

AGENDA

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

December 1, 2020

3:00 p.m.

Due to the Stay at Home Order in California and in according with the Governor's Executive Orders N-25-20 and N-29-20, members of the Finance and Risk Management Committee will be participating remotely for this meeting and 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 San Diego Community Power (SDCP) Finance and Risk Management Committee on any agenda item or on a matter not appearing on the agenda, but within the jurisdiction of the Committee. **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 Committee, it is requested that you provide your name and city of residence for the record. Commenters are requested to address their comments to the Committee 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 Committee 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 Committee 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 Committee, 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)

1. **Welcome**
2. **Roll Call**
3. **Public Comment for Items Not on the Agenda**
4. **Items to be Added, Withdrawn, or Reordered on the Agenda**

REGULAR AGENDA

5. **Treasurer's Report from Maher Accountancy**
6. **Receive Update on the ERRA (Energy Resource Recovery Account) Proceeding**
7. **Receive Update on the Financial Security Requirement**
8. **Receive Update on the Phase 1 Customer Launch**
9. **Discussion and Recommendation to the Board Regarding the Net Energy Metering Policy**
10. **Discussion and Recommendation to the Board Regarding the Feed-In Tariff Program**
11. **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.
12. **Adjournment**

Availability of Committee Documents

Copies of the agenda and agenda packet are available at www.sdcommunitypower.org/committees. Late-arriving documents related to a Committee meeting item which are distributed to a majority of the Members prior to or during the Committee meeting are available for public review as required by law. Until SDCP obtains offices, those public records are 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, that is now suspended and can instead be made available electronically at info@sdcommunitypower.org. The documents may also be posted at the above website. Late-arriving documents received during the meeting are available for review by making an electronic request via info@sdcommunitypower.org.



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 September 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
November 4, 2020

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

ASSETS

Current assets	
Cash and cash equivalents	\$ 1,016,760
Noncurrent assets	
Restricted cash	5,500,000
Deposits	100,000
Total noncurrent assets	<u>5,600,000</u>
Total assets	<u>6,616,760</u>

LIABILITIES

Current liabilities	
Accounts payable	427,842
Other accrued liabilities	542,176
Security deposits	1,131,000
Interest payable	37,949
Total current liabilities	<u>2,138,967</u>
Noncurrent liabilities	
Other noncurrent liabilities	100,000
Note payable	940,000
Loans payable	5,000,000
Total noncurrent liabilities	<u>6,040,000</u>
Total liabilities	<u>8,178,967</u>

NET POSITION

Unrestricted (deficit)	<u>(1,562,207)</u>
Total net position	<u>\$ (1,562,207)</u>

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

OPERATING EXPENSES

Contract services	\$ 401,261
General and administration	<u>111,111</u>
Total operating expenses	<u>512,372</u>
Operating income (loss)	<u>(512,372)</u>

NONOPERATING EXPENSES

Interest expense	<u>30,683</u>
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CHANGE IN NET POSITION

	(543,055)
Net position at beginning of period	<u>(1,019,152)</u>
Net position at end of period	<u><u>\$ (1,562,207)</u></u>

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

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts of supplier collateral	\$ 1,131,000
Payments for goods and services	<u>(447,705)</u>
Net cash provided (used) by operating activities	<u>683,295</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Interest and related expense payments	<u>(5,517)</u>
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Net change in cash and cash equivalents	677,778
Cash and cash equivalents at beginning of period	<u>5,838,982</u>
Cash and cash equivalents at end of period	<u><u>\$ 6,516,760</u></u>

Reconciliation to the Statement of Net Position

Cash and cash equivalents (unrestricted)	1,016,760
Restricted cash	<u>5,500,000</u>
Cash and cash equivalents	<u><u>\$ 6,516,760</u></u>

