



**SAN DIEGO COMMUNITY POWER**  
**Capital Investment**  
**Plan (CIP)**

**Fiscal Year 2024-28**

**Resolution No. 2023-24**

**June 22, 2023**





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
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**San Diego Community Power  
California**

For the Fiscal Year Beginning

**July 01, 2023**

*Christopher P. Morrill*

**Executive Director**

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# How to Use This Book

San Diego Community Power's (SDCP's) proposed Fiscal Year (FY) 2024-2028 Capital Investment Plan (CIP) contains Agency budgetary and fiscal policy information as well as detailed Agency capital investment plans. The proposed Capital Investment Plan is organized into the following sections.

**EXECUTIVE SUMMARY** includes the Chief Executive Officer's Letter of the proposed CIP, and provides a high-level overview of the Agency's capital budget and other high-level details on specific projects and their benefits to the community in the proposed CIP.

**CAPITAL INVESTMENT PLAN OVERVIEW** describes the CIP in brief including summary tables that reflect the operating transfer in to the CIP as well as the list of planned projects in the next five years.

**SDCP: AN OVERVIEW** provides a high-level overview of SDCP's governance, structure, and Agency values and priorities.

**STRATEGIC PLAN** describes SDCP's strategic planning process and board-adopted strategic goals that provide the foundation for the creation of the CIP.

**COMMUNITY ENGAGEMENT** outlines the outreach process to the community that provided feedback and significant input into project and program design.

**PROGRAM TYPES** includes the thirteen program types, projects and funding within these types falling into short, medium and long-term segments that will be delivered within the CIP.

**FUNDING GUIDE** explains funding source that fund the CIP as well as future potential funding sources that SDCP can leverage and apply for to bolster CIP funding amounts.



# A Letter from the Chief Executive Officer

I am very proud and excited to present San Diego Community Power's (SDCP's) Capital Investment Plan for Fiscal Year (FY) 2024-28. I could not be more excited to partner with such a smart, capable, and mission-driven SDCP team, Board, and Community Advisory Committee to further our region's clean energy goals.

San Diego Community Power (SDCP) is a Community Choice Aggregator (CCA) committed to providing municipalities, businesses, and residents in the six-member cities and unincorporated San Diego County with clean, renewable energy at competitive rates and investing in innovative programs that benefit the environment and the economy in our communities.

I believe climate change is the most pressing challenge of our time, and so working towards effective solutions with a team truly dedicated to this effort was very important to me as I sought out the next step in my career.

SDCP is very well positioned to have a significant impact in delivering 100% clean energy and community investment to a large set of commercial and residential customers. As the second largest CCA in California, there is much we can learn from our predecessor CCAs and much we can offer to further our collective goals.

The problems we face are complex, multi-faceted and require collaboration across government entities, utilities, the private sector, NGOs, and all our citizens. It takes a village, and so to be successful we are going to need to do a few key things out of the gate:

1. Listen closely to and collaborate with our current and future industry partners, city officials, constituents, customers, communities and regulatory bodies.
2. Ensure our investment dollars flow with high impact into our communities after deeply understanding their needs, aspirations, and challenges.



3. Hire the best and brightest who share our vision of a 100% clean energy future ([Career Opportunities - San Diego Community Power](#)).
4. Delight our customers with affordable clean energy, equitable opportunities, and tailored programs that encourage everyone to contribute to and be part of the clean energy transition ([Compare Service Plans - San Diego Community Power](#)).

As SDCP continues to grow, this CIP will:

1. Deliver program and project options that align with community and organizational priorities.
2. Provides SDCP with the confidence to target a core set of program types focused on community needs.
3. Gives SDCP the flexibility to co-design programs and projects with community partners and to be responsive to external funding opportunities as they emerge.

Please join us at [www.sdcommunitypower.org](http://www.sdcommunitypower.org) as we embark on an exciting, impactful, and globally important mission to deliver 100% clean energy to customers by 2035 while investing back into our local communities for a brighter, healthier future!

Sincerely,

Karin Burns  
Chief Executive Officer

# Capital Investment Plan Overview



# Capital Investment Plan Overview

New for FY 2023-24, SDCP is developing its first Capital Investment Plan (CIP) which will contain all the individual capital projects, major equipment purchases, and major programs for the agency that are intended to span multiple years. The FY 2023-24 budget proposes a one-time portion of net operating revenues be transferred to the CIP as a continuing fund in which any unspent funds are kept within that fund and carried forward to the subsequent fiscal year.

The CIP includes funding for local development feasibility studies, customer program pilot projects, member agency grants, community grants, a customer education platform, and other areas as outlined in the short- and medium-term program areas. Given the number of planning and pilot projects, the SDCP CIP is largely funded by internal funding which allows maximum flexibility in the planning phase with designing programs and projects. This allows the agency to focus on designing based on community and agency needs rather than based on the requirements requested by a funding agency. The planning phase of a program or project also requires less funding when compared to implementation or design and construction. As SDCP builds reserve funds and to have maximum impact, SDCP leverage the CIP to aggressively pursue external funding from sources such as state and federal agencies.

	<b>FY24 Proposed</b>
Operating Transfer Out	3.9
Operating Transfer In	3.9
DAC-GT CSGT	0.3
<b>CIP Revenue</b>	<b>4.2</b>

Amounts displayed in millions, \$

## EQUATION 1: FY 2023-24 CIP BUDGET APPROPRIATION

<b>Project</b>	<b>FY24 Proposed</b>
CPUC Green Tariffs	0.3
Member Agency Grants	0.4
Building Electrification Education	0.0
Customer Education	0.4
Building and Housing Stock	0.3
Community Grants	0.5
PUC Energy Efficiency Program	0.3
Customer Program Pilots	2.0
Local Development Feasibility Studies	0.1
<b>CIP Expenses</b>	<b>4.2</b>

Amounts displayed in millions, \$

## EQUATION 2: FY 2023-24 CIP BUDGET EXPENSES



The first year of the CIP is appropriated as part of SDCP’s annual budget process and becomes the adopted capital budget for the fiscal year. The subsequent years of the CIP are planned expenses that are subject to Board approval during the annual budget process and are subject to change.

Program	Program	FY24	FY25	FY26	FY27	FY28	Total
Disadvantaged Communities Green Tariff and Community Solar Green Tariff	CPUC Green Tariffs	0.3	0.3	0.4	0.4	0.4	1.8
Grant Programs	Member Agency Grants	0.4	0.4	0.4	0.4	0.4	2.0
Energy Awareness and Education	Building Electrification Education	0.0	-	-	-	-	0.0
Energy Awareness and Education	Customer Education	0.4	-	-	-	-	0.4
Grant Programs	Community Grants	0.5	-	-	-	-	0.5
Energy Efficiency	PUC Energy Efficiency Program	0.3	-	-	-	-	0.3
Pilot Programs	Customer Program Pilots	2.0	-	-	-	-	2.0
Pilot Programs	Building and Housing Stock	0.3	-	-	-	-	0.3
Pilot Programs	Local Development Feasibility Studies	0.1	-	-	-	-	0.1
<b>CIP Expenses</b>		<b>4.2</b>	<b>0.7</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>7.4</b>
Amounts displayed in millions, \$							

EQUATION 3: FY 2024-28 CIP PROGRAMS AND PROJECTS



# Overview of San Diego Community Power







## Governance and Structure

In September 2019, the cities of San Diego, Chula Vista, Encinitas, La Mesa, and Imperial Beach adopted an ordinance and resolution to form San Diego Community Power, a California joint powers agency. In 2021, the County of San Diego and National City voted to join SDCP.

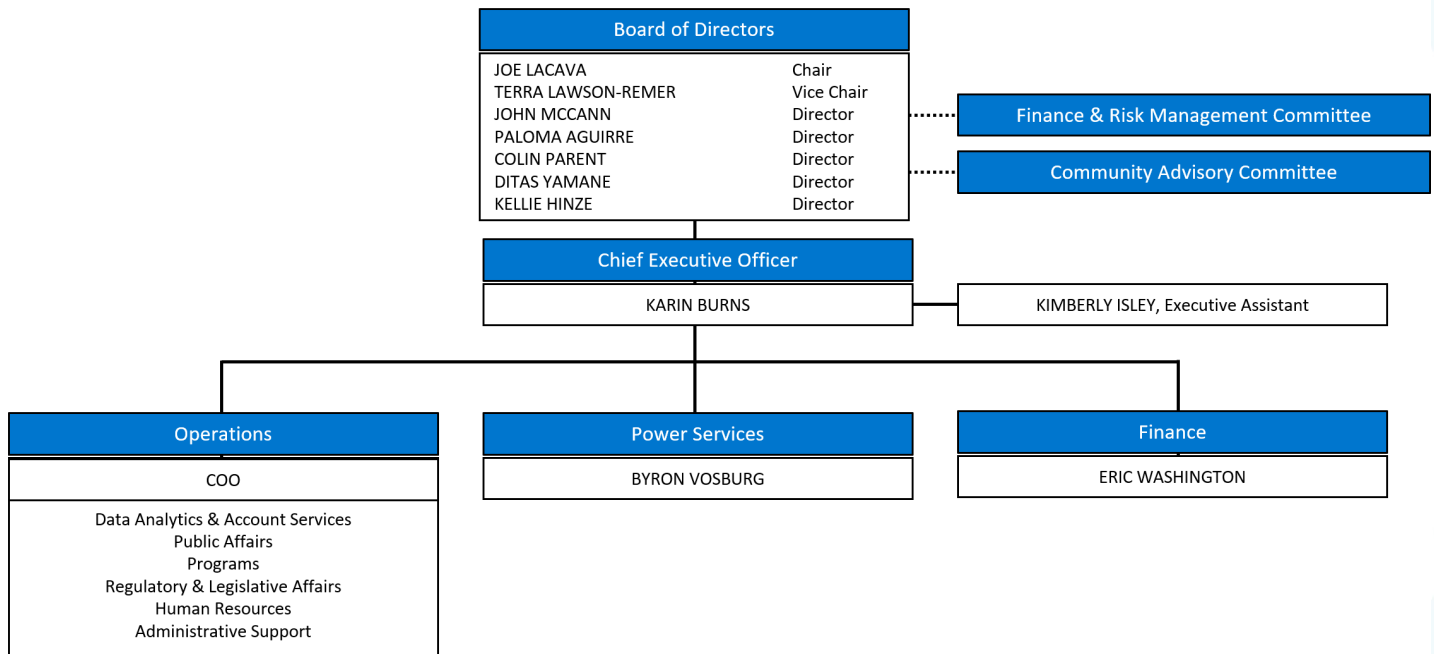
SDCP’s Board is comprised of elected representatives from each member jurisdiction—which may expand as new communities in the surrounding area decide whether to join SDCP in the future. The Board is publicly accountable to SDCP ratepayers and hosts monthly Board meetings, where they establish policy, set rates, determine power options and maintain fiscal oversight.

