



AGENDA

Meeting of the Finance and Risk Management Committee San Diego Community Power (SDCP)

May 16, 2024
3:00 p.m.

City of San Diego Metropolitan Operations Complex (MOC II) Auditorium
9192 Topaz Way, San Diego, CA 92123

The meeting will be held in person at the above date, time and location. Finance and Risk Management Committee (FRMC) Members and members of the public may attend in person. Under certain circumstances, FRMC Members may also attend and participate in the meeting virtually pursuant to the Brown Act (Gov. Code § 54953). As a convenience to the public, SDCP provides a call-in option and internet-based option for members of the public to virtually observe and provide public comments at its meetings. Additional details on in-person and virtual public participation are below. Please note that, in the event of a technical issue causing a disruption in the call-in option or internet-based option, the meeting will continue unless otherwise required by law, such as when an FRMC Member is attending the meeting virtually pursuant to certain provisions of the Brown Act.

Note: Any member of the public may provide comments to the Finance and Risk Management Committee on any agenda item. When providing comments to the FRMC, it is requested that you provide your name and city of residence for the record. Commenters are requested to address their comments to the FRMC as a whole through the Chair. Comments may be provided in one of the following manners:

1. Providing Oral Comments During Meeting. Anyone attending in person desiring to address the FRMC is asked to fill out a speaker's slip and present it to the Clerk of the Board or the Secretary. To provide remote comments during the meeting, join the Zoom meeting by computer, mobile phone, or dial-in number. On Zoom video conference by computer or mobile phone, use the "Raise Hand" feature. This will notify the moderator that you wish to speak during a specific item on the agenda or during non-agenda Public Comment. Members of the public will not be shown on video but will be able to speak when called upon. If joining the meeting using the Zoom dial-in number, you can raise your hand by pressing *9. Comments will be limited to three (3) minutes.
2. Written Comments. Written public comments must be submitted prior to the start of the meeting by using this ([Web Comment Form](#)). Please indicate a specific agenda item when submitting your comment. All written comments received prior to the meeting will be provided to the FRMC 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 read at the meeting will be limited to the first 400 words. Comments received after the start of the meeting will be collected, sent to the FRMC members in writing, and be part of the public record.

If you have anything that you wish to be distributed to the FRMC, 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/93476863568> Telephone (Audio Only)

(669) 900-6833 or (253) 215-8782 | Webinar ID: 934 7686 3568

WELCOME

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

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

PUBLIC COMMENTS FOR ITEMS NOT ON THE AGENDA

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 provide a comment in either manner described above.

CONSENT CALENDAR

1. Approve April 11, 2024, Meeting Minutes

Recommendation: Approve April 11, 2024, Meeting Minutes.

MEETING AGENDA

2. Review of Treasurer's Report for Period Ending March 31, 2024

Recommendation: Receive and File Treasurer's Report for Period Ending March 31, 2024.

3. Presentation and Discussion of the FY 2024-25 Operating Budget

Recommendation: Receive staff presentation on the preliminary proposed FY 2024-25 Operating Budget.

4. Recommend Board Approval of Power100 Green-e Certified Service

Recommendation: Recommend Board approval of Power100 Green-e Certified Service.

Committee Member Announcements

Committee Members may briefly provide information to other members and the public. There is to be no discussion or action taken on comments made by Directors unless authorized by law.

ADJOURNMENT

The Finance and Risk Management Committee will adjourn to the next regular meeting scheduled on June 20, 2024.

Compliance with the Americans with Disabilities Act

SDCP Committee 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 Committee 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. Public records, including agenda-related documents, can be requested electronically at info@sdcommunitypower.org or by mail to SDCP, PO BOX 12716, San Diego, CA 92112. The documents may also be posted at the above website. Such public records are also available for inspection, by appointment, at San Diego Community Power, 2305 Historic Decatur Road, Suite 200, San Diego, CA 92106. Please contact info@sdcommunitypower.org to arrange an appointment.



