San Diego Regional Community Choice Energy Authority

Meeting of the Board of Directors
November 21, 2019, 2:00 pm
City of Chula Vista Council Chambers
276 Fourth Avenue, Building A, Chula Vista, CA 91910

AGENDA

San Diego Regional Community Choice Energy Authority (SDRCCEA) Board meetings comply with the protections and prohibitions of the Americans with Disabilities Act and are accessible to people with disabilities. 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 RegionalEnergy@sandiego.gov or (858) 492-6005. Requests for disability-related modifications or accommodations require different lead times. Please keep this in mind and provide as much advance notice as possible in order to ensure availability.

Late-Arriving Materials: Late arriving documents related to a SDRCCEA Board meeting agenda item which are distributed to the legislative body prior to and during the Council meeting are available for public review. Until SDRCCEA obtains offices, the Board has designated the City of San Diego Sustainability Department, located at 1200 Third Avenue, Suite 1400, San Diego, CA 92101, for the purpose of making those public records available for inspection. The documents will also be available on SDRCCEA’s temporary website located at: https://www.sandiego.gov/sustainability/clean-and-renewable-energy/ccea. This relates to those documents received after the agenda is publicly noticed and during the 72 hours prior to the start of the meeting. Late-arriving materials received during the meeting are available for review by making a verbal request of the Interim Clerk located in the meeting room.

If you have anything that you wish to be distributed to the Board please hand it to a SDRCCEA interim staff member at the meeting who will distribute the information to the Board members and other staff.

1. Welcome

2. Board Roll Call

3. Public Comment For Items Not on the Agenda
   This item is reserved for persons wishing to address the Board on any SDRCCEA-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Board will be limited to three minutes per speaker, but an adjustment can be made at the discretion of the Chair.

CONSENT AGENDA

4. Approval of minutes from October 31, 2019 Board Meeting
REGULAR AGENDA

5. Election of Board Chair and Vice Chair and Appointment of Interim Secretary

6. SDRCCEA Operations and Administration Report

7. Approval of Legal Service Engagement for General Counsel

8. Approval of Legal Service Engagement for Regulatory Support

9. SDRCCEA Implementation Plan – First Draft Review and Discussion

10. Adoption of New Authority Name

11. Board Member and Staff Announcements

12. Adjournment
SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY
AUTHORITY
BOARD OF DIRECTORS
La Mesa Council Chambers
8130 Allison Avenue
La Mesa, CA 91942

MINUTES
October 31, 2019

The Board minutes are prepared and ordered to correspond to the Board Agenda. Agenda
items can be taken out of order during the meeting.

The Agenda Items were considered in the order presented.

1. Welcome and Oath of Office

   City Clerk Wiegelman called the Board meeting to order at 10:02 a.m.

   City Clerk Wiegelman administered the Oath of Office to Boardmembers Baber,
   Montgomery, Mosca, Padilla, and West and alternate Boardmembers Blakespear,
   Campbell, and Humora.

2. Board Roll Call

   PRESENT: Boardmember Baber, Boardmember Montgomery, Boardmember Mosca,
   Boardmember Padilla, and Boardmember West

   Also Present: Alternate Boardmember Blakespear, Alternate Boardmember Campbell,
   Alternate Boardmember Humora, Alternate Boardmember McCann,
   Director/Chief Sustainability Officer Hooven, La Mesa City Clerk Wiegelman

3. Introduction of SDRCCEA Interim Implementation Team

   Cody Hooven, Director/Chief Sustainability Officer, introduced the staff members of the San
   Diego Regional Community Choice Energy Authority (SDRCCEA) Interim Implementation
   Team.

4. Public Comment For Items Not on the Agenda

   Matthew Vasilakis, Climate Action Campaign, congratulated the Board on its inaugural
   meeting and stated Climate Action Campaign was looking forward to working with the Board
   to develop policy that would build towards an inclusive one hundred percent clean energy
   future.

   Nate Fairman, International Brotherhood of Electrical Workers (IBEW) Local Union 465,
   spoke on San Diego Gas & Electric’s (SDG&E) relationship with IBEW members and
   expressed opposition to the municipalization and criticism of SDG&E.
Gretchen Newsom, IBEW Local Union 569, congratulated the Board on its inaugural meeting and spoke on the concerns IBEW Local Union 569 had with the Joint Powers Authority Agreement.

Carolyn Scofield, Chula Vista Partners in Courage, congratulated the Board on its inaugural meeting and thanked the Board for its efforts in bringing clean energy to the community.

Rita Clement, San Diego 350, spoke in support of a just transition to a fossil-fuel-free environment and thanked the Board for its efforts in bringing clean energy to the community.

Joyce Lane, San Diego 350, congratulated the Board on its inaugural meeting and stated San Diego 350 was looking forward to working with the Board in the development of the Community Choice Energy Program.

Josh Brock, CalPine Energy Solutions, congratulated the Board on its inaugural meeting and stated CalPine Energy Solutions was looking forward to working with the Board in the development of the Community Choice Energy Program.

Lane Sharman, San Diego Energy District, offered the assistance of San Diego Energy District in helping make the San Diego Regional Community Choice Energy Program a success and announced that webinars providing information on what it takes to run a local power company would be held on November 13, 2019 and November 20, 2019.

Eddie Price, Grid Alternatives, spoke regarding the inclusion of communities of concern in the development process of the Community Choice Energy Program.

CONSENT AGENDA

There were no consent agenda items.

REGULAR AGENDA

5. Election of Interim Chair

ACTION: Motioned by Boardmember Baber and seconded by Boardmember West to approve the appointment of Boardmember Mosca as Interim Chair of the San Diego Regional Community Choice Energy Authority Board of Directors. The motion carried by the following vote:

Vote: 5-0
Yes: Boardmember Baber, Boardmember Montgomery, Boardmember Mosca, Boardmember Padilla, and Boardmember West
No: None
Abstained: None
Absent: None
6. Approval of Interim Executive Officer

**ACTION:** Motioned by Boardmember Baber and seconded by Boardmember Padilla to approve the appointment of Cody Hooven as Interim Executive Officer of the San Diego Regional Community Choice Energy Authority. The motion carried by the following vote:

**Vote:** 5-0  
**Yes:** Boardmember Baber, Boardmember Montgomery, Boardmember Mosca, Boardmember Padilla, and Boardmember West  
**No:** None  
**Abstained:** None  
**Absent:** None

7. SDRCCEA Operations and Administration – Report and Discussion

Interim Executive Officer Hooven provided an overview of the Board’s roles and responsibilities, plans for interim staff support, SDG&E’s billing system, outstanding and upcoming vendor requests for proposals, the financing plan of the SDRCCEA, the Joint Powers Agreement amendment process, the structure and formation process of the Community Advisory Committee, the November 16th SDRCCEA Board of Directors workshop, the SDRCCEA website, and current and future opportunities for public outreach and communications.

Following Board questions and comments, no action was taken.

8. SDRCCEA Formation Timeline and Implementation Budget

Interim Executive Officer Hooven provided an overview of the SDRCCEA formation timeline for the period of October 2019 through March 2021 and the SDRCCEA implementation budget that covered the twenty-four-month start-up and enrollment period in 2020-2021.

Board questions and comments ensued.

**ACTION:** Following discussion, it was the consensus of the Board on formation of an Ad Hoc Subcommittee comprising of Boardmember Montgomery and Boardmember Padilla for the purpose of providing direction in the hiring process for the SDRCCEA’s general counsel and other legal support.

9. SDRCCEA Implementation Plan – Overview and Discussion

Interim Executive Director Hooven introduced Shawn Marshall, Executive Director, Lean Energy US, who provided information on the type of legal services the SDRCCEA would need to acquire. Shawn Marshall, Executive Director, Lean Energy US, explained the purpose of the Implementation plan and reviewed the six elements of the Implementation Plan: the energy supply mix targets (establishing a floor for renewable and greenhouse gas free content), anticipated customer phasing schedule, power service offerings, description of the rate and pricing strategy, description of the SDRCCEA organizational structure, and a projected 10-year pro forma budget. Shawn Marshall, Executive Director, Lean Energy US, requested Board input on the six elements of the Implementation Plan.

Board questions and comments ensued.
Gretchen Newsom, IBEW Local Union 569, spoke regarding the impact procurement would have on job creation.

Lane Sharman, San Diego Energy District, spoke regarding energy supply mix targets, hydro energy, and consolidating commercial rates.

Board questions and comments continued.

Mark Fulmer, Principal, MRW & Associates, stated that most, if not all, Community Choice Aggregation (CCA) programs had mirrored the tariffs of their local utility company when first getting off the ground. Mark Fulmer, Principal, MRW & Associates, explained the purpose of having the rates included in the Implementation Plan and that the Board will set the actual rates at a future meeting. Mark Fulmer, Principal, MRW & Associates, described the reasoning behind the customer phasing schedule and stated the CCA is required to provide direct comparisons of the CCA program rates to the rates of the incumbent utilities.

**ACTION:** Following discussion, it was the consensus of the Board that the customer phasing schedule was the appropriate implementation model.

Shawn Marshall, Executive Director, Lean Energy US, explained that the Board would have the ability to amend the customer phasing schedule in the future if needed.

Board questions and comments ensued.

Interim Executive Officer Hooven said the energy supply would have a renewable content and greenhouse gas free content and the recommended initial default energy supply was 50% renewable and 75% greenhouse gas free. Interim Executive Officer Hooven stated the Board had the authority to set the number of power service offerings but recommended beginning with two offerings and increasing the number of offerings in the future if feasible.

**ACTION:** Following discussion, it was the consensus of the Board to direct staff to write the Implementation Plan with broad flexibility, to begin with two power service offerings with the option to increase to three upon approval of the Board, and to have the initial default energy supply service set at 50% renewable and 75% greenhouse gas free adding a range if possible and with a second voluntary option of 100% renewable.

Carolyn Scofield, Chula Vista Partners in Courage, spoke regarding power service options for residents.

**10. Discussion of Regular Meeting Location, Time and Schedule**

Interim Executive Officer Hooven stated the regular meeting location, time and schedule would be approved at a future meeting by resolution. Interim Executive Officer Hooven requested input from the Board on for the location, time, and day for future SDRCEEA Board of Director meetings.

Board questions and comments ensued.

**ACTION:** Following discussion, it was the consensus of the Board to hold the regularly scheduled SDRCEEA Board of Directors meetings in the City of San Diego and possibly have the meetings rotate between daytime and evening.
11. Board Member and Staff Announcements

Interim Executive Officer Hooven announced that the SDRCCEA Board of Directors workshop would be held on Saturday, November 16, 2019 at 9:00 a.m. in Imperial Beach, and the next two regular meetings of the SDRCCEA Board of Directors would be held on Thursday, November 21, 2019 at 2:00 p.m. in Chula Vista and Monday, December 9, 2019 at 10:00 a.m. in Encinitas.

12. Adjournment

Interim Chair Mosca adjourned the meeting at 11:53 a.m.

Megan Wiegelman, CMC
City Clerk, City of La Mesa
Recommendations

a) Elect a Board Chair and Vice Chair who shall be seated members of the Board;

b) Appoint Megan Wiegelman, Board Clerk from the City of La Mesa, to serve as interim Board Secretary until a permanent Secretary is identified.

Discussion and Analysis

A. Chair and Vice Chair. Pursuant to Section 5.2 of the San Diego Regional Community Choice Energy Authority Joint Powers Agreement, the Board of Directors of the Authority shall elect a Chair and Vice Chair from among its Directors. The Chair shall be the presiding officer of all Board meetings, and the Vice Chair shall serve in the absence of the Chair. The term of office for the Chair and Vice Chair shall continue for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair.

B. Secretary. Section 5.3 of the JPA Agreement states that 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 the Authority. 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 the Authority, and full cost recovery for any documented hours of service provided by such employee during such Party’s normal working hours.

As noted, it is anticipated that time and expenses attributable to Ms. Wiegelman’s interim Secretary role will be tracked as a component of the Party’s (City of La Mesa) reimbursable expenses associated with the formation of SDRCEA.
SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY

Staff Report – Item 6

To:       SDRCCEA Board of Directors
From:     Cody Hooven, SDRCCEA Interim Executive Officer
          Director/Chief Sustainability Officer, City of San Diego
Subject:  SDRCCEA Operations and Administration Report – Informational Only
Date:     November 21, 2019

Recommendation
Receive update on various start up activities described in this report.

Background
Staff will provide regular updates to the Board of Directors regarding the San Diego Regional Community Choice Energy Authority (SDRCCEA or Authority) organizational development, administration and start-up activities. The following is a brief overview of this month’s discussion items, which are informational only.

Update
A) Board of Director Next Steps and Reminders
In order to provide support for the selection of SDRCCEA’s credit and banking services partner, an interim Treasurer may be recommended at an upcoming Board meeting. This will be determined by the selection of credit and banking services, and any additional City of San Diego staff support that may require that appointment. We will keep the Board informed if the need arises.

Form 700s are due November 30th (within 30 days of being sworn in to office). Please submit your form 700’s to our interim Secretary, Megan Wiegelman, by the end of this month.