As a public agency, SDCP is designed to be fully transparent with all meetings and information open to the public.

**FIGURE 2: SDCP MEMBER CITIES**



## Organization Structure



**FIGURE 3: ORGANIZATION CHART**



# Capital Investment Plan





# Capital Investment Plan (CIP)

## About the CIP

The SDCP Fiscal Year 2024 - 2028 Capital Improvement Plan (CIP) includes 9 projects that will receive funding in the five-year period, totaling \$7.4 million in investments across SDCP member jurisdictions. Projects include a number of short- and medium-term programs and projects that are largely pilot and planning studies. This allows SDCP to thoughtfully plan and design its projects and programs based on community and agency needs to deliver programs and projects that provide maximum public impact and that can potentially leverage other local, state and federal funds.

This plan continues SDCP's commitment to plan and finance programs and projects that align with community and organizational priorities. The programs and projects are a list that provides SDCP with the confidence to target a core set of program types focused on community needs. It also gives SDCP the flexibility to co-design programs with community partners and to be responsive to external funding opportunities as they emerge.

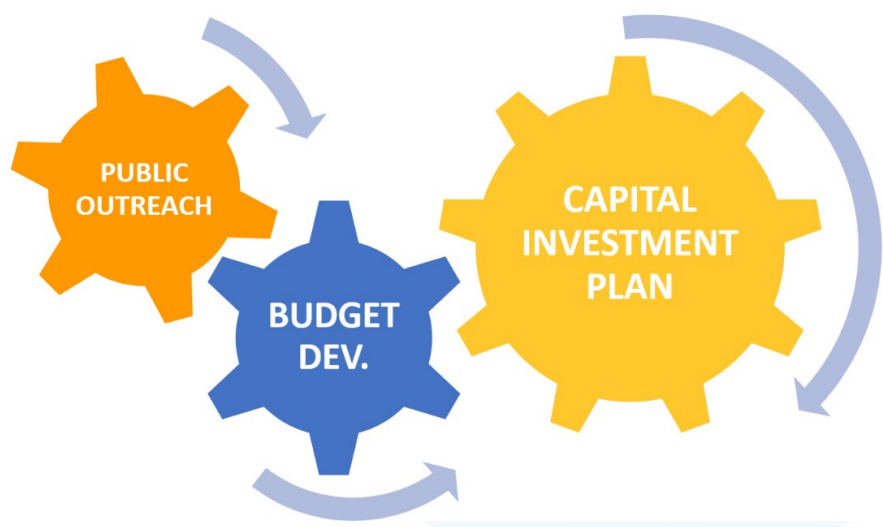
This plan is not a final or absolute list of funded projects and projects may not have funding identified. Each funded and partially funded project shows a potential source of funding but does not necessarily indicate actual funding of the project has occurred. As design requirements, budgets and priorities change, the planned projects may also move within the plan or may drop out entirely.

Likewise, this list is not all-inclusive. Often, unexpected requirements cause unforeseen projects to be inserted into the design and execution process. Further, funding sources identified in the CIP are potential funding sources which may not materialize. Projects, programs, and funding are additionally subject to Board approval consistent with the JPA and the internal policies and programs of the agency.

## CIP Development Process

SDCP will update the CIP annually during its budget-development process. Programs and projects are included in the CIP based on alignment with SDCP's strategic goals and based on community engagement.

The proposed capital budget and CIP undergoes a public outreach process comprising a wide range of stakeholder groups. The CIP additionally is a dynamic document that is intended to be updated regularly as needs shift or as fund availability changes. All subsequent updates to the CIP will be brought to the SDCP Board for approval.



**FIGURE 4 CIP DEVELOPMENT PROCESS**

# Strategic Planning



# Strategic Planning

SDCP's budgeting process including its CIP is built around the objectives outlined in its Strategic Plan. The Plan's framework assists staff in weighing the community's priorities against the limited resources available to achieve its strategic goals.

The Strategic Plan is an important management tool to guide operations, assessing the current environment and envisioning the future, to increase effectiveness, organizational commitment, and consensus of SDCP's strategies and objectives.

The Strategic Plan provides a comprehensive framework that ensures priorities set by the SDCP Board are clear to all staff and that SDCP is accountable to meeting community needs by setting objectives to meet identified goals.

On June 23, 2022, the SDCP Board adopted its mission, vision, core values and goals for 2023-2027 as part of its 2023-2027 Strategic Plan. Subsequently, on April 21, 2023, the SDCP Board updated its Strategic Plan.

SDCP then incorporated its Strategic Planning updates into the FY 2023-24 operating budget as part of its annual budget cycle adopted through its Budget Policy.

## Mission Statement

Through the Strategic Planning process, SDCP defined its overall Mission Statement. Our Mission summarizes at the highest level why we are here. Everything we do contributes to our ability to achieve the mission.

## Vision Statement

SDCP additionally defined its overall Vision Statement to guide the agency. Our Vision describes what we aspire to be as an organization. This is where we are going. Our vision is our commitment to making bold progress in this direction.



FIGURE 5 MISSION STATEMENT



FIGURE 6 VISION STATEMENT



## Strategic Goals

To achieve our Mission and Vision, we work to balance our performance across seven Strategic Goals. These are high level, long-term goals that guide our work.

SDCP's Strategic Goals can be further defined and expanded as follows with specific actions to achieving these goals.

1. **Financial Stability** – Practice fiscal strategies to promote long-term organizational sustainability.
  - Adopt financial controls and policies to meet or exceed best practices and manage risk.
  - Obtain an investment-grade credit rating by November 2025.
  - Adopt plan to increase reserves to \$175 million by October 2023 (90-days cash on hand) and \$360 million by October 2025 (180-days cash on hand).
  - Develop Rate Stabilization Reserve of \$70 million to mitigate power cost fluctuations and economic downturns.
2. **Energy Portfolio Development** - Provide sufficient, reasonably priced, clean electricity to our customers.
  - Manage portfolio to manage risk, cost and reliability objectives through risk management tools, sufficient staffing, and staff training.
  - Develop secure Clean Energy Portfolio with goals of: 50% RE (2022), renewable energy 5% (2027), 85% (2030), and 100% (2035).
  - 15% of our energy coming from new, distributed infill storage/solar+ storage resources within Member Agencies by 2035.
  - Support development of innovative energy sources to improve resiliency through pilot programs, grant programs, and partnerships.
  - Create high quality local jobs in renewable energy that support healthy families and vibrant communities.
3. **Community Program Delivery** - Implement energy projects and programs that reduce greenhouse gas emissions, align energy supply and demand, and provide benefits to community stakeholder groups.
  - Implement Community Power Plan (CPP) recommended programs through continuous community engagement and assessment of community benefits while considering technology/ market changes and changing community needs.
  - Invest in programs that target communities of concern (underserved communities ) and are distributed throughout our Member Agencies.
  - Invest in programs that promote residential and commercial solar, infill solar and/ or distributed battery storage.
  - Develop local support for deep decarbonization through building and transportation electrification.
  - Develop workforce opportunities in the local clean energy economy (green careers).
  - Support local government and state initiatives to advance decarbonization in alignment with Member Agency Climate Action Plans.
  - Provide all customers with actionable clean energy education.
  - Maintain appropriate and sufficient data sources to support smart program design, implementation and evaluation.