**FINANCE AND RISK MANAGEMENT COMMITTEE
SAN DIEGO COMMUNITY POWER (SDCP)**

City of San Diego Metropolitan Operations Complex (MOC II) Auditorium
9192 Topaz Way, San Diego, CA 92123

Meeting Minutes
April 11, 2024

The Committee minutes are prepared and ordered to correspond to the Committee Agenda. Agenda Items can be taken out of order during the meeting.

The Agenda Items were considered in the order presented.

WELCOME

CALL TO ORDER

Chair McCann (Chula Vista) called the Finance and Risk Management Committee meeting to order at 3:01 p.m.

ROLL CALL

PRESENT: Chair McCann (Chula Vista), Director Yamane (National City)

ABSENT: Director Aguirre (Imperial Beach)

Also Present: Chief Financial Officer ("CFO")/Treasurer Washington, General Counsel Tyagi, Deputy Clerk Vences

PLEDGE OF ALLEGIANCE

Director Yamane led the Pledge of Allegiance.

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

CFO/Treasurer Washington noted that Item No. 3, regarding Approval of Power100 Green-e Certified Service would be withdrawn from the agenda and scheduled for a future FRMC meeting.

PUBLIC COMMENTS FOR ITEMS NOT ON THE AGENDA

There were no public comments.

MEETING AGENDA

1. Approve February 15, 2024, Meeting Minutes

ACTION: Motioned by Director Yamane (National City) and seconded by Chair McCann (Chula Vista) to approve the minutes of the Finance and Risk Management Committee meeting held Thursday, February 15, 2024. The motion carried unanimously by the following vote:

Vote: 2-0

AYES: Chair McCann (Chula Vista) and Director Yamane (National City)

NOES: None

Abstained: None

2. Review of Treasurer's Report for Period Ending February 29, 2024

CFO/Treasurer Washington presented the Treasurer's Report for the period ending February 29, 2024.

Following Committee questions and comments, no action was taken.

3. Recommend Board Approval of Power100 Green-e Certified Service

Item No. 3 was withdrawn from the agenda.

Committee Member Announcements

There were no announcements.

ADJOURNMENT

Chair McCann (Chula Vista) adjourned the meeting at 3:11 p.m. to the next Finance and Risk Management Committee meeting scheduled on Thursday, May 16, 2024.

Sandra Vences, Assistant Clerk of the Board



SAN DIEGO COMMUNITY POWER Staff Report – Item 2

To: San Diego Community Power Finance and Risk Management Committee
From: Eric W. Washington, Chief Financial Officer
Via: Karin Burns, Chief Executive Officer
Subject: Review of Treasurer’s Report for Period Ending March 31, 2024
Date: May 16, 2024

RECOMMENDATION

Receive and File Treasurer’s Report for Period Ending March 31, 2024.

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 its year-to-date financial statements for the period ended March 31, 2024, along with budgetary comparisons.

SDCP additionally reports monthly metrics during its Board meetings as part of its Update on Back-Office Operations. As part of the Treasurer’s Report, certain key metrics related to risk are to be presented during Financial and Risk Management Committee (FRMC) meetings.

On February 22, 2024, the SDCP Board of Directors (Board) approved a mid-year budget amendment for Fiscal Year 2023-24 that included net operating revenues of \$1,304,274,067, total expenses of \$1,071,601,284, and a resulting net position of \$232,672,783. Given that the Board approval occurred on February 22, 2024, the review of the Treasurer’s Report for period ending March 31, 2024, and reports for the remaining fiscal year will include a comparison against the mid-year budget amendment adopted by the Board. Additionally, given that the mid-year budget amendment is very closely aligned with the SDCP ProForma, treasurer’s reports moving forward will no longer include a ProForma comparison.

