BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program	Rulemaking 18-07-003 (Filed July 12, 2018)

FINAL 2021 RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN OF SAN DIEGO COMMUNITY POWER (PUBLIC VERSION)

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In accordance with the California Public Utilities Commission's ("Commission") March 30, 2021 *Assigned Commissioner and Assigned Administrative Law Judges' Ruling Identifying Issues and Schedule of Review for 2021 Renewables Portfolio Standard Procurement Plans* ("ACR") and the *Decision on 2021 Renewables Portfolio Standard Procurement Plans*, issued on January 18, 2022 ("D.22-01-004"), San Diego Community Power ("SDCP") hereby submits its Final 2021 Renewables Portfolio Standard Procurement Plan ("RPS Procurement Plan"). This RPS Procurement Plan includes responses to the issues listed in sections 5.1-5.16 of the ACR.

SDCP notes that certain issues and requests in these ACR sections apply to other retail sellers (electrical corporations and electric service providers) and do not extend to Community Choice Aggregators ("CCAs"). SDCP is nevertheless voluntarily responding to these ACR sections in the interest of transparency and to collaborate with the Commission. The submission of this RPS Procurement Plan pursuant to the ACR, however, should not be construed as a waiver of the right to assert that components of Senate Bill ("SB") 350, or Commission decisions and rulings on RPS Procurement Plan submittals, do not extend to CCAs, and SDCP reserves the right to challenge any such assertion of jurisdiction over these matters.

In reviewing this RPS Procurement Plan, SDCP encourages the Commission to consider the considerable differences between California's investor-owned utilities ("IOUs") and other retail sellers, including CCAs – differing levels of detail, procedure, complexity, and coordination are appropriate within the planning documents submitted by small, medium, and large organizations; and where the Commission may be inclined to identify informational deficiencies in certain areas (based on inevitable differences between content provided in the RPS Procurement Plans of California's IOUs and CCA programs), SDCP encourages the Commission to consider whether it is appropriate to utilize a "one size fits most/all" approach in managing widely varying RPS planning and procurement obligations. The Commission is also encouraged to consider the differing operational stages of reporting load serving entities ("LSEs"). Certain direction and guidance provided in Decision ("D.") 21-01-005 seems to suggest that each element of the RPS planning process should be universally applicable across all LSEs, regardless of pertinent operational status, and that is not the case. For example, it is likely inappropriate and unhelpful for a newer CCA organization, like SDCP, to prepare a ten-year negative price forecast or curtailment analysis when existing contractual commitments (or lack thereof) would render such information irrelevant – given the heightened attention and related information focused on changing market conditions, increased incidents of negative pricing and related energy curtailment, all LSEs are aware, to some extent, of these potential risk factors, but that does not mean that a related forecasting effort or other form of analysis would provide useful information to each LSE. For example, a generalized ten-year negative price forecast or curtailment analysis would have no meaning for a new LSE without existing contractual commitments or if its contractual commitments did not expose the buyer to negative price risk (due to the application of settlement mechanisms and/or fixed volumetric commitments that

eliminate such concerns). Similarly, it would not make sense for an LSE to prepare forward curtailment estimates if its renewable contract portfolio did not include contracts reflecting such exposure. Again, SDCP encourages the Commission to consider the appropriateness of universally requiring certain information within this planning process when such information may not be relevant or useful to the reporting entity – certain sections of these plans should be marked as "if necessary" or "if applicable" without the assumption that all LSEs should be comprehensively responsive in addressing such topics. While there may be some commonalities among planning and procurement practices reflected in the various RPS Procurement Plans submitted through this process, it is reasonable to assume that noteworthy differences may be prevalent, particularly when considering plans submitted by the IOUs and other retail sellers.

SDCP would also like to note that certain required elements of the RPS procurement planning process will evolve over time, particularly the organization's approach to assessing risk and establishing RPS planning reserves (namely, any minimum margin of over-procurement that may be established by SDCP's governing board). SDCP is new CCA organization that commenced retail electric service to participating customers in March 2021, and as facts and circumstances evolve and experience is gained over time, it will progressively elaborate on various topics in future RPS planning filings – certain updates regarding recent long-term renewable contracting success are now reflected in this Plan, and SDCP expects additional, substantive updates will be reflected over time.

With regard to understanding the consequences of compliance shortfalls, SDCP is appreciative of both direct (*e.g.*, financial penalties and findings of non-compliance) and indirect impacts (*e.g.*, reputational damage that might accrue to participating communities or CCA organizations, generally) associated with such deficiencies and has chosen to pursue risk

mitigation measures that are considerate of SDCP's aversion to such risks, as well as the related administrative complexity, cost and rigor that were deemed appropriate to achieve the desired level of mitigation, particularly during early-stage program operation. When undertaking CCA phase-in activities and early-stage planning efforts focused on renewable energy procurement, the completion of elaborate risk analyses and/or costly studies has not been considered necessary or desirable by SDCP, but if SDCP makes a different determination in the future, it will act in accordance with direction supported by its executive leadership and governing board – SDCP remains attentive to evolving market pricing conditions and will continue to evaluate historical pricing within geographic areas where renewable energy procurement opportunities are being considered, depending upon the manner in which such risks may be allocated in related power purchase agreements. For now, SDCP has elected to pursue risk mitigation measures that are focused on: 1) the identification of highly qualified renewable energy suppliers; 2) substantial levels of over-procurement created by SDCP's initial renewable energy procurement target that commences at 50 percent and increases over time; and 3) the eventual pursuit of contract structures that minimize the risk of delivery shortfalls by providing SDCP with financial protections that generally offset the impacts of financial penalties (prescribed under the RPS Program) in the event of non- or under-delivery.

I. Major Changes to RPS Plan

This Section describes the most significant changes between SDCP's Final 2020 RPS Procurement Plan and its Final 2021 RPS Procurement Plan. A redline of this Final 2021 RPS Procurement Plan against SDCP's Draft 2021 RPS Procurement Plan is included as Appendix A. The table below provides a list of key differences between SDCP's Final 2020 RPS Procurement Plan and this Final 2021 RPS Procurement Plan:

Plan Reference	Plan Section	Summary/Justification of Change
Final 2021RPS Procurement Plan: Introduction	Introduction	Updated to reference pertinent sections of the 2021 ACR that SDCP must address; updated to indicate SDCP's recent launch in March 2021.
Final 2021 RPS Procurement Plan: Section II	Executive Summary	Updated to reflect the changes made throughout other sections of this RPS Plan.
Final 2021 RPS Procurement Plan: Section III	Summary of Legislation Compliance	Updated to Describe the process for taking official positions on legislation.
Final 2021 RPS Procurement Plan: Section IV	Portfolio Optimization	Updated to include discussion regarding SDCP's recent resource planning progress; updated to acknowledge the May 20, 2021 adoption of Decision 21-05-030, which implements the Voluntary Allocation Market Offer proposal/framework, and potential RPS planning implications.
Final 2021 RPS Procurement Plan: Section IV.B	Responsiveness to Local and Regional Policies	Updated to describe impacts of local and regional policies on procurement targets, bid solicitation protocols, and forecasted supply.
Final 2021 RPS Procurement Plan: Section IV.B.1	Long-Term Procurement	Updated with relevant supporting information on how SDCP's ongoing procurement efforts are expected to meet the requirements of SB 350's long-term contracting for Compliance Period 4 (2021-2024) and beyond
Final 2021 RPS Procurement Plan: Section V	Project Development Status Update	Updated Appendix D to reflect recent contracting efforts with new-build renewable generating projects.
Final 2021 RPS Procurement Plan: Section VII	Risk Assessment	Added narrative addressing system reliability and lessons learned.
Final 2021 RPS Procurement Plan: Section VIII	Renewable Net Short Calculation	Updated Appendix C to reflect recent procurement efforts.

Plan Reference	Plan Section	Summary/Justification of Change
Final 2021 RPS Procurement Plan: Section XIV	Cost Quantification	Updated Appendix E to reflect recent procurement efforts.

Since SDCP's submittal of its Final 2020 RPS Procurement Plan, planning and implementation activities are ongoing, and SDCP timely commenced CCA service in March 2021 – such timing was consistent with information reflected in SDCP's Community Choice Aggregation Plan and Statement of Intent ("CCA Implementation Plan"), which was electronically served on all parties of record in proceedings R.17-09-020, R.16-02-007, and R.03-10-003 on December 9, 2019 and subsequently certified by the Commission on March 9, 2020. Based on coordinative discussions with the incumbent utility and related refinements to SDCP's CCA customer list, SDCP now plans to provide electric generation service to approximately 660,000 service accounts located within the cities of Chula Vista, Encinitas, Imperial Beach, La Mesa and San Diego (the "Member Agencies"), which are expected to consume approximately 5,500 GWh per year following completion of all customer phase-in activities.

II. Executive Summary

San Diego Community Power is a newly formed CCA program that recently commenced (in March 2021) retail electric service to participating customers in the cities of San Diego, Encinitas, La Mesa, Chula Vista, and Imperial Beach. SDCP was formed when these five Member Agencies created a Joint Powers Authority, effective October 1, 2019.[1] SDCP submitted its CCA Implementation Plan, which was certified by the Commission on March 9,

[1] See *Joint Powers Agreement*, San Diego Regional Community Choice Energy Authority, October 1, 2019, available at https://www.sandiego.gov/sites/default/files/sdrccea_jpa_agreement_signed_0.pdf.

2020, to address the anticipated consequences of CCA formation.[2] Consistent with its CCA Implementation Plan, SDCP successfully launched in March 2021 and has since completed its second phase of CCA customer enrollments in June 2021. Additional customer phase-in activities are expected in 2022.

In November 2021, SDCP's Governing Board approved submittal of Addendum No. 1 to the Community Choice Aggregation Implementation Plan and Statement of Intent to Address Expansion to the City of National City and the unincorporated areas of San Diego County ("Addendum No. 1"); Addendum No. 1 was subsequently submitted to the Commission on December 22, 2021 as was also served to parties of record in proceedings R. 03-10-003, R.20-05-003, R.19-11-009, and R.21-10-002 on that day. As the document's title suggests, Addendum No. 1 addresses the prospective expansion of SDCP's service territory to include the noted municipalities with related customer service expected to commence in April 2023. Addendum No. 1 is currently undergoing Commission staff review. Until the Commission provides notification of certification related to Addendum No. 1, SDCP believes that it would be premature to reflect anticipated increases in retail sales and related RPS purchases in this planning document (note that information regarding anticipated increases to SDCP's overall renewable energy requirements is reflected in Addendum No. 1) – if the Commission provides timely certification of Addendum No. 1, SDCP will address related RPS planning and procurement obligations in its 2022 RPS Procurement Plan. SDCP is clearly aware of the increased RPS procurement obligation associated with any anticipated increase in retail sales, including pertinent impacts to long-term contracting requirements.

[2] See *Letter Certifying San Diego Community Power's Implementation Plan and Statement of Intent*, California Public Utilities Commission, March 9, 2020.

At launch, SDCP's governing board approved a minimum 50 percent renewable energy supply portfolio for all participating customers with a 100 percent renewable retail service option available on a voluntary basis. During its renewable energy procurement efforts, SDCP intends to focus exclusively on Portfolio Content Category ("PCC") 1 and 2 product types (with a strong preference for PCC1 products).[3] This considerable commitment to renewable energy procurement during early-stage CCA operations is expected to result in meaningful planning reserves, which will provide compliance buffers in the event that contracted renewable energy purchases are not fulfilled as expected. To address RPS compliance risk, SDCP uses its risk assessments, including its renewable net short calculations, to establish a Minimum Margin of Over-Procurement to guide RPS compliance procurement planning. SDCP calculated the minimum margin of procurement ("MMoP") using a 10% risk adjustment that was applied to SDCP's minimum internally adopted RPS procurement target. SDCP's internally adopted renewable energy procurement goals provide a meaningful buffer above the state's RPS requirements and serve as SDCP's voluntary margin of procurement ("VMoP"), which will exceed statewide RPS mandates by at least 11.3 percent in each year of the 10-year planning horizon. Considered in concert, SDCP's VMoP and MMoP provide a substantial aggregate renewable energy planning buffer, virtually eliminating the possibility of compliance shortfalls during this operating year as well as SDCP's first several years of program operations.

SDCP also acknowledges that its renewable energy targets and related planning reserves could be periodically evaluated and adjusted by its governing board – such a determination could be based on the manner in which actual renewable energy purchases/deliveries relate to

[3] See *San Diego Community Power Community Choice Aggregation Implementation Plan and Statement of Intent*, December 9, 2019, available at http://sdcommunitypower.org/resources/key-documents/.

applicable mandates and internally adopted targets, project development progress for new-build renewable generating facilities, generalized renewable product availability, load variability that may occur during customer enrollment periods, budgetary impacts, and/or various other considerations.

Reducing electric utility sector greenhouse gas ("GHG") emissions generated by residents and businesses was a driving factor in the formation of SDCP. The City of San Diego adopted its Climate Action Plan ("CAP") in December 2015, which sets a goal for 100 percent renewable energy city-wide by 2035.[4] The City of Encinitas' CAP was adopted in 2018 with a goal to reduce emissions to 41 percent below 2012 levels by 2030. The City's establishment of a Community Choice Energy Program will have a significant impact on its emissions goals with a reduction of 43,644 MTCO2e, the largest of the prospective reductions reflected in the CAP's 19 GHG reduction strategies.[5] Similarly, the City of La Mesa adopted its CAP in March 2018, which set a goal to reduce emissions by 68,450 MTCO2e by 2035.[6] The City of Chula Vista adopted its CAP in September 2017, and it established a goal for up to 100 percent clean energy through the formation of a CCA program.[7] The City of Imperial Beach adopted a CAP in July 2019, which set a goal for 75 percent renewable energy by 2030.[8] The Member Agencies intend to achieve these goals collaboratively by operating SDCP to provide electric energy to

[4] See *Climate Action Plan*, City of San Diego, December 2015, at 35, available at https://www.sandiego.gov/sites/default/files/final_july_2016_cap.pdf.

[5] See *Climate Action Plan,* City of Encinitas, January 2018, at 3-2, available at https://encinitasca.gov/ClimateAction/Encinitas_ClimateActionPlan_Final_01-17-18

[6] See *Climate Action Plan,* City of La Mesa, March 13, 2018, at 45, available at https://www.cityoflamesa.us/DocumentCenter/View/11008/LMCAP_CC03132018.

[7] See *Climate Action Plan*, City of Chula Vista, September 2017, at 20, available at https://www.chulavistaca.gov/home/showdocument?id=15586.

[8] See *Local Coastal Program Resilient Imperial Beach Climate Action Plan*, City of Imperial Beach, July 17, 2019, at 31, available at https://www.imperialbeachca.gov/ApprovedClimateActionPlan2019.

residential, commercial and governmental electric accounts located within their communities.

SDCP's initial long-term RPS solicitation was issued on June 29, 2020 and was very successful in recruiting interest from qualified suppliers of such products. On or before the July 24, 2020 response deadline, SDCP received a total of 84 project proposals from 32 unique respondents. These proposals represented a diverse spectrum of RPS-eligible renewable generating technologies currently located or to be located throughout California and elsewhere in the western United States. As expected, the majority of proposed new-build projects intended to utilize photovoltaic ("PV") solar generating technologies with many of these projects pairing the proposed PV infrastructure with battery storage (as a means of re-shaping expected project deliveries to better align with California's net system energy requirements while also mitigating potential exposure to negative market price risk and curtailment during periods of time when net system demand is very low). Proposal evaluation and ranking were completed in cooperation with SDCP's Ad Hoc Contracts Committee, which is comprised of a subset of SDCP's governing board, staff, and outside consultants. Administration of this process resulted in the identification of six short-listed project opportunities; each short-listed respondent accepted its position on SDCP's short-list; and contract negotiations proceeded thereafter. Since that time, negotiations have been productive, and SDCP has now entered into four unique long-term PCC1 supply agreements, which include: 1) a long-term (20-year) PCC1 supply agreement with Vikings Energy Farm, LLC, executed on May 3, 2021, which will cause the delivery of approximately 250,000 MWh per year of renewable energy produced by a new 100 megawatt photovoltaic solar array (plus battery storage) located in Imperial County that is expected to commence commercial operation in June 2023; 2) a long-term (20-year) PCC1 supply agreement with JVR Energy Park, LLC, executed on June 4, 2021, which will cause the delivery of

approximately 260,000 MWh per year of renewable energy produced by a new 90 megawatt photovoltaic solar array (plus battery storage) located in San Diego County that is expected to commence commercial operation in March 2023; 3) a long-term (15-year) PCC1 supply agreement with IP Oberon, LLC, executed on June 11, 2021, which will cause the delivery of approximately 450,000 MWh per year of renewable energy produced by a new 150 megawatt photovoltaic solar array located in Riverside County that is expected to commence commercial operation in June 2023; and 4) a long-term (10-year) PCC1 supply agreement with Duran Mesa LLC, executed January 27, 2022, which will cause the delivery of approximately 170,000 MWh per year of renewable energy produced by 50 MW of new wind capacity located in Torrance County, New Mexico that recently achieved commercial operation (on November 30, 2021, as reflected in the California Energy Commission's associated certificate for this project) and began delivering power to SDCP on February 1, 2022.

Concurrent with its negotiation of the above four long-term power purchase agreements, SDCP also completed bilateral negotiations of a long-term contract for bundled renewable energy supply from San Diego Gas & Electric ("SDG&E"), the incumbent IOU, and its portfolio of long-term renewable energy contracts. The unique structure of this contract is intended to serve as a vehicle via which SDCP can purchase from SDG&E its elected allocation of bundled, long-term renewable energy; that is, the contract sets a baseline annual volume of bundled, renewable deliveries from each year 2022 through 2033, each of which will be adjusted to reflect SDCP's final allocation volume as determined through the Voluntary Allocation and Market Offer ("VAMO") mechanism. SDG&E filed the resulting contract for Commission approval in SDG&E AL 3936-E and, once the Commission approves and deliveries begin in 2022, it is anticipated that this long-term PCC1 supply agreement will increase SDCP's expected long-term

RPS deliveries in Compliance Period 4 ("CP4", 2021-2024) and beyond. If the noted supply agreement with SDG&E receives Commission approval as expected, SDCP will have an approximate 21% planning reserve relative to its long-term RPS requirements in CP4; the estimated planning reserve is based on anticipated project completion schedules and expected initial delivery dates, which will be monitored over time and adjusted, as necessary. This significant planning reserve would allow for a variety of contingencies, including project completion delays and/or project failures, without jeopardizing SDCP's ability to meet expected long-term RPS procurement requirements in CP4.

In order to encourage local development of renewable energy and carbon-free free energy storage projects and to inform upcoming solicitations by better understanding current opportunities for contracting such facilities, SDCP issued a Request for Information for Local Renewable Energy and Energy Storage ("Local RFI") in August 2021. Subsequently, SDCP is concurrently negotiating power purchase agreements with two prospective long-term PCC1 suppliers. Because such contracting opportunities remain under negotiation and are confidential, SDCP is unable to further elaborate until these contracts have been finalized, approved and executed. Additional information related to the expected impact of these contracting efforts on SDCP's long-term contracting position is provided below.

SDCP expects to administer other solicitations for short- and long-term renewable energy supply, as well as other procurement activities, that will be necessary to meet its adopted portfolio objectives. During the balance of 2021 and early 2022, the anticipated scope of renewable energy planning and procurement activities to be administered by SDCP include the following:

1) Q1 2021 – approval of SDCP's Feed-In Tariff Program ("FIT") supporting locally-situated, small-scale RPS-eligible renewable energy projects – SDCP's FIT is expected to marginally increase long-term PCC1 supply available for use in meeting applicable RPS compliance mandates while supporting local economic development activity and workforce utilization;
2) Q3/Q4 2021 – finalization, approval, and execution of additional long-term RPS supply agreements currently under negotiation (such agreements are expected to fulfill the balance of SDCP's long-term RPS need in CP4);
3) Q2 2022 – participation in VAMO implementation and election of Voluntary Allocation share to be purchased from SDG&E;
4) Q2 2022 – administration of a short-term RPS solicitation, addressing potential remaining open positions in 2022 and, possibly 2023;
5) Late Q2 2022 – expected release of SDCP's second long-term renewable energy solicitation;
6) Q3 2022 – expected receipt of offers related to second long-term renewable energy solicitation;
7) Q3 2022 – evaluation of RFP responses and selection of short-listed respondents;
8) Late Q3 2022 – commencement of contract negotiations with short-listed respondents (to SDCP's second long-term RPS solicitation);
9) Q4 2022 – finalization of long-term RPS contract negotiations, contract approval and execution; and
10) CY 2024 and 2025 – commencement of initial deliveries under executed long-term renewable supply contract(s) resulting from SDCP's second long-term RPS

solicitation.

SDCP is also aware that renewable energy procurement activities must be timely completed to ensure the achievement of noted renewable energy targets, so it intends to continue coordinating such activities with upcoming customer phase-in activities in 2022, as noted above. These procurement efforts will be focused on securing necessary short-term and long-term renewable energy supply, the latter of which will be intended to facilitate compliance with California's 65 percent long-term contracting requirement, which became effective in 2021. SDCP acknowledges that certain long-term renewable contracting opportunities may require substantial lead time, particularly opportunities related to new-build renewable generating facilities (which have yet to achieve commercial operation). As such, SDCP expects that one or more of its initial long-term renewable energy contracts will utilize existing or soon-to-be-operational renewable generating facilities to ensure timely compliance with applicable long-term procurement requirements. SDCP is aware that there may be lingering impacts of the pandemic on new-build renewable generating projects which may be heavily reliant on international supply chains to ensure timely completion. There are challenges in determining the extent to which such effects will be experienced by SDCP and other buyers, but SDCP hopes to learn more by monitoring development progress of new renewable generating facilities that have been recently placed under contract. With time, SDCP remains optimistic that it will be able to facilitate a meaningful level of new renewable infrastructure buildout through its ongoing renewable energy contracting efforts and expects to confirm such expectations as it moves forward.

During administration of its ongoing renewable energy solicitation activities, SDCP will gauge prospective supplier interest and potential concerns associated with new CCA programs

and long-term supply commitments – the long-term contracting requirement and its lack of an "on ramp" for new retail sellers is expected to necessitate the execution of several long-term renewable energy supply commitments shortly after CCA service commencement, and SDCP is currently engaged in the necessary steps to secure such supply commitments as part of its resource planning and RPS compliance activities. While this is not ideal from a resource planning perspective, SDCP is aware of potential repercussions associated with RPS compliance shortfalls and, with such concerns in mind, is committed to pursuing RPS contracting opportunities that will satisfy pertinent mandates, plus sufficient planning reserves.

As part of its ongoing planning process, SDCP is also considering the manner in which renewable energy compliance risks will be assessed and mitigated. One key element of this process included the adoption of a formal Energy Risk Management Policy ("ERM Policy")[9], which occurred at the regularly scheduled meeting of SDCP's governing board on June 25, 2020. The ERM Policy addresses various types of risk and establishes related oversight in managing SDCP's various portfolio positions, control procedures and delegations of authority (related to the procurement of various energy and capacity products). SDCP's ERM Policy also necessitates formation of a Risk Oversight Committee ("ROC"), which is expected to meet on a regular basis to monitor SDCP's procurement efforts, open positions, counterparty credit exposure and other concerns. Staff will provide SDCP's ROC with various deal tracking and position reports to keep program management apprised of ongoing progress in meeting statewide compliance mandates and SDCP's internally adopted renewable planning targets, which exceed statewide mandates. The ROC will also receive updates regarding the development progress of new-build renewable generating facilities that are expected to contribute to SDCP's RPS

[9] See *San Diego Community Power Energy Risk Management Policy*, June 25, 2020.

compliance mandates. In addition to the noted ERM Policy and ROC, SDCP's Director of Power Services oversees the day-to-day management of resource planning, power supply acquisition, and related compliance activities and ensures ongoing coordination with SDCP's suppliers.

Initial discussion among SDCP's interim Chief Executive Officer, Director of Power Services, Finance and Risk Management Committee (another SDCP committee intended to monitor program finances and risk), and technical advisors suggests that managing early-stage compliance risk is dependent upon the identification and selection of highly experienced and financially viable sellers during the administration of renewable energy solicitation processes. This understanding is supported by conversations with leadership of longer-standing California CCAs, which emphasized the importance of such an approach during early-stage renewable energy procurement efforts; such CCAs noted that the timing of early-stage RPS planning and procurement efforts (and the proximity of such efforts relative to imposition of the 65% long-term contracting mandate) necessitated considerable reliance on: 1) existing renewable generating facilities (during early-stage CCA operation); and/or 2) highly experienced project developers with strong track records of timely project completion. At this point in time, the fundamental RPS-related risk to SDCP is its insufficiency of existing contractual commitments, but considering its recently executed long-term supply commitments, SDCP remains confident that current renewable energy open positions will be significantly reduced within the coming quarter. Given SDCP's gross RPS procurement needs and existing procurement efforts, a quantitative risk assessment, using a specific model or formal study, does not appear to be very useful or necessary at this point in time. If future contracting efforts, guidance provided by its Governing Board or ROC or staff-level observations indicate that a quantitative risk assessment

would be useful in supporting SDCP's renewable energy planning process, it will accordingly implement such a process and will advise the Commission in a future RPS Procurement Plan.

SDCP will carefully monitor the performance of selected renewable energy suppliers relative to projected RPS requirements and will augment procurement efforts in the event that actual renewable deliveries fall below projections. Based on SDCP's minimum 50 percent renewable procurement target, the organization could suffer significant delivery shortfalls while still satisfying statewide compliance mandates.

This RPS Procurement Plan also addresses new requirements specified in the March 30, 2021 ACR, including discussion related to SDCP's process for taking official positions on legislation as well as commentary focused on the impacts of local and regional policies on SDCP's procurement targets, bid solicitation protocols, and forecasted supply.

III. Summary of Legislative Compliance

This Final 2021 RPS Procurement Plan addresses the requirements of all relevant legislation and the Commission's regulatory framework. This Section describes the relevant statutory and regulatory requirements and how this RPS Procurement Plan demonstrates that SDCP will meet such requirements.

Senate Bill ("SB") 350 (stats. 2015) was signed by the Governor on October 7, 2015. SB 350 set a new RPS procurement target of 50 percent by December 31, 2030. On December 20, 2016, the Commission issued D.16-12-040, which partially implemented the increased targets of SB 350 by establishing new compliance periods and procurement quantity requirements. On July 5, 2017, the Commission issued D.17-06-026, which implemented some of the key remaining elements of SB 350, including adopting new minimum procurement requirements for long-term contracts and owned resources, as well as revising the excess procurement rules.

SB 100 was signed by the Governor on September 10, 2018, and became effective on January 1, 2019. SB 100 increased the RPS procurement requirements to 44 percent by December 31, 2024, 52 percent by December 31, 2027, and 60 percent by December 31, 2030. On June 6, 2018, the Commission issued D.18-05-026, which implemented changes made by SB 350 to the RPS waiver process and reaffirmed the existing RPS penalty scheme. In July of 2018, the Commission instituted Rulemaking 18-07-003 to continue the implementation of the RPS program. On June 28, 2019, the Commission issued D.19-06-023, which continues to use a straight-line method to calculate compliance period procurement quantity requirements.

The current RPS procurement targets are incorporated into SDCP's Renewable Net Short Calculation Table as described in Section VIII below and attached as Appendix C . SDCP's planned procurement, as reflected in SDCP's Renewable Net Short Calculation Table and described in Sections IV and V, is expected to exceed pertinent RPS procurement mandates, including a minimum margin of over-procurement based on SDCP's risk assessment, as further described in Sections VII and IX. SDCP also expects to meet California's SB 350 long-term procurement requirement, as described in Sections V and VII, through the completion of current contract negotiations and any long-term RPS solicitation processes that may be administered thereafter.

SB 901, signed by Governor Brown on September 21, 2018, added Public Utilities Code section 8388, which requires any IOU, publicly owned electric utility, or CCA with a biomass contract meeting certain requirements to seek to amend the contract to extend the expiration date to be five years later than the expiration date that was operative as of 2018. SDCP does not have a contract with a biomass facility that is covered by Public Utilities Code section 8388.

As a public agency, SDCP takes official support positions on legislation through a formal vote of its governing board. The only legislation that SDCP has officially voted in support of to date is Senate Bill 612, authored by Senator Anthony Portantino. Information on SDCP's official support positions will be made available as part of the agenda packet related to the Board Meeting at which such vote occurs. SDCP may also post a press release regarding official positions on major legislation to its website. Because SDCP only takes support positions through the formal actions of its governing board, it cannot identify any future legislative efforts that it may support.

Further, SDCP is a member of the California Community Choice Association ("CalCCA"), which regularly takes formal support positions on legislation. However, a support position of CalCCA does not necessarily reflect the uniform support of every member of CalCCA, and thus should not be imputed to the individual members of CalCCA.

IV. Assessment of RPS Portfolio Supplies and Demand

IV.A. Portfolio Supply and Demand

As previously noted, SDCP successfully initiated customer service in March 2021. Following the completion of planned customer phase-in activities in 2022, SDCP intends to serve approximately 660,000 service accounts, which are expected to consume about 5,500 GWh per year. SDCP has now executed five long-term PCC1 supply contracts that will result in the delivery of as much as 2,350 GWh per year following the successful commercial operation of related renewable generating projects (which is expected to occur in 2023) –one of the new-build projects will utilize wind technology, while the other three will utilize photovoltaic solar generating technology, with two of these projects incorporating battery storage to allow for re-shaping of project energy deliveries.

Additional contracting efforts remain in process with additional solicitations scheduled in the future. Following the completion of negotiation activities associated with any long-term renewable supply agreement, the final contract(s) will be brought before SDCP's governing board for approval and, if approved, will be executed thereafter. Short-term renewable supply agreements may be executed by SDCP's Chief Executive Officer (without approval from SDCP's Governing Board) under delegated contracting authorities – the limitations associated with such contracting authorities are reflected in SDCP's Energy Risk Management Policy.

Over time, SDCP expects to continue meeting pertinent RPS compliance obligations by entering into a variety of renewable energy supply agreements of varying term lengths and structures. The exact portfolio characteristics selected may vary depending on direction received from SDCP's governing board, renewable resource availability, procurement costs, legislative and policy changes, technological improvements, principles of resource diversity, preferences of the Member Agencies and/or other developments. To manage this future uncertainty, SDCP will regularly evaluate anticipated supply requirements in consideration of expected customer electricity usage and anticipated renewable energy deliveries; such information is expected to influence future procurement efforts, which will attempt to balance customer usage with requisite resource commitments. SDCP is also aware of the need to promote the use of a diverse renewable resource portfolio, avoiding overcommitting to certain generating technologies, suppliers, geographic regions, etc. For now, the organization must remain open minded and considerate of all possible supply options. During early-stage operations, SDCP must also proceed with its RPS planning and procurement activities under a "compliance first" mindset with the primary goal of securing necessary RPS supply (both long-term and short-term) from available generating sources – because financial penalties (related to compliance shortfalls)

under the RPS program are not waived or reduced in consideration of portfolio characteristics (such as technology and/or geographic diversity), it is advisable for new retail sellers, including SDCP, to primarily focus on securing requisite volumes, even if the majority of such volumes happen to be associated with a specific technology type or geographic region. This noted, SDCP will make reasonable efforts to promote resource diversity, etc. during its early-stage renewable energy planning and procurement processes, and if such processes do not result in the desired level of resource diversity, SDCP will craft future solicitations to promote renewable energy portfolio diversity. For now, SDCP has successfully secured renewable energy deliveries that utilize wind, solar, "solar plus battery storage", the latter of which will allow SDCP to reshape typical solar production to better align with customer energy use and market price signals.

The ongoing examination of customer electricity usage and other market developments should help reduce costs and assist in meeting planned procurement for the period reflected in this Final 2021 RPS Procurement Plan. SDCP notes that understanding customer electricity usage may be more challenging than usual during early-stage operations (when CCA participations rates can exhibit a certain level of volatility) and during early-stage economic recovery associated with California's mid-June "reopening" (following several months of restrictions and social adaptations related to the pandemic). The pace and extent of economic recovery will need to be closely monitored – any related adaptations to SDCP's retail sales forecast will be described in a future RPS Procurement Plan. For renewable energy planning purposes, SDCP's primary retail sales forecast adjustments have been related to expected customer enrollments without noteworthy adjustments related to the pandemic. To the extent that retail sales fall below SDCP's expectations, it is likely that renewable energy content will be higher than necessary to promote achievement of programmatic goals. In such cases, SDCP

expects that it could: 1) sell excess renewable energy supply to interested buyers, thereby rebalancing its portfolio to align with desired renewable energy targets; 2) retain excess renewable energy supply, providing customers with higher-than-promised renewable energy supply; or 3) explore other options/flexibility that may be available under California's RPS program to utilize excess volumes in another calendar year or compliance period. Such decisions will be made following consultation with SDCP's governing board, staff and technical advisors.

SDCP is also attempting to gain an improved understanding of the prospective impacts to its customer base associated with the upcoming reopening of California's direct access market due to SB 237 (2018) and D.19-05-043. SDCP is aware of a recent decision that limits direct access availability to non-residential customers and will continue to closely monitor the proceeding to determine potential impacts to its planning process. With this in mind, SDCP's analysis shall remain ongoing, and while it does not expect meaningful impacts at this point in time, it will continue to monitor this topic, reflecting pertinent adjustments to its retail sales forecast, as appropriate. To the extent that SDCP load migrates to direct access providers, its retail sales would likely fall – in theory, such a change would increase SDCP's proportionate renewable energy content unless surplus supply was sold to other market participants. To the extent that any direct access-related adjustments are incorporated in SDCP's RPS planning processes, it will reflect them in a subsequent RPS Procurement Plan. Through the ongoing evaluation of customer demand and other market developments, SDCP hopes to promote reduced overall costs while meeting planned procurement objectives for the period addressed in this Final 2021 RPS Procurement Plan.

IV.A.1. Portfolio Optimization

SDCP's goal is to meet organizational policies and statewide mandates in a manner that is both cost effective and supportive of a well-balanced resource portfolio. Portfolio optimization strategies can help reduce costs and should facilitate alignment of SDCP's portfolio of resources with its forecasted load needs. To support this goal, SDCP considers the following strategies:

Joint Solicitations: Joint solicitations can expand the procurement opportunities available to a CCA, as well as potentially provide better contract terms and general administrative efficiencies. SDCP has engaged in coordinative discussions with the Clean Energy Alliance ("CEA") regarding joint solicitation opportunities and may pursue such opportunities in the future (with CEA and/or other CCA programs).

Purchases from Retail Sellers: Purchases of RPS-eligible renewable energy (via resale) from other retail sellers can provide a cost-effective way of meeting short-term resource needs or filling in gaps in procurement while long-term projects are under development.

Sales Solicitations: As SDCP's portfolio of resources continues to develop, it will also consider offering solicitations of sales to other retail sellers, if the disposition of surplus is deemed desirable. SDCP's willingness to pursue such sales will be dependent upon its ongoing monitoring of RPS positions, prospective sales pricing and direction received from its Governing Board and executive management with regard to the disposition of surplus sales.

Optimizing Existing Procurement: As SDCP considers its long-term resource needs, it may evaluate options in its future power purchase agreements to increase the output of existing generating facilities through technological upgrades or by adding new capacity

to an existing generator. Expanding existing facilities may provide additional generation at reduced costs with lower risks of project failure because the need for distribution system upgrades and permitting may be reduced – such opportunities may be pursued/developed, as deemed appropriate by SDCP.

