

San Diego Community Power

Board of Directors Meeting
April 23, 2020



Presentation – City of San Diego on its Franchise Agreement negotiations with SDG&E

1. CONSENT - Approval of minutes from Feb 27 special meeting
2. Operations and Administration Report
3. Ad Hoc Subcommittee Update on CEO Recruitment
4. Report from Finance and Risk Management Committee
5. Review of SDCP Bylaws
6. Review and Approve Procurement Policy
7. Review and Approve Policy on Delegation of Authority to CEO for Regulatory and Legislative Matters
8. Approve Conflict of Interest Code
9. Approval of Agreements with River City Bank and Emerald Blue for Credit and Banking Services
10. Approval of Agreement with Calpine Energy Solutions for Data Management and Customer Call Center Services
11. Approval of CCA Registration and Bond Agreement
12. Approval of Community Advisory Committee nominees

Closed Session

13. Title: Chief Executive Officer
14. Conference with Labor Negotiators

Presentation

Presentation from the City of San Diego on
its Franchise Agreement negotiations with
San Diego Gas & Electric.

Smart & Sustainable Communities

Electric & Gas Franchise Fee Presentation

April 23rd, 2020

SDCP Board Meeting



What is a Franchise?

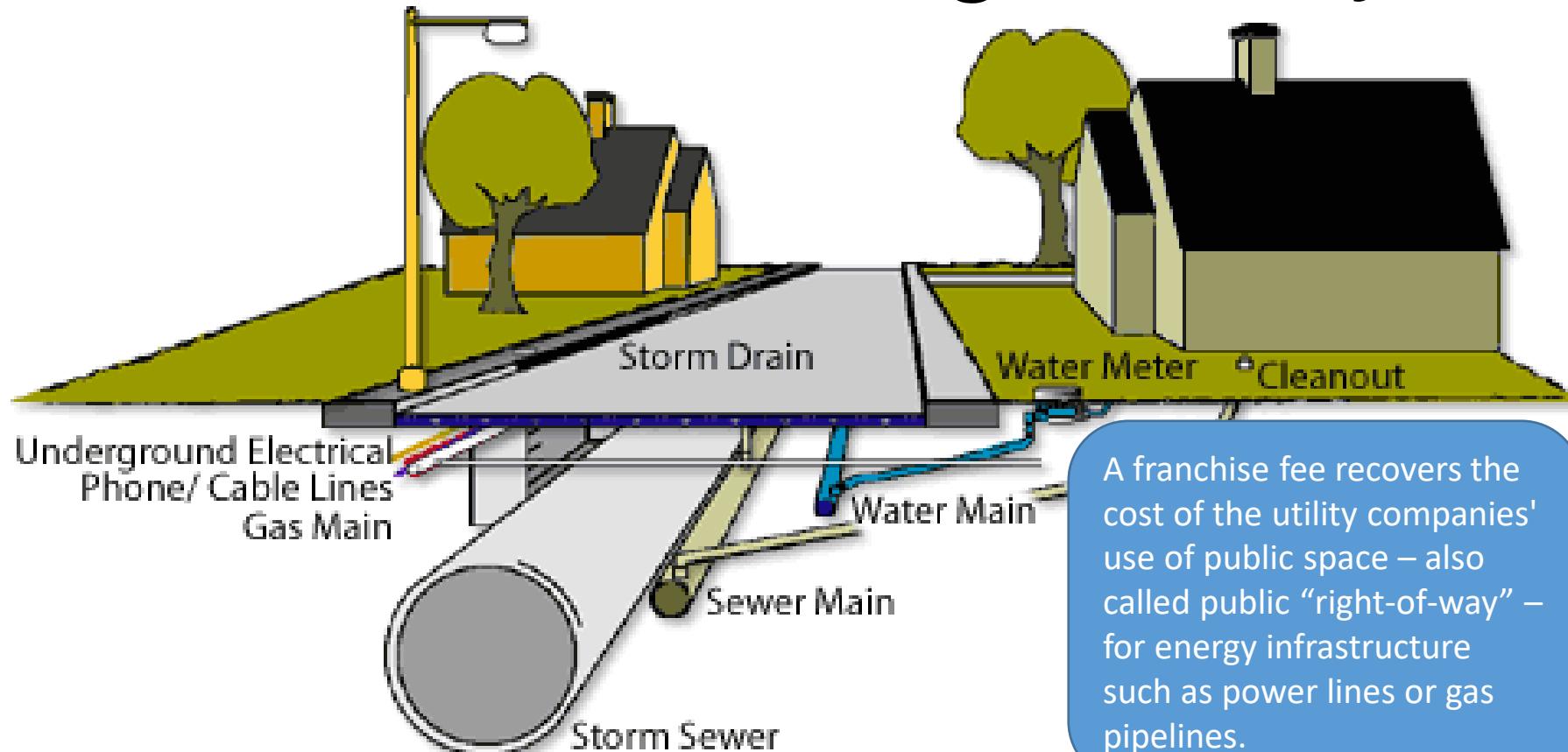


City Franchise Agreements

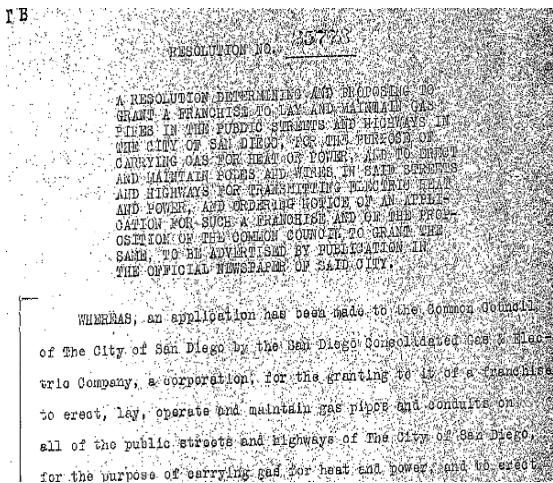
- A lease for the exclusive right of the public right-of-way (PROW) for specific services
- 3 main franchises are
 - SDG&E
 - cable companies
 - refuse haulers
- Franchises are governed by Charter Section 103
 - *“Such grants shall be made by ordinance adopted by vote of two-thirds (2/3) of the members of the Council and only after recommendations thereon have been made by the Manager [Mayor] and an opportunity for free and open competition and for public hearings have been given”*



What is the Public Right of Way?

