



AGENDA

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

January 18, 2023
12:30 p.m.

Due to the COVID-19 State of Emergency this Board Meeting is being conducted via teleconference and videoconference pursuant to Government Code section 54953(e)(1)(A), which provides waivers to certain provisions of the Brown Act during a proclaimed state of emergency when state or local officials have imposed or recommended social distancing measures. Some or all of the Members of the Board of Directors may participate in the meeting in person, by teleconference, or by videoconference.

Please note that there will be no physical location from which members of the public may participate. In compliance with the Brown Act, SDCP is providing alternatives to in-person attendance for viewing and participating in the meeting. Further details are below.

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

1. **Providing Oral Comments During Meeting.** To provide comments during the meeting, join the Zoom meeting by computer, mobile phone, or dial-in number. On Zoom video conference by computer or mobile phone, use the "Raise Hand" feature. This will notify the moderator that you wish to speak during a specific item on the agenda or during non-agenda Public Comment. Members of the public will not be shown on video but will be able to speak when called upon. If joining the meeting using the Zoom dial-in number, you can raise your hand by pressing *9. Comments will be limited to three (3) minutes. Please be aware that the Chair has the authority to reduce equally each speaker's time to accommodate a large number of speakers.
2. **Written Comments.** Written public comments must be submitted prior to the start of the meeting by using this ([web form](#)). Please indicate a specific agenda item when submitting your comment. All written comments received prior to the meeting will be provided to the Board members in writing. In the discretion of the Chair, the first ten (10) submitted comments shall be stated into the record of the meeting. Comments read at the meeting will be limited to the first 400 words. Comments received after the start of the meeting will be collected, sent to the Board members in writing, and be part of the public record.

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

The public may participate using the following remote options:

Teleconference Meeting Webinar <https://zoom.us/j/94794075133>

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

Welcome

Call to Order

Pledge of Allegiance

Oath of Office

Roll Call

Board Member Orientation

The following item calls for discussion and/or potential action by the Board of Directors. Please note that all public comments on this agenda item will be requested and received at the time the item is called. Once public comment has been completed, the Board of Directors will proceed with the Board Orientation and no late comments will be received.

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

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 Committee Documents

Copies of the agenda and agenda packet are available at <https://sdcommunitypower.org/resources/meeting-notes/>. Late-arriving documents related to a Board meeting item which are distributed to a majority of the Members prior to or during the Board meeting are available for public review as required by law. Public records, including agenda-related documents, can be requested electronically at info@sdcommunitypower.org or by mail to SDCP, PO BOX 12716, San Diego, CA 92112. The documents may also be posted at the above website. Such public records are also available for inspection, by appointment, at San Diego Community Power, 2488 Historic Decatur Road, Suite 250, San Diego, CA 92106. Please contact info@sdcommunitypower.org to arrange an appointment.

SAN DIEGO COMMUNITY POWER

January 18, 2023

Board Orientation Schedule and Staff Presentations

(Supporting Documents are in the Board Handbook)

Welcome (5 minutes) – Interim Presiding Officer/CEO

Introductions (5 minutes)

Oath of Office (10 minutes)

Presentations (15 minutes each + 5 minutes Q&A; CalCCA – 30 minutes):

1. CalCCA Presentation – Beth Vaughan, Executive Director, CalCCA
 2. Overview of SDCP/Strategic Plan – Karin Burns
 3. Power Presentation – Byron Vosburg
 4. Overview of Financials/Budget – Eric Washington
 5. Customers Overview – Lucas Utouh
 6. Legislative Priorities FY 2023 – Laura Fernandez
 7. Summary of Programs – Colin Santulli
 8. Public Affairs Overview – Jen LeBron
 9. CAC Overview – Victoria Abrenica
 10. Board member Check-list and Instructions – Kimberly Isley
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Notes:

Lunch from noon – 12:30 p.m. Presentations begin at 12:30 p.m.

Reception from 5:00 p.m.-6:00 p.m.

SAN DIEGO COMMUNITY POWER

January 2023

Board of Directors Handbook

Table of Contents

1. History and Purpose of CalCCA
2. SDCP Joint Powers Agreement
3. SDCP Bylaws
4. SDCP Mission/Vision/Values/Goals (Strategic Plan) for 2023-2027
5. SDCP Fact Sheet/Member Agency Map
6. SDCP Organizational Charts
7. 2022 Integrated Resource Plan (Standard LSE Plan)
8. Audited Financials FY 2022, Adopted Budget FY 2023 and Finance Overview
9. Customers Overview
10. Legislative Priorities FY 2023
11. Overview of Programs
12. Public Affairs Overview
13. Board Members and Alternates (2023)
14. Community Advisory Committee Members and Committees
15. Board Member Checklist and General Information
16. SDCP Glossary of Terms



BACKGROUND

CalCCA was launched in 2016 by the first six Community Choice Aggregators (CCAs) in California: CleanPowerSF, Lancaster Choice Energy, MCE, Peninsula Clean Energy, Silicon Valley Clean Energy, and Sonoma Clean Power. Today, our membership includes 24 of the 25 CCAs operating in California as well as emerging CCA communities. Our members are successfully and reliably serving upwards of 11 million customers in 200+ towns, cities, and counties in California—and those numbers are set to grow as more communities move ahead with CCA.



Vision

To empower communities to accelerate the transition to a sustainable clean energy future.



Mission

To cultivate a legislative and regulatory environment that supports the development and long-term sustainability of Community Choice Aggregation (CCA) electricity providers in California.



Strategy

The CalCCA agenda is driven by our members. Together we work to identify the issues that are most pressing and relevant to community choice energy providers and respond with effective and proactive advocacy and support. We serve our members and strengthen our collective voice through education, technical guidance, and regulatory and legislative advocacy.

KEY FOCUS AREAS



Policy

Participate in relevant regulatory proceedings at the CPUC, CEC, and CAISO, and actively engage in the legislative process, seeking successful outcomes for CCAs. Establish CalCCA as the reliable authority and thought leader on energy and climate policy, build strong relationships with key decision-makers and stakeholders, and advance data-driven policy solutions.



Communications

Develop a communications and marketing program that drives positive / accurate perceptions of CCAs across key audiences including regulators, legislators, media, and general public, and positions CalCCA as the unified and authoritative voice of CCA. Raise general CCA awareness. Expand modes of communication to reflect the maturation movement.



Membership

Develop high-value programs and benefits to ensure member and partner stewardship, retention, and growth. Refine operations to increase agency effectiveness and efficiency. Create systems that facilitate member collaboration, education, and the sharing of best practices.

MEMBERS

CalCCA is proud to serve 24 operational members who collectively provide energy to more than 11 million customers in California—about one quarter of the state’s population—in 200+ cities and counties throughout the state. In 2021–2022, we welcomed two new members: Orange County Power Authority and Santa Barbara Clean Energy. We look forward to adding new CCA members as programs develop and expand across California.

Operational Members

- | | |
|---|---|
| 1. Apple Valley Choice Energy | 13. Pioneer Community Energy |
| 2. Central Coast Community Energy | 14. Pomona Choice Energy |
| 3. Clean Energy Alliance | 15. Pico Rivera Innovative Municipal Energy |
| 4. Clean Power Alliance | 16. Rancho Mirage Energy Authority |
| 5. CleanPowerSF | 17. Redwood Coast Energy Authority |
| 6. Desert Community Energy | 18. San Diego Community Power |
| 7. East Bay Community Energy | 19. San Jacinto Power |
| 8. Energy for Palmdale’s Independent Choice | 20. San Jose Clean Energy |
| 9. Lancaster Energy | 21. Santa Barbara Clean Energy |
| 10. MCE | 22. Silicon Valley Clean Energy |
| 11. Orange County Power Authority | 23. Sonoma Clean Power |
| 12. Peninsula Clean Energy | 24. Valley Clean Energy |

Affiliate Members

Affiliate membership is a free program designed to support emerging CCA communities and is open to government agencies and local jurisdictions exploring the development of a CCA program or in the planning and pre-launch implementation phase of their program.

Butte Choice Energy
City of Corona
City of Hermosa Beach

City of Oceanside
Kings River Conservation District
Tuolumne County



BOARD OF DIRECTORS

President

Matthew Marshall*

Executive Director
Redwood Coast Energy Authority

Vice President

Ted Bardacke*

Executive Director
Clean Power Alliance

Secretary

Cathy DeFalco

General Manager
California Choice Energy Authority

Treasurer

Girish Balachandran

CEO
Silicon Valley Clean Energy

Barbara Boswell

CEO
Clean Energy Alliance

Karin Burns

CEO
San Diego Community Power

Nick Chaset*

CEO
East Bay Community Energy

Don Eckert

Executive Director
Pioneer Community Energy

Tom Habashi

CEO
Central Coast Community Energy

Barbara Hale

Assistant General Manager
SFPUC "CleanPowerSF"

Lori Mitchell*

Director
San Jose Clean Energy

Jan Pepper*

CEO
Peninsula Clean Energy

Brian Probolsky

CEO
Orange County Power Authority

Mitch Sears Executive
Officer Valley Clean
Energy

Geof Syphers* (ex officio)

CEO
Sonoma Clean Power

Dawn Weisz

CEO
MCE

*Executive Committee Members



STAFF

Beth Vaughan

Executive Director

Evelyn Kahl

General Counsel and Director of Policy

Leora Broydo Vestel

Director of Communications, Marketing and Engagement

Sean MacNeil

Director of Legislative Affairs

Eric Little

Director of Regulatory Affairs

Fred Taylor-Hochberg

Director of Modeling

Leanne Bober

Senior Policy Council

Lauren Carr

Senior Market Policy Analyst

Willie Calvin

Rate Case Manager

Shawn-Dai Linderman

Policy Assistant

Jackson McDonough

Communications and Marketing
Associate

Sandra McCafferty

Administrative Coordinator

LOOKING AHEAD

Regulatory

CalCCA will continue to be involved in a number of proceedings at a variety of agencies and the CAISO that will focus on reliability, affordability, clean energy policy, and equity goals. Among the efforts in this area, CalCCA anticipates that there will be a strong focus on POLR, RA, PCIA, IRP, demand flexibility, affordability, disconnections, and IOU rate cases. It will be critical to balance the competing objectives within these cases as achieving clean energy policy goals will be dependent on doing so reliably and cost-effectively.

Legislative

CalCCA will be aggressively implementing legislator and staff education and outreach strategies as the Legislature is expected to see nearly a 50 percent change in membership over the next two years due to term limits, redistricting, and retirements. Also, as CCAs continue to expand the customer program offerings, the CalCCA Legislative Committee will need to take a more expansive role in both the policy and budget process as we seek to ensure CCA eligibility. For this reason, CalCCA will be working to align with other stakeholders, particularly those in the distributed energy resources space, as we look to leverage state and federal funding available for local and state programs.

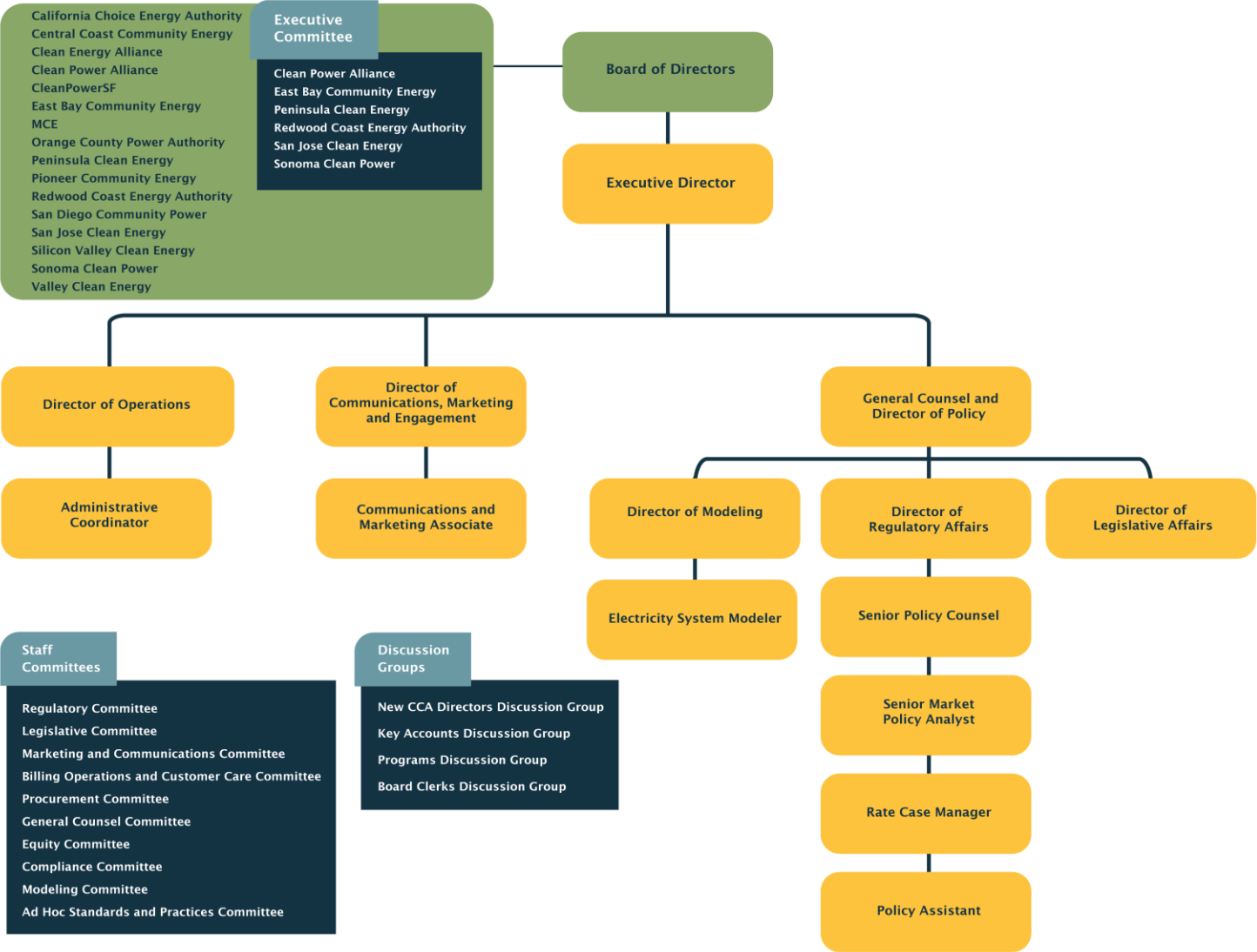
Communications

CalCCA will expand upon its communications, marketing, and engagement programs in ways that continue to elevate the profile of our members as energy industry leaders and innovators; bring people together for in-person events and gatherings given easing pandemic restrictions; and meet demand for information resources that address the needs of our growing membership, industry stakeholders, and the general public.

Data

CalCCA will deepen involvement in the CPUC Integrated Resource Planning processes with original modeling and insights, refine climate research and translate into actionable insights for procurement teams, and expand software tools available to members for their own analysis.

ORGANIZATIONAL CHART



INFO RESOURCES

CalCCA Website

cal-cca.org

Mailing List Signup

cal-cca.us16.list-manage.com/subscribe?u=8e1c31bd225d6f087706286e5&id=a3488ddbca

CCA History Video

youtu.be/loBSjlYxwck

CalCCA Newsletter

cal-cca.org/california-aggregator

**List of CCAs and
Services Areas**

cal-cca.org/wp-content/uploads/2022/09/CCA-Service-Areas.pdf

Key CCA Documents

cal-cca.org/key-cca-documents

CCA Impact/Stats

cal-cca.org/cca-impact/

CCA Programs

cal-cca.org/cca-programs

Program Highlights

cal-cca.org/programhighlights

San Diego Community Power

- Joint Powers Agreement –

Amended and Restated Effective December 16, 2021

Previous Versions/Amendments:

Original Agreement Effective October 1, 2019

First Amendment Effective November 22, 2019

SAN DIEGO COMMUNITY POWER

JOINT POWERS AGREEMENT

This Joint Powers Agreement (the “Agreement”), first effective as of October 1, 2019, and amended and restated effective December 16, 2021, is made by the Founding Members of San Diego Community Power including cities of San Diego, Chula Vista, La Mesa, Encinitas, and Imperial Beach, and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Section 6500 et seq.) of the California Government Code relating to the joint exercise of powers among the public agencies set forth in **Exhibit B**.

RECITALS

1. Effective October 1, 2019, the Founding Members entered into that certain Joint Powers Agreement for the San Diego Regional Community Choice Energy Authority (“Original Agreement”), which among other things established a separate public agency in order to collectively study, promote, develop, conduct, operate, and manage energy programs. On November 22, 2019, the Board of Directors approved the First Amendment to the Original Agreement to change the agency’s name from the “San Diego Regional Community Choice Energy Authority” to “San Diego Community Power.” The Board of Directors now desires, pursuant to Section 4.12.2(c), to amend and restate the Original Agreement as set forth herein.
2. The Parties are public agencies sharing various powers under California law, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and their inhabitants.
3. SB 350, adopted in 2015, mandates a reduction in greenhouse gas emissions to 40 percent below 1990 levels by 2030 and to 80 percent below 1990 levels by 2050. In 2018, the State Legislature adopted SB 100, which directs the Renewable Portfolio Standard to be increased to 60% renewable by 2030 and establishes a policy for eligible renewable energy resources and zero-carbon resources to supply 100 percent of electricity retail sales to California end-use customers by 2045.
4. The purposes for the Founding Members (as such term is defined in Exhibit A) entering into this Agreement include procuring/developing electrical energy for customers in participating jurisdictions, addressing climate change by reducing energy-related greenhouse gas emissions, promoting electrical rate price stability, and fostering local economic benefits such as job creation, local energy programs and local power development. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to State, regional, and local solar and wind energy production and energy storage.
5. The Parties to this Agreement have established a separate public agency, known as San Diego Community Power (“SDCP”), under the provisions of the Joint Exercise of Powers

Act of the State of California (Government Code Section 6500 et seq.) (“Act”) in order to collectively study, promote, develop, conduct, operate, and manage energy programs.

6. The Founding Members have each adopted an ordinance electing to implement through SDCP a Community Choice Aggregation program pursuant to California Public Utilities Code Section 366.2 (“CCA Program”). The first priority of SDCP will be the consideration of those actions necessary to implement the CCA Program on behalf of participating jurisdictions.
7. By establishing SDCP, the Parties seek to:
 - (a) Provide electricity service to residents and businesses located within the municipal boundaries of the public agencies that signed on to this agreement in a responsible, reliable, innovative, and efficient manner;
 - (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), for similar products;
 - (c) Offer differentiated energy products for standard commodity electric service that provide a cleaner power portfolio than that offered by the IOU for similar service and a 100 percent renewable content option in which communities and customers may “opt-up” and voluntarily participate, with the ultimate objective of achieving—and sustaining—100 percent renewable energy availability and usage, at competitive rates, within SDCP service territory by no later than 2035, and then beyond;
 - (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;
 - (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, avoids the use of unbundled renewable energy credits, and excludes coal and avoids nuclear contracts;
 - (f) Promote an energy portfolio that incorporates energy efficiency and demand response programs and pursues ambitious energy consumption reduction goals;
 - (g) Provide a range of energy product and program options, available to all Parties and customers, that best serve their needs, their local communities, and support regional sustainability efforts.
 - (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;

- (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;
- (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;
- (k) Promote personal and community ownership of renewable generation and energy storage resources, spurring equitable economic development and increased resilience throughout the region.
- (l) Ensure that low-income households are provided with affordable electric rates and have access to special utility rates including California Alternative Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs;
- (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.
- (n) Use discretionary program revenues to support SDCP's long-term financial viability, enhance customer rate stability, and provide all Parties and their customers with access to innovative energy programs, projects and services throughout the region; and
- (o) Create an administering SDCP that is financially sustainable, responsive to regional priorities, well-managed, and a leader in fair and equitable treatment of employees through adopting appropriate best practice employment policies, including but not limited to efficient consideration of petitions to unionize, participating in collective bargaining, if applicable, and providing appropriate wages and benefits.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:

1. **DEFINITIONS AND EXHIBITS**

- 1.1 **Definitions.** Capitalized terms used in this Agreement shall have the meanings specified in **Exhibit A**, unless the context requires otherwise.
- 1.2 **Documents Included.** This Agreement consists of this document and the following exhibits, all of which are hereby incorporated into this Agreement:

Exhibit A: Definitions
Exhibit B: List of Founding Members
Exhibit C: Annual Energy Use by Jurisdiction
Exhibit D: Voting Shares of Founding Members
Exhibit E: Signature Pages of Founding Members on Original Agreement
Exhibit F: Signature Pages of Additional Parties

2. FORMATION OF SAN DIEGO COMMUNITY POWER

- 2.1 **Effective Date and Term.** This Agreement became effective and SDCP began to exist as a separate public agency on October 1, 2019. This Agreement was amended and restated effective December 16, 2021. SDCP shall continue to exist, and this Agreement shall be effective, until the Agreement is terminated in accordance with Section 8.4 (Mutual Termination) of this Agreement, subject to the rights of the Parties to withdraw from SDCP, pursuant to Section 8.1.
- 2.2 **Formation of SDCP.** Under the Act, the Parties hereby create a separate joint exercise of power agency which is named San Diego Community Power (formerly known as the San Diego Regional Community Choice Energy Authority). Pursuant to Sections 6506 and 6507 of the Act, SDCP is a public agency separate from the Parties. The jurisdiction of SDCP shall be all territory within the geographic boundaries of the Parties; however, SDCP may, as authorized under applicable law, undertake any action outside such geographic boundaries as is necessary and incidental to the accomplishment of its purpose.
- 2.3 **Purpose.** The purpose and objectives of this Agreement are to establish SDCP, to provide for its governance and administration, and to define the rights and obligations of the Parties. This Agreement authorizes SDCP to provide opportunities by which the Parties can work cooperatively to create economies of scale, provide for stronger regulatory and legislative influence at the State level, and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient, and renewable resources in the region for the benefit of all the Parties and their constituents, including, but not limited to, establishing and operating a Community Choice Aggregation program.
- 2.4 **Addition of Parties.** After the initial formation of SDCP 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 SDCP 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 SDCP;

- 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 SDCP 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 SDCP management, as a condition to becoming a Party to this Agreement. Following satisfaction of the above conditions, SDCP shall ministerially add the new Party's signature page to Exhibit F of this Agreement and circulate a copy of the Agreement to all of the Parties.

- 2.5 **Continuing Participation.** The Parties acknowledge that membership in SDCP may change by the addition, withdrawal and/or termination of Parties. The Parties agree to participate with such other Parties as may later be added by the Board, as described in Section 2.4 (Addition of Parties) of this Agreement. The Parties also agree that the withdrawal or termination of a Party shall not affect this Agreement or the remaining Parties' continuing obligations under this Agreement.

3. **POWERS**

- 3.1 **General Powers.** SDCP shall have the powers common to the Parties which are necessary or appropriate to the accomplishment of the purposes of this Agreement, subject to the restrictions set forth in Section 3.4 (Limitation on Powers) of this Agreement.
- 3.2 **Specific Powers.** Specific powers of SDCP shall include, but not be limited to, each of the following powers, which may be exercised at the discretion of the Board:
 - 3.2.1 make and enter into contracts;
 - 3.2.2 employ agents and employees, including but not limited to a Chief Executive Officer;
 - 3.2.3 acquire, own, contract, manage, maintain, and operate any buildings, public works, improvements or other assets including but not limited to public electric generation resources;
 - 3.2.4 acquire property for electric generation/interconnection purposes by eminent domain, or otherwise, except as limited under Section 6508 of the

Act and Sections 3.6 and 4.12.3 of this Agreement, and to hold or dispose of any property; provided, however, SDCP shall not exercise the power of eminent domain within the jurisdiction of a Party over its objection;

3.2.5 lease any property;

3.2.6 sue and be sued in its own name;

3.2.7 incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers authorized by law pursuant to Government Code Section 53850 et seq. and authority under the Act;

3.2.8 issue revenue bonds and other forms of indebtedness;

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

3.2.10 form independent corporations or entities, if necessary, to carry out energy supply and energy conservation programs at the lowest possible cost or to take advantage of legislative or regulatory changes;

3.2.11 submit documentation and notices, register, and comply with orders, tariffs and agreements for the establishment and implementation of the CCA Program and other energy programs;

3.2.12 adopt rules, regulations, policies, bylaws and procedures governing the operation of SDCP;

3.2.13 make and enter into service agreements relating to the provision of services necessary to plan, implement, operate and administer the CCA Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services;

3.2.14 enter into neutrality agreements where SDCP has a proprietary or significant financial interest, negotiate project labor agreements, community benefits agreements and collective bargaining agreements with the local building trades council and other interested parties; and

3.2.15 receive revenues from sale of electricity and other energy-related programs.

3.3 **Additional Powers to be Exercised.** In addition to those powers common to each of the Parties, SDCP shall have those powers that may be conferred upon it by law and by subsequently enacted legislation.

- 3.4 **Limitation on Powers.** As required by Section 6509 of the Act, the powers of SDCP are subject to the restrictions upon the manner of exercising power possessed by the City of Encinitas and any other restrictions on exercising the powers of SDCP that may be adopted by the Board.
- 3.5 **Obligations of SDCP.** The debts, liabilities, and obligations of SDCP 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 SDCP with the approval of its Governing Body, in its sole discretion. In addition, pursuant to the Act, no Director shall be personally liable on the bonds or subject to any personal liability or accountability by reason of the issuance of bonds.
- 3.6 **Compliance with Local Zoning and Building Laws.** Notwithstanding any other provisions of this Agreement or state law, any facilities, buildings or structures located, constructed or caused to be constructed by SDCP within the territory of SDCP shall comply with the General Plan, zoning and building laws of the local jurisdiction within which the facilities are constructed.
- 3.7 **Compliance with the Political Reform Act and Government Code Section 1090.** SDCP and its officers and employees shall comply with the Political Reform Act (Government Code Section 81000 et seq.) and Government Code Section 1090 et seq. The Board shall adopt a Conflict of Interest Code pursuant to Government Code Section 87300. The Board may adopt additional conflict of interest regulations in the Operating Policies and Procedures.

4. GOVERNANCE

4.1 Board of Directors.

- 4.1.1 The Governing Body of SDCP shall be a Board of Directors (“Board”) consisting of two Directors for each Party appointed in accordance with Section 4.2 (Appointment and Removal of Directors) of this Agreement until there are five or more Parties of SDCP. When the fifth Party joins SDCP, the number of Directors per Party shall be reduced to one Director per Party; each Party shall determine which Director shall be that Party’s representative on the Board within 45 days of the date the fifth Party joins SDCP.
- 4.1.2 Each Director(s) must be a member of the Governing Body of the appointing Party. Each Director shall serve at the pleasure of the Governing Body of the Party whom appointed such Director and may be removed as Director by such Governing Body at any time. If at any time a vacancy occurs on the Board, then a replacement shall be appointed to fill the position of the previous Director within 45 days after the date that position becomes vacant.

- 4.1.3 Once SDCP reaches five members and becomes governed by a single appointed Director for each Party, then the Governing Body of each Party shall appoint an alternate to serve in the absence of the primary Director. The alternate is not required to be a member of the Governing Body of the appointing Party. The alternate shall have all the rights and responsibilities of the primary Director when serving in his/her absence.
- 4.1.4 Any change to the size and composition of the Board other than what is described in this section shall require amendment of this Joint Powers Agreement in accordance with Section 4.12.
- 4.2 **Appointment and Removal of Directors.** The Directors shall be appointed and may be removed as follows:
 - 4.2.1 The Governing Body of each Party shall appoint and designate in writing two regular Directors if there are four or fewer Parties to this Agreement, or one regular Director if there are five or more Parties to this Agreement, who shall be authorized to act for and on behalf of the Party on matters within the powers of SDCP. The Governing Body of each Party shall appoint and designate in writing one alternate Director if there are five or more Parties in SDCP who may vote on matters when the regular Director is absent from a Board meeting. The alternate Director may serve on committees, vote on matters in committee, chair committees, and fully participate in discussion and debate during meetings. All Directors and alternates shall be subject to the Board's adopted Conflict of Interest Code.
 - 4.2.2 SDCP's policies and procedures, to be developed and approved by the Board, pursuant to Section 3.2.12, shall specify the reasons for and process associated with the removal of an individual Director for cause. Notwithstanding the foregoing, no Party shall be deprived of its right to seat a Director on the Board and any such Party for which its Director and/or alternate Director have been removed may appoint a replacement.
- 4.3 **Director Compensation.** The Board may adopt by resolution a policy relating to the compensation of its Directors.
- 4.4 **Terms of Office.** Each Party shall determine the term of office for their regular and alternate Director.
- 4.5 **Purpose of Board.** The general purpose of the Board is to:
 - 4.5.1 Provide structure for administrative and fiscal oversight;
 - 4.5.2 Retain a Chief Executive Officer to oversee day-to-day operations of SDCP;

- 4.5.3 Retain legal counsel;
 - 4.5.4 Identify and pursue funding sources;
 - 4.5.5 Set policy;
 - 4.5.6 Maximize the utilization of available resources; and
 - 4.5.7 Oversee all Committee activities.
- 4.6 **Specific Responsibilities of the Board.** The specific responsibilities of the Board shall be as follows:
- 4.6.1 Identify Party and ratepayer needs and requirements;
 - 4.6.2 Formulate and adopt an annual budget prior to the commencement of the fiscal year;
 - 4.6.3 Develop and implement a financing and/or funding plan for ongoing SDCP operations and capital improvements, if applicable;
 - 4.6.4 Retain necessary and sufficient staff and adopt personnel and compensation policies, rules and regulations;
 - 4.6.5 Develop a workforce policy that promotes a local, sustainable, and inclusive workforce;
 - 4.6.6 Adopt policies for procuring electric supply and operational needs such as professional services, equipment and/or supplies;
 - 4.6.7 Develop and implement a Strategic Plan to guide the development, procurement, and integration of renewable energy resources consistent with the intent and priorities identified in this Agreement;
 - 4.6.8 Adopt rules for the disposal of surplus property;
 - 4.6.9 Establish standing and ad hoc committees as necessary to ensure that the interests of SDCP and concerns of each Party are represented to ensure effective operational, technical, and financial functioning of SDCP and monitor the distribution and usage of SDCP programs and benefits throughout SDCP's service territory;
 - 4.6.10 The setting of retail rates for power sold by SDCP and the setting of charges for any other category of retail service provided by SDCP;
 - 4.6.11 To wind up and resolve all obligations of SDCP in the event SDCP is terminated pursuant to Section 8.2;

- 4.6.12 Address any concerns of consumers and customers;
 - 4.6.13 Conduct and oversee SDCP operational audits at intervals not to exceed three years including review of customer access to SDCP programs and benefits, where applicable;
 - 4.6.14 Arrange for an annual independent fiscal audit;
 - 4.6.15 Adopt such bylaws, rules and regulations as are necessary or desirable for the purposes hereof; provided that nothing in the bylaws, rules and regulations shall be inconsistent with this Agreement;
 - 4.6.16 Exercise the Specific Powers identified in Sections 3.2 and 4.6 except as those which the Board may elect to delegate to the Chief Executive Officer; and
 - 4.6.17 Discharge other duties as appropriate and/or required by law.
- 4.7 **Startup Responsibilities.** SDCP shall have the duty to do the following within one year of the Effective Date of the Agreement:
- 4.7.1 Oversee the preparation of, adopt, and update an implementation plan, pursuant to Public Utilities Code Section 366.2(c)(3), for electrical load aggregation;
 - 4.7.2 Prepare a statement of intent, pursuant to Public Utilities Code Section 366.2(c)(4), for electrical load aggregation;
 - 4.7.3 Encourage other qualified public agencies to participate in SDCP;
 - 4.7.4 Obtain financing and/or funding as is necessary to support start up and ongoing working capital;
 - 4.7.5 Evaluate the need for, acquire, and maintain insurance;
 - 4.7.6 Consider and take action on the assumption of City of San Diego consulting and services agreements related to SDCP's start up and implementation activities, subject to the City of San Diego continuing to advance payment, or if another source is secured by the JPA, until such time as an agreement is executed for payment of Initial Costs as specified under Section 7.3.2.
- 4.8 **Meetings and Special Meetings of the Board.** The Board shall hold at least four regular meetings per year, but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour, and place of each regular meeting shall be fixed annually by resolution of the Board. The location of regular meetings may rotate for the convenience of the Parties, subject to Board

approval and availability of appropriate meeting space. Regular meetings may be adjourned to another meeting time. Special meetings of the Board may be called in accordance with the provisions of Government Code Section 54956. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law. Board meeting agendas generally shall be set, in consultation with the Board Chair, by the Chief Executive Officer appointed by the Board pursuant to Section 5.5. The Board itself may add items to the agenda upon majority vote pursuant to Section 4.11.1.

- 4.9 **Brown Act Applicable.** All meetings of the Board shall be conducted in accordance with the provisions of the Ralph M. Brown Act (Government Code Section 54950, et seq.).
- 4.10 **Quorum.** A simple majority of the Directors shall constitute a quorum. No actions may be taken by the Board without a quorum of the Directors present. If a Party fails to be represented by a Director(s) or alternate Director in more than one meeting in a 12-month period, the Board may take action by publicly noticing the Party that they are at risk of lack of representation within SDCP.
- 4.11 **Board Voting.**
- 4.11.1 **Equal Vote.** Once a quorum has been established, in general, except when Special Voting is expressly required pursuant to Section 4.12 hereof, Board action shall require votes of a majority of the total number of the Directors of the Board. All votes taken pursuant to this Section 4.11.1 shall be referred to as an “Equal Vote.” The consequence of a tie vote shall generally be “no action” taken. Notwithstanding the foregoing, an “Equal Vote” may be subject to a “Voting Shares Vote” as provided in Section 4.11.2, below.
- 4.11.2 **Voting Shares Vote.** At the same meeting at which an Equal Vote action was taken, three or more Directors shall have the right to request and have conducted a “Voting Shares Vote” to reconsider that action. Approval of a proposed action by a Voting Shares Vote to reconsider an Equal Vote action shall require the affirmative vote of Directors representing a two-thirds supermajority (66.7%) of the “Voting Shares” cast. The formula and process for allocating Voting Shares is set forth in Section 4.11.3, below. If a Voting Shares Vote for reconsideration fails, the legal effect is to affirm the Equal Vote with respect to which the Voting Shares Vote was taken. If the Voting Shares Vote succeeds, the legal effect is to nullify the Equal Vote with respect to which the Voting Shares Vote was taken. If the underlying Equal Vote was a tie, the Voting Shares Vote replaces that tie vote. No action may be taken solely by a Voting Shares Vote without first having taken an Equal Vote.

4.11.3 Voting Shares Vote Formula and Process. For the process of a Voting Shares Vote, each Director shall have a Voting Share as determined by the following formula: (Annual Energy Use/Total Annual Energy) multiplied by 100, where:

- (a) “Annual Energy Use” means, (i) with respect to the first year following the Effective Date, the annual electricity usage, expressed in kilowatt hours (“kWh”), within the Party’s respective jurisdiction and (ii) with respect to the period after the first anniversary of the Effective Date, the annual calendar year electricity usage, expressed in kWh, of accounts within a Party’s respective jurisdiction that are served by SDCP; and
- (b) “Total Annual Energy” means the sum of all Parties’ Annual Energy Use. The initial values for Annual Energy Use will be designated in **Exhibit C** and shall be adjusted annually as soon as reasonably practicable after January 1, but no later than March 1 of each year. These adjustments shall be approved by the Board.

The combined voting share of all Directors representing a Party shall be based upon the annual electricity usage within the Party’s jurisdiction. If a Party has two Directors, then the voting shares allocated to that Party shall be equally divided between its two Directors.

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

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

4.12 Special Voting.

4.12.1 Except as provided below, matters that require Special Voting as described in this section shall require 72 hours prior notice to any Brown Act meeting or special meeting.

4.12.2 Two-thirds vote (or such greater vote as required by state law) of the appointed Directors shall be required to take any action on the following:

- (a) Issue bonds or other forms of debt;
- (b) Adding or removing Parties;
- (c) Amend or terminate this Agreement or adopt or amend the bylaws of SDCP. At least 30 days advance notice shall be provided for such actions. SDCP shall also provide prompt written notice to all Parties of the action taken and enclose the adopted or modified documents; and

4.12.3 Three-Fourths Vote shall be required to initiate any action for Eminent Domain

4.12.4 Matters requiring Special Voting under the terms of this Section shall not be subject to Voting Shares Voting pursuant to Section 4.11.2, above.

5. INTERNAL ORGANIZATION

5.1 **Elected and Appointed Officers.** As further provided in this Section 5, the Board shall elect a Chair and Vice Chair from among the Directors and shall appoint a Secretary and a Treasurer as provided in Government Code section 6505.5. No Director may hold more than one such office at any time and elected officers shall represent different Parties of SDCP. Appointed officers shall not be elected officers of the Board.

5.2 **Chair and Vice Chair.** At its first meeting of each calendar year, the Board shall elect a Chair and Vice Chair from among the Directors. The term of office of the Chair and Vice Chair shall continue for one year or until a successor is elected, but there shall be no limit on the number of terms held by either the Chair or Vice Chair. The Chair shall be the presiding officer of all Board meetings, and the Vice Chair shall serve in the absence of the Chair. The Chair shall perform duties as may be imposed by the Board. In the absence of the Chair, the Vice-Chair shall perform all of the Chair's duties. The office of the Chair or Vice Chair shall be declared vacant and a new selection shall be made if: (a) the person serving dies, resigns, or the Party that the person represents removes the person as its representative on the Board, or (b) the Party that he or she represents withdraws from SDCP pursuant to the provisions of this Agreement. Upon a vacancy, the position shall be filled at the next regular meeting of the Board held after such vacancy occurs or as soon as practicable thereafter. Succeeding officers shall perform the duties normal to said offices.

5.3 **Secretary.** The Board shall appoint a qualified person who is not on the Board to serve as Secretary. The Secretary shall be responsible for keeping the minutes of all meetings of the Board and all other office records of SDCP. If the appointed

Secretary is an employee of any Party, such Party shall be entitled to reimbursement for any documented out of pocket costs it incurs in connection with such employee's service as Secretary of SDCP, and full cost recovery for any documented hours of service provided by such employee during such Party's normal working hours.

- 5.4 **Treasurer/Chief Financial Officer and Auditor.** The Board of Directors shall appoint a Treasurer who shall function as the combined offices of Treasurer and Auditor and shall strictly comply with the statutes related to the duties and responsibilities specified in Section 6505.5 of the Act. The Treasurer for SDCP shall be the depository and have custody of all money of SDCP from whatever source and shall draw all warrants and pay demands against SDCP as approved by the Board. The Treasurer shall cause an independent audit(s) of the finances of SDCP to be made by a certified public accountant, or public accountant, in compliance with Section 6505 of the Act. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any qualified person or entity as the law allows at the time. The duties and obligations of the Treasurer are further specified in Section 7. The Treasurer shall serve at the pleasure of the Board. If the appointed Treasurer is an employee of any Party, such Party shall be entitled to reimbursement for any documented out of pocket costs it incurs in connection with such employee's service as Treasurer of SDCP, and full cost recovery for any documented hours of service provided by such employee during such Party's normal working hours.
- 5.5 **Chief Executive Officer.** The Board shall appoint a Chief Executive Officer for SDCP, who shall be responsible for the day-to-day operation and management of SDCP and the CCA Program. The Board shall appoint a qualified person, hired through a transparent, competitive process, to act as the Chief Executive Officer; he or she may not be an elected member of the Board or otherwise representing any Party to SDCP. The Chief Executive Officer may exercise all powers of SDCP, except those powers specifically reserved to the Board including but not limited to those set forth in Section 4.6 (Specific Responsibilities of the Board) of this Agreement or SDCP's bylaws, or those powers which by law must be exercised by the Board. The Chief Executive Officer may enter into and execute power purchase agreements and other contracts, in accordance with criteria and policies established by the Board.
- 5.6 **General Counsel.** The Board shall appoint a qualified person to act as SDCP's General Counsel, who shall not be a member of the Board, or an elected official or employee of a Party.
- 5.7 **Bonding of Persons Having Access to Property.** Pursuant to the Act, the Board shall designate the public officer or officers or person or persons who have charge of, handle, or have access to any property of SDCP exceeding a value as

established by the Board, and shall require such public officer or officers or person or persons to file an official bond in an amount to be fixed by the Board.

- 5.8 **Other Employees/Agents.** The Board shall have the power by resolution to hire employees or appoint or retain such other agents, including officers, loan-out employees, or independent contractors, as may be necessary or desirable to carry-out the purpose of this Agreement, pursuant to terms and conditions adopted by the Board.
- 5.9 **Privileges and Immunities from Liability.** All of the privileges and immunities from liability, exemption from laws, ordinances and rules, all pension, relief, disability, workers' compensation and other benefits which apply to the activities of officers, agents or employees of a public agency when performing their respective functions shall apply to the officers, agents or employees of SDCP to the same degree and extent while engaged in the performance of any of the functions and other duties of such officers, agents or employees under this Agreement. None of the officers, agents or employees directly employed by the Board shall be deemed, by reason of their employment by SDCP to be employed by the Parties or by reason of their employment by SDCP, to be subject to any of the requirements of the Parties.
- 5.10 **Commissions, Boards and Committees.** The Board may establish any advisory commissions, boards, and committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the CCA Program, related energy programs, and the provisions of this Agreement. To the extent possible, the commissions, boards, and committees should have equal representation from each Party. The Board may establish criteria to qualify for appointment on said commissions, boards, and committees. The Board may establish rules, regulations, policies, or procedures to govern any such commissions, boards, or committees and shall determine whether members shall be compensated or entitled to reimbursement for expenses.
- 5.10.1 **Executive Committee.** The Board may establish an executive committee consisting of a subset of its Directors. The Board may delegate to the Executive Committee such authority as the Board might determine appropriate to serve as a liaison between the Board and the Chief Executive Officer and to make recommendations to the Board regarding the operations of SDCP. Notwithstanding the foregoing, the Board may not delegate authority regarding essential Board functions, including but not limited to, approving the fiscal year budget or hiring or firing the Chief Executive Officer, and other functions as provided in SDCP bylaws or policies. Further, the Board may not delegate to the Executive Committee, or any other committee, the Board's authority under Section 3.2.12 to adopt and amend SDCP policies and procedures.

5.10.2 Finance and Risk Management Committee. The Board shall establish a finance and risk management committee consisting of a subset of its primary or alternate Directors. The primary purpose of the Finance and Risk Management Committee is to review and recommend to the Board:

- (a) A funding plan;
- (b) A fiscal year budget; and
- (c) Financial policies and procedures to ensure equitable contributions by Parties; and

The Finance and Risk Management Committee may have such other responsibilities as may be approved by the Board, including but not limited to advising the Chief Executive Officer on fiscal and risk management policies and procedures, rules and regulations governing investment of surplus funds, audits to achieve best practices in corporate governance and selection and designation of financial institutions for deposit of SDCP funds, and credit/depository matters.

5.10.3 Community Advisory Committee. The Board shall establish a Community Advisory Committee comprised of non-Board members. The primary purpose of the Community Advisory Committee shall be to advise the Board of Directors and provide for a venue for ongoing citizen support and engagement in the strategic direction, goals, and programs of SDCP. The Community Advisory Committee is advisory only, and shall not have decision-making authority, nor receive any delegation of authority from the Board of Directors. Each Party may nominate a committee member(s) and the Board shall determine the final selection of committee members, who should represent a diverse cross-section of interests, skills sets and geographic regions.

5.10.4 Technical Advisory Committee. The Board may establish a Technical Advisory Committee comprised of non-Board members. The primary purpose of the Technical Advisory Committee shall be to advise the Board of Directors and provide SDCP with technical support and engagement in the energy-related operations of SDCP, supplementing the expertise of SDCP staff, independent contractors, and consultants. Each Party may nominate a committee member(s) and the Board shall determine the final selection of committee members, who should have significant expertise in electric markets, programs, procurement, regulatory and legislative engagement, and/or energy law.

5.10.5 Meetings of the Advisory Committees. All meetings of the committees shall be held in accordance with the Brown Act. For the purposes of convening meetings and conducting business, unless otherwise provided

in the bylaws, a majority of the members of the committee shall constitute a quorum for the transaction of business, except that less than a quorum or the secretary of each committee may adjourn meetings from time-to-time. As soon as practicable, but no later than the time of posting, the Secretary of the committee shall provide notice and the agenda to each Party, Director(s), and Alternate Director(s).

5.10.6 Officers of Advisory Committees. Unless otherwise determined by the Board, each Committee shall choose its officers, comprised of a Chair, a Vice Chair, and a Secretary.

6. IMPLEMENTATION ACTION AND AUTHORITY DOCUMENTS

6.1 Preliminary Implementation of the CCA Program.

6.1.1 Enabling Ordinance. In addition to the execution of this Agreement, each Party shall adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(12) for the purpose of specifying that the Party intends to implement a CCA Program by and through its participation in SDCP.

6.1.2 Implementation Plan. SDCP shall cause to be prepared and secure Board approval of an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations, and consistent with the terms of this Agreement, as soon after the Effective Date as reasonably practicable.

6.2 **SDCP Documents.** The Parties acknowledge and agree that the affairs of SDCP will be implemented through various documents duly adopted by the Board through Board resolution or minute action, including but not necessarily limited to operational procedures and policies, the annual budget, and specific plans such as a local renewable energy development and integration plan and other policies defined as SDCP Documents by this Agreement. All such SDCP Documents shall be consistent with and designed to advance the goals and objectives of SDCP as expressed in this Agreement. The Parties agree to abide by and comply with the terms and conditions of all such SDCP Documents that may be adopted by the Board, subject to the Parties' right to withdraw from SDCP as described in Section 8 (Withdrawal and Termination) of this Agreement.

6.3 **Integrated Resource Plan and Regulatory Compliance.** SDCP shall cause to be prepared an Integrated Resource Plan in accordance with California Public Utilities Commission regulations, and consistent with the terms of this Agreement, that will ensure the long-term development and administration of a variety of energy programs that promote local renewable resources, conservation, demand response, and energy efficiency, while maintaining compliance with other regulatory requirements including the State Renewables Portfolio Standard (RPS) and customer rate competitiveness. SDCP shall prioritize the development of cost competitive clean energy projects in San Diego and adjacent counties.

- 6.4 **Renewables Portfolio Standards.** SDCP shall provide its customers energy primarily from Category 1 eligible renewable resources, as defined under the California RPS and consistent with the goals of the CCA Program. SDCP shall avoid the procurement of energy from Category 2 or 3 eligible renewable resources (unbundled Renewable Energy Credits or RECs) to the extent feasible. SDCP's ultimate objective shall be to achieve—and sustain—a renewable energy portfolio with 100 percent renewable energy availability and usage, at competitive rates, within SDCP service territory by no later than 2035, and then beyond.

7. **FINANCIAL PROVISIONS**

- 7.1 **Fiscal Year.** SDCP's fiscal year shall be 12 months commencing July 1 and ending June 30. The fiscal year may be changed by Board resolution.

7.2 **Depository.**

- 7.2.1 All funds of SDCP shall be held in separate accounts in the name of SDCP and not commingled with funds of any Party or any other person or entity.
- 7.2.2 All funds of SDCP shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of SDCP shall be open to inspection and duplication by the Parties at all reasonable times. Annual financial statements shall be prepared in accordance with Generally Accepted Accounting Principles of the United States of America within 6 months of the close of the fiscal year. The Board shall contract with a certified public accountant to make an annual audit of the financial statements of SDCP, which shall be conducted in accordance with the requirements of Section 6505 of the Act.
- 7.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures.

7.3 **Budget and Recovery Costs.**

- 7.3.1 **Budget.** The initial budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of SDCP shall be prepared and approved by the Board in accordance with its fiscal management policies that should include a deadline for approval.
- 7.3.2 **Funding of Initial Costs.**
- (a) The City of San Diego shall fund the Initial Costs of establishing SDCP and implementing its CCA Program. In the event that the

CCA Program becomes operational, the City of San Diego will be reimbursed for its Initial Costs on the terms set forth in this Section. The City shall first submit to the Founding Members a description of the types of costs, cost estimates, and interest for which it expects reimbursement. Reimbursable costs shall include, but not limited to, repayment of hard costs associated with CCA vendor contracts and SDCP formation, reimbursement for the portion of staff costs associated with managing SDCP and program formation and other out-of-pocket expenses directly attributable to the implementation of CCA through SDCP. The City will meet and confer with Founding Members in the development of its proposal for reimbursement to SDCP. The amount and the terms for City reimbursement shall be subject to the approval of SDCP Board. The SDCP Board may establish a reasonable time period over which such Initial Costs are recovered once SDCP revenues commence. In the event that the CCA Program does not become operational, to the extent SDCP funds are available the City of San Diego may be reimbursed in accordance with section 8.6 of this Agreement.

- (b) SDCP shall also reimburse Founding Members for their Initial Costs in supporting the implementation of SDCP pursuant to the execution of an agreement specifying the services provided and their related costs. SDCP may establish reasonable costs and a reasonable time period over which such costs are recovered once SDCP revenues commence. SDCP shall not provide for staff time costs or on-going cost reimbursement to Parties once SDCP becomes fully operational unless a specific Agreement between SDCP and the Party for specified services not otherwise provided by SDCP staff has been approved by the Board.

7.3.3 Program Costs. The Parties desire that, to the extent reasonably practicable, all costs incurred by SDCP that are directly or indirectly attributable to the provision of electric services under the CCA Program, including the establishment and maintenance of various reserve and performance funds, shall be recovered through appropriate charges to CCA customers receiving such electric services.

7.3.4 No Requirement for Contributions or Payments. Parties are not required under this Agreement to make any financial contributions or payments to SDCP, and SDCP shall have no right to require such a contribution or payment unless expressly set forth herein (for example, as provided in Section 2.4.3, with respect to Additional Members and provided in Section 8.1, with respect to Withdrawal), or except as otherwise required by law.

Notwithstanding the foregoing, a Party may volunteer to provide, or negotiate terms with SDCP to provide the following:

- (a) contributions from its treasury for the purposes set forth in this Agreement;
- (b) payments of public funds to defray the cost of the purposes of the Agreement and SDCP;
- (c) advances of public funds for such purposes, such advances to be repaid as provided by written agreement; or
- (d) its personnel, equipment or property in lieu of other contributions or advances.

Any agreement with SDCP to provide any of the above-referenced contributions or payments shall require a Special Vote of the Board pursuant to Section 4.12.2.

No Party shall be required, by or for the benefit of SDCP, to adopt any local tax, assessment, fee or charge under any circumstances.

7.4 **Accounts and Reports.** The Treasurer shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of any trust agreement entered into with respect to the proceeds of any bonds issued by SDCP. The books and records of SDCP in the hands of the Treasurer shall be open to inspection and duplication at all reasonable times by duly appointed representatives of the Parties. The Treasurer, within 180 days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Parties. The Treasurer shall cooperate with all regular audits required by Section 4.6.11 and 4.6.12.

