



AGENDA

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

January 28, 2021

5:00 p.m.

Due to the public health orders and guidelines in California and in accordance with the Governor's Executive Orders N-25-20 and N-29-20, there will be no location for in-person attendance. SDCP is providing alternatives to in-person attendance for viewing and participating in the meeting. Further details are below.

Note: Any member of the public may provide comments to the SDCP Board of Directors on any agenda item or on a matter not appearing on the agenda, but within the jurisdiction of the Board. **Written public comments or requests to speak during the meeting must be submitted at least one (1) hour before the start of the meeting by using this ([web form](#)).** Please indicate whether your comment is on a specific agenda item or a non-agenda item when submitting your comment or requesting to speak. When providing comments to the Board, it is requested that you provide your name and city of residence for the record. Commenters are requested to address their comments to the Board as a whole through the Chair. Comments may be provided in one of the following manners:

1. **Written Comments.** All written comments received at least one (1) hour before the meeting will be provided to the Board members in writing. In the discretion of the Chair, the first ten (10) submitted comments shall be stated into the record of the meeting. Comments received after the one (1) hour limit will be collected, sent to the Board members in writing, and be part of the public record.
2. **Requests to Speak.** Members of the public who have requested to speak at least one (1) hour before the meeting will be recognized at the appropriate time during the meeting. To allow the Chair to call on you, please provide the following minimum information with your request to speak: your name (if attending by videoconference) or telephone number (if attending by phone).

Comments shall be limited to either 400 words, or 3 minutes when speaking. If you have anything that you wish to be distributed to the Board, please provide it via info@sdcommunitypower.org, who will distribute the information to the Members.

The public may participate using the following remote options:

Teleconference Meeting Webinar

<https://zoom.us/j/94794075133>

Telephone (Audio Only)

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

Welcome

Call to Order

Pledge of Allegiance

Roll Call

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

Public Comments

Opportunity for members of the public to address the Board on any items not on the agenda but within the jurisdiction of the Board. Members of the public may use the web form noted above to provide a comment or request to speak.

Consent Calendar

All matters are approved by one motion without discussion unless a member of the Board of Directors requests a specific item to be removed from the Consent Agenda for discussion. A member of the public may use the web form noted above to comment on any item on the Consent Calendar.

1. Approval of the minutes of the Regular Meeting of the Board of Directors of San Diego Community Power held on December 17, 2020.

REGULAR AGENDA

The following items call for discussion or action by the Board of Directors. The Board may discuss and/or take action on any item listed below if the Board is so inclined.

2. Operations and Administration Report from the Interim Chief Executive Officer

Recommendation:

1. Receive and file update on various operational and administration activities.
2. Receive and file update on Regulatory Affairs.

3. Committee Reports

Recommendation: Receive and file update from the Community Advisory Committee.

4. Treasurer's Report

Recommendation: Receive and file presentation of financial results for 2020/21 period ending 11/30/20.

5. Receive FY2020 Audited Financial Statements from Pisenti & Brinker

Recommendation: Receive and file report.

6. Adopt Resolution Granting the Interim Chief Executive Officer the Authority to Execute an Amendment with River City Bank

Recommendation: Adopt Resolution 2021-01 granting the Interim Chief Executive Officer authority to execute an amendment with River City Bank regarding technical modifications to the Credit Agreement to address changes to SDCP's fiscal year, pro-forma and phasing schedule.

7. Adopt Resolution Approving SDG&E Master Power Purchase and Sales Agreement

Recommendation: Adopt Resolution 2021-02 approving a Master Power Purchase and Sale Agreement with San Diego Gas & Electric and authorizing the Interim Chief Executive Officer to execute the agreement and related documents.

8. Adoption of a Feed-In Tariff Schedule, Application, and Update to Inclusive and Sustainable Workforce Policy

Recommendation:

1. Adopt initial Feed-In Tariff (FIT) schedule and the related FIT application.
2. Adopt update to the Inclusive and Sustainable Workforce policy.
3. Authorize staff to work with transactional counsel in developing a FIT Power Purchase Agreement (to be reviewed and approved at a future Board meeting).

Director Comments

Board Members may briefly provide information to other members of the Board and the public, ask questions of staff, request an item to be placed on a future agenda, or report on conferences, events, or activities related to SDCP business. There is to be no discussion or action taken on comments made by Directors unless authorized by law.

Reports by Management and General Counsel

SDCP Management and General Counsel may briefly provide information to the Board and the public. The Board may engage in discussion if the specific subject matter of the report is identified below, but the Board may not take any action other than to place the matter on a future agenda. Otherwise, there is to be no discussion or action taken unless authorized by law.

ADJOURNMENT

Compliance with the Americans with Disabilities Act

SDCP Board of Directors meetings comply with the protections and prohibitions of the Americans with Disabilities Act. Individuals with a disability who require a modification or accommodation, including auxiliary aids or services, in order to participate in the public meeting may contact (888) 382-0169 or info@sdcommunitypower.org. Requests for disability-related modifications or

accommodations require different lead times and should be provided at least 72-hours in advance of the public meeting.

Availability of Board Documents

Copies of the agenda and agenda packet are available at <https://sdcommunitypower.org/resources/meeting-notes/>. Late-arriving documents related to a Board meeting item which are distributed to a majority of the Members prior to or during the Board meeting are available for public review as required by law. Previously, public records were available for inspection at the City of San Diego Sustainability Department, located at 1200 Third Ave., Suite 1800, San Diego, CA 92101. However, due to the Governor's Executive Orders N-25-20 and N-29-20 and the need for social distancing, in-person inspection is now suspended. Public records, including agenda-related documents, can instead be requested electronically at info@sdcommunitypower.org or by mail to SDCP, 815 E Street, Suite 12716, San Diego, CA 92112. The documents may also be posted at the above website.



**SAN DIEGO COMMUNITY POWER (SDCP)
BOARD OF DIRECTORS**
San Diego City Administration Building, 12th Floor
202 "C" Street
San Diego, CA 92101

MINUTES

December 17, 2020

This meeting was conducted utilizing teleconferencing and electronic means consistent with State of California Executive Order N-29-20 dated March 17, 2020, regarding the COVID-19 pandemic.

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, except the Call to Order was done prior to the Welcome and Oath of Office for Director Dedina.

WELCOME AND OATH OF OFFICE FOR MAYOR SERGE DEDINA

Interim Board Clerk Wiegelman administered the Oath of Office to Director Dedina (Imperial Beach).

CALL TO ORDER

Chair Mosca (Encinitas) called the SDCP Board of Directors meeting to order at 5:10 p.m.

General Counsel Baron announced there were no reportable actions from Closed Session.

PLEDGE OF ALLEGIANCE

Chair Mosca (Encinitas) led the Pledge of Allegiance.

ROLL CALL

PRESENT: Chair Mosca (Encinitas), Vice Chair Padilla (Chula Vista), Director Baber (La Mesa), Director Dedina (Imperial Beach), and Director Montgomery (San Diego)

ABSENT: None

Also Present: Interim Chief Executive Officer (“CEO”) Carnahan, Chief Operating Officer (“COO”) Hooven, General Counsel Baron, Interim Board Clerk Wiegelman

ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA

Chair Mosca announced that Item 10 was withdrawn from the agenda and would be considered at a future meeting.

PUBLIC COMMENTS

Interim Board Clerk Wiegelman read aloud the first 400 words of the emailed public comments submitted by 3:00 p.m. the day of the Board meeting.

Matthew Vasilakis, Climate Action Campaign, submitted a comment welcoming Director Dedina (Imperial Beach) to SDCP and regarding San Diego Gas & Electric’s (“SDG&E”) continued efforts to undermine SDCP’s establishment.

CONSENT CALENDAR

(Items 1 through 4)

1. Approval of the minutes of the Regular Meeting of the Board of Directors of San Diego Community Power held on November 19, 2020

Approved.

2. Approval of a Social Media Policy

Approved.

3. Approval of a Customer Data Confidentiality Policy

Approved.

4. Approval of the 2021 Board Meeting Schedule by Resolution

Resolution No. 2020-08 was adopted.

ACTION: Motioned by Director Montgomery (San Diego) and seconded by Vice Chair Padilla (Chula Vista) to approve Consent Calendar Items 1 through 4. The motion carried by the following vote:

Vote: 5-0

Yes: Chair Mosca (Encinitas), Vice Chair Padilla (Chula Vista), Director Baber (La Mesa), Director Dedina (Imperial Beach), and Director Montgomery (San Diego)

No: None

Abstained: None

Absent: None

REGULAR AGENDA

5. Approval of a Resolution Recognizing Mark West as a Founding Board Member of San Diego Community Power

Chair Mosca (Encinitas), Vice Chair Padilla (Chula Vista), Director Baber (La Mesa), Director Montgomery (San Diego), Director Dedina (Imperial Beach), and Interim CEO Carnahan thanked Mark West (Imperial Beach) for his service to SDCP.

Mark West (Imperial Beach) reflected on his time on the SDCP Board of Directors and expressed his appreciation for the other Directors, staff, and the organization as a whole.

Interim Board Clerk Wiegelman read aloud the first 400 words of the emailed public comments submitted by 3:00 p.m. the day of the Board meeting.

Matthew Vasilakis, Climate Action Campaign, submitted a comment thanking Director West (Imperial Beach) for his leadership and efforts at SDCP.

