



Board of Directors

Regular Meeting

October 24, 2024





**Welcome
and
Call to
Order**

The background of the slide features a close-up photograph of blue water with gentle ripples. A wide, white diagonal stripe runs from the top-left corner to the bottom-right corner, creating a split effect. The text 'Roll Call' is centered within this white stripe.

Roll Call



The background of the slide is a vibrant blue water surface with gentle ripples. A large, white, diagonal arrow shape points from the top-left towards the bottom-right, creating a sense of movement and direction. The text is centered within the white arrow.

Land Acknowledgement


Warm Welcome!



Marissa Van Sant
Senior Program Manager

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Withdrawn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

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Public Comment for Items not on the Agenda

Consent Agenda

- 1. Approve September 26, 2024, Meeting Minutes**
- 2. Receive and File Treasurer's Report for Period Ending July 31, 2024**
- 3. Receive and File Update on Programs**
- 4. Receive and File Update on Power Resources**
- 5. Receive and File Update on Human Resources**
- 6. Receive and File Update on Marketing, Public Relations, and Local Government Affairs**
- 7. Receive and File Update on Community Advisory Committee**
- 8. Receive and File Update on Regulatory and Legislative Affairs**
- 9. Receive and File Update on IT and Data Analytics**
- 10. Approve a contract with Precision NRG with a not-to-exceed amount of \$575,870 through March 2026 for Refrigeration Equipment Supplier Services and authorize execution by the Chief Executive Officer**
- 11. Approve Amendment to the Revolving Credit Agreement with JP Morgan to Increase the Credit Facility from \$150,000,000 to \$250,000,000**

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Public Comment for Consent Agenda

Regular Agenda

- 12. Community Advisory Committee Quarterly Report**
- 13. Adoption of Resolution No. 2024-08, Authorizing Execution of an Energy Prepayment Transaction, Related Documents, and 'Form of' Documents Subject to Maximum Issuance Amount, Limitation on Fees, and Minimum Required Savings**
- 14. Fiscal Year End 2023-24 Financial Audit Progress Report Presentation**
- 15. Update on Customer Operations**
- 16. Update on Flexible Load Strategy**

Item No. 12

Community Advisory Committee Quarterly Report

Recommendation:

Receive and File Community Advisory Committee Quarterly Report.

Presenter:

Matthew Vasilakis, Community Advisory Committee Chair

Quarterly Report on Community Advisory Committee

July through September 2024 (Q1)

Topics Discussed

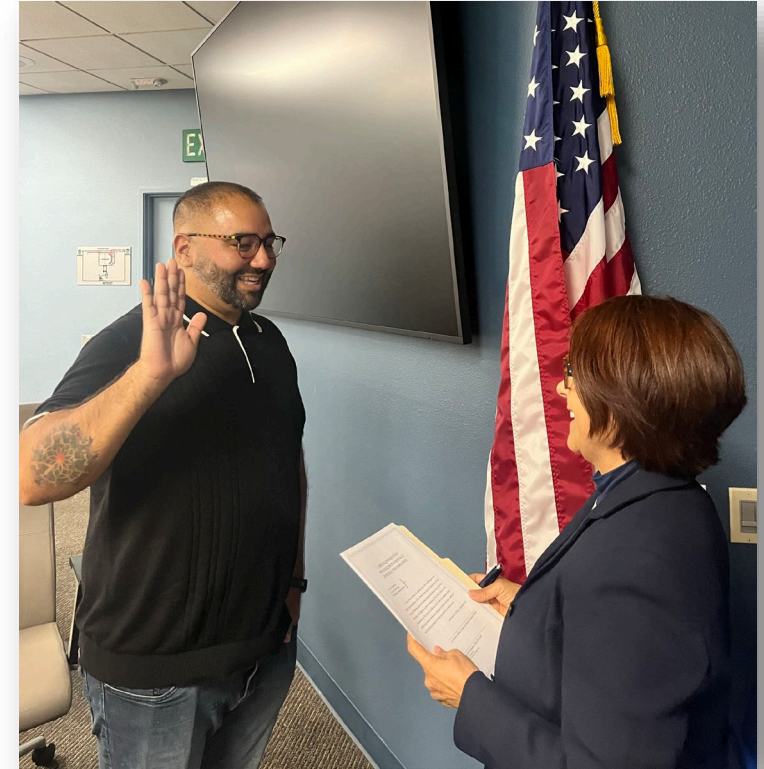
- Ralph M. Brown Act Training
- Conflict of Interest and Ethical Conduct Policy Training
- Communications Training
- Solar Battery Savings Contractor Training
- Regulatory and Legislative Affairs Update
- Community Clean Energy Grant Program
- San Diego Community Power Network

2024-2025 Officers

Chair: Matt Vasilakis (City of San Diego)

Vice-Chair: Lawrence Emerson (National City)

Secretary: Aida Castañeda (Secretary)



New CAC Member Luis Montero-Adams (City of San Diego) being sworn in.



Public Comment for Item No. 12

Item No. 13

Adoption of Resolution No. 2024-08, Authorizing Execution of an Energy Prepayment Transaction, Related Documents, and ‘Form of’ Documents Subject to Maximum Issuance Amount, Limitation on Fees, and Minimum Required Savings

Recommendation:

Adoption of Resolution No. 2024-08, approving parameters under which an energy prepayment transaction can be completed; authorizing and approving documents or “form of” documents supporting the prepay transaction; and directing California Community Choice Financing Authority (CCCFA) to make payments to service providers for issuance costs from prepay bond proceeds.

Prepayment Transaction Overview

- Goal – Reduce cost of power purchases by 8% or more
- How – Leverage use of tax-exempt bonding capacity to secure long-term supply
- Background- Used since the 1990s largely for natural gas transactions
- Codified in the U.S. tax law
- Over 100 transactions totaling over \$75 billion completed in the U.S. – mostly for gas
- Twelve energy prepayment transactions totaling \$11.3 billion completed over the last few years for six California Community Choice Aggregators:

- Ava Community Energy
- Silicon Valley Clean Energy
- Marin Clean Energy

- Pioneer Community Energy
- Clean Power Alliance
- Central Coast Community Energy

Prepayments That Have Been Completed by Public Utilities in California

Date	Amt. (\$000)	Issuer	Description	Beneficiary
06/2006	230,845	Vernon Nat. Gas Fin Auth	Nat Gas	City of Vernon Elec
01/2007	209,350	Roseville Natural Gas Fin Auth	Nat. Gas	City of Roseville Elec
05/2007	757,055	Northern Ca Gas Auth No. 1	Nat. Gas	SMUD
09/2007	887,360	Long Beach Bond Fin Auth	Nat. Gas	City of Long Beach
10/2007	504,445	So. Ca. Pub. Power Auth	Nat. Gas	Multiple MOUs
10/2007	251,695	Long Beach Bond Fin. Auth	Nat. Gas	City of Long Beach
08/2009	901,620	M-S-R Energy Authority	Nat. Gas	MID/Redding/SVP
10/2009	514,160	So. Ca Pub Power Auth (Windy Flats)	Elec (Wind)	LADWP, Mult. MOUs
04/2010	778,665	Cal. Statewide Comm Dev Auth	Nat. Gas	SMUD
2010/11	394,700	So. Ca Pub Power Auth (Milford 1 & 2)	Elec (Wind)	LADWP, Mult. MOUs
12/2018	539,615	Northern Ca Energy Auth	Gas/Elec	SMUD
5/2024	592,270	So. Ca Pub Power Auth (Energy Prepay)	Elec	Anaheim
Total	\$6,561,780			

SCPPA/APU transaction in May saved over 15% on old/expensive PPAs

Prepayments That Have Been Completed by CCAs in California

Date	Amt. (\$000)	Issuer	Description	Beneficiary
09/2021	1,234,720	California Community Choice Fin Auth	Elec (Green)	SVCE, EBCE
11/2021	602,655	California Community Choice Fin Auth	Elec (Green)	MCE
06/2022	931,120	California Community Choice Fin Auth	Elec (Green)	EBCE
12/2022	459,640	California Community Choice Fin Auth	Elec (Green)	Pioneer
01/2023	841,550	California Community Choice Fin Auth	Elec (Green)	SVCE
02/2023	998,780	California Community Choice Fin Auth	Elec (Green)	CPA
06/2023	958,290	California Community Choice Fin Auth	Elec (Green)	CPA
08/2023	997,895	California Community Choice Fin Auth	Elec (Green)	EBCE
10/2023	647,750	California Community Choice Fin Auth	Elec (Green)	CCCE
12/2023	1,038,285	California Community Choice Fin Auth	Elec (Green)	MCE
01/2024	1,101,625	California Community Choice Fin Auth	Elec (Green)	SVCE
08/2024	1,524,180	California Community Choice Fin Auth	Elec (Green)	CPA
Total	\$11,336,490			

All transactions to date have achieved @9.5% savings or better.

