



Community Advisory Committee

Regular Meeting

October 8th, 2021



Regular Meeting Agenda

1. Welcome
2. Roll Call
3. Public Comment for Items Not on the Agenda
4. Items to be Withdrawn, or Reordered on the Agenda
5. Receive Presentation on the Fundamentals of Energy Procurement
6. Discuss and Provide Input on the Draft Collections/Delinquency Policy
7. Discuss and Provide Input on the Scope of Work for the Community Power Plan Request for Proposals (RFP)
8. Discuss and Provide Recommendation to the Board on the FY21-22 CAC Work Plan
5. Standing Item: Discussion of Potential Agenda Items for Board of Directors Meetings
6. Committee Member Announcements
7. Adjournment

Item 5

Receive Presentation on the Fundamentals of Energy Procurement



Intro to Energy Procurement

SDCP Community Advisory Committee

Byron Vosburg, Director of Power Services

October 8, 2021

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01

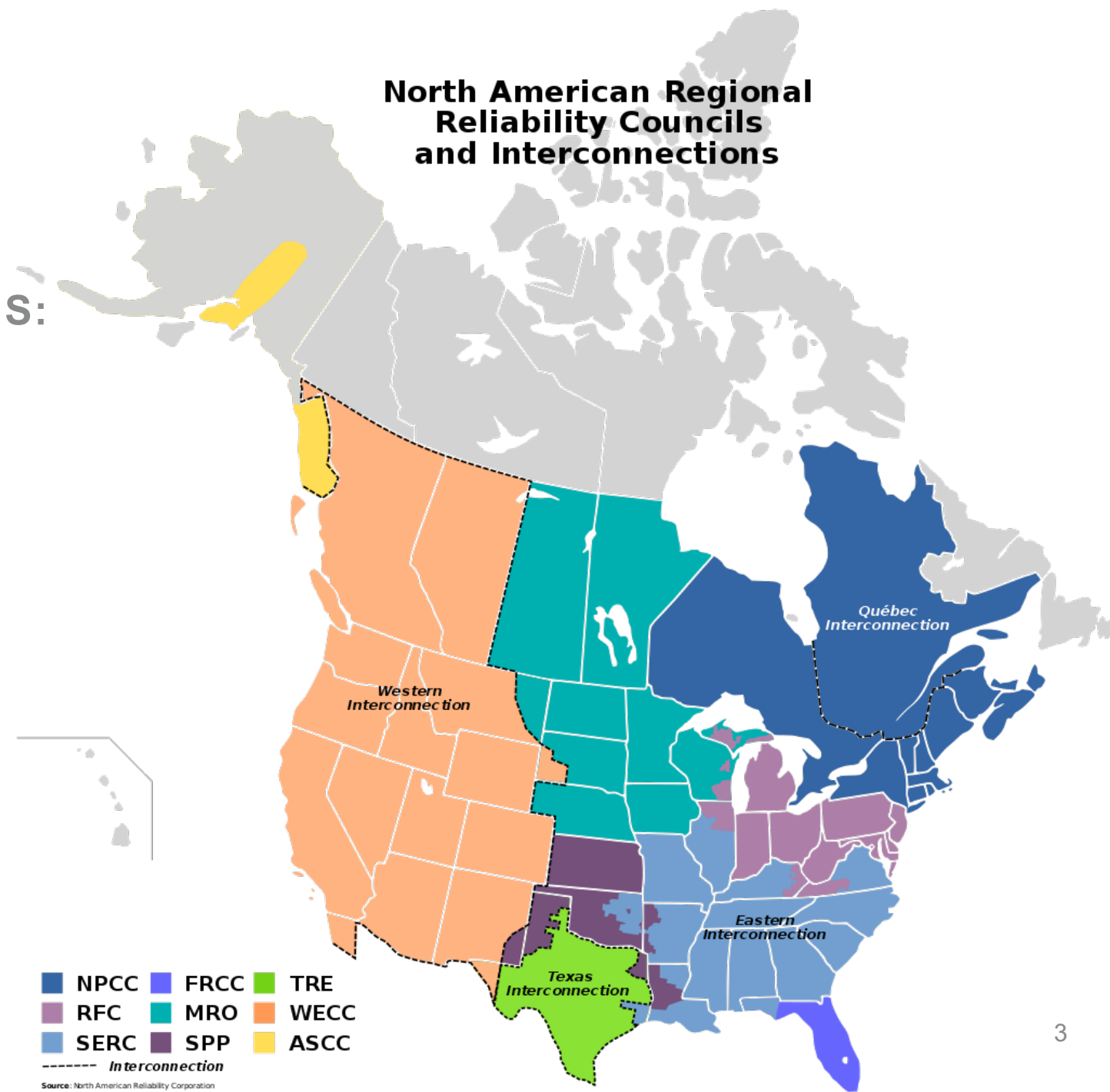
Maps!

Overview of wholesale power grid

North American Power Grids

3 Independent Power Grids in US:

- Western Interconnection (WECC)
- Texas Interconnection (ERCOT)
- Eastern Interconnection



WECC

Western Electricity Coordinating Council

Western-most 11 United States, British Columbia, and Alberta



CAISO

California Independent System Operator

- Operates day-ahead and real-time markets in most of CA
- Responsible for reliability, “keeping the lights on”
- Expanding throughout WECC via “Energy Imbalance Market” (EIM)