7.5 **Funds.** The Treasurer shall receive, have custody of and/or disburse SDCP funds in accordance with the laws applicable to public agencies and generally accepted accounting practices, and shall make the disbursements required by this Agreement in order to carry out any of the purposes of this Agreement.

8. **WITHDRAWAL AND TERMINATION**

8.1 **Withdrawal**

8.1.1 **Withdrawal by Parties.** Any Party may withdraw its membership in SDCP, effective as of the beginning of SDCP's fiscal year, by giving no less than 180 days advance written notice of its election to do so, which notice shall be given to SDCP and each Party. Withdrawal of a Party shall require an affirmative vote of the Party's Governing Body.

- 8.1.2 **Amendment.** Notwithstanding Section 8.1.1 (Withdrawal by Parties) of this Agreement, a Party may withdraw its membership in SDCP upon approval and execution of an amendment to this Agreement provided that the requirements of this Section 8.1.2 are strictly followed. A Party shall be deemed to have withdrawn its membership in SDCP effective 180 days after the Board approves an amendment to this Agreement if the Director representing such Party has provided notice to the other Directors immediately preceding the Board's vote of the Party's intention to withdraw its membership in SDCP should the amendment be approved by the Board.
- 8.1.3 **Continuing Liability; Further Assurances.** A Party that withdraws its membership in SDCP may be subject to certain continuing liabilities, as described in Section 8.5 (Continuing Liability; Refund) of this Agreement, including, but not limited to, power purchase agreements and other SDCP contracts and operational obligations. The withdrawing Party and SDCP shall execute and deliver all further instruments and documents and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party from membership in SDCP. The Board shall also consider, pursuant to Section 3.2.12, adoption of a policy that allows a withdrawing Party to negotiate assignment to the Party of costs of electric power or other resources procured on behalf of its customers by SDCP upon its withdrawal. SDCP's policies shall prescribe the rights if any of a withdrawn Party to continue to participate in those Board discussions and decisions affecting customers of the CCA Program that reside or do business within the jurisdiction of the Party. In the implementation of this Section 8.1.3, the Parties intend, to the maximum extent possible, without compromising the viability of ongoing SDCP operations, that any claims, demands, damages, or liabilities covered hereunder, be funded from the rates paid by CCA Program customers located within the service territory of the withdrawing Party, and not from the general fund of the withdrawing Party itself.
- 8.2 **Termination of CCA Program.** Nothing contained in Section 6 or elsewhere in this Agreement shall be construed to limit the discretion of SDCP to terminate the implementation or operation of the CCA Program at any time in accordance with any applicable requirements of state law.
- 8.3 **Involuntary Termination.** This Agreement may be terminated with respect to a Party for material non-compliance with provisions of this Agreement or SDCP documents upon a two-thirds vote of the Board in which the minimum Equal Vote or Voting Shares Vote, as applicable in Section 4.11 (Board Voting) of this Agreement, shall be no less than two-thirds vote excluding the vote and voting shares of the Party subject to possible termination. Prior to any vote to terminate

this Agreement with respect to a Party, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party whose termination is proposed at least 30 days prior to the regular Board meeting at which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or SDCP Documents that the Party has allegedly violated. The Party subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination. A Party that has had its membership in SDCP terminated may be subject to certain continuing liabilities, as described in Section 8.5 (Continuing Liability; Refund) of this Agreement.

- 8.4 **Mutual Termination.** This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Party to withdraw its membership in SDCP, and thus terminate this Agreement with respect to such withdrawing Party, as described in Section 8.1 (Withdrawal) of this Agreement.
- 8.5 **Continuing Liability; Refund.** Upon a withdrawal or involuntary termination of a Party, the Party shall remain responsible for any claims, demands, damages, or liabilities arising from the Party's membership in SDCP through the effective date of its withdrawal or involuntary termination, it being agreed that the Party shall not be responsible for any claims, demands, damages, or liabilities commencing or arising after the date of the Party's withdrawal or involuntary termination. In addition, such Party also shall be responsible for (a) any damages, losses, or costs incurred by SDCP which result directly from the Party's withdrawal or termination, including but not limited to costs arising from the resale of capacity, electricity, or any attribute thereof no longer needed to serve such Party's load; and (b) any costs or obligations associated with the Party's customer participation in any program in accordance with the program's terms, provided such costs or obligations were incurred prior to the withdrawal of the Party. The withdrawing Party agrees to pay any such deposit determined by SDCP to cover the Party's liability for the operational and contract costs described above. Any amount of the Party's funds held on deposit with SDCP above that which is required to pay any liabilities or obligations shall be returned to the Party. In the implementation of this Section 8.5, the Parties intend, to the maximum extent possible, without compromising the viability of ongoing SDCP operations, that any claims, demands, damages, or liabilities covered hereunder, be funded from the rates paid by CCA Program customers located within the service territory of the withdrawing Party, and not from the general fund of the withdrawing Party itself.
- 8.6 **Disposition of SDCP Assets.** Upon termination of this Agreement and dissolution of SDCP by all Parties, and after payment of all obligations of SDCP, the Board
- 8.6.1 May sell or liquidate SDCP property; and

8.6.2 Shall distribute assets to Parties in proportion to the contributions made by the existing Parties.

Any assets provided by a Party to SDCP shall remain the asset of that Party and shall not be subject to distribution under this section.

9. MISCELLANEOUS PROVISIONS

9.1 **Dispute Resolution.** The Parties and SDCP shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. Before exercising any remedy provided by law, a Party or the Parties and SDCP shall engage in nonbinding mediation in the manner agreed upon by the Party or Parties and SDCP. The Parties agree that each Party may specifically enforce this section. In the event that nonbinding mediation is not initiated or does not result in the settlement of a dispute within 60 days after the demand for mediation is made, any Party and SDCP may pursue any remedies provided by law.

9.2 **Liability of Directors, Officers, and Employees.** The Directors, officers, and employees of SDCP shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. SDCP shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Section 995 et seq. Nothing in this section shall be construed to limit the defenses available under the law, to the Parties, SDCP, or its Directors, officers, or employees.

9.3 **Indemnification of Parties.** SDCP shall acquire such insurance coverage as is necessary to protect the interests of SDCP, the Parties and the public. SDCP shall defend, indemnify and hold harmless the Parties and each of their respective governing board members, officers, agents and employees, from any and all claims, losses, damages, costs, injuries and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts and omissions of SDCP.

9.4 **Notices.** Any notice required or permitted to be made hereunder shall be in writing and shall be delivered in the manner prescribed herein at the principal place of business of each Party. The Parties may give notice by (1) personal delivery; (2) e-mail; (3) U.S. Mail, first class postage prepaid, or a faster delivery method; or (3) by any other method deemed appropriate by the Board.

Upon providing written notice to all Parties, any Party may change the designated address or e-mail for receiving notice.

All written notices or correspondence sent in the described manner will be deemed given to a party on whichever date occurs earliest: (1) the date of personal delivery; (2) the third business day following deposit in the U.S. mail, when sent by “first class” mail; or (3) the date of transmission, when sent by e-mail or facsimile.

- 9.5 **Successors.** This Agreement shall be binding upon and shall inure to the benefit of the successors of each Party.
- 9.6 **Assignment.** Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the advance written consent of all of the other Parties, and any attempt to assign or delegate such rights or duties in contravention of this section shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Parties. This section does not prohibit a Party from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party’s contributions to SDCP, or the disposition of the proceeds which that Party receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of SDCP or the Parties under this Agreement.
- 9.7 **Severability.** If any one or more of the terms, provisions, promises, covenants, or conditions of this Agreement were adjudged invalid or void by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants, and conditions of this Agreement shall not be affected thereby and shall remain in full force and effect to the maximum extent permitted by law.
- 9.8 **Governing Law.** This Agreement is made and to be performed in the State of California, and as such California substantive and procedural law shall apply.
- 9.9 **Headings.** The section headings herein are for convenience only and are not to be construed as modifying or governing the language of this Agreement.
- 9.10 **Counterparts.** This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

APPROVAL OF JOINT POWERS AGREEMENT AS AMENDED AND RESTATED

By Resolution No. 07 of the Board of Directors of San Diego Community Power, this Joint Powers Agreement was amended and restated in accordance with Section 4.12.2(c) of the Agreement, effective as of December 16, 2021.

By: Joseph Murch
Chair, Board of Directors
San Diego Community Power

ATTEST:

By: Megan Wiegelman
Secretary, Board of Directors
San Diego Community Power

APPROVED AS TO FORM:

By: Ryan M. F. Baron
General Counsel
San Diego Community Power

Exhibit A: Definitions

“AB 117” means Assembly Bill 117 (Stat. 2002, Ch. 838, codified at Public Utilities Code Section 366.2), which created Community Choice Aggregation.

“Act” means the Joint Exercise of Powers Act of the State of California (Chapter 5, Division 7, Title 1 of the Government Code commencing with Section 6500).

“Agreement” means this Joint Powers Agreement, as amended from time to time.

“Board” means the Board of Directors of SDCP.

“Community Choice Aggregation” or “CCA” means an electric service option available to cities, counties, and other public agencies pursuant to Public Utilities Code Section 366.2.

“CCA Program” means SDCP’s program relating to CCA that is principally described in Section 2.3 (Purpose) of this Agreement.

“Days” shall mean calendar days unless otherwise specified by this Agreement.

“Director” means a member of the Board representing a Party, including up to two alternate Directors appointed in accordance with Sections 4.1 (Board of Directors) and 4.2 (Appointment and Removal of Directors) of this Agreement.

“Effective Date” means October 1, 2019, as further described in Section 2.1 (Effective Date and Term) of this Agreement.

“Founding Member” means any jurisdiction that joins with the City of San Diego to form SDCP in 2019, as identified in Exhibit B. Founding members shall not incur any expenses related to their membership in SDCP or its operational implementation.

“Governing Body” means: for the County of San Diego, its Board of Supervisors; for any city other than San Diego, its City Council; for San Diego, the Mayor and the City Council; and, for any other public agency, the equivalent policy making body that exercises ultimate decision-making authority over such agency.

“Initial Costs” means implementation costs advanced by the City of San Diego and other Founding Members in support of the formation of SDCP, which are (a) directly related to the establishment of SDCP and its CCA program, and (b) incurred by SDCP or its Members relating to the initial operation of SDCP, such as the hiring of the executive and operations staff, any required accounting, administrative, technical and legal services in support of SDCP’s initial formation activities or in support of the negotiation, preparation and approval of power purchase agreements. Initial Costs do not include costs associated with the investigation of the CCA model, attendance at routine planning meetings, or a Party’s pre-formation reports related to their decision to pursue CCA or join SDCP. The SDCP Board shall determine the repayment timing and termination date for the Initial Costs.

“Investor Owned Utilities” means a privately-owned electric utility whose stock is publicly traded. It is rate regulated and authorized to achieve an allowed rate of return.

“Parties” means, collectively, the signatories to this Agreement that have satisfied the conditions as defined above in “Founding Members” or in Section 2.4 (Addition of Parties) of this Agreement, such that they are considered members of SDCP.

“Party” means, singularly, a signatory to this Agreement that has satisfied the conditions as defined above in “Founding Members” or in Section 2.4 (Addition of Parties) of this Agreement, such that it is considered a member of SDCP.

“Public Agency” as defined in the Act includes, but is not limited to, the federal government or any federal department or agency, this state, another state or any state department or agency, a county, a county board of education, county superintendent of schools, city, public corporation, public district, regional transportation commission of this state or another state, a federally recognized Indian tribe, or any joint powers authority formed pursuant to the Act.

“SDCP” means San Diego Community Power.

“SDCP Document(s)” means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions and activities of SDCP, including but not limited to the Operating Policies and Procedures, the annual budget, and plans and policies.

Exhibit B: List of Founding Members

City of San Diego

City of Chula Vista

City of Encinitas

City of La Mesa

City of Imperial Beach

Exhibit C: Annual Energy Use by Jurisdiction

Party	MWh
San Diego	6,300,000*
Chula Vista	702,000*
Encinitas	231,000**
La Mesa	217,000*
Imperial Beach	108,500

* 2018 data provided by SDG&E

**2017 data provided by SDG&E

Exhibit D: Voting Shares of Founding Members

Party	MWh	Voting Share
San Diego	6,300,000*	49.00%
Chula Vista	702,000*	28.45%
Encinitas	231,000**	9.36%
La Mesa	217,000*	8.79%
Imperial Beach	108,500	4.40%
Total	7,558,500	100.00%

* 2018 data provided by SDG&E

**2017 data provided by SDG&E

Exhibit E: Signature Pages of Founding Members on Original Agreement

SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY –
JOINT POWERS AGREEMENT

Exhibit E: Signatures

CITY OF San Diego

By: _____



_____, Mayor

ATTEST:

By: _____



_____, City Clerk

APPROVED AS TO FORM:

By: _____



_____, Deputy, City Attorney

10/30/19

R-312666

SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY –
JOINT POWERS AGREEMENT

Exhibit E: Signatures

CITY OF Chula Vista

By: Mary Casillas Salas
Mary Casillas Salas, Mayor

ATTEST:

By: Kerry K. Bigelow
Kerry K. Bigelow, City Clerk

APPROVED AS TO FORM:

By: Glen R. Googins
Glen R. Googins, City Attorney

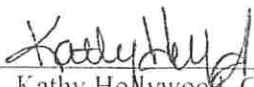
SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY –
JOINT POWERS AGREEMENT

Exhibit E: Signatures


CITY OF Encinitas

By:  10/9/19
Karen P. Brust, City Manager

ATTEST:

By: 
Kathy Hollywood, City Clerk

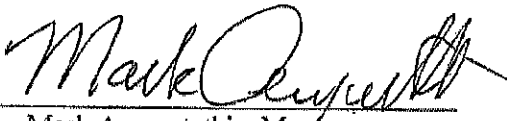
APPROVED AS TO FORM:

By:  9/30/18
Glenn Sabine, City Attorney


SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY -
JOINT POWERS AGREEMENT

Exhibit E: Signatures

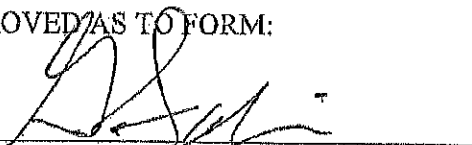
CITY OF La Mesa

By: 
Mark Arapostathis, Mayor

ATTEST:

By: 
Megan Wiegelman, City Clerk

APPROVED AS TO FORM:

By: 
Glenn Sabine, City Attorney

SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY –
JOINT POWERS AGREEMENT

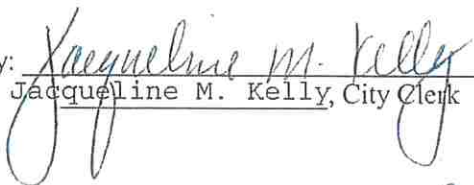
Exhibit E: Signatures

CITY OF Imperial Beach

By: 

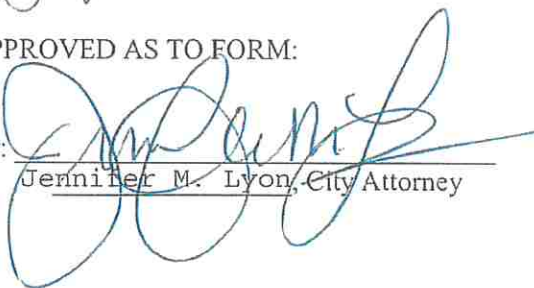
Serge Dedina, Mayor

ATTEST:

By: 

Jacqueline M. Kelly, City Clerk

APPROVED AS TO FORM:

By: 

Jennifer M. Lyon, City Attorney

**FIRST AMENDMENT TO THE
SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY
JOINT POWERS AGREEMENT**

This First Amendment to the Joint Powers Agreement for the San Diego Regional Community Choice Energy Authority (First Amendment) is made and entered into by and between those certain public agencies, hereinafter referred to as the Parties, which have duly executed, pursuant to resolution or ordinance, the Joint Powers Agreement for the San Diego Regional Community Choice Energy Authority (Authority), as follows:

RECITALS

WHEREAS, the Joint Powers Agreement for the San Diego Regional Community Choice Energy Authority (Agreement), was executed by the Cities of San Diego, Chula Vista, Encinitas, La Mesa, and Imperial Beach, effective October 1, 2019, to provide electricity service to residents and businesses located within the municipal boundaries of the public agencies in a responsible, reliable, innovative, and efficient manner.

WHEREAS, on November 21, 2019, the Authority's Board of Directors voted and approved changing the Authority's name from "San Diego Regional Community Choice Energy Authority" to " San Diego Community Power ".

WHEREAS, the Agreement may be amended in the manner set forth in Section 4.12.2, subsection (c) of the Agreement.

Now THEREFORE, it is mutually agreed by and between the Parties hereto to amend the Agreement, as follows:

1. Amendment of Agreement to Change the Name: The Agreement is hereby amended to change the name of the Authority to " San Diego Community Power " All references to "San Diego Regional Community Choice Energy Authority" or "SDRCCEA", such as set out in the title of the Agreement, Section 2 (Formation), and in all other places throughout the Agreement, shall be changed to " San Diego Community Power, or SDCP ".
2. Except as specifically amended herein, the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have caused this First Amendment to be executed
as of the date listed below.

IN WITNESS WHEREOF, the Interim Executive Officer of the Authority, authorized by the
Board on November 21, 2019, has executed this First Amendment of the Joint Powers
Agreement on behalf of the Authority.

SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY

Date: 11/22/19

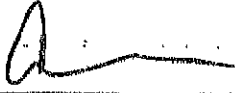
By: 
CODY HOOVEN
Interim Executive Officer

Exhibit F: Signature Pages of Additional Parties

Signature pages of additional Parties shall be attached to this Exhibit in accordance with the Agreement and shall be in substantially the following form:

**SIGNATURE PAGE OF THE [NEW MEMBER] AGREEING TO BECOME A PARTY
TO THE SAN DIEGO COMMUNITY POWER JOINT POWERS AGREEMENT**

Pursuant to [resolution, motion, minute order], the [New Member] hereby agrees to become a Party to the San Diego Community Power Joint Powers Agreement dated October 1, 2019, as amended and restated on [insert] (previously known as the “San Diego Regional Community Choice Energy Authority Joint Powers Agreement”), pursuant to Section 2.4 of the Agreement.

[NEW MEMBER]

By: _____
Name: _____
Title: _____
Date: _____

ATTEST:

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

By: _____
Name: _____
Title: _____

Note: The addition of the above-named entity as a Party to the San Diego Community Power Joint Powers Agreement is subject to satisfaction of the conditions set forth in Section 2.4 of the Agreement and such other reasonable conditions as may be adopted by the San Diego Community Power Board of Directors.

SIGNATURE PAGE OF THE COUNTY OF SAN DIEGO AGREEING TO BECOME A
PARTY TO THE SAN DIEGO COMMUNITY POWER JOINT POWERS AGREEMENT

Pursuant to San Diego Board of Supervisors Minute Order No. 11 of August 31, 2021, the County of San Diego hereby agrees to become a Party to the San Diego Community Power Joint Powers Agreement dated October 1, 2019, as amended on November 22, 2019 (previously known as the "San Diego Regional Community Choice Energy Authority Joint Powers Agreement"), pursuant to Section 2.4 of the Agreement.

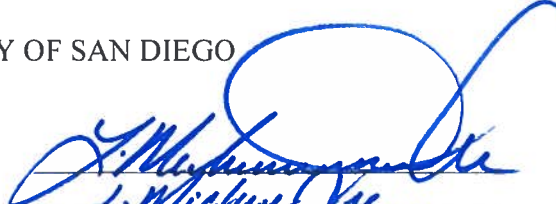
COUNTY OF SAN DIEGO

By:

Name:

Title:

Date:


J. Michael Vee
Assistant Chief Administrative Officer

9.15.2021

APPROVED AS TO FORM AND LEGALITY:

By:

Name:

Title:



Nathan Slegers

Senior Deputy County Counsel

Note: The addition of the above-named entity as a Party to the San Diego Community Power Joint Powers Agreement is subject to satisfaction of the conditions set forth in Section 2.4 of the Agreement and such other reasonable conditions as may be adopted by the San Diego Community Power Board of Directors.

SIGNATURE PAGE OF THE CITY OF NATIONAL CITY AGREEING TO BECOME A
PARTY TO THE SAN DIEGO COMMUNITY POWER JOINT POWERS AGREEMENT

Pursuant to Resolution No. 2021-166 of the City Council of National City, the City of National City, California hereby agrees to become a Party to the San Diego Community Power Joint Powers Agreement dated October 1, 2019, as amended on November 22, 2019 (previously known as the "San Diego Regional Community Choice Energy Authority Joint Powers Agreement"), pursuant to Section 2.4 of the Agreement.

CITY OF NATIONAL CITY

By: 

Name: Alejandra Sotelo-Solis

Title: Mayor

Date: 11/18/21

ATTEST:

By: 

Name: Luz Molina

Title: City Clerk

APPROVED AS TO FORM:

By: 

Name: Charles E. Bell, Jr.

Title: City Attorney

Note: The addition of the above-named entity as a Party to the San Diego Community Power Joint Powers Agreement is subject to satisfaction of the conditions set forth in Section 2.4 of the Agreement and such other reasonable conditions as may be adopted by the San Diego Community Power Board of Directors.

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DOCUMENT ID	5b03a5af40453ec26dbe938de45eefe228d917e9
AUDIT TRAIL DATE FORMAT	MM / DD / YYYY
STATUS	● Completed

Document History



12 / 17 / 2021
18:25:11 UTC

Sent for signature to Joe Mosca (jmosca@encinitasca.gov), Ryan Baron (ryan.baron@bbklaw.com) and Megan Wiegelman (mwiegelman@cityoflamesa.us) from kisley@sdcommunitypower.org
IP: 68.6.212.247



12 / 17 / 2021
18:30:26 UTC

Viewed by Ryan Baron (ryan.baron@bbklaw.com)
IP: 94.176.57.239



12 / 17 / 2021
18:30:29 UTC

Viewed by Joe Mosca (jmosca@encinitasca.gov)
IP: 76.176.116.202



12 / 17 / 2021
18:30:53 UTC

Signed by Ryan Baron (ryan.baron@bbklaw.com)
IP: 74.116.243.2



12 / 17 / 2021
18:31:27 UTC

Signed by Joe Mosca (jmosca@encinitasca.gov)
IP: 76.176.116.202

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STATUS	● Completed

Document History



12 / 17 / 2021
18:38:00 UTC

Viewed by Megan Wiegelman (mwiegelman@cityoflamesa.us)
IP: 12.239.17.209



12 / 17 / 2021
18:38:12 UTC

Signed by Megan Wiegelman (mwiegelman@cityoflamesa.us)
IP: 12.239.17.209



12 / 17 / 2021
18:38:12 UTC

The document has been completed.

Exhibit C: Annual Energy Use by Jurisdiction

Approved February 24, 2022

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

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

Exhibit D: Voting Shares

Approved February 24, 2022

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

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

BYLAWS OF SAN DIEGO COMMUNITY POWER

ARTICLE I FORMATION

San Diego Community Power (“**SDCP**”) was established on October 1, 2019, pursuant to the San Diego Community Power Joint Powers Agreement,¹ as may be amended from time to time (“**JPA Agreement**”). The members of SDCP may be referred to herein individually as a “Member Agency” or collectively as the “Member Agencies.”

ARTICLE II GENERAL PROVISIONS

Section 1. Purpose of SDCP

SDCP was established to procure and/or develop electrical energy for customers in participating jurisdictions, address climate change by reducing energy-related greenhouse gas emissions, promote electrical rate price stability, and foster local economic benefits such as job creation, local energy programs and local power development, and to exercise all other powers common to its Member Agencies that are necessary or appropriate to the accomplishment of these and other purposes, as further specified in the JPA Agreement.

Section 2. Purpose of Bylaws

The JPA Agreement authorizes the Board of Directors to adopt such bylaws, rules and regulations as are necessary or desirable to accomplish the purposes of the JPA Agreement; provided, however, that nothing in the bylaws, rules or regulations shall be inconsistent with the JPA Agreement. By approving these Bylaws, the Board intends to adopt additional procedures concerning basic governance, internal organization, Board committees, and other matters addressed in these Bylaws.

Section 3. Definitions

Unless specifically defined in these Bylaws, all defined terms shall have the same meaning as ascribed to them in the JPA Agreement.

Section 4. Precedence

In the event of any conflict between these Bylaws and the JPA Agreement, the JPA Agreement shall control and these Bylaws shall be amended or clarified to eliminate such conflict.

¹ SDCP was originally established and known as the San Diego Regional Community Choice Energy Authority. The agency’s name and the title of the JPA Agreement were changed by the First Amendment to the JPA Agreement, dated November 21, 2019.

ARTICLE III

BOARD OF DIRECTORS

Section 1. Board of Directors

Having at least five Member Agencies, SDCP is governed by a Board of Directors ("**Board**") composed of one representative of each of the Member Agencies. The Board shall have all the powers and functions set forth in Sections 3 and 4 of the JPA Agreement. The governing body of each Member Agency shall appoint and designate in writing one regular Director, who shall be authorized to act for and on behalf of such Member Agency. The regular Director shall be a member of the governing body of the appointing Member Agency.

Section 2. Alternates

The governing body of each Member Agency shall also appoint and designate in writing one alternate Director who may vote on matters when the regular Director is absent from a meeting. The alternate is not required to be a member of the governing body of the appointing Member Agency. The alternate Director shall have all the rights and responsibilities of the primary Director when serving in his or her absence; provided, however, that alternate Directors who are not members of the governing body of the appointing Member Agency shall not attend closed session meetings pursuant to Article V, Section 4 of these Bylaws and applicable law. As further described in Article VIII, Section 4, alternate Directors may serve on committees, vote on matters in committee, chair committees, and fully participate in discussion and debate during meetings.

Section 3. Resignation

A Director may resign at any time by giving written notice to the Board Secretary. The notice of resignation may specify a date on which the resignation will become effective.

Section 4. Vacancy

If at any time a vacancy occurs on the Board, for whatever reason, a replacement shall be appointed by the governing body of the subject Member Agency.

Section 5. Compensation

The Board may adopt by resolution a policy relating to compensation of its Directors.

ARTICLE IV

BOARD OFFICERS AND TERMS OF OFFICE

Section 1. Chair

For each calendar year, the Board shall elect a Chair from among the Directors. The Chair shall be the presiding officer of all Board meetings and perform other duties as may be imposed by the Board. In the event of a vacancy, the position shall be filled at the next regular meeting of the Board held after such vacancy occurs or as soon as practicable thereafter.

Section 2. Vice Chair

For each calendar year, the Board shall elect a Vice Chair from among the Directors. The Vice Chair shall preside in the absence of the Chair and perform other duties of the Chair in his or her absence. In the event of a vacancy, the position shall be filled at the next regular meeting of the Board held after such vacancy occurs or as soon as practicable thereafter.

Section 3. Election of Chair and Vice Chair

At its first meeting of each calendar year or as soon thereafter as possible, the Board shall elect the Chair and Vice Chair of SDCP.

Section 4. Terms of Office

The terms of office of the Chair and Vice Chair shall continue for one year or until a successor is elected. There shall be no limit on the number of terms.

**ARTICLE V
MEETINGS**

Section 1. Regular Meetings

The Board shall hold at least four regular meetings per year, but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour, and place of each regular meeting shall be fixed annually by resolution of the Board.

Section 2. Special and Emergency Meetings

Special and emergency meetings of the Board may be called in accordance with the provisions of Government Code sections 54956 and 54956.5, respectively.

Section 3. Open Meetings

All meetings of the Board shall be conducted in accordance with the provisions of the Ralph M. Brown Act (California Government Code § 54950 *et seq.*). Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law.

Section 4. Attendance of Alternates in Closed Session

Pursuant to Government Code section 54956.96(a)(2), the SDCP Board hereby authorizes an alternate Director who is also a member of the governing body of a Member Agency, and is attending a properly noticed SDCP Board meeting in the absence of the regular Director, to attend a closed session held during such meeting. Pursuant to section 54956.96(a)(2), alternate Directors who are not a member of the governing body of a Member Agency may not attend a closed session meeting of SDCP.

Section 5. Preparation of Agendas

The Chief Executive Officer or a designee shall prepare the agenda for each Board meeting. Agenda items will be generated by the need to conduct SDCP's business in a timely manner. The Chief Executive Officer shall review with the Board Chair, or the Vice-Chair in the absence of the Chair, the agenda for regular meetings of the Board.

Section 6. Addition of Agenda Items Before a Meeting

Board Members may add a “**Board Member Initiated Agenda Item**” to a future meeting agenda. Board Member Initiated Items are prepared by the requesting Board Member and require no staff time. Board Member Initiated Items must be submitted to the Chief Executive Officer at least ten (10) days prior to the next Board meeting.

In addition, items may be added to a future Board meeting agenda in the following ways:

- A. The Chair provides an express oral direction to the Chief Executive Officer during a Board meeting. If a Board Member disagrees with the Chair’s direction, the Board Member may make a motion regarding the addition of the item without discussion of the substance of the item.
- B. For items requiring staff time, an item shall be added by motion without discussion of the substance of the item.
- C. Requests from members of the audience, after being authorized to speak, may be added to a future agenda by a Board Member as a Board Member Initiated Agenda Item, as discussed above. If the item requires staff time, the item may be added only by motion without discussion of the substance of the item.
- D. The Chair or a majority of the Board may refer items to a committee for further review.

Section 7. Modification of Agenda Order; Addition of Items During a Meeting

The order of items on the agenda may be modified by the Chair if there is no objection, or by a motion and majority vote of the Board. No action or discussion may be undertaken on any item not appearing on the posted agenda, except as allowed under the Brown Act.

Section 8. Consent Calendar

The consent calendar shall consist of items which appear to be routine or ministerial in nature on which no Board discussion will be required. Before adopting the consent calendar, the Chair will ask Board Members whether anyone wishes to move a matter from the consent calendar to the regular agenda. Members of the public may also request to move a matter from the consent calendar to the regular agenda. The Board will then proceed with consideration of the remaining consent calendar. The consent calendar will be acted upon in one motion without discussion. Items pulled from the consent calendar will be considered immediately following adoption of the remaining consent calendar, and staff reports will only be given if requested by the Board Member who pulled them.

Section 9. Public Comments

Agendas of regular meetings shall provide an opportunity for members of the public to address the Board on any item within the jurisdiction of SDCP which are not on the agenda. Generally, speakers shall be limited to three (3) minutes each, with 30 minutes being provided for non-agenda public comments. If the number of speakers is estimated to exceed the 30-minute period, the Chair may, in his or her discretion, reduce the time allotted to each speaker, extend

the period for non-agenda public comment, or continue the remaining comments to the end of the agenda. For public comments on agenda items, the Chair may reduce the time allotted to each speaker in his or her discretion.

Section 10. Order and Procedure at Meetings

All meetings of the Board shall be conducted in an orderly manner designed to expedite the business of the Board in accordance with applicable law, the JPA Agreement, and these Bylaws. Except as otherwise provided in these Bylaws, Robert's Rules of Order will be used as a guide to resolve questions of parliamentary procedures. The General Counsel shall serve as the Parliamentarian.

Section 11. Rules of Debate and Decorum

Debate upon all matters pending before the Board shall be under the supervision of the Chair and conducted in such a manner as to expedite the business of the Board. Every Board Member desiring to speak shall so indicate by using the "request to speak" button, if available, or otherwise address the Chair. Upon recognition by the Chair, the Board Member shall confine remarks to the item under consideration. A Board Member, once recognized, shall not be interrupted when speaking unless it is to call the Board Member to order. If a Board Member while speaking is called to order, the Board Member shall cease speaking until the question of order is determined.

ARTICLE VI

QUORUM AND VOTING

Section 1. Quorum

A simple majority of the Directors shall constitute a quorum. No actions may be taken by the Board without a quorum of the Directors present. If a Member Agency fails to be represented by a Director or alternate Director in more than one meeting in a 12-month period, the Board may take action by publicly noticing the Member Agency that they are at risk of lack of representation within SDCP.

Section 2. Equal Vote

In general, except when Special Voting is expressly required, Board action shall require votes of a majority of the total number of the Directors of the Board. All votes taken pursuant to this provision shall be referred to as an "**Equal Vote.**" The consequence of a tie vote shall generally be "no action" taken. Notwithstanding the foregoing, an Equal Vote may be subject to a "**Voting Shares Vote.**"

Section 3. Voting Shares Vote

- A. At the same meeting at which an Equal Vote action was taken, three or more Directors shall have the right to request and have conducted a "Voting Shares Vote" to reconsider that action. Approval of a proposed action by a Voting Shares Vote to reconsider an Equal Vote action shall require the affirmative vote of Directors representing a two-thirds

supermajority (66.7%) of the “Voting Shares” cast. The formula and process for allocating Voting Shares is set forth in the JPA Agreement. If a Voting Shares Vote for reconsideration fails, the legal effect is to affirm the Equal Vote with respect to which the Voting Shares Vote was taken. If the Voting Shares Vote succeeds, the legal effect is to nullify the Equal Vote with respect to which the Voting Shares Vote was taken. If the underlying Equal Vote was a tie, the Voting Shares Vote replaces that tie vote. No action may be taken solely by a Voting Shares Vote without first having taken an Equal Vote.

- B. The formula for a Voting Shares Vote shall be determined pursuant to Section 4.11.3 of the JPA Agreement.

Section 4. Special Voting

Except as provided below, matters that require Special Voting shall require 72 hours’ notice prior to any regular or special meeting.

- A. A two-thirds vote of the appointed Directors (or such greater vote as required by State law) shall be required to take any of the following actions:
 - 1. Issue bonds or other forms of debt;
 - 2. Adding or removing Member Agencies;
 - 3. Amending or terminating the JPA Agreement or adopting or amending these Bylaws. At least 30 days’ advance notice shall be provided to each Member Agency as provided in Article X of these Bylaws. The Authority shall also provide prompt written notice to all Member Agencies of the action taken and enclose the adopted or modified document(s); and
- B. A three-fourths vote shall be required to initiate any action for eminent domain.
- C. Matters requiring Special Voting shall not be subject to Voting Shares Voting.

ARTICLE VII

POLICY REGARDING CONFIDENTIAL INFORMATION DISCLOSED DURING CLOSED SESSIONS

Information obtained during closed sessions of the Board shall be confidential. Notwithstanding, under certain circumstances, it may be necessary and appropriate for Directors to divulge certain confidential information obtained in closed sessions to representatives of their Member Agencies as authorized by law. Therefore, these Bylaws adopt the policy set forth in California Government Code section 54956.96, which authorizes the disclosure of confidential closed session information that has direct financial or liability implications for that Member Agency as follows:

- A. A Director or alternate Director who is also a member of the governing body of a Member Agency may disclose information obtained in an SDCP closed session that has direct financial or liability implications for that Member Agency to the following individuals:
 - 1. Legal counsel of that Member Agency for purposes of obtaining advice on whether the matter has direct financial or liability implications for that Member Agency; and
 - 2. Other members of the governing body of the Member Agency present in a closed session of that Member Agency.
- B. The governing body of the Member Agency may, upon the advice of its legal counsel, conduct a closed session in order to receive, discuss, and take action concerning information obtained in a closed session of SDCP pursuant to this Article.

ARTICLE VIII

BOARD COMMITTEES

Section 1. Committees

As further provided in the JPA Agreement, the Board may establish advisory commissions, boards, and committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the CCA Program, related to energy programs, and the provisions of the JPA Agreement.

The Finance and Risk Management Committee is a “Standing Committee” of the Board, and the Executive Committee, if established, shall also be a Standing Committee. Other committees composed of Board members with continuing subject matter jurisdiction, or having a meeting schedule fixed by charter, ordinance, resolution, or formal action of the Board, shall also be Standing Committees of the Board.

Section 2. Appointment to Standing Committees

For Standing Committees, the Chair shall nominate committee members, subject to approval by a majority vote of the Board. If the Board fails to approve the Chair’s nomination(s) to a Standing Committee, the Board may entertain a motion for the appointment of committee members.

Section 3. Committee Voting

Action by a committee on all matters shall require an affirmative vote of a majority of the members of the committee who are present at the meeting.

Section 4. Alternate Directors in Standing Committees

Alternate Directors may serve on a Standing Committee, vote on matters in committee, chair a committee, and fully participate in discussion and debate during committee meetings. In addition, in the event a member of a Standing Committee is unavailable to attend a duly noticed meeting of that committee, the alternate Director representing the same Member Agency as the absent Director may attend and, if applicable, vote in the committee meeting in place of the

absent Director. The alternate Director may also chair the committee and fully participate in discussion and debate during meetings when the regular Director is absent. Notwithstanding the above, this section shall not apply to the Executive Committee or as provided in Article V, Section 4 of these Bylaws.

Section 5. Removal of Committee Members

The Board may remove a committee member from a committee, with or without cause, by a majority vote of the Board.

Section 6. Ad Hoc Committees

The Board may establish temporary ad hoc advisory committees that: (a) are composed of less than a quorum of the Board, (b) have no continuing subject matter jurisdiction, and (c) have no meeting schedule fixed by charter, ordinance, resolution, or formal action of the Board. The Chair shall appoint the members of such ad hoc committees.

ARTICLE IX

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer shall be responsible for the day-to-day operation and management of SDCP and the CCA Program. The Chief Executive Officer may exercise all powers of the Authority, except those powers specifically reserved to the Board under the JPA Agreement (including, but not limited to, those powers reserved in Section 4.6, Specific Responsibilities of the Board) or these Bylaws, or those powers which by law must be exercised by the Board.

ARTICLE X

PROCEDURES FOR AMENDING JPA AGREEMENT AND BYLAWS

Section 1. General Requirements

Under Section 4.12.2 of the JPA Agreement, the Board may adopt amendments to the JPA Agreement and these Bylaws by a two-thirds vote following 30 days' advance written notice to the Member Agencies. This Article provides further procedures concerning SDCP's consideration and approval of amendments to the JPA Agreement and these Bylaws.

Section 2. Initial Consideration; Notice to Member Agencies

The Board shall consider proposed amendments to the JPA Agreement or these Bylaws at an open and public meeting of the Board. Following such consideration, the Board may, by majority vote, direct the Chief Executive Officer to provide written notice of the proposed amendment(s) to the Member Agencies in any manner permitted under Section 9.4 of the JPA Agreement.

Section 3. Adoption of Amendments

At a Board meeting held at least 30 days after such notices have been provided, the Board may consider adoption of the proposed amendment(s) to the JPA Agreement or these Bylaws, which

shall require a two-thirds vote of the Board. The Authority shall provide prompt written notice to all Member Agencies of the action taken and enclose the adopted or modified document(s).

Mission Statement

San Diego Community Power is a community-owned organization that provides affordable clean energy and invests in the community to create an equitable and sustainable future for the San Diego region.



Vision Statement

A global leader inspiring innovative solutions to climate change by powering our communities with 100% clean affordable energy while prioritizing equity, sustainability, and high-quality jobs.



Core Values



Justice, Equity, Diversity, & Inclusion (JEDI)



Impact



Integrity



Innovation



Servant Leadership

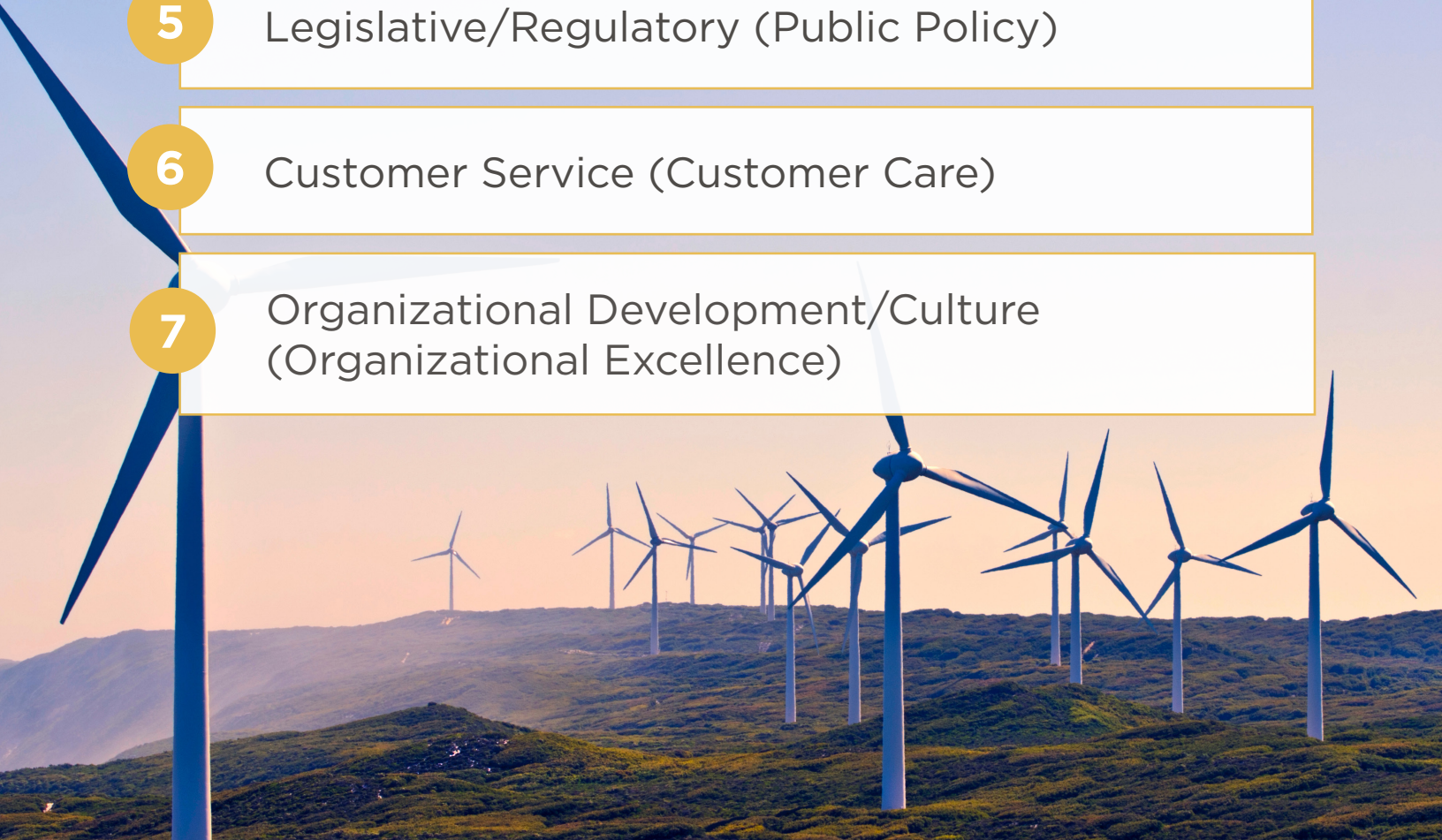


Togetherness



Key Focus Areas and Goals

- 1 Financial Stability (Financial Sustainability)
- 2 Energy Portfolio Development (Power Procurement)
- 3 Community Program Delivery (Community Projects & Programs)
- 4 Marketing/Branding (Trusted Brand Building)
- 5 Legislative/Regulatory (Public Policy)
- 6 Customer Service (Customer Care)
- 7 Organizational Development/Culture (Organizational Excellence)



Key Focus Areas and Goals (expanded)

1

Financial Stability – Practice fiscal strategies to promote long-term organizational sustainability.

- Adopt financial controls and policies to meet or exceed best practices and manage risk.
- Obtain an investment grade credit rating by Nov 2025.
- Adopt plan to increase reserves to \$175M by 10/2023 (90 DCOH) and \$360M by 10/2025 (180 DCOH).
- Develop Rate Stabilization Reserve of \$70M to mitigate power cost fluctuations and economic downturns.

2

Energy Portfolio Development - Provide sufficient, reasonably priced, clean electricity to our customers.

- Manage portfolio to manage risk, cost and reliability objectives through risk management tools, sufficient staffing, and staff training.
- Develop secure Clean Energy Portfolio with goals of: 50% RE (2022), 75% (2027), 85% (2030), and 100% (2035).
- 15% of our energy coming from new, distributed infill storage/solar+ storage resources within Member Agencies by 2035.
- Support development of innovative energy sources to improve resiliency through pilot programs, grant programs, and partnerships.
- Create high quality local jobs in renewable energy that support healthy families and vibrant communities.

3

Community Program Delivery - Implement energy projects and programs that reduce greenhouse gas emissions, align energy supply and demand, and provide benefits to community stakeholder groups.

- Implement CPP recommended programs through continuous community engagement and assessment of community benefits while considering technology/ market changes and changing community needs.
- Invest in programs that target underserved communities (communities of concern) and are distributed throughout our Member Agencies.
- Invest in programs that promote residential and commercial solar, infill solar and/or distributed battery storage.
- Develop local support for deep decarbonization through building and transportation electrification.
- Develop workforce opportunities in the local clean energy economy (green careers).
- Support local government and state initiatives to advance decarbonization in alignment with Member Agency Climate Action Plans.
- Provide all customers with actionable clean energy education.
- Maintain appropriate and sufficient data sources to support smart program design, implementation and evaluation.

4

Brand Building – Develop trusted brand reputation to help drive participation in programs and ensure support customer service and retention.

- Identify and address gaps between perception and desired brand identity.
- Translate policy issues into consumer-friendly information and communication.
- Become known as leadership experts on the CCA model and the industry.
- Foster relationships with city planning offices, CBOs, NGOs, and Trade Associations.
- Develop relationships with industry media and influencers.
- Engage community through participation in local events.

5

Public Policy – Advocate for public policies that advance SDCP organizational priorities.

- Proactively educate and engage policymakers to develop policies that support SDCP's organizational priorities, including advocacy around PCIA reductions.
- Sponsor and support legislation and regulation that is consistent with SDCP's mission, vision, and goals.
- Develop annual legislative plan to advance and support SDCP objectives and share plan with local Senate and Assembly members and staff.
- Develop plan to meet more proactively with and educate key decisionmakers (e.g. CEC, CPUC commissioners).
- Coordination with Member Agency government affairs' teams to align on legislative positions.
- Continue to be an active participant in CalCCA and develop partnerships and coalitions to advance SDCP's policy and legislative agenda through CalCCA efforts.

6

Customer Service – Ensure high customer retention and satisfaction.

- Ensure customer satisfaction through key relationships including back-office support and key stakeholders.
- Continually strive to offer competitive rates.
- Maintain and grow high levels of customer participation and satisfaction.
- Achieve 10% of our load at the Power 100 service level by 2027.
- Build a robust data ecosystem for effective procurement as well as program design, management and evaluation.

7

Organizational Excellence – Ensure excellence by adopting sustainable business practices and fostering a workplace culture of innovation, diversity, transparency and integrity.

- Create an organizational culture of inclusion, mutual respect, trust, innovation, and collaboration that upholds organizational core values.
- Develop an annual staffing plan that identifies and addresses resource needs and gaps.
- Provide training and professional development opportunities that build new skills and abilities.
- Foster culture of innovation to yield solutions that accelerate our mission and drive toward SDCP's vision.
- Design and implement an internship program that attracts workforce from our member cities and creates opportunities for candidates new to CCAs and the industry.
- Build institutional capacity of CAC to support the mission and core goals of SDCP.

San Diego Community Power



We are a locally managed, not-for-profit, public agency that focuses on what families need and want most when it comes to their energy.

About SDCP

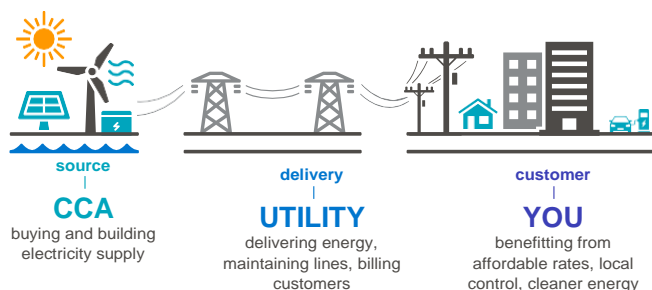
San Diego Community Power (SDCP) is a local provider of electricity that will serve your community by bringing you cleaner energy at competitive rates. We put our communities first, helping you take a giant step toward a more sustainable energy future.

Who We Serve

SDCP will provide renewable electricity service to nearly a million customers in the cities of **Chula Vista, Encinitas, Imperial Beach, La Mesa, National City, San Diego, and Unincorporated San Diego.**

HOW IT WORKS

CCAs are locally-run, not-for-profit energy providers that benefit local communities by providing local control of energy choices, focusing on people rather than profits and creating a cost competitive, proven path to 100 percent renewable energy.



What Stays the Same and What Changes

	New	Stays the Same
Call SDG&E to start or stop service and report outages		X
Receive one bill each month		X
Choice of energy providers	X	
Competitive pricing	X	
Higher renewable content	X	

POWERFUL REASONS TO CHOOSE SDCP

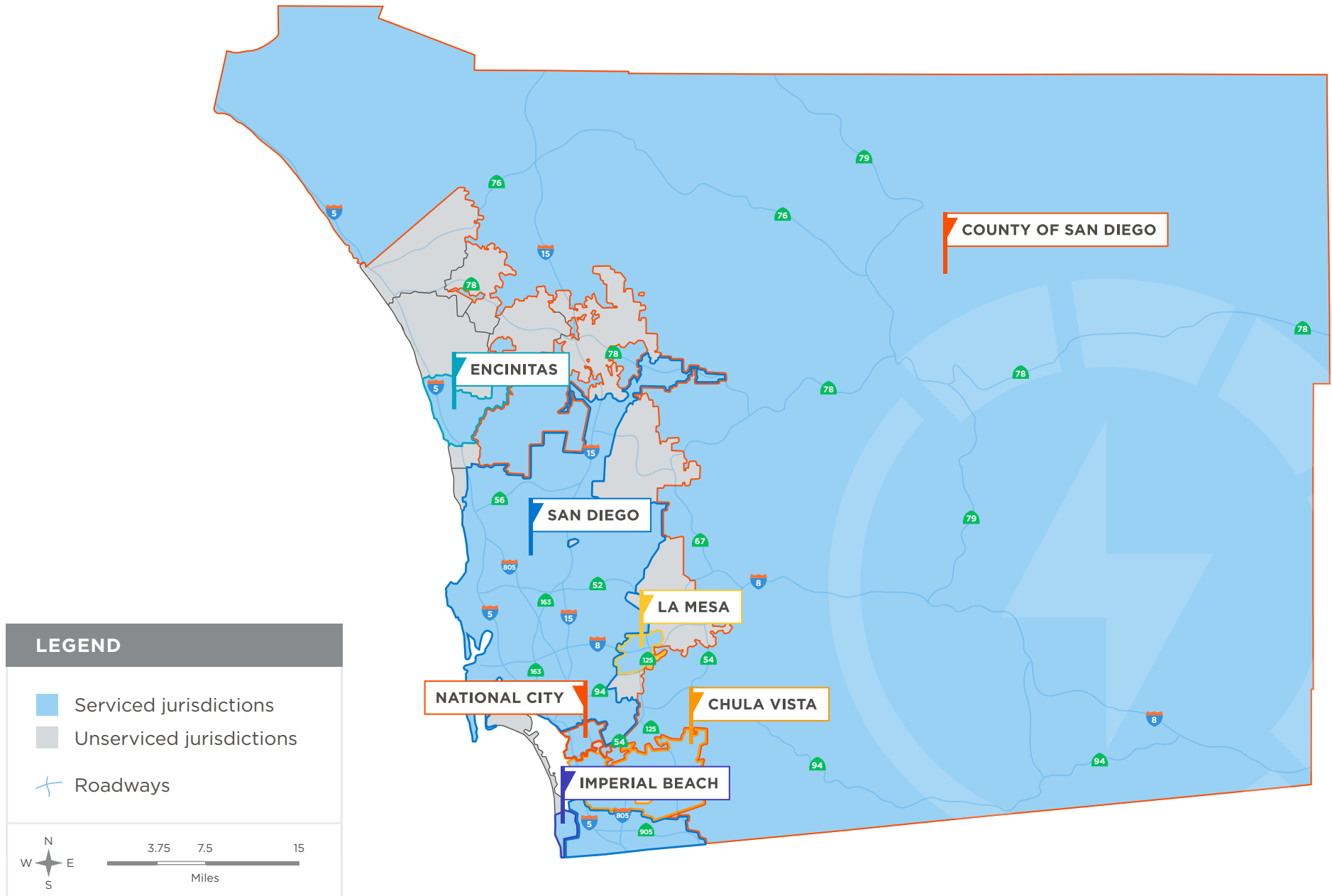
Customer-Driven Choice— CCAs were created to advocate for ratepayers by providing choice for the first time and shifting control of local energy decisions from profit-driven, investor-owned utilities into the hands of residents and businesses. Competition supports increased transparency, more customer programs, and a better overall customer experience.

