Happy Earth Day!
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Items to be Added, Withdrawn, or Reordered on the Agenda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 (To be withdrawn and considered at next meeting)
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
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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
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
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
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

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**SB 612: Fair and Equal Access for All Ratepayers**

- All customers equally share the costs of legacy energy
- But all customers do not have equal access to benefits

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**IOU**

- **COST**: $\$
- **BENEFITS**: **★ ★ ★ ★ ★**

**CCA**

- **COST**: $\$
- **BENEFITS**: **★ ★ ★ ★ ★**
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
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

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

<table>
<thead>
<tr>
<th>FY</th>
<th>2021</th>
<th>2022</th>
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</thead>
<tbody>
<tr>
<td>Revenue ($ MM)</td>
<td>26.5</td>
<td>318.3</td>
</tr>
<tr>
<td>Power Supply ($ MM)</td>
<td>28.0</td>
<td>279.8</td>
</tr>
<tr>
<td>% of Oper Expense</td>
<td>121.7</td>
<td>87.9</td>
</tr>
<tr>
<td>Net Surplus ($ MM)</td>
<td>22.9</td>
<td>20.7</td>
</tr>
</tbody>
</table>
Questions?

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
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:

<table>
<thead>
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<td>100 MW Solar 150 MW 4-hr Battery Storage</td>
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<td>20</td>
<td>Q2 2023</td>
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<td>90 MW Solar 70 MW 4-hr Battery Storage</td>
<td>San Diego County, CA</td>
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<td>Intersect Power</td>
<td>IP Oberon, LLC</td>
<td>150 MW Solar</td>
<td>Riverside County, CA</td>
<td>15</td>
<td>Q2 2023</td>
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## PPA with Vikings Energy Farm

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PPA with Vikings Energy Farm


- 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
PPA with Vikings Energy Farm
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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Board of Directors

Next Regular Meeting
May 27, 2021