Most recent transactions have been over 12%

Entities Involved in a Prepayment Transaction

- **SD Community Power** – Has existing Power Purchase Agreement(s) for clean energy
- **Prepay Counterparty** – Typically a financial institution with a commodity presence or a financial institution partnered with a commodity market participant
- **Issuer** – Bond issuing entity formed for sole purpose of selling the prepayment bonds, typically a Joint Powers Authority (“JPA”). All other CCAs have used California Community Choice Financing Authority (CCCFA)
- **Existing Power Supply Counterparty** – Agrees to limited assignment of the existing PPA
- **Bond Investors** – Purchase the non-recourse tax-exempt prepayment bonds
- **Service Providers** - Municipal financial advisor, bond, tax and disclosure counsel, to support the structuring and issuance of a prepayment transaction.

Prepayment Timeline

- Nov 7, 2023:** ~~Request for Proposal (RFP) was issued for Municipal Financial Advisor (MFA)~~
- Dec 28, 2023:** ~~PFM Financial Advisors LLC (PFM) was selected as MFA~~
- Feb 15, 2024:** ~~Finance and Risk Management Committee (FRMC) Prepaid Financing Presentation~~
- Feb 22, 2024:** ~~Board Presentation Prepaid Financing Presentation~~
- Apr 19, 2024:** ~~RFP issued for underwriter and legal services (bond, tax, disclosure)~~
- Aug 22, 2024:** ~~Legal counsel agreement with Chapman & Cutler for disclosure services—~~
~~Potential Board approved~~
- Sep 19, 2024:** ~~FRMC – Presentation and potential recommendation for Board approval of—~~
~~Resolution for Bond Issuer~~
- Sep 26, 2024:** ~~Board – Presentation and potential approval of Resolution for Bond Issuer~~
- Oct 11, 2023:** ~~Bond Issuer admits SDCP Associate Member~~
- Oct 17, 20224:** ~~FRMC – Presentation and potential recommendation for Board approval on—~~
~~Resolution to authorize transaction subject to parameters~~
- Oct 24, 2024:** **Board – Presentation and potential recommendation for Board approval on Resolution to authorize transaction subject to parameters**
- Early Nov, 2024:** Execute prepaid agreement
- Early Nov, 2024:** Closing date to be determined



Public Comment for Item No. 13

Item No. 14

Fiscal Year End 2023-24 Financial Audit Progress Report Presentation

Recommendation:

Receive and File Financial Audit Progress Report Presentation.

Presenters:

Dr. Eric Washington, CFO

Brett Bradford

Aliandra Schaffer



PISENTI & BRINKER LLP

Certified Public Accountants & Advisors

*San Diego Community Power
Board of Directors
October 24, 2024*

Introduction

- Brett Bradford, CPA
 - Audit Partner
 - 21 years in public accounting and performing audits of government entities
 - Currently working with several CCA's throughout California
- Aliandra Schaffer
 - Supervisor
 - 5 years in public accounting and performing audits of governments (CCA's)



Results of current year audit:

- The 2024 audit is near completion. We plan on reporting the following:
 - Unmodified opinion – Based on our audit, the financial statements are materially accurate.
 - No significant deficiencies or material weakness in internal control noted.



Audits of the years ended June 30, 2024 and 2023

Financial Statements:

Relative Roles & Responsibilities

- **Management** is responsible for preparing the Financial Statements and establishing a system of internal control.
- **Auditor** is responsible for auditing the Financial Statements
 - Considering risks of material misstatement in the Financial Statements
 - Considering internal controls relevant to the Financial Statements
 - Performing tests of year-end balances based on risk assessment
 - Evaluating adequacy of disclosures



Risk Assessment for the years ended June 30, 2024 and 2023

Significant areas of focus

- Revenue recognition
 - Accounts receivable and accrued revenue
 - Test a sample of customer billings
 - Relate total cash received during the year to revenue
 - Look at cash received subsequent to year-end and relate to A/R
 - Review revenue recognition through year-end and method for determining (accrued revenue)
- Cash and securities
 - Confirmations sent to financial institutions



Risk Assessment for the years ended June 30, 2024 and 2023

Significant areas of focus

- Accrued Cost of Electricity
 - Review subsequent bills from electricity providers and cash payments
- Financial Statement Note Disclosures – Complete and without bias



Required Board Communications

- There were no new material accounting policies adopted by San Diego Community Power throughout the period audited.
- No alternative treatments of accounting principles for material items in the financial statements have been discussed with management.



Required Board Communications (continued)

- We are not expecting to propose any adjustments to the financial statements.
- We have not identified any significant or unusual transactions or applications of accounting principles where a lack of authoritative guidance exists.



Required Board Communications (continued)

- There have been no disagreements with management concerning the scope of our audit, the application of accounting principles, or the basis for management's judgments on any significant matters.
- We have not encountered any difficulties in dealing with management during the performance of our audit.



Questions?

Brett Bradford: 707-577-1582

Aliandra Schaffer: 707-577-1535



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Public Comment for Item No. 14

Item No. 15

Update on Customer Operations

Recommendation:

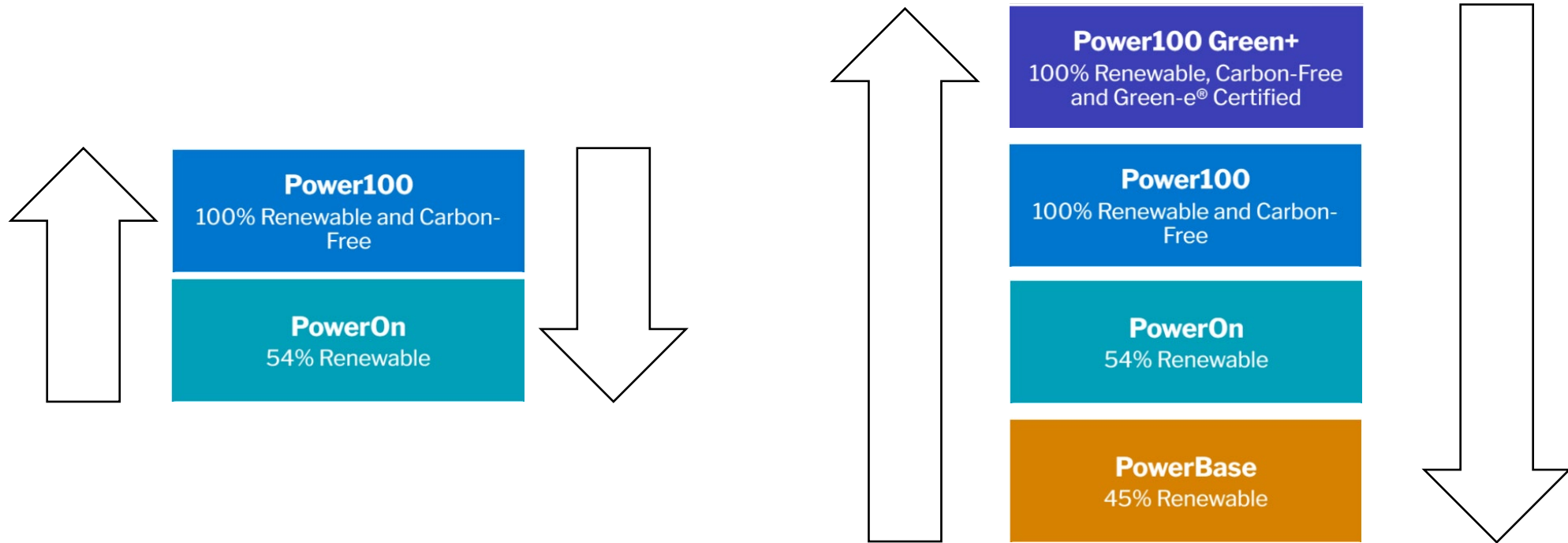
Receive and File update on Customer Operations.

Presenter:

Ryan Hanke, Data Analytics Manager

Why Update Participation Tracking

- Community Power has new Service Options.
- Greater detail to see where customers are opting to and from.