FIGURE 7 KEY FOCUS AREA AND GOALS

4. **Brand Building** – Develop trusted brand reputation to help drive participation in programs and ensure support customer service and retention.
  - Identify and address gaps between perception and desired brand identity.
  - Translate policy issues into consumer-friendly information and communication.
  - Become known as leadership experts on the CCA model and the industry.
  - Foster relationships with city planning offices, CBOs, NGOs, and Trade Associations.
  - Develop relationships with industry media and influencers.
  - Engage community through participation in local events.
5. **Public Policy** – Advocate for public policies that advance SDCP organizational priorities.
  - Proactively educate and engage policymakers to develop policies that support SDCP’s organizational priorities, including advocacy around Power Charge Indifference Adjustment (PCIA) reductions.
  - Sponsor and support legislation and regulation that is consistent with SDCP’s mission, vision, and goals.
  - Develop annual legislative plan to advance and support SDCP objectives and share plan with local Senate and Assembly members and staff.
  - Develop plan to meet more proactively with and educate key decisionmakers (e.g. CEC, CPUC commissioners).
  - Coordination with Member Agency government affairs’ teams to align on legislative positions.
  - Continue to be an active participant in CalCCA and develop partnerships and coalitions to advance SDCP’s policy and legislative agenda through CalCCA efforts.
6. **Customer Service** – Ensure high customer retention and satisfaction.
  - Ensure customer satisfaction through key relationships including back-office support
  - and key stakeholders.
  - Continually strive to offer competitive rates.
  - Maintain and grow high levels of customer participation and satisfaction.
  - Achieve 10% of our load at the Power 100 service level by 2027.
  - Build a robust data ecosystem for effective procurement as well as program design, management and evaluation.
7. **Organizational Excellence** – Ensure excellence by adopting sustainable business practices and fostering a workplace culture of innovation, diversity, transparency and integrity.
  - Create an organizational culture of inclusion, mutual respect, trust, innovation, and collaboration that upholds organizational core values.
  - Develop an annual staffing plan that identifies and addresses resource needs and gaps.
  - Provide training and professional development opportunities that build new skills and abilities.
  - Foster culture of innovation to yield solutions that accelerate our mission and drive toward SDCP’s vision.
  - Design and implement an internship program that attracts workforce from our member cities and creates opportunities for candidates new to CCAs and the industry.

Build institutional capacity of CAC to support the mission and core goals of SDCP.





# Community Engagement



# Community Engagement

## Community Engagement Process

The community engagement process provided SDCP a key opportunity to hear directly from community members and to build relationships with community partners. SDCP is invested in developing and maintaining relationships with community partners so that community input can continue to inform future program design and implementation. The community engagement process conducted as part of this Plan should therefore be viewed as a key step in establishing an on-going relationship with the community, rather than as a one-time process.



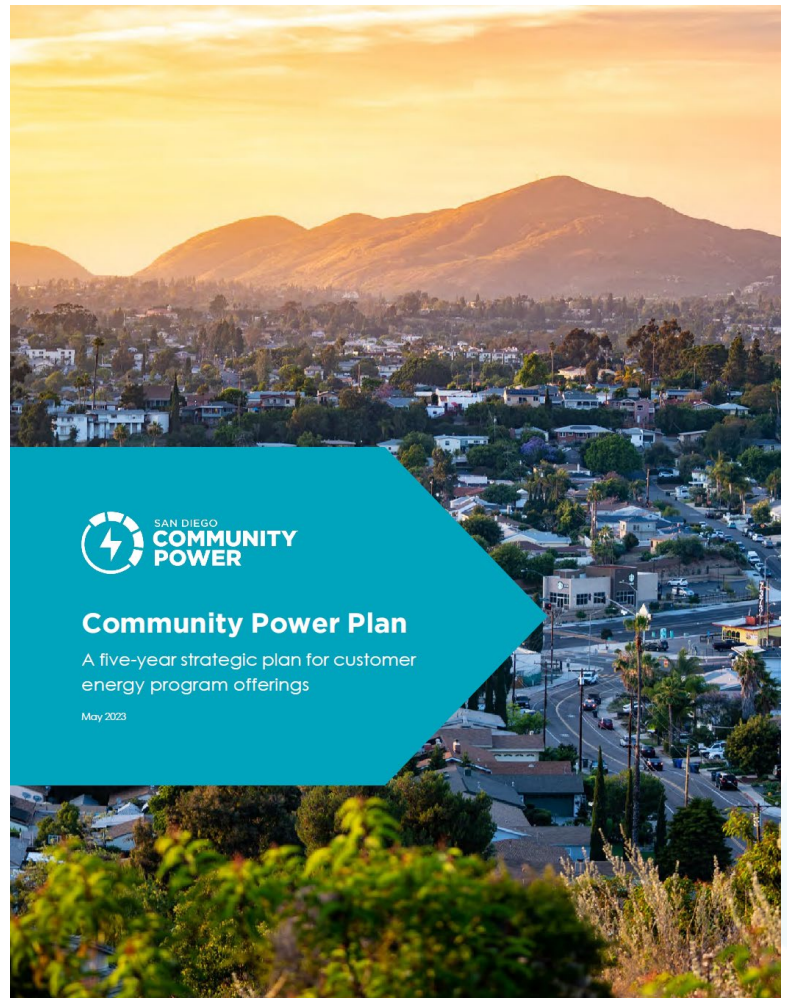
**FIGURE 8: SOUTHEAST SAN DIEGO COMMUNITY MEMBERS PARTICIPATING IN A LISTENING SESSION**

## Community Power Plan

The SDCP Community Power Plan (CPP), adopted by the SDCP Board on May 25, 2023, is a key planning document that guided SDCP’s Capital Investment Plan investments. The CPP provides strategic direction for developing customer energy programs over the next five years. As a not-for-profit public agency, SDCP is committed to developing a suite of customer energy programs that respond to community needs, with a focus on Communities of Concern.

The community engagement process for the CPP provided SDCP a key opportunity to hear directly from community members and to build relationships with community partners. SDCP is invested in developing and maintaining relationships with community partners so that community input can continue to inform future program design and implementation. The community engagement process conducted as part of this Plan should therefore be viewed as a key step in establishing an on-going relationship with the community, rather than as a one-time process.

The community needs assessment was a fundamental piece of the CPP and included extensive community outreach. Between May and November 2022, SDCP heard from more than 3,450 community members through listening sessions, workshops, pop-up events in harder-to-reach communities, and a customer-wide survey. This helped SDCP understand the challenges, needs, goals, and priorities that could be addressed through customer energy programs. Throughout the community engagement process, SDCP prioritized equity and Communities of Concern. Additionally, SDCP sought to develop foundational partnerships with community-based organizations.



**FIGURE 9: COMMUNITY POWER PLAN**

**TABLE 4: COMMUNITY NEEDS ASSESSMENT**

Engagement Method	Estimated Number Engaged
Community-Based Organization Co-Hosted Listening Sessions (2 Rounds)	325
Business, Key Stakeholders, and Public Listening Workshops	45
Unincorporated San Diego County Pop-Up Events	100
Community Needs Survey	2,980
<b>Total</b>	<b>3,450</b>



During the community needs assessment, SDCP’s leadership—the Board of Directors, Community Advisory Committee, and staff—was also engaged to further explore the opportunities for SDCP to meet community needs through its program offerings. All the input received throughout the community and organizational engagement was used to identify key priorities that were later incorporated into a program prioritization framework tool. The program prioritization tool and community and organizational priorities helped in the evaluation of potential programs recommended in this Plan and served as important context for SDCP for future program design.



**FIGURE 10: SAN YSIDRO COMMUNITY MEMBERS PARTICIPATING IN A LISTENING SESSION**



**FIGURE 12: SAN YSIDRO COMMUNITY MEMBERS PARTICIPATING IN A LISTENING SESSION CO-HOSTED BY CASA FAMILIAR**



**FIGURE 11: NORTH PARK COMMUNITY MEMBERS PARTICIPATING IN A LISTENING SESSION**

## Prioritizing Equity and Communities of Concern

SDCP is committed to making equity central to any community engagement conducted and to this Plan. To undertake meaningful equitable and inclusive engagement, SDCP prioritized partnering with, and providing compensation to, local community-based organizations that work directly with community members in Communities of Concern and can advocate for their collective needs. Specific equitable and inclusive engagement principles that were integrated into the community engagement for this Plan are noted below.

### **Minimizing obstacles**

The team implemented engagement strategies that were responsive to people's different needs, circumstances, and/or varying experiences interacting with public agencies to build comfort and trust. The team employed strategies and activities that minimized obstacles to participation, including the amount of time required for participation and providing virtual and in-person options. The team focused on maintaining flexibility and adaptability to incorporate lessons learned during the engagement process.

### **Valuing input**

The team valued local and lived knowledge by gaining an understanding of the priorities and initiatives of each community when soliciting input. This included collecting perspectives regarding a community's current goals, projects, and potential solutions.

### **Bridging partnerships**

The team established partnerships with community-based organizations throughout SDCP's service territory. In doing so, SDCP gained a deeper understanding of the issues, priorities, and effective engagement methods of its key stakeholders and their respective communities.

### **Recognizing everyday challenges**

The team recognized the day-to-day challenges community members face and adapted subject matter to their needs and experiences. For instance, addressing climate change and reducing air pollution may not be top priorities for community members facing multiple types of burdens.

Additionally, the team considered that increasing electricity bills and many households behind on bills and at risk of service shutoffs would likely generate some initial distrust in SDCP.

### **Promoting accessibility**

The team considered accessibility for the broadest range of community characteristics, including language, internet access, physical disability, time limitations, and subject matter understanding. Materials and presentations were developed for broad understanding using non-technical, simplified terms.

