AGENDA

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

May 27, 2021

5:00 p.m.

Due to the public health orders and guidelines in California and in accordance with the Governor's Executive Orders N-25-20 and N-29-20, there will be no location for in-person attendance. 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 SDCP 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.

2. Written Comments. Written public comments must be submitted prior to the start of the meeting by using this (web form). Indicate a specific agenda item when submitting your comment. All written comments received prior to the meeting will be provided to the Board members in writing. In the discretion of the Chair, the first ten (10) submitted comments shall be stated into the record of the meeting. Comments read at the meeting will be limited to the first 400 words. Comments received after the start of the meeting will be collected, sent to the Board members in writing, and be part of the public record.

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

The public may participate using the following remote options:

Teleconference Meeting Webinar

https://zoom.us/j/94794075133

Telephone (Audio Only)

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

Welcome

Call to Order

Pledge of Allegiance

Roll Call

Items to be Added, Withdrawn, or Reordered on the Agenda

Public Comments
Opportunity for members of the public to address the Board on any items not on the agenda but within the jurisdiction of the Board. Members of the public may use the web form noted above to provide a comment or request to speak.

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 Agenda for discussion. A member of the public may use the web form noted above to comment on any item on the Consent Calendar.

1. **Approval of the minutes of the Regular Meeting of the Board of Directors of San Diego Community Power held on March 25, 2021 and April 22, 2021.**
2. **Amendment to Professional Services Agreement with Maher Accountancy for Accounting Services**

   Recommendation: Approve first amendment to Professional Services Agreement with Maher Accountancy to increase the not-to-exceed amount by $37,500 to $241,000 through June 30, 2022 and authorize the Interim CEO to execute the amendment.
3. **Amendment to Professional Services Agreement with Tosdal APC for Legal and Regulatory Services**

   Recommendation: Approve second amendment to Professional Services Agreement with Tosdal APC to increase the not-to-exceed amount by $80,000 for services through FY 21, add a not-to-exceed amount of $240,000 for FY 22 and authorize the Interim CEO to execute the agreement.
4. **Amendment to Professional Services Agreement with NewGen Strategies and Solutions, LLC for Regulatory Support and Rate-related Analysis**

   Recommendation: Approve second amendment to Professional Services Agreement with NewGen Strategies and Solutions, LLC to increase the not-to-exceed amount by $260,000, extend agreement term through FY 22 and authorize the Interim CEO to execute the amendment.
5. **Amendment to Professional Services Agreement with Keyes & Fox LLP for Legal and Regulatory Services**

Recommendation: Approve third amendment to Professional Services Agreement with Keyes & Fox LLP to increase the not-to-exceed amount by $37,500 and authorize the Interim CEO to execute the amendment.

6. **Amendment to Engagement Letter with Best Best & Krieger in the amount of $300,000 for Services through FY22 -**

   Recommendation: Approve amendment to Engagement Letter with Best Best & Krieger for $300,000 through June 30, 2022 and authorize the Interim Chief Executive Officer to execute the contract.

7. **Amendment to Professional Services Agreement with Civilian, Inc. for Marketing and Communication Services -**

   Recommendation: Approve first amendment to Professional Services Agreement with Civilian, Inc. in the amount of $143,000 for marketing and communications services, and authorize the Interim CEO to execute the agreement.

8. **Amendment to Professional Services Agreement with Neyenesch Printers in the amount of $277,000 for services through FY22**

   Recommendation: Approve amendment to Professional Services Agreement with Neyenesch Printers for $277,000 through June 30, 2022 and authorize the Interim Chief Executive Officer to execute the contract.

<u>REGULAR AGENDA</u>

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

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

   Recommendation: Receive and file update on various operational and administration activities.

   - General Administrative Updates
     - San Diego County
     - Strategic Planning
   - Staffing
   - Power Resources
   - Back Office Operations
   - Retirement Plans

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

    Recommendation: Receive and file the update on regulatory and legislative affairs.

    - Power Charge Indifference Adjustment Final Decision
    - Senate Bill 612 Update
    - SDG&E Application for Approval of 2022 Electric Procurement Revenue Requirement Forecasts
    - Direct Access Rulemaking Proposed Decision
    - Provider of Last Resort Rulemaking

11. **Discussion and Direction on Potential New Members to SDCP and Input on Response Letter to County of San Diego**

    Recommendation:

    1. Discuss considerations of adding new member jurisdictions to SDCP and provide direction to staff.
    2. Provide input to staff on the draft response letter to the County of San Diego.

12. **Approval of Fiscal Year (FY) 2021 Budget Amendment and Review Proposed Fiscal Year 2022 Budget**

    Recommendation:

    1. Approve the FY21 budget amendment.
    2. Review the proposed FY22 budget.

13. **Approval of Updates to the Net Energy Metering (NEM) Program and Amend the NEM Program Policy**

    Recommendation:

    1. Establish a Net Surplus Compensation Rate
    2. Establish a Net Surplus Compensation Limit
    3. Establish monthly settlements and billing
    4. Delegate authority to the Interim Chief Executive Officer to update the NEM policy consistent with the approved Board actions

14. **Review and Provide Direction to Staff on Legislative Position for AB 1139**

    Recommendation:
    1. Receive and file the Community Advisory Committee's recommended position on AB 1139
    2. Adopt a position on AB 1139

15. **Renewable Power Purchase Agreement with IP Oberon, LLC**

    Recommendation: Approve the Long-term Renewable Power Purchase Agreement with IP Oberon, LLC and authorize the Interim CEO to execute the agreement.

16. **Renewable Power Purchase Agreement with JVR Energy Park, LLC**

    Recommendation: Approve the Long-term Renewable Power Purchase Agreement with JVR Energy Park, LLC and authorize the Interim CEO to execute the agreement.

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.

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.

ADJOURNMENT

Compliance with the Americans with Disabilities Act

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

Availability of Board Documents

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

SAN DIEGO COMMUNITY POWER (SDCP)
BOARD OF DIRECTORS
San Diego City Administration Building, 12th Floor
202 “C” Street
San Diego, CA 92101

MINUTES

March 25, 2021

This meeting was conducted utilizing teleconferencing and electronic means consistent with State of California Executive Order N-29-20 dated March 17, 2020, regarding the COVID-19 pandemic.

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 5:03 p.m.

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), and Alternate Director LaCava (San Diego)

ABSENT: Director Montgomery Steppe (San Diego)

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

There were no comments.

CONSENT CALENDAR

(Items 1 through 2)

1. **Approval of the minutes of the Regular and Special Meetings of the Board of Directors of San Diego Community Power held on February 25, 2021**

   Approved.

2. **Treasurer's Report – Presentation of Financial Results for 2020/21 Period ended 1/31/21**

   Received and filed.

   ACTION: Motioned by Director Baber (La Mesa) and seconded by Director Dedina (Imperial Beach) to approve Consent Calendar Items 1 through 2. The motion carried by the following vote:

   Vote: 5-0

Yes:	Chair Mosca (Encinitas), Vice Chair Padilla (Chula Vista), Director Baber (La Mesa), Director Dedina (Imperial Beach), and Alternate Director LaCava (San Diego)
No:	None
Abstained:	None
Absent:	None

REGULAR AGENDA

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

   Interim CEO Carnahan provided an update on staff discussions with San Diego Gas and Electric (SDG&E), Net Energy Metering, the search for SDCP office space, the status of the various vendor requests for proposals ("RFP") and other solicitations, the implementation of the organization plan, the hiring and recruitment efforts, and.

   COO Hooven provided an update on the billing system and the hiring and recruitment efforts and announced the following new hires:

   - Lucas Utouh, Director of Data Analytics and Account Services
   - Lee Friedman, Account Services Manager
   - Nelson Lomeli, Program Manager

Power Services Director Vosburg provided an update on the purchase efforts for renewable energy, complying with the Resource Adequacy requirements, and the purchase of SDCP's market energy needs in accordance with its Energy Risk Management Policy.

Board questions and comments ensued.

Director of Regulatory and Legislative Affairs Fernandez and Ty Tosdal, Tosdal APC, provided a PowerPoint presentation on emergency reliability, SDG&E's elimination of seasonal rates, SDG&E's General Rate Case Phase II, Net Energy Metering 3.0, Disadvantaged Communities Green Tariff, Utility Cost and Affordability Report, and other energy regulatory affairs as they relate to the interests of SDCP.

Following Board questions and comments, no action was taken.

4. Committee Reports

Community Advisory Committee ("CAC") Vice Chair Hammond provided an update on the proceedings of the CAC.

Following Board questions and comments, no action was taken.

5. Market Update and Direction to Staff Regarding 2021 Rates

CEO Carnahan provided a PowerPoint presentation on the timeline for the approval of rates, the 2020-2021 market conditions, the pro forma financial model, and the rate-setting options.

Board questions and comments ensued.

ACTION: Motioned by Chair Mosca (Encinitas) and seconded by Alternate Director LaCava (San Diego) to: (1) receive the market update and direct staff to present revised 2021 rates to the SDCP Board of Directors for adoption on April 22, 2021 to be effective with SDCP's Phase 2 enrollment on June 1, 2021; and (2) direct staff to target generation rates that result in at least a 1% discount to corresponding service from SDG&E and a planned reserve margin contribution of at least 5%. The motion carried by the following vote:

Vote: 5-0

Yes:	Chair Mosca (Encinitas), Vice Chair Padilla (Chula Vista), Director Baber (La Mesa), Director Dedina (Imperial Beach), and Alternate Director LaCava (San Diego)
No:	None
Abstained:	None
Absent:	None

6. Approval of Support for Senate Bill 612

Director of Regulatory and Legislative Affairs Fernandez provided an overview of Senate Bill 612 and the purpose for supporting Senate Bill 612.

Board questions and comments ensued.

ACTION: Motioned by Vice Chair Padilla (Chula Vista) and seconded by Director Dedina (Imperial Beach) to adopt a support position for Senate Bill 612 (Portatino): the Ratepayer Equity Act. The motion carried by the following vote:

Vote: 5-0

Yes:	Chair Mosca (Encinitas), Vice Chair Padilla (Chula Vista), Director Baber (La Mesa), Director Dedina (Imperial Beach), and Alternate Director LaCava (San Diego)
No:	None
Abstained:	None
Absent:	None

DIRECTOR COMMENTS

There were no comments.

REPORTS BY MANAGEMENT AND GENERAL COUNSEL

There were no reports.

ADJOURNMENT

Chair Mosca (Encinitas) adjourned the meeting at 6:38 p.m.

Megan Wiegelman, CMC
Interim Board Clerk

Prepared by:
Kimberly Isley, Executive Assistant

SAN DIEGO COMMUNITY POWER (SDCP)
BOARD OF DIRECTORS
San Diego City Administration Building, 12th Floor
202 “C” Street
San Diego, CA 92101

MINUTES

April 22, 2021

This meeting was conducted utilizing teleconferencing and electronic means consistent with State of California Executive Order N-29-20 dated March 17, 2020, regarding the COVID-19 pandemic.

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 5:01 p.m.

PLEDGE OF ALLEGIANCE

Chair Mosca (Encinitas) led the Pledge of Allegiance.

ROLL CALL

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

ABSENT: Vice Chair Padilla (Chula Vista)

Also Present: *Interim Chief Executive Officer (“CEO”) Carnahan, Chief Operating Officer (“COO”) Hooven, General Counsel Norvell, Executive Assistant Isley, and La Mesa Deputy City Clerk Richards-Crawford*

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

Item 1, approval of the minutes of the Regular Meeting of the Board of Directors of San Diego Community Power held on March 25, 2021, was withdrawn from the Agenda.

PUBLIC COMMENTS

There were no comments.

CONSENT CALENDAR

(Items 1 through 3)

1. **Approval of the minutes of the Regular Meeting of the Board of Directors of San Diego Community Power held on March 25, 2021**

Withdrawn.

2. **Presentation of Financial Results for 2020/21 Period ended 2/28/21 by Michael Maher, CPA**

Received and filed.

3. **Announcement of appointment of SDCP Representative and Alternate to the La Mesa Environmental Sustainability Commission by Chief Operating Officer, Cody Hooven**

Received and filed.

ACTION: Motioned by Director Baber (La Mesa) and seconded by Alternate Director McCann (San Diego) to approve Consent Calendar Items 2 through 3. The motion carried by the following vote:

Vote: 5-0

Yes: Chair Mosca (Encinitas), Alternate Director McCann (Chula Vista), Director Baber (La Mesa), Director Dedina (Imperial Beach), and Director Montgomery Steppe (San Diego)
No: None
Abstained: None
Absent: None

REGULAR AGENDA

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

Interim CEO Carnahan provided an update on staff discussions with the County of San Diego regarding the County's interest in joining SDCP. Director Baber (La Mesa) volunteered to represent the Board of Directors with these continued discussions along with the SDCP Executive Team. Interim CEO Carnahan also reported on efforts to hire a facilitator and schedule a Board Strategic Planning Session.

Board questions and comments ensued.

Matthew Vasilakis, Climate Action Campaign, spoke on the prospect of the County of San Diego joining SDCP.

Interim CEO Carnahan provided an update on hiring and recruitment efforts and announced the following new hire:

- Eric Washington, Chief Financial Officer

Following Board questions and comments, no action was taken.

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

Regulatory and Legislative Affairs Director Fernandez provided a PowerPoint presentation on the Power Charge Indifference Adjustment ("PCIA"), the proposed PCIA decision, SB 612: the Ratepayer Equity Act, summer power reliability, critical peak pricing, and Net Energy Metering ("NEM") including the California Public Utilities Commission ("CPUC") Proceeding and AB 1139: NEM.

Board questions and comments ensued.

Matthew Vasilakis, Climate Action Campaign, spoke regarding NEM, solar energy, and equitable access to solar energy.

Tara Hammond, Community Advisory Committee ("CAC"), spoke regarding NEM, solar energy, equitable access to solar energy, and AB 1139.

Following Board questions and comments, no action was taken.

6. **Committee Reports**

CAC Chair Price provided an update on the proceedings of the CAC.

Interim CEO Carnahan provided an update on the proceedings of the Finance and Risk Management Committee.

Following Board questions and comments, no action was taken.

7. **Adopt Updated Rate Schedule to be Effective June 1, 2021**

Data Analytics and Account Services Director Utouh provided a PowerPoint presentation on the timeline of rate related events, SDG&E's PCIA history, the analyses and financial model used to determine the updated rate schedule, and the updated rate schedule to become effective June 1, 2021.

Board questions and comments ensued.

ACTION: Motioned by Director Baber (La Mesa) and seconded by Director Montgomery Steppe (San Diego) to: adopt the updated rate schedule to be effective June 1, 2021. The motion carried by the following vote:

Vote: 5-0

Yes: Chair Mosca (Encinitas), Alternate Director McCann (Chula Vista), Director Baber (La Mesa), Director Dedina (Imperial Beach), and Director Montgomery Steppe (San Diego)
No: None
Abstained: None
Absent: None

8. Adopt Phase 3 Customer Enrollment Schedule

Director of Power Services Vosburg provided a PowerPoint presentation on the purpose, background, and scenario analysis of the proposed phase-in schedule for Phase 3 customer enrollment.

Board questions and comments ensued.

ACTION: Motioned by Alternate Director McCann (Chula Vista) and seconded by Director Dedina (Imperial Beach) to adopt the following phase-in schedule for Phase 3 customer enrollment:

- February 2022: Imperial Beach
- March 2022: La Mesa
- April 2022: Encinitas
- May 2022: Chula Vista and San Diego

The motion carried by the following vote:

Vote: 5-0

Yes: Chair Mosca (Encinitas), Alternate Director McCann (Chula Vista), Director Baber (La Mesa), Director Dedina (Imperial Beach), and Director Montgomery Steppe (San Diego)
No: None
Abstained: None
Absent: None

9. Adopt a Renewable Power Purchase Agreement with Vikings Energy Farm, LLC

Director of Power Services Vosburg provided a PowerPoint presentation on the long-term California Renewables Portfolio Standard ("RPS") requirements, the long-term RPS Renewable Energy Request for Offers timeline, the Renewable Power Purchase Agreement ("PPA") negotiations, and the PPA with Vikings Energy Farm, LLC.

Board questions and comments ensued.

Micah Mitrosky, IBEW Local 569, spoke in support of the Renewable PPA with Vikings Energy Farm, LLC.

Mohammed Alrai, RAI Energy International, thanked the SDCP Board of Directors and staff for considering RAI Energy International's Vikings Energy Farm project.

ACTION: Motioned by Alternate Director McCann (Chula Vista) and seconded by Director Baber (La Mesa) to adopt the Long-term Renewable Power Purchase Agreement with Vikings Energy Farm, LLC. The motion carried by the following vote:

Vote: 5-0

Yes:	Chair Mosca (Encinitas), Alternate Director McCann (Chula Vista), Director Baber (La Mesa), Director Dedina (Imperial Beach), and Director Montgomery Steppe (San Diego)
No:	None
Abstained:	None
Absent:	None

DIRECTOR COMMENTS

There were no comments.

REPORTS BY MANAGEMENT AND GENERAL COUNSEL

There were no reports.

ADJOURNMENT

Chair Mosca (Encinitas) adjourned the meeting at 7:36 p.m.

Megan Wiegelman, CMC
Interim Board Clerk

Prepared by:
Kimberly Isley, Executive Assistant

SAN DIEGO COMMUNITY POWER
Staff Report – Item 2

To: San Diego Community Power Board of Directors

From: Eric W. Washington, Chief Financial Officer

Via: Bill Carnahan, Interim Chief Executive Officer

Subject: Amendment to Professional Services Agreement with Maher Accountancy for Accounting Services

Date: May 27, 2021

RECOMMENDATION
Approve first amendment to Professional Services Agreement with Maher Accountancy to increase the not-to-exceed amount by $37,500 to $241,000 through June 30, 2022 and authorize the Interim Chief Executive Officer to execute the amendment.

BACKGROUND
According to the Professional Services Agreement dated August 1, 2020, San Diego Community Power (SDCP) enlisted the services of Maher Accountancy to provide monthly accounting services for a nine-month period. The first amend extends the term for an additional fourteen months to June 30, 2022. The First Amendment to Professional Services Agreement is presented in Attachment A.

ANALYSIS AND DISCUSSION
SDCP's initial agreement with Maher Accountancy in August 2020 was approved with a not-to-exceed limit of $112,000. In addition to extending the term of the service agreement, the first amendment increases the not-to-exceed limit to $241,000 and expands the scope of services to include monthly operational assistance and financial statement audit support. The detailed scope of services is presented in Attachment A.

FISCAL IMPACT
The cost of this action is included in the FY22 proposed budget pending review and final approval by the Board.

ATTACHMENTS
Attachment A: First Amendment to Professional Services Agreement with Maher Accountancy

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

THIS FIRST AMENDMENT (this "Amendment") is entered into as of this May ___, 2021 by and between SAN DIEGO COMMUNITY POWER, a California joint powers agency ("SDCP") and MAHER ACCOUNTANCY, a California corporation ("Consultant"). SDCP and Consultant are sometimes individually referred to herein as the "Party" and collectively as the "Parties."

RECITALS

WHEREAS, the Parties entered into that certain Professional Services Agreement between San Diego Community Power and Maher Accountancy, dated August 1, 2020 (the "Agreement"); and

WHEREAS, pursuant to the Agreement, Consultant provides accounting services to SDCP; and

WHEREAS, the parties desire to amend the Agreement to extend the term and establish the maximum compensation amount payable to Consultant for its services from May 1, 2021 to June 30, 2022.

