



# Board of Directors

Regular Meeting

April 22, 2021







# Happy Earth Day!



# Regular Meeting Agenda

**Welcome**

**Call to Order**

**Pledge of Allegiance**

**Roll Call**

**Items to be Added, Withdrawn, or Reordered on the Agenda**

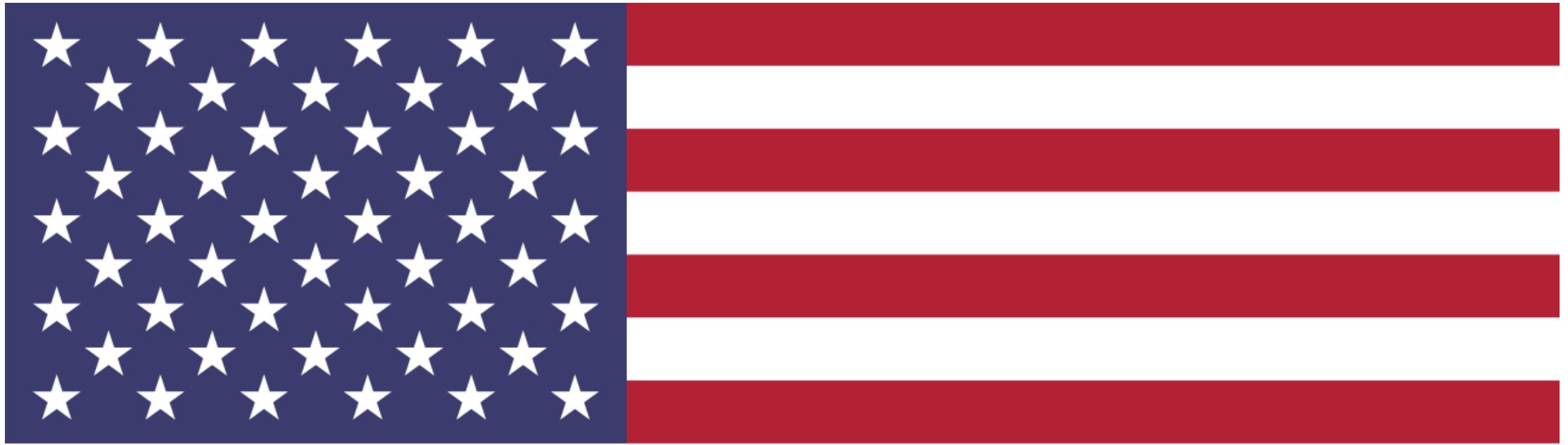
**Public Comment for Items Not on the Agenda**

1. (Consent) Approval of the minutes of the Regular Meeting of the Board of Directors of San Diego Community Power held on March 25, 2021. (To be withdrawn and considered at next meeting)
2. (Consent) Treasurer's Report – Presentation of Financial Results for 2020/21 Period ended 2/28/21 – Michael Maher, CPA
3. (Consent) Approval of SDCP Representative and Alternate to the La Mesa Environmental Sustainability Commission – Cody Hooven
4. Operations and Administration Report from the Interim Chief Executive Officer – Bill Carnahan
5. Update on Regulatory and Legislative Affairs – Laura Fernandez
6. Committee Reports – CAC, Eddie Price and FRMC, Director Dedina
7. Approval of an Updated Rate Schedule to be Effective June 1, 2021 – Lucas Utouh
8. Phase 3 Customer Enrollment Schedule – Byron Vosburg
9. Renewable Power Purchase Agreement with Viking Energy Farm, LLC – Byron Vosburg

**Director Comments**

**Reports by Management and General Counsel**

**Adjournment**



# Consent Agenda

1. **Approval of the minutes of the Regular Meeting of the Board of Directors of San Diego Community Power held on March 25, 2021.** (To be Withdrawn and Considered at Next Meeting)
2. **Treasurer's Report – Presentation of Financial Results for 2020/21 Period ended 2/28/21 – Michael Maher, CPA**
3. **Approval of SDCP Representative and Alternate to the La Mesa Environmental Sustainability Commission – Cody Hooven**

## Item 4

# Operations and Administration Report from the Interim Chief Executive Officer

### Recommendation:

Receive and file update on various operational and administration activities.

Presenter: Bill Carnahan, Interim CEO

# Item 5

## Update On Regulatory and Legislative Affairs

Recommendation:

Receive and file update on regulatory and legislative affairs.

Presenter: Laura Fernandez, Director of Regulatory and Legislative Affairs

# Overview

## Power Charge Indifference Adjustment

- Proposed Decision

## SB 612

- The Ratepayer Equity Act

## Summer Reliability

- Critical Peak Pricing

## Net Energy Metering

- CPUC Proceeding and AB 1139



# **Power Charge Indifference Adjustment (PCIA)**

# Power Charge Indifference Adjustment (PCIA)

## The Issue

- PCIA – a charge from SDG&E to recuperate above-market costs associated with power purchased before customer transitions to a CCA
- Makes up approximately 40% of SDCP operating costs
- PCIA costs have been increasing over time
- In addition to direct PCIA reductions, access to PCIA portfolio resources creates equity for non-IOU customers



