San Diego Community Power

Board of Directors Meeting June 25, 2020





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

Regular Meeting Agenda

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Items to be Added, Withdrawn, or Reordered on the Agenda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

- 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

Risk Management Policy Introduction

• Participation in various energy transactions exposes any organization to a variety of risks, including:



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



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:

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

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



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

	Board Approvals	Procurement Milestones
ΜΑΥ	Preliminary approval of 2021 renewable and GHG-free targets Approval to bid on SDG&E Renewables RFP and RA RFP	SDCP issues Resource Adequacy (RA) RFO SDG&E issues Renewables RFO
NUL	Approval to sign RA contracts Approve Risk Management Policy (including Delegation of Authority)*	SDCP executes RA contracts SDG&E issues RA RFO SDCP submits offer to SDG&E for long-term renewables SDCP issues long-term renewables RFO
JUL	Approval to sign long-term renewable contract with SDG&E if awarded	SDCP submits offer to SDG&E for RA
AUG	Approve Integrated Resource Plan Approval to sign RA contract with SDG&E if awarded	SDCP executes long-term renewables contract with SDG&E if awarded
SEP		SDCP executes RA contract with SDG&E if awarded
ОСТ		October 31: RA 2021-2023 multi-year RA compliance filing to CPUC
NOV		SDCP issues RFO for California System Power SDCP issues RFO for short-term renewables and executes contracts** SDCP issues RFO for GHG-free resources and executes contracts**
DEC	Approval to sign California System Power contracts	

* 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

	Monthly	Quarterly	Annually
Market Energy (<1 year to 3 years)	Rarely	Yes	Yes
Renewable Energy (<1 year to 20+ years)	No	Yes (quarterly or semi-annual), Short-Term and as- needed portfolio balancing	Yes, Long-Term
Other Carbon-Free Energy (<1 year to 3 years)	No	Yes (quarterly or semi-annual), as needed for portfolio balancing	Yes
Resource Adequacy (1 month to multi- year)	Yes	Yes	Yes



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:

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
LT RPS GWh	500	1,800	2,000	2,100	2,300	2,400	2,600	2,700	2,900	3,000

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

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

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

San Diego Community Power

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.

San Diego Community Power Fiscal Year 2020-2021 Budget (FY21): July 1, 2020-June 30, 2021 DRAFT

Discuss and consider approval of Fiscal Year 2020-2021 Budget.

