



## **AGENDA**

### **Regular Meeting of the Board of Directors of San Diego Community Power (SDCP)**

March 25, 2021

5:00 p.m.

Due to the public health orders and guidelines in California and in accordance with the Governor's Executive Orders N-25-20 and N-29-20, 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 SDCP Board of Directors on any agenda item. When providing comments to the Board, it is requested that you provide your name and city of residence for the record. Commenters are requested to address their comments to the Board as a whole through the Chair. Comments may be provided in one of the following manners:

1. Providing Oral Comments During Meeting. To provide 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 form](#)). Indicate a specific agenda item when submitting your comment. All written comments received prior to the meeting will be provided to the Board 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 Board members in writing, and be part of the public record.

If you have anything that you wish to be distributed to the Board, please provide it via [info@sdcommunitypower.org](mailto: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/94794075133>

Telephone (Audio Only)

**AGENDA – BOARD OF DIRECTORS – SAN DIEGO COMMUNITY POWER**

**Welcome**

**Call to Order**

**Pledge of Allegiance**

**Roll Call**

**Items to be Added, Withdrawn, or Reordered on the Agenda**

**Public Comments**

*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 use the web form noted above to provide a comment or request to speak.*

**Consent Calendar**

*All matters are approved by one motion without discussion unless a member of the Board of Directors requests a specific item to be removed from the Consent Agenda for discussion. A member of the public may use the web form noted above to comment on any item on the Consent Calendar.*

- 1. Approval of the minutes of the Regular Meeting of the Board of Directors of San Diego Community Power held on February 25, 2021**
- 2. Treasurer's Report – Presentation of Financial Results for 2020/21 Period ended 1/31/21**

**REGULAR AGENDA**

*The following items call for discussion or action by the Board of Directors. The Board may discuss and/or take action on any item listed below if the Board is so inclined.*

**3. Operations and Administration Report from the Interim Chief Executive Officer**

Recommendation:

1. Receive and file update on various operational and administration activities.
2. Receive and file update on Regulatory Affairs.

**4. Committee Reports**

Recommendation: Receive and file update from the Community Advisory Committee.

**5. Market Update and Direction to Staff Regarding 2021 Rates**

Recommendation:

1. Receive market update and direct staff to present revised 2021 rates to the Board for adoption on April 22, 2021 to be effective with SDCP's Phase 2 enrollment on June 1, 2021.

2. Direct staff to target generation rates that result in at least a 1% discount to corresponding service from SDG&E and a planned reserve margin contribution of at least 5%.

## **6. Approval of Support for Senate Bill 612**

Recommendation: Adopt a support position for Senate Bill 612 (Portantino): The Ratepayer Equity Act.

### **Director Comments**

*Board Members may briefly provide information to other members of the Board and the public, ask questions of staff, request an item to be placed on a future agenda, or report on conferences, events, or activities related to SDCP business. There is to be no discussion or action taken on comments made by Directors unless authorized by law.*

### **Reports by Management and General Counsel**

*SDCP Management and General Counsel may briefly provide information to the Board and the public. The Board may engage in discussion if the specific subject matter of the report is identified below, but the Board may not take any action other than to place the matter on a future agenda. Otherwise, there is to be no discussion or action taken unless authorized by law.*

## **ADJOURNMENT**

### ***Compliance with the Americans with Disabilities Act***

SDCP Board of Directors 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](mailto: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 Board 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. Previously, public records were 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, in-person inspection is now suspended. Public records, including agenda-related documents, can instead be requested electronically at [info@sdcommunitypower.org](mailto:info@sdcommunitypower.org) or by mail to SDCP, 815 E Street, Suite 12716, San Diego, CA 92112. The documents may also be posted at the above website.



**SAN DIEGO COMMUNITY POWER (SDCP)  
BOARD OF DIRECTORS**

San Diego City Administration Building, 12th Floor  
202 "C" Street  
San Diego, CA 92101

**SPECIAL MEETING MINUTES**

February 25, 2021 – 5:00 PM

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This meeting was conducted utilizing teleconferencing and electronic means consistent with State of California Executive Order N-29-20 dated March 17, 2020, regarding the COVID-19 pandemic.

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

The Agenda Items were considered in the order presented.

**CALL TO ORDER**

Chair Mosca (Encinitas) called the SDCP Board of Directors Special meeting to order at 5:04 p.m.

**ROLL CALL**

**PRESENT:** Chair Mosca (Encinitas), Vice Chair Padilla (Chula Vista), Director Baber (La Mesa) (arrived at 5:11 p.m.), Director Dedina (Imperial Beach), and Director Montgomery Steppe (San Diego)

**ABSENT:** Director Baber (La Mesa)

*Also Present: Interim Chief Executive Officer ("CEO") Carnahan, Chief Operating Officer ("COO") Hooven, General Counsel Baron, Interim Board Clerk Wiegelman*

**PUBLIC COMMENTS ON CLOSED SESSION ITEMS**

There were no public comments.

**CLOSED SESSION**

**1. Conference with Legal Counsel – Existing Litigation**

Pursuant to Government Code Section 54956.9(d)(1)

Name: CPUC Resource Adequacy Proceeding

The meeting reconvened at 5:33 p.m. with all members present.

### **REPORT FROM CLOSED SESSION**

General Counsel Baron announced the Board voted unanimously to authorize staff to file an appeal to the California Public Utilities Commission (CPUC) regarding a citation the CPUC received over violations of the Resource Adequacy (RA) Program. The motion was made by Director Dedina and seconded by Director Baber.