B) Vendor RFPs
Several proposals for credit and banking services were received through which to secure approximately $40M in working capital to support SDRCCEA implementation and program launch, including power procurement. We are working with our financial advisory consultant, Public Financial Management (PFM), on bid review and selection. Staff anticipates seeking Board approval to move forward with a credit and banking partner at its December meeting. Staff is also working on an RFP for power and energy services which it expects to release in November. This will be followed in the new year by RFPs for data management and call center services, as well as marketing and communications services.
C) JPA Amendments and Board Policies
Staff anticipates bringing recommended changes to the JPA Agreement to the Board in the first quarter of 2020. Near-term Board actions will focus on filing an Implementation Plan and other start-up activities through the end of this year. The Board workshop on November 16, 2019 will also provide key insights and background for the Board from which to make informed amendments going forward.

Policies of the Board will need to be developed and adopted as another important activity of our new organization. These will relate to Authority operations such as personnel matters and a Code of Conduct, to fiscal policies, customer policies and procurement policies. Staff will develop and present policy recommendations to the Board beginning in the first quarter of 2020.

D) Committees
SDRCCEA standing committee formation will be addressed in the first quarter of 2020 to allow the Board to maintain focus on development of the Authority’s Implementation Plan and other organizational logistics through the remainder of 2019.

Ad hoc committees were discussed by the Board at the last meeting and two were formed. The first was to provide input on the legal support needed by SDRCCEA and included Board members Montgomery and Padilla. As this issue is addressed on the current agenda, this ad hoc committee will not need to meet further at this time.

The second ad hoc committee will focus on SDRCCEA partnership logistics with San Diego Gas & Electric (SDG&E). Board member Mosca volunteered to serve on that ad hoc committee with the possible addition of another Board member, and it is anticipated that this committee will meet several times beginning this month through 2020 to address program launch timing and other partnership logistics with the SDG&E team. The first meeting with SDG&E is expected to be on November 20, 2019 so an update can be share verbally with the Board at the November 21st Board meeting.

Ad hoc committees are informal and temporary in nature, and will sunset once the issue they were formed to address is resolved or the committee is no longer necessary.

E) Interim Staff Support
Staff continues to work on a plan for interim staff support to be provided by City of San Diego staff and/or member city staff in the roles of project management and administration, financial services/treasury, interim secretary, and potentially others until such time that permanent staff is hired in 2020. We will return to the Board with a detailed MOU/cooperative services agreement codifying the interim roles and plans for reimbursement at an upcoming Board meeting.
Interim staff will also present a recommendation for Chief Executive Officer (CEO) recruitment and hiring process in early 2020. Once hired, the CEO will assume responsibility for hiring additional Authority staff throughout the remainder of 2020 and 2021.

The Board has indicated an interest in prioritizing hiring General Counsel and energy regulatory support right away. General Counsel will provide additional support for the other start up activities as we move forward.
SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY

Staff Report – Item 7

To:   SDRCCEA Board of Directors

From: Cody Hooven, SDRCCEA Interim Executive Officer
       Director/Chief Sustainability Officer, City of San Diego

Subject: Approval of Legal Service Engagement for General Counsel

Date:   November 21, 2019

Recommendation
Approve a 13-month agreement with Best Best & Krieger (BB&K) to provide General Counsel legal services commencing December 1, 2019 through December 31, 2020.

Background
The San Diego Regional Community Choice Energy Authority (Authority) requires that the Authority’s Board of Directors appoint a General Counsel for the Authority, who shall be responsible for providing legal advice to the Board and overseeing all legal work for the Authority, pursuant to Section 5.6 of the JPA Agreement. This role is essential and timing is urgent due to the many start up functions that require legal support, ranging from Brown Act advice to contract review and development of policies and procedures for a new organization.

Discussion and Analysis
At its October 31, 2019 Board meeting, the SDRCCEA Board discussed the need to retain legal support as soon as possible. An ad hoc committee made up of Board members Padilla and Montgomery was created to support the Interim Executive Officer in this effort. In speaking with these Board members, the approach to directly solicit proposals from firms in order to execute an agreement and secure General Counsel support as soon as possible was agreed upon.

Staff requested proposals/letters of engagement from several firms with relevant experience, all but one of whom were unavailable due to capacity or potential conflicts of interest. Ultimately, Best Best & Krieger (BB&K) responded with both availability and the expertise needed to provide general counsel legal services for SDRCCEA. BB&K has extensive experience with municipal/public agency clients as well as experience with Community Choice Energy programs in California. Please see attachment A of this staff report for BB&K’s letter of engagement which includes a description of the firm’s and assigned attorney’s relevant qualifications.
Under the Legal Services Agreement, BB&K will serve as general counsel to the Authority. BB&K will not provide energy or regulatory law advice unless requested in writing by the interim Executive Officer since we anticipate those functions will or may be filled by other specialized attorneys. BB&K’s role will be to provide legal oversight in establishing the organizational structure and necessary contractual relationships to launch SDRCCEA’s CCA program. The attached Legal Services Agreement provides that BB&K shall provide, on a 13-month basis, the general legal services typically required by a joint powers authority in addition to legal services related more specifically to the operation of a community choice aggregation program. The Agreement will expire on December 31, 2020, unless terminated earlier or extended by the Board of Directors. Under the Agreement, legal services shall include the following:

Advice and preparation of documents in connection with the start up of operations for the Authority including but not limited to the following:

- Prepare any required legal filings with County or state agencies that may be required by law.
- Prepare a conflict of interest code and operating rules and regulations as desired by the Board
- Attendance at the monthly Board of Directors (“Board”) meetings and any special meetings and workshops as required by the Chief Executive Officer or Chair of the Board
- Brown Act, Conflict of Interest and Public Records Act advice and representation
- Preparation and/or review of consultant and vendor contracts
- Advice and preparation of documents related to personnel matters
- Advice to the Chief Executive Officer and designated staff on administrative and operational matters
- Research and advice on operational/pubic agency legal questions asked by the Board, Chief Executive Officer and designated staff
- Advice and assistance on other legal matters as may be assigned by the Chief Executive Officer

The firm’s billable rates are described in the attached agreement and provides that total fees shall not exceed $120,000 for the contract term without the prior approval of the Chief Executive Officer or Board of Directors. This amount is consistent with the Implementation Budget approved by the Board in October. BB&K further understands and agrees to “work at risk” for three months, deferring compensation until February 2020, at which time SDRCCEA will have its working capital in place.

**Attachment A:** BB&K Letter of Engagement
To:       SDRCCEA Board of Directors
From:    Cody Hooven, SDRCCEA Interim Executive Officer
          Director/Chief Sustainability Officer, City of San Diego
Subject: Approval of Legal Services Engagement for Regulatory Support
Date:    November 21, 2019

Recommendation
Approve a one-year agreement with Tosdal, APC to provide regulatory monitoring, engagement
and legal services commencing January 1, 2020 through December 31, 2020.

Background
A critical component to the success of any Community Choice Energy (CCE) program in
California is regulatory engagement to ensure the business model is protected and the needs of
CCE communities are represented in various proceedings and actions before the California
Public Utilities Commission and other regulatory bodies.

Discussion and Analysis
Currently, there are several proceedings underway at the California Public Utilities Commission
that could impact the operations and financial outlook of the Authority. At the October 31,
2019 Board meeting, the Board discussed the need to retain legal support as soon as possible
for both General Counsel services as well as regulatory engagement. An ad hoc committee
made up of Board members Padilla and Montgomery was created to support the Interim
Executive Officer in this effort. In speaking with these Board members, the direction to solicit a
proposal from Tosdal, APC was agreed upon. Please see Attachment A to this report for the
referenced proposal and the firm’s qualifications, which include regulatory legal services for a
number of operational CCE programs in California.

Tosdal, APC has submitted a proposal that is price competitive with other firms doing similar
regulatory work in California, has demonstrated knowledge and expertise in San Diego Gas &
Electric’s (SDG&E’s) various proceedings, rate filings, and other operations, and has previous
experience in the CCE arena, having worked with several of the operational CCE’s in the State of
California.
Under the Regulatory Legal Services Agreement, the engagement with Tosdal APC will commence on January 1, 2020 and expire on December 31, 2020, unless terminated earlier or extended by the Chief Executive Officer or Board of Directors.

The services provided under the Agreement include the following:

- **Regulatory monitoring and reporting** – ongoing services related to the development of regulations and the outcomes of regulatory proceedings at the California Public Utilities Commission and other regulatory bodies that could or will impact SDRCCEA, and which may be necessary to make informed engagement positions at the CPUC;
- **Regulatory compliance advice** - entails interpretation and analysis of certain regulations, review of best practices, and collaboration with staff and consultants to support CCE program compliance;
- **Direct advocacy** - direct advocacy in regulatory proceedings often requires document review, consultation with clients, development of strategy, and the preparation of comments and briefs. Depending on the proceeding, this task may also involve collaboration with technical experts, development and review of testimony, and questioning and defending witnesses at hearings.

The firm’s billable rates are described in the attached agreement and provides that total fees shall not exceed $200,000 in 2020 without the prior written approval of the Chief Executive Officer or Board of Directors. This amount is consistent with the Implementation Budget approved by the Board in October. Tosdal, APC further understands and agrees to “work at risk” for 6-8 weeks, deferring compensation until February 2020, at which time SDRCCEA will have its working capital in place.

**Attachment A:** Tosdal, APC Letter of Engagement
SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY

Staff Report – Item 9

To:      SDRCCEA Board of Directors
From:    Mark Fulmer, MRW & Associates
          Shawn Marshall, LEAN Energy US
Cc:      Cody Hooven, SDRCCEA Interim Executive Officer
          Director/Chief Sustainability Officer, City of San Diego
Subject: SDRCCEA Implementation Plan – First Draft Review and Discussion
Date:    November 21, 2019

Staff Recommendation
This is an information and discussion item only; however, staff encourages the Board to carefully review the first draft of SDRCCEA’s Implementation Plan and provide comment and feedback so that a final version may be adopted by the Board at its December 9th meeting.

Background
The California Public Utilities Commission (CPUC) requires all new and expanding Community Choice Aggregators (CCAs) to submit an Implementation Plan that describes the key features of their CCA program. The Implementation Plan is a statutory requirement under Public Utilities Code, Section 366.2.(c)(3). The Plan must be formally approved by the SDRCCEA Board before it goes to the CPUC, anticipated to be within several days after the December 9, 2019 Board meeting. Once submitted, the CPUC has 90 days to certify the Plan (approximately mid-March), unless Commission staff comes back with questions or requests additional information.

Discussion and Analysis
At its first Board meeting on October 31, 2019, staff and consultants provided an overview of the contents and key decisions required to draft an Implementation Plan for CPUC certification. A key consideration is that the Implementation Plan is a compliance document; the Board may adjust various aspects as they begin to make decisions about business operations, such as energy supply content. The draft included here as Attachment A is in full conformance with statutory requirements and is responsive to Board direction in the following areas:

1) Energy Supply. The DRAFT Plan states that SDRCCEA proposes to offer two power options at its program launch. The default/base product option will have a power mix that is at least 50%, and up to 60%, renewable portfolio standard (RPS) qualified renewable. The second, voluntary option will be 100% RPS qualified renewable. The
Plan also describes the process underway to retain energy service provider support and the timing for power procurement activities.

2) **Customer Phasing.** The Plan specifies that SDRCCEA will offer service to all customers on a phased-in basis, which is expected to begin in March 2021. The proposed phasing schedule is as follows:

- **Phase 1** (March 2021) All municipal accounts and potentially some large commercial accounts to ensure adequate revenues for subsequent phases.
- **Phase 2** (July 2021) Remaining commercial, industrial, agriculture, street lighting and traffic control accounts; and
- **Phase 3** (November 2021) All residential accounts and any remaining service accounts that may have been omitted during Phase 2.

3) **Rate Strategy.** The Plan indicates that SCRCCEA will match SDG&E’s tariff structure, that it will be competitive with SDG&E generation rates and that it is targeting a 2%-4% generation rate discount at the time of launch.

4) **Organizational Structure.** The Plan provides a description of SDRCCEA’s planned organizational structure, key vendor contracts that will support implementation and operations, and the interim staff support provided by the City of San Diego and other member agency staff. Staff and consultants are working on a proposed organization chart that will be added to the Plan prior to its adoption by the Board in December.

5) **Financial Information.** The Plan provides financial information including total projected start-up costs and how they will be funded. The Financing section references the City of San Diego’s initial funding, as well as the process underway to obtain a working capital line of credit of up to $40 million. Pending Board action on December 9th, the Plan will be updated to include the name of the third-party creditor and the final loan amount.

The Draft Implementation Plan’s financial and load tables are based on the pro forma analysis provided in the Request for Proposals for banking services. Before the final version, it will be updated to include the full load data for all five member parties and updated market conditions.

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1. INTRODUCTION

1.1 Statement of Intent

San Diego Regional Community Choice Energy Authority ("SDRCCEA") is a California Joint Powers Agency formed on October 1, 2019 for the purpose of providing a Community Choice Aggregation ("CCA") program through which to serve the retail electric service accounts of five SDRCCEA communities including the Cities of Chula Vista, Encinitas, Imperial Beach, La Mesa and San Diego.

This Implementation Plan and Statement of Intent ("Implementation Plan") describes SDRCCEA’s plans to implement a CCA program for electric accounts in the cities of Chula Vista, Encinitas, Imperial Beach, La Mesa and San Diego that currently take bundled electric service from San Diego Gas and Electric Company ("SDG&E"). SDRCCEA will provide electricity customers the opportunity to join together to procure electricity from competitive suppliers, with such electricity being delivered over SDG&E’s transmission and distribution systems. The planned start date for the Program is the first business day in March 2021. All current SDG&E customers within SDRCCEA’s service area will receive information describing SDRCCEA and will have multiple opportunities to choose to remain bundled customers of SDG&E, in which case they will not be enrolled. Thus, participation in SDRCCEA is completely voluntary; however, customers, as provided by law, will be automatically enrolled according to the anticipated phase-in schedule later described in Chapter 5 unless they affirmatively elect to opt-out.

