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 Items to be Added, Withdrawn, or Reordered on the Agenda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. Discussion and Recommendation to Board Regarding the Energy Risk Management Policy, Delegation of Authority, and Ad Hoc Contracts Committee
6. Discussion and Recommendation to Board Regarding Approval of 2020 Request for Proposals for Long-Term Renewable Energy
7. Setting FRMC Regular Schedule for 2020
8. Committee Member Announcements
9. Adjournment
Item 5

Discussion and Recommendation to Board Regarding the Energy Risk Management Policy, Delegation of Authority, and Ad Hoc Contracts Committee
SDCP’s Energy Risk Management Policy
Risk Management Policy Introduction

- Participation in various energy transactions exposes any organization to a variety of risks, including:
  - Market Price Risk
  - Counterparty Credit Risk
  - Load and Generation Volumetric Risk
  - Operational Risk
  - Liquidity Risk
  - Regulatory and Legislative Risk
Risk Management Policy Content

• To mitigate risk, best practice is to adopt an Energy Risk Management Policy when actively engaging in energy transactions
• Reflects principles, practices and responsibilities successfully implemented by other CCAs
• Can be amended over time, as necessary
• Includes:
  • Risk Management Goals and Principles
  • Definitions of Risks
  • Internal Control Principles
  • Risk Management Business Practices
  • Risk Management Governance
Risk Management Policy Administration

- Certain responsibilities/functions will be segregated to ensure appropriate controls
- SDCP’s Finance & Risk Management Committee (FRMC) will oversee implementation of the Policy and adopt amendments as necessary
- FRMC will form a Risk Oversight Committee (ROC) and designate members prior to service commencement
- ROC will:
  - Meet on a quarterly basis, unless otherwise decided upon by the ROC Chair
  - Provide updates to the FRMC no less than once per quarter
  - Adopt/adapt risk management guidelines
  - Specify permitted transactions and set related risk limits
  - Report any gross violations of the Policy to the FRMC
  - Periodically review the Policy and recommend changes to the FRMC
Policy - Delegations of Authority

- Best practice to delegate procurement authority to the Chief Executive Officer/Executive Director to facilitate the completion of time-sensitive transactions and approved procurement activities
- Authority Delegations are subject to predetermined parameters regarding transaction cost/value, quantity and/or tenor (term length)
- Delegated Authority can only be exercised for transactions that are consistent with pre-approved resource plans/procurement objectives
- Any changes to Authority Delegations are subject to Board approval
- Recommended Authority Delegations:

<table>
<thead>
<tr>
<th>Delegation of Authority per Transaction by Position/Title</th>
<th>Product Type</th>
<th>Tenor Limit</th>
<th>Volumetric Limit</th>
<th>Notional Value Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>System Power</td>
<td>3 years</td>
<td>1,500,000 MWh</td>
<td>$ 50,000,000</td>
</tr>
<tr>
<td></td>
<td>Resource Adequacy</td>
<td>3 years</td>
<td>10,000 MW</td>
<td>$ 50,000,000</td>
</tr>
<tr>
<td></td>
<td>Renewables</td>
<td>3 years</td>
<td>2,500,000 MWh</td>
<td>$ 50,000,000</td>
</tr>
<tr>
<td></td>
<td>GHG-free</td>
<td>3 years</td>
<td>5,000,000 MWh</td>
<td>$ 50,000,000</td>
</tr>
<tr>
<td>SDCP Board</td>
<td>All Products</td>
<td>Any</td>
<td>Unlimited</td>
<td>Unlimited</td>
</tr>
</tbody>
</table>
Action

• Recommend the Board Adopt the Energy Risk Management Policy, including a Delegation of Authority
• Until the ROC is formed, delegate an Ad Hoc Committee for Contracts Review as needed
General Procurement Overview
Upcoming Procurement Processes

• In anticipation of SDCP’s 2021 launch, numerous procurement activities will need to occur

• Various energy products will be purchased to:
  • Support the achievement of SDCP’s desired resource mix
  • Ensure sufficiency of supply for SDCP customers
  • Promote budgetary certainty and rate stability
  • Ensure compliance with applicable regulatory mandates

• Requisite energy product transactions will include:
  • Market energy
  • Renewable energy
  • Other carbon-free energy (non-renewable)
  • Reserve capacity (Resource Adequacy)
## Procurement and Board Approval Timeline

<table>
<thead>
<tr>
<th>Board Approvals</th>
<th>Procurement Milestones</th>
</tr>
</thead>
</table>
| **MAY** | Preliminary approval of 2021 renewable and GHG-free targets  
Approval to bid on SDG&E Renewables RFP and RA RFP |
| **JUN** | Approval to sign RA contracts  
Approve Risk Management Policy (including Delegation of Authority)* |
| **JUL** | Approval to sign long-term renewable contract with SDG&E if awarded |
| **AUG** | Approve Integrated Resource Plan  
Approval to sign RA contract with SDG&E if awarded |
| **SEP** |  |
| **OCT** |  |
| **NOV** |  |
| **DEC** | Approval to sign California System Power contracts |
|                  | SDCP issues Resource Adequacy (RA) RFO  
SDG&E issues Renewables RFO |
|                  | SDCP executes RA contracts  
SDG&E issues RA RFO  
SDCP submits offer to SDG&E for long-term renewables  
SDCP issues long-term renewables RFO |
|                  | SDCP submits offer to SDG&E for RA |
|                  | SDCP executes long-term renewables contract with SDG&E if awarded |
|                  | SDCP executes RA contract with SDG&E if awarded |
|                  | October 31: RA 2021-2023 multi-year RA compliance filing to CPUC  
SDCP issues RFO for California System Power  
SDCP issues RFO for short-term renewables and executes contracts**  
SDCP issues RFO for GHG-free resources and executes contracts** |

