated herein by reference.

18. **Severability.** In case any provision of this Agreement shall be invalid, illegal or unenforceable, such provision shall be severed from this Agreement. The validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.

19. **Sophistication of Parties.** Each party to this Agreement represents that it is a sophisticated commercial party capable of understanding all of the terms of this Agreement, that it has had an opportunity to review this Agreement with its counsel, and that it enters this Agreement with full knowledge of the terms of the Agreement.

20. **No Waiver.** No delay of or omission in the exercise of any right, power or remedy accruing to any party under this Agreement shall impair any such right, power or remedy, nor shall it be construed as a waiver of any future exercise of any right, power or remedy.

21. **Notices.** All notices, demands, consents and approvals that may or are required to be given by any party to another hereunder shall be in writing and shall be deemed to have been fully given by: (i) personal delivery; (ii) when deposited in the United States mail, certified or registered, postage prepaid, and addressed to the party to be notified; or (iii) by electronic mail, if to Sponsor, at the address specified on the Agreement Summary, and if to the Padres, at Petco Park, 100 Park Blvd, San Diego, CA 92101, Attn: General Counsel, or to such other place as the party to be notified may from time to time designate by at least fifteen days’ notice to the notifying party.

22. **Assignment.** No party shall assign this Agreement without the prior written approval of the other party, provided, however, that without obtaining such prior written approval: (i) the Padres may assign this Agreement to a transferee of the Padres’ MLB franchise, to an affiliate of the Padres or to a lending institution as part of a collateral agreement: and (ii) Sponsor shall not assign this Agreement to any person unless it obtains the Padres’ prior written consent which shall not be unreasonably withheld.

23. **Jurisdiction and Venue.** EACH PARTY: (I) CONSENTS TO THE JURISDICTION OF THE COURTS OF THE STATE OF CALIFORNIA (OR THE U.S. DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA) FOR ANY ACTION OR PROCEEDING THAT ARISES OUT OF THIS AGREEMENT; (II) WAIVES ANY RIGHT TO OBJECT TO JURISDICTION OF SUCH COURTS;
AND (C) WAIVES ANY RIGHT TO OBJECT TO THE COURT HEARING ANY MATTER BASED ON THE GROUNDS OF FORUM NON CONVENIENS OR ANY ANALOGOUS CONCEPT.

24. **Electronic Signatures and Counterparts.** The parties agree that this Agreement will be considered signed when the signature of a party is delivered by electronic transmission. Such electronic signature shall be treated in all respects as having the same effect as an original signature. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument.

25. **Amendments.** Except as otherwise provided herein, all amendments to this Agreement shall be in writing and executed by both parties.

26. **Attorney’s Fees.** If any Legal Proceeding (defined below) arises out of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys’ fees, litigation expenses and court costs in addition to any other remedy it may obtain or be awarded. Attorney’s fees may include the reasonable value of services rendered to a party by in-house counsel. Litigation expenses shall include investigative and expert witness fees and expenses whether or not such items are otherwise recoverable under general law. “Legal Proceeding” includes but is not limited to any court action or proceeding, private arbitration or mediation, governmental administrative proceeding, or any proceeding required or permitted by MLB Documents.

27. **Governing Law.** This Agreement shall be interpreted and enforced according to the laws of the State of California without regard to principles of conflict of laws.
SAN DIEGO PADRES ‘21 RECAP & ‘22 PROPOSAL
#1 BALLPARK IN AMERICA 🇺🇸 USA TODAY
MOST EXCITING TEAM IN BASEBALL

WALK OFF

500 GAMES
CRAIG STAMMEN
FIVE HUNDRED CAREER GAMES

20/20

JAKE CRONENWORTH
NATIONAL LEAGUE
PLAYER OF THE WEEK

JAKE CRONENWORTH
RANKS AMONG NL SECOND BASEMEN
3.2 WAR (1st)
49 RUNS (1st)
7 DBS (1st)
10 HR (2nd)
108 TOB (2nd)
78 HITS (3rd)
.281 BA (4th)

FIFTH FASTEST TO 50 HRS
WIL MYERS
FRANCHISE RECORD
197 GAMES - 1.215 SLG

PADRES RANKS THROUGH FIRST 200 GAMES
HR (41)
RBI (148)
R (165)
SLG (408)
OPS (.877)
XBIH (106)
ATTENDANCE GROWTH

AVERAGE PER GAME ATTENDANCE

2019: 26,772
2021*: 36,657

37% INCREASE

2021 Total Attendance finished #3 out of all MLB clubs

*Since return to full capacity June 17
OVERVIEW OF PADRES TV RATINGS

2018 2019 2020 2021
2.14 3.75 5.5 6.01
+75% +48% +9%

PADRES LIVE GAME HH RATINGS

2021
- Padres games averaged a 6.01 household (HH) rating through the 2021 season
- Padres TV Ratings are 9% higher YOY and have seen a 181% increase from the 2018 season
- Padres Baseball is the #1 rated program in San Diego during the game window
- The 6.43 HH rating is the highest local television rating for any team in MLB
- Padres have been featured on 22 National Broadcasts, including ESPN, Fox, and TBS
- Ratings for the 25-54 age demo are up 28.4% YOY
- Padres rank 2nd in global total aggregate viewers (10.8 million)
- Padres global viewership has grown 177% since 2019
18.2 million Total Aggregate Viewers (TAV) watched regular season games featuring the Padres, up +389% vs. 2020 and +58% vs. 2019.