Implementation of the SDRCCEA will enable member communities of the joint powers agency to take advantage of the opportunities granted by Assembly Bill 117 ("AB 117"), California’s Community Choice Aggregation authorizing statute. SDRCCEA’s primary objectives in implementing CCA are to provide cost competitive electric services; reduce electric sector greenhouse gas emissions ("GHGs"); stimulate renewable energy development; promote energy efficiency and demand reduction programs; and sustain long-term rate stability for residents and businesses in its service territory. The prospective benefits to consumers include increased renewable and other low-GHG emitting energy supplies, stable and competitive electric rates, and the opportunity for public participation in determining which supply sources and technologies are utilized to meet local electricity needs.

Based on feedback received from the SDRCCEA Board of Directors and its communities, SDRCCEA’s CCA will operate under the following guiding framework:

- **Rates:** SDRCCEA will offer rates that are competitive with SDG&E’s electric generation rates, striving for generation rates that are below that of the incumbent utility.
- **Power Mix:** SDRCCEA plans to launch with two power options, one that is a minimum 50%-60% renewable content and a second which is a voluntary, opt-up option that is 100% renewable.
● **Programs:** SDRCCEA intends to offer a variety of energy-related programs, which could include energy efficiency and demand response, net energy metering, electric vehicle incentives, advanced energy technologies, and the like.

● **Community Input:** Community input is a priority for SDRCCEA through participation in SDRCCEA Board meetings, public comment through the Agency’s website, or participation one of SDRCCEA’s Advisory Committees.

● **General Fund Impact:** SDRCCEA is formed as a CA Joint Powers Authority and does not anticipate any impact on the General Funds of its member agencies.

To ensure successful operation of its program, SDRCCEA will solicit services from energy suppliers and power marketers through a competitive process and will negotiate with one or more qualified energy service providers in early 2020. Final selection of SDRCCEA’s initial energy provider(s) will be made by SDRCCEA following administration of the solicitation process and related contract negotiations. Information regarding the anticipated solicitation process for SDRCCEA’s initial energy services provider(s) is contained in Chapter 10.

The California Public Utilities Code provides the relevant legal authority for SDRCCEA to become a Community Choice Aggregator and invests the California Public Utilities Commission (“CPUC” or “Commission”) with the responsibility for establishing the cost recovery mechanism that must be in place before communities can begin receiving electrical service through SDRCCEA. The CPUC also has responsibility for registering SDRCCEA as a Community Choice Aggregator and ensuring compliance with basic consumer protection rules. The Public Utilities Code requires that an Implementation Plan be adopted at a duly noticed public hearing and that it be filed with the Commission in order for the Commission to determine the cost recovery mechanism to be paid by customers of the CCA in order to prevent shifting of costs to bundled customers of San Diego Gas & Electric, the incumbent utility.

**On December 9, 2019,** the SDRCCEA Board of Directors, at a duly noticed public hearing, considered and adopted this Implementation Plan, by Resolution, a copy of which is included in the packet presented to the CPUC. The Commission has established the methodology that will be used to determine the cost recovery mechanism, and SDG&E has approved tariffs for imposition of the cost recovery mechanism. Following the CPUC’s certification of its receipt of this Implementation Plan and resolution of any outstanding issues, SDRCCEA will take the final steps needed to register as a CCA prior to initiating the customer notification and enrollment process.

### 1.2 Organization of the Implementation Plan

The content of this Implementation Plan complies with the statutory requirements of AB 117. As required by California Public Utilities Code Section 366.2(c)(3), this Implementation Plan details the process and consequences of aggregation and provides SDRCCEA’s statement of intent for implementing a CCA program that includes all of the following:

- Universal access;
- Reliability;
● Equitable treatment of all customer classes; and
● Any requirements established by state law or by the CPUC concerning aggregated service.

The remainder of this Implementation Plan is organized as follows:

Chapter 2: Aggregation Process
Chapter 3: Organizational Structure
Chapter 4: Startup Plan & Funding
Chapter 5: Program Phase-In
Chapter 6: Load Forecast & Resource Plan
Chapter 7: Financial Plan
Chapter 8: Rate Setting
Chapter 9: Customer Rights and Responsibilities
Chapter 10: Procurement Process
Chapter 11: Contingency Plan for Program Termination

The requirements of AB 117 are cross-referenced to individual chapters of this Implementation Plan in the following table.

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<th>IMPLEMENTATION PLAN CHAPTER</th>
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<td>Organizational structure of the program, its operations and funding</td>
<td>Chapter 3: Organizational Structure</td>
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<td>Chapter 4: Startup Plan &amp; Funding</td>
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<td>Disclosure and due process in setting rates and allocating costs among participants</td>
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<td>Rate setting and other costs to participants</td>
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<td>Participant rights and responsibilities</td>
<td>Chapter 9: Customer Rights and Responsibilities</td>
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<tr>
<td>Methods for entering and terminating agreements with other entities</td>
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<td>Description of third parties that will be supplying electricity under the program, including information about financial, technical and operational capabilities</td>
<td>Chapter 10: Procurement Process</td>
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<td>Termination of the program</td>
<td>Chapter 11: Contingency Plan for Program Termination</td>
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</table>
2. AGGREGATION PROCESS

2.1 Introduction

This chapter describes the background leading to the development of this Implementation Plan and describes the process and consequences of aggregation, consistent with the requirements of AB 117.

SDRCCEA city members began investigating formation of a CCA several years prior to adoption, pursuant to California state law, with the following objectives:

- **Rates:** Competitive rates with those offered by the incumbent utility
- **Power Mix:** A power supply mix that meets or exceeds California’s Renewable Portfolio Standard (RPS) requirements and achieves GHG reduction targets of the members
- **Programs:** A variety of locally administered energy programs to serve the communities and customers of the CCA service territory
- **Community Input:** Place a high priority on community engagement and feedback
- **General Fund Impact:** Avoid general fund impact and future general fund liabilities through the establishment of a joint powers authority to operate the CCA program.

This framework serves as the foundation of this Plan. A technical feasibility study for a CCA serving the largest member of the CCA, the City of San Diego, was completed in April 2017 and validated through a peer review study in May 2017. A business plan was completed in October 2018. Several of the other member agencies also completed feasibility studies and/or business plans.

After many years of collaborative work by representatives of SDRCCEA member jurisdictions, independent consultants, and stakeholders, SDRCCEA authorized CCA formation on October 1, 2019. SDRCCEA released a draft CCA Implementation Plan in November 2019 which described the planned organization, governance and operation of the CCA Program. Following consideration of comments related to the draft document, a final Implementation Plan was prepared and duly adopted by the SDRCCEA Board of Directors on December 9, 2019.

The CCA represents a culmination of planning efforts that are responsive to the expressed needs and priorities of participating communities and local stakeholders. SDRCCEA plans to offer choices to eligible customers through creation of innovative programs for voluntary purchases of renewable energy, net energy metering to promote customer-owned renewable generation, energy efficiency, demand responsiveness to promote reductions in peak demand, customized pricing options for large energy users, and support of local renewable energy projects.

2.2 Process of Aggregation

Before they are enrolled in SDRCCEA’s CCA, all customers within the five communities not otherwise served by Direct Access will receive two written notices in the mail, from SDRCCEA
that will provide information needed to understand program terms and conditions of service and explain how customers can opt-out of SDRCCEA service, if desired. All customers that do not elect the opt-out process specified in the customer notices will be automatically enrolled in SDRCCEA, with service to begin at their next regularly scheduled meter read date no later than thirty days following the date of automatic enrollment, subject to the service phase-in plan described in Chapter 5. The initial enrollment notices will be provided to the first phase of customers in March 2021. Initial enrollment notices will be provided to subsequent customer phases consistent with statutory requirements and based on schedule(s) determined by SDRCCEA. Two additional notices will be sent to enrolled customers within 60 days post enrollment, as per statutory requirement.

Customers enrolled in SDRCCEA will continue to have their electric meters read and billed for electric service by the distribution utility (SDG&E). The electric bill for SDRCCEA customers will show separate charges for electric generation procured by SDRCCEA as well as other charges related to electricity delivery and other utility charges assessed by SDG&E.

After service cutover, customers will have approximately 60 days (two billing cycles) to opt-out of SDRCCEA without penalty and return to SDG&E bundled service. SDRCCEA customers will be advised of these opportunities via the delivery of two additional enrollment notices provided within the first two months of service. Consistent with statutory requirements, there will be a total of four notices - in the two months prior and in the two months after SDRCCEA service commencement. Customers that opt-out between the initial cutover date and the close of the post enrollment opt-out period will be responsible for program charges for the time they were served by SDRCCEA but will not otherwise be subject to any penalty for leaving the program. Customers that have not opted-out within thirty days of the fourth enrollment notice will be deemed to have elected to remain a participant in SDRCCEA and to have agreed to SDRCCEA’s terms and conditions, including those pertaining to requests for termination of service, as further described in Chapter 8.

2.3 Consequences of Aggregation

2.3.1 Rate Impacts

SDRCCEA communities will pay the generation charges set by SDRCCEA and no longer pay the costs of SDG&E generation. Communities enrolled in SDRCCEA’s CCA will be subject to the Program’s terms and conditions, including responsibility for payment of all SDRCCEA charges as described in Chapter 9.

SDRCCEA’s rate setting policies described in Chapter 7 establish a goal of providing rates that are competitive with the projected generation rates offered by SDG&E. SDRCCEA will establish rates sufficient to recover all costs related to its operation and actual rates will be adopted by the SDRCCEA Board of Directors at a publicly noticed meeting.

Initial SDRCCEA rates will be established following approval of SDRCCEA’s inaugural program budget, reflecting final costs from the SDRCCEA CCA’s energy supplier(s). SDRCCEA’s rate policies and procedures are detailed in Chapter 7. Information regarding final
SDRCCEA rates will be disclosed along with other terms and conditions of service in the pre- and post-enrollment notices sent to potential customers.

Under existing statutory requirements, once SDRCCEA gives definitive notice to SDG&E that it will commence service, SDRCCEA customers will generally not be responsible for costs associated with SDG&E’s future electricity procurement contracts or power plant investments. Certain pre-existing generation costs and new generation costs that are deemed to provide system-wide benefits will continue to be charged by SDG&E to SDRCCEA customers through separate rate components, called the Cost Responsibility Surcharge and the New System Generation Charge. These charges are shown in SDG&E’s electric service tariffs, which can be accessed from the utility’s website, and the costs are included in charges paid by both SDG&E bundled customers as well as CCA and Direct Access customers.¹

2.4 Renewable Energy Impacts

A second impact of the SDRCCEA CCA will be an increase in the proportion of energy generated and supplied by eligible renewable and carbon-free resources. The resource plan includes procurement of renewable energy sufficient to exceed California’s prevailing renewable energy procurement mandate (“Renewable Portfolio Standards”) for all enrolled customers. SDRCCEA communities may also voluntarily participate in a 100 percent renewable supply option. To the extent that customers choose SDRCCEA’s 100 percent renewable energy option, the renewable content of SDRCCEA’s aggregate supply portfolio will further increase. Initially, requisite renewable energy supply will be sourced through one or more power purchase agreements. Over time, however, SDRCCEA may consider independent development of new renewable generation resources to serve its resource needs.

2.5 Energy Efficiency Impacts

A third impact of SDRCCEA will be an anticipated increase in local energy efficiency program investments and activities. The existing energy efficiency programs administered by SDG&E should not change as a result of SDRCCEA implementation. SDRCCEA customers will continue to pay the public benefits surcharges to SDG&E, which will continue funding energy efficiency programs for all customers, regardless of generation supplier. The energy efficiency investments ultimately planned for SDRCCEA, as described in Chapter 6, will follow SDRCCEA’s successful application for and administration of requisite program funding (from the CPUC) to independently develop and administer energy efficiency programs within its jurisdiction. Such programs will be in addition to the level of investment that would continue in the absence of SDRCCEA-administered energy efficiency programs. Thus, SDRCCEA has the potential for increased energy savings and a further reduction in GHGs due to expanded energy efficiency programs in its service territory.

¹ For SDG&E bundled service customers, the Power Charge Indifference Adjustment element of the Cost Responsibility Surcharge is contained within the tariffed Generation rate. Other elements of the Cost Responsibility Surcharge are set forth in SDG&E’s tariffs as separate rates/charges paid by all customers (with limited exceptions). The CPUC recently opened a new Rulemaking exploring potential changes to the PCIA (R.17-06-026).
3. ORGANIZATIONAL STRUCTURE

3.1 Introduction

This section provides an overview of the organizational structure of SDRCCEA and its proposed implementation. Specifically, the key agreements, governance, management, and organizational functions of SDRCCEA are outlined and discussed below.

3.2 Organizational Overview

The SDRCCEA Board of Directors is responsible for establishing SDRCCEA’s policies and objectives and overseeing SDRCCEA’s operations. The SDRCCEA has identified an interim Executive Officer and will commence the search for a permanent Chief Executive in the first quarter of 2020. A permanent CEO is expected to be appointed by the Board of Directors once this Implementation Plan is certified by the CPUC and no later than June 2020.