* The Delegation of Authority from the Board for contracts under certain pre-established criteria helps facilitate timely response for energy procurement required in SDCP’s ordinary course of business.  
**Assumes appropriate Delegation of Authority to CEO provided by Board approval of Risk Policy in June
## Frequency of Solicitation/Procurement Activities

<table>
<thead>
<tr>
<th>Energy Type</th>
<th>Monthly</th>
<th>Quarterly</th>
<th>Annually</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Energy (&lt;1 year to 3 years)</td>
<td>Rarely</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Renewable Energy (&lt;1 year to 20+ years)</td>
<td>No</td>
<td>Yes (quarterly or semi-annual), Short-Term and as-needed portfolio balancing</td>
<td>Yes, Long-Term</td>
</tr>
<tr>
<td>Other Carbon-Free Energy (&lt;1 year to 3 years)</td>
<td>No</td>
<td>Yes (quarterly or semi-annual), as needed for portfolio balancing</td>
<td>Yes</td>
</tr>
<tr>
<td>Resource Adequacy (1 month to multi-year)</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Item 6

Discussion and Recommendation to Board Regarding the Approval of 2020 Request for Proposals for Long-Term Renewable Energy
General Approach

- SDCP and Clean Energy Alliance staff discussed options for joint procurement
- Bid review and evaluation will be administered in a coordinated manner
- Proposal evaluation may result in shared or independent project participation
  - Joint project/offer participation would result in two separate supply contracts (one for each CCA) with approval separately required by each CCA
  - Independent participation would result in a single supply contract
- Solicitation document would address the Long-Term RPS needs of both organizations
- Joint participation is expected to foster and streamline future coordination related to procurement
Long-Term Renewable RFP: Purpose & Overview

• Senate Bill 350 increased long-term renewable energy contracting requirements under California’s Renewables Portfolio Standard (“RPS”) Program:
  • New long-term contracting requirements take effect in 2021
  • 65% of mandated renewable energy purchases must be procured via long-term contract
  • Long-term = a delivery term of 10 years or longer

• SDCP’s estimated long-term contract volumes:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>LT RPS GWh</td>
<td>500</td>
<td>1,800</td>
<td>2,000</td>
<td>2,100</td>
<td>2,300</td>
<td>2,400</td>
<td>2,600</td>
<td>2,700</td>
<td>2,900</td>
<td>3,000</td>
</tr>
</tbody>
</table>
Key Requirements

• **Product**: Portfolio Content Category 1 and 2 (no unbundled RECs)

• **Resource Location**: Generator must be located within or physically interconnected to the California Independent System Operator – *preference for resources located directly within or near the member communities of CEA and SDCP*

• **Project Size**: Minimum 10 Megawatts

• **Annual Energy Deliveries**:  
  - Minimum annual deliveries range from 75,000 to 100,000 MWh – production roughly equivalent to a 35-45 MW solar generator or a 10-12 MW landfill gas-to-energy generator
  - Maximum annual deliveries range from 250,000 to 500,000 MWh – production roughly equivalent to a 100-200 MW solar generator or a 30-60 MW landfill gas-to-energy generator

• **Initial Energy Delivery**: No sooner than March 1, 2021; no later than June 30, 2023
## Recommended RFP Schedule

<table>
<thead>
<tr>
<th>RFP Activity</th>
<th>Anticipated Date of Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFP Issuance</td>
<td>June 29&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>Deadline for Electronic Question Submittal</td>
<td>July 10&lt;sup&gt;th&lt;/sup&gt; with 5:00 P.M. PPT</td>
</tr>
<tr>
<td>RFP Response Deadline</td>
<td>July 24&lt;sup&gt;th&lt;/sup&gt; no later than 5:00 P.M. PPT</td>
</tr>
<tr>
<td>Follow-up with RFP Respondents, as necessary</td>
<td>To occur between July 27&lt;sup&gt;th&lt;/sup&gt; and August 7&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>Supplier Notifications (Short-List Selection)</td>
<td>August 12&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>Contract Negotiations</td>
<td>August 13&lt;sup&gt;th&lt;/sup&gt; through November 30&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>Joint CCAs Board to Award Contract(s)</td>
<td>December 2020/January 2021 – to occur at duly noticed Board Meetings of CEA and SDCP</td>
</tr>
<tr>
<td>Execution of Contract(s)</td>
<td>December 2020/January 2021 – to occur after CEA and SDCP Board approval of the final contract(s)</td>
</tr>
</tbody>
</table>
Key Evaluative Criteria

• Price
• Overall quality of response and conformance with requirements
• Project location
• Benefits to the local economy and workforce
• Development Risk
  • Interconnection status
  • Siting, zoning and permitting status (new projects)
  • Qualifications of project team
  • Proposed financing plan and ownership structure
  • California and CCA development experience
  • Proposed security obligations
  • Development milestone schedule (new projects)
• Environmental impacts and related mitigation requirements
• Supplier diversity
Action

• Discussion and Recommendation to Board Regarding Approval of 2020 Request for Proposals for Long-Term Renewable Energy
Item 7

Discussion of Fiscal Year 2020-2021 Draft Budget
Discussion of Fiscal Year 2020-2021 Draft Budget
Item 8

Setting FRMC Regular Schedule for 2020
Item 9

Committee Member Announcements
San Diego Community Power

Finance and Risk Management Committee