### **ADJOURNMENT**

Chair Mosca (Encinitas) adjourned the closed session meeting at 5:34 p.m.



**SAN DIEGO COMMUNITY POWER (SDCP)  
BOARD OF DIRECTORS**

San Diego City Administration Building, 12th Floor  
202 "C" Street  
San Diego, CA 92101

**MEETING MINUTES**

February 25, 2021 – 5:00 PM

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The Agenda Items were considered in the order presented.

**WELCOME**

**CALL TO ORDER**

Chair Mosca (Encinitas) called the SDCP Board of Directors meeting to order at 5:04 p.m.

**PLEDGE OF ALLEGIANCE**

Chair Mosca (Encinitas) led the Pledge of Allegiance.

**ROLL CALL**

PRESENT: Chair Mosca (Encinitas), Vice Chair Padilla (Chula Vista), Director Baber (La Mesa) (arrived at 5:11 p.m.), Director Dedina (Imperial Beach), and Director Montgomery Steppe (San Diego)

ABSENT: Director Baber (La Mesa)

*Also Present: Interim Chief Executive Officer ("CEO") Carnahan, Chief Operating Officer ("COO") Hooven, General Counsel Baron, Interim Board Clerk Wiegelman*

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

There were no additions or deletions to the agenda.

### **PUBLIC COMMENTS**

There were no public comments.

### **CONSENT CALENDAR**

(Item 1 - 2)

1. **Approval of the minutes of the Regular Meeting of the Board of Directors of San Diego Community Power held on February 25, 2021.**

Approved.

2. **The treasurer's report was received and filed.**

Received and filed.

ACTION: Motioned by Director Montgomery Steppe (San Diego) and seconded by Director Baber (La Mesa) to approve Consent Calendar Items 1 and 2. The motion carried by the following vote:

Vote: 5-0

Yes:	Chair Mosca (Encinitas), Vice Chair Padilla (Chula Vista), Director Baber (La Mesa), Director Dedina (Imperial Beach), and Director Montgomery Steppe (San Diego)
No:	None
Abstained:	None
Absent:	None

### **REGULAR AGENDA**

3. **Operations and Administration Report from the Interim Chief Executive Officer**

Ty Tosdal, Tosdal APC, provided a PowerPoint presentation on the advice letter implementing San Diego Gas and Electric ("SDG&E") rate changes, the customer bill debt proceeding, the SDG&E General Rate Case ("GRC") Phase II and the 2020 Renewable Portfolio Standard ("RPS") Procurement plans.

Board questions and comments ensued.

Interim CEO Carnahan and staff provided an update on SDCP: Life After Launch. The report included updates on human capital, the organizational mission, vision and goals, a financial update and an overview of power and programs.

Following Board questions and comments, no action was taken.

#### **4. Committee Reports**

Community Advisory Committee (“CAC”) Vice Chair Hammond provided an update on the proceedings of the CAC.

Following Board questions and comments, no action was taken.

#### **Director Comments**

There were no comments.

#### **Reports by Management and General Counsel**

There were no reports.

#### **ADJOURNMENT**

Chair Mosca (Encinitas) adjourned the meeting at 6:26 p.m.

Megan Wiegelman, CMC  
Interim Board Clerk

Prepared by:  
Kimberly Isley, Executive Assistant





## 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 January 31, 2021, 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  
March 5, 2021

**SAN DIEGO COMMUNITY POWER**  
**STATEMENT OF NET POSITION**  
**As of January 31, 2021**

**ASSETS**

Current assets	
Cash and cash equivalents	\$ 617,413
Deposits	850,000
Total current assets	<u>1,467,413</u>
Noncurrent assets	
Restricted cash	5,500,000
Total assets	<u>6,967,413</u>

**LIABILITIES**

Current liabilities	
Accrued cost of energy	2,138,155
Accounts payable	302,133
Payroll liabilities	43,156
Other accrued liabilities	100,000
Security deposits	1,581,000
Interest payable	79,974
Total current liabilities	<u>4,244,418</u>
Noncurrent liabilities	
Other noncurrent liabilities	582,176
Bank note payable	1,990,082
Loans payable	5,000,000
Total noncurrent liabilities	<u>7,572,258</u>
Total liabilities	<u>11,816,676</u>

**NET POSITION**

Unrestricted (deficit)	<u>(4,849,263)</u>
Total net position	<u>\$ (4,849,263)</u>

**SAN DIEGO COMMUNITY POWER**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**July 1, 2020 through January 31, 2021**

**OPERATING REVENUES**

Sales for resale	\$ 821,613
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**OPERATING EXPENSES**

Cost of energy	2,959,768
Contract services	1,210,840
Staff compensation	184,349
General and administration	166,770
Total operating expenses	<u>4,521,727</u>
Operating income (loss)	<u>(3,700,114)</u>

**NONOPERATING EXPENSES**

Interest expense	<u>79,039</u>
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**CHANGE IN NET POSITION**

	(3,779,153)
Net position at beginning of period	<u>(1,070,110)</u>
Net position at end of period	<u><u>\$ (4,849,263)</u></u>

**SAN DIEGO COMMUNITY POWER**  
**STATEMENT OF CASH FLOWS**  
**July 1, 2020 through January 31, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts of supplier collateral	\$ 1,581,000
Payments for goods and services	(1,398,652)
Payments to employees for services	(141,193)
Payments for deposits and collateral	<u>(750,000)</u>
Net cash provided (used) by operating activities	<u>(708,845)</u>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