Participation by Service Option

Changes:

- Split by Service Option

Service Option

PowerBase		PowerOn		Power100		Power100 Green+	
Enrolled	2,262	Enrolled	919,116	Enrolled	34,109	Enrolled	1
Participation	0.2%	Participation	96.2%	Participation	3.6%	Participation	0.0%

- Add **Service Option Default** to see which option customers started on by default

Service Option Enrollment Summary

Jurisdiction	Service Option Default	Enrolled Accounts	Power Base Enrolled	Power Base %	PowerOn Enrolled	PowerOn %	Power 100 Enrolled	Power 100 %	Power100 Green+ Enrolled	Power100 Green+ %
City of Chula Vista	PowerOn	94,359	196	0.2%	93,259	98.8%	904	1.0%		
City of Encinitas	Power100	26,568	72	0.3%	440	1.7%	26,056	98.1%		
City of Imperial Beach	PowerOn	10,467	21	0.2%	10,367	99.0%	79	0.8%		
City of La Mesa	PowerOn	28,008	71	0.3%	27,677	98.8%	260	0.9%		
City of San Diego	PowerOn	602,131	1,202	0.2%	594,929	98.8%	5,999	1.0%	1	0.0%
County of San Diego	PowerOn	174,787	674	0.4%	173,334	99.2%	779	0.4%		
National City	PowerOn	19,168	26	0.1%	19,110	99.7%	32	0.2%		
Total		955,488	2,262	0.2%	919,116	96.2%	34,109	3.6%	1	0.0%

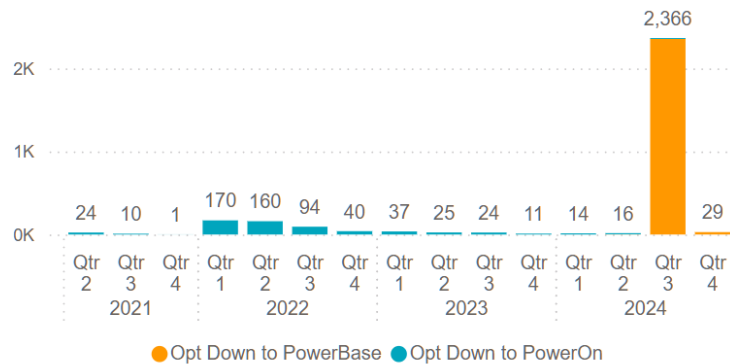
Opt Up/Down

Now captures the Service Option that a customer opted into.

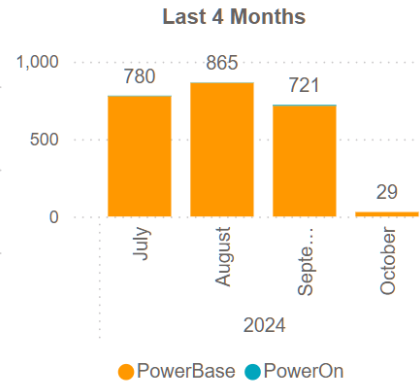
Opt Down History

Total Opt Downs	Opt Downs Current*
3,021	2,759

Opt Downs Quarterly



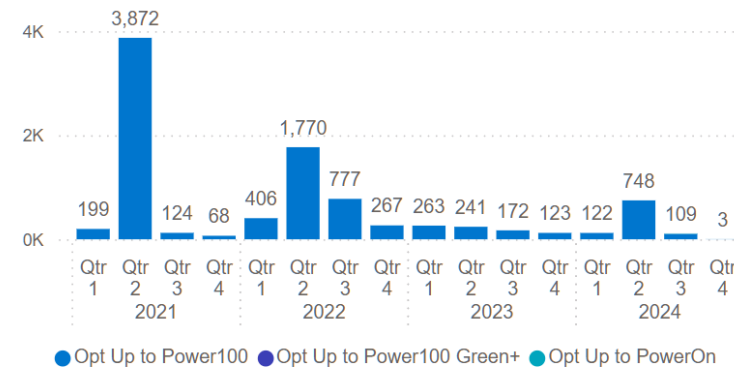
Opt Downs Monthly



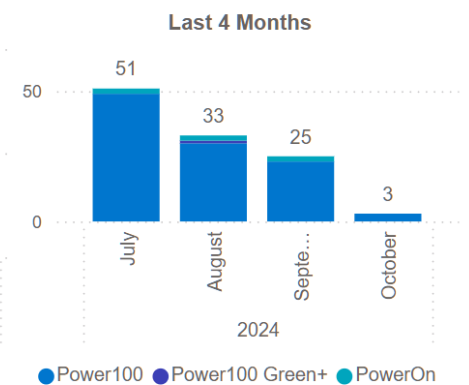
Opt Up History

Total Opt Ups	Opt Ups Current*
9,264	8,108

Opt Ups Quarterly



Opt Ups Monthly



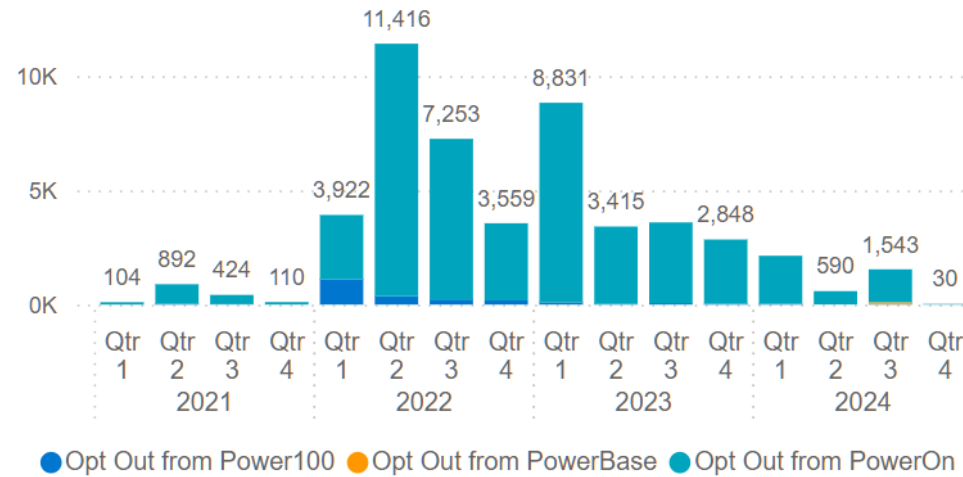
Opt Out

Now shows the Service Option that was opted from.

Opt Out History

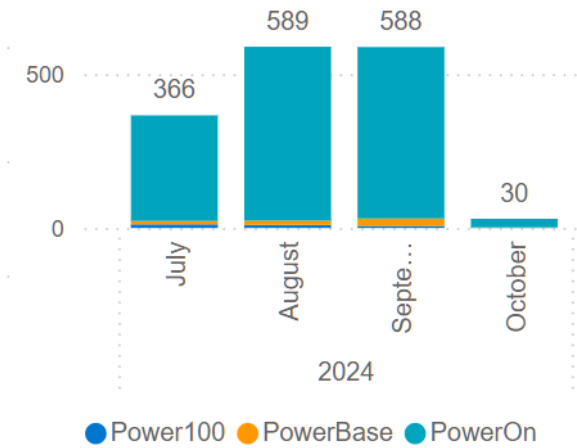
Total Opt Outs	Opt Outs Current*
50,671	44,915

Opt Outs Quarterly



Opt Outs Monthly

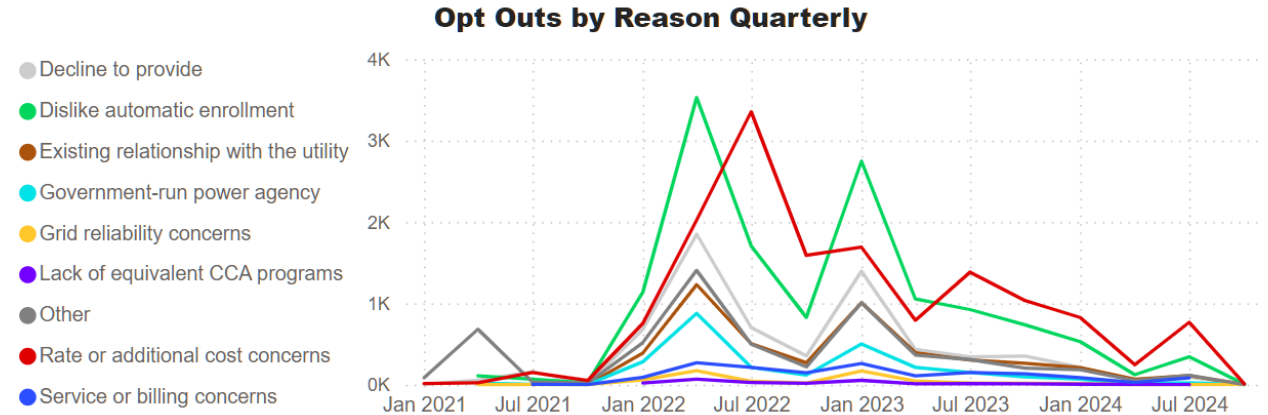
Last 4 Months



Opt Out Reason over Time

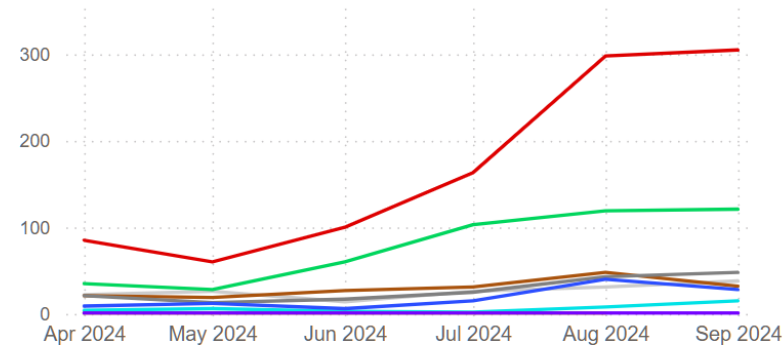
Now we can visualize opt out reason trends over time.