The Final Report of Working Group 3 Co-Chairs: Southern California Edison Company (U-338E) CalCCA, and Commercial Energy ("Final Report") was filed on February 21, 2020, in the Commission's PCIA rulemaking (R.17-06-026). One of the Final Report's key proposals was for the Commission to create a "Voluntary Allocation Market Offer" ("VAMO") framework, where each LSE serving customers subject to the PCIA would be provided an annual option to receive an allocation ("Voluntary Allocation") from the IOUs' PCIA-eligible RPS energy portfolios, based on that LSE's forecasted, vintaged, load share, and subject to certain conditions. Further, the Final Report proposed that any declined shares would be offered to LSEs through a market process ("Market Offer"). On May 20, 2021, the Commission adopted D.21-05-030, addressing the proposals in the Final Report. D.21-05-030 adopted the Final Report's VAMO proposal, subject to certain limitations and additional requirements. To implement this modified VAMO structure, D.21-05-030 identifies various next steps, including a meet-and-confer process with the IOUs regarding the method for calculating potential Voluntary Allocations based on vintaged, annual load forecasts and a method for dividing the IOU's RPS portfolios into shares. This will be followed by the submission of an advice letter and workshops. As currently scheduled, IOUs and LSEs will confirm the LSEs' elections for Voluntary Allocation in February 2022, with contracting occurring in January or February of 2023. At this early stage, SDCP is preliminarily reviewing its portfolio to determine whether and to what extent any Voluntary Allocation of RPS energy or participation in IOU Market

Offers would benefit its position. SDCP will provide an update on this topic in its next RPS Procurement Plan.

On June 24, 2021, the Commission adopted D.21-06-035, which directed all retail sellers to procure 11,500 MW of new net qualifying capacity ("NQC") between 2023 and 2026 and assigned each retail seller a specific procurement responsibility based on its share of peak demand. SDCP's total obligation is 570 MW, which must include minimum amounts of procurement from certain subcategories: (1) 124 MW from firm, zero-emitting capacity by 2025; (2) 50 MW from long duration storage resources by 2026; and (3) 49 MW from firm, non-fossil fueled baseload generating resources by 2026. Pursuant to the allowance in D.21-06-035 for retail sellers within the same Transmission Access Charge ("TAC") area to reallocate procurement obligations upon mutual agreement, SDCP is currently in discussion with SDG&E to revise the obligations in D.21-06-035, which were based on preliminary load forecasts that have since been refined. SDCP expects this reallocation of obligations to be completed within the coming weeks. Once procurement obligations have been finalized, SDCP will review progress toward targets in each of the subcategories. SDCP expects that contracts executed pursuant to its 2020 Long-term RPS solicitation will fulfill a portion of 2023 and 2024 obligations, supplemented by additional volume from contracts currently under negotiation. SDCP expects its next Long-term RPS solicitation to focus on meeting any remaining procurement obligations from D.21-06-035.

IV.B. Responsiveness to Local and Regional Policies

(i) Responsiveness to Policies of SDCP's Governing Board

SDCP is a joint powers authority that is subject to the control of its governing board and is directly accountable to its Member Agencies. SDCP supports and is committed to meeting the

state's GHG reduction and renewable procurement goals, as well as supporting its Member Agency cities in meeting their respective CAP goals. Furthermore, and as noted elsewhere in this RPS Procurement Plan, SDCP has adopted near-term renewable portfolio targets that meaningfully exceed RPS mandates, offering a minimum 50 percent renewable energy content through its default retail service offering. SDCP has also determined to: 1) forgo the purchase of PCC3 products; and 2) limit the use of PCC2 products (in favor of PCC1 products), subject to product availability and budgetary impacts. SDCP's Governing Board has decided to structure its RPS portfolio with these considerations in mind, as such an approach is expected to minimize attributed GHG emissions associated with its reported energy purchases (under California's Power Source Disclosure Program). SDCP has a complementary carbon-free portfolio metric of 55 percent, so any renewable energy purchase will be evaluated in light of the incremental impacts to SDCP's anticipated emission rate – SDCP understands that all PCC3 and most PCC2 product purchases (subject to substitute energy specifications) will increase its overall emission factor.

(ii) Responsiveness to Regional Policies

As noted in the previous sub-section, SDCP is overseen by its governing board. As such, the policies adopted by SDCP's governing board serve as guiding directives for CCA operations, including the determination of renewable energy planning targets that are intended to support local policy preferences. Reducing electric utility sector GHG emissions generated by residents and businesses was a driving factor in the formation of SDCP. As noted in Section II (above), the City of San Diego adopted its CAP in December 2015, which sets a goal for 100 percent

renewable energy city-wide by 2035.[10] The City of Encinitas' CAP was adopted in 2018 with a goal to reduce emissions to 41 percent below 2012 levels by 2030. The City's establishment of a CCA program will have a significant impact on its emissions goals with a reduction of 43,644 MTCO2e, the largest of the prospective reductions reflected in the CAP's 19 GHG reduction strategies.[11] Similarly, the City of La Mesa adopted its CAP in March 2018, which set a goal to reduce emissions by 68,450 MTCO2e by 2035.[12] The City of Chula Vista adopted its CAP in September 2017, and it established a goal for up to 100 percent clean energy through the formation of a CCA program.[13] The City of Imperial Beach adopted a CAP in July 2019 which set a goal for 75 percent renewable energy by 2030.[14] The Member Agencies intend to achieve these goals collaboratively by operating SDCP to provide electric energy to residential, commercial and governmental electric accounts located within their communities.

IV.B.1. Long-term Procurement

Pursuant to Public Utilities Code section 399.13(b), from 2021 onwards, 65 percent of mandated renewable energy purchases must be sourced from contracts of 10 years or more.[15] SDCP has been conscientiously pursuing contracting opportunities to meet this requirement and

[10] See *Climate Action Plan*, City of San Diego, December 2015, at 35, available at https://www.sandiego.gov/sites/default/files/final_july_2016_cap.pdf.

[11] See *Climate Action Plan,* City of Encinitas, January 2018, at 3-2, available at https://encinitasca.gov/ClimateAction/Encinitas_ClimateActionPlan_Final_01-17-18

[12] See *Climate Action Plan,* City of La Mesa, March 13, 2018, at 45, available at https://www.cityoflamesa.us/DocumentCenter/View/11008/LMCAP_CC03132018.

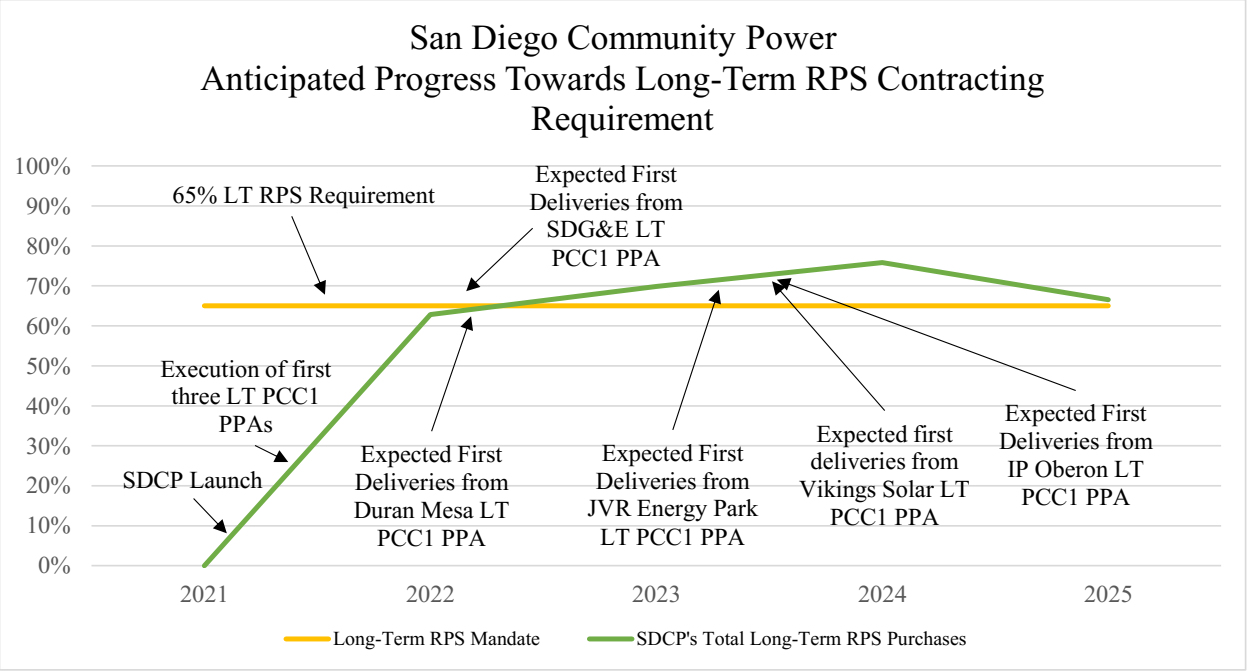
[13] See *Climate Action Plan*, City of Chula Vista, September 2017, at 20, available at https://www.chulavistaca.gov/home/showdocument?id=15586.

[14] See *Local Coastal Program Resilient Imperial Beach Climate Action Plan*, City of Imperial Beach, July 17, 2019, at 31, available at https://www.imperialbeachca.gov/ApprovedClimateActionPlan2019.

[15] Cal. Pub. Util. Code § 399.13(b)(1) ("A retail seller may enter into a combination of long- and short-term contracts for electricity and associated renewable energy credits. Beginning January 1, 2021, at least 65 percent of the procurement a retail seller counts toward the renewables portfolio standard requirement of each compliance period shall be from its contracts of 10 years or more in duration or in its ownership or ownership agreements for eligible renewable energy resources.").

has now entered into five unique long-term PCC1 supply agreements, which include: 1) a long-term (20-year) PCC1 supply agreement with Vikings Energy Farm, LLC, executed on May 3, 2021, which will cause the delivery of approximately 250,000 MWh per year of renewable energy produced by a new 100 megawatt photovoltaic solar array (plus battery storage) located in Imperial County that is expected to commence commercial operation in June 2023; 2) a long-term (20-year) PCC1 supply agreement with JVR Energy Park, LLC, executed on June 4, 2021, which will cause the delivery of approximately 260,000 MWh per year of renewable energy produced by a new 90 megawatt photovoltaic solar array (plus battery storage) located in San Diego County that is expected to commence commercial operation in March 2023; 3) a long-term (15-year) PCC1 supply agreement with IP Oberon, LLC, executed on June 11, 2021, which will cause the delivery of approximately 450,000 MWh per year of renewable energy produced by a new 150 megawatt photovoltaic solar array located in Riverside County that is expected to commence commercial operation in June 2023; 4) a long-term (12-year) PCC1 supply agreement with SDG&E, executed on December 20, 2021, which will cause the delivery of approximately 120,000 to 1,580,000 MWh per year of renewable energy produced by a portfolio of RPS-eligible generating resources, as listed in the contract, beginning in 2022; and 5) a long-term (10-year) PCC1 supply agreement with Duran Mesa, LLC, executed on January 27, 2022, which will cause the delivery of approximately 170,000 MWh per year of renewable energy produced by a 105 megawatt wind project located in Torrance County, New Mexico that recently achieved commercial operation (on November 30, 2021, as reflected in the California Energy Commission's associated certificate for this project) and began delivering power to SDCP on February 1, 2022.

These supply agreements will contribute to an approximate 17% long-term RPS planning reserve for SDCP in CP4 – approximately 6,000 GWh of PCC1 deliveries are expected in CP4, relative to an approximate 5,200 GWh need; this estimated planning reserve is based on anticipated project completion schedules and expected initial delivery dates, which will be monitored over time and adjusted, as necessary. Note that one of the aforementioned projects, Duran Mesa, has already achieved commercial operation, and the noted agreement with SDG&E will be exclusively supplied from existing/operational projects, which serves to de-risk a significant portion of SDCP's upcoming long-term RPS deliveries. This significant planning reserve would allow for a variety of contingencies, including project completion delays and/or project failures, without jeopardizing SDCP's ability to meet expected long-term RPS procurement requirements in CP4. It is worth noting that SDCP intends to continue focusing the significant majority of its PCC1 contracting efforts on contract durations of ten years or longer, which should increase the noted planning reserve over time, alleviating concerns regarding long-term contract compliance. This anticipated trajectory is reflected in the following chart.



Based on SDCP's expected long-term renewable energy deliveries, it is anticipated that compliance with the 65% contracting mandate will be achieved by the end of 2022 and sustained thereafter in consideration of existing and upcoming long-term RPS contracts. To address future long-term contracting needs (in CP5 and beyond), SDCP expects to procure additional RPS products via independently administered solicitations, bilateral contracting discussions and, possibly, through participation in the Voluntary Allocation Market Offer process. SDCP's next long-term RPS solicitation is expected to occur in Q2 2022, but the timing of such solicitation may be delayed, pending discussions related to the Voluntary Allocation Market Offer process; the results of such solicitation will be addressed in a subsequent iteration of this plan.

IV.C. Portfolio Diversity and Reliability

Power purchased from power marketers, public agencies, generators, CCAs, or utilities will be a significant source of supply during the first several years of SDCP's operation. Based on current contracting efforts, SDCP expects to obtain requisite electricity supply from several suppliers, including power marketers, project developers and/or IOUs. Such suppliers will be responsible for delivering a portion of SDCP's intended resource mix, including SDCP's desired quantities of renewable and carbon-free energy, to provide a stable and cost-effective resource portfolio.[16]

In carrying out its planning functions, SDCP will also consider the deliverability characteristics of its future generating resources placed under contract (such as the resource's dispatchability, available capacity, and typical production patterns) and will review the respective risks associated with short- and long-term purchases as part of its forecasting and

[16] See *San Diego Community Power Community Choice Aggregation Implementation Plan and Statement of Intent*, December 9, 2019, p.1 at 6.6, available at http://sdcommunitypower.org/resources/key-documents/.

procurement processes. These efforts should lead to a more diverse resource mix, address grid integration issues, and provide value to the Member Agencies.

SDCP intends to utilize a portfolio risk management approach as part of its power purchasing program, seeking low-cost supply (based on then-current market conditions) as well as diversity among technologies, production profiles, project sizes and locations, counterparties, lengths of contract, and timing of market purchases. For its recently executed long-term renewable supply agreements with new generating resources, SDCP has reflected a risk adjustment (failure/under-delivery rate) of 5 percent in year one and 3 percent in each year thereafter. The larger year-one adjustment is intended to account for potential late deliveries (resulting from delayed commercial operation), while the smaller ongoing risk adjustments are intended to account for resource intermittency and the potential for lower-than-anticipated energy production. These assumptions were informed by discussions with other CCA organizations. SDCP assumes that its initial supply portfolio may include a relatively small number of contracts which will grow in number over time, increasingly emphasizing the principles of resource and counterparty diversity as operational experience is gained and renewable energy requirements increase.

While SDCP is not opposed to considering emerging renewable generating technologies, it is unlikely that its early-stage supply agreement(s) will focus on such resources. As a new CCA organization, SDCP's first several renewable supply commitments must result in reliable, cost-effective supply to promote compliance with applicable RPS mandates without bearing the risks typically associated with newer technologies. For the foreseeable future, SDCP will likely exhibit preferences for proven generating technologies and supply structures that will minimize delivery risk during early-stage operation. If, however, a compelling offer is presented for a

cost-effective emerging technology, SDCP will evaluate such proposal on its merits relative to other available offers.

SDCP will procure renewable and other requisite energy products, as necessary, to ensure that the future energy needs of its customers are met in a reliable and cost-effective manner, consistent with applicable compliance mandates. SDCP, through its CCA Implementation Plan and subsequent planning discussions, has established initial procurement targets for requisite renewable energy supply, including subcategories for various renewable energy products, and has also established targets for related planning reserves as described elsewhere in this document. To the extent that SDCP's energy needs are not fulfilled through the use of renewable generating resources, it should be assumed that such supply will be sourced from carbon-free and/or conventional energy resources, such as hydroelectric or natural gas generating technologies, as well as system power purchases.

A key component of the SDCP's early-stage planning process relates to the analysis and consideration of expected load obligations with the objective of closely balancing supply/demand, cost/rate stability and overall budgetary impacts. During pre-launch activities, this process primarily focused on the compilation and analysis of historical customer data, as provided by SDG&E, identification of any ineligible/excluded accounts (that will not be enrolled in CCA service), and related refinements to SDCP's retail sales forecasts. Similar to most CCAs, SDCP expects that such historical data will not be a perfect predictor of future customer energy requirements, so it intends to actively monitor actual customer usage, relative to projections, over time, refining such forecasts as well as its ability to minimize variances between procured energy quantities and actual usage. SDCP also plans to maintain portfolio coverage targets of up to 100 percent (of expected customer energy requirements) in the near-

term (0 to 2 years) but will leave larger open positions in the mid- to long-term, consistent with generally accepted industry practices.

At this point in time, SDCP has no explicit preference for specific renewable generating technologies and will consider all responses to its solicitations with the goal of assembling a diversified renewable energy supply portfolio that will deliver energy in a profile that is generally consistent with the SDCP's anticipated load shape – SDCP recognizes that closely aligning the shape of renewable energy deliveries with anticipated retail demand may be particularly challenging during early-stage operations; the need for substantial long-term renewable supply commitments, coupled with potential load variability during CCA customer enrollment processes, will likely necessitate the pursuit of contracting opportunities that may not deliver power in close alignment with early-stage customer usage patterns; over time, however, SDCP's growing portfolio of renewable supply commitments will be increasingly considerate of load/resource balances and will attempt, subject to product availability and related costs, to promote such balance to the greatest practical extent. SDCP is also aware that use of intermittent renewable generating technologies has the potential to create occasional misalignments between customer energy consumption and related power production as well as the general quantity of renewable energy received from such projects – SDCP expects that its voluntary commitment to a minimum 50 percent renewable supply portfolio will protect against this uncertainty.

In developing its load forecasts, SDCP prepares load curves that reflect expected increases in customer energy usage due to transportation electrification. Transportation electrification planning considers light duty vehicles (personal use), electrification of vehicle fleets (commercial) and local targets for electrification of public transit systems – SDCP is in the early stages of coordinating with its member municipalities to determine pertinent local targets

for transportation electrification and, following the identification of these local planning parameters, will accordingly update its load curves to reflect such assumptions (if current assumptions meaningfully differ from these local planning targets). For the time being, SDCP has assumed annual increases in its retail sales that reflect the net impacts of transportation electrification, energy efficiency improvements, customer-sited generation and other factors, but SDCP will endeavor to continually refine such planning assumptions to more accurately characterize the impacts of transportation electrification on its overall energy needs and, in particular, its RPS-related renewable energy requirements. To more closely align SDCP's resource portfolio with the evolving energy requirements of its member communities, SDCP anticipates that a diverse set of renewable resources will be necessary, including the strategic inclusion of generating resources and complementary infrastructure that may allow SDCP to dispatch/shape such supply in consideration of evolving customer energy needs and usage patterns.

IV.D. Lessons Learned

In communicating with and reviewing the RPS Procurement Plans of California's most mature CCA organizations, SDCP observes that Marin Clean Energy ("MCE") has highlighted the benefits of geographic diversity in constructing a renewable supply portfolio. MCE noted that certain areas of the state have been overbuilt with renewable generating infrastructure, which has created challenges related to depressed market prices and increasing levels of resource curtailment. SDCP has kept this observation in mind when assembling its own renewable resource portfolio, avoiding overcommitment to resources within a narrowly defined geographic area. SDCP also continues to evaluate historical pricing trends, which have materially changed in the wake of increased renewable energy buildout. Due to these transitions and suppressed

(and oftentimes negative) market pricing, SDCP will likely avoid contracting with generators located in certain areas or require substantial storage capacity (operated in parallel with renewable generating infrastructure) to mitigate market price risk when considering renewable generating resources located in such areas. SDCP appreciates the substantial financial risks that are created by California's long-term renewable contracting requirements and will continue to explore opportunities to manage such risks during its contracting efforts. SDCP also observes that technological diversity is an important principal to incorporate in RPS planning efforts.

As a new CCA, SDCP is gaining familiarity and experience with the information and processes that will be necessary to demonstrate compliance with the requirements of California's RPS Program but does not have any substantive lessons learned to share at this point in time. SDCP is also aware that prudent planning and successful management of early-stage CCA program finances is critical in managing ongoing market risk and other uncertainties. As such, SDCP will exercise care in pursuing its early-stage renewable energy supply options to promote alignment with budgetary parameters. SDCP is also interested in pursuing interagency solicitation/procurement opportunities, as it is aware that such coordinated efforts can increase procedural efficiency, reduce administrative redundancy, and decrease certain expenses typically associated with such processes.

V. Project Development Status Update

As described in Section IV.B above, SDCP's current and planned procurement is expected to be sufficient to meet both the applicable RPS procurement requirements as well as support the state's GHG reduction targets. Further, SDCP's current and planned procurement is expected to support system reliability by considering both portfolio diversity and alignment with SDCP's customers' load curve.

Three of SDCP's five long-term RPS contracts are associated with generating resources that have yet to achieve commercial operation. These projects include:

- Viking Energy Farm, LLC: a new 100 megawatt photovoltaic solar array (plus battery storage) located in Imperial County that is expected to commence commercial operation in June 2023. This project is progressing through pre-construction activities. Vikings Energy Farm has executed an Interconnection Agreement and Transmission Service Rights Agreement with Imperial Irrigation District. Vikings has hired an Engineering firm and expects its Conditional Use Permit to be approved by Imperial County in Q2 2022
- JVR Energy Park, LLC: a new 90 megawatt photovoltaic solar array (plus battery storage) located in San Diego County that is expected to commence commercial operation in March 2023. This project is progressing through pre-construction activities. JVR has completed Interconnection Agreement, Major Use Permit, and EPC contracting.
- IP Oberon, LLC: a new 150 megawatt photovoltaic solar array located in Riverside County that is expected to commence commercial operation in June 2023. Oberon has executed an Interconnection Agreement, received CEC Pre-certification, and has achieved all site control and permits.

In consideration of SDCP's recent contracting efforts with new renewable generating resources, it has updated Appendix D, the Project Development Status Update Report. As new information related to SDCP's renewable energy contracting process(es) becomes available, SDCP will update its Project Development Status Update Report accordingly.

VI. Potential Compliance Delays

Based on recently completed and expected renewable energy procurement efforts, SDCP does not anticipate any compliance delays related to Compliance Period 4, which includes calendar years 2021-2024. If a future compliance issue is identified or SDCP encounters challenges in securing requisite renewable energy supply in the future, then SDCP will address such issue within a subsequent RPS Procurement Plan.

Based on recently executed long-term RPS supply contracts, SDCP now expects to meet the state's 65% long-term contracting requirement in 2022, maintaining compliance thereafter (throughout CP4 and beyond) – SDCP will continue assessing projected long-term open positions (that may exist in CP5 and CP6) relative to expected deliveries and intends to administer future solicitations, as necessary, to ensure compliance with the RPS Program over the upcoming 10-year planning horizon. If a future compliance issue is identified or SDCP encounters challenges in securing requisite renewable energy supply, then it will address such issues in a subsequent RPS Procurement Plan.

VI.1. Impacts of COVID-19 Pandemic

SDCP is keenly aware of the current, worldwide COVID-19 pandemic, and its impact on "business as usual", including impacts to requisite resource planning activities and, in particular, renewable energy procurement. As the Commission is aware, successful renewable energy markets depend upon international supply chains, substantial labor commitments, robust financial markets, timely interactions with governmental planning authorities and various other considerations. With numerous disruptions caused by the current pandemic, it is incredibly challenging to determine if, and to what extent, renewable energy procurement opportunities may be compromised, particularly new-build renewable energy projects which typically rely on

long-term contracts as the basis for project financing. SDCP also understands that many CCAs have observed moderate to significant net retail sales reductions resulting from the pandemic, but with California's "reopening" in mid-June, SDCP is closely monitoring energy usage patterns to determine if any planning adjustments may be necessary – a certain level of economic recovery is expected to occur, but understanding these changes will require diligent monitoring of available data. Businesses that previously closed may reopen and usage patterns may shift (away from the residential sector and towards the commercial sector, as businesses reopen and/or return to normal operations). The timing and extent of recovery is generally unknown and the subject of considerable speculation.

SDCP intends to closely monitor this situation as well as potential fallout related to supplier/developer effectiveness in fulfilling mandated renewable energy needs, project completion and overall supplier viability – SDCP is aware that many supply chains have been disrupted during the pandemic with a variety of material/component shortages occurring throughout the industry. It is reasonable to anticipate consequences, and SDCP encourages the Commission to closely monitor and potentially reconsider certain elements of the RPS Program as this situation evolves, particularly if there are widespread, well-documented challenges as California retail sellers attempt to fulfill pertinent procurement requirements. Related, SDCP is aware of numerous instances in which contract documents are being drafted with more expansive force majeure language to alleviate the concerns of sellers/developers in meeting project completion schedules due to potential pandemic-related delays – "day for day" commercial operation date extensions have been pursued, creating flexibility in achieving commercial operation date targets based on the duration of shelter-in-place directives. From SDCP's perspective, buyers must be diligent in contracting efforts to strike an appropriate balance

between flexibility and certainty. Not all project development delays are expected to be directly attributable to the pandemic, so effectively parsing contractual accommodations for development delays in consideration of this reality should serve to manage uncertainties related to project completion and renewable delivery timelines.

SDCP also encourages the Commission to coordinate closely with the legislature to evaluate potential adaptations to the RPS Program, which may become necessary if renewable energy markets are materially impacted by the pandemic. With rapidly changing circumstances and related information, SDCP anticipates the need for considerable flexibility/agility in working to meet requisite renewable energy procurement mandates. In the meantime, SDCP will remain hopeful that impacts to renewable energy markets will not compromise California's ability to reach its renewable energy procurement goals or its own, internally established renewable procurement targets.

VII. Risk Assessment

SDCP makes reasonable efforts to minimize the risk of renewable procurement shortfalls for purposes of complying with applicable RPS mandates established in SB 100, but it cannot definitively predict the scope or magnitude of circumstances that may impact annual retail energy sales, renewable energy markets or individual project performance. With this in mind, SDCP responsibly assesses RPS compliance risk by considering three key planning elements: 1) retail sales variability; 2) renewable energy production/delivery variability; and 3) impacts to overall system reliability associated with SDCP's planned RPS purchases and other influences. These topics are generally considered in the noted sequence with observed risks informing potential adaptations to SDCP's planning process, potential adaptations to planning reserves and, ultimately, refinements to SDCP's renewable energy procurement (or sales) processes and

quantities. As described elsewhere in this Final 2021 RPS Procurement Plan, SDCP's previously executed renewable supply contracts, current negotiating efforts and upcoming procurement processes will place the organization is a strong position to meet applicable RPS compliance requirements in Compliance Period 4 (and beyond). Therefore, SDCP's self-determined risk of non-compliance is low. Nevertheless, SDCP continues to assess demand-side and supply-side risks to better understand potential areas of concern and to promote achievement of organizational compliance objectives.

Regarding demand-side risk, SDCP continues to evaluate and update prospective retail sales related to its upcoming customer enrollment process (in 2022) and trailing 10-year planning period, including but not limited to anticipated changes related to customer eligibility, new development projects (that could increase retail energy consumption) and business closures, expected customer attrition (or growth) and changes to behind-the-meter generating capacity. From a practical perspective, the greatest demand-side risk with regard to SDCP's anticipated customer base is that retail sales are meaningfully higher than anticipated during Compliance Period 4. As the Commission is aware, CCAs provide an opportunity for customer choice, allowing customers to voluntarily participate in SDCP's program or remain bundled customers of the incumbent utility, SDG&E. To the extent that customers choose to leave SDCP's CCA program, or "opt out", SDCP's retail sales will decrease, resulting in related increases to the ratio of renewable energy serving such customers (and improving SDCP's position relative to applicable RPS compliance mandates) – it is unlikely that SDCP's renewable supply commitments will provide volumetric flexibility/options in the event of higher-than-anticipated retail sales volumes; in such instances, SDCP would need to pursue additional procurement opportunities to address unanticipated open positions. Thankfully, SDCP's currently executed

supply commitments and anticipated long-term contracting opportunities are expected to provide more volume than SDCP requires within Compliance Period 4; also, short-term RPS procurement opportunities seem to be readily available (to the extent such supply is necessary to augment long-term commitments). Because SDCP's anticipated participation rates are based on the well-documented experience of California's other operational CCA programs, the organization is confident that actual retail sales will be reasonably well aligned with related forecasts.

Considering SDCP's ongoing coordination with member municipalities and associated planning departments, SDCP expects to be well informed regarding upcoming development projects or other customer changes that could materially increase retail sales. For this reason, SDCP believes that demand-side RPS compliance risk is low.

Regarding supply-side risks, SDCP is aware of the generation variability/intermittency associated with certain renewable technologies as well as the possibility of curtailment (based on pricing considerations or market directives) during certain times of day/year. In the case of new-build renewable projects, SDCP is also aware of the possibility of project delays and, potentially, project failure. Such circumstances can materially diminish renewable energy deliveries, jeopardizing the achievement of RPS compliance and exposing the organization to unexpected financial consequences. This noted, a primary objective of the SDCP's CCA program is offering participating customers stable and competitive retail generation rates, so the organization must balance generalized over-purchasing of certain compliance products, including RPS-eligible renewable energy, with related budgetary impacts. In its RPS planning process, SDCP has considered such impacts as well as previous procurement practices observed by successful California CCAs, which have satisfied applicable compliance mandates reflected in California's

RPS program. In considering the experiences of such CCAs, it is important to note that few, if any, CCAs have contracted for all near-term RPS requirements prior to or at the time of service commencement. CCAs are exposed to considerable compliance risk at the time of, and in the few years immediately following, program launch, as load variability is generally highest during this period of time and organizational creditworthiness is generally weakest (due to the considerable costs associated with CCA implementation, the timing related to program expenditures and revenue receipts, and the methodical pace at which financial reserves are typically accrued during early-stage operations). To the best of SDCP's knowledge, few early-stage CCAs have experienced difficulties with generalized renewable energy procurement, but long-term RPS contracting has been more challenging – typical lead times (between contract execution and project completion) associated with new-build renewable energy projects are often 2-3 years or longer, and related power supply contracting efforts are rarely initiated so far in advance of service commencement. With this observation in mind, early-stage CCAs must either: 1) focus RPS contracting efforts on existing renewable generating resources; or 2) accept failure/delay risks associated with new-build renewable projects placed under contract near the time of CCA launch by incorporating reasonable planning reserves to mitigate such risks. In the case of SDCP, a balanced approach has been pursued, which has entailed contracting efforts focused on both existing and new renewable generating resources, thereby minimizing, but not eliminating, risks associated with compliance shortfalls. SDCP's anticipated long-term contracting surplus during Compliance Period 4 should further mitigate concerns related to project development delays and/or failures, as the previously noted planning reserve would accommodate one or more project failures amongst SDCP's currently executed contracts and upcoming contract opportunities. As noted above, SDCP has reflected considerations related to

volumetric risk (due to project delays and/or under performance) in its general planning assumptions and within Appendix C.

SDCP also anticipates mitigating supply-side risk by incorporating fixed-volume and index-plus pricing structures amongst its portfolio of RPS supply agreements. These procurement mechanisms serve to mitigate the risk of delivery variability (typically associated with intermittent renewable resources and/or renewable resources that may be subject to periodic curtailment) and exposure to negative market pricing (which could prompt economic curtailment). Fixed volume arrangements, in particular, also mitigate risk associated with commercial operation delays and facility failure; these structures also provide buyers with financial protections (via penalty payments) for under-delivery (which could be used, as a last resort, to offset compliance penalties in the event that the supplier or SDCP are unable to identify replacement volumes).

As part of SDCP's approach to managing supply-side risk, it has also adopted what it believes to be a CCA best practice related to RPS contracting: structuring early-stage solicitations to identify proven renewable generating technologies in prime resource locations to be developed and/or operated by the most experienced available suppliers (with strong, well-documented track records of successful project completion and operational reliability). Unlike certain of the IOU's early-stage contracting efforts, which focused on experimental/unproven renewable generating technologies, CCAs have generally focused early-stage contracting efforts on tried-and-true technologies and highly experienced counterparties – SDCP intends to follow this practice as well. When evaluating prospective renewable energy supply opportunities, SDCP will seek to minimize the risk of delivery failure (or shortfalls) by pursuing supply arrangements with such experienced and financially stable suppliers that have demonstrated

successful track records (related to the fulfillment of contracted renewable energy deliveries and/or project development). This noted, there is always a possibility that future renewable energy supply will not be delivered as required, which is why SDCP intends to periodically evaluate the sufficiency of currently anticipated renewable energy procurement targets in meeting both statutory mandates and prudent planning reserve levels. Given SDCP's initial commitment to providing a minimum 50 percent renewable default service to participating customers, it seems highly unlikely that cumulative renewable energy delivery shortfalls could result in compliance deficiencies. While other CCA programs may choose to pursue differing planning reserve targets, SDCP observes that there does not seem to be a clear standard or related guidelines for setting such metrics and believes that its anticipated, internally defined renewable energy targets provide sufficient planning reserves.

Following contract execution, SDCP staff will closely coordinate with its suppliers, particularly developers of any new-build resource, to maintain an acute awareness of project development progress, including any anticipated issues that could delay expected initial deliveries or compromise overall project viability. Such communications are intended to provide SDCP with an early indication of such issues, which would allow "corrective procurement actions" to occur if the extent of such issues were determined to impact SDCP's RPS compliance status.

In terms of system and resource reliability, SDCP has adopted a procurement approach that intends to emphasize resource and contractual diversity. This process is expected to contribute to the identification of renewable generating resources that should positively impact system reliability over time.

SDCP will consider this potential risk of generation variability during its resource planning process and related procurement/contracting efforts and may pursue contract structures that promote volumetric stability through the application of firm delivery quantities and/or performance guarantees that provide financial remedies/penalties in the event of delivery shortfalls. If necessary, the application of such penalties could be used: 1) as a first priority, to procure additional renewable energy supply to address delivery shortfalls; or 2) in the event of a determination of non-compliance, to offset the cost of related penalties. SDCP's intent is to achieve and maintain compliance with applicable RPS mandates, and the latter option is a last resort that is not expected to apply.

Furthermore, SDCP is aware of the need to perform a risk assessment and present the results of such assessment in this RPS Procurement Plan. As previously noted, SDCP adopted an ERM Policy at the meeting of its governing board on June 25, 2020. Following adoption of the ERM Policy and related creation of SDCP's ROC, any subsequent risk analyses/assessments will be developed and administered under the oversight of this committee. Before the ROC begins its regular meetings, SDCP intends to observe a practically minded risk management/assessment process that relies on the significant reserve margin created by its internally adopted renewable procurement target (minimum 50 percent, increasing over time) as well as a concerted effort (through its solicitation processes) to identify and select highly experienced, financially viable renewable energy sellers, a process which is believed to materially reduce the risk of delivery shortfalls (and potential compliance deficits). If SDCP's internally adopted planning targets and related procurement efforts prove to be insufficient in meeting near-term RPS compliance targets, SDCP will bring such findings to the attention of its ROC and pursue suitable resolutions and mitigation measures under the oversight of the

committee. It is reasonable to assume that the ROC will consider the use of quantitative tools to further understand renewable planning and compliance risks, but since this committee has yet to convene, SDCP will wait for future discussion/direction before attempting to identify or pursue development of a risk management tool/model/software that would meaningfully reduce risk beyond the previously described approach. If such a tool becomes necessary in the future, as determined in concert with SDCP's ROC, it may employ a stochastic approach in determining prospective variability in anticipated future renewable energy deliveries, and the results of related analyses may alter SDCP's future planning reserves, if necessary, or prompt supplemental procurement activities to protect against the volumetric variability reflected in such analyses.

At this point in time, the largest risk related to renewable energy procurement and delivery facing SDCP is that the agreements currently under negotiation do not move forward as expected. SDCP is committed to completing existing negotiating efforts and securing contractual commitments for the balance of its long-term RPS needs in Compliance Period 4. If this occurs as anticipated, SDCP's attention will turn to the monitoring of milestone achievement for new-build renewable opportunities with the goal of promoting timely project completion and initial deliveries to ensure that SDCP meets applicable compliance mandates during CP4. To the extent that SDCP observes issues related to key milestone completion, it will accordingly adjust anticipated renewable energy deliveries to account for the prospect of RPS shortfalls (even though such shortfalls are unlikely to present compliance issues, due to the relatively high renewable energy content reflected in SDCP's default retail service offering).