SAN DIEGO COMMUNITY POWER
BUDGETARY COMPARISON SCHEDULE
July 1, 2020 through September 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	\$ -	-	\$ -	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	-	-	-		47,232,170	47,232,170
OPERATING EXPENSES						
Operations and Administration						
Professional fees	87,500	38,979	(48,521)	45%	350,000	311,021
Board and Committee Expenses	3,750	-	(3,750)	0%	15,000	15,000
Staffing	-	-	-	0%	1,500,000	1,500,000
General and Administrative	87,500	28,425	(59,075)	32%	350,000	321,575
Debt Service and Bank Fees	60,000	30,683	(29,317)	51%	1,048,000	1,017,317
Total Operations and Administration	238,750	98,087	(140,663)		3,263,000	3,164,913
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	57,750	57,750	-	100%	273,000	215,250
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	57,750	57,750	-		37,792,279	37,734,529
Communications & Customer Enrollment						
Marketing strategy and branding	65,000	80,175	15,175	123%	65,000	(15,175)
Permanent Website + Maintenance	45,000	-	(45,000)	0%	45,000	45,000
Collateral Design/Video	7,500	-	(7,500)	0%	60,000	60,000
PR/Advertising Campaign	18,750	-	(18,750)	0%	150,000	150,000
Community Engagement	15,625	-	(15,625)	0%	125,000	125,000
Materials for tabling and events (design/print)	3,750	-	(3,750)	0%	30,000	30,000
Customer Notifications (@ \$0.80 each)	6,125	-	(6,125)	0%	49,000	49,000
Community Sponsorships, etc.	25,000	-	(25,000)	0%	25,000	25,000
Total Communications & Customer Enrollment	186,750	80,175	(106,575)		549,000	468,825
Legal						
General Counsel Services	30,000	76,483	46,483	255%	120,000	43,517
Legal review of power supply & other contracts	30,000	-	(30,000)	0%	120,000	120,000
Total Legal	60,000	76,483	16,483		240,000	163,517
Regulatory Legislative						
Cal-CCA Membership	12,500	17,686	5,186	141%	50,000	32,314
Regulatory Monitoring and Reporting	50,000	147,876	97,876	296%	200,000	52,124
Participation in Regulatory /Compliance Matters	25,000	-	(25,000)	0%	100,000	100,000
Lobbyist	15,000	-	(15,000)	0%	60,000	60,000
Total Regulatory Legislative	102,500	165,562	63,062		410,000	244,438
Total Operating Expenses	645,750	478,057	(167,693)		42,810,047	42,331,990
NET SURPLUS (DEFICIT)	\$ (645,750)	\$ (478,057)	\$ 167,693		\$ 4,422,123	\$ 4,900,180

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

SDG&E ERRRA Forecast

Application 20-04-014

San Diego Community Power, Clean Energy Alliance, Solana Energy Alliance, California Community Choice Association

SDG&E November Testimony Update

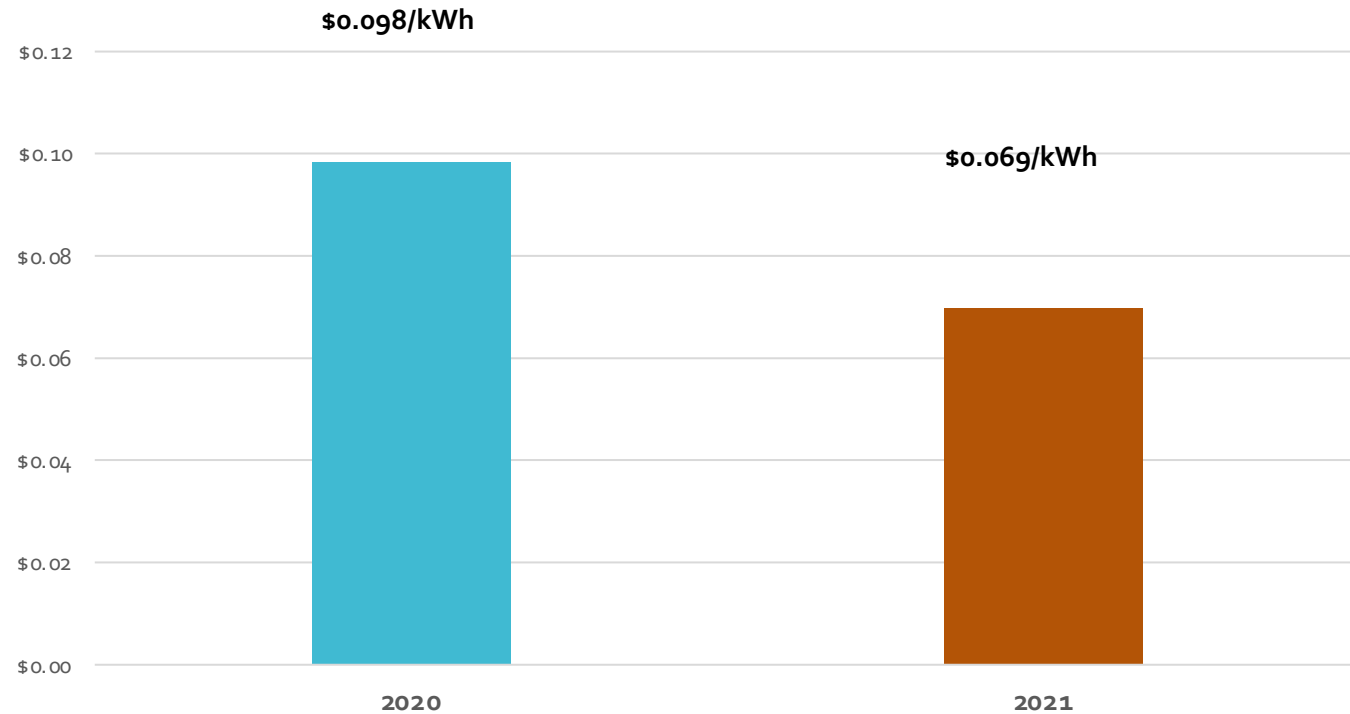
- Artificial decrease of SDG&E revenue requirement by \$334.173 million
- Decreases system average bundled rates by 2.964 cents per kWh, or 12.35%
- Decreases system average commodity rates by 2.772 cents per kWh, or 28.31%