Opt Out Reason Summary



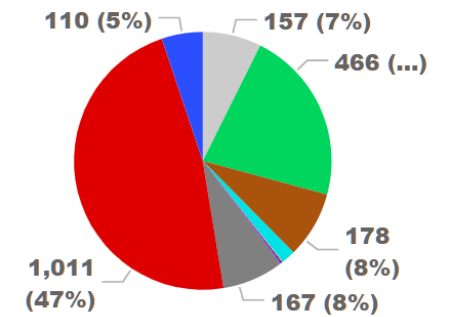
Opt Outs by Reason Monthly

Last 6 Calendar Months



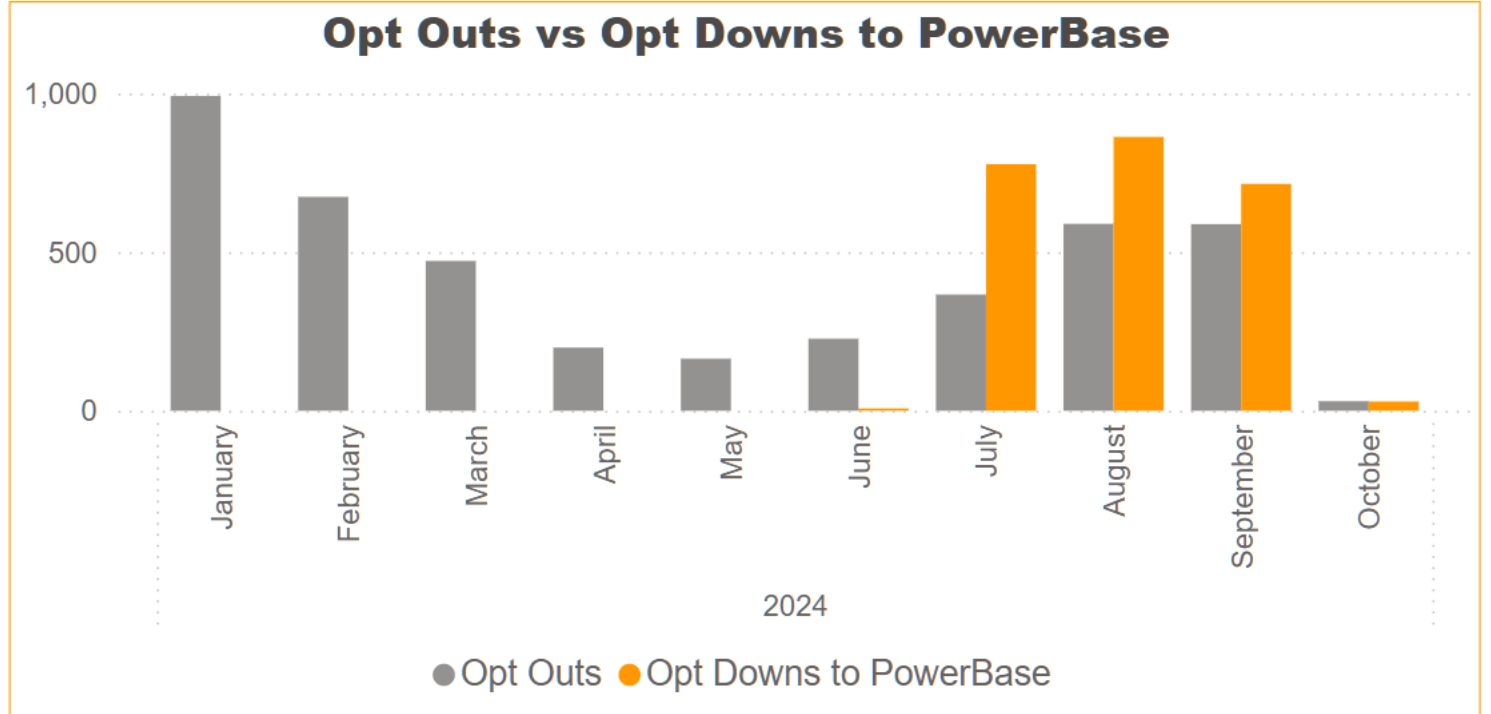
Opt Out Reason Distribution

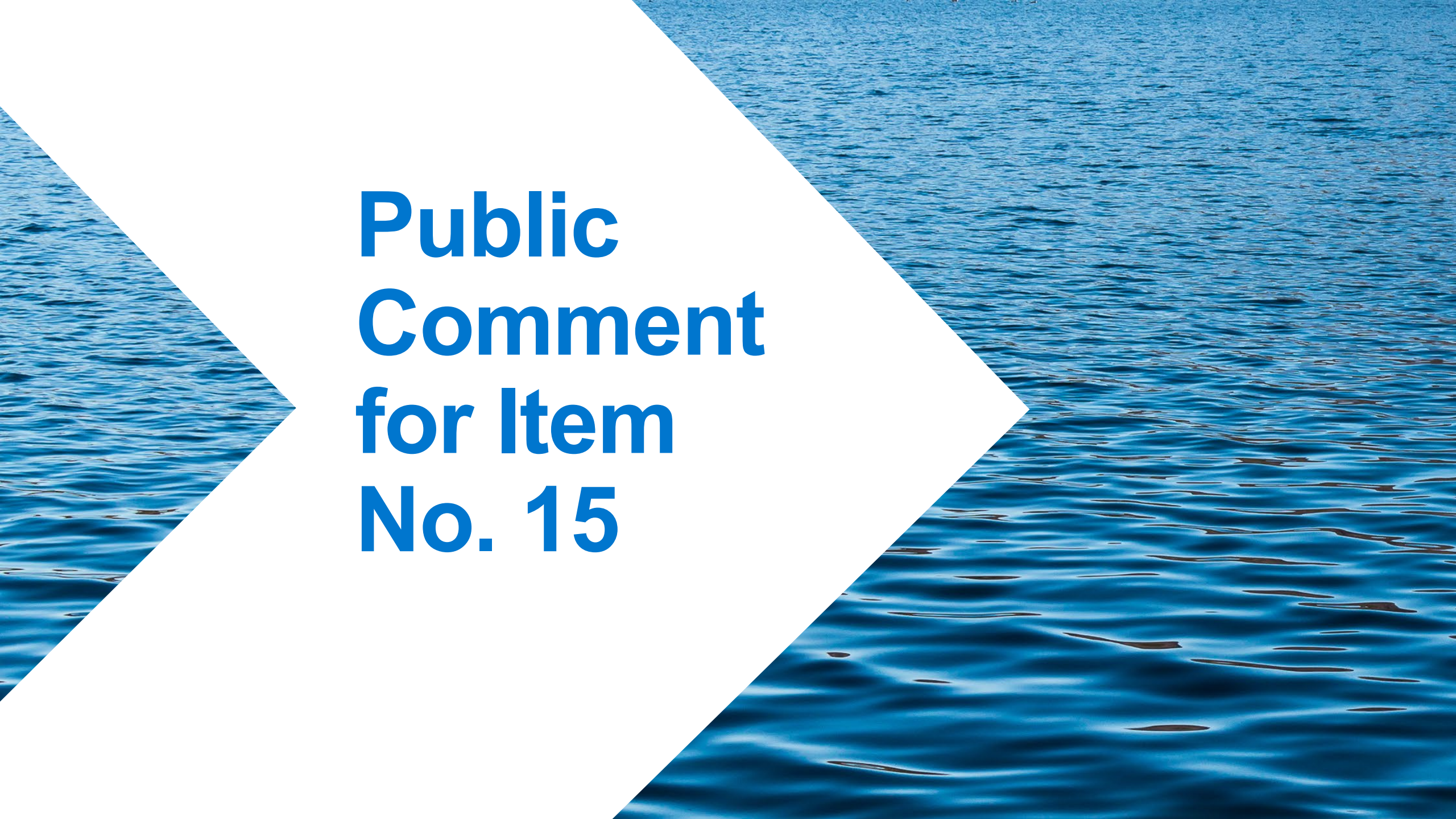
Last 6 Calendar Months



Tracking Opt Outs vs Opt Downs

- More accounts have opted down to PowerBase rather than opting out.
- PowerBase has been valuable in retaining customers.



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Public Comment for Item No. 15

Item No. 16

Update on Flexible Load Strategy

Recommendation:

Receive and File update on Flexible Load Strategy.



Flex Load Strategy Update

October 2024



Overview

Community Power's Flex Load Strategy *increases affordability* by supporting the development of programs that:

- Reduce the use of high-cost, on-peak power by program participants and
- Lower resource adequacy and energy procurement costs for all customers.

This update outlines the *actions taken by Staff* since January 2024 to implement the Board approved Strategy. Staff actions on implementation includes work in three areas:

- Developing Flexible Load as a Power Services resource,
- Integrating Flexible Load Strategies into program design, and
- Aligning programs with state policy initiatives.