The Chief Executive Officer will report to the SDRCCEA Board of Directors and manage the daily operation of SDRCCEA in accordance with policies adopted by the Board. The CEO will proceed to hire staff and contractors to manage various activities associated with SDRCCEA operation. These activities include operational support services (administration, finance and information technology), marketing and public affairs (community outreach, key account management and customer advocacy), power supply acquisition (energy procurement, trading, contract negotiation and system development), energy programs, and legal and government affairs.

[TBD - Include a sample/proposed SDRCCEA organization chart]

3.3 Governance

The Program will be governed by the SDRCCEA Board of Directors which consists of one primary Board member and one alternate Board member from the governing body of each participating jurisdiction in SDRCCEA. The Board’s primary duties are to approve regulations and policies, approve rates, and provide policy direction to the Chief Executive Officer, who has responsibility for day-to-day operations, consistent with the policies established by the Board of Directors. The Board has elected a Chair and Vice Chair. In the future, the Board will establish advisory committees and sub-committees, as needed, to address issues that require greater expertise or input in particular areas. SDRCCEA will also form various standing and ad hoc committees, as appropriate, which would have responsibility for evaluating various issues that may affect SDRCCEA and its customers and would provide analytical support and advisory recommendations to the Board of Directors in these regards.
3.4 Management

The SDRCCEA Board of Directors will hire a qualified chief executive officer (“CEO”), who will have management responsibilities over the functional areas of Administration & Finance, Marketing & Public Affairs, Power Resources & Energy Programs, and Government Affairs as well as SDRCCEA’s General Counsel function. In performing his or her obligations to SDRCCEA, the CEO may utilize a combination of internal staff and/or contractors with expertise in specific areas. Certain specialized functions needed for program operations, namely the electric supply and customer account management functions described below, may be performed initially and over the longer-term by third-party contractors. Most SDRCCEA that will be managed by the CEO are summarized below.

3.5 Administration

SDRCCEA’s CEO and/or chief operating officer and its administrative team will be responsible for managing the organization’s operational, human resource, IT, and administrative functions and will coordinate with the Board of Directors or its Executive Committee as necessary. This functional area of administration will include oversight of employee hiring and termination, information technology systems, Board of Director support and meeting preparation, identification and procurement of requisite office space, office management functions, and various other activities.

3.6 Finance

The SDRCCEA CEO, in coordination with the Chief Financial Officer or Finance Director is responsible for managing the accounting function and financial affairs of SDRCCEA, including the development of an annual budget, revenue requirements and rate setting support; managing and maintaining cash flow requirements; arranging working capital loans as necessary; arranging for an Agency credit rating, and other financial tools.

Revenues via rates and other funding sources (such as state grants and reserves) must, at a minimum, meet the annual budgetary revenue requirement, including recovery of all expenses and any reserves or coverage requirements that may be set forth in various agreements or bond covenants. The Board of Directors, in consultation with the CEO, will have the responsibility for setting the rates for SDRCCEA customers. SDRCCEA will administer a standardized set of electric rates and may offer optional rates to encourage policy goals such as economic development or low-income subsidy programs, provided that the overall revenue requirements are achieved.

SDRCCEA may also offer customized pricing options such as dynamic pricing or contract-based pricing for energy intensive customers to help these customers gain greater control over their energy costs. This would provide such customers – mostly larger energy users within the commercial sector – with greater rate-related flexibility than is currently available.
SDRCCEA’s finance function will work with the CEO or other executive-level management to arrange financing necessary for any capital projects, prepare financial reports, and ensure sufficient cash flow for successful operation of SDRCCEA. The finance function will play an important role in risk management by monitoring the credit of energy suppliers and anticipated trends in power supply costs so that credit risk is properly understood and mitigated. In the event that changes in a supplier’s financial condition or credit rating are identified, SDRCCEA will be able to take appropriate action, as would be provided for in the electric supply agreement(s).

3.7 Marketing and Public Affairs

The marketing and public affairs functions include general program marketing and communications as well as direct customer interface ranging from management of key account relationships to call center and billing operations. SDRCCEA will conduct program marketing to raise consumer awareness of SDRCCEA and to establish the SDRCCEA “brand” in the minds of the public, with the goal of retaining and attracting as many customers as possible into SDRCCEA’s programs and services. Communications will also be directed at key policy makers at the state and local level, community business and opinion leaders, and the media.

In addition to general program communications and marketing, a significant focus on customer service, particularly representation for key accounts, will enhance SDRCCEA’s ability to differentiate itself as a highly customer-focused organization that is responsive to the needs of the community. SDRCCEA will also establish a customer call center designed to field customer inquiries and routine interaction with customer account holders.

The customer service function also encompasses management of customer data. Customer data management services include retail settlements, billing-related activities and management of a customer relationship management (CRM) database. This function processes customer service requests and administers customer enrollments and departures from SDRCCEA, maintaining a current database of enrolled customers. This function coordinates the issuance of monthly bills through SDG&E’s billing process and tracks customer payments. Activities include the electronic exchange of usage, billing, and payments data between SDG&E and SDRCCEA, tracking of customer payments and accounts receivable, issuance of late payment and service termination notices (which would return affected customers to SDG&E’s bundled service), and administration of any required customer deposits in accordance with credit policies of SDRCCEA.

The customer data management services function also manages billing-related communications with customers, customer call centers, and routine customer notices. SDRCCEA will contract with a third-party vendor that has demonstrated the necessary expertise to administer an appropriate customer information system to perform the customer account and billing services functions.
3.8 Power Resources and Energy Programs

SDRCCEA must plan for meeting the electricity needs of its customers utilizing resources consistent with its policy goals and objectives as well as applicable legislative and regulatory mandates. SDRCCEA’s long-term resource plans (addressing the 10 to 20 year planning horizon) will comply with California law and other pertinent requirements of California regulatory bodies. SDRCCEA may develop and administer complementary energy programs that may be offered to SDRCCEA customers, including energy efficiency, net energy metering, and various other programs that may be identified to support the overarching goals and objectives of SDRCCEA.

In accordance with California law and public utility code requirements, SDRCCEA will develop integrated resource plans that meet supply objectives and balance cost, risk, SDRCCEA Board policy, and environmental considerations. The integrated resource plans will conform to applicable requirements imposed by the State of California. Integrated resource planning efforts of SDRCCEA will make maximum use of demand side energy efficiency, distributed generation and demand response programs as well as traditional supply options, which rely on structured wholesale transactions to meet customer energy requirements. Integrated resource plans will be updated and adopted by SDRCCEA on an annual basis and coordinated with regulatory compliance obligations.

3.9 Electric Supply Operations

Electric supply operations encompass the activities necessary for wholesale procurement of electricity to serve end use customers. These highly specialized activities include the following:

- **Electricity Procurement** – assemble a portfolio of electricity resources to supply the electric needs of SDRCCEA customers.
- **Risk Management** – application of standard industry techniques to reduce exposure to the volatility of energy and credit markets and insulate customer rates from sudden changes in wholesale market prices.
- **Load Forecasting** – develop load forecasts, both long-term for resource planning and short-term for the electricity purchases and sales needed to maintain a balance between hourly resources and loads.
- **Scheduling Coordination** – scheduling and settling electric supply transactions with the California Independent System Operator (“CAISO”).

SDRCCEA will initially contract with one or more experienced and financially sound third-party energy service providers to perform all of the electric supply operations for SDRCCEA. These requirements include the procurement of energy, capacity and ancillary services, scheduling coordinator services, short-term load forecasting, and day-ahead and real-time electricity trading, and support for associated regulatory submissions.
3.10 Local Energy Programs

A key focus of SDRCCEA will be the development and implementation of local energy programs, including energy efficiency programs, distributed generation programs and other energy programs responsive to community interests. These programs are likely to be phased in during the first several years of operations. The implementation of these programs will follow only after the identification of requisite funding sources.

SDRCCEA will eventually administer energy efficiency, demand response and distributed generation programs that can be used as cost-effective alternatives to procurement of supply resources. SDRCCEA will attempt to consolidate existing demand side programs into this organization and leverage the structure to expand energy efficiency offerings to customers throughout its service territory, including the CPUC application process for third-party administration of energy efficiency programs and use of funds collected through the existing public benefits surcharges paid by SDRCCEA customers.

3.11 Government Affairs and Legal Services

SDRCCEA will require ongoing regulatory and legislative representation to manage various regulatory compliance filings related to resource plans, resource adequacy, compliance with California’s RPS, and overall representation on issues that will impact SDRCCEA and its customers. SDRCCEA will maintain an active role at the CPUC, the California Energy Commission, the CAISO, the California legislature and, as necessary, the Federal Energy Regulatory Commission (FERC).

The SDRCCEA may elect to retain outside legal services, as necessary, to administer SDRCCEA, review contracts, and provide overall legal support related to activities of SDRCCEA, this work would be done under the direction of the Chief Executive and Board of Directors.
4. START-UP PLAN AND FUNDING

4.1 Introduction

This Chapter presents SDRCCEA’s plans for its pre-launch, start-up period, anticipated to be January 2020 through March 2021, including necessary expenses and capital outlays. As described in the previous Chapter, SDRCCEA will utilize a mix of staff and contractors for its implementation.

4.2 Start-Up Activities

Initial SDRCCEA start-up activities fall into six functional categories. These include:

1. Operations and Organizational Development
2. Technical and Energy Services
3. Banking and Finance
4. Data Management/Call Center
5. Communications and Marketing
6. Regulatory/Legislative Affairs

The following flow chart provides a summary overview of the key actions within each implementation category which are augmented by hundreds of other supporting tasks that will occur throughout 2020 and 2021.
## Community Choice Implementation Plan

### DRAFT San Diego Regional Energy Authority Implementation Timeline (updated October 18, 2019)

#### Workplan Timeline by Task Area

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<th>Q4 2019</th>
<th>Q1 2020</th>
<th>Q2 2020</th>
<th>Q3 2020</th>
<th>Q4 2020</th>
<th>Q1 2021</th>
<th>Q2 2021</th>
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<td>Pre-PAA Go-To-Market (weeks/month)</td>
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<td>Secure contract for Banking/Account of Credit</td>
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<td>Secure Contract for Energy Service Provider</td>
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<td>Secure contract for Marketing/Outreach</td>
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<td>Secure contract for additional regulatory support services</td>
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<td>Prepare and adopt Implementation workshop/timeline and budget; prepare draft of draft</td>
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<td>Determine City staff support needs; prepare cooperative services agreement</td>
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<td>Continue weekly or biweekly planning sessions (include program versions &amp; needed</td>
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<td>Determine scope/sequestration process for Board and Advisory Committees</td>
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<td>CEO Recruitment/Hire</td>
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<td>Approve staffing plan/initial staff hires and employment policies</td>
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<td>Draft and adopt Agency policies</td>
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<td>Secure office space, insurance, and other operational needs</td>
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<td>Problem-solving, problem-solving &amp; Member Agency City Council</td>
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<td>Manage PAA Board and committee meetings, vessel oversight and all aspects of Agency formation/operations</td>
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<td>Develop list of potential bank partners and determine financing approach</td>
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<td>Finalize pro forma financials and determine initial credit needs (working capital and credit for power contracts)</td>
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<td>Secure necessary credit guarantees and establish access to credit line</td>
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<td>Develop and execute PP 20.01.01 O3 Budget</td>
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<td>Coordinate with SDG&amp;E and state regulators; maintain contact for draft of draft</td>
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<td>Determine plan for internal accounting and annual audited financials</td>
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<td>Secure database technical and energy services training</td>
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<td>Drive 2105 customer load data verification/develop projections and perform estimates</td>
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<td>Prepare secure encryption and procedures plan</td>
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<td>Based on targeted data, determine system availability and set parameters for data collection</td>
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<td>Determine customer billing strategy based on projections and credit capacity</td>
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<td>Support development of PT 20.01 operating budget</td>
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<td>Develop and issue power supply RFP</td>
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<td>Negotiate and finalize terms of initial power contracts</td>
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<td>Rate design &amp; rate setting (final PCRA, NALP, and utility cost comparison)</td>
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<td>Prepare Utility Services Agreement, Deed of and Bonding</td>
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<td>Develop and related energy programs including RT, NEM, BE, Direct &amp;</td>
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<td>Complete all regulatory applications for program compliance (CPUC, CASO, WGES, etc)</td>
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<td>Coordinate with program staff and all other vendors as needed</td>
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<td>Secure contract with regulatory attorney/drafting firm</td>
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<td>Continue tracking CCEA-related regulatory activity and participating in statewide efforts</td>
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<td>RA Proceeding—Central Procurement Entity</td>
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<td>PCA Proceeding—Working Groups 1, 2, and 3</td>
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<td>DA Proceeding—Depot</td>
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<td>Integrated Resource Planning (Repeat)</td>
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<td>Register with the CPUC and obtain party status for priority regulatory proceedings</td>
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<td>Work with technical services team to ensure full regulatory program compliance and reporting</td>
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<td><strong>Team Management/Out Center</strong></td>
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<td>Secure Data Migration and Call Center Contract</td>
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<td>Infrastructure and Application configuration</td>
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<td>E911 certification (wireless and fiber)</td>
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<td>Call Center training (3x)</td>
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<td>List of Phase 2 customers</td>
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<td>1st cut-off period (10 days out)</td>
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<td>Program rates and records</td>
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<td>Utility account setup (data periodic)</td>
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<td>Account Switch/Harvest/Customer enrollments</td>
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<td>Last Full Billing Cycle</td>
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<td>3rd cut-off period</td>
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<td>4th cut-off period</td>
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<td><strong>Outreach and Communications</strong></td>
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<td>Update FAQs, website and basic program collateral</td>
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<td>Secure marketing firm to develop public outreach and market plan (including multilingual, multiculturally)</td>
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<td>Messaging, branding, design, and updated video (TEER)</td>
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<td>Develop website 2.0 (with translation and opt-out features)</td>
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<td>Community education — presentations to community groups, public workshops, sitting, stakeholder meetings, etc.</td>
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<td>Press outreach/learned media (press, feature stories, local radio and TV)</td>
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<td>Develop and launch advertising campaign (paid media, social media, print, etc)</td>
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<td>Develop and launch consumer enrollment (email list, social media, etc)</td>
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<td>Prepare design and launch marketing campaign (in Facebook, social media, etc)</td>
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<td>Prepare design and launch marketing campaign (in Facebook, social media, etc)</td>
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<td>Manage Ph 3 customer enrollment printing and mailing</td>
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<td>Manage paid advertising and lead to ongoing community presence</td>
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<td>Develop post-launch communications plan</td>
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**SDRCCEA**
4.3 Staff and Contract Services

Personnel in the form of SDRCCEA staff and contractors will be added incrementally to match workloads involved in forming the CCA, managing contracts, and interfacing with SDRCCEA communities and customers during the pre-operations period. During the early startup period, minimal personnel requirements will include an interim Director/CEO and other personnel needed to support regulatory, legal, procurement, finance, and communications activities.