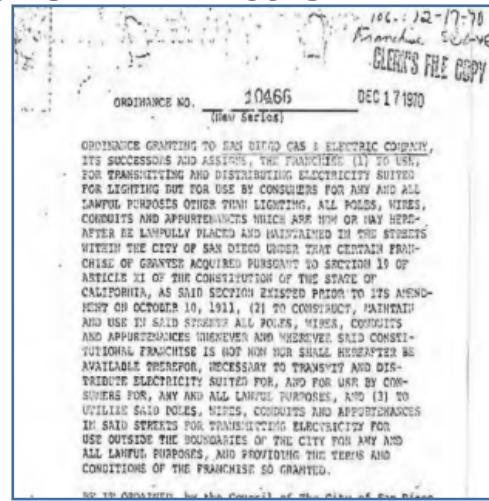


SDG&E Franchise: A Look Back

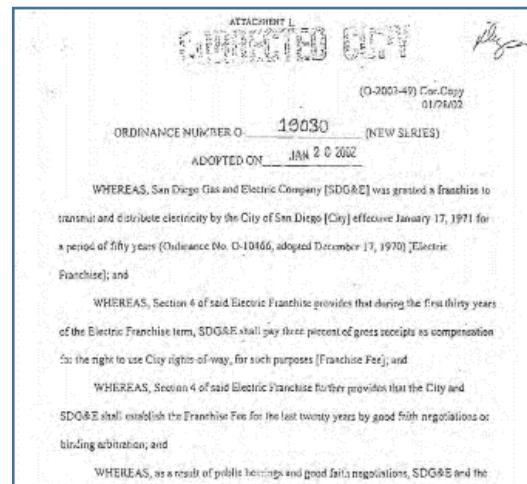


1920 Franchise Fee Agreement

50 Year Term in
1920
50 Year Term in
1970



1970 Franchise Fee Agreement



2002 Utility Undergrounding Amendment

Utility Undergrounding Program

1970 Franchise required SDG&E to budget 4.5% of its electric revenue to underground overhead lines

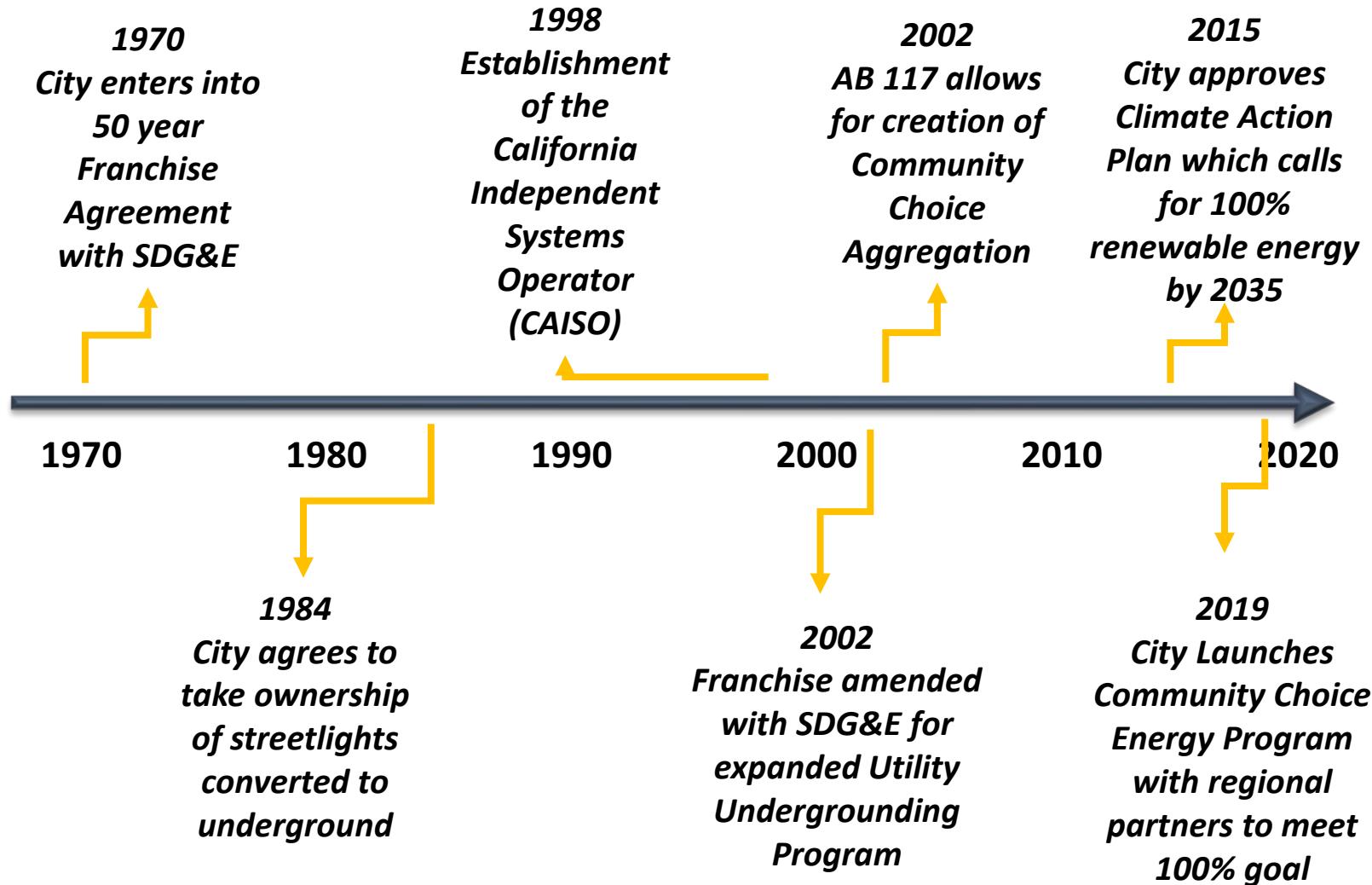
2002 CPUC Resolution authorized municipal undergrounding surcharge of 3.53% on electric bills