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

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

2. Amendment of Section 1.2. Section 1.2 of the Agreement is amended to extend the term of the Agreement to June 30, 2022.

3. Amendment of Section 3.1. Section 3.1 of the Agreement is amended to establish the not-to-exceed amount payable by SDCP to Consultant for Consultant's services to $241,000 for the period covering May 1, 2021 to June 30, 2022.

4. Scope of Work and Compensation for Services from May 1, 2020 to June 30, 2022. The Agreement is amended to add Exhibits A-1 (Scope of Services) and C-1 (Payment for Services Rendered), attached hereto and incorporated herein, to apply to Consultant's services for the period covering May 1, 2021 to June 30, 2022.

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

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

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

SAN DIEGO COMMUNITY POWER	**MAHER ACCOUNTANCY**
______________________________	______________________________
Name: Bill Carnahan Title: Interim Chief Executive Officer Date: ______________________________	Name: Michael Maher Title: Vice President and Secretary Date: ______________________________
ATTEST:	
______________________________ Secretary, SDCP Board of Directors	______________________________ Name: John Maher Title: President Date: ______________________________
APPROVED AS TO FORM:	
______________________________ SDCP General Counsel	

EXHIBIT A-1

SCOPE OF SERVICES

A. Monthly Financial Operational Assistance:

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

B. Financial Statement Audit Support

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

EXHIBIT C-1

PAYMENT FOR SERVICES RENDERED

Maximum Limit & Fee Schedule

The total amount for services rendered not to exceed **$241,000.00**. (NTE covers 14 months from May 1, 2021 to June 30, 2022.)

For monthly financial operations support, CCA will be billed with a fixed monthly fee of $16,500.

For financial statement audit report, CCA will be billed a one-time fee of $10,000 upon completion of the audit.

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

SAN DIEGO COMMUNITY POWER
Staff Report – Item 3

To: San Diego Community Power Board of Directors

From: Laura Fernandez, Director of Regulatory and Legislative Affairs

Via: Bill Carnahan, Interim Chief Executive Officer

Subject: Amendment to Professional Services Agreement with Tosdal APC for Legal and Regulatory Services

Date: May 27, 2021

RECOMMENDATION
Approve Second Amendment to Professional Services Agreement with Tosdal APC to Increase the Not-To-Exceed Amount By $80,000 For Services Through FY 21, Add a Not-To-Exceed Amount of $240,000 for FY 22 and Authorize the Interim CEO to Execute The Agreement.

BACKGROUND
In November 2019, Tosdal APC was approved by the Board of Directors to provide energy regulatory counsel and legal services with a not-to-exceed amount of $200,000. Tosdal, APC has extensive experience in the energy and regulatory advocacy space, including with Community Choice Aggregation (CCA) programs in California. In October of 2020, the Board approved increasing the contract by $100,000 for a total amount not to exceed $300,000 through June 30, 2021.

ANALYSIS AND DISCUSSION
Staff recommends increasing Tosdal APC's contract by $80,000 for services through June 30, 2021. The reasons for this increase include efforts by Tosdal APC above and beyond the efforts that were anticipated in October of 2020 due to the critical nature of CPUC regulatory decisions relative to SDCP's financial position, as well as increased scope of work to include the following:

- Increased effort related to the filing of an Appeal related to the System RA Citation
- Increased effort supporting development of SDCP programs, such as the Disadvantaged Community-Green Tariff/Community Solar-Green Tariff program
- Increased effort required by PCIA-related activities

Staff also recommends adding a not-to-exceed amount of $240,000 for FY 22. The FY22 budget, which will be presented to the Board for approval at the June 2020 meeting, has $240,000 set aside for energy regulatory services from Tosdal APC.

FISCAL IMPACT

Cost of this action includes a total amount not to exceed $320,000 through June 30, 2022. Funding is available in the proposed FY22 budget.

ATTACHMENTS

Attachment A: Second Amendment to Engagement Letter between SDCP and Tosdal, APC.

SECOND AMENDMENT TO ENGAGEMENT LETTER BETWEEN SAN DIEGO COMMUNITY POWER AND TOSDAL, APC

THIS SECOND AMENDMENT (this "Amendment") is entered into as of this ____ day of May, 2021, by and between SAN DIEGO COMMUNITY POWER, a California joint powers agency ("SDCP") and TOSDAL, APC, a professional corporation ("Tosdal APC"). SDCP and Tosdal APC are sometimes individually referred to herein as the "Party" and collectively as the "Parties."

RECITALS

WHEREAS, SDCP (then called the "San Diego Regional Community Choice Energy Authority") and Tosdal APC entered into that certain Engagement Letter dated November 18, 2019, and a First Amendment to Engagement Letter dated ______, 2020 (collectively, the "Agreement"); and

WHEREAS, pursuant to the Agreement, Tosdal APC provides advice and representation in connection with energy regulatory matters before the California Public Utilities Commission, California Energy Commission, and the California Independent System Operator, in addition to related issues facing community choice energy programs; and

WHEREAS, the Parties desire to amend the Agreement to adjust the maximum amount payable to Tosdal APC for its services during SDCP's current fiscal year, extend the term of the Agreement for the next fiscal year, and establish the maximum amount payable for the next fiscal year.

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

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

2. Extension of Term. The term of the Agreement is hereby extended until June 30, 2022.

3. Not-To-Exceed Amount for Current Fiscal Year. For the period of SDCP's 2020-2021 fiscal year (July 1, 2020 – June 30, 2021), the not-to-exceed amount payable by SDCP to Tosdal APC under the Agreement shall be $380,000.

4. Not-To-Exceed Amount for Next Fiscal Year. For the period of SDCP's 2021-2022 fiscal year (July 1, 2021 – June 30, 2022), the not-to-exceed amount payable by SDCP to Tosdal APC under the Agreement shall be $240,000.

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

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

IN WITNESS WHEREOF, the Parties have executed this Second Amendment to the Engagement Letter between San Diego Community Power and Tosdal APC as of the date first set forth above.

SAN DIEGO COMMUNITY POWER	**TOSDAL APC**
______________________________	______________________________
Name: Bill Carnahan	Name: Ty Tosdal
Title: Interim Chief Executive Officer	Title: Partner
Date: ______________________________	Date: ______________________________

ATTEST:

____
Secretary, SDCP Board of Directors

APPROVED AS TO FORM:

____
SDCP General Counsel

SAN DIEGO COMMUNITY POWER
Staff Report – Item 4

To: San Diego Community Power Board of Directors

From: Laura Fernandez, Director of Regulatory and Legislative Affairs

Via: Bill Carnahan, Interim Chief Executive Officer

Subject: Amendment to Professional Services Agreement with NewGen Strategies and Solutions, LLC for Regulatory Support and Rate-related Analysis

Date: May 27, 2021

RECOMMENDATION

Approve Second Amendment to Professional Services Agreement with NewGen Strategies and Solutions, LLC to Increase the Not-To-Exceed Amount By $260,000, Extend Agreement Term Through FY 22 and Authorize the Interim CEO to Execute the Amendment.

BACKGROUND

In December 2020, SDCP approved a contract with NewGen Strategies and Solutions, LLC for services related to reviewing SDG&E's 2021 Energy Resource Recovery Account (ERRA) forecast proceeding, the 2021 Power Charge Indifference Adjustment (PCIA) proceeding and the 2020 forecasted year-end Portfolio Allocation Balancing Account (PABA). All of these proceedings impact the cost competitiveness of SDCP's service.

ANALYSIS AND DISCUSSION

Staff recommends increasing NewGen Strategies and Solutions, LLC contract by $260,000 for services through June 30, 2022. The reasons for this increase include expanded scope of work to include the following:

- 2022 ERRA Forecast
- 2020 ERRA Compliance
- Supporting development of SDCP programs, such as the Disadvantaged Community-Green Tariff/Community Solar-Green Tariff program
- Additional regulatory and analytical support as requested by SDCP

FISCAL IMPACT

Cost of this action includes a total amount not to exceed $260,000 through June 30, 2022. Funding is available in the proposed FY22 budget.

ATTACHMENTS

Attachment A: Second Amendment to Professional Services Agreement Between San Diego Community Power and NewGen Strategies and Solutions, LLC

SECOND AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT BETWEEN SAN DIEGO COMMUNITY POWER AND NEWGEN STRATEGIES AND SOLUTIONS, LLC

THIS SECOND AMENDMENT ("**Second Amendment**") is entered into as of this May ___, 2021 by and between SAN DIEGO COMMUNITY POWER, a California joint powers authority ("**SDCP**") and NEWGEN STRATEGIES AND SOLUTIONS, LLC, a Colorado limited liability company ("**Consultant**"). SDCP and Consultant are sometimes individually referred to herein as the "**Party**" and collectively as the "**Parties**."

RECITALS

A. The Parties entered into that certain *Professional Services Agreement*, dated July 16, 2020 and a *First Amendment to Professional Services Agreement*, dated December 23, 2020 (collectively, the "**Agreement**").

B. Pursuant to the Agreement, Consultant provides certain Services that include community choice aggregation regulatory filing review and analysis services to SDCP for certain California Public Utilities Commission proceedings.

C. The Parties desire to amend the Agreement for Consultant to provide additional regulatory Services for 2021 and receive compensation for the additional services.

AGREEMENT

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

1. Amendment of Section 1.1. Consultant will provide additional Services related to SDG&E's 2021 ERRA applications as described in Attachment A, attached hereto. Furthermore, Consultant will provide regulatory and analytical support to SDCP in other matters as requested by SDCP and upon mutual agreement by SDCP and Consultant.

2. Amendment of Section 1.2. Section 1.2 of the Agreement is amended to extend the term of the Agreement to June 30, 2022.

3. Additional Compensation. Consultant shall be entitled to compensation for the additional Services as set forth in Attachment A and Paragraph 1 of this Second Amendment in an amount not-to-exceed $260,000.

4. Amendment of Section 2.4. Section 2.4 of the Agreement is amended to update the key personnel for performance of Services. The key personnel listed in the Agreement are amended to include the following:

    Brian Dickman, Executive Consultant
    Dave Webb, Executive Consultant
    Natalie Accardo, Senior Consultant

4. Effect of Amendment. Except as expressly set forth in this Second Amendment, the Agreement shall remain unmodified and in full force and effect.

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

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

IN WITNESS WHEREOF, the Parties have executed this Second Amendment as of the date first set forth above.

SAN DIEGO COMMUNITY POWER, a California joint powers authority	**NEWGEN STRATEGIES AND SOLUTIONS, LLC**
______________________________	______________________________
Name: Bill Carnahan	Name: Tony Georgis
Title: Interim Chief Executive Officer	Title: Managing Director
Date: ______________________________	Date: ______________________________

ATTEST:

____
Secretary, SDCP Board of Directors

APPROVED AS TO FORM:

____
SDCP General Counsel

SAN DIEGO COMMUNITY POWER
Staff Report – Item 5

To: San Diego Community Power Board of Directors

From: Laura Fernandez, Director of Regulatory and Legislative Affairs

Via: Bill Carnahan, Interim Chief Executive Officer

Subject: Amendment to Professional Services Agreement with Keyes & Fox LLP for Legal and Regulatory Services

Date: May 27, 2021

RECOMMENDATION
Approve Third Amendment to Professional Services Agreement with Keyes & Fox LLP to Increase the Not-To-Exceed Amount by $37,500 and Authorize the Interim CEO To Execute the Amendment.

BACKGROUND
Keyes & Fox LLP has extensive experience supporting community choice aggregators in Energy Resource Recovery Account (ERRA) forecast proceedings. On July 28, 2020, SDCP executed a Professional Services Agreement with Keyes & Fox LLP with a not-to-exceed amount of $50,000. On November 12, 2020, SDCP approved a Joint Representation Agreement by and between SDCP, Clean Energy Alliance (CEA) and Keyes & Fox LLP for legal and regulatory advocacy services related to SDG&E's 2021 ERRA forecast proceeding. This Joint Representation Agreement was revised on January 20, 2021, but the not-to-exceed amount did not change. The Joint Representation Agreement was revised again on February 9, 2021 to include legal representation of SDCP and CEA for SDG&E's 2022 ERRA Forecast proceeding, with a revised not-to-exceed amount of $112,500.

ANALYSIS AND DISCUSSION

Staff recommends increasing the not-to-exceed amount of the Joint Representation Agreement to $150,000 for SDCP. This amendment also adds three additional matters to the scope of the legal services:

1) SDG&E's 2020 ERRA Compliance Proceeding (not yet docketed);
2) Proceeding No. A. 21-05-006, the Expedited Application of SDG&E Under the ERRA Trigger Mechanism; and
3) SDG&E's upcoming sales forecast proceeding (not yet docketed).

These proceedings impact the cost competitiveness of SDCP's service.

FISCAL IMPACT

Cost of this action includes a total amount not to exceed $150,000 through June 30, 2022. Funding is available in the proposed FY22 budget.

ATTACHMENTS

Attachment A: Third Amendment to Joint Representation Agreement Between Keyes & Fox LLP, San Diego Community Power and Clean Energy Alliance Re Application 20-04-014

THIRD AMENDMENT TO JOINT REPRESENTATION AGREEMENT BETWEEN KEYES & FOX LLP, SAN DIEGO COMMUNITY POWER AND CLEAN ENERGY ALLIANCE RE APPLICATION 20-04-014

This Third Amendment applies to that specific "Joint Representation Agreement Between Keyes & Fox LLP, San Diego Community Power and Clean Energy Alliance re Application 20-04-014, which was initially executed on November 12, 2020. ("JRA"), and then revised on January 20, 2021 and February 9, 2021 to provide legal representation to San Diego Community Power ("SDCP") and Clean Energy Alliance ("CEA") before the California Public Utilities Commission ("Commission") in Application 20-04-014.

This Amendment is made to change to the not-to-exceed amount in Section 3.c. of that JRA to $150,000 for SDCP and $150,000 for CEA. This amendment also adds three additional matters to the scope of the Legal Services: 1) SDG&E's 2020 ERRA Compliance Proceeding (not yet docketed); 2) Proceeding No. A.21-05-006, the Expedited Application of San Diego Gas & Electric Company (U 902 E) Under the Energy Resource Recovery Account Trigger Mechanism; and 3) SDG&E's upcoming sales forecast proceeding (not yet docketed).

.

By: ______________________

Tim Lindl
Partner
Keyes & Fox LLP

Date: May 20, 2021

By: ______________________

Bill Carnahan
Interim Chief Executive Officer
San Diego Community Power

Date: ______________________

By: ______________________

Barbara Boswell
Interim Chief Executive Officer
Clean Energy Alliance

Date: ______________________

SAN DIEGO COMMUNITY POWER

SAN DIEGO COMMUNITY POWER
Staff Report – Item 6

To: San Diego Community Power Board of Directors

From: Bill Carnahan, Interim Chief Executive Officer

Subject: Approval of Amendment to Engagement Letter with Best Best & Krieger in the amount of $300,000 for services through FY 22

Date: May 27, 2021

RECOMMENDATION
Approve amendment to engagement letter with Best Best & Krieger for $300,000 through June 30, 2022 and authorize the Interim Chief Executive Officer to execute the contract.

BACKGROUND
In November 2019, Best Best & Krieger (BB&K) was approved by the Board of Directors to provide General Counsel legal services for a not-to-exceed amount of $120,000. BB&K has extensive experience with municipal/public agencies as well as Community Choice Aggregation agencies in California.

Then in August 2020, the Board of Directors approved BB&K's engagement letter to be amended through the end of Fiscal Year 2021 in the amount of $120,000 for general counsel services and an additional $120,000 for legal review of power supply and other vendor contracts.

ANALYSIS AND DISCUSSION
The FY22 budget, which will be presented to the Board for approval at the June 2020 meeting, has the $300,000 set aside for both general counsel and legal review of contracts services. BB&K has been an integral part of the early success of San Diego Community Power and is intimately familiar with the workings of the organization. Staff therefore recommends amending their professional services agreement to retain them for the next fiscal year.

FISCAL IMPACT
Cost of this action includes a total amount not to exceed $300,000 until June 30, 2022. Funding is available in the proposed FY22 budget.

ATTACHMENTS
Attachment A: Amended Professional Services Agreement with Best Best & Krieger.

BEST BEST & KRIEGER LLP
ATTORNEYS AT LAW

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Ryan M. F. Baron
(949) 263-6568
ryan.baron@bbklaw.com
File No. 55682.00001

May 21, 2021

Bill Carnahan
Interim Chief Executive Officer
San Diego Community Power

Re: General Counsel Services for San Diego Community Power

Dear Mr. Carnahan:

ABOUT OUR REPRESENTATION

Best Best & Krieger LLP is pleased to enter into this Amended Engagement Letter dated May 27, 2021 with San Diego Community Power ("SDCP," formerly known as San Diego Regional Community Choice Energy Authority). Specifically, we are pleased to continue providing General Counsel legal services to SDCP, including:

- Prepare any required legal filings with County or state agencies that may be required by law
- Attendance at the regular Board of Directors ("Board") meetings and any special meetings and workshops as required by the Chief Executive Officer or Chair of the Board
- Brown Act, Conflict of Interest and Public Records Act advice and representation
- Preparation and/or review of consultant and vendor contracts
- Advice and preparation of documents related to personnel matters
- Advice to the Chief Executive Officer and designated staff on administrative and operational matters
- Research and advice on operational/pubic agency legal questions asked by the Board, Chief Executive Officer and designated staff

- Advice and assistance on other legal matters as may be assigned by the Chief Executive Officer

Legal services may also include specialized legal services requested by SDCP, including but not limited to power procurement. This letter constitutes our updated agreement setting the terms of our representation. For the period of July 1, 2021, through June 30, 2022, the total not-to-exceed amount under this Agreement is $300,000.

CONFIDENTIALITY AND ABSENCE OF CONFLICTS

An attorney-client relationship requires mutual trust between the client and the attorney. It is understood that communications exclusively between counsel and the client are confidential and protected by the attorney-client privilege.

To also assure mutuality of trust, we have maintained a conflict of interest index. The California Rules of Professional Conduct defines whether a past or present relationship with any party prevents us from representing SDCP. Similarly, SDCP's name will be included in our list of clients to ensure we comply with the Rules of Professional Conduct with respect to your firm.

We have checked the following names against our client index: the San Diego Regional Community Choice Energy Authority, including its member agencies, the Cities of San Diego, Chula Vista, La Mesa, Encinitas, and Imperial Beach. Under this agreement, an attorney-client relationship is only established with SDCP and not any of its member agencies. Based on that check, we can represent SDCP. Please review the list to see if any other persons or entities should be included. If you do not tell us to the contrary, we will assume that this list is complete and accurate. We request that you update this list for us if there are any changes in the future.

YOUR OBLIGATIONS ABOUT FEES AND BILLINGS

For general legal services, the current rate is $330 per hour for Partners and Of Counsel, $279 per hour for Associates, and $168 per hour for Paralegals. General legal services will include the General Counsel scope of work discussed above as well as attendance at meetings, agenda and document review, routine contracts, government ethics and open meetings laws, and entity incorporation.

Should SDCP desire additional specialized services, the current rate is $401 per hour for Partners and Of Counsel, $320 per hour for Associates, and $178 per hour for Paralegals. Special legal services includes complex matters such as regulatory advice and advocacy, power procurement, litigation, CEQA document review, public finance, and other complex matters.

Please note that rates for Howard Golub are $605 per hour due to his unique background and experience.