Defining “Flexibility”

Load Flexibility describes to the ability to adjust the power of a connected device to meet the operational needs of the grid and/or customers. Flexible Load technologies can **shed** usage during peak load periods or **shift** usage to times when the grid is less congested, prices are lower, or generation is cleaner.

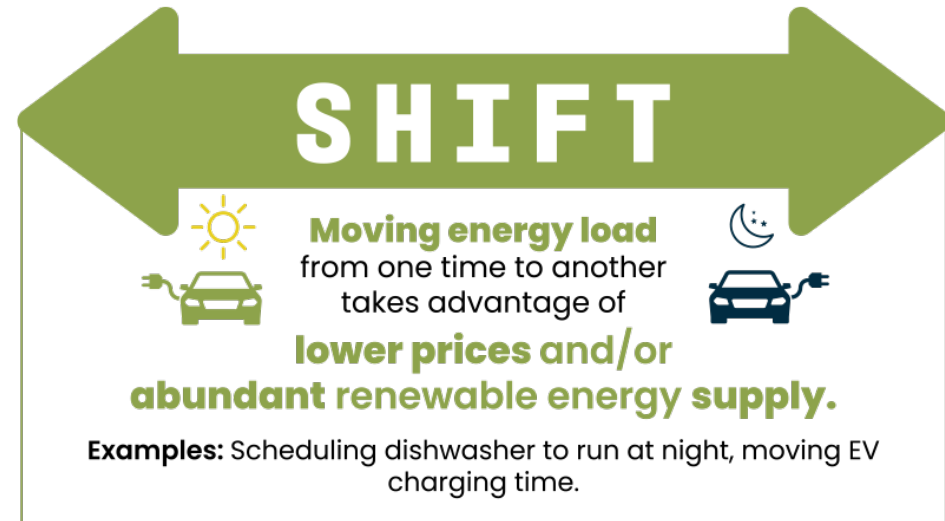
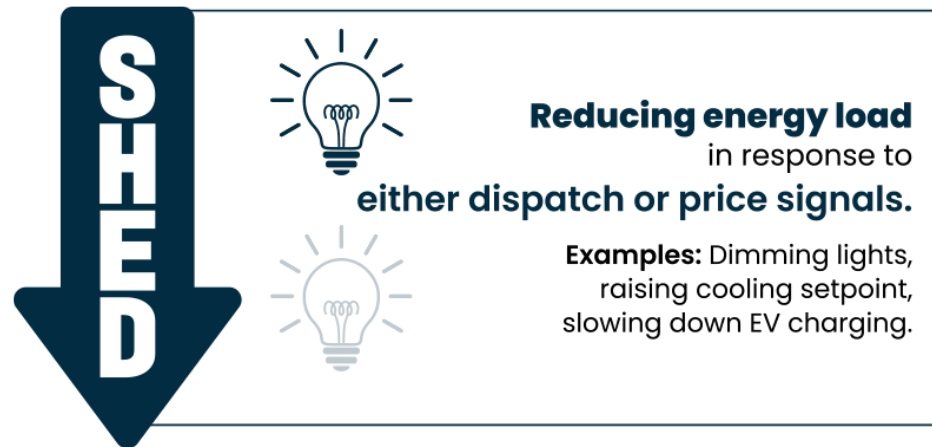
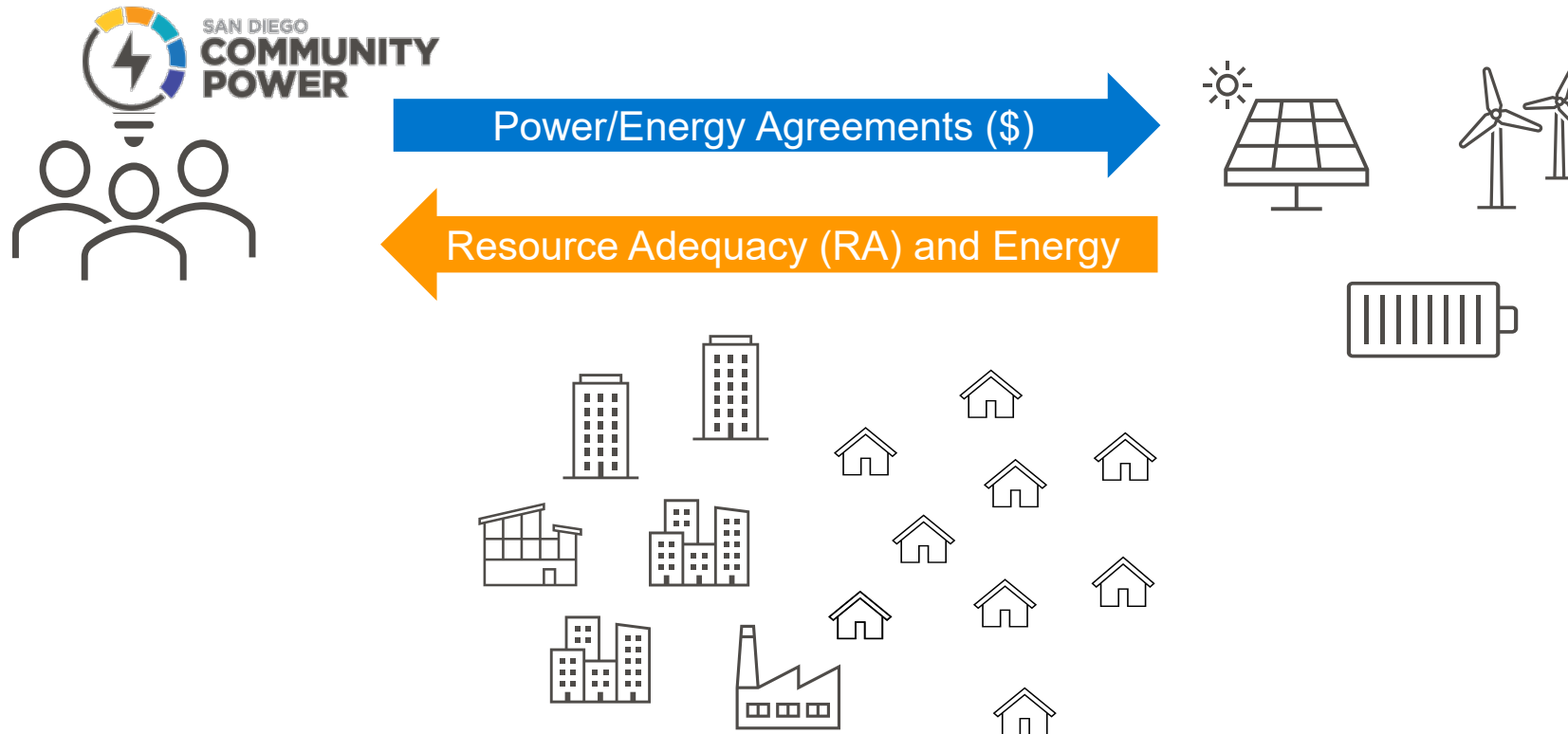