ANALYSIS AND DISCUSSION

Actual financial results for the period ended 3/31/24: \$998.84 million in net operating revenues were reported compared to \$1.06 billion budgeted for the period. \$810.67 million in total expenses were reported (including \$790.83 million in energy costs) compared to \$842.22 million budgeted for the period (including \$803.66 million budgeted

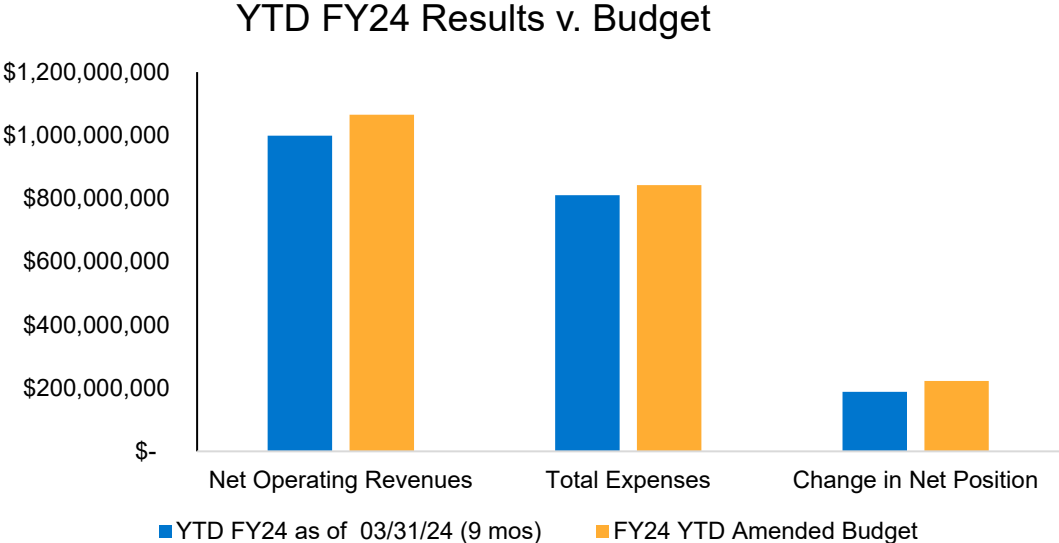
for energy costs). After expenses, SDCP’s change in net position of \$188.17 million was reported for Fiscal Year 2023-24. The following is a summary of the actual results compared to the Fiscal Year 2023-24 Amended Budget.

Table 1: Budget Comparison Versus Actual Result

Budget Comparison					
	YTD FY24 as of 03/31/24 (9 mos)	FY24 YTD Amended Budget	Budget Variance (\$)	Budget (%)	
Net Operating Revenues	\$ 998,841,535	\$ 1,064,910,269	\$ (66,068,734)	94%	
Total Expenses	\$ 810,669,218	\$ 842,219,623	\$ (31,550,405)	96%	
Change in Net Position	\$ 188,172,317	\$ 222,690,646	\$ (34,518,329)	-16%	