### **Incorporating language justice**

The team employed a language justice approach throughout the community engagement process. Language justice recognizes the power of language and the ways that it intersects with and reflects a community's history, culture, and identity as a key part of establishing trust and understanding.

This ensured that everyone involved in the process could speak, understand, and be understood in the language(s) in which they feel most comfortable. It also included a commitment to creating multilingual and cross-language opportunities where all communities, especially those who do not speak English as a first language, can be valued as equal participants. Language justice also supports the development of accessible and relevant communication tools and strategies that connect with the unique and varied experiences, interests, and priorities of communities.



# Capital Program Areas



# Capital Program Areas

## Program Type Overview

Utilizing the input received during the community needs assessment, the programs from the market assessment, and the scores from the program prioritization framework, five short-term program types and eight mid-term program types are recommended as options for implementation. All recommended program types align with at least one of the following community and organizational priorities and could target at least one of the following market sectors/customer types.




















Community Priorities	Organizational Priorities	Market Sectors/Customer Types
 <i>Reducing my energy bill</i>	 <i>Increasing energy awareness and education</i>	 <i>Residential single-family</i>
 <i>Addressing climate change by reducing greenhouse gas emissions</i>	 <i>Maintaining financial stability</i>	 <i>Residential multi-family</i>
 <i>Creating good, well-paying jobs in the energy sector</i>	 <i>Making investments in Communities of Concern and keeping energy affordable</i>	 <i>Commercial</i>
 <i>Getting rewarded to adjust when I use energy</i>	 <i>Managing load flexibility</i>	 <i>Communities of Concern</i>
 <i>Breathing cleaner air in my home or business</i>	 <i>Maximizing Infill solar and energy storage</i>	
 <i>Reducing air pollution in my community</i>	 <i>Visibly showing benefits to customers by investing back into the community</i>	
 <i>Creating opportunities for Communities of Concern to participate in the clean energy transition</i>		
 <i>Building more rooftop solar instead of large systems in remote areas</i>		
 <i>Keeping the power on at my home or business</i>		

FIGURE 13: SDCP COMMUNITY AND ORGANIZATION PRIORITIES

Given the significant influence that timing of available funding imposes on program delivery, this five-year Plan approached programs using the following phases:

- **Current-term (FY 21/22 – FY 22/23):** Programs that SDCP currently offers.
- **Short-term (FY 23/24 – FY 24/25):** Program types that can be launched quickly with available funding and/or with a manageable amount of SDCP's revenues to address immediate needs identified in the community needs assessment.
- **Mid-term (FY 25/26 – FY 26/27):** Program types that will take time for external funding to be secured, internal funding to be allocated, and/or require additional time to design and deliver. These include program types that may require more significant investments from SDCP's revenues. SDCP may choose to implement these program types sooner as funding and opportunities arise.
- **Long-term (FY 27/28+):** Program types that require more complex program design and development, are dependent on SDCP being more established, and/or that support emerging clean energy technologies.

The list of mid-term program types was selected due to their alignment with community and organizational goals. Implementation of programs will largely be determined by funding considerations and other market developments. Given that it is better to develop a small number of well-designed and impactful programs rather than trying to do everything, SDCP should be deliberate about which of the recommended program types to focus on, for which market sectors/customer types, and in which order. The below list is meant to provide flexible guidance for SDCP to deploy a transformative suite of customer energy programs over time.

#### **Short-Term Program Types (FY 23/24 – FY 24/25)**

1. Energy Awareness and Education
2. Application Assistance
3. Disadvantaged Communities Green Tariff and Community Solar Green Tariff
4. Pilot Programs
5. Grant Programs

#### **Mid-Term Program Types (FY 25/26 – FY 26/27)**

6. Building Electrification: Appliances
7. Building Electrification: Heat Pump Technology
8. Distributed Energy Resources: Energy Storage Systems
9. Distributed Energy Resources: Demand Response
10. Energy Efficiency
11. Transportation Electrification: Infrastructure
12. Transportation Electrification: Light-Duty Vehicles
13. Transportation Electrification: Medium- and Heavy-Duty Vehicles

## Program Type 1: Energy Awareness and Education

**TABLE 1: ENERGY AWARENESS AND EDUCATION PROJECTS**

Project	Scope of Work	CIP Total
Customer Education	To boost understanding of energy issues and increase participation in energy programs available to SDCP's customers and workforce.	\$350,000
Building Electrification Education	To encourage replacement of natural gas equipment such as stoves and clothes dryers and to incentivize installation of electric space heating and cooling, and water heating to achieve building electrification.	
<b>Total</b>		<b>\$350,000</b>

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
 <b>Short-term</b>	  	   

### Description

SDCP could offer energy awareness and education programs for its customers and workforce. Energy and bill education programs teach customers about how their energy bill works, how usage impacts costs, and the benefits of clean energy. Beyond energy bills and usage, education efforts can provide workers with resources and customers with unbiased information about how to participate in the clean energy transition, such as through lists of qualified and vetted contractors and equipment installers. Energy awareness and education initiatives could also include K-12 education programs.

An educated workforce will be needed to support the development, installation, and operation of many electrification technologies, especially among building electrification programs. Providing education to contractors can ensure that workers have knowledge on the latest electrification technology to support broad adoption and acceptance.

### Benefits

As a significant barrier cited in the community engagement process, building awareness around energy can support behavioral changes to promote energy efficiency and lower bills—a key issue for many community members. Education can also lead to increased uptake of rate-based programs (e.g., California Alternate Rates for Energy) that benefit Communities of Concern.

Many clean energy technologies face increased barriers to adoption due to the lack of qualified contractors and equipment installers or lack of awareness by Communities of Concern. Education and awareness programs for contractors can help overcome these barriers and benefit customers.

### **Design Considerations**

During the community engagement process, many expressed a lack of awareness around energy and the need for education, especially among Communities of Concern. Because many communities have a high level of distrust for government and utilities, partnering with trusted community-based organizations on education programs can help increase access, build trust, and deepen partnerships.

Education programs can also be paired with other program offerings to maximize awareness and participation.

SDCP should consider offering education via K-12 programs to increase awareness of the benefits of clean energy and grow awareness of SDCP as an organization. SDCP should also consider contractor training opportunities to support greater adoption of clean energy technologies, such as electric heat pumps, as contractor participation will be required to bring newer technologies to a broader market at scale. Lastly, SDCP should consider partnering with water agencies/authorities that offer water education programs to complement those programs and explain the water/energy nexus.

### **Funding Considerations**

SDCP should consider using internal revenues for this program type to expedite implementation. SDCP should explore partnering with trusted community-based organizations that currently offer educational programs or have experience with implementing educational programs and provide funding to the organizations to administer the programs.





## Program Type 2: Application Assistance

TABLE 2: APPLICATION ASSISTANCE PROJECTS

Project	Scope of Work	CIP Total
N/A	N/A	-
<b>Total</b>		<b>-</b>

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
 <b>Short-term</b>	         	   

### Description

There are many existing energy programs that SDCP customers may have access to from other local, state, and federal agencies (i.e., third-party programs). SDG&E alone offers more than 80 energy efficiency and demand response programs, though not all of them are relevant for each customer. The number of programs and the complexity of application processes can create barriers to access for many customers including under-resourced community members, small businesses, and/or organizations that serve Communities of Concern; therefore, an opportunity exists for SDCP to assist with application processes for third-party programs.

### Benefits

Funds are available from a variety of third-party programs that can currently help meet community needs. Since a lack of participation in existing programs was noted in the community needs survey, SDCP can help customers access the benefits of third-party programs to boost the success of the programs and help bring additional resources for a variety of energy measures to the San Diego region.

### Design Considerations

Because there are many existing programs that each have their own intricacies, SDCP should consider working with partners to select a targeted list of program types to provide application assistance for, rather than trying to support all application types. Recommendations for program types to provide application assistance for include energy efficiency, heat pump technology, transportation electrification infrastructure for income-qualified individuals and Communities of Concern, and onsite solar and energy storage for Communities of Concern. Example programs that align well with community needs could include SDG&E's energy efficiency programs, like the Residential Energy Solutions program and Energy Savings Assistance program, the TECH Clean California program, the Self-Generation Incentive Program, and the Disadvantaged Communities— Single-Family Affordable Solar Homes program.

Application assistance can be a strategy to build partnerships with trusted community-based organizations and partners or other public agencies. While application assistance may be offered to all, outreach can be conducted in partnership with community-based organizations to target support for Communities of Concern.

### Funding Considerations

SDCP should consider allocating internal resources (i.e., staff time) for application assistance to amplify the local benefits of available funding from existing programs.

## Program Type 3: Disadvantaged Communities Green Tariff and Community Solar Green Tariff

**TABLE 3: DISADVANTAGED COMMUNITIES GREEN TARIFF AND COMMUNITY SOLAR GREEN TARIFF PROJECTS**

Project	Scope of Work	CIP Total
CPUC Green Tariffs	To bring the benefits from local solar projects to those who may not be able to install solar on their roofs and offer a 20% bill discount to eligible residential customers in state-defined disadvantaged communities.	\$335,232
<b>Total</b>		<b>\$335,232</b>

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
Short-term	      	  

### Description

The Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) programs provide the benefits of solar and provide a bill discount to income-qualified residential customers in under-resourced communities who have barriers to installing or are unable to install solar on their roof. Eligible communities are determined by the California Public Utilities Commission using the CalEnviroScreen tool which identifies “disadvantaged communities” as census tracts that are disproportionately burdened by and vulnerable to multiple sources of pollution.

