



Finance & Risk Management Committee Meeting

May 16, 2024





**Welcome
&
Call to
Order**


The background features a vibrant blue water surface with gentle ripples. A large, white, diagonal shape, resembling a stylized arrow or a large 'V', is superimposed over the water, pointing from the top-left towards the bottom-right. The text 'Roll Call' is centered within this white shape.

Roll Call



The background of the slide is a photograph of blue water with ripples. A large white diagonal shape, resembling a triangle pointing to the right, is overlaid on the water. The text is positioned within this white shape.

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Withdrawn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



**Public
Comment
for Items
NOT
on the
Agenda**

Regular Meeting Agenda

Welcome

Roll Call

Items to be Added, Withdrawn or Reordered on
the Agenda

Public Comment for items Not on the Agenda

REGULAR AGENDA

2. Review of Treasurer's Report for Period Ending March 31, 2024
3. Presentation and Discussion of the FY 2024-25 Operating Budget
4. Recommend Board Approval of Power100 Green-e Certified Service

Committee Member Announcements

Adjournment

Item 1

Approval of April 11, 2024, Meeting Minutes

Recommendation:

Approve April 11, 2024, Meeting Minutes

Presenter:

Sandra Vences

Assistant Clerk of the Board



Public Comment for Item 1

Item 1

Recommendation:

Approve April 11, 2024, Meeting Minutes

Item 2

Treasurer's Report for Period Ending 3/31/24

Recommendation: Receive and File Treasurer's Report for Period Ending 3/31/24

Presenter:

Dr. Eric Washington,
Chief Financial Officer

Item 2: Treasurer's Report

YTD FY24 Budget v. Actual

Results for the period underperformed overall compared to the adopted budget:

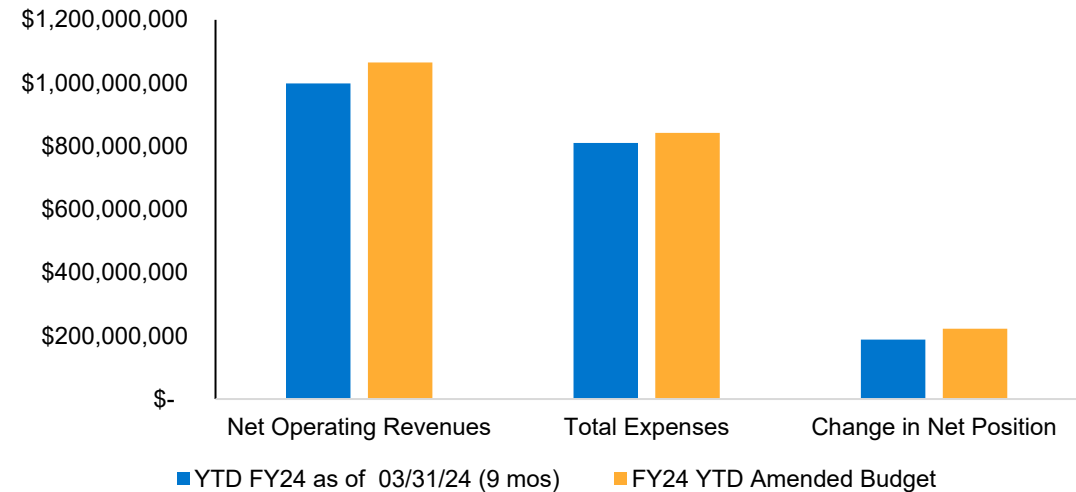
- Net operating revenues 6.0 percentage points under budget.
- Operating expenses came in 4.0 percentage points under budget

Financial results for the YTD FY24:

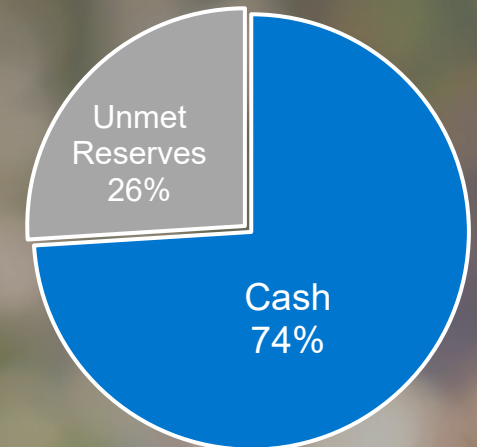
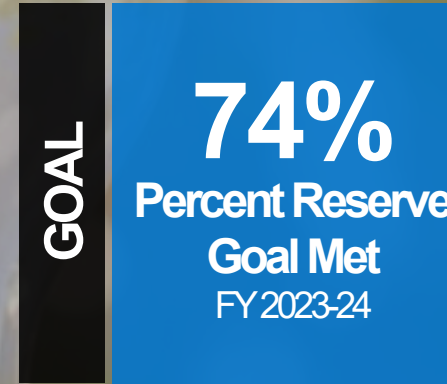
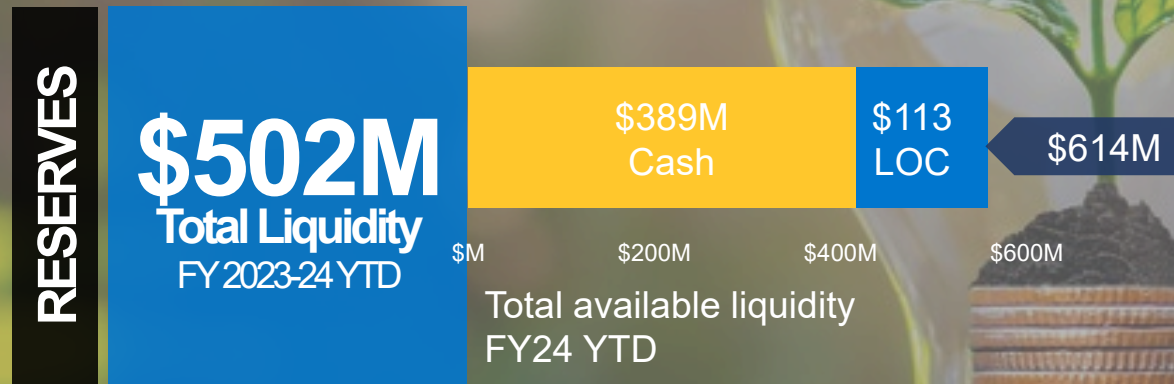
- \$998.84M in net operating revenues
- \$810.67M in total expenses (includes energy costs of \$790.83M or 79% of net revenues)
- \$188.17M change in YTD net position