More than 75% of the Padres global viewership came from MLB’s top 5 markets: Japan, Canada, Mexico, Taiwan & South Korea.

Of these key markets, the biggest TAV growth came from Japan where this year’s TAV of 7.2 million was up +1,348% vs. 2020 and +1,063% vs. 2019.
Padres Social Media

774K
League rank in follower engagement with team issued content:

764K
League rank in growth of followers:

516K
TikTok Growth:
Ranked 4th in followers in the League
3rd in the number of likes

418K
YouTube Growth:
Ranked 6th in subscribers in the League

56K

#1
#1
#1
#1
#1

The vibe around San Diego is just amazing. You know what the team has been building for the last four or five years, and it’s finally coming together. The fans are seeing it, the city is seeing it and I feel like everybody’s seeing it now, too. Everyone’s just falling in love around here.

Fernando Tatis Jr.
NEW MANAGER: BOB MELVIN

"We came here on a Tuesday night, there were 40,000 people here, and it was electric... And it resonated with everyone in (the visitors) dugout. We’re all looking around at each other going, wow. It is a true destination.

BOB MELVIN
ON PADRES FANS’ ENERGY AT PETCO PARK

3x
Manager of the Year

7x
Playoff Appearances

.514
Career Managerial Win Percentage
MORE THAN JUST A BALLPARK
INNOVATIVE PARTNERSHIPS

Callaway - The Links at Petco Park
Rocket League - Gaming Area in Power Alley
Petco - Barkyard Pet Suites
Anheuser Busch - Bud Access (with Snoop Dogg)
Sharp Mary Birch Nursing Lounge
Sony - Gaming Suite
The San Diego Padres aim to partner with brands & companies that share our way of thinking.

We look for partners that desire to engage with fans & consumers in a vibrant and exciting way by creating innovative, first-of-a-kind partnerships tailored to goals and objectives of each individual company.

We create meaningful, memorable experiences for fans of all ages and backgrounds. We seek partnerships that help us extend our reach & deepen our relationship with our most passionate fans, while simultaneously providing unforgettable moments for your most valued customers, clients & employees.

We are committed to working with partners who share our desire to improve the communities where we live & work. We offer a unifying venue for San Diego families & businesses & wholeheartedly believe it is our duty to use our stewardship of this civic treasure for the betterment of the community.
LED Signage:

- San Diego Community Power received “full LED takeover” for six (6) Padres home games
  - September 3rd, 4th, 21st, 22nd, 23rd & 25th
- Total Attendance for these six (6) games was 217,074
Grandstand & Videoboard LED Signage:
- San Diego Community Power received “Grandstand & Videoboard LED” for six (6) Padres home games
  - September 3rd, 4th, 21st, 22nd, 23rd & 25th
  - Total Attendance for these six (6) games was 217,074
"Tonight's Lights":

- San Diego Community Power was the presenting partner of “Tonight’s Lights”, which ran every night game starting on August 24th.
- During this pregame feature, San Diego Community Power received a PA message, Full LED Takeover & Videoboard exposure.
- Total Attendance for these fourteen (14) games was 522,406
“L-Bars”:

- San Diego Community Power received “L-Bar” branding on all Petco Park Televisions, which ran every game (fourteen (14) in total) starting on August 24th.
- Total Attendance for these fourteen (14) games was 522,406
Digital Assets:
San Diego Community Power received the following during the '21 season:
- 150,000 ROS Banner Ads on Padres.com
- One (1) Dedicated Email Blast
- Ability to announce partnership on SDCP’s social channels once
- One (1) Direct Mail piece sent out by 2.12.22
- One (1) Social Media post on SDCP’s social channel, without the use of the Padres logo

Metrics:
- Impressions: 150,015
- Clicks: 192
- CTR: 0.12%
- Email blast sent to 295k registered users
Hospitality:

- San Diego Community Power received the following during ‘21:
  - Planning Meeting/Press Conference (tbd, but can use in ‘22 with partnership)
  - Invitations to select partner networking events during the ‘21 season
  - One (1) Suite Night which included:
    - Twenty (20) tickets
    - Standard food & beverage package
  - Ticket Bank of $2,500
THANK YOU!

SERGIO DEL PRADO
Senior Vice President, Corporate Partnerships

EDDIE QUINN
Vice President, Partnership Services

RYAN THORVALDSEN
Director, Partnership Development
Attachment C: SDCP Branded Padres Player Hat
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 modeled 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 | AL | ALJ | ARB | AReM | BayREN | CAISO | CalCCA | CALSEAIA | CALSLA | CAM | CARE | CBE | CCA | CCSF | CEC | CEE | CLECA | CPUC | DA | DACC | DER | DR | DSRP | DWR | ECR | ED | EE | ELCC | EPIC | ERRA |
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