### Benefits

The DAC-GT and CSGT programs are intended to further promote the installation of renewable energy generation among disadvantaged communities with a particular focus on low-income residents within them. The California Public Utilities Commission created both programs to include a 20% bill discount so that low-income customers can affordably access local renewable energy resources that they would not otherwise be able to access.

### Design Considerations

As California Public Utilities Commission programs, many of the design elements of DAC-GT and CSGT are already established and prescribed. Customers are sometimes automatically enrolled in these programs; therefore, some participants may be unaware of the program, its benefits, or their enrollment status. Additionally, participants may be skeptical and view the combination of

benefits and bill savings as “too good to be true.” Partnering with trusted, local community-based organizations can help increase program awareness. Additionally, partnering with local organizations will be critical for the CSGT program since one of the requirements is identifying local program sponsors. SDCP should work with language justice specialists to remove jargon from program descriptions so that participants learn about the program benefits and do not unsubscribe.

### Funding Considerations

The DAC-GT and CSGT programs are funded first through Greenhouse Gas Allowance Auction proceeds. If such funds are exhausted, the programs are then funded through Public Purpose Program Surcharge funds. SDCP is in the process of pursuing funding from the California Public Utilities Commission for these programs.

## Program Type 4: Pilot Programs

TABLE 4: PILOT PROGRAMS PROJECTS

Project	Scope of Work	CIP Total
Customer Pilot Programs	To test out program concepts and support implementation of high-impact projects that SDCP may be able to scale with more funding.	\$2,000,000
Building and Housing Stock Analysis	Develop resources on existing building stock to inform program design.	\$250,000
Local Development Feasibility Study	Developing local infill planning including receiving feedback and guidance from SDCP Board, Community Advisory Committee, and other stakeholders to confirm needs and goals, visiting with member agencies to evaluate potential sites and opportunities, then reviewing scope and schedule of initial Local Infill Development plan with SDCP Board for the feasibility studies.	\$100,000
<b>Total</b>		<b>\$2,350,000</b>

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
 <b>Short-term</b>	      	   

### Description

Pilot programs are small-scale, short-duration projects (6-18 months) that can provide SDCP and stakeholders data on program design, technology acceptance, and other information helpful for broader program delivery.

### Benefits

Pilot programs can provide a range of benefits, such as:

- Testing local acceptance of incentive projects that have successfully been implemented in other parts of the State or country.
- Filling in gaps and facilitating bringing State funding into the region.
- Demonstrating the efficacy of emerging technologies and/or business models in the real-world.
- Evaluating innovative incentive delivery methods and mechanisms.
- Provide data on real-world, local project costs, barriers, and opportunities.
- Reducing risks of large-scale broad program delivery by providing lessons learned at a smaller scale.



### **Design Considerations**

Pilot programs can give SDCP the opportunity to flexibly invest defined amounts of internal resources to quickly learn about elements of a particular program before seeking significantly more investments for scaled programs. When developing pilot programs, SDCP should integrate opportunities to capture lessons learned throughout the process, whether that be through data capture, performance evaluation, and/or on-going stakeholder dialogue. Pilot programs can also provide the opportunity for SDCP to partner, support, and learn from community-based organizations. SDCP should work with community-based organizations, where feasible, to design and implement pilot programs.

### **Funding Considerations**

Depending on the amount of investment required, pilot programs can be funded by internal revenues. Smaller pilot programs can function as a preliminary phase in the design of broader externally funded programs. However, due to the size of SDCP's service area, SDCP should also consider seeking external funding to scale pilot programs to the entire service area and maximize impact.



## Program Type 5: Grant Programs

TABLE 5: GRANT PROGRAMS PROJECTS

Project	Scope of Work	CIP Total
Member Agency Grants	Grant programs to support both community organizations and its member agencies. Grants focus on addressing the key priorities heard during the community engagement process and provide member agency grants to support regional climate action goals.	\$380,000
Community Grants	To implement innovative program ideas from community-based organizations or specific clean energy projects that help SDCP's member agencies achieve their climate action goals.	\$500,000
<b>Total</b>		<b>\$830,000</b>

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
Short-term	         	   

### Description

Grant programs allow SDCP to provide financial assistance to community-based organizations and member agencies to implement clean energy projects or innovative program ideas. Grant programs require applicants to submit a proposal outlining their project or initiative and how it will meet the goals and objectives of the program.

### Benefits

Grant programs can provide numerous benefits for SDCP and the communities it serves, such as:

- Providing a source of funding to community-based organizations and member agencies that may not have the resources to implement innovative projects.
- Encouraging and supporting creative ideas that may not be possible through traditional funding sources.
- Creating tangible trust – and relationship-building opportunities between SDCP, its member agencies, and community organizations.
- Increasing visibility of SDCP within the communities it serves.
- Helping to achieve SDCP and member agency sustainability goals by aligning grant programs with initiatives such as promoting clean energy, reducing carbon emissions, and supporting local economic development.

### Design Considerations

SDCP should consider creating grant programs to support both community organizations and its member agencies. SDCP could provide community grants focused on addressing the key priorities heard during the community engagement process for the this Plan and provide member agency grants to support regional climate action goals. SDCP should consider partnering with trusted and proven regional organizations to streamline grant program development and implementation while easing administrative burden on staff.

### **Funding Considerations**

SDCP should consider using internal revenues to expedite the initial launch of the programs and simplify the funding administration process with community-based organizations and/or member agencies. Future philanthropic funding may be available for grant programs, especially if SDCP is providing internal revenues as a match. SDCP should consider partnering with regional entities to expand the impact of grant programs.





## Program Type 6: Building Electrification: Appliances

TABLE 6: BUILDING ELECTRIFICATION: APPLIANCES PROJECTS

Project	Scope of Work	CIP Total
N/A	N/A	-
<b>Total</b>		<b>-</b>

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
 <b>Mid-term</b>	   	  

### Description

Appliance electrification programs encourage the adoption of electric appliances, such as electric induction stoves and electric clothes dryers, to achieve building electrification.

### Benefits

Converting appliances from natural gas to electric helps reduce reliance on fossil fuels and provides a safer cooking environment due to the lack of an open flame. Switching to an electric induction stove or cooktop from a natural gas one can significantly improve indoor air quality because natural gas appliances release harmful pollutants. Gas stove cooking exposes millions of people in California to pollution levels that would be illegal outdoors (Environmental Health Perspectives, January 2014).

Induction stoves work by creating heat only within compatible cookware making them much safer due to the lack of an open flame or hot surface/burners. Induction stoves are extremely efficient and provide better temperature control than traditional electric stoves and rival gas stoves.

Electric heat pump clothes dryers require less maintenance than gas clothes dryers, which provides cost savings in repairs over their operational life. They can reduce the amount of energy used by up to 30% when compared to a traditional electric dryer. Additionally, due to their efficient design, heat pump clothes dryer do not need to be vented which reduces installation costs.

### **Design Considerations**

The transition to electric stoves can be a big change for people who are used to cooking with natural gas stoves. SDCP should consider providing education and outreach, including

demonstrations, to make residents of single-family and multi-family homes, and building owners/ landlords aware of the negative health impacts of gas stoves, the performance and safety benefits of electric induction cooking, and the compatibility of induction cookware. SDCP should also consider providing gift cards or other incentives for induction compatible cookware to help offset costs.

Many buildings will require electrical panel upgrades to accommodate electric appliances, which may require hiring electricians for installation. If panel upgrades performed by an electrician are necessary, the total cost of the project will increase. SDCP should consider offering incentives for panel upgrades alongside appliance electrification programs. For Communities of Concern and other income-qualified customers with limited access to financing, direct installation, or up-front incentives are recommended over rebates.

### **Funding Considerations**

SDCP should consider using internal revenues to fund appliance electrification and panel upgrade incentive programs. Providing additional incentives that can stack on top or fill in the gaps of the TECH Clean California program and the Home Electrification and Appliance Rebates that will be administered by the California Energy Commission (CEC) should also be considered.



## Program Type 7: Distributed Energy Resources: Energy Storage Systems

TABLE 7: DISTRIBUTED ENERGY RESOURCES: ENERGY STORAGE SYSTEMS PROJECTS

Project	Scope of Work	CIP Total
N/A	N/A	-
<b>Total</b>		<b>-</b>

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
 <b>Mid-term</b>	  	   

### Description

Heat pump technology programs encourage the installation of electric heat pumps for space heating, cooling, and water heating in buildings.

### Benefits

Conversion to heat pump technology supports buildings that are more efficient, cleaner, healthier, and safer. Heat pump technology is more efficient than its natural gas counterparts and avoids the onsite use of natural gas, which is responsible for most building emissions and can cause negative health impacts due to indoor air pollution. Unlike traditional heating systems, heat pump technology can provide space heating and cooling from the same system, which can lower costs compared to installing separate systems. Heat pump technology can benefit older homes especially because they can introduce incredibly efficient cooling capacity that has not typically existed—a critical service for many residents in a changing and warmer climate. Switching to a heat pump water heater removes an additional source of pollution especially when they are located inside the home and can efficiently heat water.