Other billing rates are described in the memorandum attached to this letter which is entitled "Best Best & Krieger LLP's Billing Policies." It also describes the other aspects of our firm's billing policies. You should consider the Billing Policies memorandum part of this agreement as it binds both of us. For that reason, you should read it carefully.

INSURANCE

We are also pleased to let you know that Best Best & Krieger LLP carries errors and omissions insurance with Lloyd's of London. After a standard deductible, this insurance provides coverage beyond what is required by the State of California.

HOW THIS AGREEMENT MAY BE TERMINATED

You, of course, have the right to end our services at any time. If you do so, you will be responsible for the payment of fees and costs accrued but not yet paid, plus reasonable fees and costs in transferring the case to you or your new counsel. By the same token, we reserve the right to terminate our services to you upon written notice, order of the court, or in accordance with our attached Billing Policies memorandum. This could happen if you fail to pay our fees and costs as agreed, fail to cooperate with us in this matter, or if we determine we cannot continue to represent you for ethical or practical concerns.

CLIENT FILE

If you do not request the return of your file, we will retain your file for five years. After five years, we may have your file destroyed. If you would like your file maintained for more than five years or returned, you must make separate arrangements with us.

THANK YOU

On a personal note, we are pleased to continue to represent SDCP. If you have any questions at any time about our services or billings, please do not hesitate to call me.

If this letter meets with your approval, please sign and date it, and return the original to us. We have enclosed a separate signed copy of this letter for your records.

Sincerely,

Ryan M. F. Baron
of BEST BEST & KRIEGER LLP

AGREED AND ACCEPTED:

By: ________________________________
Dated: ______________________________

BEST BEST & KRIEGER LLP'S BILLING POLICIES

Our century of experience has shown that the attorney-client relationship works best when there is mutual understanding about fees, expenses, billing and payment terms. Therefore, this statement is intended to explain our billing policies and procedures. Clients are encouraged to discuss with us any questions they have about these policies and procedures. Clients may direct specific questions about a bill to the attorney with whom the client works or to our Accounts Receivable Department. Any specific billing arrangements different from those set forth below will be confirmed in a separate written agreement between the client and the firm.

Fees for Professional Services

Unless a flat fee is set forth in our engagement letter with a client, our fees for the legal work we will undertake will be based in substantial part on time spent by personnel in our office on that client's behalf. In special circumstances which will be discussed with the client and agreed upon in writing, fees will be based upon the novelty or difficulty of the matter, or the time or other special limitations imposed by the client.

Hourly rates are set to reflect the skill and experience of the attorney or other legal personnel rendering services on the client's behalf. Time is accrued on an incremental basis for such matters as telephone calls (minimum .3 hour) and letters (minimum .5 hour), and on an actual basis for all other work. Our attorneys are currently billed at rates from $255 to $750 per hour, and our administrative assistants, law clerks, litigation analysts, research analysts, and paralegals are billed at rates from $70 to $290 per hour. These hourly rates are reviewed annually to accommodate rising firm costs and to reflect changes in attorney status as lawyers attain new levels of legal experience. Any increases resulting from such reviews will be instituted automatically and will apply to each affected client, after advance notice.

Non-Attorney Personnel: BBK may employ the services of non-attorney personnel under the supervision of a BBK attorney in order to perform services called for in the legal services agreement. The most common non-attorney personnel utilized are paralegals. Other types of non-attorney personnel include, but are not limited to, case clerks, IT analysts, and specialty consultants. The client agrees that BBK may use such non-attorney personnel to perform its services when it is reasonably necessary in the judgment of the responsible BBK attorney. Hourly fees for non-attorney personnel will be charged at the rate then in effect for such personnel. A copy of BBK's current rates and titles for non-attorney personnel will be provided upon request. Except for paralegals, BBK will not incur more than $575 in fees for a non-attorney's work on a client matter without first confirming by email or written correspondence with the client the intended use of the non-attorney and the hourly rate for that person.

Fees For Other Services, Costs and Expenses

We attempt to serve all our clients with the most effective support systems available. Therefore, in addition to fees for professional legal services, we also charge separately for some other services and expenses to the extent of their use by individual clients. These charges include but are not limited to, mileage at the current IRS approved rate per mile, extraordinary telephone and document delivery charges, copying charges, computerized research, court filing fees and other court-related expenditures including court reporter and transcription fees. No separate charge is made for secretarial or word processing services; those costs are included within the above hourly rates.

ESI: BBK provides Electronically Stored Information (ESI") services for matters requiring ESI support – typically litigation or threatened litigation matters. BBK shall receive payment for ESI support, if needed, at BBK's then current rates. A copy of BBK's current rates for such services will be provided upon request. BBK shall not incur costs for ESI support on a particular matter without first confirming by email or written correspondence with the client that the client agrees such services are necessary for the matter at hand.

We may need to advance costs and incur expenses on your behalf on an ongoing basis. These items are separate and apart from attorneys' fees and, as they are out-of-pocket charges, we need to have sufficient funds on hand from you to pay them when due. We will advise the client from time to time when we expect items of significant cost to be incurred, and it is required that the client send us advances to cover those costs before they are due.

Advance Deposit Toward Fees And Costs

Because new client matters involve both a substantial undertaking by our firm and the establishment of client credit with our accounting office, we require an advance payment from clients. The amount of this advance deposit is determined on a case-by-case basis discussed first with the client, and is specified in our engagement letter.

Upon receipt, the advance deposit will be deposited into the firm's client trust account. Our monthly billings will reflect such applications of the advance deposit to costs and not to attorney's fees (unless otherwise noted in our accompanying engagement letter). At the end of engagement, we will apply any remaining balance first to costs and then to fees. We also reserve the right to require increases or renewals of these advanced deposits.

By signing the initial engagement letter, each client is agreeing that trust account balances may be withdrawn and applied to costs as they are incurred and to our billings, when we issue our invoice to the client. If we succeed in resolving your matter before the amounts deposited are used, any balance will be promptly refunded.

Monthly Invoices and Payment

Best Best & Krieger LLP provides our clients with monthly invoices for legal services performed and expenses incurred. Invoices are due and payable upon receipt.

Each monthly invoice reflects both professional and other fees for services rendered through the end of the prior month, as well as expenses incurred on the client's behalf that have been processed by the end of the prior month. Processing of some expenses is delayed until the next month and billed thereafter.

Our fees are not contingent upon any aspect of the matter and are due upon receipt. All billings are due and payable within ten days of presentation unless the full amount is covered by the balance of an advance held in our trust account. If a bill is not paid within 30 days, a late charge of one percent per month on the unpaid invoice shall be added to the balance owed, commencing with the next statement and continuing until paid.

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It is our policy to treat every question about a bill promptly and fairly. It is also our policy that if a client does not pay an invoice within 60 days of mailing, we assume the client is, for whatever reason, refusing to pay. We reserve the right to terminate our engagement and withdraw as attorney of record whenever our invoices are not paid. If an invoice is 60 days late, however, we may advise the client by letter that the client must pay the invoice within 14 days or the firm will take appropriate steps to withdraw as attorney of record. If the delay is caused by a problem in the invoice, we must rely upon the client to raise that with us during the 14-day period. This same policy applies to fee arrangements which require the client to replenish fee deposits or make deposits for anticipated costs.

From time to time clients have questions about the format of the bill or description of work performed. If you have any such questions, please ask them when you receive the bill so we may address them on a current basis.

Changes in Fee Arrangements and Budgets

It may be necessary under certain circumstances for a client to increase the size of required advances for fees after the commencement of our engagement and depending upon the scope of the work. For example, prior to a protracted trial or hearing, the firm may require a further advance payment to the firm's trust account sufficient to cover expected fees. Any such changes in fee arrangements will be discussed with the client and mutually agreed in writing.

Because of the uncertainties involved, any estimates of anticipated fees that we provide at the request of a client for budgeting purposes, or otherwise, can only be an approximation of potential fees.

BEST BEST & KRIEGER LLP

SAN DIEGO COMMUNITY POWER
Staff Report – Item 7

To: San Diego Community Power Board of Directors

From: Lee Friedman, Key Accounts Manager
Nelson Lomeli, Program Manager

Via: Bill Carnahan, Interim Chief Executive Officer

Subject: Amendment to Professional Services Agreement with Civilian, Inc. for Marketing and Communication Services

Date: May 27, 2021

RECOMMENDATION
Recommendation: Approve first amendment to professional services agreement with Civilian, Inc. in the amount of $143,000 for marketing and communications services, and authorize the Interim CEO to execute the agreement.

BACKGROUND
Through a competitive bid process, San Diego Community Power (SDCP) has enlisted Civilian, Inc to manage an array of marketing activities to drive awareness, spark community engagement, and minimize opt-outs as SDCP enrolls customers over the coming months. As SDCP begins its Phase 2 enrollment, SDCP will commence its marketing outreach which includes a paid media strategy developed and managed by Civilian.

ANALYSIS AND DISCUSSION
Staff and Civilian have achieved many milestones and tasks in the first year of marketing and communications efforts. Some tasks have required more effort than anticipated in the first year, with expected reduction in effort for year 2 of Civilian's contract, such as website hosting or creation of launch event materials. An increase in efforts or new efforts have come up that may have either not been contemplated in the original cost estimates or staff see need for additional support based on anticipated beneficial impacts, such as paid media or website functionality.

Paid Media Services ($60,000)
With a marketing strategy now in place, staff and Civilian are recommending an allocation of $60,000 dollars for paid media services related to the Phase 2 enrollment of Commercial and Industrial customers. The marketing materials were developed to appeal to our commercial and industrial customers by focusing on the conceptual ideas of *Local*

Pride and *Win-Win*, which, together, will promote SDCP services as good for business and the community.

To build SDCP's brand recognition, Civilian has recommended paid advertising be spent in traditional print media, social media, radio, paid search (Google) and Spanish language media. The Spanish media materials will be checked for cultural, and not just literal, accuracy.

Additionally, Civilian has recommended to allocate $17,000 dollars of the paid media budget specifically for co-branded marketing with Key Accounts (up to 5 potential partners) who choose to opt-up to Power100. These co-branding arrangements would be mutually beneficial, as SDCP builds a recognizable identity through co-branding with trusted and valued local institutions, and our co-branding partners will be able to extol their commitments to clean and renewable energy.

Below is a summary flow chart of the medial channels, timing, and associated cost with the Phase 2 paid media campaign:

Civilian

SDCP Phase 2 Commercial and Industrial Launch

Paid Media Flowchart

SAN DIEGO COMMUNITY POWER

Media Channel	Language	MAY (26, 3, 10, 17, 24)	June (31, 7, 14, 21)	July (28, 5, 12, 19)	August (26, 2, 9, 16)	Total Spend	CPM	Est. Impressions
San Diego Union Tribune: (Sponsored Content)	English		Week of 6/14 $2,614	$2,614	7/31 $654	$5,882	$14.71	400,000
Voice & Viewpoint (1/2 Page)	English		6/3 $2,414			$2,414	$96.56	25,000
KPBS Public Radio (:15 Audio)	English		6/1 $5,250	$3,500	7/31 $1,750	$10,500	$15.00	700,000
San Diego Business Journal (Full Page)	English		6/7 $2,647			$2,647	$120.32	22,000
Facebook / Instagram (Sponsored Posts)	English		Week of 5/31 $1,581	$1,581	7/31 $395	$3,556	$8.24	366,869
Paid Search (Google)	English		Week of 5/31 $1,268	$1,268	7/31 $317	$2,853	$44	55,396
LinkedIn (Sponsored Posts)	English		Week of 5/31 $1,556	$1,556	7/31 $389	$3,500	$17.42	170,746
El Latino (Full Page)	Spanish		6/18 $3,353			$3,353	$83.82	40,000
Univision	Spanish		6/7 $8,294	7/25		$8,294	$19.42	427,000
PLAN TOTAL						**$43,000**	**$28.40**	**1,513,869**
CO-BRANDED MEDIA SUPPORT (5 PARTNERS)						**$17,000**		
TOTAL PAID MEDIA						**$60,000**		

Concurrent with the marketing outreach, SDCP will also be looking at its opt-out/opt-up metrics and name recognition. Understanding the potential correlation with our marketing outreach and its impact on customer behavior will give SDCP insight into best practices as we design our Phase 3 residential marketing strategy.

Additional Labor Costs ($83,000)
Civilian’s scope of services outlines the following six tasks:

1. Agency Branding, Design, Messaging and Identity
2. Web Design, Content Development, and Maintenance
3. Community Outreach and Stakeholder Engagement
4. Marketing and Advertising Campaign
5. Media Relations and Public Affairs
6. Project Management/Performance Metrics

With an average monthly rate of about $47,000, Civilian will need an additional $83,000 to finish out the assigned tasks. The increased costs are due to several factors. First, additional enhancements to the SDCP website, including several pages still in development, have pushed task #2 over budget. Secondly, the costs of the Municipal Launch Event were not in the original scope of the Civilian budget, and have impacted remaining balances for tasks #3 and #6. Finally, SDCP has staff assigned additional work and research to Civilian in advance of the Phase 2 enrollment to ensure a successful roll-out to our commercial and industrial customers.

FISCAL IMPACT
Approval of this amendment will increase the Civilian, Inc. contract by $143,000.

ATTACHMENTS
Attachment A: Amendment to Professional Services Agreement with Civilian, Inc.

FIRST AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT BETWEEN SAN DIEGO COMMUNITY POWER AND CIVILIAN, INC.

THIS FIRST AMENDMENT (this "Amendment") is entered into as of this May ___, 2021 by and between SAN DIEGO COMMUNITY POWER, a California joint powers agency ("SDCP") and CIVILIAN, INC., a California corporation, ("Consultant"). SDCP and Consultant are sometimes individually referred to herein as the "Party" and collectively as the "Parties."

RECITALS

WHEREAS, the Parties entered into that certain Professional Services Agreement between San Diego Community Power and Civilian, Inc., dated August 1, 2020 (the "Agreement") with a term from August 1, 2020 to June 30, 2022; and

WHEREAS, pursuant to the Agreement, Consultant provides marketing and communications services to SDCP; and

WHEREAS, the parties desire to amend the Agreement to increase the maximum compensation amount payable to Consultant for its services.

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

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

2. Amendment of Section 3.1. Section 3.1 of the Agreement is amended to increase the not-to-exceed amount payable by SDCP to Consultant for Consultant's services by $143,000 (for a total not-to-exceed amount of $918,680 under the Agreement).

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

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

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

SAN DIEGO COMMUNITY POWER	**CIVILIAN, INC.**
______________________________	______________________________
Name: Bill Carnahan	Name: Stacey Smith
Title: Interim Chief Executive Officer	Title: Chief Executive Officer
Date: __________________________	Date: __________________________

ATTEST:

____
Secretary, SDCP Board of Directors

APPROVED AS TO FORM:

____
SDCP General Counsel

SAN DIEGO COMMUNITY POWER
Staff Report – Item 8

To:	San Diego Community Power Board of Directors
From:	Sebastian Sarria, Program and Policy Manager
Via:	Bill Carnahan, Interim Chief Executive Officer
Subject:	Amendment to Professional Services Agreement with Neyenesch Printers in the amount of $277,000 for services through FY22
Date:	May 27, 2021

RECOMMENDATION
Approve amendment to professional services agreement with Neyenesch Printers for $277,000 through June 30, 2022 and authorize the Interim Chief Executive Officer to execute the contract.

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

In December 2020, SDCP contracted with Neyenesch Printers to conduct printing and mailing services for the Phase 1 and 2 enrollment phases with an end date of June 30, 2021. Since then, Neyenesch has provided high-quality work and has been retained by Clean Energy Alliance for their own printing and mailing needs.

ANALYSIS AND DISCUSSION
In FY22, SDCP will continue to have printing and mailing needs. Due to the familiarity and high-quality work provided by Neyenesch, as well as immediate printing needs of SDCP, staff recommends continuing to work with them for this upcoming fiscal year.

FISCAL IMPACT
Cost of this action includes a total amount not to exceed $277,000 through June 30, 2022. Funding is available in the proposed FY22 budget.

ATTACHMENTS
Attachment A: Professional Services Agreement with Neyenesch Printers

SAN DIEGO COMMUNITY POWER
PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement ("**Agreement**") is made and entered into this 1st day of July, 2021, by and between SAN DIEGO COMMUNITY POWER, a California joint powers agency ("**SDCP**") and **Neyenesch Printers** a **California corporation** ("**Consultant**"). SDCP and Consultant are sometimes individually referred to as "**Party**" and collectively as "**Parties**."

RECITALS

A. Consultant desires to perform and assume responsibility for the provision of certain professional services required by SDCP on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing **mail and printing services,** is licensed in the State of California, and is familiar with the plans of SDCP.

B. SDCP desires to engage Consultant to render such professional services for the **mail and printing services** ("**Project**") as set forth in this Agreement.

AGREEMENT

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

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

1.2 Term. The term of this Agreement shall be from **July 1, 2021** to **June 30, 2022,** unless earlier terminated as provided herein. Consultant shall complete the Services within the term of this Agreement and shall meet any other established schedules and deadlines.

2. **Responsibilities of Consultant.**

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

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

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

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

Kandy Neyenesch, CFO
Chris Johnson, Sales Representative

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

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

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

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

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

2.10 Insurance.

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

2.10.2 Minimum Requirements. Consultant shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the

Agreement by the Consultant, its agents, representatives, employees or subcontractors. Consultant shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

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

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

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

(A) General Liability.

(i) Commercial General Liability Insurance must include coverage for (1) Bodily Injury and Property Damage; (2) Personal Injury/Advertising Injury; (3) Premises/Operations Liability; (4) Aggregate Limits that Apply per Project; (5) Explosion, Collapse and Underground (UCX) exclusion deleted; (6) Contractual Liability with respect to this Agreement; (7) Broad Form Property Damage; and (8) Independent Consultants Coverage.

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

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

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

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

(C) Workers' Compensation and Employers Liability Coverage.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. **Fees and Payments.**

3.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit C, attached hereto. The total compensation shall not exceed **$100,000** without written approval of SDCP's **Interim Chief Executive Officer.** Extra Work may be authorized, as described below, and, if authorized, said Extra Work will be compensated at the rates and manner set forth in this Agreement.

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

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

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

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

5. **General Provisions.**

5.1 Termination of Agreement.

5.1.1 Grounds for Termination. SDCP may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to SDCP, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause. For purposes of this Agreement the term "cause" shall mean the failure of payment of undisputed charges pursuant to the agreed schedule after written notice and fifteen (15) days opportunity for SDCP to cure, or the inability to work with an SDCP representative in the reasonable discretion of Consultant after three (3) written warnings have gone unheeded and SDCP fails to designate an alternate representative.

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

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

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

Consultant: Neyenesch Printers, Inc.
Attn: Kandy Neyenesch, CFO
2750 Kettner Blvd.
San Diego, CA 92101

SDCP: San Diego Community Power
Attn: Interim Chief Executive Officer
815 E Street, Suite 12716
San Diego, CA 92101

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

5.3 Ownership of Materials and Confidentiality.

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

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

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

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

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

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

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

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

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

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

5.6 Indemnification.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5.24 Additional Terms and Conditions. Additional terms and conditions are attached hereto and incorporated herein as Exhibit D. If any part of Exhibit D is inconsistent with the express terms of this Agreement, the terms of this Agreement shall control.