To the extent that understanding supplier responses to future solicitations necessitate the use of a quantitative tool, SDCP will act accordingly. However, if SDCP believes that its

supplier selection process results in the identification of: 1) low-risk supply sources that are already operational; or 2) highly experienced, financially viable project developers that have consistently demonstrated a successful development track record over time, then it may choose to forgo a related quantitative assessment as part of its risk management process.

Similar issues do not seem relevant with regard to short-term renewable energy purchases, as the market continues to remain robust for CCA buyers. This noted, it is entirely unreasonable for SDCP to engage in significant levels of over-procurement via long-term contract, as such an approach would materially limit planning flexibility, may impose excessive costs and rate-related impacts on its CCA customers, and would seemingly expose SDCP to unnecessary market risks (by virtue of the fact that the timing of its service commencement will necessitate the execution of all long-term supply commitments required to support early-stage operations at a single point in time – such an approach is generally not advisable). As previously noted, SDCP believes that a keen focus on identifying highly experienced, financially viable long-term renewable energy suppliers is the best risk mitigation strategy for this important element of the RPS Program, and SDCP intends to observe this practice during its upcoming solicitation process(es).

With respect to system reliability, SDCP is aware of the need to pursue a portfolio of renewable resources with diverse and complementary delivery profiles as well as complimentary infrastructure (namely, energy storage infrastructure) that will support the reshaping of renewable energy deliveries to better align with load. For example, renewable energy procurement efforts that may initially focus on relatively low-cost solar resources will often necessitate subsequent investments in co-located energy storage infrastructure and/or higher-cost baseload renewable generating technologies, such as those using geothermal, biomass and

landfill gas fuel sources. These baseload renewable technologies are often priced at three-to-four times the level of in-state photovoltaic solar generation but generally provide increased capacity value (due to the more predictable, baseload generating profiles of such resources) and related reliability enhancements. Over time, SDCP will attempt to balance these competing portfolio management interests to support reasonably close alignment between supply and demand (reducing the need for pronounced resource ramping on the system), cost-effective procurement and overall grid reliability. SDCP is aware that low-cost, long-term solutions are challenging to identify at this time, but it will remain committed to pursuing a conscientious planning process that balances grid reliability, compliance demonstration and customer cost impacts.

In terms of lessons learned related to risk management, SDCP observes that internally adopted, above-RPS planning targets generally serve as effective mitigation measures related to RPS compliance. SDCP will continue to evaluate the sufficiency of its adopted planning reserves (MMoP) to reduce the risk of RPS compliance shortfalls. If future RPS contracting activities impose larger than anticipated risks (on project failure and/or under-delivery), SDCP may increase its noted planning reserve to provide additional protection against such risks. The extent to which such adjustments may occur is not known at this time but will be discussed, as necessary, in a future RPS Procurement Plan.

SDCP has also observed the value of resource diversity across a broad spectrum of considerations, including resource location, generating technology, suppliers/developers and contract structures, amongst other concerns. Long-term renewable supply commitments are inherently risky in the sense that such commitments expose the buyer and/or seller to a variety of unknown circumstances, including but not limited to evolving market prices and policy changes. Throughout a long-term contract relationship, it seems evident that areas with initially low levels

of negative pricing (and related curtailment of energy production) can materially change as new project development activity occurs, creating (or exacerbating) conditions of over-supply and related incidents of energy curtailment. This risk is particularly challenging to manage, as California's escalating RPS procurement mandates necessitate ongoing investment in new renewable generating infrastructure, which is often sited in resource-rich areas that become oversaturated with similar generating technologies (and related delivery profiles). These circumstances seem inevitable and, over the course of a long-term supply relationship, may expose the contracted parties to unexpected risks, including negative prices (and related budgetary impacts) and curtailed deliveries (which may compromise the fulfillment of mandated procurement targets by the buyer). Again, SDCP will periodically reevaluate its current renewable energy planning reserve to address anticipated curtailment and/or underperformance risk to the extent that such concerns are pertinent to SDCP's renewable contract portfolio.

SDCP is also aware that risk can be diversified through various contract structures. For example, an "index-plus" pricing structure is useful in transferring nodal/market price risk to the seller – in such structures, the buyer pays a fixed renewable premium, while the seller assumes risk associated with market price fluctuations but also receives market revenues (which could be higher or lower than anticipated) – even though the buyer receives the energy, renewable attribute and (in certain instances) capacity value as part of such a transaction, the buyer's financial risk is generally limited to the payment of the renewable premium. For buyers who are averse to market price risk, the index-plus pricing structure effectively eliminates this concern but may result in higher overall contract costs (which may be acceptable, as a form of insurance, to mitigate market price exposure). In other structures, such as the "fixed-price" or "aggregate pricing" structure, the renewable energy premium and energy commodity (and oftentimes,

capacity value) are reflected in a single price paid by the buyer – this structure deliberately allocates market price risk to the buyer, but the buyer may also pay a lower imputed renewable premium in instances where market revenues (realized when the energy commodity is delivered to the grid) closely approximate (or exceed) the aggregate renewable energy price. SDCP has pursued both pricing structures as part of its portfolio diversification and risk management strategies, attempting to balance risk across a broad range of considerations. Any changes to this approach will be articulated in future iterations of the RPS procurement planning process.

VIII. Renewable Net Short Calculation

SDCP has provided a quantitative assessment to support the qualitative descriptions provided in this RPS Procurement Plan, which is attached as Appendix C. At this point in time and based on SDCP's initial renewable energy contracting efforts, certain risk-related adjustments have been incorporated in Appendix C, as described above. If such adjustments are deemed insufficient, based on regular project development status updates or other information, SDCP will update such adjustments in a future planning document based on information specifically related to each contracting opportunity reflected in the quantitative assessment.

IX. Minimum Margin of Procurement (MMoP)

SDCP is developing an electricity supply portfolio that will further the achievement of state mandates as well as internally adopted goals for increasing RPS-eligible renewable energy supply over time. The following table displays SDCP's intended margin of RPS over-procurement based on the differential between the SB 100 procurement targets and SDCP's internally adopted RPS procurement targets. This table reflects SDCP's voluntary margin of over-procurement, or VMoP.

State & Internally Adopted Renewable Energy Requirements

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
SB 100 RPS Procurement Requirement (% of Retail Sales)	35.8%	38.5%	41.3%	44.0%	46.7%	49.3%	52.0%	54.7%	57.3%	60.0%
SDCP's Minimum Internally Adopted RPS Procurement Target (% of Retail Sales)	50.0%	52.0%	54.0%	56.0%	58.0%	61.0%	64.0%	68.0%	72.0%	75.0%
SDCP's Voluntary Margin of Over-Procurement (% of Retail Sales)	14.3%	13.5%	12.8%	12.0%	11.3%	11.7%	12.0%	13.3%	14.7%	15.0%

As reflected in the previous table, SDCP's RPS-eligible renewable energy target was set at a minimum 50 percent in 2021 (SDCP's first year of operations), increasing to 75 percent by 2030. SDCP's internally adopted renewable energy procurement targets are intended to support SDCP's broader goal of providing a minimum 90% carbon-free electricity to all customers by 2030. SDCP's internally adopted minimum renewable energy procurement goals ensure a significant margin of procurement above the SB 100 mandates. SDCP's internally adopted renewable energy procurement goals provide a meaningful buffer above the state's RPS requirements and serve as SDCP's VMoP – SDCP's VMoP will minimally exceed statewide RPS mandates by at least 11.3 percent (relative to retail sales) in each year of the 10-year planning horizon.

To address RPS compliance risk, SDCP uses its risk assessments, including its renewable net short calculations, to establish a Minimum Margin of Over-Procurement to guide RPS compliance procurement planning. SDCP calculated the minimum margin of procurement, or MMoP, using a 10% risk adjustment (or planning reserve) that was applied to SDCP's minimum internally adopted RPS procurement target (see row 2 in the previous table), which is reflective of the renewable content offered through SDCP's default retail service offering, PowerOn. On a voluntary basis, SDCP customers may enroll in SDCP's 100% renewable energy service offering, Power100 – customer participation in this program increases SDCP's overall renewable energy need but also provides an enhanced procurement buffer relative to

applicable compliance mandates. This noted, SDCP does not include/rely on additional renewable energy volumes required to serve Power100 customers in determining its MMoP or VMoP – such incremental renewable energy purchases are additive to SDCP's MMoP and VMoP (meaning that such volumes are in excess of the additional renewable energy purchases required to meet SDCP's MMoP and VMoP). Based on the manner in which SDCP has established its MMoP, as a 10% planning risk adjustment relative to total PowerOn renewable energy requirements, the effective MMoP percentages observed by SDCP range from 12.3% (2027) to 14.0% (2021), relative to SDCP's projected RPS compliance need, over the ten-year planning horizon. The following chart provides additional detail regarding the effective MMoP percentages observed by SDCP.

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
SB 100 RPS Procurement Requirement (% of Retail Sales)	35.8%	38.5%	41.3%	44.0%	46.7%	49.3%	52.0%	54.7%	57.3%	60.0%
SDCP's Minimum Internally Adopted RPS Procurement Target (% of Retail Sales)	50.0%	52.0%	54.0%	56.0%	58.0%	61.0%	64.0%	68.0%	72.0%	75.0%
SDCP's RPS Planning Risk Adjustment (at 10% of Minimum Internally Adopted RPS Target)	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
SDCP's Minimum Margin of Over-Procurement (% of Retail Sales)	5.0%	5.2%	5.4%	5.6%	5.8%	6.1%	6.4%	6.8%	7.2%	7.5%
SDCP's Minimum Margin of Over-Procurement (% buffer relative to RPS Mandate)	14.0%	13.5%	13.1%	12.7%	12.4%	12.4%	12.3%	12.4%	12.6%	12.5%

SDCP's MMoP is intended to address potential delivery variability for intermittent resources, curtailment risk, project delays and other operational peculiarities that may cause actual renewable energy deliveries to deviate from projections. Note that certain of SDCP's renewable energy deliveries are not subject to variability – such agreements reflect minimum fixed delivery quantities (or quantities with limited volumetric variability) with corresponding financial penalties (paid to SDCP by related sellers in the event of delivery shortfalls). SDCP also observes that in 2021, the entirety of its renewable energy deliveries were secured via contracts with specified minimum delivery quantities that were established to ensure that SDCP

fulfilled its intended minimum renewable content of 50 percent. Beginning in 2022, SDCP will have limited exposure to resource intermittency via its long-term renewable supply agreement with Duran Mesa, LLC. As such, risk assessments/adjustments for delivery variability were not required for the 2021 calendar year but will be considered by SDCP in 2022 and beyond.

If SDCP adopts changes to its future renewable energy content/offerings, future RPS procurement planning documents will be updated accordingly. Staff assumes that future renewable procurement targets (inclusive of planning reserves necessary to meet RPS mandates) will consider a variety of factors, including but not limited to, the operational status of prospective renewable energy facilities to be placed under contract, the experience and general development track record of each project development team (associated with new resources), resource size (capacity), the location of prospective generating resources (for new facilities) and impacts of over-procurement to the CCA program's procurement budget and customer rates.

IX.A. MMoP Methodology and Inputs

SDCP's MMoP is intended to address an RPS failure rate at or above that which is reflected in the renewable net short reporting template. In the event of contract under-deliveries, commercial operation delays and/or project failures, the MMoP should be sufficient to ensure SDCP is compliant with the RPS procurement requirements. SDCP's VMoP is the annual RPS-eligible minimum portfolio content identified in SDCP's internally adopted planning targets.

As discussed in Section VIII, SDCP has incorporated risk adjustments to certain renewable energy delivery estimates associated with existing generating facilities (due to known fire risk associated with certain geothermal resources and the potential for related delivery reductions; delivery intermittency is also subsumed in prescribed risk adjustments) and resources that are under development. Achieving SDCP's MMoP necessitates higher levels of

renewable energy procurement (ranging from 12.3% to 14.0% over SDCP's annual RPS compliance needs throughout the ten-year planning period), which accommodate the potential for delivery shortfalls (due to a variety of circumstances) while still allowing SDCP to meet prescribed RPS mandates. Considered in concert, SDCP's VMoP and MMoP provide a substantial aggregate renewable energy planning buffer, relative to applicable compliance mandates, as reflected in the following table.

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
SB 100 RPS Procurement Requirement (% of Retail Sales)	35.8%	38.5%	41.3%	44.0%	46.7%	49.3%	52.0%	54.7%	57.3%	60.0%
SDCP's Minimum Internally Adopted RPS Procurement Target (% of Retail Sales)	50.0%	52.0%	54.0%	56.0%	58.0%	61.0%	64.0%	68.0%	72.0%	75.0%
SDCP's Voluntary Margin of Over-Procurement (% of Retail Sales)	14.3%	13.5%	12.8%	12.0%	11.3%	11.7%	12.0%	13.3%	14.7%	15.0%
SDCP's Minimum Margin of Over-Procurement (% of Retail Sales)	5.0%	5.2%	5.4%	5.6%	5.8%	6.1%	6.4%	6.8%	7.2%	7.5%
SDCP's Aggregate Margin of Over-Procurement (% of Retail Sales)	19.3%	18.7%	18.2%	17.6%	17.1%	17.8%	18.4%	20.1%	21.9%	22.5%

SDCP will effectively ensure its compliance with applicable RPS mandates by procuring in consideration of internal renewable energy goals that meaningfully exceed state-adopted requirements. SDCP currently provides a minimum 50% renewable energy content to all customers as part of its default retail service offering. SDCP's governing board may periodically consider increases to such renewable energy content for purposes of ensuring that SDCP differentiates its supply portfolio from applicable state-mandated renewable content. The extent to which SDCP will exceed statewide RPS mandates will be dependent upon a variety of factors, including RPS product availability, product cost and budgetary impacts and timely product deliveries from generating facilities under contract with SDCP. As SDCP's governing board considers and adopts changes to its internal renewable energy procurement targets, the organization will accordingly update future RPS planning documents to reflect such changes.

IX.B. MMoP Scenarios

SDCP plans to meet the annual program renewable goals reflected in the table presented in Section IX (above), including the MMoPs reflected therein. As reflected in this table, SDCP's anticipated MMoP percentages range from 12.3% in 2022 to 14.0% in 2021. The renewable net short included in the RNS Quantitative Template also incorporates the additional RPS-eligible renewable energy need resulting from SDCP's VMoP, which reflects its internally adopted renewable energy procurement goal that increases from 50% in 2021 to 75% in 2030.

During its bid evaluation and supplier selection processes, SDCP considers a variety of risks and will explicitly incorporate such risks into its MMoP calculation after related contracting processes are complete and project development progress (for new-build renewable projects) is being tracked by SDCP staff. Based on the information gathered during SDCP's contract management process (which will focus on key milestone achievement and deviations from initial project development schedules for new-build projects), SDCP may adjust expected renewable energy deliveries. To the extent that adjusted future deliveries meaningfully differ from SDCP's previous expectations, additional RPS procurement may be pursued to ensure that SDCP maintains its desired MMoP and related minimum customer delivery commitments.

SDCP will also model demand-side sensitivities that may impact MMoP calculations. This will be particularly important during administration of SDCP's multi-phase customer enrollment process, as participation rates are expected to be most volatile during this period of time (between March 2021 and mid-2022). In addition to load variability resulting from customer participation levels, SDCP will also monitor electric vehicle ("EV") penetration rates, net energy metering participation rates and other considerations that may impact overall customer energy requirements and related demand-based MMoP calculations.

X. Bid Solicitation Protocol

X.A. Solicitation Protocols for Renewables Sales

SDCP does not have immediate plans to issue a solicitation for sales of renewable energy products/projects. If such a need arises in the future, however, SDCP will consider a protocol that: 1) ensures that SDCP remains compliant with applicable RPS procurement mandates; 2) minimizes overall portfolio costs to the greatest extent practical; and 3) provides sufficient flexibility to accommodate reasonably anticipated supply-side and demand-side changes that could impact SDCP's overall renewable energy requirements.

X.B. Bid Selection Protocols

Consistent with Public Utilities Code section 399.13(a)(5)(C)[17], SDCP shall conduct solicitations for requisite energy resources, including specific needs for eligible renewable energy resources (reflecting locational preferences, when applicable, for such resources), generating capacity, and required online dates to assist in determining what resources fit best within its supply portfolio. Since CCA program governing boards are comprised of local elected officials, these solicitation and procurement decisions are overseen by elected representatives of the community. These solicitation and procurement decisions will seek to comply with targets and preferences that are considerate of local priorities and interests. Any new renewable energy supply agreements resulting from ongoing contract negotiations and future solicitation processes will be brought to SDCP's governing board for approval prior to execution.

[17] Cal. Pub. Util. Code § 399.13(a)(5)(C) ("Standard terms and conditions to be used by all electrical corporations in contracting for eligible renewable energy resources, including performance requirements for renewable generators. A contract for the purchase of electricity generated by an eligible renewable energy resource, at a minimum, shall include the renewable energy credits associated with all electricity generation specified under the contract. The standard terms and conditions shall include the requirement that, no later than six months after the commission's approval of an electricity purchase agreement entered into pursuant to this article, the following information about the agreement shall be disclosed by the commission: party names, resource type, project location, and project capacity.").

SDCP's most recent RPS solicitation, "San Diego Community Power 2020 Request for Proposals ("RFP") for Long-Term California RPS-Eligible Renewable Energy"[18] ("RFP") was issued on June 29, 2020, and is attached to this document as Appendix F. Pursuant to Public Utilities Code 399.13(a)(6)(C),[19] SDCP's RFP included a variety of considerations in related bid solicitation protocols as well as the proposal evaluation and selection process, including:

1. Price and relative value within SDCP's supply portfolio;
2. Project location and benefits to the local economy and workforce;
3. Potential economic benefits created within communities with high levels of poverty and unemployment;
4. Project development status, including but not limited to progress toward interconnection, deliverability, siting, zoning, permitting, and financing requirements;
5. Qualifications, experience developing projects in California and/or with CCAs, financial stability, and structure of the prospective project team (including its ownership);
6. Environmental impacts and related mitigation requirements, including impacts to air pollution within communities that have been disproportionately impacted by the existing generating fleet;
7. Potential impacts to grid reliability;
8. Interconnection status, including queue position, full deliverability of Resource Adequacy capacity, and related study completion, if applicable
9. Acceptance of SDCP's standard contract terms; and
10. Development milestone schedule, if applicable.

Based on the success of its initial solicitation(s), SDCP may adapt these considerations to improve success in future renewable energy procurement efforts.

SDCP's Inclusive and Sustainable Workforce Policy, adopted January 28, 2021, considers impacts to the local economy and workforce. SDCP will specifically consider "the

[18] See *San Diego Community Power 2020 Request for Proposals ("RFP") for Long-Term California RPS-Eligible Renewable Energy* available at https://www.sdcommunitypower.org/resources.
[19] Cal. Pub. Util. Code § 399.13(a)(6)(C) ("Consistent with the goal of increasing California's reliance on eligible renewable energy resources, the renewable energy procurement plan shall include all of the following: A bid solicitation setting forth the need for eligible renewable energy resources of each deliverability characteristic, required online dates, and locational preferences, if any.").

employment growth associated with the construction and operation of eligible renewable energy resources."[20] More specifically, to the extent SDCP procures new RPS resources in solicitations where qualitative factors are considered, SDCP will include a qualitative assessment of the extent to which proposed project development activities will support this goal. Such determinations will be based on information provided by the prospective supplier and SDCP's independent assessment of such information. When SDCP procures RPS resources, it will require bidders to submit information on projected California employment growth during construction and operation. This data will include the expected number of hires, duration of hire, and an indication of whether the bidder has entered into Project Labor Agreements or Maintenance Labor Agreements in California for the proposed project.

Pursuant to Public Utilities Code section 399.13(a)(8)(A), SDCP will also consider the inclusion of evaluative preference for "renewable energy projects that provide environmental and economic benefits to communities afflicted with poverty or high unemployment, or that suffer from high emission levels of toxic air contaminants, criteria air pollutants, and greenhouse gases."[21] To the extent that SDCP procures RPS resources through solicitations where qualitative factors are considered, impact on disadvantaged communities will be considered. Such information will be gathered by requiring prospective suppliers to answer the following questions: Is your facility located in a community afflicted with poverty or high unemployment or that suffers from high emission levels? If so, the participant will be encouraged to describe

[20] See *Inclusive and Sustainable Workforce Policy*, adopted January 28, 2021, available at https://sdcommunitypower.org/resources/meeting-notes/.

[21] Cal. Pub. Util. Code § 399.13(a)(8)(A) ("In soliciting and procuring eligible renewable energy resources for California-based projects, each electrical corporation shall give preference to renewable energy projects that provide environmental and economic benefits to communities afflicted with poverty or high unemployment, or that suffer from high emission levels of toxic air contaminants, criteria air pollutants, and greenhouse gases.").

how its proposed facility can provide the following benefits to adjacent communities:

- Projected hires from adjacent community (number and type of jobs);
- Duration of work (during construction and operation phases);
- Projected direct and indirect economic benefits to the local economy (i.e., payroll, taxes, services);
- Emissions reduction – identify existing generation sources by fuel source within 6 miles of proposed facility and indicate whether the proposed facility will replace/supplant the identified generation sources; and
- To the extent that the proposed generating facility is expected to replace/supplant an existing generating facility, the prospective supplier will be asked to quantify the associated emission impacts of this transition.

These considerations, including others that may be adopted by SDCP's governing board in future meetings, will be incorporated, as appropriate, in future solicitations administered by the organization.

X.C. LCBF Criteria

The Least-Cost Best Fit methodologies approved by the Commission pursuant to D.04-07-029, D.11-04-030, D.12-11-016, D.14-11-042, and D.16-12-044 are expressly only directly applicable to the IOUs and the Commission does not have jurisdiction over the solicitation protocols of CCAs. However, consistent with Public Utilities Code sections 399.13(a)(9), SDCP will consider best-fit attributes that support a balanced mix of resources to help support reliability of the electrical grid.[22]

[22] Cal. Pub. Util. Code § 399.13(a)(9) ("In soliciting and procuring eligible renewable energy resources, each retail seller shall consider the best-fit attributes of resource types that ensure a balanced resource mix to maintain the reliability of the electrical grid.").

In particular, SDCP considered "least cost best fit" ("LCBF") during the evaluation of responses to its initial renewable energy solicitation and will continue to do so in future solicitations that will be necessary to fill noted open positions. From SDCP's perspective, use of the term "costs" appropriately includes considerations beyond the basic price of renewable energy. More specifically, costs include a broad range of considerations, such as: 1) reputational damage resulting from failure to meet state-mandated and/or internally established renewable energy procurement targets; 2) compliance penalties resulting from failed project development efforts or delivery shortfalls; 3) administrative complexities related to dealing with inexperienced suppliers (such as prolonged contract negotiation processes and uncertainties related to project milestone timing and achievement); and 4) impacts to planning certainty resulting from higher risk projects. These factors, as well as various others, will continue to be considered by SDCP as components of its cost evaluation process, which may lead to the selection of offers that aren't necessarily the lowest cost option(s), as expressed on a dollar-per-MWh basis. With regard to "fit", this aspect of a prospective supply opportunity has as much to do with compatibility (between SDCP and its suppliers) and alignment with key local objectives as it does with balancing customer usage and expected project deliveries, particularly when considering long-term contracting opportunities that will necessitate a constructive working relationship over a period of ten years or more. SDCP also interprets the term "fit" to mean the general suitableness of a project opportunity in promoting grid reliability – while SDCP has no explicit operational or maintenance responsibilities related to the local distribution system serving its customers or the bulk electric system at large, it is aware of the profound importance of supporting grid reliability through its procurement processes. With this in mind, SDCP will make best efforts to balance the demands of California's rigorous RPS compliance mandates with its interest in promoting

such reliability. This is no small task, and SDCP expects that considerations related to grid reliability will be incorporated at each stage of its planning and procurement processes but also acknowledges that the full scope of its RPS contract/resource portfolio (including related impacts to grid reliability) will significantly evolve throughout the organizations operating history. Over time, SDCP expects to thoughtfully assemble a diversified portfolio of RPS contracts/resources that will not only contribute to SDCP's achievement of applicable compliance mandates but also to improved stability and reliability of California's electric system. As such, SDCP's LCBF methodology will consider a broad range of components, including those previously noted, balancing a variety of pertinent considerations at the time each renewable purchase opportunity is being evaluated.

Additionally, the requirement of Section 399.13(a)(8)(A) to give preference to renewable projects located in certain communities is expressly only applicable to "electrical corporations" and is not mandatory for CCAs.[23] However, SDCP recognizes the need to help mitigate the impacts of air pollution in regions of the state where communities have been disproportionately impacted by the existing generating fleet as well as the need to bring economic benefits to communities with high levels of poverty and unemployment. Consistent with this recognition, SDCP will consider the manner in which air pollution may be impacted during its renewable energy solicitation process(es) and related project selection.

[23] Cal. Pub. Util. Code § 399.13(a)(8)(A) ("In soliciting and procuring eligible renewable energy resources for California-based projects, each electrical corporation shall give preference to renewable energy projects that provide environmental and economic benefits to communities afflicted with poverty or high unemployment, or that suffer from high emission levels of toxic air contaminants, criteria air pollutants, and greenhouse gases.").

XI. Safety Considerations

San Diego Community Power holds safety as a top priority. Since SDCP does not own, operate, or control generation facilities, SDCP's procurement of renewable resources will not present any unique safety risks. This section describes how SDCP has taken actions to reduce the safety risks that may be posed by its renewable resource portfolio and how SDCP supports the state's environmental, safety, and energy policy goals.

In its procurement efforts, SDCP will consider the extent to which incorporating project safety requirements/risk mitigation requirements is necessary and appropriate in contracting. SDCP has generally included safety terms in its contracts requiring the seller to comply with all laws and prudent operating practices relating to the operation and maintenance of the renewable facility and the generation and sale of the renewable product. Additionally, the seller shall take all reasonable safety precautions with respect to the operation, maintenance, repair and replacement of the facility, and notify SDCP if seller becomes aware of any circumstances relating to the facility that creates an imminent risk of damage or injury to any person or any person's property, taking prompt, reasonable action to prevent such damage or injury. SDCP is aware that requesting more stringent processes and/or requirements (related to safety and/or other concerns) may trigger requested price increases by the seller/supplier. To the extent that product pricing would meaningfully increase due to the inclusion of such provisions, SDCP would need to evaluate budgetary impacts and other risks before proceeding.

In addition, SDCP has provided additional information below on its existing safety practices.

XI.1. Wildfire Risks and Vegetation Management

In ongoing and future negotiations, SDCP will ensure that its contracts with renewable generating facilities will require the facility operator to comply with all relevant safety requirements. This will be accomplished, in part, through contract provisions that require the counter party to operate and maintain the facility in compliance with all relevant laws and prudent operating practices, including relevant safety and environmental protection standards.

At this point in time, SDCP has yet to adopt specific procurement policies or preferences focused on the acquisition of forest biomass resources. SDCP is aware of the mitigating impacts that biomass generators, which use forestry waste as feedstock, may have on wildfire risk and will consider the adoption of a related procurement policy in the future.

One of the evaluative criteria considered by SDCP is project location. Part of this evaluation will include an analysis of project location with respect to wildfire risk. Projects that are sited in a high wildfire risk area may be scored lower, and the expected output associated with such project(s) may be reduced to account for potential reductions in output that may occur if fires happen to compromise the project or surrounding infrastructure. SDCP is aware of instances when CCAs have received lower-than-expected deliveries from renewable generating facilities that were required to shut down or reduce output when fire risk compromised such electrical infrastructure. Based on this information, generating assets located in areas that are historically prone to fire risk will need to be considered in light of the potential for reduced output and resultant impacts to SDCP's RPS compliance standing.

SDCP is also considering the development of a program to educate and possibly incentivize its customers to eliminate or minimize the use of diesel and natural gas generators. As evidenced during Pacific Gas and Electric Company's 2019 Public Safety Power Shutoff

("PSPS") events, gas-powered generators can present fire hazards. Once all of SDCP residential and commercial accounts are phased in (which is expected to occur in 2022), SDCP can consider the development of a customer outreach initiative/education program to inform customers of the potential hazards presented by customer-sited gas generators, including fire risk presented by such infrastructure. This is especially important for SDCP customers located in the eastern portion of its service territory, which is semi-rural, hotter, and drier than other parts of San Diego County, making it an area of increased wildfire risk.

In future solicitations, SDCP will identify whether any of the bidding generating facilities are located within Tier 2 or Tier 3 of the Commission's Fire-Threat Map. When evaluating executing a contract with a facility located in Tier 2 or Tier 3, SDCP will consider requiring that the seller utilize elevated wildfire prevention and safety measures for any construction, operation, and maintenance activities.

XI.2. Decommissioning Facilities

As SDCP just recently completed its initial long-term contracting efforts, it has not developed any plans or requirements related to the disposition of associated generating facilities following completion of applicable delivery terms. For future contract negotiations, SDCP will evaluate requiring the seller to provide a project safety plan or a similar type of reporting document, which will include information on procedures for identifying and remediating safety incidents, as well as describing any relevant requirements (such as those associated with the permitting of the facility) for the decommissioning of the facility.

XI.3. Climate Change Adaptation

SDCP's internally adopted portfolio targets, relating to the use of renewable energy and other carbon-free energy supply, are intended to support the CAPs of Member Agencies and the

San Diego Region at large. In future solicitations, SDCP will consider updating its bid evaluation criteria in consideration of the policies and preferences of its membership, including but not limited to risks associated with facilities located in regions that are forecasted to be impacted by higher instances of sea-level rise, flooding, wildfires, and/or elevated temperatures.

As noted above, SDCP has incorporated references to the Climate Action Plans of the Member Agencies and will provide more detailed strategies for climate change adaptation in its 2021 RPS Procurement Plans.

XI.4. Impacts During Public Safety Shut-off (PSPS) Events

As SDCP just recently commenced CCA operations, potential impacts related to future PSPS events are uncertain. However, with regard to resource planning, it is likely that a relatively short-duration PSPS event impacting SDCP would marginally reduce retail electric sales and, as a result, would generate a very small increase in the proportionate share of renewable energy supply accruing to SDCP (if renewable supply agreements continue to perform as expected during such events). As SDCP executes contracts with renewable generating facilities, it will evaluate the risk of the loss of generation associated with PSPS events both for facilities that are already online and for facilities that are still under development. Based on impact of prior PSPS events to generating facilities, SDCP anticipates that the total quantity of any PSPS-related reductions in RPS-eligible generation will be relatively small and would likely be offset by the potential reduction in retail sales that would result from PSPS events that directly impact SDCP's customers. Therefore, the likelihood of a material impact to SDCP's renewable energy planning process or related performance metrics seems unlikely.

XI.5. Biomass Procurement

SDCP's neutral position on biomass procurement remains unchanged. SDCP recently completed its initial long-term renewable energy contracting efforts, so it is difficult to predict how the organization's renewable energy supply portfolio will evolve over time. While SDCP has no specific preferences for or against biomass resources, the prospect of procuring such resources will be dependent upon offers received during future solicitation processes. To the extent that future biomass offers/proposals are competitive (with similar offers received from other resource types) and/or in the event SDCP adopts policies explicitly supporting the acquisition of biomass energy resources, SDCP will consider the inclusion of biomass energy within its renewable energy supply portfolio.

XII. Consideration of Price Adjustments Mechanisms

During ongoing contracting processes and future solicitations, and consistent with SB 350 and SB 100, SDCP will review the prospects of incorporating price adjustments in contracts with online dates more than 24 months after the date of contract execution. As noted in the ACR, such price adjustments could include price indexing to key components or to the Consumer Price Index.

XIII. Curtailment Frequency, Forecasting, Costs

This Section responds to the questions presented in Section 5.13 of the ACR[24] and describe SDCP's strategies and experience so far in managing SDCP's exposure to negative pricing events, overgeneration, and economic curtailment for SDCP's region and portfolio of renewable resources.

[24] See *Assigned Commissioner and Assigned Administrative Law Judge's Ruling Identifying Issues and Schedule of Review for 2020 Renewables Portfolio Standard Procurement Plans*, May 6, 2020 at p. 27-28.

XIII.1. Factors Having the Most Impact on the Projected Increases in Incidences of Overgeneration and Negative Market Price Hours

SDCP continues to learn a great deal about the California energy market, including information and considerations related to energy curtailment, potential cost impacts, contracting considerations, and other concerns. The following represents SDCP's understanding of this topic, which may impact future procurement processes.

Due in large part to the rapid increase in the amount of wind and solar generating facilities that have been brought online throughout the western United States, the California Independent System Operator's ("CAISO") balancing authority area has experienced an increasing frequency and magnitude of curtailment and negative pricing events. As of the end of 2019, California had over 12,800 MW of solar, 9,400 MW of behind-the-meter solar, and 5,900 MW of wind.[25] This increased capacity results in discrete periods where the majority of load in the CAISO is served by solar and wind resources. The monthly maximum load served by wind and solar in the CAISO has averaged 61.4 percent over the past 3 years (May 2018 to May 2021), and in April of 2021 the monthly maximum load exceeded 85 percent.[26] To address the resulting instances of over-supply, the amount of curtailment of wind and solar in the CAISO has significantly increased each year, totaling 187,000 MWh in 2015, 308,000 MWh in 2016, 379,510 MWh in 2017, 461,043 MWh in 2018, 965,241 MWh in 2019, and 1,586,500 MWh in 2020.[27] As of May 31, 2021, the total curtailment of solar and wind year to date is already 1,062,270 MWh.[28] Curtailment is typically the highest during the months of March, April, and

[25] California Energy Commission, Renewable Energy Tracking Progress, Feb. 2020, at 6, *available at* https://www.energy.ca.gov/sites/default/files/2019-12/renewable_ada.pdf.
[26] CAISO, Monthly Renewables Performance Report, May 2021, *available at* http://www.caiso.com/Documents/MonthlyRenewablesPerformanceReport-May2021.html.
[27] CAISO, Managing Oversupply, Wind and Solar Curtailment Totals, updated June 6, 2021, *available at* http://www.caiso.com/informed/Pages/ManagingOversupply.aspx.
[28] *Id.*

May when hydroelectric generation is historically at its highest.

SDCP will continue to monitor this situation to the extent such circumstances are likely to impact procurement activities and contract administration. If prospective renewable generating opportunities are located in areas that are prone to frequent instances of negative market pricing (based on available historical data), SDCP will be sure to evaluate such data to better understand prospective financial impacts and/or pursue contractual pricing structures that will insulate the CCA program from such risks. When SDCP considers specific renewable project/contract opportunities in the future, it will likely assume that incidences of over-generation will continue to occur (or increase) in areas of the state with low load and relatively high levels of generation. To the extent there are not opportunities to store, export or otherwise use such generation as it occurs, SDCP understands that market pricing would likely be suppressed to the extent that generation exceeds load; and to the extent that generation meaningfully exceeds load, market pricing could turn negative (or significantly negative). This concern was previously considered by SDCP and will continue to be considered when evaluating future renewable project/contract opportunities, and to the extent that certain project locations seem predisposed to incidences of negative pricing, SDCP will weigh such risk against other available project/contract opportunities. Ultimately, SDCP must satisfy its RPS procurement mandates and will need to procure among available opportunities, even if such opportunities present related risks to SDCP – in such instances, SDCP may seek to minimize its negative price risk through contract structures that alleviate these concerns for the buyer.