To enable the installation of heat pump technology, electrical panel upgrades may be needed for buildings that have outdated or constrained electrical panels. While panel upgrades do not have direct environmental or health benefits, outdated panels are a barrier for electrification for many projects, as their cost can significantly increase project costs that may not be covered in other incentive programs.



## **Design Considerations**

SDCP should consider supporting electrical panel upgrades in addition to the installation of heat pump technology. SDCP, like other CCAs, should also consider smart control requirements to enable demand response functionality since heat pump technology can be controlled to optimize when it is used to save energy and lower costs.

To support income-qualified customers and multi-family affordable housing, who may have challenges accessing up-front capital and have limited capacity to research and implement projects,

SDCP should consider direct installation programs. These sectors often have limited cash flow and complex ownership structures that make it difficult to access capital through loans, which can result in maintenance backlogs that would need to occur before energy retrofits. As a result, they may not implement clean energy programs without significant financial support and technical assistance. SDCP should consider that residents of these buildings may be overburdened by rent and utility costs and may end up displaced if housing costs increase because of electrification.

Given the vulnerability of the occupants, programs should also include protections for renters. This may require SDCP to work closely with local housing departments or other agencies to ensure that Communities of Concern are supported in the transition.

One common barrier during program design is the lack of skilled labor and equipment being carried by contractors. When older systems fail and need to be replaced, residential building owners generally cannot wait for contractors to order new equipment. Direct installation programs around efficiency and weatherization have traditionally leveraged entry-level skills, whereas the installation of heat pump technology requires more skilled labor, including electricians, heating and ventilation technicians, and plumbers. SDCP should consider providing contractor training and mid-stream incentives to enable contractors to know how to install heat pumps correctly, have heat pumps on hand, and offer competitive pricing.

## **Funding Considerations**

A major source of State funding for heat pump technology is the TECH Clean California program. SDCP should consider leveraging this program to provide additional stackable incentives. With funding flowing from the Inflation Reduction Act through the Environmental Protection Agency's Greenhouse Gas Reduction Fund and Environmental and Climate Justice Block Grants, SDCP should consider partnering with community-based organizations and regional agencies to apply for funding targeting the conversion to heat pump technology. SDCP should also monitor how funding from the Home Electrification and Appliance Rebates will be administered and implemented by the CEC.

## Program Type 8: Distributed Energy Resources: Energy Storage Systems

**TABLE 8: DISTRIBUTED ENERGY RESOURCES: ENERGY STORAGE SYSTEMS PROJECTS**

Project	Scope of Work	CIP Total
N/A	N/A	-
<b>Total</b>		<b>-</b>

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
 <b>Mid-term</b>	   	   

### Description

Energy storage system programs support the installation of onsite energy storage systems to be paired with renewable energy resources (e.g., onsite solar).

### Benefits

While the amount of solar available on the grid has increased dramatically in California, it is not being sufficiently captured during times of high production so that it can be used to meet needs when renewable energy resources are not available. This causes an imbalance—too much energy on the grid at times and not enough at others, requiring fossil fuel-based sources of electricity to make up the difference. Increasing the amount of energy storage that is paired with renewable energy generation helps make the electric grid cleaner. Energy storage can help to increase the resilience of the grid by balancing supply and demand and can also be used for backup power during outages or emergencies. This can be especially beneficial for critical facilities, community resilience hubs, and for customers who need to always have power available for medical devices, safety, or emergency response.

### Design Considerations

Multiple program pathways exist to support energy storage market development, depending on the level of resources available. For example, SDCP should work with local governments or others to implement energy storage systems at scale in critical facilities or community resilience hubs in ways that enable bulk purchasing of batteries and controls, including microgrids. SDCP should also provide technical support to customers to enable comprehensive energy retrofits, including energy storage systems.

### Funding Considerations

SDCP should consider offering incentives to stack on top of other energy storage funding sources such as the Self-Generation Incentive Program (SGIP) like other CCAs have done. Additionally, SDCP should also consider creative financing to bridge the gap in SGIP processing timelines and complexities by providing an up-front incentive instead of requiring participants to wait for a rebate. Internal revenues could be prioritized for energy storage system market development programs given the potential multiple organizational and community benefits.

## Program Type 9: Distributed Energy Resources: Demand Response

TABLE 9: DISTRIBUTED ENERGY RESOURCES: DEMAND RESPONSE PROJECTS

Project	Scope of Work	CIP Total
N/A	N/A	-
<b>Total</b>		-

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
 <b>Mid-term</b>	  	   

### Description

Demand response programs incentivize customers to reduce their electricity use when energy demand on the grid is at its peak. These types of programs can encourage behavioral changes to shift or reduce usage or can leverage smart devices to automatically take the desired action.

### Benefits

Decarbonizing buildings requires more than just reducing the amount of energy used; it requires changing the time of when energy is used to maximize the use of renewable energy and minimize peak demand when the grid requires larger fossil-fuel generation to come online. Demand response technologies enable this shift in when energy is used, helping customers control costs, and making the best use of renewable energy when it is available. Demand response technologies can also enable buildings to help build the overall resilience of the grid by helping operators shift loads during peak times, reducing the likelihood of power outages during extreme heat events.

### Design Considerations

A gap exists around support for installation of smart controls on other systems, such as heat pump technology, electric vehicle chargers, and energy storage systems. Many CCAs require or encourage the equipment they incentivize to have demand response capabilities. SDCP should require that incentivized equipment be grid interactive. By establishing technology requirements across other programs, SDCP could provide the most future-proofing and flexibility to enable customers to participate in demand response programs.

### Funding Considerations

Because demand response programs have the potential to reduce the amount of energy that SDCP needs to procure or bring value to SDCP's power services in other ways (i.e., resource adequacy), SDCP should consider funding these programs through internal revenues. SDCP should monitor the Demand Side Grid Support program development and other related demand response programs available from the California Energy Commission and California Public Utilities Commission.



## Program Type 10: Energy Efficiency

TABLE 10: ENERGY EFFICIENCY PROJECTS

Project	Scope of Work	CIP Total
PUC Energy Efficiency Program	To reduce the amount of energy customers use, improve indoor comfort, and lower energy bills.	\$250,000
<b>Total</b>		<b>\$250,000</b>

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
Mid-term	  	   

### Description

Energy efficiency programs promote a wide range of strategies that can reduce the amount of energy buildings use.

### Benefits

Energy efficiency is a critical decarbonization strategy with multiple co-benefits: reduced energy demand, reduced customer energy bills, increased indoor air quality, and increased indoor comfort. Weatherization efforts, including insulation, improved windows and doors, and cool roofs can help keep indoor environments safe and comfortable longer when power outages occur—and less energy demand means customers can install smaller renewable energy generating systems (e.g., onsite solar) which leads to lower installation costs.

### Design Considerations

With SDG&E offering a multi-year energy efficiency program portfolio, SDCP should develop complimentary programs that fill gaps and avoid duplication. SDCP should consider opportunities to provide free or low-cost energy efficiency upgrades for income-qualified customers and residents in Communities of Concern to be responsive to community priorities. Energy efficiency programs for multi-family buildings can help fill a gap, as these buildings often have complex ownership structures and other barriers that make it difficult to access traditional programs; this is especially notable for affordable multi-family housing.

SDCP should consider that residents of inefficient buildings may be overburdened by rent and utility costs and may end up displaced if housing costs increase because of energy efficiency upgrades.

Given the vulnerability of the occupants and the importance of keeping people housed, energy efficiency programs should include protections for renters. This may require SDCP to work closely with local housing departments or other agencies. While challenging, these considerations can help support Communities of Concern.

### Funding Considerations

Since SDCP is not eligible to receive energy efficiency funding via the Elect to Administer pathway, SDCP is limited in its opportunity to access energy efficiency funds from the California Public Utilities Commission via Public Purpose Program Surcharge funds. However, as one of the last regions in the State without a Regional Energy Network (REN), SDCP should continue its exploration of forming one. Programs from a REN would fill gaps in existing energy efficiency programs by serving hard-to-reach customers and would not be required to meet the restrictive cost-effectiveness thresholds.

## Program Type 11: Transportation Electrification: Infrastructure

TABLE 11: TRANSPORTATION ELECTRIFICATION: INFRASTRUCTURE PROJECTS

Project	Scope of Work	CIP Total
N/A	N/A	-
<b>Total</b>		<b>-</b>

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
 <b>Mid-term</b>	     	 

### Description

Transportation electrification infrastructure programs support the deployment of electric vehicle charging stations and related technologies (e.g., Vehicle-to-Grid) to enable light-, medium-, and heavy-duty transportation electrification.

### Benefits

Expansion of the electric vehicle charging network is needed to support customers switching from fossil-fuel powered cars, which are associated with both carbon emissions and local air pollution. Increasing access to charging infrastructure can increase customer confidence to make the transition to electric vehicles, especially for residents of multi-family buildings and in rural areas, as noted during the community needs assessment.