Proceeds from loans	1,000,000
Interest and related expense payments	<u>(12,724)</u>
Net cash provided (used) by non-capital financing activities	<u>987,276</u>

Net change in cash and cash equivalents	278,431
Cash and cash equivalents at beginning of period	<u>5,838,982</u>
Cash and cash equivalents at end of period	<u><u>\$ 6,117,413</u></u>

**Reconciliation to the Statement of Net Position**

Cash and cash equivalents (unrestricted)	617,413
Restricted cash	<u>5,500,000</u>
Cash and cash equivalents	<u><u>\$ 6,117,413</u></u>

**SAN DIEGO COMMUNITY POWER**  
**STATEMENT OF CASH FLOWS (continued)**  
**July 1, 2020 through January 31, 2021**

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET  
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating income (loss)	\$ (3,700,114)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
(Increase) decrease in:	
Prepaid expenses	25,000
Deposits	(750,000)
Increase (decrease) in:	
Accrued cost of electricity	2,138,155
Accounts payable	(27,909)
Payroll liabilities	43,156
Other accrued liabilities	(18,133)
Supplier security deposits	1,581,000
Net cash provided (used) by operating activities	<u><u>\$ (708,845)</u></u>



## ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
San Diego Community Power

Management is responsible for the accompanying special purpose statement of San Diego Community Power (SDCP), a California Joint Powers Authority, which comprise the budgetary comparison schedule for the period ended January 31, 2021, 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  
March 5, 2021

**SAN DIEGO COMMUNITY POWER**  
**BUDGETARY COMPARISON SCHEDULE**  
**July 1, 2020 through January 31, 2021**

	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
<b>REVENUES AND OTHER SOURCES</b>						
Working capital from River City Bank	\$ 2,500,000	1,000,000	\$ (1,500,000)	40%	\$ 24,600,000	\$ 23,600,000
Ratepayer revenues	-	-	-	0%	22,688,892	22,688,892
Less uncollectibles	-	-	-	0%	(56,722)	(56,722)
Total Revenues and Other Sources	<u>2,500,000</u>	<u>1,000,000</u>	<u>(1,500,000)</u>		<u>47,232,170</u>	<u>46,232,170</u>
<b>OPERATING EXPENSES</b>						
Operations and Administration						
Professional fees	204,167	173,694	(30,473)	85%	350,000	176,306
Board and Committee Expenses	8,750	-	(8,750)	0%	15,000	15,000
Staffing	341,334	184,349	(156,985)	54%	1,500,000	1,315,651
General and Administrative	204,167	36,584	(167,583)	18%	350,000	313,416
Debt Service and Bank Fees	180,000	79,039	(100,961)	44%	1,048,000	968,961
Total Operations and Administration	<u>938,418</u>	<u>473,666</u>	<u>(464,752)</u>		<u>3,263,000</u>	<u>2,789,334</u>
CAISO/Utility Fees						
CAISO deposit	500,000	-	(500,000)	0%	500,000	500,000
Financial Security Bond (CPUC)	50,000	-	(50,000)	0%	50,000	50,000
SDG&E billing service fees	-	-	-	0%	5,768	5,768
Total CAISO/Utility Fees	<u>550,000</u>	<u>-</u>	<u>(550,000)</u>		<u>555,768</u>	<u>555,768</u>
Technical and Energy Services						
Power contracting, portfolio and rate design	134,750	177,225	42,475	132%	273,000	95,775
Scheduling Fees	-	-	-	0%	8,000	8,000
Cost of Power	2,202,092	2,138,155	(63,937)	97%	32,511,279	30,373,124
Collateral/Lockbox reserves	-	-	-	0%	5,000,000	5,000,000
Total Technical and Energy Services	<u>2,336,842</u>	<u>2,315,380</u>	<u>(21,462)</u>		<u>37,792,279</u>	<u>35,476,899</u>
Communications & Customer Enrollment						
Marketing strategy and branding	65,000	288,067	223,067	443%	65,000	(223,067)
Permanent Website + Maintenance	45,000	-	(45,000)	0%	45,000	45,000
Collateral Design/Video	22,500	-	(22,500)	0%	60,000	60,000
PR/Advertising Campaign	56,250	-	(56,250)	0%	150,000	150,000
Community Engagement	46,875	-	(46,875)	0%	125,000	125,000
Materials for tabling and events (design/print)	11,250	-	(11,250)	0%	30,000	30,000
Customer Notifications (@ \$0.80 each)	18,375	-	(18,375)	0%	49,000	49,000
Community Sponsorships, etc.	25,000	7,500	(17,500)	30%	25,000	17,500
Total Communications & Customer Enrollment	<u>290,250</u>	<u>295,567</u>	<u>5,317</u>		<u>549,000</u>	<u>253,433</u>
Legal						
General Counsel Services	70,000	183,602	113,602	262%	120,000	(63,602)
Legal review of power supply & other contracts	70,000	-	(70,000)	0%	120,000	120,000
Total Legal	<u>140,000</u>	<u>183,602</u>	<u>43,602</u>		<u>240,000</u>	<u>56,398</u>
Regulatory Legislative						
Cal-CCA Membership	37,500	17,686	(19,814)	47%	50,000	32,314
Regulatory Monitoring and Reporting	116,667	388,253	271,586	333%	200,000	(188,253)
Participation in Regulatory /Compliance Matters	58,333	-	(58,333)	0%	100,000	100,000
Lobbyist	35,000	-	(35,000)	0%	60,000	60,000
Total Regulatory Legislative	<u>247,500</u>	<u>405,939</u>	<u>158,439</u>		<u>410,000</u>	<u>4,061</u>
Total Operating Expenses	<u>4,503,010</u>	<u>3,674,154</u>	<u>(828,856)</u>		<u>42,810,047</u>	<u>39,135,893</u>
<b>NET SURPLUS (DEFICIT)</b>	<u>\$ (2,003,010)</u>	<u>\$ (2,674,154)</u>	<u>\$ (671,144)</u>		<u>\$ 4,422,123</u>	<u>\$ 7,096,277</u>