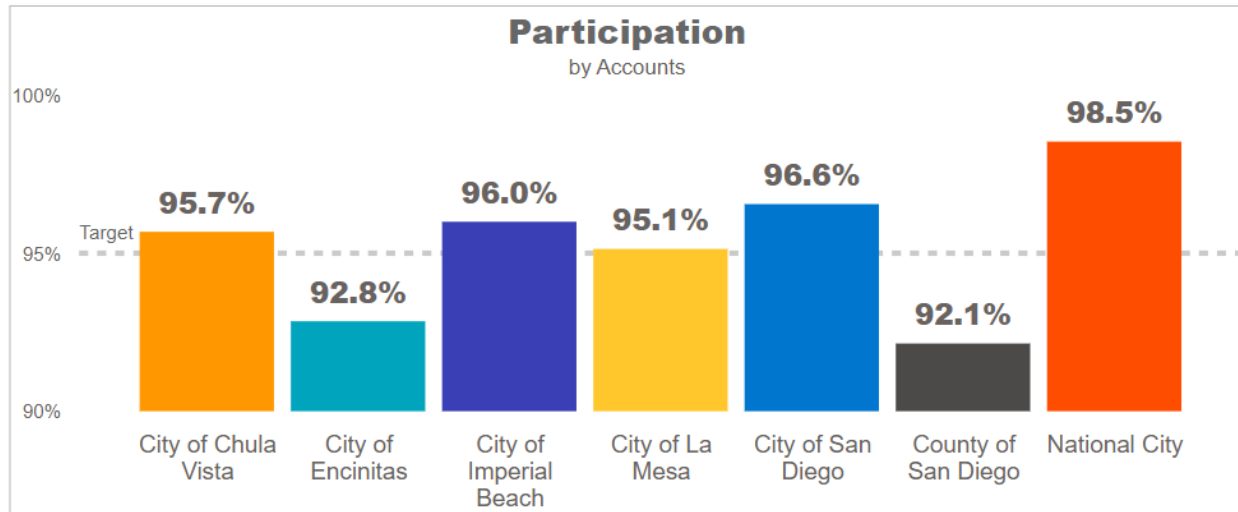
- Net operating revenues finished \$66.07 million (or 6.0 percentage points) under the budget primarily due to lower-than-expected customer load correlated with cooler weather in the summer months of 2023.
- Operating expenses finished \$31.55 million (or 4.0 percentage points) under the budget primarily similarly due to lower-than-expected customer load correlated with cooler weather in the summer months of 2023.

Figure 1: Proforma versus Actual Results



For the period ending 3/31/24, SDCP contributed \$188,172,317 to its net position compared to the expected gain of \$222,690,646 per the Fiscal Year 2023-24 amended budget. Total SDCP reserves at the end of the period were \$388,527,712 based on cash and cash equivalents – unrestricted, and total available liquidity (including lines of credit) was \$501,027,712. SDCP has a total Fiscal Year 2023-24 year-end reserve target of \$524,984,866, which is equivalent to 180-days of total operating expenses as set in SDCP’s Strategic Goals.

Figure 2: Participation Rates as of 5/1/2024



Jurisdiction	Active	Eligible	Opt Outs	Participation
City of Chula Vista	93,957	98,200	4,243	95.7%
City of Encinitas	26,441	28,478	2,037	92.8%
City of Imperial Beach	10,502	10,940	438	96.0%
City of La Mesa	28,027	29,460	1,433	95.1%
City of San Diego	601,523	622,994	21,471	96.6%
County of San Diego	174,895	189,915	14,921	92.1%
National City	19,251	19,542	287	98.5%
Total	954,596	999,529	44,830	95.5%

Phase 4 mass enrollment process in National City and Unincorporated County of San Diego for Non-Net Energy Metering (NEM) customers was officially completed as of May 2023. The participation rate for SDCP reflects full enrollment of current member agencies. We are reporting on the opt outs and eligible accounts associated with the phase based on those accounts that we have noticed for enrollment on a rolling basis as of the reporting month.

Staff is also presenting the state of SDCP Arrearages related to financial risk for FRMC consideration and for regular review. Additional metrics can be added by request. The below arrearage data includes SDCP's Receivables aged 120+ Days as of 5/1/2024.