Future-Focused— SDCP will offer tiered programs that provide cleaner energy at competitive rates, helping us reach our climate action goals and supporting healthier communities today and for the future.

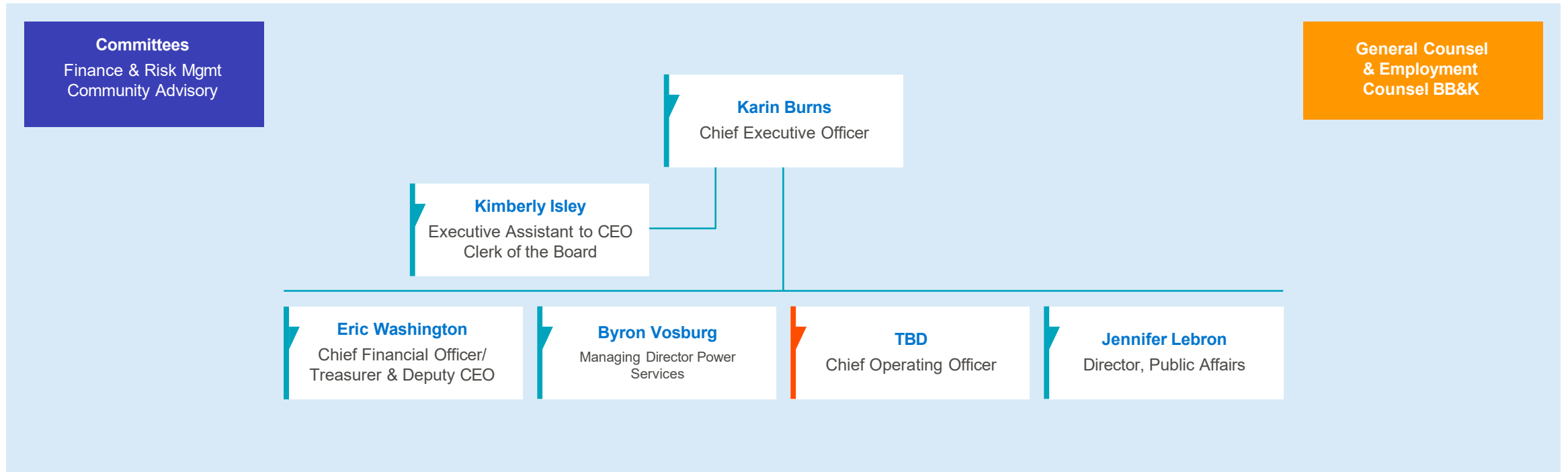
Proven Path to Saving Money and Our Environment— There are currently 25 successful CCAs operating in over 200 communities around California. SDCP is the second largest in the state by providing the same reliability and affordable electricity service from cleaner, sustainable sources.

Local Management, Investment and Jobs— As a locally-run not-for-profit energy provider, SDCP will never be taxpayer funded and will support economic vitality by providing cleaner energy at competitive rates and funding local renewable energy projects.

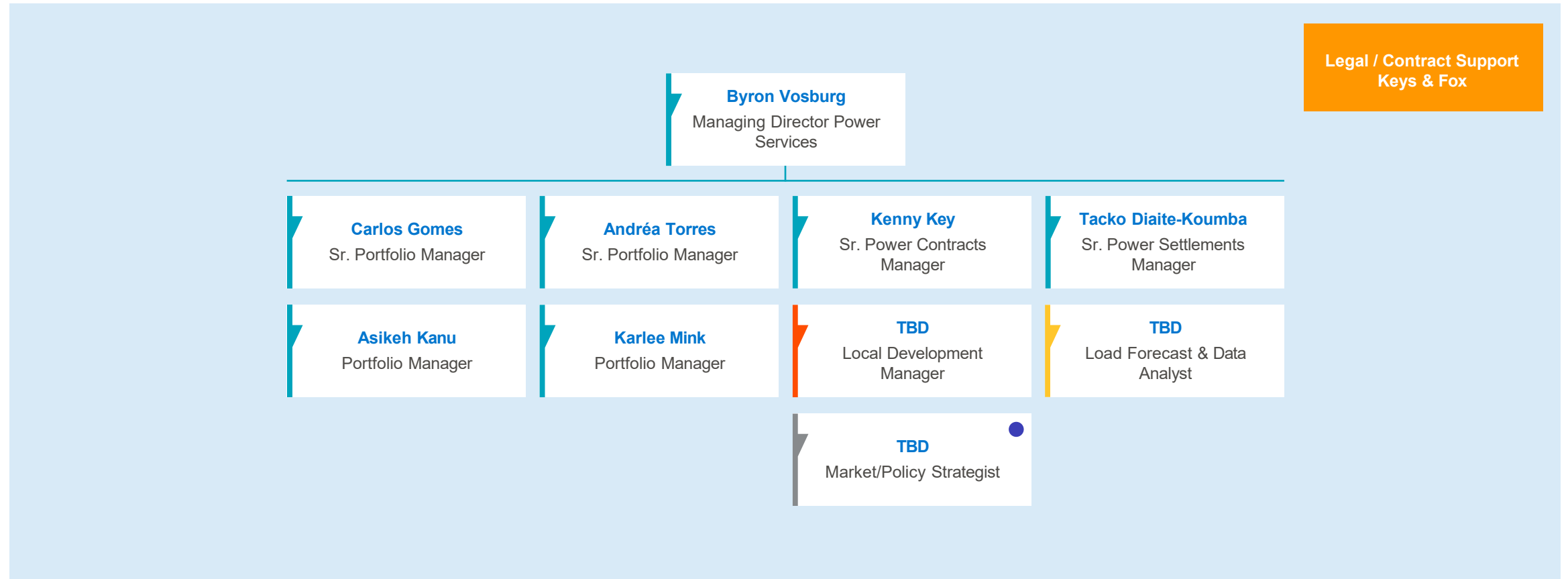
SERVICE AREA MAP



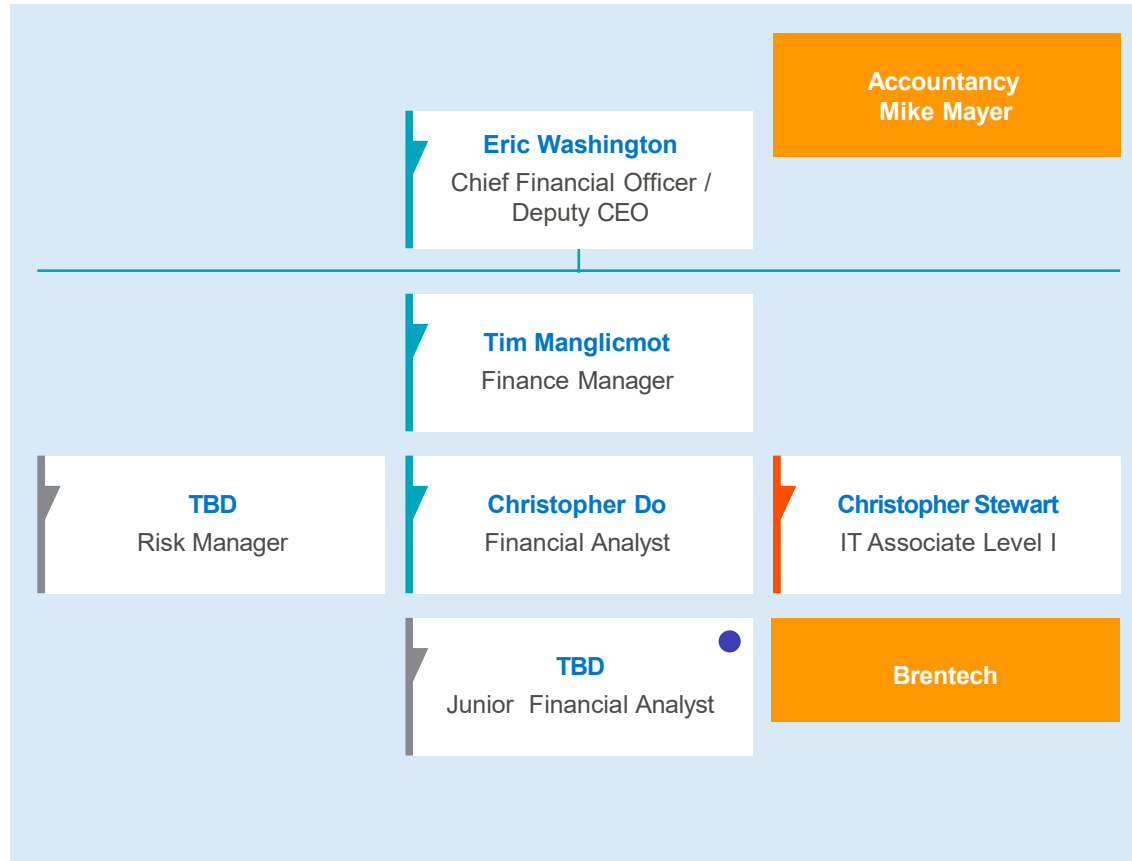
Board of Directors



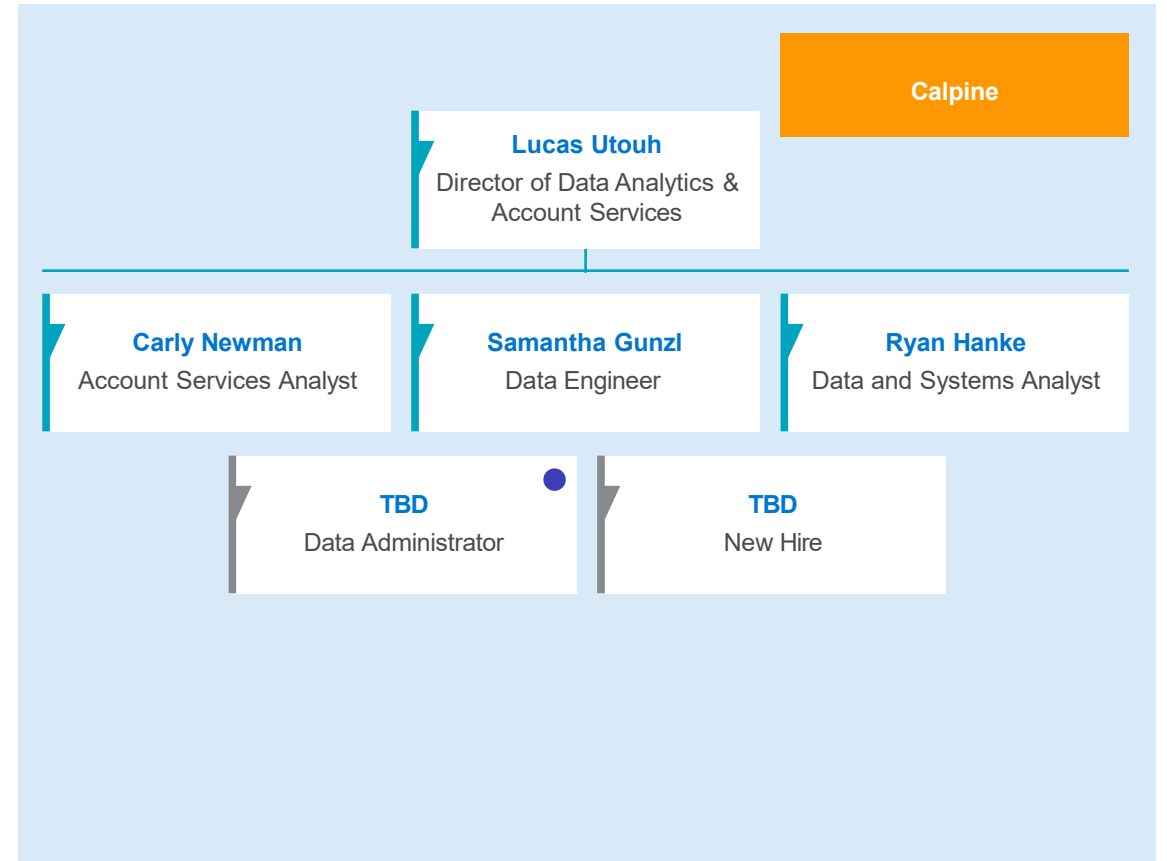
Power Services



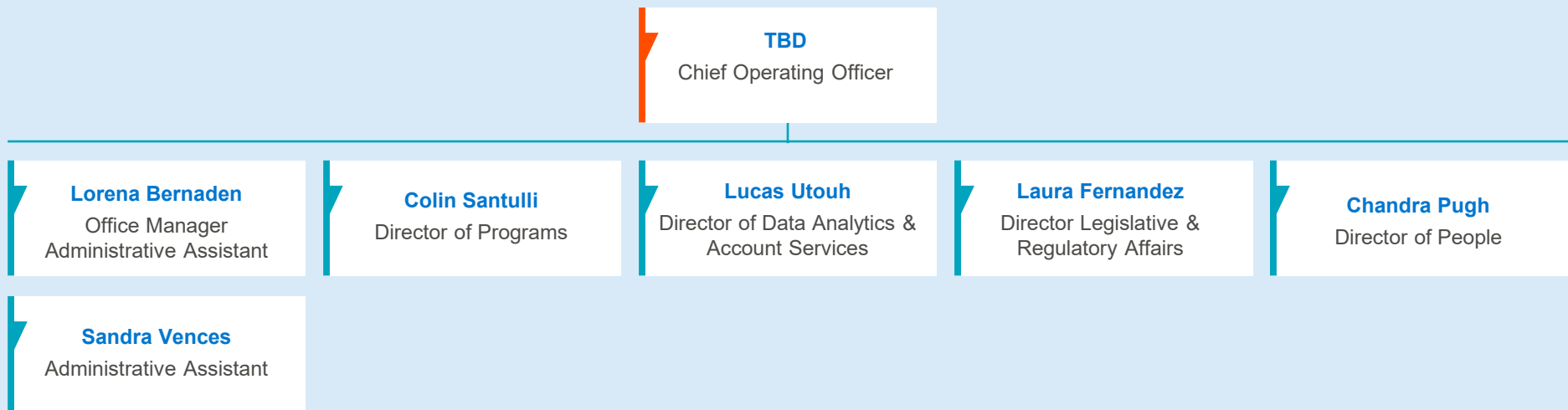
Finance



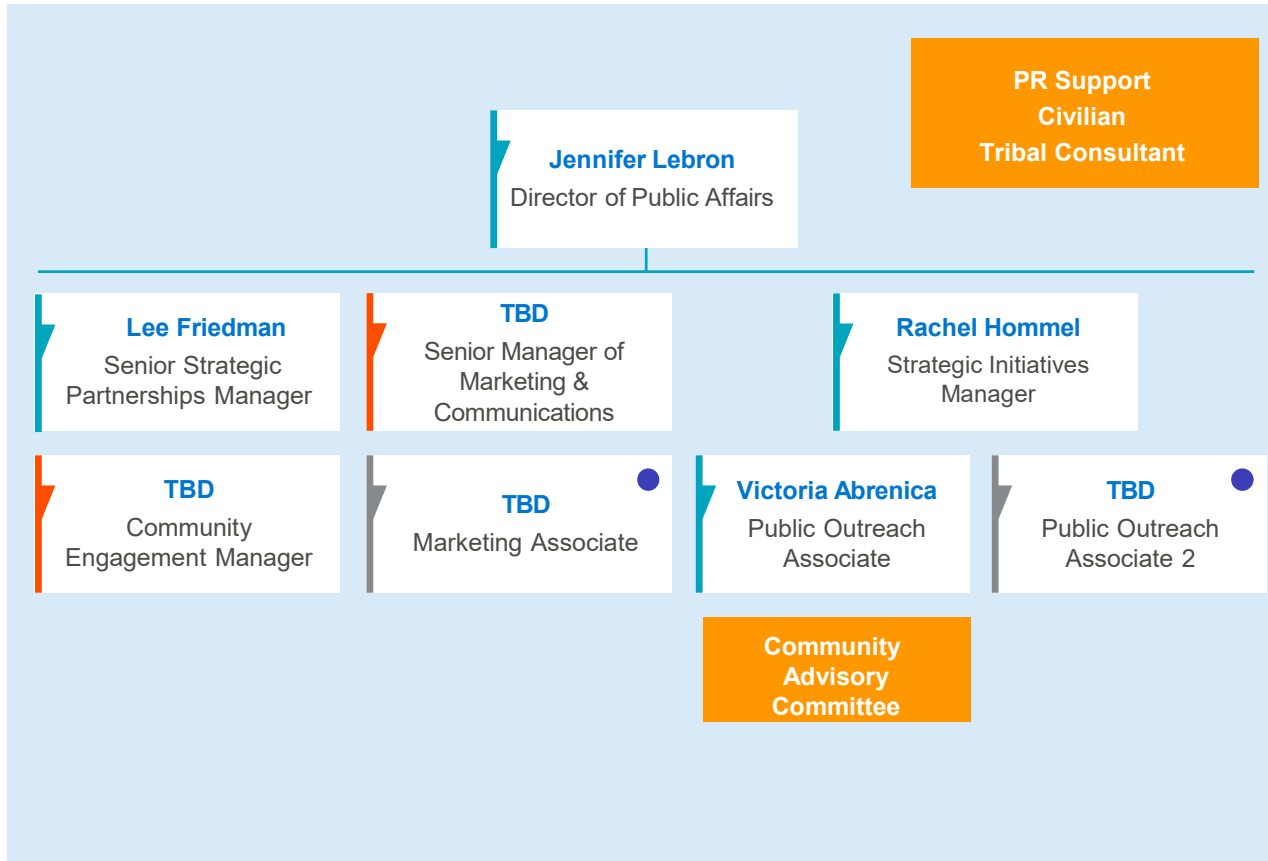
Data Analytics & Account Services



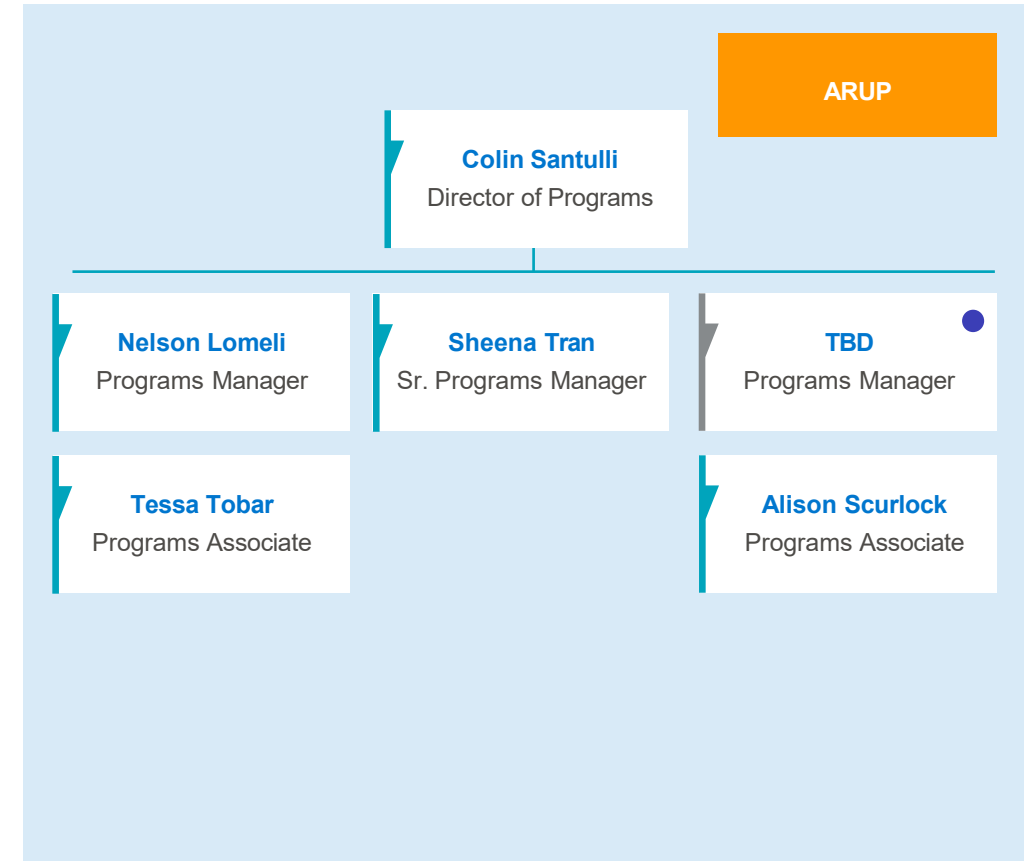
Operations



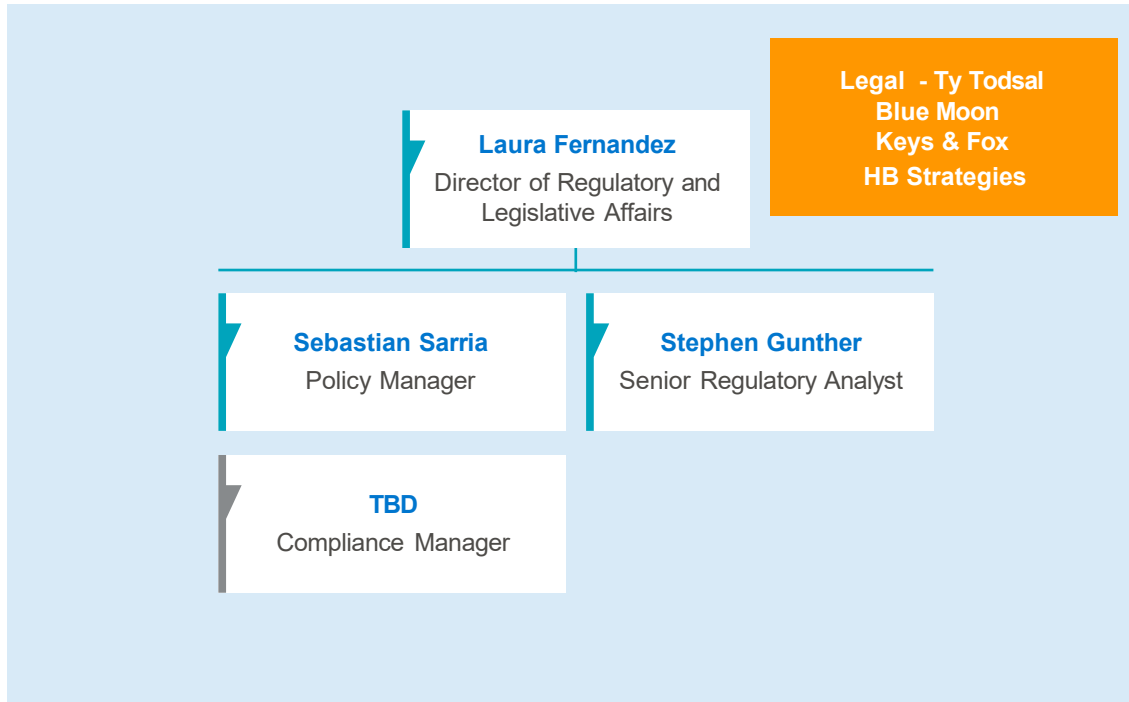
Public Affairs



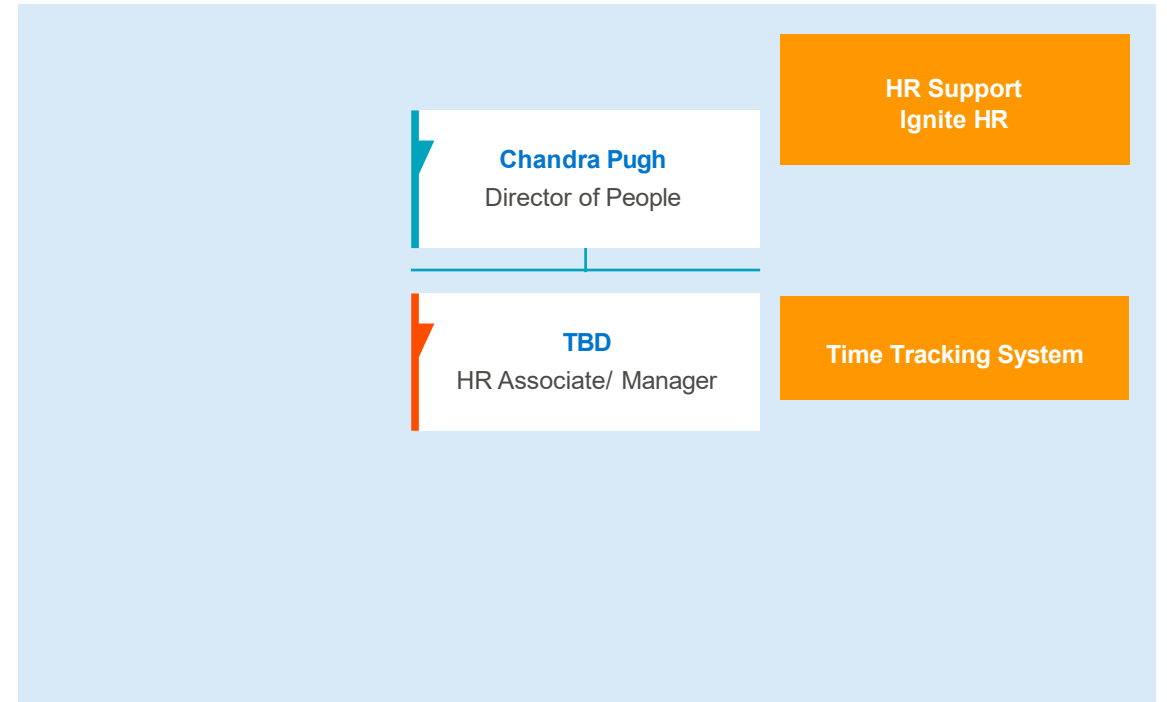
Programs



Regulatory & Legislative Affairs



Human Resources



Standard LSE Plan

San Diego Community Power

2022 INTEGRATED RESOURCE PLAN

NOVEMBER 1, 2022

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I. Introduction and Executive Summary

a. Introduction

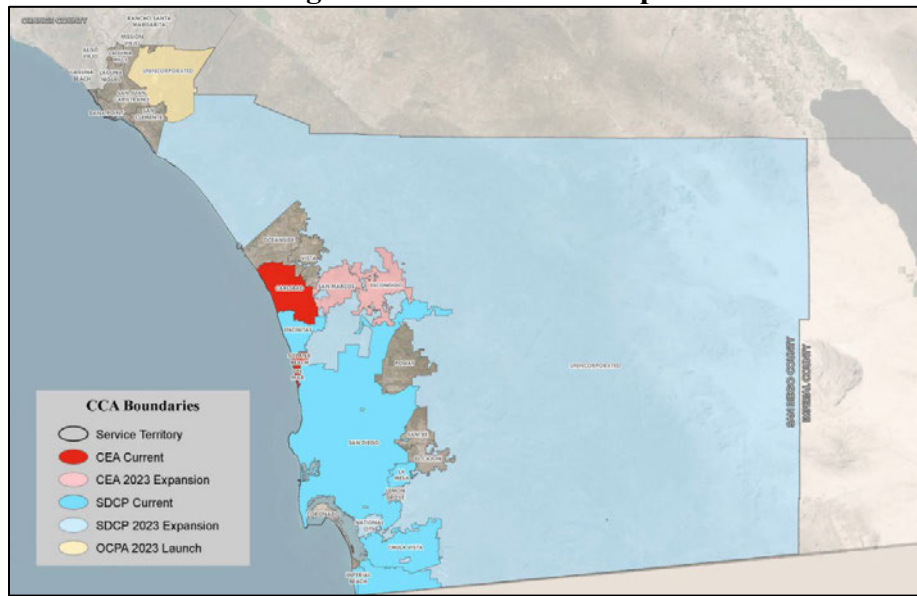
Description of San Diego Community Power

San Diego Community Power (“SDCP”) is a Joint Powers Authority (“JPA”) formed by the communities of Chula Vista, Encinitas, Imperial Beach, La Mesa, and San Diego in October 2019. In November 2021, SDCP’s founding member agencies were joined by National City and the unincorporated areas of San Diego County. As a JPA, SDCP is a local government agency. SDCP is governed by a seven-member board composed of representatives of its member local governments. Through these representatives SDCP is controlled by and accountable to the communities SDCP serves. SDCP plans to provide retail electric generation services and complementary energy programs to customers within the municipal boundaries of the following communities:

- City of Chula Vista
- City of Encinitas
- City of Imperial Beach
- City of La Mesa
- City of National City
- City of San Diego
- County of San Diego

SDCP commenced retail electric service to its first phase of customer enrollments in March 2021. As of June 2022, SDCP successfully completed the majority of its planned phase-in activities of its founding five member agencies, with service to National City and the unincorporated areas of the County of San Diego expected to commence in April 2023. Net Energy Metering customers are being enrolled into SDCP as of their month of true up. Following the completion of upcoming expansion activities in 2023, SDCP expects to serve approximately 930,000 service accounts, which are expected to consume about 8,400 gigawatt hours (“GWh”) per year.

Figure 1: Service Area Map



Source: <https://www.sdge.com/customer-choice/community-choice-aggregation/active-ccas>

As of June 30, 2022, SDCP served approximately 629,900 residential accounts and 70,800 commercial and industrial accounts based on meter count. SDCP provides retail generation service to a variety of customer classes, including residential, small, and medium commercial accounts, large industrial consumers, and agricultural and pumping facilities. SDCP’s service area has a population of 1,811,684, the majority of which live in households or work at businesses that receive generation service from SDCP. In 2021, SDCP had a peak load of 751 (“megawatts”) MW, and a total 2021 energy usage of 2,129 GWh.

At launch, SDCP’s governing board approved a minimum 50 percent renewable energy supply portfolio for all participating customers with a 100 percent renewable retail service option available on a voluntary basis. These retail service offerings have been named “PowerOn” and “Power100,” respectively. The minimum quantity of renewable energy delivered to SDCP customers is expected to increase over time, moving to 85 percent by 2030.

SDCP’s Mission

SDCP was formed for the express purpose of empowering its member communities to choose the generation resources that reflect their specific values and needs. SDCP was established to procure and develop electrical energy for customers in participating jurisdictions, address climate change by reducing energy-related greenhouse gas emissions, promote electrical rate price stability and affordability, and foster local economic benefits such as job creation, local energy programs and local power development while prioritizing equity. Consistent with Public Utilities Code Sections 366.2(a)(5) and 454.52 (b)(3),¹ all procurement by SDCP, including the

¹ Pub. Util. Code, §§ 366.2(a)(5)(CCAs are solely responsible for all generation procurement activities absent other arrangements authorized by statute); 454.52 (b)(3) (CCA’s IRPs must be approved by board and provided to Commission for certification).

portfolios set forth in this integrated resource plan (“IRP”), must comply with policy direction provided by SDCP’s governing board.

Introduction to SDCP’s IRP

In accordance with the requirements of California Public Utilities Code (“PUC”) Sections 454.51 and 454.52 and California Public Utilities Commission (“Commission”) Decision (“D.”) D.22-02-004, *Administrative Law Judge’s Ruling Finalizing Load Forecasts and Greenhouse Gas Emissions Benchmarks for 2022 Integrated Resource Plan Filings*,² and guidance provided by the Commission’s Energy Division³, SDCP is providing its load-serving entity (“LSE”)-specific IRP to the Commission for certification and use in the Commission’s statewide planning process.

In addition to this narrative, SDCP’s IRP includes the following documents:

- SDCP’s 2030 38 MMT & 2035 30 MMT Resource Data Template and Clean System Power Calculator
- SDCP’s 2030 30 MMT & 2035 25 MMT Resource Data Template and Clean System Power Calculator
- SDCP’s IRP Verification

As directed in D.22-02-004⁴ and the *Final Ruling*, SDCP studied two Conforming Portfolios in this IRP. The first Conforming Portfolio achieves emissions that are equal to or less than the SDCP’s proportional share of the 38 million metric ton (“MMT”) greenhouse gas (“GHG”) target by 2030 and 30 MMT by 2035 (“30 MMT”). The second Conforming Portfolio achieves emissions that are equal to or less than SDCP’s proportional share of 30 MMT by 2030 and 25 MMT by 2035 (“25 MMT”). SDCP intends to exceed its proportional share of both the 2030 30 MMT GHG and 2035 25 MMT GHG Benchmarks, so SDCP only provides one Preferred Conforming Portfolio (“PCP”). This PCP is submitted in two sets of Resource Data Templates (“RDTs”) and Clean System Power calculators (“CSPs”) for each 2035 GHG target, per the *Final Ruling*, and the outputs of the RDTs and CSPs are discussed separately below.⁵

Projecting resource needs over the planning horizon covered by the IRP is a fluid process and SDCP expects changes over time. The future resources identified in SDCP’s IRP represent SDCP’s current good-faith projection of the resource mix that will be procured over the IRP planning horizon. Such projections are based on best available information regarding planning directives, SDCP policy, resource availability, and other key considerations. The resources

² Rulemaking (“R.”) 20-05-003, *Administrative Law Judge’s Ruling Finalizing Load Forecasts and Greenhouse Gas Emissions Benchmarks for 2022 Integrated Resource Plan Filings* (“Final Ruling”), June 15, 2022.

³ Energy Division Guidance can be accessed at: <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-power-procurement/long-term-procurement-planning/2022-irp-cycle-events-and-materials>.

⁴ D.22-02-004 at 2.

⁵ *Final Ruling* at 12; Ruling Paragraph 2.

identified in future iterations of SDCP's IRP may change due to new information and evolving circumstances, and the ultimate resource mix that SDCP actually procures (in future years) may differ from what is reflected in this plan due to a number of variables, including availability of supply, technology changes, price of supply, and/or other market or regulatory considerations.

Examples of future regulatory changes include the upcoming "Slice of Day" framework for the Resource Adequacy ("RA") program,⁶ as well as structural, programmatic changes to the IRP program.⁷ Though the impact of these changes is uncertain at this time, they have the potential to materially reshape how capacity and energy are valued for reliability purposes, and in turn, such changes may impact SDCP's future procurement decisions. Through its relevant staff and involvement and membership in the California Community Choice Association ("CalCCA"), SDCP will continue to monitor and engage in Commission proceedings and incorporate pertinent planning and procurement adaptations as necessary.

Board Approval of IRP

In compliance with Public Utilities Code Section 454.52(b)(3), this IRP was formally submitted to SDCP's governing board for approval based on the IRP's compliance with Sections 454.51 and 454.52 and all relevant council-adopted procurement requirements of SDCP's governing board. On October 27, 2022, SDCP's governing board carried a motion by vote to formally approve this IRP and adopt SDCP's 30 MMT and 25 MMT PCP. In approving this IRP narrative, SDCP's board also makes the following determinations regarding SDCP's PCP:

- SDCP's PCPs are expected to achieve economic, reliability, environmental, security, and other benefits and performance characteristics that are consistent with the goals set forth in Section 454.52(a)(1)(A-I).
- SDCP's PCPs include a diversified procurement portfolio consisting of both short-term and long-term electricity and electricity-related and demand reduction products.
- SDCP's PCPs achieve the resource adequacy requirements established pursuant to Public Utilities Code Section 380.
- SDCP's PCPs are consistent with the procurement timing, resource mix, and operational attributes of the Commission's Preferred System Portfolio ("PSP").⁸
- SDCP's PCPs are compliant with all SDCP board-adopted procurement directives.

SDCP's governing board meeting details are available on SDCP's website.⁹

⁶ Decision 22-06-050.

⁷ See Rulemaking 20-05-003, *Administrative Law Judge's Ruling Seeking Comments on Staff Paper on Procurement Programs and Potential Near-Term Actions to Encourage Additional Procurement* (September 8, 2022), Attachment A.

⁸ In Decision 22-02-004 at 105 and Ordering Paragraph ("OP") 8, the Commission adopted the 30 MMT Core Portfolio with 2020 IEPR Demand and High Electric Vehicle ("EV") Penetration Scenario.

⁹ SDCP Board Meeting Materials, available at <https://sdcommunitypower.org/resources/meeting-notes/>

Request for Certification

SDCP respectfully requests that the Commission certify this IRP.

As both the Legislature and the Commission have recognized, the Legislature has granted community choice aggregators (“CCA”) broad authority to procure resources on behalf of their respective customers, an authority limited only where “other generation procurement arrangements have been expressly authorized by statute.”¹⁰ Likewise, the Legislature has granted CCAs autonomy in setting their own rates and managing interactions with their customers.¹¹ SDCP understands that the Commission has three primary interests in the CCA IRP process:

- Ensuring that CCA IRPs provide requisite procurement information needed by the Commission to develop its statewide plan.¹²
- Ensuring that CCAs’ current and planned procurement is consistent with the RA requirements established pursuant to PUC Section 380.5.¹³
- Ensuring that CCAs’ current and planned procurement satisfies the CCA’s share of renewables integration resources identified in the Commission’s PSP, and that the CCA either self-provides or pays for investor-owned utility (“IOU”) procurement to support its share of any renewable integration shortfall.¹⁴

SDCP has prepared its IRP with these interests in mind, and thanks the Commission for recognizing and preserving CCA procurement autonomy as well as the benefits of a collaborative planning approach with CCA organizations in its certification review of SDCP’s IRP.

b. Executive Summary

This narrative provides a detailed description of the development and content of SDCP’s conforming portfolios and the PCP, each portfolio’s compliance with applicable requirements, and an action plan detailing SDCP’s next steps to promote conformance with such requirements.

¹⁰ PUC Section 366.2(a)(5).

¹¹ D.05-12-041 at 9-11 (“Nothing in the statute directs the CPUC to regulate the CCA’s program except to the extent that its programs may affect utility operations and the rates and services to other customers. For example, the statute does not require the CPUC to set CCA rates or regulate the quality of its services... We are confident that existing law protects CCA customers. Entities of local government, such as CCAs, are subject to numerous laws that will have the effect of protecting CCA customers and promoting accountability by CCAs...”).

¹² D.19-04-040 at 17-18 (“The Commission’s portfolio aggregation and evaluation process, which relies on fulfillment of IRP filing requirements by LSEs, is the only process capable of assessing the overall needs of the CAISO grid and meeting the statewide GHG, reliability, and least-cost goals collectively. While LSEs may use their IRP process to meet local planning needs as well, the statewide planning function is the statutorily required process . . .”).

¹³ Section 454.52(b)(3)(C).

¹⁴ Section 454.51.

SDCP developed its IRP through the following steps:

- SDCP compiled data for its existing energy contracts, RA capacity contracts, and its share of capacity for allocated Cost Allocation Mechanism (“CAM”) resources.
- For each IRP planning year, SDCP identified its short positions relative to known planning targets and its assigned load forecast.
- SDCP populated the Resource Data Template with all current contracts.
- SDCP compiled detailed information on projects for which it is currently negotiating power purchase agreements, including information regarding project status and timing.
- SDCP identified future contracts it expects to secure for new solar, storage, biomass and wind generation. SDCP prioritized the selection of future resources to ensure that SDCP’s overall portfolio of new resources is consistent with the PSP resource attribute/category mix, procurement timing, and SDCP’s proportional share of planned new procurement.
- SDCP added generic future contracts with existing resources, including large hydroelectric generators, to help fill its remaining open positions.
- SDCP added planned purchases of an additional 10,470 GWh in 2035 to create a portfolio which far surpasses the emissions requirement for both benchmarks. SDCP used this portfolio as its “25 MMT PCP”.
- SDCP used the Commission’s Clean System Power Calculator Tool to verify its GHG emissions associated with the resulting portfolio to ensure that these emissions were lower than SDCP’s assigned share of the 25 MMT and 30 MMT GHG Benchmarks.
- SDCP checked its 25 MMT PCP for reliability by comparing the total portfolio net qualifying capacity (“NQC”) against SDCP’s RA requirements for the month of September during each year of the planning period. SDCP further established that its planned incremental capacity procurement exceeded its pro rata share of the related incremental capacity procurement obligation.

SDCP reached the following findings regarding its 25 MMT PCP:

- SDCP’s 25 MMT PCP includes the procurement of the following new resources:
 - New hybrid resources totaling 1,615 MW
 - New wind resources totaling 550 MW
 - New grid connected battery storage of 750 MW
 - New long duration storage of 60 MW
- SDCP’s 25 MMT PCP provides for the following overall resource mix in 2035:
 - 35 MW of Large Hydro
 - 0 MW of Biomass
 - 100 MW of Geothermal
 - 0 MW of Small Hydro
 - 800 MW of Wind
 - 150 MW of Solar
 - 813 MW of Short Duration Battery Storage
 - 60 MW of Long Duration Storage
 - 540 MW of Natural Gas/Baseload/Other (Capacity-Only)

SDCP's 25 MMT PCP is consistent with procurement timing, resource quantities, and general resource attributes identified in the PSP.

- SDCP's 25 MMT PCP, when analyzed in the 25 MMT RDT and CSP, would have 2030 emissions of 0.84 MMT and 2035 emissions of 0.63 MMT, which is less than SDCP's assigned share of 2030 and 2035 emissions.
- SDCP's 25 MMT PCP, when analyzed in the 30 MMT RDT and CSP, would have 2030 emissions of 0.61 MMT and 2035 emissions of 0.45 MMT. This is less than SDCP's assigned share of 2030 and 2035 emissions.
- SDCP's 25 MMT PCP meets all relevant reliability metrics under both the 30 MMT and 25 MMT scenarios.
- SDCP's 25 MMT portfolio provides approximately SDCP's load-proportional share of renewable integration resources under both the 30 MMT and 25 MMT scenarios.
- SDCP's 25 MMT portfolio is also consistent with the Commission's PSP and can be used in either a 25 MMT or 30 MMT consolidated statewide portfolio.

To implement its PCP, SDCP is adopting the action plan described in Section IV, below. This action plan consists of the following steps:

- SDCP will periodically solicit offers for new renewable generation and storage projects. These resources are typically secured through long-term power purchase agreements. SDCP expects to secure power purchase agreements for new projects in multiple solicitations conducted over the next several years.
- Periodically throughout the year, SDCP will solicit offers for short-term renewable energy, resource adequacy, system energy, and other products needed to balance the portfolio and adhere to position limits established through SDCP's risk management policy and practices. These solicitations may take the form of formal request for offers, bilateral discussions, and/or transactions arranged through broker markets.
- SDCP will continue to procure resources to meet any remaining assigned requirements from D.21-06-035, as well as the specific sub-categories from that decision.
- SDCP will continue to develop a strategic plan for customer energy programs, called the Community Power Plan ("CPP") to provide a decision-making framework to guide SDCP's program strategy, selection and development of local programs based on community needs and gaps in program offerings. This framework will also address how SDCP can best serve disadvantaged communities within its service territory.

II. Study Design

a. Objectives

SDCP had the following objectives in performing the analytical work to develop its IRP:

1. Verify SDCP's 25 MMT PCP is lower than the GHG Benchmarks for SDCP's proportional share of the 30 MMT and 25 MMT GHG reduction benchmark, as determined using the Commission's emissions calculator.

2. Identify a 25 MMT PCP that achieves economic, reliability, environmental, security, and other benefits and performance characteristics that are consistent with the goals set forth in Section 454.52(a)(1) (A-I).
3. Identify diverse and balanced 25 MMT PCP that includes both short-term and long-term electricity products as well as electricity-related demand reduction products.
4. Identify a 25 MMT PCP that achieves the resource adequacy requirements established pursuant to PUC Section 380 and provide SDCP's share of system reliability and renewable integration resources.
5. Identify a 25 MMT PCP that complies with all of SDCP's Board-adopted procurement directives.
6. Identify a 25 MMT PCP that is compliant with SDCP's obligations under the Renewables Portfolio Standard ("RPS") program.
7. Identify a 25 MMT PCP that is cost-effective and minimizes rate impacts on SDCP's customers.

b. Methodology

i. Modeling Tool(s)

In developing its planned portfolios, SDCP made use of the modeling performed by the Energy Division using RESOLVE and SERVM and incorporated into the RDTv3 and CSP templates as a starting point. After studying this modeling and its conclusions, SDCP used its own experience and expertise in procurement to construct models to quantify portfolio targets for renewable energy content, capacity, and portfolio GHG emissions, as well as physical and financial positions to ensure adherence to SDCP's currently effective risk management policies and business practices.

SDCP uses proprietary models to assess annual, monthly, and hourly open positions, taking account of forecasted hourly electric loads and expected deliveries from SDCP's resource portfolio. SDCP uses a proprietary financial model to project power supply costs and incorporates existing and planned procurement into an overall financial assessment of revenues, costs, and cash flows. SDCP also utilizes a commercially available energy trading and risk management system to monitor positions, market exposure, credit exposure, value-at-risk, and other risk management metrics.

For new resource selection, SDCP relied upon the modeling and assumptions in the Preferred System Portfolio, and on SDCP's ongoing and recent procurement experience, which provides insight into resource availability and cost. The mix of new resources selected in the Preferred System Portfolio is similar to the mix SDCP would select based on its procurement experience.

GHG emissions were assessed using the Commission's Clean System Power tool for the 30 MMT and 25 MMT variations.

ii. Modeling Approach

Load Forecast

SDCP developed this IRP using its assigned load forecast from the file 2022 Final GHG Emission Benchmarks for LSEs¹⁵ (also contained in the CSP templates), as directed in the *Final Ruling*.

SDCP's assigned load forecast is as follows:

Table 1: SDCP's 2023-2035 Load Forecast (GWh)

Year	Load Forecast
2023	7,422.00
2024	7,932.00
2025	7,979.31
2026	8,022.80
2027	8,065.19
2028	8,107.78
2029	8,153.91
2030	8,207.38
2031	8,274.38
2032	8,324.52
2033	8,381.84
2034	8,427.34
2035	8,476.83

Load Shape

In developing its portfolio SDCP used the default load shape from the Clean System Power Calculator, which reflects the California Independent System Operator ("CAISO") hourly system average load shape forecast for the 2021 Integrated Energy Policy Report ("IEPR") Mid Case.¹⁶

Use of this load shape does not change SDCP's total annual energy volumes for both load and load modifiers, and these energy volumes remain consistent with SDCP's assigned load forecast.

¹⁵ See 2022 Final GHG Emission Benchmarks for LSEs, LSE Demand Forecast (June 28, 2022) (hereinafter "GHG Benchmarks"), available at https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan-irp-ltrp/2022-irp-cycle-events-and-materials/2022-final-ghg-emission-benchmarks-for-lses_public.xlsx.

¹⁶ *Final Ruling* at 3.

Load-Proportional GHG Emissions Benchmark

SDCP's modeling was assessed against its 2035 load-proportional share of the respective 30 MMT and 25 MMT GHG benchmarks, as provided in the Commission's *GHG Benchmarks*.¹⁷ This assessment yielded the following results:

Table 2: SDCP's Assigned Shares of GHG Reduction Benchmarks¹⁸

2035 Load (GWh)	Proportion of 2035 Load within IOU Territory	2035 GHG Benchmark – 30 MMT Scenario	2035 GHG Benchmark – 25 MMT Scenario
8,476.83	47.2%	1.072	0.863

Compiling Existing Resources

To populate its baseline resource templates, SDCP added existing resources from the following procurement categories:

- Energy Contracts.
- Capacity (Resource Adequacy) Contracts.
- SDCP's assigned share of capacity for CAM resources, taken from the most recent year-ahead CAM resource list available on the Commission's Resource Adequacy Compliance Materials webpage.
- SDCP's selected Voluntary Allocation and Market Offer ("VAMO") allocation of RPS resources from San Diego Gas & Electric Company ("SDG&E").
- SDCP's allocation of Modified CAM from SDG&E.

Selecting New Resources

To identify its new resource procurement opportunities, SDCP first determined the new resource capacity it intends to add each year, which considered resource needs (open positions), long-term renewable contracting requirements, renewable portfolio standards, resource adequacy requirements, the need for incremental resource adequacy capacity to contribute to system reliability and renewable integration needs, the potential for technological improvements, and financial considerations. SDCP selected resource types based on its experience with competitive solicitations for new renewable and storage resources as well as consideration of the studies and modeling underlying the adopted PSP.

Confirming Reliability

SDCP's portfolios were evaluated to ensure that sufficient dependable capacity (net qualifying capacity) is available to meet peak load requirements. This includes a 14% Perfect Capacity

¹⁷ *GHG Benchmarks*.

¹⁸ *GHG Benchmarks* at Tab "Benchmarks_30 MMT" and "Benchmarks_25 MMT".

(“PCAP”) Planning Reserve Margin.¹⁹ SDCP used technology-specific Effective Load Carrying Capacity (“ELCC”) factors provided by the Commission to assess the contribution of each resource to system reliability. SDCP’s portfolios were designed to ensure that current incremental resource adequacy capacity obligations from D.21-06-035 are met.

Calculating GHG Emissions

SDCP calculated the emissions associated with its 25 MMT PCP using the Commission’s 25 MMT and 30 MMT Clean System Power calculators. The assigned load forecast and default load shapes and behind the meter adjustments were used for this assessment, along with the planned supply portfolios. The results were checked against the assigned GHG benchmarks included in the Clean System Power tools.

III. Study Results

a. Conforming and Alternative Portfolios

As required by the Commission, SDCP is submitting two conforming portfolios – a 30 MMT Conforming Portfolio which achieves SDCP’s share of the 38 MMT by 2030 and 30 MMT by 2035 GHG targets (referred to as the “30 MMT Conforming Portfolio”); and a 25 MMT Conforming Portfolio that achieves SDCP’s share of the 30 MMT by 2030 and 25 MMT by 2035 GHG targets (referred to as the “25 MMT Conforming Portfolio”). SDCP is not submitting alternative portfolios. Please note, SDCP has used the same Conforming Portfolio to achieve both its 30 MMT and 25 MMT Conforming Portfolios. The portfolio inputs are the same but the outputs in the CSP and ELCC reliability section of the RDT will differ based on the 25 MMT and 30 MMT targets.