XIII.2. Written Description of Quantitative Analysis of Forecast of the Number of Hours Per Year of Negative Market Pricing for the Next 10 Years

SDCP is a new CCA organization and is still in the process of determining how a negative pricing forecast can and should be developed to inform its resource planning process –

at the present time, this remains unclear. Based on SDCP's initial contracting efforts, it will determine whether such analysis will be instructive in understanding potential issues (directly related to its renewable energy contracts) that may occur due to instances of negative pricing. At this time, however, the completion of such an analysis is premature and not deemed necessary, as new generating resources recently placed under contract are not expected to commence commercial operation until 2023. This determination is reasonable because the completion of a negative pricing analysis that is not related to specific project operation would provide little if any value or insight to SDCP. To the extent that such forecasts are prepared, additional information will be made available in a future iteration of this RPS planning document. Related, and as part of the next iteration of the Integrated Resource Plan ("IRP") process, SDCP will commence development of curtailment forecasts and anticipated negative pricing events through 2030. Such forecasts will be based on available historical data and SDCP's reasonable estimates as to how such events are likely to change in the future.

Related to this element of the RPS planning process, SDCP encourages the Commission to reconsider the need for such forecasts or, at a minimum, redefine the nature of this request in relation to each LSE's unique RPS supply portfolio and whether such LSE intends to utilize the forecast in its planning efforts. SDCP would also appreciate additional information from the Commission regarding its intended use of/for the requested 10-year negative pricing forecast so that it could cooperatively determine whether or not an alternative forecast or other data set would be more insightful/useful in managing the RPS program and related progress of participating retail sellers.

XIII.3. Experience, to Date, With Managing Exposure to Negative Market Prices and/or Lessons Learned from Other Retail Sellers in California

SDCP is a new CCA organization. To date, SDCP has no experience managing exposure to negative price risk but understands that it should pay close attention to historical nodal energy prices at/near areas where prospective renewable generating facilities will/may be located. Gathering such information should facilitate an improved understanding of the frequency and significance of instances involving negative pricing and may influence project rankings within SDCP-administered solicitation processes. SDCP understands that negative pricing is more prevalent in certain geographic regions throughout the state, so contracting with generating resources located within or adjacent to such areas may expose the organization to higher-than-expected renewable energy/compliance costs. SDCP has also learned that certain contract structures, including "index plus" pricing arrangements, may substantially minimize the financial impacts related to negative pricing. For example, numerous CCAs have pursued the use of index-plus pricing structures and, as a result, such contracts are generally insulated from instances involving negative market prices and/or curtailment risk. Another effective mitigation measure for negative price risk is the co-located installation of battery storage infrastructure with intermittent renewable generating capacity. Such infrastructure generally allows the buyer to shift some/all (based on the size of the storage infrastructure) of the renewable energy production away from times of day when negative pricing can be particularly prevalent, allowing for the delivery of such power at times of day when market pricing is higher/stronger. SDCP will consider implementing similar contracting and curtailment bid cap arrangements, as well as the inclusion of energy storage infrastructure, to minimize the risk of curtailment and negative pricing. In fact, two of SDCP's initial three long-term renewable energy supply contracts incorporate the use of battery storage to facilitate the shifting of production curves to better align

with customer energy use and market pricing conditions. During its solicitation processes, SDCP will evaluate negative pricing history, as needed, for project opportunities that may expose the organization to such risks.

SDCP plans to pursue a diversified portfolio of RPS contracts that seek to utilize a variety of contract structures, generating technologies, resource locations, suppliers/developers, risk allocation mechanisms and other considerations. SDCP will continue to learn lessons from established CCAs, particularly with regard to negative price risk mitigation. For example, Sonoma Clean Power Authority ("SCPA") assesses procurement opportunities by evaluating the proposed project location and nearby historical negative pricing, including congestion, and pursues contract terms that recognize and limit the potential financial impacts of negative pricing (including curtailment rights that allow an appropriate level of economic curtailment by the buyer). Additionally, SCPA is exploring battery storage systems at existing resources that are particularly exposed to negative pricing. The above-mentioned strategies for reducing the risk of negative pricing will be considered by SDCP as part of its strategy to mitigate negative price that could impact its customers.

XIII.4. Direct Costs Incurred, to Date, for Incidences of Overgeneration and Associated Negative Market Prices

SDCP is a new CCA organization. Based on current supply contracts, it has yet to incur direct costs related to negative pricing (for incidences of overgeneration associated with renewable generating facilities).

XIII.5. An Overall Strategy for Managing the Overall Cost Impact of Increasing Incidences of Overgeneration and Negative Market Prices

In reviewing the RPS Procurement Plans of other CCAs, it is evident that direct costs associated with incidences of overgeneration are currently, for most CCAs, an unfortunate

reality. It is the goal of SDCP to minimize these costs wherever possible by investigating mitigation strategies and learning lessons from those CCAs that have been able to avoid negative pricing through certain contracting mechanisms and operational strategies. While curtailment is a viable renewable integration strategy that is generally more cost-effective than other options, there are potential negative consequences from excessive curtailment. Curtailment of solar and wind represents a lost opportunity to generate zero GHG- emitting electricity, and excessive curtailment could impact the ability of the state to meet its environmental and energy policy goals. Additionally, these over-supply situations expose ratepayers to increased costs because their LSEs must either economically curtail the generating resource (and often pay for the electricity that was not generated) or generate power and be exposed to negative prices. Because these conditions are largely driven by state policy, it is appropriate to consider macro-level mitigation measures through CAISO initiatives, Commission rulemakings, and possibly even legislation. There are a number of measures and policies that have already been implemented or are currently being pursued that will have significant impacts on curtailment in the future. This includes the expansion of the Energy Imbalance Market, improvements to the CAISO market design and structure, enhanced forecasting capabilities, time-of-use rates, improved EV charging functionalities, and smart deployment of distributed energy resources. The Commission's IRP proceeding will be an appropriate forum to measure the impact of these policies and the effect that they will have on future curtailment. These new measures will need to be modeled and incorporated into forecasts of future curtailment.

XIV. Cost Quantification

SDCP has updated its Cost Quantification Table, Appendix E, based on current renewable energy supply contracts. SDCP will continue to update such information in future RPS procurement planning documents when new data points become available.

XV. Coordination with the IRP Proceeding

The resources identified in this RPS Procurement Plan are consistent with resources that were identified in SDCP's initial IRP, which was approved by SDCP's governing board and provided to the Commission for certification on September 1, 2020. As required by the ACR,[29] SDCP includes the following table that describes how SDCP's Final 2021 RPS Procurement Plan conforms with the determinations made in the IRP proceedings (R.16-02-007 and R.20-05-003). Based on SDCP's recently completed long-term renewable contracts with new build generating capacity, it expects to timely provide related updates in the required resource data template as well as other updates that may be required as part of the upcoming IRP process. As required, SDCP will highlight the interrelationships of its RPS and IRP planning processes in a future iteration of this RPS Procurement Plan. The following table reflects SDCP's most recent updates, as reflected in its Final 2021 RPS Procurement Plan, regarding RPS alignment with the IRP process.

[29] See ACR at 32-35.

IRP Section Subsection	RPS Alignment in IRP	
III. Study Results **A. Preferred and Conforming Portfolios**	Retail sellers should explain how the RPS resources they plan to procure, outlined in their RPS Plan, will align with each portfolio to be developed in their IRP. In addition to the list of the IRP portfolios developed and portfolio descriptions submitted for Commission approval and certification in 2020 IRP Plans, this should include:	
	1. Existing RPS resources that the retail seller owns or contracts. *2. Existing RPS resources that the retail seller plans to contract with in the future.* *3. New RPS resources that the retail seller plans to invest in.*	As part of its 2020 IRP filing, SDCP submitted two Preferred Conforming Portfolios that achieve its proportional share of both the 46 and 38 MMT GHG targets. Because SDCP has yet to finalize its initial long-term RPS supply commitments that will contribute to the achievement of such portfolio goals, this document reflects those resources that SDCP intends to contract with in the future. Such procurement efforts are expected to contribute to the achievement of relevant GHG targets as well as RPS procurement requirements, including the 65% long-term contracting requirement. Description of Conforming Portfolios: • 46 MMT Conforming Portfolio: Portfolio that achieves SDCP's proportional share of a 46 MMT statewide GHG target. o The 46 MMT Conforming Portfolio assumed the use of new RPS resources not yet placed under contract, including: 600 MW of new hybrid resources (which would include 300 MW of battery storage to promote grid reliability); 300 MW of new wind resources; 400 additional MW of new solar-only resources; and 100 MW of new geothermal resources o The 46 MMT Conforming Portfolio also assumed the use of existing RPS resources not yet placed under contract, including: 256 MW of existing wind resources; and 398 additional MW

		of existing solar-only resources. ○ SDCP's 46 MMT portfolio conformed to the procurement timing, resource quantities, and general resource attributes identified in the 46 MMT reference system plan. • 38 MMT Conforming Portfolio: Portfolio that achieves SDCP's proportional share of a 38 MMT statewide GHG target. ○ The 38 MMT Conforming Portfolio assumed the use of new RPS resources not yet placed under contract, including: 600 MW of new hybrid resources (which would include 300 MW of battery storage to promote grid reliability); 300 MW of new wind resources; 400 additional MW of new solar-only resources; and 100 MW of new geothermal resources. ○ The 38 MMT Conforming Portfolio also assumed the use of existing RPS resources not yet placed under contract, including: 256 MW of existing wind resources; and 398 additional MW of existing solar-only resources. ○ SDCP's 38 MMT portfolio conformed to the procurement timing, resource quantities, and general resource attributes identified in the 38 MMT reference system plan.
IV. Action Plan **A. Proposed Activities**	Retail sellers should describe how they propose to use RPS resources to implement their Preferred Portfolio. Narratives should include:	
	1. Proposed RPS procurement activities as required by Commission decision or	To ensure compliance with its GHG and RPS targets, SDCP plans to substantially rely on GHG-free and RPS-eligible resources while contributing to statewide reliability requirements and responsibly managing overall

	mandated procurement. *2. Description of RPS resources identified in the Study Results section that correspond to proposed activities.* *3. Procurement plans, potential barriers, and resource viability for each new RPS resource identified.*	portfolio costs. This approach is generally consistent between the 46 MMT Conforming Portfolio and 38 MMT Conforming Portfolio. In its IRP, SDCP also established that its planned incremental capacity exceeds its pro rata share of capacity that may be needed for replacement of Diablo Canyon. These resources are further described in SDCP's 2020 IRP. SDCP expects to administer future solicitation processes to fill outstanding resource needs required to meet portfolio specifications reflected in its 46 MMT and 38 MMT Preferred Conforming Portfolios as well as ongoing RPS procurement obligations. As noted elsewhere in this Final 2021 RPS Procurement Plan, SDCP will update the Commission with regard to the outcomes of its current long-term RPS contract negotiations in a future iteration of this planning process. SDCP does not foresee any barriers or viability concerns related to its requisite resource commitments but will advise the Commission if this impression changes over time.
IV. Action Plan **B. Procurement Activities**	The retail seller should describe the solicitation strategies for the RPS resources that will be included in their Preferred Portfolio. This description should include:	
	1. The type of solicitation. *2. The timeline for each solicitation.* *3. Desired online dates.* *4. Other relevant procurement planning*	SDCP may participate in distinct solicitations for different products (for example: specific renewable energy products, generating resources or storage infrastructure), or it may choose to solicit multiple products in the same solicitation. These solicitations will be competitive and may be similar to SDCP's initial long-term RPS solicitation, which was previously described in this Final 2021 RPS Procurement Plan. SDCP will administer future solicitations, as necessary, to promote consistency with the resource development plan identified in the IRP (for purposes of promoting achievement with state-mandated RPS targets as well as SDCP's internal targets). As noted above,

		SDCP anticipates administering upcoming solicitation activities consistent with the process and timeline described in Section I. During administration of future procurement processes, SDCP will utilize the evaluative and contract management processes (further described above in Section X and elsewhere in this Plan) to promote timely project completion and improve planning certainty.
IV. Action Plan **C. Potential Barriers**	Retail sellers should provide a summary of the barriers that will be identified in their Preferred Portfolio as they relate to RPS resources. The section should include:	
	1. Key market, regulatory, financial, or other resource viability barriers or risks associated with the RPS resources coming online in retail sellers' Preferred Portfolios. *2. Key risks associated with the potential retirement of existing RPS resources on which the retail seller intends to rely in the future.*	SDCP does not expect any procurement barriers to impede its future contracting for new renewable energy resources, but notes that even though a balanced, diverse RPS portfolio is desirable, the limited resource availability and lead time required for some technology types may necessitate planning flexibility. SDCP also observes that the rigorous demands of California's RPS program, particularly the currently effect 65 percent long-term contracting mandate, may necessitate contracting activities with a portfolio of resources that will evolve considerably over time – more specifically, SDCP may need to pursue initial supply commitments with a portfolio of resources that does not exactly reflect its eventual/ideal characteristics related resource diversity and/or reliability. Pursuit of such portfolio characteristics will continue to be a work in progress during SDCP's first several procurement efforts and will evolve throughout the upcoming 10-year planning period. The key risk affecting SDCP's achievement of the 46 MMT and 38 MMT Preferred Conforming IRP Portfolios is reliance on new resources – while SDCP intends to contract with highly experienced and qualified project developers (when new-build resources are deemed necessary), there is always a limited risk of project failure.

		In consideration of SDCP's existing RPS contract negotiation processes that will support achievement of parameters reflected in the 46 MMT and 38 MMT Preferred Conforming IRP Portfolios, it does not have any substantive concerns regarding its ability to fulfill and achieve levels of renewable energy procurement that will be required to satisfy pertinent RPS mandates or IRP targets. If such concerns happen to change in the future, SDCP will accordingly notify the Commission in a subsequent iteration of this planning process.

Dated: February 17, 2022

Respectfully submitted,

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Appendix A

Redlined Version of Final 2021 RPS Plan

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program	Rulemaking 18-07-003 (Filed July 12, 2018)

FINAL~~DRAFT~~ 2021 RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN OF SAN DIEGO COMMUNITY POWER (PUBLIC VERSION)

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Dated: February 17, 2022~~July 1, 2021~~

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program	Rulemaking 18-07-003 (Filed July 12, 2018)

FINAL~~DRAFT~~ 2021 RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN OF SAN DIEGO COMMUNITY POWER (PUBLIC VERSION)

In accordance with the California Public Utilities Commission's ("Commission") March 30, 2021 *Assigned Commissioner and Assigned Administrative Law Judges' Ruling Identifying Issues and Schedule of Review for 2021 Renewables Portfolio Standard Procurement Plans* ("ACR") and the *Decision on 2021 Renewables Portfolio Standard Procurement Plans*, issued on January 18, 2022 ("D.22-01-004"), San Diego Community Power ("SDCP") hereby submits its Final~~Draft~~ 2021 Renewables Portfolio Standard Procurement Plan ("RPS Procurement Plan"). This RPS Procurement Plan includes responses to the issues listed in sections 5.1-5.16 of the ACR.

SDCP notes that certain issues and requests in these ACR sections apply to other retail sellers (electrical corporations and electric service providers) and do not extend to Community Choice Aggregators ("CCAs"). SDCP is nevertheless voluntarily responding to these ACR sections in the interest of transparency and to collaborate with the Commission. The submission of this RPS Procurement Plan pursuant to the ACR, however, should not be construed as a waiver of the right to assert that components of Senate Bill ("SB") 350, or Commission decisions and rulings on RPS Procurement Plan submittals, do not extend to CCAs, and SDCP reserves the right to challenge any such assertion of jurisdiction over these matters.

In reviewing this RPS Procurement Plan, SDCP encourages the Commission to consider the considerable differences between California's investor-owned utilities ("IOUs") and other retail sellers, including CCAs – differing levels of detail, procedure, complexity, and coordination are appropriate within the planning documents submitted by small, medium, and large organizations; and where the Commission may be inclined to identify informational deficiencies in certain areas (based on inevitable differences between content provided in the RPS Procurement Plans of California's IOUs and CCA programs), SDCP encourages the Commission to consider whether it is appropriate to utilize a "one size fits most/all" approach in managing widely varying RPS planning and procurement obligations. The Commission is also encouraged to consider the differing operational stages of reporting load serving entities ("LSEs"). Certain direction and guidance provided in Decision ("D.") 21-01-005 seems to suggest that each element of the RPS planning process should be universally applicable across all LSEs, regardless of pertinent operational status, and that is not the case. For example, it is likely inappropriate and unhelpful for a newer CCA organization, like SDCP, to prepare a ten-year negative price forecast or curtailment analysis when existing contractual commitments (or lack thereof) would render such information irrelevant – given the heightened attention and related information focused on changing market conditions, increased incidents of negative pricing and related energy curtailment, all LSEs are aware, to some extent, of these potential risk factors, but that does not mean that a related forecasting effort or other form of analysis would provide useful information to each LSE. For example, a generalized ten-year negative price forecast or curtailment analysis would have no meaning for a new LSE without existing contractual commitments or if its contractual commitments did not expose the buyer to negative price risk (due to the application of settlement mechanisms and/or fixed volumetric commitments that

eliminate such concerns). Similarly, it would not make sense for an LSE to prepare forward curtailment estimates if its renewable contract portfolio did not include contracts reflecting such exposure. Again, SDCP encourages the Commission to consider the appropriateness of universally requiring certain information within this planning process when such information may not be relevant or useful to the reporting entity – certain sections of these plans should be marked as "if necessary" or "if applicable" without the assumption that all LSEs should be comprehensively responsive in addressing such topics. While there may be some commonalities among planning and procurement practices reflected in the various RPS Procurement Plans submitted through this process, it is reasonable to assume that noteworthy differences may be prevalent, particularly when considering plans submitted by the IOUs and other retail sellers.

SDCP would also like to note that certain required elements of the RPS procurement planning process will evolve over time, particularly the organization's approach to assessing risk and establishing RPS planning reserves (namely, any minimum margin of over-procurement that may be established by SDCP's governing board). SDCP is new CCA organization that commenced retail electric service to participating customers in March 2021, and as facts and circumstances evolve and experience is gained over time, it will progressively elaborate on various topics in future RPS planning filings – certain updates regarding recent long-term renewable contracting success are now reflected in this Plan, and SDCP expects additional, substantive updates will be reflected over time.

With regard to understanding the consequences of compliance shortfalls, SDCP is appreciative of both direct (*e.g.*, financial penalties and findings of non-compliance) and indirect impacts (*e.g.*, reputational damage that might accrue to participating communities or CCA organizations, generally) associated with such deficiencies and has chosen to pursue risk

mitigation measures that are considerate of SDCP's aversion to such risks, as well as the related administrative complexity, cost and rigor that were deemed appropriate to achieve the desired level of mitigation, particularly during early-stage program operation. When undertaking CCA phase-in activities and early-stage planning efforts focused on renewable energy procurement, the completion of elaborate risk analyses and/or costly studies has not been considered necessary or desirable by SDCP, but if SDCP makes a different determination in the future, it will act in accordance with direction supported by its executive leadership and governing board – SDCP remains attentive to evolving market pricing conditions and will continue to evaluate historical pricing within geographic areas where renewable energy procurement opportunities are being considered, depending upon the manner in which such risks may be allocated in related power purchase agreements. For now, SDCP has elected to pursue risk mitigation measures that are focused on: 1) the identification of highly qualified renewable energy suppliers; 2) substantial levels of over-procurement created by SDCP's initial renewable energy procurement target that commences at 50 percent and increases over time; and 3) the eventual pursuit of contract structures that minimize the risk of delivery shortfalls by providing SDCP with financial protections that generally offset the impacts of financial penalties (prescribed under the RPS Program) in the event of non- or under-delivery.

I. Major Changes to RPS Plan

This Section describes the most significant changes between SDCP's Final 2020 RPS Procurement Plan and its ~~Draft~~Final 2021 RPS Procurement Plan. A redline of this ~~Draft~~Final 2021 RPS Procurement Plan against SDCP's Draft~~Final~~ 2021~~2020~~ RPS Procurement Plan is included as Appendix A. The table below provides a list of key differences between SDCP's Final 2020 RPS Procurement Plan and this Final~~Draft~~ 2021 RPS Procurement Plan:

Plan Reference	Plan Section	Summary/Justification of Change
~~Draft~~Final 2021RPS Procurement Plan: Introduction	Introduction	Updated to reference pertinent sections of the 2021 ACR that SDCP must address; updated to indicate SDCP's recent launch in March 2021.
~~Draft~~Final 2021 RPS Procurement Plan: Section II	Executive Summary	Updated to reflect the changes made throughout other sections of this RPS Plan.
~~Draft~~Final 2021 RPS Procurement Plan: Section III	Summary of Legislation Compliance	Updated to Describe the process for taking official positions on legislation.
Final 2021 RPS Procurement Plan: Section IV	Portfolio Optimization	Updated to include discussion regarding SDCP's recent resource planning progress; updated to acknowledge the May 20, 2021 adoption of Decision 21-05-030, which implements the Voluntary Allocation Market Offer proposal/framework, and potential RPS planning implications.
~~Draft~~Final 2021 RPS Procurement Plan: Section IV.B	Responsiveness to Local and Regional Policies	Updated to describe impacts of local and regional policies on procurement targets, bid solicitation protocols, and forecasted supply.
~~Draft~~Final 2021 RPS Procurement Plan: Section IV.B.1	Long-Term Procurement	Updated with relevant supporting information on how SDCP's ongoing procurement efforts are expected to meet the requirements of SB 350's long-term contracting for Compliance Period 4 (2021-2024) and beyond
~~Draft~~Final 2021 RPS Procurement Plan: Section V	Project Development Status Update	Updated Appendix D to reflect recent contracting efforts with new-build renewable generating projects.
Final 2021 RPS Procurement Plan: Section VII	Risk Assessment	Added narrative addressing system reliability and lessons learned.
~~Draft~~Final 2021 RPS Procurement Plan: Section VIII	Renewable Net Short Calculation	Updated Appendix C to reflect recent procurement efforts.

Plan Reference	Plan Section	Summary/Justification of Change
~~Draft~~Final 2021 RPS Procurement Plan: Section XIV	Cost Quantification	Updated Appendix E to reflect recent procurement efforts.

Since SDCP's submittal of its Final 2020 RPS Procurement Plan, planning and implementation activities are ongoing, and SDCP timely commenced CCA service in March 2021 – such timing was consistent with information reflected in SDCP's Community Choice Aggregation Plan and Statement of Intent ("CCA Implementation Plan"), which was electronically served on all parties of record in proceedings R.17-09-020, R.16-02-007, and R.03-10-003 on December 9, 2019 and subsequently certified by the Commission on March 9, 2020. Based on coordinative discussions with the incumbent utility and related refinements to SDCP's CCA customer list, SDCP now plans to provide electric generation service to approximately 660,000 service accounts located within the cities of Chula Vista, Encinitas, Imperial Beach, La Mesa and San Diego (the "Member Agencies"), which are expected to consume approximately 5,500 GWh per year following completion of all customer phase-in activities.

II. Executive Summary

San Diego Community Power is a newly formed CCA program that recently commenced (in March 2021) retail electric service to participating customers in the cities of San Diego, Encinitas, La Mesa, Chula Vista, and Imperial Beach. SDCP was formed when these five Member Agencies created a Joint Powers Authority, effective October 1, 2019.[1] SDCP submitted its CCA Implementation Plan, which was certified by the Commission on March 9,

[1] See *Joint Powers Agreement*, San Diego Regional Community Choice Energy Authority, October 1, 2019, available at https://www.sandiego.gov/sites/default/files/sdrccea_jpa_agreement_signed_0.pdf.

2020, to address the anticipated consequences of CCA formation.[2] Consistent with its CCA Implementation Plan, SDCP successfully launched in March 2021 and has since completed its second phase of CCA customer enrollments in June 2021. Additional customer phase-in activities are expected in 2022.

In November 2021, SDCP's Governing Board approved submittal of Addendum No. 1 to the Community Choice Aggregation Implementation Plan and Statement of Intent to Address Expansion to the City of National City and the unincorporated areas of San Diego County ("Addendum No. 1"); Addendum No. 1 was subsequently submitted to the Commission on December 22, 2021 as was also served to parties of record in proceedings R. 03-10-003, R.20-05-003, R.19-11-009, and R.21-10-002 on that day. As the document's title suggests, Addendum No. 1 addresses the prospective expansion of SDCP's service territory to include the noted municipalities with related customer service expected to commence in April 2023. Addendum No. 1 is currently undergoing Commission staff review. Until the Commission provides notification of certification related to Addendum No. 1, SDCP believes that it would be premature to reflect anticipated increases in retail sales and related RPS purchases in this planning document (note that information regarding anticipated increases to SDCP's overall renewable energy requirements is reflected in Addendum No. 1) – if the Commission provides timely certification of Addendum No. 1, SDCP will address related RPS planning and procurement obligations in its 2022 RPS Procurement Plan. SDCP is clearly aware of the increased RPS procurement obligation associated with any anticipated increase in retail sales, including pertinent impacts to long-term contracting requirements.

[2] See *Letter Certifying San Diego Community Power's Implementation Plan and Statement of Intent*, California Public Utilities Commission, March 9, 2020.

At launch, SDCP's governing board approved a minimum 50 percent renewable energy supply portfolio for all participating customers with a 100 percent renewable retail service option available on a voluntary basis. ~~Initial discussions and analyses suggest that SDCP's anticipated level of overall renewable energy procurement during early-stage operations, which is expected to exceed 50 percent of total retail sales (based on assumed participation in SDCP's minimum 50 percent renewable default service option, plus the optional 100 percent renewable service option – the latter service option is expected to somewhat increase overall renewable energy procurement by the CCA program), would provide an adequate "cushion" in meeting applicable compliance mandates, should expected renewable energy deliveries fall short of projections. For example, if SDCP expects total retail sales to approximate 5,391 GWh in 2023, SDCP would plan to procure the required 2,226 GWh of RPS-eligible renewable energy (or 41.3 percent of retail sales), plus an additional 861 GWh of RPS-eligible renewable energy (approximately 16 percent of retail sales) to meet its independently adopted renewable energy target of 57.2 percent in that year – a quantity which reflects the minimum 50 percent renewable supply commitment incorporated in SDCP's default retail service offering, incremental renewable energy volumes required to supply expected participation in the voluntary 100 percent renewable retail service offering, and a modest incremental planning reserve. The noted 16 percent "surplus" serves as an effective planning reserve (against compliance deficiencies), protecting against renewable energy delivery shortfalls and related compliance penalties in that year. With time, SDCP intends to gradually increase overall RPS procurement in consideration of California's 60 percent mandate in 2030 and expects to exceed 60 percent renewable energy by 2030.~~ During its renewable energy procurement efforts, SDCP intends to focus exclusively on Portfolio Content Category ("PCC") 1 and 2 product types (with a strong preference for

PCC1 products).[3] This considerable commitment to renewable energy procurement during early-stage CCA operations is expected to result in meaningful planning reserves, which will provide compliance buffers in the event that contracted renewable energy purchases are not fulfilled as expected. To address RPS compliance risk, SDCP uses its risk assessments, including its renewable net short calculations, to establish a Minimum Margin of Over-Procurement to guide RPS compliance procurement planning. SDCP calculated the minimum margin of procurement ("MMoP") using a 10% risk adjustment that was applied to SDCP's minimum internally adopted RPS procurement target. SDCP's internally adopted renewable energy procurement goals provide a meaningful buffer above the state's RPS requirements and serve as SDCP's voluntary margin of procurement ("VMoP"), which will exceed statewide RPS mandates by at least 11.3 percent in each year of the 10-year planning horizon. Considered in concert, SDCP's VMoP and MMoP provide a substantial aggregate renewable energy planning buffer, ~~Additional detail regarding the Minimum Margin of Over-Procurement created by SDCP's internally adopted renewable planning targets is further described below.~~

~~SDCP believes the noted voluntary margin of over-procurement is likely larger than a planning reserve that might be derived through the application of a quantitative risk model, particularly for an LSE that intends to utilize commercially-proven renewable generating technologies and experienced project developers/operators in fulfilling its renewable energy needs. SDCP's adopted approach should provide SDCP with a significant surplus (16 percent in 2023, as noted above), relative to statewide mandates,~~ virtually eliminating the possibility of compliance shortfalls during this operating year as well as SDCP's first several years of

[3] See *San Diego Community Power Community Choice Aggregation Implementation Plan and Statement of Intent*, December 9, 2019, available at http://sdcommunitypower.org/resources/key-documents/.

program operations ~~(when California's RPS procurement mandate is below 50 percent)~~.

SDCP also acknowledges that its renewable energy targets and related planning reserves could be periodically evaluated and adjusted by its governing board – such a determination could be based on the manner in which actual renewable energy purchases/deliveries relate to applicable mandates and internally adopted targets, project development progress for new-build renewable generating facilities, generalized renewable product availability, load variability that may occur during customer enrollment periods, budgetary impacts, and/or various other considerations.

Reducing electric utility sector greenhouse gas ("GHG") emissions generated by residents and businesses was a driving factor in the formation of SDCP. The City of San Diego adopted its Climate Action Plan ("CAP") in December 2015, which sets a goal for 100 percent renewable energy city-wide by 2035.[4] The City of Encinitas' CAP was adopted in 2018 with a goal to reduce emissions to 41 percent below 2012 levels by 2030. The City's establishment of a Community Choice Energy Program will have a significant impact on its emissions goals with a reduction of 43,644 MTCO2e, the largest of the prospective reductions reflected in the CAP's 19 GHG reduction strategies.[5] Similarly, the City of La Mesa adopted its CAP in March 2018, which set a goal to reduce emissions by 68,450 MTCO2e by 2035.[6] The City of Chula Vista adopted its CAP in September 2017, and it established a goal for up to 100 percent clean energy

[4] See *Climate Action Plan*, City of San Diego, December 2015, at 35, available at https://www.sandiego.gov/sites/default/files/final_july_2016_cap.pdf.

[5] See *Climate Action Plan,* City of Encinitas, January 2018, at 3-2, available at https://encinitasca.gov/ClimateAction/Encinitas_ClimateActionPlan_Final_01-17-18

[6] See *Climate Action Plan,* City of La Mesa, March 13, 2018, at 45, available at https://www.cityoflamesa.us/DocumentCenter/View/11008/LMCAP_CC03132018.

through the formation of a CCA program.[7] The City of Imperial Beach adopted a CAP in July 2019, which set a goal for 75 percent renewable energy by 2030.[8] The Member Agencies intend to achieve these goals collaboratively by operating SDCP to provide electric energy to residential, commercial and governmental electric accounts located within their communities.

SDCP's initial long-term RPS solicitation was issued on June 29, 2020 and was very successful in recruiting interest from qualified suppliers of such products. On or before the July 24, 2020 response deadline, SDCP received a total of 84 project proposals from 32 unique respondents. These proposals represented a diverse spectrum of RPS-eligible renewable generating technologies currently located or to be located throughout California and elsewhere in the western United States. As expected, the majority of proposed new-build projects intended to utilize photovoltaic ("PV") solar generating technologies with many of these projects pairing the proposed PV infrastructure with battery storage (as a means of re-shaping expected project deliveries to better align with California's net system energy requirements while also mitigating potential exposure to negative market price risk and curtailment during periods of time when net system demand is very low). Proposal evaluation and ranking were completed in cooperation with SDCP's Ad Hoc Contracts Committee, which is comprised of a subset of SDCP's governing board, staff, and outside consultants. Administration of this process resulted in the identification of six short-listed project opportunities; each short-listed respondent accepted its position on SDCP's short-list; and contract negotiations proceeded thereafter. Since that time, negotiations have been productive, and SDCP has now entered into ~~three~~ four unique long-term

[7] See *Climate Action Plan*, City of Chula Vista, September 2017, at 20, available at https://www.chulavistaca.gov/home/showdocument?id=15586.

[8] See *Local Coastal Program Resilient Imperial Beach Climate Action Plan*, City of Imperial Beach, July 17, 2019, at 31, available at https://www.imperialbeachca.gov/ApprovedClimateActionPlan2019.

PCC1 supply agreements, which include: 1) a long-term (20-year) PCC1 supply agreement with Vikings Energy Farm, LLC, executed on May 3, 2021, which will cause the delivery of approximately 250,000 MWh per year of renewable energy produced by a new 100 megawatt photovoltaic solar array (plus battery storage) located in Imperial County that is expected to commence commercial operation in June 2023; 2) a long-term (20-year) PCC1 supply agreement with JVR Energy Park, LLC, executed on June 4, 2021, which will cause the delivery of approximately 260,000 MWh per year of renewable energy produced by a new 90 megawatt photovoltaic solar array (plus battery storage) located in San Diego County that is expected to commence commercial operation in March 2023; ~~and~~ 3) a long-term (15-year) PCC1 supply agreement with IP Oberon, LLC, executed on June 11, 2021, which will cause the delivery of approximately 450,000 MWh per year of renewable energy produced by a new 150 megawatt photovoltaic solar array located in Riverside County that is expected to commence commercial operation in June 2023; and 4) a long-term (10-year) PCC1 supply agreement with Duran Mesa LLC, executed January 27, 2022, which will cause the delivery of approximately 170,000 MWh per year of renewable energy produced by 50 MW of new wind capacity located in Torrance County, New Mexico that recently achieved commercial operation (on November 30, 2021, as reflected in the California Energy Commission's associated certificate for this project) and began delivering power to SDCP on February 1, 2022.

~~Presently, SDCP is concurrently negotiating power purchase agreements with two prospective long-term PCC1 suppliers. One of the prospective suppliers is San Diego Gas & Electric ("SDG&E"), the incumbent investor-owned utility, and related negotiations are generally making good progress.~~Concurrent with its negotiation of the above four long-term power purchase agreements, SDCP also completed bilateral negotiations of a long-term contract

for bundled renewable energy supply from San Diego Gas & Electric ("SDG&E"), the incumbent IOU, and its portfolio of long-term renewable energy contracts. The unique structure of this contract is intended to serve as a vehicle via which SDCP can purchase from SDG&E its elected allocation of bundled, long-term renewable energy; that is, the contract sets a baseline annual volume of bundled, renewable deliveries from each year 2022 through 2033, each of which will be adjusted to reflect SDCP's final allocation volume as determined through the Voluntary Allocation and Market Offer ("VAMO") mechanism. SDG&E filed the resulting contract for Commission approval in SDG&E AL 3936-E and, once the Commission approves and deliveries begin in 2022, ~~It~~ it is anticipated that ~~these~~ this ~~negotiating efforts will soon culminate in the finalization of additional~~ long-term PCC1 supply agreement~~s that~~ will increase SDCP's expected long-term RPS deliveries in Compliance Period 4 ("CP4", 2021-2024) and beyond. If the noted supply agreement with SDG&E ~~s (still under negotiation) come together~~receives Commission approval as expected, SDCP will have an approximate 21% planning reserve relative to its long-term RPS requirements in CP4; the estimated planning reserve is based on anticipated project completion schedules and expected initial delivery dates, which will be monitored over time and adjusted, as necessary. This significant planning reserve would allow for a variety of contingencies, including project completion delays and/or project failures, without jeopardizing SDCP's ability to meet expected long-term RPS procurement requirements in CP4.

In order to encourage local development of renewable energy and carbon-free free energy storage projects and to inform upcoming solicitations by better understanding current opportunities for contracting such facilities, SDCP issued a Request for Information for Local Renewable Energy and Energy Storage ("Local RFI") in August 2021. Subsequently, SDCP is

concurrently negotiating power purchase agreements with two prospective long-term PCC1 suppliers. Because such contracting opportunities remain under negotiation and are confidential, SDCP is unable to further elaborate until these contracts have been finalized, approved and executed. Additional information related to the expected impact of these contracting efforts on SDCP's long-term contracting position is provided below.