Municipal undergrounding surcharges generate approximately \$60 million annually

437 miles of undergrounding have been completed to date, and about 1,230 miles of undergrounding remain



San Diego's Energy History



Current Franchise for Electricity & Gas

Fees

- Fee on gross receipts (revenue) for gas & electric: 3%
- Fee on gross receipts (revenue) for Undergrounding Program: 4.5%

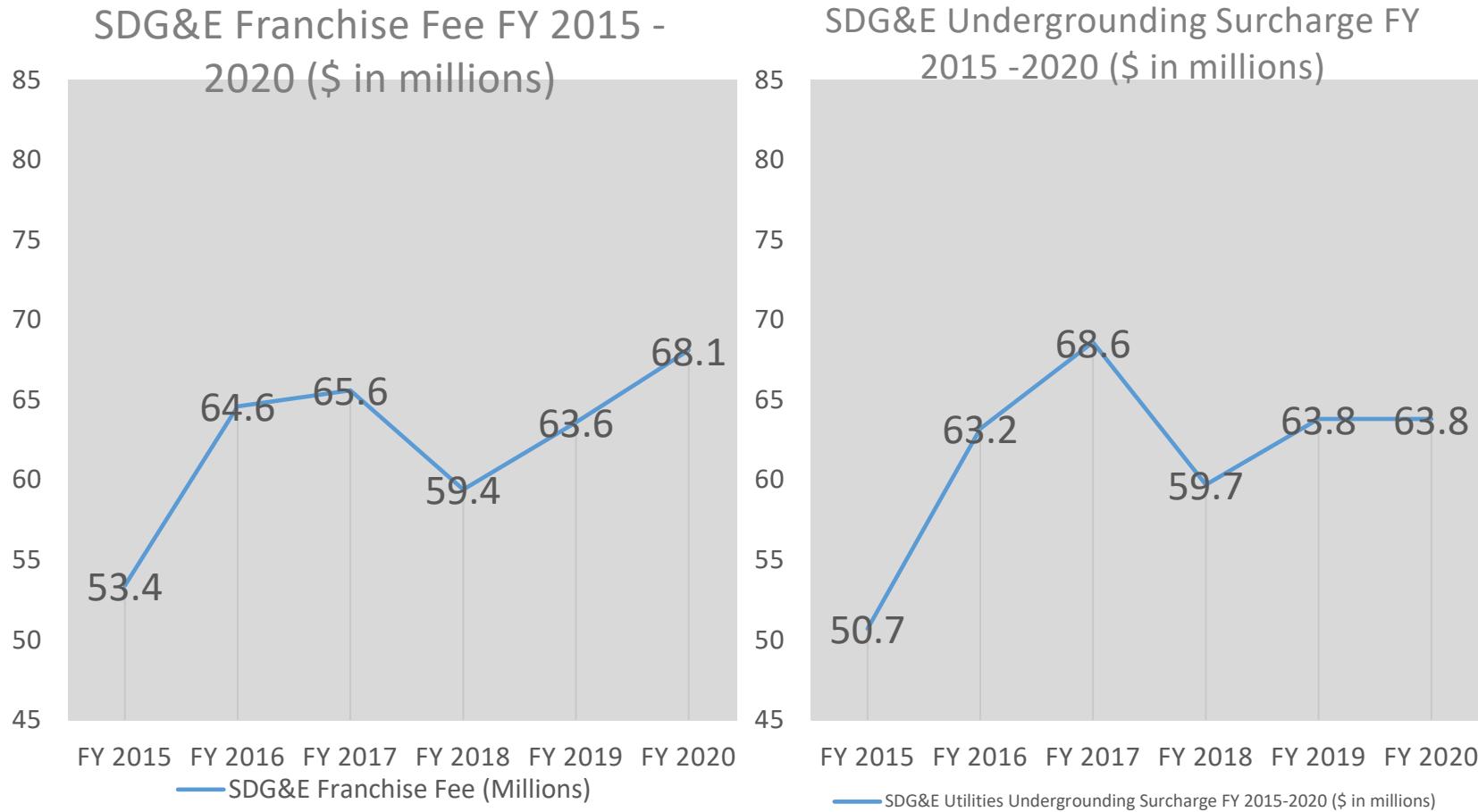
Major Terms

- Length of Contract: 50 Years
- Duty to provide gas and electric service
- SDG&E responsible for costs associated with conflicts in PROW
- SDG&E responsible for coordination of work and installations in PROW
 - Governed by Manual of Administrative Practice
- Early termination option for the City allows for City purchase of SDG&E assets and municipalization

How does this compare?