SDCP’s 30 MMT Conforming Portfolio

SDCP provides a summary of SDCP’s 2035 30 MMT Portfolio below, identifying resources by type and distinguishing between the following procurement categories:

- Existing resources (energy and capacity) that SDCP owns or contracts with, consistent with definitions provided in the Resource Data Template.
- Existing resources (energy and capacity) that SDCP plans to contract with in the future.
- Existing resources (capacity) that SDCP partially pays for through CAM.
- New Resources (energy and capacity) that are under development that SDCP is planning to procure.
- Future new resources (energy and capacity) that SDCP is planning to procure.

In summary, to meet SDCP’s projected 2035 energy demand of 8,476.83 GWh, SDCP has selected a 2035 30 MMT Conforming Portfolio composed primarily of the following resources:

¹⁹ See *Workshop: Reliability Filing Requirements for Load Serving Entities’ 2022 Integrated Resource Plans-Results of PRM and ELCC Studies* (July 29, 2022) at Slide 31.

- Existing solar (owned or under contract) – 549 MW²⁰
- Existing wind (owned or under contract) – 146 MW²¹
- Existing wind (planned procurement) – 250 MW
- Existing hydro (planned procurement) – 35 MW
- New solar (future resources) – 1,425 MW
- New wind (future resources) – 550 MW
- New geothermal (future resource) – 100 MW
- New short duration storage (future resources) – 750 MW
- New long duration storage (future resources) – 60 MW

Additionally, SDCP’s 2035 30 MMT Conforming Portfolio includes capacity-only resources composed primarily of the following resources:

- CAM, Demand Response and Energy Efficiency Allocations – 626 MW
- Existing natural gas, baseload, and other (planned procurement) – 95 MW

SDCP’s portfolio includes a mix of existing and new resources. Approximately 2,885 MW of SDCP’s 30 MMT portfolio is composed of new resources, reflecting SDCP’s role as an active player in the State’s development of new renewable and storage resources. Furthermore, SDCP’s 30 MMT portfolio is comprised of a mix of resources in which SDCP can minimize customer rate impacts while still achieving the State’s GHG-reduction targets.

SDCP’s 30 MMT Conforming Portfolio Is Consistent with the Preferred System Plan

The new resources included in SDCP’s 30 MMT Conforming Portfolio are consistent with the PSP 2035 new resource mix. The Commission adopted the PSP, which established the 38 MMT GHG target by 2030 and 30 MMT GHG target by 2035 and adopted the resources in Tables 5 and 6 of D.22-02-004.²²

The Decision identifies planned use of resources in the following categories: Biomass, Geothermal, Wind, Wind on New-Out-of-State Transmission, Offshore Wind, Utility-Scale Solar, Battery Storage, pumped (Long-Duration) Storage, Shed Demand Response.

As demonstrated in the following table, SDCP’s 30 MMT portfolio is generally consistent with SDCP’s proportional share of new procurement for each of the “resource types” identified in D.22-02-004:

²⁰ Estimated capacity of SDCP’s ~56% share of long-term VAMO allocation of existing solar resources from SDG&E.

²¹ Estimated capacity of SDCP’s ~56% share of long-term VAMO allocation of existing wind resources from SDG&E.

²² D.22-02-004 at 101-105. Note the Decision references Tables 6 and 7, but this was presumably a typographical error since there was no foregoing Table 7. Thus, SDCP understands the Decision to be referencing Tables 5 and 6.

Table 3: Comparison of SDCP's 30 MMT Conforming Portfolio vs. PSP

Resource Category	PSP	SDCP's 30 MMT Conforming Portfolio	SDCP's Proportional Share of PSP New Resources	Observations
Biomass	134	0	6	
Geothermal	1,135	100	52	
Small Hydro	0	0	0	
Wind	3,562	0	162	With limited locations in state for siting new wind resources, SDCP believes a focus on out-of-state or offshore wind is more viable but will promote and pursue offtake from new, existing, and re-powered in-state wind resources wherever possible.
Wind On New OOS Transmission	4,636	250	211	
Offshore Wind	4,707	300	214	
Utility-Scale Solar	17,418	1,765	793	
Battery Storage	17,350	2,580	789	Battery Storage for SDCP also includes the energy storage capacity associated with hybrid solar plus storage systems.
Pumped (Long-Duration) Storage	1,000	0	46	
Shed Demand Response	977	0	44	

SDCP's proportional share of the PSP New Resources and the resources reflected in SDCP's 30 MMT Portfolio are relatively aligned.

There are slight differences for in-state wind. Due to limited locations in state for siting new wind resources, SDCP does not believe it practical to plan around new in-state wind resources in its portfolio design and instead focuses on out-of-state or offshore wind for more viable long-term reliability planning and to help reduce siting delays in bringing projects online. That said, SDCP will continue to advocate for and pursue offtake from new, in-state, and re-powered in-state wind projects and has open Request for Proposals ("RFPs") for viable projects.

SDCP's 30 MMT Portfolio focuses on combined solar/storage projects since its locale and services territory have ample sites for local projects. In the Battery Storage category, SDCP also includes the energy storage capacity associated with hybrid solar plus storage facilities. This hybrid system will allow for higher renewable utilization rates and reduce production risk.

SDCP's 25 MMT Conforming Portfolio

SDCP provides a summary of SDCP's 25 MMT Conforming Portfolio (by 2035), identifying resources by type and distinguishing between the following procurement categories:

- Existing resources (energy and capacity) that SDCP owns or contracts with, consistent with definitions provided in the Resource Data Template.
- Existing resources (energy and capacity) that SDCP plans to contract with in the future.
- Existing resources (capacity) that SDCP partially pays for through CAM.
- New Resources (energy and capacity) that are under development that SDCP is planning to procure.
- Future new resources (energy and capacity) that SDCP is planning to procure.

In summary, to meet SDCP's projected 2035 energy demand of 8,476.83 GWh, SDCP has selected a 2035 25 MMT Conforming Portfolio composed primarily of the following resources:

- Existing solar (owned or under contract) – 549 MW²³
- Existing wind (owned or under contract) – 146 MW²⁴
- Existing wind (planned procurement) – 250 MW
- Existing hydro (planned procurement) – 35 MW
- New solar (future resources) – 1,425 MW
- New wind (future resources) – 550 MW
- New geothermal (future resource) – 100 MW
- New short duration storage (future resources) – 750 MW

²³ Estimated capacity of SDCP's ~56% share of long-term VAMO allocation of existing solar resources from SDG&E.

²⁴ Estimated capacity of SDCP's ~56% share of long-term VAMO allocation of existing wind resources from SDG&E.

- New long duration storage (future resources) – 60 MW

Additionally, SDCP's 2035 25 MMT Conforming Portfolio includes capacity-only resources composed primarily of the following resources:

- CAM, Demand Response and Energy Efficiency Allocations – 626 MW
- Existing natural gas, baseload, and other (planned procurement) – 95 MW

SDCP's portfolio includes a mix of existing and new resources. Approximately 2,885 MW of SDCP's 2035 portfolio is composed of new resources, reflecting SDCP's role as an active player in the State's development of new renewable and storage resources. Furthermore, SDCP's 2035 portfolio is comprised of a mix of resources in which SDCP can minimize customer rate impacts while still achieving the State's GHG-reduction targets.

SDCP's 25 MMT Conforming Portfolio Is Consistent with the Preferred System Plan

The new resources included in SDCP's 25 MMT Conforming Portfolio are consistent with the PSP new resource mix. The Commission adopted the PSP portfolio, which established the 38 MMT GHG target by 2030 and 30 MMT GHG target by 2035 and adopted the resources in Tables 5 and 6.²⁵ Subsequently, the Commission required load serving entities to also prepare a Conforming Portfolio meeting 30 MMT GHG by 2030 and 25 MMT GHG by 2035.²⁶ SDCP's 25 MMT Conforming Portfolio meets this latter requirement.

The Decision identifies planned us of resources in the following categories: Biomass, Geothermal, Wind, Wind on New-Out-of-State Transmission, Offshore Wind, Utility-Scale Solar, Battery Storage, pumped (Long-Duration) Storage, Shed Demand Response.

As demonstrated in the following table, SDCP's 25 MMT portfolio is generally consistent with SDCP's proportional share of new procurement for each of the "resource types" identified in D.22-02-004 and the *Final Ruling*:

²⁵ D.22-02-004 at 101-105. Note the Decision references Tables 6 and 7, but this was presumably a typographical error since there was no foregoing Table 7. Thus, SDCP understands the Decision to be referencing Tables 5 and 6.

²⁶ *Final Ruling* at 9-10.

Table 4: Comparison of SDCP's 25 MMT Conforming Portfolio vs PSP New Resources

Resource Category	PSP	SDCP's 25 MMT Conforming Portfolio	SDCP's Proportional Share of PSP New Resources	Observations
Biomass	134	0	6	
Geothermal	1,135	100	52	
Small Hydro	0	0	0	
Wind	3,562	0	162	With limited locations in state for siting new wind resources, SDCP believes a focus on out-of-state or offshore wind is more viable but will promote and pursue offtake from new, existing, and re-powered in-state wind resources wherever possible.
Wind On New OOS Transmission	4,636	250	211	
Offshore Wind	4,707	300	214	
Utility-Scale Solar	17,418	1,765	793	
Battery Storage	17,350	2,580	789	Battery Storage for SDCP also includes the energy storage capacity associated with hybrid solar plus storage systems.
Pumped (Long-Duration) Storage	1,000	0	46	
Shed Demand Response	977	0	44	

SDCP's proportional share of the PSP New Resources and the resources reflected in SDCP's 25 MMT Portfolio are relatively aligned.

There are slight differences for in-state wind. Due to limited locations in state for siting new wind resources, SDCP does not believe it practical to plan around new in-state wind resources in its portfolio design and instead focuses on out-of-state or offshore wind for more viable long-term reliability planning and to help reduce siting delays in bringing projects online. That said, SDCP will continue to advocate for and pursue offtake from new, in-state, and re-powered in-state wind projects and has open RFPs for viable projects.

As with the 30 MMT portfolio, SDCP's 25 MMT Portfolio focuses on hybrid solar/storage projects since its locale and services territories have ample sites for local projects. In the Battery Storage category, SDCP also includes hybrid solar plus storage systems. This hybrid system will allow for higher renewable utilization rates and reduce production risk.

b. Preferred Conforming Portfolios

i. 25 MMT Preferred Conforming Portfolio

As discussed above, SDCP has used the same Conforming Portfolio to achieve both its 30 MMT and 25 MMT Conforming Portfolios. SDCP intends to meet or exceed its 25 MMT GHG Benchmark and has selected the 25 MMT Conforming Portfolio as its Preferred Conforming Portfolio ("25 MMT PCP"). The following provides a description of this portfolio.

SDCP's 25 MMT PCP consists of a combination of:

- Gas
- Biomass
- Geothermal
- Wind
- Wind on New-Out-of-State Transmission
- Offshore Wind
- Utility-Scale Solar
- Battery Storage
- Pumped (Long-Duration) Storage

As stated above, in accordance with Section 454.51(b)(3), SDCP's governing board has determined that the resource mix in the 25 MMT PCP achieves "economic, reliability, environmental, security, and other benefits and performance characteristics that are consistent with the goals set forth in [Section] 454.51(a)(1)." These benefits and characteristics are discussed as follows.

GHG Reduction Goals

SDCP's 25 MMT PCP achieves results and performance characteristics consistent with the Section 454.52(a)(1)(A) goal of meeting the Commission's 25 MMT GHG reduction benchmark (30 MMT GHG by 2030).²⁷ The 2035 emissions from SDCP's 25 MMT PCP are equivalent to SDCP's load-proportional share of the 25 MMT by 2035 emissions target. SDCP's proportional share of the 25 MMT GHG target in 2030 is 1.052 MMT and in 2035 is 0.863. According to the Commission's emissions calculator, SDCP's 25 MMT PCP would account for 0.837 MMT in 2030 emissions and 0.631 MMT in 2035 emissions, which is substantially less than the GHG Benchmark requirements.

²⁷ See D.22-02-004 at 105; *Final Ruling*.

Renewable Energy

SDCP's 25 MMT PCP achieves results and performance characteristics consistent with the Section 454.52(a)(1)(B) goal of ensuring that portfolios are composed of at least 60% eligible renewable resources. In 2035, SDCP's 25 MMT PCP portfolio would consist of 95% eligible renewable generation (net of modeled curtailments), which exceeds the 60% requirement and is consistent with SDCP's mission to provide its communities with clean energy and reduce GHG emissions.

Enable Each Electrical Corporation to Fulfill Its Obligation to Serve Customers at Just and Reasonable Rates

As a public not-for-profit agency, SDCP must set rates to recover costs associated with debt service, the purchase of power, and operational costs at a minimum. It is in the interest of SDCP and its customers for SDCP to design rates that meet SDCP's legally mandated revenue requirements as well as its targeted reserves, while maintaining rate competitiveness and stability. As detailed in Section III.e., below, SDCP is committed to serving its customers at reasonable rates. In addition to setting rates that are competitive with SDG&E, SDCP works to minimize rate volatility by constructing a balanced and conservatively hedged power supply portfolio and minimizing rate changes to once per year when possible.

Minimizing Bill Impact

SDCP's 25 MMT PCP achieves results and performance characteristics consistent with the Section 454.52(a)(1)(D) goal of minimizing the impact of planned procurement on ratepayers' bills. SDCP's 25 MMT PCP portfolio consists primarily of renewable resources that have benefitted from increasing economies of scale over the past several years. While the Covid-19 pandemic caused supply chain disruptions to many renewable projects, SDCP expects that price projects post-pandemic for such projects will continue to drop for the foreseeable future.

SDCP's recent procurement and development experience indicates that lithium-ion battery storage is cost effective and commercially viable relative to other capacity products available in the market. While global pandemic and supply chain disruption have caused significant project development delays and price volatility in commodity and supply markets, SDCP is optimistic that these impacts will subside in the next couple of years as supply chains regain form and with the help of the incentives and tax credits available under the Inflation Reduction Act.²⁸

SDCP prioritizes cost competitiveness, reliability, use of renewable energy, and local resource development. SDCP anticipates that bill impacts will be minimized during its planned portfolio transition as new hybrid solar generation and storage projects secured via long-term contract generally have lower net costs than prices paid in the short-term renewable energy markets. Coupling new solar with battery storage increases the capacity value of the projects, displacing the need to buy expensive resource adequacy products, and provides limited dispatchability for the solar generation, minimizing the risk of energy value degradation over time. Further, SDCP's 25 MMT PCP minimizes exposure to volatile natural gas prices as well as bill impacts that may result from periodic spikes in fossil fuel prices.

²⁸ Inflation Reduction Act of 2022, H.R.5376, 117th Cong.

Ensuring System and Local Reliability

SDCP's 25 MMT PCP achieves results and performance characteristics consistent with the Section 454.52(a)(1)(E) goal of ensuring system and local reliability. The 25 MMT PCP meets system resource adequacy requirements as detailed in Section III.f. Additionally, SDCP's 25 MMT PCP will ensure local reliability by prioritizing procurement of local RA resources.

Ensure that at least 65% of RPS Procurement is From Long-Term Contracts

Consistent with Section 454.52(a)(1)(F), SDCP is on pace to meet the requirement that 65% of its RPS procurement must come from contracts of 10 years (long-term or more for each compliance period). For the current compliance period, SDCP has procured 93% from long-term contracts.

Strengthen the Diversity, Sustainability, and Resilience of the Bulk Transmission and Distribution Systems, and Local Communities

SDCP's 25 MMT PCP achieves results and performance characteristics that strengthen the diversity, sustainability and resilience of the bulk transmission and distribution systems, as well as local communities, meeting Section 454.52(a)(1)(G). SDCP's 25 MMT PCP relies on procurement from a variety of resource types as well as significant storage resources. SDCP carefully evaluates the long-term generation load-matching and congestion risks of new resources and weighs its options in the context of its existing supply and net demand on an hourly basis for the full duration of any contract period.

As described below, SDCP is actively pursuing the procurement of capacity to meet the sub-category requirements of D.21-06-035, which includes long-duration storage, clean-firm resources like geothermal, and resources to replace the Diablo Canyon Power Plant. Additionally, SDCP has recently procured demand response capacity resources, providing additional system diversity. Finally, SDCP's 25 MMT PCT plans for a significant portion of offshore wind to add more diversity to transmission and distribution systems.

Demand-Side Energy Management

SDCP's 25 MMT PCP achieves results and performance characteristics consistent with the Section 454.52(a)(1)(H) goal of enhancing demand-side energy management. SDCP continues to explore and pursue demand-side management programs such as demand response, energy efficiency, and behind the meter energy storage solutions.

Minimizing Localized Air Pollutants with Emphasis on Disadvantaged Communities ("DACs")

SDCP's 25 MMT PCP achieves results and performance characteristics consistent with the Section 454.52(a)(1)(I) goal of minimizing localized air pollutants and other GHG emissions with early priority on disadvantaged communities. SDCP's 25 MMT PCP relies primarily on renewable generation and hydroelectric generation, and this portfolio is expected to exhibit low GHGs and localized air pollution emissions. SDCP's 25 MMT PCP minimizes SDCP's reliance on unspecified system power, instead opting for renewable and hydroelectric generation procurement/development whenever feasible.

Results from the CSP tool indicate the following localized air pollutants associated with SDCP's 25 MMT PCP using the 25 MMT CSP for year 2035:

- NOx: 27 tonnes/year
- PM 2.5: 8 tonnes/year
- SO2: 1 tonnes/year

These emissions are expected to result from the planned use of system energy and biomass energy in the 25 MMT PCP, as well as emissions from Combined Heat and Power ("CHP") resources and system energy assigned to the SDCP portfolio by the CSP tool. In evaluating new biomass resources, SDCP will prioritize development of any resources with emissions outside of DACs to the greatest practical extent.

Operation of SDCP's 25 MMT PCP

The majority of SDCP's 25 MMT PCP consists of solar and hybrid solar/storage facilities. This helps the portfolio have emissions well below its assigned load-proportional share of the 25 MMT benchmark. Due to a large portion of the portfolio being hybrid projects with storage, these emission reductions do not come at the expense of reliability. Additionally, the added storage component allows for increased demand response and capacity which should help further help grid reliability.

c. GHG Emissions Results

SDCP used its load-based proportional share of the 30 and 25 MMT *GHG Benchmarks* to determine the emissions compliance for its 25 MMT PCP under both 30 MMT and 25 MMT emissions scenarios. SDCP's assigned load proportional share of the 30 MMT benchmark is 1.383 MMT in 2030 and 1.072 MMT in 2035. Based on the 30 MMT version of the CSP calculator, SDCP's 25 MMT PCP would result in total 2030 GHG emissions of 0.613 MMT and 2035 GHG emissions of 0.446 MMT, well below SDCP's assigned share of the 30 MMT GHG reduction benchmark.

SDCP's assigned load-proportional share of the 25 MMT benchmark is 1.052 MMT in 2030 and 0.863 MMT in 2035. Based on the 25 MMT version of the CSP calculator, SDCP's 25 MMT PCP would result in total 2030 GHG emissions of 0.837 MMT and 2035 GHG emissions of 0.631 MMT, which is well below its assigned load-proportional share of the 25 MMT benchmark.

d. Local Air Pollutant Minimization and Disadvantaged Communities

i. Local Air Pollutants

The 25 MMT version of the CSP calculator estimates the following emissions associated with SDCP's 25 MMT PCP:

Table 5: 25 MMT Portfolio Air Pollutants

	2024	2026	2030	2035
NO _x	372	62	59	27
SO _x	40	2	2	1
PM _{2.5}	134	19	18	8

SDCP's contribution to air pollutants is exclusively a result of reliance on system power and an allocation of emissions from CHP resources imposed by the CSP tool. The tables below show the portion of load that is being served from system power each year for the respective analyses.

Table 6: 25 MMT Demand and Reliance on System Power

	2024	2026	2030	2035
Demand	7932	8023	8207	8477
Net System Power	3059	1964	1551	1228
% of Load Served by System Power	39%	24%	19%	14%

SDCP further discusses its plans to reduce reliance on system power in Sections III.b.i and IV.

ii. Focus on Disadvantaged Communities

SDCP's IRP is consistent with the goal of minimizing local air pollutants, with early priority on Disadvantaged Communities (DAC or DACs). As defined by the CalEPA's designation, a DAC includes four categories:

- Census tracts receiving the highest 25 percent of overall scores in CalEnviroScreen ("CES") 4.0 (1,984 tracts).
- Census tracts lacking overall scores in CES 4.0 due to data gaps but receiving the highest 5 percent of CES 4.0 cumulative pollution burden scores (19 tracts).
- Census tracts identified in the 2017 DAC designation as disadvantaged, regardless of their scores in CES 4.0 (307 tracts).
- Lands under the control of federally recognized Tribes.

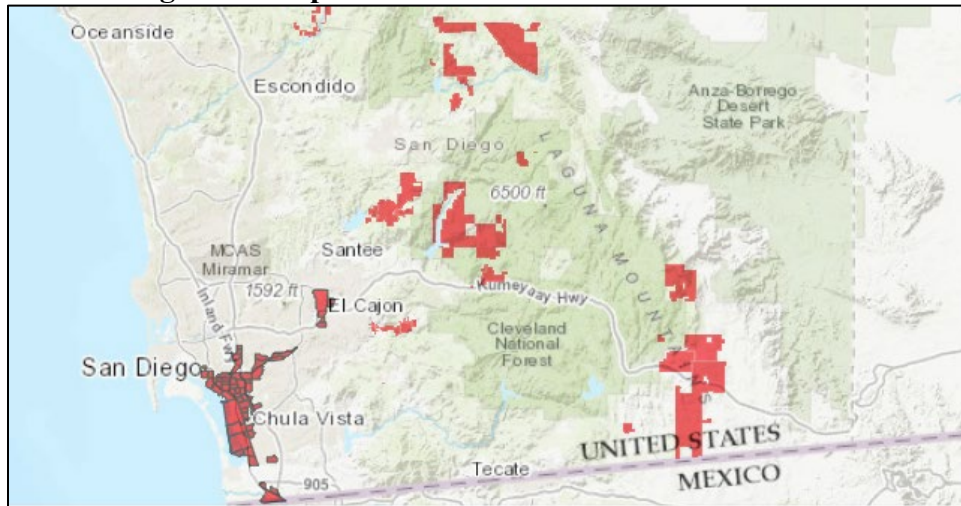
The table below shows the DACs within SDCP's service area per CES 4.0. It covers the three jurisdictions of San Diego, Chula Vista, and National City.

Table 7: Disadvantaged Communities under SDCP Jurisdiction

Census Tract	Nearby City (Approximate location only)	Zip	County	Population ²⁹
6073003601	San Diego	92113	San Diego	3,006
6073005000	San Diego	92113	San Diego	2,195
6073004900	San Diego	92113	San Diego	5,505
6073003902	San Diego	92113	San Diego	4,388
6073003901	San Diego	92113	San Diego	4,379
6073003404	San Diego	92102	San Diego	5,062
6073012501	Chula Vista	91910	San Diego	3,283
6073003403	San Diego	92102	San Diego	4,094
6073003603	San Diego	92113	San Diego	3,907
6073012502	Chula Vista	91910	San Diego	4,330
6073003501	San Diego	92113	San Diego	4,929
6073003301	San Diego	92113	San Diego	3,820
6073002712	San Diego	92105	San Diego	5,658
6073011700	National City	91950	San Diego	6,078
6073002502	San Diego	92105	San Diego	6,479
6073003502	San Diego	92113	San Diego	4,754
6073004800	San Diego	92102	San Diego	4,171
6073011601	National City	91950	San Diego	5,470
6073011801	National City	91950	San Diego	4,169
6073011602	National City	91950	San Diego	3,900
6073011802	National City	91950	San Diego	7,401
6073005100	San Diego	92113	San Diego	7,702
6073013205	Chula Vista	91911	San Diego	2,431
6073002402	San Diego	92105	San Diego	5,189
6073010013	San Diego	92173	San Diego	5,670
6073003303	San Diego	92113	San Diego	4,821
6073002501	San Diego	92105	San Diego	5,406
6073003602	San Diego	92113	San Diego	3,427
6073012402	Chula Vista	91910	San Diego	5,107
6073004000	San Diego	92102	San Diego	4,513
6073003001	San Diego	92114	San Diego	4,664
6073012600	Chula Vista	91910	San Diego	4,798
6073012102	National City	91950	San Diego	3,385
6073003305	San Diego	92113	San Diego	6,601
6073021900	National City	91950	San Diego	7,107
6073013307	Chula Vista	91911	San Diego	4,780
6073002202	San Diego	92105	San Diego	5,477
6073004700	San Diego	92102	San Diego	1,703
6073013103	Chula Vista	91911	San Diego	2,506
6073010111	San Diego	92173	San Diego	3,230
6073002711	San Diego	92105	San Diego	3,279
6073022000	National City	91950	San Diego	4,681
6073012700	Chula Vista	91910	San Diego	4,868
6073003304	San Diego	92102	San Diego	4,099

²⁹ Based on the 2019 U.S. Census Bureau's American Community Survey population estimates

Figure 2: Map of DACs within SDCP's Service Area



Within these DACs, SDCP estimates a population of approximately 202,422 (CES 4.0 census data). In May 2022, CalEPA updated the definition of DACs to include DACs in CES 3.0 that became ineligible under CES 4.0, as well as federally recognized tribal areas. SDCP is still analyzing this data and the additional customers to be served. Moreover, before serving federally recognized tribal areas, SDCP will need to engage with tribes on whether they want their generation to be served by SDCP or SDG&E.

Moving forward, SDCP is looking to add more census tracts beyond those identified by CES 4.0. CES is a useful tool for a statewide assessment, however a statewide assessment leaves out disadvantaged communities at a local or regional level. The City of San Diego, one of SDCP's members, has developed a citywide assessment of disadvantaged communities, or Communities of Concern. The City of Chula Vista, another member city, has also developed a similar assessment. SDCP identifies Communities of Concern as those highlighted by the cities of San Diego and Chula Vista, and defaults to the DAC definition in other jurisdictions where a citywide assessment has not been conducted.

In developing its IRP, SDCP carefully considered the impact of its resource procurement on DACs and Communities of Concern. SDCP conducts regular outreach with community-based organizations and through monthly public meetings with its Community Advisory Committee to solicit input on procurement policies and strategies that inform the IRP process. As detailed in SDCP's Action Plan in Section IV.b, SDCP has launched a CPP to develop a framework for community investment decisions informed by a community needs assessment and targeted community engagement.

Power Procurement in DACs

SDCP does not currently procure electricity directly from any natural gas or other fossil fuel power plants. Further, SDCP does not own any thermal generation facility adjacent to any identified DACs. However, SDCP recognizes the need to help mitigate the impacts of air

pollution in regions of the state where communities have been disproportionately impacted by the existing generating fleet and the need for economic development in areas with high unemployment and poverty. SDCP has to-date signed two long-term procurement contracts for hybrid solar/storage projects that are in or near DAC areas.

SDCP additionally evaluated its indirect impacts on disadvantaged communities throughout the state. SDCP's portfolio includes 39% system power in 2024, and this declines to only 11% in 2035. While SDCP strives to reduce its dependence on resources that emit GHGs and other local pollutants, SDCP must also balance that goal against reliability and affordability, which is what SDCP has strived to do in its Preferred Conforming Portfolio. Further, as noted in the previous section, SDCP's reliance on system power will decrease substantially over the planning period due to SDCP's aggressive GHG reduction goals.

SDCP also implements a feed-in tariff ("FIT") program to help facilitate the development of local qualifying, small-scale, distributed renewable generating and energy systems. With a program capacity of 6 MW, SDCP encourages developers to submit proposals that are new resources at less than 1 MW in size. To promote economic development in DACs, SDCP provides bonus pricing per MWh to projects that are sited within a Community of Concern. The program offers a bonus pricing incentive for the first five (5) years of the contract on top of the base price for projects sited within a Disadvantaged Community, as defined by the California Office of Environmental Health Hazard Assessment, or within a very low to low access census tract found in the City of San Diego's Climate Equity Index, or as the top 25% scoring areas within the City of Chula Vista's Climate Equity Index at the time of FIT application submittal. The geographical eligibility of Communities of Concern may expand as SDCP member cities enact their own Climate Equity Index or other related index to identify designated census tracts.

LSE Activities and Programs Impacting DACs

As a relatively new CCA, much of SDCP's activities and programs benefitting DACs are currently in the planning phase, as detailed in Section IV.b. However, many qualifying SDCP customers located in DACs have access to several affordable rate options and programs. While not specific to DACs, SDCP's customers still qualify and participate in the same electricity discount programs that they may already have participated in with SDG&E such as California Alternate Rates for Energy ("CARE") and Family Electric Rate Assistance ("FERA"), and the Low-Income Home Energy Assistance Program ("LIHEAP"). CARE customers save approximately 30-35% on their total bill.

SDCP customers with a qualifying medical condition or a need for certain medical devices may qualify for the medical baseline allowance program, which gives residential customers with qualified medical devices or conditions a higher usage baseline at the lowest rate available on their rate schedule.

SDCP customers on CARE or FERA with outstanding bills that are past due can also qualify for debt forgiveness through the Arrearage Management Plan ("AMP"). AMP is a 12-month payment plan that forgives 1/12 of your debt after each on-time payment of the current month's

bill and protects you from disconnections. After twelve on-time payments, a customer's debt will be fully forgiven up to a maximum of \$8,000.

On September 29, 2021, SDCP filed its Tier 2 Advice Letter ("AL") with the Commission requesting a capacity transfer from SDG&E under the Disadvantaged Communities - Green Tariff ("DAC-GT") and Community Solar Green Tariff ("CSGT") based on the disadvantaged communities located within founding member agencies of SDCP. The Commission accepted and approved SDCP's capacity transfer request on October 29, 2021. SDCP submitted its implementation advice letter on October 12, 2022, seeking approval of the proposed programs and obtaining the status of a program administrator. As part of the implementation advice letter, SDCP is also seeking additional capacity transfer from disadvantaged communities located in National City, a new member city that was added to SDCP's joint powers authority ("JPA") after SDCP submitted AL 4-E.

The DAC-GT program allows customers who reside within a disadvantaged community and are eligible for the CARE/FERA programs to receive 100% solar energy at a 20% discount on the electricity and delivery portion of their otherwise applicable tariff. The CSGT program is similar but differs where at least one community sponsor is needed to represent the local generating resource, as it must be located in a disadvantaged community and within 5 miles of the disadvantaged community where subscribing customers reside. Moreover, the CSGT program requires the sponsor to promote workforce development for the new build project. Both programs incentivize the development of new, local generation and will require extensive community engagement to educate and subscribe customers.

e. Cost and Rate Analysis

SDCP's 25 MMT PCP is reasonable from a cost perspective. In selecting resources for its portfolios, SDCP carefully considered the cost implications of specific resource selections and procurement timing. This analysis was informed by SDCP's procurement experience and the standard assumptions and results of the Commission's RESOLVE/SERVVM modeling.

In general, SDCP sought to balance the need to procure resources with enough lead time to meet SDCP's LSE-specific procurement targets and the Commission-identified overall system new resource requirements with the potential cost-saving benefits of waiting to procure renewable and storage resources with downward sloping cost projections. SDCP also recognizes that future resource costs are highly uncertain, and technological advancement can happen unexpectedly; SDCP's procurement cycle is designed to take advantage of technological and cost improvements by incrementally adding new resource commitments over time.

SDCP's PCPs takes advantage of the fact that, compared to the IOUs, CCAs significantly shorter generation project development timelines, in part due to the fact that CCAs do not require Commission approval of such projects. These shorter timelines result in significant direct savings and give SDCP more flexibility to time its procurement activities in a way that takes advantage of falling renewable generation prices or other cost-effective procurement opportunities that may arise over time.

f. System Reliability Analysis

SDCP's 25 MMT PCP is expected to be reliable and will contribute SDCP's fair share to system reliability needs under both the 30 MMT and 25 MMT analyses.

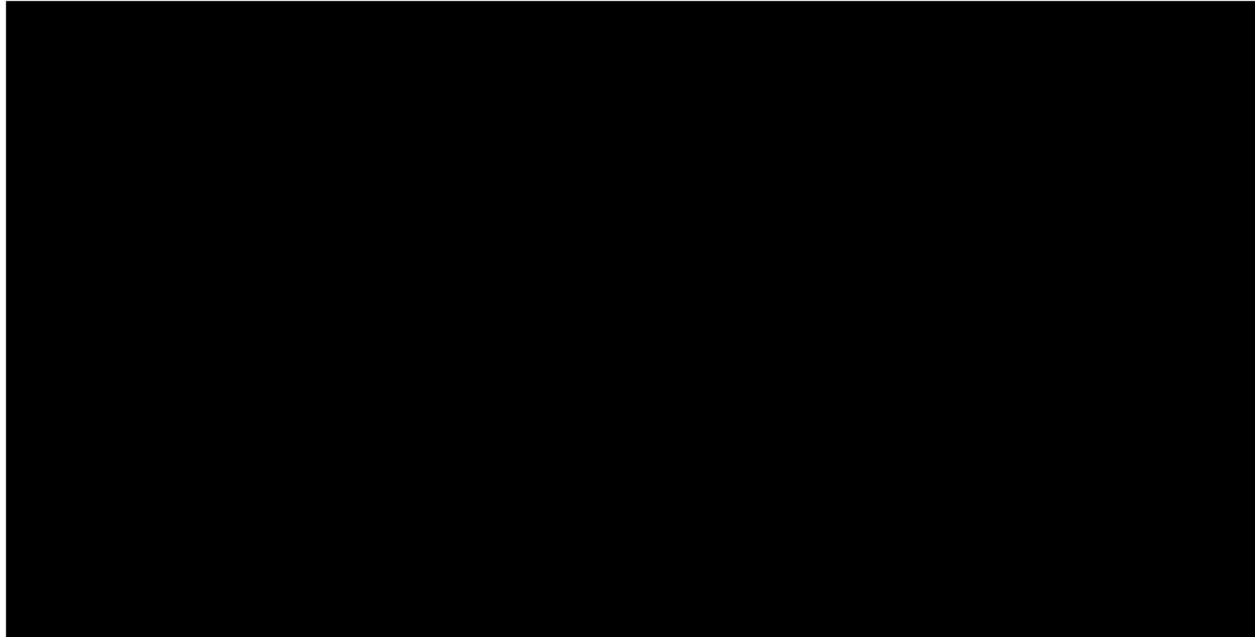
SDCP 30 MMT Analysis

The effective capacity of SDCP's 25 MMT PCP under the 30 MMT emission analysis is provided in the following "System Reliability Progress Tracking Table" from the 30 MMT Resource Data Template dashboard. The net qualifying capacity for the month of September is shown for each year in the following table:

Table 8: System Reliability Progress Tracking, September, 30 MMT PCP

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
LSE reliability need (MW)												
ELCC by contract status (effective MW)												
Online												
Development												
Review												
PlannedExisting												
PlannedNew												
BTM PV												
LSE total supply (effective MW)												
Net capacity position (+ve = excess, -ve = shortfall) (effective MW)												

Figure 3: LSE Capacity by Resource Type (30 MMT Analysis)



As demonstrated in Table 8, SDCP’s 25 MMT PCP under the 30 MMT emissions scenario contributes 2,003 MW of peak monthly NQC in 2035. Of this total, 1,264 MW are related to new renewable and hybrid resources as well as new short- and long-duration storage resources. SDCP’s 25 MMT PCP includes planned contracts with existing resources, which are expected to include resources within the existing natural gas generator fleet, for a total of 507 MW of NQC. This balanced portfolio of flexible capacity works to effectively and reliably integrate a renewables-heavy portfolio, thus exceeding SDCP’s share of any system-wide renewable integration resource requirements.

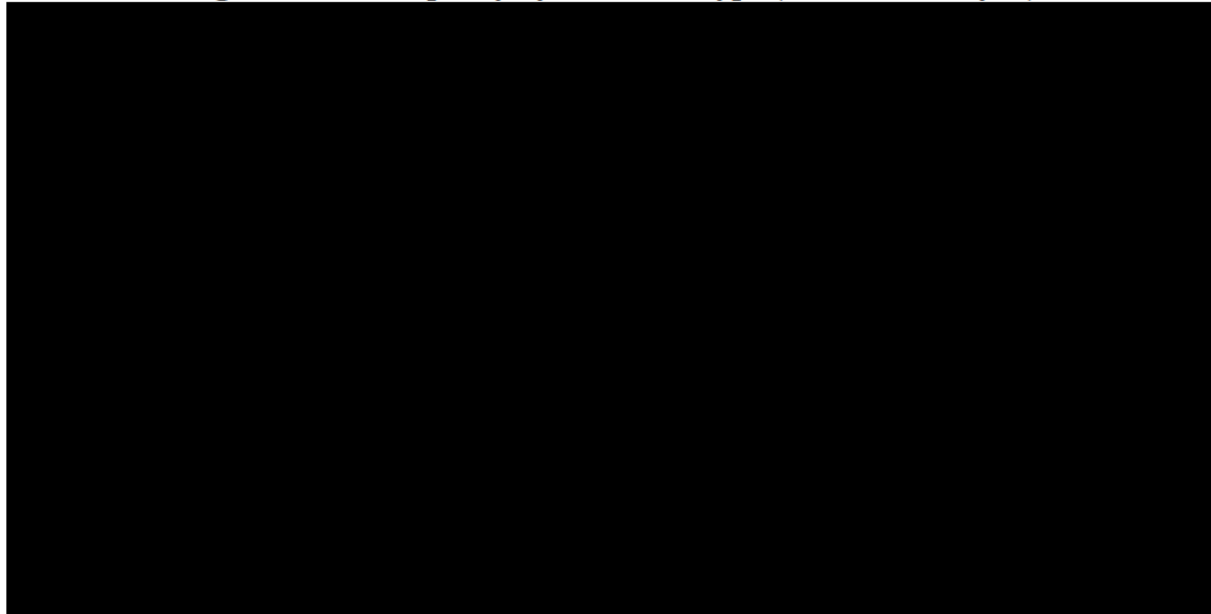
SDCP 25 MMT PCP

The effective capacity of SDCP’s 25 MMT PCP is provided in the following “System Reliability Progress Tracking Table” from the 25 MMT Resource Data Template dashboard. The net qualifying capacity for the month of September is shown for each year in the following table:

Table 9: Load and Resource Table by Contract Status, 25 MMT PCP

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
LSE reliability need (MW)												
ELCC by contract status (effective MW)												
Online												
Development												
Review												
PlannedExisting												
PlannedNew												
BTM PV												
LSE total supply (effective MW)												
Net capacity position (+ve = excess, -ve = shortfall) (effective MW)												

Figure 4: LSE Capacity by Resource Type (25 MMT Analysis)



As demonstrated in Table 9, SDCP's 25 MMT PCP contributes 2,008 MW of peak monthly NQC in 2035. Of this total, 1,264 MW are related to new renewable and hybrid resources as well as new short- and long-duration storage resources. SDCP's 25 MMT PCP includes planned contracts with existing resources, which are expected to include resources within the existing natural gas generator fleet, for a total of 513 MW of NQC. This balanced portfolio of flexible capacity works to effectively and reliably integrate a renewables-heavy portfolio, thus exceeding SDCP's share of any system-wide renewable integration resource requirements.

g. High Electrification Planning

SDCP believes that its aggressive goals for renewables and carbon reduction have made it well placed for the challenges of a high electrification case as proposed in the TPP. SDCP shows a modest load growth over period from 2024 to 2035 under the High Electrification scenario.

Table 10: Managed Retail Sales Forecast

	<i>Units</i>	2024	2026	2030	2035
Managed Retail Sales Forecast (assigned to LSE)	<i>GWh</i>	0	0	305	1216
LSE marginal reliability need (MW)	<i>MW</i>	0	0	31	117

With this in mind, SDCP believes this need will be met through the procurement of in-state large hydro. To maintain SDCP's current emissions rate it will be important that any increase in load be met with carbon-free energy. The table below details the quantity of 2035 procurement necessary to meet the increased high electrification case.

Table 11: Quantity of 2035 Procurement to Meet Increased High Electrification Case

Resource Type	MWs	Annual GWh	2035 GHG target	Transmission Zone	Substation/ Bus	Alternative location	Note
Large Hydro	35	307	1.072	CAISO		Pacific Northwest	

In-state large hydro carries many risks which will be discussed further in Section I, but SDCP believes this resource offers the best fit for its 25 MMT PCP. To mitigate generation risk, SDCP would plan to procure energy in excess of the minimum required generation to mitigate deliverability risk.

h. Existing Resource Planning

During the 2020 IRP cycle, SDCP was just beginning startup operations with much uncertainty of the types and quantity of resources necessary to successfully meet its carbon reduction and reliability goals. During this current IRP cycle, SDCP is more confident in its development as a successful and reliable LSE. Further, SDCP has more experience with local developers and managing solicitations (RFPs, RFIs, and RFOs).

The proposed portfolio leverages knowledge gained through market participation and counterparty communications to propose sensible timelines for when new projects can/will be

available. With this being said, SDCP is keenly aware that flexibility is necessary when preparing for the future. The current market is extremely dynamic and there are broad market forces affecting the whole industry. SDCP expects there to be more stability in the market in the next two years.

For each solicitation now, and into the future, SDCP plans to balance its previously mentioned portfolio planning criteria of reliability, carbon reduction, and customer cost to traverse the resource landscape to create a robust and cost-efficient portfolio. With this in mind, SDCP has crafted a resource portfolio that balances the multiple needs of carbon reduction, system reliability, and cost to customers. Currently, SDCP has an open solicitation entitled Long-Term California RPS-Eligible Renewable Energy RFP.³⁰

In the 2020 IRP 38 MMT scenario, SDCP relied upon 58% of existing resources to meet its 2030 energy demand. Here, the 25 MMT PCP relies upon 40% of existing resources to meet the 2030 energy demand and only 10% by 2035. This highlights SDCP’s commitment to helping support and develop new resources.

i. Hydro Generation Risk Management

In developing its portfolios, SDCP took several steps to manage the risk of reduced hydro availability that may result from future in-state drought. First, SDCP has developed a network of Pacific Northwest-based hydroelectric power suppliers, including entities that have substantial carbon-free hydroelectric and Asset Controlling Supplier (“ACS”) supply and are thus able to sell firm zero- or low-carbon supply to SDCP. SDCP’s PCP includes hydroelectric resources located within California as well as imported hydroelectric power from the Pacific Northwest. Second, SDCP prioritizes hydroelectric contracts with marketers that provide firm delivery volumes, helping to reduce the planning uncertainty associated with drought and variable hydroelectric conditions within California. Under the 25 MMT PCP, SDCP has decreased its planned use of hydroelectricity in comparison to the 2020 IRP 38 MMT PCP scenario from 426 MW to 35 MW. This decreased reliance is related to the risk of hydroelectricity under certain drought conditions. Under a drought scenario or in the event that other factors restrict the availability of hydroelectricity and SDCP is unsuccessful in filling related shortfalls through short-term contracting opportunities, SDCP would plan to substitute with renewable energy resources to ensure it meets its assigned GHG benchmark.

Table 12: Hydro Generation Risk Management

Hydro Resource	30 and 25 MMT PSP MW	SDCP Proportionate Share	SDCP 30 MMT PCP MW	SDCP 25 MMT PCP
CAISO	0	0	35	35
Imports	0	0	0	0

³⁰ Available at https://sdcommunitypower.org/wp-content/uploads/2022/10/Final-2022-San-Diego-Community-Power_Long-Term-Renewable-RFP_10-3-2022-.pdf.

j. Long-Duration Storage Planning

The Commission's PSP included 1,000 MW of new long-duration storage to be operational by 2028, and SDCP includes 60 MW in its 25 MMT PCP. SDCP chose to include more long-duration storage to be at or above the PSP share since SDCP's PCP relies primarily on solar-hybrid projects in its PCP. This value also exceeds SDCP's long-duration storage requirement under D.21-06-035 since SDCP expects to contract with a diverse portfolio of long-duration technologies and developers to ensure successful development of this nascent resource type and to support substantial commitments to solar and shorter duration battery resources.

SDCP believes that long-duration storage will be a key piece of its carbon reduction strategy. This resource will allow for a fuller utilization of renewable resources and help to mitigate the pricing volatility caused by the CAISO's evening net ramp rate. SDCP plans to investigate long-term storage resources for installation in 2026. SDCP acknowledges this may be an aggressive timeline because this resource space is not fully mature, but SDCP believes that such technologies are important to their long-term goals.

k. Clean Firm Power Planning

SDCP includes 100 MW of clean firm power in its 25 MMT PCP. Despite a thin supply of projects and limited recent development investment in eligible resource types, both the result of little activity in this resource area of project development prior to D.21-06-035, SDCP has taken efforts to meet its D.21-06-035 clean-firm requirement. SDCP released a Clean Firm RFO entitled "Clean Firm Energy Resource" in July 2022 and has since been in negotiation with two parties who responded to that solicitation. SDCP has been active otherwise in the market to pursue additional bilateral opportunities and to promote development of a diverse portfolio of clean firm resources within its service territory and neighboring counties.

SDCP's experience procuring for D.21-06-035 has provided insights regarding the specific sub-category requirements required by that Decision. Specifically, D.21-06-035 required certain long lead time ("LLT") resources and resources to replace Diablo Canyon Power Plant. These resources only count if they meet relatively narrow attributes directed by that Decision. SDCP's experience has been that for some of these categories there are very few resource developers with the experience and ability to bring projects online, and even fewer with the ability to bring such projects online in the timeline directed by the Commission.

l. Out-of-State Wind Planning

The Commission's PSP calls for 4,636 MW of new out-of-state wind generation ("OOS Wind") to be developed and operational by 2035. SDCP's 25 MMT PCP includes 211 MW of OOS Wind, which is based on the expectation that new transmission will be constructed to access relatively low-cost wind resources in New Mexico. The share of new OOS Wind in SDCP's planned portfolio may increase and may also include Wyoming wind resources, depending upon the pace of transmission development. SDCP understands that the transmission projects needed to connect OOS Wind to the CAISO grid require significant lead-times; however, SDCP is currently contracting with OOS Wind developers that deliver necessary wind energy directly to

California. Additional transmission planning is required to deliver this OOS wind from Wyoming and New Mexico; those efforts are underway and, should they be approved, SDCP expects to pursue offtake from these regions in the interest of diversifying its energy supply portfolio with resources that complement what will otherwise be a very solar-heavy mix. Therefore, SDCP has reflected OOS Wind in both of its portfolios.

m. Offshore Wind Planning

The Commission's PSP calls for 4,707 MW of new offshore wind generation to be developed and operational by 2035. Since California has little experience with offshore wind development, SDCP conservatively planned procurement over the planning horizon for this category, with a focus on areas with existing transmission capacity in the Central Coast or current plans to develop capacity and infrastructure for offshore wind (e.g., in and around Humboldt County). Additionally, though expected to provide benefits in comparison to existing wind resources, it is unclear what exact resource and reliability benefits offshore wind may provide and at what cost. Therefore, SDCP has planned conservative offshore wind procurement in both of its portfolios.

SDCP chose to procure 300 MW of offshore wind in 2032 located in Morro Bay. The choice to procure offshore wind in Morro Bay revolved around the presence of existing transmission infrastructure and the proximity to SDCP's service territory. SDCP believes this resource will be a huge benefit to its portfolio because of its high ELCC value and hourly generation profile shape.

n. Transmission Planning

In identifying resource locations for all portfolios, SDCP was guided by the following considerations:

- SDCP has a general preference for resources located within its service area and the community it serves, but more generally, within Southern California.
- SDCP prefers projects located in areas that can utilize existing transmission infrastructure with minimal upgrade/modification costs.
- SDCP prefers low-impact renewable energy projects that provide economic benefit to DACs, subject to community interest in siting projects within such locations.

Unlike the IOUs, SDCP is not a transmission and distribution ("T&D") system operator. SDCP does not enjoy the benefits of a granular knowledge of SDG&E T&D system, and SDCP is not best positioned to identify optimal resource locations. In practice, SDCP relies on consultants and project developers to conduct the research and technical studies necessary for siting potential generation projects. SDCP evaluates projects offered by developers based on a variety of criteria, including transmission availability, nodal prices and potential for congestion, project viability, environmental, workforce, and other factors. As such, SDCP generally utilized the PSP selected candidate resources as a guide for likely resource locations in its 25 MMT PCP. These should be treated as general expectations based on the aforementioned considerations, not definitive selections – actual project locations will be selected during SDCP's future solicitation processes.

As discussed in prior sections, SDCP is very nimble in administering resource planning processes. More specifically, if SDCP's expected resource locations become infeasible due to various constraints, or if the Commission's modeling efforts happen to indicate that certain resource locations are no longer feasible/desirable, then SDCP would ultimately locate and contract for alternative resources that fall in preferred locations.

At this point in its development process, SDCP relies upon project developers, through its competitive RFP process, to plan the interconnection locations for specific projects. Projects that align with, or require minimal incremental augmentation to, existing or planned transmission upgrades are preferred.

As SDCP scopes and designs a portfolio of local renewable energy resources, staff will work with member agencies and local landowners to identify potential project sites that not only are consistent with local zoning regulations and climate action plans but also reduce the cost of necessary interconnection upgrades.

IV. Action Plan

a. Proposed Procurement Activities and Potential Barriers

SDCP has a well-established procurement process that it will use to steadily achieve its 25 MMT PCP between now and 2035. SDCP's procurement process includes the following key activities:

- Identification of planned resources by type, desired online date, and capacity.
- Planning for procurement activities in consideration of SDCP's risk management policy; resource acquisition lead times including, where applicable, development timelines; staff capacity; and financial considerations.
- Design and administration of resource solicitations. For new resources, these typically take the form of periodic RFP processes, while for existing resources, procurement activity is more frequent and routinized.
- Careful negotiation of contract terms to ensure positive outcomes for SDCP customers with appropriate risk mitigation.
- Ongoing contract management, including monitoring of development milestones and generator performance, as applicable.
- Conduct and participate in joint CCA solicitation processes in order to expand procurement opportunities available to SDCP.

With respect to procurement of the specific resources within its PCP, SDCP intends to:

- Periodically solicit offers for new renewable generation and storage projects. These resources are typically secured through long-term power purchase agreements. SDCP expects to secure power purchase agreements for new projects in multiple solicitations conducted over the next several years.