[SIGNATURES ON FOLLOWING PAGE]

SIGNATURE PAGE TO
SAN DIEGO COMMUNITY POWER
PROFESSIONAL SERVICES AGREEMENT

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

SAN DIEGO COMMUNITY POWER	**NEYENESCH PRINTERS, INC.**
By : ______________________________	By : ______________________________
Name: ______________________________	Name: ______________________________
Title: ______________________________	Title: ______________________________

ATTEST:

____
Secretary, SDCP Board of Directors

APPROVED AS TO FORM:

____
SDCP General Counsel

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

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

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

EXHIBIT A

SCOPE OF SERVICES

Conduct printing and mailing services for direct mail drops, new move-ins, courtesy letters, the Power Content Label, and the Joint Rate Comparison mailer. The direct mail drops will cover the second half of Phase 2 enrollment. New move-ins will cover new accounts that are enrolled in SDCP's service territory. The Power Content Label shall be a mailer that gets sent in the August 2021 timeframe to all existing customers. Lastly, the Joint Rate Comparison mailer is a mailer that is a joint effort with SDG&E that will be sent either September or October 2021. In 2022, direct mail will cover Phase 3 enrollment which shall begin with the city of Imperial Beach in February, La Mesa in March, Encinitas in April, and Chula Vista and San Diego in May.

Additional printing and mailing may be needed and shall be requested in advance by SDCP.

<u>EXHIBIT B</u>

SCHEDULE OF SERVICES

Consultant agrees to conduct printing and mailing services for the duration of the contract ending on June 30, 2022.

EXHIBIT C

COMPENSATION BILLING RATES

Name	Title	Hourly Rate

EXHIBIT D

ADDITIONAL TERMS AND CONDITIONS

The Parties have read the Additional Terms & Conditions in this Exhibit and agree to abide by them, except to the extent that they conflict with the terms and conditions of the Agreement. All statements in SDCP's application are true and complete and are made for the purpose of obtaining credit. Any subsequent purchase or purchases made by SDCP shall be subject to the Agreement (including these Additional Terms & Conditions). All terms and conditions of this agreement are to be performed in San Diego, California. Delinquency charges at the rate of 1.5% per month will be charged on all balances
remaining unpaid 30 days from the date said amounts are incurred.

1. QUOTATION
A quotation not accepted within 30 days may be changed.
2. ORDERS
Acceptance of orders is subject to credit approval and contingencies such as fire, water, strikes, theft, vandalism, acts of God, and other causes beyond the provider's control. Canceled orders require compensation for incurred costs and related obligations.
3. EXPERIMENTAL WORK
Experimental or preliminary work performed at customer's request will be charged to the customer at the provider's current rates. This work cannot be used without the provider's written consent.
4. CREATIVE WORK
Sketches, copy, dummies, and all other creative work developed or furnished by the provider are the provider's exclusive property. The provider must give written approval for all use of this work and for any derivation of ideas from it.
5. ACCURACY OF SPECIFICATIONS
Quotations are based on the accuracy of the specifications provided. The provider can re-quote a job at time of submission if copy, film, tapes, disks, or other input materials do not conform to the information on which the original quotation was based.
6. VENUE
In the event of suit regarding this contract, then venue and jurisdiction therefore shall be in either the Superior or Municipal Court, as appropriate, of the County of San Diego, California. The parties agree and stipulate that the essential terms of this contract are to be performed in said county.
7. ELECTRONIC MANUSCRIPT OR IMAGE
It is the customer's responsibility to maintain a copy of the original file. The provider is not responsible for accidental damage to media supplied by the customer or for the accuracy of furnished input or final output. Until digital input can be evaluated by the provider, no claims or promises are made about the provider's ability to work with jobs submitted in digital format, and no liability is assumed for problems that may arise. Any additional translating, editing, or programming needed to utilize customer-supplied files will be charged at prevailing rates.8. ALTERATIONS/CORRECTIONS
Customer alterations include all work performed in addition to the original specifications. All such work will be charged at the provider's current rates.
9. PREPRESS PROOFS
The provider will submit prepress proofs along with original copy for the customer's review and approval. Corrections will be returned to the provider on a "master set" marked "O.K.", "O.K. with corrections", or "Revised proof required" and signed by the customer. Until the master set is received, no additional work will be performed. The provider will not be responsible for undetected production errors if proofs are not required by the customer; the work is printed per the customer's O.K.; and requests for changes are communicated orally.
10. PRESS PROOFS
Press proofs will not be furnished unless they have been required in writing in the provider's quotation. A press sheet can be submitted for the customer's approval as long as the customer is present at the press during make-ready. Any press time lost or alterations/corrections made because of the customer's delay or change of mind will be charged at the provider's current rates.
11. COLOR PROOFING
Because of differences in equipment, paper, inks, and other pressroom operations, a reasonable variation in color between color proofs and the completed job is to be expected. When variation of this kind occurs, it will be considered acceptable performance.
12. OVER-RUNS OR UNDER-RUNS
Over-runs or under-runs will not exceed 10% of the quantity ordered. The provider will bill for actual quantity delivered within this tolerance. If the customer requires a guaranteed quantity the percentage of tolerance must be stated at the time of quotation.
13. CUSTOMER'S PROPERTY
The provider will only maintain fire and extended coverage on property belonging to the customer while the property is in the provider's possession. The provider's liability for this property will not exceed the amount recoverable from insurance. Additional insurance coverage may be obtained if it is requested in writing, and if the premium is paid to the provider.
14. DELIVERY
Unless otherwise specified, the price quoted is for a single shipment, without storage, F.O.B. provider's platform. Proposals are based on continuous and uninterrupted delivery of the complete order. If the specifications state otherwise, the provider will charge accordingly at current rates. Charges for delivery of materials and supplies from the customer to the provider, or from the customer's supplier to the provider, are not included in quotations unless specified. Title for finished work passes to the customer upon delivery to the carrier at shipping point; or upon mailing of invoices for the finished work or its segments, whichever occurs first.
15. PRODUCTION SCHEDULES
Production schedules will be established and followed by both the customer and the provider. In the event that production schedules are not adhered to by the customer, delivery dates will be subject to re-negotiation. There will be no liability or penalty for delays due to state of war, riot, civil disorder, fire, strikes, accidents, action of government or civil authority, acts of God, or

other causes beyond the control of the provider. In such cases, schedules will be extended by an amount of time equal to delay incurred.

16. CUSTOMER-FURNISHED MATERIALS

Materials furnished by customers or their suppliers are verified by delivery tickets. The provider bears no responsibility for discrepancies between delivery tickets and actual counts. Customer-supplied paper must be delivered according to specifications furnished by the provider. These specifications will include correct weight, thickness, pick resistance, and other technical requirements. Artwork, film, color separations, special dies, tapes, disks, or other materials furnished by the customer must be usable by the provider without alteration or repair. Items not meeting this requirement will be repaired by the customer, or by the provider at the provider’s current rates.

17. OUTSIDE PURCHASES

Unless otherwise agreed in writing, all outside purchases as required or authorized by the customer, are chargeable.

18. TERMS/CLAIMS/LIENS

Terms of payment are whatever has been agreed to by both parties. Claims for defects, damages, or shortages must be made by the customer in writing no later than 10 calendar days after delivery. If no such claim is made, the provider and the customer will understand that the job has been accepted. By accepting the job, the customer acknowledges that the provider’s performance has fully satisfied all terms, conditions, and specifications. The provider’s liability will be limited to the quoted selling price for defective goods, without additional liability for special or consequential damages. As security for payment of any undisputed sum due under the terms of an agreement (and after notice and 15-day opportunity to cure has been provided), the provider has the right to hold and place a lien on all customer property in the provider’s possession. This right applies even if credit has been extended, notes have been accepted, trade acceptances have been made, or payment has been guaranteed. If payment is not made, the customer is liable for all collection costs incurred.

19. LIABILITY

a. Disclaimer of implied Warranties: Provider warrants that the work is as described in the purchase order. The customer understands that all sketches, copy, dummies, and preparatory work shown to the customer are intended only to illustrate the general type and quality of the work. They are not intended to represent the actual work performed.

b. Disclaimer of Implied Warranties: The provider warrants only that the work will conform to the description contained in the purchase order. Under no circumstances will the provider be liable for special or consequential damages

20. INDEMNIFICATION

The customer agrees to indemnify, defend (with counsel of customer’s choosing) and hold the provider harmless from claims, demands, actions, damages, and proceedings (collectively, “Claims”) for copyright infringement, libel, or violations of a third party’s right to privacy only to the extent such Claims arise from content submitted by the customer. Provider shall provide customer with prompt notice of a Claim under legal this paragraph.

The provider reserves the right to use his or her sole discretion in refusing to print anything he or she deems illegal, libelous, scandalous, improper, or infringing upon copyright law.

21. STORAGE

The provider will retain intermediate materials until the related end product has been accepted by the customer. If requested by the customer, intermediate materials will be stored for an additional period at additional charge. The provider is not liable for loss or damage to stored material beyond what is recoverable by the provider’s fire and extended insurance coverage.

22. TAXES

All amounts due for taxes and assessments will be added to the customer’s invoice and are the responsibility of the customer. No tax exemption will be granted unless the customer’s “Exemption Certificate” (or other official proof of exemption) accompanies the purchase order. If after the customer has paid the invoice, it is determined that more tax is due, then the customer must promptly remit the required taxes to the taxing authority, or immediately reimburse the provider for any additional taxes paid.

23. TELECOMMUNICATIONS

Unless otherwise agreed, the customer will pay for all transmission charges. The provider is not responsible for any errors, omissions, or extra costs resulting from faults in the transmission.

SAN DIEGO COMMUNITY POWER

SAN DIEGO COMMUNITY POWER
Staff Report – Item 9

To:	San Diego Community Power Board of Directors
From:	Bill Carnahan, Interim Chief Executive Officer
Subject:	Operations and Administration Report from the Interim Chief Executive Officer
Date:	May 27, 2021

RECOMMENDATION
Receive and file update on various operational and administration activities.

BACKGROUND
Staff will provide regular updates to the Board of Directors regarding San Diego Community Power's (SDCP) organizational development, administration, start-up and operating activities. The following is a brief overview of this month's discussion items, which are informational only.

ANALYSIS AND DISCUSSION
A) General Administrative Updates
San Diego County – As reported in the last Board meeting, the San Diego County Board of Supervisors took a step toward having unincorporated areas of the county to join one of the two community choice aggregation programs in the region, one being San Diego Community Power. The Supervisors adopted a set of six principles that would make up any Joint Powers Authority the county would sign with a prospective CCA. The SDCP Interim CEO and COO cosigned a letter stating that SDCP "is looking forward to talking to the county. The proposed Guiding Principles largely mirror SDCP's own principles."

Staff, along with Board member volunteer, Bill Baber, have been preparing responses to the various questions raised by the County and have engaged PEA to conduct an economic analysis of the impacts of having the County as a SDCP member.

The SDCP Staff will provide an update on the status of these efforts as a regular agenda item.

Strategic Planning – Lisa Gordon has been engaged to lead our Strategic Planning effort as our Facilitator. She has distributed surveys to the Board, Staff and Community Advisory Committee to solicit views on various subjects related to the Strategic Planning effort. Original plans were to complete the process with a Strategic Planning session in May or June but that is becoming problematic so we may complete other tasks in the interim and reschedule the session to Fall. Once we have a revised plan we will report back.

B) Staffing

Chief Finance Officer, Eric Washington, is now onboard and will be introduced at the meeting. Interviews are complete for two positions in the Power Services group with the Director of External Affairs and Finance Manager up next. We are now about halfway through the filling of all the positions in the two-year staffing plan. All of those positions are funded in the draft 21/22 Budget to be presented at the Board meeting. A copy of the current Organization Chart is a part of the agenda packet for reference.

C) Power Resources

Renewable Energy:

Negotiations for short-listed contracts selected through SDCP's long-term renewables portfolio standard solicitation are nearing completion. Three long-term contracts were reviewed with FRMC last week. One of them is presented for your Board's approval as Agenda Item #9 during this meeting. The other two will be presented in May, potentially followed by another long-term contract or two to round out negotiation of contracts that originated in last year's Long-term RPS RFO.

Staff continue to negotiate an EEI Master Agreement with and purchase of renewable energy from SDG&E pursuant to bilateral discussions and consistent with previous direction from the Board.

Staff completed solicitations for short-term renewable, carbon-free energy to meet a portion of SDCP's near-term energy needs while the new-build facilities its currently negotiating with are under development. Contracting pursuant to that solicitation is underway.

Resource Adequacy:

As previously discussed, SDCP filed a request with the CPUC seeking a waiver of penalties for year-ahead Local RA obligations that SDCP was not able to fulfill. The CPUC granted SDCP's Waiver request on Dec 30, 2020.

Staff completed a solicitation for short-term resource adequacy to meet a portion of SDCP's "balance of 2021" capacity needs. Contracting pursuant to that solicitation is underway, and SDCP continues procurement efforts as necessary to close short positions. SDCP's ability to comply with RA requirements is subject to availability constraints in the San Diego area market.

Risk Management:
Consistent with its Energy Risk Management Policy, SDCP has contracted for a significant majority of its market energy needs for 2021 and has started layering in some purchases for 2022-2024.

D) Back Office Operations

As our back-office data manager, Calpine has deployed a back-end bill comparison tool that allows utilization of historical data for all our Commercial and Industrial customers from 2019 and 2020 to perform bill comparisons using our Board approved rates effective on 6/1/2021 compared to the existing SDG&E's rates effective on 3/1/2021. This tool allows for Staff to run bill comparisons en masse without asking customers to provide copies of their bills. The end user customer bill comparison tool on our website that allows customers to self-serve in running their own bill comparison analysis using information on their bills has also been updated to reflect Board approved rates effective on 6/1/2021. This tool is accessible on our website via:
https://bill-compare.communityenergysolutions.com/ui-v2/home/4/2/1

From an operations perspective, SDCP Staff and Calpine have worked together to create a reporting dashboard of customer actions to opt-out or opt-up to Power100. The below charts summarize these actions accordingly:

Opt Outs

Opt Outs by TOT	February	March	April	May - MTD	2021 YTD Grand Total
CITY OF CHULA VISTA	2	32	1	0	35
CITY OF ENCINITAS	0	0	3	0	3
CITY OF IMPERIAL BEACH	0	0	0	0	0
CITY OF LA MESA	0	0	15	0	15
CITY OF SAN DIEGO	14	7	43	2	66
Grand Total	**16**	**39**	**62**	**2**	**119**

Opt Outs by Class Code	February	March	April	May - MTD	2021 YTD Grand Total
Residential	0	0	0	0	0
Commercial/Industrial	16	39	62	2	119
Grand Total	**16**	**39**	**62**	**2**	**119**

Opt Outs by Reason	February	March	April	May - MTD	2021 YTD Grand Total
Concerns about Government-Run Power Agency	0	0	2	0	2
Decline to Provide	0	4	19	1	24
Dislike being automatically enrolled	0	0	28	1	29
Have renewable Energy Reliability Concerns	0	0	0	0	0
Other	1	35	2	0	38
Rate or Cost Concerns	15	0	11	0	26
Service or Billing Concerns	0	0	0	0	0
Grand Total	**16**	**39**	**62**	**2**	**119**

Opt Outs by Method	February	March	April	May - MTD	2021 YTD Grand Total
CSR	0	35	31	0	66
IVR	0	0	1	0	1
Web	16	4	30	2	52
Grand Total	**16**	**39**	**62**	**2**	**119**

Opt Ups to Power100

Opt Ups by TOT	February	March	April	May - MTD	2021 - YTD Grand Total
CITY OF CHULA VISTA	0	65	0	0	65
CITY OF ENCINITAS	0	18	0	0	18
CITY OF IMPERIAL BEACH	0	0	0	0	0
CITY OF LA MESA	0	0	12	0	12
CITY OF SAN DIEGO	0	134	1	0	135
Grand Total	**0**	**217**	**13**	**0**	**230**

Opt Ups by Class Code	February	March	April	May - MTD	2021 - YTD Grand Total
Residential	0	2	0	0	2
Commercial/Industrial	0	215	13	0	228
Grand Total	**0**	**217**	**13**	**0**	**230**

Opt Ups by Method	February	March	April	May - MTD	2021 - YTD Grand Total
CSR	0	217	11	0	228
IVR	0	0	0	0	0
Web	0	0	2	0	2
Grand Total	**0**	**217**	**13**	**0**	**230**

E) Retirement Plan

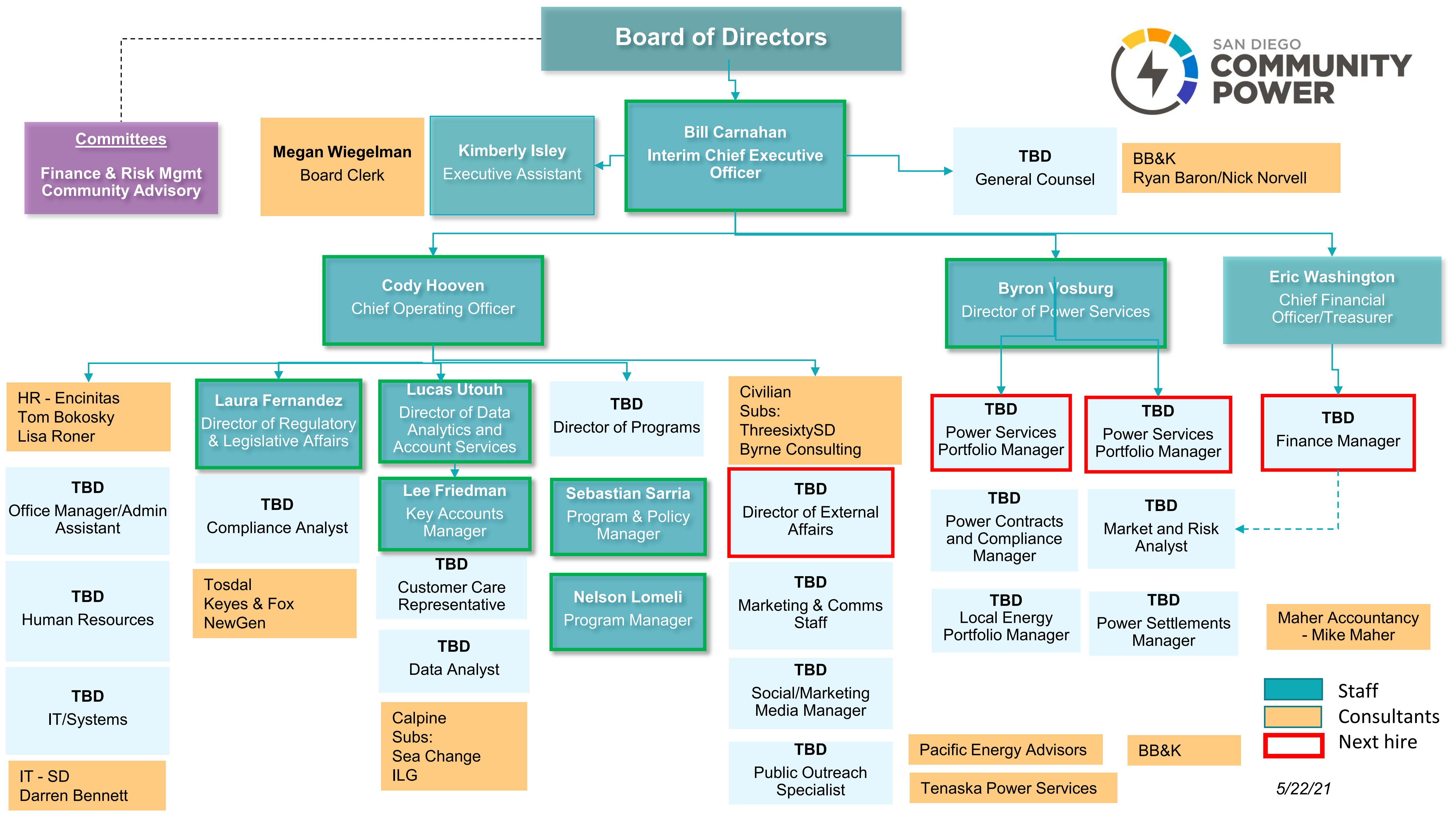
SDCP has selected Benefit Resource's Inc. (BRI) as the third-party administrator for SDCP's retirement plan. BRI will implement a 457(b)/401(a) plan. BRI and Scott Tomei from PWA Financial will work to establish accounts at Empower Retirement. SDCP staff has already met with Scott Tomei from PWA Financial to select the initial fund lineup for the 457(b)/401(a) plan. The selected fund line-up includes a variety of funds, including funds that prioritize Environmental, Social and Corporate Governance (ESG) investing. All of the funds were evaluated for certain specified criteria, including fossil fuel exposure. The ESG/fossil free funds will be offered alongside low-cost index funds as well as other well performing managed funds.

