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 Items to be Withdrawn, or Reordered on the Agenda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
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)
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
Charts!
Load

Customer Demand

Load varies seasonally, daily, hourly, constantly

Largely driven by weather, day, time of day, customer usage patterns
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.
Market Prices

High market prices (above) are correlated with High customer demand (below)
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?
Generation

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
Energy Procurement Fundamentals
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

- SDCP feed-in tariff rate: $80/MWh
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)
Appendix
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.
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.
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
<table>
<thead>
<tr>
<th>Focus</th>
<th>Description</th>
<th>When</th>
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<tbody>
<tr>
<td>Equity Overview</td>
<td>Prioritize equitable outcomes by working with the SDCP Board and Staff.</td>
<td>Year round</td>
</tr>
<tr>
<td>Educational Presentations</td>
<td>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.</td>
<td>Year round</td>
</tr>
<tr>
<td>Legislative / Public Policy / Regulatory</td>
<td>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.</td>
<td>Year round</td>
</tr>
<tr>
<td>Equitable, Inclusive and Sustainable Workforce Policy</td>
<td>Review and provide potential comments to the Board regarding having an equitable, inclusive and sustainable workforce policy.</td>
<td>Year round</td>
</tr>
<tr>
<td>Marketing and Communications Efforts</td>
<td>Support outreach efforts to the community, including events, marketing, communication, the residential Phase 3 enrollment launch, and other activities.</td>
<td>Year round</td>
</tr>
<tr>
<td>Procurement Efforts</td>
<td>Receive briefing and give comment on short-term and long-term procurement projects under consideration by the Board of Directors.</td>
<td>Year round</td>
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<td>Focus</td>
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<tr>
<td>Community Power Plan</td>
<td>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.</td>
<td>Year round</td>
</tr>
<tr>
<td>Staff and Board-Initiated Items</td>
<td>Provide recommendations on items as they are brought forward by SDCP staff and the Board.</td>
<td>Year round</td>
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<tr>
<td>Community-Member Communications Guide</td>
<td>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.</td>
<td>Q3-Q4 2021</td>
</tr>
<tr>
<td>Legislative 101 Session</td>
<td>Receive a basic training by staff on the bill development process in the California legislature.</td>
<td>Q3-Q4 2021</td>
</tr>
<tr>
<td>FY 21/22 Programs Outlook</td>
<td>Provide input on the programs outlook for fiscal year 21/22.</td>
<td>Q3-Q4 2021</td>
</tr>
<tr>
<td>Local Government Commission</td>
<td>Provide input to staff and the Local Government Commission (LGC) on topics for educational workshops, and their technical assistance work for member jurisdictions.</td>
<td>Q4 2021 – Q1 2022</td>
</tr>
<tr>
<td>DAC-GT &amp; CS-GT</td>
<td>Provide input into the community outreach component of the Disadvantaged Communities Green Tariff and Community Solar Green Tariff programs.</td>
<td>Q1-Q2 2022</td>
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</table>

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