- For example, SDCP currently has an open solicitation entitled Long-Term California RPS-Eligible Renewable Energy RFP³¹ for resources coming online between January 1, 2023 and December 31, 2026.
- Conduct one or more competitive solicitation(s) specifically for long duration storage.
- Continue procurement of resources to meet any remaining assigned requirements from D.21-06-035, as well as the specific sub-categories from that decision.
- Solicit offers periodically throughout the year for short-term renewable energy, resource adequacy, system energy, and other products needed to balance the portfolio and adhere to position limits established through SDCP’s risk management policy and practices. These solicitations may take the form of formal request for offers, bilateral discussions, and/or transactions arranged through broker markets.

i. Resources to meet D.19-11-016 procurement requirements

SDCP does not have any D.19-11-016 obligations as it was not in existence at the time of the Decision. However, consistent with CPUC Decision 22-05-015, which implemented the “Modified Cost Allocation Mechanism” or “MCAM,” SDCP has contracted to purchase from SDG&E the share of Resource Adequacy attributes associated with its 2022 load share.

ii. Resources to meet D.21-06-035 procurement requirements, including:

a. 1,000 MW of firm zero-emitting resource requirements

Consistent with Ordering Paragraph 4 of D.21-06-035 and formalized via CPUC approval of SDG&E Advice Letter 3967-E, SDCP and SDG&E mutually agreed to reallocate resource requirements within D.21-06-035 to reflect load forecasts that were revised subsequent to those that were incorporated into the analysis supporting D.21-06-035. SDCP’s resulting portion of firm zero-emitting resources to be procured is 39.7 MW.

SDCP is actively engaged with two suppliers that participated in its July 2022 Clean Firm RFO, which targeted eligible resources expected to achieve COD no later than 2028 and likely to be geothermal or bioenergy fueled. In order to ensure compliance with D.21-06-035 and to promote development of a diverse portfolio of clean firm resources within its service territory and neighboring counties, SDCP continues pursuit of additional bilateral opportunities to contract with eligible resources.

A potential barrier, also noted in Section III.k., is that there has been little development of new geothermal and commercially scalable bioenergy generation resources in recent years. SDCP is optimistic that D.21-06-035 will increase the number of potential projects and market participants involved in the development of eligible resources such that SDCP and all other LSEs can meet the very specific requirements of D.21-06-035.

³¹ https://sdcommunitypower.org/wp-content/uploads/2022/10/Final-2022-San-Diego-Community-Power_Long-Term-Renewable-RFP_10-3-2022-.pdf

b. 1,000 MW of long-duration storage resource requirements

Consistent with Ordering Paragraph 4 of D.21-06-035 and formalized via CPUC approval of SDG&E Advice Letter 3967-E, SDCP and SDG&E mutually agreed to reallocate resource requirements within D.21-06-035 to reflect load forecasts that were revised subsequent to those that were incorporated into the analysis supporting D.21-06-035. SDCP's resulting portion of long-duration storage resources under D.21-06-035 is 39.7 MW.

SDCP has extensive market insight and experience contracting with energy storage resources from its 2020 Renewable Energy RFP and its 2021 Request for Information for Local Renewable Energy and Energy Storage Request for Information ("Local RFI")³². SDCP expects to launch a solicitation targeting short- and long-duration standalone energy storage projects upon conclusion of its currently open 2022 Renewable Energy RFP.

Current barriers to procurement of long-duration storage resources are the lack of diversity of commercially viable and scalable technologies beyond lithium-based battery storage facilities and the pandemic and supply chain disruptions currently impacting said lithium-based storage development capacity and timelines.

c. 2,500 MW of zero-emissions generation, generation paired with storage, or demand response resource requirements

Consistent with Ordering Paragraph 4 of D.21-06-035 and formalized via CPUC approval of SDG&E Advice Letter 3967-E, SDCP and SDG&E mutually agreed to reallocate resource requirements within D.21-06-035 to reflect load forecasts that were revised subsequent to those that were incorporated into the analysis supporting D.21-06-035. SDCP's resulting portion of zero-emissions generation, generation paired with storage, or demand response resources is 98.9 MW.

SDCP expects to meet its zero-emitting resource requirements predominantly via contracts with hybrid solar-and-storage resources. SDCP expects to exceed its share with resources under contract and, in order to ensure compliance in the event of project delays and to further support development of additional zero-emissions generation, SDCP continues pursuit of additional opportunities to contract with eligible resources, both via formal solicitation (e.g., 2022 Renewable Energy RFP and 2021 Local RFI) and via bilateral market outreach and discussions.

Current barriers to procurement are the pandemic and supply chain disruptions currently impacting the development capacity and timelines related both to solar and lithium storage technologies.

³² <https://sdcommunitypower.org/wp-content/uploads/2021/08/SDCP-2021-Local-RFI-Announcement.pdf>

d. All other procurement requirements

Consistent with Ordering Paragraph 4 of D.21-06-035 and formalized via CPUC approval of SDG&E Advice Letter 3967-E, SDCP and SDG&E mutually agreed to reallocate resource requirements within D.21-06-035 to reflect load forecasts that were revised subsequent to those that were incorporated into the analysis supporting D.21-06-035. SDCP's overall D.21-06-035 requirements, including the previously discussed sub-category requirements, are 455.7 MW.

In D.21-06-035, the Commission identified mid-term reliability needs of at least 11,500 MW of additional net qualifying capacity to be procured by all the LSEs subject to the Commission's IRP authority. The capacity requirements are adopted annually, beginning with 2,000 MW by 2023, an additional 6,000 MW by 2024, an additional 1,500 MW by 2025, and an additional 2,000 MW by 2026.

Table 13: D.21-06-035 Obligation

	2023	2024	2025	2026 (LLT resources)	Minimum zero-emitting capacity by 2025	Total
SDCP	79.3	237.4	59.7	79.3	98.9	455.7

SDCP has identified the following market, regulatory, financial, or other barriers or risks that may impede SDCP's ability to acquire the resources identified in its PCP:

- Potential constraints in SDCP's ability to contract new build generation and storage projects at the scale and timeline anticipated in its plan.
- The inflexibility in long-term contracting requirements under the renewable portfolio standards program, which does not accommodate a gradual ramping of resource commitments that would be appropriate for newly forming CCAs.
- Factors that may restrict availability of resource adequacy capacity such as retirement of conventional resources, the potential re-rating of renewable resource or battery storage Effective Load Carrying Capacity, or SDG&E's retention of resources.
- Factors that may increase SDCP customer costs such as potential regulatory changes relating to the treatment of SDG&E generation costs and the share of costs allocated to SDCP customers through the PCIA.
- Technology availability and acceptance for long duration storage. The current generation of lithium-ion batteries has matured, but not to the degree needed for long duration.

SDCP plans to meet D.21-06-035 requirements through the use of existing technologies whenever possible. SDCP does not want to risk non-compliance by relying on a large technological advancement. Therefore, SDCP will build out its portfolio with solar-battery, wind, and 4-hour battery storage including and in excess of D.21-06-035. This will allow SDCP to not only meet its mandated carbon emissions requirements but also SDCP's own aggressive renewable and carbon-reduction goals.

SDCP has already solicited offers for resources to meet its D.21-06-035 resource needs via its 2020 Renewable Energy RFP, its 2021 Local RFI, the 2022 Clean Firm RFO, and its currently open 2022 Renewable Energy RFP. SDCP will continue procurement efforts toward these

mandates via an upcoming short- and long-duration energy storage solicitation, additional all-source or targeted Renewable Energy RFOs as appropriate, and ongoing bilateral market outreach and negotiations.

iii. Offshore wind

SDCP believes offshore wind will be a vital part of its portfolio in the future. This clean energy, high-ELCC factor resource has a forecasted shape that is highly desirable in that it will complement SDCP's hourly portfolio shape.

SDCP does have concerns about the ability for offshore wind to interconnect into the CAISO's existing transmission system. In CPUC's Modeling Assumptions for the 2022-2023 Transmission Planning Process staff report, it was noted that some of the Morro Bay substation constraints had to be relaxed or changed to the proposed Morro Bay 500kV substation which ties to the Diablo-Gates 500kV line to accommodate enough offshore wind deliverability. With Diablo Canyon being extended to at least 2030, there is concern whether enough interconnection capability is available for offshore wind at scale.

SDCP has an open solicitation at this time (Long-Term California RPS-Eligible Renewable Energy RFP) for resources coming online between January 1, 2023 and December 31, 2026. This solicitation includes offshore wind and, should any resources be projected to achieve COD before 2027, SDCP looks forward to evaluating and pursuing such opportunities in its review and negotiation phases.

With respect to its PCP, SDCP prioritized the selection of future resources to ensure that its overall portfolio of new resources is consistent with the PSP resource attribute/category mix, procurement timing, and SDCP's proportional share of planned new procurement. For the 25 MMT PCP, SDCP identified future contracts it expects to secure for new offshore wind. SDCP anticipates that additional procurement efforts beyond its current 2022 Renewable Energy RFP may be necessary. If so, SDCP will redouble efforts to secure energy supply from offshore wind resources via its own renewable solicitations, whether all-source or specifically targeted, and potentially by partnering with other CCAs or procurement entities as appropriate to support development of largescale offshore wind capacity.

iv. Out-of-state wind

SDCP values a diverse portfolio of renewable resources and currently utilizes out-of-state wind in its clean energy portfolio. As SDCP wishes to increase its total quantity of out-of-state resources under contract, several key obstacles appear to be present. First, is having the necessary import capability. Second is the risk that as the demand for renewable energy grows from California, so will the size of projects and the possible pushback from residents and political action groups. Third, SDCP understands that the transmission projects needed to connect OOS Wind to the CAISO grid require significant lead-times. Additional transmission planning is required to deliver this OOS wind from Wyoming and New Mexico.

SDCP prioritized the selection of future resources to ensure that SDCP's overall portfolio of new resources is consistent with the PSP resource attribute/category mix, procurement timing, and SDCP's proportional share of planned new procurement. For the 25 MMT PCP, SDCP identified future contracts it expects to secure for new out-of-state wind.

SDCP has an open solicitation at this time (Long-Term California RPS-Eligible Renewable Energy RFP) for resources coming online between January 1, 2023 and December 31, 2026. This solicitation includes out-of-state wind. If additional procurement efforts are required, then SDCP will periodically solicit competitive proposals for new out-of-state wind generation projects.

v. Other renewable energy not described above

The vast majority of SDCP's upcoming procurement efforts are described in Sections IV.a.i through IV.a.iv. In order to complement its robust portfolio of commercially viable, wholesale resources, most of which are outlined above, SDCP expects to support and pursue development of less mature resource technologies via pilot projects, targeted procurement programs, and design and development of an integrated network of distributed energy resources throughout SDCP's service territory and neighboring communities. SDCP is currently in the early stages of scoping these programs, which it intends to shape and begin to implement in the next six to twelve months. While these efforts will be less time- and cost-effective on a MWh-for-MWh basis than larger wholesale projects, they are wholly consistent with SDCP's mission to invest in local resources that provide immediate local benefits and reduce costs associated with construction of additional transmission lines while supporting innovative renewable and carbon-free resources.

vi. Other energy storage not described above

SDCP believes harnessing existing renewable generation through storage will be key to meeting the State's long-term carbon reduction goals and plan to continue to research and invest in energy storage technologies. As previously discussed, SDCP has a strong desire to use existing technologies to lessen the potential project cost and the likelihood of non-compliance. In June 2022, SDCP's Board of Directors adopted a goal for 15% of SDCP capacity to be sourced from new, distributed infill storage/solar plus storage resources within Member Agencies by 2035. SDCP plans to release a competitive solicitation in late 2022 specifically for new short- and long-duration energy storage projects, from which it should garner significant insight into the status of various energy storage technologies.

Current barriers to procurement of energy storage resources are the lack of diversity of commercially viable and scalable technologies beyond lithium-based battery storage facilities and the pandemic and supply chain disruptions currently impacting said lithium-based storage development capacity and timelines.

vii. Other demand response not described above

SDCP has already contracted with demand response (“DR”) providers for short-term DR contracts and continues to explore innovative capacity and energy products, both short- and long-term, with DR providers.

Barriers to procurement of DR resources include i) relatively high customer high acquisition costs given the quantity in which they must be aggregated to provide material benefit to SDCP and the reliability of the CAISO grid more broadly; ii) the regulatory uncertainty regarding Resource Adequacy, specifically the capacity value that DR resources will provide and any limitations with respect to how much DR capacity any one LSE can include in its resource portfolio; iii) current data latency issues where CCAs have to wait until close of the billing cycle, usually within 28-30 days after power flow, to receive the interval data from SDG&E. CCAs would prefer to receive the interval data at T+2 (i.e. 2 days after power flow) to better inform Estimated Settlement Quality Meter Data processes to allow CCAs to better forecast their load and effectively offer useful demand response programs.

viii. Other energy efficiency not described above

SDCP plans to explore in the near future how it can promote and invest in energy efficient technologies and behaviors. SDCP is currently analyzing various funding mechanisms and opportunities to administer energy efficiency programs for its communities, which will be informed by SDCP’s CPP, discussed in more detail in Section IV.b. In addition, SDCP coordinates closely with its member agencies to support the implementation of their respective climate action plans, which will guide future energy efficiency programs and initiatives, including potential updates to building energy codes.

ix. Other distributed generation not described above

SDCP’s JPA includes a prioritization of distributed energy resources and as such SDCP plans to explore opportunities to utilize distributed generation. In addition, in June 2022, SDCP’s Board of Directors adopted a goal for 15% of SDCP’s energy to be sourced from new, distributed infill storage/solar plus storage resources within SDCP’s member agencies by 2035. SDCP has an active RFI entitled “Local Renewable Energy and Energy Storage RFI”³³ with a rolling submission deadline. In addition, as described in Section IV.b., below, SDCP is implementing DAC-GT and CSGT programs, which will specifically target DAC and low-income communities and support distributed generation in DACs. SDCP also implements a FIT program to help facilitate the development of local qualifying, small-scale, distributed renewable generating and energy systems less than 1 MW in size. The main barrier to such projects is opposition from small groups of local interested citizens that want to stall or fully prevent new development in many regions of San Diego County, which impacts SDCP’s mission to help developed new clean distributed energy resources. SDCP hopes that its mission and commitment to foster local

³³ Available at <https://sdcommunitypower.org/wp-content/uploads/2021/08/SDCP-2021-Local-RFI-Announcement.pdf>.

economic benefits such as job creation, local energy programs and local power development while prioritizing equity will help projects overcome these barriers.

x. Transportation electrification, including any investments above and beyond what is included in Integrated Energy Policy Report (IEPR)

SDCP plans to explore in the near future how SDCP can facilitate increased transportation electrification beyond what is included in the Integrated Energy Policy Report. SDCP coordinates closely with its member agencies to support the implementation of their respective climate action plans, which will guide future transportation electrification strategies and initiatives. Moreover, SDCP's CPP will inform programmatic investments in the community, including potential transportation electrification programs. It is too early in the planning process to fully understand the barriers to such investments for transportation electrification. Once the CPP is completed SDCP will have a better understanding of its community's needs. Such understanding will inform the opportunities, programs, and investments as they weigh against potential barriers to implementation.

xi. Building electrification, including any investments above and beyond what is included in Integrated Energy Policy Report (IEPR)

SDCP plans to explore in the near future how they can facilitate increased investment in building electrification beyond what is included in the Integrated Energy Policy Report. SDCP coordinates closely with its member agencies to support the implementation of their respective climate action plans, which will guide future building electrification strategies and initiatives. Moreover, SDCP's CPP will inform programmatic investments in the community, including potential building electrification programs. It is too early in the planning process to fully understand the barriers to such investments for building electrification. Once the CPP is completed SDCP will have a better understanding of its community's needs. Such understanding will inform the programs, opportunities, and investments as they weigh against potential barriers to implementation.

xii. Other

SDCP does not have any additional procurement to address.

b. Disadvantaged Communities

SDCP is deeply committed to promoting equity through the services and programs it provides, and as such, *Justice, Equity, Diversity & Inclusion* is one of SDCP's six core values. As noted in Section III.d.ii., while SDCP utilizes the statewide assessment tool, CES 4.0, to identify DACs within its service territory, SDCP also leverages the work of its member agencies in identifying additional Communities of Concern based on local and regional criteria. Communities of Concern have been defined as the top 25% scoring areas from CES, known as DACs, as well as the additional census tracts identified by the Cities of San Diego and Chula Vista through their Climate Equity Index ("CEI") reports. Specifically, the City of San Diego identified these census

tracts as areas with very low, low, and moderate access to opportunity, whereas the City of Chula Vista defined them as the top 25% scoring areas within its own analysis. If other member agencies were to identify additional census tracts as the cities of San Diego and Chula Vista have done, SDCP would recognize those designations under the umbrella of Communities of Concern.

In alignment with this mission to prioritize investment and benefits within Communities of Concern, SDCP is developing a strategic plan for customer energy programs, called the CPP. The CPP will provide a decision-making framework to guide SDCP's program strategy, selection and development of local programs based on community needs and gaps in program offerings for which SDCP could invest in as it matures as an agency. As part of the development of the CPP, SDCP is conducting a community needs assessment, partnering with local community-based organizations ("CBOs") to assist in community engagement. SDCP is utilizing multiple engagement methods, such as listening sessions, a survey instrument, interviews, attendance at community events, and workshops, to gather input from a large cross section of its customers.

SDCP issued an RFP in November 2021 looking for firms to conduct a community needs assessment and develop the CPP. Four proposals were received in December 2021. With the assistance of two representatives from SDCP's Community Advisory Committee ("CAC"), one firm with strong experience in community engagement and development of a similar plan for another CCA was selected.

As of September 2022, SDCP has completed several activities within the initial phase of the CPP project, the community needs assessment, including:

- Six listening sessions with nearly 200 community members with compensation to community-based organizations and participants
- Six pop-up events in partnership with several libraries in unincorporated San Diego County, engaging over 100 community members
- Focused conversations with stakeholders from six interest groups working with/serving community members
- Five listening workshops with over 40 participants from local businesses, key accounts, and the general public
- One-hour workshop with 13 CAC members
- Launched a community-wide needs assessment survey available in English, Spanish, and Filipino (Tagalog) and promoted with a paid social media campaign with multi-lingual ads targeting unincorporated San Diego County, National City, and SDCP's Communities of Concern

The CPP will include a market assessment of existing programs and program delivery mechanisms to understand the universe of programs available for implementation. The final CPP will illustrate the opportunities related to addressing the needs of customers with a focus on SDCP's Communities of Concern and will recommend an initial five-year program suite. Before

the CPP is considered for adoption by SDCP's Board of Directors, SDCP will solicit feedback and input from the community on the draft plan to ensure proper alignment.

Ultimately the CPP will allow SDCP to successfully deliver programs that, per its JPA, are centered around equity, and best serve the needs of its local communities while supporting regional sustainability efforts.

As noted in Section III.d.ii., SDCP is making strides to minimize both direct and indirect impacts to DACs. First, SDCP is substantially reducing its reliance on system power over the planning period and is committed to aggressive GHG reductions. Additionally, SDCP is implementing its DAC-GT and CSGT programs, which will specifically target DAC and low-income communities and provide both renewable energy and discounted electric rates. Finally, SDCP's FIT program promotes economic development in DACs by offering bonus pricing per MWh to projects that are sited within a Community of Concern.

c. Commission Direction of Actions

SDCP encourages the Commission to adopt durable rules and processes to bring greater stability to the regulatory framework within which SDCP and other suppliers must plan and operate. Frequent rule changes disrupt SDCP's ability to execute long-term planning activities and adopted planning elements while minimizing customer costs. Such regulatory changes can also result in disproportionately high costs and administrative burdens, which would prompt related customer rate increases – certain regulatory changes may necessitate duplicative procurement efforts and/or stranded investments that are expected to impact a larger portion of SDCP's portfolio.

For example, the Commission is currently considering a programmatic approach to the IRP and a Slice of Day reform of the RA Program. Each of these changes on their own represent significant regulatory uncertainty, which leads to market uncertainty. These changes together represent a complex, wholesale change to the regulatory landscape, which LSEs cannot reasonably account for in planning. The Commission should be cognizant that the scope of these reforms and how they may have broad, and somewhat unpredictable, impacts to the market. These market changes will likely alter planned procurement over the long term and may reduce the accuracy of LSE's IRP plans. With this in mind, SDCP encourages the Commission to develop a transition process for such changes that provides specific guidance, achievable timetables, and limited penalties to reduce market uncertainties and limit negative impacts on LSEs acting in good faith.

In addition, SDCP recommends the Commission consider the implications of load departure from IOUs within all of these processes and provide additional guidance. Relying on bilateral negotiations between IOUs and CCAs when CCAs expand service has resulted in situations in which the IOUs have too much discretion over the outcomes when there is anticipated load growth that is not included in existing methodologies.

V. Lessons Learned

SDCP recognizes the improvements made to the data templates relative to the 2020 planning cycle, including consolidation of the new and baseline templates and enhancements to better capture the full range of resources in LSE existing and planned portfolios. SDCP believes that additional improvements in the data templates can be made, and SDCP looks forward to further discussions with Energy Division staff in this regard. SDCP's experience completing the Resource Data Template and the Clean System Power tools leads to the following observations and suggestions:

There is considerable time required/spent to complete necessary templates, and this remains a concern of SDCP and other LSEs. SDCP requests that Energy Division staff consider whether all requested data is necessary/critically important to the IRP process, and if not, SDCP respectfully requests that any/all non-critical data requirements be eliminated from future processes. SDCP also found that the directions and guidance provided by the Commission and staff for this IRP cycle seemed to lack clarity and consistency in certain key respects. Again, SDCP recognizes that the IRP process is evolving, but there is room for improvement in providing clear and consistent instructions in a timely manner.

Finally, SDCP's experience procuring for D.21-06-035 has provided insights regarding the specific sub-category requirements required by that Decision. Specifically, D.21-06-035 required certain LLT resources and resources to replace Diablo Canyon Power Plant. These resources only count if they meet relatively narrow attributes directed by that Decision. SDCP's experience has been that for some of these categories there are very few resource developers with the experience and ability to bring projects online, and even fewer with the ability to bring such projects online in the timeline directed by the Commission. SDCP encourages the Commission to avoid prescriptive resource procurement requirements in future procurement orders, in favor of other methods of incentivizing load serving entities to bring needed resources to the grid.

Glossary of Terms

Alternative Portfolio: LSEs are permitted to submit “Alternative Portfolios” developed from scenarios using different assumptions from those used in the Preferred System Plan with updates. Any deviations from the “Conforming Portfolio” must be explained and justified.

Approve (Plan): the CPUC’s obligation to approve an LSE’s integrated resource plan derives from Public Utilities Code Section 454.52(b)(2) and the procurement planning process described in Public Utilities Code Section 454.5, in addition to the CPUC obligation to ensure safe and reliable service at just and reasonable rates under Public Utilities Code Section 451.

Balancing Authority Area (CAISO): the collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

Baseline resources: Those resources assumed to be fixed as a capacity expansion model input, as opposed to Candidate resources, which are selected by the model and are incremental to the Baseline. Baseline resources are existing (already online) or owned or contracted to come online within the planning horizon. Existing resources with announced retirements are excluded from the Baseline for the applicable years. Being “contracted” refers to a resource holding signed contract/s with an LSE/s for much of its energy and capacity, as applicable, for a significant portion of its useful life. The contracts refer to those approved by the CPUC and/or the LSE’s governing board, as applicable. These criteria indicate the resource is relatively certain to come online. Baseline resources that are not online at the time of modeling may have a failure rate applied to their nameplate capacity to allow for the risk of them failing to come online.

Candidate resource: those resources, such as renewables, energy storage, natural gas generation, and demand response, available for selection in IRP capacity expansion modeling, incremental to the Baseline resources.

Capacity Expansion Model: a capacity expansion model is a computer model that simulates generation and transmission investment to meet forecast electric load over many years, usually with the objective of minimizing the total cost of owning and operating the electrical system. Capacity expansion models can also be configured to only allow solutions that meet specific requirements, such as providing a minimum amount of capacity to ensure the reliability of the system or maintaining greenhouse gas emissions below an established level.

Certify (a Community Choice Aggregator Plan): Public Utilities Code 454.52(b)(3) requires the CPUC to certify the integrated resource plans of CCAs. “Certify” requires a formal act of the Commission to determine that the CCA’s Plan complies with the requirements of the statute and the process established via Public Utilities Code 454.51(a). In addition, the Commission must review the CCA Plans to determine any potential impacts on public utility bundled customers under Public Utilities Code Sections 451 and 454, among others.

Clean System Power (CSP) methodology: the methodology used to estimate GHG and criteria pollutant emissions associated with an LSE’s Portfolio based on how the LSE will expect to rely on system power on an hourly basis.

Community Choice Aggregator: a governmental entity formed by a city or county to procure electricity for its residents, businesses, and municipal facilities.

Conforming Portfolio: the LSE portfolio that conforms to IRP Planning Standards, the 2030 LSE-specific GHG Emissions Benchmark, use of the LSE's assigned load forecast, use of inputs and assumptions matching those used in developing the Reference System Portfolio, as well as other IRP requirements including the filing of a complete Narrative Template, a Resource Data Template and Clean System Power Calculator.

Effective Load Carrying Capacity: a percentage that expresses how well a resource is able avoid loss-of-load events (considering availability and use limitations). The percentage is relative to a reference resource, for example a resource that is always available with no use limitations. It is calculated via probabilistic reliability modeling, and yields a single percentage value for a given resource or grouping of resources.

Effective Megawatts (MW): perfect capacity equivalent MW, such as the MW calculated by applying an ELCC % multiplier to nameplate MW.

Electric Service Provider: an entity that offers electric service to a retail or end-use customer, but which does not fall within the definition of an electrical corporation under Public Utilities Code Section 218.

Filing Entity: an entity required by statute to file an integrated resource plan with CPUC.

Future: a set of assumptions about future conditions, such as load or gas prices.

GHG Benchmark (or LSE-specific 2030 GHG Benchmark): the mass-based GHG emission planning targets calculated by staff for each LSE based on the methodology established by the California Air Resources Board and required for use in LSE Portfolio development in IRP.

GHG Planning Price: the systemwide marginal GHG abatement cost associated with achieving a specific electric sector 2030 GHG planning target.

Integrated Resources Planning Standards (Planning Standards): the set of CPUC IRP rules, guidelines, formulas and metrics that LSEs must include in their LSE Plans.

Integrated Resource Planning (IRP) process: integrated resource planning process; the repeating cycle through which integrated resource plans are prepared, submitted, and reviewed by the CPUC

Long term: more than 5 years unless otherwise specified.

Load Serving Entity: an electrical corporation, electric service provider, community choice aggregator, or electric cooperative.

Load Serving Entity (LSE) Plan: an LSE's integrated resource plan; the full set of documents and information submitted by an LSE to the CPUC as part of the IRP process.

Load Serving Entity (LSE) Portfolio: a set of supply- and/or demand-side resources with certain attributes that together serve the LSE's assigned load over the IRP planning horizon.

Loss of Load Expectation (LOLE): a metric that quantifies the expected frequency of loss-of-load events per year. Loss-of-load is any instance where available generating capacity is insufficient to serve electric demand. If one or more instances of loss-of-load occurring within the same day regardless of duration

are counted as one loss-of-load event, then the LOLE metric can be compared to a reference point such as the industry probabilistic reliability standard of “one expected day in 10 years,” i.e. an LOLE of 0.1.

Maximum Import Capability: a California ISO metric that represents a quantity in MWs of imports determined by the CAISO to be simultaneously deliverable to the aggregate of load in the ISO’s Balancing Authority (BAA) Area and thus eligible for use in the Resource Adequacy process. The California ISO assess a MIC MW value for each intertie into the ISO’s BAA and allocated yearly to the LSEs. A LSE’s RA import showings are limited to its share of the MIC at each intertie.

Net Qualifying Capacity (NQC): *Qualifying Capacity reduced, as applicable, based on: (1) testing and verification; (2) application of performance criteria; and (3) deliverability restrictions. The Net Qualifying Capacity determination shall be made by the California ISO pursuant to the provisions of this California ISO Tariff and the applicable Business Practice Manual.*

Non-modeled costs: *embedded fixed costs in today’s energy system (e.g., existing distribution revenue requirement, existing transmission revenue requirement, and energy efficiency program cost).*

Nonstandard LSE Plan: *type of integrated resource plan that an LSE may be eligible to file if it serves load outside the CAISO balancing authority area.*

Optimization: *an exercise undertaken in the CPUC’s Integrated Resource Planning (IRP) process using a capacity expansion model to identify a least-cost portfolio of electricity resources for meeting specific policy constraints, such as GHG reduction or RPS targets, while maintaining reliability given a set of assumptions about the future. Optimization in IRP considers resources assumed to be online over the planning horizon (baseline resources), some of which the model may choose not to retain, and additional resources (candidate resources) that the model is able to select to meet future grid needs.*

Planned resource: *any resource included in an LSE portfolio, whether already online or not, that is yet to be procured. Relating this to capacity expansion modeling terms, planned resources can be baseline resources (needing contract renewal, or currently owned/contracted by another LSE), candidate resources, or possibly resources that were not considered by the modeling, e.g., due to the passage of time between the modeling taking place and LSEs developing their plans. Planned resources can be specific (e.g., with a CAISO ID) or generic, with only the type, size and some geographic information identified.*

Qualifying capacity: *the maximum amount of Resource Adequacy Benefits a generating facility could provide before an assessment of its net qualifying capacity.*

Preferred Conforming Portfolio: *the conforming portfolio preferred by an LSE as the most suitable to its own needs; submitted to CPUC for review as one element of the LSE’s overall IRP plan.*

Preferred System Plan: *the Commission’s integrated resource plan composed of both the aggregation of LSE portfolios (i.e., Preferred System Portfolio) and the set of actions necessary to implement that portfolio (i.e., Preferred System Action Plan).*

Preferred System Portfolio: *the combined portfolios of individual LSEs within the CAISO, aggregated, reviewed and possibly modified by Commission staff as a proposal to the Commission, and adopted by the Commission as most responsive to statutory requirements per Pub. Util. Code 454.51; part of the Preferred System Plan.*

Short term: *1 to 3 years (unless otherwise specified).*

Staff: CPUC Energy Division staff (unless otherwise specified).

Standard LSE Plan: type of integrated resource plan that an LSE is required to file if it serves load within the CAISO balancing authority area (unless the LSE demonstrates exemption from the IRP process).

Transmission Planning Process (TPP): annual process conducted by the California Independent System Operator (CAISO) to identify potential transmission system limitations and areas that need reinforcements over a 10-year horizon.



SAN DIEGO COMMUNITY POWER

POWER SERVICES TEAM OVERVIEW

Byron Vosburg, Managing Director
Carlos Gomes, Sr. Portfolio Manager
Kenny Key, Sr. Contract Manager
Tacko Diaite-Koumba, Sr. Settlements Manager
Andrea Torres, Sr. Portfolio Manager
Asikeh Kanu, Portfolio Manager
Karlee Mink, Portfolio Manager

DEPARTMENT OVERVIEW

The Power Services Team is charged with overseeing the San Diego Community Power (SDCP) energy portfolio including, but not limited to, bilateral purchases and sales of electricity under short-, medium- and long- term contracts; development of wholesale energy generation and battery storage facilities to achieve SDCP's ambitious environmental and local development goals; administering requests for proposals and requests for offers for short-, medium- and long- term projects; scheduling of load and generation of electricity into California Independent System Operator (CAISO) markets; compliance with voluntary objectives and regulatory requirements that relate to carbon-free and Renewables Portfolio Standard (RPS) compliance; participation in the CAISO-administered Congestion Revenue Rights ("CRRs") market; management of the balance between load and generation over the short-, medium- and long-term planning horizons; and compliance with California Public Utilities Commission (CPUC) Resource Adequacy (RA) requirements.

Per SB 100 there is an RPS requirement for SDCP to have 60% of its portfolio be renewable by 2030. SDCP is already at 50% renewables in its portfolio and has set more aggressive internal goals of 75% by 2027 and 85% by 2030. Further, pursuant to Public Utilities Code section 399.13(b), from 2021 onwards, 65% of mandated renewable energy purchases must be sourced from long-term contracts of 10 years or more, commonly referred to as Power Purchase Agreements ("PPA").

SDCP has been conscientiously pursuing contracting opportunities to meet these requirements. This contracting is done via competitive solicitations processes ("RFPs or RFOs") that are public in nature. Staff administers the RFPs and then does an initial analysis of submitted projects to put together short-list recommendations. These recommendations are reviewed by a working group of the board that reviews the submitted projects to decide on the projects to shortlisted for long-term PPA negotiations based upon SDCP's energy procurement evaluation criteria. Upon

successful negotiations, staff then prepares a package for the board to review the PPA. All PPA's must be reviewed and approved at the board level prior to execution.

In addition to long-term procurement and planning, the Power Services team oversees several short-term procurement and hedging activities ranging from resource adequacy ("RA") to RPS to Congestion Revenue Rights ("CRR") to CAISO and Inter-SC Trade ("IST") trading. These activities aim to both reduce risk and meet any open positions between the long-term procurement activities and the load forecast.

Once contracts are finalized, the Power Services team also handles settlement and payment to each counterparty. This process ensures the product(s) contracted are delivered at the quantity and price contracted.

Importantly, the Power Services team is also responsible for preparing several risk management reports regarding the various portfolios under management. These reports inform the load forecasting model as well as long and short-term procurement activities.

A summary of the workflow is provided below as Figure 1.

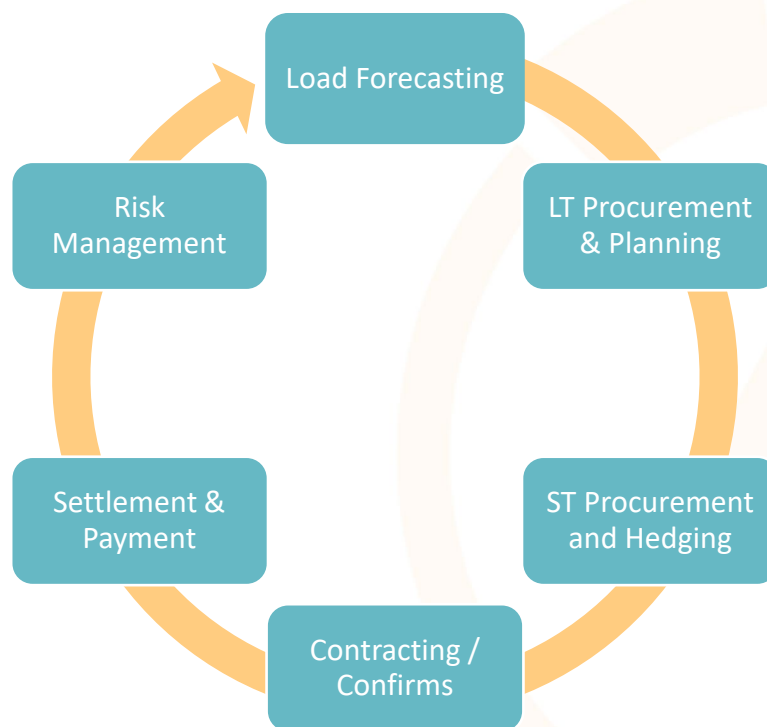


Figure 1: Overview of Power Services Workflow

FY 2023 ANNUAL PRIORITIES

1. Ensure reliability to SDCP customers
2. Effectively manage portfolio risk and power supply costs
3. Ensure compliance with environmental program goals and all compliance requirements of the CPUC, CAISO, and CEC
4. Invest in local community projects; within 2023, we plan to onboard a Local Development Manager and develop a Local Resource Power Plan to outline SDCP's commitment to community resources over the next 5-10 years
5. Administer RFP/RFOs for Renewable Energy and Storage Projects

CURRENT PROGRAMS AND INITIATIVES

Request for Information (“RFI”) for Local Renewable Energy and Energy Storage

Overview

The Local RFI is focused on new and existing, wholesale renewable energy projects within San Diego and Imperial Counties that will deliver Portfolio Content Category 1 (“PCC1”) renewable energy that meets California Renewables Portfolio Standard (“RPS”) eligibility requirements and wholesale energy storage projects that will provide San Diego-Imperial Valley (“SDIV”) Local Resource Adequacy (“RA”).

Anticipated Timeline (CY)

- Current active, accepting projects on a rolling basis

Eligibility

- Renewable energy, stand-alone storage, or hybrid project
- Commercial operation date no later than December 31, 2026.
- 1MW or larger (4MWh minimum for stand-alone storage)

Request for Proposals (“RFP”) for Long-Term California RPS-Eligible Renewable Energy (2022)

Overview

The 2022 Long-Term RPS RFP requested proposals for long-term, Portfolio Content Category 1 (“PCC1”) renewable energy products with initial deliveries commencing prior to December 31, 2026.

Anticipated Timeline (CY)

- RFP posted in October 2022
- Shortlisted projects currently under negotiation
- PPA's expected to be brought to the board in Q2 2023

Eligibility



- Renewable energy or hybrid projects
- Commercial operation date no later than December 31, 2026.
- 10MW or larger

Request for Proposals (“RFP”) for Long-Term California RPS-Eligible Renewable Energy (2023)

Overview

The 2023 Long-Term RPS RFP will request proposals for long-term, Portfolio Content Category 1 (“PCC1”) renewable energy products with initial deliveries commencing prior to December 31, 2028. The goal of this RFP is to get ahead of procurement for projects with expected commercial operation dates in 2027 and 2028.

Anticipated Timeline (CY)

- RFP Announcement: Q1 2023
- Projects Short-Listed: Q2 2023

Eligibility

- Renewable energy or hybrid projects
- Commercial operation date no later than December 31, 2028.
- 10MW or larger

Request for Proposals (“RFP”) for Stand-Alone Storage

Overview

The RFP for Stand-Alone Storage will request proposals for short and long duration storage project providing (1) RA only, (2) All energy and capacity products, including RA and full output and dispatch of energy storage, and/or (3) RA and a financially settled energy hedge or swap product.

Anticipated Timeline (CY)

- RFP Announcement: Q1/Q2 2023
- Projects Short-Listed: Q2/Q3 2023

Eligibility

- Stand-alone storage projects
- Commercial operation date no later than December 31, 2026.
- Preference for local projects in San Diego County.
- 40MWh or larger storage capacity with a 4-hour or 8-hour battery

KEY THINGS WE ARE WATCHING



First, the impact of the Inflation Reduction Act (IRA) is still percolating through renewable developers, financiers, and purchaser and SDCP is keeping close tabs on opportunities and risks. Second, transmission constraints for utility scale renewable energy projects have affected the risk profile around both deliverability and resource adequacy capacity attributes. Our portfolio managers are monitoring the situation closely during procurement activities to ensure we can still support development of new resources, especially locally. Finally, we are working closely with the regulatory and legislative teams on items that could impact our energy portfolio, risk strategy, or compliance obligations.

KEY TAKEAWAYS

SDCP is at a key inflection point and must balance its renewable procurement targets with sound energy risk management policy. There is a lot of volatility in the energy market based on lingering effects of the Covid-19 pandemic on supply chains, project timelines, and financing. SDCP can set itself apart from the incumbent investor-owned utilities, as well as other renewable energy purchasers, by working closely and collaboratively with local and regional developers. Flexibility in portfolio management and contracting will allow SDCP to access more market opportunities but needs to be balanced with sound procurement planning and risk management.



San Diego Community Power (SDCP) Finance Overview

Who we are

Eric Washington, Chief Financial Officer/Treasurer
Tim Manglicmot, Finance Manager
Chris Do, Financial Analyst

Planned Hire, Risk Manager
Planned Hire, Financial Analyst
Consultant Support, Maher Accountancy

Finance Department



What we do

Under the guidance of the Chief Financial Officer, the Finance Department is responsible for fiscally positioning San Diego Community Power for the delivery of competitively priced cleaner energy choices and programs to the communities we serve. It provides financial resource management that supports SDCP contributions to a cleaner greener equitable energy future and supports SDCP's effort for the reduction of greenhouse gas emissions through sound fiscal management.

The Finance Department operates six guiding principles: fiscal responsibility, ensuring sufficient building SDCP reserves, providing an understandable and transparent building a budget that prioritizes people, transparency and our communities, and the Board and staff informed on fiscal condition.



Finance Department Guiding Principles

under
funding,
budget,
keeping
SDCP's

Fiscal Monitoring

The Finance Department designs, implements, operates, and evaluates internal controls to provide reasonable assurance that SDCP is achieving its financial, operational, reporting, and compliance objectives.

The Finance Department leads SDCP's annual financial audit. The audit reviews SDCP's financial accounting procedures, risks of material misstatement in the Financial Statements, internal controls relevant to the Financial Statements, performing tests of year-end balances based on risk assessment, and evaluates the adequacy of disclosures. The FY 2022 Fiscal

Year-End Audited Financial Statement, which the Board received and filed on November 17, 2022, ended with no findings or issues to report.

The Finance Department also closely manages SDCP's liquidity, debt, cash balances, and reserves. This practice ensures SDCP maintains sufficient liquidity for operations, maximizes its cash management, actively manages its debt in an effort to control the cost of funds through periodic principle paydown on credit facilities and focus on reaching the reserve goal of building 90-days cash on hand. As an illustration, the Finance Department publishes the following slide monthly at the Finance and Risk Management Committee (FRMC).

Fiscal Monitoring at the FRMC




Internally, the Finance Department additionally sets up and monitors controls to ensure that SDCP is compliance with Board-adopted policies and industry best practices including the Energy Risk Management Policy, Procurement Policy, Financial Reserves Policy, Delegated Contract Authority, Generally accepted accounting principles (GAAP), etc. This review includes reviewing invoices, reviewing contracts, etc.

Annual Budget Cycle

Section 4.6.2 of the Joint Powers Agreement (JPA) specifies that the SDCP Board of Directors shall adopt an annual budget with a fiscal year that runs from July 1 to June 30. Section 7.3.1 of the JPA additionally specifies that the board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses.

The annual budget process typically starts in February of any given year. The budget is further refined through strategic planning sessions, through the SDCP Finance and Risk Management Committee, and through the SDCP Board of Directors, for final adoption o later than July 1st.

Operating Budget Timeline

February	March-April	May	June	
Develop Operating Revenue Estimate Develop Operating Expense Estimate Develop financial plan for credit rating in 3-years	Staff develop operating budgets Baseline budget is developed	Strategic planning sessions with SDCP Board SDCP Board Preview (Information Item)	Financial and Risk Management Committee Review SDCP Board Approval	July 1 st Budget Implemented Mid-year budget review (February) Budget amendments as necessary

Capital Investment Program (CIP)

The Finance Department is developing SDCP's first Capital Investment Program (CIP). Projects may include energy infrastructure, one-time efforts such as programs, plans, evaluations, educational programs, sponsorships, member-agency contributions, etc.

SDCP generally will identify projects for funding and inclusion in the CIP based on: (1) input from public meetings and other community engagement; (2) input from the SDCP Board of Directors, citizen advisory committees and other member-agency bodies; (3) SDCP Board and other city and county-approved plans related to climate action; (4) the SDCP Strategic Plan; and (5) staff-identified needs related to critical energy needs, concerns and best practices.

The CIP will aim to:

- Develop a fiscally constrained 5-year program of projects and programs
- Review and forecast capital and one-time revenue sources between FY 2024-2029
- Serve as an implementation tool for the SDCP Strategic Plan and other plans and strategies
- Minimize obstacles to project and program delivery which stem from fund availability limitations (i.e. grant requirements, regional allocation amounts, etc.)
- Foster credibility and trust with the public and external funding agencies by providing transparent and accessible information

FY 2023 Annual Priorities

On June 23, 2022, the SDCP Board adopted the SDCP mission, vision, core values and goals for 2023-2027. Among the key focus areas and organizational goals was **financial stability - practice fiscal strategies to promote long-term organizational sustainability**.

Under this organizational goal, the Finance Department's annual priorities include:

- Adopt financial controls and policies to meet or exceed best practices and manage risk.
 - Budget Policy which provides a formal budget adoption timeline and provides guidelines for maintaining a balanced budget (adopted on July 28, 2022)
 - Reserve Policy (revised on February 24, 2022)
 - Yearly audited financial statements to review internal controls and risk (received

and filed on November 17, 2022)

- Obtain an investment grade credit rating by Nov 2025.
 - Established professional services agreement with PFM Financial Advisors to assist SDCP with the development of its financial planning effort
 - Established or revised several internal policies: NIST Compliance, Delegated Contract Authority, etc.
 - Establish relationship with the credit rating analysts via regular conference calls and meetings.
- Adopt plan to increase reserves to \$175M by October 2023 (90-days cash on hand) and \$360M by October 2025 (180-days cash on hand).
 - Renewed and increased SDCP's agreement with River City Bank for an increased credit facility (adopted on March 24, 2022)
 - FY23 annual operating budget (adopted on June 23, 2022)
 - Increasing SDCP's credit facilities. A request for proposals was issued in November 2022 and the Finance Department anticipates seeking Board approval in January 2023.
 - Rate-setting proposal and resulting reserve contributions to be considered by the Board in January 2023.

Key Things We are Watching

- SDG&E Rates:
- Participation Rates:
- Regulatory Proceedings:
- Forward-Energy Market Curves:
- Internal Monitoring: use of government funds.
- Cash Flow, Liquidity and Reserves:

Key Takeaways

The finance team will continue to monitor liquidity and internal controls closely as we transition from a start-up to a mature organization. In the short term, we are ensuring the agency remains fiscally viable and solvent. In the medium to long term, we are preparing the agency to scale and developing our financial plan thoughtfully while ensuring the agency develops and maintains proper controls. Through careful financial planning and as a non-profit agency, the finance team's efforts in conjunction with other departments will allow SDCP to make a major impact in the local San Diego Community.





ACCOUNTANTS' COMPILATION REPORT

Management
San Diego Community Power

Management is responsible for the accompanying financial statements of San Diego Community Power (a California Joint Powers Authority) which comprise the statement of net position as of October 31, 2022, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. San Diego Community Power's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
November 28, 2022

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

ASSETS

Current assets	
Cash and cash equivalents	\$ 45,153,108
Accounts receivable, net	100,081,387
Accrued revenue	50,188,866
Prepaid expenses	1,431,242
Other receivables	1,989,860
Deposits	17,517,479
Total current assets	<u>216,361,942</u>
Noncurrent assets	
Restricted cash	7,500,000
Deposits	3,450,000
Total noncurrent assets	<u>10,950,000</u>
Total assets	<u><u>227,311,942</u></u>

LIABILITIES

Current liabilities	
Accrued cost of energy	103,312,220
Accounts payable	618,927
Other accrued liabilities	2,213,042
State surcharges payable	186,156
Security deposits	624,000
Interest payable	152,616
Total current liabilities	<u>107,106,961</u>
Noncurrent liabilities	
Other noncurrent liabilities	517,741
Bank note payable	33,520,082
Total noncurrent liabilities	<u>34,037,823</u>
Total liabilities	<u><u>141,144,784</u></u>

NET POSITION

Restricted for collateral	2,500,000
Unrestricted	83,667,158
Total net position	<u><u>\$ 86,167,158</u></u>

SAN DIEGO COMMUNITY POWER
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Four Months Ended October 31, 2022

OPERATING REVENUES

Electricity sales, net	\$ 371,694,287
Total operating revenues	<u>371,694,287</u>

OPERATING EXPENSES

Cost of energy	319,580,011
Contract services	5,328,422
Staff compensation	1,728,772
General and administration	1,044,441
Total operating expenses	<u>327,681,646</u>
Operating income (loss)	<u>44,012,641</u>

NON-OPERATING REVENUES (EXPENSES)

Investment income	25,332
Interest and financing expense	<u>(401,767)</u>
Nonoperating revenues (expenses)	<u>(376,435)</u>

CHANGE IN NET POSITION

	43,636,206
Net position at beginning of period	<u>42,530,952</u>
Net position at end of period	<u><u>\$ 86,167,158</u></u>

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS
Four Months Ended October 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 319,507,843
Other operating receipts	1,186,596
Payments to suppliers for electricity	(260,140,922)
Payments for goods and services	(5,049,943)
Payments to employees for services	(1,580,798)
Payments for deposits and collateral	(66,785,072)
Payments for state surcharges	(903,633)
Net cash provided (used) by operating activities	<u>(13,765,929)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Proceeds from loans	20,180,000
Principal payments - loans	(18,000,000)
Principal payments - note	(5,000,000)
Interest and related expense payments	(363,013)
Net cash provided (used) by non-capital financing activities	<u>(3,183,013)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income received	<u>25,332</u>
Net change in cash and cash equivalents	(16,923,610)
Cash and cash equivalents at beginning of period	<u>69,576,718</u>
Cash and cash equivalents at end of period	<u><u>\$ 52,653,108</u></u>

Reconciliation to the Statement of Net Position

Cash and cash equivalents (unrestricted)	\$ 45,153,108
Restricted cash	<u>7,500,000</u>
Cash and cash equivalents	<u><u>\$ 52,653,108</u></u>

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS (continued)
Four Months Ended October 31, 2022

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

Operating income	\$ 44,012,641
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Provision for uncollectible accounts	3,754,488
(Increase) decrease in:	
Accounts receivable	(53,448,885)
Accrued revenue	(3,249,251)
Other receivables	(1,989,860)
Prepaid expenses	3,030,066
Deposits	(11,276,422)
Increase (decrease) in:	
Accrued cost of electricity	46,080,715
Accounts payable	(6,027)
Other accrued liabilities	1,473,036
State surcharges payable	(146,430)
Supplier security deposits	(42,000,000)
Net cash provided (used) by operating activities	<u><u>\$ (13,765,929)</u></u>



SAN DIEGO **COMMUNITY POWER**

Operating Budget

Fiscal Year 2022-23

Adopted June 23, 2022

Resolution No. 2022-08



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How to Use This Book

San Diego Community Power's (SDCP's) adopted Fiscal Year (FY) 2022-23 operating budget contains Agency budgetary and fiscal policy information as well as detailed operating budgets for Agency Departments. The adopted operating budget is organized into the following sections:

BUDGET PROCESS describes the various financial planning and budgeting processes and reports that inform the budget process.

BUDGET INFORMATION AND SUMMARY TABLES provides technical information on the structure, policies, and processes that govern the SDCP's budget development and implementation as well as high-level financial data summarizing the SDCP's adopted budget. The tables detail changes over a three-year period: FY22 budgeted, and the adopted FY23 budget.

OPERATIONAL BUDGETS provides budgetary information and operational priorities for each of the SDCP's Departments. Budget Level information is organized amount and includes the following information:

- Description of Budget Level 2 category.
- High-level highlights of expenses in the budget category.
- Comparison of expenses between the FY 2022 and FY 2023.
- .

ADDITIONAL RESOURCES provides additional information related to the Community Choice Aggregator (CCA) industry as well as a glossary of commonly used terms.

Overview of San Diego Community Power



Overview of San Diego Community Power

Who We Are

San Diego Community Power is a coalition of people who live and work in our communities, focused on moving towards a healthier and sustainable, clean energy future. We're friends and neighbors, teachers and students, employees and bosses. We're of every color and ethnicity, every political stripe and religious belief. All of us have some important things in common: our goal is to manage our electricity supply, taking advantage of the affordable, common sense options available for cleaner power, today and for future generations. We also prioritize people over profits, to create better health for everyone.

About Community Choice

SDCP is a Community Choice Aggregation (CCA) program—one of dozens that have formed across the state over the past 10 years. CCAs succeed by introducing healthy competition into the energy marketplace and feeding cleaner electricity into the grid. They partner with the local investor-owned utility (SDG&E) to deliver and service it. Power is cleaner, just as affordable, and just as reliable. It's a simple model that's focused on the future, and really works.