ISO AT-A-GLANCE



26,000 CIRCUIT MILES OF TRANSMISSION LINES



31,208 MARKET TRANSACTIONS PER DAY



1,080 POWER PLANTS



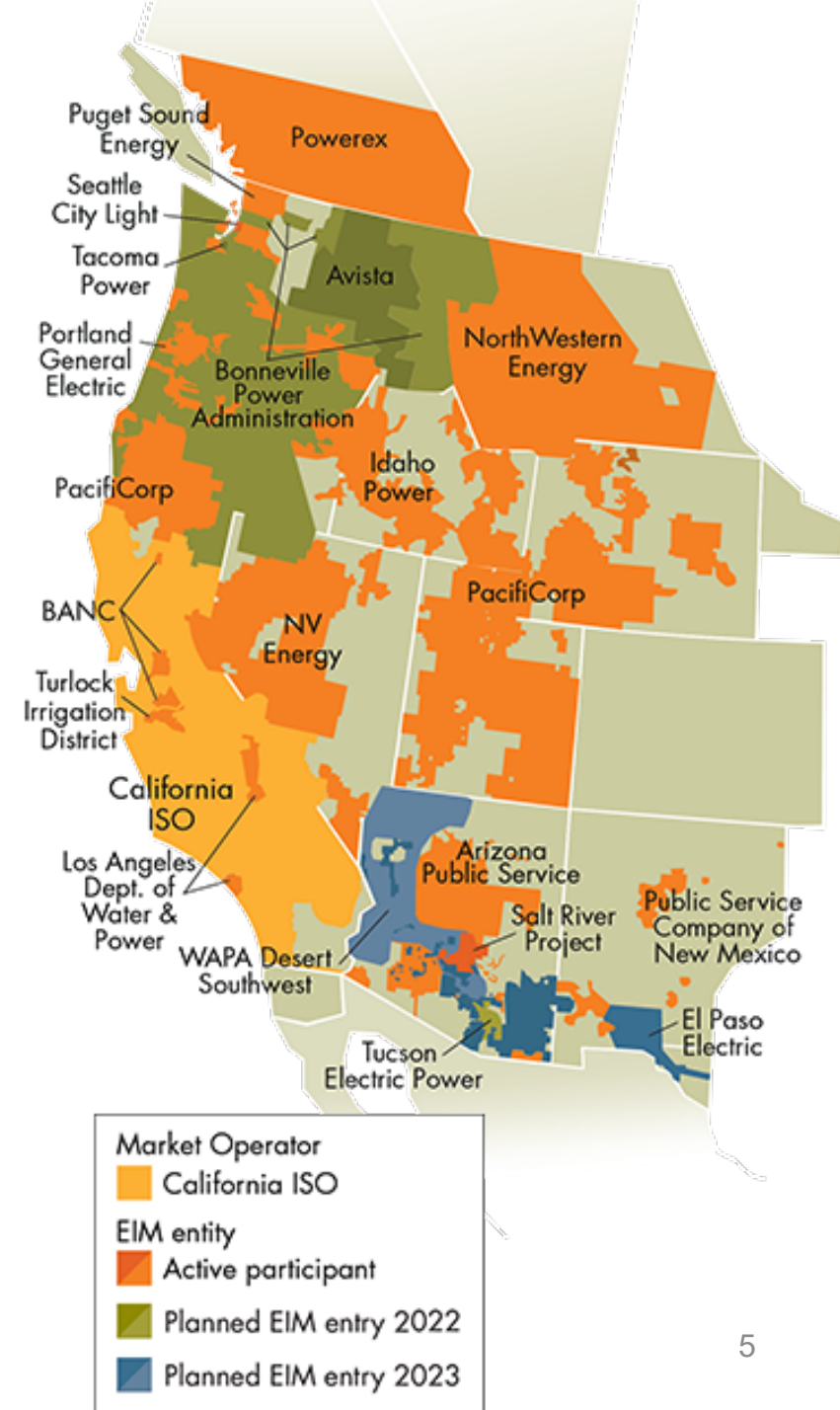
60% RENEWABLES BY 2030



239 MILLION MEGAWATT HOURS PER YEAR



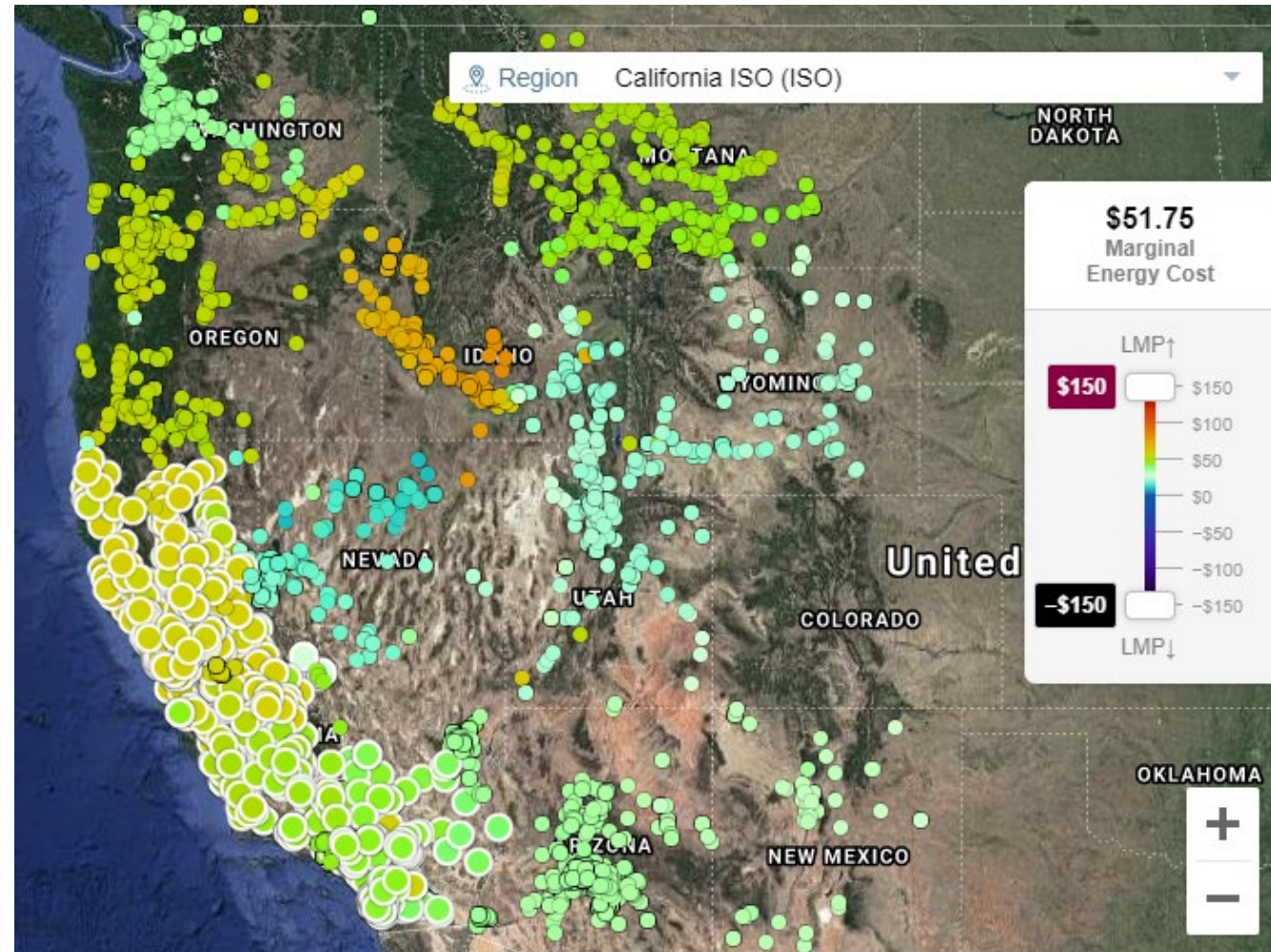
9,700 PRICING LOCATIONS (INCLUDES EIM)



CAISO

CAISO Market

- ~10,000 pricing nodes
- Independent Price at each node:
 - Day-ahead (hourly)
 - Real time
 - Fifteen Minute Market (FMM)
 - Real Time Market (5-minute intervals)
- Each price based on Average System Price, Congestion, and Losses



The background of the slide features a teal-colored image of ocean waves. A prominent white diagonal stripe runs from the top-left corner towards the bottom-right, bisecting the entire slide. The word "Charts!" is centered on the white stripe, and the number "02" is positioned in the top-right teal area.

02

Charts!

Load, Generation, and
Market Price Dynamics

Load

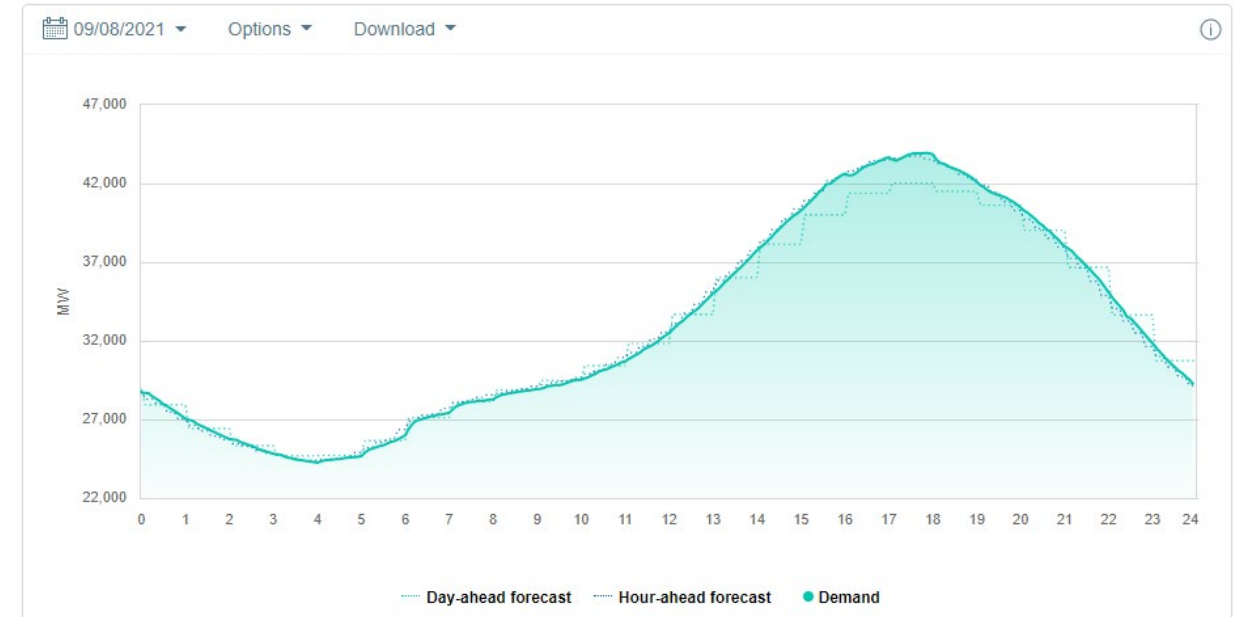
Customer Demand

Load varies seasonally, daily, hourly, constantly

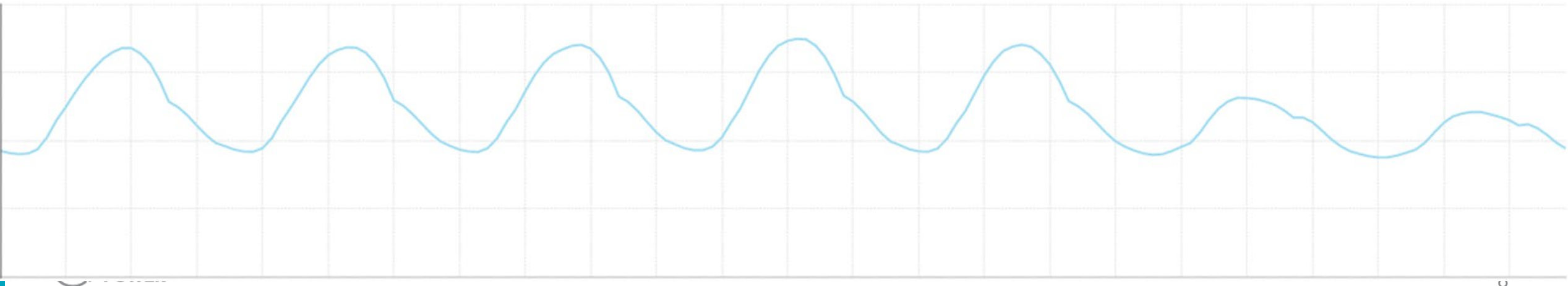
Largely driven by weather, day, time of day, customer usage patterns

Demand trend

System demand, in megawatts, compared to the forecasted demand in 5-minute increments.



Hourly Load (MWh)



Load

Customer Demand

Load-serving entities (LSEs) must buy all of their customer load from CAISO market

To reduce risk of volatility and price spikes, LSEs typically sign Power Purchase Agreements, sell PPA energy into CAISO market to offset load purchases

Accurately forecasting load is critical

Matching generation and purchases to the shape of customer load reduces basis risk/exposure

Figure 1.12 Average load by third quarter hour (2018-2020)