Image credit: <https://calflexhub.lbl.gov/>

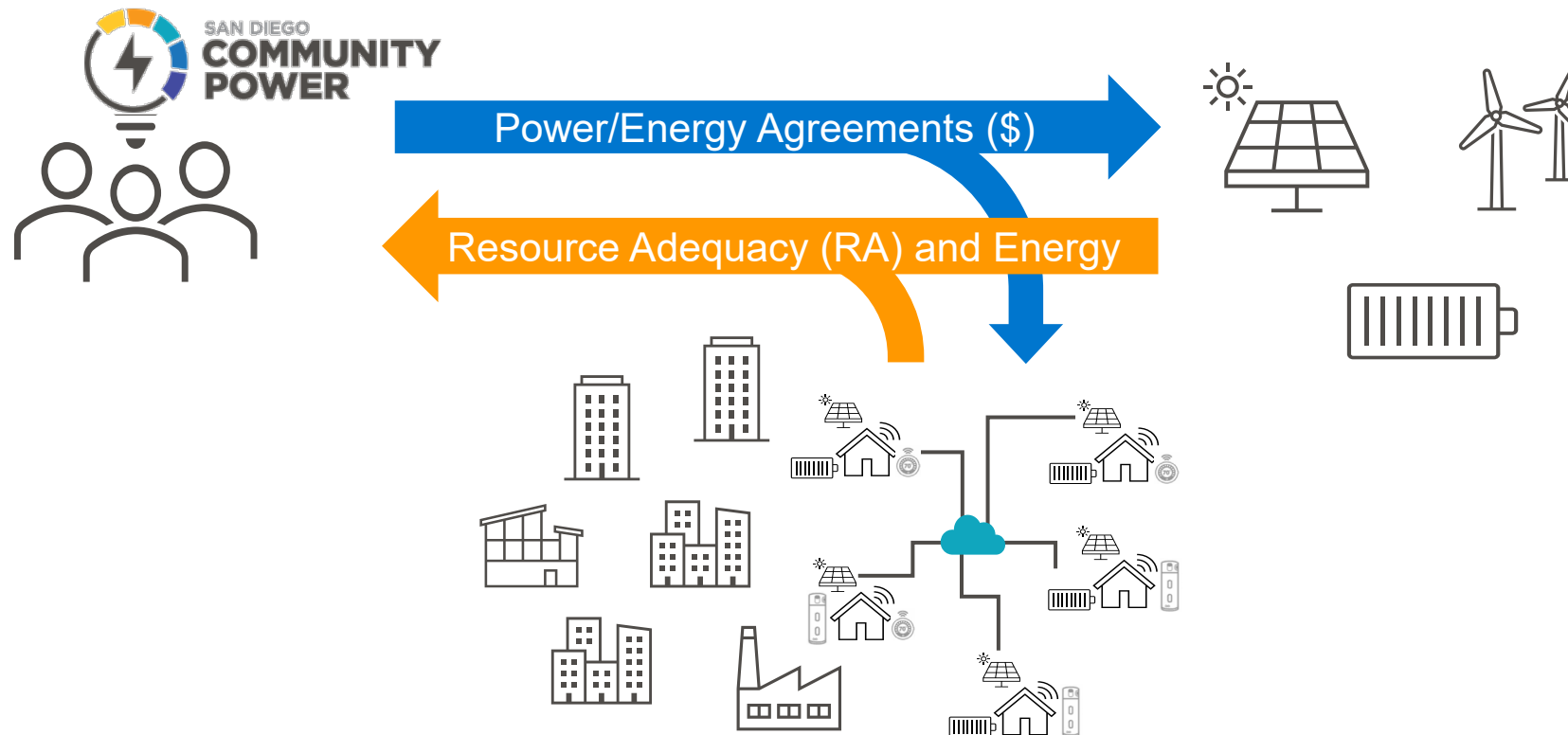
Flexible Load as a Resource

Power Services executes long-term agreements with large developers for the power our customers use. SDCP receives energy and Resource Adequacy in return.



Flexible Load as a Resource

Flex Load Programs compensate customers for the energy and Resource Adequacy they provide
Community Power – keeping revenues local and providing value back to our customers



Operationalizing Savings



Program Accounting

- RA savings based on modifications to peak demand, rules (e.g., slice of day), and capacity pricing.
- Energy savings based on modifications to load profiles and energy pricing.
- Combined savings are allocated to support program delivery (e.g., incentives, admin, contract support).

Reporting and Controls

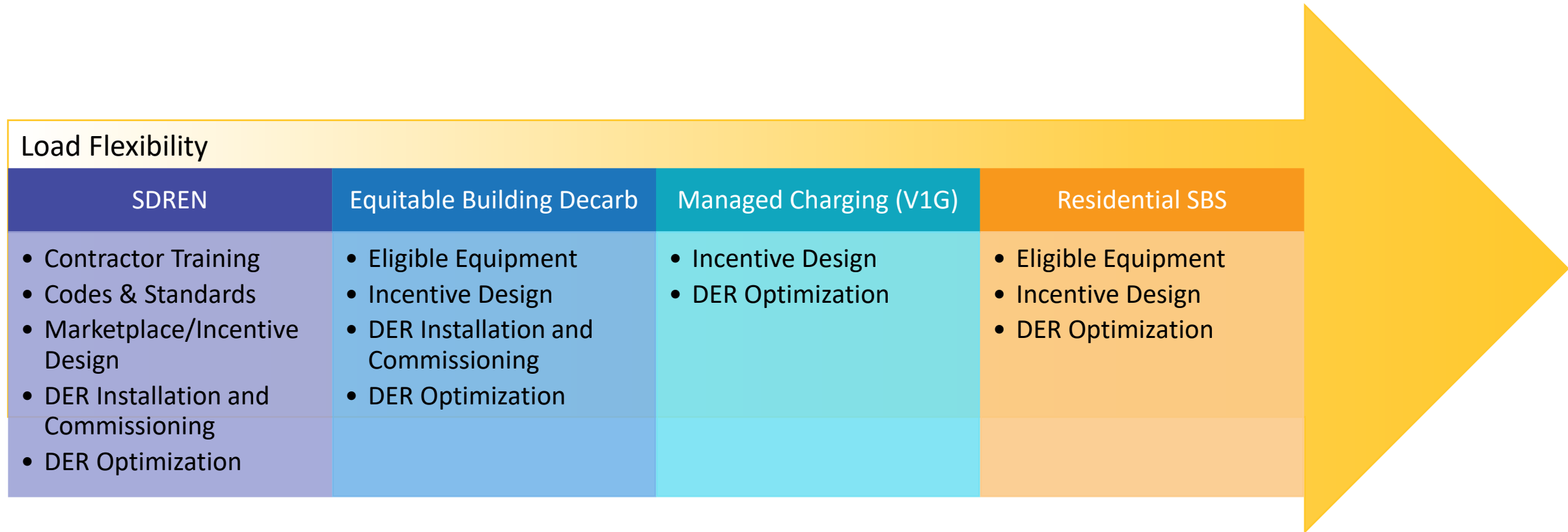
- Estimated RA and energy savings are tracked and included in internal reporting.
- Program performance will be evaluated periodically to ensure savings align with ex-ante projections.

Example - SBS Funding

- Upfront incentive funded in part by avoided RA payments
- Performance payment funded as reallocated power procurement expense

	Upfront Incentive	Performance Incentive
Programs	\$6.5M	\$0
Power	\$5M	\$0.9M
Total:	\$11.5M	\$0.9M
	43% Cost Neutral	100% Cost Neutral

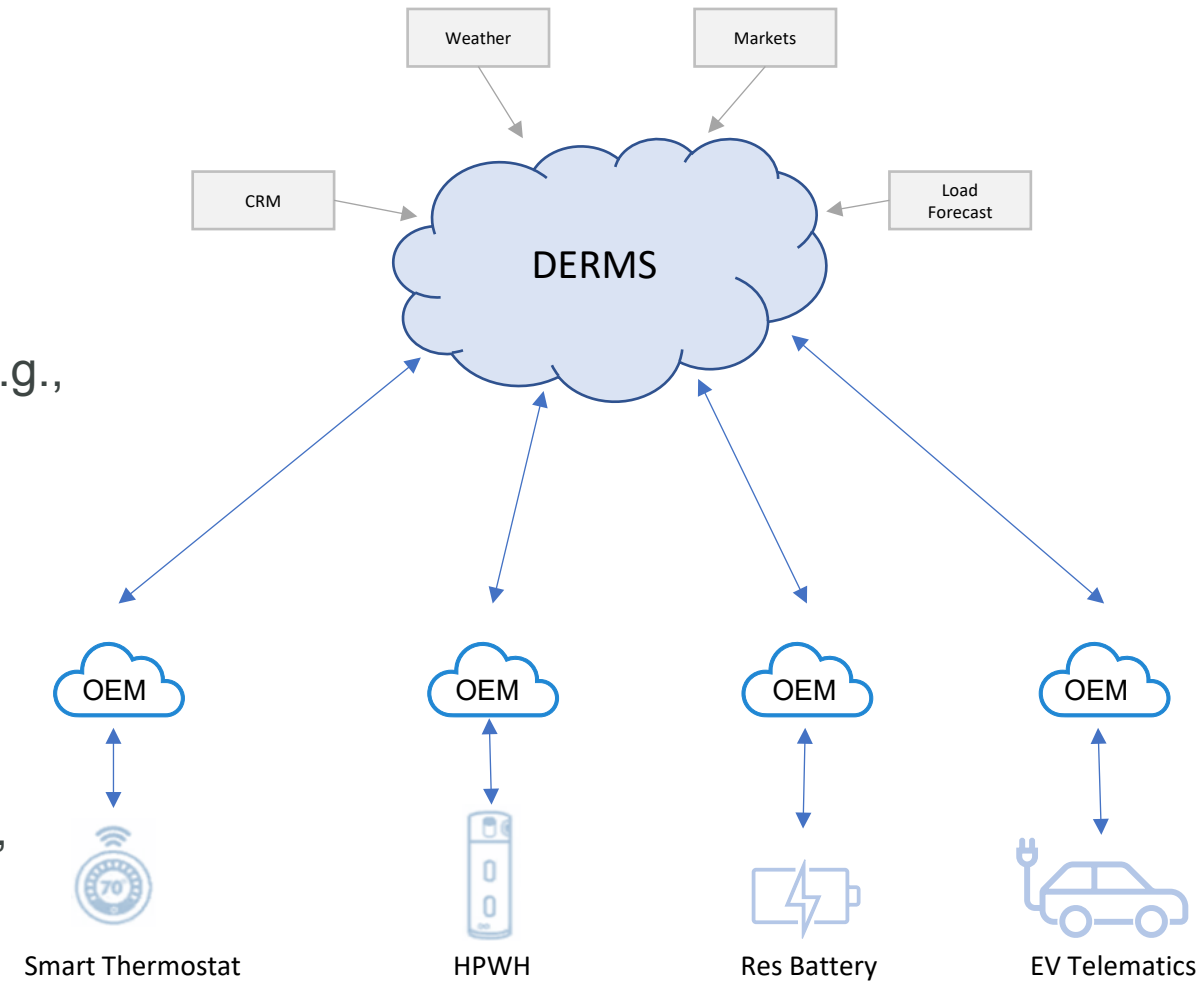
Integrating Flex Load Strategies



DERMS Platform Implementation

DERMS platform platform's features that enable Flex Load Strategy goals:

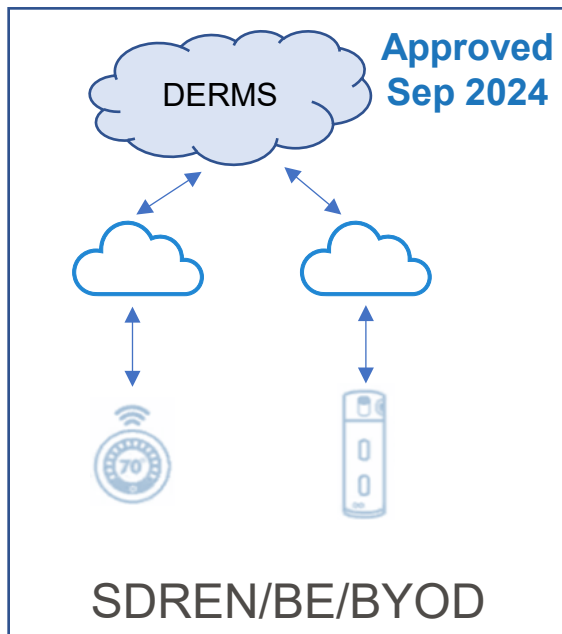
- DER asset class and OEM integrations
- Ability to optimize dispatch from external source (e.g., CAISO and MIDAS)
- Program management capabilities (e.g., customer validation and onboarding, event notification and communication tools)
- Asset monitoring, aggregation, forecasting, and dispatch capabilities
- IT security (e.g., hosting strategy, SSO capabilities, and permissions management)



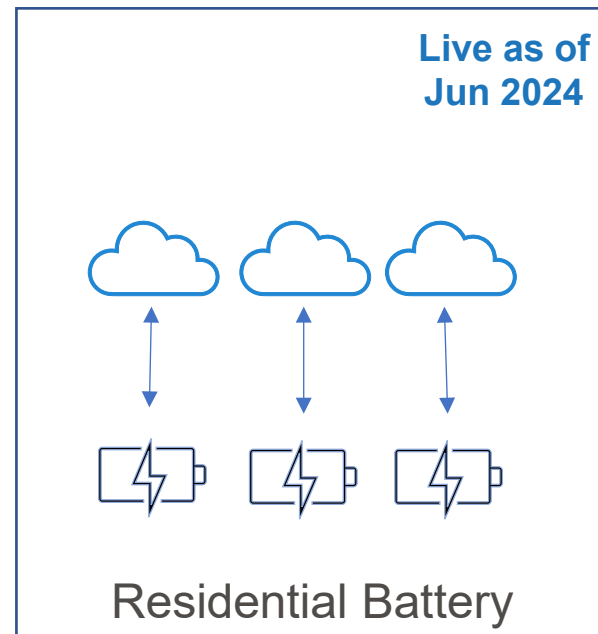
DERMS Architecture - Phase I

- Mid 2024

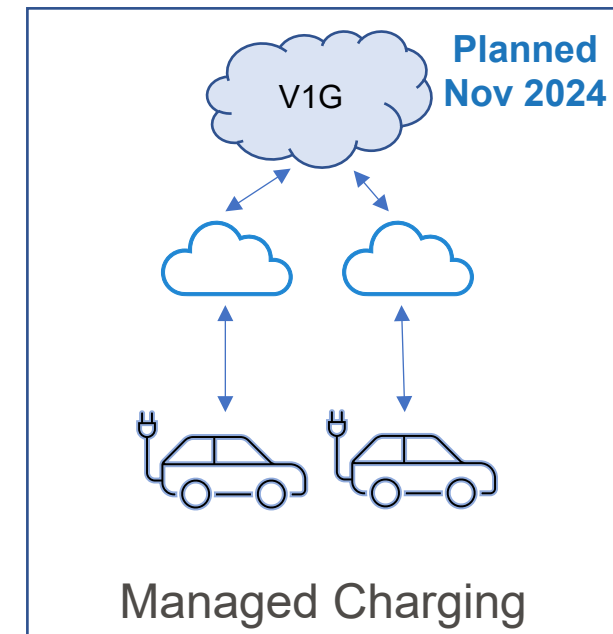
Pilot basic operation with
Programs and Power Services



Control batteries as standalone
asset through OEM cloud



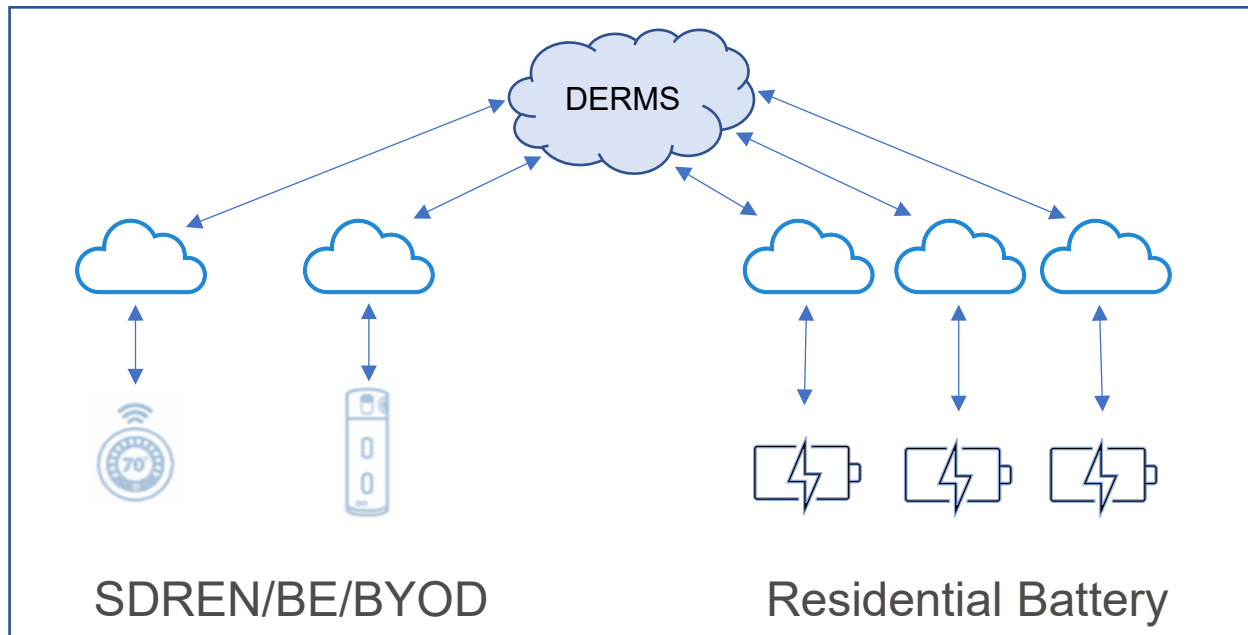
Focus on leading OEMs while
integration market develops



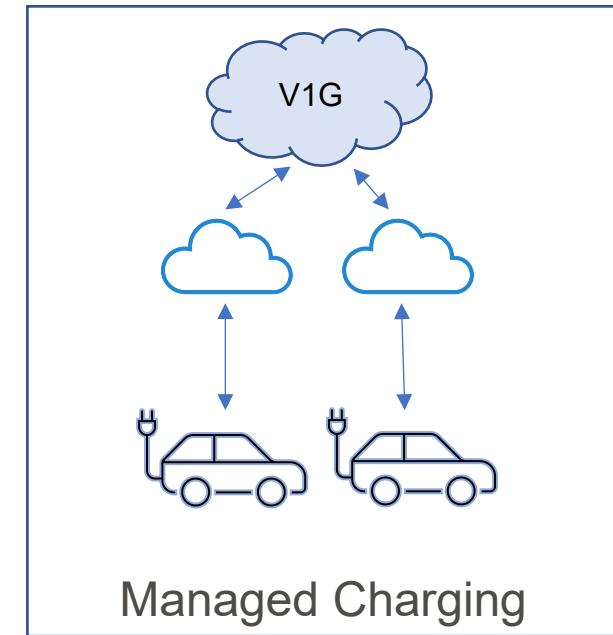
DERMS Architecture - Phase II

- Early 2025

Consolidate non-vehicle assets into a single platform to enable coordinated dispatch and rate optimization