ACTION: Motioned by Director Dedina (Imperial Beach) and seconded by Vice Chair Padilla (Chula Vista) to adopt Resolution No. 2020-09 recognizing Mark West as a Founding Board Member of San Diego Community Power. The motion carried by the following vote:

Vote: 5-0

Yes: Chair Mosca (Encinitas), Vice Chair Padilla (Chula Vista), Director Baber (La Mesa), Director Dedina (Imperial Beach), and Director Montgomery (San Diego)

No: None

Abstained: None

Absent: None

6. Operations and Administration Report from the Interim Chief Executive Officer

Interim CEO Carnahan provided an update on the status of the various vendor requests for proposals ("RFP") and other solicitations, the Community Choice Energy Forum hosted by Climate Action Campaign on December 4, 2020, the implementation of the organization plan, and the hiring and recruitment efforts. Interim CEO Carnahan announced Sebastian Sarria had been hired as the Program and Policy Manager and Kimberly Isley had been hired as the Executive Assistant.

COO Hooven provided an update on the policy matrix.

Ty Tosdal, Tosdal APC, provided an update on SDG&E's Energy Resource Recovery Account ("ERRA") forecasting proceedings, the Financial Security Requirements for CCAs, SDG&E's Power Charge Indifference Adjustment ("PCIA") Trigger application, and other energy regulatory affairs as they relate to the interests of SDCP.

Following Board questions and comments, no action was taken.

7. Committee Reports

Interim CEO Carnahan provided an update on the proceedings of the Finance and Risk Management Committee.

Board questions and comments ensued.

Community Advisory Committee (“CAC”) Vice Chair Hammond provided an update on the proceedings of the CAC.

Following Board questions and comments, no action was taken.

8. Treasurer’s Report – Presentation of First Quarter FY20/21 Financial Results

Interim CEO Carnahan and Michael Myers, Maher Accountancy, provided a report on the finances of the first quarter of Fiscal Year 2020-2021 and explained how the financial reports would be presented to the Board moving forward.

Board questions and comments ensued.

Following Board questions and comments, no action was taken.

9. Approval of a Net Energy Metering Program

Program and Policy Manager Sarria and Paul Soco, Calpine, provided an overview of the proposed Net Energy Metering (“NEM”) Program and the enrollment process for the NEM Program.

Board questions and comments ensued.

Interim Board Clerk Wiegelman read aloud the first 400 words of the emailed public comments submitted by 3:00 p.m. the day of the Board meeting.

Jason Anderson, Cleantech San Diego, submitted a comment in support of the NEM Program.

ACTION: Motioned by Director Baber (La Mesa) and seconded by Director Montgomery (San Diego) to adopt a Net Energy Metering Program pending subsequent approval of Net Surplus Compensation. The motion carried by the following vote:

Vote: 5-0

Yes: Chair Mosca (Encinitas), Vice Chair Padilla (Chula Vista), Director Baber (La Mesa), Director Dedina (Imperial Beach), and Director Montgomery (San Diego)

No: None

Abstained: None

Absent: None

10. Approval of a Feed-In Tariff Program

This Item was withdrawn from the agenda.

11. Approval of Power Purchase Agreement with Southern California Edison; Approval of Master Power Purchase and Sale Agreements and Lockbox Agreements

General Counsel Baron provided a PowerPoint presentation on energy contracting, highlighting procurement, commercial transactions, terms and conditions, and process. General Counsel Baron reviewed the proposed Master Power Purchase and Sale Agreements and Lockbox Agreements and explained the purpose for the various agreements.

Board questions and comments ensued.

ACTION: Motioned by Director Dedina (Imperial Beach) and seconded by Vice Chair Padilla (Chula Vista) to: (1) adopt Resolution No. 2020-10 approving a Master Power Purchase Agreement and Sales Confirmation with Southern California Edison and authorizing the Interim CEO to execute the Agreement, Confirmation and related documents; and (2) adopt Resolution No. 2020-11 approving the Edison Electric Institute (EEI) and Western Systems PowerPool (WSPP) Master Purchase and Sale Agreements, approving a Deposit Account Control Agreement, Security Agreement, and Intercreditor and Agency Collateral Agreement ("Lockbox Agreements") and delegating authority to the CEO to execute the EEI and WSPP Master Agreements and Lockbox Agreements with energy service providers in substantially similar form as approved by General Counsel. The motion carried by the following vote:

Vote: 5-0

Yes: Chair Mosca (Encinitas), Vice Chair Padilla (Chula Vista), Director Baber (La Mesa), Director Dedina (Imperial Beach), and Director Montgomery (San Diego)

No: None

Abstained: None

Absent: None

12. Appoint Board Members to the Finance and Risk Management Committee for the 2021 Calendar Year

The Board discussed which Directors would serve on the Finance and Risk Management Committee.

ACTION: Motioned by Director Baber (La Mesa) and seconded by Chair Mosca (Encinitas) to appoint Director Dedina (Imperial Beach) and Alternate Director Humora (La Mesa) to serve on the Finance and Risk Management Committee until December 2021. The motion carried by the following vote:

Vote: 5-0

Yes: Chair Mosca (Encinitas), Vice Chair Padilla (Chula Vista), Director Baber (La Mesa), Director Dedina (Imperial Beach), and Director Montgomery (San Diego)
No: None
Abstained: None
Absent: None

DIRECTOR COMMENTS

There were no comments.

REPORTS BY MANAGEMENT AND GENERAL COUNSEL

There were no reports.

ADJOURNMENT

Chair Mosca (Encinitas) adjourned the meeting at 6:20 p.m.

Megan Wiegelman, CMC
Interim Board Clerk

San Diego Community Power Board Update

January 28, 2021



Ty Tosdal
Tosdal APC



Overview

- SDG&E 2021 ERRA Forecast ([A. 20-04-014](#))
- SDG&E's 2020 ERRA Trigger ([A. 20-12-007](#))
- 2020 RPS Procurement Plans ([R. 18-07-003](#))
- Percent Income Payment Plan ([R. 18-07-005](#))



SDG&E's 2021 ERRA Forecast Application

- The Alternate Proposed Decision (APD) requiring SDG&E to incorporate departing load into sales forecast was adopted.
- There will be no drastic reduction in SDG&E rates.
- The System Average Percent Change (SAPC) allocation method was adopted.
- SDG&E's advice letter to be issued before February 1, 2021, will provide additional details on rate changes.



SDG&E's 2020 ERRA Trigger

- SDG&E has applied for a modest rate increase.
- San Diego CCAs submitted a Joint Protest on January 5, 2021.
- SDG&E has committed to applying the energy requirements approved in the ERRA Forecast proceeding.
- San Diego CCAs Propose March 4, 2021, Commission Vote for implementation June 1.



2020 RPS Procurement Plans

- SDCP and other CCAs, ESPs and IOUs are ordered to provide additional details to multiple sections of the RPS Plans by February 15, 2021.
- PEA is currently working on the amendments to SDCP's RPS Procurement Plan narrative and RNS calculations.
- SDG&E's request to hold RPS sales solicitations in 2021 is approved.

RPS Progress to Target Comparison

Figure 1: Aggregated IOU Progress Towards 60% RPS

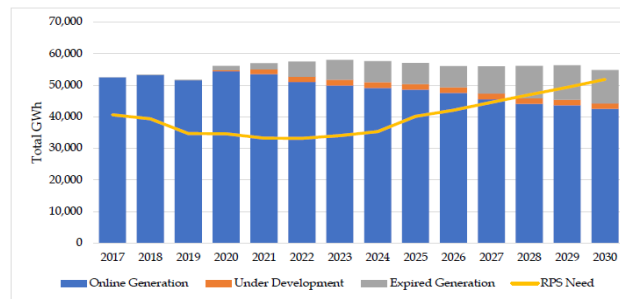
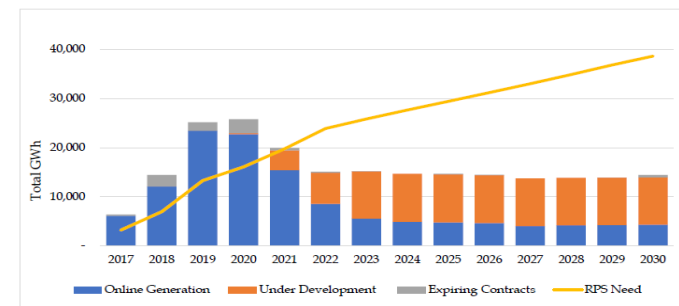


Figure 3: Aggregated CCAs Progress Towards 60% RPS



Source: CPUC Proposed Decision on 2020 RPS Plans, Filed December 11, 2020.



Percentage of Income Payment Plan (PIPP)

- The program aims to assist customers with the lowest income and provides a fixed, minimum bill based on income.
- Party comments reflect wide disagreement regarding PIPP income eligibility and program parameters.
- CalCCA supports PIPP as a 12-18 month pilot for IOUs only and PPP as cost recovery mechanism.
- SDG&E opposes the PIPP program entirely, citing duplicative nature of CARE/FERA and other factors.



Financial Security Requirements

- SDG&E corrected errors in its FRS Advice Letter calculating FSR amounts.
- SDCP and other CCA Program FSR Advice Letters were suspended by the Energy Division because pro forma agreements were attached.
- SDCP will be submitting a revised FSR Advice Letter and a confidential version of the FSR instrument.
- When SDCP's Advice Letter is approved, the interim FSR amount (\$100,000) will be returned.



Supporting Materials

Supporting materials referenced in this presentation can be found at the following link:

https://www.dropbox.com/sh/lqxgw9qspchu1kt/AABDTnzfLeU3VKzaGKj1sT_Za?dl=0



SAN DIEGO COMMUNITY POWER Staff Report – Item 4

To: San Diego Community Power Board of Directors
From: Bill Carnahan, Interim CEO
CC: Michael Maher, Maher Accountancy
Subject: Treasurer's Report
Date: January 28, 2021

RECOMMENDATION

Receive and file presentation of financial results for 2020/21 period ending 11/30/20.

BACKGROUND

San Diego Community Power (SDCP) maintains its accounting records on a full accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) as applicable to governmental enterprise funds.

SDCP has prepared financial statements for the period ended November 30, 2020 as well as a budgetary comparison statement for the same period.