SDCP expects to administer other solicitations for short- and long-term renewable energy supply, as well as other procurement activities, that will be necessary to meet its adopted portfolio objectives. During the balance of 2021 and early 2022, the anticipated scope of renewable energy planning and procurement activities to be administered by SDCP include the following:

1) Q1 2021 – approval of SDCP's Feed-In Tariff Program ("FIT") supporting locally-situated, small-scale RPS-eligible renewable energy projects – SDCP's FIT is expected to marginally increase long-term PCC1 supply available for use in meeting applicable RPS compliance mandates while supporting local economic development activity and workforce utilization;
2) Q3/Q4 2021 – finalization, approval, and execution of additional long-term RPS supply agreements currently under negotiation (such agreements are expected to fulfill the balance of SDCP's long-term RPS need in CP4);
3) Q2 2022 – participation in VAMO implementation and election of Voluntary Allocation share to be purchased from SDG&E;
~~3)~~4) Q2~~3~~ ~~2021~~ 2022 – administration of a short-term RPS solicitation, addressing ~~certain~~ potential remaining open positions in ~~2021~~ 2022 and, possibly ~~2022~~2023;

~~4)~~5) Late Q2~~3~~ 2022~~1~~ – expected release of SDCP's second long-term renewable energy solicitation;

~~5)~~6) ~~Late~~ Q3 2022~~1~~ – expected receipt of offers related to second long-term renewable energy solicitation;

~~6)~~7) Q3~~4~~ 2022~~1~~ – evaluation of RFP responses and selection of short-listed respondents;

~~7)~~8) Late Q3~~4~~ 2022~~1~~ – commencement of contract negotiations with short-listed respondents (to SDCP's second long-term RPS solicitation);

~~8)~~9) Q4~~1~~ 2022 – finalization of long-term RPS contract negotiations, contract approval and execution; and

~~9)~~10) CY ~~2022, 2023, and/or~~ 2024 and 2025 – commencement of initial deliveries under executed long-term renewable supply contract(s) resulting from SDCP's second long-term RPS solicitation.

SDCP is also aware that renewable energy procurement activities must be timely completed to ensure the achievement of noted renewable energy targets, so it intends to continue coordinating such activities ~~in advance of~~with upcoming customer phase-in activities in 2022, as noted above. These procurement efforts will be focused on securing necessary short-term and long-term renewable energy supply, the latter of which will be intended to facilitate compliance with California's 65 percent long-term contracting requirement, which became effective in 2021. SDCP acknowledges that certain long-term renewable contracting opportunities may require substantial lead time, particularly opportunities related to new-build renewable generating facilities (which have yet to achieve commercial operation). As such, SDCP expects that one or more of its initial long-term renewable energy contracts will utilize existing or soon-to-be-

operational renewable generating facilities to ensure timely compliance with applicable long-term procurement requirements. ~~SDCP also intends to continue monitoring prospective impacts of the current COVID-19 pandemic, and related recovery efforts which are expected to occur following California's mid-June "reopening", on expected customer energy use and renewable energy markets.~~ SDCP is aware that there may be lingering impacts of the pandemic on new-build renewable generating projects which may be heavily reliant on international supply chains to ensure timely completion. There are challenges in determining the extent to which such effects will be experienced by SDCP and other buyers, but SDCP hopes to learn more by monitoring development progress of new renewable generating facilities that have been recently placed under contract. With time, SDCP remains optimistic that it will be able to facilitate a meaningful level of new renewable infrastructure buildout through its ongoing renewable energy contracting efforts and expects to confirm such expectations as it moves forward.

During administration of its ongoing renewable energy solicitation activities, SDCP will gauge prospective supplier interest and potential concerns associated with new CCA programs and long-term supply commitments – the long-term contracting requirement and its lack of an "on ramp" for new retail sellers is expected to necessitate the execution of several long-term renewable energy supply commitments shortly after CCA service commencement, and SDCP is currently engaged in the necessary steps to secure such supply commitments as part of its resource planning and RPS compliance activities. While this is not ideal from a resource planning perspective, SDCP is aware of potential repercussions associated with RPS compliance shortfalls and, with such concerns in mind, is committed to pursuing RPS contracting opportunities that will satisfy pertinent mandates, plus sufficient planning reserves.

As part of its ongoing planning process, SDCP is also considering the manner in which

renewable energy compliance risks will be assessed and mitigated. One key element of this process included the adoption of a formal Energy Risk Management Policy ("ERM Policy")[9], which occurred at the regularly scheduled meeting of SDCP's governing board on June 25, 2020. The ERM Policy addresses various types of risk and establishes related oversight in managing SDCP's various portfolio positions, control procedures and delegations of authority (related to the procurement of various energy and capacity products). SDCP's ERM Policy also necessitates formation of a Risk Oversight Committee ("ROC"), which is expected to meet on a regular basis to monitor SDCP's procurement efforts, open positions, counterparty credit exposure and other concerns. Staff will provide SDCP's ROC with various deal tracking and position reports to keep program management apprised of ongoing progress in meeting statewide compliance mandates and SDCP's internally adopted renewable planning targets, which exceed statewide mandates. The ROC will also receive updates regarding the development progress of new-build renewable generating facilities that are expected to contribute to SDCP's RPS compliance mandates. In addition to the noted ERM Policy and ROC, SDCP's Director of Power Services oversees the day-to-day management of resource planning, power supply acquisition, and related compliance activities and ensures ongoing coordination with SDCP's suppliers.

Initial discussion among SDCP's interim Chief Executive Officer, Director of Power Services, Finance and Risk Management Committee (another SDCP committee intended to monitor program finances and risk), and technical advisors suggests that managing early-stage compliance risk is dependent upon the identification and selection of highly experienced and financially viable sellers during the administration of renewable energy solicitation processes.

[9] See *San Diego Community Power Energy Risk Management Policy*, June 25, 2020.

This understanding is supported by conversations with leadership of longer-standing California CCAs, which emphasized the importance of such an approach during early-stage renewable energy procurement efforts; such CCAs noted that the timing of early-stage RPS planning and procurement efforts (and the proximity of such efforts relative to imposition of the 65% long-term contracting mandate) necessitated considerable reliance on: 1) existing renewable generating facilities (during early-stage CCA operation); and/or 2) highly experienced project developers with strong track records of timely project completion. At this point in time, the fundamental RPS-related risk to SDCP is its insufficiency of existing contractual commitments, but considering its recently executed long-term supply commitments ~~and current negotiating efforts~~, SDCP remains confident that current renewable energy open positions will be significantly reduced within the coming quarter. Given SDCP's gross RPS procurement needs and existing procurement efforts, a quantitative risk assessment, using a specific model or formal study, does not appear to be very useful or necessary at this point in time. If future contracting efforts, guidance provided by its Governing Board or ROC or staff-level observations indicate that a quantitative risk assessment would be useful in supporting SDCP's renewable energy planning process, it will accordingly implement such a process and will advise the Commission in a future RPS Procurement Plan.

SDCP will carefully monitor the performance of selected renewable energy suppliers relative to projected RPS requirements and will augment procurement efforts in the event that actual renewable deliveries fall below projections. Based on SDCP's minimum 50 percent renewable procurement target, the organization could suffer significant delivery shortfalls while still satisfying statewide compliance mandates.

This RPS Procurement Plan also addresses new requirements specified in the March 30,

2021 ACR, including discussion related to SDCP's process for taking official positions on legislation as well as commentary focused on the impacts of local and regional policies on SDCP's procurement targets, bid solicitation protocols, and forecasted supply.

III. Summary of Legislative Compliance

This ~~Draft~~Final 2021 RPS Procurement Plan addresses the requirements of all relevant legislation and the Commission's regulatory framework. This Section describes the relevant statutory and regulatory requirements and how this RPS Procurement Plan demonstrates that SDCP will meet such requirements.

Senate Bill ("SB") 350 (stats. 2015) was signed by the Governor on October 7, 2015. SB 350 set a new RPS procurement target of 50 percent by December 31, 2030. On December 20, 2016, the Commission issued D.16-12-040, which partially implemented the increased targets of SB 350 by establishing new compliance periods and procurement quantity requirements. On July 5, 2017, the Commission issued D.17-06-026, which implemented some of the key remaining elements of SB 350, including adopting new minimum procurement requirements for long-term contracts and owned resources, as well as revising the excess procurement rules.

SB 100 was signed by the Governor on September 10, 2018, and became effective on January 1, 2019. SB 100 increased the RPS procurement requirements to 44 percent by December 31, 2024, 52 percent by December 31, 2027, and 60 percent by December 31, 2030. On June 6, 2018, the Commission issued D.18-05-026, which implemented changes made by SB 350 to the RPS waiver process and reaffirmed the existing RPS penalty scheme. In July of 2018, the Commission instituted Rulemaking 18-07-003 to continue the implementation of the RPS program. On June 28, 2019, the Commission issued D.19-06-023, which continues to use a straight-line method to calculate compliance period procurement quantity requirements.

The current RPS procurement targets are incorporated into SDCP's Renewable Net Short Calculation Table as described in Section VIII below and attached as Appendix C . SDCP's planned procurement, as reflected in SDCP's Renewable Net Short Calculation Table and described in Sections IV and V, is expected to exceed pertinent RPS procurement mandates, including a minimum margin of over-procurement based on SDCP's risk assessment, as further described in Sections VII and IX. SDCP also expects to meet California's SB 350 long-term procurement requirement, as described in Sections V and VII, through the completion of current contract negotiations and any long-term RPS solicitation processes that may be administered thereafter.

SB 901, signed by Governor Brown on September 21, 2018, added Public Utilities Code section 8388, which requires any IOU, publicly owned electric utility, or CCA with a biomass contract meeting certain requirements to seek to amend the contract to extend the expiration date to be five years later than the expiration date that was operative as of 2018. SDCP does not have a contract with a biomass facility that is covered by Public Utilities Code section 8388.

As a public agency, SDCP takes official support positions on legislation through a formal vote of its governing board. The only legislation that SDCP has officially voted in support of to date is Senate Bill 612, authored by Senator Anthony Portantino. Information on SDCP's official support positions will be made available as part of the agenda packet related to the Board Meeting at which such vote occurs. SDCP may also post a press release regarding official positions on major legislation to its website. Because SDCP only takes support positions through the formal actions of its governing board, it cannot identify any future legislative efforts that it may support.

Further, SDCP is a member of the California Community Choice Association

("CalCCA"), which regularly takes formal support positions on legislation. However, a support position of CalCCA does not necessarily reflect the uniform support of every member of CalCCA, and thus should not be imputed to the individual members of CalCCA.

IV. Assessment of RPS Portfolio Supplies and Demand

IV.A. Portfolio Supply and Demand

As previously noted, SDCP successfully initiated customer service in March 2021. Following the completion of planned customer phase-in activities in 2022, SDCP intends to serve approximately 660,000 service accounts, which are expected to consume about 5,500 GWh per year. SDCP has now executed ~~three~~ five long-term PCC1 supply contracts that will result in the delivery of ~~approximately~~ as much as ~~980~~ 2,350 GWh per year following the successful commercial operation of related renewable generating projects (which is expected to occur in 2023) ~~—each of the~~ one of the new-build projects will utilize wind technology, while the other three ~~new build projects~~ will utilize ~~the~~ photovoltaic solar generating technology, with two of these projects incorporating battery storage to allow for re-shaping of project energy deliveries.

Additional contracting efforts remain in process with additional solicitations scheduled in the future. ~~In particular, SDCP and SDG&E remain involved in bilateral contracting negotiations and hope to reach agreement on a long-term PCC1 supply contract within the coming month—at this point in time, key commercial and contractual terms are under negotiation, and SDCP is optimistic that a mutually agreeable transaction can be put in place with initial deliveries commencing in 2021, subject to Commission approval.~~ Following the completion of negotiation activities associated with any long-term renewable supply agreement, the final contract(s) will be brought before SDCP's governing board for approval and, if approved, will be executed thereafter. Short-term renewable supply agreements may be executed

by SDCP's Chief Executive Officer (without approval from SDCP's Governing Board) under delegated contracting authorities – the limitations associated with such contracting authorities are reflected in SDCP's Energy Risk Management Policy.

Over time, SDCP expects to continue meeting pertinent RPS compliance obligations by entering into a variety of renewable energy supply agreements of varying term lengths and structures. The exact portfolio characteristics selected may vary depending on direction received from SDCP's governing board, renewable resource availability, procurement costs, legislative and policy changes, technological improvements, principles of resource diversity, preferences of the Member Agencies and/or other developments. To manage this future uncertainty, SDCP will regularly evaluate anticipated supply requirements in consideration of expected customer electricity usage and anticipated renewable energy deliveries; such information is expected to influence future procurement efforts, which will attempt to balance customer usage with requisite resource commitments. SDCP is also aware of the need to promote the use of a diverse renewable resource portfolio, avoiding overcommitting to certain generating technologies, suppliers, geographic regions, etc. For now, the organization must remain open minded and considerate of all possible supply options. During early-stage operations, SDCP must also proceed with its RPS planning and procurement activities under a "compliance first" mindset with the primary goal of securing necessary RPS supply (both long-term and short-term) from available generating sources – because financial penalties (related to compliance shortfalls) under the RPS program are not waived or reduced in consideration of portfolio characteristics (such as technology and/or geographic diversity), it is advisable for new retail sellers, including SDCP, to primarily focus on securing requisite volumes, even if the majority of such volumes happen to be associated with a specific technology type or geographic region. This noted, SDCP

will make reasonable efforts to promote resource diversity, etc. during its early-stage renewable energy planning and procurement processes, and if such processes do not result in the desired level of resource diversity, SDCP will craft future solicitations to promote renewable energy portfolio diversity. For now, SDCP has successfully secured renewable energy deliveries that utilize ~~both~~ wind, solar, ~~"solar only" and~~ "solar plus battery storage", the latter of which will allow SDCP to reshape typical solar production to better align with customer energy use and market price signals.

The ongoing examination of customer electricity usage and other market developments should help reduce costs and assist in meeting planned procurement for the period reflected in this ~~Draft~~Final 2021 RPS Procurement Plan. SDCP notes that understanding customer electricity usage may be more challenging than usual during early-stage operations (when CCA participations rates can exhibit a certain level of volatility) and during early-stage economic recovery associated with California's mid-June "reopening" (following several months of restrictions and social adaptations related to the pandemic). The pace and extent of economic recovery will need to be closely monitored – any related adaptations to SDCP's retail sales forecast will be described in a future RPS Procurement Plan. For renewable energy planning purposes, SDCP's primary retail sales forecast adjustments have been related to expected customer enrollments without noteworthy adjustments related to the pandemic. To the extent that retail sales fall below SDCP's expectations, it is likely that renewable energy content will be higher than necessary to promote achievement of programmatic goals. In such cases, SDCP expects that it could: 1) sell excess renewable energy supply to interested buyers, thereby rebalancing its portfolio to align with desired renewable energy targets; 2) retain excess renewable energy supply, providing customers with higher-than-promised renewable energy

supply; or 3) explore other options/flexibility that may be available under California's RPS program to utilize excess volumes in another calendar year or compliance period. Such decisions will be made following consultation with SDCP's governing board, staff and technical advisors.

SDCP is also attempting to gain an improved understanding of the prospective impacts to its customer base associated with the upcoming reopening of California's direct access market due to SB 237 (2018) and D.19-05-043. SDCP is aware of a recent decision that limits direct access availability to non-residential customers and will continue to closely monitor the proceeding to determine potential impacts to its planning process. With this in mind, SDCP's analysis shall remain ongoing, and while it does not expect meaningful impacts at this point in time, it will continue to monitor this topic, reflecting pertinent adjustments to its retail sales forecast, as appropriate. To the extent that SDCP load migrates to direct access providers, its retail sales would likely fall – in theory, such a change would increase SDCP's proportionate renewable energy content unless surplus supply was sold to other market participants. To the extent that any direct access-related adjustments are incorporated in SDCP's RPS planning processes, it will reflect them in a subsequent RPS Procurement Plan. Through the ongoing evaluation of customer demand and other market developments, SDCP hopes to promote reduced overall costs while meeting planned procurement objectives for the period addressed in this ~~Draft~~Final 2021 RPS Procurement Plan.

IV.A.1. Portfolio Optimization

SDCP's goal is to meet organizational policies and statewide mandates in a manner that is both cost effective and supportive of a well-balanced resource portfolio. Portfolio optimization strategies can help reduce costs and should facilitate alignment of SDCP's portfolio

of resources with its forecasted load needs. To support this goal, SDCP considers the following strategies:

Joint Solicitations: Joint solicitations can expand the procurement opportunities available to a CCA, as well as potentially provide better contract terms and general administrative efficiencies. SDCP has engaged in coordinative discussions with the Clean Energy Alliance ("CEA") regarding joint solicitation opportunities and may pursue such opportunities in the future (with CEA and/or other CCA programs).

Purchases from Retail Sellers: Purchases of RPS-eligible renewable energy (via resale) from other retail sellers can provide a cost-effective way of meeting short-term resource needs or filling in gaps in procurement while long-term projects are under development.

Sales Solicitations: As SDCP's portfolio of resources continues to develop, it will also consider offering solicitations of sales to other retail sellers, if the disposition of surplus is deemed desirable. SDCP's willingness to pursue such sales will be dependent upon its ongoing monitoring of RPS positions, prospective sales pricing and direction received from its Governing Board and executive management with regard to the disposition of surplus sales.

Optimizing Existing Procurement: As SDCP considers its long-term resource needs, it may evaluate options in its future power purchase agreements to increase the output of existing generating facilities through technological upgrades or by adding new capacity to an existing generator. Expanding existing facilities may provide additional generation at reduced costs with lower risks of project failure because the need for distribution system upgrades and permitting may be reduced – such opportunities may be pursued/developed, as deemed appropriate by SDCP.

The Final Report of Working Group 3 Co-Chairs: Southern California Edison Company (U-338E) CalCCA, and Commercial Energy ("Final Report") was filed on February 21, 2020, in the Commission's PCIA rulemaking (R.17-06-026). One of the Final Report's key proposals was for the Commission to create a "Voluntary Allocation Market Offer" ("VAMO") framework, where each LSE serving customers subject to the PCIA would be provided an annual option to receive an allocation ("Voluntary Allocation") from the IOUs' PCIA-eligible RPS energy portfolios, based on that LSE's forecasted, vintaged, load share, and subject to certain conditions. Further, the Final Report proposed that any declined shares would be offered to LSEs through a market process ("Market Offer"). On May 20, 2021, the Commission adopted D.21-05-030, addressing the proposals in the Final Report. D.21-05-030 adopted the Final Report's VAMO proposal, subject to certain limitations and additional requirements. To implement this modified VAMO structure, D.21-05-030 identifies various next steps, including a meet-and-confer process with the IOUs regarding the method for calculating potential Voluntary Allocations based on vintaged, annual load forecasts and a method for dividing the IOU's RPS portfolios into shares. This will be followed by the submission of an advice letter and workshops. As currently scheduled, IOUs and LSEs will confirm the LSEs' elections for Voluntary Allocation in February 2022, with contracting occurring in January or February of 2023. At this early stage, SDCP is preliminarily reviewing its portfolio to determine whether and to what extent any Voluntary Allocation of RPS energy or participation in IOU Market Offers would benefit its position. SDCP will provide an update on this topic in its next RPS Procurement Plan.

On June 24, 2021, the Commission adopted D.21-06-035, which directed all retail sellers to procure 11,500 MW of new net qualifying capacity ("NQC") between 2023 and 2026 and

assigned each retail seller a specific procurement responsibility based on its share of peak demand. SDCP's total obligation is 570 MW, which must include minimum amounts of procurement from certain subcategories: (1) 124 MW from firm, zero-emitting capacity by 2025; (2) 50 MW from long duration storage resources by 2026; and (3) 49 MW from firm, non-fossil fueled baseload generating resources by 2026. Pursuant to the allowance in D.21-06-035 for retail sellers within the same Transmission Access Charge ("TAC") area to reallocate procurement obligations upon mutual agreement, SDCP is currently in discussion with SDG&E to revise the obligations in D.21-06-035, which were based on preliminary load forecasts that have since been refined. SDCP expects this reallocation of obligations to be completed within the coming weeks. Once procurement obligations have been finalized, SDCP will review progress toward targets in each of the subcategories. SDCP expects that contracts executed pursuant to its 2020 Long-term RPS solicitation will fulfill a portion of 2023 and 2024 obligations, supplemented by additional volume from contracts currently under negotiation. SDCP expects its next Long-term RPS solicitation to focus on meeting any remaining procurement obligations from D.21-06-035.

IV.B. Responsiveness to Local and Regional Policies

(i) Responsiveness to Policies of SDCP's Governing Board

SDCP is a joint powers authority that is subject to the control of its governing board and is directly accountable to its Member Agencies. SDCP supports and is committed to meeting the state's GHG reduction and renewable procurement goals, as well as supporting its Member Agency cities in meeting their respective CAP goals. Furthermore, and as noted elsewhere in this RPS Procurement Plan, SDCP has adopted near-term renewable portfolio targets that meaningfully exceed RPS mandates, offering a minimum 50 percent renewable energy content

through its default retail service offering. SDCP has also determined to: 1) forgo the purchase of PCC3 products; and 2) limit the use of PCC2 products (in favor of PCC1 products), subject to product availability and budgetary impacts. SDCP's Governing Board has decided to structure its RPS portfolio with these considerations in mind, as such an approach is expected to minimize attributed GHG emissions associated with its reported energy purchases (under California's Power Source Disclosure Program). SDCP has a complementary carbon-free portfolio metric of 55 percent, so any renewable energy purchase will be evaluated in light of the incremental impacts to SDCP's anticipated emission rate – SDCP understands that all PCC3 and most PCC2 product purchases (subject to substitute energy specifications) will increase its overall emission factor.

(ii) Responsiveness to Regional Policies

As noted in the previous sub-section, SDCP is overseen by its governing board. As such, the policies adopted by SDCP's governing board serve as guiding directives for CCA operations, including the determination of renewable energy planning targets that are intended to support local policy preferences. Reducing electric utility sector GHG emissions generated by residents and businesses was a driving factor in the formation of SDCP. As noted in Section II (above), the City of San Diego adopted its CAP in December 2015, which sets a goal for 100 percent renewable energy city-wide by 2035.[10] The City of Encinitas' CAP was adopted in 2018 with a goal to reduce emissions to 41 percent below 2012 levels by 2030. The City's establishment of a CCA program will have a significant impact on its emissions goals with a reduction of 43,644 MTCO2e, the largest of the prospective reductions reflected in the CAP's 19 GHG reduction

[10] See *Climate Action Plan*, City of San Diego, December 2015, at 35, available at https://www.sandiego.gov/sites/default/files/final_july_2016_cap.pdf.

strategies.[11] Similarly, the City of La Mesa adopted its CAP in March 2018, which set a goal to reduce emissions by 68,450 MTCO2e by 2035.[12] The City of Chula Vista adopted its CAP in September 2017, and it established a goal for up to 100 percent clean energy through the formation of a CCA program.[13] The City of Imperial Beach adopted a CAP in July 2019 which set a goal for 75 percent renewable energy by 2030.[14] The Member Agencies intend to achieve these goals collaboratively by operating SDCP to provide electric energy to residential, commercial and governmental electric accounts located within their communities.

IV.B.1. Long-term Procurement

Pursuant to Public Utilities Code section 399.13(b), from 2021 onwards, 65 percent of mandated renewable energy purchases must be sourced from contracts of 10 years or more.[15] SDCP has been conscientiously pursuing contracting opportunities to meet this requirement and has now entered into ~~three~~ five unique long-term PCC1 supply agreements, which include: 1) a long-term (20-year) PCC1 supply agreement with Vikings Energy Farm, LLC, executed on May 3, 2021, which will cause the delivery of approximately 250,000 MWh per year of renewable energy produced by a new 100 megawatt photovoltaic solar array (plus battery storage) located in Imperial County that is expected to commence commercial operation in June 2023; 2) a long-

[11] See *Climate Action Plan,* City of Encinitas, January 2018, at 3-2, available at https://encinitasca.gov/ClimateAction/Encinitas_ClimateActionPlan_Final_01-17-18

[12] See *Climate Action Plan,* City of La Mesa, March 13, 2018, at 45, available at https://www.cityoflamesa.us/DocumentCenter/View/11008/LMCAP_CC03132018.

[13] See *Climate Action Plan*, City of Chula Vista, September 2017, at 20, available at https://www.chulavistaca.gov/home/showdocument?id=15586.

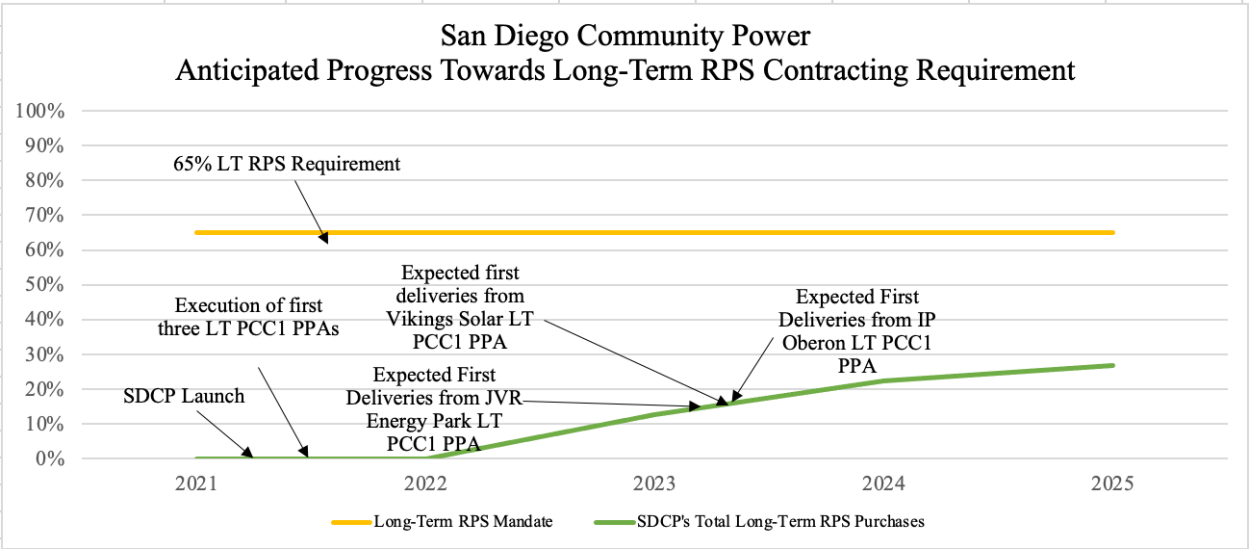
[14] See *Local Coastal Program Resilient Imperial Beach Climate Action Plan*, City of Imperial Beach, July 17, 2019, at 31, available at https://www.imperialbeachca.gov/ApprovedClimateActionPlan2019.

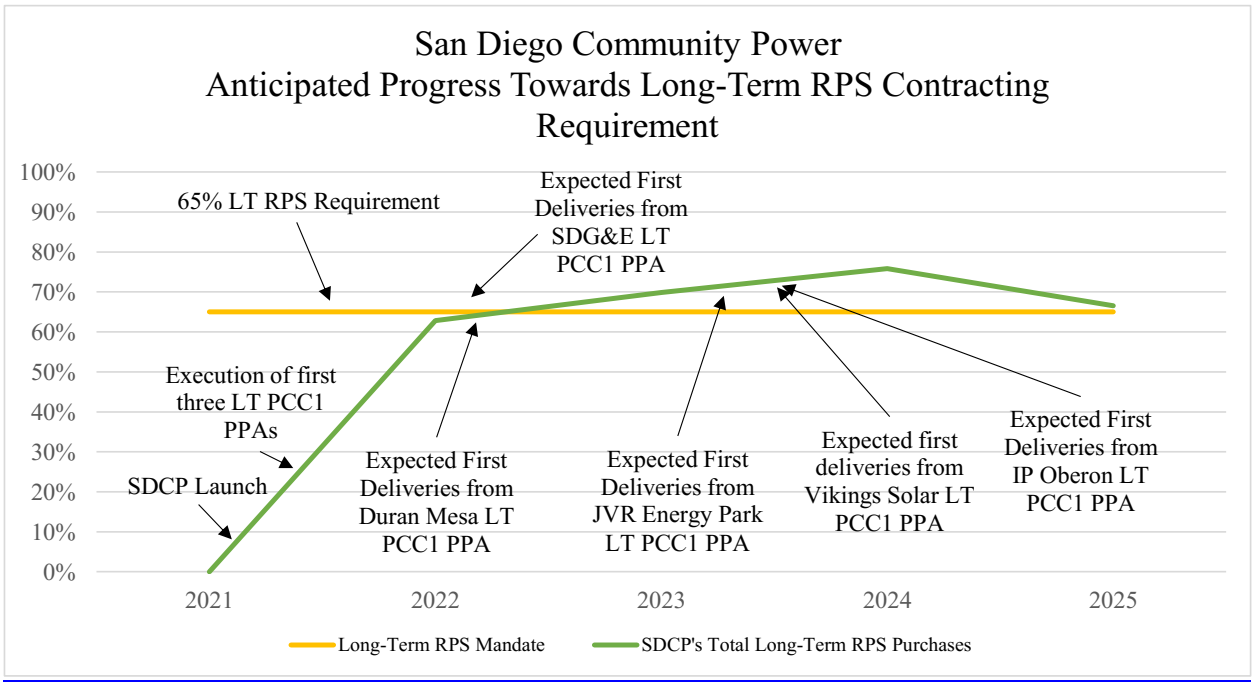
[15] Cal. Pub. Util. Code § 399.13(b)(1) ("A retail seller may enter into a combination of long- and short-term contracts for electricity and associated renewable energy credits. Beginning January 1, 2021, at least 65 percent of the procurement a retail seller counts toward the renewables portfolio standard requirement of each compliance period shall be from its contracts of 10 years or more in duration or in its ownership or ownership agreements for eligible renewable energy resources.").

term (20-year) PCC1 supply agreement with JVR Energy Park, LLC, executed on June 4, 2021, which will cause the delivery of approximately 260,000 MWh per year of renewable energy produced by a new 90 megawatt photovoltaic solar array (plus battery storage) located in San Diego County that is expected to commence commercial operation in March 2023; ~~and~~ 3) a long-term (15-year) PCC1 supply agreement with IP Oberon, LLC, executed on June 11, 2021, which will cause the delivery of approximately 450,000 MWh per year of renewable energy produced by a new 150 megawatt photovoltaic solar array located in Riverside County that is expected to commence commercial operation in June 2023; 4) a long-term (12-year) PCC1 supply agreement with SDG&E, executed on December 20, 2021, which will cause the delivery of approximately 120,000 to 1,580,000 MWh per year of renewable energy produced by a portfolio of RPS-eligible generating resources, as listed in the contract, beginning in 2022; and 5) a long-term (10-year) PCC1 supply agreement with Duran Mesa, LLC, executed on January 27, 2022, which will cause the delivery of approximately 170,000 MWh per year of renewable energy produced by a 105 megawatt wind project located in Torrance County, New Mexico that recently achieved commercial operation (on November 30, 2021, as reflected in the California Energy Commission's associated certificate for this project) and began delivering power to SDCP on February 1, 2022.

~~SDCP is concurrently negotiating power purchase agreements with two prospective long-term PCC1 suppliers. One of the prospective suppliers is SDG&E, the incumbent investor-owned utility, and related negotiations are generally making good progress. It is anticipated that these negotiating efforts will soon culminate in the finalization of additional long-term PCC1 supply agreements that will increase SDCP's expected long-term RPS deliveries in CP4 (2021-2024) and beyond. If the noted~~These supply agreements ~~(still under negotiation) come together~~

~~as expected,~~ will contribute to an approximate 17% long-term RPS planning reserve for SDCP ~~will have an approximate 21% planning reserve relative to its long-term RPS requirements~~ in CP4 – approximately 6,000 GWh of PCC1 deliveries are expected in CP4, relative to an approximate 5,200 GWh need; this~~e~~ estimated planning reserve is based on anticipated project completion schedules and expected initial delivery dates, which will be monitored over time and adjusted, as necessary. Note that one of the aforementioned projects, Duran Mesa, has already achieved commercial operation, and the noted agreement with SDG&E will be exclusively supplied from existing/operational projects, which serves to de-risk a significant portion of SDCP's upcoming long-term RPS deliveries. This significant planning reserve would allow for a variety of contingencies, including project completion delays and/or project failures, without jeopardizing SDCP's ability to meet expected long-term RPS procurement requirements in CP4. ~~As soon as these additional contractual commitments are finalized, approved (by SDCP's governing board) and executed, SDCP looks forward to providing the Commission with additional detail, including project development status and updated first delivery timelines, if necessary.~~ It is worth noting that SDCP intends to continue focusing ~~the~~ significant majority of its PCC1 contracting efforts on contract durations of ten years or longer, which should ~~alleviate~~ increase the noted planning reserve over time, alleviating concerns regarding long-term contract compliance. This anticipated trajectory is reflected in the following chart. ~~The aforementioned contracts that are still under negotiation are not reflected in this chart.~~





Based on SDCP's expected long-term renewable energy deliveries, it is anticipated that compliance with the 65% contracting mandate will be achieved by the end of 2022 and sustained thereafter in consideration of existing and upcoming long-term RPS contracts. To address future long-term contracting needs (in CP5 and beyond), ~~On an as-needed basis,~~ SDCP expects to procure additional RPS products via independently administered solicitations, bilateral contracting discussions and, possibly, through participation in the Voluntary Allocation Market Offer process. ~~that will promote achievement of California's 65% long-term contracting~~

~~requirement over time.~~ SDCP's next long-term RPS solicitation is expected to occur in Q~~3~~2 202~~1~~2, but the timing of such solicitation may be delayed, pending discussions related to the Voluntary Allocation Market Offer process; ~~and~~ the results of such solicitation will be addressed in a subsequent iteration of this plan.

IV.C. Portfolio Diversity and Reliability

Power purchased from power marketers, public agencies, generators, CCAs, or utilities will be a significant source of supply during the first several years of SDCP's operation. Based on current contracting efforts, SDCP expects to obtain requisite electricity supply from several suppliers, including power marketers, project developers and/or IOUs. Such suppliers will be responsible for delivering a portion of SDCP's intended resource mix, including SDCP's desired quantities of renewable and carbon-free energy, to provide a stable and cost-effective resource portfolio.[16]

In carrying out its planning functions, SDCP will also consider the deliverability characteristics of its future generating resources placed under contract (such as the resource's dispatchability, available capacity, and typical production patterns) and will review the respective risks associated with short- and long-term purchases as part of its forecasting and procurement processes. These efforts should lead to a more diverse resource mix, address grid integration issues, and provide value to the Member Agencies.

SDCP intends to utilize a portfolio risk management approach as part of its power purchasing program, seeking low-cost supply (based on then-current market conditions) as well as diversity among technologies, production profiles, project sizes and locations, counterparties,

[16] See *San Diego Community Power Community Choice Aggregation Implementation Plan and Statement of Intent*, December 9, 2019, p.1 at 6.6, available at http://sdcommunitypower.org/resources/key-documents/.

lengths of contract, and timing of market purchases. For its recently executed long-term renewable supply agreements with new generating resources, SDCP has reflected a risk adjustment (failure/under-delivery rate) of 5 percent in year one and 3 percent in each year thereafter. The larger year-one adjustment is intended to account for potential late deliveries (resulting from delayed commercial operation), while the smaller ongoing risk adjustments are intended to account for resource intermittency and the potential for lower-than-anticipated energy production. These assumptions were informed by discussions with other CCA organizations. SDCP assumes that its initial supply portfolio may include a relatively small number of contracts which will grow in number over time, increasingly emphasizing the principles of resource and counterparty diversity as operational experience is gained and renewable energy requirements increase.

While SDCP is not opposed to considering emerging renewable generating technologies, it is unlikely that its early-stage supply agreement(s) will focus on such resources. As a new CCA organization, SDCP's first several renewable supply commitments must result in reliable, cost-effective supply to promote compliance with applicable RPS mandates without bearing the risks typically associated with newer technologies. For the foreseeable future, SDCP will likely exhibit preferences for proven generating technologies and supply structures that will minimize delivery risk during early-stage operation. If, however, a compelling offer is presented for a cost-effective emerging technology, SDCP will evaluate such proposal on its merits relative to other available offers.