FISCAL IMPACT

N/A

ATTACHMENTS

Attachment A: SDCP Organization Chart



Board of Directors
SAN DIEGO COMMUNITY POWER
Committees
Finance & Risk Mgmt
Community Advisory
Megan Wiegelman
Board Clerk
Kimberly Isley
Executive Assistant
Bill Carnahan
Interim Chief Executive Officer
TBD
General Counsel
BB&K
Ryan Baron/Nick Norvell
Cody Hooven
Chief Operating Officer
Byron Vosburg
Director of Power Services
Eric Washington
Chief Financial Officer/Treasurer
HR - Encinitas
Tom Bokosky
Lisa Roner
Laura Fernandez
Director of Regulatory & Legislative Affairs
Lucas Utouh
Director of Data Analytics and Account Services
TBD
Director of Programs
Civilian
Subs:
ThreesixtySD
Byrne Consulting
TBD
Power Services Portfolio Manager
TBD
Power Services Portfolio Manager
TBD
Finance Manager
TBD
Office Manager/Admin Assistant
TBD
Compliance Analyst
Lee Friedman
Key Accounts Manager
Sebastian Sarria
Program & Policy Manager
TBD
Director of External Affairs
TBD
Power Contracts and Compliance Manager
TBD
Market and Risk Analyst
TBD
Human Resources
Tosdal
Keyes & Fox
NewGen
TBD
Customer Care Representative
Nelson Lomeli
Program Manager
TBD
Marketing & Comms Staff
TBD
Local Energy Portfolio Manager
TBD
Power Settlements Manager
Maher Accountancy - Mike Maher
TBD
IT/Systems
TBD
Data Analyst
TBD
Social/Marketing Media Manager
Staff
Consultants
Next hire
IT - SD
Darren Bennett
Calpine
Subs:
Sea Change
ILG
TBD
Public Outreach Specialist
Pacific Energy Advisors
BB&K
Tenaska Power Services
5/22/21

SAN DIEGO COMMUNITY POWER

SAN DIEGO COMMUNITY POWER
Staff Report – Item 10

To: San Diego Community Power Board of Directors

From: Laura Fernandez, Director of Regulatory and Legislative Affairs

Via: Bill Carnahan, Interim Chief Executive Officer

Subject: Update on Regulatory and Legislative Affairs

Date: May 27, 2021

RECOMMENDATION

Receive and file update on regulatory and legislative affairs.

BACKGROUND

Staff will provide regular updates to the Board of Directors regarding SDCP's regulatory and legislative engagement. The following is an overview of this month's discussion items, which are informational only.

A) Final Decision Issued in Phase 2 of Power Charge Indifference Adjustment (PCIA) Rulemaking

The PCIA is a surcharge on all customers that is intended to collect the above-market costs of the investor-owned utilities' (IOU) legacy resources. The PCIA is intended to reflect the difference between the IOUs' above-market costs related to legacy power supply commitments, including third-party energy contracts and operating costs for utility owned generation, and today's market value for those resources. While Community Choice Aggregators (CCAs) and direct access customers continue to pay a significant share of the costs for these resources, their ability to access the benefits depends on the willingness of the IOU – at its sole discretion – to sell or allocate the resource.

The inequity surrounding access to the benefits of the legacy resources has been long recognized by regulators and stakeholders. The California Public Utilities Commission (CPUC) first initiated a proceeding to resolve this issue in 2017 and identified optimization of IOU portfolio management to minimize stranded costs as one of the issues to be addressed. The CPUC directed CalCCA, Southern California Edison, and Commercial Energy (the "co-chairs" of what was called Working Group 3) to develop a joint proposal that represented their respective groups. The joint proposal was presented to the CPUC in February 2020 and was not given any procedural consideration for over one year.

As reported during the last Board meeting, on April 5, 2021, the CPUC issued the long-awaited Phase 2 Proposed Decision (PD) on the PCIA Cap and Portfolio Optimization track after more than one year since the Working Group 3 (WG3) co-chairs filed the joint proposal. The PD proposed to:

- Adopt voluntary allocation market offer (VAMO) of Renewables Portfolio Standard (RPS) allocations for 2023 implementation;
- Decline to adopt the WG3 proposal for Resource Adequacy (RA);
- Decline to approve the WG3 proposal on greenhouse-gas (GHG)-free resources.

The California Community Choice Association (CalCCA), and SDCP filed opening and reply comments on the PD. On May 20, 2021, the Commissioners voted unanimously in support of the PD, with a few important modifications. The final decision permits Load-Serving Entities (LSE), including CCAs to resell their allocated resources with rules to be set in RPS proceeding. The final decision also clarifies that SDG&E must leave its 2021 PCIA rates and rate adders in effect through 2021, and implement removal of the PCIA cap in rates effective January 1, 2022. Both of these are revisions that were advocated for by SDCP staff and both of these changes represent important victories for SDCP. The final decision orders the other IOUs to remove the PCIA cap and trigger immediately. However, keeping the PCIA rate cap in place for 2021 will help mitigate rate uncertainty and volatility for SDCP and SDG&E customers. Moreover, the ability to resell RPS allocations is an important portfolio management tool, especially for new CCAs like SDCP.

B) SB 612 (Ratepayer Equity Act) – Heads to Senate Floor for Vote Next Week

As discussed during the last two SDCP Board meetings, while all customers bear cost responsibility for legacy resources, only IOU customers have the right to access *the benefits* of these resources, such as renewable energy, GHG-free energy, and RA. SB 612 would resolve this inequity by enshrining equal access to benefits into statute. Given that the PCIA final decision discussed above rejects the majority of the WG3 proposal and falls short of creating ratepayer equity, legislative action is the only way to ensure fair and equitable outcomes for all ratepayers, not just IOU bundled customers. SB 612 ensures fair and equal access to the benefits of legacy contracts resources for all customers and ensures that IOU portfolios are managed to maximize value and reduce unnecessary costs for all customers. While the PCIA final decision adopts a VAMO for RPS allocations, it rejects the WG3 proposal for RA and GHG-free resources. SB 612 would require SDG&E to offer an allocation of not just RPS, but also RA and any GHG free resources.

CalCCA is sponsoring the bill and seeking support from all CCAs and their member agencies. In March, SDCP voted to take a support position for SB 612. The cities of La

Mesa, Encinitas, Chula Vista and Imperial Beach have also submitted support letters for SB 612. The County of San Diego also submitted a letter in support of SB 612.

The PCIA represents approximately 37% of operating costs (before financing) for fiscal year 2021, 42% of operating costs for fiscal year 2022, and 44% of operating costs for fiscal year 2023. SB 612 would reduce overall costs by ensuring that SDCP is able to access legacy resources that are currently being paid for through the PCIA.

More information can be found here: https://cal-cca.org/sb-612/.

SDCP needs additional support to ensure that SB 612 will have enough support votes to make it off of the Senate floor. June 4, 2021, is the last day for SB 612 to pass out of the Senate.

C) SDG&E Application for Approval of 2022 Electric Procurement Revenue Requirement Forecasts

On April 15, 2021, SDG&E filed its Application for Approval of its 2022 Electric Procurement Revenue Requirement Forecasts and GHG-related forecasts. SDG&E requests approval of a total 2022 forecasted revenue requirement of $693.090 million. In the application, SDG&E notes that these changes, if approved as is, would decrease the current system average rate by 4.752 cents per kilowatt hour, or 17.28%. A typical non-California Alternative Rates for Energy (CARE) residential customer using 425 kilowatt-hours (kWh) would see a monthly bill decrease of 16.62%, or $22.15 (from $133.30 to $111.15). A typical CARE residential customer using 425 kWh could see a monthly bill decrease of 16.62%, or $14.40 (from $86.64 to $72.25). These rates would be implemented on January 1, 2022. However, SDG&E also notes in its application that these projections could change if the CPUC approves SDG&E's request to update its authorized sales in its forthcoming standalone 2022 sales forecast application.

SDCP filed a protest to the application on May 21, 2021. In the protest, SDCP noted that in the 2021 Energy Resources Recovery Account (ERRA) Forecast Application, SDG&E refused to calculate the 2021 commodity rate forecast using an updated retail sales forecast that was consistent with the 2021 bundled energy requirements forecast used to derive the ERRA revenue requirement. The stale sales forecast employed by SDG&E to calculate bundled commodity rates failed to account for significant CCA load departure in early 2021, resulting in an artificially low bundled customer rate forecast. Despite acknowledging the misaligned data in its 2021 commodity rate forecast, SDG&E claimed that it was required to use the outdated sales forecast because it was the most recent forecast approved by the CPUC. The CPUC, however, rejected SDG&E's arguments. SDCP notes in the protest that SDG&E once again declines to use the most recent sales forecast to calculate the commodity rate for the 2022 ERRA forecast.

The bottom line is that although the large decrease in the revenue requirements leads to a reported decrease in both total bundled rates (decrease of 17.8%) and bundled commodity rates (decrease of 35%), these rate reductions are overstated, because

SDG&E has not yet incorporated its updated 2022 sales forecast into the calculation of bundled rates.

This proceeding is just in its beginning stages and only after the separate 2022 sales forecast proceeding is complete will SDG&E integrate its most recent sales forecast into its 2022 ERRA rates. Therefore, this proceeding will not be complete until much later in 2021.

D) Proposed Decision in Direct Access Rulemaking

After a long hibernation, the rulemaking related to Direct Access reopening issues awoke with the issuance of a Proposed Decision on May 14, 2021. In short, the Proposed Decision finds that, since the required findings in Senate Bill (SB) 235 cannot all be made, the CPUC cannot and does not recommend that Direct Access be reopened at this time.

As context, SB 235 was adopted in 2018, amending Public Utilities Code Section 365.1 relating to Direct Access. In Phase 1 of the Direct Access Reopening proceeding, the CPUC reopened 4,000 gigawatt hours to Direct Access in Decision19-05-043. The CPUC and parties have been discussing how the CPUC could adopt remaining elements of SB 235, which contemplated further reopening of Direct Access if various conditions and findings were met. The four findings that must be met are as follows with respect to recommendations to reopen Direct Access, as cited in the Proposed Decision:

1. The recommendations are consistent with the state's GHG emission reduction goals.
2. The recommendations do not increase criteria air pollutants and toxic air contaminants.
3. The recommendations ensure electric system reliability.
4. The recommendations do not cause undue shifting of costs to bundled service customers of an electrical corporation or to direct transaction customers.

The Proposed Decision cites reliability events and forecasts for additional generation in recommending against expansion at this time. The Proposed Decision states "expanded direct access would result in further fragmentation of the market and raises serious electric system reliability concerns. These reliability concerns, coupled with Direct Access providers' primary reliance on unspecified power sources, form the basis for the Commission's recommendation against expansion of Direct Access." The Proposed Decision also cites CalCCA's concerns regarding the ability of CCAs to remain financially viable and maintain their own long-term contracts if there is a significant risk that load will migrate to Direct Access following expansion.

Opening comments on the Proposed Decision are due on June 3, and the CPUC expects to address the Proposed Decision at its June 24 business meeting. SDCP staff are coordinating with CalCCA on opening comments.

E) Provider of Last Resort (POLR) Rulemaking

On March 25, 2021, the CPUC opened a rulemaking to implement Senate Bill 520 and address other matters related to POLR. Pursuant to SB 520, each IOU is the POLR in its service territory. In this rulemaking, the CPUC will establish cost allocation and recovery for the POLR and will also take steps to ensure that electrical service will be provided to customers without disruption in the event an LSE fails to provide or denies service to a retail end-use customer.

Opening comments were filed on April 26 by a wide range of parties, including CalCCA and SDG&E. CalCCA argued that the POLR should provide service for a short duration (three – six months) from short term procurement with costs allocated to those that receive POLR service. CalCCA also suggested that the CPUC should examine ways in which retail providers could voluntarily take on customer service from defaulting load-serving entities (LSEs) in a "next to last provider" arrangement which could obviate or reduce the need for a POLR. SDG&E similarly argued that use of the POLR should be limited to situations where an LSE becomes insolvent or otherwise faces an operational inability to serve. SDG&E also argued that the POLR should be a "bridge" to service until customers are moved to a permanent LSE, and that therefore the POLR should not be required to undertake front-stop procurement, since this would result in unnecessary costs and could create procurement challenges for other LSEs.

A prehearing conference will be held on June 11.

SAN DIEGO COMMUNITY POWER
Staff Report – Item 11

To:	San Diego Community Power Board of Directors
From:	Cody Hooven, Chief Operating Officer
Via:	Bill Carnahan, Interim Chief Executive Officer
Subject:	Discussion and Direction on Potential New Members to SDCP and Input on Response Letter to County of San Diego
Date:	March 27, 2021

RECOMMENDATION

1. Discuss considerations of adding new member jurisdictions to SDCP and provide direction to staff.
2. Provide input to staff on the draft response letter to the County of San Diego

BACKGROUND

At the time San Diego Community Power (SDCP) was formed, there were several other municipalities in the region exploring the feasibility of community choice. The Joint Powers Authority (JPA) Agreement contemplates the addition of new members, and Section 2.4 of the JPA agreement refences new members, as described below.

Section 2.4 **Addition of Parties**. After the initial formation of the Authority by the Founding Members, any incorporated municipality, county, or other public agency authorized to be a community choice aggregator under Public Utilities Code Section 331.1 located within the service territory of the IOU may apply to and become a member of the Authority if all the following conditions are met:

> 2.4.1 The adoption by a two-thirds vote of the Board satisfying the requirements described in Section 4.11 (Board Voting) of this Agreement, of a resolution authorizing membership into the Authority;
>
> 2.4.2 The adoption by the public agency of a CCA ordinance as required by Public Utilities Code Section 366.2(c)(12) and approval and execution of this Agreement and other necessary program agreements by the public agency;
>
> 2.4.3 Payment of a membership fee, if any, as may be required by the Board to cover Authority costs incurred in connection with adding the new party; and

2.4.4 Satisfaction of any other reasonable conditions established by the Board.

Pursuant to this Section 2.4 (Addition of Parties), all Parties shall be required to commence electric service as soon as is practicable within statutory and regulatory requirements, as determined by the Board and Authority management, as a condition to becoming a Party to this Agreement.

The County of San Diego (County) has submitted a letter including updated Guiding Principles and additional questions to SDCP regarding potential membership. The County, and potentially several other municipalities are exploring community choice further therefore staff is presenting information here for the Board's consideration.

ANALYSIS AND DISCUSSION

General

Staff have researched the practices of other community choice aggregation (CCA) programs in California to understand if there are best practices to expansion of membership. A summary of that research is below:

- Many CCAs have expanded
- Limited expansion policies available; typically, an ad hoc analysis of data and Board direction is provided
- Common practice is to review consistency between the existing CCA and the new member and ensure mission alignment and positive or neutral impacts are expected from the addition of customers
- Financial considerations include different rates for different vintage years (power chare indifference adjustment, PCIA, costs set by year of load departure), reserves built up prior to new member joining, etc.

For any potential new member, staff recommend several considerations be explored through a pro forma analysis and summary report for any potential member. This report would explore:

- New members alignment with principles outlined in SDCP's JPA Agreement, (e.g., environmental, social, and economic goals agreed to by the Founding Members of SDCP)
- Financial impacts/benefits to existing customers
- Financial impacts/benefits to new member jurisdiction
- Cost and effort of this pro forma analysis – not-to-exceed amount of $30,000 for analysis and summary report to be funded by SDCP and reimbursed by a potential member should they choose not to pursue membership after they request initiation of the analysis. Note: the Board may choose to create a standard of waiving this cost to potential new members at their discretion. For example, this could be waived for smaller cities with general funds or populations below a certain level.

County of San Diego

Staff have reviewed the County's updated Guiding Principles and believe there is alignment with the principles outlined in SDCP's JPA Agreement. The financial impact to new customers and existing customers will be determined upon completion of the analysis. A draft letter in response to the County is attached for Board review, and responds to additional questions submitted by the County. Staff have received the necessary load data from the County to begin the pro forma analysis, which will be provide further information once complete.

FISCAL IMPACT

A maximum estimated cost of $30,000 for the pro forma analysis and summary report of County data. This amount is within the authority of the CEO.

ATTACHMENTS

Attachment A: Letter received from the County
Attachment B: Draft Response to County

MARKO MEDVED, PE, CEM
DIRECTOR
(858) 694-2527

County of San Diego

DEPARTMENT OF GENERAL SERVICES
5560 OVERLAND AVENUE, SUITE 410, SAN DIEGO, CA 92123

NICOLE J. ALEJANDRE
ASSISTANT DIRECTOR
(858) 694-3885

April 18, 2021

Bill Carnahan
Interim CEO
San Diego Community Power

RE: Request for CCE Information

Mr. Carnahan,

On April 6, 2021, the County Board of Supervisors approved a new set of CCE Guiding Principles and directed County staff to begin discussions with the two recently formed local CCEs (San Diego Community Power and Clean Energy Alliance) about a possible partnership. To commence discussions with San Diego Community Power, we are writing to formally request information relevant to our Board of Supervisors' consideration of how to best effectuate its CCE Guiding Principles.

County staff intends to return to the Board of Supervisors this summer with an analysis of options for joining one of the existing local CCEs in accordance with the Guiding Principles. This would allow our Board the opportunity to decide whether the County should join one of the CCEs in 2021, with a launch of unincorporated accounts in 2023. To facilitate this decision, the County requests the following information.

Please provide information detailing how your Joint Powers Agreement, Board-approved policies, and any other relevant official documents and Board actions support the following County Guiding Principles:

<u>Guiding Principles</u>

1. Prioritize social equity and environmental stewardship.
2. Provide cost competitiveness compared to the incumbent utility.

3. Achieve 100% renewable electricity by 2030; encourage within-County buildout of renewable energy, battery storage, and energy efficiency programs; and prioritize Category 1 renewable energy.

4. Support requirements for prevailing wages, as defined in California Labor Code section 1770 et seq., and skilled and trained workforce, as defined in California Public Contract Code section 2601, for CCE-owned generation, feed-in-tariff, and energy efficiency projects.

5. Encourage the development of an equitable jobs pipeline for individuals from communities of concern; the use of a bid evaluation policy prioritizing the selection of new local renewable energy and storage projects; and the workforce development criteria prioritizing the use of State-certified apprenticeship and proper assignment of work to crafts that traditionally perform the work, as permitted by applicable law.