	For Board Approval			For Board Information Only			
	FY21 (July 2020-June 2021)	FY21 Notes	DRAFT FY22 - Projected	FY22 Notes			
REVENUE							
Working capital from River City Bank	\$ 24,600,000	\$5M startup plus \$20M step up, less \$400k in Jan-June 2020 expenses	\$ 10,000,000				
Rate payer revenues	\$ 22,688,892		\$ 379,305,666				
Less Uncollectibles		Assumed 0.0025 (1/4%) of projected revenue		Assumed 0.0025 (1/4%) of projected revenue			
Revenue TOTAL:	\$ 47,232,170		\$ 388,357,402				
EXPENSE							
Ops and Admin							
Professional Services/Consulting	\$ 350,000	LEAN @\$85k, accounting @\$150k, HR/payroll @50k, IT@\$50k, Misc Consulting @ \$15k	\$ 350,000	LEAN @\$85k, accounting @\$150k, HR/payroll @50k, IT@\$50k, Misc Consulting @ \$15k			
Board and Committee Expenses	\$ 15,000	Allows for Board and Committee compensation	\$ 20,000	Allows for Board and Committee compensation			
Staffing (assumes 8 staff)	\$ 1,500,000	Includes 35% overhead/benefits; assumes 8 staff in FY 2021 and 20+ in FY 22	\$ 4,500,000	Includes 35% overhead/benefits; assumes 20 staff in FY 22			
Admin Costs (rent, insurance, equipment, IT, software, travel, etc.)	\$ 250,000	Rent/Impovements @\$120k, Insurance@ \$25k, Tech/software @\$50k, Equipment@\$100k, Travel \$10k, Contingency	\$ 400,000	Rent/Impovements @\$120k, Insurance@ \$25k, Tech/software @\$50k, Equipment@\$100k, Travel \$10k, Contingency			
Estimated Debt Service and Bank Fees	\$ 1.048.000			Estimates from PEA June proforma			
TOTAL:	\$ 3,263,000		\$ 10,758,000				
CAISO/Utility Fees							
CAISO deposit (to be a CRR holder; one time payment)	\$ 500,000						
Financial Security "Bond" (CPUC; one time payment)	\$ 50,000	\$100k already posted in May 2020; \$50k held in case bond increases	\$ -	\$100k already posted in May 2020; \$50k held in case bond increases			
SDG&E billing service fees (@\$0.28 per account/month)	\$ 5,768	Phase 1 = 3,000; Phase 2 = 8,500 net of 5% opt-out/ Phase 3 = 925,000	\$ 1,531,488	Phase 1 = 3,000; Phase 2 = 8,600 net of 5% opt-out/ Phase 3 = 925,000			
TOTAL:	\$ 555,768		\$ 1,531,488				
Technical/Energy Services							
Power contracting, portfolio and rate design, scheduling, CRR management,							
et al		\$19,250 through Feb 2021, March 2021 - March 2022: \$28,500/month, not inclusive of		March 2021 - March 2022: \$28,500/month, not inclusive of direct travel costs (est. \$5k travel); IRP incl			
		direct travel costs (est. \$5k travel); IRP incl in fee	\$ 376,000				
Scheduling Fees Cost of Power		(\$0.03/Mwh/ month) From PEA June proforma		(\$0.03/Mwh/ month) From PEA June proforma			
Collateral/Lockbox reserves	\$ 5,000,000		\$ 520,397,159				
TOTAL	\$ 37,792,279		\$ 321,523,159				
Communications/Customer Enrollment							
Marketing strategy and branding	\$ 65,000		\$ 15,000				
Permanent Website + Maintenance	\$ 45,000		\$ 15,000				
Collateral Design/Video	\$ 60,000		\$ 25,000				
PR/Advertising Campaign print, social, paid and earned media	\$ 150,000		\$ 150,000				
Community Engagement	\$ 125,000		\$ 150,000				
Materials for tabling and events (design/print)	\$ 30,000		\$ 60,000				
Customer Notifications (@ \$0.80 each)	\$ 49,000	Phase 1 = 3,150 x 4; Phase 2 = 9,030 x 4; Phase 3 = 925,000 x 4	\$ 2,960,000	Phase 1 = 3,150 x 4; Phase 2 = 9,030 x 4; Phase 3 = 925,000 x 4			
Community Sponsorships, etc.	\$ 25,000		\$50,000	Lines almost drives almost drives and sectors of			
TOTAL:	\$ 549,000		\$ 3,425,000				
Data Management/Call Center							
Data Management/Call Center	s -	Fees don't commence until January 2022	\$ 4,900,000	Fees don't commence until January 2022; full enrollment of 925,000 x 6 months for 2022			
TOTAL:	\$ -		\$ 4,900,000				
Legal		ABM Assessed Assessed		BBU Annual Annual Annual			
General Counsel Services		BBK General Coursel contract		88K General Counsel contract			
Legal review of power supply and other vendor contracts	\$ 120,000 \$ 240,000	Legal Counsel for commercial energy contracts	\$ 150,000 \$ 300,000	Legal Counsel for commercial energy contracts			
TOTAL: Regulatory/Legiclative	\$ 240,000		\$ 500,000				
Cal-CCA Membership	\$ 50.000	TBD; placeholder	\$ 350.000	TBD; placeholder			
Regulatory Monitoring and Reporting		Tosdal APC regultory contract		Tosdal APC regultory contract			
Participation in Regulatory Proceedings /Compliance Matters	\$ 100,000			New Gen - ERRA; other technical consulting as needed			
Lobbyist	\$ 60,000			Sacramento			
TOTAL:	\$ 410,000		\$ 895,000				
Operating Expenditures TOTAL:	\$ 42,810,047		\$ 343,332,647				
NET SURPLUS	\$ 4,422,123		\$ 45,024,755				

This budget does NOT include: 1) Reimbursable expenses for City of San Diego, La Mesa, and Encinitas, 2) Local Programs, and 3) Reserve Funds.



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