SDCP will procure renewable and other requisite energy products, as necessary, to ensure that the future energy needs of its customers are met in a reliable and cost-effective manner, consistent with applicable compliance mandates. SDCP, through its CCA

Implementation Plan and subsequent planning discussions, has established initial procurement targets for requisite renewable energy supply, including subcategories for various renewable energy products, and has also established targets for related planning reserves as described elsewhere in this document. To the extent that SDCP's energy needs are not fulfilled through the use of renewable generating resources, it should be assumed that such supply will be sourced from carbon-free and/or conventional energy resources, such as hydroelectric or natural gas generating technologies, as well as system power purchases.

A key component of the SDCP's early-stage planning process relates to the analysis and consideration of expected load obligations with the objective of closely balancing supply/demand, cost/rate stability and overall budgetary impacts. During pre-launch activities, this process primarily focused on the compilation and analysis of historical customer data, as provided by SDG&E, identification of any ineligible/excluded accounts (that will not be enrolled in CCA service), and related refinements to SDCP's retail sales forecasts. Similar to most CCAs, SDCP expects that such historical data will not be a perfect predictor of future customer energy requirements, so it intends to actively monitor actual customer usage, relative to projections, over time, refining such forecasts as well as its ability to minimize variances between procured energy quantities and actual usage. SDCP also plans to maintain portfolio coverage targets of up to 100 percent (of expected customer energy requirements) in the near-term (0 to 2 years) but will leave larger open positions in the mid- to long-term, consistent with generally accepted industry practices.

At this point in time, SDCP has no explicit preference for specific renewable generating technologies and will consider all responses to its solicitations with the goal of assembling a diversified renewable energy supply portfolio that will deliver energy in a profile that is

generally consistent with the SDCP's anticipated load shape – SDCP recognizes that closely aligning the shape of renewable energy deliveries with anticipated retail demand may be particularly challenging during early-stage operations; the need for substantial long-term renewable supply commitments, coupled with potential load variability during CCA customer enrollment processes, will likely necessitate the pursuit of contracting opportunities that may not deliver power in close alignment with early-stage customer usage patterns; over time, however, SDCP's growing portfolio of renewable supply commitments will be increasingly considerate of load/resource balances and will attempt, subject to product availability and related costs, to promote such balance to the greatest practical extent. SDCP is also aware that use of intermittent renewable generating technologies has the potential to create occasional misalignments between customer energy consumption and related power production as well as the general quantity of renewable energy received from such projects – SDCP expects that its voluntary commitment to a minimum 50 percent renewable supply portfolio will protect against this uncertainty.

In developing its load forecasts, SDCP prepares load curves that reflect expected increases in customer energy usage due to transportation electrification. Transportation electrification planning considers light duty vehicles (personal use), electrification of vehicle fleets (commercial) and local targets for electrification of public transit systems – SDCP is in the early stages of coordinating with its member municipalities to determine pertinent local targets for transportation electrification and, following the identification of these local planning parameters, will accordingly update its load curves to reflect such assumptions (if current assumptions meaningfully differ from these local planning targets). For the time being, SDCP has assumed annual increases in its retail sales that reflect the net impacts of transportation electrification, energy efficiency improvements, customer-sited generation and other factors, but

SDCP will endeavor to continually refine such planning assumptions to more accurately characterize the impacts of transportation electrification on its overall energy needs and, in particular, its RPS-related renewable energy requirements. To more closely align SDCP's resource portfolio with the evolving energy requirements of its member communities, SDCP anticipates that a diverse set of renewable resources will be necessary, including the strategic inclusion of generating resources and complementary infrastructure that may allow SDCP to dispatch/shape such supply in consideration of evolving customer energy needs and usage patterns.

IV.D. Lessons Learned

In communicating with and reviewing the RPS Procurement Plans of California's most mature CCA organizations, SDCP observes that Marin Clean Energy ("MCE") has highlighted the benefits of geographic diversity in constructing a renewable supply portfolio. MCE noted that certain areas of the state have been overbuilt with renewable generating infrastructure, which has created challenges related to depressed market prices and increasing levels of resource curtailment. SDCP has kept this observation in mind when assembling its own renewable resource portfolio, avoiding overcommitment to resources within a narrowly defined geographic area. SDCP also continues to evaluate historical pricing trends, which have materially changed in the wake of increased renewable energy buildout. Due to these transitions and suppressed (and oftentimes negative) market pricing, SDCP will likely avoid contracting with generators located in certain areas or require substantial storage capacity (operated in parallel with renewable generating infrastructure) to mitigate market price risk when considering renewable generating resources located in such areas. SDCP appreciates the substantial financial risks that are created by California's long-term renewable contracting requirements and will continue to

explore opportunities to manage such risks during its contracting efforts. SDCP also observes that technological diversity is an important principal to incorporate in RPS planning efforts.

As a new CCA, SDCP is gaining familiarity and experience with the information and processes that will be necessary to demonstrate compliance with the requirements of California's RPS Program but does not have any substantive lessons learned to share at this point in time. SDCP is also aware that prudent planning and successful management of early-stage CCA program finances is critical in managing ongoing market risk and other uncertainties. As such, SDCP will exercise care in pursuing its early-stage renewable energy supply options to promote alignment with budgetary parameters. SDCP is also interested in pursuing interagency solicitation/procurement opportunities, as it is aware that such coordinated efforts can increase procedural efficiency, reduce administrative redundancy, and decrease certain expenses typically associated with such processes.

V. Project Development Status Update

As described in Section IV.B above, SDCP's current and planned procurement is expected to be sufficient to meet both the applicable RPS procurement requirements as well as support the state's GHG reduction targets. Further, SDCP's current and planned procurement is expected to support system reliability by considering both portfolio diversity and alignment with SDCP's customers' load curve.

Three of SDCP's five long-term RPS contracts are associated with generating resources that have yet to achieve commercial operation. These projects include:

- Viking Energy Farm, LLC: a new 100 megawatt photovoltaic solar array (plus battery storage) located in Imperial County that is expected to commence commercial operation in June 2023. This project is progressing through pre-construction activities. Vikings Energy Farm has executed an Interconnection Agreement and Transmission Service Rights Agreement with Imperial Irrigation District. Vikings has hired an Engineering firm and expects its Conditional Use Permit to be approved by Imperial County in Q2 2022
- JVR Energy Park, LLC: a new 90 megawatt photovoltaic solar array (plus battery storage) located in San Diego County that is expected to commence commercial operation in March 2023. This project is progressing through pre-construction activities. JVR has completed Interconnection Agreement, Major Use Permit, and EPC contracting.

- IP Oberon, LLC: a new 150 megawatt photovoltaic solar array located in Riverside County that is expected to commence commercial operation in June 2023. Oberon has executed an Interconnection Agreement, received CEC Pre-certification, and has achieved all site control and permits.

In consideration of SDCP's recent contracting efforts with new renewable generating resources, it has updated Appendix D, the Project Development Status Update Report. As new information related to SDCP's renewable energy contracting process(es) becomes available, SDCP will update its Project Development Status Update Report accordingly.

VI. Potential Compliance Delays

Based on recently completed and expected ~~current~~ renewable energy procurement efforts, SDCP does not anticipate any compliance delays related to Compliance Period 4, which includes calendar years 2021-2024. If a future compliance issue is identified or SDCP encounters challenges in securing requisite renewable energy supply in the future, then SDCP will address such issue within a subsequent RPS Procurement Plan.

Based on recently executed long-term RPS supply contracts, SDCP now ~~is also making good progress in meeting~~expects to meet the state's 65% long-term contracting requirement in 2022, maintaining compliance thereafter (throughout CP4 and beyond)~~, recently executing three long-term supply commitments~~ – SDCP will continue assessing projected long-term open positions (that may exist in CP5 and CP6) relative to expected deliveries and intends to administer future solicitations, as necessary, to ensure compliance with the RPS Program over the upcoming 10-year planning horizon. If a future compliance issue is identified or SDCP encounters challenges in securing requisite renewable energy supply, then it will address such issues in a subsequent RPS Procurement Plan.

VI.1. Impacts of COVID-19 Pandemic

SDCP is keenly aware of the current, worldwide COVID-19 pandemic, and its impact on "business as usual", including impacts to requisite resource planning activities and, in particular, renewable energy procurement. As the Commission is aware, successful renewable energy markets depend upon international supply chains, substantial labor commitments, robust financial markets, timely interactions with governmental planning authorities and various other considerations. With numerous disruptions caused by the current pandemic, it is incredibly challenging to determine if, and to what extent, renewable energy procurement opportunities may be compromised, particularly new-build renewable energy projects which typically rely on long-term contracts as the basis for project financing. SDCP also understands that many CCAs have observed moderate to significant net retail sales reductions resulting from the pandemic, but with California's "reopening" in mid-June, SDCP is closely monitoring energy usage patterns to determine if any planning adjustments may be necessary – a certain level of economic recovery is expected to occur, but understanding these changes will require diligent monitoring of available data. Businesses that previously closed may reopen and usage patterns may shift (away from the residential sector and towards the commercial sector, as businesses reopen and/or return to normal operations). The timing and extent of recovery is generally unknown and the subject of considerable speculation.

SDCP intends to closely monitor this situation as well as potential fallout related to supplier/developer effectiveness in fulfilling mandated renewable energy needs, project completion and overall supplier viability – SDCP is aware that many supply chains have been disrupted during the pandemic with a variety of material/component shortages occurring throughout the industry. It is reasonable to anticipate consequences, and SDCP encourages the

Commission to closely monitor and potentially reconsider certain elements of the RPS Program as this situation evolves, particularly if there are widespread, well-documented challenges as California retail sellers attempt to fulfill pertinent procurement requirements. Related, SDCP is aware of numerous instances in which contract documents are being drafted with more expansive force majeure language to alleviate the concerns of sellers/developers in meeting project completion schedules due to potential pandemic-related delays – "day for day" commercial operation date extensions have been pursued, creating flexibility in achieving commercial operation date targets based on the duration of shelter-in-place directives. From SDCP's perspective, buyers must be diligent in contracting efforts to strike an appropriate balance between flexibility and certainty. Not all project development delays are expected to be directly attributable to the pandemic, so effectively parsing contractual accommodations for development delays in consideration of this reality should serve to manage uncertainties related to project completion and renewable delivery timelines.

SDCP also encourages the Commission to coordinate closely with the legislature to evaluate potential adaptations to the RPS Program, which may become necessary if renewable energy markets are materially impacted by the pandemic. With rapidly changing circumstances and related information, SDCP anticipates the need for considerable flexibility/agility in working to meet requisite renewable energy procurement mandates. In the meantime, SDCP will remain hopeful that impacts to renewable energy markets will not compromise California's ability to reach its renewable energy procurement goals or its own, internally established renewable procurement targets.

VII. Risk Assessment

SDCP makes reasonable efforts to minimize the risk of renewable procurement shortfalls

for purposes of complying with applicable RPS mandates established in SB 100, but it cannot definitively predict the scope or magnitude of circumstances that may impact annual retail energy sales, renewable energy markets or individual project performance. With this in mind, SDCP responsibly assesses RPS compliance risk by considering three key planning elements: 1) retail sales variability; 2) renewable energy production/delivery variability; and 3) impacts to overall system reliability associated with SDCP's planned RPS purchases and other influences. These topics are generally considered in the noted sequence with observed risks informing potential adaptations to SDCP's planning process, potential adaptations to planning reserves and, ultimately, refinements to SDCP's renewable energy procurement (or sales) processes and quantities. As described elsewhere in this ~~Draft~~Final 2021 RPS Procurement Plan, SDCP's previously executed renewable supply contracts, current negotiating efforts and upcoming procurement processes will place the organization is a strong position to meet applicable RPS compliance requirements in Compliance Period 4 (and beyond). Therefore, SDCP's self-determined risk of non-compliance is low. Nevertheless, SDCP continues to assess demand-side and supply-side risks to better understand potential areas of concern and to promote achievement of organizational compliance objectives.

Regarding demand-side risk, SDCP continues to evaluate and update prospective retail sales related to its upcoming customer enrollment process (in 2022) and trailing 10-year planning period, including but not limited to anticipated changes related to customer eligibility, new development projects (that could increase retail energy consumption) and business closures, expected customer attrition (or growth) and changes to behind-the-meter generating capacity. From a practical perspective, the greatest demand-side risk with regard to SDCP's anticipated customer base is that retail sales are meaningfully higher than anticipated during Compliance

Period 4. As the Commission is aware, CCAs provide an opportunity for customer choice, allowing customers to voluntarily participate in SDCP's program or remain bundled customers of the incumbent utility, SDG&E. To the extent that customers choose to leave SDCP's CCA program, or "opt out", SDCP's retail sales will decrease, resulting in related increases to the ratio of renewable energy serving such customers (and improving SDCP's position relative to applicable RPS compliance mandates) – it is unlikely that SDCP's renewable supply commitments will provide volumetric flexibility/options in the event of higher-than-anticipated retail sales volumes; in such instances, SDCP would need to pursue additional procurement opportunities to address unanticipated open positions. Thankfully, SDCP's currently executed supply commitments and anticipated long-term contracting opportunities are expected to provide more volume than SDCP requires within Compliance Period 4; also, short-term RPS procurement opportunities seem to be readily available (to the extent such supply is necessary to augment long-term commitments). Because SDCP's anticipated participation rates are based on the well-documented experience of California's other operational CCA programs, the organization is confident that actual retail sales will be reasonably well aligned with related forecasts.

Considering SDCP's ongoing coordination with member municipalities and associated planning departments, SDCP expects to be well informed regarding upcoming development projects or other customer changes that could materially increase retail sales. For this reason, SDCP believes that demand-side RPS compliance risk is low.

Regarding supply-side risks, SDCP is aware of the generation variability/intermittency associated with certain renewable technologies as well as the possibility of curtailment (based on pricing considerations or market directives) during certain times of day/year. In the case of new-

build renewable projects, SDCP is also aware of the possibility of project delays and, potentially, project failure. Such circumstances can materially diminish renewable energy deliveries, jeopardizing the achievement of RPS compliance and exposing the organization to unexpected financial consequences. This noted, a primary objective of the SDCP's CCA program is offering participating customers stable and competitive retail generation rates, so the organization must balance generalized over-purchasing of certain compliance products, including RPS-eligible renewable energy, with related budgetary impacts. In its RPS planning process, SDCP has considered such impacts as well as previous procurement practices observed by successful California CCAs, which have satisfied applicable compliance mandates reflected in California's RPS program. In considering the experiences of such CCAs, it is important to note that few, if any, CCAs have contracted for all near-term RPS requirements prior to or at the time of service commencement. CCAs are exposed to considerable compliance risk at the time of, and in the few years immediately following, program launch, as load variability is generally highest during this period of time and organizational creditworthiness is generally weakest (due to the considerable costs associated with CCA implementation, the timing related to program expenditures and revenue receipts, and the methodical pace at which financial reserves are typically accrued during early-stage operations). To the best of SDCP's knowledge, few early-stage CCAs have experienced difficulties with generalized renewable energy procurement, but long-term RPS contracting has been more challenging – typical lead times (between contract execution and project completion) associated with new-build renewable energy projects are often 2-3 years or longer, and related power supply contracting efforts are rarely initiated so far in advance of service commencement. With this observation in mind, early-stage CCAs must either: 1) focus RPS contracting efforts on existing renewable generating resources; or 2) accept

failure/delay risks associated with new-build renewable projects placed under contract near the time of CCA launch by incorporating reasonable planning reserves to mitigate such risks. In the case of SDCP, a balanced approach has been pursued, which has entailed contracting efforts focused on both existing and new renewable generating resources, thereby minimizing, but not eliminating, risks associated with compliance shortfalls. SDCP's anticipated long-term contracting surplus during Compliance Period 4 should further mitigate concerns related to project development delays and/or failures, as the previously noted planning reserve would accommodate one or more project failures amongst SDCP's currently executed contracts and upcoming contract opportunities. As noted above, SDCP has reflected considerations related to volumetric risk (due to project delays and/or under performance) in its general planning assumptions and within Appendix C.

SDCP also anticipates mitigating supply-side risk by incorporating fixed-volume and index-plus pricing structures amongst its portfolio of RPS supply agreements. These procurement mechanisms serve to mitigate the risk of delivery variability (typically associated with intermittent renewable resources and/or renewable resources that may be subject to periodic curtailment) and exposure to negative market pricing (which could prompt economic curtailment). Fixed volume arrangements, in particular, also mitigate risk associated with commercial operation delays and facility failure; these structures also provide buyers with financial protections (via penalty payments) for under-delivery (which could be used, as a last resort, to offset compliance penalties in the event that the supplier or SDCP are unable to identify replacement volumes).

As part of SDCP's approach to managing supply-side risk, it has also adopted what it believes to be a CCA best practice related to RPS contracting: structuring early-stage

solicitations to identify proven renewable generating technologies in prime resource locations to be developed and/or operated by the most experienced available suppliers (with strong, well-documented track records of successful project completion and operational reliability). Unlike certain of the IOU's early-stage contracting efforts, which focused on experimental/unproven renewable generating technologies, CCAs have generally focused early-stage contracting efforts on tried-and-true technologies and highly experienced counterparties – SDCP intends to follow this practice as well. When evaluating prospective renewable energy supply opportunities, SDCP will seek to minimize the risk of delivery failure (or shortfalls) by pursuing supply arrangements with such experienced and financially stable suppliers that have demonstrated successful track records (related to the fulfillment of contracted renewable energy deliveries and/or project development). This noted, there is always a possibility that future renewable energy supply will not be delivered as required, which is why SDCP intends to periodically evaluate the sufficiency of currently anticipated renewable energy procurement targets in meeting both statutory mandates and prudent planning reserve levels. Given SDCP's initial commitment to providing a minimum 50 percent renewable default service to participating customers, it seems highly unlikely that cumulative renewable energy delivery shortfalls could result in compliance deficiencies. While other CCA programs may choose to pursue differing planning reserve targets, SDCP observes that there does not seem to be a clear standard or related guidelines for setting such metrics and believes that its anticipated, internally defined renewable energy targets provide sufficient planning reserves.

Following contract execution, SDCP staff will closely coordinate with its suppliers, particularly developers of any new-build resource, to maintain an acute awareness of project development progress, including any anticipated issues that could delay expected initial

deliveries or compromise overall project viability. Such communications are intended to provide SDCP with an early indication of such issues, which would allow "corrective procurement actions" to occur if the extent of such issues were determined to impact SDCP's RPS compliance status.

In terms of system and resource reliability, SDCP has adopted a procurement approach that intends to emphasize resource and contractual diversity. This process is expected to contribute to the identification of renewable generating resources that should positively impact system reliability over time.

SDCP will consider this potential risk of generation variability during its resource planning process and related procurement/contracting efforts and may pursue contract structures that promote volumetric stability through the application of firm delivery quantities and/or performance guarantees that provide financial remedies/penalties in the event of delivery shortfalls. If necessary, the application of such penalties could be used: 1) as a first priority, to procure additional renewable energy supply to address delivery shortfalls; or 2) in the event of a determination of non-compliance, to offset the cost of related penalties. SDCP's intent is to achieve and maintain compliance with applicable RPS mandates, and the latter option is a last resort that is not expected to apply.

Furthermore, SDCP is aware of the need to perform a risk assessment and present the results of such assessment in this RPS Procurement Plan. As previously noted, SDCP adopted an ERM Policy at the meeting of its governing board on June 25, 2020. Following adoption of the ERM Policy and related creation of SDCP's ROC, any subsequent risk analyses/assessments will be developed and administered under the oversight of this committee. Before the ROC begins its regular meetings, SDCP intends to observe a practically minded risk

management/assessment process that relies on the significant reserve margin created by its internally adopted renewable procurement target (minimum 50 percent, increasing over time) as well as a concerted effort (through its solicitation processes) to identify and select highly experienced, financially viable renewable energy sellers, a process which is believed to materially reduce the risk of delivery shortfalls (and potential compliance deficits). If SDCP's internally adopted planning targets and related procurement efforts prove to be insufficient in meeting near-term RPS compliance targets, SDCP will bring such findings to the attention of its ROC and pursue suitable resolutions and mitigation measures under the oversight of the committee. It is reasonable to assume that the ROC will consider the use of quantitative tools to further understand renewable planning and compliance risks, but since this committee has yet to convene, SDCP will wait for future discussion/direction before attempting to identify or pursue development of a risk management tool/model/software that would meaningfully reduce risk beyond the previously described approach. If such a tool becomes necessary in the future, as determined in concert with SDCP's ROC, it may employ a stochastic approach in determining prospective variability in anticipated future renewable energy deliveries, and the results of related analyses may alter SDCP's future planning reserves, if necessary, or prompt supplemental procurement activities to protect against the volumetric variability reflected in such analyses.

At this point in time, the largest risk related to renewable energy procurement and delivery facing SDCP is that the agreements currently under negotiation do not move forward as expected. SDCP is committed to completing existing negotiating efforts and securing contractual commitments for the balance of its long-term RPS needs in Compliance Period 4. If this occurs as anticipated, SDCP's attention will turn to the monitoring of milestone achievement

for new-build renewable opportunities with the goal of promoting timely project completion and initial deliveries to ensure that SDCP meets applicable compliance mandates during CP4. To the extent that SDCP observes issues related to key milestone completion, it will accordingly adjust anticipated renewable energy deliveries to account for the prospect of RPS shortfalls (even though such shortfalls are unlikely to present compliance issues, due to the relatively high renewable energy content reflected in SDCP's default retail service offering).

To the extent that understanding supplier responses to future solicitations necessitate the use of a quantitative tool, SDCP will act accordingly. However, if SDCP believes that its supplier selection process results in the identification of: 1) low-risk supply sources that are already operational; or 2) highly experienced, financially viable project developers that have consistently demonstrated a successful development track record over time, then it may choose to forgo a related quantitative assessment as part of its risk management process.

Similar issues do not seem relevant with regard to short-term renewable energy purchases, as the market continues to remain robust for CCA buyers. This noted, it is entirely unreasonable for SDCP to engage in significant levels of over-procurement via long-term contract, as such an approach would materially limit planning flexibility, may impose excessive costs and rate-related impacts on its CCA customers, and would seemingly expose SDCP to unnecessary market risks (by virtue of the fact that the timing of its service commencement will necessitate the execution of all long-term supply commitments required to support early-stage operations at a single point in time – such an approach is generally not advisable). As previously noted, SDCP believes that a keen focus on identifying highly experienced, financially viable long-term renewable energy suppliers is the best risk mitigation strategy for this important element of the RPS Program, and SDCP intends to observe this practice during its upcoming

solicitation process(es).

With respect to system reliability, SDCP is aware of the need to pursue a portfolio of renewable resources with diverse and complementary delivery profiles as well as complimentary infrastructure (namely, energy storage infrastructure) that will support the reshaping of renewable energy deliveries to better align with load. For example, renewable energy procurement efforts that may initially focus on relatively low-cost solar resources will often necessitate subsequent investments in co-located energy storage infrastructure and/or higher-cost baseload renewable generating technologies, such as those using geothermal, biomass and landfill gas fuel sources. These baseload renewable technologies are often priced at three-to-four times the level of in-state photovoltaic solar generation but generally provide increased capacity value (due to the more predictable, baseload generating profiles of such resources) and related reliability enhancements. Over time, SDCP will attempt to balance these competing portfolio management interests to support reasonably close alignment between supply and demand (reducing the need for pronounced resource ramping on the system), cost-effective procurement and overall grid reliability. SDCP is aware that low-cost, long-term solutions are challenging to identify at this time, but it will remain committed to pursuing a conscientious planning process that balances grid reliability, compliance demonstration and customer cost impacts.

In terms of lessons learned related to risk management, SDCP observes that internally adopted, above-RPS planning targets generally serve as effective mitigation measures related to RPS compliance. SDCP will continue to evaluate the sufficiency of its adopted planning reserves (MMoP) to reduce the risk of RPS compliance shortfalls. If future RPS contracting activities impose larger than anticipated risks (on project failure and/or under-delivery), SDCP may increase its noted planning reserve to provide additional protection against such risks. The

extent to which such adjustments may occur is not known at this time but will be discussed, as necessary, in a future RPS Procurement Plan.

SDCP has also observed the value of resource diversity across a broad spectrum of considerations, including resource location, generating technology, suppliers/developers and contract structures, amongst other concerns. Long-term renewable supply commitments are inherently risky in the sense that such commitments expose the buyer and/or seller to a variety of unknown circumstances, including but not limited to evolving market prices and policy changes. Throughout a long-term contract relationship, it seems evident that areas with initially low levels of negative pricing (and related curtailment of energy production) can materially change as new project development activity occurs, creating (or exacerbating) conditions of over-supply and related incidents of energy curtailment. This risk is particularly challenging to manage, as California's escalating RPS procurement mandates necessitate ongoing investment in new renewable generating infrastructure, which is often sited in resource-rich areas that become oversaturated with similar generating technologies (and related delivery profiles). These circumstances seem inevitable and, over the course of a long-term supply relationship, may expose the contracted parties to unexpected risks, including negative prices (and related budgetary impacts) and curtailed deliveries (which may compromise the fulfillment of mandated procurement targets by the buyer). Again, SDCP will periodically reevaluate its current renewable energy planning reserve to address anticipated curtailment and/or underperformance risk to the extent that such concerns are pertinent to SDCP's renewable contract portfolio.

SDCP is also aware that risk can be diversified through various contract structures. For example, an "index-plus" pricing structure is useful in transferring nodal/market price risk to the seller – in such structures, the buyer pays a fixed renewable premium, while the seller assumes

risk associated with market price fluctuations but also receives market revenues (which could be higher or lower than anticipated) – even though the buyer receives the energy, renewable attribute and (in certain instances) capacity value as part of such a transaction, the buyer's financial risk is generally limited to the payment of the renewable premium. For buyers who are averse to market price risk, the index-plus pricing structure effectively eliminates this concern but may result in higher overall contract costs (which may be acceptable, as a form of insurance, to mitigate market price exposure). In other structures, such as the "fixed-price" or "aggregate pricing" structure, the renewable energy premium and energy commodity (and oftentimes, capacity value) are reflected in a single price paid by the buyer – this structure deliberately allocates market price risk to the buyer, but the buyer may also pay a lower imputed renewable premium in instances where market revenues (realized when the energy commodity is delivered to the grid) closely approximate (or exceed) the aggregate renewable energy price. SDCP has pursued both pricing structures as part of its portfolio diversification and risk management strategies, attempting to balance~~ing~~ risk across a broad range of considerations. Any changes to this approach will be articulated in future iterations of the RPS procurement planning process.

VIII. Renewable Net Short Calculation

SDCP has provided a quantitative assessment to support the qualitative descriptions provided in this RPS Procurement Plan, which is attached as Appendix C. At this point in time and based on SDCP's initial renewable energy contracting efforts, certain risk-related adjustments have been incorporated in Appendix C, as described above. If such adjustments are deemed insufficient, based on regular project development status updates or other information, SDCP will update such adjustments in a future planning document based on information specifically related to each contracting opportunity reflected in the quantitative assessment.

IX. Minimum Margin of Procurement (MMoP)

SDCP is developing an electricity supply portfolio that will further the achievement of state mandates as well as internally adopted goals for increasing RPS-eligible renewable energy supply over time. The following table displays SDCP's intended margin of RPS over-procurement based on the differential between the SB 100 procurement targets and SDCP's internally adopted RPS procurement targets. This table reflects SDCP's voluntary margin of over-procurement, or VMoP.

State & Internally Adopted Renewable Energy Requirements

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
SB 100 RPS Procurement Requirement (% of Retail Sales)	35.8%	38.5%	41.3%	44.0%	46.7%	49.3%	52.0%	54.7%	57.3%	60.0%
SDCP's Minimum Internally Adopted RPS Procurement Target (% of Retail Sales)	50.0%	52.0%	54.0%	56.0%	58.0%	61.0%	64.0%	68.0%	72.0%	75.0%
SDCP's Voluntary Margin of Over-Procurement (% of Retail Sales)	14.3%	13.5%	12.8%	12.0%	11.3%	11.7%	12.0%	13.3%	14.7%	15.0%

As reflected in the previous table, SDCP's RPS-eligible renewable energy target was set at a minimum 50 percent in 2021 (SDCP's first year of operations), increasing to 75 percent by 2030. SDCP's internally adopted renewable energy procurement targets are intended to support SDCP's broader goal of providing a minimum 90% carbon-free electricity to all customers by 2030. SDCP's internally adopted minimum renewable energy procurement goals ensure a significant margin of procurement above the SB 100 mandates. SDCP's internally adopted renewable energy procurement goals provide a meaningful buffer above the state's RPS requirements and serve as SDCP's VMoP – SDCP's VMoP will minimally exceed statewide RPS mandates by at least 11.3 percent (relative to retail sales) in each year of the 10-year planning horizon.

To address RPS compliance risk, SDCP uses its risk assessments, including its renewable net short calculations, to establish a Minimum Margin of Over-Procurement to guide

RPS compliance procurement planning. SDCP calculated the minimum margin of procurement, or MMoP, using a 10% risk adjustment (or planning reserve) that was applied to SDCP's minimum internally adopted RPS procurement target (see row 2 in the previous table), which is reflective of the renewable content offered through SDCP's default retail service offering, PowerOn. On a voluntary basis, SDCP customers may enroll in SDCP's 100% renewable energy service offering, Power100 – customer participation in this program increases SDCP's overall renewable energy need but also provides an enhanced procurement buffer relative to applicable compliance mandates. This noted, SDCP does not include/rely on additional renewable energy volumes required to serve Power100 customers in determining its MMoP or VMoP – such incremental renewable energy purchases are additive to SDCP's MMoP and VMoP (meaning that such volumes are in excess~~ive~~ of the additional renewable energy purchases required to meet SDCP's MMoP and VMoP). Based on the manner in which SDCP has established its MMoP, as a 10% planning risk adjustment relative to total PowerOn renewable energy requirements, the effective MMoP percentages observed by SDCP range from 12.3% (2027) to 14.0% (2021), relative to SDCP's projected RPS compliance need, over the ten-year planning horizon. The following chart provides additional detail regarding the effective MMoP percentages observed by SDCP.

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
SB 100 RPS Procurement Requirement (% of Retail Sales)	35.8%	38.5%	41.3%	44.0%	46.7%	49.3%	52.0%	54.7%	57.3%	60.0%
SDCP's Minimum Internally Adopted RPS Procurement Target (% of Retail Sales)	50.0%	52.0%	54.0%	56.0%	58.0%	61.0%	64.0%	68.0%	72.0%	75.0%
SDCP's RPS Planning Risk Adjustment (at 10% of Minimum Internally Adopted RPS Target)	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
SDCP's Minimum Margin of Over-Procurement (% of Retail Sales)	5.0%	5.2%	5.4%	5.6%	5.8%	6.1%	6.4%	6.8%	7.2%	7.5%
SDCP's Minimum Margin of Over-Procurement (% buffer relative to RPS Mandate)	14.0%	13.5%	13.1%	12.7%	12.4%	12.4%	12.3%	12.4%	12.6%	12.5%

SDCP's MMoP is intended to address potential delivery variability for intermittent

resources, curtailment risk, project delays and other operational peculiarities that may cause actual renewable energy deliveries to deviate from projections. Note that certain of SDCP's renewable energy deliveries are not subject to variability – such agreements reflect minimum fixed delivery quantities (or quantities with limited volumetric variability) with corresponding financial penalties (paid to SDCP by related sellers in the event of delivery shortfalls). SDCP also observes that in 2021, the entirety of its renewable energy deliveries were secured via contracts with specified minimum delivery quantities that were established to ensure that SDCP fulfilled its intended minimum renewable content of 50 percent. Beginning in 2022, SDCP will have limited exposure to resource intermittency via its long-term renewable supply agreement with Duran Mesa, LLC. As such, risk assessments/adjustments for delivery variability were not required for the 2021 calendar year but will be considered by SDCP in 2022 and beyond.

~~SDCP, as shown in the table below, intends to build an electricity supply portfolio with short-term and long-term contracts that achieve state and governing board-approved requirements related to RPS-eligible renewable energy and GHG-free energy. The following table displays SDCP's intended margin of RPS over-procurement based on the differential between the SB 100 procurement targets and SDCP's internally adopted RPS procurement targets.~~

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
SB 100 RPS Procurement Requirement (% of Retail	35.8%	38.5%	41.3%	44.0%	46.7%	49.3%	52.0%	54.7%	57.3%	60.0%
SDCP RPS Procurement Target (% of Retail Sales)	53.5%	55.4%	57.2%	59.1%	60.9%	63.7%	66.5%	70.2%	74.0%	76.8%
SDCP Minimum Margin of Over-Procurement (% of Retail Sales)	17.8%	16.9%	16.0%	15.1%	14.3%	14.4%	14.5%	15.6%	16.6%	16.8%

~~Presently, the renewable energy procurement targets reflected in SDCP's RPS Procurement Plan specify RPS-eligible renewable energy targets that significantly exceed statewide mandates during the first several years of program operations, which is expected to provide the potential for meaningful planning reserves. The targets reflected within this~~

~~DraftFinal 2021 RPS Procurement Plan are based on SDCP's Board-approved 50% renewable default retail service offering (at the time of service commencement in March 2021), as well as a voluntary 100% renewable retail service offering that will be made available to all participating customers, plus incremental planning reserves. To the extent that SDCP customers choose to participate in the 100% renewable service option, the CCA program's overall renewable energy content will marginally increase – for the time being, a nominal level of participation in SDCP's 100% renewable service offering has been assumed, but this is expected to increase over time as SDCP's marketing and customer outreach activities increase. The previous table reflects gradual increases in SDCP's overall renewable energy content, but such percentages will be subject to periodic review and approval by SDCP's governing board.~~

If SDCP adopts changes to its future renewable energy content/offerings, future RPS procurement planning documents will be updated accordingly. Staff assumes that future renewable procurement targets (inclusive of planning reserves necessary to meet RPS mandates) will consider a variety of factors, including but not limited to, the operational status of prospective renewable energy facilities to be placed under contract, the experience and general development track record of each project development team (associated with new resources), resource size (capacity), the location of prospective generating resources (for new facilities) and impacts of over-procurement to the CCA program's procurement budget and customer rates.

IX.A. MMoP Methodology and Inputs

SDCP's MMoP is intended to address an RPS failure rate at or above that which is reflected in the renewable net short reporting template. In the event of contract under-deliveries, commercial operation delays and/or project failures, the MMoP should be sufficient to ensure SDCP is compliant with the RPS procurement requirements. SDCP's VMoP is the annual RPS-

eligible minimum portfolio content identified in SDCP's internally adopted planning targets.

As discussed in Section VIII, SDCP has incorporated risk adjustments to certain renewable energy delivery estimates associated with existing generating facilities (due to known fire risk associated with certain geothermal resources and the potential for related delivery reductions; delivery intermittency is also subsumed in prescribed risk adjustments) and resources that are under development. Achieving SDCP's MMoP necessitates higher levels of renewable energy procurement (ranging from 12.3% to 14.0% over SDCP's annual RPS compliance needs throughout the ten-year planning period), which accommodate the potential for delivery shortfalls (due to a variety of circumstances) while still allowing SDCP to meet prescribed RPS mandates. Considered in concert, SDCP's VMoP and MMoP provide a substantial aggregate renewable energy planning buffer, relative to applicable compliance mandates, as reflected in the following table.