ANALYSIS AND DISCUSSION

Financial Comments:

- SDCP's main source of funding at this point is its Line of Credit with River City Bank (RCB).
- As planned, SDCP is running a deficit balance and will continue to do so until sufficient revenues from retail customers occur during the latter half of the fiscal year.
- Upcoming financial transactions: January and February 2021 will see pick up in cash outflows related to energy supply collateral and RA purchases. As planned, we anticipate the next phase of the loan funding will be needed to pay these outflows.

Budget Comments:

- Through November 30, 2020 (5 months), total spending of \$998k remains under budget expectations of \$1,070k.
- SDCP management intends to propose a budget amendment at a future date to 1) incorporate new information pertaining to rates and energy costs 2) to reformat the budget report to a condensed and easier to read version.

FISCAL IMPACT

Not applicable

ATTACHMENTS

Attachment A: 2020/21 Period Ended 11/30/20 Financial Statements

Attachment B: 2020/21 Period Ended 11/30/20 Budgetary Comparison Statement





ACCOUNTANTS' COMPILATION REPORT

Management
San Diego Community Power

Management is responsible for the accompanying financial statements of San Diego Community Power (a California Joint Powers Authority) which comprise the statement of net position as of November 30, 2020, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

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

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

Maher Accountancy

San Rafael, CA
January 15, 2021

SAN DIEGO COMMUNITY POWER
STATEMENT OF NET POSITION
As of November 30, 2020

ASSETS

Current assets	
Cash and cash equivalents	\$ 696,536
Deposits	200,000
Total current assets	<u>896,536</u>
Noncurrent assets	
Restricted cash	5,500,000
Deposits	100,000
Total noncurrent assets	<u>5,600,000</u>
Total assets	<u><u>6,496,536</u></u>

LIABILITIES

Current liabilities	
Accounts payable	342,354
Payroll liabilities	15,336
Other accrued liabilities	100,000
Security deposits	1,581,000
Interest payable	58,872
Total current liabilities	<u>2,097,562</u>
Noncurrent liabilities	
Other noncurrent liabilities	582,176
Bank note payable	990,082
Loans payable	5,000,000
Total noncurrent liabilities	<u>6,572,258</u>
Total liabilities	<u><u>8,669,820</u></u>

NET POSITION

Unrestricted (deficit)	<u>(2,173,284)</u>
Total net position	<u><u>\$ (2,173,284)</u></u>

SAN DIEGO COMMUNITY POWER
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
July 1, 2020 through November 30, 2020

OPERATING REVENUES	\$ -
OPERATING EXPENSES	
Contract services	823,610
Staff compensation	61,154
General and administration	164,069
Total operating expenses	<u>1,048,833</u>
Operating income (loss)	<u>(1,048,833)</u>
NONOPERATING EXPENSES	
Interest expense	<u>54,341</u>
CHANGE IN NET POSITION	(1,103,174)
Net position at beginning of period	<u>(1,070,110)</u>
Net position at end of period	<u><u>\$ (2,173,284)</u></u>

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS
July 1, 2020 through November 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts of supplier collateral	\$ 1,581,000
Payments for goods and services	(968,500)
Payments to employees for services	(45,818)
Payments for deposits and collateral	<u>(200,000)</u>
Net cash provided (used) by operating activities	<u>366,682</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Interest and related expense payments	<u>(9,128)</u>
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Net change in cash and cash equivalents	357,554
Cash and cash equivalents at beginning of period	<u>5,838,982</u>
Cash and cash equivalents at end of period	<u><u>\$ 6,196,536</u></u>

Reconciliation to the Statement of Net Position

Cash and cash equivalents (unrestricted)	696,536
Restricted cash	<u>5,500,000</u>
Cash and cash equivalents	<u><u>\$ 6,196,536</u></u>

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS (continued)
July 1, 2020 through November 30, 2020

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

Operating income (loss)	\$ (1,048,833)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
(Increase) decrease in:	
Prepaid expenses	25,000
Deposits	(200,000)
Increase (decrease) in:	
Accounts payable	12,312
Payroll liabilities	15,336
Other accrued liabilities	(18,133)
Supplier security deposits	1,581,000
Net cash provided (used) by operating activities	<u><u>\$ 366,682</u></u>



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
San Diego Community Power

Management is responsible for the accompanying special purpose statement of San Diego Community Power (SDCP), a California Joint Powers Authority, which comprise the budgetary comparison schedule for the period ended November 30, 2020, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

The special purpose statement is prepared in accordance with the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This report is intended for the information of the Board of Directors of SDCP.

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

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

Maher Accountancy

San Rafael, CA
January 15, 2021

SAN DIEGO COMMUNITY POWER
BUDGETARY COMPARISON SCHEDULE
July 1, 2020 through November 30, 2020

	2020/21 YTD Budget	2020/21 YTD Actual	2020/21 YTD Budget Variance (Under) Over	2020/21 YTD Actual/ Budget %	2020/21 Annual Budget	2020/21 Budget Remaining
REVENUES AND OTHER SOURCES						
Working capital from River City Bank	\$ 1,500,000	-	\$ (1,500,000)	0%	\$ 24,600,000	\$ 24,600,000
Ratepayer revenues	-	-	-	0%	22,688,892	22,688,892
Less uncollectibles	-	-	-	0%	(56,722)	(56,722)
Total Revenues and Other Sources	1,500,000	-	(1,500,000)		47,232,170	47,232,170
OPERATING EXPENSES						
Operations and Administration						
Professional fees	145,833	128,550	(17,283)	88%	350,000	221,450
Board and Committee Expenses	6,250	-	(6,250)	0%	15,000	15,000
Staffing	70,000	61,154	(8,846)	87%	1,500,000	1,438,846
General and Administrative	145,833	33,883	(111,950)	23%	350,000	316,117
Debt Service and Bank Fees	110,000	54,341	(55,659)	49%	1,048,000	993,659
Total Operations and Administration	477,916	277,928	(199,988)		3,263,000	2,985,072
CAISO/Utility Fees						
CAISO deposit	-	-	-	0%	500,000	500,000
Financial Security Bond (CPUC)	-	-	-	0%	50,000	50,000
SDG&E billing service fees	-	-	-	0%	5,768	5,768
Total CAISO/Utility Fees	-	-	-		555,768	555,768
Technical and Energy Services						
Power contracting, portfolio and rate design	96,250	122,063	25,813	127%	273,000	150,937
Scheduling Fees	-	-	-	0%	8,000	8,000
Cost of Power	-	-	-	0%	32,511,279	32,511,279
Collateral/Lockbox reserves	-	-	-	0%	5,000,000	5,000,000
Total Technical and Energy Services	96,250	122,063	25,813		37,792,279	37,670,216
Communications & Customer Enrollment						
Marketing strategy and branding	65,000	185,205	120,205	285%	65,000	(120,205)
Permanent Website + Maintenance	45,000	-	(45,000)	0%	45,000	45,000
Collateral Design/Video	12,500	-	(12,500)	0%	60,000	60,000
PR/Advertising Campaign	31,250	-	(31,250)	0%	150,000	150,000
Community Engagement	26,042	-	(26,042)	0%	125,000	125,000
Materials for tabling and events (design/print)	6,250	-	(6,250)	0%	30,000	30,000
Customer Notifications (@ \$0.80 each)	10,208	-	(10,208)	0%	49,000	49,000
Community Sponsorships, etc.	25,000	7,500	(17,500)	30%	25,000	17,500
Total Communications & Customer Enrollment	221,250	192,705	(28,545)		549,000	356,295
Legal						
General Counsel Services	50,000	126,132	76,132	252%	120,000	(6,132)
Legal review of power supply & other contracts	50,000	-	(50,000)	0%	120,000	120,000
Total Legal	100,000	126,132	26,132		240,000	113,868
Regulatory Legislative						
Cal-CCA Membership	25,000	17,686	(7,314)	71%	50,000	32,314
Regulatory Monitoring and Reporting	83,333	261,662	178,329	314%	200,000	(61,662)
Participation in Regulatory /Compliance Matters	41,667	-	(41,667)	0%	100,000	100,000
Lobbyist	25,000	-	(25,000)	0%	60,000	60,000
Total Regulatory Legislative	175,000	279,348	104,348		410,000	130,652
Total Operating Expenses	1,070,416	998,176	(72,240)		42,810,047	41,811,871
NET SURPLUS (DEFICIT)	\$ 429,584	\$ (998,176)	\$ (1,427,760)		\$ 4,422,123	\$ 5,420,299

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



SAN DIEGO COMMUNITY POWER Staff Report – Item 5

To: San Diego Community Power Board of Directors
From: Bill Carnahan, Interim CEO
CC: Michael Maher, Maher Accountancy
Subject: Received FY2020 Audited Financial Statements from Pimenti & Brinker
Date: January 28, 2021

RECOMMENDATION

Receive and file report.

BACKGROUND

San Diego Community Power's JPA requires an annual financial statement audit performed by an independent auditor. Pimenti & Brinker was chosen to perform the audit. This firm has extensive experience auditing CCA's throughout California, as well as other local government entities.

ANALYSIS AND DISCUSSION

Pimenti & Brinker has prepared a presentation describing the audit process and results.

FISCAL IMPACT

Not applicable

ATTACHMENTS

Attachment A: Audited Financial Statements for Fiscal Year Ended June 30, 2020



SAN DIEGO COMMUNITY POWER
FINANCIAL STATEMENTS
FISCAL PERIOD ENDED JUNE 30, 2020
WITH REPORT OF
INDEPENDENT AUDITORS

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of San Diego Community Power (SDCP), which comprise the statement of net position as of June 30, 2020, the related statement of revenues, expenses and changes in net position and cash flows for the period from October 1, 2019 (inception date) to June 30, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

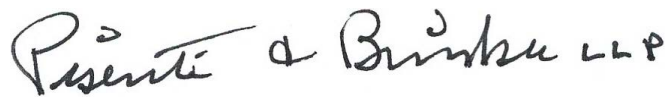
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Diego Community Power as of June 30, 2020 and the results of the financial position and cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report (continued)

Other Matters

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

A handwritten signature in black ink that reads "Piseri & Brink LLP". The signature is written in a cursive, flowing style.