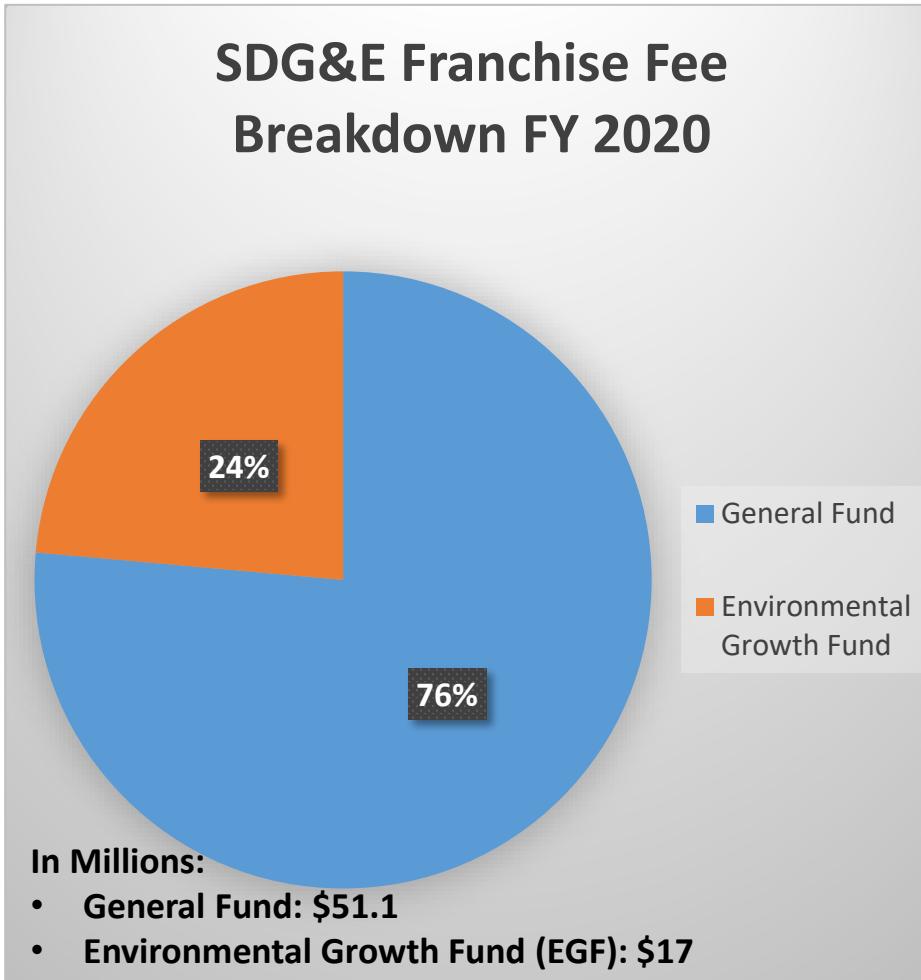
- Most cities have perpetual terms – City of San Diego rare exception. Only 5 of the 29 cities in SDG&E service territory have franchises with expirations
- Average franchise fee charge for electricity in SDG&E territory ~1.1%
- Average franchise fee charge for gas in SDG&E territory is ~1%
- The franchise fees paid to the City of San Diego are higher than any other California city.