In addition, staff from the City of San Diego and other member agencies have agreed to provide interim staff support in the areas of interim CEO, project management, legal and Board clerk support, financing, and vendor contract support. Following the initial start-up period and once the Implementation Plan is certified, additional staff and contractors will be retained to support full program roll-out and implementation of additional value-added services (e.g., efficiency projects) and programs.

4.4 Capital Requirements

To begin operations, SDRCCEA will require capital for three major functions: (1) staffing and contractor costs; (2) deposits and reserves; and (3) working capital to support power procurement. Based on SDRCCEA’s anticipated start-up activities and phase-in schedule, approximately $40 million will be required to support these functions. The finance plan in Chapter 6 provides some additional detail regarding SDRCCEA’s expected capital requirements and general Program finances.

Related to SDRCCEA’s initial capital requirement, this amount is expected to cover staffing and contractor costs during startup and pre-startup activities, including direct costs related to organizational development and administration, technical support, legal support and customer outreach and communications. Requisite deposits and operating reserves are also reflected in the initial capital requirement, including the following items: 1) operating reserves to address anticipated cash flow variations (as well as operating reserve deposits that will likely be required by SDRCCEA’s power supplier(s)); and 2) requisite deposit with the CAISO prior to commencing market operations.

Operating revenues from sales of electricity will be remitted to SDRCCEA beginning approximately sixty days after the initial customer enrollments. This lag is due to the standard meter reading cycle of 30 days and a 30-day payment/collections cycle. SDRCCEA will need working capital to support electricity procurement and costs related to Agency administration and management, which is included in SDRCCEA’s initial $40 million capital requirements.

4.5 Financing Plan

SDRCCEA’s initial capital requirement will be funded via conventional financing methods (e.g., bank loans or lines of credit). Subsumed in the initial capital requirement is SDRCCEA’s non-power start-up funding ($5 million), plus capitalized interest and fees on start-up funding, which will be provided by [bank name] through [line of credit, term loan, etc.] and will be repaid by SDRCCEA from energy revenue and/or proceeds from the working capital financing. For the
working capital financing, SDRCCEA will make repayments (including any interest, as applicable) over an assumed term or up to 5 years, anticipated to commence within the first year of SDRCCEA operations. SDRCCEA will recover the principal and interest costs associated with the initial funding via retail generation rates charged by SDRCCEA to its customers within the first several years of operations.
5. PROGRAM PHASE-IN

SDRCCEA will offer service to all customers on a phased basis, which is expected to be completed in 2021. SDRCCEA will roll out its service offerings over the course of three phases commencing in March 2021. The proposed phasing schedule is as follows:

**Phase 1** (March 2021) All municipal accounts and potentially some large commercial accounts to ensure adequate revenues for subsequent phases.

**Phase 2** (July 2021) Remaining commercial, industrial, agriculture, street lighting and traffic control accounts; and

**Phase 3** (November 2021) All residential accounts and any remaining service accounts that may have been omitted during Phase 2.

This approach provides SDRCCEA the ability to initiate its CCA Program with sufficient economic scale and integration of SDG&E’s new billing system before building to full operations for an expected customer base of approximately 730,000 accounts, post customer opt-out, which is estimated at 5% across all customer classes, other than municipal accounts which are assumed at a 0% opt-out rate.

Phase 1 of the Program is targeted to begin on or about March 1, 2021, subject to a decision to proceed by SDRCCEA’s Board of Directors. During Phase 1, SDRCCEA anticipates serving approximately 7,500 accounts, comprised of all municipal accounts and potentially some large commercial accounts, estimated at ~ 340 GWh of annual energy sales. SDRCCEA will refine the potential composition of Phase 1 accounts in consideration of cost of service and customer load characteristics as well as other operational considerations. Specific accounts to be included in Phase 1 are expected to approximate 5% percent of SDRCCEA’s total customer load and will be specifically defined after further analysis and consideration.

Phase 2 of the Program will commence following successful operation of SDRCCEA’s Phase 1 launch over an approximate 4-month term, which corresponds with an expected Phase 2 service commencement occurring on or about July 1, 2021. It is anticipated that approximately 82,500 additional customers, comprised of remaining commercial, industrial, agriculture, street lighting and traffic control accounts will be included in Phase 2, with annual energy consumption approximating 4,200 GWh annually, or 58 percent of SDRCCEA’s total prospective customer load.

Phase 3 of the Program will commence following successful implementation of Phase 2 enrollments over an approximate 4-month term, which corresponds with an expected Phase 3 service commencement occurring on or about November 1, 2021. It is anticipated that approximately 680,000 additional customers, comprised of residential accounts and any remaining service accounts that may have been omitted during Phase 2 will be included in Phase 3, with annual energy consumption approximating 2,700 GWh, or 37 percent of SDRCCEA’s total prospective customer load.
To the extent that additional customers require enrollment after the completion of Phase 3, SDRCCEA will evaluate a subsequent phase of CCA enrollment. SDRCCEA may also evaluate other phase-in options based on then-current market conditions, statutory requirements and regulatory considerations as well as other factors potentially affecting the integration of additional customer accounts.
6. LOAD FORECAST AND RESOURCE PLAN

6.1 Introduction

This Chapter describes the planned mix of electric resources to meet the energy demands of SDRCEA communities using a diversified portfolio of electricity supplies. Several overarching policies govern the resource plan and the ensuing resource procurement activities that will be conducted in accordance with the plan. These key policies are as follows:

- SDRCEA will increase the use of renewable energy and carbon-free resources and reduce reliance on fossil-fueled electric generation for purposes of reducing electric sector GHG emissions.
- SDRCEA will manage a diverse resource portfolio to increase control over energy costs and maintain competitive and stable electric rates.
- SDRCEA will help customers reduce energy costs through administration of enhanced customer energy efficiency, distributed generation, and other demand-reducing programs.
- SDRCEA will procure storage resources subject to availability, cost, and regulatory requirements.

SDRCCEA’s initial resource mix will include a proportion of compliance-required qualified renewables as well as voluntary renewable energy supplies. As SDRCEA moves forward, incremental renewable supply additions will be made based on resource availability as well as economic and rate goals of the SDRCCEA Program to achieve increased renewable energy content over time. SDRCCEA’s commitment to renewable generation resources may involve both direct investment in new renewable generating resources, partnerships with experienced public power developers/operators and purchases of renewable energy from third party suppliers and independent power producers.

The plan described in this section will accomplish the following:

- Energy procurement through short and long-term contracts with experienced, financially stable energy suppliers.
- Continue increasing renewable and carbon-free energy supplies over time, subject to resource availability, economic viability and applicable regulatory compliance mandates.

SDRCCEA will comply with all regulatory obligations applicable to California load serving entities. SDRCEA will arrange for the scheduling of sufficient electric supplies to meet the demands of its customers. SDRCEA will adhere to resource adequacy requirements established by the CPUC and the CAISO designed to address local, system and flexible capacity requirements for SDRCEA’s load share. These rules also ensure that physical generation capacity is in place to serve SDRCEA’s customers plus a reasonable reserve margin. In addition, SDRCEA will be responsible for ensuring that its resource mix contains sufficient
production from renewable energy resources needed to comply with the statewide Renewable Portfolio Standard (37 percent renewable energy in 2021, increasing to 60 percent by 2030). SDRCCEA’s resource plan will meet or exceed all of the applicable regulatory requirements related to resource adequacy and the RPS.

### 6.2 Resource Plan Overview

To meet the objectives and satisfy the applicable regulatory requirements pertaining to SDRCCEA’s status as a California load serving entity, SDRCCEA’s resource plan includes a diverse mix of power purchases, renewable energy, efficiency programs, and distributed generation. A diversified resource plan minimizes risk and volatility that can occur from over-reliance on a single resource type or fuel source, and thus increases the likelihood of rate stability. The ultimate goal of SDRCCEA’s resource plan is to reduce electric sector GHG emissions while offering competitive generation rates to participating customers. The planned power supply is initially comprised of power purchases from third party electric suppliers. Within the first 1-3 years, SDRCCEA intends to begin entering into power purchase contracts with specific renewable energy facilities.

Once the SDRCCEA demonstrates it can operate successfully, it may begin evaluating opportunities for investment in renewable generating assets, subject to then-current market conditions, statutory requirements and regulatory considerations. Any renewable generation owned by SDRCCEA or controlled under long-term power purchase agreements with a proven public power developer, could provide a portion of SDRCCEA’s electricity requirements on a cost-of-service basis. Depending upon market conditions and, importantly, the applicability of tax incentives for renewable energy development, electricity purchased under a cost-of-service arrangement can be more cost-effective than purchasing renewable energy from third party developers, which will allow SDRCCEA to pass on cost savings to its customers through competitive generation rates. Any investment decisions will be made following thorough environmental reviews and in consultation with qualified financial and legal advisors.

As an alternative to direct investment, SDRCCEA may consider partnering with another CCA and/or an experienced public power developer and could enter into a long-term (20- to 30 year) power purchase agreement that would support the development of new renewable generating capacity in California and/or the San Diego region. Such an arrangement could be structured to reduce SDRCCEA’s operational risk associated with capacity ownership while providing its customers with renewable energy generated by the facility under contract. This option may be preferable to SDRCCEA as it works to achieve increasing levels of local renewable energy supply to its customers.

SDRCCEA’s indicative resource plan for the years 2021 to 2030 is summarized in the following table. Note that SDRCCEA’s projections reflect a portfolio mix based on the minimum renewable portfolio of 50% which increases the renewable energy in the power mix to exceed the baseline power mix offered by SDG&E by approximately 5 percent (SDG&E + 5% Renewable). The SDRCCEA Board of Directors has established a 50% renewable portfolio as a
minimum for its initial procurement, but that percentage may increase to up to 60% subject to market pricing and availability.

While not explicitly shown in Table 2, SDRCCEA will consider offering cost-effective incremental energy efficiency programs (i.e., above that included in programs implemented by SDG&E and other providers) and distributed energy generation. SDRCCEA believes that including specific assumptions on these potential programs here to be premature.

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SDRCCEA Demand</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail Demand</td>
<td>3,164</td>
<td>7,302</td>
<td>7,306</td>
<td>7,311</td>
<td>7,303</td>
<td>7,273</td>
<td>7,231</td>
<td>7,187</td>
<td>7,139</td>
<td>7,087</td>
</tr>
<tr>
<td>Losses and UFE</td>
<td>6%</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Demand</td>
<td>3,354</td>
<td>7,741</td>
<td>7,745</td>
<td>7,750</td>
<td>7,742</td>
<td>7,710</td>
<td>7,665</td>
<td>7,619</td>
<td>7,567</td>
<td>7,513</td>
</tr>
<tr>
<td><strong>SDRCCEA Supply</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renewable Resources</td>
<td>1,646</td>
<td>4,245</td>
<td>4,448</td>
<td>4,662</td>
<td>4,877</td>
<td>5,087</td>
<td>5,296</td>
<td>5,513</td>
<td>5,735</td>
<td>5,963</td>
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<td>GHG-Free (non-RPS)</td>
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<td>1,748</td>
<td>1,648</td>
<td>1,544</td>
<td>1,432</td>
<td>1,312</td>
<td>1,184</td>
<td>1,053</td>
<td>916</td>
<td>775</td>
</tr>
<tr>
<td>Conventional Resources*</td>
<td>748</td>
<td>1,748</td>
<td>1,648</td>
<td>1,544</td>
<td>1,432</td>
<td>1,312</td>
<td>1,184</td>
<td>1,053</td>
<td>916</td>
<td>775</td>
</tr>
<tr>
<td>Total Supply</td>
<td>3,354</td>
<td>7,741</td>
<td>7,745</td>
<td>7,750</td>
<td>7,742</td>
<td>7,710</td>
<td>7,665</td>
<td>7,619</td>
<td>7,567</td>
<td>7,513</td>
</tr>
</tbody>
</table>

*includes open position

### 6.3 Supply Requirements

The starting point for SDRCCEA’s resource plan is a projection of customers and associated electric consumption. Projected electric consumption is evaluated on an hourly basis and matched with resources best suited to serving the aggregate of hourly demands or the program’s “load profile.” The electric sales forecast and load profile could be affected by SDRCCEA’s plan to introduce the program to customers in phases. SDRCCEA’s phased roll-out plan and assumptions regarding customer participation rates are discussed below.