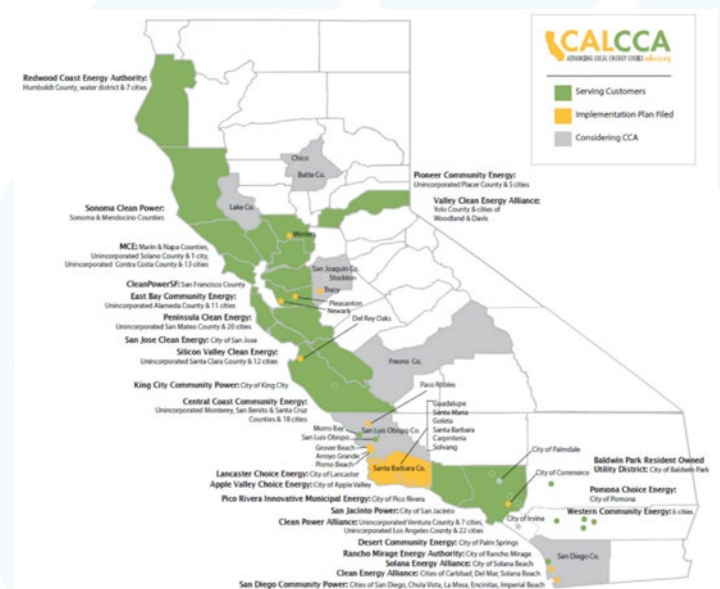
This not-for-profit model goes even further, eliminating for-profit shareholders who make a profit on your electricity use.

At SDCP, our only shareholder is you.

Community Choice Energy might be new to San Diego, but programs just like this one have been springing up throughout California for over 10 years. SDCP is one of 23 programs already serving over 10 million customers. Why is Community Choice growing so fast? That's easy—it's a simple model that works for people of every age, ethnicity and income

group. The public gets choices that make real sense. Choices that are sensible, affordable, and focused on the future.

FIGURE 1: CCAs IN CALIFORNIA



Governance and Structure

In September 2019, the cities of San Diego, Chula Vista, Encinitas, La Mesa, and Imperial Beach adopted an ordinance and resolution to form San Diego Community Power, a California joint powers agency. In 2021, the County of San Diego and National City voted to join SDCP.

SDCP’s Board is comprised of elected representatives from each member jurisdiction—which may expand as new communities in the surrounding area decide whether to join SDCP in the future. The Board is publicly accountable to SDCP ratepayers and hosts monthly Board meetings, where they establish policy, set rates, determine power options and maintain fiscal oversight.

As a public agency, SDCP is designed to be fully transparent with all meetings and information open to the public.

FIGURE 2: SDCP MEMBER CITIES



Organization Structure

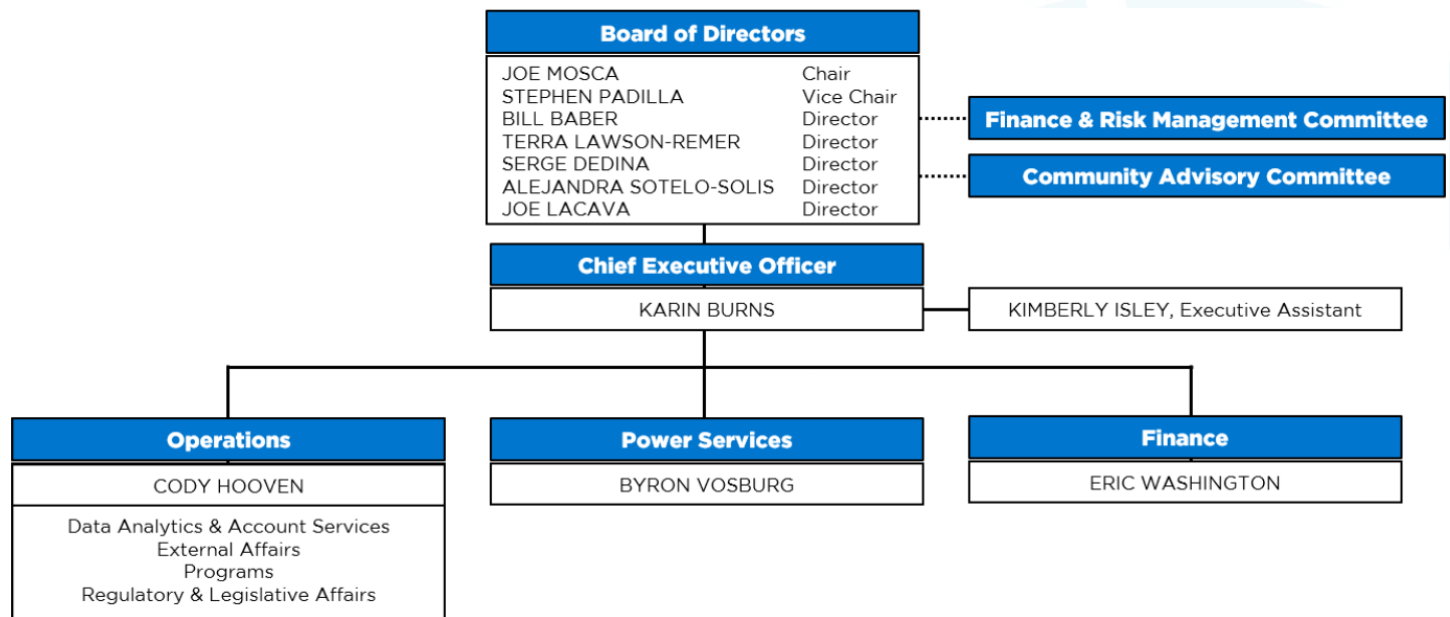


FIGURE 3: ORGANIZATION CHART

Budget Process



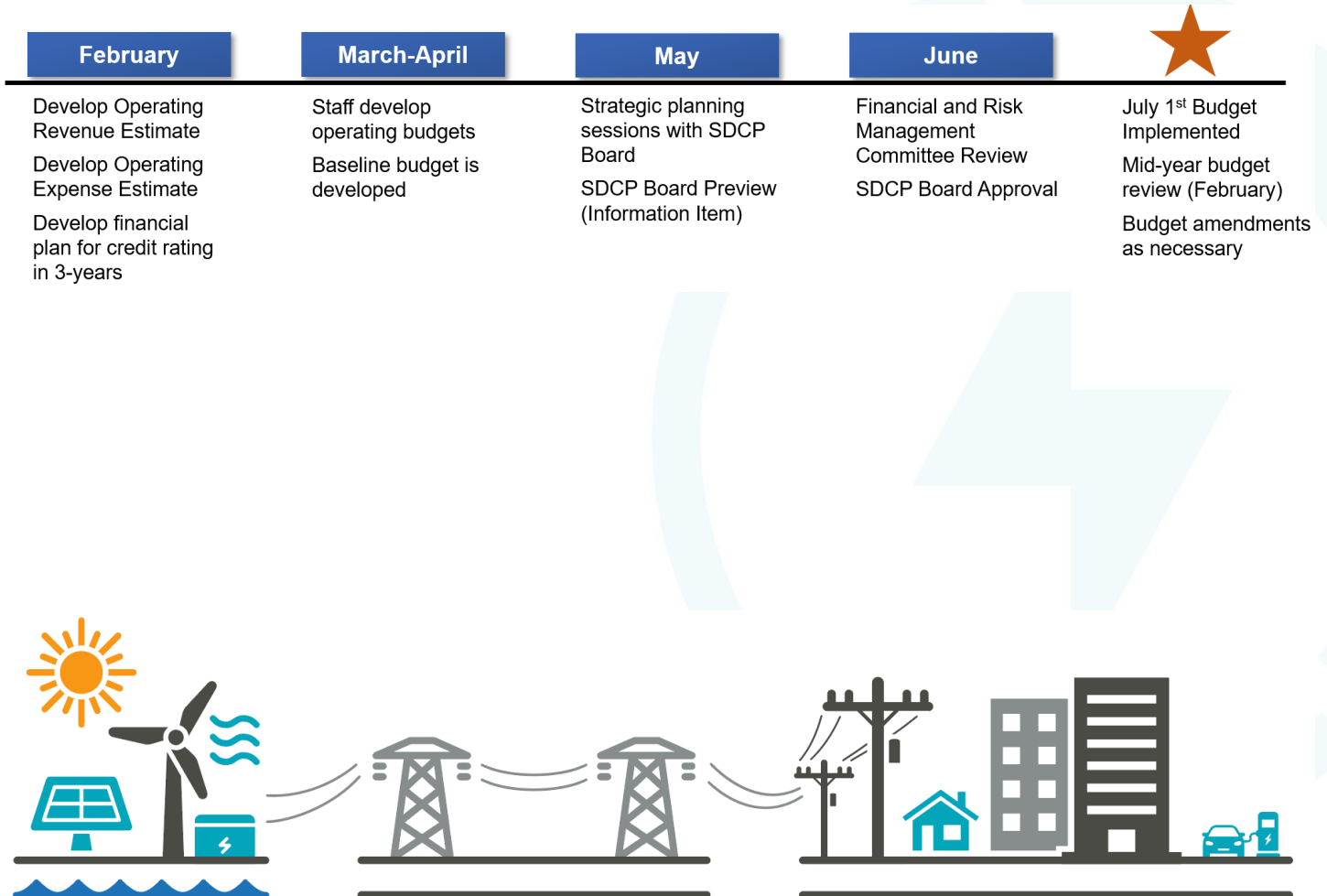
Budget Process

Annual Budget Cycle

On October 1, 2019, the Founding Members of SDCP adopted the Joint Powers Agreement (JPA) which was amended and restated on December 16, 2021. Section 4.6.2 of the JPA specifies that the SDCP Board of Directors shall adopt an annual budget with a fiscal year that runs from July 1 to June 30. Section 7.3.1 of the JPA additionally specifies that the board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses.

The annual budget process typically starts in February of any given year. The Finance department develops initial revenue and expense estimates and updates its short-term financial plan. In March and April, SDCP staff develop and refine budget proposals to develop an initial budget baseline for the Agency for the upcoming budget year. The budget is further refined through strategic planning sessions, through the SDCP Finance and Risk Committee, and through the SDCP Board of Directors, which needs to adopt the budget no later than July 1st.

FIGURE 4: TYPICAL ANNUAL BUDGET PROCESS



Budget Calendar

Date	Milestone
January 2022	Budget process begins.
February 2022	Initial revenue and expense estimates are developed.
March to April 2022	Departments propose expense requests for review.
April 2022	Staff set initial budget baseline.
May 26, 2022	FY 2022-23 budget is reviewed by the Board of Directors as an information item.
June 2, 2022	Financial Management and Risk Committee reviews the FY 2022-23 budget and provides feedback.
June 11, 2022	Feedback incorporated from Strategic Planning sessions with the Board of Directors.
June 23, 2022	FY 2022-23 budget is adopted by the Board of Directors as an action item.
July 1, 2022	FY 2022-23 budget is implemented.

FIGURE 5: BUDGET CALENDAR



Budget Guidelines

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

Section 4.6 Specific Responsibilities of the Board. The specific responsibilities of the Board shall be as follows:

4.6.2 Formulate and adopt an annual budget prior to the commencement of the fiscal year;

Section 7.2 Depository

7.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures.

Section 7.3 Budget and Recovery Costs

7.3.1 Budget. The initial budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of SDCP shall be prepared and approved by the Board in accordance with its fiscal management policies that should include a deadline for approval. Section 4.6.2 of the JPA specifies that the SDCP Board of Directors (Board) shall adopt an annual budget with a fiscal year that runs from July 1 to June 30.

The Agency also maintains a Financial Reserve Policy and Budget Policy posted to its [Key Documents](#) page on its website that provides further fiscal guidance.

Budget Structure

Department Hierarchy

SDCP’s budget is developed as a line-item budget and is organized by department to indicate the Agency’s organizational responsibility.

Departments
Power Services Finance Operations <ul style="list-style-type: none"> • Regulatory Affairs • Data Analytics and Account Services • Programs • External Affairs

FIGURE 6: BUDGET STRUCTURE - DEPARTMENT HIERARCHY

Budget Level Hierarchy

Additionally and separately, the budget is also organized by budget levels to organize expenses into relevant, related categories.

1. **Operating Revenues**
Operating revenues allow for revenues from sales of electricity to customers for Phase 1, 2, 3 and the beginning of Phase 4. Assumptions include an overall 5% opt-out rate.
2. **Operating Expenses**
SDCP’s operating expenses fall into six categories: cost of energy, personnel costs, professional services and consultants, marketing and outreach, programs, and general and administration.
 - I. **Cost of Energy** – Includes all the various services purchased from the power market through our suppliers to supply energy to SDCP’s customers.
 - II. **Personnel** – Include salaries, payroll taxes, benefits, and excused absence and paid time off for staff. The recruitment strategy includes the addition of approximately 19 new staff members and two interns during the FY 2022-23 budget cycle.
 - III. **Professional services and consultants** – Include SDG&E billing service fees, data management fees from Calpine, technical support (for rate setting, load analysis, energy scheduling, etc.), legal/regulatory services and other general contracts related to IT services, audits and accounting services. Funding is also included for a program consultant to guide future program investments in the community. Professional services and consultants are further broken down into the below Budget Level 3 categories.
 - a. Data Management
 - b. SDG&E Fees
 - c. Technical Support

- d. Legal/Regulatory
- e. Other Services

- IV. **Marketing and Outreach** – Includes expenses for mandatory enrollment notices, communication consultants, mailers, printing, sponsorships, and partnerships to inform the community of SDCP. Marketing and outreach are further broken down into the below Budget Level 3 categories.
- a. Printing
 - b. Sponsorships and Local Memberships
 - c. Communications Consultants
- V. **General and Administration** – Costs include leasing office space, industry fees or memberships (e.g., bank fees, CalCCA dues), equipment and software, as well as other general operational costs including Board and Committee expenses, Board stipends, staff travel or professional development, logo gear, and team building.
- VI. **Programs** – Includes funding to support initial pilot programs after the SDCP Community Power Plan is complete in calendar year 2023, grants to community organizations, investments that generate equitable energy-related benefits, education campaigns, opportunities for increased collaboration with member agencies and funding for a potential new CPUC energy-efficiency program.
3. **Non-Operating Revenues** – SDCP's budget also includes non-operating expenses related to interest and related expenses used to finance its operations. These costs are comprised of repayment of loan principle, associated interest costs as well as potential renewal fees on debt or letters of credit.

FIGURE 7: BUDGET STRUCTURE - BUDGET LEVEL HIERARCHY

Budget Level 1	Budget Level 2	Budget Level 3
Revenue	Gross Ratepayer Revenues	Gross Ratepayer Revenues
Revenue	(Less 1% Uncollectible Customer Accounts)	(Less 1% Uncollectible Customer Accounts)
Operating Expenses	Cost of Energy	Cost of Energy
Operating Expenses	Personnel Costs	Salaries
Operating Expenses	Personnel Costs	Benefits (retirement/health)
Operating Expenses	Personnel Costs	Payroll Taxes
Operating Expenses	Personnel Costs	Accrued PTO
Operating Expenses	Professional Services and Consultants	Legal/Regulatory
Operating Expenses	Professional Services and Consultants	Technical Support
Operating Expenses	Professional Services and Consultants	Programs Consultant
Operating Expenses	Professional Services and Consultants	Other Services
Operating Expenses	Professional Services and Consultants	SDG&E Fees
Operating Expenses	Professional Services and Consultants	Data Management
Operating Expenses	Professional Services and Consultants	Contingency
Operating Expenses	Marketing and Outreach	Communications Consultants
Operating Expenses	Marketing and Outreach	Printing
Operating Expenses	Marketing and Outreach	Sponsorships/Local Memberships
Operating Expenses	General and Administration	Cal CCA Dues
Operating Expenses	General and Administration	Insurance
Operating Expenses	General and Administration	Rent
Operating Expenses	General and Administration	Other G & A
Operating Expenses	Programs	Programs
Non-Operating Expenses	Debt Service	Interest and Related Expenses

FY 2022-23 Budget Principles



Fiscal Responsibility

Maintain a **fiscally responsible budget** in accordance with SDCP Budget Policy.



Understandable and Transparent

Provide an **understandable** and **transparent** operating budget for internal and external users.



Sufficient Funding

Ensure **sufficient funding** to meet procurement needs, sustain operational needs, and support sustained growth while delivering clean energy to the communities we serve.



People, Transparency, Community

Develop a budget that will ultimately **prioritize people, transparency, and our communities.**



Build SDCP Reserves

Build SDCP reserves and develop policies that **consider future economic conditions.**



Informed

Keep the SDCP Board of Directors and staff **informed** of SDCP's fiscal condition.

FIGURE 8: BUDGET PRINCIPLES



Adopted Operating Budget

The SDCP FY 2022-23 Adopted Operating Budget is presented in further detail in the following pages. The table below summarizes the revenue and expense budgets adopted for FY23 in comparison to the FY22 Amended Budget.

TABLE 1: OPERATING BUDGET OVERVIEW

	FY22 Amended	FY23
Gross Revenue	380.8	716.1
Less Uncollectible Accounts	(2.7)	(7.2)
Net Operating Revenues	378.1	709.0
Cost of Energy	329.5	661.6
Non-Energy Costs	11.7	33.0
Subtotal Operating Expense	341.1	694.6
Debt Service	0.7	1.3
Total Expenses	341.9	695.9
Net Position	36.1	13.0

Amounts displayed in millions, \$

Operating Revenue

SDCP's sole source of revenue currently is from the retail sale of electricity to its customers. Revenue budgeted for FY 2022-22 reflects a full fiscal cycle of retail sales to our commercial and industrial customer base and retail sales to our residential customer base.

The following table summarizes the revenues for FY22 Amended Budget, and the FY23 Adopted Operating Budget.

TABLE 2: OPERATING REVENUE BY BUDGET LEVEL 2

	FY22 Amended	FY23
Gross Ratepayer Revenues	380.8	716.1
(Less 1% Uncollectible Customer Accounts)	(2.7)	(7.2)
Net Operating Revenues	378.1	709.0

Amounts displayed in millions, \$

Operating Expenses

Expenses in the SDCP Operating Budget fall into five budget level 2 categories: cost of energy, personnel costs, professional services and consultants, marketing and outreach, and general and administration. The table below summarizes the expenses for the FY22 Amended Budget and the FY23 Adopted Operating Budget.

TABLE 3: OPERATING EXPENSES BY BUDGET LEVEL 2

	FY23
Cost of Energy	661.6
Professional Services and Consultants	16.9
Personnel Costs	8.0
Marketing and Outreach	4.2
General and Administration	2.6
Programs	1.4
Subtotal Operating Expenses	694.6
Interest and Related Expenses	1.3
Total Expenses	695.9

Amounts displayed in millions, \$

Operating Expenses by Department

The table below summarizes the FY23 Adopted Operating Budget expenses by department. Departments were established as part of the development of the FY23 Adopted Operating Budget and therefore are not shown in the prior year.

TABLE 4: OPERATING EXPENSES BY DEPARTMENT

	FY23
Power Services	665.8
Data Analytics and Account Services	16.5
Finance	3.9
Operations	3.4
External Affairs	2.9
Programs	2.0
Regulatory Affairs	1.6
Total Operating Expenses	695.9

Amounts displayed in millions, \$

Personnel by Department

The table below summarizes the actual personnel at the end of FY22 and the full-time equivalent (FTE) personnel in the FY23 Adopted Operating Budget. While personnel may be authorized, they must be filled. Detailed information showing filled and proposed FTE by department is included in the following Section.

TABLE 5: PERSONNEL BY DEPARTMENT

	FY22	FY23
Power Services	2.0	8.0
Programs	2.0	7.0
Operations	4.0	6.0
Data Analytics and Account Services	3.0	6.0
External Affairs	3.0	6.0
Finance	2.0	4.0
Regulatory Affairs	3.0	3.0
Total FTEs	19.0	40.0

Budget Supplemental Details



Budget Supplemental Details

This section presents SDCP's FY 2022-23 draft budget in the format that it has been shown in prior years and is similar to the format presented by other CCAs in California.

	FY 2022-23 Draft Budget	% of Net Revenues
OPERATING REVENUES		
Gross Ratepayer Revenues	\$ 716,146,107	
(Less 1% Uncollectible Customer Accounts)	\$ (7,161,461)	
Net Operating Revenues	\$ 708,984,646	100.0%
COST OF ENERGY		
Cost of Energy	\$ 661,638,828	
Total Cost of Energy	\$ 661,638,828	93.3%
Gross Net Position	\$ 47,345,818	6.7%
OPERATING EXPENSES		
Professional Services and Consultants		
Data Management	\$ 10,541,810	
SDG&E Fees	\$ 2,563,226	
Technical Support	\$ 1,335,000	
Legal/Regulatory	\$ 1,330,000	
Other Services	\$ 1,111,000	
Total Prof. Svcs. Costs	\$ 16,881,036	2.4%
Personnel Costs		
Salaries	\$ 6,160,382	
Benefits (retirement/health)	\$ 1,274,972	
Payroll Taxes	\$ 443,464	
Accrued PTO	\$ 72,681	
Total Personnel Costs	\$ 7,951,499	1.1%
Marketing and Outreach		
Printing	\$ 2,323,000	
Sponsorships/Local Memberships	\$ 1,199,167	
Communications Consultants	\$ 642,000	
Total Mrktg and Outreach Costs	\$ 4,164,167	0.6%
General and Administration		
Other G & A	\$ 2,037,461	
Cal CCA Dues	\$ 370,000	
Rent	\$ 180,000	
Insurance	\$ 3,902	
Total G & A Costs	\$ 2,591,363	0.4%
Programs		
Programs	\$ 1,607,500	
Programs (Cost-Recovery)	\$ (212,500)	
Total Programs Costs	\$ 1,395,000	0.2%
Net Operating Expenses	\$ 32,983,065	4.7%
Total Operating Expenses	\$ 694,621,893	98.0%
Operating Income (Loss)	\$ 14,362,753	2.0%
NON-OPERATING REVENUES (EXPENSES)		
Interest and Related Expenses	\$ 1,314,922	
Total Non-Operating Revenues (Expenses)	\$ 1,314,922	0.2%
CHANGE IN NET POSITION	\$ 13,047,831	1.8%

TABLE 6: FY 2022-23 SUPPLEMENTAL BUDGET DETAILS

Budget by Level 2 and Level 3



Budget by Level 2 and Level 3

Operating Revenue

- SDCP’s sole source of revenue is from the retail sale of electricity to its customers. Revenue reflects a full fiscal cycle of retail sales to our commercial and industrial customer base and a portion of retails sales to our residential customer base. Additional revenue assumptions include:
- The Enrollment for Phase 4 for the County of San Diego and National City beginning in April 2023.
 - The substantial completion of Enrollment Phases 1,2, and 3.
 - Uncollectible accounts are assumed to be at 1% of total gross revenue.
 - The overall opt-out rate is assumed to be 5%.
 - Participation rate in Power100 is assumed at 7% of revenues.

TABLE 7: OPERATING REVENUE BY BUDGET LEVEL 2 AND LEVEL 3

	FY22 Amended	FY23
Gross Ratepayer Revenues	380.8	716.1
(Less 1% Uncollectible Customer Accounts)	(2.7)	(7.2)
Net Operating Revenues	378.1	709.0

Amounts displayed in millions, \$

Cost of Energy

Cost of energy includes all the various services purchased from the power market through our suppliers. This includes purchased energy, capacity, CAISO fees and other miscellaneous power market expenses. Energy costs assume hedging for FY 2022-23 as of June 2022 and forward electricity prices for the remaining, unhedged energy. This category represents the large majority of SDCP expenses.

TABLE 8: COST OF ENERGY BY BUDGET LEVEL 2 AND LEVEL 3

	FY22 Amended	FY23
Cost of Energy	329.5	661.6
Cost of Energy	329.5	661.6

Amounts displayed in millions, \$



Professional Services and Consultants

Professional Services and Consultants include SDG&E fees, data management fees from Calpine, technical support (for rate setting, load analysis, energy scheduling, etc.), legal/regulatory services and other general contracts related to IT services, audits and accounting services.

- **Data Management** includes a broad scope of services that includes all “back office” billing data validation, bill coordination with SDG&E, call center services and billing technical support, customer enrollment database management, move-in/move-out services, customer research for enrollment support, and many support functions related to data reporting.
- **SDG&E Fees** include various service fees paid to SDG&E. This includes mass enrollment fees related to Phase 3 and planned Phase 4. The fees also cover SDG&E’s costs associated with meter reading, additional data processing and bill coordination as mandated and regulated by the California Public Utilities Commission (CPUC). Further, there are numerous small fees associated with data requests.
- **Technical Support** includes consultants to assist with rate setting, policies, joint rate comparisons with the IOU, load analysis, new member analyses and a scheduling coordinator. After electric power is scheduled for delivery to customers and ultimately consumed by those customers, the actual electric consumption must be trued up against the forecasted and scheduled energy. This true-up occurs through the settlement process. Settlements also entail addressing a number of other market and regulatory requirements.
- **Legal/Regulatory** includes legal counsel to assist with the complex aspects of the regulatory, compliance, power supply contract negotiations as well as its general legal needs. This line item also includes the retention of a lobbyist to support SDCP’s legislative and regulatory efforts.
- **Other Services** include contracts for IT services, audits (data and financial audits), accounting services, and human resource services. As SDCP matures we will continue to monitor these services to determine whether it is more cost effective or efficient to bring this work in-house.

TABLE 9: PROFESSIONAL SERVICES AND CONSULTANTS BY BUDGET LEVEL 2 AND LEVEL 3

	FY22 Amended	FY23
Data Management	0.7	10.5
SDG&E Fees	1.4	2.6
Technical Support	1.0	1.3
Legal/Regulatory	1.1	1.3
Other Services	0.4	1.1
Broker Fees	0.1	0.0
Contingency	0.1	0.0
Professional Services and Consultants	5.1	16.9

Amounts displayed in millions, \$

Personnel Costs

Personnel include salaries, payroll taxes, benefits, and excused absence and paid time off for staff. The recruitment strategy includes the addition of approximately 19 new staff members and two interns during the FY 2022-23 budget cycle to support the continued growth of SDCP. Most notably, the hiring strategy assumes:

- Power Services expands to eight staff to support the continued procurement of energy, SDCP's largest expense.
- Programs builds up to seven staff to position SDCP to receive public feedback and establish community programs.

TABLE 10: PERSONNEL COSTS BY BUDGET LEVEL 2 AND LEVEL 3

	FY22 Amended	FY23
Salaries	3.2	6.2
Benefits (retirement/health)	0.5	1.3
Payroll Taxes	0.2	0.4
Accrued PTO	0.1	0.1
Contingency	0.1	0.0
Personnel Costs	4.0	8.0

Amounts displayed in millions, \$

Marketing and Outreach

Marketing and Outreach includes expenses for mandatory enrollment notices, communication consultants, mailers, printing, sponsorships, and partnerships to inform the community of SDCP. Marketing and outreach are further broken down into the below Budget Level 3 categories:

- **Printing** includes all statutory pre- and post-enrollment notification printing, postage and mailing requirements as part of our Phase 3 and Phase 4 mass enrollment efforts. SDCP also performs additional outreach in the form of mailers.
- **Sponsorships and Local Memberships** includes outreach to educate the community of the benefits of community choice. This comes in the form of media advertising, sponsorships of community events, community organizations and partnerships.
- **Communications Consultants** continues to be an important focus of SDCP in ensuring the community is informed about SDCP and that we continue to build professional-level name recognition, trust, and education. This also covers design of all required notifications sent out to customers, informing them of their enrollment in SDCP, opt-out procedures, rate comparisons, as well as other notices or educational or marketing information.

TABLE 11: MARKETING AND OUTREACH BY BUDGET LEVEL 2 AND LEVEL 3

	FY22 Amended	FY23
Printing	0.3	2.3
Sponsorships/Local Memberships	0.2	1.2
Communications Consultants	0.9	0.6
Notices and Mailers (moved to Printing)	0.2	0.0
Pilot City Member Grants (moved to Programs)	0.2	0.0
Marketing and Outreach	1.7	4.2

Amounts displayed in millions, \$

General and Administration

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

TABLE 12: GENERAL AND ADMINISTRATION BY BUDGET LEVEL 2 AND LEVEL 3

	FY22 Amended	FY23
Other G & A	0.2	2.0
Cal CCA Dues	0.4	0.4
Rent	0.1	0.2
Insurance	0.1	0.0
General and Administration	0.8	2.6

Amounts displayed in millions, \$

Programs

Programs includes funding to support initial pilot programs after the SDCP Community Power Plan is complete in calendar year 2023, grants to community organizations, investments that generate equitable energy-related benefits, education campaigns, opportunities for increased collaboration with member agencies and funding for a potential new CPUC energy-efficiency program.

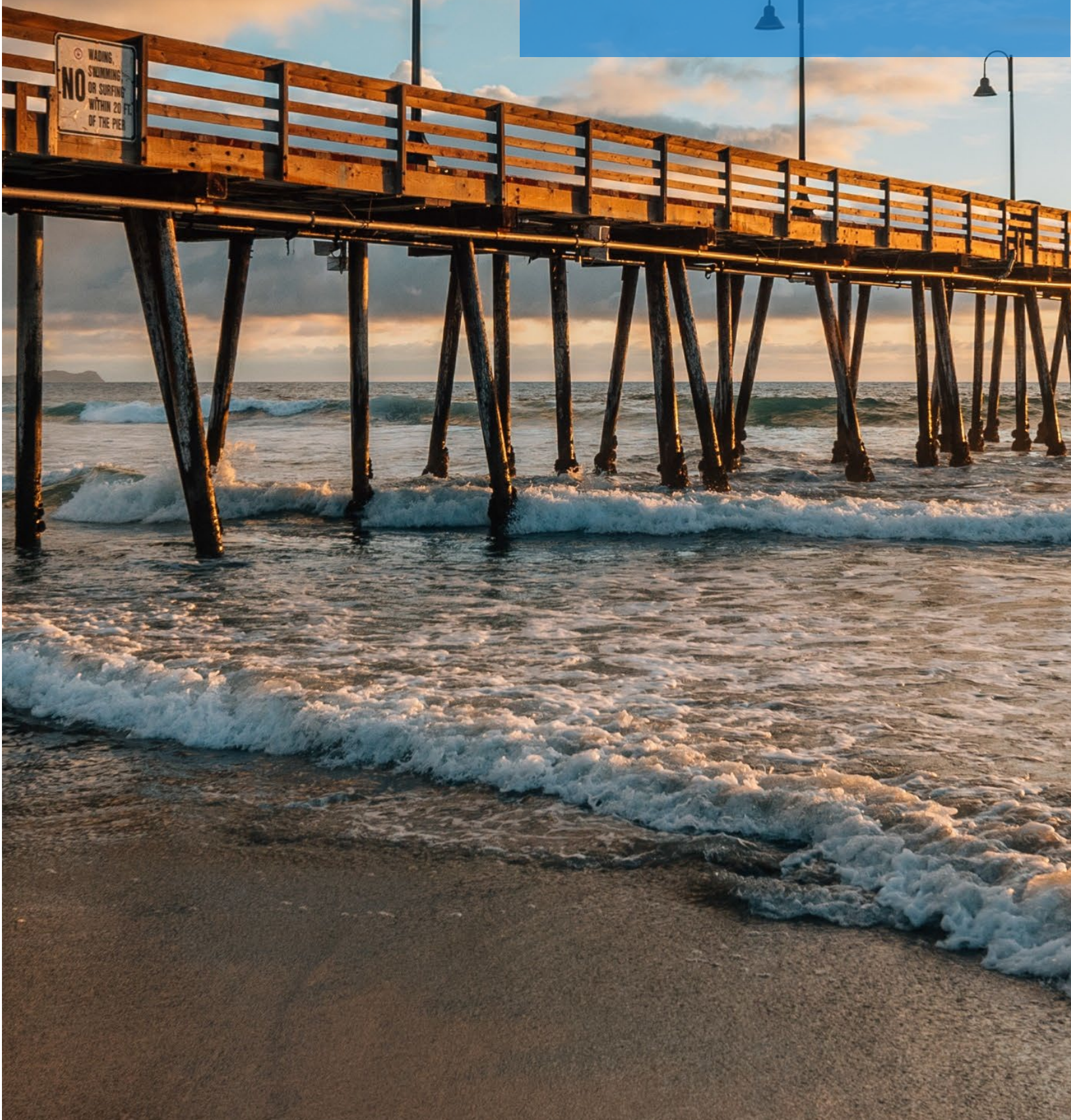
Funding is also included for the Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) programs which is expected to be a fully recoverable cost that will be reimbursed by the California Public Utilities Commission.

TABLE 13: PROGRAMS BY BUDGET LEVEL 2 AND LEVEL 3

	FY22 Amended	FY23
Programs	0.0	1.6
Programs (Cost-Recovery)	0.0	(0.2)
Programs	0.0	1.4

Amounts displayed in millions, \$

Budget Resolution



RESOLUTION NO. 2022-08

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF SAN DIEGO COMMUNITY POWER
ADOPTING THE FISCAL YEAR 2022–2023 BUDGET**

A. San Diego Community Power (“SDCP”) is a joint powers agency formed pursuant to the Joint Exercise of Powers Act, Cal. Gov. Code § 6500 *et seq.*, California Public Utilities Code § 366.2, and a Joint Powers Agreement effective on October 1, 2019 and amended on December 16, 2021 (“JPA Agreement”).

B. The JPA Agreement provides that SDCP’s fiscal year shall be 12 months commencing each year on July 1 and ending on June 30 the following year.

C. The JPA Agreement further provides that all expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures.

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

Section 1. The Board of Directors hereby approves and adopts the Fiscal Year 2022–2023 Budget attached hereto and incorporated herein as Exhibit A.

Section 2. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a meeting of the Board of Directors of San Diego Community Power held on June 23, 2022.



Chair, Board of Directors
San Diego Community Power

ATTEST:



Secretary, Board of Directors
San Diego Community Power

SAN DIEGO COMMUNITY POWER
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 & 2021
WITH REPORT OF
INDEPENDENT AUDITORS

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Independent Auditor's Report

To the Board of Directors
San Diego Community Power
San Diego, California

Opinion

We have audited the financial statements of San Diego Community Power (SDCP), which comprise the statements of net position as of June 30, 2022 and 2021, the related statements of revenue, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SDCP as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SDCP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SDCP's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SDCP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SDCP's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Santa Rosa, California
November 1, 2022

**SAN DIEGO COMMUNITY POWER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2022 AND 2021**

The Management's Discussion and Analysis provides an overview of San Diego Community Power's (SDCP) financial activities as of and for the years ended June 30, 2022 and 2021. The information presented here should be considered in conjunction with the audited financial statements.

BACKGROUND

The formation of SDCP was made possible in 2002 by the passage of California Assembly Bill 117, enabling communities to purchase power on behalf of their residents and businesses and creating competition in power generation.

SDCP was created as a California Joint Powers Authority (JPA) effective October 1, 2019, and was established to provide electric power at competitive costs as well as to provide other benefits to its members (County of San Diego and the cities of Chula Vista, Encinitas, Imperial Beach, La Mesa and San Diego), including reducing greenhouse gas emissions related to the use of power, procuring energy with a priority on the use and development of local renewable resources, stimulating local job creation through various programs and development, promote personal and community ownership of renewable resources, as well as promoting long-term electric rate stability and energy reliability for residents and businesses. Governed by a board of directors (Board) consisting of elected representatives from each jurisdiction, SDCP has the rights and powers to set rates for the services it furnishes, incur indebtedness, and issue bonds or other obligations. SDCP is responsible for the acquisition of electric power for its service area.

SDCP began providing electricity to municipal customers in March 2021, with commercial customers starting June 2021, and a major residential customer enrollment starting in May 2022.

**SAN DIEGO COMMUNITY POWER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2022 AND 2021**

Financial Reporting

SDCP presents its financial statements as an enterprise fund under the economic resources measurement focus and accrual basis of accounting, in accordance with Generally Accepted Accounting Principles (GAAP) for proprietary funds, as prescribed by the Governmental Accounting Standards Board (GASB).

Contents of this report

This report is divided into the following sections:

- Management discussion and analysis, which provides an overview of the financial operations.
- The basic financial statements:
 - The *Statements of Net Position* include all of SDCP's assets, liabilities, and net position and provide information about the nature and amount of resources and obligations at a specific point in time.
 - The *Statements of Revenues, Expenses, and Changes in Net Position* report all of SDCP's revenue and expenses for the year and period shown.
 - The *Statements of Cash Flows* report the cash provided and used by operating activities, as well as other sources and uses, such as debt financing.
 - Notes to the Basic Financial Statements provide additional details and information related to the basic financial statements.

**SAN DIEGO COMMUNITY POWER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2022 AND 2021**

FINANCIAL HIGHLIGHTS

The following is a summary of SDCP's assets, liabilities, and net position and a discussion of significant changes for the years ending June 30:

	2022	2021	2020
Current assets	\$ 165,105,688	\$ 20,750,268	\$ 363,982
Noncurrent assets	15,950,000	11,250,000	5,600,000
Total assets	<u>181,055,688</u>	<u>32,000,268</u>	<u>5,963,982</u>
Current liabilities	106,666,913	40,531,164	566,834
Noncurrent liabilities	31,857,823	5,517,741	6,467,258
Total liabilities	<u>138,524,736</u>	<u>46,048,905</u>	<u>7,034,092</u>
Net position			
Restricted	2,500,000	-	-
Unrestricted (deficit)	40,030,952	(14,048,637)	(1,070,110)
Total net position	<u>\$ 42,530,952</u>	<u>\$ (14,048,637)</u>	<u>\$ (1,070,110)</u>

Current assets

Current assets were approximately \$165,106,000 at the end of 2022 and were comprised of the following major categories: cash of \$57,077,000, accounts receivable from customers of \$50,387,000, and accrued revenue of \$46,940,000, each of which mark an increase from 2021. The increase in current assets was driven by large enrollments of commercial and residential customers throughout 2022. Accrued revenue differs from accounts receivable in that it is the result of electricity use by SDCP customers before invoicing to those customers has occurred.

Noncurrent assets

Noncurrent assets is comprised of restricted cash and deposits in SDCP's name held by other parties, including \$10,000,000 of cash restricted as collateral on debt. As SDCP began securing electricity to sell to customers, various energy contracts required deposits which accounts for the increase in noncurrent assets.

**SAN DIEGO COMMUNITY POWER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2022 AND 2021**

Current liabilities

The largest component of current liabilities is the cost of electricity delivered to customers that is not yet due to paid by SDCP. Another significant component of current liabilities are security deposits held by SDCP from energy suppliers. Various contracts entered into by SDCP require the supplier to provide SDCP with a security deposit. These deposits will be returned by SDCP at the completion of the related contract or as other milestones are met.

Current liabilities increased year over year due to operating activities associated with a major enrollment of residential customers starting in May of 2022.

Noncurrent liabilities

As of June 30, 2021, the bank note payable was due within one year and was included in current liabilities. During 2022, the bank note was renegotiated, and the maturity date changed to 2024 and the note payable is now included in noncurrent liabilities. Additionally, SDCP increased its borrowings as described in the Note 4 to the financial statements.

Other noncurrent liabilities include \$518,000 for start-up related costs owed primarily to the City of San Diego.

Net Position

SDCP ended 2022 with a positive net position for the first time, driven by positive margins from a full year of delivering energy to customers. In 2022, \$2,500,000 of net position is considered restricted for collateral as part of a security agreement with various suppliers.

**SAN DIEGO COMMUNITY POWER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2022 AND 2021**

The following is a summary of SDCP's results of operations and a discussion of significant changes for the years ending June 30:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating revenues	\$ 386,237,698	\$ 14,809,010	\$ -
Interest income	14,603	-	-
Total income	<u>386,252,301</u>	<u>14,809,010</u>	<u>-</u>
Operating expenses	328,966,597	27,551,819	1,006,369
Nonoperating expenses	706,115	235,718	63,741
Total expenses	<u>329,672,712</u>	<u>27,787,537</u>	<u>1,070,110</u>
Change in net position	<u>\$ 56,579,589</u>	<u>\$ (12,978,527)</u>	<u>\$ (1,070,110)</u>

Operating revenues

SDCP's operating revenues are derived from the sale of electricity to commercial and residential customers throughout its territory. SDCP began selling electricity to a relatively small number of municipal and commercial accounts toward the end of 2021. In 2022, its commercial customer base came entirely online and residential customers began to phase in during late 2022. This expansion accounts for the large change in revenues compared to 2021.

Operating expenses

SDCP's largest expense was the purchase of electricity delivered to its customers. SDCP procures energy from a variety of sources and focuses on maintaining a balanced renewable power portfolio at competitive costs. Operating costs increased each year due to operating activities associated with enrollment of customer accounts.

Expenses for staff compensation, contract services, and other general and administrative expenses increased in 2022 as the organization grew to operational strength.

Nonoperating expenses

Interest expense on borrowings during the years are included as nonoperating expenses. Interest expense increased each year as a result of increased borrowings.

**SAN DIEGO COMMUNITY POWER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2022 AND 2021**

ECONOMIC OUTLOOK

SDCP began to provide electricity to its municipal customers in March 2021. Delivery of electricity to its commercial and industrial customers began in June 2021. Customer groups will continue to be added during multiple phases throughout fiscal year 2023, including the enrollment of commercial and residential customers. In August 2021, the County of San Diego voted to join SDCP. In November 2021, the City of National City voted to join SDCP. Other cities in the region continue to consider joining SDCP. Prior to adding new cities, SDCP performs a thorough cost benefit analysis to determine whether the addition would be mutually beneficial.

In the normal course of business, SDCP enters into various agreements, including renewable energy agreements and other power purchase agreements to purchase power and electric capacity. SDCP enters into power purchase agreements in order to comply with state law and voluntary targets for renewable and greenhouse gas (GHG) free products.

REQUEST FOR INFORMATION

This financial report is designed to provide SDCP's customers and creditors with an overview of the SDCP's finances and to demonstrate SDCP's accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to 815 E Street, Unit 12716, San Diego, CA 92112.

Respectfully submitted,

Karin Burns, CEO

BASIC FINANCIAL STATEMENTS

SAN DIEGO COMMUNITY POWER
STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 57,076,718	\$ 1,720,566
Accounts receivable, net	50,386,990	1,116,121
Accrued revenue	46,939,615	12,220,309
Prepaid expenses	4,461,308	-
Energy settlements receivable	-	4,043,272
Deposits	6,241,057	1,650,000
Total current assets	<u>165,105,688</u>	<u>20,750,268</u>
Noncurrent assets		
Restricted cash	12,500,000	9,000,000
Deposits	3,450,000	2,250,000
Total noncurrent assets	<u>15,950,000</u>	<u>11,250,000</u>
Total assets	<u>181,055,688</u>	<u>32,000,268</u>
LIABILITIES		
Current liabilities		
Accrued cost of energy	57,231,504	16,144,721
Accounts payable	624,955	362,282
Other accrued liabilities	740,006	89,334
State surcharges payable	332,586	11,281
Security deposits - energy suppliers	42,624,000	1,020,000
Interest payable	113,862	63,464
Bank note payable	-	22,840,082
Loans payable	5,000,000	-
Total current liabilities	<u>106,666,913</u>	<u>40,531,164</u>
Noncurrent liabilities		
Other noncurrent liabilities	517,741	517,741
Bank note payable	31,340,082	-
Loans payable	-	5,000,000
Total noncurrent liabilities	<u>31,857,823</u>	<u>5,517,741</u>
Total liabilities	<u>138,524,736</u>	<u>46,048,905</u>
NET POSITION		
Restricted for collateral	2,500,000	-
Unrestricted (deficit)	40,030,952	(14,048,637)
Total net position	<u>\$ 42,530,952</u>	<u>\$(14,048,637)</u>

**SAN DIEGO COMMUNITY POWER
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Electricity sales, net	\$ 383,800,198	\$ 14,809,010
Liquidated damages	2,437,500	-
Total operating revenues	<u>386,237,698</u>	<u>14,809,010</u>
OPERATING EXPENSES		
Cost of energy	319,686,027	24,361,374
Contract services	3,520,098	2,069,504
Staff compensation	3,662,441	907,442
General and administration	2,098,031	213,499
Total operating expenses	<u>328,966,597</u>	<u>27,551,819</u>
Operating income (loss)	<u>57,271,101</u>	<u>(12,742,809)</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment income	14,603	-
Interest and financing expense	(706,115)	(235,718)
Nonoperating revenues (expenses)	<u>(691,512)</u>	<u>(235,718)</u>
CHANGE IN NET POSITION	56,579,589	(12,978,527)
Net position at beginning of year	(14,048,637)	(1,070,110)
Net position at end of year	<u>\$ 42,530,952</u>	<u>\$ (14,048,637)</u>

**SAN DIEGO COMMUNITY POWER
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$300,940,324	\$ 1,483,861
Receipts from liquidated damages	2,437,500	-
Receipts of supplier security deposits	42,204,000	1,581,000
Other operating receipts	6,801,249	-
Payments to suppliers for electricity	(284,842,750)	(12,259,925)
Payments for goods and services	(5,114,220)	(2,407,429)
Payments to employees for services	(3,407,133)	(819,010)
Payments for deposits and collateral	(7,212,708)	(4,361,000)
Payments for state surcharges	(808,996)	-
Net cash provided (used) by operating activities	<u>50,997,266</u>	<u>(16,782,503)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Proceeds from bank note	8,500,000	21,850,000
Interest and related expense payments	<u>(655,717)</u>	<u>(185,913)</u>
Net cash provided by non-capital financing activities	<u>7,844,283</u>	<u>21,664,087</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	<u>14,603</u>	<u>-</u>
Net change in cash and cash equivalents	58,856,152	4,881,584
Cash and cash equivalents at beginning of year	<u>10,720,566</u>	<u>5,838,982</u>
Cash and cash equivalents at end of year	<u><u>\$ 69,576,718</u></u>	<u><u>\$ 10,720,566</u></u>
Reconciliation to the Statement of Net Position		
Cash and cash equivalents (unrestricted)	\$ 57,076,718	\$ 1,720,566
Restricted cash	<u>12,500,000</u>	<u>9,000,000</u>
Cash and cash equivalents	<u><u>\$ 69,576,718</u></u>	<u><u>\$ 10,720,566</u></u>

SAN DIEGO COMMUNITY POWER
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021

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

	<u>2022</u>	<u>2021</u>
Operating income (loss)	\$ 57,271,101	\$ (12,742,809)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Provision for uncollectible accounts	3,876,770	149,586
(Increase) decrease in:		
Accounts receivable	(53,147,639)	(1,265,707)
Accrued revenue	(34,719,306)	(12,220,309)
Energy settlements receivable	4,043,272	(4,043,272)
Prepaid expenses	(4,461,308)	25,000
Deposits	(5,791,057)	(3,800,000)
Increase (decrease) in:		
Accrued cost of electricity	41,086,784	16,144,721
Accounts payable	262,672	32,240
Other accrued liabilities	650,672	(93,234)
State surcharges payable	321,305	11,281
Supplier security deposits	41,604,000	1,020,000
Net cash provided (used) by operating activities	<u>\$ 50,997,266</u>	<u>\$ (16,782,503)</u>

**SAN DIEGO COMMUNITY POWER
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

San Diego Community Power (SDCP) is a California Joint Powers Authority created on October 1, 2019. As of June 30, 2022, parties to its Joint Powers Agreement consist of the following local governments:

<u>County</u>	<u>Cities</u>	
San Diego	Chula Vista	Imperial Beach
	Encinitas	National City
	La Mesa	San Diego

SDCP is separate from and derives no financial support from its members. SDCP is governed by a Board of Directors whose membership is composed of elected officials or other representatives of the member governments.

A core function of SDCP is to provide electric service that includes the use of renewable sources under the Community Choice Aggregation Program under California Public Utilities Code Section 366.2.

SDCP began its energy delivery operations in March 2021. Electricity is acquired from commercial suppliers and delivered through existing physical infrastructure and equipment managed by San Diego Gas and Electric.

BASIS OF ACCOUNTING

SDCP's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

SDCP's operations are accounted for as a governmental enterprise fund and are reported using the economic resources measurement focus and the accrual basis of accounting – similar to business enterprises. Accordingly, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred. Enterprise fund-type operating statements present increases (revenues) and decreases (expenses) in total net position. Reported net position is segregated into three categories, if applicable – investment in capital assets, restricted and unrestricted.

When both restricted and unrestricted resources are available for use, it is SDCP's policy to use restricted resources first, then unrestricted resources as they are needed.

SAN DIEGO COMMUNITY POWER
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH AND CASH EQUIVALENTS

For the purpose of the Statements of Cash Flows, SDCP defines cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with an original maturity of three months or less. For the purpose of the Statements of Net Position, restricted cash balances are presented separately. Restricted cash reported on the Statements of Net Position includes collateral on a bank loan, as well as a required minimum balance to be maintained in one of its bank accounts.

PREPAID EXPENSES AND DEPOSITS

Contracts to purchase energy may require SDCP to provide a supplier with advanced payments or security deposits. Security deposits are generally held for the term of the contract and are classified as current or noncurrent assets depending on the length of the time the deposits are expected to be held. Also included are prepaid expenses and deposits for regulatory and other operating purposes.

ENERGY SETTLEMENTS RECEIVABLE

SDCP receives generation scheduling and other services from a registered California Independent System Operator (CAISO) scheduling coordinator. Energy settlements due from the scheduling coordinator were \$0 and \$4,043,272 as of June 30, 2022 and 2021, respectively. Energy settlements payable are included as a liability in "Accrued Cost of Energy."

SECURITY DEPOSITS FROM ENERGY SUPPLIERS

Various energy contracts entered into by SDCP require the supplier to provide SDCP with a security deposit. These deposits are generally held for the term of the contract or until the completion of certain benchmarks. Deposits are classified as current or noncurrent depending on the length of time the deposits will be held.

OPERATING AND NONOPERATING REVENUE

Operating revenues include revenue derived from the provision of energy to retail and wholesale customers, as well as liquidated damages resulting from counterparties who are unable to fulfill certain contractual obligations.

Investment income is considered "nonoperating revenue."

SAN DIEGO COMMUNITY POWER
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

REVENUE RECOGNITION

SDCP recognizes revenue on the accrual basis. This includes invoices issued to customers during the reporting period and electricity estimated to have been delivered but not yet billed. Management estimates that a portion of the billed amounts will be uncollectible. Accordingly, an allowance for uncollectible accounts has been recorded.

OPERATING AND NONOPERATING EXPENSES

Operating expenses include the costs of energy and services, administrative expenses, and depreciation of capital assets. Expenses not meeting this definition are reported as nonoperating expenses.

ELECTRICAL POWER PURCHASED

During the normal course of business, SDCP purchases electrical power from numerous suppliers. Electricity costs include the cost of energy and capacity arising from bilateral contracts with energy suppliers as well as generation credits, and load and other charges arising from SDCP's participation in the California Independent System Operator's centralized market. The cost of electricity and capacity is recognized as "Cost of Energy" in the Statements of Revenues, Expenses and Changes in Net Position.