### Design Considerations

SDCP should focus transportation electrification infrastructure programs on locations where the private sector is not currently prioritizing development (i.e., geographical areas or market sectors). Gaps in access to electric vehicle charging infrastructure could be filled through strategies such as direct installation of equipment for multi-family buildings located in Communities of Concern. In some cases, SDCP should provide additional funding to residents to stack on top of existing funding from incentive programs for all applicants or some sectors (e.g., Communities of Concern). In light of significant funding becoming available for public charging infrastructure, SDCP should partner with member agencies to expand public access to charging infrastructure in locations underserved by public charging and/or that could serve residents of multi-family buildings. Creative approaches for deploying charging infrastructure on member agency-owned land could create benefits (e.g., lower charging costs and increased charging locations) relative to charging infrastructure on commercial properties. SDCP also should consider offering technical assistance and incentives for commercial charging infrastructure to support the transition of medium- and heavy-duty vehicles to electric.

### **Funding Considerations**

Significant focus has been placed on transportation electrification by state and federal agencies, creating many opportunities for SDCP to seek external infrastructure incentive programs. The California Public Utilities Commission's Locally Invested Transportation Equity funding offers a chance to test innovative program designs with a focus on community partnerships. The California Energy Commission is expected to provide additional opportunities for creative incentive design and delivery through future Vehicle-to-Grid funding and the Electric Program Investment Charge program.

SDCP should continue to collaborate with the San Diego Association of Governments and San Diego County Air Pollution Control District through the regional Accelerate to Zero Emissions Collaboration and in their effort to incentivize charging infrastructure. Lastly, SDCP can support member agencies in their efforts to seek funding such as through the Clean Mobility Options program.





## Program Type 12: Transportation Electrification: Light-Duty Vehicles

TABLE 12: TRANSPORTATION ELECTRIFICATION: LIGHT-DUTY VEHICLES PROJECTS

Project	Scope of Work	CIP Total
N/A	N/A	-
<b>Total</b>		<b>-</b>

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
 <b>Mid-term</b>	   	  

### Description

Light-duty vehicle electrification programs support customers in the transition from fossil-fuel powered cars to electric cars. Examples of light-duty vehicles include sedans, sport utility vehicles, and pick-up trucks.

### Benefits

The switch from fossil-fuel powered cars towards electric vehicles have the dual benefit of reducing carbon emissions and air pollution locally. Compared to light-duty fossil-fuel cars, light-duty electric vehicles are easier to maintain and have an overall lower lifetime cost of operation. With the right rate structures and technology, electric vehicles also present the opportunity to serve as energy storage systems and help with grid resiliency.

### Design Considerations

SDCP should prioritize expanding access to electric vehicles for income-qualified customers, such as offering incentives for used electric vehicles to increase affordability. Previously leased electric vehicles can be good options for used electric vehicles if they are in good condition. SDCP should consider partnering with car dealerships to offer point-of-sale incentives on used electric vehicles. SDCP should avoid providing after-sale rebates since it requires customers to have the upfront capital and ability to wait for a rebate. It should be noted that point-of-sale incentives can be more challenging to implement and SDCP will need to do additional work to support this type of delivery mechanism.

In addition, SDCP should focus on reducing other barriers to electric vehicle adoption such as by providing favorable financing options. Electric vehicle programs can be paired with support for charging infrastructure in Communities of Concern. Lastly, SDCP should consider designing programs that reduce other barriers to electric vehicle adoption by providing point-of-sale incentives or other types of up-front assistance instead of after-sale rebates. SDCP should also consider how best to fill in the gap for financing options by income-qualified customers.

### Funding Considerations

Internal revenues may be required to create incentives to stack on top of available State funding for electric vehicle adoption (i.e., Clean Vehicle Rebate Project and Clean Vehicle Assistance Program) or the future regional vehicle-scrap program (i.e., Clean Cars 4 All). As with transportation electrification infrastructure programs, the regional Accelerate to Zero Emissions Collaboration initiative will be involved in all aspects of bringing funding to the region, both for SDCP to potentially access for self-administered programs and for its customers to access via third-party programs.

## Program Type 13: Transportation Electrification: Medium- and Heavy-Duty Vehicles

TABLE 13: TRANSPORTATION ELECTRIFICATION: MEDIUM- AND HEAVY-DUTY VEHICLES PROJECTS

Project	Scope of Work	CIP Total
N/A	N/A	-
<b>Total</b>		<b>-</b>

Phase	Priorities Addressed	Recommended Market Sector/Customer Type
 <b>Mid-term</b>	   	 

### Description

Medium- and heavy-duty vehicle electrification programs encourage the transition away from fossil- fuel powered commercial vehicles toward electric alternatives. Examples of medium- and heavy- duty vehicles include delivery and shuttle vans (class 2-6), diesel shipping trucks (class 7-8), school and transit buses, transport refrigeration trucks, drayage trucks, and forklifts.

### Benefits

The electrification of medium- and heavy-duty vehicles reduces carbon emissions and local air pollution. Air pollution tends to be high around ports and logistics corridors, where heavy commercial vehicles regularly travel and often spend time idling. These are also places where large portions of Communities of Concern can be found, leading to disproportionate impacts on the health of these communities. Transitioning these vehicles has the added benefit of reducing noise pollution as well.

### Design Considerations

SDCP should analyze which fleets of medium- and heavy-duty vehicles have the highest impact on Communities of Concern. The Port of San Diego is a clear partner given its location, business operations, and recent policy direction in the Maritime Clean Air Strategy. Working with transit agencies, school districts, and public agencies, SDCP can support the transition of fleets that serve the public to create the co-benefit of exposing more of the public to electric transportation.

SDCP should also create medium- and heavy-duty vehicle electrification programs that target businesses that operate their fleets primarily in Communities of Concern. While some medium-duty electric vehicle types are cost-competitive now, others are far more expensive and will take more support and resources to transition. In addition, because medium- and heavy-duty vehicles vary in the distance they can travel on each charge, SDCP should work with commercial customers to determine which vehicles options would work well based on their specific need, travel patterns, and markets served. SDCP also needs to consider the need for appropriate charging infrastructure to support the conversion.

### Funding Considerations

SDCP should consider working with customers to implement innovative business models that lower the cost of vehicles. It should also consider leveraging internal funding to capture new funding opportunities and maximize impact.

# Funding Guide





# Funding Guide

There are two main ways that SDCP can fund programs—through its own internal revenues or by applying for external funding. Funding programs with internal revenues would provide the greatest amount of flexibility for SDCP to design programs in ways that specifically meet community needs; however, as a newer organization, SDCP must also balance building a strong financial foundation, meeting reserve targets and other organizational priorities. In the short-term, the amount of revenues SDCP can direct to customers in the form of programs will be limited, but that amount is expected to grow over time.

Even further, internal funding allows maximum flexibility in the planning phase with designing programs and projects whereby the agency can focus on designing based on community and agency needs rather than the requirements requested by a funding agency. The planning phase of a program or project also requires less funding when compared to implementation or design and construction.

While building reserve funds and to have maximum impact, SDCP will need to pursue external funding from sources such as state and federal agencies. External funding takes more work to apply for and administer and is less flexible than using internal revenues, but the total dollar amounts from external sources can be much higher. The main sources of external funding include the California Public Utilities Commission and California Energy Commission, as well as other state and federal agencies. The federal Infrastructure Investment and Jobs Act and the Inflation Reduction Act will also create new funding sources, likely delivered through these same state agencies.

## Internal versus External Funding

When considering funding for administering programs, SDCP must evaluate using internal revenues and applying for external funding, which both have impacts that need to be thoroughly considered. Investing internal revenues into programs would be done so over other potential organizational priorities. That said, investing revenues back into the community through programs provides arguably the most equitable distribution of revenues to customers and undoubtedly provides the highest level of certainty and flexibility for SDCP to administer programs.

External funding is typically competitively bid, requiring additional resources for grant tracking and writing, and creating risk for long-term program planning due to the uncertainty of grant awards.

Additionally, many of the potentially cumbersome administrative elements of external funding (e.g., reporting, program design, and timelines) can be less burdensome when funding programs with internal revenues. This flexibility is particularly important when considering SDCP's equity commitments because external funding sources may have requirements that can make it difficult to deliver programs effectively to customers in Communities of Concern.

Research across the CCA landscape shows a variety of different approaches when considering program funding sources. Some CCAs aggressively spend their own revenues on programs with little use of outside funds due to the administrative burden and complexity associated with external funds, among other reasons. Others spend a relatively limited amount of revenues on programs, instead relying almost solely on external funding sources. As a young organization, SDCP should prioritize a middle ground between these two extremes and adjust the strategy as the organization matures.

In the short-term, SDCP has committed to building financial reserves of \$500 million (180-day cash on hand), since one of the organization's strategic goals is to obtain a credit rating. This attention to building a strong financial position is important to enable SDCP to effectively meet the long-term needs of the community. As reserve targets are met, the ability of SDCP to invest revenues back into communities through programs will increase.

Meeting financial reserve targets will give SDCP the ability to offer programs with larger budgets and provide financial incentives using internal revenues. Internal revenues can also support increased external funding, for example by

developing pilot programs which can be expanded with external resources, or by supplementing external funding with additional funds to support full project needs. Doing so can make SDCP's internal dollars go farther.

## External Sources

SDCP can apply for funds from a variety of sources to supplement SDCP's own investments in programs. These external sources vary in the level of funding resources they provide, the

complexity of the application process for securing them, and the flexibility they offer in how funds are distributed.