Figure 3: State of SDCP Arrearages as of 5/01/2024

Balances over 120 days

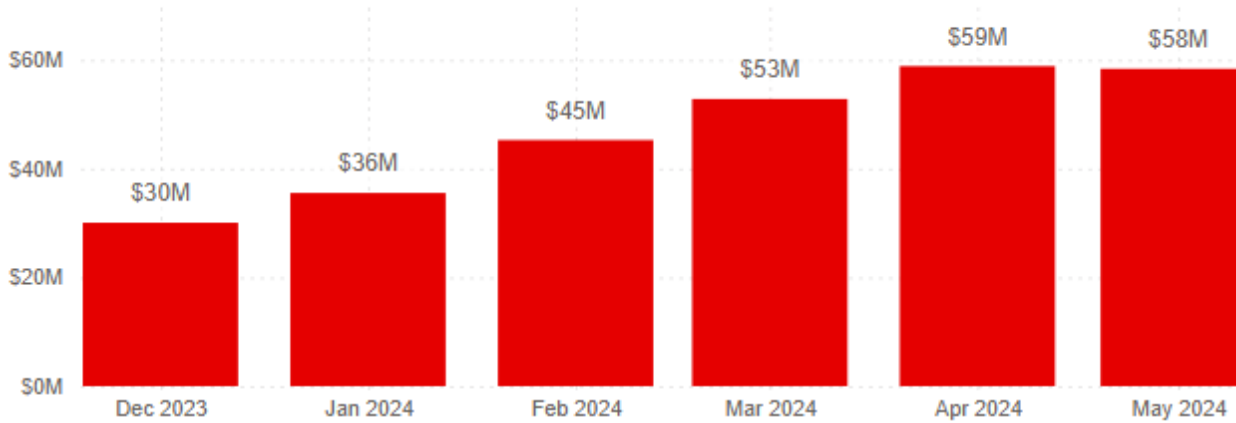
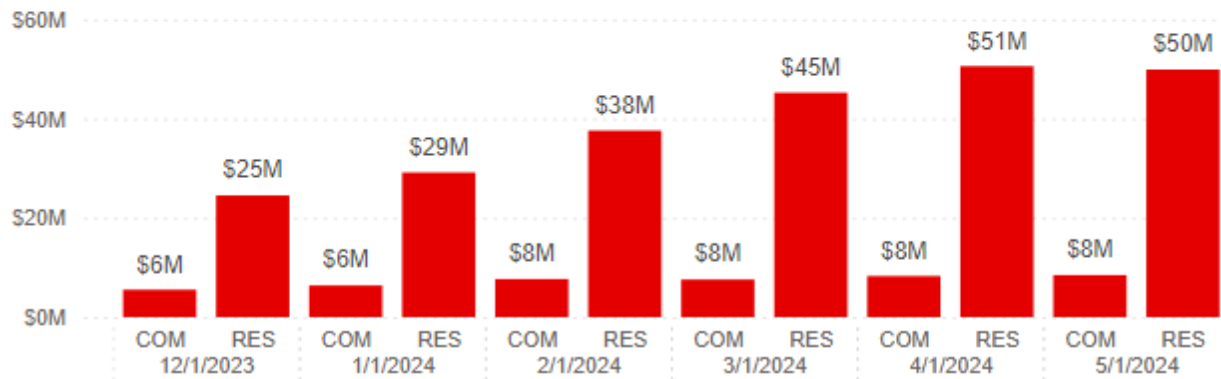


Figure 4: State of SDCP Arrearages Residential vs Commercial as of 5/01/2024

Balances over 120 days - RES vs COM



FISCAL IMPACT

N/A

ATTACHMENTS

Attachment A: 2024 Year-to-Date Period Ended 3/31/24 Financial Statements



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 March 31, 2024, 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. San Diego Community Power's annual audited financial statements 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 the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
April 29, 2024

SAN DIEGO COMMUNITY POWER
STATEMENT OF NET POSITION
As of March 31, 2024

ASSETS

Current assets	
Cash and cash equivalents - unrestricted	\$ 388,527,712
Cash and cash equivalents - restricted	500,000
Accounts receivable, net of allowance	69,565,566
Accrued revenue	39,591,980
Prepaid expenses	9,251,255
Other receivables	873,033
Deposits	<u>1,901,222</u>
Total current assets	510,210,768
Noncurrent assets	
Cash and cash equivalents - restricted	1,147,000
Lease asset, net of amortization	1,347,879
Capital assets, net of depreciation	<u>132,609</u>
Total noncurrent assets	<u>2,627,488</u>
Total assets	<u><u>512,838,256</u></u>