# PCIA Proposed Decision

## The Good, The Bad, and The Ugly

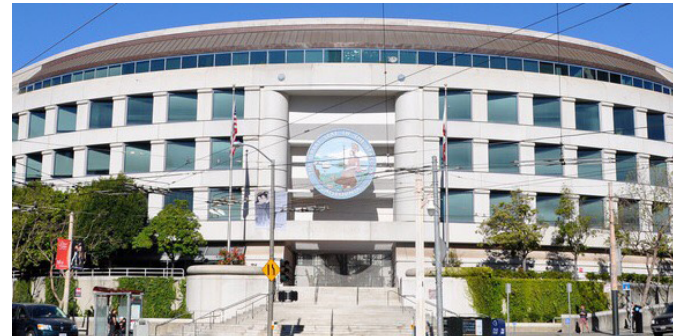
- **The Good**
  - Adopts voluntary allocation market offer of Renewable Portfolio Standard (RPS) allocations for 2023 implementation (a partial/modified adoption of the Joint Proposal regarding RPS)
- **The Bad**
  - Declines to adopt the Joint Proposal for Resource Adequacy (RA)
  - Declines to adopt the Joint Proposal on greenhouse-gas (GHG)-free resources
- **The Ugly**
  - According to the PD, only IOU customers have the right to access the resources in the PCIA portfolio, even though CCA (and Direct Access) customers are paying for those resources and the resources are no longer needed to serve IOU customers

# PCIA Proposed Decision

## Next Steps

- Opening Comments are due April 26 (the same day SB 612 will be heard in Committee!)
  - Reply Comments are due May 3
- CPUC will vote on a final decision on May 6 *at the earliest*
- SDCP is currently coordinating comments with CalCCA

California  
Public Utilities  
Commission





# SB 612 Ratepayer Equity Act

Legislative action is the only way to ensure fair and equitable outcomes for all ratepayers, not just for IOU bundled customers.

## SB 612



Provides customers equal access to the legacy products they are paying for in proportion to what they are paying.



Addresses RPS



Address RA



Addresses GHG Free Energy



## CPUC Proposed Decision



Results in ongoing cost shifts, discrimination, and unfair decisions against CCA customers.



Addresses RPS (partially)



Address RA

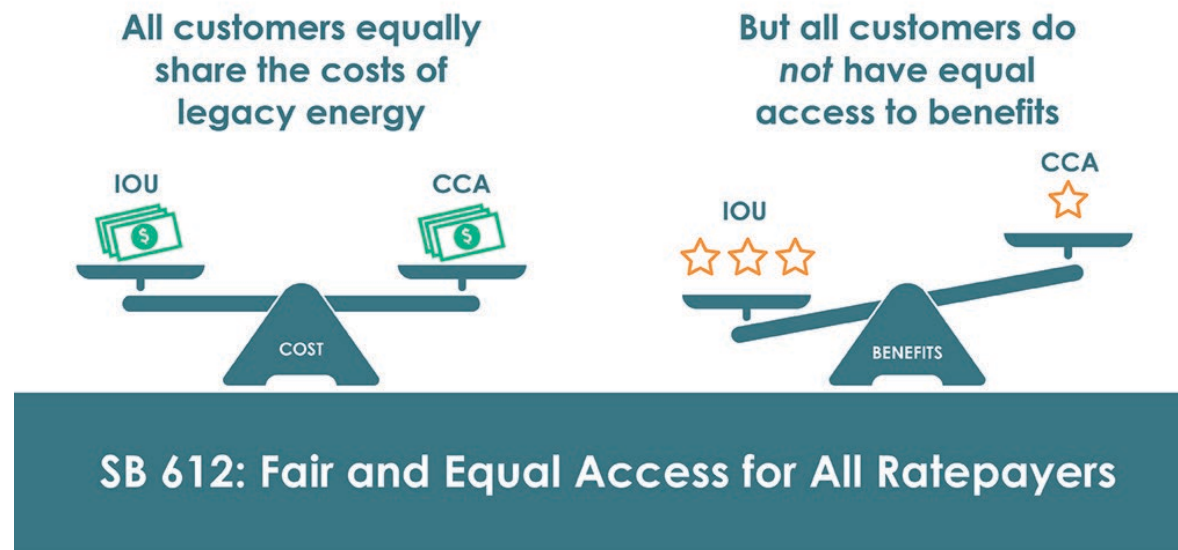


Addresses GHG Free Energy

# SB 612 – April 26 Hearing

## Next Steps

- SB 612 will be heard on Monday, April 26 in the Senate Energy and Utilities Committee
- Need to secure more votes to ensure that SB 612 passes Committee
- Encourage Senator Hueso and other Committee Senators to support SB 612