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

YTD FY24 Results v. Budget



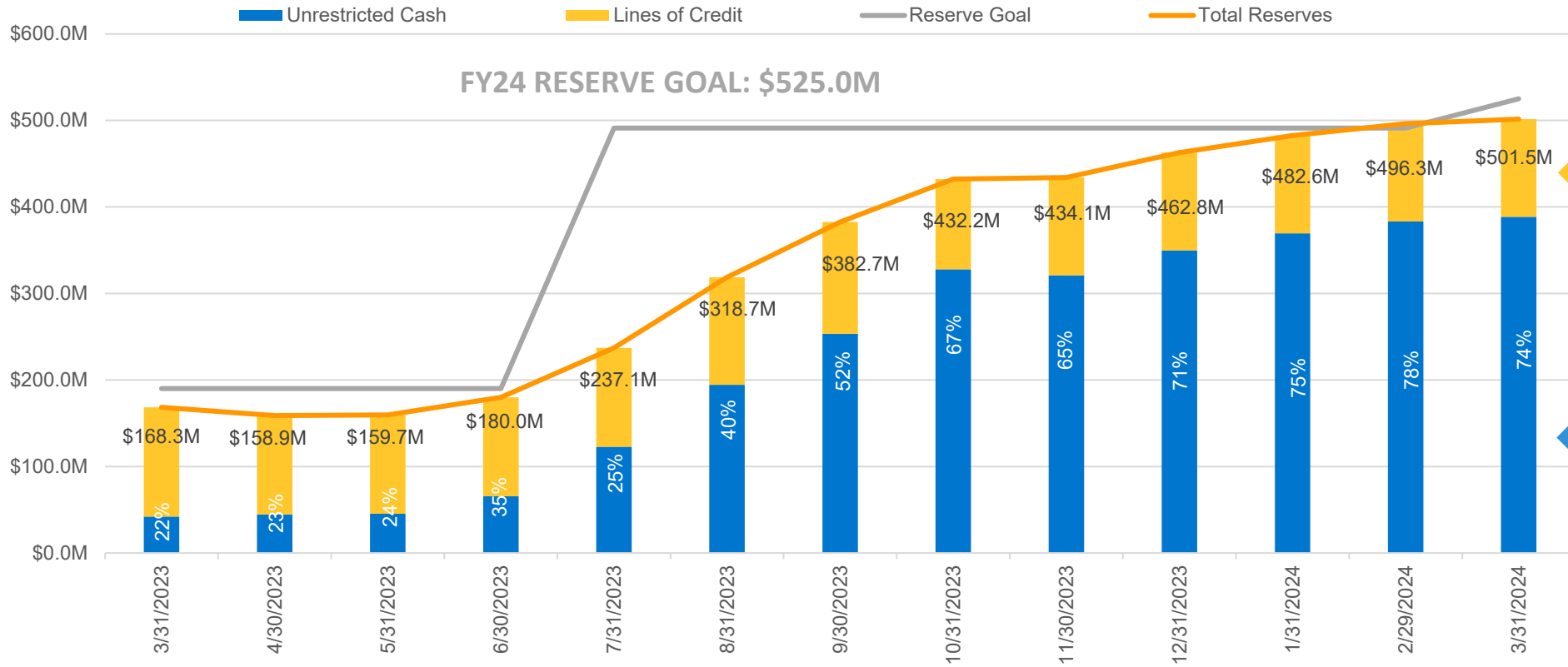
Item 2: Treasurer's Report



\$525M 180-DCOH Reserve Target FY24

Item 2: Treasurer's Report

Rolling 12 Month Reserves FY 2023-24



FY24 RESERVE GOAL: \$525.0M

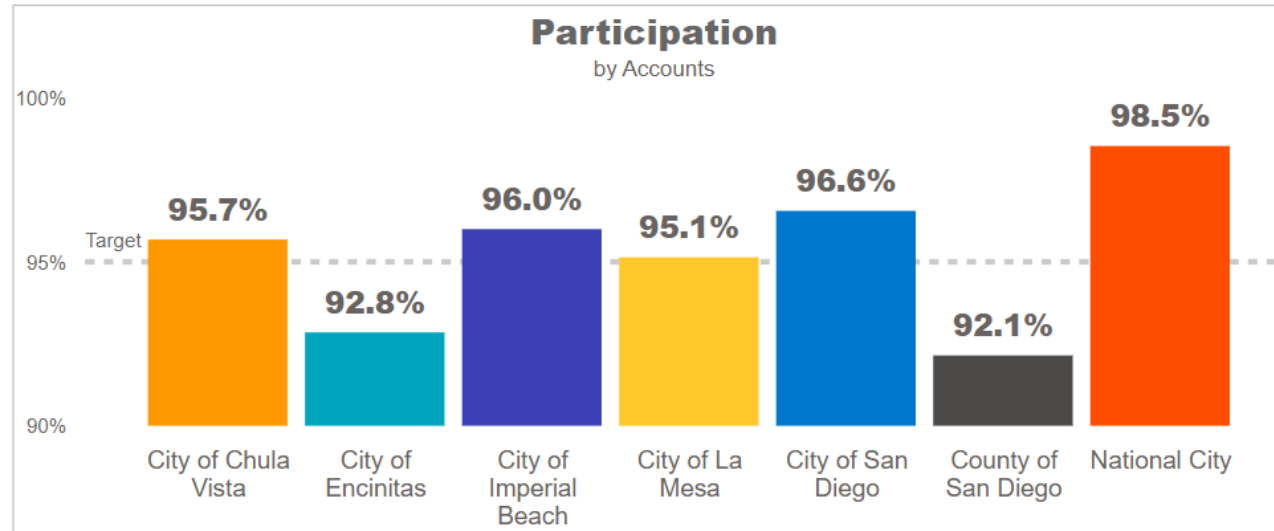
172 Days

Cash on Hand with Total Liquidity

133 Days

Cash on Hand

Item 2: Treasurer's Report



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



Public Comment for Item 2

Item 2

Recommendation:

Receive and File Treasurer's Report for Period
Ending 3/31/24

Item 3

Presentation and Discussion of the FY 2024-25 Operating Budget

Recommendation:

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

Presenter:

Dr. Eric Washington,
Chief Financial Officer

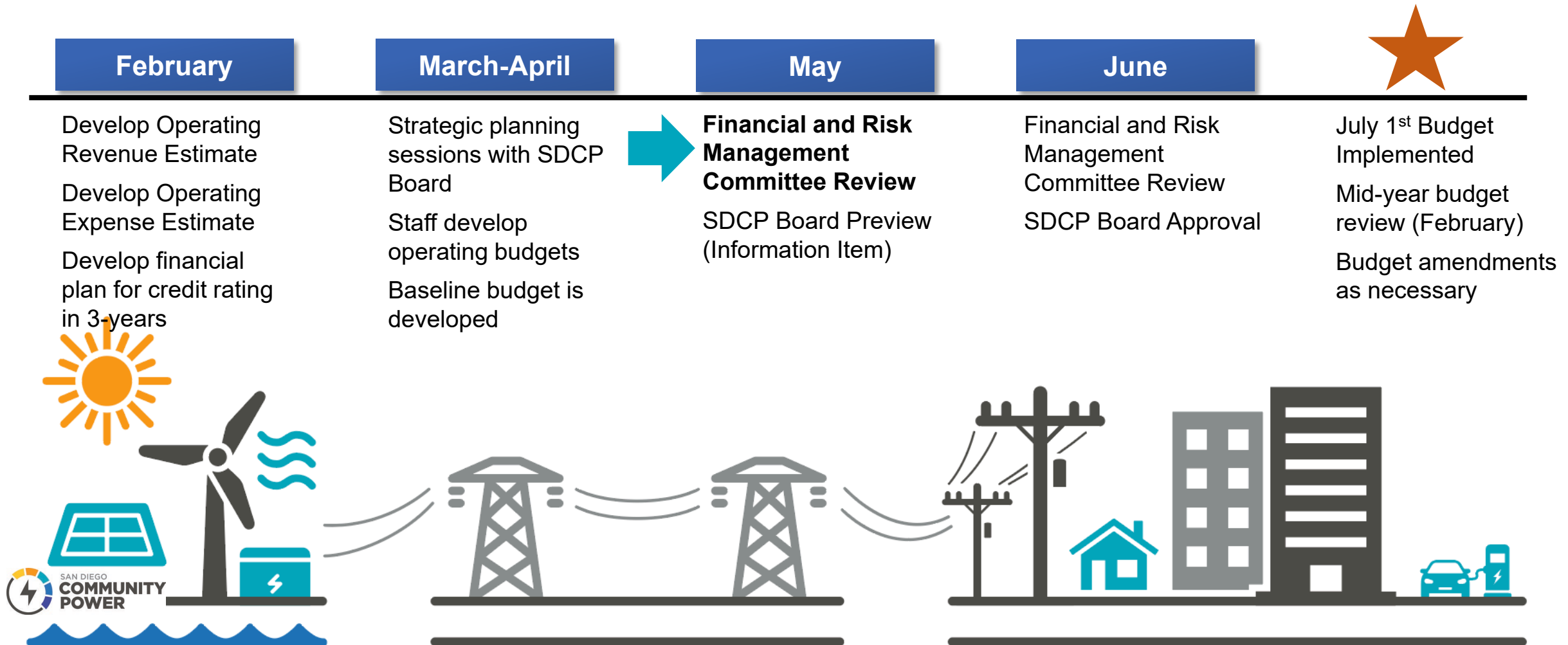
Budget Highlights

Operating

- Thoughtfully scales the agency by adding 24 staff to **grow to 80 total staff**.
- Continued outreach through **community events, sponsorships and advertising** to raise public awareness of SDCP.
- **Rescoping Professional Services**

Budget Development for FY 2024-25

The Board adopted schedule for budget development is the following.