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



## SAN DIEGO COMMUNITY POWER Staff Report – Item 2

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To: San Diego Community Power Board of Directors

From: Michael Maher, Maher Accountancy

Subject: Treasurer's Report – Presentation of Financial Results for 2020/21 Period ended 1/31/21

Date: March 25, 2021

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### RECOMMENDATION

Receive report.

### 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 financial statements for the period ended January 31, 2021 as well as a budgetary comparison statement for the same period.

### ANALYSIS AND DISCUSSION

Financial Comments:

- SDCP's main source of funding at this point is its Line of Credit with River City Bank (RCB).
- As planned, SDCP is running a deficit balance and will continue to do so until sufficient revenues from retail customers occur during the latter half of the fiscal year.

Budget Comments:

- SDCP staff intends to bring an amended 2020/21 (current year) budget to the Board for approval in the May 2021 meeting. This amendment is intended better align the budget to current forecasts of revenues and expenses
- SDCP staff intends to bring the proposed 2021/22 (next year) budget for the Board's review in the May 2021 meeting, with final approval of the budget occurring in the June 2021 meeting.

### FISCAL IMPACT

Not applicable



## **ATTACHMENTS**

Attachment A: 2020/21 Period Ended 1/31/21 Financial Statements

Attachment B: 2020/21 Period Ended 1/31/21 Budgetary Comparison Statement





## SAN DIEGO COMMUNITY POWER Staff Report – Item 3

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To: San Diego Community Power Board of Directors

From: Bill Carnahan, Interim CEO

Subject: Operations and Administration Report from the Interim Chief Executive Officer

Date: March 25, 2021

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### RECOMMENDATION

1. Receive and file update on various operational and administration activities.
2. Receive and file update on Regulatory Affairs.

### BACKGROUND

Staff will provide regular updates to the Board of Directors regarding San Diego Community Power's (SDCP) organizational development, administration, start-up and operating activities. The following is a brief overview of this month's discussion items, which are informational only.

### ANALYSIS AND DISCUSSION

#### A) General Administrative Updates

Chair Mosca, Vice Chair Padilla and Interim Chief Executive Officer Carnahan attended a regular periodic meeting on March 22<sup>nd</sup> with Executive Personnel of SDG&E to discuss areas of cooperation and review ongoing activities of mutual importance. The areas covered included operational updates, regulatory activities and legislative issues. Progress continues on migrating our customers with the SDG&E billing system, purchase power opportunities and issues surrounding NEM 3.0.

Congratulations to all those involved in the successful launch of SDCP operations and the press conference that was widely reported on. Good work everybody, now on to Phase 2!

Investor-owned utilities, like San Diego Gas and Electric, are proposing revisions to their Net Energy Metering and there is a CPUC process entitled NEM 3.0 that is reviewing the current situation as well. Since we will need to adopt a NEM rate to offer to our customers, these ongoing discussions are of interest to us and we will be reporting the progress of these efforts from time to time. At this point, staff is recommending that we not align

ourselves with any particular group or position until the Board has the opportunity to gather the facts, receive input, and discuss the policy implications of any rate design being considered for adoption. Staff will attempt to provide information and opportunities for the Board to receive input from various participants in the ongoing processes to assure the Board is in a position to adopt a rate in the future.

## **B) Staffing**

Hiring new staff to fill the various vacancies in the organization chart continues. We are fortunate to be able to hire qualified staff as evidenced by the latest additions:

- **Lucas Utouh** – Director of Data Analytics and Account Services

Comes to us from Calpine Energy Solutions where he was the Community Choice Aggregation (CCA) Manager. His career at Calpine stretches back to 2014 and includes being an Account Analyst, Senior Accountant and CCA Operations Specialist.

He is a graduate of California State University San Bernardino with an MBA and a BS in Accounting and Finance from Minnesota State University.

- **Lee Friedman** – Account Services Manager

He was the City of San Diego Strategic Energy Initiatives Manager. Previously he was Policy Manager for City of San Diego Mayor Kevin Faulconer. Prior to that he was Program Coordinator for National Family Justice Center Alliance – Women of Wisdom.

He has a Bachelor in European Studies from University of California, Irvine.

- **Nelson Lomeli** – Program Manager

He served as the Program Manager for Sonoma Clean Power Authority (CCA) and has been with Sonoma for 12 years, bringing valuable CCA launch and growth experience.

Nelson earned a Bachelor's degree in Environmental Studies and Planning from Sonoma State University.

Underway are the interviews for the Chief Finance Officer to be followed by the advertising for Finance Manager, Energy Contract Manager, Energy Contract Analyst, and Director of External Affairs. If you know of anyone who might be interested, please refer them to our website.