# Summer Reliability

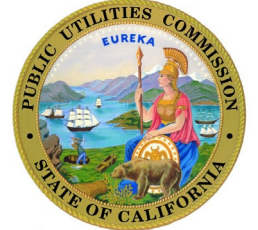
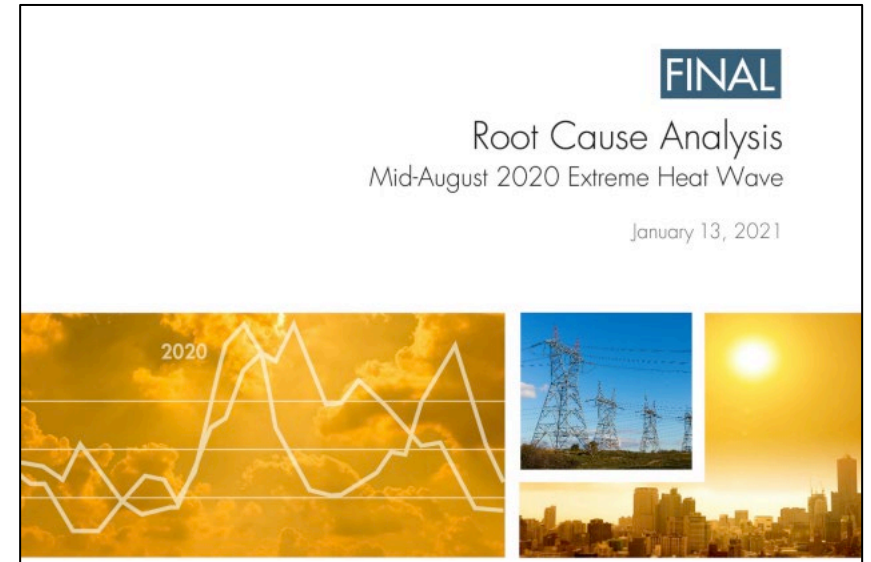
# What happened last August?

## Causes of Rotating Power Outages

- Extreme weather conditions
- RA and planning processes
- Market practices

Additionally, the Final Analysis reports that a CAISO market enhancement inadvertently caused issues.

Final Analysis detailed specific actions for Joint Agencies to take to prepare for summer 2021



California ISO



# How Are CCAs Helping?

## CalCCA Engagement in CAISO Stakeholder Initiatives

- Market Enhancements for Summer 2021
- Maximum Import Capability Enhancements
- Hybrid Resources
- Energy Storage Enhancements
- Resource Adequacy Enhancements
- Extended Day Ahead Market, Day Ahead Market Enhancements, and Governance Review Committee of the Energy Imbalance Market (EIM)



SDCP will continue to coordinate through CalCCA on these initiatives

# What is Critical Peak Pricing (CPP)?

- Customers pay a higher price for consumption of electricity during peak hours on selected days (critical peak days)
- CPUC recently adopted modifications/expansions to the CPP program, for the summer of 2021
  - Since SDG&E is upgrading and stabilizing its billing system in 2021, it is not able or required to modify its CPP program until 2022 and is not able to provide data needed to SDCP to enable a similar program
- A workshop was held earlier this month to examine opportunities for CCAs to contribute to load shed in summer 2021 and beyond
- SDCP will look for other opportunities to contribute to summer reliability

# Net Energy Metering

# CPUC NEM 3.0 Rulemaking

## How it Started:

- In 2016, CPUC committed to review the NEM 2.0 tariff in 2019 or later
- In 2020, opened a rulemaking to address the development of a successor to NEM 2.0

## How its Going:

- SDCP is a party to the proceeding and filed comments earlier this year
- On March 15, eighteen proposals for a successor to the current NEM tariff were filed by a wide range of parties in the proceeding





# NEM: The Big Question

## How should rooftop solar be compensated?

- The CPUC utilizes the “Avoided Cost Calculator” (ACC) that tries to figure out the hourly benefits for NEM
  - ACC has improved, but it only captures a portion of transmission costs
- Some proposals suggest that customers should be required to pay a certain amount to be on the grid, in order to balance grid economics

# NEM 3.0: Some Common Ground

## Equity and Storage

- While there are lots of diverging proposals in the NEM 3.0 proceeding, there is a lot of agreement around inequity
  - There are many proposals about how to get solar to communities of concern
- There are also lots of proposals aimed at incentivizing storage adoption in addition to solar

# NEM 3.0 Proceeding -- Next Steps

Activity	Original Date	Revised Date
Second Workshop on Proposals	n/a	April 22, 2021 at 1:00 pm
Cost Effectiveness Analysis Results Provided to Parties	n/a	May 28, 2021
Opening Testimony Served	April 23, 2021	June 18, 2021
Rebuttal Testimony Served	May 21, 2021	July 16, 2021
Evidentiary Hearing Held on Issues 3 – 6	June 7-18, 2021	July 26 to August 6, 2021
Opening Brief on Issues 2-5 Filed	July 9, 2021	August 27, 2021
Completion of Settlement Talks	July 9, 2021	August 27, 2021
Closing Brief Filed	July 19, 2021	September 10, 2021
Proposed Decision Issued	No later than 90 days following filing of Closing Briefs	No later than 90 days following filing of Closing Briefs

# AB 1139 (Gonzalez): NEM Legislation

Heard in Committee April 21, Amended and Referred to Appropriations

- April 21 Amendments would establish terms for NEM 3.0 effective December 31, 2023 *if the CPUC fails to adopt a NEM 3.0 tariff in its current proceeding by February 1, 2022*
- Establish interconnection fees and monthly fixed charges based on the cost to interconnect and serve the customer-generator
- Credit the customer-generator for any electricity exported at a rate equal to the hourly wholesale market rate applicable at the time of the export and the location of the customer-generator
- Strikes existing law that requires sustainable growth of distributed energy resources
- Transfer legacy NEM 1.0 and 2.0 customer-generators to the successor NEM 3.0 tariff no later than ten years from the date of service for CARE customers and five years from the date of service for non-CARE customers