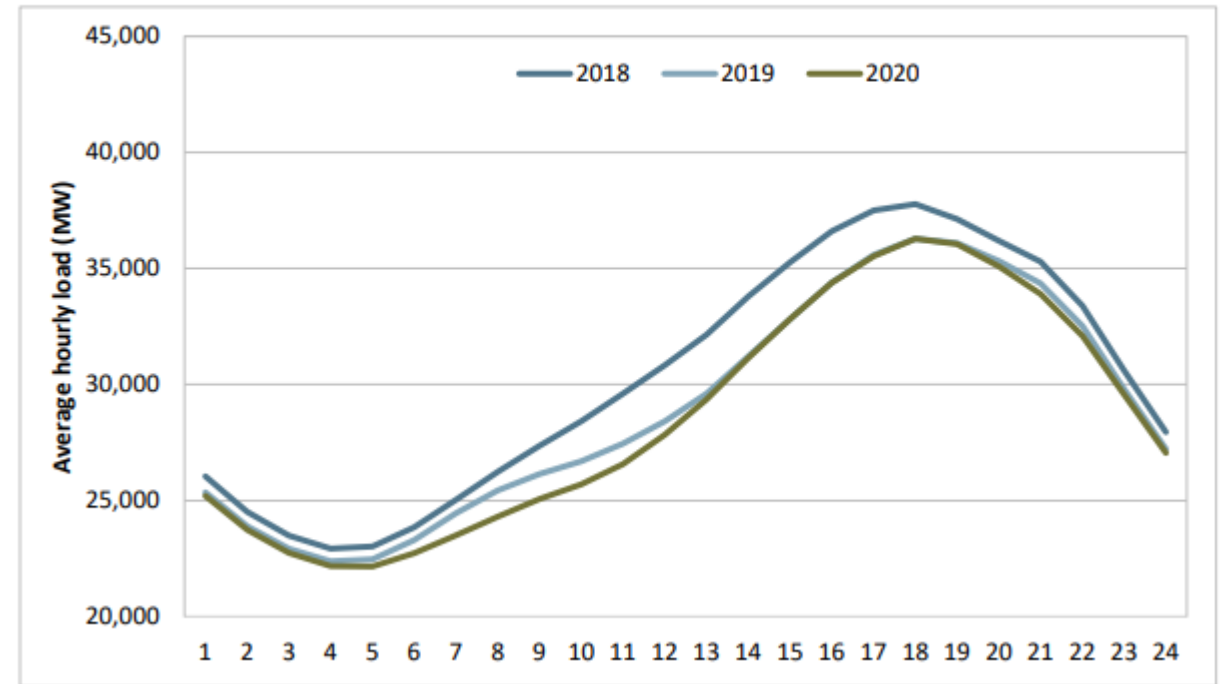
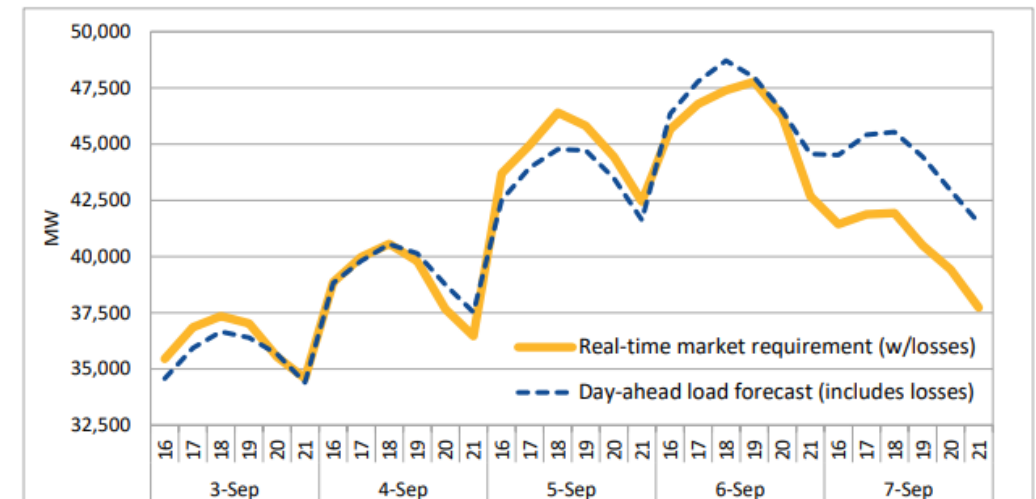


Figure 3.4 CAISO day-ahead load forecast vs real-time load (September 3 – September 7)



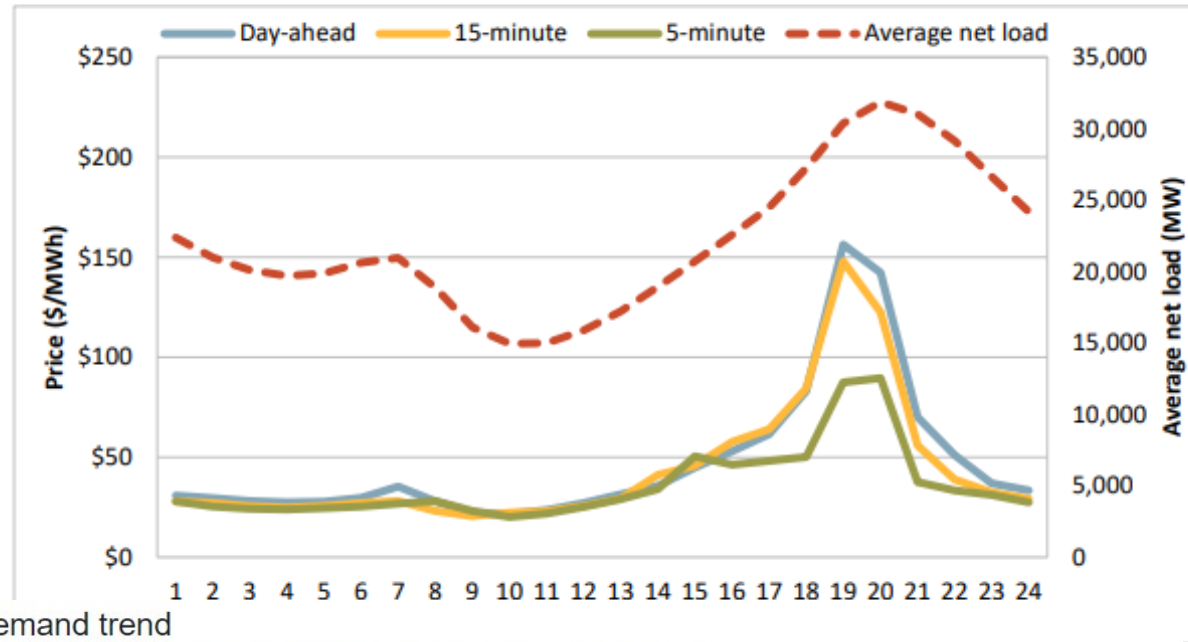
Market Prices

High market prices (above)

are correlated with

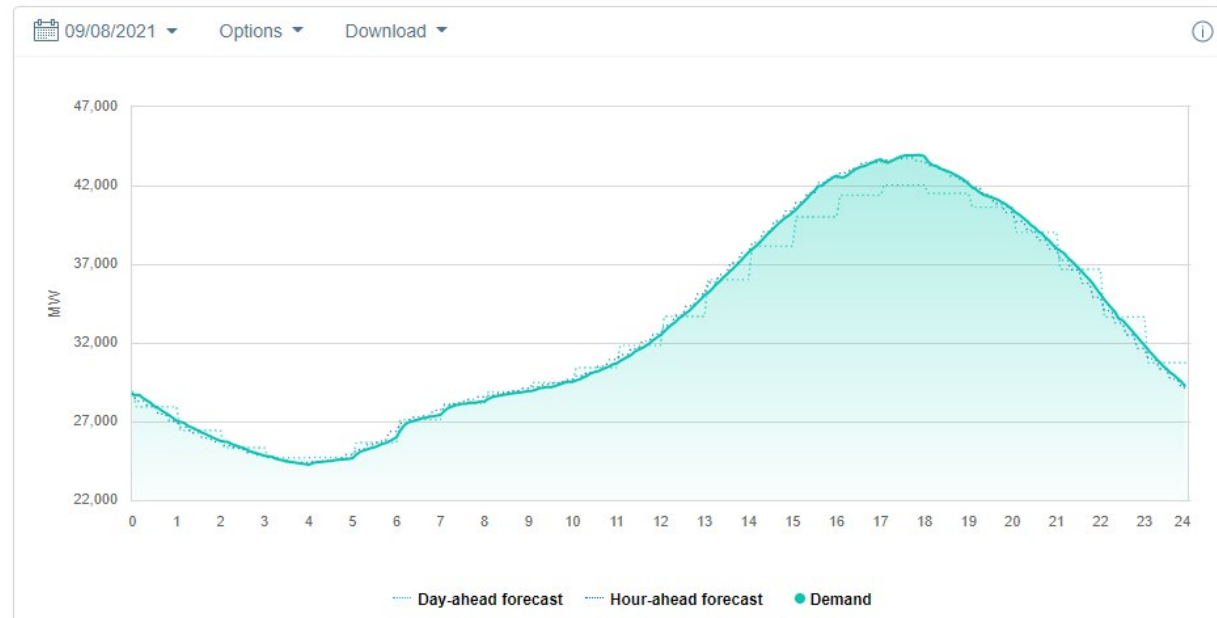
High customer demand (below)

Figure 1.14 Hourly load-weighted average energy prices (July – September)



Demand trend

System demand, in megawatts, compared to the forecasted demand in 5-minute increments.