LIABILITIES

Current liabilities	
Accrued cost of electricity	125,765,417
Accounts payable	3,940,240
Other accrued liabilities	2,289,261
State surcharges payable	578,353
Deposits - energy suppliers	3,812,500
Interest and finance costs payable	281,693
Lease liability	<u>950,071</u>
Total current liabilities	<u>137,617,535</u>
Noncurrent liabilities	
Supplier security deposits	624,000
Lease liability	<u>572,502</u>
Total noncurrent liabilities	<u>1,196,502</u>
Total liabilities	<u><u>138,814,037</u></u>

NET POSITION

Restricted for collateral	1,647,000
Unrestricted	<u>372,377,219</u>
Total net position	<u><u>\$ 374,024,219</u></u>

**SAN DIEGO COMMUNITY POWER
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Nine Months Ended March 31, 2024**

OPERATING REVENUES

Electricity sales, net	\$ 997,761,785
Grant revenue	807,250
Other income	322,200
Total operating revenues	<u>998,891,235</u>

OPERATING EXPENSES

Cost of electricity	790,875,856
Contract services	14,006,692
Staff compensation	8,221,548
Other operating expenses	2,456,015
Depreciation and amortization	505,922
Total operating expenses	<u>816,066,033</u>
Operating income	<u>182,825,202</u>

NON-OPERATING REVENUES (EXPENSES)

Interest income	6,575,706
Interest and financing expense	(1,389,020)
Nonoperating revenues (expenses), net	<u>5,186,686</u>

CHANGE IN NET POSITION

	188,011,888
Net position at beginning of year	186,012,331
Net position at end of year	<u>\$ 374,024,219</u>

**SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS
Nine Months Ended March 31, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 1,079,731,434
Receipts of supplier security deposits	34,626,179
Receipts from wholesale sales	16,474,870
Other operating receipts	1,129,450
Payments to suppliers for electricity	(748,830,123)
Payments for goods and services	(15,447,375)
Payments of staff compensation and benefits	(7,862,170)
Payments for deposits and collateral	(4,304,693)
Payments of state surcharges	(1,742,916)
Net cash provided by operating activities	353,774,656

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Principal payments - bank note	(35,730,000)
Interest and related expense payments	(1,627,931)
Net cash provided (used) by non-capital financing activities	(37,357,931)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments of lease liability	(350,466)
Payments to acquire capital assets	(71,550)
Net cash (used) by capital and related financing activities	(422,016)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income received	6,349,123
Net change in cash and cash equivalents	322,343,832
Cash and cash equivalents at beginning of year	67,830,880
Cash and cash equivalents at end of year	\$ 390,174,712

Reconciliation to the Statement of Net Position

Cash and cash equivalents (unrestricted)	\$ 388,527,712
Restricted cash - current	500,000
Restricted cash - noncurrent	1,147,000
Cash and cash equivalents	\$ 390,174,712

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS (continued)
Nine Months Ended March 31, 2024

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 182,825,202
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization expense	505,922
(Increase) decrease in:	
Accounts receivable, net	40,948,165
Accrued revenue	39,200,804
Prepaid expenses	21,276,243
Other receivables	(412,735)
Deposits	15,755,128
Increase (decrease) in:	
Accrued cost of electricity	48,420,074
Accounts payable	3,500,975
Other accrued liabilities	(1,505,386)
State surcharges payable	77,764
Supplier security deposits	3,182,500
Net cash provided by operating activities	<u>\$ 353,774,656</u>



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
San Diego Community Power

Management is responsible for the accompanying special purpose operating fund budgetary comparison schedule of San Diego Community Power (SDCP), a California Joint Powers Authority, for the period ended March 31, 2024, 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
April 29, 2024