# Legislative Calendar

- June 4: Last day for bills to pass out of house of origin (then they go to next house)
- June 7: Committee meetings resume
- September 3: Last day to amend bills on the floor
- September 10: Last day for each house to pass bills
- October 10: Last day for Governor to sign bills
- January 1: Statutes take effect



# SDCP Next Steps on Interim NEM Rate

- *CCAs are legally entitled to set their own electricity generation rates. CCAs therefore determine their own rate policies, including NEM policies*
- May 14: Discuss Interim NEM rate with Community Advisory Committee
- May 18: Propose interim NEM rate to Financial and Risk Management Committee
- May 27: Bring interim NEM rate to SDCP Board



# Questions?

[lfernandez@sdcommunitypower.org](mailto:lfernandez@sdcommunitypower.org)

# Item 6

## Committee Reports

Recommendation:

1. Receive and file update from the Finance and Risk Management Committee.
2. Receive and file update from the Community Advisory Committee.

Presenters: Director Dedina; Eddie Price, CAC Chair

# Item 7

## **Approval of an Updated Rate Schedule to be Effective June 1, 2021**

Recommendation:

Adopt the updated rate schedule to become effective June 1, 2021.

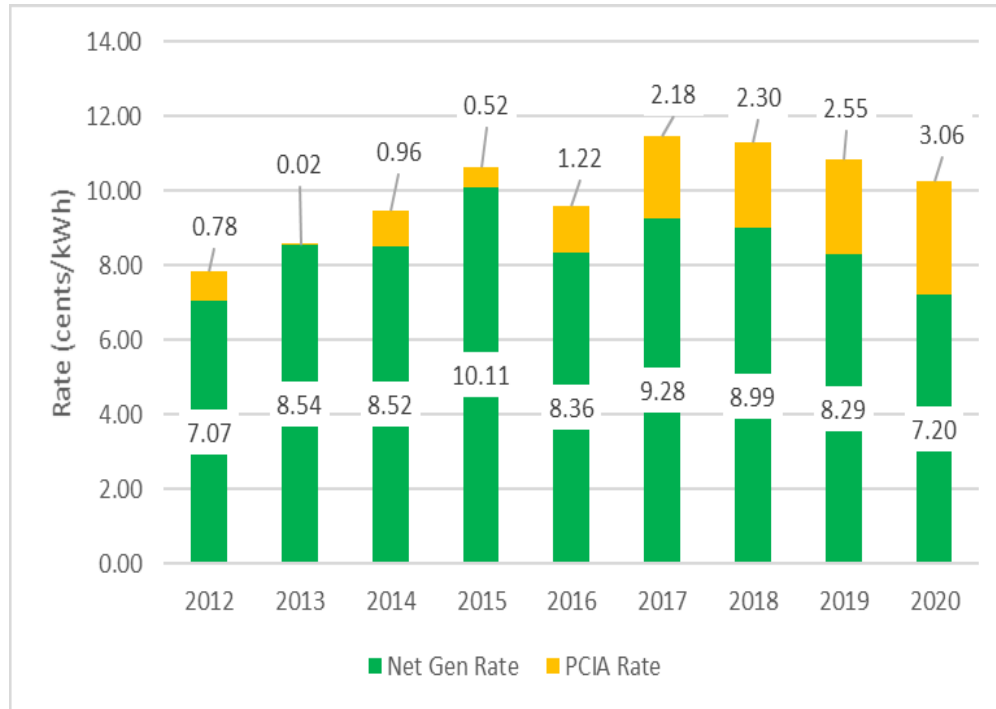
Presenter: Lucas Utouh, Director of Data Analytics and Account Services