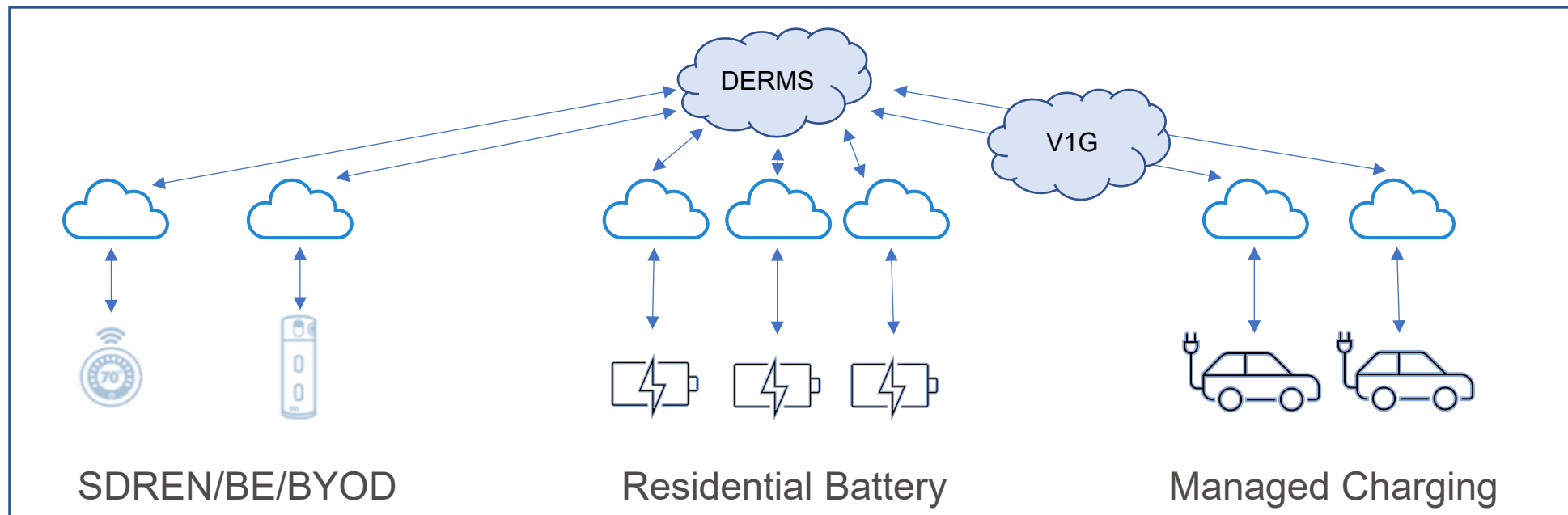
Incorporate additional OEMs as available



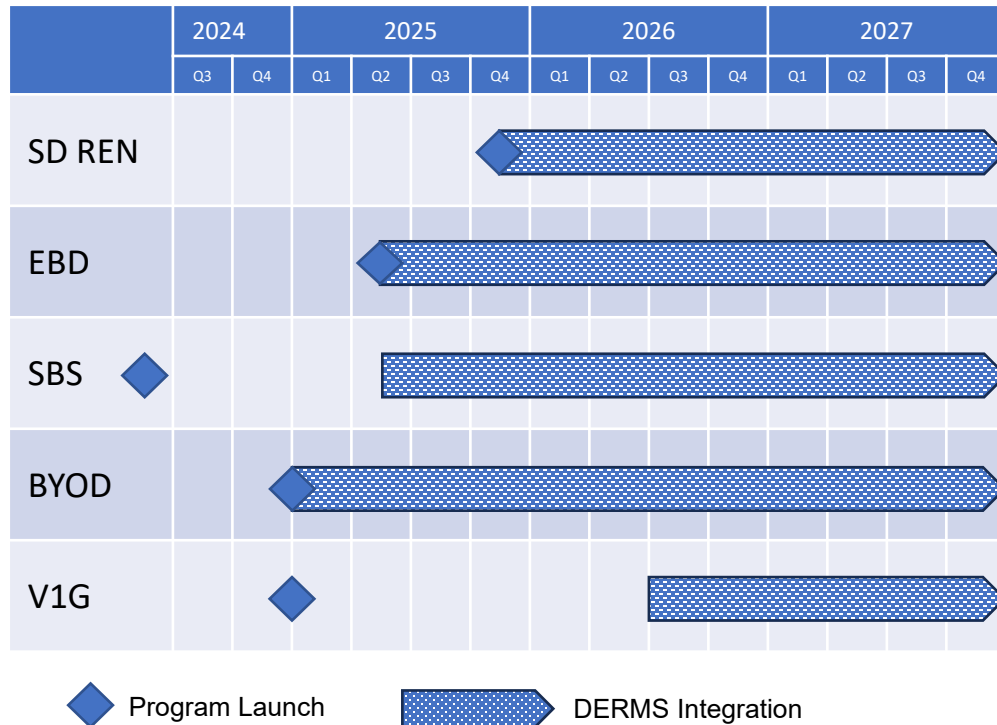
DERMS Architecture - Phase III

- Mid 2026

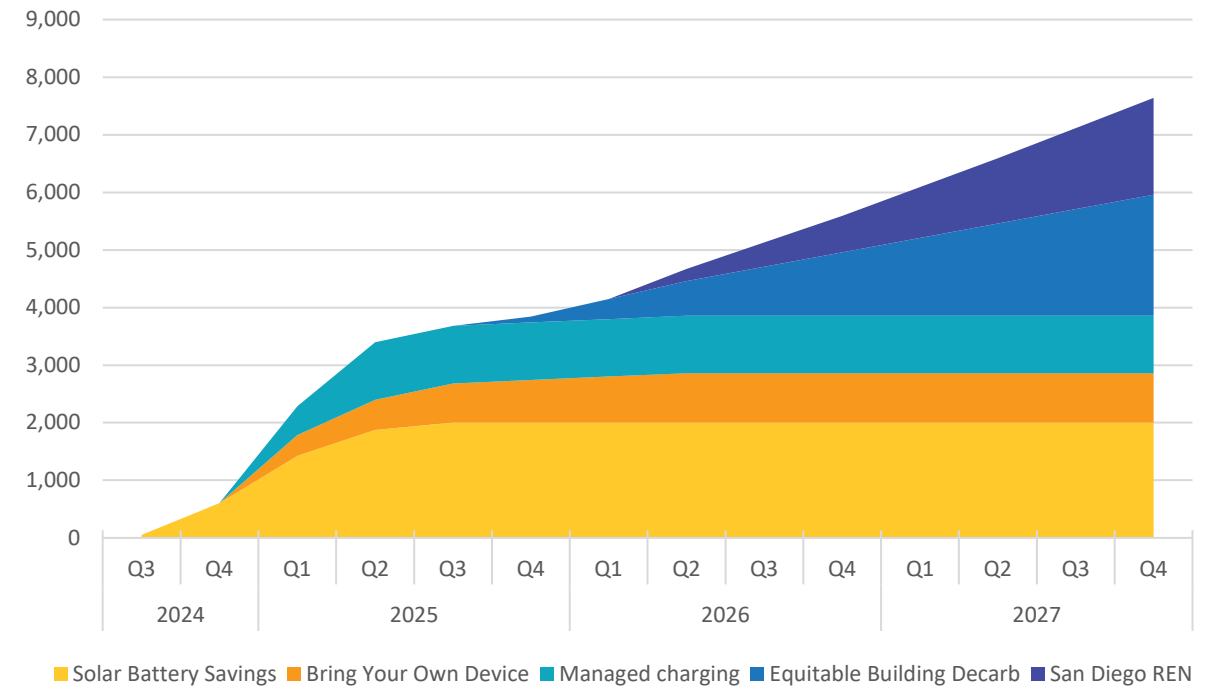
Full integration of existing Flex Load program assets into a single platform to enable coordinated dispatch and rate optimization



Flex Load Implementation and Scale



Cumulative Eligible Devices



* Devices estimates based on current funding and anticipated customer reach in filings or applications

Next Steps



Questions



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Public Comment for Item No. 16



Report by Chief Executive Officer

Recent Events



Harvard Kennedy School Politics of Energy



CalCCA Board Retreat

Recent Events



Sherman Heights Community Center Ribbon Cutting



*Association of Women in Water, Energy and
and Environment Conference*



Cause Conference

LEAN Conference



LEAN Conference



LEAN Conference, CCA Startup Toolkit Panel

NEXUS Climate Summit



NEXUS Climate Summit, Myth vs. Fact



NEXUS Climate Summit



NEXUS Climate Summit, The Rising Cost of Climate Dangers Panel

Out & About in the Community



CPUC Small and Diverse Business Expo



Surfrider Paddle for Clean Water

Power Network Workshops



Power Network Workshop at Cafe X



Power Network Workshop at the North San Diego Business Chamber

We're Hiring!

Open Positions

- IT System Engineer

Interview Stage

- Origination Manager
- Director of Portfolio Management
- Senior Counsel/Assistant General Counsel
- Rates Analyst
- Finance Manager
- Senior Cyber Security Analyst

Starting November 5

- Ethan Toth, Data Engineer
- Desiree Daugherty, Marketing Manager



Next Regular Board of Directors Meeting

November 21, 2024