Staff is exploring alternatives for a recommended plan for permanent offices for SDCP when conditions permit. The options include renting temporary offices in a versatile space



like Downtown Works which would allow us to grow incrementally in the short term and then move to permanent space. We are exploring issues like timing of the moves and policies encouraging working from home. We expect to bring an update to the Board in the next few months.

### **C) Power Resources**

SDCP successfully started serving customers on March 1, scheduling its daily load and resources in the CAISO market via Tenaska Power Services, SDCP's Scheduling Coordinator.

#### *Renewable Energy:*

Negotiations for short-listed contracts selected through SDCP's long-term renewables portfolio standard solicitation are nearing completion. Contracts will be presented to the Board in the near future.

Staff continue to negotiate an EEI Master Agreement with and purchase of renewable energy from SDG&E pursuant to bilateral discussions and consistent with previous direction from the Board.

Staff expect to release a solicitation in the coming weeks for short-term renewable energy and carbon-free to meet a portion of SDCP's near-term energy needs while the new-build facilities its currently negotiating with are under development.

#### *Resource Adequacy:*

As previously discussed, SDCP filed a request with the CPUC seeking a waiver of penalties for year-ahead Local RA obligations that SDCP was not able to fulfill. The CPUC granted SDCP's Waiver request on Dec 30, 2020. SDCP continues procurement efforts as necessary to close short positions. SDCP's ability to comply with RA requirements is subject to availability constraints in the San Diego area market.

#### *Risk Management:*

Consistent with its Energy Risk Management Policy, SDCP has contracted for a significant majority of its market energy needs for 2021 and has started layering in some purchases for 2022-2024.

### **D) Back Office Operations**

As our back-office data manager and customer contact center provider, Calpine Energy Solutions continues to support functions critical to SDCP launch and on-going operations. In preparation for launch, Calpine assisted SDCP staff with the development of essential operational materials, such as FAQs, Terms & Conditions, IVR scripts, web forms, etc., and is in the process of standing up a production-ready Customer Relationship



Management (CRM) system; creating a foundation for the highest quality customer service offering. Calpine has also served as SDCP's technical advisor and liaison with SDG&E to ensure accurate and timing creation of customer enrollment lists, as well as validation and calibration of the utility's new CRSP system, Envision. Finally, in the months leading up to launch, and now after, the Calpine team has assisted SDCP staff with responding to general customer inquiries, as well as creating custom bill comparisons for specific customers. Since the call center opened on January 20, 2021, SDCP has received 45 calls, half of which were from residential customers, with the majority of those calls concerning enrollment dates and Net Energy Metering (NEM).

## **E) Other Discussions with San Diego Gas & Electric (SDG&E)**

SDCP and consultants continue regular meetings with SDG&E operations staff. These meetings are a touch-point opportunity to bring up various items with SDG&E such as customer data, final account list exchange for each enrollment phase, and other regulatory or operational updates that may affect the other party. At least once a month we hold a joint meeting with Clean Energy Alliance, as well as Calpine and SD&E to discuss issues common to both CCAs.

## **F) Regulatory Affairs**

The CPUC has broad regulatory authority over the energy sector in California, including partial jurisdiction over CCA programs. SDCP and other CCA programs are regularly affected by CPUC decisions regarding power resources, rates, financial obligations and data retention among other things. SDCP continues to engage in regulatory matters in order to establish a position on key issues and/or provide input on various decisions or actions being considered by the PUC.

This month's regulatory update (Attachment A) includes CPUC proceedings that are currently active and will have an impact on SDCP. This is not an exhaustive list. Laura Fernandez, SDCP's Director of Regulatory and Legislative Affairs, and staff from Tosdal, APC will continue to monitor or engage in these proceedings and other regulatory activities as needed to ensure SDCP's interests are represented.

## **FISCAL IMPACT**

N/A

## **ATTACHMENTS**

Attachment A: Tosdal APC Energy Regulatory Update



# San Diego Community Power Board Update

*March 19, 2021*



Ty Tosdal  
Tosdal APC



# Overview

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- Emergency Reliability ([R. 20-11-003](#))
- SDG&E Elimination of Seasonal Rates ([A. 19-09-014](#))
- SDG&E's GRC Phase II ([A. 19-03-002](#))
- Net Energy Metering 3.0 ([R. 20-08-020](#))
- Disadvantaged Communities Green Tariff (DAC-GT)
- [Utility Costs and Rate Affordability Report](#)



# Emergency Reliability

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- IOUs ordered to procure additional resources to meet peak demand periods for Summer 2021 and 2022.
- IOUs instructed to permanently increase Planning Reserve Margin (PRM) from 15% to 17.5% beginning summer 2021.
- IOUs required to make changes to Critical Peak Pricing (CPP) programs and hold workshop on April 7, 2021.
- SDG&E ordered to make modifications to its CPP program by summer 2022 rather than 2021 due to billing system freeze.



# Emergency Reliability

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	PG&E	SCE	SDG&E	<u>TOTAL</u>
<b>Minimum Target</b>	450 MW	450 MW	100 MW	<b><i>1,000 MW</i></b>
<b>Recommended Target</b>	675 MW	675 MW	150 MW	<b><i>1,500 MW</i></b>

Source: Proposed Decision, R. 20-11-003, March 5, 2021.



