Special Meeting Agenda: Closed Session

Item 1: Public Employment
Pursuant to Government Code Section 54957
Title: Chief Executive Officer

Item 2: Conference with Labor Negotiators
Pursuant to Government Code Section 54957.6
Agency designed representatives: Shawn Marshall, LEAN Energy US, Tom Bokosky, City of Encinitas HR Department.
Unrepresented employee: Chief Executive Officer

Item 3: Conference with Legal Counsel – Anticipated Litigation
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9
One (1) potential case
Call to Order
Pledge of Allegiance
Roll Call
Items to be Added, Withdrawn, or Reordered on the Agenda
Public Comments Not on the Agenda
Consent Calendar
1. Election of the Chair and Vice-Chair and Appoint the Interim Secretary for Fiscal Year 2020-2021
2. Operations and Administration Report from the Interim Executive Officer
3. Adopt the Energy Risk Management Policy
4. Approval of 2020 Request for Proposals for Long-Term Renewable Energy and Provide Direction on Joint Procurement
5. Approval of Fiscal Year 2020-2021 Budget
6. Approval of Marketing and Communications Agreement
7. Approval of the Encinitas Cooperation and Administrative Services Agreement
8. Approval of SDCP Bylaws
9. Appointment to Community Advisory Committee – Vacant City of La Mesa Seat
10. Review and Provide Input on Community Advisory Committee Draft Standard Operating Procedures
Item 1:
Election of the Chair and Vice-Chair and Appoint the Interim Secretary for Fiscal Year 2020-2021

Recommendation:
1. Elect the Board Chair and Vice Chair for Fiscal Year 2020-2021.
2. Appoint Megan Wiegelman, Board Clerk from the City of La Mesa, to serve as interim Board Secretary until a permanent Secretary is identified.
Item 2: Operations and Administration Report

Recommendation:
Receive update on various operational and administrative activities and file this report. Report includes:
• COVID 19 Update
• Requests for Proposals and Other Solicitations
• Committee Meetings
• Discussions with SDG&E and/or Other Regulatory Updates
Item 3: Adopt the Energy Risk Management Policy

Recommendation: Approve proposed Energy Risk Management Policy, including referenced delegations of authority for energy product contract approvals.
SDCP’s Energy Risk Management Policy
• Participation in various energy transactions exposes any organization to a variety of risks, including:

- Market Price Risk
- Counterparty Credit Risk
- Load and Generation Volumetric Risk
- Operational Risk
- Liquidity Risk
- Regulatory and Legislative Risk
Risk Management Policy Content

• To mitigate risk, best practice is to adopt an Energy Risk Management Policy when actively engaging in energy transactions
• Reflects principles, practices and responsibilities successfully implemented by other CCAs
• Can be amended over time, as necessary
• Includes:
  • Risk Management Goals and Principles
  • Definitions of Risks
  • Internal Control Principles
  • Risk Management Business Practices
  • Risk Management Governance
Risk Management Policy Administration

• Certain responsibilities/functions will be segregated to ensure appropriate controls
• SDCP’s Finance & Risk Management Committee (FRMC) will oversee implementation of the Policy and adopt amendments as necessary
• FRMC will form a Risk Oversight Committee (ROC) and designate members prior to service commencement

• ROC will:
  • Meet on a quarterly basis, unless otherwise decided upon by the ROC Chair
  • Provide updates to the FRMC no less than once per quarter
  • Adopt/adapt risk management guidelines
  • Specify permitted transactions and set related risk limits
  • Report any gross violations of the Policy to the FRMC
  • Periodically review the Policy and recommend changes to the FRMC

San Diego Community Power
Policy - Delegations of Authority

- Best practice to delegate procurement authority to the Chief Executive Officer/Executive Director to facilitate the completion of time-sensitive transactions and approved procurement activities.
- Authority Delegations are subject to predetermined parameters regarding transaction cost/value, quantity and/or tenor (term length).
- Delegated Authority can only be exercised for transactions that are consistent with pre-approved resource plans/procurement objectives.
- Any changes to Authority Delegations are subject to Board approval.
- Recommended Authority Delegations:

<table>
<thead>
<tr>
<th>Delegation of Authority per Transaction by Position/Title</th>
<th>Product Type</th>
<th>Tenor Limit</th>
<th>Volumetric Limit</th>
<th>National Value Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>System Power</td>
<td>3 years</td>
<td>1,500,000 MWh</td>
<td>$ 50,000,000</td>
</tr>
<tr>
<td>Resource Adequacy</td>
<td>3 years</td>
<td>10,000 MW</td>
<td></td>
<td>$ 50,000,000</td>
</tr>
<tr>
<td>Renewables</td>
<td>3 years</td>
<td>2,500,000 MWh</td>
<td></td>
<td>$ 50,000,000</td>
</tr>
<tr>
<td>GHG-free</td>
<td>3 years</td>
<td>5,000,000 MWh</td>
<td></td>
<td>$ 50,000,000</td>
</tr>
<tr>
<td>Risk Oversight Committee*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SDCP Board</td>
<td>All Products</td>
<td>Any</td>
<td>Unlimited</td>
<td>Unlimited</td>
</tr>
</tbody>
</table>