The Problem: SDG&E's use of an inaccurate load forecast for developing bundled generation rates

- Load forecasts are used in the ERRA for two main reasons:
 - Forecasting IOU generation resource dispatch and bundled customer load procurement costs (i.e. revenue requirement)
 - Calculating rates for departed load (PCIA) and bundled load (commodity)
- Both PG&E and SCE propose to use their ERRA load forecasts for both purposes (revenue requirement and rates)
- SDG&E proposes to use its ERRA load forecast to determine revenue requirement **but** a stale GRC forecast for calculating bundled customer rates that does not accurately reflect 2021 departing load
- SDG&E claims to be bound by Commission order to use the stale forecast for bundled customer rates
- Inaccurate bundled customer rates resulting from misuse of this forecast have, **unexpected and adverse consequences for bundled customers and would stop plans for new CCA or DA service dead in its tracks**

SDG&E's misuse of the stale GRC forecast erroneously implies a **2.9¢ reduction** in bundled residential generation rates from 2020-2021

Residential Bundled Generation Rates



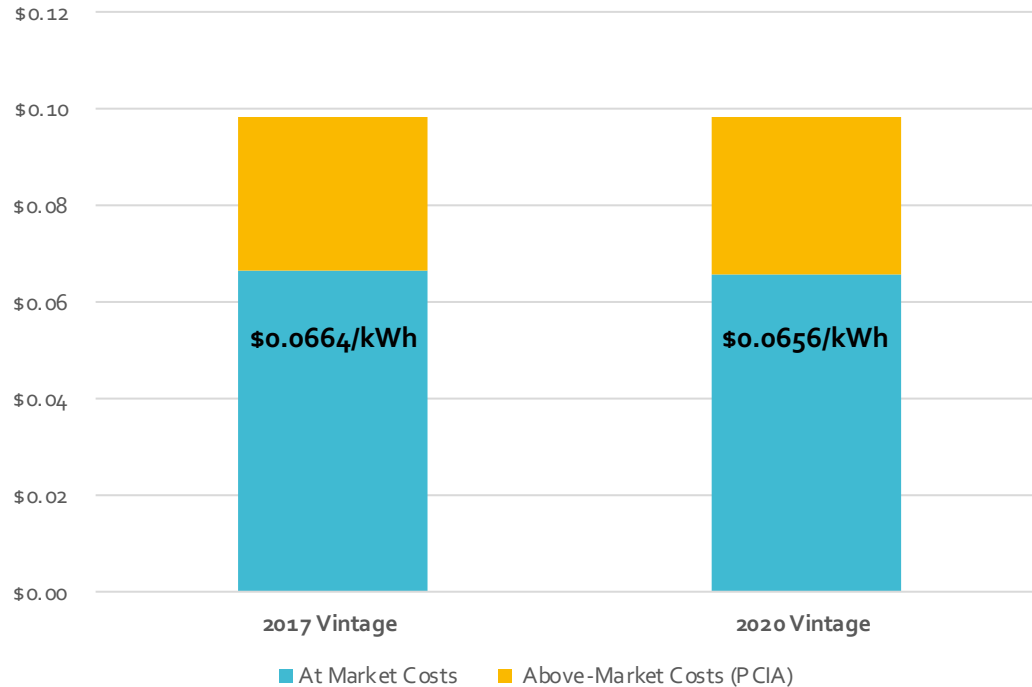
Using an
inaccurate
forecast has
consequences
for *bundled
customers*