Generation

Increasing renewable generation:

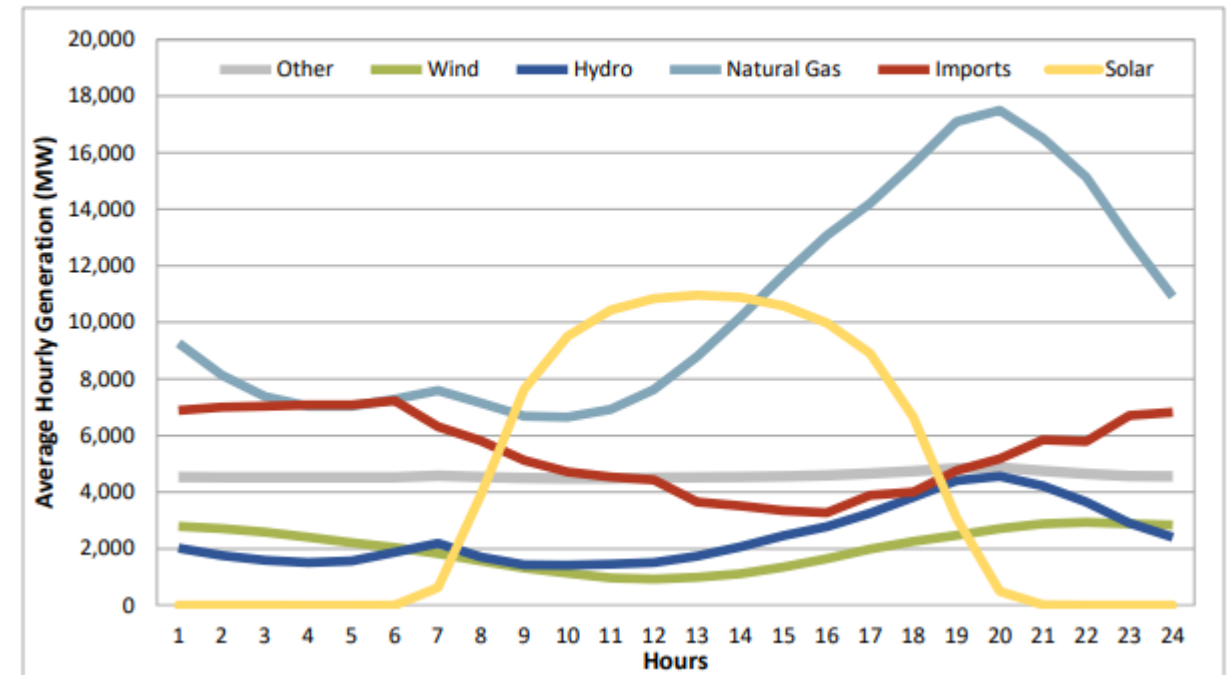
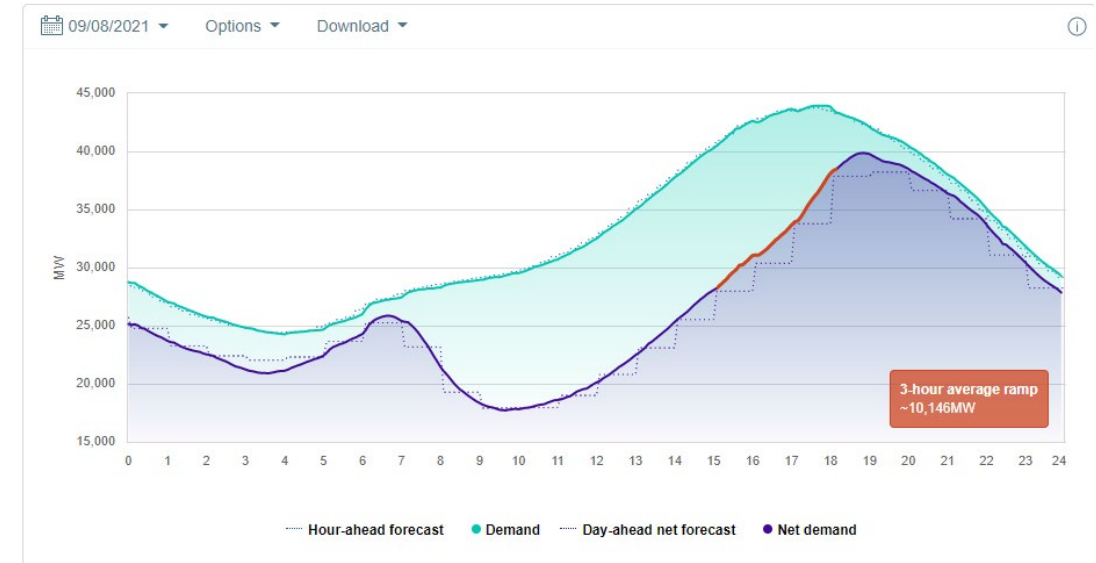
- Reduces “net demand” (and market prices) during solar hours
- Does not help meet demand in the evening,

Large “evening ramp” to be met with natural gas, hydro, and import resources

Energy Storage is on the way, but how quickly can it displace 18 GW of natural gas?

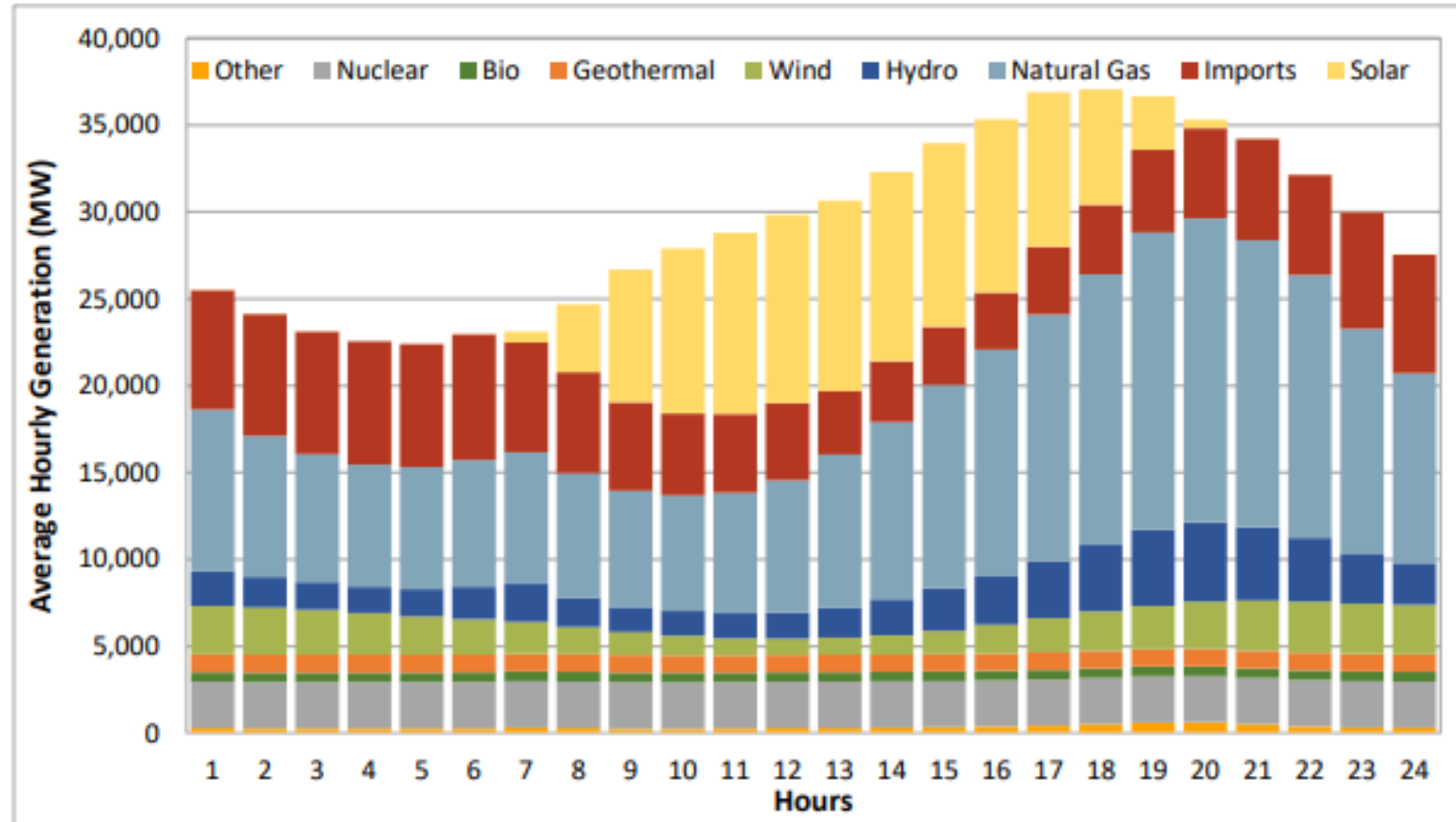
Net demand trend

System demand minus wind and solar, in 5-minute increments, compared to total system and forecasted demand.



Generation

Figure 1.4 Average hourly generation by fuel type (Q3 2020)



Typical summer “resource stack”

Volatility

Market prices also fluctuate seasonally based on larger macro trends

- Climate and weather
 - Extreme, coincident weather events cause large price spikes
- Supply shortages
- Global commodity markets

Figure 1.13 Monthly load-weighted average energy prices (all hours)