* Limits delegated to the Risk Oversight Committee will be adopted following its formation.
Recommendation

Approve proposed Energy Risk Management Policy, including referenced delegations of authority for energy product contract approvals.
General Procurement Overview
Upcoming Procurement Processes

• In anticipation of SDCP’s 2021 launch, numerous procurement activities will need to occur

• Various energy products will be purchased to:
  • Support the achievement of SDCP’s desired resource mix
  • Ensure sufficiency of supply for SDCP customers
  • Promote budgetary certainty and rate stability
  • Ensure compliance with applicable regulatory mandates

• Requisite energy product transactions will include:
  • Market energy
  • Renewable energy
  • Other carbon-free energy (non-renewable)
  • Reserve capacity (Resource Adequacy)
## Procurement and Board Approval Timeline

<table>
<thead>
<tr>
<th>Board Approvals</th>
<th>Procurement Milestones</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MAY</strong></td>
<td>Preliminary approval of 2021 renewable and GHG-free targets</td>
</tr>
<tr>
<td></td>
<td>Approval to bid on SDG&amp;E Renewables RFP and RA RFP</td>
</tr>
<tr>
<td><strong>JUN</strong></td>
<td>Approval to sign RA contracts</td>
</tr>
<tr>
<td></td>
<td>Approve Risk Management Policy (including Delegation of Authority)*</td>
</tr>
<tr>
<td></td>
<td>SDCP executes long-term renewables contract with SDG&amp;E if awarded</td>
</tr>
<tr>
<td></td>
<td>SDCP issues long-term renewables RFO</td>
</tr>
<tr>
<td><strong>AUG</strong></td>
<td>Approve Integrated Resource Plan</td>
</tr>
<tr>
<td></td>
<td>Approval to sign RA contract with SDG&amp;E if awarded</td>
</tr>
<tr>
<td><strong>SEP</strong></td>
<td>SDCP submits offer to SDG&amp;E for RA</td>
</tr>
<tr>
<td><strong>OCT</strong></td>
<td>SDCP executes long-term renewables contract with SDG&amp;E if awarded</td>
</tr>
<tr>
<td><strong>NOV</strong></td>
<td>SDCP executes RA contract with SDG&amp;E if awarded</td>
</tr>
<tr>
<td><strong>DEC</strong></td>
<td>Approval to sign California System Power contracts</td>
</tr>
</tbody>
</table>

* The Delegation of Authority from the Board for contracts under certain pre-established criteria helps facilitate timely response for energy procurement required in SDCP’s ordinary course of business.

** Assumes appropriate Delegation of Authority to CEO provided by Board approval of Risk Policy in June
## Frequency of Solicitation/Procurement Activities

<table>
<thead>
<tr>
<th></th>
<th>Monthly</th>
<th>Quarterly</th>
<th>Annually</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market Energy</strong></td>
<td>Rarely</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>(&lt;1 year to 3 years)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Renewable Energy</strong></td>
<td>No</td>
<td>Yes (quarterly or semi-annual), Short-Term and as-needed portfolio balancing</td>
<td>Yes, Long-Term</td>
</tr>
<tr>
<td>(&lt;1 year to 20+ years)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other Carbon-Free</strong></td>
<td>No</td>
<td>Yes (quarterly or semi-annual), as needed for portfolio balancing</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Energy</strong> (&lt;1 year to 3 years)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Resource Adequacy</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>(1 month to multi-year)</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>
Item 4:
Approval of 2020 Request for Proposals for Long-Term Renewable Energy and Provide Direction on Joint Procurement

Recommendation:
1. Approve the 2020 Request for Proposals (RFP) for Long-Term Renewable Energy.
2. Provide direction to staff on joint procurement.
General Approach

• SDCP and Clean Energy Alliance staff discussed options for joint procurement
• Bid review and evaluation will be administered in a coordinated manner
• Proposal evaluation may result in shared or independent project participation
  • Joint project/offer participation would result in two separate supply contracts (one for each CCA) with approval separately required by each CCA
  • Independent participation would result in a single supply contract
• Solicitation document would address the Long-Term RPS needs of both organizations
• Joint participation is expected to foster and streamline future coordination related to procurement
Long-Term Renewable RFP: Purpose & Overview