# Timeline

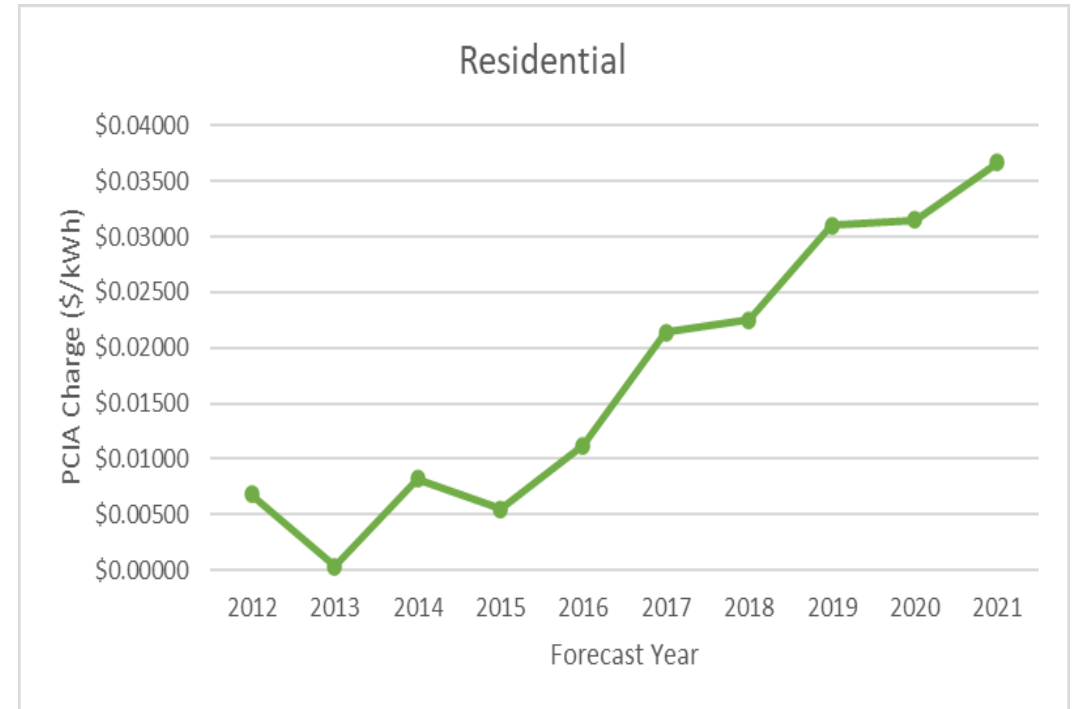
- April 17, 2020: SDCP FRMC considered product and rate options (targeting 1-2% generation rate discount)
- January 14, 2021: CPUC ruled on SDG&E's 2021 rates
- January 15: SDCP Board approved rates effective March 1, 2021
  - ❑ Based upon cost of SDCP operations as estimated in Pro Forma financial model and market prices at the time
  - ❑ Staff committed to update Board once costs and SDG&E rates were clarified
- Feb 1, 2021: SDG&E released rates effective as of Feb 1, 2021
- March 1, 2021: SDG&E released rates effective as of March 1, 2021
- March 1, 2021: SDCP launch to Phase 1 Customers
- March 25, 2021 (Board Meeting): Staff request direction regarding rates to be effective June 1
- April 22, 2021 (Board Meeting): Adopt rates to be effective June 1 per Board direction received on March 25
- June 1, 2021: SDCP expands service to Phase 2 customers

# Year-Over-Year Overview

## SDG&E Generation Rate History



## SDG&E PCIA History





# Steps

- Board provided direction in March to adjust generation rates to target a 1% discount with a planned reserve margin of 5%
- Staff and our consultant Pacific Energy Advisors, Inc have analyzed SDG&E's 2021 rate changes thus far to determine SDCP rates
- On average SDG&E's base generation rates increased by 14.0% between their February and March 2021 rate changes across all customer types
- Power Charge Indifference Adjustment (PCIA, above market costs) increased by 16.4% between SDG&E's February and March 2021 rate changes for Vintage year 2020 (correlates to our Phase 1 and Phase 2 enrollments)
- Notwithstanding volatility in SDG&E rate changes, our proposed June generation rates would provide a 1% discount to our customers with a planned reserve margin of at least 5% yield; with projected revenues of \$26.5 million for the remainder of FY 2021 and \$318.3 million in FY 2022.

# Financial Model

Annual Pro Forma Projections  
San Diego Community Power  
14-Apr-21

Year Ending:	2021	2022	2023	2024	2025
<b>I. Revenue</b>					
Base Retail Revenue	26,427,830	316,478,007	464,498,372	465,392,704	467,719,667
Power100 Premium	124,602	1,842,853	2,834,530	2,841,319	2,855,526
<b>Subtotal Operating Revenue</b>	<b>26,552,433</b>	<b>318,320,860</b>	<b>467,332,902</b>	<b>468,234,023</b>	<b>470,575,193</b>
<b>II. Operating Expenses</b>					
Power Supply	28,032,174	279,883,227	397,916,220	387,507,435	381,160,075
Staff	1,500,000	4,500,000	4,635,000	4,774,950	4,917,272
Professional/Technical services	630,120	831,306	909,753	932,574	956,493
Legal	240,000	300,000	309,000	318,270	327,818
Communications, Mktg, Enrollment	687,998	3,315,021	1,660,276	1,677,597	1,698,317
Other General and Administrative	365,000	420,000	432,600	445,578	458,945
Regulatory and CalCCA Fees	410,000	895,000	921,850	949,506	977,991
Data Management	-	1,621,251	8,190,524	8,771,773	8,902,686
Utility Service Fees	23,664	768,508	3,046,375	3,145,725	3,256,294
Uncollectibles/Other	79,015	1,462,672	2,090,108	2,042,613	2,013,279
<b>Subtotal Operating Expenses</b>	<b>31,967,970</b>	<b>293,996,985</b>	<b>420,111,705</b>	<b>410,565,120</b>	<b>404,669,170</b>
<b>Operating Margin</b>	<b>(5,415,537)</b>	<b>24,323,876</b>	<b>47,221,197</b>	<b>57,668,903</b>	<b>65,906,023</b>
<b>III. Financing</b>					
Interest	375,000	857,820	715,471	545,067	370,354
Principal	-	2,752,650	6,724,411	6,894,461	7,068,812
<b>Subtotal Financing</b>	<b>375,000</b>	<b>3,610,470</b>	<b>7,439,883</b>	<b>7,439,528</b>	<b>7,439,165</b>
<b>Operating Margin Less Financing</b>	<b>(5,790,537)</b>	<b>20,713,405</b>	<b>39,781,314</b>	<b>50,229,374</b>	<b>58,466,858</b>
<b>IV. Cash From Financing</b>	<b>35,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V. Other Uses</b>					
CPUC and CAISO Deposits	1,275,000	-	-	-	-
Collateral Deposits	5,000,000	-	-	-	-
<b>Subtotal Other Uses</b>	<b>6,275,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VI. Net Surplus/(Deficit)</b>	<b>22,934,463</b>	<b>20,713,405</b>	<b>39,781,314</b>	<b>50,229,374</b>	<b>58,466,858</b>
<b>VII. Cumulative Net Surplus</b>	<b>22,231,963</b>	<b>42,945,368</b>	<b>82,726,682</b>	<b>132,956,056</b>	<b>191,422,914</b>
<b>VIII. Program Average Rate (\$/MWh)</b>	<b>111.9</b>	<b>90.7</b>	<b>86.6</b>	<b>86.5</b>	<b>86.5</b>
<b>IX. Power Supply (\$/MWh)</b>	<b>118.1</b>	<b>79.7</b>	<b>73.7</b>	<b>71.6</b>	<b>70.1</b>
<b>X. Program Average Cost (\$/MWh)</b>	<b>162.7</b>	<b>84.8</b>	<b>79.2</b>	<b>77.2</b>	<b>75.8</b>
<b>XI. Annual Sales (MWh)</b>	<b>237,338</b>	<b>3,510,197</b>	<b>5,399,104</b>	<b>5,412,037</b>	<b>5,439,097</b>