New funding opportunities will become available as budget is allocated through state legislation. SDCP will monitor for funding opportunities that are a good fit to pursue, based on community and organizational priorities, and apply for them in the short-term, while understanding that funding may not become available until the mid-term. For some external funding opportunities, SDCP may be able to partner with other regional agencies and partners to share the administrative burden.

SDCP should explore the viability of capturing funding from the sources below.



## Funding Guide

Funding Source	Description
SDCP Revenue Bond	Section 3.2.8 of the JPA states that SDCP at the discretion of the Board may issue revenue bonds and other forms of indebtedness. Upon receipt of an investment-grade credit rating, SDCP may have the ability to issue debt, such as a revenue bond, given that SDCP can demonstrate the ability to meet potential debt payment obligations through the credit rating. Under the SDCP Debt Policy, SDCP may issue a revenue bond in the next 5 years up to ~\$700 million that will be guided by planning and pilot projects and programs and that will need to be authorized by the SDCP Board.
SDCP Operating Transfers	Through the annual budget process, the SDCP Board may approve an appropriation of funds to be transferred out of the operating budget and transferred into the CIP. These funds will remain in an SDCP continuing fund to be used across multiple fiscal years given that CIP projects generally last longer than one year.
CPUC Apply to Administer (ATA)	SDCP could offer energy efficiency programs that do not duplicate SDG&E's current offerings with all programs required to meet strict cost-effectiveness tests. Cost-effectiveness requirements can limit program offerings to residential customers and especially to customers in Communities of Concern. Due to the administrative burden, lack of flexibility and creativity, and strict cost-effectiveness requirements.
CPUC Elect to Administer (ETA)	The ETA option is a more streamlined pathway to access Public Purpose Program Surcharge funds available to CCAs when compared to ATA. Unfortunately, due to the methods used to determine available funding, currently there are no available funds eligible for SDCP to receive in the short – and mid-term under this pathway
CPUC Regional Energy Network (REN)	Public Purpose Program Surcharge funds available for RENs. The San Diego region is one of the last highly populated areas in the State not included in one. REN programs fill gaps in existing energy efficiency programs by serving “harder-to-reach” customers. They are also not held to the same cost-effectiveness thresholds, allowing for more flexibility in developing programs that serve Communities of Concern.
CPUC Locally Invested Transportation Equity (LITE) pilots	Separate from energy efficiency funding, the CPUC expects to fund innovative transportation electrification pilot projects called Locally Invested Transportation Equity (LITE) pilots. Incentives from the LITE pilot projects are limited to low-income customers and small fleets located in disadvantaged communities as defined by CalEnviroScreen 4.0, and would allow for testing new rebate design approaches that may fill gaps in the statewide rebate program in creative ways. Up to \$25 million will be available statewide with individual pilots capped at \$4 million. The CPUC will seek pilot concepts by the end of 2023 with projects expected to begin in 2025.
CEC Demand Side Grid Support Program	The Demand Side Grid Support Program is currently under development and will ultimately offer incentives to electric customers that provide load reduction and back-up power generation to support the State's electrical grid during extreme heat events.
CEC Electric Program Investment Charge (EPIC)	The CEC's Electric Program Investment Charge (EPIC) program is a consistent funding opportunity to advance new and innovative clean energy solutions. The EPIC program invests \$130 million annually in a variety of technology research. The CEC has awarded EPIC funding to CCAs for a variety of projects. Most notably, Sonoma Clean Power received a \$5 million EPIC grant in 2018 to support its Advanced Energy Center and associated energy efficiency programs



CEC Vehicle-to-Building/Grid Integration (V2B or V2G)	The CEC is a potential source of funding for Vehicle-to-Building/Grid Integration (V2B or V2G) pilots that will become more valuable to SDCP, both from a customer program perspective and potentially from an energy procurement perspective in the future.
Equitable Decarbonization Program	The Equitable Building Decarbonization Program which envisions two incentive programs to reduce greenhouse gas emissions in homes: a direct install program and a statewide incentive program. The State has allocated \$600 million in the FY 223-24 budget (subject to change) for these two residential building decarbonization programs; the role of CCAs is still solidifying as program guidelines develop.
SGC Community Resiliency Hubs	The California Strategic Growth Council (SGC) - \$25 million will be available in FY 22/23 and \$75 million will be available in FY 23/24. SDCP could partner with local agencies or community-based organizations to support the development of community resilience hubs, with a focus on providing onsite solar, energy storage, and backup power that can support communities during emergencies.
EPA Greenhouse Gas Reduction Fund	The Inflation Reduction Act (IRA) established the federal Environmental Protection Agency's Greenhouse Gas Reduction Fund to provide competitive grants for mobilizing financing and private capital for clean energy projects. The Greenhouse Gas Reduction Fund emphasizes projects that benefit low-income and disadvantaged communities. Expected to be available in 2023, it will expend \$27 billion in competitive grants and financial and technical assistance to enable communities to deploy or benefit from zero-emission technologies.
EPA Environmental and Climate Justice Block Grants	The Environmental Protection Agency was also funded through the IRA to establish Environmental and Climate Justice Block Grants. Local governments and community-based organizations are required to partner to apply for \$3 billion in funding available over the next five years. The block grants will fund various activities in line with SDCP community and organizational priorities, such as indoor air pollution reduction, greenhouse gas emissions reduction, and climate resiliency. No specific timeline for the funding has been announced for the block grants
Other Federal Funds	As stated above, the Infrastructure Investment and Jobs Act and IRA represent the largest climate investment in the history of the federal government. SDCP is eligible to pursue forms of funding not available to for-profit entities such as traditional investor-owned utilities. Several funding opportunities are clear to SDCP now, and more may arise as details continue to emerge during program development.

**TABLE 14: SDCP FUNDING GUIDE**



# Budget Resolution





# Budget Resolution

**RESOLUTION NO. 2023-04**  
**A RESOLUTION OF THE BOARD OF DIRECTORS**  
**OF SAN DIEGO COMMUNITY POWER**  
**ADOPTING THE FISCAL YEAR 2023–2024 BUDGET AND THE FISCAL**  
**YEAR 2024-2028 CAPITAL INVESTMENT PLAN**

A. San Diego Community Power (“SDCP”) is a joint powers authority formed pursuant to the Joint Exercise of Powers Act, Cal. Gov. Code § 6500 *et seq.*, California Public Utilities Code § 366.2, and a Joint Powers Agreement effective on October 1, 2019 and amended on December 16, 2021 (“JPA Agreement”).

B. The JPA Agreement provides that SDCP’s fiscal year (“FY”) shall be 12 months commencing each year on July 1 and ending on June 30 the following year.

C. The JPA Agreement further provides that all expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures.

D. The SDCP Board proposes to adopt the FY 2023-24 Operating Budget, attached hereto as Attachment A.

E. The SDCP Board further proposes to adopt the FY 2024-28 Capital Investment Plan that provides comprehensive five-year plan for SDCP’s capital investment expenditures, attached hereto as Attachment B.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of San Diego Community Power as follows:

Section 1. The Board of Directors hereby adopts the FY 2023–24 Operating Budget.

Section 2. The Board of Directors hereby adopts the FY 2024-28 Capital Investment Plan.

Section 3. This resolution shall take effect immediately upon its adoption.

**PASSED AND ADOPTED** at a meeting of the Board of Directors of San Diego Community Power held on June 22, 2023.



Chair, Board of Directors  
San Diego Community Power

ATTEST:



Secretary, Board of Directors  
San Diego Community Power







# Acknowledgements

## Finance Department

San Diego Community Power's (SDCP's) Finance department works to maintain a fiscally responsible budget and CIP in accordance with SDCP Budget Policy. The department ensures sufficient funding to meet procurement needs, sustain operational needs, and support sustained growth while delivering clean energy to the communities we serve. In addition, the team actively works to build SDCP reserves and develop policies that consider future economic conditions, provides an understandable and transparent operating budget for internal and external users, strives to keep the SDCP Board and staff informed of SDCP's fiscal condition, and develops a budget that will ultimately prioritize people, transparency, and our communities.

### Board of Directors

Council Member Joe LaCava, Chair  
Supervisor Terra Lawson-Remer, Vice Chair  
Mayor Paloma Aguirre, Director  
Council Member Kellie Hinze, Director  
Mayor John McCann, Director  
Council Member Colin Parent, Director  
Council Member Ditas Yamane, Director

### Finance and Risk Management Committee

Mayor John McCann, Chair  
Mayor Paloma Aguirre, Director  
Council Member Colin Parent, Director

### Community Advisory Committee

#### Chula Vista

- Carolyn Scofield
- Anthony Sclafani

#### County of San Diego

- Peter Andersen
- Lea Nepomuceno

#### Encinitas

- Gary L. Jahns
- Tara Hammond

#### Imperial Beach

- Anna Webb, Secretary

#### La Mesa

- David Harris
- Lauren Cazares

#### National City

- Aida Castañeda, Vice Chair
- Larry Emerson

### San Diego

- Eddie Price, Chair
- Matthew Vasilakis

### SDCP Executive Team

Karin Burns, Chief Executive Officer  
Eric Washington, Chief Financial Officer  
Byron Vosburg, Managing Director

### Finance Department

Eric Washington, Chief Financial Officer  
Tim Manglicmot, Senior Finance Manager  
Christopher Do, Financial Analyst