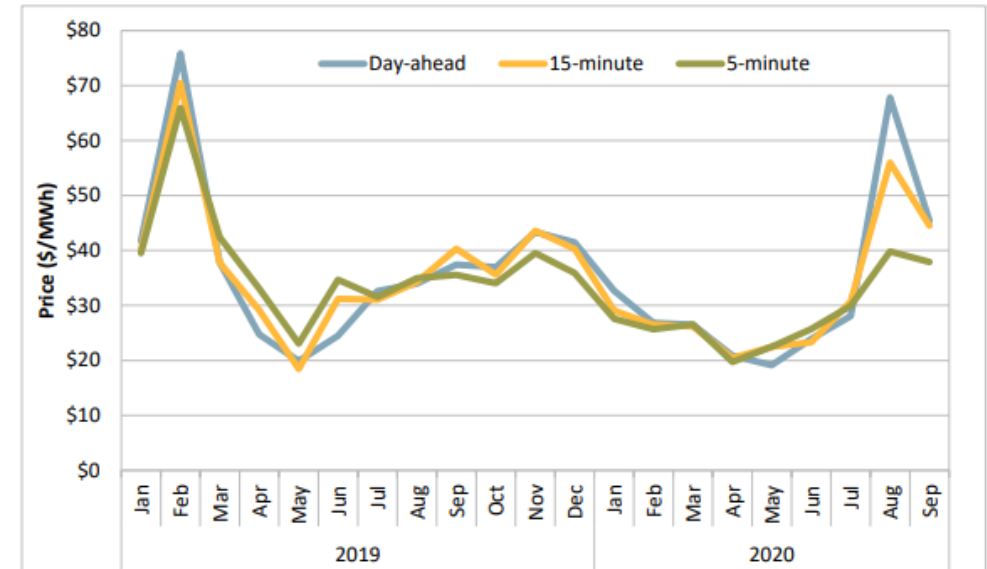
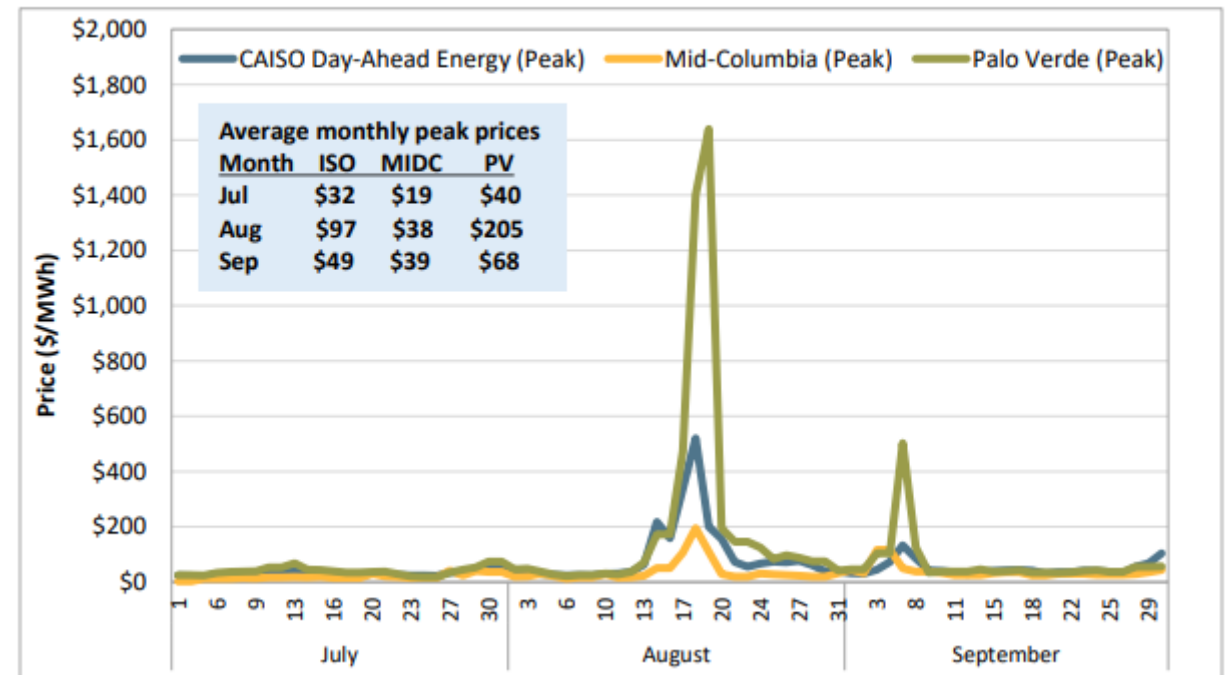


Figure 1.15 Day-ahead ISO and bilateral market prices (Jul – Sep)





03

Energy Procurement Fundamentals

The Fun Stuff

Energy Procurement Goals

Compliance

- Renewable Portfolio Standard
- SDCP Voluntary Renewable Targets
- Long-term Contract Requirements
- Resource Adequacy
- Integrated Resource Planning

Cost / Value

- Energy Costs directly impact customer rates
- FY22 Budget:
 - ~\$315mm Revenue
 - ~\$284mm Power Supply (90%)
- Strategic Commitments/ Investments
 - FY22 Net Position ~\$18mm (5%)
 - Reserve Target: 90 days “cash on hand” ~\$75mm
 - Every “above market” expense reduces contribution to net position

Risk Management

- Market price risk
- Diverse Portfolio
 - Technological diversity
 - Locational diversity
 - Size diversity
 - Temporal diversity
 - e.g. Dollar Cost Average

SDCP Energy Products

Renewable Energy

- Long-term renewable energy (PCC1)
 - Solar (+ storage)
 - Wind
 - Geothermal
- Short-term renewable energy (PCC1 and limited PCC2)
 - Solar
 - Wind
 - Small hydro
 - Geothermal
 - Biomass
- Carbon-free Hydroelectric Energy

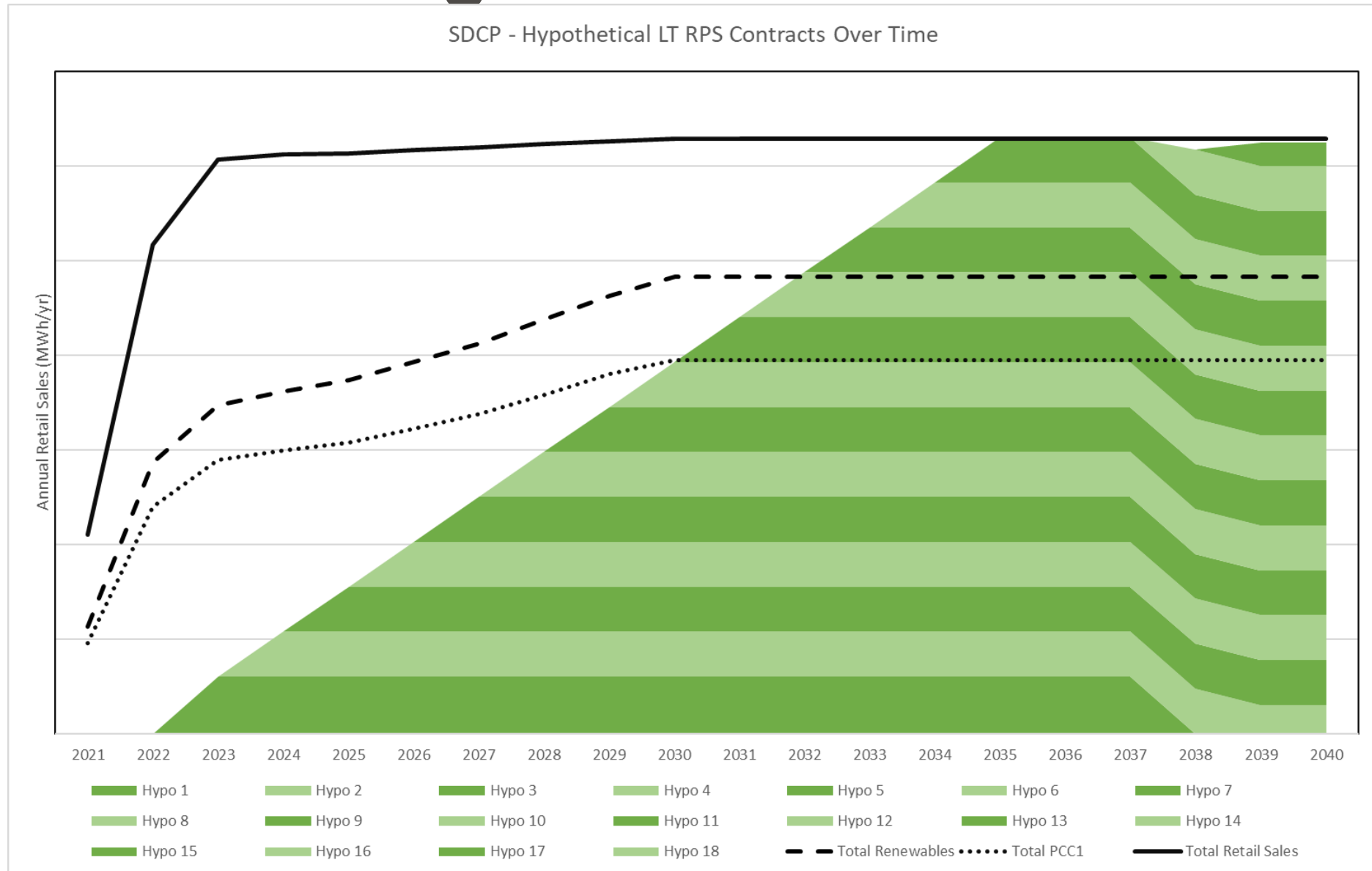
Financial Hedges

- Fixed Price Contracts
- Energy Storage
- System Power
- Financial Products
 - e.g. Swaps, Options

Resource Adequacy

- System RA
 - In-state RA
 - Import RA
- San Diego-Imperial Valley Local RA
- Flexible RA

Hypothetical Long-term Contract Portfolio



DERs and Utility Scale Renewables

Each annual project in the previous chart is equivalent to ~100 MW of solar contracted and built every year