### 6.4 Customer Forecasts

Once customers enroll in each of three phases, they will be switched over to service by SDRCCEA on their regularly scheduled meter read date over an approximately thirty-day period. The number of accounts served by SDRCCEA at the end of each phase is shown in the table below. The tables assumes that no municipal accounts (Phase 1) opt out and that 5% of Phases 2 and Phase 3 opt out. This opt-out assumption is based on opt-out rates of other recently formed CCA programs in the State of California.
Table 3: SDRCCEA Enrolled Retail Service Accounts By Phase-In Period (End of Month)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>0</td>
<td>0</td>
<td>653,241</td>
</tr>
<tr>
<td>Small Commercial</td>
<td>5,124</td>
<td>61,047</td>
<td>61,047</td>
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<tr>
<td>Large Commercial</td>
<td>544</td>
<td>8,542</td>
<td>8,542</td>
</tr>
<tr>
<td>Industrial</td>
<td>0</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Street Lighting &amp; Traffic</td>
<td>234</td>
<td>234</td>
<td>234</td>
</tr>
<tr>
<td>Agricultural &amp; Pumping</td>
<td>1,952</td>
<td>1,952</td>
<td>1,952</td>
</tr>
</tbody>
</table>

Table 4: SDRCCEA Retail Service Accounts (End of Year), 2020-2029

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Commercial</td>
<td>61,047</td>
<td>61,657</td>
<td>62,274</td>
<td>62,897</td>
<td>63,526</td>
<td>64,161</td>
<td>64,803</td>
<td>65,451</td>
<td>66,105</td>
<td>66,766</td>
</tr>
<tr>
<td>Large Commercial</td>
<td>8,542</td>
<td>8,585</td>
<td>8,628</td>
<td>8,671</td>
<td>8,714</td>
<td>8,758</td>
<td>8,801</td>
<td>8,845</td>
<td>8,890</td>
<td>8,934</td>
</tr>
<tr>
<td>Street Lighting &amp; Traffic</td>
<td>234</td>
<td>236</td>
<td>239</td>
<td>241</td>
<td>244</td>
<td>246</td>
<td>248</td>
<td>251</td>
<td>253</td>
<td>256</td>
</tr>
<tr>
<td>Agricultural &amp; Pumping</td>
<td>1,952</td>
<td>1,962</td>
<td>1,972</td>
<td>1,981</td>
<td>1,991</td>
<td>2,001</td>
<td>2,011</td>
<td>2,021</td>
<td>2,031</td>
<td>2,042</td>
</tr>
<tr>
<td>Total</td>
<td>725,027</td>
<td>732,225</td>
<td>739,494</td>
<td>746,836</td>
<td>754,251</td>
<td>761,740</td>
<td>769,303</td>
<td>776,942</td>
<td>784,657</td>
<td>792,449</td>
</tr>
</tbody>
</table>

SDRCCEA’s forecast of kWh sales reflects the roll-out and customer enrollment schedule shown above. Annual energy requirements are shown below.

6.5 Sales Forecast

Table 5: SDRCCEA Annual Energy Requirements (GWh), 2020-2029

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Demand</td>
<td>3,164</td>
<td>7,302</td>
<td>7,306</td>
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<td>7,303</td>
<td>7,273</td>
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<td>7,139</td>
<td>7,087</td>
</tr>
<tr>
<td>Losses and UFE</td>
<td>6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Demand</td>
<td>3,354</td>
<td>7,741</td>
<td>7,745</td>
<td>7,750</td>
<td>7,742</td>
<td>7,710</td>
<td>7,665</td>
<td>7,619</td>
<td>7,567</td>
<td>7,513</td>
</tr>
</tbody>
</table>

6.6 Proposed Resources

On XX date, SDRCCEA issued a request for proposals for: (a) procurement-related project administration and planning; (b) power portfolio management and energy advisory services; California Independent System Operator (CAISO) Scheduling Coordinator and Settlement
Services; (d) Integrated Resource Planning (IRP) and IRP Development; (e) Renewables and Long-Term Planning and Procurement; and (d) Distributed Energy Resource (DER) Assessment and Procurement. Responses to the RFP are due on **XX date** and provider(s) will be selected by January 2020. SDRCCEA staff and board will meet with the selected provider(s) to refine the draft procurement plan presented here and in Chapter 10.

### 6.6.1 Purchased Power

Power purchased from power marketers, public agencies, generators, CCAs, or utilities will be a significant source of supply during the first several years of SDRCCEA’s operation. Subject to the responses to the above-referenced energy services RFP, SDRCCEA will initially contract to obtain all of its electricity from one or more third party electric providers under one or more power supply agreements, and the supplier(s) will be responsible for procuring the specified resource mix, including SDRCCEA’s desired quantities of renewable and carbon-free energy, to provide a stable and cost-effective resource portfolio for the Program.

### 6.6.2 Renewable Resources

Subject to the responses to the above-referenced RFP, SDRCCEA will initially secure renewable power through its contracted energy supplier. When feasible, SDRCCEA will enter into power supply contract(s) with direct, long-term purchases of renewable energy from renewable energy facilities or from renewable generation developed and owned or controlled by SDRCCEA. At this point in time, it is not possible to predict what projects might be proposed in response to future renewable energy solicitations administered by SDRCCEA, unsolicited proposals or discussions with other agencies. Renewable projects that are located anywhere in the Western Interconnection can be considered as long as the electricity is deliverable to the CAISO control area. The costs of transmission access and the risk of transmission congestion costs will be considered in the bid evaluation process if the delivery point is outside of SDRCCEA’s load zone(s), as defined by the CAISO.

### 6.6.3 Resource Adequacy

The CPUC requires all retail power providers, including CCAs, to demonstrate that the hold or have contracted with sufficient resources to ensure that the CAISO grid remains reliable. These “resource adequacy” (RA) standards require a demonstration one year in advance that SDRCCEA has secured physical capacity for 90 percent of its assigned load share for each of the five months May through September, plus a minimum 15 percent reserve margin, plus 100 percent of its annual local resource adequacy procurement obligation. On a month-ahead basis, SDRCCEA must demonstrate 100 percent of the peak load share plus a minimum 15 percent reserve margin.

A portion of SDRCCEA’s capacity requirements must be procured from power generators in the San Diego Area (as defined by the CAISO). SDRCCEA will be required to demonstrate its local capacity requirement for each month for the following two calendar years plus 50% of the requirement for the third calendar year. The local resource adequacy procurement obligation is
based on its share of the coincident monthly peak demand as determined by the CEC based upon SDRCCEA’s historical and forecasted peak load.

SDRCCEA is also required to demonstrate that a specified portion of its resource adequacy capacity meets certain operational flexibility requirements under the CPUC and CAISO’s capacity requirement to support load variability during the off-peak months.

The estimated forward resource adequacy requirements for 2021 through 2023 are shown in the following tables:

**Table 6: SDRCCEA Forward Capacity and Reserve Requirements (MW), 2020-2022**

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
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<tr>
<td>February</td>
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<tr>
<td>March</td>
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<td></td>
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<tr>
<td>April</td>
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<td></td>
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<tr>
<td>May</td>
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<tr>
<td>June</td>
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<tr>
<td>July</td>
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<tr>
<td>August</td>
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<td></td>
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<tr>
<td>September</td>
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<td>October</td>
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<td></td>
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<tr>
<td>November</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>December</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SDRCCEA’s plan ensures that sufficient reserves will be procured to meet its peak load at all times. SDRCCEA’s projected annual capacity requirements are shown in the following table:

**Table 7: SDRCCEA Capacity Requirements (MW), 2020-2029**

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Net Peak Demand</td>
<td>1,666</td>
<td>1,683</td>
<td>1,684</td>
<td>1,685</td>
<td>1,683</td>
<td>1,676</td>
<td>1,666</td>
<td>1,657</td>
<td>1,645</td>
<td>1,633</td>
</tr>
<tr>
<td>Reserve Requirement (%)</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Capacity Reserve Requirement</td>
<td>253</td>
<td>252</td>
<td>251</td>
<td>250</td>
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<td>247</td>
<td>245</td>
<td>244</td>
<td>242</td>
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<tr>
<td>Capacity Requirement Including Reserve</td>
<td>1,938</td>
<td>1,936</td>
<td>1,928</td>
<td>1,916</td>
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<td>2021</td>
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<td>2026</td>
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<td>-------</td>
</tr>
<tr>
<td>Peak Demand</td>
<td>1,666</td>
<td>1,683</td>
<td>1,684</td>
<td>1,685</td>
<td>1,683</td>
<td>1,676</td>
<td>1,666</td>
<td>1,657</td>
<td>1,645</td>
<td>1,633</td>
</tr>
<tr>
<td>Local Capacity Req. (% of Peak)</td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Share of Local Capacity</td>
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</tr>
<tr>
<td>SDRCCEA Local Capacity Req., San Diego Region</td>
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<td></td>
<td></td>
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</tr>
</tbody>
</table>
7. FINANCIAL PLAN

7.1 Introduction

This Chapter examines the cash flows expected during the startup and customer phase-in period of and identifies the anticipated financing requirements. It includes estimates of startup costs, including necessary expenses and capital outlays. It also describes the requirements for working capital and long-term financing for the potential investment in renewable generation, consistent with the resource plan contained in Chapter 6.

7.2 Description of Cash Flow Analysis

SDRCCEA’s cash flow analysis estimates the level of capital that will be required during the startup and phase-in period. The analysis focuses on SDRCCEA’s monthly costs and revenues and specifically accounts for the phased enrollment of SDRCCEA communities described in Chapter 5.

7.3 Cost of CCA Operations

The first category of the cash flow analysis is the cost of SDRCCEA operations. To estimate the overall costs associated with SDRCCEA operations, the following components were taken into consideration:

- Electricity Procurement;
  - Ancillary service requirements;
  - Grid management and other CAISO Charges;
  - Scheduling Coordination;
- Exit fees;
- Staffing and professional services;
- Data management costs;
- Administrative overhead;
- Billing costs;
- CCA bond and security deposit;
- Pre-startup cost; and
- Debt service.

7.4 Revenues from SDRCCEA Program Operations

The cash flow analysis also provides estimates for revenues generated from SDRCCEA operations or from electricity sales to customers. In determining the level of revenues, the analysis assumes the customer phase-in schedule described herein, and assumes that SDRCCEA offers the following products:

- 50% - 60% Renewable (Base Power Product)
- **100% Renewable (Voluntary Product):** SDRCCEA will supply 100 percent of retail load with renewable, GHG-free power.

More detail on rates can be found in Chapter 8.

### 7.5 Cash Flow Analysis Results

The results of the cash flow analysis provide an estimate of the level of capital required for SDRCCEA to move through startup and phase-in periods. This estimated level of capital is determined by examining the monthly cumulative net cash flows (revenues from SDRCCEA operations minus cost of SDRCCEA operations) based on assumptions for payment of costs or other cash requirements (e.g., deposits) by SDRCCEA, along with estimates for when customer payments will be received and potential customer non-collections/defaults. This identifies, on a monthly basis, what level of cash flow is available in terms of a surplus or deficit.

The cash flow analysis identifies funding requirements in recognition of the potential lag between revenues received and payments made during the phase-in period. The financing requirements for the startup and phase-in period, including working capital needs associated with all three phases of customer enrollments, is estimated at $40 million. Working capital requirements peak soon after enrollment of the Phase 3 customers.

### 7.6 SDRCCEA Program Implementation Pro Forma

In addition to developing a cash flow analysis which estimates the level of working capital required to move SDRCCEA through full implementation and phase-in, a summary pro forma analysis that evaluates the financial performance of SDRCCEA during the phase-in period is shown below. The difference between the cash flow analysis and the SDRCCEA pro forma analysis is that the pro forma analysis does not include a lag associated with payment streams. In essence, costs and revenues are reflected in the month in which service is provided. All other items, such as costs associated with SDRCCEA operations and rates charged to customers remain the same. Cash provided by financing activities is not shown in the pro forma analysis, although payments for debt service are included as a cost item.