SDG&E Franchise Fees In the Budget



Source: https://www.sandiego.gov/sites/default/files/fy20ab_v1generalfundrevenues.pdf, FY 2015-2020 Budgets

Fee Breakdown



City of SD Muni Code requires
75/25% of SDG&E fees

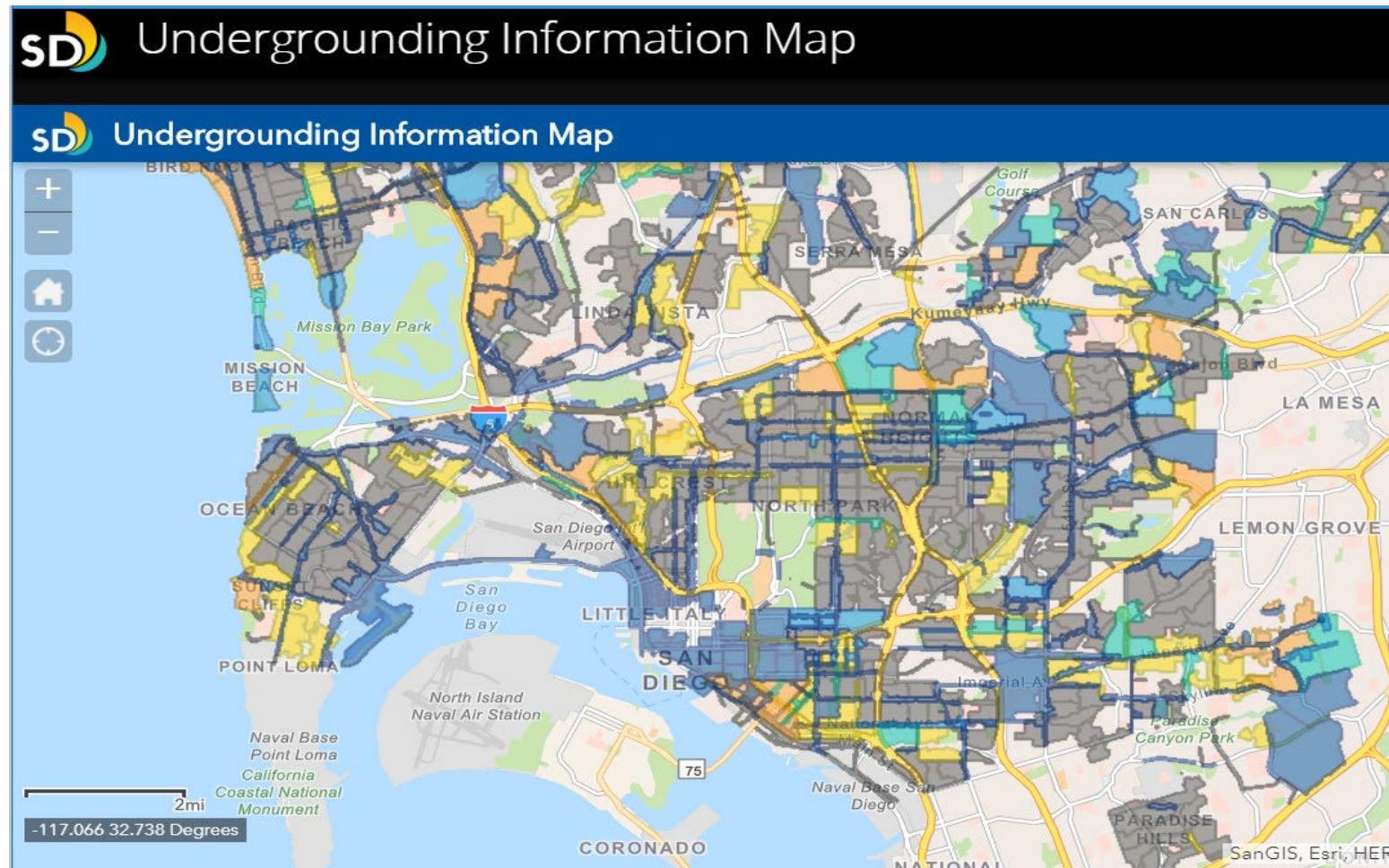
General fund expenditures support core community services such as public safety, parks and recreation, library services, and refuse collection, as well as vital support functions such as finance, legal, and human resources

Examples of projects that receive EGF funding:

- El Cuervo Adobe Improvements
- Los Penasquitos Canyon Trail Restoration
- Museum of Man Seismic Retrofit
- California Tower Seismic Retrofit
- Chollas Lake Playground Improvements
- Kumeyaay Lake Dredging

Source: https://www.sandiego.gov/sites/default/files/fy20ab_v1generalfundrevenues.pdf

Utility Undergrounding Projects



Looking Forward

What are the possibilities for a new franchise?