- Bundled rates implemented through ERRA will be understated due to the use of an inaccurate forecast
- Understating rates will lead to an undercollection in the ERRA, likely resulting in an ERRA trigger in 2021
- The estimated **total annual ERRA undercollection if uncorrected would be over \$250 million**
- Current ERRA trigger threshold is \$56 million

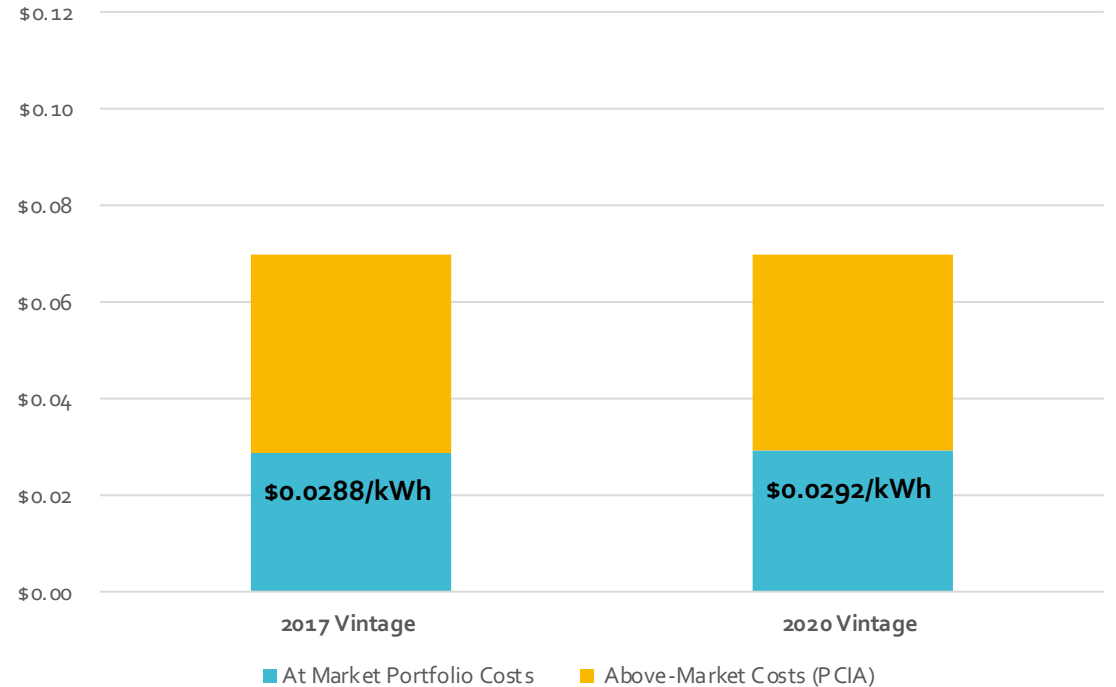
Using an
inaccurate
forecast has
serious
consequences
for *departing*
load
customers

- Subtracting the PCIA (above market costs) from the total bundled generation rate yields the implied “at market value” of the portfolio
- The “at market value” of the portfolio is the price against which other load serving entities – ESPs and CCAs – compete
- For residential customers, the implied “at market value” of SDG&E’s portfolio is **vastly understated for 2021**:
 - 2017 vintage: **2.9¢** (2.2¢ after CAPBA surcharge)
 - 2020 vintage: **2.9¢**
 - Compare with SCE, PG&E ranging from approximately **6¢** to **8¢**
- **Note** that this value deviates substantially from the market value implied by the PCIA market price benchmarks: \$70/MWh, or **7¢/kWh**

2020 Residential Bundled Generation Rates



2021 Residential Bundled Generation Rates



Artificially low “Market Value” stifles competition.