The results of the pro forma analysis are shown in the following tables. SDRCCEA has also included a summary of reserves, which are expected to accrue over this same period of time.
## Table 9: SDRCCEA Summary of CCA Program Start-Up and Phase-In, 2020-2030

<table>
<thead>
<tr>
<th>Year</th>
<th>Load, MWh</th>
<th>PCIA Average Exit Fees, PCIA</th>
<th>Gen Rate for CCA Load, $/MWh</th>
<th>Ave CCA Rate, $/MWh</th>
<th>Rate Discount (%)</th>
<th>Rate Revenue, $</th>
<th>Interest Income, $</th>
<th>Total Revenue, $</th>
<th>Expenses, $</th>
<th>unleveraged Free Cash Flow, $</th>
<th>Working cash on hand, $</th>
<th>End of Year Cash, $</th>
<th>Reserve Fund Adjustment, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>3,164,157</td>
<td>$0.00</td>
<td>$0.00</td>
<td>4.0%</td>
<td>$247,770,961</td>
<td>$319,826</td>
<td>$1.25%</td>
<td>$2,004,826</td>
<td>$1,770,825</td>
<td>$1,770,825</td>
<td>$10,367,586</td>
<td>$1,770,825</td>
<td>-15%</td>
</tr>
<tr>
<td>2021</td>
<td>7,302,764</td>
<td>$31.16</td>
<td>$107.47</td>
<td>4.0%</td>
<td>$526,250,120</td>
<td>$1,424,562</td>
<td>$1.25%</td>
<td>$80,843,858</td>
<td>$71,048,881</td>
<td>$71,048,881</td>
<td>$10,367,586</td>
<td>$71,048,881</td>
<td>-15%</td>
</tr>
<tr>
<td>2022</td>
<td>7,306,581</td>
<td>$30.43</td>
<td>$106.81</td>
<td>4.0%</td>
<td>$514,979,361</td>
<td>$2,000,079</td>
<td>$1.25%</td>
<td>$56,678,068</td>
<td>$100,530,349</td>
<td>$100,530,349</td>
<td>$10,367,586</td>
<td>$100,530,349</td>
<td>-15%</td>
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<td>$2,198,411</td>
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<td>$18,438,586</td>
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<td>$234,304,610</td>
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<td>$18,338,046</td>
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<td>$29,138,136</td>
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<td>$52,470,966</td>
<td>$1.25%</td>
<td>$18,338,046</td>
<td>$318,025,112</td>
<td>$318,025,112</td>
<td>$31,578,976</td>
<td>$318,025,112</td>
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<tr>
<td>2030</td>
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<td>$312.66</td>
<td>5.0%</td>
<td>$564,935,765</td>
<td>$52,470,966</td>
<td>$1.25%</td>
<td>$18,338,046</td>
<td>$318,025,112</td>
<td>$318,025,112</td>
<td>$31,578,976</td>
<td>$318,025,112</td>
<td>-15%</td>
</tr>
</tbody>
</table>
The surpluses achieved during the phase-in period serve to build SDRCCEA’s net financial position and credit profile and to provide operating reserves for SDRCCEA in the event that operating costs (such as power purchase costs) exceed collected revenues for short periods of time. In addition, financial surpluses could be used to increase renewable and GHG-free resources within SDRCCEA’s resource mix.

7.7 SDRCCEA Financings

It is anticipated that one or more financings will be necessary to support SDRCCEA’s CCA implementation. SDRCCEA has received multiple bids for working capital credit and banking services which are currently under evaluation. Subsequent capital requirements will be self-funded from the SDRCCEA CCA’s accrued financial reserves. The anticipated financing approach is described below.

7.8 SDRCCEA Start-up and Working Capital

As previously discussed, the anticipated start-up and working capital requirements for SDRCCEA are estimated at $40 million. This amount is dependent upon the electric load served by SDRCCEA, actual energy prices, payment terms established with the third-party supplier, and program rates. This figure would be refined during the startup period as these variables become known. Once SDRCCEA is operational, these costs would be recovered from customers through retail rates.

It is assumed that non-power start-up costs of approximately $5 million will be funded through an unsecured line of credit with a third-party lender and repaid from the working capital financing and/or program revenues. The working capital financing will be primarily secured via a short-term loan, which would allow SDRCCEA to draw cash as required. Requisite financing is expected to be in place by Q1 2020.

7.9 Renewable Resource Project Financing

SDRCCEA may consider project financings for renewable resources, likely local wind, solar, biomass or geothermal as well as storage and energy efficiency projects. These financings would only occur after a sustained period of successful SDRCCEA operation and after appropriate project opportunities are identified and subjected to appropriate environmental and other reviews. SDRCCEA’s ability to directly finance projects will likely require a track record of five to ten years of successful operations demonstrating strong underlying credit to support the financing; direct financing undertaken by SDRCCEA would not be expected to occur sooner than 2030.

In the event that such financing occurs, funds would include any short-term financing for the renewable resource project development costs, and would likely extend over a 20- to 30-year term.
8. RATE SETTING, PROGRAM TERMS AND CONDITIONS

8.1 Introduction

This chapter describes the initial policies proposed for SDRCCEA in setting its rates for electric services. These include policies regarding rate design, rate objectives, and provision for due process in setting electricity rates. Rates must be approved by the SDRCCEA Board of Directors.

8.2 Rate Policies

SDRCCEA will establish rates sufficient to recover all costs related to its operation, including any reserves that may be required as a condition of financing and other discretionary reserve funds that may be approved by the Board of Directors for SDRCCEA uses.

The primary objectives of the rate setting plan are to set rates that achieve the following:

- Rate competitiveness;
- Rate stability;
- Equity among customers in each tariff;
- Customer understanding; and
- Revenue sufficiency.

Each of these objectives is described below.

8.3 Rate Competitiveness

Competitive rates will be critical to attracting and retaining key customers. For SDRCCEA to be successful, the combination of price and value must be perceived as superior when compared to the bundled utility service alternative. SDRCCEA’s primary goal is to offer competitive rates for electric services with a discount target ranging from ~2-4% percent below similar generation rates offered by SDG&E, subject to actual energy product pricing and decisions of the Board of Directors.

As planned, the value provided by SDRCCEA will include a higher proportion of renewable and carbon-free energy and reduced GHG emissions relative to SDG&E, enhanced energy efficiency and customer programs, community focus, local investment and control. As previously discussed, SDRCCEA will increase renewable energy supply to program customers, relative to SDG&E, by offering two distinct rate tariffs. The default tariff for SDRCCEA customers will be the standard tariff, which will increase renewable energy supply to a minimum of 50% -60% at program launch while maintaining generation rates that are generally comparable to and potentially below SDG&E’s. The initial renewable energy content provided under SDRCCEA’s standard tariff will exceed California’s prevailing RPS, and SDRCCEA will endeavor to increase this percentage on a going forward basis, subject to operational and economic constraints. SDRCCEA will also offer its customers a voluntary 100 percent renewable energy tariff, which
will supply participating customers with 100 percent renewable energy at rates that reflect SDRCCEA’s cost for procuring related energy supplies.

Participating qualified low- or fixed-income households, such as those currently enrolled in the California Alternate Rates for Energy (“CARE”) program, will be automatically enrolled in the standard tariff and will continue to receive related discounts on monthly electricity bills through the incumbent utility.

8.4 Rate Stability

SDRCCEA will offer stable rates by hedging its supply costs over multiple time horizons and by including renewable energy supplies that exhibit stable costs. It will also establish risk management policies and reserve policies that include a rate stabilization fund.

8.5 Equity Among Customer Classes

Initial rates will be set based on cost-of-service considerations with reference to the rates customers would have otherwise paid to SDG&E. Rate differences among customer classes will reflect the rates charged by SDG&E as well as differences in the costs of providing service to each class.

8.6 Revenue Sufficiency

SDRCCEA’s rates must collect sufficient revenue from participating customers to fully fund SDRCCEA’s annual budget. Rates will be set to collect the adopted budget based on a forecast of electric sales for the budget year. Rates will be adjusted as necessary to maintain the ability to fully recover all of costs of operation subject to the disclosure and due process policies described later in this chapter. To ensure rate stability, funds available in SDRCCEA’s rate stabilization fund may be used from time to time to augment operating revenues.

8.7 Rate Design

SDRCCEA will initially match the rate structures of SDG&E’s standard rates. SDRCCEA will, over time, transition to rate designs that better reflect its cost of service as well as enhance customer understanding and time of use requirements.

8.8 Custom Pricing Options

8.8.1 Net Energy Metering

As planned, customers with on-site generation eligible for net metering from SDG&E may be offered a net energy metering rate from SDRCCEA. Net energy metering allows for customers with certain qualified solar or wind distributed generation to be billed on the basis of their net energy consumption. The SDG&E net metering tariffs (NEM) requires SDRCCEA to offer a net energy metering tariff in order for the customer to continue to be eligible for service on Schedule
NEM. The objective is that SDRCCEA’s net energy metering tariff will apply to the generation component of the bill, and the SDG&E net energy metering tariff will apply to the utility’s portion of the bill. SDRCCEA plans to pay customers for excess power produced from net energy metered generation systems in accordance with the rate designs adopted by SDRCCEA.

8.9 Disclosure and Due Process in Setting Rates and Allocating Costs Among Participants

Initial rates will be adopted by the SDRCCEA Board of Directors following the establishment of the first year’s operating budget and prior to initiating the first phase of service. Subsequently, SDRCCEA will prepare an annual budget and corresponding customer rates. Any proposed rate adjustment will be made to the Board of Directors and ample time will be given to affected customers to provide comment on the proposed rate changes.

After proposing a rate adjustment, SDRCCEA will furnish affected customers with a notice of its intent to adjust rates, either by mailing such notices postage prepaid to affected customers, by including such notices as an insert to the regular bill for charges transmitted to affected customers, or by including a related message directly on the customer’s monthly electricity bill. The notice will provide a summary of the proposed rate adjustment and will include a link to the SDRCCEA website where information will be posted regarding the amount of the proposed adjustment, a brief statement of the reasons for the adjustment, and the mailing address of SDRCCEA to which any customer inquiries relative to the proposed adjustment.
9. CUSTOMER RIGHTS AND RESPONSIBILITIES

9.1 Introduction

This chapter discusses customer rights, including the right to opt-out of the SDRCCEA Program and the right to privacy of customer usage information, as well as obligations customers undertake upon agreement to enroll in the SDRCCEA Program. All customers that do not opt-out within 30 days of the fourth enrollment notice will have implicitly agreed to become full status program participants and must adhere to the obligations set forth below, as may be modified and expanded by the SDRCCEA Board from time to time.

By adopting this Implementation Plan, SDRCCEA will have approved the customer rights and responsibilities policies contained herein to be effective at CCA Program initiation. SDRCCEA retains authority to modify program policies from time to time at its discretion.

9.2 Customer Notices

At the initiation of the customer enrollment process, a total of four notices will be provided to customers describing the Program, informing them of their right to opt-out of the program and to remain with incumbent utility bundled generation service, and containing a simple mechanism for exercising their right to opt-out. The first notice will be mailed to customers approximately sixty days prior to the date of automatic enrollment. A second notice will be sent approximately thirty days later. SDRCCEA will use its own mailing service for requisite enrollment notices rather than including the notices in SDG&E’s monthly bills. This is intended to increase the likelihood that customers will read the enrollment notices, which may otherwise be ignored if included as a bill insert. Customers may opt-out by notifying SDRCCEA in one of three ways: 1) In writing, via US Post, 2) by using SDRCCEA’s designated 1-800 number or 3) by opting-out on SDRCCE’s website. Should customers choose to initiate an opt-out request by contacting SDG&E, they would be transferred to the SDRCCEA call center to complete the opt-out request. Consistent with CPUC regulations, notices returned as undelivered mail would be treated as a failure to opt-out, and the customer would be automatically enrolled.

Following automatic enrollment, at least two notices will be mailed to customers within the first two billing cycles (approximately sixty days) after SDRCCEA service commences. Opt-out requests made on or before the sixtieth day following start of SDRCCEA Program service will result in customer transfer to bundled utility service with no penalty. Such customers will be obligated to pay charges associated with the electric services provided by SDRCCEA during the time the customer took service from the SDRCCEA Program, but will otherwise not be subject to any penalty or transfer fee from SDRCCEA.

Customers who establish new electric service accounts within the Program’s service area will be automatically enrolled in the SDRCCEA Program and will have sixty days from the start of service to opt-out if they so desire. Such customers will be provided with two enrollment notices within this sixty-day post enrollment period. Such customers will also receive a notice detailing
SDRCCEA’s privacy policy regarding customer usage information. SDRCCEA will have the authority to implement entry fees for customers that initially opt out of the Program, but later decide to participate. Entry fees, if deemed necessary, would aid in resource planning by providing additional control over the SDRCCEA Program’s customer base.

9.3 Termination Fee

Customers that are automatically enrolled in the SDRCCEA CCA Program can elect to transfer back to the incumbent utility without penalty within the first two months of service. After this free opt-out period, customers will be allowed to terminate their participation but may be subject to payment of a Termination Fee, which SDRCCEA reserves the right to impose, if deemed necessary. Customers that relocate within SDRCCEA’s service territory would have SDRCCEA service continued at their new address. If a customer relocating to an address within SDRCCEA’s service territory elected to cancel service, the Termination Fee could be applied. Customers that move out of SDRCCEA’s service territory would not be subject to the Termination Fee. If deemed applicable by SDRCCEA, SDG&E would collect the Termination Fee from returning customers as part of SDRCCEA’s final bill to the customer.

For illustrative purposes, SDRCCEA Termination Fee could vary by customer class as set forth in the table below, subject to a final determination by SDRCCEA.

**SDRCCEA Program: Illustrative Schedule of Fees for Service Termination***

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<th>Customer Class</th>
<th>Fee</th>
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<td>Residential</td>
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<tr>
<td>Non-Residential</td>
<td>$25</td>
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* Note that SDRCCEA has yet to adopt a Schedule of Fees for Service Termination. The fees reflected in this table are representative of similar charges adopted by California’s Operational CCA Programs.

If adopted, the Termination Fee would be clearly disclosed in the four enrollment notices sent to customers during the sixty-day period before automatic enrollment and following commencement of service. The fee could also be changed prospectively by SDRCCEA subject to applicable customer noticing requirements.