Santa Rosa, California
January 22, 2021

**SAN DIEGO COMMUNITY POWER
MANAGEMENT'S DISCUSSION AND ANALYSIS
PERIOD ENDED JUNE 30, 2020**

The Management's Discussion and Analysis provides an overview of San Diego Community Power's (SDCP) financial activities from inception to June 30, 2020. The information presented here should be considered in conjunction with the audited financial statements.

BACKGROUND

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

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

Prior to the creation of SDCP as a JPA, the City of San Diego managed the financial and administrative activities related to the formation of this community choice aggregation program. Pursuant to a cooperation agreement with the City of San Diego, SDCP accepted an obligation to reimburse the City of San Diego for specified costs to initiate the entity and its programs which were incurred prior to the JPA agreement, as well as for costs incurred during the start-up phase of SDCP.

SDCP will begin providing electricity to customers in 2021.

**SAN DIEGO COMMUNITY POWER
MANAGEMENT'S DISCUSSION AND ANALYSIS
PERIOD ENDED JUNE 30, 2020**

Financial Reporting

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

Contents of this report

This report is divided into the following sections:

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

**SAN DIEGO COMMUNITY POWER
MANAGEMENT'S DISCUSSION AND ANALYSIS
PERIOD ENDED JUNE 30, 2020**

FINANCIAL HIGHLIGHTS

The following table is a summary of SDCP's assets, liabilities, and net position as of June 30, 2020:

Current assets	\$ 363,982
Noncurrent assets	5,600,000
Total assets	<u>5,963,982</u>
Current liabilities	566,834
Noncurrent liabilities	6,467,258
Total liabilities	<u>7,034,092</u>
Net position	
Unrestricted (deficit)	(1,070,110)
Total net position	<u>\$ (1,070,110)</u>

Current and noncurrent assets

Current assets and noncurrent assets are mostly comprised of cash. SDCP holds cash of \$5,500,000 that is restricted as collateral for a bank line of credit. Other noncurrent assets represent deposits in SDCP's name held by other parties.

Current liabilities

Current liabilities consist of trade accounts payable for services and general and administrative costs.

Noncurrent liabilities

During 2019-20, SDCP borrowed \$990,082 from River City Bank and \$5,000,000 from private parties. The River City Bank debt represents draws from a \$35,000,000 revolving line of credit. This line of credit was established to provide for working capital during SDCP's start up period and will also provide resources for the procurement of electricity during the early phases of its customer launch, as certain payments and deposits to suppliers are required in advance of the collection of revenues from customers. The \$5,000,000 private debt was incurred to provide for the cash collateral requirement of the River City Bank revolving line of credit.

Also included in noncurrent liabilities is \$477,000 for start-up related costs owed primarily to the City of San Diego.

**SAN DIEGO COMMUNITY POWER
MANAGEMENT'S DISCUSSION AND ANALYSIS
PERIOD ENDED JUNE 30, 2020**

The following table is a summary of SDCP's results of operations from inception (October 1, 2019) through June 30, 2020:

Operating revenues	\$ -
Operating expenses	1,006,369
Nonoperating expenses	<u>63,741</u>
Total expenses	<u>1,070,110</u>
Change in net position	<u><u>\$ (1,070,110)</u></u>

Operating expenses

Expenses for contracting services and other general and administrative expenses are included in operating expenses.

Nonoperating expenses

Interest expense on borrowings during 2019-20 are included as nonoperating expenses.

ECONOMIC OUTLOOK

SDCP will begin to provide electricity to customers in early 2021. Customer groups will be added during multiple phases throughout the year. This will result in a large increase in expenses, as SDCP will begin to procure the electric resources needed to sell to its customers. While this will mark the first period of revenue recognition, SDCP plans to utilize its revolving line of credit to provide for working capital needs until sufficient customer receipts are collected.

REQUEST FOR INFORMATION

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

Please address any questions about this report or requests for additional financial information to 815 E Street, Unit 12716, San Diego, CA 92101.

Respectfully submitted,

Bill Carnahan, CEO

BASIC FINANCIAL STATEMENTS

SAN DIEGO COMMUNITY POWER
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

ASSETS

Current assets	
Cash and cash equivalents	\$ 338,982
Prepaid expenses	25,000
Total current assets	<u>363,982</u>
Noncurrent assets	
Restricted cash	5,500,000
Deposits	100,000
Total noncurrent assets	<u>5,600,000</u>
Total assets	<u>5,963,982</u>

LIABILITIES

Current liabilities	
Accounts payable	330,042
Other accrued liabilities	223,133
Interest payable	13,659
Total current liabilities	<u>566,834</u>
Noncurrent liabilities	
Other noncurrent liabilities	477,176
Bank note payable	990,082
Loans payable	5,000,000
Total noncurrent liabilities	<u>6,467,258</u>
Total liabilities	<u>7,034,092</u>

NET POSITION

Unrestricted (deficit)	<u>(1,070,110)</u>
Total net position	<u>\$ (1,070,110)</u>

**SAN DIEGO COMMUNITY POWER
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INCEPTION (OCTOBER 1, 2019) THROUGH JUNE 30, 2020**

	Inception through June 30, 2020
OPERATING REVENUES	\$ -
OPERATING EXPENSES	
Contract services	529,193
General and administration	477,176
Total operating expenses	<u>1,006,369</u>
Operating loss	<u>(1,006,369)</u>
NONOPERATING EXPENSES	
Interest and financing expenses	<u>63,741</u>
CHANGE IN NET POSITION	(1,070,110)
Net position at beginning of period	<u>-</u>
Net position at end of period	<u><u>\$ (1,070,110)</u></u>

The accompanying notes are an integral part of these financial statements.

**SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS
INCEPTION (OCTOBER 1, 2019) THROUGH JUNE 30, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Payments for goods and services	\$ (101,018)
Net cash used by operating activities	<u>(101,018)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Proceeds from loans	5,000,000
Proceeds from bank note	<u>940,000</u>
Net cash provided by non-capital financing activities	<u>5,940,000</u>

Net change in cash and cash equivalents	5,838,982
Cash and cash equivalents at beginning of period	<u>-</u>
Cash and cash equivalents at end of period	<u><u>\$ 5,838,982</u></u>

Reconciliation to the Statement of Net Position

Cash and cash equivalents (unrestricted)	\$ 338,982
Restricted cash	<u>5,500,000</u>
Cash and cash equivalents	<u><u>\$ 5,838,982</u></u>

Noncash Non-capital Financing Activities:

Expenses of \$50,082 related to the acquisition of debt were financed from loan proceeds.

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS (CONTINUED)
INCEPTION (OCTOBER 1, 2019) THROUGH JUNE 30, 2020

**RECONCILIATION OF OPERATING LOSS TO NET
CASH USED BY OPERATING ACTIVITIES**

Operating loss	\$ (1,006,369)
Adjustments to reconcile operating loss to net cash used by operating activities	
(Increase) decrease in:	
Prepaid expenses	(25,000)
Deposits	(100,000)
Increase (decrease) in:	
Accounts payable	330,042
Other accrued liabilities	700,309
Net cash used by operating activities	<u>\$ (101,018)</u>

**SAN DIEGO COMMUNITY POWER
NOTES TO THE BASIC FINANCIAL STATEMENTS
PERIOD ENDED JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

San Diego Community Power (SDCP) is a California joint powers authority created on October 1, 2019. As of June 30, 2020, parties to its Joint Powers Agreement consist of the following local governments:

Cities	
Chula Vista	Imperial Beach
Encinitas	San Diego
La Mesa	

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

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

BASIS OF ACCOUNTING

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

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

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

**SAN DIEGO COMMUNITY POWER
NOTES TO THE BASIC FINANCIAL STATEMENTS
PERIOD ENDED JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH AND CASH EQUIVALENTS

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

DEPOSITS

SDCP's assets include deposits held by others for regulatory and other operating purposes.

OPERATING AND NONOPERATING EXPENSES

Operating expenses include the costs of services and administrative expenses. Expenses not meeting this definition are reported as nonoperating expenses.

INCOME TAXES

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

ESTIMATES

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

2. CASH AND CASH EQUIVALENTS

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

SAN DIEGO COMMUNITY POWER
NOTES TO THE BASIC FINANCIAL STATEMENTS
PERIOD ENDED JUNE 30, 2020

3. OTHER NONCURRENT LIABILITIES

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

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

	<u>Beginning</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending</u>
Period ended June 30, 2020				
Start-up funds				
advanced from Cities	\$ -	\$ 477,176	\$ -	\$ 477,176
Amounts due within one year				-
Amounts due after one year				<u>\$ 477,176</u>

4. DEBT

Bank note payable

In May 2020, SDCP arranged to borrow up to \$35,000,000 through a revolving credit agreement from River City Bank to provide cash for working capital before sufficient revenue is to be collected from customers. The amount available to SDCP "steps up" throughout fiscal year 2021 and will be fully available prior to the end of that year. At June 30, 2020, SDCP borrowed a total of \$990,082, leaving \$34,010,000 available to be drawn after the final "step up" period has occurred. As security, SDCP assigned a security interest in all accounts, revenues, resource adequacy contracts, debt service reserve accounts and cash collateral accounts. Principal can be drawn as needed and interest is accrued on the outstanding balance. Additionally, the bank requires \$5,000,000 cash collateral to be held during the term of the agreement. The stated maturity date is May 31, 2022, with interest payable each month commencing on July 1, 2020. The interest rate at June 30, 2020, was computed at one-month LIBOR plus a rate of 2.00%, for a total rate of 2.18% per annum. In the event of default, the note becomes immediately due and payable.