• Senate Bill 350 increased long-term renewable energy contracting requirements under California’s Renewables Portfolio Standard (“RPS”) Program:
  • New long-term contracting requirements take effect in 2021
  • 65% of mandated renewable energy purchases must be procured via long-term contract
  • Long-term = a delivery term of 10 years or longer

• SDCP’s estimated long-term contract volumes:

<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>LT RPS GWh</td>
<td>500</td>
<td>1,800</td>
<td>2,000</td>
<td>2,100</td>
<td>2,300</td>
<td>2,400</td>
<td>2,600</td>
<td>2,700</td>
<td>2,900</td>
<td>3,000</td>
</tr>
</tbody>
</table>
Key Requirements

• **Product**: Portfolio Content Category 1 and 2 (no unbundled RECs)

• **Resource Location**: Generator must be located within or physically interconnected to the California Independent System Operator – *preference for resources located directly within or near the member communities of CEA and SDCP*

• **Project Size**: Minimum 10 Megawatts

• **Annual Energy Deliveries**:
  - Minimum annual deliveries range from 75,000 to 100,000 MWh – production roughly equivalent to a 35-45 MW solar generator or a 10-12 MW landfill gas-to-energy generator
  - Maximum annual deliveries range from 250,000 to 500,000 MWh – production roughly equivalent to a 100-200 MW solar generator or a 30-60 MW landfill gas-to-energy generator

• **Initial Energy Delivery**: No sooner than March 1, 2021; no later than June 30, 2023
# Recommended RFP Schedule

<table>
<thead>
<tr>
<th>RFP Activity</th>
<th>Anticipated Date of Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFP Issuance</td>
<td>June 29th</td>
</tr>
<tr>
<td>Deadline for Electronic Question Submittal</td>
<td>July 10th no later than 5:00 P.M. PPT</td>
</tr>
<tr>
<td>RFP Response Deadline</td>
<td>July 24th no later than 5:00 P.M. PPT</td>
</tr>
<tr>
<td>Follow-up with RFP Respondents, as necessary</td>
<td>To occur between July 27th and August 7th</td>
</tr>
<tr>
<td>Supplier Notifications (Short-List Selection)</td>
<td>August 12th</td>
</tr>
<tr>
<td>Contract Negotiations</td>
<td>August 13th through November 30th</td>
</tr>
<tr>
<td>Joint CCAs Board to Award Contract(s)</td>
<td>December 2020/January 2021 – to occur at duly noticed Board Meetings of CEA and SDCP</td>
</tr>
<tr>
<td>Execution of Contract(s)</td>
<td>December 2020/January 2021 – to occur after CEA and SDCP Board approval of the final contract(s)</td>
</tr>
</tbody>
</table>
Key Evaluative Criteria

- Price
- Overall quality of response and conformance with requirements
- Project location
- Benefits to the local economy and workforce
- Development Risk
  - Interconnection status
  - Siting, zoning and permitting status (new projects)
  - Qualifications of project team
  - Proposed financing plan and ownership structure
  - California and CCA development experience
  - Proposed security obligations
  - Development milestone schedule (new projects)
- Environmental impacts and related mitigation requirements
- Supplier diversity
Recommendation

1. Approve the 2020 Request for Proposals (RFP) for Long-Term Renewable Energy.
2. Provide direction to staff on joint procurement.
Item 5:
Approval of Fiscal Year 2020-2021 Budget

Recommendation:
Discuss and consider approval of Fiscal Year 2020-2021 Budget.
Discuss and consider approval of Fiscal Year 2020-2021 Budget.
Item 6: Approval of Marketing and Communications Agreement

Recommendation:
Approve marketing and communications agreement for marketing and communications strategy, public engagement, digital and graphic design and authorize interim Executive Officer to execute an agreement.
Item 7: Approval of the Encinitas Cooperation and Administrative Services Agreement

Recommendation:
Authorize the Interim Executive Officer to execute the Cooperation and Administrative Services Agreement with the City of Encinitas, providing certain services to San Diego Community Power (SDCP) by the City and reimbursement to the City for these services.
Item 8: Approval of SDCP Bylaws.

Recommendation: Approve proposed SDCP Bylaws.
Item 9:
Appointment to Community Advisory Committee – Vacant City of La Mesa Seat

Recommendation:
Consider nomination to fill vacant City of La Mesa seat on Community Advisory Committee.
Item 10:
Review and Provide Input on Community Advisory Committee Draft Standard Operating Procedures

Recommendation:
Review and provide input on draft procedures for Community Advisory Committee.
San Diego Community Power

NEXT BOARD MEETING:
July 23, 2020