6. Limit General Fund Liability.

In addition, we have the following specific questions:

1. What are your anticipated rate discounts versus SDGE?
2. What is the anticipated “membership fee”, if any, that would be required under Section 2.4.3 of the Joint Powers Agreement? Are there any other payment requirements to join?
3. Aside from any payments required in connection with joining the JPA, are there any current or anticipated payment obligations of JPA Members?
4. What liabilities would the County be expected to incur by joining the JPA?
5. Will you offer the same rate for all members or is there going to be a “newcomers” rate?
6. Please explain the process and any deadlines for the County to join in 2021?
7. If the County were to join in 2021, how do you anticipate the rollout going in 2023? All at once or in phases?
8. What functions would County staff be expected to perform after joining the JPA?
9. Please provide your most recent proforma budget.

If possible, please respond with the requested information prior to June 1, 2021. All responses should be emailed to Charles.marchesano@sdcounty.ca.gov. Please also feel free to contact me at (858) 699-3502.

Sincerely,

Charles Marchesano

Charley Marchesano
Chief, Energy and Sustainability Program
Department of General Services
County of San Diego
(858) 694-2987 office (858) 699-3502 cell

SAN DIEGO COMMUNITY POWER
815 E Street, Suite 12716
San Diego, CA 92112
sdcommunitypower.org

To: Charley Marchesano
Chief, Energy and Sustainability Program
County of San Diego
Via Email

Re: Response to San Diego County Request for CCE Information

Dear Mr. Marchesano,

San Diego Community Power (SDCP) is pleased to respond to the County of San Diego's request for information to assist in its consideration of joining either SDCP or Clean Energy Alliance. Below you will find background information on SDCP, key considerations for any city or county seeking membership, and a response to questions submitted by the County in a letter dated April 18, 2021. We look forward to further discussions once an analysis of County customer and energy load data is completed.

SDCP was formed on October 1, 2019 and began serving its first customers in March of this year. The Board is made up of one mayor or city councilmember from the five member cities, with an alternate for each. Once fully launched, SDCP will be serving approximately 770,000 customer accounts and 6,000 gigawatt-hours per year, making it the second largest community choice program in California. Our Board has demonstrated a collaborative approach to every decision through in-depth policy discussions that include our staff, our Community Advisory Committee, and the public.

To-date, SDCP has achieved many significant milestones. We now have 10 full-time employees, including an Interim CEO, Chief Operating Officer, Chief Financial Officer, Director of Power Services, Director of Regulatory and Legislative Affairs, Director and Managers in Data Analytics and Account Services or Programs. With this new talent on board, we've successfully: engaged in proceedings at the Public Utilities Commission that resulted in benefits to all ratepayers; built an energy resources portfolio that manages our near-term financial and reliability risk and ensures delivery of clean, renewable energy; and began key account customer engagement to ensure customers receive support they need; and, identification and implementation of local community energy programs. We anticipate filling in an additional 16 critical staffing roles in FY22 including internship opportunities in the Fall.

Unique among community choice programs, SDCP received private collateral to secure our credit facility with River City bank in April 2020 rather than relying on the general funds of our member cities. We currently have a $35 million credit facility. Our administrative operating costs (e.g., personnel, professional services, marketing and outreach) are only about 4% of our total operating expenses in FY22.

True to our commitments to our communities, we have already approved three new build, long-term renewable energy projects. These three projects achieve 350 megawatts (MW) of solar and 220MW of battery storage in San Diego, Imperial, and Riverside Counties providing enough power for nearly 200,000 homes annually. Our substantial customer demand allows us to contract for a diversity of projects – in location and resources – leading to improved risk management, energy reliability, and other economic benefits such as job creation. Another key element of our portfolio development is programs to incentivize distributed generation within our member cities.

It is important for all members to share a common vision of the goals and objectives of the JPA. When considering joining SDCP, we recommend the County review SDCP's JPA Agreement, including the recitals that provide insight into our organization's goals and priorities. Next is the consideration of how a member agency can support the goals of building local, renewable energy through their own policies and authority. Last, a key benefit of SDCP to our own customers and the region as a whole is ratepayer advocacy in the legislative and regulatory arena, so further support and alignment from member agencies on issues that affect their constituents can often be beneficial.

To conclude, while still a young organization, SDCP has successfully launched initial service to customers and is providing value to its founding members. The value we bring to our members is through the economies of scale achieved, greater influence with local elected officials and regulatory agencies, and a diversity in the communities we serve. We welcome the opportunity to support the County in exploration of community choice as a pathway to achieve its own climate action goals and seek benefits for its ratepayers.

Sincerely,

Bill Carnahan
Interim CEO

Cc:
Cody Hooven, COO, SDCP
SDCP Board of Directors

Below lists each County Guiding Principle followed by references to highlight agreement and consistency with SDCP policy.

1. *County Guiding Principle – Prioritize social equity and environmental stewardship.*

SDCP: JPA Agreement Recitals 6(d) “Develop an aggregate electric supply portfolio with overall lower greenhouse gas (GHG) emissions than the IOU, and one that supports near-term achievement of the Parties’ greenhouse gas reduction goals and renewable electricity goals.” Recitals 6(m) “Pursue purposeful and focused investment in communities of concern, prioritization of local renewable power, workforce development, and policies and programs centered on economic, environmental, and social equity.” See also Recital 6(j), (k), and (l).

SDCP Inclusive and Sustainable Workforce Policy Section 1(b)(iii) on Supply Chain (Goods and Services), “Engage in efforts to reach communities of concern, to ensure an inclusive pool of potential suppliers.” Section 3 on Reporting of Diverse Business Enterprises and Inclusive and Sustainable Workforce, “...vendors and project developers shall report on the number of women, minority, disabled veteran employees performing work for SDCP.”

2. *County Guiding Principle – Provide cost competitiveness compared to the incumbent utility.*

SDCP: JPA Agreement Recital 6(b) “Provide electric generation rates to all ratepayers that are lower or at least competitive with those offered by the Investor-Owned Utility (IOU), San Diego Gas & Electric (SDG&E).”

SDCP’s base product, PowerOn, is currently 1% less expensive than SDG&E while providing a superior product. PowerOn is 50% renewable and additional 5% greenhouse gas free while SDG&E’s portfolio is 31% renewable.

3. *County Guiding Principle 3) Achieve 100% renewable electricity by 2030; encourage within-County buildout of renewable energy, battery storage, and energy efficiency programs; and prioritize Category 1 renewable energy.*

SDCP: JPA Agreement Recital 6(c) “[achieve and sustain] 100 percent renewable energy availability and usage, at competitive rates, within the territory by no later than 2035, and then beyond.” Recital 3: “[foster] local economic benefits such as job creation, local energy programs and local power development.” Recital 6(e) “Prioritize the use and development of local, cost-effective renewable and distributed energy resources in ways that encourage and support local power development and storage.” Section 6.4 “[SDCP] shall provide its customers energy primarily from Category 1 eligible renewable resources…[and] avoid the procurement of energy from Category 2 or 3 to the extent feasible.”

As of this month, SDCP will have approved three power purchase agreements for new-build renewable energy projects in Southern California, with one in San Diego County. All three are Category 1 power.

4. *County Guiding Principle – Support requirements for prevailing wages, as defined in California Labor Code section 1770 et seq., and skilled and trained workforce, as defined in California Public Contract Code section 2601, for CCE-owned generation, feed-in-tariff, and energy efficiency projects.*

SDCP: JPA Agreement Recitals 6(h) "Demonstrate quantifiable economic benefits to the region including prevailing wage jobs, local workforce development, economic development programs, new energy programs, and increased local energy investments."

SDCP Inclusive and Sustainable Workforce Policy Section 2(c) on Feed-In Tariff "SDCP will require contractors and subcontractors performing work on any SDCP Feed-In Tariff project to pay at least the prevailing rate of wages."

5. *County Guiding Principle – Encourage the development of an equitable jobs pipeline for individuals from communities of concern; the use of a bid evaluation policy prioritizing the selection of new local renewable energy and storage projects; and the workforce development criteria prioritizing the use of State-certified apprenticeship and proper assignment of work to crafts that traditionally perform the work, as permitted by applicable law.*

SDCP: JPA Agreement Recital 6(i) "To the extent authorized by law, support a stable, skilled, and trained workforce through a variety of mechanisms, including neutrality agreements, that are designed to ensure quality workmanship at fair and competitive rates and which benefit local residents by delivering cost-effective clean energy programs and projects." Recital 6(j) "Promote supplier and workforce diversity, including returning veterans and those from regional disadvantaged and under-represented communities of concern, to reflect the diversity of the region."

SDCP Inclusive and Sustainable Workforce Policy Section 2(a)(iii) on PPAs states "Support the use of State of California approved apprenticeship programs." Section 2(c) on FIT, "SDCP will encourage construction contractors or subcontractors to its Feed-In Tariff program to utilize local businesses, local apprenticeship programs, fair compensation practices including proper assignment of work to crafts that traditionally perform the work, and the use of a skilled and trained workforce."

6. *County Guiding Principle – Limit General Fund Liability.*

SDCP: JPA Agreement Section 3.5, "The debts, liabilities, and obligations of the Authority shall not be the debts, liabilities, and obligations of any of the Parties unless a Party agrees in writing to assume any of the debts, liabilities and obligations of the Authority with the approval of its Governing Body, in its sole discretion."

SDCP received private investor collateral rather than general fund of its member cities in order to secure a $35 million credit facility from River City Bank in May 2020.

Additional County questions

1. What are your anticipated rate discounts versus SDGE?

SDCP: Our generation rates are currently 1% below SDG&E as of June 2021, inclusive of PCIA, for electricity that is significantly higher in renewable content.

2. What is the anticipated "membership fee", if any, that would be required? Are there any other payment requirements to join?

SDCP: Currently this is an open item that will need to be determined by our Board. A pro forma analysis of the County's electricity profile is underway and will determine further costs that could be incurred by SDCP customers resulting in the addition of the County and benefits that may offset those costs. This analysis has an estimated not-to-exceed cost of $30,000 for the analysis and summary report. This will be funded by SDCP and reimbursed by a potential member should they choose not to pursue membership after they request initiation of the analysis.

3. Aside from any payments required in connection with joining the JPA, are there any current or anticipated payment obligations of JPA Members?

SDCP: No.

4. What liabilities would the County be expected to incur by joining the JPA?

SDCP: Aside from an initial financial assessment as described in #2, SDCP's JPA Agreement states: any debts, liabilities and obligations of the Authority shall not be the debts, liabilities, and obligations of any of the Parities unless a Party agrees in writing to assume any of the debts…: See further provisions of the JPA Agreement for additional information (Section 7.3.4 and Section 8).

5. Will you offer the same rate for all members or is there going to be a "newcomers"? rate?

SDCP: It is not anticipated that generation rates would differ among members. However, there is fee that is outside SDCP's control, the Power Charge Indifference Adjustment or PCIA, that is determined based on the year the load departs bundled service with SDG&E. Therefore, that fee would be different for any new customers that are served each year.

6. Please explain the process and any deadlines for the County to join in 2021?

SDCP: Below is a proposed timeline.

- County
    - By June 30
        - <u>COMPLETE</u> - Provide most recent 3 years of data

        - Commitment to pay fee for analysis if needed
    - By October 31
        - Adopt JPA Agreement
        - COMPLETE - Adopt CCA ordinance as required by law
        - Name a Director and Alternate
- SDCP
    - By June 30
        - Policy - Set fee for evaluation and criteria or determine if fee needed
    - By August 15
        - IN PROCESS - Complete pro forma analysis
    - By September 30
        - Present findings and seek Board approval of new member
        - Determination of financial impact to SDCP of new member and mitigations, if needed
    - By November 30
        - Amendment and Board approval of Implementation Plan for submission to CPUC (file no later than Jan. 2, 2022)
    - January 1, 2023 or later
        - Start service for the County, enrollment schedule TBD

7. If the County were to join in 2021, how do you anticipate the rollout going in 2023? All at once or in phases?

SDCP: This will be determined based on the pro forma analysis, operational needs, and market impacts, in consultation with the County staff. The Board has discretion in this decision; staff recommend enrollment as soon as is financially and operationally reasonable.

8. What functions would County staff be expected to perform after joining the JPA?

SDCP: Beyond Board responsibilities, there are no function requirements after joining SDCP for member agency staff. SDCP staff meet regularly with our member agency staff to maintain communication between the organizations. This is a higher priority at launch while there is a need for coordination on account enrollment, rate questions, etc. We would invite staff from the County to join those meetings should they join SDCP.

9. Please provide your most recent proforma budget.

SDCP: See below.

Current SDCP Pro Forma

Year Type	Fiscal

Annual Pro Forma Projections
San Diego Community Power
12-May-21

Year Ending:	2021	2022	2023	2024	2025
I. Revenue					
Base Retail Revenue	26,427,830	316,478,007	464,498,372	465,392,704	467,719,667
Power100 Premium	124,602	1,842,853	2,834,530	2,841,319	2,855,526
Subtotal Operating Revenue	26,552,433	318,320,860	467,332,902	468,234,023	470,575,193
II. Operating Expenses					
Power Supply	29,561,844	284,304,178	398,178,895	385,755,930	375,487,097
Staff	1,500,000	4,500,000	4,635,000	4,774,050	4,917,272
Professional/Technical services	630,120	831,306	909,753	932,574	956,493
Legal	240,000	300,000	309,000	318,270	327,818
Communications, Mktg, Enrollment	687,998	3,315,021	1,660,276	1,677,597	1,698,317
Other General and Administrative	365,000	420,000	432,600	445,578	458,945
Regulatory and CalCCA Fees	410,000	895,000	921,850	949,506	977,991
Data Management	-	1,621,251	8,190,524	8,771,773	8,902,686
Utility Service Fees	23,664	768,508	3,046,375	3,145,725	3,256,294
Uncollectibles/Other	84,286	1,484,776	2,091,421	2,033,855	1,984,915
Subtotal Operating Expenses	33,502,911	298,440,040	420,375,694	408,804,858	398,967,827
Operating Margin	(6,950,479)	19,880,820	46,957,208	59,429,165	71,607,366
III. Financing					
Interest	375,000	857,820	715,471	545,067	370,354
Principal	-	2,752,650	6,724,411	6,894,461	7,068,812
Subtotal Financing	375,000	3,610,470	7,439,883	7,439,528	7,439,165
Operating Margin Less Financing	(7,325,479)	16,270,350	39,517,325	51,989,636	64,168,201
IV. Cash From Financing	35,000,000	-	-	-	-
V. Other Uses					
CPUC and CAISO Deposits	1,275,000	-	-	-	-
Collateral Deposits	5,000,000	-	-	-	-
Subtotal Other Uses	6,275,000	-	-	-	-
VI. Net Surplus/(Deficit)	21,399,521	16,270,350	39,517,325	51,989,636	64,168,201
VII. Cumulative Net Surplus	20,697,021	36,967,371	76,484,696	128,474,332	192,642,533

SAN DIEGO COMMUNITY POWER
Staff Report – Item 12

To: San Diego Community Power Board of Directors

From: Cody Hooven, Chief Operating Officer
Mike Maher, Maher Accountancy
Eric Washington, Chief Financial Officer

Via: Bill Carnahan, Interim Chief Executive Officer

Subject: Approval of Fiscal Year 2021 Budget Amendment and Review Proposed Fiscal Year 2022 Budget

Date: May 27, 2021

RECOMMENDATION

1. Approve the FY21 budget amendment.
2. Review the proposed FY22 budget.

BACKGROUND

Sections 4.6.2 and 7.1 of San Diego Community Power (SDCP's) JPA Agreement specify that SDCP shall adopt an annual budget with a fiscal year that runs July 1-June 30th, unless otherwise amended by the Board via resolution. At its inaugural meeting on October 31, 2019, the Board adopted an administrative implementation budget, followed by an inaugural fiscal year 2021 budget (FY21) in June 2020.

Since then, SDCP has grown in staffing and consultant resources and has refined the budget format to provide a structure that is more consistent with a public agency expense budget format. The overarching categories are operating revenues, expenses, non-operating revenues and expenses, changes in net position, and other miscellaneous items (e.g., working capital, collateral postings).

Staff worked with Maher Accountancy to build and update a detailed bottom-up budget workbook. This includes the latest power resources pro forma. As SDCP is still in startup mode with evolving costs and reliance on projections about customer rate scenarios and market price forecasts, both an amendment to the FY21 budget as well as a proposed FY22 budget are presented here.

ANALYSIS AND DISCUSSION

FY21 Amendment

The FY21 amended budget presented here seeks to make adjustments to the budget originally presented to the Board in June 2020. With nearly a full year of operations in place, costs have varied from what was projected at the time the inaugural budget was adopted. While this is to be expected for an organization just launching, the net difference between the original budget and the amended budget presented here is positive. Overall, revenues were higher than projected and expenses were lower. An overview of general updates is below.

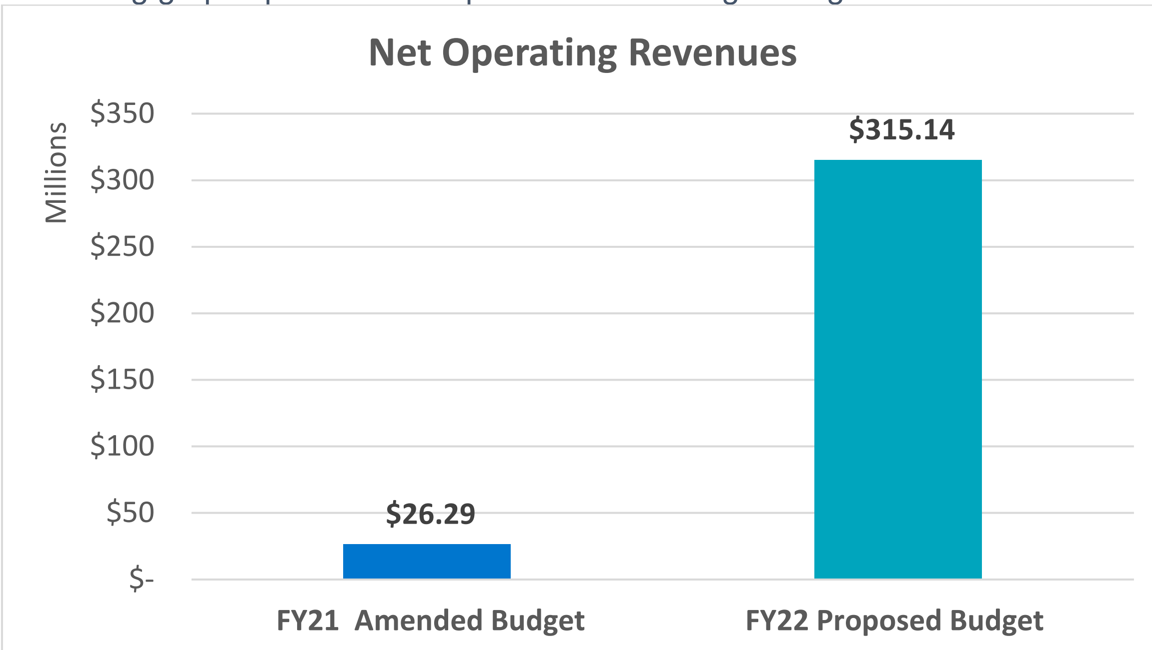
- Revenues - Adjust operating revenues from sales of electricity to customers included in Phase 1 and the beginning of Phase 2
- Expenses
  - Cost of energy adjusted downward and are more reflective of actual costs
  - Personnel costs were lower than projected, slower hiring
  - Professional services costs were higher than originally projected due to expanded regulatory activity (both legal and technical support for ERRA, PCIA, etc.), and higher legal contract support
  - Marketing and Outreach costs increased due to higher start up costs for brand development, website design, launch video, and printing costs
  - General and Administration costs lower due to no incurred rental expenses and no travel expenses
- Changes in net position – improved from a (-$14.6M) projected loss to a (-$7.4M) projected loss, primarily due to higher revenues and lower costs of energy. A loss is expected for the first year of operations.