SAN DIEGO COMMUNITY POWER
NOTES TO THE BASIC FINANCIAL STATEMENTS
PERIOD ENDED JUNE 30, 2020

4. DEBT (continued)

Loans payable

In May 2020, SDCP borrowed \$5,000,000 in total from two private lenders for the purpose of funding a collateral account to be held by River City Bank. Each loan is due on May 21, 2023. The notes bear interest equal to the one-month LIBOR rate plus 2% per annum at June 30, 2020. Interest payments are due quarterly, commencing when SDCP begins selling electricity to customers. In the event of default, the lender has the right to pursue all remedies available at law or equity against SDCP.

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

	<u>Beginning</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending</u>
Period ended June 30, 2020				
Bank note payable	\$ -	\$ 990,082	\$ -	\$ 990,082
Private loans payable	-	5,000,000	-	5,000,000
Total	<u>\$ -</u>	<u>\$ 5,990,082</u>	<u>\$ -</u>	<u>5,990,082</u>
Amounts due within one year				-
Amounts due after one year				<u>\$ 5,990,082</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended June 30,			
2021	\$ -	\$ 130,584	\$ 130,584
2022	990,082	128,785	1,118,867
2023	5,000,000	98,403	5,098,403
Total	<u>\$ 5,990,082</u>	<u>\$ 357,772</u>	<u>\$ 6,347,854</u>

Other lines of credit

In April 2020, SDCP entered into a professional services agreement with a service provider that includes a provision that allows SDCP to borrow up to \$2,000,000 to cover certain working capital needs. All borrowing requests must occur prior to SDCP's initial customer launch date, and repayments of amounts borrowed will occur in twelve equal monthly installments beginning ninety days after the initial launch date. The borrowed amounts will be subject to interest at one-month LIBOR plus a rate of 2.00% per annum. At June 30, 2020, there were no borrowings related to this agreement.

SAN DIEGO COMMUNITY POWER
NOTES TO THE BASIC FINANCIAL STATEMENTS
PERIOD ENDED JUNE 30, 2020

5. RISK MANAGEMENT

SDCP is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. During the period ended June 30, 2020, SDCP did not have liability and property insurance from a commercial carrier. In July 2020, SDCP purchased coverage for property, general liability, errors and omissions and non-owned automobile with a limit of \$2,000,000 with a \$1,000 deductible.

6. COMMITMENTS

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

The following table details the obligations to purchase existing energy, renewable, and resource adequacy (RA) contracts as of June 30, 2020:

Year ending June 30,	
2021	\$ 18,000,000
2022	39,000,000
2023	31,000,000
2024	10,500,000
Total	<u>\$ 98,500,000</u>

7. FUTURE GASB PRONOUNCEMENTS

The requirements of the following GASB Statements are effective for years ending after June 30, 2020:

GASB has approved GASB Statement No. 87, *Leases*, GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB 96, *Subscription-Based Information Technology Arrangements*; and GASB No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. When they become effective, the application of these standards may restate portions of these financial statements.

**SAN DIEGO COMMUNITY POWER
NOTES TO THE BASIC FINANCIAL STATEMENTS
PERIOD ENDED JUNE 30, 2020**

8. SUBSEQUENT EVENT

Covid-19

In December 2019, a novel strain of coronavirus disease (“COVID-19”) was first reported. Less than four months later, on March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The extent to which the ongoing response to and impacts of COVID-19 will affect SDCP’s operational and financial performance is unknown at this time and will be monitored by management.



SAN DIEGO COMMUNITY POWER Staff Report – Item 6

To: San Diego Community Power Board of Directors

From: Cody Hooven, Chief Operating Officer
Glen Price, General Counsel, BB&K

Subject: Adopt Resolution Granting the Interim Chief Executive Officer the
Authority to Execute an Amendment with River City Bank

Date: January 28, 2021

RECOMMENDATION

Adopt Resolution 2021-01 granting the Interim Chief Executive Officer authority to execute an amendment with River City Bank regarding technical modifications to the Credit Agreement to address changes to SDCP's fiscal year, pro-forma and phasing schedule.

BACKGROUND

In April 2020, the Board authorized the Interim Executive Officer execute a Credit Agreement and related documents necessary to implement a \$35 million credit facility with River City Bank. The Credit Agreement with River City Bank provides for a revolving credit facility of up to \$35 million for a 2-year term with an option to convert the revolving credit balance into a 3-year term loan in 2022. The funds would be made available for cash advances for working capital both pre- and post-commencement of operations and/or letters of credit that will be used for credit support in power purchase transactions. The amount of credit available is an initial \$5 million of startup costs that will step up in increments of \$20 million and \$10 million upon SDCP meeting certain benchmarks for the commencement of commercial and residential operations. The funds that will be made available pursuant to the River City Bank credit facility will be used primarily for short term and long-term power purchase agreements and to provide collateral as security for ongoing power procurement needs. The initial \$5 million in funding is being used for working capital to support the full costs of start-up activities, including staffing, energy services, marketing, and compliance.

ANALYSIS AND DISCUSSION

The Credit Agreement with River City Bank includes financial covenants and conditions precedent to the step-up in financing provided for each phase of SDCP operations. The covenants and conditions in the Credit Agreement were based on an initial schedule for phased roll-out and pro-forma that have changed over the course of the year as SDCP prepares for actual operations. They were also based on a calendar fiscal year, which

has now been changed to the typical public agency fiscal year commencing on July 1. As a result, it is necessary to make revisions to the covenants and conditions to reflect the change in fiscal year, a final pre-launch pro-forma, and to ensure that the dates for step-up in funding availability match the updated schedule. The revisions will not involve changes in the amount of credit available to SDCP or the material terms for the financing. Staff is asking that the Board authorize the Interim CEO, with the assistance of legal counsel, to negotiate and execute an amendment to the Credit Agreement to reflect the necessary technical modifications.

FISCAL IMPACT

Not applicable

ATTACHMENTS

Attachment A: Resolution 2021-01 granting the CEO authority to execute an amendment with River City Bank regarding technical modifications to the Credit Agreement to address changes in SDCP's fiscal year, pro-forma and phasing schedule.



RESOLUTION NUMBER 2021-01

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF SAN DIEGO COMMUNITY POWER
AUTHORIZING CEO TO EXECUTE MODIFICATION TO CREDIT AGREEMENT**

WHEREAS, San Diego Community Power ("SDCP") entered into a Credit Agreement with River City Bank to provide a credit facility in the amount of \$35,000,000 ("Credit Agreement"); and

WHEREAS, the Credit Agreement provides for certain financial covenants and conditions with respect to increases in the amount of credit available as each phase of SDCP operations commences; and

WHEREAS, there have been changes in SDCP's fiscal year, proforma and phase commencement dates since the execution of the Credit Agreement;

WHEREAS, SDCP staff and legal counsel have discussed with River City Bank that it is necessary to make technical changes in the covenants and conditions set forth in the Credit Agreement to take such changes into account; and

WHEREAS, it is important from a timing perspective to have such technical changes in place so that the step-up in credit availability will coincide with the commencement of phase 1 operations;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of SDCP as follows:

1. The Board of Directors has determined that the recitals herein are true and correct.
2. The Board of Directors hereby authorizes the Bill D. Carnahan, the interim Chief Executive Officer, or his designee, with the advice of legal counsel, to negotiate and execute an amendment to the Credit Agreement to implement technical modifications to address the change in the fiscal year of SDCP and account for changes in the proforma and schedule for the phasing of SDCP operations.
3. This Resolution shall be effective immediately after its adoption by the Board of Directors.

PASSED AND ADOPTED at a meeting of the Board of Directors of San Diego Community Power on January 28, 2021.

Approved as to form:

Ryan Baron
SDCP Legal Counsel

AYES: _____ NAYS: _____ ABSENT: _____ ABSTAIN: _____



SAN DIEGO COMMUNITY POWER Staff Report – Item 7

To: San Diego Community Power Board of Directors

From: Bill Carnahan, Interim CEO

CC: Ryan Baron, General Counsel, Best Best & Krieger

Subject: Adopt Resolution Approving SDG&E Master Power Purchase and Sales Agreement

Date: January 28, 2021

RECOMMENDATION

Adopt Resolution 2021-02 approving a Master Power Purchase and Sales Agreement and Authorizing the Interim Chief Executive Officer to Execute the Master Agreement, Confirmation and Related Documents.

ANALYSIS AND DISCUSSION

SDG&E Agreement

SDCP is in the process of negotiating a Master Power Purchase and Sale Agreement (“Master Agreement”) with San Diego Gas & Electric (“SDG&E”) for the purchase of renewable energy. Although the Interim CEO has the authority to execute specific transactions under delegated authority per SDCP’s Energy Risk Management Policy, the CEO does not have the authority to execute the Master Agreement. The Master Agreement is an “evergreen” agreement with SDG&E that would allow SDCP to enter into future transactions with SDG&E should SDCP submit competitive offers into SDG&E solicitations. More information about the Master Agreement/Confirmation process is discussed below. Staff recommends the Board of Directors adopt the resolution approving the SDG&E Master Agreement and authorizing the Interim CEO authority to execute the agreement and related documents.

Master Agreement

The Master Agreement will govern individual transactions between the parties, including buyer and seller obligations, defaults, collateral requirements, indemnities and other legal provisions. Actual purchases by SDCP will be executed through a Confirmation Agreement that will contain the price, resource, quantity, term and other commercial terms of the transaction. Confirmation agreements are typically shorter one to two page contracts governed by the Master Agreement.

Certain information contained in the Master Agreement and Confirmation are confidential market sensitive information, such as price, resource type, term and collateral requirements. Such information is considered confidential by the CPUC for up to three years and is not subject to disclosure under the Public Records Act. Any contract brought to the Board for approval that contains confidential market sensitive information will be redacted.