To comply with the State of California's Renewable Portfolio Standards (RPS) and self-imposed benchmarks, SDCP acquires RPS eligible renewable energy evidenced by Renewable Energy Certificates (Certificates) recognized by the Western Renewable Energy Generation Information System (WREGIS). SDCP obtains Certificates with the intent to retire them and does not sell or build surpluses of Certificates with a profit motive. SDCP recognizes an expense on a monthly basis that corresponds to the volume sold to its customers for its various renewable and carbon free products. This expense recognition increases accrued cost of energy reported on the Statements of Net Position. Payments made to suppliers reduce accrued cost of energy.

SDCP purchases capacity commitments from qualifying generators to comply with the California Public Utilities Commission's Resource Adequacy Program. The goals of the Resource Adequacy Program are to provide sufficient resources to the California Independent System Operator to ensure the safe and reliable operation of the grid in real-time and to provide appropriate incentives for the siting and construction of new resources needed for reliability in the future.

**SAN DIEGO COMMUNITY POWER
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

STAFFING COSTS

SDCP fully pays employees semi-monthly and fully pays its obligation for health benefits and contributions to its defined contribution retirement plan each month. SDCP is not obligated to provide post-employment healthcare or other fringe benefits and, accordingly, no related liability is recorded in these financial statements. SDCP provides compensated time off, and the related liability is recorded in these financial statements.

INCOME TAXES

SDCP is a joint powers authority under the provision of the California Government Code and is not subject to federal or state income or franchise taxes.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

SDCP maintains its cash in accounts at River City Bank in Sacramento, California. SDCP's deposits with River City Bank are subject to California Government Code Section 16521 which requires that River City Bank collateralize public funds in excess of the Federal Deposit Insurance Corporation limit of \$250,000 by 110%. SDCP has no deposit or investment policy that addresses a specific type of risk that would impose restrictions beyond this code. Accordingly, the amount of risk is not disclosed. SDCP monitors its risk exposure to River City Bank on an ongoing basis.

SAN DIEGO COMMUNITY POWER
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

3. ACCOUNTS RECEIVABLE

Accounts receivable were as follows:

	2022	2021
Accounts receivable from customers	\$ 54,413,346	\$ 1,265,707
Allowance for uncollectible accounts	(4,026,356)	(149,586)
Net accounts receivable	<u>\$ 50,386,990</u>	<u>\$ 1,116,121</u>

The majority of account collections occur within the first few months following customer invoicing. SDCP estimates that a portion of the billed accounts will not be collected. SDCP continues collection efforts on accounts in excess of *de minimis* balances regardless of the age of the account. The allowance for uncollectible accounts at the end of a year includes amounts billed during the current and prior fiscal years.

4. DEBT

BANK NOTE PAYABLE

In May 2020, SDCP arranged to borrow up to \$35,000,000 through a revolving credit agreement from River City Bank to provide cash for working capital before sufficient revenue is to be collected from customers. In March 2022, the agreement was amended and the amount available to SDCP increased to \$50,000,000. At June 30, 2022 and 2021, SDCP borrowed a total of \$31,340,000 and \$22,840,000, respectively. As security, SDCP assigned a security interest in all accounts, revenues, debt service reserve accounts, and cash collateral accounts. Principal can be drawn as needed and interest is accrued on the outstanding balance. Additionally, the bank requires \$10,000,000 cash collateral to be held during the term of the agreement. The stated maturity date is April 1, 2024, with interest payable each month. The interest rate at June 30, 2022, was computed at the Three-Month CME Term SOFR plus 2.25% per annum, subject to a floor of 2.25% per annum. In the event of default, the note becomes immediately due and payable.

LOANS PAYABLE

In May 2020, SDCP borrowed \$5,000,000 in total from two private lenders for the purpose of funding a collateral account to be held by River City Bank. Each loan is due on May 21, 2023. The notes bear interest equal to the one-month LIBOR, or its replacement rate, plus 2% per annum at June 30, 2021. Interest payments are due quarterly, commencing when SDCP begins selling electricity to customers. In August 2022, SDCP repaid both private loans in full.

SAN DIEGO COMMUNITY POWER
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

4. DEBT (continued)

Note and loan principal activity and balances were as follows for the following direct borrowings:

	Beginning	Additions	Payments	Ending
Year ended June 30, 2022				
Bank note payable	\$ 22,840,082	\$ 8,500,000	\$ -	\$ 31,340,082
Loans payable	5,000,000	-	-	5,000,000
Total	<u>\$ 27,840,082</u>	<u>\$ 8,500,000</u>	<u>\$ -</u>	<u>36,340,082</u>
Amounts due within one year				5,000,000
Amounts due after one year				<u>\$ 31,340,082</u>
	Beginning	Additions	Payments	Ending
Year ended June 30, 2021				
Bank note payable	\$ 990,082	\$ 21,850,000	\$ -	\$ 22,840,082
Loans payable	5,000,000	-	-	5,000,000
Total	<u>\$ 5,990,082</u>	<u>\$ 21,850,000</u>	<u>\$ -</u>	<u>27,840,082</u>
Amounts due within one year				22,840,082
Amounts due after one year				<u>\$ 5,000,000</u>

The following is a summary of SDCP's future annual payment obligations:

	Principal	Interest	Total
Year ended June 30,			
2023	\$ 5,000,000	\$ 1,527,687	\$ 6,527,687
2024	31,340,082	1,027,171	32,367,253
Total	<u>\$ 36,340,082</u>	<u>\$ 2,554,858</u>	<u>\$ 38,894,940</u>

SAN DIEGO COMMUNITY POWER
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

5. OTHER NONCURRENT LIABILITIES

Included in noncurrent liabilities are amounts advanced by the Cities of San Diego, La Mesa, and Encinitas (the Cities) to SDCP for start-up related costs. SDCP will reimburse the Cities as soon as practically possible and no later than the earlier of five years after SDCP's formation date of October 1, 2019, or two years after initial loans and lines of credit are repaid. Interest does not accrue on the liabilities to the Cities.

The following is a schedule of changes in other noncurrent liabilities during the period:

	Beginning	Additions	Payments	Ending
Year ended June 30, 2022				
Start-up funds				
advanced from Cities	\$ 517,741	\$ -	\$ -	\$ 517,741
Total	<u>\$ 517,741</u>	<u>\$ -</u>	<u>\$ -</u>	<u>517,741</u>
Amounts due within one year				-
Amounts due after one year				<u>\$ 517,741</u>
	Beginning	Additions	Payments	Ending
Year ended June 30, 2021				
Start-up funds				
advanced from Cities	\$ 477,176	\$ 40,565	\$ -	\$ 517,741
Total	<u>\$ 477,176</u>	<u>\$ 40,565</u>	<u>\$ -</u>	<u>517,741</u>
Amounts due within one year				-
Amounts due after one year				<u>\$ 517,741</u>

SAN DIEGO COMMUNITY POWER
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

6. RISK MANAGEMENT

SDCP is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. During the year, SDCP purchased insurance policies from investment-grade commercial carriers to mitigate risks that include those associated with earthquakes, theft, general liability, errors and omissions, and property damage. There were no significant reductions in coverage compared to the prior year. SDCP has general liability coverage of \$10,000,000 with a deductible of \$100,000. From time to time, SDCP may be party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and SDCP's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on SDCP's financial position or results of operations.

SDCP maintains risk management policies, procedures and systems that help mitigate credit, liquidity, market, operating, regulatory and other risks that arise from participation in the California energy market. Credit guidelines include a preference for transacting with investment-grade counterparties, evaluating counterparties' financial condition and assigning credit limits as applicable. These credit limits are established based on risk and return considerations under terms customarily available in the industry. In addition, SDCP enters into netting arrangements whenever possible and where appropriate obtains collateral and other performance assurances from counter parties.

7. COMMITMENTS

In the ordinary course of business, SDCP enters into various power purchase agreements in order to acquire renewable and other energy and electric capacity. The price and volume of purchased power may be fixed or variable. Variable pricing is generally based on the market price of electricity at the date of delivery. Variable volume is generally associated with contracts to purchase energy from as-available resources such as solar, wind, and hydro-electric facilities.

The following table represents the expected, undiscounted, contractual obligations outstanding as of June 30, 2022:

Year ending June 30,	
2023	\$ 570,000,000
2024	470,000,000
2025	270,000,000
2026	130,000,000
2027	50,000,000
2028-2043	560,000,000
Total	<u><u>\$ 2,050,000,000</u></u>



San Diego Community Power

Procurement Policy

Purpose

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

Policy

1. Procurement of Professional Services

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

2. Procurement of General Services

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

3. Procurement of Supplies

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

4. Procurement of Public Works Projects

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

5. Competitive Procurement Requirements

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

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

d. Exceptions to Competitive Procurement Requirements.

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

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

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

- iv. No competitive procurement shall be required to rent or lease equipment.
- v. Competitive procurement shall not be required when the contract, goods or services will be provided by another governmental agency. SDCP can rely on the competitive procurement process provided by another governmental agency, provided that such agency's procurement is in compliance with California law.
- vi. In the event of an emergency, the CEO may suspend the normal purchasing and procurement requirements for goods and services related to abatement of the impacts or effects of the emergency.

6. Signing Authority:

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

7. RFP/RFQ Issuance and Proposal Evaluation

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

Supplier Clearinghouse. Such proof shall be subject to verification by SDCP.

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

8. Nondiscrimination Contract Clause

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

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

9. Information on Supplier Diversity

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

General Order 156 (GO 156), adopted by the California Public Utilities Commission (CPUC), requires certain California public utilities to engage in outreach activities and meet specific procurement goals from women, minority, disabled veteran, persons with disabilities, and LGBT business enterprises. Qualified businesses become GO 156 certified through the CPUC and are then added to the GO 156 Supplier Clearinghouse database (www.thesupplierclearinghouse.com). Although SDCP is not subject GO 156,

SDCP supports the goals and principles of GO 156 and desires to obtain information relating to supplier diversity in order to assist SDCP in evaluating its outreach and other activities consistent with applicable law.

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

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

10. Procurement of Power and Energy Attributes

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

11. Review and Approval as to Form by General Counsel

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



Policy Number: F21_001

Original Adoption Date: June 24, 2021
Revision Date: February 24, 2022

Subject: Financial Reserves Policy

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

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

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

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

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

Conditions for Use of Reserves

- For purposes of this policy, the "use of reserves" is defined as a projected or estimated reduction in the amount of the Operating/Working Capital Reserve by the end of a fiscal year below the sum of the balance of the Operating/Working Capital Reserve at the commencement of the fiscal year plus the projected addition to the Operating/Working Capital Reserve in the budget for the current fiscal year.
- Temporary reductions in the Operating/Working Capital Reserve for cash flow purposes to even out the expected peaks or dips in revenues and expenditures are normal cyclical occurrences to be expected during the fiscal year, and do

not constitute a use of reserves. Transfers to and from the Operating/Working Capital Reserve to account for such temporary cash flow fluctuations is within the discretion of the CFO.

- The CEO will have the discretion to authorize the use of reserves during the fiscal year up to the lesser of 10% of the year's total budgeted cost, or \$40 million, for the following purposes:
 1. Cover increases in power supply expenses due to spikes in costs and/or due to higher customer demand;
 2. Provide necessary funds to make up for unanticipated revenue shortfalls;
 3. Meet any margin or collateral posting requirements under energy supply contracts; and
 4. Provide resources to meet emergency expenditures.
- If further use of reserves are necessary or desirable to manage the operations of SDCP, the CEO must present recommendations to the Board and the Board must authorize such use.
- Any use of the reserves under the CEO's authority shall be reported to the Board at the next regularly scheduled meeting.

Policy Review: SDCP staff will complete a review of this Financial Reserve Policy annually to ensure that the policy meets the needs of the organization.

San Diego Community Power

Energy Risk Management Policy

Version: 2.0
Revision Date: January 15, 2021

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Energy Risk Management Policy

1.0 General Provisions

1.1 Background and Purpose of Policy

San Diego Community Power (SDCP) participates in energy markets for purposes of fulfilling its role as a Community Choice Aggregator serving retail electricity customers located within the San Diego region. This Energy Risk Management Policy (Policy) has been developed to facilitate the achievement of SDCP's organizational objectives while adhering to policies established by SDCP's Board of Directors (Board), power supply and related contract commitments, good utility practice, and applicable laws and regulations.

This Policy defines SDCP's general energy risk management framework and provides management with the authority to establish processes for monitoring, measuring, reporting, and controlling market and credit risks to which SDCP is exposed in its normal course of business.

1.2 Scope of Business and Related Market Risks

SDCP provides electric energy to retail customers within its service territory, which requires completion of the following business activities: bilateral purchases and sales of electricity under short-, medium- and long- term contracts; scheduling of load and generation of electricity into California Independent System Operator (CAISO) markets; retail marketing of electricity to consumers within its service territory; compliance with voluntary objectives and regulatory requirements that relate to carbon-free and Renewables Portfolio Standard (RPS) compliance; participation in the CAISO-administered Congestion Revenue Rights ("CRRs") market; management of the balance between load and generation over the short-, medium- and long-term planning horizons; and compliance with California Public Utilities Commission (CPUC) Resource Adequacy (RA) requirements. Participation in such activities expose SDCP to certain risks, which include, but are not limited to, the following:

- Market Price Risk
- Counterparty Credit and Performance Risk
- Load and Generation Volumetric Risk
- Operational Risk
- Liquidity Risk
- Regulatory/Legislative Risk

To mitigate SDCP's exposure to such risks, this Policy has been drafted to focus on the following areas of concern:

- Risk Management Goals and Principles
- Definitions of Risks
- Internal Control Principles
- Risk Management Business Practices
- Risk Management Governance

This Policy does not address the following types of general business risk, which should be treated separately in other policies, ordinances and regulations pertaining to SDCP: fire, accident and casualty;



health, safety, and workers' compensation; general liability; and other such typically insurable perils. The term "risk management," as used herein, is therefore understood to refer solely to market risks as defined herein, and not those other categories of risk.

1.3 Policy Administration

This version of the Energy Risk Management Policy was adopted by the SDCP Board of Directors on June 25, 2020. This Policy may be amended as needed by SDCP's Board. SDCP's Finance and Risk Management Committee (FRMC) may periodically recommend policy updates to the Board.

1.4 Policy Distribution and Acknowledgment

This Policy shall be distributed to all SDCP employees and third-party contractors who are engaged in the planning, procurement, sale and scheduling of electricity on SDCP's behalf and/or in other SDCP departments providing oversight and support for these activities. All such employees and contractors are required to confirm in writing on an annual basis that they have:

- Read SDCP's Risk Management Policy
- Understand the terms and agreements of said Policy
- Will comply with said Policy
- Understand that any violation of said Policy shall be subject to employee discipline up to and including termination of employment.

1.5 Policy Interpretation

Questions about the interpretation of any matters of the Policy should be referred to the Risk Management Committee. All legal matters stemming from this Policy will be referred to General Counsel.

2.0 Risk Management Goals

The goals of SDCP's energy risk management practices are to:

- [1] assist in achieving the business objectives of retail rate stability and competitiveness;
- [2] avoid losses and excessive costs, which would materially impact the financial condition of SDCP;
- [3] establish the parameters for energy procurement and sales activity to minimize costs while ensuring compliance with approved risk limits and policy objectives;
- [4] assist in assuring that market activities and transactions are undertaken in compliance with established procurement authorities, applicable laws, regulations and orders; and
- [5] encourage the development and maintenance of a corporate culture at SDCP in which the proper balance is struck between control and facilitation and in which professionalism, discipline, technical skills, and analytical rigor come together to achieve SDCP objectives.

3.0 Risk Management Principles



3.1 General Risk Management Principles

SDCP manages its energy resources and transactions with the objectives of reducing greenhouse gas emissions, supporting local economic development and providing customers with stable, competitive electric rates while contemporaneously minimizing risks. SDCP's risk management principles include the identification of relevant risks, systematic risk measurement and reporting, and strict adherence to established risk policies. SDCP will not engage in transactions without proper authorization or if such transactions are determined to be inconsistent with this Policy.

It is the policy of SDCP that all personnel, including the Board, management, and agents, adhere to standards of integrity, ethics, conflicts of interest, compliance with statutory law and regulations and other applicable SDCP standards of personal conduct while employed by or affiliated with SDCP.

3.2 Conflicts of Interest

All SDCP Directors, management, employees, consultants, and agents participating in any transaction or activity within the coverage of this Policy are obligated to give notice in writing to SDCP of any interest such person has in any counterparty that seeks to do business with SDCP, and to identify any real or potential conflict of interest such person has or may have with regard to any existing or potential contract or transaction with SDCP. Further, all persons are prohibited from personally participating in any transaction or similar activity that is within the coverage of this Policy, or prohibited by California Government Code § 1090, and that is directly or indirectly related to the trading of electricity and/or environmental attributes as a commodity.

If there is any doubt as to whether a prohibited condition exists, then it is the employee's responsibility to discuss the possible prohibited condition with her/his manager or supervisor.

3.3 Adherence to Statutory Requirements

Compliance is required with rules promulgated by the state of California, California Public Utilities Commission, California Energy Commission, Federal Energy Regulatory Commission(FERC), Commodity Futures Trading Commission(CFTC),and other regulatory agencies.

Congress, FERC and CFTC have enacted laws, regulations, and rules that prohibit, among other things, any action or course of conduct that actually or potentially operates as a fraud or deceit upon any person in connection with the purchase or sale of electric energy or transmission services. These laws also prohibit any person or entity from making any untrue statement of fact or omitting to state a material fact where the omission would make a statement misleading. Violation of these laws can lead to both civil and criminal actions against the individual involved, as well as SDCP. This Policy is intended to comply with these laws, regulations and rules and to avoid improper conduct on the part of anyone employed by SDCP. These procedures may be modified from time to time by legal requirements, auditor recommendations, FRMC and ROC requests, and other considerations.

In the event of an investigation or inquiry by a regulatory agency, SDCP will provide legal counsel to employees. However, SDCP will not appoint legal counsel to an employee if SDCP's General Counsel and Chief Executive Officer determine that the employee was not acting in good faith within the scope of employment. SDCP employees are prohibited from working for another power supplier, CCA or utility in a related position while they are simultaneously employed by SDCP unless an exception is authorized by



the Board. For clarity, this prohibition is not intended to prevent SDCP staff from performing non-CCA activities on behalf of SDCP in the normal course of its business.

3.4 System of Records

SDCP will maintain a set of records for all transactions executed in association with SDCP's procurement activities. The records will be maintained in US dollars and transactions will be separately recorded and categorized by type of transaction. This system of record shall be auditable.

4.0 Definitions of Market Risks

The term "market risks," as used herein, refers specifically to those categories of risk which relate to SDCP's participation in wholesale and retail markets as a Load Serving Entity (LSE) as well as SDCP's interests in certain long-term contracting opportunities. Market risks include market price risk, counterparty credit and performance risk, load and generation volumetric risk, operational risk and liquidity risk, as well as regulatory and legislative risk. These categories are defined and explained as follows.

4.1 Market Price Risk

Market price risk is defined as exposure to changes in wholesale energy prices. Market price risk is a function of price volatility and the volume of energy that is contracted at fixed prices over a defined period of time. Prices in electricity markets exhibit high volatility, and appropriate forward procurement and hedging approaches are necessary to manage exposure to pricing volatility within the CAISO or bilateral energy markets.

Market price risk is also impacted by market liquidity, which may be an issue for certain energy or capacity products that SDCP procures. Illiquid markets are characterized by relatively few buyers or sellers, making it more difficult to buy or sell a commodity and often resulting in higher premiums on purchases or deeper discounts on sales.

Another dimension of market price risk is congestion or "basis" risk. Congestion risks arise from the locational differences in prices between the point of delivery of SDCP's load (meaning, power consumed by customers) and its contracted supply.

For SDCP, market price risk manifests in two types of exposure. The first type of market price risk exposure is the potential for variations in power costs that are related to SDCP's "open positions", meaning the volume of energy that will ultimately be required for delivery to SDCP customers but that has not yet been purchased. Increases in market prices will increase SDCP's costs when those open positions are eventually filled at the higher prices. Incurrence of higher than anticipated power costs can reduce funds available for financial reserves or other planned uses and can lead to the need for rate increases. Market price risk exposure related to open positions are monitored through net open position valuations and value at risk metrics as described in Section 6.1 of this Policy.

The second type of market price risk exposure is the potential for wholesale trading positions, long-term supply contracts and generation resources to move "out of the money," that is, become less valuable when compared to similar positions, contracts or resources obtainable at present prices. These same positions can also be "in the money" if such positions become more valuable when compared to similar positions, contracts or resources obtainable at present market prices. This valuation methodology is

commonly referred to as “Mark to Market.” Transaction valuation and reporting of positions shall be based on objective, market observed prices. If SDCP is “out of the money” on a substantial portion of its contracts, it may have to charge higher retail rates relative to competitors. Such a situation could erode SDCP’s competitive position and market share if other market participants (e.g., Direct Access providers or SDG&E) are able to procure power at a lower cost and offer lower retail electric rates.

4.2 Counterparty Credit and Performance Risk

Performance and credit risk refer to the inability or unwillingness of a counterparty to perform according to its contractual obligations. Failure to perform may arise if an energy supplier fails to deliver energy as agreed. There are four general performance and credit risk scenarios:

- [1] counterparties and wholesale suppliers may fail to deliver energy or environmental attributes, requiring SDCP to purchase replacement products elsewhere, possibly at higher costs;
- [2] counterparties may fail to take delivery of energy or environmental attributes sold to them, necessitating a quick resale of the product elsewhere, possibly at a lower price;
- [3] counterparties may fail to pay for delivered energy or environmental attributes; and
- [4] counterparties and suppliers may refuse to extend credit to SDCP, possibly resulting in higher collateral posting costs, which could impact SDCP’s cash position and/or bank lines of credit.

An important subcategory of credit risk is concentration risk. When a portfolio of positions and resources is concentrated with one or a very small number of counterparties, generating resources, or geographic locations, it becomes more likely that major losses will be sustained in the event of non-performance by a counterparty/supplier or as a result of unexpected price fluctuations at one location.

4.3 Load and Generation Volumetric Risk

Energy deliveries must be planned in consideration of forecasted load. SDCP forecasts load over the long and short term and enters into long- and short-term fixed price energy contracts to hedge its load consistent with the provisions of its Integrated Resource Plan (IRP).

Load forecasting risk arises from inaccurate load forecasts and may result in the over- or under-procurement of energy and/or customer rate revenues that deviate from approved budgets. Energy delivery risk occurs if a generator fails to deliver expected or forecasted energy volumes. Variations in wind speed and cloud cover, for example, can also impact the respective amount of electricity generated by wind and solar resources. Furthermore, the occasional oversupply of power on California’s electric grid can lead to curtailment of energy deliveries or reduced revenue resulting from low or negative prices at certain energy delivery points. In general, weather is an important variable that can result in higher or lower electricity usage due to its impact of customer electricity usage (heating and cooling needs, for example) as well as energy production (by generators that are commonly impacted by ambient weather conditions).

In the CAISO markets this situation can result from both the oversupply and undersupply of electricity relative to SDCP’s load as well as the over- or under-scheduling of generation or load into the day ahead market (relative to actual energy consumed or delivered in the real-time market). Load and generation volumetric risk may result in unanticipated open positions and imbalance energy costs, which are assessed

when actual and scheduled loads do not align. More specifically, imbalance energy costs result from temporal pricing differences that often exist in the day-ahead and real-time energy markets during discrete scheduling intervals. For example, if SDCP's actual load is higher than scheduled in the day-ahead market, and real-time prices are comparatively high during such instances, then SDCP bears the risk of higher-than-anticipated energy costs due to such variation. .

4.4 Operational Risk

Operational risk consists of the potential for failure to execute and control business activities relative to plan. Operational risk includes the potential for:

- [1] organizational structure that proves to be ineffective in addressing risk, i.e., the lack of sufficient authority to make and execute decisions, inadequate supervision, ineffective internal checks and balances, incomplete, inaccurate and untimely forecasts or reporting, failure to separate incompatible functions, etc.;
- [2] absence, shortage or loss of key personnel or lack of cross-functional training;
- [3] lack or failure of facilities, equipment, systems and tools, such as computers, software, communications links and data services;
- [4] exposure to litigation or sanctions resulting from violating laws and regulations, not meeting contractual obligations, failure to address legal issues and/or receive competent legal advice, not drafting and analyzing contracts effectively, etc.; and
- [5] errors or omissions in the conduct of business, including failure to execute transactions, violation of guidelines and directives, etc.

4.5 Liquidity Risk

Liquidity Risk is the risk that SDCP will be unable to meet its financial obligations. This can be caused by unexpected financial events and/or inaccurate pro forma calculations, rate analyses, and debt analyses. Some unexpected financial events impacting liquidity could include:

- [1] breach of SDCP credit covenants or thresholds – SDCP has credit covenants included in its banking agreements and may, eventually, have similar covenants within its energy contracts. Breach of credit covenants or thresholds could result in the withdrawal of SDCP's line of credit or may trigger the requirement to post collateral;
- [2] contractual requirements to post collateral (with counterparties) due to a decline in market prices below the contract price; and
- [3] from time to time SDCP may be the subject of legal or other claims arising from the normal course of business. Payment of a claim by SDCP could reduce SDCP's liquidity if the cause of loss is not covered by SDCP's insurance policies.

4.6 Regulatory/Legislative Risk



Regulatory risk encompasses market structure and operational risks associated with shifting state and federal regulatory policies, rules, and requirements that could negatively impact SDCP. An example is the potential increase in exit fees for customers served by Community Choice Aggregators that could result in higher overall electricity costs for SDCP customers (relative to SDG&E or DA service options).

Legislative risk is associated with actions by federal and state legislative bodies, which may impose adverse changes or requirements that could infringe upon SDCP's autonomy, increase its costs, or otherwise negatively impact SDCP's ability to fulfill its goals and objectives.

5.0 Internal Control Principles

Internal controls are based on proven principles that meet or exceed the requirements of financial institutions and credit rating agencies while also being considerate of good utility practice. The required controls shall include all customary and usual business practices designed to prevent errors and improprieties, ensure accurate and timely reporting of results of operations as well as information pertinent to management, and facilitate attainment of business objectives. These controls shall remain fully integrated in all activities of the business and shall be consistent with stated objectives. There shall be active participation by senior management in risk management processes.

The required controls include the following:

[1] Segregation of duties and functions between front, middle, and back office activities. In general terms, the designation of responsibilities shall be organized as follows:

- Front office is responsible for planning (e.g. preparation of the IRP and other planning activities) and procurement (e.g. solicitation management, contract negotiation, structuring and pricing as well as contract execution), contract management, compliance and oversight of scheduling coordinator functions with the CAISO;
- Middle office is responsible for controls and reporting (e.g., risk monitoring, risk measurement, risk reporting, procurement compliance, counterparty credit review, approval and monitoring); and
- Back office is responsible for settlements and processing (e.g., verification, validation, reconciliation and analysis of transactions, tracking, processing and settlement of transactions).

[2] Delegation of authority as defined in section 6.5 (below) that is commensurate with responsibility and capability, and relevant training to ensure adequate knowledge to operate in and comply with rules associated with the markets in which such personnel may transact (e.g., CAISO). Contract origination, commercial approval, legal review, invoice validation, and transaction auditing shall be performed by separate staff or contractors for each transaction. No individual staff member shall perform all of these functions on a single transaction.

[3] Defining authorized products and transactions. In general terms, authorized and prohibited transactions are defined as follows:

- Authorized transactions are those transactions directly related to the procurement and/or administration of electric energy, reserve capacity, transmission and distribution service, ancillary services, congestion revenue rights, renewable energy, renewable energy credits, scheduling

activities, tolling agreements, and bilateral purchases of energy products. All transactions must be consistent with this Policy and the Board approved IRP.

- It is the expressed intent of this Policy to prohibit the acquisition of risk beyond that encountered in the efficient optimization of SDCP's generation portfolio and execution of procurement strategies. Prohibited transactions are those transactions that are not related to serving retail electric load and/or reducing financial exposure. Speculative buying and selling of energy products or maintenance of open positions that do not conform with agreed upon thresholds is prohibited. Speculation is defined as buying energy in excess of forecasted load plus reasonable planning reserves, intentionally under procuring energy relative to minimum load hedging targets or selling energy or environmental attributes that are not yet owned by SDCP. In no event shall speculative transactions be permitted. Any financial derivatives transaction including, but not limited to futures, swaps, options, and swap options are also prohibited. If any questions arise as to whether a proposed transaction(s) constitutes speculation, SDCP shall conduct an analysis of the transaction and the Board shall review the transaction(s) to determine whether the transaction(s) would constitute speculation and document its finding in the meeting minutes.

[4] Defining proper process for executing power supply contracts. SDCP will ensure power supply contracts are approved by pertinent technical personnel. Legal review will be required of various forms of agreement used by SDCP.

[5] Accurately capturing transactions and other data, with standardization of electronic and hard copy documentation.

[6] Summarizing and reporting of transactions and other activity at regular intervals.

[7] Measuring risk and performance in a timely manner and at regular intervals.

[8] Regularly reviewing compliance to ensure that this Policy and related risk management guidelines are adhered to, with specific guidelines for resolving instances of noncompliance.

[9] Ensuring active participation by senior management in risk management processes.

6.0 Risk Management Business Practices

6.1 Risk Measurement Metrics and Reporting

A vital element of this Policy is the regular identification, measurement and communication of risk. To effectively communicate risk, all risk management activities must be monitored on a frequent basis using risk measurement methodologies that quantify the risks associated with SDCP's procurement-related business activities and performance relative to stated goals.

SDCP measures and updates its risks using a variety of tools that model programmatic financial projections, market exposure and risk metrics, as well as through short-term budget updates. The following items are measured, monitored and reported:

[1] Mark-to-Market Valuation – marking to market is the process of determining the current value of contracted supply. A mark-to-market valuation shall be performed at least once per quarter.

[2] Exposure Reporting – calculates the notional dollar risk exposure and value at risk of open portfolio positions at current market prices. The exposure risk calculations shall be performed at least once per quarter.

[3] Open Position Monitoring – on a monthly basis, SDCP shall calculate/monitor its open positions for all energy and capacity products. If energy open positions for the month following the then current month (prompt month) exceed 10% of load, SDCP will solicit market energy to close open positions and make a commercial decision to close the position. Open positions for terms beyond the prompt month will be monitored monthly and addressed in accordance with SDCP's planning models and related policies.

[4] Counterparty Credit Exposure – calculates the notional and mark-to-market exposure to each SDCP counterparty by deal and in aggregate. Counterparty credit exposure shall be reported on a quarterly basis. Counterparty exposure reporting includes contingent collateral posting risks arising from changes in market prices and other factors.

[5] Reserve Requirement Targets – no less than once per year, SDCP staff will monitor SDCP's reserves to ensure that they meet the targeted thresholds.

Consistent with the above, the Middle Office will develop reports and provide feedback to the Risk Oversight Committee. If a limit or control established by this Policy is violated, the Middle Office will send notification to the responsible party and the Risk Oversight Committee. The Risk Oversight Committee will discuss the cause and potential remediation of any violation to determine next steps for curing the violation.

Risk measurement methodologies shall be re-evaluated on a periodic basis to ensure SDCP adjusts its methods to reflect the evolving competitive landscape.

6.2 Market Price Risk

SDCP manages market price risk using its planning models which define forecasted load, energy under contract and SDCP's open positions across various energy product types including renewable energy (Portfolio Content Category I, II and III), carbon-free energy and system power relative to SDCP's procurement targets.

SDCP determines the quantity of energy it intends to place under contract each year through the use of its planning models and in consideration of stated procurement targets. The planning models include an outline of the delivery term and quantity of each energy product that SDCP intends to fill in the upcoming year. The planning models inform SDCP's solicitation planning, including solicitation timing and strategy as well as the person/team responsible for related solicitations.

In general, SDCP will seek to purchase some long-term renewable energy each year for purposes of diversifying market exposure while also avoiding potential "planning cliffs", which can occur when a significant portion of long-term contracts expire at or near the same point in time.

For products generally purchased through short- and medium-term contracts, SDCP follows a similar temporal diversification strategy, with multiple procurement cycles occurring throughout the year.

Congestion risk is managed through the contracting process with a preference for day-ahead energy delivery at the SP 15 trading hub. Once energy is procured, SDCP manages congestion risks through the application of CRRs consistent with its Congestion Revenue Rights Risk Management Guidelines. CRRs are financial instruments used to hedge against transmission congestion costs encountered in the CAISO day-ahead market. SDCP uses a third-party scheduling coordinator to manage its CRR portfolio. SDCP primarily uses CRRs to reduce its exposure to congestion charges.

6.3 Counterparty Credit and Performance Risk

SDCP shall evaluate and monitor the financial strength of its suppliers in consideration of adopted Credit Guidelines. Generally, SDCP manages its exposure to energy suppliers by exhibiting a preference for counterparties with Investment Grade Credit ratings as determined by Moody's or Standard and Poor's and through the use of security requirements in the form of cash and letters of credit. SDCP measures its mark-to-market counterparty credit exposure consistent with industry best practices.

6.4 Load and Generation Volumetric Risk

SDCP manages energy delivery risks by ensuring that contracts include appropriate contractual penalties for non-delivery, acquiring energy from a geographically and technologically diverse portfolio of generating assets (with a range of generation profiles that are generally complementary to the manner in which SDCP's customers use electric power). Due to known production variability and supply uncertainty related to renewable and other carbon-free energy products, SDCP includes planning margins in its procurement of such products to ensure that related targets/mandates are achieved.

SDCP manages load forecasting and related weather risks by contracting with qualified data management and scheduling coordinators, which independently or jointly provide the systems and data necessary to forecast and schedule load using good utility practice. Load variability is also considered in establishing appropriate planning margins for renewable and other carbon free energy sources.

SDCP's load scheduling strategy, as executed by its scheduling coordinator, shall be in accordance with adopted Load Bidding/Scheduling Guidelines. This strategy shall ensure that price risk in the day-ahead and real-time CAISO markets is managed effectively and is consistent with good utility practice.

6.5 Operational Risk

Operational risks are managed through:

- Adherence to this Policy, and oversight of procurement activity including delegation of authority;
- Conformance with applicable human resources policies and guidelines;
- Staff resources, expertise and/or training reinforcing a culture of compliance;
- Use of qualified, highly experienced contractors on an as-needed basis in the event that necessary expertise does not exist within SDCP's own organization;
- Ongoing and timely internal and external audits; and
- Cross-training amongst staff

In order to ensure proper controls for executing energy transactions and to facilitate the efficient operation of SDCP in its ordinary course of business, the Board delegates transactional authority that is commensurate with responsibility and capability. Accordingly, by approving this Policy, the Board



delegates the following energy procurement authority by product type, tenor, volume, and notional value to its Chief Executive Officer:

Delegation of Authority per Transaction by Position/Title	Product Type	Tenor Limit	Volumetric Limit	Notional Value Limit
Chief Executive Officer	System Power	3 years	1,500,000 MWh	\$ 50,000,000
	Resource Adequacy	3 years	10,000 MW	\$ 50,000,000
	Renewables	3 years	2,500,000 MWh	\$ 50,000,000
	GHG-free	3 years	5,000,000 MWh	\$ 50,000,000
Risk Oversight Committee*				
SDCP Board	All Products	Any	Unlimited	Unlimited

* Limits delegated to the Risk Oversight Committee will be adopted following its formation.

The Board further delegates to the Chief Executive Officer all necessary and proper authority to negotiate and approve an administrative amendment to an existing Board approved contract where such amendment (a) does not exceed the Chief Executive Officer's delegated authority as set forth in the table above, and (b) further reduces SDCP's risk in furtherance of this Policy. An administrative amendment must be reported to the SDCP Board and at the next ROC meeting.

Any changes to the delegation of authority will require Board approval.

6.6 Liquidity Risk

SDCP manages liquidity risk through adherence to its loan and power purchase agreement credit covenants; limiting commitments to provide security consistent with adopted Credit Guidelines; ensuring it has adequate loan facilities, prudent cash and investment management; and adherence to any applicable reserve policies. SDCP monitors its liquidity (defined as unrestricted cash, investments, and unused bank lines of credit) no less than weekly. SDCP utilizes scenario and sensitivity analyses while preparing budget, rate, and pro forma analyses to identify potential financial outcomes and ensure sufficient liquidity under adverse conditions.

6.7 Regulatory/Legislative Risk

SDCP manages its regulatory and legislative risk through active participation in working groups and advocacy coalitions such as the California Community Choice Association. SDCP regularly participates in regulatory rulemaking proceedings and legislative affairs to protect SDCP's interests.

7.0 Risk Management Policy Governance

7.1 SDCP Board of Directors

The SDCP Board is responsible for adopting this Policy. The Board also approves SDCP's annual budget, contracting authorities and delegated responsibilities for the management of SDCP's operations to its Chief Executive Officer and staff.

7.2 Finance and Risk Management Committee

The FRMC is responsible for reviewing and recommending approval of substantive changes to this Policy, as needed, and for initiating and overseeing a review of the implementation of this Policy as it deems



necessary. The Chief Executive Officer and Risk Oversight Committee may make reports and seek approval for any substantive changes to this Policy from the FRMC, which will recommend changes to the Board.

7.3 Risk Oversight Committee (ROC)

To ensure with implementation and compliance with this Policy, the Chief Executive Officer will establish a Risk Oversight Committee prior to the commencement of retail electric service by SDCP. The members of the ROC will be selected by the Chief Executive Officer. The ROC will have authority to:

- Meet once per quarter, or as otherwise called to order by the Chair of the ROC.
- No less than once per quarter, provide a report to the FRMC regarding its meetings, deliberations and any other areas of concern.
- From time to time, adopt and/or adapt risk management guidelines defining internal controls, strategies and processes for managing market risks incurred through or attendant upon wholesale trading, retail marketing, long-term contracting, CRR trading and load and generation scheduling.
- Specify the categories of permitted transactions and set risk limits for wholesale trading. The ROC will receive and review information and reports regarding risk management, wholesale trading transactions, and the administration of supply contracts.
- Have direct responsibility for enforcing compliance with this Policy. Any gross violations to this Policy, as determined by the Chair of the ROC, shall be reported to the FRMC for appropriate action.

Addendum 1 to San Diego Clean Power's Energy Risk Management Policy: Methodology for Evaluating and Mitigating Congestion Risk

I. Transmission Costs

The CAISO has assumed operational control of all 66 kV and above voltage transmission of all Participating Transmission Owners (PTO) including private firms (such as Citizens Energy) that have turned their operating rights over to the CAISO. The CAISO operates this transmission to minimize daily transmission costs for the entire system.¹

Each PTO utility charges the CAISO the total cost of its transmission plus a rate of return on any owned transmission assets. The charge is called a utilities Transmission Revenue Requirement (TRR). The CAISO aggregates the TRRs of all PTOs and then divides this amount by the forecasted energy use on its system for the year in order to develop a transmission wheeling rate, or Transmission Access Charge (TAC) that is paid based upon the total metered load of the LSE. This rate is a "postage stamp" rate paid by the Load Serving Entity (LSE) that takes final delivery of the energy. It is called a postage stamp rate because every entity pays the same amount regardless of the voltage or how far energy is wheeled across the system.

Each LSE pays the Locational Marginal Price (LMP) for energy that it withdraws at its delivery point(s). The LMP has three components – 1) the marginal energy price that is the same for all LSEs in the CAISO for that period and market (day-ahead market, 5 and 15-minute market; 2) marginal transmission losses and 3) congestion costs.

Any generator or load can use the CAISO transmission system. To manage the use of the transmission system, the CAISO uses congestion pricing. In effect, if entities schedule more energy over a transmission path than the path's capacity, the CAISO begins increasing congestion charge to encourage entities to either move energy to other transmission paths or to back generation down that uses that path. The congestion charge will keep increasing until generation is reduced to the transmission limits over a specific path².

Congestion charges can be quite high over some constrained paths, sometimes more than the price of energy.

These rights to receive congestion charges are known as congestion revenue rights (CRRs). The CRR is a tradable commodity with entities being allowed to purchase and trade the rights to receive congestion charges over a specific transmission line segment. There are two ways LSE's acquire congestion rights; first, through a CAISO allocation process and, secondly, a CRR auction process.

The CAISO uses a three-stage process to allocate CRRs. First, an annual allocation process that is tied to generating resource ownership or control, then a monthly allocation process and finally a CRR auction process.

Congestion costs are charged on all paths so congestion payments at the end of a period should roughly equal congestion payments for the allocated CRRs. The CRRs created in the auction process are outside

¹In PG&E and SDG&E's service territory, the CAISO controls transmission lines equal to 66 kV or larger while in SCE's service territory the CAISO controls line 115 kV or greater.

² This is done by a mathematical algorithm approach that creates a large enough congestion charge to push higher priced resources out of the dispatch order.

the scope of the CAISO and those can result in significantly larger or smaller congestion payments than the congestion costs³

Load serving entities that use a specific transmission path are eligible to receive an allocation of free CRRs tied to the length of their ownership or power sales purchases from specific generators. Generally, only about two-thirds of the available transmission capacity in a path is allocated to LSEs requesting CRRs with the utility (or LSE) subject to congestion charges for the remaining generation. If the LSE wants to protect itself against congestion charges for all its generation, it will need to participate in the CRR monthly allocation process and CRR auctions and bid against other entities for the right to recover any potential congestion charges.

The CAISO allocates its transmission capacity to LSE's based upon existing unit specific generation contracts. If an LSE has a power purchase agreement (PPA) or generator entitlement, it can request CRRs from the CAISO through an annual or monthly allocation process. Because the revenues that the CAISO receives in congestion charges should approximately equal payments to CRR owners, the CAISO is indifferent to congestion revenues paid on a specific line so long as it does not allocate more transmission capacity than available on a specific path.

Entities requesting CRRs on a specific path will only receive their full request if the path has excess capacity after all existing CRR holders and LSE's without rights on a particular path have applied to the CAISO for transmission right during the annual allocation process. If the CAISO has already allocated all the CRRs on a path, the requesting entity may not receive any CRRs or only a portion of their request in the allocation process.

If an entity does not receive the desired allocation of CRRs, it can enter the CRR auction process. In the auction process, any (creditworthy) entity can offer to "buy or sell" CRR revenues for a price determined in a monthly auction along a specific transmission path. If an entity sells CRRs, it is responsible for paying the CRR costs to the purchasing entity.

The risk of a CRR is that if a LSE has CRRs over a particular path and the congestion changes to the opposite direction or has low congestion prices during the month, the owner of the CRRs could lose money. That is, acquiring CRRs is not a risk-free proposition. Generally, congestion costs are high for energy imported from the east into California and low for entities exporting from the basin.

SDCP will not acquire more CRRs on a particular path than what is needed to hedge existing power purchase agreements.

II. Evaluating SDCP Congestion Risk

SDCP does not currently have any generation resources although it has been allocated CRRs on some paths from SDG&E as part of the CCA creation process. SDCP does not know what CRRs SDG&E will initially allocate to it.

SDCP will begin evaluating the risk associated with each CRR as they take ownership. SDCP will use the following methodology for evaluating the risk of a unit CRR:

1. SDCP will calculate the monthly congestion on each path by calculating the average congestion cost for the past three (3) years.

³ For the past few years, payments to CRR holders has significantly exceeded revenues from congestion. As a result, the CAISO is redesigning the way payments are made to reduce payments on smaller lines with high congestion.

2. SDCP will calculate the mean on and off-peak congestion on each path and the standard deviation of the congestion pricing.
3. Using the mean and the standard deviation along each path, SCP will estimate the expected range of congestion costs along each path.
 - a. SDCP will attempt to determine if any paths are expected to be out of service or constrained for any month based upon available planned outage data. Planned outages will affect historic averages.
4. The expected congestion cost will be used to estimate SDCP's monthly congestion exposure and confidence interval of the results.

An example of the calculations to determine monthly risk and standard deviation is shown in Appendix 1.

SDCP will always participate in the annual and monthly allocation process as a no-cost means of reducing congestion risk. Participation in the auction process will depend upon the potential exposure along a path and how the congestion risk affects SDCP's total power supply costs as outlined in SDCP's Risk Management Plan.





SAN DIEGO COMMUNITY POWER DATA ANALYTICS & ACCOUNT SERVICES

TEAM OVERVIEW

Lucas Utouh, Director of Data Analytics & Account Services
Carly Newman, Account Services Analyst
Ryan Hanke, Data & Systems Analyst
Samantha Gunzl, Data Engineer

DEPARTMENT OVERVIEW

San Diego Community Power's (SDCP) Data Analytics & Account Services Team is comprised of data professionals and account management experts who utilize proprietary data tools to best support SDCP's decision-making capabilities and provide SDCP customers with industry best customer support. The Data Analytics & Account Services Team is currently tasked with a multitude of responsibilities in all facets of SDCP's retail operations, including but not limited to:

1. Planning and execution of seamless customer migration from SDG&E to SDCP.
2. Rate setting.
3. Billing, load and revenue recognition analysis.
4. Centralization of multiple streams of data feeds and inputs.
5. Data analysis and utilization capturing customer opt actions, usage patterns & participation rate trends.
6. Contact Center and customer engagement management.

SDCP receives a vast amount of data from its vendors and partners including SDG&E and Calpine (our back-office provider). To best utilize this data to effectively run our operations, make data-driven decisions, and optimize the customer experience, the Data Analytics & Account Services Team has developed and is expanding a data analytics platform that consists of a set of analytical tools built on a cloud-based platform that helps with customer management, load forecasting, rate design, program marketing, and accounting.

WHAT WE DO

- Maximize customer experience and participation by ensuring clear, timely and accurate billing.
- Utilize customer data to foresee trends and patterns in energy usage and demand to support potential programs, products and/or new rate structures.
- Build and nurture positive relationships with all customers, particularly the Key Accounts, to encourage continued participation in our service and opt ups to Power100 while minimizing opt outs.



- Develop and maintain data infrastructure, dashboards, and/or other data analytics visualizations to track KPIs related to opt actions, revenues, A/R, load, cash receipts, customer engagement and costs.

WHO WE ARE

- Honest: we strive to always be honest and transparent with our customers and with ourselves.
- Empathetic: understand the needs of our customers and the community at large and work towards meeting those needs wherever possible.
- Accountable: ensure the information we provide is accurate, that our processes are transparent and robust
- Data Driven: our responsibility to our customers requires data and analytics to be used as a strategic asset to assist with evidence-based decision making.
- Forward Thinking: lead by example and anticipate the future of energy needs to ensure our organization and the customers we serve are advantageously positioned.

WHO ARE OUR STAKEHOLDERS?

- Ratepayers – the residents, businesses and municipalities that SDCP serves are our most critical stakeholders. The balance between providing cleaner power while also realizing the economic realities of living in one of the most expensive areas of California requires nuanced and purposeful implementation of our organization's short and long-term strategies.
- Board of Directors – The Board is publicly accountable to SDCP ratepayers and hosts monthly Board meetings to establish policy, set rates, determine power options and maintain fiscal oversight. As a public agency, SDCP is designed to be fully transparent with all meetings and information open to the public.
- Board Committees – The committees advise the Board on matters related to the operations of San Diego Community Power.
- SDG&E – A working partnership and collaboration between the Data Analytics & Account Services Team and SDG&E is necessary for proper operations, customer support, and enrollment. This relationship is foundational for addressing issues, resolving differences, and creating a positive customer experience.
- Calpine – As our “back-office” service provider, Calpine plays a pivotal role in ensuring successful retail operations of SDCP. As one of their biggest CCA customers, SDCP expects a high level of service from this vendor.
- Internal Teams – The Data Analytics & Account Services works collaboratively across the organization, including Executive, Legislative & Regulatory, Power Services, Programs, External Affairs and Finance Teams to ensure the delivery of outstanding service and value to our customers.



- Community Choice Aggregators – our successes (or failures) will play a critical role in shaping the future of Community Choice Aggregation in California. Due to our size and influence, we have the ability (if not the responsibility) to be a leader amongst our peers – whether through advocacy or simply through implementation.

SWOT Analysis

STRENGTHS

- Strong team chemistry and capability
- Mission-focused
- Cohesive integration with other SDCP teams (no siloing)
- Positive customer interactions – building trust in the community

WEAKNESSES

- Lack of timely and accurate data from SDG&E
- Lack of visibility i.e. Low SDCP brand awareness
- Information & Knowledge silos
- Lack of control due to outsourcing to multiple vendors

OPPORTUNITIES

- Building partnerships with key accounts and organizations
- Being able to show a pattern of value to our customers
- Building an ecosystem for our data to allow for better analysis and utilization
- Ratepayer-centric rate setting

THREATS

- Opt outs
- Power Charge Indifference Adjustment (PCIA)
- IOU aggression (or, lack of action)
- CPUC&CEC regulations/mandates
- Negative PR campaigns
- Political interference
- Key staff departures would threaten whole organization

Statistics as of December 5, 2022

Participation Rate:

12/5/2022
Refreshed

Participation - by Accounts



Total Participation Rate (All Phases)

96.5%

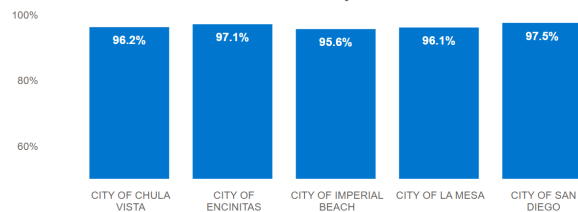
Phase 1/2

Territory	Eligible	Active	Opt Outs	Opt Out %	Participation %
CITY OF CHULA VISTA	7,820	7,524	296	3.8%	96.2%
CITY OF ENCINITAS	3,175	3,083	92	2.9%	97.1%
CITY OF IMPERIAL BEACH	549	525	24	4.4%	95.6%
CITY OF LA MESA	2,721	2,615	106	3.9%	96.1%
CITY OF SAN DIEGO	57,436	56,010	1,426	2.5%	97.5%
Total	71,701	69,757	1,944	2.7%	97.3%

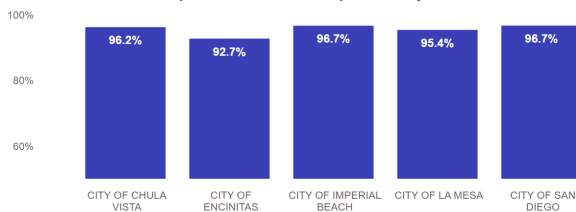
Phase 3

Territory	Eligible (Noticed)	Active	Opt Outs	Opt Out %	Participation %
CITY OF CHULA VISTA	88,363	82,985	3,343	3.8%	96.2%
CITY OF ENCINITAS	25,200	22,524	1,832	7.3%	92.7%
CITY OF IMPERIAL BEACH	10,369	9,932	346	3.3%	96.7%
CITY OF LA MESA	26,588	24,850	1,229	4.6%	95.4%
CITY OF SAN DIEGO	558,389	527,533	18,468	3.3%	96.7%
Total	708,909	667,824	25,218	3.6%	96.4%

Phase 1&2 Participation Rates



Phase 3 (Noticed Phases) Participation Rates



SDCP At A Glance Snapshot:

Participation	Current Enrollment Counts	Net Energy Metering Enrollment	Power100 Enrollment	Power100 Source Opted up vs Defaulted (Encinitas)	Power100 Impact
Participation Rate BY ACCOUNTS 96.5%	Current Active Enrolled TOTAL ACCOUNTS 738,037	NEM TOTAL ACCOUNTS 91,833	Power100 TOTAL ACCOUNTS 32,127	Power100 OPTED UP ACCOUNTS 7,057	Power100 Energy Served KWH SINCE LAUNCH 516,367,009
Participation Rate BY LOAD 96.0%	Current Active Enrolled RESIDENTIAL ACCOUNTS 666,037	NEM RESIDENTIAL ACCOUNTS 89,750	Power100 RESIDENTIAL ACCOUNTS 24,643	Power100 ENCINITAS ACCOUNTS (DEFAULT) 25,070	Equivalent Cars Removed from Road FOR ONE YEAR - SINCE LAUNCH 48,131
	Current Active Enrolled NON-RESIDENTIAL ACCOUNTS 72,000	NEM NON-RESIDENTIAL ACCOUNTS 2,083	Power100 NON-RESIDENTIAL ACCOUNTS 7,484		



San Diego Community Power's Regulatory and Legislative Team Overview

Who we are

Laura Fernandez, Director of Regulatory and Legislative Affairs
Stephen Gunther, Senior Regulatory Analyst
Sebastian Sarria, Policy Manager

What we do

The Regulatory and Legislative Affairs team is responsible for advancing SDCP's policy interests before the California Legislature as well as the agencies that impact energy policy in California, including the California Public Utilities Commission (CPUC), the California Energy Commission (CEC), the California Air Resources Board (CARB) and the California Independent System Operator (CAISO). The Regulatory and Legislative Affairs team is also responsible for overseeing compliance with various orders, statutes and regulations that are implemented by these agencies. Lastly, the team tracks developments and funding opportunities coming out of the Federal government such as the Infrastructure and Investment Jobs Act (IIJA) and the Inflation Reduction Act (IRA) that will have impacts in California and the San Diego region.