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
SB 100 RPS Procurement Requirement (% of Retail Sales)	35.8%	38.5%	41.3%	44.0%	46.7%	49.3%	52.0%	54.7%	57.3%	60.0%
SDCP's Minimum Internally Adopted RPS Procurement Target (% of Retail Sales)	50.0%	52.0%	54.0%	56.0%	58.0%	61.0%	64.0%	68.0%	72.0%	75.0%
SDCP's Voluntary Margin of Over-Procurement (% of Retail Sales)	14.3%	13.5%	12.8%	12.0%	11.3%	11.7%	12.0%	13.3%	14.7%	15.0%
SDCP's Minimum Margin of Over-Procurement (% of Retail Sales)	5.0%	5.2%	5.4%	5.6%	5.8%	6.1%	6.4%	6.8%	7.2%	7.5%
SDCP's Aggregate Margin of Over-Procurement (% of Retail Sales)	19.3%	18.7%	18.2%	17.6%	17.1%	17.8%	18.4%	20.1%	21.9%	22.5%

~~SDCP considers its MMoP to be the level of RPS procurement in excess of statutory mandates. Such excess procurement will occur based on governing board-approved policy related to the level of renewable energy reflected in SDCP's default retail service offering as well as assumed participation in SDCP's voluntary 100% renewable energy service option.~~

SDCP will effectively ensure its compliance with applicable RPS mandates by procuring in consideration of internal renewable energy goals that meaningfully exceed state-adopted requirements. SDCP currently provides a minimum 50% renewable energy content to all

customers as part of its default retail service offering. SDCP's governing board may periodically consider increases to such renewable energy content for purposes of ensuring that SDCP differentiates its supply portfolio from applicable state-mandated renewable content. The extent to which SDCP will exceed statewide RPS mandates will be dependent upon a variety of factors, including RPS product availability, product cost and budgetary impacts and timely product deliveries from generating facilities under contract with SDCP. As SDCP's governing board considers and adopts changes to its internal renewable energy procurement targets, the organization will accordingly update future RPS planning documents to reflect such changes.

IX.B. MMoP Scenarios

SDCP plans to meet the annual program renewable goals reflected in the table presented in Section IX (above), including the MMoPs reflected therein. As reflected in this table, SDCP's anticipated MMoP percentages range from 142.3% in 20225 to 174.08% in 2021. The renewable net short included in the RNS Quantitative Template also incorporates the additional RPS-eligible renewable energy need resulting from SDCP's VMoP, which reflects its internally adopted renewable energy procurement goal that increases from 50% in 2021 to 75% in 2030. ~~expected enrollment growth in SDCP's voluntary 100% renewable energy service option. For the time being, participation in this voluntary service option is expected to be relatively low, but this will likely increase over time (with additional marketing and outreach efforts completed by SDCP).~~

During its bid evaluation and supplier selection processes, SDCP considers a variety of risks and will explicitly incorporate such risks into its MMoP calculation after related contracting processes are complete and project development progress (for new-build renewable projects) is being tracked by SDCP staff. Based on the information gathered during SDCP's contract management process (which will focus on key milestone achievement and deviations from initial project development schedules for new-build projects), SDCP may adjust expected renewable energy deliveries. To the extent that adjusted future deliveries meaningfully differ from SDCP's previous expectations, additional RPS procurement may be pursued to ensure that SDCP maintains its desired MMoP and related minimum customer delivery commitments.

SDCP will also model demand-side sensitivities that may impact MMoP calculations. This will be particularly important during administration of SDCP's multi-phase customer enrollment process, as participation rates are expected to be most volatile during this period of time (between March 2021 and mid-2022). In addition to load variability resulting from customer participation levels, SDCP will also monitor electric vehicle ("EV") penetration rates, net energy metering participation rates and other considerations that may impact overall customer energy requirements and related demand-based MMoP calculations.

X. Bid Solicitation Protocol

X.A. Solicitation Protocols for Renewables Sales

SDCP does not have immediate plans to issue a solicitation for sales of renewable energy products/projects. If such a need arises in the future, however, SDCP will consider a protocol that: 1) ensures that SDCP remains compliant with applicable RPS procurement mandates; 2) minimizes overall portfolio costs to the greatest extent practical; and 3) provides sufficient flexibility to accommodate reasonably anticipated supply-side and demand-side changes that

could impact SDCP's overall renewable energy requirements.

X.B. Bid Selection Protocols

Consistent with Public Utilities Code section 399.13(a)(5)(C)[17], SDCP shall conduct solicitations for requisite energy resources, including specific needs for eligible renewable energy resources (reflecting locational preferences, when applicable, for such resources), generating capacity, and required online dates to assist in determining what resources fit best within its supply portfolio. Since CCA program governing boards are comprised of local elected officials, these solicitation and procurement decisions are overseen by elected representatives of the community. These solicitation and procurement decisions will seek to comply with targets and preferences that are considerate of local priorities and interests. Any new renewable energy supply agreements resulting from ongoing contract negotiations and future solicitation processes will be brought to SDCP's governing board for approval prior to execution.

SDCP's most recent RPS solicitation, "San Diego Community Power 2020 Request for Proposals ("RFP") for Long-Term California RPS-Eligible Renewable Energy"[18] ("RFP") was issued on June 29, 2020, and is attached to this document as Appendix F. Pursuant to Public Utilities Code 399.13(a)(6)(C),[19] SDCP's RFP included a variety of considerations in related bid

[17] Cal. Pub. Util. Code § 399.13(a)(5)(C) ("Standard terms and conditions to be used by all electrical corporations in contracting for eligible renewable energy resources, including performance requirements for renewable generators. A contract for the purchase of electricity generated by an eligible renewable energy resource, at a minimum, shall include the renewable energy credits associated with all electricity generation specified under the contract. The standard terms and conditions shall include the requirement that, no later than six months after the commission's approval of an electricity purchase agreement entered into pursuant to this article, the following information about the agreement shall be disclosed by the commission: party names, resource type, project location, and project capacity.").

[18] See *San Diego Community Power 2020 Request for Proposals ("RFP") for Long-Term California RPS-Eligible Renewable Energy* available at https://www.sdcommunitypower.org/resources.

[19] Cal. Pub. Util. Code § 399.13(a)(6)(C) ("Consistent with the goal of increasing California's reliance on eligible renewable energy resources, the renewable energy procurement plan shall include all of the following: A bid solicitation setting forth the need for eligible renewable energy resources of each deliverability characteristic, required online dates, and locational preferences, if any.").

solicitation protocols as well as the proposal evaluation and selection process, including:

1. Price and relative value within SDCP's supply portfolio;
2. Project location and benefits to the local economy and workforce;
3. Potential economic benefits created within communities with high levels of poverty and unemployment;
4. Project development status, including but not limited to progress toward interconnection, deliverability, siting, zoning, permitting, and financing requirements;
5. Qualifications, experience developing projects in California and/or with CCAs, financial stability, and structure of the prospective project team (including its ownership);
6. Environmental impacts and related mitigation requirements, including impacts to air pollution within communities that have been disproportionately impacted by the existing generating fleet;
7. Potential impacts to grid reliability;
8. Interconnection status, including queue position, full deliverability of Resource Adequacy capacity, and related study completion, if applicable
9. Acceptance of SDCP's standard contract terms; and
10. Development milestone schedule, if applicable.

Based on the success of its initial solicitation(s), SDCP may adapt these considerations to improve success in future renewable energy procurement efforts.

SDCP's Inclusive and Sustainable Workforce Policy, adopted January 28, 2021, considers impacts to the local economy and workforce. SDCP will specifically consider "the employment growth associated with the construction and operation of eligible renewable energy resources."[20] More specifically, to the extent SDCP procures new RPS resources in solicitations where qualitative factors are considered, SDCP will include a qualitative assessment of the extent to which proposed project development activities will support this goal. Such determinations will be based on information provided by the prospective supplier and SDCP's independent assessment of such information. When SDCP procures RPS resources, it will

[20] See *Inclusive and Sustainable Workforce Policy*, adopted January 28, 2021, available at https://sdcommunitypower.org/resources/meeting-notes/.

require bidders to submit information on projected California employment growth during construction and operation. This data will include the expected number of hires, duration of hire, and an indication of whether the bidder has entered into Project Labor Agreements or Maintenance Labor Agreements in California for the proposed project.

Pursuant to Public Utilities Code section 399.13(a)(8)(A), SDCP will also consider the inclusion of evaluative preference for "renewable energy projects that provide environmental and economic benefits to communities afflicted with poverty or high unemployment, or that suffer from high emission levels of toxic air contaminants, criteria air pollutants, and greenhouse gases."[21] To the extent that SDCP procures RPS resources through solicitations where qualitative factors are considered, impact on disadvantaged communities will be considered. Such information will be gathered by requiring prospective suppliers to answer the following questions: Is your facility located in a community afflicted with poverty or high unemployment or that suffers from high emission levels? If so, the participant will be encouraged to describe how its proposed facility can provide the following benefits to adjacent communities:

- Projected hires from adjacent community (number and type of jobs);
- Duration of work (during construction and operation phases);
- Projected direct and indirect economic benefits to the local economy (i.e., payroll, taxes, services);

[21] Cal. Pub. Util. Code § 399.13(a)(8)(A) ("In soliciting and procuring eligible renewable energy resources for California-based projects, each electrical corporation shall give preference to renewable energy projects that provide environmental and economic benefits to communities afflicted with poverty or high unemployment, or that suffer from high emission levels of toxic air contaminants, criteria air pollutants, and greenhouse gases.").

- Emissions reduction – identify existing generation sources by fuel source within 6 miles of proposed facility and indicate whether the proposed facility will replace/supplant the identified generation sources; and
- To the extent that the proposed generating facility is expected to replace/supplant an existing generating facility, the prospective supplier will be asked to quantify the associated emission impacts of this transition.

These considerations, including others that may be adopted by SDCP's governing board in future meetings, will be incorporated, as appropriate, in future solicitations administered by the organization.

X.C. LCBF Criteria

The Least-Cost Best Fit methodologies approved by the Commission pursuant to D.04-07-029, D.11-04-030, D.12-11-016, D.14-11-042, and D.16-12-044 are expressly only directly applicable to the IOUs and the Commission does not have jurisdiction over the solicitation protocols of CCAs. However, consistent with Public Utilities Code sections 399.13(a)(9), SDCP will consider best-fit attributes that support a balanced mix of resources to help support reliability of the electrical grid.[22]

In particular, SDCP considered "least cost best fit" ("LCBF") during the evaluation of responses to its initial renewable energy solicitation and will continue to do so in future solicitations that will be necessary to fill noted open positions. From SDCP's perspective, use of the term "costs" appropriately includes considerations beyond the basic price of renewable energy. More specifically, costs include a broad range of considerations, such as: 1) reputational

[22] Cal. Pub. Util. Code § 399.13(a)(9) ("In soliciting and procuring eligible renewable energy resources, each retail seller shall consider the best-fit attributes of resource types that ensure a balanced resource mix to maintain the reliability of the electrical grid.").

damage resulting from failure to meet state-mandated and/or internally established renewable energy procurement targets; 2) compliance penalties resulting from failed project development efforts or delivery shortfalls; 3) administrative complexities related to dealing with inexperienced suppliers (such as prolonged contract negotiation processes and uncertainties related to project milestone timing and achievement); and 4) impacts to planning certainty resulting from higher risk projects. These factors, as well as various others, will continue to be considered by SDCP as components of its cost evaluation process, which may lead to the selection of offers that aren't necessarily the lowest cost option(s), as expressed on a dollar-per-MWh basis. With regard to "fit", this aspect of a prospective supply opportunity has as much to do with compatibility (between SDCP and its suppliers) and alignment with key local objectives as it does with balancing customer usage and expected project deliveries, particularly when considering long-term contracting opportunities that will necessitate a constructive working relationship over a period of ten years or more. SDCP also interprets the term "fit" to mean the general suitableness of a project opportunity in promoting grid reliability – while SDCP has no explicit operational or maintenance responsibilities related to the local distribution system serving its customers or the bulk electric system at large, it is aware of the profound importance of supporting grid reliability through its procurement processes. With this in mind, SDCP will make best efforts to balance the demands of California's rigorous RPS compliance mandates with its interest in promoting such reliability. This is no small task, and SDCP expects that considerations related to grid reliability will be incorporated at each stage of its planning and procurement processes but also acknowledges that the full scope of its RPS contract/resource portfolio (including related impacts to grid reliability) will significantly evolve throughout the organizations operating history. Over time, SDCP expects to thoughtfully assemble a diversified portfolio of RPS contracts/resources

that will not only contribute to SDCP's achievement of applicable compliance mandates but also to improved stability and reliability of California's electric system. As such, SDCP's LCBF methodology will consider a broad range of components, including those previously noted, balancing a variety of pertinent considerations at the time each renewable purchase opportunity is being evaluated.

Additionally, the requirement of Section 399.13(a)(8)(A) to give preference to renewable projects located in certain communities is expressly only applicable to "electrical corporations" and is not mandatory for CCAs.[23] However, SDCP recognizes the need to help mitigate the impacts of air pollution in regions of the state where communities have been disproportionately impacted by the existing generating fleet as well as the need to bring economic benefits to communities with high levels of poverty and unemployment. Consistent with this recognition, SDCP will consider the manner in which air pollution may be impacted during its renewable energy solicitation process(es) and related project selection.

XI. Safety Considerations

San Diego Community Power holds safety as a top priority. Since SDCP does not own, operate, or control generation facilities, SDCP's procurement of renewable resources will not present any unique safety risks. This section describes how SDCP has taken actions to reduce the safety risks that may be posed by its renewable resource portfolio and how SDCP supports the state's environmental, safety, and energy policy goals.

[23] Cal. Pub. Util. Code § 399.13(a)(8)(A) ("In soliciting and procuring eligible renewable energy resources for California-based projects, each electrical corporation shall give preference to renewable energy projects that provide environmental and economic benefits to communities afflicted with poverty or high unemployment, or that suffer from high emission levels of toxic air contaminants, criteria air pollutants, and greenhouse gases.").

In its procurement efforts, SDCP will consider the extent to which incorporating project safety requirements/risk mitigation requirements is necessary and appropriate in contracting. SDCP has generally included safety terms in its contracts requiring the seller to comply with all laws and prudent operating practices relating to the operation and maintenance of the renewable facility and the generation and sale of the renewable product. Additionally, the seller shall take all reasonable safety precautions with respect to the operation, maintenance, repair and replacement of the facility, and notify SDCP if seller becomes aware of any circumstances relating to the facility that creates an imminent risk of damage or injury to any person or any person's property, taking prompt, reasonable action to prevent such damage or injury. SDCP is aware that requesting more stringent processes and/or requirements (related to safety and/or other concerns) may trigger requested price increases by the seller/supplier. To the extent that product pricing would meaningfully increase due to the inclusion of such provisions, SDCP would need to evaluate budgetary impacts and other risks before proceeding.

In addition, SDCP has provided additional information below on its existing safety practices.

XI.1. Wildfire Risks and Vegetation Management

In ongoing and future negotiations, SDCP will ensure that its contracts with renewable generating facilities will require the facility operator to comply with all relevant safety requirements. This will be accomplished, in part, through contract provisions that require the counter party to operate and maintain the facility in compliance with all relevant laws and prudent operating practices, including relevant safety and environmental protection standards.

At this point in time, SDCP has yet to adopt specific procurement policies or preferences focused on the acquisition of forest biomass resources. SDCP is aware of the mitigating impacts

that biomass generators, which use forestry waste as feedstock, may have on wildfire risk and will consider the adoption of a related procurement policy in the future.

One of the evaluative criteria considered by SDCP is project location. Part of this evaluation will include an analysis of project location with respect to wildfire risk. Projects that are sited in a high wildfire risk area may be scored lower, and the expected output associated with such project(s) may be reduced to account for potential reductions in output that may occur if fires happen to compromise the project or surrounding infrastructure. SDCP is aware of instances when CCAs have received lower-than-expected deliveries from renewable generating facilities that were required to shut down or reduce output when fire risk compromised such electrical infrastructure. Based on this information, generating assets located in areas that are historically prone to fire risk will need to be considered in light of the potential for reduced output and resultant impacts to SDCP's RPS compliance standing.

SDCP is also considering the development of a program to educate and possibly incentivize its customers to eliminate or minimize the use of diesel and natural gas generators. As evidenced during Pacific Gas and Electric Company's 2019 Public Safety Power Shutoff ("PSPS") events, gas-powered generators can present fire hazards. Once all of SDCP residential and commercial accounts are phased in (which is expected to occur in 2022), SDCP can consider the development of a customer outreach initiative/education program to inform customers of the potential hazards presented by customer-sited gas generators, including fire risk presented by such infrastructure. This is especially important for SDCP customers located in the eastern portion of its service territory, which is semi-rural, hotter, and drier than other parts of San Diego County, making it an area of increased wildfire risk.

In future solicitations, SDCP will identify whether any of the bidding generating facilities are located within Tier 2 or Tier 3 of the Commission's Fire-Threat Map. When evaluating executing a contract with a facility located in Tier 2 or Tier 3, SDCP will consider requiring that the seller utilize elevated wildfire prevention and safety measures for any construction, operation, and maintenance activities.

XI.2. Decommissioning Facilities

As SDCP just recently completed its initial long-term contracting efforts, it has not developed any plans or requirements related to the disposition of associated generating facilities following completion of applicable delivery terms. For future contract negotiations, SDCP will evaluate requiring the seller to provide a project safety plan or a similar type of reporting document, which will include information on procedures for identifying and remediating safety incidents, as well as describing any relevant requirements (such as those associated with the permitting of the facility) for the decommissioning of the facility.

XI.3. Climate Change Adaptation

SDCP's internally adopted portfolio targets, relating to the use of renewable energy and other carbon-free energy supply, are intended to support the CAPs of Member Agencies and the San Diego Region at large. In future solicitations, SDCP will consider updating its bid evaluation criteria in consideration of the policies and preferences of its membership, including but not limited to risks associated with facilities located in regions that are forecasted to be impacted by higher instances of sea-level rise, flooding, wildfires, and/or elevated temperatures.

As noted above, SDCP has incorporated references to the Climate Action Plans of the Member Agencies and will provide more detailed strategies for climate change adaptation in its 2021 RPS Procurement Plans.

XI.4. Impacts During Public Safety Shut-off (PSPS) Events

As SDCP just recently commenced CCA operations, potential impacts related to future PSPS events are uncertain. However, with regard to resource planning, it is likely that a relatively short-duration PSPS event impacting SDCP would marginally reduce retail electric sales and, as a result, would generate a very small increase in the proportionate share of renewable energy supply accruing to SDCP (if renewable supply agreements continue to perform as expected during such events). As SDCP executes contracts with renewable generating facilities, it will evaluate the risk of the loss of generation associated with PSPS events both for facilities that are already online and for facilities that are still under development. Based on impact of prior PSPS events to generating facilities, SDCP anticipates that the total quantity of any PSPS-related reductions in RPS-eligible generation will be relatively small and would likely be offset by the potential reduction in retail sales that would result from PSPS events that directly impact SDCP's customers. Therefore, the likelihood of a material impact to SDCP's renewable energy planning process or related performance metrics seems unlikely.

XI.5. Biomass Procurement

SDCP's neutral position on biomass procurement remains unchanged. SDCP recently completed its initial long-term renewable energy contracting efforts, so it is difficult to predict how the organization's renewable energy supply portfolio will evolve over time. While SDCP has no specific preferences for or against biomass resources, the prospect of procuring such resources will be dependent upon offers received during future solicitation processes. To the extent that future biomass offers/proposals are competitive (with similar offers received from other resource types) and/or in the event SDCP adopts policies explicitly supporting the acquisition of biomass energy resources, SDCP will consider the inclusion of biomass energy

within its renewable energy supply portfolio.

XII. Consideration of Price Adjustments Mechanisms

During ongoing contracting processes and future solicitations, and consistent with SB 350 and SB 100, SDCP will review the prospects of incorporating price adjustments in contracts with online dates more than 24 months after the date of contract execution. As noted in the ACR, such price adjustments could include price indexing to key components or to the Consumer Price Index.

XIII. Curtailment Frequency, Forecasting, Costs

This Section responds to the questions presented in Section 5.13 of the ACR[24] and describe SDCP's strategies and experience so far in managing SDCP's exposure to negative pricing events, overgeneration, and economic curtailment for SDCP's region and portfolio of renewable resources.

XIII.1. Factors Having the Most Impact on the Projected Increases in Incidences of Overgeneration and Negative Market Price Hours

SDCP continues to learn a great deal about the California energy market, including information and considerations related to energy curtailment, potential cost impacts, contracting considerations, and other concerns. The following represents SDCP's understanding of this topic, which may impact future procurement processes.

Due in large part to the rapid increase in the amount of wind and solar generating facilities that have been brought online throughout the western United States, the California Independent System Operator's ("CAISO") balancing authority area has experienced an increasing frequency and magnitude of curtailment and negative pricing events. As of the end

[24] See *Assigned Commissioner and Assigned Administrative Law Judge's Ruling Identifying Issues and Schedule of Review for 2020 Renewables Portfolio Standard Procurement Plans*, May 6, 2020 at p. 27-28.

of 2019, California had over 12,800 MW of solar, 9,400 MW of behind-the-meter solar, and 5,900 MW of wind.[25] This increased capacity results in discrete periods where the majority of load in the CAISO is served by solar and wind resources. The monthly maximum load served by wind and solar in the CAISO has averaged 61.4 percent over the past 3 years (May 2018 to May 2021), and in April of 2021 the monthly maximum load exceeded 85 percent.[26] To address the resulting instances of over-supply, the amount of curtailment of wind and solar in the CAISO has significantly increased each year, totaling 187,000 MWh in 2015, 308,000 MWh in 2016, 379,510 MWh in 2017, 461,043 MWh in 2018, 965,241 MWh in 2019, and 1,586,500 MWh in 2020.[27] As of May 31, 2021, the total curtailment of solar and wind year to date is already 1,062,270 MWh.[28] Curtailment is typically the highest during the months of March, April, and May when hydroelectric generation is historically at its highest.

SDCP will continue to monitor this situation to the extent such circumstances are likely to impact procurement activities and contract administration. If prospective renewable generating opportunities are located in areas that are prone to frequent instances of negative market pricing (based on available historical data), SDCP will be sure to evaluate such data to better understand prospective financial impacts and/or pursue contractual pricing structures that will insulate the CCA program from such risks. When SDCP considers specific renewable project/contract opportunities in the future, it will likely assume that incidences of over-generation will continue to occur (or increase) in areas of the state with low load and relatively

[25] California Energy Commission, Renewable Energy Tracking Progress, Feb. 2020, at 6, *available at* *https://www.energy.ca.gov/sites/default/files/2019-12/renewable_ada.pdf*.
[26] CAISO, Monthly Renewables Performance Report, May 2021, *available at* *http://www.caiso.com/Documents/MonthlyRenewablesPerformanceReport-May2021.html*.
[27] CAISO, Managing Oversupply, Wind and Solar Curtailment Totals, updated June 6, 2021, *available at* *http://www.caiso.com/informed/Pages/ManagingOversupply.aspx*.
[28] *Id.*

high levels of generation. To the extent there are not opportunities to store, export or otherwise use such generation as it occurs, SDCP understands that market pricing would likely be suppressed to the extent that generation exceeds load; and to the extent that generation meaningfully exceeds load, market pricing could turn negative (or significantly negative). This concern was previously considered by SDCP and will continue to be considered when evaluating future renewable project/contract opportunities, and to the extent that certain project locations seem predisposed to incidences of negative pricing, SDCP will weigh such risk against other available project/contract opportunities. Ultimately, SDCP must satisfy its RPS procurement mandates and will need to procure among available opportunities, even if such opportunities present related risks to SDCP – in such instances, SDCP may seek to minimize its negative price risk through contract structures that alleviate these concerns for the buyer.

XIII.2. Written Description of Quantitative Analysis of Forecast of the Number of Hours Per Year of Negative Market Pricing for the Next 10 Years

SDCP is a new CCA organization and is still in the process of determining how a negative pricing forecast can and should be developed to inform its resource planning process – at the present time, this remains unclear. Based on SDCP's initial contracting efforts, it will determine whether such analysis will be instructive in understanding potential issues (directly related to its renewable energy contracts) that may occur due to instances of negative pricing. At this time, however, the completion of such an analysis is premature and not deemed necessary, as new generating resources recently placed under contract are not expected to commence commercial operation until 2023. This determination is reasonable because the completion of a negative pricing analysis that is not related to specific project operation would provide little if any value or insight to SDCP. To the extent that such forecasts are prepared, additional information will be made available in a future iteration of this RPS planning document. Related,

and as part of the next iteration of the Integrated Resource Plan ("IRP")~~IRP~~ process, SDCP will commence development of curtailment forecasts and anticipated negative pricing events through 2030. Such forecasts will be based on available historical data and SDCP's reasonable estimates as to how such events are likely to change in the future.

Related to this element of the RPS planning process, SDCP encourages the Commission to reconsider the need for such forecasts or, at a minimum, redefine the nature of this request in relation to each LSE's unique RPS supply portfolio and whether such LSE intends to utilize the forecast in its planning efforts. SDCP would also appreciate additional information from the Commission regarding its intended use of/for the requested 10-year negative pricing forecast so that it could cooperatively determine whether or not an alternative forecast or other data set would be more insightful/useful in managing the RPS program and related progress of participating retail sellers.

XIII.3. Experience, to Date, With Managing Exposure to Negative Market Prices and/or Lessons Learned from Other Retail Sellers in California

SDCP is a new CCA organization. To date, SDCP has no experience managing exposure to negative price risk but understands that it should pay close attention to historical nodal energy prices at/near areas where prospective renewable generating facilities will/may be located. Gathering such information should facilitate an improved understanding of the frequency and significance of instances involving negative pricing and may influence project rankings within SDCP-administered solicitation processes. SDCP understands that negative pricing is more prevalent in certain geographic regions throughout the state, so contracting with generating resources located within or adjacent to such areas may expose the organization to higher-than-expected renewable energy/compliance costs. SDCP has also learned that certain contract structures, including "index plus" pricing arrangements, may substantially minimize the financial

impacts related to negative pricing. For example, numerous CCAs have pursued the use of index-plus pricing structures and, as a result, such contracts are generally insulated from instances involving negative market prices and/or curtailment risk. Another effective mitigation measure for negative price risk is the co-located installation of battery storage infrastructure with intermittent renewable generating capacity. Such infrastructure generally allows the buyer to shift some/all (based on the size of the storage infrastructure) of the renewable energy production away from times of day when negative pricing can be particularly prevalent, allowing for the delivery of such power at times of day when market pricing is higher/stronger. SDCP will consider implementing similar contracting and curtailment bid cap arrangements, as well as the inclusion of energy storage infrastructure, to minimize the risk of curtailment and negative pricing. In fact, two of SDCP's initial three long-term renewable energy supply contracts incorporate the use of battery storage to facilitate the shifting of production curves to better align with customer energy use and market pricing conditions. During its solicitation processes, SDCP will evaluate negative pricing history, as needed, for project opportunities that may expose the organization to such risks.

SDCP plans to pursue a diversified portfolio of RPS contracts that seek to utilize a variety of contract structures, generating technologies, resource locations, suppliers/developers, risk allocation mechanisms and other considerations. SDCP will continue to learn lessons from established CCAs, particularly with regard to negative price risk mitigation. For example, Sonoma Clean Power Authority ("SCPA") assesses procurement opportunities by evaluating the proposed project location and nearby historical negative pricing, including congestion, and pursues contract terms that recognize and limit the potential financial impacts of negative pricing (including curtailment rights that allow an appropriate level of economic curtailment by the

buyer). Additionally, SCPA is exploring battery storage systems at existing resources that are particularly exposed to negative pricing. The above-mentioned strategies for reducing the risk of negative pricing will be considered by SDCP as part of its strategy to mitigate negative price that could impact its customers.

XIII.4. Direct Costs Incurred, to Date, for Incidences of Overgeneration and Associated Negative Market Prices

SDCP is a new CCA organization. Based on current supply contracts, it has yet to incur direct costs related to negative pricing (for incidences of overgeneration associated with renewable generating facilities).

XIII.5. An Overall Strategy for Managing the Overall Cost Impact of Increasing Incidences of Overgeneration and Negative Market Prices

In reviewing the RPS Procurement Plans of other CCAs, it is evident that direct costs associated with incidences of overgeneration are currently, for most CCAs, an unfortunate reality. It is the goal of SDCP to minimize these costs wherever possible by investigating mitigation strategies and learning lessons from those CCAs that have been able to avoid negative pricing through certain contracting mechanisms and operational strategies. While curtailment is a viable renewable integration strategy that is generally more cost-effective than other options, there are potential negative consequences from excessive curtailment. Curtailment of solar and wind represents a lost opportunity to generate zero GHG- emitting electricity, and excessive curtailment could impact the ability of the state to meet its environmental and energy policy goals. Additionally, these over-supply situations expose ratepayers to increased costs because their LSEs must either economically curtail the generating resource (and often pay for the electricity that was not generated) or generate power and be exposed to negative prices. Because these conditions are largely driven by state policy, it is appropriate to consider macro-level

mitigation measures through CAISO initiatives, Commission rulemakings, and possibly even legislation. There are a number of measures and policies that have already been implemented or are currently being pursued that will have significant impacts on curtailment in the future. This includes the expansion of the Energy Imbalance Market, improvements to the CAISO market design and structure, enhanced forecasting capabilities, time-of-use rates, improved EV charging functionalities, and smart deployment of distributed energy resources. The Commission's IRP proceeding will be an appropriate forum to measure the impact of these policies and the effect that they will have on future curtailment. These new measures will need to be modeled and incorporated into forecasts of future curtailment.

XIV. Cost Quantification

SDCP has updated its Cost Quantification Table, Appendix E, based on current renewable energy supply contracts. SDCP will continue to update such information in future RPS procurement planning documents when new data points become available.

XV. Coordination with the IRP Proceeding

The resources identified in this RPS Procurement Plan are consistent with resources that were identified in SDCP's initial ~~Integrated Resource Plan ("IRP")~~ IRP, which was approved by SDCP's governing board and provided to the Commission for certification on September 1, 2020. As required by the ACR,[29] SDCP includes the following table that describes how SDCP's ~~Draft~~Final 2021 RPS Procurement Plan conforms with the determinations made in the IRP proceedings (R.16-02-007 and R.20-05-003). ~~Energy Division recently provided the draft resource data template on June 17, 2021. The final resource data template is expected to be released on/around July 1, 2021, with a related update required by August 31, 2021.~~ Based on

[29] See ACR at 32-35.

SDCP's recently completed long-term renewable contracts with new build generating capacity, it expects to timely provide related updates in the required resource data template as well as other updates that may be required as part of the upcoming IRP process. As required, SDCP will highlight the interrelationships of its RPS and IRP planning processes in a future iteration of this RPS Procurement Plan. The following table reflects SDCP's most recent updates, as reflected in its Final 2021~~2020~~ RPS Procurement Plan, regarding RPS alignment with the IRP process.

<table>
<tr><th>IRP Section
Subsection</th><th colspan="2">RPS Alignment in IRP</th></tr>
<tr><td rowspan="2">III. Study Results
A. Preferred and Conforming Portfolios</td><td colspan="2">Retail sellers should explain how the RPS resources they plan to procure, outlined in their RPS Plan, will align with each portfolio to be developed in their IRP. In addition to the list of the IRP portfolios developed and portfolio descriptions submitted for Commission approval and certification in 2020 IRP Plans, this should include:</td></tr>
<tr><td>1. Existing RPS resources that the retail seller owns or contracts.
2. Existing RPS resources that the retail seller plans to contract with in the future.
3. New RPS resources that the retail seller plans to invest in.</td><td>~~SDCP is in active negotiations with a prospective long-term RPS supplier that will utilize several existing renewable resources as prospective sources of supply. Until this agreement is finalized, however, SDCP is unable to provide additional detail regarding such resources and any relationship of these resources to SDCP's IRP process.~~
As part of its 2020 IRP filing, SDCP submitted two Preferred Conforming Portfolios that achieve its proportional share of both the 46 and 38 MMT GHG targets. Because SDCP has yet to finalize its initial long-term RPS supply commitments that will contribute to the achievement of such portfolio goals, this document reflects those resources that SDCP intends to contract with in the future. Such procurement efforts are expected to contribute to the achievement of relevant GHG targets as well as RPS procurement requirements, including the 65% long-term contracting requirement.
Description of Conforming Portfolios:</td></tr>
</table>

		• 46 MMT Conforming Portfolio: Portfolio that achieves SDCP's proportional share of a 46 MMT statewide GHG target.
		  ○ The 46 MMT Conforming Portfolio assumed the use of new RPS resources not yet placed under contract, including: 600 MW of new hybrid resources (which would include 300 MW of battery storage to promote grid reliability); 300 MW of new wind resources; 400 additional MW of new solar-only resources; and 100 MW of new geothermal resources
		  ○ The 46 MMT Conforming Portfolio also assumed the use of existing RPS resources not yet placed under contract, including: 256 MW of existing wind resources; and 398 additional MW of existing solar-only resources.
		  ○ SDCP's 46 MMT portfolio conformed to the procurement timing, resource quantities, and general resource attributes identified in the 46 MMT reference system plan.
		• 38 MMT Conforming Portfolio: Portfolio that achieves SDCP's proportional share of a 38 MMT statewide GHG target.
		  ○ The 38 MMT Conforming Portfolio assumed the use of new RPS resources not yet placed under contract, including: 600 MW of new hybrid resources (which would include 300 MW of battery storage to promote grid reliability); 300 MW of new wind resources; 400 additional MW of new solar-only resources; and 100 MW of new geothermal resources.
		  ○ The 38 MMT Conforming Portfolio also assumed the use of

		existing RPS resources not yet placed under contract, including: 256 MW of existing wind resources; and 398 additional MW of existing solar-only resources. ○ SDCP's 38 MMT portfolio conformed to the procurement timing, resource quantities, and general resource attributes identified in the 38 MMT reference system plan.
IV. Action Plan **A. Proposed Activities**	Retail sellers should describe how they propose to use RPS resources to implement their Preferred Portfolio. Narratives should include:	
	1. Proposed RPS procurement activities as required by Commission decision or mandated procurement. *2. Description of RPS resources identified in the Study Results section that correspond to proposed activities.* *3. Procurement plans, potential barriers, and resource viability for each new RPS resource identified.*	To ensure compliance with its GHG and RPS targets, SDCP plans to substantially rely on GHG-free and RPS-eligible resources while contributing to statewide reliability requirements and responsibly managing overall portfolio costs. This approach is generally consistent between the 46 MMT Conforming Portfolio and 38 MMT Conforming Portfolio. In its IRP, SDCP also established that its planned incremental capacity exceeds its pro rata share of capacity that may be needed for replacement of Diablo Canyon. These resources are further described in SDCP's 2020 IRP. SDCP expects to administer future solicitation processes to fill outstanding resource needs required to meet portfolio specifications reflected in its 46 MMT and 38 MMT Preferred Conforming Portfolios as well as ongoing RPS procurement obligations. As noted elsewhere in this ~~Draft~~Final 2021 RPS Procurement Plan, SDCP will update the Commission with regard to the outcomes of its current long-term RPS contract negotiations in a future iteration of this planning process. SDCP does not foresee any barriers or viability concerns related to its requisite resource commitments but will advise the Commission if this impression changes over time.