Staff is asking the Board to approve the agreement and delegate authority to the Interim CEO to execute in substantially similar form, subject to legal counsel approval of final terms and conditions. This delegation is necessary because agreements may be subject to certain timing requirements where the parties need to execute an agreement prior to a regular meeting of the Board. In some cases with RFOs, a winning offer is subject to a 1- to 2-hour window for acceptance and finalization of all documents, such as to accept a counter-party's pricing by 1 p.m. CST when trading markets close, and to execute all agreements, which cannot be done in the time-frame of a SDCP Board meeting.

FISCAL IMPACT

Not applicable

ATTACHMENTS

Attachment A: Resolution 2021-02 Approving SDG&E Master Purchase and Sales Agreement and Delegating Authority to Interim CEO to Execute

Attachment B: SDG&E Master Purchase and Sale Agreement



RESOLUTION NO. 2021-02

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF SAN DIEGO COMMUNITY POWER
APPROVING A MASTER POWER PURCHASE AND SALE
AGREEMENT WITH SAN DIEGO GAS & ELECTRIC AND
AUTHORIZING THE INTERIM CEO TO EXECUTE THE
AGREEMENT AND RELATED DOCUMENTS**

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

B. SDCP intends to launch the service of its community choice aggregation program in 2021 consistent with Public Utilities Code § 366.2 and its Implementation Plan and Statement of Intent certified by the California Public Utilities Commission.

C. SDCP has negotiated a Edison Electric Institute Master Power Purchase and Sale Agreement (Master Agreement) with San Diego Gas & Electric (SDG&E).

D. The SDCP Board of Directors desires to enter into the Master Agreement SDCP with SDG&E renewable energy and delegate authority to the Interim Chief Executive Officer (CEO) to negotiate and execute the Master Agreement.

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

Section 1. The Board of Directors approves the Master Agreement with SDG&E.

Section 2. The Interim CEO is authorized to execute the Master Agreement and related documents in substantially similar form, as approved by General Counsel, as are necessary and convenient to complete renewable energy transactions with SDG&E.

Section 3. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a meeting of the Board of Directors of San Diego Community Power held on January 28, 2021.

Joe Mosca, Chair
San Diego Community Power

Megan Wiegelman, Interim Secretary
San Diego Community Power



SAN DIEGO COMMUNITY POWER Staff Report – Item 8

To: San Diego Community Power Board of Directors

From: Sebastian Sarria, Programs and Policy Manager

CC: Kirby Dusel, Pacific Energy Advisors

Subject: Adoption of a Feed-In Tariff Schedule, Application, and Update to Inclusive and Sustainable Workforce Policy

Date: January 28, 2021

RECOMMENDATION

1. Adopt initial Feed-In Tariff (FIT) schedule and the related FIT Application.
2. Adopt update to the Inclusive and Sustainable Workforce policy.
3. Authorize staff to work with SDCP's transactional counsel in developing a FIT Power Purchase Agreement (to be reviewed and approved at a future Board meeting).

BACKGROUND

A Feed-in Tariff, or "FIT", is a standard offer power purchase program, which is typically implemented to incentivize locally situated, small-scale renewable energy projects that are not necessarily price competitive with other utility-scale alternatives (often developed in optimal resource areas with much larger project footprints). The Board was previously presented with a FIT program overview, which included information regarding typical requirements and program parameters that have been adopted by other CCAs and the incumbent utility, SDG&E. Based on interest expressed by the Board during the August 27th overview, staff began developing recommended FIT parameters for SDCP's prospective FIT program and shared such recommendations with the Finance & Risk Management Committee (FRMC) on November 5th. During that FRMC meeting, Committee members provided feedback regarding pricing, capacity limitations and other key program elements, and staff was instructed to prepare a draft Feed-In Tariff document and a related FIT Application for discussion during the FRMC's December 2020 meeting.

At the FRMC's December 2020 meeting, staff presented a complete draft of SDCP's FIT document, which reflected pertinent parameters, eligibility requirements and other program details, as well as a related FIT application, which is intended to gather requisite information from interested program participants (and establish FIT program eligibility). Such materials were largely based on similar materials that have been successfully

implemented by other California CCA programs, notably Marin Clean Energy, Redwood Coast Energy Authority and Sonoma Clean Power.

Staff also presented an update to the Feed-In Tariff section of SDCP's Inclusive and Sustainable Workforce Policy to the FRMC and the CAC, as directed by the Board at the November meeting. The FRMC provided further suggestions on this language to ensure consistency with State requirements regarding prevailing wage, use of apprenticeships, and worker's compensation benefits. Comments provided by the FRMC on the FIT program have been incorporated in the draft materials attached hereto. Staff also included a recommended change in the language under the PPAs to coincide with applicable state requirements. The CAC provided no substantial comment on the updated draft but to ensure that equity is a focal point of policies adopted by the Board. The updated draft policy is found as Attachment C. Moreover, this is a living document that may be changed down the road.

As a reminder, any supply arranged through a FIT program will complement other wholesale renewable energy purchases secured by SDCP. Benefits of a FIT program are expected to include support for local businesses, generalized local economic development benefits, increased utilization of local renewable energy resources and highly visible project development opportunities that should become centerpieces of SDCP's marketing collateral and communication campaigns.

ANALYSIS AND DISCUSSION

As drafted, SDCP's FIT program incorporates the following eligibility requirements and other key parameters:

- Only California Energy Commission-certified renewable generating resources may participate;
- Participating projects must be less than 1MW;
- Until amended by SDCP's Board, the overall initial participatory cap shall be limited to 3 MW;
- Projects must be located within SDCP's territory;
- Renewable energy certificates produced by FIT projects will be transferred to and owned by SDCP;
- All FIT projects will deliver under a non-negotiable 20-year Power Purchase Agreement;
- The base FIT price shall be \$80/MWh;
- Bonus Incentives shall be available, subject to pertinent eligibility criteria, for the following project attributes:
 - Local Business: \$0.0025/kWh (\$2.50/MWh)
 - Local Project: \$0.0025/kWh (\$2.50/MWh)
 - Previously Developed Site: \$0.0025/kWh (\$2.50/MWh)
 - Sited within a Community of Concern: \$0.0025/kWh (\$2.50/MWh)
- Any Bonus Incentive(s) shall be payable during the first five (5) years of each delivery term; and



- All FIT projects must submit an Application prior to establishing a position in SDCP's FIT queue.

During previous discussions, the FRMC gave staff direction to require projects be located throughout San Diego County. After further revision and understanding the feasibility with connecting projects to the CAISO, staff is recommending that eligibility be limited to SDCP's service territory.

FISCAL IMPACT

Total power supply costs ranging from \$420,000 to \$473,000 per year; incremental power supply costs ranging from approximately \$180,000 to \$240,000 per year (relative to current wholesale renewable energy pricing alternatives). The magnitude of such impacts will be dependent upon program participation.

ATTACHMENTS

Attachment A: San Diego Community Power's draft Schedule SDCP FIT (FIT Tariff)

Attachment B: San Diego Community Power's draft Feed-In Tariff Application

Attachment C: Inclusive and Sustainable Workforce Policy





SCHEDULE SDCP FIT Feed-In Tariff for Distributed Renewable Generation Effective as of February 2021

A. APPLICABILITY

Schedule SDCP FIT is available to qualifying Applicants who wish to sell renewable energy to San Diego Community Power (“SDCP”) from an eligible small-scale distributed renewable generating resource (“Eligible Resource”). SDCP reserves the right to revise Schedule SDCP FIT, the related FIT Application and the terms of the FIT PPA from time to time. SDCP is not obligated to enter into a FIT PPA with any Applicant, and SDCP has no binding obligation under or in connection with this Schedule SDCP FIT until a related FIT PPA is duly executed by and between an Applicant and SDCP for an Eligible Resource.

Moreover, applicants are expected to review SDCP’s Inclusive and Sustainable Workforce policy ([link here](#)) to ensure compliance.

B. ELIGIBILITY CRITERIA

An Eligible Resource must meet the following criteria:

New Resource. The Eligible Resource must be new, meaning that the Eligible Resource must not have produced or delivered electric energy prior to the date on which its FIT Application is received by SDCP.

Small-Scale. The nameplate generating capacity of any Eligible Resource must be smaller than 1 MW (megawatt), alternating current.

Project Location. The Eligible Resource must be physically interconnected and located entirely within SDCP’s territory. As further described below, an Eligible Resource physically interconnected and located entirely within a member community of SDCP, as such membership exists on the date of FIT Application submittal, will be eligible to receive a Bonus Incentive.

RPS Eligibility. For purposes of this Schedule SDCP FIT, an Eligible Resource must qualify and be certified by the California Energy Commission (“CEC”) as an Eligible Renewable Energy Resource (“ERR”) as such term is defined in California Public Utilities Code Section 399.12 or Section 399.16, and as described in the most current edition of the CEC’s Renewables Portfolio Standard (“RPS”) Eligibility Guidebook (“Guidebook”), as may be amended or supplemented from time to time. The Eligible Resource must use a fuel source permitted under California’s current RPS program, as further described in the Guidebook, including but not limited to the following:

Biomass	Biodiesel
Fuel cells using renewable fuels	Digester gas
Landfill gas	Municipal solid waste
Ocean wave	Ocean thermal
Tidal current	Solar Photovoltaic
Small hydroelectric	Solar thermal
Wind	Geothermal

Interconnection. An Eligible Resource must pursue and secure interconnection using the appropriate interconnection process administered by San Diego Gas & Electric Company (SDG&E). Electrical interconnection of the Eligible Resource, including execution of all applicable agreements and payment of all applicable costs, shall be the sole responsibility of the FIT applicant and shall be completed consistent with interconnection requirements specified by SDG&E and/or the California Independent System Operator (CAISO), as appropriate. Any resources not meeting the requirements specified in the applicable interconnection procedures of the incumbent distribution utility will not be eligible for service under this Schedule SDCP FIT.