On the regulatory affairs front, our team monitors over 40 regulatory proceedings at the CPUC, CEC and CARB to determine how and where to engage strategically as necessary. For some proceedings, we work with external regulatory counsel and consultants to develop policy positions and regulatory filings. On other proceedings, we work with the California Community Choice Association (CalCCA), our trade association, to ensure that their filings are reflective of our policy positions and serve the interests of SDCP. Our CEO is on the Executive Committee of the CalCCA for the 2023-2024 period, and we are a voting member within the CalCCA Regulatory Committee. We further participate in small group policy discussions, which are referred to as Tiger Teams. We also work with ad hoc groups of other CCAs across California to develop filings for issues where there may not be alignment among all CCAs or there are unique interests, such as most recently in the Net Energy Metering proceeding. For all of our regulatory engagement, our team works closely with staff across all departments to best understand the potential implications of proposed regulations on SDCP's operations in order to develop our positions and offer solutions.

On the legislative affairs front, we participate as a voting member on the CalCCA Legislative Committee, where we analyze bills and vote on policy positions for CalCCA to lobby. SDCP will generally be in alignment with positions taken by CalCCA, however, SDCP has in the past teed up legislative positions on bills that CalCCA was unwilling to confront. SDCP also has a California based lobbyist who diligently represents our interests in Sacramento. Our lobbyist also helps us develop and maintain key

relationships, including with our legislative delegation as well as key decisionmakers at the CPUC, CEC and in the Governor's Office.

On the compliance front, we have a spreadsheet inventory of compliance obligations, which include comprehensive planning documents and regular data requests from various state agencies. Our team ensures that we plan for and meet all of these obligations through coordination with the relevant internal teams. Many of these obligations are handled by an external consultant, Pacific Energy Advisors, and some are handled by outside regulatory counsel, while others we develop and execute in house.

SDCP has a Board approved policy platform that guides regulatory and legislative engagement. This platform will be taken before the Board for an update and approval in February 2023. The current policy platform is provided here for your awareness.

San Diego Community Power Legislative Platform

Overview and Purpose

San Diego Community Power's (SDCP) Legislative Policy Platform (Platform) serves as a guide to the SDCP Board of Directors and SDCP staff in their advocacy efforts and engagement on policy matters of interest to SDCP. The Platform allows both Board members and staff to pursue actions at the local, regional, state and federal legislative levels in a consistent manner and with the understanding that they are pursuing actions in the best interest of the organization and its mission, its member agencies, and its customers. The Platform enables the organization to move swiftly to respond to issues before Legislature and Executive Branch agencies including California Public Utilities Commission (CPUC), the California Energy Commission (CEC), California Independent System Operator (CAISO), and the California Air Resources Board (CARB) so that SDCP's views can be heard on important matters in a timely fashion. This Platform is applicable to statewide referenda, grant funding opportunities, and local ballot initiatives. The Platform provides guidance to the Chief Executive Officer on support or oppose positions that should be taken on legislative matters identified by the SDCP Director of Regulatory and Legislative Affairs and the California Community Choice Association (CalCCA) Board of Directors.

The Platform outlines the legislative priorities and stances of SDCP with the intent to inform customers, representatives, and policymakers on the myriad of public policies that intersect with SDCP's priorities, programs, and services.

SDCP has three major legislative priorities:

1. Accelerating Deep Decarbonization, including electrification of buildings and the transportation sector;
2. Promoting Local Development, and
3. Stabilizing Community Choice.



SDCP support of legislation will be contingent upon that legislation adhering to these legislative priorities as well as SDCP's organizational goals and priorities. Moreover, SDCP supports any and all policies that will preserve or enhance the ability of SDCP to promote these priorities at the local level.

Any questions regarding this Platform can be directed to Laura Fernandez, Director of Regulatory and Legislative Affairs, at lfernandez@sdcommunitypower.org.

General Legislative Principles

SDCP has three general legislative principles. These priorities serve as the foundation for all actions SDCP will take, including the lobbying for policies that promote those same guiding priorities. Public policy encompasses a myriad of subject and topic areas. However, as these policies intersect at the local level, they have the ability to impact SDCP revenues, programs, and/or administrative discretion and control. SDCP will support policies that accelerate deep decarbonization, promote local development, stabilize community choice, or any combination thereof. If a given policy does not meet these criteria, SDCP will oppose, support with amendments, or in some cases take no stance on that policy or legislation. The General Legislative Principles for SDCP are:

Accelerating Deep Decarbonization

- Support the creation or expansion of federal, state, and local policies, programs and funding that enable SDCP to provide 100% renewable energy by 2035 or sooner to customers within its service territory as well as contribute to the State's efforts to reduce greenhouse gas emissions, including through building electrification and transportation electrification.
- Oppose any legislation, policies, programs, referenda, unfunded mandates and budgets that would have an adverse impact on SDCP's ability to advance decarbonization through its procurement, programs, projects, and services.

Promoting Local Development

- Support any legislation, policy, funding, referenda, and budgets that enhance community choice energy providers' ability to invest in local clean energy, distributed energy resources, grid resiliency, zero-emission transportation, all while promoting equity in the communities that it serves.
- Oppose any legislation, policy, funding, referenda, and budgets that limit or undermine SDCP's ability to invest in local clean energy, distributed energy resources, zero-emission transportation, all while promoting equity in the communities that it serves.

Stabilizing Community Choice

- Support any legislation, policies, funding, referenda, and budgets that maintain or improve the stability of community choice energy providers by ensuring



regulatory structure is equitable and enables Community Choice Aggregators (CCAs) to meet their mission and goals. Maintaining local decision-making authority, including rate-setting authority and procurement of energy, is a key pillar for this stability.

- Oppose any legislation, policies, funding, referenda, and budgets that undermine or circumvent CCAs and impede the ability of SDCP to achieve its mission and goals or its value proposition.

The list of policy positions below is by no means exhaustive. In addition to the general legislative priorities, SDCP takes the following more specific public policy positions:

I. Governance and Authority

- a. Oppose legislation that limits the local decision-making authority for CCAs, including rate-setting authority and procurement of energy and capacity to serve their customers.
- b. Oppose legislation that limits SDCP's ability to effectively serve its customers.
- c. Support legislation that makes it easier for other cities and counties that are not served by a publicly owned utility to form a CCA, become members of SDCP or other CCAs, and oppose legislation that restricts that ability.

II. Deep Decarbonization

- a. Advocate for and support legislative efforts to accelerate deep decarbonization of the energy sector, transportation and the built environment.
- b. Advocate for and support legislative efforts to support and expand access to transportation and building electrification.
- c. Advocate for and support efforts to ensure flexibility in program design so that local data and local needs directly inform program offerings.
- d. Support state funding for electric vehicle infrastructure grant programs.
- e. Advocate for and support legislative efforts to provide incentives to support communities of concern achieving deep decarbonization.

III. Environmental Justice

- a. Support legislation that supports the ability of communities of concern in the SDCP service area to have affordable, reliable and clean energy.
- b. Support legislation that strengthens the resilience of vulnerable communities to the impacts of climate change.
- c. Support legislation that enables all communities, including emerging and historically marginalized communities in California, to participate in deep decarbonization efforts.
- d. Support legislation that would take into account the concept of social cost of carbon.
- e. Support legislation and initiatives that would reduce local air pollution, reduce other negative local impacts associated with energy production, and boost adoption of distributed energy resources within communities of concern.



- f. Oppose legislation and initiatives that have the potential to disproportionately and negatively impact communities of concern.
- IV. **Environmental Sustainability**
 - a. Support legislation and initiatives that increase funding for the creation of sustainable and stable energy supply infrastructure.
 - b. Support legislation and initiatives that encourage the conservation of energy resources as well as the development of dynamic load-shifting capabilities.
 - c. Support legislation and funding for renewable and advanced energy technology that increase efficient consumption.
 - d. Support legislation and funding for pilot energy and resource efficiency programs.
 - e. Support legislation and initiatives with the goal of reducing and mitigating the effects of climate change and building local resiliency.
- V. **Investor-Owned Utility (IOU) Charges and Exit Fees - Power Charge Indifference Adjustment (PCIA)**
 - a. Support efforts that seek to eliminate exit fees including the PCIA or wind down exit fees within a reasonable time frame.
 - b. Support efforts to minimize the cost of the PCIA generally and minimize its impact on SDCP's rates.
 - c. Support CalCCA efforts to increase the transparency of IOU electricity contracts that provide the basis for PCIA charges.
 - d. Support legislation that would bring stability to the PCIA and/or provide new mechanisms for CCAs to securitize PCIA charges.
 - e. Support legislation that advances ratepayer equity.
 - f. Oppose legislation that would increase or expand exit fees on CCA customers.
- VI. **Resource Adequacy**
 - a. Support legislation by CalCCA to implement the recommendations from Working Group 3 via statute.
 - b. Oppose legislation that would supplant CCAs' procurement authority for Resource Adequacy.
 - c. Support reform of the CPUC Resource Adequacy program to allow for stability in the resource adequacy value of existing resources.
 - d. Advocate for and support efforts to remove barriers to demand response, microgrids and behind the meter resources to provide Resource Adequacy.
- VII. **Nonbypassable Charges**
 - a. Oppose legislation that restricts or limits SDCP's ability to procure its own energy products to meet state policy goals.
 - b. Support legislation that promotes a level playing field between CCAs and other market participants.
 - c. Support legislation that enhances the flexibility of CCA programs to support statewide procurement policy and develop and expand programs, local options, and rate design to support SDCP's community and customers.



VIII. Community Resilience

- a. Advocate for and support funding for programs implemented by CCAs and their member jurisdictions to increase community resilience to wildfires, public safety power shutoff (PSPS) events and other potential service disruptions.
- b. Support legislation that reduces barriers to microgrid development by CCAs.
- c. Oppose legislation that would enable IOUs to be the only developer of microgrids.
- d. Support legislation that increases development of community-level resources and distributed energy resources that increase resilience and reduce the need for new transmission and distribution infrastructure.

IX. Local Economic Development

- a. Support legislation that is consistent with SDCP's commitment to an inclusive and sustainable workforce.
- b. Support legislation that enhances opportunities for CCAs to promote local economic development through locally designed programs that meet the unique needs of their member agencies, communities, and customers.
- c. Support efforts to enhance development of local and regional sources of renewable energy.
- d. Support legislation that enables CCAs to collaborate with their member jurisdictions on local energy resources and projects to advance environmental objectives.
- e. Advocate for and support efforts to direct federal economic stimulus/recovery funding to CCAs to deliver local energy resources and projects, as appropriate.

X. California Energy Market Structure

- a. Oppose legislation that expands direct access or the ability or economic incentives for electric service providers to selectively recruit CCA or IOU customers.
- b. Support legislation that would create renewable content and environmental standards for electric service providers to match the products offered by CCAs.
- c. Support legislation that changes California's market structures towards innovative models that reduce costs of energy service and support the expansion of carbon-free resources.
- d. Support legislation that advocates for equitable and timely data access/sharing between the IOUs, CCAs and other LSEs to support accurate and timely load forecasts, which aid in overall statewide grid reliability and resiliency efforts.

XI. Finance



- a. Support legislation that enhances the financial standing of CCAs and their ability to receive a positive credit rating.
- b. Oppose legislation that reduces or removes the tax-exempt status of municipal bonds.
- c. Oppose any legislation that would divert CCA revenues to the State or other governmental entities.

XII. Educational, Neighborhood and Social Services

- a. Support legislation that aids or helps to fund SDCP to provide energy support services, education, and opportunities for reducing energy costs to people who are low-income, seniors, veterans, and/or people with disabilities.
- b. Support legislation and initiatives that increase funding for energy efficiency, demand response, solar plus storage, and transportation electrification programs, and energy literacy services.





SAN DIEGO COMMUNITY POWER

PROGRAMS TEAM OVERVIEW

Colin Santulli, Director of Programs
Sheena Tran, Senior Program Manager
Nelson Lomeli, Program Manager
Alyson Scurlock, Program Associate
Tessa Tobar, Program Associate

DEPARTMENT OVERVIEW

The Programs Team was created to implement energy projects and programs that reduce greenhouse gas emissions, align energy supply and demand, support local green job creation, and provide community benefits.

FY 2023 ANNUAL PRIORITIES

1. Finalize the Community Power Plan
2. Lead initial steps in regional effort to form a Regional Energy Network
3. Launch Community Clean Energy Innovation Grants to fund energy pilot projects
4. Establish regional partnerships and initiatives to support member agencies' Climate Action Plans
5. Identify and seek state and federal funding to support program goals

CURRENT PROGRAMS AND INITIATIVES

Community Power Plan (CPP)

Overview

The CPP is a decision-making framework that will guide SDCP's program strategy, and the development of local programs based on community needs and gaps in existing program offerings. SDCP aims to utilize the CPP to develop program offerings that will help increase public awareness of SDCP within its member agencies' communities and to help mitigate customer opt-outs.

Goals and Objectives

One of the stated goals within the Joint Powers Authority for establishing SDCP was to "provide a range of energy product and program options, available to all Parties and customers, that best serve their needs, their local communities, and support regional sustainability efforts". As such, one of the primary reasons that member agencies elected to join SDCP was the expectation that the organization would develop and offer innovative programs as a means of both investing back into local communities and enhancing climate action and justice in the San Diego region. The CPP will take that broad expectation and refine it into both an overall investment strategy and a series of discrete program offerings SDCP could undertake.

The CPP will help SDCP develop local programs that:

- Address climate change by reducing energy-related greenhouse gas emissions
- Support the development of local, cost-effective renewable and distributed energy resources
- Produce economic benefits to the region, including local workforce development
- To the extent authorized by law, support a stable, skilled, and trained workforce
- Pursue purposeful and focused investment in Communities of Concern and programs centered on economic, environmental, and social equity

The CPP includes a community needs assessment to ensure that SDCP's programmatic offerings and strategies align with the communities' values, goals, needs, and priorities as well as organizational goals and priorities. The community needs assessment seeks to identify programmatic gaps that SDCP may be able to fill and identify methods and strategies SDCP could employ to meet community needs, overcome challenges, and close gaps. During the community needs assessment, nearly 3,000 survey responses were collected from residential and business customers within our current/planned service territory, which will be incorporated into SDCP's decision-making framework.

Anticipated Timeline (CY)

- **Q3-Q4 2022:** Community engagement and existing program assessment
- **Q4 2022:** Analyze potential program types and draft CPP document
- **Q1 2023:** Draft CPP presented for public comment
- **Q2 2023:** Board to vote on approval of final CPP

Community Clean Energy Innovation Grants

Goals and Objectives

SDCP's Community Clean Energy Innovation Grants will aim to support scalable, replicable clean energy pilot projects that provide economic, environmental, and health benefits to SDCP's communities and increase overall energy literacy of SDCP customers. Program funded activities are expected to advance one or more of the following program focus areas:

- Energy behaviors and/or education that reduce energy consumption and/or costs
- Improvements in indoor and/or outdoor air quality related to greenhouse gas emissions
- Workforce development opportunities that support careers in the clean energy industry
- Energy resilience to ensure communities can avoid, prepare for, minimize, adapt to, and recover from energy disruptions
- Increased access to the benefits of clean energy technologies with a focus on underserved communities and vulnerable populations



Eligibility

Community-based non-profits serving SDCP's member agencies will be eligible to apply for a maximum amount of grant funding, expected to be no more than 15% of the total annual approved program budget. Grant applications will be reviewed by an evaluation committee and selected based on alignment with grant criteria and eligibility.

Anticipated Timeline

- **Q1 2023:** Program launch
- **Q2 2024:** Pilot projects selected and funded

Disadvantaged Community Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT)

Overview

The DAC-GT program is one of three California Public Utilities Commission (CPUC) programs designed to increase renewable energy generation and alternatives among residential customers in disadvantaged communities (DACs). The DAC-GT program enables California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance Program (FERA) customers without access to a solar system to power their homes with 100% renewable energy at a 20% discount from their current rate. A community's eligibility is determined using CalEnviroScreen 4.0. Investor-owned utilities (IOUs) and community choice aggregators (CCAs) were allocated a portion of megawatts (MWs) for this program. Funding for DAC-GT is fully refundable by the CPUC and is considered an administration cost.

CSGT is similar to DAC-GT but allows low-income customers in DACs to benefit from the development of solar generation projects situated within/nearby DACs.

Program Requirements

	DAC-GT:	CSGT:
Eligible customers:	CARE/FERA eligible, residential DAC customers	Residential DAC customers: 1) ≥ 50% CARE/FERA eligible 2) Remainder to non-income qualified
Customers receive:	100% renewable energy 20% off OAT	100% renewable energy 20% off OAT
Project location:	In DACs	In DACs & within 5 mi of DAC(s) where subscribing customers reside (SJV: 40 mi)
Project size:	500 kW – 20 MW	No minimum ~ 3 MW
Community sponsor(s):	NA	Required, can subscribe to ≤ 25% of project's capacity & receive 20% discount on that subscribed amount
Cost cap:	≤ 200% of max executed contract price in previous PV/RAM as-available peaking or GT program	≤ 200% of max executed contract price in previous PV/RAM as-available peaking or GT program
RFO bids:	See above.	Sponsor letter, workforce development required for all projects, prioritize top 5% DACs & SJV, projects w/ other gov't funding

Anticipated Timeline (CY)

- **Q1 2023:** SDCP becomes Program Administrators for DAC-GT and CSGT
- **Q2 2023:** SDCP releases RFP for eligible solar projects
- **2024:** New solar projects identified
- **Q1 2025:** Projects live, customer bill reductions applied

Net Energy Metering (NEM)

Overview

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 electricity to serve their electricity needs directly onsite and to receive a financial credit on their electric bills for any surplus energy fed back to their utility. The excess energy is paid at the customer's otherwise applicable rate schedule (OAS) and time-of-use period. This credit is reflected as a negative number on the bill. As of November 2022, SDCP has over 91,000 (91,404) active NEM accounts. 12% (10,108 CARE/715 FERA) are CARE/FERA customers; 98% (89,665) of accounts are considered Residential, and 2% (1,739) of accounts are considering Commercial or Industrial.

Monthly Settlement and Billing

All NEM customers will receive a statement in their monthly SDG&E bill indicating any accrued charges for electric energy usage during the current billing cycle. These generation charges are due and payable on a monthly basis, in accordance with a customer's OAS. SDG&E delivery chargers are due annually. 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).

True-Up and Net Surplus Compensation

At the end of the customer's 12-month billing period a true-up is conducted. SDCP looks at how much electricity was generated and sent to the grid, and how much electricity was consumed from the grid. If the customer has consumed more than what was generated, the customer will not have a big surprise bill since SDCP does monthly account balancing. However, if the customer generated more than what was consumed, SDCP pays the customer for adding clean electricity to the grid. SDCP does that by paying net generators for surplus electricity at the Net Surplus Compensation (NSC) rate plus SDCP's bonus incentive of \$0.0075/kWh on top of the NSC.



Feed-in Tariff (FIT)

Overview

SDCP began offering a FIT program in February 2022. A FIT program allows local developers to sell energy from a small-scale, distributed renewable generating system within SDCP's service territory. It establishes standard, non-negotiable publicly available rules, contract terms, and base prices for all projects and is not applicable for NEM customers. Payments are made monthly by SDCP to the applicant for each Eligible Resource based on metered electric deliveries. Benefits of a FIT program include:

- Increases the availability of small, distributed, local renewable generating resources within the San Diego region
- Expands the ability for sites in the built environment that do not have the onsite demand for net metering to host renewable generating systems
- Promotes local economic benefits
- Leverages the huge renewable energy potential in the region and increases amount of renewable energy
- Helps reduce greenhouse gas emissions

Eligibility

An Eligible Resource must meet the following criteria:

- **New Resource.** The Eligible Resource must be new, meaning that the Eligible Resource must not have produced or delivered electric energy prior to the date on which its FIT application is received by SDCP.
- **Small-Scale.** The nameplate generating capacity of any Eligible Resource must be smaller than 1 MW alternating current.
- **Project Location.** The Eligible Resource must be physically interconnected and located entirely within SDCP's service territory.
- **RPS Eligibility.** An Eligible Resource must qualify and be certified by the California Energy Commission as an Eligible Renewable Energy Resource.

KEY THINGS WE ARE WATCHING

The Programs Team will be actively leading efforts to develop a Regional Energy Network (REN) in San Diego. The approval of a REN in San Diego would bring CPUC energy efficiency funding to SDCP's customers in the form of various programs. REN program offerings can include residential and commercial energy efficiency, workforce education and training, and public sector support, among other focus areas. Pending regional support, SDCP would support submittal of an application to the CPUC for a REN by December 2023 for funding beginning in 2024.

In addition to the potential funding from forming a REN, we anticipate programs to be funded through the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA); both of which we are monitoring closely and are central in our efforts to bring federal funding to San Diego.



Lastly, SDCP's regulatory and legislative team has been tracking the NEM 3.0 proceeding. At this time, we expect the existing NEM tariff to sunset sometime next year based on the pending proposed decision.

KEY TAKEAWAYS

Customer energy programs give SDCP the opportunity to meaningfully impact the lives of our customers by reducing their electricity bills, improving indoor air quality and increasing access to clean energy technologies, among other ways. In this new paradigm which gives San Diegan's the option to choose electricity providers, customer energy programs that are effective, efficient, and community-inspired are one of the key value propositions for SDCP. Programs are central to maintaining customer satisfaction and retention as well as meeting SDCP's Mission Statement to invest in the community to create an equitable and sustainable future for the San Diego region.





SAN DIEGO COMMUNITY POWER PUBLIC AFFAIRS OVERVIEW

WHO WE ARE

Jen Lebron, Director of Public Affairs
Lee Friedman, Sr. Manager Strategic Partnerships
Rachel Hommel, Marketing & Communications Manager
Victoria Abrenica, Public Outreach Associate

WHAT WE DO

The Public Affairs team often acts as the public face and the voice of San Diego Community Power to our stakeholders and customers. Whether we are meeting with representatives from our member agencies, setting up information tables at community events or being interviewed by members of the media, the Public Affairs team strives to provide timely, engaging, transparent and factual information about our organization.

The team is composed of three key sections: Strategic Partnerships, Community Engagement and Marketing and Communications. Each section focuses on different audiences, but there is one common thread: all of us are working to increase awareness about the services and programs SDCP has to offer in our quest to providing affordable, 100 percent renewable energy to San Diegans while investing back into our communities.

The Strategic Partnerships section works with local governments and large, local organizations to collaborate on initiatives that elevate and prioritize equity, sustainability and high-quality jobs. They are responsible for developing strong partnerships across the greater San Diego region and encouraging businesses to opt-up to 100 percent renewable energy as Power100 Champions. Current Power100 champions include Illumina, the San Diego County Regional Airport Authority, the San Diego Padres baseball team, the San Diego Loyal soccer team, San Diego Wave Fútbol Club and Sharp HealthCare.

Our growing Community Engagement section meets our customers wherever they may be. They bring activities for children and informational materials to events that range in size from swap meets to some of the largest civic events in the region. They are true utility players who aim to educate, answer questions and get the general public excited about the work we do at SDCP.

The Community Engagement section also provides staff support for SDCP's Community Advisory Committee (CAC), which advises the SDCP Board of Directors and comprises two volunteer representatives from each member agency.

The Marketing and Communications section is responsible for copy writing, advertising and media relations work done on behalf of SDCP. The section manages the organization's social media accounts and seeks to provide engaging information to the

public at large. This section works closely with Civilian, a marketing and communications agency that helped develop SDCP's original branding materials.

2022 EVENTS AND ACTIVITIES HIGHLIGHTS

Below is a list of some of the many of the events we have sponsored, tabled at, attended, or otherwise engaged with to build community between SDCP and the communities we serve. We further collaborate with the CAC, our Board Members, and agency staff to review this list and obtain additional suggestions and ideas.

- Farmer's markets, swap meets and movie nights in all member agencies
- Cylcovia
- Lung Force Walk
- San Diego Padres games
- San Diego Loyal Soccer Club games
- San Diego Wave Futbol Club games
- Imperial Beach Sustainability Fest
- La Mesa Spring Fling Business Expo
- Rotary Club of Chula Vista
- San Diego Economic Development Corporation events
- San Diego Regional Chamber of Commerce events
- San Diego Regional Bike Summit
- Operation Clean Sweep
- San Diego Pride parade
- Business for Good events
- San Diego Bike the Bay
- National City Filipino-American Heritage Month celebration
- Green Summit 2022
- Paddle for Clean Water
- Encinitas Ecofest
- San Diego Climate Action Campaign Nexus conference
- La Mesa Parks Appreciation Day
- Chula Vista Starlight Nights

FY2023 PRIORITIES

- Developing and executing a strategic communications plan to ensure the successful enrollment of new customers in National City and the unincorporated neighborhoods in the County of San Diego.
- Significantly increasing SDCP's brand awareness across the region.
- Strengthening the relationships between influential local organizations that share similar goals to promote sustainability and equity.
- Assisting customers who live in communities of concern to access programs that can provide bill relief.



- Increasing positive media coverage by being the most transparent and responsive local agency.
- Expanding our team to be able to reach more San Diegans and businesses across the region.

KEY THINGS WE ARE WATCHING

- Economic trends: The consumer price index is going up across the board. The SDCP Public Affairs team is monitoring local and national economic trends to provide helpful, easy-to-understand information to our customers who need it most.
- Local government priorities: Each of the SDCP's seven member agencies have unique challenges and goals as they work toward implementing their Climate Action Plans. SDCP aims to tailor its support to each of the member agencies to provide top-notch service.
- Fellow community choice aggregators: SDCP is in its infancy. We can learn an enormous amount from CCAs that have paved the way before us. Some CCAs have done very well, while others have struggled. We constantly read the news about what is working and what could be improved in CCAs throughout California.
- Local and regional events: Key events in each of SDCP's member agencies serve as points of community pride and gathering spaces for our customers. SDCP attends, sponsors and provides educational materials at major events to show our solidarity with the community and meet people where they are.

KEY TAKEAWAYS

The Public Affairs team will be expanding over the next year to better reach our customers, work more closely with key partners and increase transparency. Our customers are diverse in every sense of the word, including culturally, financially and geographically. Our team knows it is critical for us to recognize, celebrate and respect that diversity through catered approaches. As the Strategic Partnerships, Community Engagement and Marketing and Communications sections add personnel, we will be increasingly better equipped to attend a variety of events throughout the county, partner with organizations who share our commitment to sustainability and tell the story of SDCP's great work to bring clean affordable power to all.





San Diego Community Power 2023 Board of Directors and Alternates

Joe LaCava

Councilmember, City of San Diego

Alternate: Councilmember Marni von Wilpert

Paloma Aguirre

Mayor, City of Imperial Beach

Alternate: Councilmember Jack Fisher

Ditas Yamane

Councilmember, City of National City

Alternate: Councilmember Marcus Bush

Colin Parent

Councilmember, City of La Mesa

Alternate: Councilmember Jack Shu

John McCann

Mayor, City of Chula Vista

Alternate: Councilmember Carolina Chavez

Kellie Hinze

Councilmember, City of Encinitas

Alternate: Mayor Tony Kranz

Terra Lawson-Remer

Supervisor, County of San Diego

Alternate: Supervisor Nora Vargas



San Diego Community Power (SDCP) Community Advisory Committee

The voice of our community!

The purpose of the San Diego Community Power (SDCP) Community Advisory Committee is to provide a venue for ongoing citizen support and engagement in the strategic direction, goals, and programs of SDCP.

History of CAC:

To stay true to our mission, we formed the Community Advisory Committee (CAC), so community leaders from each of our member agencies have a role in our key decision making processes. The CAC was formed in 2020, over a year before we began enrollment. Starting a CAC that early in the development of Community Choice Aggregator (CCA) is uncommon; we did this intentionally because we value the unique perspectives our advisory committee brings. The Committee was originally made up of ten (10) committee members, two (2) from each member city. The five (5) member cities include San Diego, Chula Vista, Encinitas, La Mesa, and Imperial Beach. With the expansion of National City and the County of San Diego, it is now represented by fourteen (14) committee members, with (2) from each member agency. Thanks to our Community Advisory Committee, we have taken more progressive action and now bring more items for review.

Committee Members:

Name	Member Area	Committee Role	Term Ends	Email
Eddie Price	City of San Diego	Member, Chair	2025	
Matthew Vasilakis	City of San Diego	Member	2023	
Anthony Sclafani	Chula Vista	Member	2025	
Carolyn Scofield	Chula Vista	Member	2023	
Jen Derks	La Mesa	Member	2025	
David Harris	La Mesa	Member	2023	
Gary L. Jahns	Encinitas	Member	2025	
Tara Hammond	Encinitas	Member, Past Vice Chair	2023	
Anna Webb	Imperial Beach	Member, Secretary	2025	
Vacant	Imperial Beach		2023	
Peter Anderson	County of San Diego	Member	2025	
Vacant	County of San Diego		2023	
Aida Castañeda	National City	Member, Vice Chair	2025	
Lawrence Emerson	National City	Member	2023	

CAC Key Documents:

- **Scope of Work**
- **Standing Operating Procedures**
- **Fiscal Year 2022-2023 Work Plan**
- **Membership Terms and Criteria**
- **Roster and Seat Assignments**

Questions:

Please contact, Public Outreach Associate, Victoria Abrenica





Community Advisory Committee Membership Terms and Criteria

1. The Committee shall be made up of fourteen (14) primary committee members, with two (2) from each member agency. If another member agency is added beyond a total of seven, the CAC will move to one primary and one alternate member for a total of seven (7) primary committee members. This composition may be revisited by the Board if new member agencies are added to SDCP.
2. The CAC is a Brown Act Committee and all meetings shall be posted and held in public settings;
3. SDCP aims to ensure a wide variety of perspectives and participation on the Community Advisory Committee;
4. Members shall be residents (property owners and/or renters), business owners, employees or representatives of a community-based organization located within one of the member agencies of San Diego Community Power;
5. When reviewing applicants for membership, SDCP staff and the Board of Directors are to prioritize residents, when feasible, from diverse social, economic and racial backgrounds that are representative of all residents within the service territory of San Diego Community Power;
6. There shall be at least one CAC member that is a renter within SDCP's service territory and one that is a business owner.
7. Applicants must be committed to serving on the CAC and attending regular committee meetings, and occasional SDCP Board meetings. CAC meetings, times, and location will be determined in collaboration with staff. Members will serve a limit of two, three-year staggered terms.
 - a. Odd Seats – current term ends 2022 and will renew to 2025 on July 1, 2022.
 - b. Even Seats – current term ends 2023 and will renew to 2026 on July 1, 2023.



Community Advisory Committee Roster and Seat Assignments

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

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

Community Advisory Committee

Standard Operating Procedures

The purpose of the San Diego Community Power (SDCP) Community Advisory Committee is to advise the SDCP Board of Directors on the operation of its Community Choice Aggregation program and provide a venue for ongoing citizen support and engagement, as stated in section 5.10.3 of the SDCP Joint Powers Authority (JPA) Agreement.

This document provides policies and procedures for the Community Advisory Committee (CAC) on how the CAC operates and interacts with SDCP staff and the Board. The following procedures are included:

- Running CAC meetings
- Interacting with SDCP Staff
- Interacting with SDCP Board of Directors
- Interacting with the Media
- Communications with External Agencies
- Adding Agenda Items to Board of Directors Meetings
- Adding Agenda Items to Community Advisory Committee Meetings
- Requesting Information to Support CAC Work
- Creating Ad-Hoc or Subcommittees
- Updating the CAC Work Plan
- Conducting Outreach and Representing SDCP to the Community
- Resignation or Removal

Running CAC Meetings

Meetings of the CAC will comply with the Ralph M. Brown Act (Government Code § 54950, *et seq.*) and the CAC will only conduct business when a quorum consisting of more than 50% of the appointed CAC members are present. Due to the stay-at-home order, meetings will be via Zoom until further notice. The CAC may act by motions approved by a majority of the quorum present at a meeting. Motions resulting in a tie vote or less than a majority will represent a failed motion.

Responsibilities:

- Chair:
 - Serve as the primary liaison and spokesperson for the CAC
 - Support SDCP Staff with setting the CAC agenda
 - Guide the CAC in developing an annual workplan consistent with the CAC scope and supported by the Board of Directors
 - Determine if meetings are required or if a meeting should be canceled

- Run CAC meetings (ensure that all CAC members and community are heard, work to keep meetings to allotted time, as well as manage public comment submissions)
- Determine which specific agenda items from the upcoming Board of Directors meeting will be prioritized during the CAC meeting
- Work with staff to gain access to Zoom in hosting the CAC meetings. In the event that stay-at-home orders are lifted and an in-person meeting is necessary, the Chair will work with staff to determine a suitable meeting location
- Represent the CAC to the Board to provide updates, submit information, or respond to Board requests
- Represent the CAC to other organizations or at events, as appropriate
- Vice-Chair: Take over the CAC Chair responsibilities in the event the Chair is not available
- Secretary:
 - Take attendance and meeting notes
 - Work with SDCP staff to ensure meeting agendas are finalized and posted online
- Members:
 - Attend each meeting or inform SDCP staff and the CAC Chair if they will be late or absent
 - Review any information provided in advance and come to the meeting prepared
 - If requested and where feasible, participate in sub- or ad-hoc work groups that may be established to cover specific topics
 - Represent the interests of their communities at the CAC and share information about the CAC with their communities
- SDCP Staff:
 - Create a draft agenda for each meeting and finalize with CAC Chair
 - Notice CAC meeting according to Brown Act requirements
 - Support Secretary in posting the CAC meeting agenda at least 72 hours before a regular CAC meeting or 24 hours before a special meeting
 - Provide general support and respond to questions during CAC meetings as needed
 - Communicate any CAC recommendations to the Board so they have a chance to review prior to Board of Directors meetings

The CAC will seek consensus where possible. Where consensus is not reached, the Chair will seek to communicate diverging views in delivery of the recommendation to the Board.

Election of Officers

Officers may be nominated or self-nominated and elected every July meeting by a simple majority vote of the CAC. The terms will be for each calendar year, with the option for officers to be re-elected for up to three terms. Representatives required for a singular function or service may be nominated or self-nominated and elected by a simple majority vote of the CAC when the need arises, for a term defined by the singular function or service.

Interacting with SDCP Staff

The CAC Chair is the primary liaison to SDCP staff for all matters related to the CAC.

Interacting with SDCP Board of Directors

The CAC Chair is the primary liaison to SDCP staff and the Board for all matters related to the CAC. It should also be noted that the CAC Chair may also be called upon by the Board Chair to speak on various matters.

Interacting with the Media

Any media inquiries that CAC members receive shall be redirected to SDCP Staff.

Communications with External Agencies

Section 5.10.3 of the SDCP JPA Agreement states that the CAC is an advisory body to the SDCP Board of Directors. Accordingly, the CAC shall not provide comments or similar communications on behalf of SDCP or the CAC to external agencies on its own. However, the CAC may provide recommendations on external matters for the Board to consider.

This provision does not limit or affect the right of individual members of the CAC to communicate with external agencies in their personal, non-CAC capacities.

Adding Agenda Items to Board of Directors Meetings

There are two ways that the CAC may bring items to the attention of the Board at a Board meeting:

1. **Standing Board Agenda Item:** CAC Report. The CAC report may be a standing item on the Board agenda, in which the CAC Chair or CEO reports on updates related to a recent CAC meeting. Consistent with the Brown Act, items raised during the CAC report may not result in extended discussion or action by the Board unless agendaized for a future meeting.
2. **Suggesting Board Agenda Items:** The CAC may suggest agenda items for a Board of Directors meeting agenda. Such agenda items would allow extended discussion or action by the Board. These must have prior approval of the SDCP Chief Executive Officer and the Chair of the Board of Directors to be added onto

the agenda. If approval is provided, staff must be given at least 5 days before the date of the Board meeting to work with the CAC to draft any memos and materials necessary.

Adding Agenda Items to Community Advisory Committee Meetings

CAC members shall suggest agenda items be added to CAC meetings by sending them to the Chair and the Chief Executive Officer (or other designated staff member assisting the CAC). This will create a streamlined process where the Chair and SDCP staff can collect these requests and discuss them for final inclusion on the CAC agenda.

Requesting Information to Support CAC Work

The CAC may make formal requests for information from SDCP staff in support of the CAC's annual workplan and agenda items, and SDCP staff shall make every reasonable effort to provide requested information in a timely fashion in order to allow the CAC to make the most informed decision possible.

Notwithstanding the foregoing, requests by the CAC for information and/or research will be channeled through the Chief Executive Officer, and any requests for information and/or research that entail substantial staff time or cost will be channeled through the Board for the Board's consideration and formal direction.

Independent of a formal request for information from the CAC, individual CAC members may request information, which will be provided in accordance with the California Public Records Act.

Creating Ad-Hoc or Subcommittees

The CAC may create ad-hoc committees or subcommittees to address issues more in depth outside of CAC meetings and bring findings or recommendations back to the full CAC.

Ad-Hoc committees are temporary committees appointed for a specific purpose, such as updating the work plan. The CAC may establish temporary ad hoc advisory committees that: (a) are composed of less than a quorum of the CAC, (b) have no continuing subject matter jurisdiction, and (c) have no meeting schedule fixed by motion or other formal action of the CAC. Such temporary ad-hoc committees are not subject to Brown Act noticing and meeting requirements.

Standing subcommittees are permanent subcommittees created to review long-term issues, such as rates or budget. Because meetings of such subcommittees must be publicly noticed and agendaized consistent with the Brown Act (and therefore require SDCP staff time), CAC requests to establish subcommittees are subject to Board approval and direction.

The CAC Chair will seek volunteers during a CAC meeting to form an ad-hoc or subcommittee. The CAC Chair will work to ensure all CAC members have a chance to participate on various groups as formed throughout the year.

Creating and Updating the Work Plan

The CAC will adopt a Work Plan that aligns with the CAC scope provided by the Board of Directors. This shall be updated annually from the date that the first version is adopted. The Work Plan shall be approved the Board.

Conducting Outreach and Representing SDCP to the Community

The CAC Scope of Work states that Community Advisory Committee will, under the direction of the SDCP Board of Directors and authorized SDCP staff: “plan for and engage in community events and special projects as appropriate; and, serve as an information-channel back to their communities.”

The CAC Chair may speak on SDCP matters to local community organizations with prior approval of staff. This includes the approval of talking points and presentation slides (if to be used). For other CAC members, they may speak as individual members of the CAC, but may not represent themselves as speaking on behalf of the CAC as a body or on behalf of SDCP as an entity. This may differ if there is a uniform decision made by the CAC on which its members can speak on behalf of the CAC as a whole, and should be coordinated with SDCP staff.

Lastly, the CAC will create and maintain a Community-Member Communications Guidelines document that describes best practices for CAC members to engage with the community that they represent. This guidelines document shall also address in more detail how CAC members will represent SDCP to other agencies, including member cities, regulators, and legislators. The guidelines document will be consistent with these Standard Operating Procedures.

Resignation and Removal

CAC members may resign their position by sending a written resignation letter addressed to the Board of Directors.

CAC members may be removed by a majority vote of the Board of Directors, or as indicated below.

If a CAC member is absent for three (3) consecutive meetings, unless excused for good cause by the Chair of the Board, SDCP staff will contact the Member by phone or in writing and inform them of this provision. If the member misses a fourth (4th) consecutive meeting, they may be removed through a written notification from the Chair of the Board.

If a CAC member ceases to reside within the Member Agency service area from which they were appointed, the member is deemed to have resigned their CAC membership.



Community Advisory Committee

Committee Purpose and Scope

The purpose of the San Diego Community Power (SDCP) Community Advisory Committee (CAC) is to advise the SDCP Board of Directors on the operation of its Community Choice Aggregation program, as stated in section 5.10.3 of the SDCP Joint Powers Authority (JPA) Agreement. This Scope will be adopted by the Board of Directors and may be updated or changed at the Board's discretion.

The Community Advisory Committee will, under the direction of the SDCP Board of Directors and authorized SDCP staff:

1. To provide a venue for ongoing citizen support and engagement in the strategic direction, goals, and programs of SDCP;
2. Elect CAC officers and define priorities and duties within its Scope to ensure the Committee can operate independently and collaboratively, with limited support from SDCP staff;
3. Adopt a work plan at the start of every fiscal year that aligns with the CAC Scope provided by the Board;
4. Work on defined objectives as approved by the Board, to produce materials or advice that will assist the Board in decision-making;
5. Help the Board to identify issues of concern and opportunities to educate community members about SDCP;
6. Draft reports to the SDCP Board of Directors with findings and recommendations as may be needed;
7. Represent the views of Committee's constituencies in comments and recommendations;
8. Incorporate language around inclusion and diversity in discussions as they relate to SDCP operations;
9. Plan for and engage in community events and special projects as appropriate; and
10. Serve as an information-channel back to their communities.



Community Advisory Committee (CAC) Work Plan for Fiscal Year 2022 - 2023

[Committee Purpose and Scope of Work](#)
[Operating Guidelines](#)
[Member Terms and Criteria](#)

Focus	Description	Owner(s)	Timing	Outcome
Equity Overview	Prioritize justice, equity, diversity, and inclusion by working with the SDCP Board and Staff.	CAC members and SDCP staff	Year round	Ensure that the CAC provides input from an equity perspective on the tasks brought before them.
CAC Educational Presentations	CAC members may invite and hold educational presentations to the wider CAC to assist in ongoing support to SDCP staff and the Board to achieve the mission, vision, core values, and goals of the agency.	CAC members and SDCP staff	Year round	Ensure CAC is knowledgeable of SDCP operations as well as external issues which may affect the organization.
Legislative / Public Policy / Regulatory	Bring forth news and advise the Board of legislative, public policy and regulatory issues that may be of concern to SDCP, or identified by the SDCP Board or staff as a priority. Make verbal or written comments at public meetings supporting SDCP positions on these issues.	CAC members and SDCP staff	Year round	Anticipate issues that may come up to SDCP by utilizing the CAC's connections to the community and make possible public comments on said issue if provided with talking points by SDCP staff.



Focus	Description	Owner(s)	Timing	Outcome
Equitable, Inclusive and Sustainable Workforce Policy	Review and provide potential comments to the Board regarding having an equitable, inclusive and sustainable workforce policy.	SDCP staff	Year round	Support staff in updating the Inclusive and Sustainable Workforce Policy.
Energy Bid Evaluation Criteria	Review and provide comments to the Board regarding the energy bid evaluation criteria.	SDCP staff	Year round	Support staff in updating the Energy Bid Evaluation Criteria.
Marketing and Communications Efforts	Support outreach efforts to the community, including events, marketing, communication, the launch of Phase 4 enrollment which will cover National City and Unincorporated San Diego County, and other activities.	SDCP staff	Year round	Support SDCP staff in the marketing and communication of agency activities, particularly the enrollment of accounts in National City and Unincorporated San Diego County
Power Procurement Efforts	Receive briefings and give comment on short-term and long-term procurement projects under consideration by the Board of Directors.	SDCP staff	Year round	Support SDCP staff by providing input from a community perspective on short-term and long-term power procurement project
Community Power Plan (CPP)	Assist staff in the development and outreach of the Community Power Plan, which will inform what SDCP's	SDCP staff	Year round	Ensure community input is provided in the development of the CPP.



Focus	Description	Owner(s)	Timing	Outcome
	long-term programmatic and local procurement outlook will be.			
Staff and Board-Initiated Items	Provide recommendations on items as they are brought forward by SDCP staff and the Board.	SDCP staff and the Board	Year round	Provide input and feedback as well as potential actions on miscellaneous items
SDCP Orientation Training	Receive joint Board-CAC training on SDCP operations ranging including but not limited to legislative, regulatory, finance, strategic direction, customer & data, power procurement, and CalCCA.	SDCP staff	Q1 2023	Become aware of the intricate operations of SDCP in order to best provide advice that will further the mission, vision, and goals of the organization.
DAC-GT & CS-GT	Provide input into the community outreach component of the Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) programs.	SDCP staff	2023	Support staff in providing community input on the development of the DAC-GT and CSGT programs.

The CAC shall cover other tasks not mentioned above with prior approval of SDCP staff but within the purview of the Scope of Work. All tasks shall be presented and acted upon in a manner that complies with the Brown Act.



San Diego Community Power Board Member Checklist

e-mail the following information to the Clerk of the Board at:

Kimberly Isley
kisley@sdcommunitypower.org

- ✓ Headshot you would like us to use on our website
- ✓ LinkedIn link to be used on our website
- ✓ Current ethics training certificate
- ✓ Current anti-sexual harassment training certificate
- ✓ Confirm you received your email notification from South Tech Hosting for your Form 700
- ✓ Your birthday! (day/month) 😊
- ✓ Jacket and t-shirt/polo size for SDCP swag! S,M,L,XL, etc.
- ✓ Dietary restrictions/preferences for receptions and events
- ✓ Name, contact info, and roles of your staffers who you would like copied on board member briefings, board meetings, and who coordinates your calendar.
- ✓ The address you would like to use for your board member stipend payments.

Reminders and General Information:

1. All board members should have regularly occurring monthly board member briefings on their calendars.
2. Bring your board handbook to all in-person meetings.
3. Starting in March our meetings will be in-person at the Metropolitan Operations Complex 9192 Topaz Way, San Diego.
4. You should have calendar invites for all SDCP Board

Meetings:

- January 23, 2023 11:00 AM
- February 23, 2023 05:00 PM
- March 23, 2023 05:00 PM
- April 27, 2023 05:00 PM
- May 25, 2023 05:00 PM
- June 22, 2023 05:00 PM
- July 27, 2023 05:00 PM
- August 24, 2023 05:00 PM
- September 28, 2023 05:00 PM
- October 26, 2023 05:00 PM
- November 16, 2023 05:00 PM
- December 14, 2023 05:00 PM

5. We reimburse for child-care expenses incurred during board meeting attendance. Contact the Clerk of the Board if you would like the reimbursement form and the policy



which contains the details of this benefit and how to submit for payment.

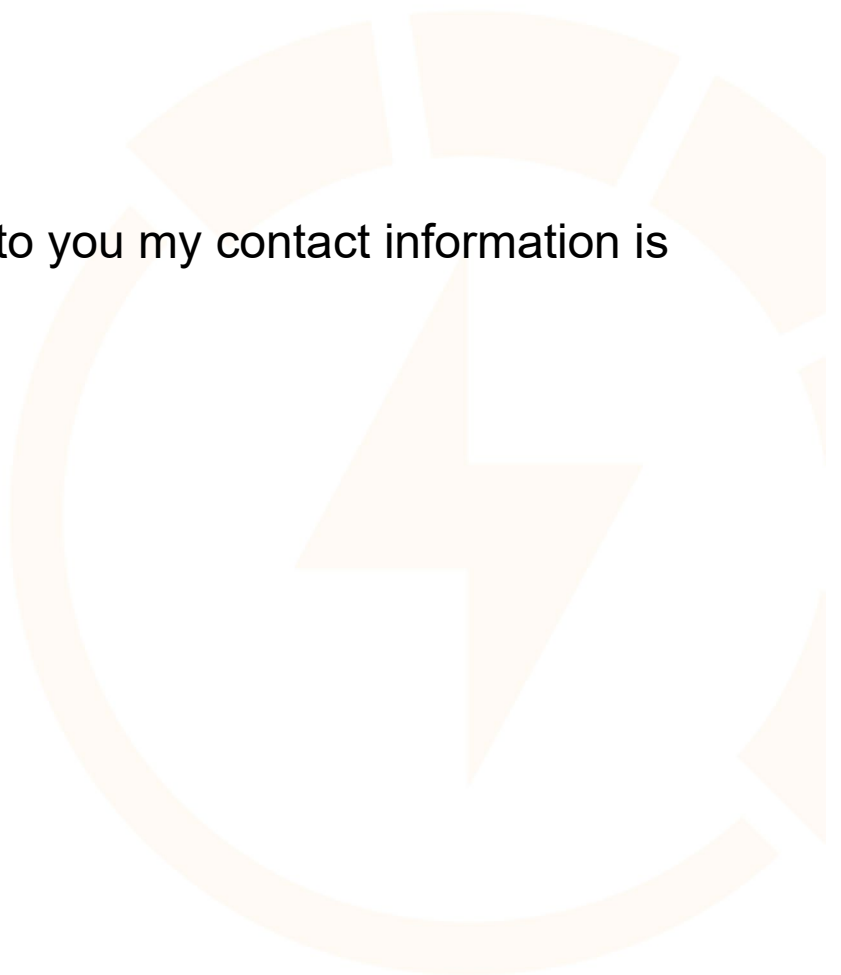
6. SDCP will submit your expense report bi-monthly for your meeting attendance stipend. You will receive a link to set up an account with bill.com so you can receive your payment by direct deposit or you can opt to have a check mailed to the address you provide us in the board member checklist.

Thank you!

If I can be of any assistance to you my contact information is below:

Kimberly Isley

**Executive Assistant to the CEO
Clerk of the Board**



GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

MWH – Megawatt-hour – measure of energy

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



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

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

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

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

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

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

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

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

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

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

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

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

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

PCC3 – RPS Portfolio Content Category 3 – Unbundled REC

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