The Solution

- Direct SDG&E , like PG&E and SCE, to employ the more accurate PCIA-based forecast that reflects estimated 2021 departing load
- The Commission has the authority to order a deviation from D.18-10-019 where necessary to prevent the consequences threatened by SDG&E's proposed GRC load forecast
- During 2021, parties should sort out a more uniform approach to forecasting for ERRR purposes

Next Steps

- December 2, 2020 – Proposed Decision
- December 8, 2020 – Comments on PD
- December 11, 2020 – Reply Comments on PD
- December 17, 2020 – Final Decision

Appendix

System Average PCIA and Generation Rates

Impacts on Departing Load Customers

- Uncapped 2021 PCIA rates are approximately 4 cents per kWh
- Bundled commodity rate decrease cuts “headroom” more than 50%

	SDG&E PCIA Vintage													Bundled Commodity Rate	Vintage 2020 Headroom
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		
Current PCIA Rate	0.01589	0.01939	0.02726	0.02948	0.02972	0.02951	0.03001	0.03001	0.02983	0.02983	0.02944	0.03059		0.09793	0.06734
2021 Uncapped PCIA Rate	0.01253	0.01879	0.03479	0.03830	0.03824	0.03834	0.03837	0.03837	0.03852	0.04007	0.03931	0.03807	0.03807	0.07021	0.03214
2020 CAPBA Rate Adder	0.00118	0.00221	0.00523	0.00623	0.00623	0.00634	0.00635	0.00635	0.00635	0.00635	0.00635	-	-		
2021 Composite PCIA Rate	0.01370	0.02100	0.04002	0.04453	0.04447	0.04468	0.04472	0.04472	0.04487	0.04642	0.04567	0.03807	0.03807	0.07021	0.03214
PCIA Rate Increase (\$/kWh)	(0.00219)	0.00160	0.01276	0.01504	0.01475	0.01517	0.01471	0.01471	0.01504	0.01659	0.01622	0.00748			
PCIA Rate Increase (%)	-14%	8%	47%	51%	50%	51%	49%	49%	50%	56%	55%	24%			

Compare other IOUs

- Headroom in SCE and PG&E territory will remain at or above previous levels

	SCE PCIA Vintage													Bundled Commodity Rate	Vintage 2020 Headroom
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		
Current PCIA Rate	0.01121	0.01384	0.01574	0.01652	0.01661	0.01937	0.01526	0.01827	0.01747	0.01966	0.01949	0.02381		0.08510	0.06129
2021 Uncapped PCIA Rate	0.01159	0.01426	0.01819	0.01875	0.02047	0.02332	0.02493	0.02270	0.02284	0.02320	0.02310	0.02067	0.02067	0.08642	0.06575
2020 PUBA Rate Adder	-	-	0.00015	0.00028	0.00015	0.00074	0.00066	0.00225	0.00127	0.00159	0.00088	-	-		
2021 Composite PCIA Rate	0.01159	0.01426	0.01833	0.01903	0.02061	0.02406	0.02559	0.02495	0.02411	0.02480	0.02398	0.02067	0.02067	0.08642	0.06575
PCIA Rate Increase (\$/kWh)	0.00038	0.00042	0.00259	0.00250	0.00401	0.00469	0.01033	0.00668	0.00663	0.00514	0.00448	(0.00314)			
PCIA Rate Increase (%)	3%	3%	16%	15%	24%	24%	68%	37%	38%	26%	23%	-13%			

	PG&E PCIA Vintage													Bundled Commodity Rate	Vintage 2020 Headroom
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		
Current PCIA Rate	0.02435	0.02735	0.02968	0.02956	0.03162	0.03206	0.03189	0.03175	0.03170	0.03172	0.03380	0.04062		0.11180	0.07117
2021 Uncapped PCIA Rate	0.03166	0.03805	0.03972	0.04190	0.04243	0.04250	0.04279	0.04300	0.04312	0.04289	0.03322	0.02763	0.02763	0.10716	0.07952
2020 PUBA Rate Adder	0.00180	0.00236	0.00254	0.00269	0.00258	0.00247	0.00247	0.00250	0.00241	0.00211	0.00096	-	-		
2021 Composite PCIA Rate	0.03346	0.04040	0.04226	0.04459	0.04501	0.04497	0.04526	0.04550	0.04553	0.04500	0.03418	0.02763	0.02763	0.10716	0.07952
PCIA Rate Increase (\$/kWh)	0.00912	0.01305	0.01258	0.01503	0.01339	0.01291	0.01338	0.01375	0.01383	0.01328	0.00038	(0.01299)			
PCIA Rate Increase (%)	37%	48%	42%	51%	42%	40%	42%	43%	44%	42%	1%	-32%			