FY	2021	2022
Revenue (\$ MM)	26.5	318.3
Power Supply (\$ MM)	28.0	279.8
% of Oper Expense	121.7	87.9
Net Surplus (\$ MM)	22.9	20.7

# Questions?

[lutouh@sdcommunitypower.org](mailto:lutouh@sdcommunitypower.org)

# Item 8

## Phase 3 Customer Enrollment Schedule

### Recommendation:

Adopt the proposed phase-in schedule for Phase 3 customer enrollment.

Presenter: Byron Vosburg, Director of Power Services

# Overview

- Purpose
- Background
- Scenario Analysis
- Recommendation

# Purpose

- Update Regarding Timing of Phase 3 Customer Enrollment Schedule
- Proposal to enroll Phase 3, community by community, during February through May 2022

# Background

- Implementation Plan (Dec 2019) outlined phase-in:
  - Phase 1 (municipal): Mar 2021
  - Phase 2 (commercial and industrial): July 2021
  - Phase 3 (residential): Nov 2021
- SDCP began service on March 1, 2021 to Phase 1 customers (municipal accounts)
- Given uncertainty regarding many regulatory, financial, and IOU rate-related factors, multiple potential Phase 3 “working” dates have been discussed;
  - most recently, January 2022
- With additional clarity on a number of these items, Staff recommend finalizing Phase 3 enrollment schedule

# Scenario Analysis

- Factors to be considered:
  - Previously discussed Phase 3 enrollment months: Nov 2021, Jan 2022, June 2022
  - Staff, Board, and Community interest in beginning service as soon as possible
  - Operational impacts of enrolling all accounts over one or multiple months
  - Financial impact of seasonal rates



# Scenario Analysis

- Scenario 1: All Phase 3 accounts enrolled in January 2022
- Scenario 2: All Phase 3 accounts enrolled in May 2022
- Scenario 3: Phase 3 accounts enrolled progressively
  - Feb 2022: Imperial Beach
  - Mar 2022: La Mesa
  - April 2022: Encinitas
  - May 2022: Chula Vista and San Diego

# Scenario Analysis

- Financial Analysis:
  - Scenario 1 - Due to seasonality of rates, results in ~\$14MM lower FY21-22 reserve contribution than Scenario 2 or 3
  - Scenarios 2 and 3 result in similar financial impacts; Scenario 2 slightly financially advantageous, but within \$100k of each other
- Operational Analysis:
  - Any of the three Scenarios is achievable; differences between Scenario 2 and 3 are negligible
  - Additional time will allow for greater community-specific outreach and attention over four-month enrollment period

# Recommendation

Adopt the proposed phase-in schedule for Phase 3 customer enrollment

- Scenario 3: Phase 3 accounts enrolled progressively
  - Feb 2022: Imperial Beach
  - Mar 2022: La Mesa
  - April 2022: Encinitas
  - May 2022: Chula Vista and San Diego

# Item 9

## **Renewable Power Purchase Agreement with Vikings Energy Farm, LLC**

### Recommendation:

Adopt the Long-term Renewable Power Purchase Agreement with Vikings Energy Farm, LLC.