Feed-in tariff: < 1 MW

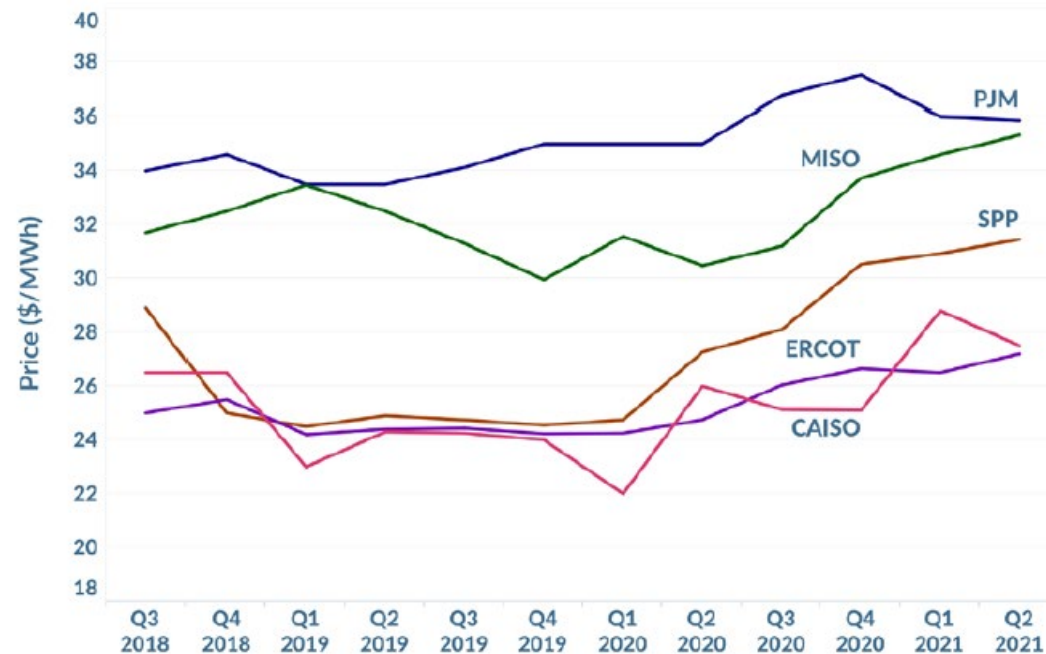
Local DERs typically < 5-10 MW

1 MW solar = ~5 acres

Solar PPA Price by Hub

P25 Hub Price

Quarterly Price Indices P25-Solar



SDCP Contracts and Procurement

SDCP PPAs

- Vikings Solar (100 MW) and Storage (150 MW)
- JVR Energy Park Solar (90 MW) and Storage (70 MW)
- IP Oberon Solar (150 MW)
- Two other long-term PPAs under negotiation

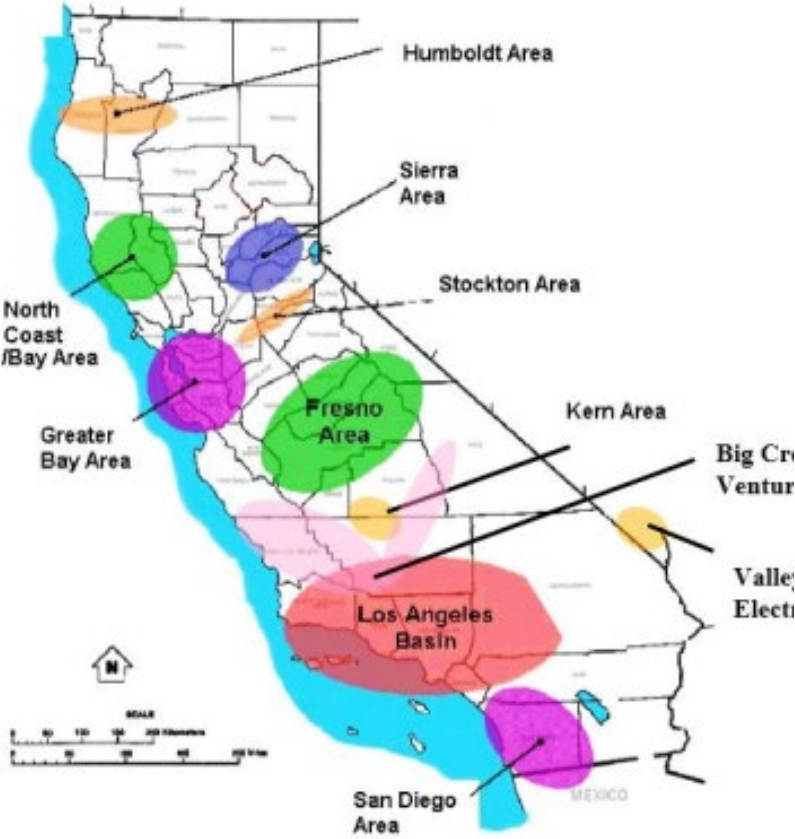
Current and Upcoming Procurement

- Local RFI (evergreen)
 - Renewable Energy and Energy Storage
 - San Diego or Imperial County
 - > 1 MW
- Feed-in Tariff PPA (expected Nov)
- Year-Ahead RA Deadline (Nov 1)
- Renewable Energy and Energy Storage RFO (expected Q1 2022)

04

Appendix

Figure 2: LCR Areas within the ISO



Item 6

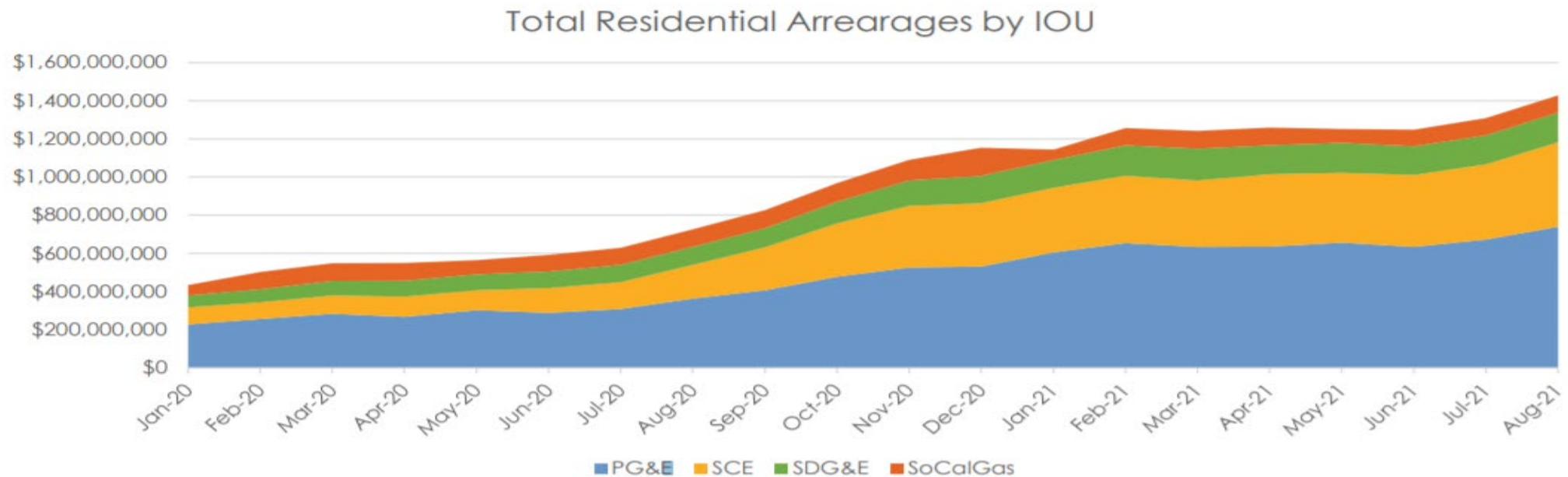
Discuss and Provide Input on the Draft Collections/Delinquency Policy

Objectives of a Collections/Delinquency Policy

1. Provide a framework for SDCP staff and Back Office Service provider to better serve our customers and set clear expectations on the handling of past due customer charges i.e. arrearages.
2. Minimize and mitigate bad debts for the overall long term financial viability, resiliency and competitiveness of our organization.

State of Arrearages in Our Region.

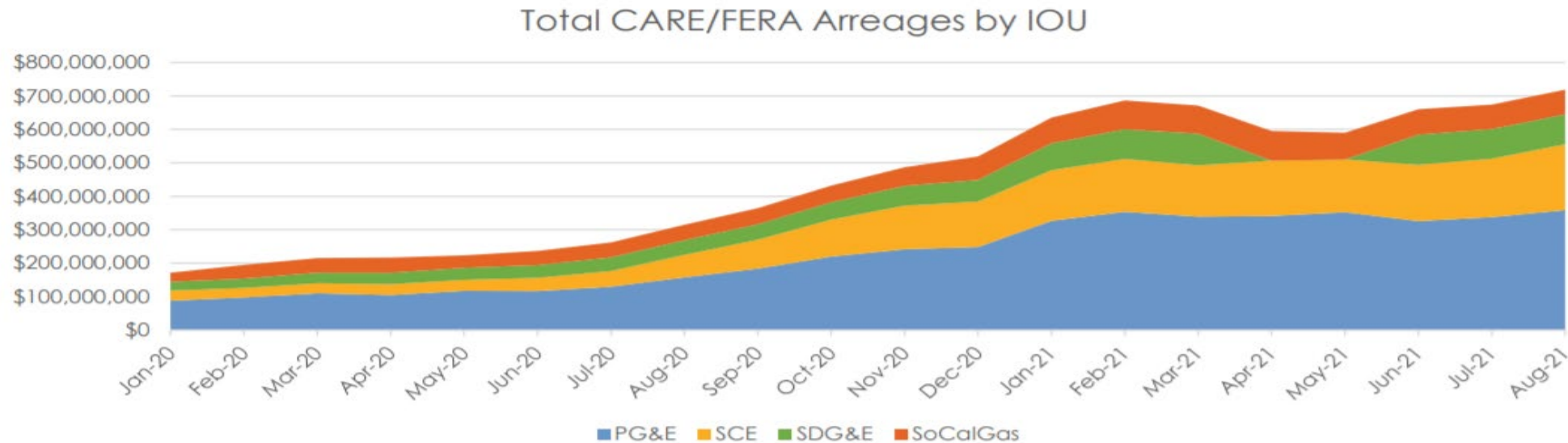
Arrearages during COVID-19 (all customers)



*Data from the California Public Utilities Commission (CPUC).

State of Arrearages in Our Region.

Arrearages during COVID-19 (CARE/FERA)



- SDG&E has not yet reported CARE/FERA data for April and May 2021.

*Data from the California Public Utilities Commission (CPUC).

Programs to assist customers with Arrearages.

1. Low-Income Home Energy Assistance Program (LIHEAP) program.

- Federally funded and administered by the California Department of Community Service and Development (CSD), offers up to \$1,000 in financial aid for SDG&E customer bills.