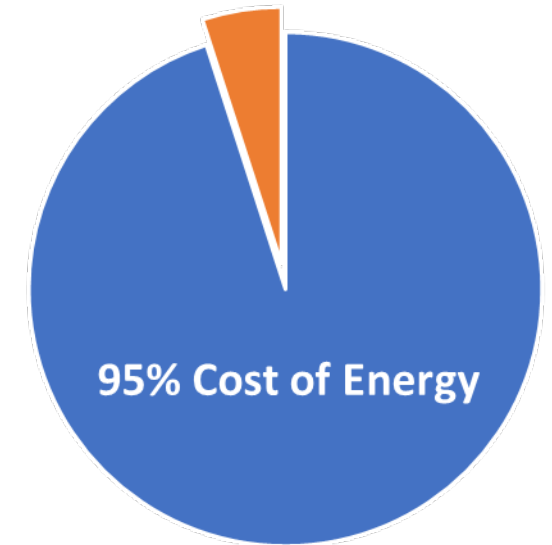
Budget Principles for FY 2024-25

- Maintain a fiscally **responsible** and **sustainable** budget.
- **Maintain sufficient funds** and **reserves** to **sustain operations** while **considering future economic conditions**.
- **Provide an easier to understand and user-friendly** operating budget for both internal and external users.
- Develop budget within **framework of public-agency guidelines** and **best practices**.
- **Engage the SDCP Board, constituent groups, and the public** in the budget process and inform them about **sustainable energy needs**.
- Keep the SDCP Board of Directors and Executive Team **informed** on the fiscal condition of SDCP.
- Develop a budget that will ultimately **prioritize people, transparency, and our communities**.

Draft Budget – Summary

Item	FY 24 Amended Budget, \$M	FY 25 Draft Budget, \$M
Gross Revenue	1,365.7	1,223.9
Less Uncollectible Accounts	(61.5)	(55.1)
Net Revenue	1,304.3	1,168.8
Cost of Energy	1,020.8	1,059.1
Non-Energy Costs	43.8	54.1
Subtotal Operating Expense	1,064.6	1,113.2
Debt Service	2.4	2.5
Capital Investment Plan	3.9	10.3
Total Expense	1,071.0	1,126.0
Net Position	233.3	42.8
Cumulative Net Position	419.3	462.1