Presenter: Byron Vosburg, Director of Power Services

# Overview

- Purpose
- Review Long-term RPS Requirements
- Review Long-term RPS RFO Timeline
- Update Regarding PPA Negotiations
- PPA with Vikings Energy Farm, LLC
- Recommendation and Next Steps

# Purpose

- Update Regarding Long-term Renewable Contract Negotiations
- Presentation for Approval of Long-term Renewable Power Purchase Agreement with Vikings Energy Farm, LLC

# Long-term RPS Requirements

- California Renewables Portfolio Standard (“RPS”) requires purchase of renewable energy under long-term contracts (“PPAs”) of 10 years or longer
- Starting in 2021, at least 65% of RPS obligation must be secured via long-term RPS contracts
- Long-term RPS requirement is measured across multi-year compliance periods (e.g. CP4 is 2021-2024)

# SDCP 2020 LT RPS RFO Timeline

**June 25, 2020:** SDCP Board Approved LT RPS RFO

**June 29, 2020:** RFO Launched

**July 24, 2020:** Responses Due

**Aug 4, 2020:** Responses Reviewed with Ad-Hoc Contracts Committee

**Aug 18, 2020:** Shortlist Reviewed with Ad-Hoc Contracts Committee

**Sep 2020 – March 2021:** Negotiations on-going with all Shortlisted Respondents

**April 15, 2021:** Update to FRMC Regarding PPA Negotiations

**April 22, 2021:** SDCP Board Meeting

**May 27, 2021:** SDCP Board Meeting



# Update Regarding PPA Negotiations

- Staff expect to finalize negotiations shortly with three shortlisted respondents:

Respondent	Counterparty	Technology	Location	Term (yrs)	Expected Commercial Online Date
RAI Energy	Vikings Energy Farm, LLC	100 MW Solar 150 MW 4-hr Battery Storage	Imperial County, CA	20	Q2 2023
BayWa r.e.	JVR Energy Park, LLC	90 MW Solar 70 MW 4-hr Battery Storage	San Diego County, CA	20	Q4 2022 – Q1 2023
Intersect Power	IP Oberon, LLC	150 MW Solar	Riverside County, CA	15	Q2 2023

# PPA with Vikings Energy Farm

Respondent	Counterparty	Technology	Location	Term (yrs)	Expected Commercial Online Date
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Intersect Power	IP Oberon, LLC	150 MW Solar	Riverside County, CA	15	Q2 2023

# PPA with Vikings Energy Farm

## Company Overview: RAI Energy International, Inc.

- Established in 2006
- Headquartered in San Jose, CA
  - MENA office in Amman, Jordan
- US market focus in CA, AZ, and TX
- Successful development of 400 MW of utility-scale and distributed solar
  - Including 50 MW Seville Solar in Imperial County, which has delivered under PPA to SDG&E and IID since 2012 and 2013, respectively
- Actively developing 500 MW of solar and 750 MW of storage in CA and AZ

# PPA with Vikings Energy Farm

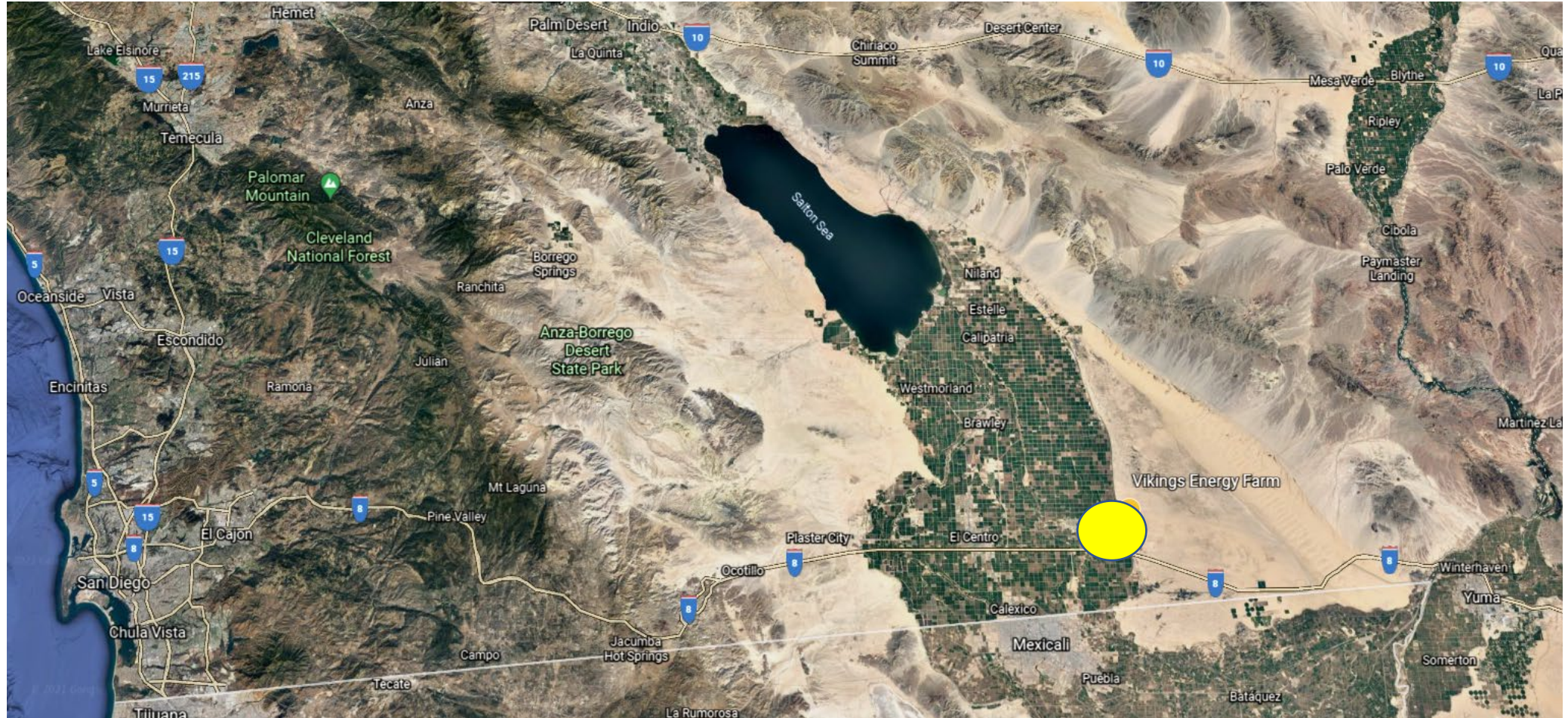
## Project Overview: Vikings Energy Farm, LLC