2. Arrearage Management Payment (AMP) program.

- Enrollee must be a current SDG&E residential customer and must participate in our CARE or FERA program.
- Must have been customer for a minimum of six months and had at least one on-time payment in the last two years.
- Customers with electric service must have a past due balance of \$500 or more, of which some portion is 90 days past due or older.
- Once enrolled, participants must make on-time payments of their current month's bill amount for 12 consecutive months.
- AMP will forgive a maximum of \$8,000 upon successful completion of the AMP.

3. California Arrearage Payment Program (CAPP).

- \$1 billion state budget allocation for past-due energy bills during COVID; \$694.5 million allocated for IOUs and CCAs
- Administered by Dept of Community Services (CSD)
- Utilities will apply on behalf of customers and apply credits automatically for arrearages between 3/4/2020 and 6/15/2021 ; not all customers will receive payments.

Programs to assist customers with Arrearages.

4. Automatic Extended Payment Plans.

- Ordered by the CPUC in June 2021 whereby:
- IOUs directed to automatically enroll eligible customers per the below:
 - Residential and small business customers
 - With arrears 60+ days old as of 9/30/2021
 - 24 month plans for residential customers, 24+ for small business customers
 - Small business customers' monthly bill increase for payment plan capped at 10%
 - 5% for small business customers located in a Disadvantaged Community
 - Customers may miss up to 3 payments before the payment plan is considered broken and arrearages may become disconnectable
 - CAPP relief may reduce length of payment plans or amount to be repaid

SDCP's Collections/Delinquency Policy Draft

Highlights:

1. Any active SDCP customer who has overdue SDCP charges that exceed \$250 depicted on their SDG&E bill will receive a late payment notification letter from SDCP.
2. The letter will be sent after being 60 days past due and a second letter at 90 days past due, informing the customer of their overdue status and the avenues available to pay the overdue SDCP charges.
3. The customer will be provided 30 days after the second and final late payment notification letter is sent to either pay in full or make arrangements to cure the past due balance in installments.
4. If payment in full is not received within the prescribed 30 days, or the terms of an activated payment arrangement are not fulfilled, the delinquent SDCP customer account will be closed and returned to SDG&E bundled generation service on the next account meter read date.
 - * **Customers already on any SDG&E payment arrangement plans who are meeting the payment plan requirements will be excluded from receiving late payment notifications and/or being subjected to our collections and delinquent accounts handling protocols.**



Questions?



San Diego Community Power

Collections and Delinquent Accounts Handling Policy

Effective Date: October 21, 2021

PURPOSE

This policy provides the framework for SDCP staff and Back Office Service provider to better serve our customers and set clear expectations on the handling of past due customer charges.

GENERAL CRITERIA

1. Any active SDCP customer who has overdue SDCP charges that exceed \$250 shown on their SDG&E bill will receive a late payment notification letter from SDCP. The letter will be sent after being 60 days past due and a second letter at 90 days past due, informing the customer of their overdue status and the avenues available to pay the overdue SDCP charges. The customer will be provided 30 days after the second and final late payment notification letter is sent to either pay in full or make arrangements to cure the past due balance in installments. If payment in full is not received within the prescribed 30 days, or the terms of an activated payment arrangement are not fulfilled, the delinquent SDCP customer account will be closed and returned to SDG&E bundled generation service on the next account meter read date. SDG&E has discretion to assess the customer an opt out fee in accordance with SDG&E's Schedule CCA ("Transportation of Electric Power for Community Choice Aggregation Customers"). Please see the following exclusion:
 - Customers already on any SDG&E payment arrangement plans who are meeting the payment plan requirements will be excluded from receiving late payment notifications and/or being subjected to our collections and delinquent accounts handling protocols.
2. SDCP will select a local collections agency to enforce this policy.
3. Any overdue SDCP charges (120 days or more past due) totaling \$20.00 or more which have not been paid by the customer who is no longer active and being collected by SDG&E may be referred to a collections agency for settlement.
4. Any overdue SDCP charges (120 days or more past due) totaling \$19.99 or less which have not been paid by the customer and are no longer being collected by SDG&E may be considered bad debt and written off.
5. No accrued interest will be charged on any customer account.
6. If a customer has not paid within 180 days following the initiation of the collections process, the collection agency may file credit reporting information on the customer with all applicable agencies.
7. Under the guidance of SDCP, the collections agency may be authorized to pursue legal action on any customer with an outstanding balance of \$750 or more.
8. After a customer has paid all overdue amounts, all collections activity will terminate for that customer.

Item 7

Discuss and Provide Input on the Scope of Work for the Community Power Plan

Community Power Plan Scope of Work

Goals & Objectives

One of the stated goals within the JPA is:

“provide a range of energy product and program options, available to all Parties and customers, that best serve their needs, their local communities, and support regional sustainability efforts.”

Member agencies elected to join SDCP expecting us to develop and offer innovative programs as a means of both investing back into local communities and enhancing environmental performance.

Through the Community Power Plan (“CPP”), refine broad expectation into an overall community investment strategy and a series of discrete program offerings SDCP could undertake.

SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY – JOINT POWERS AGREEMENT

SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY

JOINT POWERS AGREEMENT

This Joint Powers Agreement (the “Agreement”), effective as of October 1, 2019, is made by the Founding Members of San Diego Regional Community Choice Energy Authority (Authority) including cities of San Diego, Chula Vista, La Mesa, Encinitas, and Imperial Beach, and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Section 6500 et seq.) of the California Government Code relating to the joint exercise of powers among the public agencies set forth in Exhibit B.

RECITALS

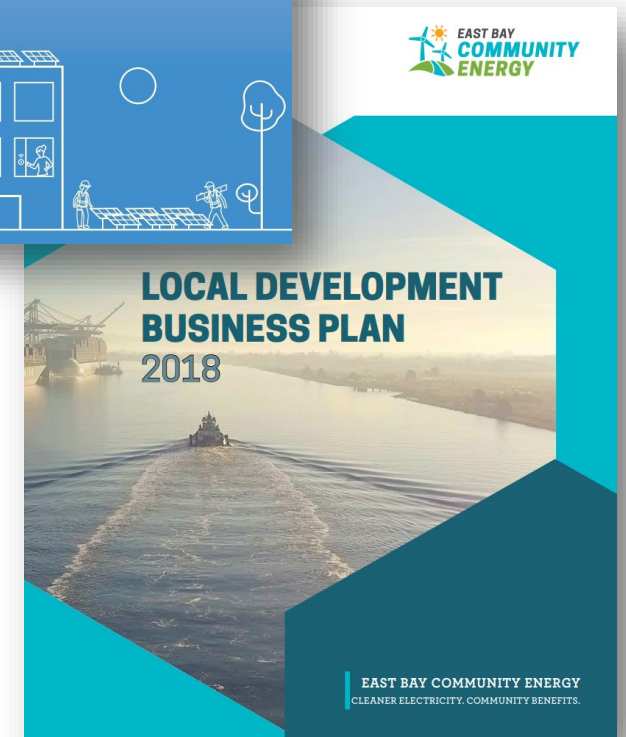
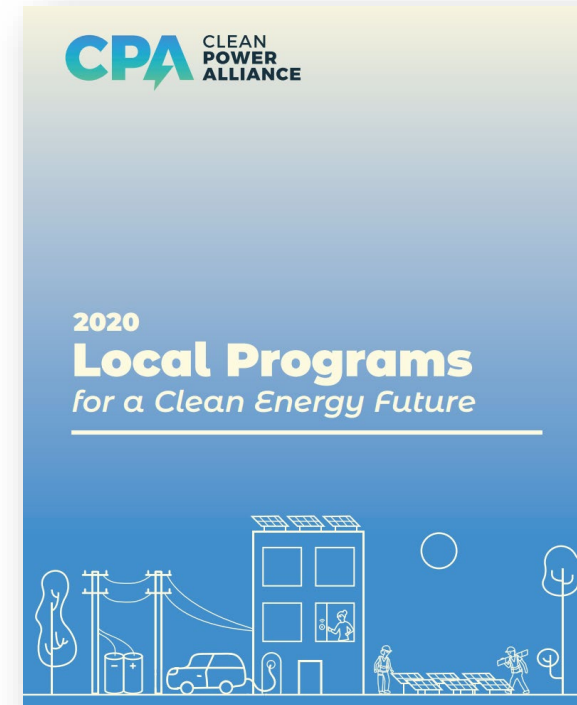
1. The Parties are public agencies sharing various powers under California law, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and their inhabitants.
2. SB 350, adopted in 2015, mandates a reduction in greenhouse gas emissions to 40 percent below 1990 levels by 2030 and to 80 percent below 1990 levels by 2050. In 2018, the State Legislature adopted SB 100, which directs the Renewable Portfolio Standard to be increased to 60% renewable by 2030 and establishes a policy for eligible renewable energy resources and zero-carbon resources to supply 100 percent of electricity retail sales to California end-use customers by 2045.
3. The purposes for the Founding Members (as such term is defined in Exhibit A) entering into this Agreement include procuring/developing electrical energy for customers in participating jurisdictions, addressing climate change by reducing energy-related greenhouse gas emissions, promoting electrical rate price stability, and fostering local economic benefits such as job creation, local energy programs and local power development. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to State, regional, and local solar and wind energy production and energy storage.
4. The Parties to this Agreement desire to establish a separate public agency, known as the San Diego Regional Community Choice Energy Authority (“Authority”), under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) (“Act”) in order to collectively study, promote, develop, conduct, operate, and manage energy programs.
5. The Founding Members have each adopted an ordinance electing to implement through the Authority a Community Choice Aggregation program pursuant to California Public Utilities Code Section 366.2 (“CCA Program”). The first priority of the Authority will be the consideration of those actions necessary to implement the CCA Program on behalf of participating jurisdictions.

Goals & Objectives

The CPP will help SDCP develop local programs that:

- Address climate change by reducing energy-related greenhouse gas emissions;
- Prioritize the use and development of local, cost-effective renewable and distributed energy resources in ways that encourage and support local power development and storage;
- Produce economic benefits to the region, including local workforce development;
- To the extent authorized by law, support a stable, skilled, and trained workforce;
- Pursue purposeful and focused investment in Communities of Concern and programs centered on economic, environmental, and social equity.