FY25 Cost of Energy / Net Revenue

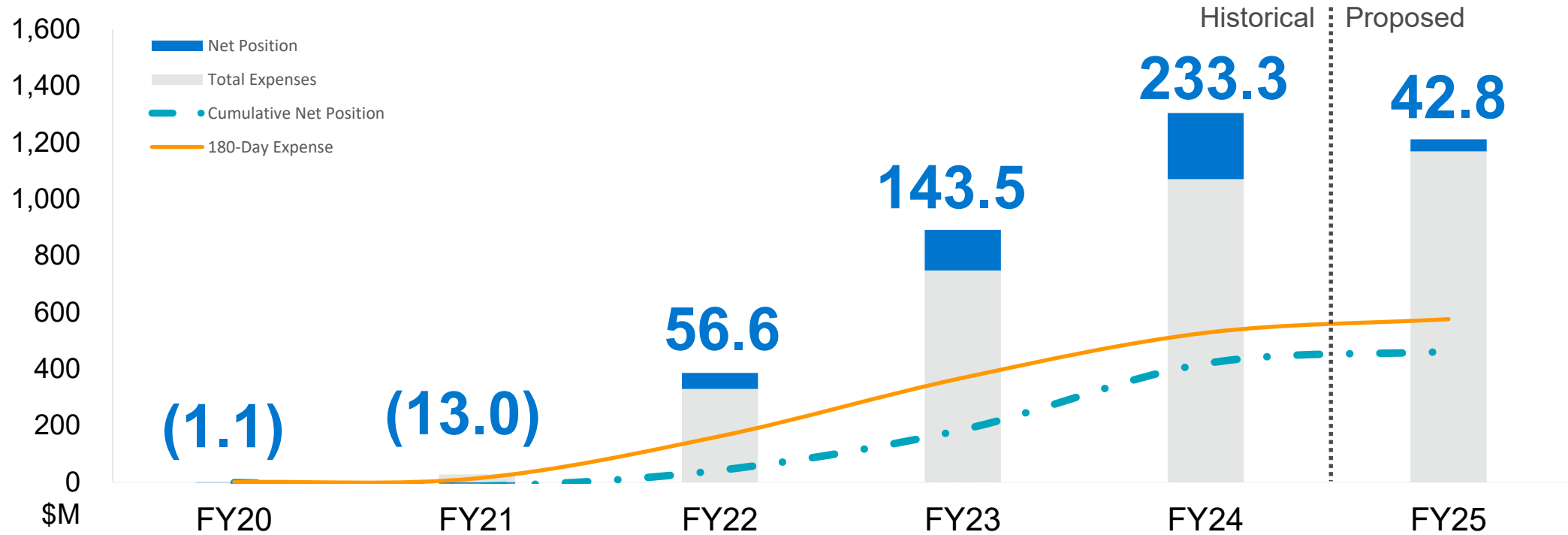


Draft FY 2025-29 Capital Investment Plan (CIP)

CIP

- **5-year planning document** for tracking program spending over multiple years and non-recurring project costs
- **Leverages** state and federal funding
- Inform region of **community** anticipated needs
- **Key projects in the CIP:**
 - Solar Battery Storage Program
 - Regional Energy Network




Draft Budget – Reserves



Operating Budget, \$M	FY21	FY21	FY22	FY23	FY24	FY25
Net Revenue	0.0	14.8	386.3	891.6	1,304.3	1,168.8
Total Expense	1.1	27.8	329.7	748.2	1,071.0	1,126.0
Annual Reserve (Net Position)	(1.1)	(13.0)	56.6	143.4	233.3	42.8
Cumulative Net Position	(1.1)	(14.0)	42.5	186.0	419.3	462.1
180-Day Expense	0.5	13.7	162.6	369.0	530.7	576.4

Draft FY 2024-25 Budget

Budget Changes by Category

	Revenue	Enrollment complete. Board approved rate change in January 2024.	FY24 \$1,365.7m	FY25 \$1,223.9m
	Cost of Energy	All contracts updated. Forward energy prices updated for open positions.	FY24 \$1,020.8m	FY25 \$1,059.1m
	Professional Services	Calpine higher with full enrollment. ETRM included. IT managed services, procurement counsel increased.	FY24 \$22.3m	FY25 \$25.1m
	Personnel	Recruitment strategy of 24 new staff growing the agency to 80 total staff.	FY24 \$11.7m	FY25 \$17.9m
	Marketing and Outreach	Customer interface improvements, slight increases to Partnerships and Events & Sponsorships.	FY24 \$2.9m	FY25 \$3.3m
	General and Administrative	Increased G&A budget to support operating and staff growth anticipated for FY25.	FY24 \$6.8m	FY25 \$7.7m
	Programs	Programs budget included in CIP as continuing projects. Overall admin in operating.	FY24 \$0.1m	FY25 \$0.1m