**SAN DIEGO COMMUNITY POWER
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
Nine Months Ended March 31, 2024**

	2023/24 YTD Amended Budget	2023/24 YTD Actual	2023/24 YTD Amended Budget Variance (Under) Over	2023/24 YTD Actual/ Amended Budget %	2023/24 Annual Amended Budget	2023/24 Amended Budget Remaining
REVENUES AND OTHER SOURCES						
Gross Ratepayer Revenues	1,115,089,287	\$ 1,039,335,193	(75,754,094)	93%	\$ 1,365,732,007	\$ 326,396,814
Less: Uncollectible Customer Accounts	(50,179,018)	(41,573,408)	8,605,610	83%	(61,457,940)	(19,884,532)
Grant Revenue	-	807,250	807,250		-	(807,250)
Other income		272,500	272,500		-	(272,500)
Total Revenues and Other Sources	<u>1,064,910,269</u>	<u>998,841,535</u>	<u>(66,068,734)</u>		<u>1,304,274,067</u>	<u>305,432,532</u>
OPERATING EXPENSES						
Cost of Energy	803,659,343	790,826,157	(12,833,186)	98%	1,020,844,552	230,018,395
Professional Services and Consultants	16,950,554	13,376,168	(3,574,386)	79%	22,250,657	8,874,489
Personnel Costs	8,809,332	8,221,548	(587,784)	93%	11,603,394	3,381,846
Marketing and Outreach	2,229,224	1,464,619	(764,605)	66%	2,925,978	1,461,359
General and Administration	5,196,691	1,706,299	(3,490,392)	33%	6,812,564	5,106,265
Programs	88,000	259,518	171,518	295%	115,500	(144,018)
Total Operating Expenses	<u>836,933,144</u>	<u>815,854,309</u>	<u>(21,078,835)</u>		<u>1,064,552,645</u>	<u>248,698,336</u>
Operating Income (Loss)	<u>227,977,125</u>	<u>182,987,226</u>	<u>(44,989,899)</u>		<u>239,721,422</u>	<u>56,734,196</u>
NON-OPERATING REVENUES (EXPENSES)						
Investment Income	-	6,575,706	6,575,706		-	(6,575,706)
Interest and Related Expenses	(1,795,229)	(1,390,615)	404,614	77%	(2,393,639)	(1,003,024)
Transfer to Capital Investment Program	(3,491,250)	-	3,491,250	0%	(4,655,000)	(4,655,000)
Total Non-Operating Revenues (Expenses)	<u>(5,286,479)</u>	<u>5,185,091</u>	<u>10,471,570</u>		<u>(7,048,639)</u>	<u>(12,233,730)</u>
NET INCREASE (DECREASE)	<u>\$ 222,690,646</u>	<u>\$ 188,172,317</u>	<u>\$ (34,518,329)</u>		<u>\$ 232,672,783</u>	<u>\$ 44,500,466</u>

See accountants' compilation report.



SAN DIEGO COMMUNITY POWER Staff Report – Item 4

To: San Diego Community Power Finance and Risk Management Committee

From: Lucas Utouh, Senior Director of Data Analytics and Customer Operations
Byron Vosburg, Managing Director of Power Services

Via: Karin Burns, Chief Executive Officer

Subject: Recommend Board Approval of Power100 Green-e Certified Service

Date: May 16, 2024

RECOMMENDATION

Recommend Board Approval of Power100 Green-e Certified Service.

BACKGROUND

Currently, San Diego Community Power (SDCP) offers two levels of service to our customers: PowerOn, our standard service offering which provides a minimum of 50% renewable power and is competitively priced to San Diego Gas & Electric (SDG&E); and Power100, our premium service that provides customers with 100% renewable and carbon-free energy and is currently priced at \$0.0075/kWh on top of PowerOn service. The cost of Power100 will be adjusted upwards to \$0.01/kWh effective as of July 1, 2024, to better reflect the increase in cost of procuring 100% renewable power, as approved by the Board of Directors in January 2024. SDCP is now considering offering a third level of service.