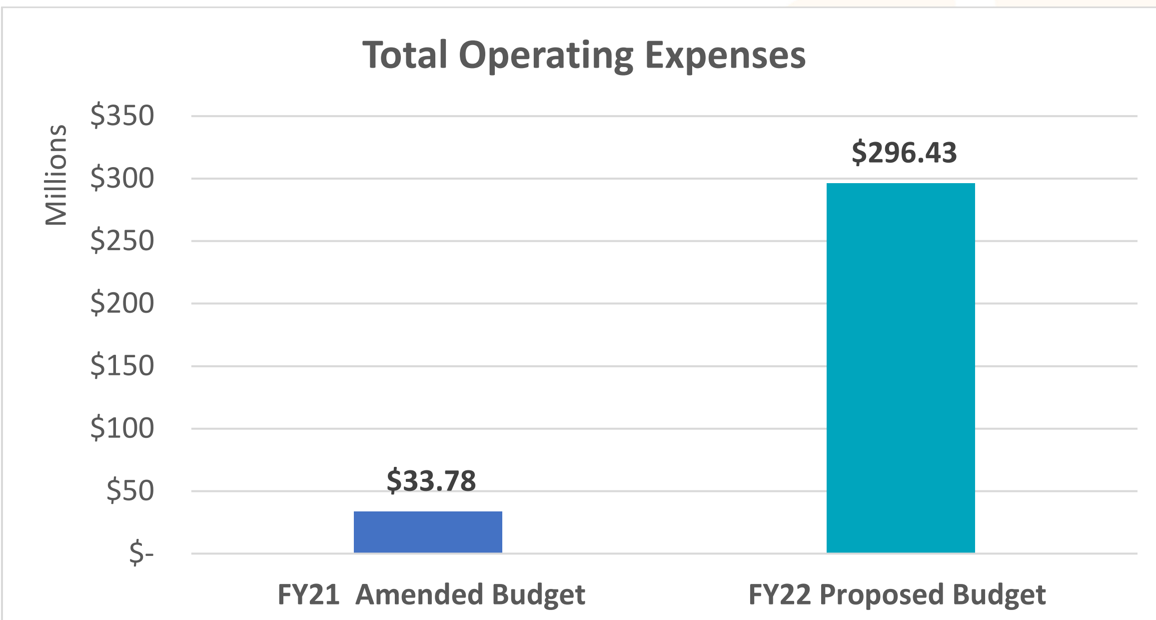
FY22 Proposed Budget

The FY22 proposed budget presented here seeks to solicit feedback from the Board prior to final adoption of the FY22 budget at its June 2021 meeting. In FY22, SDCP will be nearly completely operational with residential customers enrolling in the latter half of the fiscal year. An overview of key revenues and expenses are below.

- Revenues - Allow for revenues from sales of electricity to customers for Phase 1, 2, and the beginning of Phase 3. Assumptions include opt outs and rates.
- Expenses
  - Cost of energy – higher due to customer enrollment
  - Personnel
    - Hired 10 employees in FY21, plans to increase to approximately 24 in FY22 including development of an intern program with two intern positions. (See Attachment C: Updated Organizational Chart)
  - Professional services increased primarily due to initiation of fees paid to Calpine and SDG&E. We have also added funding to provide member city grants that support electrification and climate action efforts.
  - Marketing and Outreach – proposing to expand in this area to cover paid media, additional printing costs, and outreach to communities.
  - General and Administration – increased staffing and general operations (rent, travel, insurance, etc.)
- Net position – approximately $17.7M. Staff will present the Board with a proposed reserve policy in the coming months.

The following graphs provide a comparison of the budgeted figures for FY21 and FY22.





Next steps
Approve the amended FY21 budget. Provide feedback on the FY22 proposed budget for incorporation in to the final FY22 for presented for adoption at the June 2021 Board meeting.

COMMITTEE REVIEW

The Finance and Risk Management Committee reviewed the FY21 budget amendment and FY22 proposed budget at their meeting on May 18, 2021 and recommended that it advance to the full Board for approval at its June, 2021 meeting.

FISCAL IMPACT

FY21 amended budget adjustment results in an improved net position from a -$14.6M deficit to a -$7.8M deficit. FY22 shows a net position of $17.7M.

ATTACHMENTS

Attachment A: FY21 Budget Amendment Summary
Attachment B: FY22 Proposed Budget Summary

SAN DIEGO COMMUNITY POWER
PROPOSED BUDGET AMENDMENT
Fiscal Year July 1, 2020 through June 30, 2021

	FY 2021 Original Budget *	Amendments	Proposed Amended Budget	Description of change
OPERATING REVENUES				
Gross Ratepayer Revenues	$ 22,688,892	$ 3,863,541	$ 26,552,433	Increased for customer enrollment and volume projections
(Less 1% Uncollectible Customer Accounts)	$ (56,722)	$ (208,802)	$ (265,524)	Decreased due to more conservative uncollectible assumption (1/4% to 1%)
Net Operating Revenues	22,632,170	3,654,739	26,286,908	
OPERATING EXPENSES				
Cost of Energy	$ 32,511,279	$ (2,949,279)	$ 29,562,000	Decreased based on actual costs
Personnel Costs	1,500,000	(312,000)	1,188,000	Decreased due to timing of new hires throughout the year
Professional Services and Consultants	1,336,768	675,232	2,012,000	Increased to better align with known costs and contracted services
Marketing and Outreach	549,000	247,000	796,000	Increased to better align with known costs and contracted services
General and Administration	365,000	(145,000)	220,000	Decreased due to lower costs
Total Operating Expenses	36,262,047	(2,484,047)	33,778,000	
Operating Income (Loss)	$ (13,629,877)		$ (7,491,092)	
NON-OPERATING REVENUES (EXPENSES)				
Interest and Related Expenses	(1,048,000)	691,000	(357,000)	Descreased to align with anticipated debt levels. Interest only, no principal payments.
Total Non-Operating Revenues (Expenses)	$ (1,048,000)	$ 691,000	$ (357,000)	
CHANGE IN NET POSITION	$ (14,677,877)	$ 691,000	$ (7,848,092)	
Non-Budgeted Cash Inflows (Outflows)				
Working capital from River City Bank	$ 24,600,000	$ (600,000)	$ 24,000,000	Adjust loan draws to available balance
Collateral postings	(5,500,000)	-	(5,500,000)	Collateral on energy deals, CAISO and related
Total Other Sources and Uses	19,100,000	(600,000)	18,500,000	

* Reclassifications have been made from the original budget to align with the amended budget categories.

SAN DIEGO COMMUNITY POWER
PROPOSED BUDGET
Fiscal Year July 1, 2021 through June 30, 2022

	Amended FY 2021 Budget	Proposed FY 2022 Budget	Changes	Description of change
OPERATING REVENUES				
Gross Ratepayer Revenues	$ 26,552,433	$ 318,320,860	$ 291,768,428	Increased due to enrolling customers in Phase 1, 2, and 3
(Less 1% Uncollectible Customer Accounts)	$ (265,524)	$ (3,183,209)	$ (3,448,733)	
Net Operating Revenues	26,286,908	315,137,652	288,319,695	
OPERATING EXPENSES				
Cost of Energy	$ 29,562,000	$ 284,304,000	$ 254,742,000	Increased due to enrolling customers in Phase 1, 2, and 3
Personnel Costs	1,188,000	4,885,000	3,697,000	Adjusted for anticipated timing of new hires throughout the year
Professional Services and Consultants	2,012,000	4,981,000	2,969,000	Major categories are Data Manager fees (Calpine) and SDG&E service fees
Marketing and Outreach	796,000	1,417,000	621,000	Larger outreach and community presence anticipated; includes pilot member city grants
General and Administration	220,000	845,000	625,000	Increase to accommodate increasing industry membership, rent, and insurance
Total Operating Expenses	33,778,000	296,432,000	262,654,000	
Operating Income (Loss)	$ (7,491,092)	$ 18,705,652	$ 25,665,695	
NON-OPERATING REVENUES (EXPENSES)				
Interest and Related Expenses	$ (357,000)	$ (978,000)	$ (621,000)	Adjust to align with anticipated debt levels. Interest only, no principal payments.
Total Non-Operating Revenues (Expenses)	$ (357,000)	$ (978,000)	$ (621,000)	
CHANGE IN NET POSITION	$ (7,848,092)	$ 17,727,652	$ 25,044,695	
Non-Budgeted Cash Inflows (Outflows)				
Working capital from River City Bank	$ 24,000,000	$ 10,000,000	$ (14,000,000)	Adjust loan draws to align with expected needs and available balance

SAN DIEGO COMMUNITY POWER
Staff Report – Item 13

To: San Diego Community Power Board of Directors

From: Nelson Lomeli, Program Manager

Via: Bill Carnahan, Interim Chief Executive Officer

Subject: Approval of Updates to the Net Energy Metering (NEM) Program & Amend the NEM Program Policy

Date: May 27, 2021

RECOMMENDATION

1. Establish a Net Surplus Compensation Rate (NSC) for Net Energy Metering (NEM) customers that matches San Diego Gas & Electric's (SDG&E) monthly NSC rate plus $0.0075/kWh adder.
2. Establish a Net Surplus Compensation limit of $2,500 per account per relevant period.
3. Establish monthly settlements and billing for all NEM customers.
4. Delegate authority to the Interim Chief Executive Officer or his designee to update the NEM policy consistent with the above Board actions.

BACKGROUND

What is Net Energy Metering and How Does it Work? Net Energy Metering ("NEM") is a statewide program available to customers that install an onsite renewable energy generation system, like rooftop solar. This program allows customers to reduce their electricity consumption and bills.

NEM allows customers who generate their own energy ("customer-generators") to serve their energy needs directly onsite and to receive a financial credit on their electric bills for any surplus energy fed back to their utility. In technical terms, the excess energy is paid at the customer's otherwise applicable rate schedule and time-of-use period. This credit is reflected as a negative number on the bill.

> *For example: if a commercial customer is on the time metered small general service rate schedule, A-TOU, and they are generating and exporting electricity in the summer during the 12:00 PM – 4:00 PM timeframe, every kWh of electricity exported would be paid at $0.2205 (the A-TOU rate for that time period).*

Every billing period, the utility determines how much electricity was exported and how much electricity was consumed at each time-of-use period. If the generation credits exceed the usage consumption charges, a customer receives a credit on their bill which will be applied to future usage costs within the relevant period. If a customer's consumption charges exceed the generation credits, a consumption charge is applied on the bill.

True-Up and Billing: Over the course of 12 months, a period commonly referred to as the Relevant Period, the utility tracks how many generation credits or consumption charges a customer accrues each month and banks them. At the end of the 12 months, the utility engages in a reconciliation process called True-Up where all the credits, all the charges, minimum bill payments, and any adjustments are summed. If the customer has more consumption charges than generation credits, the customer is sent a bill for the outstanding charges. However, if the customer has more generation credits than consumption charges, the customer does not owe anything, the credits are zeroed out, and their net usage is trued-up.

During the Net Usage True-Up process, the utility also determines how much net electricity was either exported or consumed during the 12-months. They sum up all the monthly net generation and monthly net consumption to determine a final net amount for the year. If the customer was a net consumer *(i.e., they consumed more electricity from the utility than they exported)* the customer does not receive any compensation. However, if the customer was a net generator *(i.e., they exported more electricity than they consumed in the year)*, they will then get compensated using the utility's monthly Net Surplus Compensation (NSC) rate.

Net Surplus Compensation: When a customer exports more electricity to the grid than they consumed during the relevant period, the customer is eligible to receive compensation. The amount of compensation is determined based on the utility's monthly Net Surplus Compensation (NSC) Rate, which varies every month and is based on the wholesale prices of electricity. The California Public Utilities Commission defines it as a rolling average based on the utility's Default Load Aggregation Point (DLAP) price from 7 a.m. to 5 p.m.) multiplied by the annual net usage exported by the customer. For the month of May 2021, SDG&E's NSC rate is $0.02702/kWh.

> *Example:*
> *Annual net generation = -450 kWh*
> *May 2021 Net Surplus Compensation Rate = $0.02702 per kWh*
> *Total Compensation = $12.16*

ANALYSIS AND DISCUSSION

Current NEM Customers: Based on data from SDG&E, SDCP will be enrolling over 89,800 existing NEM accounts into our NEM program in Summer 2022. The table below shows the breakdown of NEM accounts across SDCP's service territory.

Jurisdiction	Number of Accounts	Percent
City of Imperial Beach	573	0.6%
City of La Mesa	3,426	3.8%
City of Encinitas	4,425	4.9%
City of Chula Vista	13,209	14.7%
City of San Diego	68,188	75.9%
Total	**89,821**	

The vast majority of NEM accounts (~98%) are residential with commercial and industrial making up the remaining ~2%.

Customer Class	Number of Accounts	Percent
Residential	87936	97.9%
Commercial	1,839	2.0%
Industrial	46	0.1%
Total	**89,821**	

Low-income customers enrolled in the California Alternative Rates for Energy (CARE) program or the Family Electric Rate Assistance (FERA) program, which provides discounted rates, make up 9% of NEM accounts.

An analysis conducted by Pacific Energy Advisors on our NEM customers determined that 34% of our NEM accounts are net generators with an average production of 1,770 kWh per a 12-month relevant period.

1. **Establishing a Net Surplus Compensation Rate for SDCP:**

As part of SDCP's Net Energy Metering Program, staff is recommending adoption of a Net Surplus Compensation rate that is set to match SDG&E's monthly NSC Rate with a $0.0075/kWh adder.

It is important to note that the NSC rate is only utilized at the end of a customer's true-up and only if they are net generators of electricity in the relevant period. It is not factored in during the monthly billing cycles.

Staff evaluated the NEM true up process across the CCA landscape and found that the majority of CCAs use the NSC method, but the rates vary. Most CCAs set their NSC rate by benchmarking to the utilities' NSC rate but provide an additional adder incentive to their customers. As part of our due diligence, Staff analyzed the following options:

- Setting the NSC rate at parity to the utility's NSC rate.
    - Staff did not recommend this option at it does not provide an incentive for customers to stay with SDCP and does not differentiate between us and the utility.
- Setting the NSC rate at double the utility's NSC rate.
    - Staff is not recommending this option as it will superficially inflate the value of electricity exported and expose our customers to millions of dollars in payment obligations.
- Compensating NEM customers at their retail credit balance.
    - Staff is not recommending this option as it may compensate customers that are not annual net generators of electricity.

Adopting the Staff recommended NSC rate could potentially result in over $2.8 million in payment obligations to net generating customers. This is a conservative estimate determined by using the maximum SDG&E NSC rate in the last three years ($0.04452/kWh) plus the $0.0075/kWh adder. The actual yearly payments to customers will vary depending on several factors including weather, system size, customer behavior, electrification measures, the wholesale market cost of electricity, and the month the customer trues-up. Fiscal impact is discussed in more detail below.

2. <u>Establishing an SDCP Net Surplus Compensation Limit:</u>

To protect SDCP and limit the financial risks and impacts to our customers, Staff is recommending the adoption of a Net Surplus Compensation Limit of $2,500 per account per relevant period. This would mean that individual NEM accounts would not receive more than $2,500 in compensation for net generation. However, if a customer has multiple NEM accounts, each of those accounts would be limited to $2,500.

> *Example: Customer Inc. has two NEM accounts eligible for $2,500 in compensation. Total paid to customer is $5,000 ($2,500 x 2 accounts).*

Staff evaluated the compensation limits of other CCAs and found most had a $5,000 per account per year limit. Staff is recommending a $2,500 per account per relevant period compensation limit due to the significantly larger number of NEM accounts served by SDCP and the growing number of rooftop solar installations in our area. The compensation limit protects SDCP from volatile wholesale market prices and therefore volatile NSC rates.

Our net generating customers will rarely, if ever, approach the compensation limit. As noted earlier, on average, net generators export 1,770 kWh per relevant period, resulting in an average compensation of $100.

3. <u>Standardizing Settlement & Billing Method:</u>

The current Net Energy Metering Program Policy adopted by the Board in December 2020 makes a distinction between residential and commercial customers when it comes to settlements and billing:

- Residential customers – settled and billed on an annual basis.
    - Consumption charges and generation credits are calculated, tracked, and accrued over their 12-month relevant period. At the end of their relevant period, they are trued-up and required to pay any accrued charges in excess of generation credits.
- Commercial customers – settled and billed on a monthly basis.
    - Consumption charges and generation credits are calculated, billed, and required to be paid monthly. Any accrued generation credits are applied to the next month's charges. Any remaining generation credits are carried forward to subsequent billing cycle(s) until either the credits are exhausted by consumption charges or an account true-up is performed.

Staff recommends that the Board standardize NEM settlement and billing for all customer classes to a monthly process as described for commercial customers but offer yearly settlement and billing as an option for customers that elect to enroll.

The monthly settlement and billing method is more customer-centric as it allows customers that are net consumers (66% of our NEM accounts) to pay smaller monthly statements instead of one large bill for an entire year's worth of usage. This avoids the bill shock that net consumers can experience when they get their true-up bill and will reduce the potential risk of NEM customers opting out due to the misconception of SDCP increasing their bills.

Monthly settlement and billing align all customer classes to one settlement and billing method, thus simplifying the message to customers.

The Community Advisory Committee suggested, and the Finance and Risk Management Committee recommended, continuing to offer yearly settlement and annual billing to residential NEM customers as an option. All NEM customers would switch to monthly settlement and billing for SDCP generation charges but for those residential customers that wanted to continue receiving yearly settlement and billing statements could elect to do so by notifying SDCP.

4. Delegation of authority to amend the NEM Program Policy consistent with Board actions:

With all the Staff recommendations to our existing NEM program as articulated above, the NEM Program Policy that was adopted by the Board in December 2020 will also need to be updated. Therefore, Staff is recommending that the Board delegate authority to the CEO or his designee to amend the NEM Program Policy to reflect the recommended changes should they be approved by the Board in this session.

Attachment A shows the proposed changes to the NEM Program Policy should the Board adopt Staff's recommendation.

COMMITTEE REVIEW

The Community Advisory Committee reviewed and discussed the proposed Net Surplus Compensation Rate, the compensation limit, and the monthly settlement and billing for all NEM customers.

The Committee agreed that the proposed method for setting the Net Surplus Compensation rate was reasonable.

With regards to the Net Surplus Compensation limit of $2,500 per account per year/relevant period, the Committee agreed that the limit was reasonable.

With regards to the monthly settlement and billing for all NEM customers, the Committee was supportive of the change. Originally, Staff had presented this as monthly "true-up" but changed the wording to "settlement" to better reflect actual mechanics. There was discussion surrounding the effect the change may have for customers with winter month true ups. They suggested offering a yearly settlement and billing true-up for customers that wanted to elect that option if the backend billing ability existed.

The Finance and Risk Management Committee reviewed Staff's proposal and supported the staff recommendations.