Permits. The FIT applicant must obtain all necessary permits from appropriate jurisdictional agencies and shall maintain such permits, as may be required, for the duration of the FIT PPA.

Bundled Product. The product sold by an Eligible Resource and purchased by SDCP shall include all electric energy, net of station service, environmental attributes (including related Renewable Energy Certificates, or “RECs”, which shall be transferred to SDCP using the Western Renewable Energy Generation Information System, or “WREGIS”) and capacity. For the sake of clarity, environmental attributes shall include all emission reduction benefits associated with the generation of renewable electricity by the Eligible Resource as well as other attributes. Participating Applicants will need to register with WREGIS and transfer all RECs to SDCP’s designated WREGIS account.

Environment Attributes. An Eligible Resource accepting service under this Schedule SDCP FIT will deliver to SDCP both the electric energy generated and any environmental attributes (associated with such electric energy) produced by the Eligible Resource.

FIT Power Purchase Agreement. All Eligible Resources shall execute SDCP’s FIT Power Purchase Agreement (“PPA”), which is a standard, non- negotiable, long-term contract created for the purpose of addressing SDCP power purchases from an Eligible Resource. SDCP’s FIT PPA can be accessed on SDCP’s website: [Insert URL](#)

C. TERM OF FIT PPA

Each FIT PPA shall have a delivery term of twenty (20) years beginning from the Commercial Operation Date (the “Delivery Term”).

D. FIT PPA INITIAL BASE PRICE

The base energy price for all FIT PPAs shall be \$0.08/kilowatt-hour (kWh) [\$80/MWh], subject to the application of Bonus Incentives as further described below.

E. BONUS INCENTIVES

SDCP may adjust FIT pricing for certain Eligible Resources meeting the criteria described below. Such adjustments shall be termed “Bonus Incentives” and, if applied, shall be paid during the first five (5) years of each FIT PPA. Applicants shall be notified of Bonus Incentive eligibility prior to FIT PPA execution.

- Local Business: \$0.0025/kWh (\$2.50/MWh)
- Local Project: \$0.0025/kWh (\$2.50/MWh)
- Previously Developed Site: \$0.0025/kWh (\$2.50/MWh)
- Sited within a Community of Concern: \$0.0025/kWh (\$2.50/MWh)

After the first five contract years, the price will revert to the base price of \$0.08/kilowatt-hour (kWh) [\$80/MWh].

Details regarding the documentation required to establish Bonus Incentive eligibility are outlined in the FIT Application. Characteristics associated with each Bonus Incentive are defined as follows:

Local Business: To qualify for the Local Business incentive the applicant and/or prime contractor must have a place of business (i.e. possesses a business license) physically headquartered within a member community of SDCP, as such membership exists on the date of FIT Application submittal.

Local Project: To qualify for the Local Project incentive the Eligible Resource must be physically interconnected and located entirely within one of SDCP's member communities, as such membership exists at the time of FIT Application submittal.

Previously Developed Sites: Such sites are defined as areas that either contain or have contained structures or were used for parking, loading or storage related to a previous or existing land use other than agricultural grazing or crop production within the last 20 years. To claim this bonus, the previously developed land must make up at least 20% of the project footprint. Development documentation, in the form of building permits or verifiable ground, aerial, or satellite photography, as solely determined by SDCP, must be provided by the FIT applicant.

Sited within a Community of Concern: To qualify for the Sited within Communities of Concern incentive the Eligible Resource must be located entirely within a Disadvantaged Community, as defined by the California Office of Environmental Health Hazard Assessment (<https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-30>), or within a very low to low access census tract found in the City of San Diego's Climate Equity Index (<https://www.sandiego.gov/sustainability/social-equity-and-job-creation>), either at the time of FIT application submittal. The geographical eligibility of Communities of Concern may expand as SDCP member cities enact their own Climate Equity Index designated census tracts.

F. FIT PAYMENTS

Payments will be made monthly by SDCP to the applicant for each Eligible Resource based on metered electric deliveries. Meter readings, net of station service, delivered by SDG&E will be used for payment determination as described in the FIT PPA.

G. FIT CAPACITY LIMIT

SDCP's FIT has a capacity limit of three (3) megawatts. The program will continue until there is no remaining capacity or until SDCP decides, at its sole discretion, to discontinue or suspend the program. SDCP's Governing Board reserves the right to adjust the noted FIT Capacity Limit at its sole discretion and without advance notice.

H. FORECASTING REQUIREMENTS

Generation forecasts will be required at the time of FIT application submittal and shall be updated (as needed) during construction and throughout the Delivery Term. Underperformance of an Eligible Resource, relative to forecast, may be grounds for financial penalties and/or FIT PPA termination.

I. PENALTIES

In any year of the Delivery Term, if the Eligible Resource over-generates in excess of 115% of contracted output, payments for such excess will be made at 50% of the base energy price applicable at the time of FIT PPA execution, subject to other pertinent limitations reflected in the FIT PPA.

System underperformance that results in less than 80% of contracted output being delivered over a consecutive two-year period shall be grounds for FIT PPA renegotiation.

J. FIT APPLICATION FEE

There is a non-refundable application fee of \$500 due at the time of FIT Application submittal.

K. FIT APPLICATION

SDCP requires the sponsor of any Eligible Resource to complete and submit the currently effective FIT Application ("Application"), which can be downloaded from SDCP's website: [insert URL]. Any informational deficiencies or inaccuracies within a submitted Application may result in the rejection of such Application. Any determinations regarding the sufficiency, accuracy or completeness of a submitted Application will be made at SDCP's sole discretion. Failure of a project sponsor to achieve any of the milestones reflected in a FIT Application will be grounds for rejection of such FIT Application and removal from SDCP's FIT queue.

L. FIT APPLICATION TIMELINE

Interconnection supplemental review must be complete (i.e. a tendered Interconnection Agreement must be in place) and application for applicable permits must be submitted at the time of (or prior to) submittal of a FIT Application to SDCP.

M. FIT APPLICATION QUEUE

All FIT Applications will be accepted on a first come-first served basis. A FIT queue position shall only be established after SDCP, at its sole discretion, deems the related FIT Application to be complete and accepted. Until such notification is provided by SDCP to a FIT Applicant, no queue position shall be established.

N. CURE PERIOD

SDCP will review a FIT Application following its receipt. Based on SDCP's review, a FIT applicant may be provided with an opportunity to correct/address certain minor errors and/or deficiencies, as solely determined by SDCP, in a FIT Application. If such opportunity is provided, the applicant will be informed by SDCP of noted errors and/or deficiencies and will be afforded a ten-day cure period to correct such deficiencies (the "cure period"). The ten-day cure period shall commence following SDCP's communication of such errors and/or deficiencies to the FIT applicant. The FIT applicant will retain its place in the queue during such cure period. If the applicant fails to correct noted errors and/or deficiencies within the ten-day cure period, the FIT applicants place in the FIT queue will be forfeited.

O. PARTICIPATION IN OTHER SDCP PROGRAMS

An Eligible Resource taking service under this Schedule SDCP FIT may not also obtain benefits from any of the following: 1) another power purchase agreement with SDCP for deliveries from the same Eligible Resource; or 2) any Net Energy Metering ("NEM") option for energy deliveries from the same Eligible Resource.

P. BOARD APPROVAL

The SDCP Board of Directors must approve every FIT PPA before execution.

Q. OTHER FIT PROGRAM DETAILS

A unique FIT Applicant may submit no more than one FIT Application per calendar month.



Date Received: _____

FIT Record #: _____

Assigned SDCP Staff: _____

Feed-in Tariff Application

By submitting this application, applicants agree to: 1) pursue the construction and operation of a new (not yet delivering electricity to the grid) source of renewable electricity; 2) review, understand and abide by all of the terms and conditions identified in the San Diego Community Power (SDCP) Feed-in Tariff Program (Feed-In Tariff and Power Purchase Agreement) adopted on **[insert date]**; 3) Review SDCP's Inclusive and Sustainable Workforce Policy ([link here](#)) to ensure compliance, and 4) immediately notify SDCP in the event any of the information provided in this application changes or ceases to be correct.

Applicant Information

PROJECT (FACILITY) NAME			
APPLICANT'S FORM OF BUSINESS & STATE OF ORGANIZATION			
APPLICANT NAME		TITLE	
APPLICANT COMPANY			
APPLICANT STREET ADDRESS		CITY	STATE ZIP
MAILING ADDRESS (If different from above)		CITY	STATE ZIP
PHONE	ALT. PHONE	EMAIL	

Eligible Resource Information *(Note: Eligible Resource Must Be Located within SDCP's service territory)*

Location Address: _____ City: _____ Zip: _____

Parcel Number: _____

Permitting Agency/Jurisdiction: _____

Renewable Resource Type (Fuel Source): _____

Proposed Generator Capacity (at point of delivery): _____ kW (AC) **Note: Size limited to less than 1 MW.**

Expected Annual Energy Output: _____ kWh

Anticipated Interconnection Agreement Execution Date: _____

Description of Physical Interconnection Point: _____

Expected Commercial Operation Date: _____

Is there San Diego Community Power service at this address? ☐ Yes ☐ No

If yes, SDG&E Account #: _____

Company Structure

If applicant is a company rather than an individual, briefly describe the ownership structure of the company, including full legal name and valid phone number of all principals: _____

Site Control

Briefly describe the site control for this project (lease, direct ownership or other): _____

Financial Plan

Briefly describe your intended financing plan for the referenced generator. Identify prospective partners and intended share of ownership assigned to each: _____

Bonus Information

Bonuses for which you are applying and will document: ☐ Local Business ☐ Local Project

☐ Previously Developed Site ☐ Sited w/in Disadvantaged Community (*please describe below*)

Local Business: To qualify for the Local Business bonus, applicants must utilize a project developer and/or prime contractor which is headquartered within a member community of SDCP. If this bonus is desired, please list such entities, including related business addresses and business license numbers:

Local Project: To qualify for the Local Project bonus, applicants must indicate the SDCP member community in which the Eligible Resource will be located:

Previously Developed Sites: If applicable, briefly describe the location where the generator will be installed:

Sited w/in a Community of Concern: To qualify for this bonus, applicants must consult either the City of San Diego's Climate Equity Index (CEI) or the CalEnviroScreen Disadvantaged Communities Map and indicate the Census Tract in which the Eligible Resource will be located. In the case of the CEI, the Census Tract must be designated as Very Low or Low Access _____

Generator Interconnection (SDG&E)

As the organization responsible for distribution system planning, maintenance and safety, SDG&E will be your primary point of contact for all matters related to generator interconnection. Feed-in Tariff applicants will work directly with SDG&E during the generator interconnection process. Applicants should access SDG&E's website for additional information regarding this process:

Briefly describe your progress and timeline for completing SDG&E's Generator Interconnection Process:

Application Queue

All applications will be accepted and queued on a first come-first served basis.