- 100 MW Solar, 150 MW/600 MWh Battery Storage
- Location: Holtville, Imperial Co, CA
- Guaranteed Commercial Operation Date: June 30, 2023
- Contract Term: 20 years
- Expected Annual Energy Production: ~270,000 MWh/year
  - Equivalent of ~55,000 San Diego Co households
- Guaranteed Energy Production: 85% of projected annual deliveries
- Solar Energy Price: fixed, no escalation over 20-year term
- Capacity Price: fixed, no escalation over 20-year term
- No credit or collateral obligations for SDCP
- In the unlikely event of Seller's failure to achieve development milestones, SDCP would receive financial compensation





# PPA with Vikings Energy Farm





**Vikings**  
Proposed Project Site

APN 050-070-019

APN 050-070-018

APN 050-070-021

Date City

S33

Evan Hewes Hwy

115

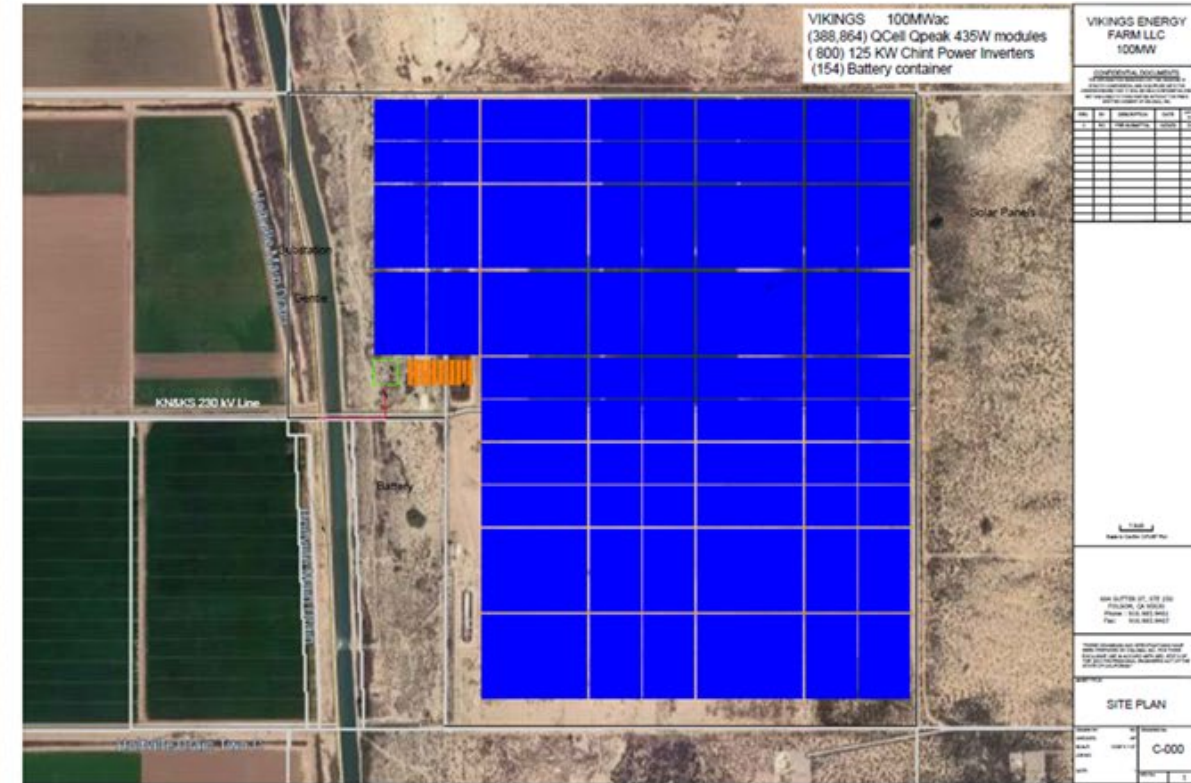
Miller Rd

Google Earth

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# Recommendation and Next Steps

## Next Steps

- Staff expect to bring two additional PPAs to the SDCP Board for approval next month (May 27)
- Additional PPAs remain under negotiation and will be reviewed with the FRMC and Board once Staff and Respondents have agreed to terms
- Staff expect to release another long-term RPS RFO later this year

## Recommendation:

Adopt the Long-term Renewable Power Purchase Agreement (“PPA”) with Vikings Energy Farm, LLC

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**Reports by Management and General Counsel**

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# Board of Directors

Next Regular Meeting  
May 27, 2021