## **SDG&E Elimination of Seasonal Rates**

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- Final Decision issued adjusting High Usage Chare (HUC) and modifying SDG&E's Opt-In Residential TOU Rates.
- Decision adopts uncontested settlement to modify seasonal price differentials in SDG&E's opt-in residential TOU rates – TOU-DR2, DR-SES, DR-TOU, TOU-DR, TOU-DR-P, EV-TOU2 and EV-TOU-5.
- Average summer bills would decrease 4-5% and average winter bills would increase 4-5%.
- Eliminates HUC at the completion of each IOU's migration of residential customers to TOU. SDG&E as soon as possible.



## **SDG&E's General Rate Case Phase II**

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- Relates to development of SDG&E sales forecast used in future ERRA Forecast proceedings to set SDG&E rates.
- Settling Parties Motion for Admission of Addendum to the Settlement Agreement –
  - SDG&E will not use outdated forecast to set commodity rates.
  - SDG&E will use the same 2022 sales forecast in its upcoming standalone application and its 2022 ERRA Forecast application.



## Net Energy Metering 3.0

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- IOUs and Commission studies argue that the existing NEM program creates a growing cost shift to non-participants.
- Proposals for NEM 3.0 include:
  - Switch to “Net Billing” – export rates based on TOU.
  - Transitional bill credits to reduce shock of longer solar payback periods.
  - Provide incentives to storage technologies.
  - SDG&E proposes a multi-part tariff with mandatory TOU, others propose separate “market” and “low-income” tariffs.
- Workshop on NEM proposals March 23-24, 2021.



## **Disadvantaged Communities Green Tariff (DAC-GT)**

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- Purpose is to provide low-income customers with renewable energy.
- Program provides 20% discount on customer bills funded through GhG allowance funding from cap-and-trade program, or Public Purpose Program (PPP) charge.
- Limited allocation based on proportion of Disadvantaged Community members in service territory.
- Companion program, Community Solar Green Tariff (CS-GT), is also under review.



# Utility Cost and Affordability Report

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- Annual Study with new long-term approach.
- Major findings –
  - Rate base is steadily increasing 5-8% annually across IOUs, despite flat load growth
  - Wildfire hardening and transmission are significant drivers of increasing costs.
  - Transportation electrification costs are expected to grow in the future.



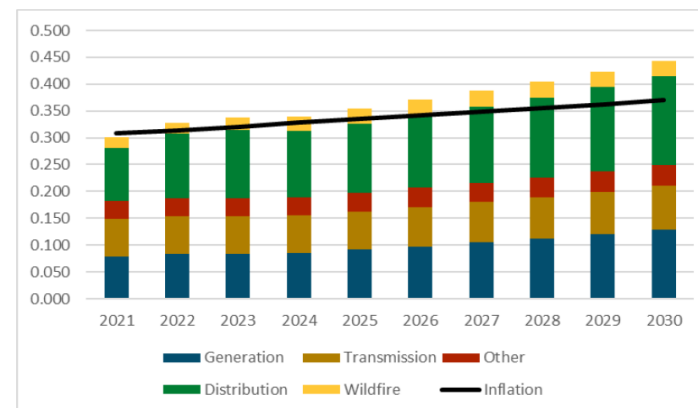
# Utility Cost and Affordability Report

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- SDG&E has increased rates 48% since 2013 (37% for PG&E, 6% for SCE).
- Since 2016, rate base has been increasing on average by about 7% per year for SDG&E despite relatively flat load growth.
- SDG&E's bundled rates are projected to rise from \$0.302 to \$0.443, or about an annual average increase of 4.7% over 2020-2030.

# Utility Cost and Affordability Report

Figure ES-3: SDG&E Forecasted Bundled Residential Rates (\$ nominal/kWh), Wildfire Rate Relative to All-Other (Non-Wildfire) Rate



Source: Utility Costs and Affordability of the Grid of the Future, February 2021





**Questions?**

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## SAN DIEGO COMMUNITY POWER Staff Report Rates – Item 5

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To: San Diego Community Power Board of Directors

From: Byron Vosburg, Power Services Director  
Bill Carnahan, Interim CEO

Subject: Market Update and Direction to Staff Regarding 2021 Rates

Date: March 25, 2021

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### RECOMMENDATION

1. Receive market update and direct staff to present revised 2021 rates to the Board for adoption on April 22, 2021 to be effective with SDCP's Phase 2 enrollment on June 1, 2021.
2. Direct staff to target generation rates that result in at least a 1% discount to corresponding service from SDG&E and a planned reserve margin contribution of at least 5%.

### BACKGROUND

San Diego Community Power (SDCP) began serving its first phase of customers on March 1, 2021. These customers previously received bundled (generation and delivery) electric service from SDG&E under a wide variety of rate schedules. Once the customers receive generation service from SDCP, they are charged SDCP's rates for generation service and SDG&E's rates for delivery services. SDG&E includes SDCP's generation charges in the bills sent to customers and collects and remits the funds to SDCP.

Consistent with good utility practice, rates must produce the revenue needed to operate a viable enterprise. On January 15, 2021, your Board adopted rates that were designed to yield revenues sufficient to collect SDCP's projected annual power supply and other operating costs, debt service costs, plus a 5% planned reserve margin contribution, designed to begin accrual of reserves to provide a buffer against unplanned variances in revenues and/or operating costs. At the time, there were a number of variables in the costs of SDCP's and SDG&E's service, and SDCP staff committed to revisit rates with the Board as these uncertainties were resolved. Since SDCP's rates were set in January, SDCP has additional clarity regarding its operating costs and SDG&E's rates. Primarily, SDCP has negotiated contracts for a significant majority of its 2021 power supply costs. This has reduced the uncertainty in SDCP's power supply costs; but, unfortunately, this has occurred during a time of extremely volatile and rising forward energy market prices. SDCP staff therefore recommend an adjustment to its rates to ensure that SDCP can

meet its power supply costs, sustain continued energy market volatility, and achieve its target of a planned reserve margin contribution of at least 5%.