IV. Action Plan **B. Procurement Activities**	The retail seller should describe the solicitation strategies for the RPS resources that will be included in their Preferred Portfolio. This description should include:	
	1. The type of solicitation. *2. The timeline for each solicitation.* *3. Desired online dates.* *4. Other relevant procurement planning*	SDCP may participate in distinct solicitations for different products (for example: specific renewable energy products, generating resources or storage infrastructure), or it may choose to solicit multiple products in the same solicitation. These solicitations will be competitive and may be similar to SDCP's initial long-term RPS solicitation, which was previously described in this ~~Draft~~Final 2021 RPS Procurement Plan. SDCP will administer future solicitations, as necessary, to promote consistency with the resource development plan identified in the IRP (for purposes of promoting achievement with state-mandated RPS targets as well as SDCP's internal targets). As noted above, SDCP anticipates administering upcoming solicitation activities consistent with the process and timeline described in Section I. During administration of future procurement processes, SDCP will utilize the evaluative and contract management processes (further described above in Section X and elsewhere in this Plan) to promote timely project completion and improve planning certainty.
IV. Action Plan **C. Potential Barriers**	Retail sellers should provide a summary of the barriers that will be identified in their Preferred Portfolio as they relate to RPS resources. The section should include:	
	1. Key market, regulatory, financial, or other resource viability barriers or risks associated with the RPS resources coming online in retail sellers' Preferred Portfolios. *2. Key risks*	SDCP does not expect any procurement barriers to impede its future contracting for new renewable energy resources, but notes that even though a balanced, diverse RPS portfolio is desirable, the limited resource availability and lead time required for some technology types may necessitate planning flexibility. SDCP also observes that the rigorous demands of California's RPS program, particularly the currently effect 65 percent long-term contracting mandate, may necessitate

	associated with the potential retirement of existing RPS resources on which the retail seller intends to rely in the future.	contracting activities with a portfolio of resources that will evolve considerably over time – more specifically, SDCP may need to pursue initial supply commitments with a portfolio of resources that does not exactly reflect its eventual/ideal characteristics related resource diversity and/or reliability. Pursuit of such portfolio characteristics will continue to be a work in progress during SDCP's first several procurement efforts and will evolve throughout the upcoming 10-year planning period. The key risk affecting SDCP's achievement of the 46 MMT and 38 MMT Preferred Conforming IRP Portfolios is reliance on new resources – while SDCP intends to contract with highly experienced and qualified project developers (when new-build resources are deemed necessary), there is always a limited risk of project failure. In consideration of SDCP's existing RPS contract negotiation processes that will support achievement of parameters reflected in the 46 MMT and 38 MMT Preferred Conforming IRP Portfolios, it does not have any substantive concerns regarding its ability to fulfill and achieve levels of renewable energy procurement that will be required to satisfy pertinent RPS mandates or IRP targets. If such concerns happen to change in the future, SDCP will accordingly notify the Commission in a subsequent iteration of this planning process.

Dated: February 17, 2022~~July 1, 2021~~

Respectfully submitted,

/s/ *Bill Carnahan*

Bill Carnahan
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Appendix B

2021 RPS Procurement Plan Checklist and Verification

Final 2021 RPS Procurement Plan Checklist- Task Completed

Retail seller name: San Diego Community Power	**YES/NO**	**NOTES**
I. Major Changes to RPS Plan	YES	
II. Executive Summary	YES	
III. Summary of Legislation Compliance	YES	
IV. Assessment of RPS Portfolio Supplies and Demand	YES	
IV.A. Portfolio Supply and Demand	YES	
IV.A.1. Portfolio Optimization	YES	
IV.B. Responsive to Policies, Regulations, and Statutes	YES	
IV.B.1 Long-term Procurement	YES	
IV.C. Portfolio Diversity and Reliability	YES	
IV.D. Lessons Learned	YES	
V. Project Development Status Update	YES	
VI. Potential Compliance Delays	YES	
VII. Risk Assessment	YES	
VIII. Renewable Net Short Calculation	YES	
IX. Minimum Margin of Procurement (MMoP)	YES	
IX.A. MMoP Methodology and Inputs	YES	
IX.B. MMoP Scenarios	YES	
X. Bid Solicitation Protocol	YES	
X.A. Solicitation Protocols for Renewables Sales	YES	
X.B. Bid Selection Protocols	YES	
X.C. LCBF Criteria	YES	
XI. Safety Considerations	YES	
XII. Consideration of Price Adjustments Mechanisms	YES	
XIII. Curtailment Frequency, Forecasting, Costs	YES	
XIV. Cost Quantification	YES	
XV. Coordination with the IRP Proceeding	YES	
Appendix A: Redlined Version of the Final 2021 RPS Plan	YES	

Officer Verification

I am the Interim Chief Executive Officer for San Diego Community Power, a joint powers authority, and am authorized to make this verification on behalf of San Diego Community Power. The statements in the foregoing Final 2021 Renewable Portfolio Standard Procurement Plan are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters, I believe them to be true. I declare under penalty of perjury that the foregoing is true and correct.

Executed on February 17, 2022, in San Diego, California.

/s/ Bill Carnahan

Bill Carnahan
Interim Chief Executive Officer
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Appendix C

Renewable Net Short Calculation

(Public Version)

Renewable Net Short Calculations - 2020 RPS Procurement Plans

LSE Name:	SDCP
Date Filed:	2/17/22

Input required | No input required | Hard-coded

Variable	Calculation	Item	2017 Actual	2018 Actual	2019 Actual	2020 Actual	**2017-2020**	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast	**2021-2024**	2025 Forecast
		Forecast Year					**CP 3**	1	2	3	4	**CP 4**	5
		Annual RPS Requirement											
A		**Total Retail Sales (MWh)**					-						**6,134,135**
B		RPS Procurement Quantity Requirement (%)	27.0%	29.0%	31.0%	33.0%	NA	35.8%	38.5%	41.3%	44.0%	40.8%	46.7%
C	A*B	**Gross RPS Procurement Quantity Requirement (MWh)**	-	-	-	-	-						**2,862,801**
D		Voluntary Margin of Over-procurement (MWh)					-						694,998
E	C+D	**Net RPS Procurement Need (MWh)**	-	-	-	-	-						**3,557,798**
		RPS-Eligible Procurement											
Fa		**Risk-Adjusted RECs from Online Generation (MWh)**					-						**920,763**
Faa		Forecast Failure Rate for Online Generation (%)					*#DIV/0!*						*1.5%*
Fb		**Risk-Adjusted RECs from RPS Facilities in Development (MWh)**					-						**985,526**
Fbb		Forecast Failure Rate for RPS Facilities in Development (%)					*#DIV/0!*						*4.0%*
Fc		**Pre-Approved Generic RECs (MWh)**					-						
Fd		**Executed REC Sales (MWh)**					-						
F	Fa+Fb+Fc-Fd	**Total RPS Eligible Procurement (MWh)**	-	-	-	-	-						**1,906,289**
F0		Category 0 RECs					-						
F1		Category 1 RECs					-						1,906,289
F2		Category 2 RECs					-						-
F3		Category 3 RECs					-						
		Gross RPS Position (Physical Net Short)											
Ga	F-E	**Annual Gross RPS Position (MWh)**	-	-	-	-	-						**(1,651,510)**
Gb	F/A	Annual Gross RPS Position (%)	0%	0%	0%	0%	0%						31%
		Application of Bank											
Ha	J-Hc (from previous CP)	**Existing Banked RECs above the PQR**					-	-				-	-
Hb		RECs above the PQR added to Bank					-					-	
Hc		Non-bankable RECs above the PQR					-					-	
H	Ha+Hb	**Gross Balance of RECs above the PQR**	-	-	-	-	-	-	-	-	-	-	-
Ia		Planned Application of RECs above the PQR towards RPS Compliance					-					-	
Ib		Planned Sales of RECs above the PQR					-					-	
J	H-Ia-Ib	**Net Balance of RECs above the PQR**	-	-	-	-	-	-	-	-	-	-	-
J0		Category 0 RECs					-					-	
J1		Category 1 RECs					-					-	
J2		Category 2 RECs					-					-	
		Expiring Contracts											
K		RECs from Expiring RPS Contracts (MWh)					-		880,000			880,000	
		Net RPS Position (Optimized Net Short)											
La	Ga+Ia-Ib-Hc	**Annual Net RPS Position after Bank Optimization (MWh)**	-	-	-	-	-						**(1,651,510)**
Lb	(F+Ia-Ib-Hc)/A	Annual Net RPS Position after Bank Optimization (%)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!						0.310767318

Renewable Net Short Calculations - 2020 RPS Procurement Plans

LSE Name:	SDCP
Date Filed:	2/17/22

Variable	Calculation	Item	2026 Forecast	2027 Forecast	2025-2027	2028 Forecast	2029 Forecast	2030 Forecast	2028-2030
		Forecast Year	6	7	CP 5	8	9	10	CP 6
		Annual RPS Requirement							
A		**Total Retail Sales (MWh)**	**6,167,770**	**6,198,655**	**18,500,560**	**6,229,648**	**6,260,796**	**6,292,100**	**18,782,545**
B		RPS Procurement Quantity Requirement (%)	49.3%	52.0%	49.3%	54.7%	57.3%	60.0%	57.3%
C	A*B	**Gross RPS Procurement Quantity Requirement (MWh)**	**3,042,561**	**3,223,301**	**9,128,662.5**	**3,405,749**	**3,589,315**	**3,775,260**	**10,770,323.4**
D		Voluntary Margin of Over-procurement (MWh)	719,779	743,839	2,158,615	830,412	918,459	943,815	2,692,686
E	C+D	**Net RPS Procurement Need (MWh)**	**3,762,340**	**3,967,139**	**11,287,277**	**4,236,161**	**4,507,773**	**4,719,075**	**13,463,009**
		RPS-Eligible Procurement							
Fa		**Risk-Adjusted RECs from Online Generation (MWh)**	**920,763**	**920,763**	**2,762,289**	**579,514**	**566,388**	**566,387**	**1,712,289**
Faa		Forecast Failure Rate for Online Generation (%)	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*
Fb		**Risk-Adjusted RECs from RPS Facilities in Development (MWh)**	**981,174**	**976,822**	**2,943,522**	**963,711**	**972,462**	**968,087**	**2,904,259**
Fbb		Forecast Failure Rate for RPS Facilities in Development (%)	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*
Fc		**Pre-Approved Generic RECs (MWh)**			-				-
Fd		**Executed REC Sales (MWh)**			-				-
F	Fa+Fb+Fc-Fd	**Total RPS Eligible Procurement (MWh)**	**1,901,937**	**1,897,585**	**5,705,811**	**1,543,225**	**1,538,850**	**1,534,474**	**4,616,548**
F0		Category 0 RECs			-				-
F1		Category 1 RECs	1,901,937	1,897,585	5,705,811	1,543,225	1,538,850	1,534,474	4,616,548
F2		Category 2 RECs	-	-	-	-	-	-	-
F3		Category 3 RECs			-				-
		Gross RPS Position (Physical Net Short)							
Ga	F-E	**Annual Gross RPS Position (MWh)**	**(1,860,403)**	**(2,069,554)**	**(5,581,466)**	**(2,692,936)**	**(2,968,924)**	**(3,184,601)**	**(8,846,461)**
Gb	F/A	Annual Gross RPS Position (%)	31%	31%	31%	25%	25%	24%	25%
		Application of Bank							
Ha	J-Hc (from previous CP)	**Existing Banked RECs above the PQR**			-	-			-
Hb		RECs above the PQR added to Bank			-				-
Hc		Non-bankable RECs above the PQR			-				-
H	Ha+Hb	**Gross Balance of RECs above the PQR**	-	-	-	-	-	-	-
Ia		Planned Application of RECs above the PQR towards RPS Compliance			-				-
Ib		Planned Sales of RECs above the PQR			-				-
J	H-Ia-Ib	**Net Balance of RECs above the PQR**	-	-	-	-	-	-	-
J0		Category 0 RECs			-				-
J1		Category 1 RECs			-				-
J2		Category 2 RECs			-				-
		Expiring Contracts							
K		RECs from Expiring RPS Contracts (MWh)			-				-
		Net RPS Position (Optimized Net Short)							
La	Ga+Ia-Ib-Hc	**Annual Net RPS Position after Bank Optimization (MWh)**	**(1,860,403)**	**(2,069,554)**	**(5,581,466)**	**(2,692,936)**	**(2,968,924)**	**(3,184,601)**	**(8,846,461)**
Lb	(F+Ia-Ib-Hc)/A	Annual Net RPS Position after Bank Optimization (%)	0.308367036	0.306128594	0.30841289	0.247722622	0.245791356	0.24387311	0.245789296

Appendix D

Project Development Status Update

Reporting LSE Name	RPS Contract ID	Project Name	Technology Type	Project Development Phase	City	County	State	Zip Code	Latitude	Longitude	Contract Length (Years)
San Diego Community Power (SDCP)	SDCP50003	Viking Energy Farm, LLC	Solar PV +BESS	Pre-Construction	Holtville	Imperial	CA	92250	32.8034	-115.270203	20
San Diego Community Power (SDCP)	SDCP50005	IP Oberon, LLC	Solar PV	Pre-Construction	Desert Center	Riverside	CA	92239	33.7181	-115.342555	15
San Diego Community Power (SDCP)	SDCP50004	JVR Energy Park, LLC	Solar PV +BESS	Pre-Construction	Jacumba Hot S	San Diego	CA	91934	32.6242	-116.174804	20
San Diego Community Power (SDCP)	SDCP70019	Duran Mesa, LLC	Wind	Post-Construction	Duran	Torrance	NM	88301	34°23’26.3	105°29’31.88”W	10

Reporting LSE Name	RPS Contract ID	Project Name	Contract Execution Date (mm/dd/yyyy)	Contract Start Date (mm/dd/yyyy)	Contract End Date (mm/dd/yyyy)	Contract Capacity	Expected Annual Generation	Total Contract Volume
San Diego Community Power (SDCP)	SDCP50003	Viking Energy Farm, LLC	5/3/21	6/30/23	6/29/43	100	260000	5200000
San Diego Community Power (SDCP)	SDCP50005	IP Oberon, LLC	6/11/21	6/30/23	6/29/38	150	460000	6900000
San Diego Community Power (SDCP)	SDCP50004	JVR Energy Park, LLC	6/4/21	3/31/23	3/30/43	90	260000	5200000
San Diego Community Power (SDCP)	SDCP70019	Duran Mesa, LLC	1/27/22	2/1/22	1/31/32	50	170000	1700000

Reporting LSE Name	RPS Contract ID	Project Name	Project Notes
San Diego Community Power (SDCP)	SDCP50003	Viking Energy Farm, LLC	
San Diego Community Power (SDCP)	SDCP50005	IP Oberon, LLC	
San Diego Community Power (SDCP)	SDCP50004	JVR Energy Park, LLC	
San Diego Community Power (SDCP)	SDCP70019	Duran Mesa, LLC	Project achieved COD on November 30, 2021; Facility is interconnected within the Public Service Company of New Mexico balancing authority at the Western Spirit Switchyard

Appendix E

Cost Quantification

(Public Version)

LSE Name:	SDCP
Date Filed:	2/17/22

Input Required No Input Required

Table 1: Cost Quantification (Actual Net Costs, $)		Actual RPS-Eligible Procurement and Generation Net Costs ($)		
1	**Executed RPS-Eligible Contracts by Technology Type* (Purchases and Sales)**	**2018**	**2019**	**2020**
2	Biogas: Digester Gas	$0	$0	0
3	Biogas: Landfill Gas	$0	$0	0
4	Biodiesel	$0	$0	0
5	Biomass	$0	$0	0
6	Muni Solid Waste	$0	$0	0
7	Geothermal	$0	$0	0
8	Small Hydro (Non-UOG)	$0	$0	0
9	Conduit Hydro	$0	$0	0
10	Water Supply / Conveyance	$0	$0	0
11	Ocean Wave	$0	$0	0
12	Ocean Thermal	$0	$0	0
13	Tidal Current	$0	$0	0
14	Solar PV (Non-UOG)	$0	$0	0
15	Solar Thermal	$0	$0	0
16	Wind	$0	$0	0
17	Unbundled RECs (REC Only)	$0	$0	0
18	Various (Index Plus REC)***	$0	$0	0
19	Fuel Cell	$0	$0	0
20	UOG: Small Hydro	$0	$0	0
21	UOG: Solar PV	$0	$0	0
22	UOG: Other	$0	$0	0
23	Executed REC Sales (Revenue)	$0	$0	0
24	**Total RPS-Eligible Procurement and Generation Net Cost**	**$0**	**$0**	**$0**
25	Total Retail Sales (MWh)	0	0	0
26	**Incremental Rate Impact**	**#DIV/0!**	**#DIV/0!**	**#DIV/0!**

LSE Name:	SDCP
Date Filed:	2/17/22

Input Required No Input Required

	Table 2: Cost Quantification (Forecast Costs and Revenues, $)	Forecast RPS-Eligible Procurement Costs and Revenues ($)									
1	**Executed But Not Approved RPS-Eligible Contracts (Purchases and Sales)****	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
2	Biogas: Digester Gas										
3	Biogas: Landfill Gas										
4	Biodiesel										
5	Biomass										
6	Muni Solid Waste										
7	Geothermal										
8	Small Hydro (Non-UOG)										
9	Conduit Hydro										
10	Water Supply / Conveyance										
11	Ocean Wave										
12	Ocean Thermal										
13	Tidal Current										
14	Solar PV (Non-UOG)										
15	Solar Thermal										
16	Wind										
17	Unbundled RECs (REC Only)										
18	Various (Index Plus REC)***										
20	Fuel Cell										
21	UOG: Small Hydro										
22	UOG: Solar PV										
23	UOG: Other										
24	Executed REC Sales (Revenue)										
25	**Total Executed But Not Approved RPS-Eligible Procurement and Generation Cost**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
26	Total Retail Sales (MWh)					6,134,135	6,167,770	6,198,655	6,229,648	6,260,796	6,292,100
27	**Incremental Rate Impact**	**0**	**0.00 ¢/kWh**	**0.00 ¢/kWh**	**0.00 ¢/kWh**	**0.00 ¢/kWh**	**0.00 ¢/kWh**	**0.00 ¢/kWh**	**0.00 ¢/kWh**	**0.00 ¢/kWh**	**0.00 ¢/kWh**
28	**Executed RPS-Eligible Contracts (Purchases and Sales)******	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
29	Biogas: Digester Gas										
30	Biogas: Landfill Gas										
31	Biodiesel										
32	Biomass										
33	Muni Solid Waste										
34	Geothermal										
35	Small Hydro (Non-UOG)										
36	Conduit Hydro										
37	Water Supply / Conveyance										
38	Ocean Wave										
39	Ocean Thermal										
40	Tidal Current										
41	Solar PV (Non-UOG)										
42	Solar Thermal										
43	Wind										
44	Unbundled RECs (REC Only)										
45	Various (Index Plus REC)***										
47	Fuel Cell										
48	UOG: Small Hydro										
49	UOG: Solar PV										
50	UOG: Other										
51	Executed REC Sales (Revenue)										
52	**Total Executed and Approved RPS-Eligible Procurement and Generation Cost**										
53	Total Retail Sales (MWh)					6,134,135	6,167,770	6,198,655	6,229,648	6,260,796	6,292,100
54	**Incremental Rate Impact**										
55	**Total RPS-Eligible Procurement and Generation Cost**										
56	**Total Incremental Rate Impact**										

*Note: Technology definitions are given in the PCC Classification Handbook located in the RPS Compliance Reporting section of: https://www.cpuc.ca.gov/RPSComplianceReporting/

**Note: For contracts that have been executed but still require formal approval (CPUC or other formal approval process) for purchases and sales.

***Note: The "Various" technology type is to be used in the case of contracts encompassing multiple facilities where the generation type is not yet known

****Note: For IOUs and SMJUs: Include all executed contracts that required CPUC approval. For CCAs and ESPs: Include all executed contracts that have been approved through relevant formal approval processes.

LSE Name:	SDCP		Input Required		No Input Required
Date Filed:	2/17/22			

	Table 3: Cost Quantification (Actual Procurement / Generation and Sales, MWh)	**Actual RPS-Eligible Procurement / Generation and Sales (MWh)**		
1	**Technology Type* (Procurement / Generation and Sales)**	**2018**	**2019**	**2020**
2	Biogas: Digester Gas	0	0	0
3	Biogas: Landfill Gas	0	0	0
4	Biodiesel	0	0	0
5	Biomass	0	0	0
6	Muni Solid Waste	0	0	0
7	Geothermal	0	0	0
8	Small Hydro (Non-UOG)	0	0	0
9	Conduit Hydro	0	0	0
10	Water Supply / Conveyance	0	0	0
11	Ocean Wave	0	0	0
12	Ocean Thermal	0	0	0
13	Tidal Current	0	0	0
14	Solar PV (Non-UOG)	0	0	0
15	Solar Thermal	0	0	0
16	Wind	0	0	0
17	Unbundled RECs (REC Only)	0	0	0
18	Various (Index Plus REC)***	0	0	0
19	Fuel Cell	0	0	0
20	UOG: Small Hydro	0	0	0
21	UOG: Solar PV	0	0	0
22	UOG: Other	0	0	0
23	Executed REC **Sales** (MWh)	0	0	0
24	**Total RPS Eligible Procurement (MWh)**	**0**	**0**	**0**

LSE Name:	SDCP		Input Required		No Input Required
Date Filed:	2/17/22				

Table 4: Cost Quantification (Forecast Procurement / Generation and Sales, MWh)		Forecast RPS-Eligible Procurement / Generation and Sales (MWh)									
1	**Executed But Not Approved RPS-Eligible Contracts (Purchases and Sales) ****	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
2	Biogas: Digester Gas										
3	Biogas: Landfill Gas										
4	Biodiesel										
5	Biomass										
6	Muni Solid Waste										
7	Geothermal										
8	Small Hydro (Non-UOG)										
9	Conduit Hydro										
10	Water Supply / Conveyance										
11	Ocean Wave										
12	Ocean Thermal										
13	Tidal Current										
14	Solar PV (Non-UOG)										
15	Solar Thermal										
16	Wind										
17	Unbundled RECs (REC Only)										
18	Various (Index Plus REC)***										
20	Fuel Cell										
21	UOG: Small Hydro										
22	UOG: Solar PV										
23	UOG: Other										
24	Executed REC Sales (MWh)										
25	**Total Executed But Not Approved RPS-Eligible Procurement**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
26	**Executed and Approved RPS-Eligible Contracts (Purchases and Sales) ******	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
27	Biogas: Digester Gas										
28	Biogas: Landfill Gas										
29	Biodiesel										
30	Biomass										
31	Muni Solid Waste										
32	Geothermal										
33	Small Hydro (Non-UOG)										
34	Conduit Hydro										
35	Water Supply / Conveyance										
36	Ocean Wave										
37	Ocean Thermal										
38	Tidal Current										
39	Solar PV (Non-UOG)					985,526	981,174	976,822	963,711	972,462	968,087
40	Solar Thermal										
41	Wind					170,763	170,763	170,763	170,763	170,763	170,763
42	Unbundled RECs (REC Only)										
43	Various (Index Plus REC)***					750,000	750,000	750,000	408,751	395,625	395,624
45	Fuel Cell										
46	UOG: Small Hydro										
47	UOG: Solar PV										
48	UOG: Other										
49	Executed REC Sales (MWh)										
50	**Total Executed and Approved RPS-Eligible Procurement**					**1,906,289**	**1,901,937**	**1,897,585**	**1,543,225**	**1,538,850**	**1,534,474**
51	**Total RPS Eligible Procurement (MWh)**					**1,906,289**	**1,901,937**	**1,897,585**	**1,543,225**	**1,538,850**	**1,534,474**

*Note: Technology definitions are given in the PCC Classification Handbook located in the RPS Compliance Reporting section of: https://www.cpuc.ca.gov/RPSComplianceReporting/

**Note: For contracts that have been executed but still require formal approval (CPUC or other formal approval process) for purchases and sales.

***Note: The "Various" technology type is to be used in the case of contracts encompassing multiple facilities where the generation type is not yet known

****Note: For IOUs and SMJUs: Include all executed contracts that required CPUC approval. For CCAs and ESPs: Include all executed contracts that have been approved through relevant formal approval processes.

Appendix F

Solicitation Information

San Diego Community Power
2020 Request for Proposals ("RFP") for Long-Term California RPS-Eligible Renewable Energy

Introduction

San Diego Community Power ("SDCP"), a new Community Choice Aggregation ("CCA") program that will begin serving customers located within the cities of Chula Vista, Encinitas, Imperial Beach, La Mesa and San Diego (the "Member Agencies") during the month of March 2021, is requesting proposals for long-term, California Renewables Portfolio Standard ("RPS") eligible renewable energy products with initial deliveries commencing during the 2021, 2022 and/or 2023 calendar years. SDCP anticipates annual retail sales approximating 7,000 GWh and anticipates serving nearly 740,000 service accounts, following the completion of pertinent phase-in activities.

In consideration of upcoming long-term renewable energy contracting requirements, as imposed by SB 350, SDCP anticipates certain open positions as further described herein. In particular, this RFP is primarily intended to support future Portfolio Content Category 1 ("PCC1" or "Bucket 1") energy requirements through long-term power purchase agreements with one or more qualified counterparties. This noted, SDCP will also accept and evaluate long-term procurement opportunities for Portfolio Content Category 2 ("PCC2" or "Bucket 2") renewable energy products. Long-term offers for Portfolio Content Category 3 ("PCC3" or "Bucket 3") renewable energy products will not be considered at this time. SDCP notes its strong preference for a renewable energy supply portfolio that emphasize the use of PCC1 products and has a goal of transitioning to the exclusive use of such products over time, subject to product availability and budgetary constraints. Based on SDCP's most recent analysis, future long-term renewable energy requirements have been quantified in the following table:

Table 1: SDCP's Estimated Annual Long-Term Renewable Energy Requirements (GWh)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
LT RPS GWh	500	1,800	2,000	2,100	2,300	2,400	2,600	2,700	2,900	3,000

By participating in this RFP, each respondent acknowledges that it has read, understands, and agrees to the terms and conditions set forth in these instructions. SDCP reserves the right to reject any offer that does not comply with these requirements. Furthermore, SDCP may, in its sole discretion and without notice, modify, extend, suspend, or terminate this RFP without further obligation or liability to any respondent. This RFP does not constitute an offer to buy or create an obligation for SDCP to enter into an agreement with any party, and SDCP shall not be bound by the terms of any offer until SDCP has entered into a duly authorized and fully executed agreement.

RFP Instructions

Standardized Response Template: All respondents must use the standardized response template provided by SDCP. SDCP has posted the template on its website (https://www.sdcommunitypower.org/resources) and will require respondents to independently access and download the template for response preparation. An unmodified version of the template must be completed in its entirety based on instructions provided in the template. SDCP may update the RFP template from time to time, so respondents are encouraged to periodically visit the SDCP website to determine if any changes have been posted. Only submittals of the currently applicable template will be reviewed.

Project Eligibility: Each respondent may propose one or more project offers conforming to the following eligibility requirements. Failure to meet all of the following project eligibility criteria shall be grounds for proposal rejection:

i. Resource Location: The point of physical interconnection for any eligible generator must be within the California Independent System Operator ("CAISO") or directly connected to and delivering into CAISO. SDCP has a strong preference for physical interconnection within the area generally termed SP15, as defined by the CAISO. Evaluative preference will be given to any resource(s) located directly within or within close proximity to SDCP's Member Agencies.

ii. Product: Offers for bundled PCC1 renewable energy should include electric energy, Green Attributes/Renewable Energy Credits and Capacity Attributes. Even though this RFP is predominantly targeting PCC1 renewable energy supply, SDCP will also accept long-term PCC2 renewable energy offers. SDCP will accept offers for both new and existing renewable generating resources.

iii. Resource Eligibility: All proposed generating resources must be certified by the California Energy Commission ("CEC" or "Commission") as Eligible Renewable Energy Resources (or must receive CEC certification prior to the commencement of any energy deliveries proposed in the response template), as set forth in applicable sections of the California Public Utilities Code ("Code"), which may be amended or supplemented from time to time. Each respondent shall be responsible for certification of the proposed resource through the certification process administered by the CEC and shall be responsible for maintaining such certification throughout the contract term.

iv. Generating Capacity: Minimum ten (10) megawatts ("MW") AC.

v. Annual Delivery Specifications: Delivered energy volumes reflected in any proposal must be within the following minimum and maximum annual volumes:

Year	Min Deliveries (MWh)	Max Deliveries (MWh)
2021	50,000	150,000
2022	50,000	200,000
2023	50,000	200,000
2024	50,000	200,000
2025	50,000	250,000
2026	50,000	250,000
2027	50,000	250,000
2028	50,000	300,000
2029	50,000	300,000
2030	50,000	300,000

vi. Initial Date of Delivery: No sooner than March 1, 2021 and no later than June 30, 2023.

vii. Term of Agreement: Not less than ten (10) years, commencing on the Initial Date of Delivery; not more than twenty (20) years, commencing on the Initial Date of Delivery.

viii. Proposed Pricing: For bundled PCC1 renewable energy, each respondent must propose two distinct pricing options. First, respondents must include a single, flat price for each MWh of electric energy delivered from the proposed resource, priced at the generator node and/or at the SP 15 Trading Hub, as defined by the CAISO [TH_SP15_GEN-APND]. This energy price shall include the energy commodity, all Green Attributes/Renewable Energy Credits related thereto, and (if applicable) Capacity Attributes. If energy storage is included in the proposal, a separate capacity price ($/KW) for the storage capacity should be provided. All pricing options shall remain unchanged throughout the entire contract term and shall not be adjusted by periodic escalators or time of deliver multipliers/factors. Second, respondents must also include an index-plus pricing option in which the "plus" component reflects the price to be paid for the Renewable Energy Credit, expressed a flat/fixed price throughout the contract term. ***Alternative pricing options may be proposed so long as the aforementioned pricing requirements have been satisfied.***

ix. Point of Delivery: Per the requirements of the Proposed Pricing section, respondents must provide a proposal for the delivery of all electric energy at the generator node; however, respondents are also strongly encouraged to provide a proposal that includes pricing based on delivery of all electric energy to the SP 15 Trading Hub.

x. Scheduling Coordinator ("SC") Responsibilities: SDCP does not have a strong preference regarding the assignment of SC responsibilities and will evaluate proposals in which the Buyer or Seller provide such services.

xi. Minimum Development Progress: To the extent that a proposed generating resource is not yet commercially operational, documentation substantiating achievement of the following development milestones must be provided by the respondent for each eligible generator, including: 1) evidence of site control; and 2) evidence that respondent has submitted a generator interconnection application to the appropriate jurisdictional entity; provided, however, that if respondent has completed interconnection studies or executed an interconnection agreement, as applicable, respondent should provide copies of such materials, including applicable appendices. Such documentation must be provided to SDCP at the time of response submittal.

xii. Project Financing Plan: Respondent shall describe its intended financing plan for each proposed project in sufficient detail for SDCP to effectively evaluate the viability of such arrangements. To the extent that a respondent anticipates a joint project ownership structure, this structure shall be clearly articulated along with applicable ownership percentages attributable to each partner. Supporting documentation and discussion shall be provided by each respondent, consistent with the informational requirements specified in the RFP response template.

Transfer of Environmental Attributes/Renewable Energy Certificates

As part of the proposed transaction associated with any renewable energy product, all Environmental Attributes/Renewable Energy Certificates must be created by and transferred to SDCP via the Western Renewable Energy Generation Information System ("WREGIS"), or its successor, without any additional costs or conditions to SDCP. Each respondent shall be independently responsible for registering its generating project(s) with WREGIS and for maintaining an active WREGIS account throughout the proposed term of agreement.

RFP Schedule*

This RFP will be administered in consideration of the following schedule:

RFP Activity	Anticipated Date of Completion
RFP Issuance	June 29th
Deadline for Electronic Question Submittal	July 10th no later than 5:00 P.M. PPT
RFP Response Deadline	July 24th no later than 5:00 P.M. PPT
Follow-up with RFP Respondents, as necessary	To occur between July 27th and August 7th
Supplier Notifications (Short-List Selection)	August 12th
Contract Negotiations	August 13th through November 30th
SDCP Board to Award Contract(s)	December 2020/January 2021 – to occur at duly noticed SDCP Board Meetings
Execution of Contract(s)	December 2020/January 2021 – to occur after SDCP's Board approves the final contract(s)

*SDCP reserves the right to change the schedule of these events at any time for any reason.

Respondents may submit questions to SDCP regarding this RFP process and associated materials no later than 5:00 P.M. PPT on July 10, 2020. All questions and final proposals should be submitted electronically to energybids@sdcommunitypower.org and must include the following subject line: "Questions for SDCP's 2020 RFP for Long-Term California RPS-Eligible Renewable Energy". SDCP will post responses to all questions on its website after responses have been prepared – SDCP anticipates posting such responses by July 14, 2020. Responses to similar questions may be consolidated within SDCP's list of posted responses.

SDCP may submit clarifying questions to certain respondents or conduct interviews, as necessary, based on information provided in the response template and/or supporting materials included with each response. SDCP shall have the right, at its sole discretion, to request information without notifying other respondents. SDCP shall establish due dates for responses at the time of each informational request and will directly notify individual respondents in the event that follow-up and/or interviews are necessary during this process.

Note: only electronic submittals will be accepted; such submittals must be received by SDCP no later than 5:00 P.M. PPT on Friday, July 24, 2020. All responses should be submitted to energybids@sdcommunitypower.org and must include the following subject line: "Response to SDCP's 2020 RFP for Long-Term California RPS-Eligible Renewable Energy".

Evaluation of Responses

SDCP will evaluate responses against a common set of criteria that will include various factors. A partial list of factors to be considered during SDCP's evaluative process is provided below. This list may be revised at SDCP's sole discretion.

a. Price
b. Overall quality of response, including general completeness and conformance with RFP instructions/requirements
c. Project location
d. Benefits to the local economy
e. Benefits to the local workforce
f. Interconnection status, including queue position, full deliverability of Resource Adequacy capacity, and related study completion, if applicable
g. Siting, zoning and permitting status, if applicable
h. Qualifications of project team
i. Proposed financing plan and ownership structure
j. Environmental impacts and related mitigation requirements
k. Financing plan & financial stability of project owner/developer
l. Proposed security obligations
m. Development milestone schedule, if applicable
n. Supplier diversity
o. Experience developing and operating renewable energy projects in California
p. Experience selling renewable energy to CCAs

Contracting

SDCP plans to negotiate a single form of Power Purchase Agreement ("PPA") with each of the short-listed suppliers. As part of the short-list notification process, SDCP will provide each of the short-listed suppliers with a draft PPA. Contract negotiations will proceed thereafter.

Confidentiality

All correspondence with SDCP, including responses to this RFP, will become the exclusive property of the SDCP and will become public record under the California Public Records Act (Cal. Government Code section 6250, et seq.). All documents sent by respondents to SDCP may be subject to disclosure, unless exempt under the California Public Records Act.

In order to designate information as confidential, the respondent must clearly stamp and identify any designated portion(s) of the response material with the word "Confidential" and provide a citation to the California Public Records Act supporting confidential treatment of such information. Respondents should be judicious in designating material as confidential. Over-designation would include stamping/designating entire pages, series of pages and/or entire sections as confidential when such material does not require confidential treatment.

Therefore, any proposal which contains language purporting to render all or significant portions of the proposal as "Confidential", "Trade Secret" or "Proprietary", or which fails to provide the noted exemption citation (related to the California Public Records Act) may be considered a public record in its entirety subject to the procedures described below. Do not mark your entire proposal as "Confidential".

If required by any law, statute, ordinance, a court, governmental authority or agency having jurisdiction over SDCP, including the California Public Records Act, SDCP may release confidential information, or a portion thereof, as required by applicable law, statute, ordinance, decision, order or regulation. In the event SDCP is required to release confidential information, it shall notify the respondent of the required disclosure, such that the respondent may attempt (if it so chooses), at its sole cost, to cause the recipient of the confidential information to treat such information in a confidential manner, and to prevent such information from being disclosed or otherwise become part of the public domain.

SDCP does not intend to disclose any part of any proposal before it announces a recommendation for award, based on the understanding that there is a substantial public interest in not disclosing proposals during the evaluation or negotiation process.

Exclusivity Agreement and Bid Deposit

As part of the short-listing process, SDCP will require all short-listed bidders to execute a term sheet, enter into an exclusivity agreement (of no less than 90 days in duration), and post a bid deposit in the amount of $3,000/MW multiplied by the project's guaranteed capacity. SDCP will accept bid deposits in the form of cash or an agreed upon form of a Letter of Credit. Letter of Credit means an irrevocable standby letter of credit, in a form reasonably acceptable to SDCP, issued either by (i) a U.S. commercial bank, or (ii) a U.S. branch of a foreign commercial bank that meets the following conditions: (A) it has sufficient assets in the U.S. as determined by SDCP, and (B) it is acceptable to SDCP in its sole discretion. The issuing bank must have a credit rating of at least A- from S&P or A3 from Moody's, with a stable outlook designation. All costs of the Letter of Credit shall be borne by the short-listed respondent.