ANALYSIS AND DISCUSSION

Through multiple engagements with our key Commercial and Industrial customers over the past two years, SDCP staff has received feedback that a stand-alone 100% renewable and carbon-free service that is Green-e® certified would be desirable. For these customers, being able to enroll in a Green-e® service would cater to their very specific sustainability and Leadership in Energy and Environmental Design (LEED) rating system goals. For some of these customers, the new level of service could also help them comply with new Securities and Exchange Commission rules to enhance and standardize climate-related disclosures.

LEED is the world's most widely used green building rating system. LEED certification provides a framework for healthy, highly efficient, and cost-saving green buildings, which offer environmental, social and governance benefits. LEED certification is also a globally

recognized symbol of sustainability achievement, and it is backed by an entire industry of committed organizations and individuals paving the way for market transformation.

LEED-certified buildings and premises are critical to addressing climate change and meeting environmental, social, and governance (ESG) goals, enhancing resilience, and supporting more equitable communities. LEED is a holistic system that does not simply focus on one building element, such as energy, water or health. Instead, it looks at the big picture, factoring in all critical elements that work together to create the best building possible. The goal of LEED is to create better buildings that:

- Reduce contribution to global climate change;
- Enhance individual human health;
- Protect and restore water resources;
- Protect and enhance biodiversity and ecosystem services;
- Promote sustainable and regenerative material cycles; and
- Enhance community quality of life.

LEED goals are aligned with those of SDCP. One of the very tangible ways in which SDCP can assist our customers in achieving a LEED certification is by creating a Power100 Green+ service that will allow for their project/building needs to earn points through adherence to prerequisites and credits that address carbon, energy, water, waste, transportation, materials, health and indoor environmental quality. As part of the LEED points, specifically as it pertains to renewable energy, customers can choose one or more strategies for renewable energy procurement from the categories below. Points achieved in each category may be added for a total of 5 points.

- Tier 1: On-site renewable energy generation
 - On-site renewable energy generation, environmental attributes (e.g., Renewable Energy Credits) retained
- Tier 2: New off-site renewable energy
 - Off-site renewable electricity that is produced by a generation asset(s) built within the last five years or contracted to be operational within two years of building occupancy
 - Green-e® Energy certification or equivalent is required for one-time purchase and delivery of energy attribute certificates (EACs) of more than 100% of the project's annual electricity use
- Tier 3: Off-site renewable energy
 - Off-site renewable electricity that is Green-e® Energy certified or equivalent or captured bio-methane

Therefore, as part of SDCP's commitment and responsiveness to its customers in meeting their sustainability goals, staff is proposing that the Board of Directors approve this new service offering effective as of July 1, 2024. This new product will be priced as a \$0.02/kWh adder to the PowerOn service and will allow SDCP customers to earn LEED Tier 2 or 3 points in the renewable energy category. Initially, the Power100 Green+ would only be available to Commercial & Industrial customers and SDCP staff expects

approximately 2% of its load would enroll. SDCP staff will re-evaluate the service if enrollment approaches 5% of the load.

AD-HOC COMMITTEE AND/OR SUBCOMMITTEE REVIEW

N/A

FISCAL IMPACT

SDCP estimates \$3.2 million in annual revenue based on the proposed \$0.02/kWh adder for the Power100 Green+ service offering. These estimates were additionally factored into the fiscal projections reviewed by the Board on January 18, 2024, as part of the item for Approval of SDCP's 2024 Rates Schedule. Staff additionally note that there are compliance and administrative costs associated with the new service offering.

If approved, revenue and costs for the Power100 Green+ service offering will be included in the proposed FY 2024-25 operating budget that is planned to be reviewed by the Board on May 23, 2024, and on June 27, 2024.

ATTACHMENTS

N/A