### ANALYSIS AND DISCUSSION

Fiscal Year 2022 was used as the proforma “test year” for rate setting purposes, meaning that the rates were designed to recover a revenue requirement consistent with estimated FY 2022 sales and expenditures. The rates adopted in January 2021 are projected to yield revenues of \$23.1 million for the remainder of FY 2021 and \$274.8 million in FY 2022. Operating costs were projected based on contracts SDCP had executed to date and the expected cost of procuring energy and other wholesale services. From January through March, the time during which SDCP has been securing contracts for most of its 2021 energy supply, the cost of forward contracts for energy delivery during the summer of 2021 have increased significantly, as reflected in Figure 1.

Date	Price of Q3 2021 On-Peak Market Power (\$/MWh)
July 1, 2020	\$48.42/MWh
Jan 4, 2021	\$68.85/MWh
February 1, 2021	\$80.74/MWh
March 1, 2021	\$92.00/MWh
March 9, 2021	\$97.29/MWh
March 16, 2021	\$107.50/MWh

This marked increase and volatility in forward energy market prices has resulted in an increase in SDCP’s FY 2022 expected power supply costs from approximately \$244,000,000 as of January 15 to approximately \$273,000,000 as of March 15. Therefore, SDCP staff recommend increasing rates in order to recover sufficient revenue not only to cover these higher projected power supply costs but also to maintain a planned reserve margin contribution of at least 5%. As discussed in January, a 5% reserve margin contribution is at the low end of the recommended range. Given the volatile nature of the current market and in order to increase the likelihood that SDCP is able to achieve a reserve contribution of no less than 5%, staff recommend targeting a reserve contribution of 8-10%. Additionally, this adjustment will provide for a more conservative pro forma update which is what River City Bank will need in order to provide our next loan step up.

Since SDCP set rates in January, SDG&E has also revised its rates twice, the latest effective March 1, 2021, pursuant to multiple California Public Utilities Commission decisions. SDG&E’s March rates have increased significantly which has created a significant spread between their rates and SDCP rates set in January. Based upon SDG&E’s latest rate structure, SDCP staff are confident that a modest increase in its generation rates will achieve its multiple goals of increasing revenue sufficiently to meet

its increased power supply costs, maintaining a healthy reserve margin contribution, and providing customers with service that is competitive with that of SDG&E. The staff recommended increase is expected to result in generation rates that are approximately 1% less than those of SDG&E and an increase in SDCP revenue of approximately \$40 million during Fiscal Year 2022. This increase in revenue should more than cover SDCP's projected power supply costs, while also maintaining the targeted reserve margin and allowing SDCP to weather further market volatility.

FY 2021-2022	Current (3/1 Rates)	Staff Recommendation
Revenue (\$MM)	275.5	315.9
Power Supply (\$MM)	272.9	272.9
Net Surplus (\$MM)	(14.8)	25.6
Net Reserve Contribution	N/A	9 %

SDCP staff do not anticipate significant changes to the structure of its PowerOn rates, which were structured like SDG&E's generation rates with most of the same rate schedules, time-of-use periods, and mix of energy and demand charges.<sup>1</sup> The SDCP rates were designed such that each rate component is an equal percentage of the corresponding SDG&E generation rate, after accounting for the Power Cost Indifference Adjustment ("PCIA") and the Electric Franchise Fee Equivalent Surcharge ("FFS") that SDG&E will assess on customer bills. In other words, SDCP staff expect rates to continue to be proportional to the various SDG&E rates with regards to time of use, on-peak, off-peak, etc.

SDCP staff do not anticipate any changes to the structure of its Power100 100% renewable energy product, which includes an additional charge of 0.75 cents per kWh and will be approximately 3% higher than the default PowerOn service offering.

#### *Important Consideration to Note*

- Comparison between SDCP rates and SDG&E rates is difficult because each entity delivers a different product which impacts the quality offered and the cost of the energy mix. For example, SDCP offers its PowerOn product that is 50% renewable and an additional 5% greenhouse gas free power, resulting in a 55% carbon free base portfolio. As of SDG&E's 2019 power content label, SDG&E offers customers 31.3% renewable as their base portfolio with 7.8% of their retail sales covered by unbundled renewable energy credits.

## **FISCAL IMPACT**

<sup>1</sup> SDG&E generation rates can be found at: [https://regarchive.sdge.com/tm2/pdf/ELEC\\_ELEC-SCHEDS\\_EECC.pdf](https://regarchive.sdge.com/tm2/pdf/ELEC_ELEC-SCHEDS_EECC.pdf)



The fiscal impact of a revision in SDCP's rates will depend upon Board's direction to staff and the rates to be approved subsequently. Approval of the proposed rate adjustment would yield projected revenues of \$23.1 million during the current fiscal year ending June 30, 2021. This action will inform FY 2022 budget development.