CPP is expected to lay out a five (5) year vision that staff can utilize when implementing programs and local development of renewables



1st: Community Needs Assessment

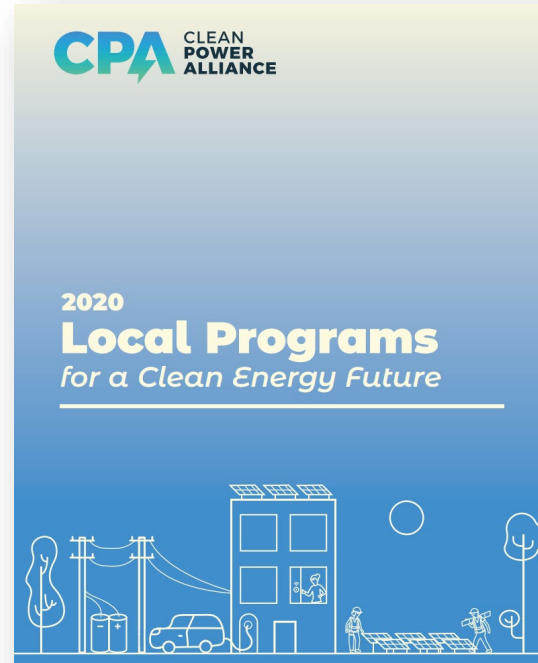
Conduct a programmatic community needs assessment to determine:

- Community needs within its member communities as they relate to:
 - energy, energy resilience, energy affordability, & energy efficiency,
 - distributed energy resources, and
 - GHG reduction through electrification;
- Existing program offerings available to customers and potential challenges to participation,
- Programmatic gaps in existing program offerings to customers that SDCP may be able to fill; and
- Methods and strategies SDCP could employ to meet to address the above.



2nd: Community Power Plan

Develop a multi-faceted plan that will pull together all potential programs and investments into a coherent framework that will allow for consistent analysis and calculations of costs, benefits and measurements of effectiveness and success.



2nd: Community Power Plan

Tools SDCP can use programmatically:

1. Ratemaking ability
2. Procurement authority
3. Programmatic authority, i.e., ability to implement programs without CPUC-approval;
4. Investment of net revenue
5. Administration of grant funding
6. Administration of third-party programs

2nd: Community Power Plan

Programmatic priority areas:

1. Programs that reduce greenhouse gas emissions and fossil fuel use in transportation and buildings via electrification powered by SDCP's clean energy mix;
2. Programs that address populations and market segments currently underserved by other energy programs, particularly renters and multifamily buildings;
3. Programs that support our member agencies in implementation of their Climate Action Plan and leverage SDCP's member agencies as implementation partners and can address specific local needs, including disaster preparedness and the resiliency of critical facilities and infrastructure;
4. Programs that promote distributed energy resources;
5. Programs that help SDCP, and the San Diego to cost-effectively manage the increasing reliance on intermittent resources for electricity supply; and
6. Programs that will have a positive impact on local air quality and therefore improve public health in the San Diego region.

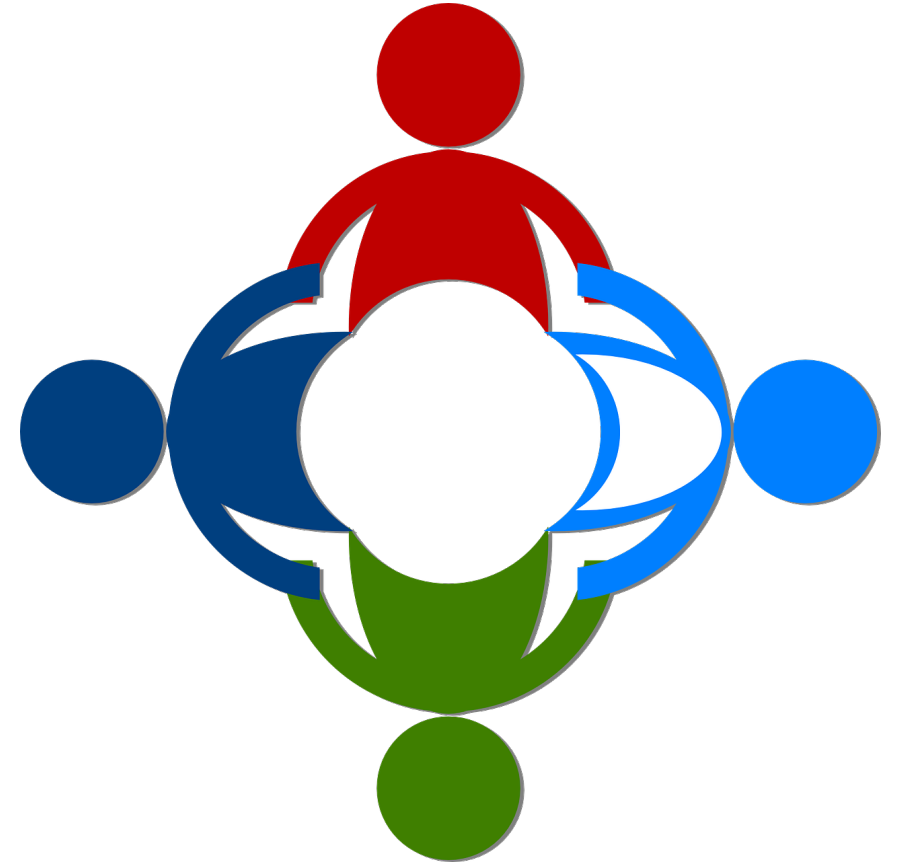


Development Process

Development of the CPP expected to be a nine-month process, inclusive of the community needs assessment.

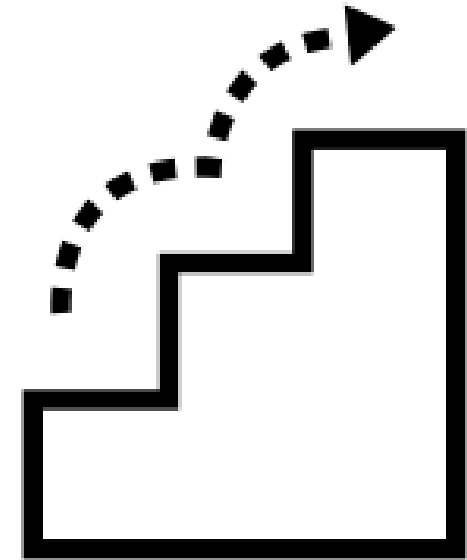
Selected consultant(s) will be required to work with Board, Committee, Staff, and member agencies.

Consultant(s) will be required to work with local & regional community-based organizations.



Next Steps

- Staff will take feedback from Committee and finalize the Request for Proposals (“RFP”).
- The RFP will go out in October through Calpine.
- Staff will update the CAC and the Board in January 2022.
- Work will tentatively commence February 2022.





Questions?

Item 8

**Discuss and Provide Recommendation to the Board
on the FY21-22 CAC Work Plan**



Community Advisory Committee (CAC) Work Plan for Fiscal Year 2021 - 2022

[Committee Purpose and Scope of Work](#) [Standard Operating Procedures](#)

Focus	Description	When
Equity Overview	Prioritize equitable outcomes by working with the SDCP Board and Staff.	Year round
Educational Presentations	Invite and hold educational presentations to the CAC to assist in ongoing support to SDCP staff and the Board. Support presentations in our communities about SDCP programs and ways to participate.	Year round
Legislative / Public Policy / Regulatory	Bring forth news and advise the Board of legislative, public policy and regulatory issues that are brought forward by SDCP and/or identified by the SDCP Board as a priority. Make public comments at public meetings supporting SDCP positions on these issues.	Year round
Equitable, Inclusive and Sustainable Workforce Policy	Review and provide potential comments to the Board regarding having an equitable, inclusive and sustainable workforce policy.	Year round
Marketing and Communications Efforts	Support outreach efforts to the community, including events, marketing, communication, the residential Phase 3 enrollment launch, and other activities.	Year round
Procurement Efforts	Receive briefing and give comment on short-term and long-term procurement projects under consideration by the Board of Directors.	Year round



Focus	Description	When
Community Power Plan	Assist staff in the development and outreach of the Community Power Plan, which will inform what SDCP's long-term programmatic and local procurement outlook will be.	Year round
Staff and Board-Initiated Items	Provide recommendations on items as they are brought forward by SDCP staff and the Board.	Year round
Community-Member Communications Guide	The Guide describes the best practices for CAC members to engage with the community that they represent. The best practices may include, but are not limited to: acquiring resources from SDCP; use of, and resources for, social media; and coordinating with member city governments.	Q3-Q4 2021
Legislative 101 Session	Receive a basic training by staff on the bill development process in the California legislature.	Q3-Q4 2021
FY 21/22 Programs Outlook	Provide input on the programs outlook for fiscal year 21/22.	Q3-Q4 2021
Local Government Commission	Provide input to staff and the Local Government Commission (LGC) on topics for educational workshops, and their technical assistance work for member jurisdictions.	Q4 2021 – Q1 2022
DAC-GT & CS-GT	Provide input into the community outreach component of the Disadvantaged Communities Green Tariff and Community Solar Green Tariff programs.	Q1-Q2 2022

The CAC shall cover other tasks not mentioned above with prior approval of SDCP staff but within the purview of the Scope of Work. All tasks shall be presented and acted upon in a manner that complies with the Brown Act.

Item 9

Standing Item: Discussion of Potential Agenda Items for Board of Directors Meetings

Regular Meeting Agenda

**Committee Member
Announcements**

Adjournment



Community Advisory Committee

Next Regular Meeting

November 12th, 2021