Financial Security Requirements (FSR)



Ty Tosdal

Tosdal APC

December 1, 2020



Background (D. 18-05-022)

- Financial security for utilities in the event of an involuntary mass return of CCA customers to bundled service
- Administrative and procurement components
- Calculated two times per year in May or November
- Postings due July and January



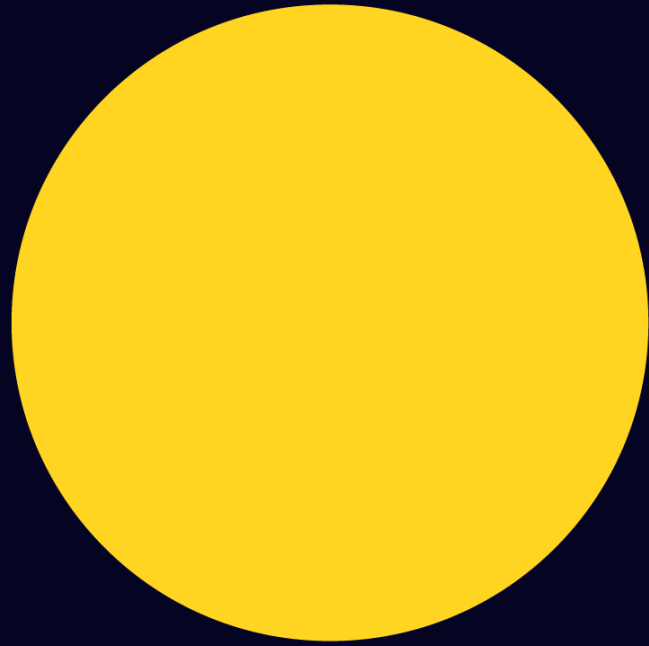
Issues

1. SDG&E included costs for months when SDCP is not planning to serve customers in its calculations
2. Preferred financial instrument and related language
3. Due date unclear



Advocacy

- SDCP filed protest to SDG&E AL 3646-E; SDG&E reply comments due Friday
- Additional discussions with SDG&E
- Discussions with Energy Division



Next Steps

- Posting due December 8, 2020
- Next posting due January 1, 2021

Proposed SDCP Net Energy Metering Program

Presented by:

Paul Soco

Net Energy Metering (NEM)

- Special billing arrangement that provides credit to customers with self-generation system for a retail value of the electricity their system generates
- Customer's electric meter keeps track of electricity consumed and generated
- Tracking occurs over a 12-month period, AKA "relevant period"
- Customer's can earn credits for excess generation

NEM Eligibility Criteria

- Residential and Commercial Customers
- Any current or future NEM customer with SDG&E
- NEM, NEM-V, V-MASH
- NEM 1.0 and NEM 2.0

NEM Enrollment

- Automatic SDCP NEM Mass Enrollment starts in Phase 3
 - Customers are enrolled monthly when their SDG&E relevant period ends
- Current non-NEM customers can switch to NEM and be enrolled in the SDCP program
 - Must enroll with SDG&E first

NEM Billing

- Customers start new relevant period upon enrollment
 - Both SDG&E and SDCP
- Relevant Period is the shorter of 12 months or termination of service
- SDG&E continues billing Transmission and Distribution portion of the bill
- Commercial vs Residential

Residential Billing

- Consumption and generation is tracked for entire relevant period
- Customers do not have any billable charges from SDCP
- Net-consumption or generation shown on SDCP portion
 - kWh and dollars
- End of Relevant Period
 - Net-consumption charges are due and payable
 - Net-generation credits are valued at Net Surplus Compensation amount per kWh

Commercial Billing

- Consumption charges are due monthly
- Excess generation is tracked (at retail) and can be used for future consumption
- End of Relevant Period
 - Net-consumption charges are due and payable
 - Net-generation credits are valued at Net Surplus Compensation amount per kWh

End of Relevant Period

- Bill or Credit presented to customer
- Credits paid out or rolled over into account
- Net Surplus Compensation value (TBD)
- Tracked kWh is reset
- New relevant period commences

Questions?



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

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.

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 San Diego County. 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: [\[Insert URL\]](#)

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”).

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.*

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

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.

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.

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.

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 termination.

FIT Application Fee

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

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.

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.

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.

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.

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.

Board Approval

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

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 San Diego County)*

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: _____

San Diego Community Power

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.
 - 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.
 - 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.

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