## **ATTACHMENTS**

N/A





## SAN DIEGO COMMUNITY POWER Staff Report – Item 6

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To: San Diego Community Power Board of Directors  
From: Laura Fernandez, Director of Regulatory and Legislative Affairs  
Subject: Approval of Support for Senate Bill 612  
Date: March 25, 2021

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### RECOMMENDATION

Approve a support position for Senate Bill 612 (Portantino): The Ratepayer Equity Act.

### BACKGROUND

Early procurement of renewable resources by investor-owned utilities (IOUs) in California has led to significant above-market costs as renewable prices have declined, resulting in billions of dollars of stranded costs. When a customer transitions from an IOU to a Community Choice Aggregator (CCA), the customer continues to share cost responsibility with IOU customers for legacy resources purchased prior to the customer's transition to CCA service. While all customers bear cost responsibility for legacy resources, only IOU customers have the right to access *the benefits* of these resources, such as renewable energy, greenhouse-gas (GHG) free energy, and resource adequacy. SB 612 would resolve this inequity by enshrining equal access to benefits into statute.

The Power Charge Indifference Adjustment (PCIA) is a surcharge on all customers that is intended to collect the above-market costs of the IOUs legacy resources. The PCIA reflects the difference between the IOU's above-market costs related to legacy power supply commitments, including third-party energy contracts and operating costs for power plants they own, and today's market value for those resources. While CCA customers continue to pay a significant share of the costs for these resources, their ability to access the benefits depends on the willingness of the IOU – at its sole discretion – to sell.

The inequity surrounding access to the benefits of the legacy resources has been long recognized by regulators and stakeholders. The California Public Utilities Commission (CPUC) first initiated a proceeding to resolve this issue in 2017 and identified optimization of IOU portfolio management (e.g., contract extensions and contract renegotiation) to minimize stranded costs as one of the issues to be addressed. The CPUC directed the California Community Choice Association (CalCCA), Southern California Edison, and Commercial Energy (the "co-chairs") to work out a consensus

proposal that represents their respective groups. The joint proposal was presented to the CPUC in February 2020, but has not been given any procedural consideration since then.

SB 612 would add new sections to the Public Utilities Code that are designed to ensure fair and equal access to the benefits of legacy resources and ensure resources held in IOU portfolios are managed to maximize value for all customers. Specifically, SB 612 would:

1. Provide IOU, CCA, and direct access customers equal right to receive legacy resource products that were procured on their behalf in proportion to their load share if they pay the full cost of those products.
2. Require the CPUC to recognize the value of GHG-free energy and any new products in assigning cost responsibility for above-market legacy resources, in the same way value is recognized for renewable energy and other products.
3. Require IOUs to offer any remaining excess legacy resource products not taken by IOU, CCA, or direct access customers to the wholesale market in an annual solicitation.
4. Require each IOU to transparently solicit interest from legacy resource contract holders in re-negotiating, buying out, or otherwise reducing costs from these contracts.

Author: Senator Anthony Portantino (D-La Canada Flintridge), District 25

Coauthors: Senator Ben Allen (D-Santa Monica), District 26  
Senator Josh Becker (D-Menlo Park), District 13  
Senator Monique Limon (D-Santa Barbara), District 19  
Senator Mike McGuire (D-Healdsburg), District 2  
Senator Henry Stern (D-Calabasas), District 27  
Senator Scott Wiener (D-San Francisco), District 11  
Assemblymember Rebecca Bauer-Kahan (D-Orinda), District 16  
Assemblymember Marc Berman (D-Menlo Park), District 24  
Assemblymember Richard Bloom (D-Santa Monica), District 50  
Assemblymember Tasha Boerner-Horvath (D-Encinitas), District 76  
Assemblymember David Chiu (D-San Francisco), District 17  
Assemblymember Ash Kalra (D-San Jose), District 27  
Assemblymember Alex Lee (D-Milpitas), District 25  
Assemblymember Marc Levine (D-San Rafael), District 10  
Assemblymember Al Muratsuchi (D-Torrance), District 66  
Assemblymember Robert Rivas (D-Hollister), District 30  
Assemblymember Phil Ting (D-San Francisco), District 19  
Assemblymember Marc Stone (D-Scotts Valley), District 29  
Assemblymember Jim Wood (D-Healdsburg), District 2

CalCCA is sponsoring the Ratepayer Equity Act and seeking support from all CCAs. More information can be found here: <https://cal-cca.org/sb-612/>.





The following entities, CCAs and cities currently have taken a support position for SB 612:

CalCCA  
California Choice Energy Authority  
Central Coast Community Energy  
Clean Power Alliance  
CleanPowerSF  
East Bay Community Energy  
MCE  
Pioneer Community Energy  
Redwood Coast Energy Authority  
San Jose Clean Energy  
Silicon Valley Clean Energy  
Sonoma Clean Power  
Valley Clean Energy  
City of Agoura Hills  
City of Arcadia  
City of Berkeley  
City of Hayward  
City of Oakland  
City of San Jose  
City of Santa Monica  
City of Thousand Oaks  
City of West Hollywood

### **ANALYSIS AND DISCUSSION**

Staff recommends SDCP adopt an official support position for SB 612.

### **FISCAL IMPACT**

The PCIA represents approximately 37% of operating costs (before financing) for fiscal year 2021, 42% of operating costs for fiscal year 2022, and 44% of operating costs for fiscal year 2023. SB 612 would reduce overall costs by ensuring that SDCP is able to access legacy resources that are currently being paid for through the PCIA.