Draft Budget – Personnel

Department	SDCP (Existing/ Proposed)	Marin Clean Energy	Clean Power Alliance	East Bay Community Energy	Peninsula Clean Energy	Central Coast Com. Energy
Existing SDCP Staff	56	-	-	-	-	-
Data Analytics and IT/ Customer Operations	6	21	15	17	9	9
Executive Team	-	5	8	4	6	4
Finance	1	5	12	5	2	5
Human Resources	1	5	3	5	1	1
Operations	-	6	1	3	7	-
Power Services	6	7	14	12	9	5
Programs	4	19	6	12	7	4
Regulatory and Legislative/Legal	3	11	11	8	6	2
Public Affairs	3	16	8	9	8	4
Total	80	95	78	75	49	38

Draft Budget – CCA Comparison

Community Choice Aggregator	Years Est. (JPA eff. Date)	Customer Accounts*	Cost of Energy, \$M**	Non-Energy Costs, \$M	Net Ratepayer Revenue, \$M	Energy Costs/Net Revenue (%)
Clean Power Alliance	Jun 2017	1,006,961	1,393.30	67.51	1,585.29	88%
San Diego Community Power	Oct 2019	921,471	1,059.10	54.10	1,168.80	91%
East Bay Community Energy	Dec 2016	643,275	753.52	56.62	962.74	78%
Marin Clean Energy	Dec 2008	586,296	688.76	45.55	787.86	87%
Central Coast Community Energy	Mar 2018	445,377	520.30	42.54	562.83	92%
Peninsula Clean Energy	Feb 2016	309,994	437.86	56.71	466.93	94%

*Source: CalCCA as of December 2023

**CPA from 5/16/24 Community Advisory Committee FY25 draft budget. SDCP from proposed FY25 budget. EBCE from 5/8/24 Finance Subcommittee FY25 draft budget. MCE from 3/21/24 Board meeting FY25 proposed budget. PCE from 5/13/14 Audit and Finance Committee FY25 draft budget. 3CE from FY24 adopted budget.

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Public Comment for Item 3

Item 3

Presentation and Discussion of the FY 2024-25 Operating Budget

Recommendation:

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

Presenter:

Dr. Eric Washington,
Chief Financial Officer

Item 4

Recommend Board Approval of Power100 Green-e Certified Service

Recommendation:

Recommend Board Approval of the Power100
Green-e Certified Service

Presenter:

Lucas Utouh, Senior Director of Data Analytics
and Customer Operations

Background

SDCP currently offers two levels of service.

PowerOn
54.2% Renewable

Power100
100% Renewable

PowerOn – standard service offering with a minimum of 50% renewable power

Power100 – premium service with 100% renewable and carbon-free power

- \$0.0075/kWh adder
- Adjusted to \$0.01/kwh as of July 1, 2024

Customer Feedback and Needs


LEED Certification and SEC Disclosures

- Commercial and industrial customers desire a stand-alone 100% renewable and carbon-free Green-e® certified service.
- Cater to Leadership in Energy and Environmental Design (LEED) rating goals.
 - LEED is the world's most widely used green building rating system.
 - Power100 Green+ allow for project/building to earn LEED renewable energy points towards certification.
- Cater to Securities and Exchange Commission (SEC) rules to enhance and standardize climate-related disclosure.

Power100 Green-e Certified

Service Offering Details

- Effective as of July 1, 2024.
- This new service will be called Power100 Green+
- Priced as a \$0.02/kWh adder to PowerOn.
- Initially available to commercial and industrial customers.
- Expects 2% of load will enroll; enrollment will be capped at 5% of load unless modified by the Board.
- Fiscal Impact:
 - \$3.2 million in annual revenue.
 - Estimate factored into fiscal projections reviewed and approved by the Board in SDCP's 2024 Rates Schedule.
- Sourced primarily from resources under long-term contract to SDCP: Duran Mesa (wind), IP Oberon (solar), Vikings Energy Farm (solar)



Public Comment for Item 4

Item 4

Recommendation:

Recommend Board Approval of the
Power100 Green-e Certified Service



Committee Member Announcements

The image features a background of blue water with ripples, split by a white diagonal shape that forms a large arrow pointing to the right. The word "Adjournment" is written in a bold, blue, sans-serif font across the white arrow.

Adjournment

Next Regular
**Finance & Risk
Management
Committee
Meeting**

June 20, 2024