FISCAL IMPACT

Using data provided by Pacific Energy Advisors, staff analyzed a few compensation scenarios. Using the highest SDG&E NSC rate in the last year and adding the $0.0075/kWh adder, Staff estimated that SDCP could potential pay approximately $2.8 million in net surplus compensation. This is a conservative estimate as it assumes:

1. A NSC rate of $0.05202/kWh
2. All net generators receiving cash (check) payment
3. All net generators trueing-up and being compensated at the same time.

Using May 2021 SDG&E's NSC of $0.02702/kWh plus the $0.0075/kWh adder, Staff estimates approximately $1.86 million in net surplus compensation. Looking at the 10-year average of SDG&E's NSC of $0.03570/kWh plus our adder, Staff estimates approximately $2.33 million in net surplus compensation.

Actual compensation amount will vary depending on several factors including, number of NEM accounts, number of NEM accounts that are net generators, amount of electricity net generated, wholesale prices of electricity, month of true-up, customer system size, customer behavior, and weather. Staff is working to establish projects for compensation estimates before Phase 3 enrollment.

ATTACHMENTS

Attachment A: NEM Program Policy Upd. 05-27-21

Net Energy Metering Program Policy

Updated: May 27, 2021

A. PURPOSE

The Purpose of this Net Energy Metering (NEM) Program Policy (Policy) is to provide a process for how Net Energy Metering (commonly referred to as rooftop solar) customers are enrolled with San Diego Community Power (SDCP).

B. APPLICABILITY

Customers enrolled in San Diego Gas & Electric's (SDG&E) Net Energy Metering Program (SDG&E NEM) will be automatically enrolled in SDCP's NEM Program. Phase-in will occur as stated in Section D below. The Program is applicable for all NEM customers who have Renewable Generation Facilities such as rooftop solar. The facility must be eligible under SDG&E's Schedule NEM – Net Energy Metering or similar tariff option(s) focused on NEM, which may be amended or replaced by SDG&E from time to time. Each customer's eligible Renewable Generating Facility must fall within the capacity limits described in SDG&E's Schedule NEM and must be located on the customer's owned, leased, or rented premises, must be interconnected and operated in parallel with SDG&E's transmission and distribution systems, and must be intended primarily to offset part or all of the customer's own electrical requirements.

This rate schedule will be available on a first-come, first-served basis to customers that provide SDG&E with a completed SDG&E NEM Application and comply with all SDG&E NEM requirements as described in SDG&E's Schedule NEM. This includes, but is not limited to, customers served by NEM-V (Virtual Net Energy Metering), VNM-A (Virtual Net Energy Metering for Multifamily Affordable Housing), VNEM-SOMAH (Virtual Net Energy Metering - Solar on Multifamily Affordable Housing) and Multiple Tariff facilities as described by SDG&E's Schedule NEM.

C. TERRITORY

SDCP service area.

D. INITIAL PHASE-IN

SDCP will phase its NEM customers into service on a monthly basis starting in Phase 3 of Customer Launch. The transition will occur at the conclusion of a NEM customer's relevant period with SDG&E. This approach is to minimize any impacts from when the SDG&E NEM customers' true-ups occur and when SDCP's service begins.

E. RATES

All rates charged under this schedule will be in accordance with the customer's otherwise applicable SDCP rate schedule (OAS). A customer served under this schedule is responsible for all charges from its OAS including monthly minimum charges, customer charges, meter charges, facilities charges, demand charges and surcharges, and all other charges owed to SDCP or SDG&E. Charges for energy (kWh) supplied by SDCP will be based on the net metered usage in accordance with this tariff.

F. BILLING

1. For a customer with Non-Time of Use (TOU) Rates: If the customer is a "Net Consumer," having overall positive usage during a specific billing cycle, the customer will be billed in accordance with the customer's OAS. If the customer is a "Net Generator,"

having overall negative usage during a specific billing cycle, any net energy production shall be valued in consideration of the customer's OAS. The calculated value of any net energy production shall be credited to the customer according to the OAS.

2. For a customer with TOU Rates: If the customer is a Net Consumer during any discrete TOU period reflected within a specific billing cycle, the net kWh consumed during such TOU period shall be billed in accordance with applicable TOU period-specific rates / charges, as described in the customer's OAS. If the customer is a Net Generator during any discrete TOU period reflected within a specific billing cycle, any net energy production shall be valued in consideration of the customer's OAS. The calculated value of such net energy production shall be credited to the customer according to the OAS.

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

4. Optional Yearly Settlement and Billing: Residential customers, as determined by their OAS, may elect to receive yearly settlement and billing by notifying SDCP. They will receive a statement in its monthly SDG&E bill indicating any accrued SDCP charges or credits for electric energy usage or generation during the current billing cycle. Charges are not due and payable; rather, the charges or credits are calculated in accordance with the OAS and tracked over the course of the relevant period. At the end of the relevant period, any accrued charges in excess of generation credits are due and payable on the next bill. If at the end of the relevant period a customer has excess generation credits, they will be paid out in accordance with the SDCP True-up & Cash-Out Process.

5. SDCP True-Up & Cash-Out Processes.

    a. *True-Up*: At the end of each NEM customer's relevant period, SDCP will determine whether or not each customer has produced net surplus energy, as measured in kWh, over the most recent 12 billing cycles, or the period of time extending from the customer's commencement of participation in SDCP's NEM program through the end of their relevant period, whichever is shorter (the "True-Up Period"). If the customer has not produced net surplus NEM energy, as measured in kWh, during the True-Up Period, all NEM credits, if any, generated through participation in SDCP's NEM program in excess of currently applicable SDCP charges shall be set to zero and any remaining balance will be due and payable.

    However, if a customer has produced net surplus NEM energy, as measured in kWh, resulting in a credit balance in excess of currently applicable SDCP charges, then SDCP shall compensate such customer a Net Surplus Compensation (NSC) amount equal to the SDCP NSC Rate per kWh, as defined in Section F.5.a.1, multiplied by the quantity of net surplus NEM energy produced by the customer during the True-Up Period, consistent with SDCP's Cash-Out practice.

1. SDCP's NSC Rate is equal to the monthly SDG&E's NSC, which is defined by the California Public Utilities Commission as "a simple rolling average of each utility's Default Load Aggregation Point (DLAP) price from 7 a.m. to 5 p.m.", and "calculated monthly based on the hourly day-ahead electricity market price at each utility's DLAP price published on the California Independent System Operator (CAISO) Open Access Same-Time Information System (OASIS,) and ending the twentieth day of each month", of the customer true-up month plus $0.0075/kWh.

b. *Cash-Out and Payment*: At the end of each customer's relevant period, any current customer with an accrued net surplus compensation equal to or greater than $100, as determined during the applicable True-Up process, will be sent a direct payment by check, up to $2,500 per account per relevant period. Net surplus compensation less than $100 will be rolled over into the next relevant period and used to offset future charges. In either scenario, customers will have an equivalent credit removed from their NEM account balance at the time of check issuance or roll-over. All NEM accounts will be reset to zero kWh upon True-up.

Payments will be released up to 30 days after true-up billing. Checks will expire 90 calendar days after issuance. If checks expire or are returned to SDCP, customers may request the reissuance of a check and SDCP will make a reasonable effort to reissue the check within 30 days of a customer's request.

c. *Aggregated NEM:* Pursuant to California Public Utilities Commission Section 2827(h)(4)(B), aggregated NEM customers are "permanently ineligible to receive net surplus electricity compensation." Therefore, any excess accrued credits over the course of a year under an aggregated NEM account are ineligible for SDCP's Cash-Out as described in Section 5. All other NEM rules apply to aggregated NEM accounts.

G. ACCOUNT CLOSURES

Customers who close their electric account through SDG&E, opt out of SDCP and return to bundled service, or move outside of the SDCP service area prior to the end of their relevant period will be trued up according to SDCP's NEM policy. Customer that have produced net surplus NEM energy, as measured in kWh, will be paid out in accordance with the SDCP True-up & Cash-Out Process. Payments will be released 30 days after final billing to allow for any usage revisions and/or adjustments from SDG&E. Checks will expire 90 calendar days after issuance. If checks expire or are returned to SDCP, customers may request the reissuance of a check and SDCP will make a reasonable effort to reissue the check within 30 days of a customer's request. If customer did not produced net surplus NEM energy, as measured in kWh,they will not receive a direct payment.

SDCP reserves the right to work with customers on a case-by-case basis to transfer NEM credits.

H. SDG&E NEM SERVICES

Customers are subject to the conditions and billing procedures of SDG&E for their non-generation services, as described in SDG&E's applicable NEM tariffs and options addressing NEM service. Customers should be advised that while SDCP may settle out balances for generation on a monthly basis, SDG&E will continue to assess charges for delivery, transmission and other services. Customers are encouraged to review SDG&E's most up-to-date NEM tariffs, which are available at www.sdge.com.

I. RETURN TO SDG&E BUNDLED SERVICE

Customers with NEM service may opt-out and return to SDG&E bundled service at any time. SDCP will perform a true-up of their account, in consideration of Section 5, at the time of return to SDG&E bundled service, and customers will be subject to SDG&E's then current rates, terms and conditions of service. For details, please visit www.sdge.com.

SAN DIEGO COMMUNITY POWER

SAN DIEGO COMMUNITY POWER
Staff Report – Item 14

To: San Diego Community Power Board of Directors

From: Laura Fernandez, Director of Regulatory and Legislative Affairs

Via: Bill Carnahan, Interim Chief Executive Officer

Subject: Review and Provide Direction to Staff on Legislative Position for AB 1139

Date: May 27, 2021

RECOMMENDATIONS

1. Receive and File the Community Advisory Committee's Recommended Position on Assembly Bill (AB) 1139
2. Adopt a Position on AB 1139

BACKGROUND

Assemblywoman Lorena Gonzalez (D-San Diego) is the author of AB 1139. This bill would require the California Public Utilities Commission (CPUC) to develop a replacement for the Net Energy Metering (NEM) 2.0 tariff, and would require that the large investor-owned utilities (IOUs) offer the new standard contract or tariff beginning no later than December 31, 2023. The bill would also require that a customer that receives service pursuant to the existing statutory NEM tariffs (1.0/2.0) be transferred to the replacement tariff no later than 10 years from the date that customer first received service pursuant to those tariffs. The bill would also eliminate the requirement that the replacement tariff ensure that customer-sited renewable distributed generation continues to grow sustainably. In developing the new standard contract or tariff, the CPUC is required to ensure that there are specific alternatives designed for growth among residential customers in disadvantaged communities.

If the CPUC fails to adopt a replacement NEM tariff by February 1, 2022, this bill would require the CPUC to develop a successor NEM tariff to take effect no later than December 31, 2023, that does specified things, including having interconnection fees and monthly fixed charges based on the cost to interconnect and serve the eligible customer and crediting the eligible customer for any electricity exported to the electrical grid at a rate equal to the hourly wholesale market rate applicable at the time of the export and at the location of the eligible customer.

COMMITTEE REVIEW

AB 1139 was most recently discussed by the Community Advisory Committee on May 14, 2021. The Committee voted unanimously to recommend that the SDCP Board of Directors take a formal “oppose” position on AB 1139. The Community Advisory Committee is concerned that AB 1139 will kill the rooftop solar industry since it would eliminate the 20-year NEM grandfathering protections for 1.2 million California solar customers.

ANALYSIS AND DISCUSSION

Staff supports the recommendation of the Community Advisory Committee.

FISCAL IMPACT

N/A

SAN DIEGO COMMUNITY POWER
Staff Report – Item 15

To:	San Diego Community Power Board of Directors
From:	Byron Vosburg, Director of Power Services
Via:	Bill Carnahan, Interim Chief Executive Officer
Subject:	Renewable Power Purchase Agreement with IP Oberon, LLC.
Date:	May 27, 2021

RECOMMENDATION
Approve the Long-term Renewable Power Purchase Agreement with IP Oberon, LLC and authorize the Interim CEO to execute the agreement.

BACKGROUND
As SDCP strives to meet its environmental, financial, and regulatory compliance goals and requirements, long-term power purchase agreements (PPAs) of at least 10 years in duration will become integral components of its energy supply portfolio. Long-term PPAs provide renewable generation facility developers with the certain revenue stream against which they can finance up-front capital requirements, so each long-term PPA that SDCP signs with a developing facility will underpin a new, incremental renewable energy project. In addition, long-term PPAs lock in renewable energy supply around which SDCP can build its power supply portfolio while also providing power supply cost certainty around which SDCP can develop its pro forma financial model.

In response to last year's Long-term Renewable Energy Request for Offers (RFO), SDCP staff received offers from thirty-two suppliers or developers to purchase renewable energy from eighty-four unique project configurations. Staff reviewed these responses with the Ad Hoc Contracts Committee on August 4, 2020 and narrowed them down on August 18, 2020 to a "short-list" of potential projects with which to enter PPA negotiations. Staff reviewed three of these PPAs with the Finance and Risk Management Committee on April 15, 2021. The Vikings Energy Farm PPA was approved by the SDCP Board and executed last month; this month, we present for your review the remaining two PPAs with IP Oberon and JVR Energy Park. Together, these three PPAs represent a combined 340 MW of solar and 220 MW of storage capacity to be developed in Southern California. Generation from these three projects is expected to total 990,000 MWh per year, which is enough to serve approximately 200,000 SDCP customer households.

ANALYSIS AND DISCUSSION

Staff negotiated the attached PPA for the purchase of renewable energy from IP Oberon, which is a solar project to be developed just outside of Desert Center, CA in Riverside County by Intersect Power, LLC ("Intersect" or "IP").

The project has a guaranteed capacity of 150 MW of solar production capacity. As previously reviewed with the Ad Hoc Contracts Committee, the contract offers competitive energy pricing.

Renewable energy produced by the facility will be an important ~460 GWh/year foundational block of long-term renewable energy deliveries within SDCP's power supply portfolio (~6,000 GWh/year once fully enrolled).

Below is additional information regarding Intersect Power and the draft PPA.

Background – Intersect Power

- Headquartered in San Francisco, CA
- Established in 2016
- Developed 1.7 GW of utility-scale solar in CA and TX
  - Team members have developed 3.7 GW (over 60 projects) of utility-scale solar
- Additional 3 GW in development pipeline in California and Texas

Contract Overview – IP Oberon, LLC

- Project: 150 MW Solar
- Project location: Desert Center, Riverside County, CA
- Guaranteed commercial operation date: June 30, 2023
- Contract term: 15 years
- Expected annual energy production: approximately 460,000 MWh (equivalent power for approximately 92,000 homes)
- Guaranteed energy production: 85% of projected annual deliveries
- Energy price:
  - Solar – Fixed energy price applicable to the full term of the agreement
- No credit or collateral obligations for SDCP
- SDCP would receive financial compensation in the event of seller's failure to successfully achieve certain development milestones

COMMITTEE REVIEW

This item was recommended for Board approval by the Finance and Risk Management Committee on April 15, 2021.

FISCAL IMPACT

The competitive energy pricing of the PPA is confidential, but the long-term purchase of renewable energy will provide SDCP with significant value and cost certainty over the term of this PPA

ATTACHMENTS

Attachment A: Renewable Power Purchase Agreement with IP Oberon, LLC

SAN DIEGO COMMUNITY POWER
Staff Report – Item 16

To:	San Diego Community Power Board of Directors
From:	Byron Vosburg, Director of Power Services
Via:	Bill Carnahan, Interim Chief Executive Officer
Subject:	Renewable Power Purchase Agreement with JVR Energy Park, LLC.
Date:	May 27, 2021

RECOMMENDATION
Approve the Long-term Renewable Power Purchase Agreement with JVR Energy Park, LLC and authorize the Interim CEO to execute the agreement.

BACKGROUND
As SDCP strives to meet its environmental, financial, and regulatory compliance goals and requirements, long-term power purchase agreements (PPAs) of at least 10 years in duration will become integral components of its energy supply portfolio. Long-term PPAs provide renewable generation facility developers with the certain revenue stream against which they can finance up-front capital requirements, so each long-term PPA that SDCP signs with a developing facility will underpin a new, incremental renewable energy project. In addition, long-term PPAs lock in renewable energy supply around which SDCP can build its power supply portfolio while also providing power supply cost certainty around which SDCP can develop its pro forma financial model.

In response to last year's Long-term Renewable Energy Request for Offers (RFO), SDCP staff received offers from thirty-two suppliers or developers to purchase renewable energy from eighty-four unique project configurations. Staff reviewed these responses with the Ad Hoc Contracts Committee on August 4, 2020 and narrowed them down on August 18, 2020 to a "short-list" of potential projects with which to enter PPA negotiations. Staff reviewed three of these PPAs with the Finance and Risk Management Committee on April 15, 2021. The Vikings Energy Farm PPA was approved by the SDCP Board and executed last month; this month, we present for your review the remaining two PPAs with IP Oberon and JVR Energy Park. Together, these three PPAs represent a combined 340 MW of solar and 220 MW of storage capacity to be developed in Southern California. Generation from these three projects is expected to total 990,000 MWh per year, which is enough to serve approximately 200,000 SDCP customer households.

ANALYSIS AND DISCUSSION

Staff negotiated the attached PPA for the purchase of renewable energy from JVR Energy Park, which is a solar project to be developed near Jacumba Hot Springs, CA in San Diego County by BayWa r.e. ("BayWa").

The project has a guaranteed capacity of 90 MW of solar production and 70 MW of battery storage capacity. As previously reviewed with the Ad Hoc Contracts Committee, the contract offers competitive energy and capacity prices. The capacity from this project is especially valuable given the project's proximity to SDCP communities and eligibility for San Diego-Imperial Valley (SD-IV) Local Resource Adequacy ("RA").

Renewable energy produced by the facility will be an important ~260 GWh/year foundational block of long-term renewable energy deliveries within SDCP's power supply portfolio (~6,000 GWh/year once fully enrolled).

Below is additional information regarding BayWa and the draft PPA.

Background – BayWa r.e. ("Baywa")

- Jointly owned by BayWa AG (51%) and Energy Infrastructure Partners (49%)
    - BayWa AG founded in Munich, Germany in 1923
- Located in 30 countries; 4 GW installed worldwide; 10 GW under management; 1.5 GW operating/constructing in North America.
- US headquarters in Irvine, CA
- Previously completed 28 MW Jacumba Solar facility in 2017

Contract Overview – JVR Energy Park, LLC

- Project:
    - 90 MW Solar
    - 70 MW/280 MWh – Battery Energy Storage System (BESS)
- Project location: Jacumba Hot Springs, San Diego County, CA
- Guaranteed commercial operation date: March 31, 2023
- Contract term: 20 years
- Expected annual energy production: approximately 260,000 MWh (equivalent power for approximately 52,000 homes)
- Guaranteed energy production: 85% of projected annual deliveries
- Energy price:
    - Solar – Fixed energy price applicable to the full term of the agreement
    - Battery Energy Storage System – Fixed capacity price adjusted for efficiency, availability and verified capacity
- No credit or collateral obligations for SDCP
- SDCP would receive financial compensation in the event of seller's failure to successfully achieve certain development milestones

COMMITTEE REVIEW

This item was recommended for Board approval by the Finance and Risk Management Committee on April 15, 2021.

FISCAL IMPACT

The competitive energy and capacity pricing of the PPA are confidential, but the long-term purchase of renewable energy and capacity will provide SDCP with significant value and cost certainty over the term of this PPA

ATTACHMENTS

Attachment A: Renewable Power Purchase Agreement with JVR Energy Park, LLC