Fees

As noted under Application Checklist, the non-refundable application fee must be submitted contemporaneously with this completed Feed-in Tariff application. Please remit payment by check payable to San Diego Community Power.

Milestones and Schedule

At SDCP's sole discretion, any project that fails to demonstrate substantial progress toward completion of any outstanding development checklist item/milestone may have its Feed-in Tariff Application rejected at any time. Specified timelines for each milestone are listed in Appendix E of the Power Purchase Agreement.

The applicant is encouraged to coordinate with assigned SDCP staff throughout the process. Please submit additional requisite documents to the assigned SDCP staff member as such documents become available, referencing the applicant's assigned Feed-In Tariff (FIT) Record Number.

APPLICATION CHECKLIST

THE FOLLOWING MUST BE COMPLETED AND SUBMITTED TO SDCP AS PART OF THE FEED-IN TARIFF APPLICATION:

1. ☐ Feed-in Tariff Application (this document)
2. ☐ Tendered (draft) Interconnection Agreement or evidence project has passed Fast Track screening
3. ☐ Evidence of site control throughout the Delivery Term of the Power Purchase Agreement ("PPA") and form of site control
4. ☐ Feed-in Tariff Generation Forecast
5. ☐ Non-Refundable Application Fee – \$500.00

Submit completed Feed-in Tariff applications and payment to SDCP via mail:

San Diego Community Power
Attn: Feed-In Tariff
[Insert Address]

Upon receipt of all application materials, including the payment of applicable fees and deposit amounts, SDCP will perform a completeness review of such materials within 20 business days. Incomplete applications will be rejected and returned to applicant with no further processing. Applicant may resubmit application with correction of deficiencies. Subject to available FIT Program capacity, SDCP will approve complete applications within 30 business days of application submittal. Information received by SDCP in conjunction with this application is considered public information. SDCP will not be deemed to have accepted Applicant's offer and will not be bound by any term thereof, unless and until authorized representatives of Applicant and SDCP execute a FIT PPA. Prior to such execution, SDCP reserves the right to reject any Application, at any time and for any reason whatsoever, in its sole discretion.

Confirmation of application receipt will be delivered by email along with an assignment to an SDCP staff member and FIT Record Number. For any questions regarding this application or SDCP's Feed-in Tariff Program, please contact us at [insert phone number] or [insert email address].

☐ *By submission of this Feed-in Tariff Application, I acknowledge review and acceptance of SDCP's FIT Power Purchase Agreement Terms and Conditions available at [insert URL].*

X: _____

Date: _____



Inclusive and Sustainable Workforce Policy

Purpose

The purpose of this Policy is to further the purposes of San Diego Community Power (“SDCP”) Joint Powers Agreement, including: (1) demonstrating quantifiable economic benefits to the region, including prevailing wage jobs and local workforce development; (2) supporting a stable, skilled, and trained workforce; and (3) promoting supplier and workforce diversity including returning veterans and those from communities of concern.

SDCP intends that this Policy will be updated as SDCP grows and becomes more established.

Policy

1. Inclusive Workforce

- a. SDCP Staff – To help enable a diverse and inclusive staff, SDCP will:
 - i. Engage in broad outreach in communities of concern, while adhering to SDCP’s Non-Discrimination Pledge, to ensure a diverse pool of candidates for open positions;
 - ii. Provide fair compensation and benefits that aligns with regional market indicators for compensation levels for each position;
 - iii. Be transparent about these practices and lessons learned; and
 - iv. Provide contact information for staff who can answer questions about this Policy.
- b. Supply Chain (Goods and Services) – SDCP’s commitment to inclusion also extends to its supply chain. Where and from whom SDCP purchases goods and services have important consequences for businesses, customers, and their communities. Where appropriate, an inclusive supply chain is an important driver for successful delivery of SDCP’s services to its customers, and of fair and equitable economic development generally. Where appropriate, and consistent with applicable law and other SDCP policies, including but not limited to its Procurement Policy, to support a diverse and inclusive supply chain, SDCP will strive to:
 - i. Use local businesses and provide fair compensation in the purchases of services and supplies;
 - ii. Proactively seek services from local businesses and from businesses that are taking steps to protect the environment;
 - iii. Engage in efforts to reach communities of concern, to ensure an inclusive pool of potential suppliers;
 - iv. Collect information from vendors and project developers on their status as a women, minority, disabled veteran, and/or LGBT

business enterprise (see Section 3 below; Cal. Pub. Util. Code § 366.2(m));

- v. Encourage reporting from project developers and vendors on inclusivity in business staff (see Section 3 below);
- vi. Be transparent about these practices and lessons learned; and
- vii. Provide contact information for staff who can answer questions about this Policy.

c. Inclusive Business Practices – In representing the communities that make up San Diego Community Power, SDCP will endeavor to ensure that its services and information are accessible to everyone. Therefore, SDCP will strive to:

- i. Provide information on SDCP's services in multiple languages commonly spoken in SDCP's service area (including mailers, tabling materials, customer service, call center, workshops and outreach events, advertisements, and other means of customer engagement);
- ii. Conduct marketing and outreach in diverse communities to increase awareness of SDCP's services and programs;
- iii. Attend multi-cultural community events with multi-lingual materials and speakers; and
- iv. Share information about activities and initiatives that promote inclusion, access, and diverse engagement in the community.

d. Non-Discrimination Pledge – SDCP will not discriminate, and will require its contractors to not discriminate on the basis of race, gender, gender expression, gender identity, religion, national origin, ethnicity, sexual orientation, age, or disability in the solicitation, selection, hiring, or treatment of subcontractors, vendors, or suppliers. Contractor shall provide equal opportunity for subcontractors to participate in subcontracting opportunities.

2. Sustainable Workforce

- a. PPAs – San Diego Community Power will encourage the submission of information from respondents to any bidding and/or RFP/RFQ process regarding planned efforts by project developers and their contractors to:
 - i. Employ workers and use businesses from San Diego and Imperial County;
 - ii. Employ properly licensed contractors and California certified electricians;
 - iii. Utilize local apprentices, particularly graduates of San Diego and Imperial County pre-apprenticeship programs;

- iv. Pay workers the prevailing wage rates for each craft, classification and type of work performed;
- v. Display a poster at jobsites informing workers of prevailing wage requirements;
- vi. Provide workers compensation coverage to on-site workers; and
- vii. Support and use of State of California approved apprenticeship programs.

To the extent the above items are required by applicable law, SDCP shall include such requirements in its bid invitations, RFPs/RFQs, agreements, and other applicable documents.

- b. Owned Generation – *[Reserved – section will be updated to support the purposes described in this Policy once programs are further developed. This will include similar components as 2.a above including prevailing wage and inclusion of a licensed and trained workforce.]*

- c. Feed-in-Tariffs – SDCP will encourage construction contractors or subcontractors to its Feed-In Tariff program to utilize local businesses, local apprenticeship programs and fair compensation practices including proper assignment of work to crafts that traditionally perform the work.

Moreover, SDCP will further encourage contractors and subcontractors performing work on any SDCP Feed-In Tariff project to pay at least the prevailing rate of wages and use a skilled and trained workforce. To the extent these items are required by applicable law, SDCP shall include such requirements in its applications, agreements, and other applicable documents.

- d. Energy Efficiency/Programs – *[Reserved – section will be updated to support the purposes described in this Policy once programs are further developed. This will include similar components as 2.a above including prevailing wage and inclusion of a licensed and trained workforce.]*

- e. Union Neutrality - SDCP will remain neutral regarding whether its employees choose to join or support labor unions and will not interfere with decisions by its contractors' and suppliers' employees about whether to join or support labor unions.

- 3. Reporting on Diverse Business Enterprises and Inclusive and Sustainable Workforces – Pursuant to California Public Utilities Code section 366.2(m), vendors and project developers under contract with SDCP shall be required to report on their status as women, minority, disabled veteran, and/or LGBT

business enterprises, as defined in Public Utilities Code section 8282. Reporting shall occur within one (1) month of contract execution and every January during the term of the contract, or as otherwise required by the California Public Utilities Commission. In addition, vendors and project developers shall report on the number of women, minority, disabled veteran employees performing work for SDCP and the workforce level of these groups which may include administrative assistants, technicians, and executive staff.

4. Legal Compliance – In the event that the application of this Policy to a specific SDCP project or program is limited or proscribed pursuant to applicable state or federal law, or as a condition of the receipt of state or federal funds, such law or funding condition shall control. In addition, any information collected or received under this Policy shall be used only in a manner consistent with applicable law and SDCP policies.