Customers electing to terminate service after the initial notification period would be transferred to SDG&E on their next regularly scheduled meter read date if the termination notice is received a minimum of fifteen days prior to that date. Such customers would also be liable for the nominal reentry fees imposed by SDG&E and would be required to remain on bundled utility service for a period of one year, as described in the utility CCA tariffs.
9.4 Customer Confidentiality

SDRCCEA will establish policies covering confidentiality of customer data that are fully compliant with the required privacy protection rules for CCA customer energy usage information, as detailed within Decision 12-08-045. SDRCCEA will maintain the confidentiality of individual customers’ names, service addresses, billing addresses, telephone numbers, account numbers, and electricity consumption, except where reasonably necessary to conduct business of SDRCCEA or to provide services to customers, including but not limited to where such disclosure is necessary to (a) comply with the law or regulations; (b) enable SDRCCEA to provide service to its customers; (c) collect unpaid bills; (d) obtain and provide credit reporting information; or (e) resolve customer disputes or inquiries. SDRCCEA will not disclose customer information for telemarketing, email, or direct mail.

9.5 Responsibility for Payment

Customers will be obligated to pay SDRCCEA Program charges for service provided through the date of transfer including any applicable Termination Fees. Pursuant to current CPUC regulations, SDRCCEA will not be able to direct that electricity service be shut off for failure to pay SDRCCEA bills. However, SDG&E has the right to shut off electricity to customers for failure to pay electricity bills, and SDG&E Electric Rule 23 mandates that partial payments are to be allocated pro rata between SDG&E and SDRCCEA. In most circumstances, customers would eventually be returned to utility service for failure to pay bills in full and customer deposits (if any) would be withheld in the case of unpaid bills. SDG&E would attempt to collect any outstanding balance from customers in accordance with Rule 23 and the related SDRCCEA Service Agreement. The proposed process is for two late payment notices to be provided to the customer within 30 days of the original bill due date. If payment is not received within 45 days from the original due date, service would be transferred to the utility on the next regular meter read date, unless alternative payment arrangements have been made. Consistent with Rule 23, service cannot be discontinued to a residential customer for a disputed amount if that customer has filed a complaint with the CPUC, and that customer has paid the disputed amount into an escrow account.

9.6 Customer Deposits

Under certain circumstances, SDRCCEA customers may be required to post a deposit equal to the estimated charges for two months of service prior to obtaining service from the SDRCCEA Program. A deposit would be required for an applicant who previously had been a customer of SDG&E or SDRCCEA and whose electric service had been discontinued by SDG&E or SDRCCEA during the last twelve months of that prior service arrangement as a result of bill nonpayment. Such customers may be required to reestablish credit by depositing the prescribed amount. Additionally, a customer who fails to pay bills before they become past due as defined in SDG&E Electric Rule 11 (Discontinuance of Service), and who further fails to pay such bills within five days after presentation of a discontinuance of service notice for nonpayment of bills, may be required to pay said bills and reestablish credit by depositing the prescribed amount. This
rule will apply regardless of whether service has been discontinued for such nonpayment. Failure to post deposit as required would cause the account service transfer request to be rejected, and the account would remain with SDG&E. A customer whose service is discontinued by SDRCCEA is returned to SDG&E generation service.
10. PROCUREMENT PROCESS

10.1 Introduction
This Chapter describes SDRCCEA’s initial approach to power supply procurement. SDRCCEA shall retain the authority to modify this initial approach from time to time at its discretion.

10.2 Procurement Methods
SDRCCEA may enter into agreements for a variety of services needed to support program development, program operations and management. SDRCCEA will generally utilize competitive procurement methods for services but may also utilize direct procurement or sole source procurement, depending on the nature of the services to be procured. Direct procurement is the purchase of goods or services without competition when multiple sources of supply are available. Sole source procurement is generally to be performed only in the case of emergency or when vendor availability is limited or a competitive process would be an idle act.

10.3 Key Contracts

10.3.1 Electric Supply Contracts
SDRCCEA will initiate service using supply contracts with one or more qualified providers to supply sufficient electric energy resources to meet SDRCCEA customer demand as well as applicable resource adequacy requirements, ancillary and other necessary services. SDRCCEA may complete additional solicitations to supplement its energy supply and/or to replace contract volumes provided under the original contract. SDRCCEA would begin such procurement sufficiently in advance of contract expiration so that the transition from the initial supply contract occurs smoothly, avoiding dependence on market conditions existing at any single point in time.

SDRCCEA will solicit the services of a certified Scheduling Coordinator to schedule loads and resources to meet SDRCCEA customer demand. SDRCCEA may designate the primary supplier to be responsible for day-to-day energy supply operations of the SDRCCEA Program and for managing the predominant supply risks for the term of the contract. The primary supplier may also contribute to meeting the Program’s renewable energy supply goals. However, additional suppliers may also be identified to supplement requisite renewable energy supplier of the SDRCCEA program. Finally, the primary supplier may be responsible for ensuring SDRCCEA’s compliance with all applicable resource adequacy and regulatory requirements imposed by the CPUC or FERC.

In August 2020, SDRCCEA intends to commence the requisite competitive solicitation process to identify its initial energy portfolio and anticipates executing the electric supply contract(s) for Phase 1 loads in late 2020. The contract for Phase 2 loads will be executed contemporaneously or shortly thereafter.
10.3.2 Data Management Contract

A data manager will provide the retail customer services of billing and other customer account services (electronic data interchange or EDI with SDG&E, billing, remittance processing, and account management). Recognizing that some qualified wholesale energy suppliers do not typically conduct retail customer services whereas others (i.e., direct access providers) do, the data management contract will likely be separate from the electric supply contract. Separating the data management contract from the energy supply contract gives SDRCCEA greater flexibility to change energy suppliers, if desired, without facing an expensive data migration issue. It is anticipated that a single contractor will be selected to perform the data management/call center functions.

The data manager is responsible for the following services:

- Data exchange with SDG&E;
- Technical testing;
- Customer information system;
- Customer call center;
- Billing administration/retail settlements;
- Settlement quality meter data reporting; and
- Reporting and audits of utility billing.

The data management contract will also require that services be provided consistent with SDRCCEA’s customer confidentiality policies as described in Section 9.4, and the contractor will be required to provide, prior to contract award, adequate assurances to SDRCCEA that appropriate data security measures are employed. As this point in time, SDRCCEA has not yet commenced the requisite competitive solicitation process to identify its data management services provider. However, it is anticipated that SDRCCEA will execute a contract for data management/call center services in March or April 2020.

10.4 Electric Supply Procurement Process

SDRCCEA will initiate service using supply contracts with one or more qualified providers to supply sufficient electric energy resources to meet SDRCCEA customer demand as well as applicable resource adequacy requirements, ancillary and other necessary services. SDRCCEA may seek the services of a portfolio manager to support electric supply management. SDRCCEA may complete additional solicitations to supplement its energy supply and/or to replace contract volumes provided under the original contract. SDRCCEA would begin such procurement sufficiently in advance of contract expiration so that the transition from the initial supply contract occurs smoothly, avoiding dependence on market conditions existing at any single point in time. SDRCCEA will also solicit the services of a certified Scheduling Coordinator to schedule loads and resources to meet SDRCCEA customer demand, and in keeping with CAISO requirements.

On XX, 2019 SDRCCEA issued an RFP for wholesale energy and power services and will select one or more qualified vendors to support power planning, power contract negotiations, schedule coordination, compliance, DER and integrated resource planning and long-term renewable
contracts. It is anticipated that one or more energy service providers will be identified in Q1 2020 and SDRCCEA anticipates executing the electric supply contract for Phase 1 loads in late fall/winter of 2020. The contract(s) for Phase 2 and Phase 3 loads will be executed a few months in advance of each phase’s launch.
11. CONTINGENCY PLAN FOR PROGRAM TERMINATION

This Chapter describes the process to be followed in the case of termination. By adopting the original Implementation Plan, SDRCCEA will have approved the general termination process. In the unexpected event that SDRCCEA would terminate supplying electricity and return its customers to SDG&E service, the proposed process is designed to minimize the impacts on its customers and on SDG&E. The proposed termination plan follows the requirements set forth in SDG&E’s Tariff Rule 27 governing service to CCAs. SDRCCEA retains discretion to modify program policies from time to time at its discretion.

SDRCCEA will offer services for the long term with no planned Program termination date. In the unanticipated event that SDRCCEA decides to terminate the Program, each of its Member Agencies would be required to adopt a termination ordinance or resolution and provide adequate notice to SDRCCEA consistent with the terms set forth in its JPA Agreement. Following such notice, SDRCCEA’s Board would vote on Program termination subject to voting provisions as described in the JPA Agreement. In case SDRCCEA affirmatively votes to proceed with JPA termination, SDRCCEA would disband under the provisions identified in its JPA Agreement.

After any applicable restrictions on such termination have been satisfied, notice would be provided to customers six months in advance that they will be transferred back to SDG&E. A second notice would be provided during the final sixty-days in advance of the transfer. The notice would describe the applicable distribution utility bundled service requirements for returning customers then in effect, such as any transitional or bundled portfolio service rules.

At least one year in advance notice would be provided to SDG&E and the CPUC before transferring customers, and SDRCCEA would coordinate the customer transfer process to minimize impacts on customers and ensure no disruption in service. Once the customer notice period is complete, customers would be transferred en masse on the date of their regularly scheduled meter read date.

SDRCCEA will post a bond or maintain funds held in reserve to pay for potential transaction fees charged to the Program for switching customers back to distribution utility service. Reserves would be maintained against the fees imposed for processing customer transfers (CCASRs). The Public Utilities Code requires demonstration of insurance or posting of a bond sufficient to cover reentry fees imposed on customers that are involuntarily returned to distribution utility service under certain circumstances. The cost of reentry fees is the responsibility of the energy services provider or the community choice aggregator, except in the case of a customer returned for default or because its contract has expired. SDRCCEA will post financial security in the appropriate amount as part of its registration process and will maintain the financial security agreement in the required amount, as necessary.
SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY

Staff Report – Item 10

To: SDRCCCEA Board of Directors

From: Cody Hooven, SDRCCCEA Interim Executive Officer
       Director/Chief Sustainability Officer, City of San Diego

Subject: Adoption of a New Authority Name

Date: November 21, 2019

Recommendation
Adopt a new name for SDRCCCEA with a two-thirds majority or greater vote of the Board.

Background
The San Diego Regional Community Choice Energy Authority (Authority) is lengthy, descriptive name suitable for legal documents, but not for outward facing activities, utility bills or general public engagement. Staff is suggesting several new name options for Board consideration that would replace the Authority’s current name on all formal and informal documents and around which a visual brand would be built.

Pursuant to section 4.12.2 (c) of the Joint Powers Agreement, a two-thirds vote of the appointed Directors is required to formalize the new name as an amendment to the Agreement. By adopting the new name, this will amend the Joint Powers Agreement by the means prescribed in the Agreement. The Parties were notified of the intent to amend the name of the Authority via prior emails with each Party’s staff and during the public meeting on October 31, 2019.

Discussion and Analysis
A. Naming Considerations

Several items were considered when selecting options to present here that are based on best practices in branding and sentiment. They include:
   1. Simplicity and brand – is the name easy to say and unique? Is there a simple acronym to go with it?
   2. Purpose and Clarity – the organization was founded with key principles that relate to choice, community, and providing clean and renewable energy. Is the name clear and functionally descriptive?
   3. Geography – our regional location is unique; however some have recommended against using a geographic identifier that may exclude future members from outside the region.
The names presented below include a mix of Board member suggestions, staff suggestions and professional marketer suggestions. Suggested names for Board consideration are:

1. America's Finest Energy (AFE)
2. SDPower (SDP)
3. Empower SD (or Empower SoCal; no acronym needed)
4. Amiga(s) Community Energy (ACE)
5. Southern California Community Power (SCCP; SoCalPower)

B. Timing
If possible, it is preferred that the Authority’s new name is used for the Implementation Plan which will will be presented to the Board for adoption at it’s December 9th meeting. It would be possible to change the name thereafter; however, that would necessitate a letter of amendment to be filed with the California Public Utilities Commission.
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 “__________________________________________________________”.

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 “__________________________________________________________.” 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 “__________________________________________________________.”

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: ______________________         By: ________________________________
CODY HOOVEN
Interim Executive Officer
RESOLUTION NUMBER 2020-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY AUTHORIZING THE FIRST AMENDMENT OF THE JOINT POWERS AGREEMENT.

WHEREAS, the Joint Powers Agreement (Agreement) for the San Diego Regional Community Choice Energy Authority, 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; and

WHEREAS, the Parties to the Agreement desire to amend the Agreement to change the name of the San Diego Regional Community Choice Energy Authority.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the San Diego Regional Community Choice Energy Authority (Authority) as follows:

1. That the Board approves the First Amendment to the Agreement to change the name of the Authority from “San Diego Regional Community Choice Energy Authority” to “____________________________________.”

2. That the Interim Chief Executive Officer is authorized to execute, for and on behalf of the Authority, the First Amendment to the Agreement for the purpose of changing the name of the Authority, as provided under the terms and conditions set forth in the First Amendment to the Agreement on file with the Secretary.

3. That the Interim Chief Executive Officer is authorized to execute, for and on behalf of the Authority, amendments to all current contracts and agreements of the San Diego

-PAGE 1 OF 2-
Regional Community Choice Energy Authority to change the name to “___________________
______________________________________________________.”

PASSED AND ADOPTED at a regular meeting of the Authority Board of Directors on this 21st day of November 2019, by the following vote:

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CHAIR, San Diego Regional Community Choice Energy Authority

Attest:

SECRETARY, San Diego Regional Community Choice Energy Authority