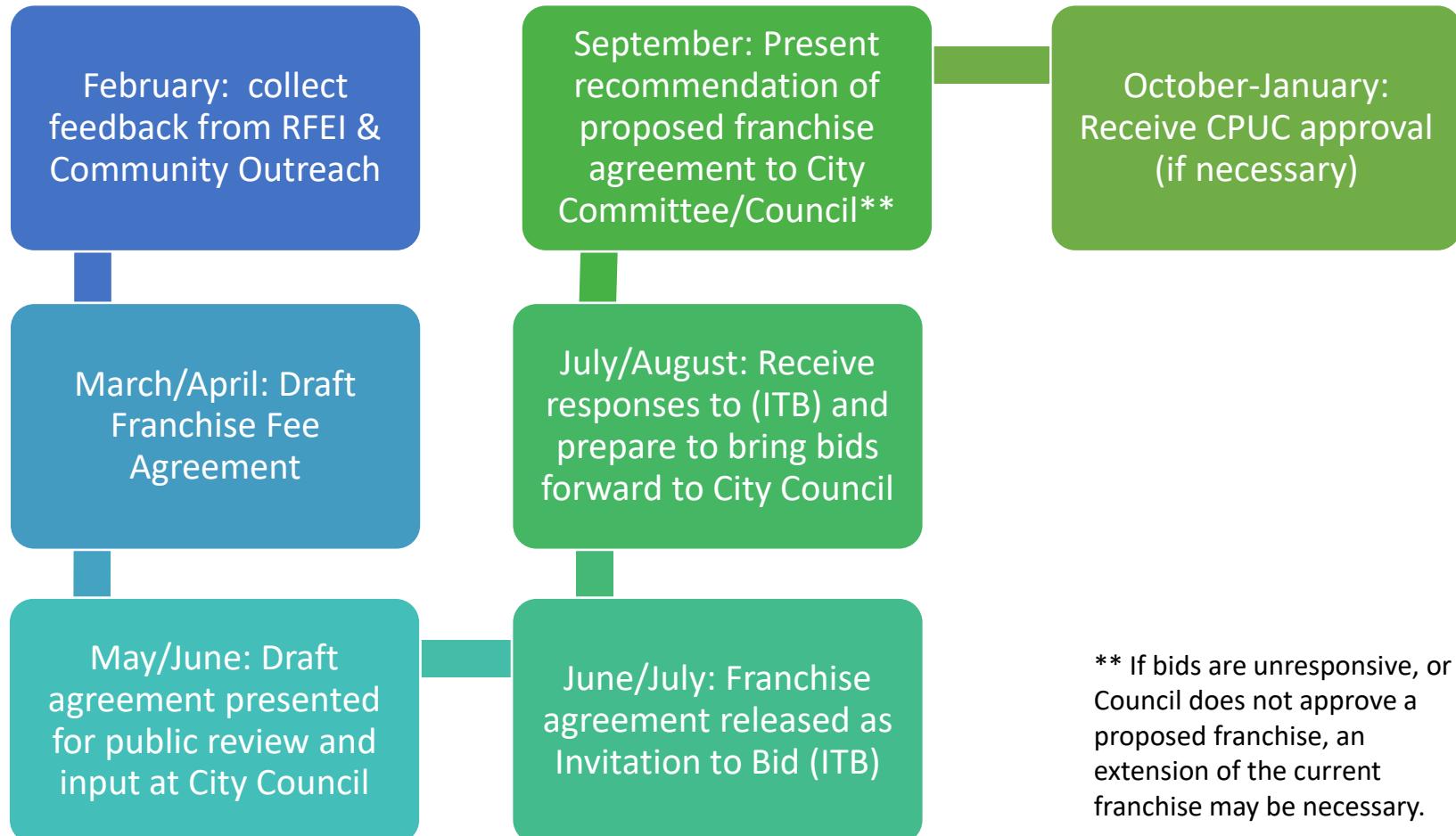
We are currently assessing other franchises and receiving feedback from interested stakeholders to develop a matrix of potential options for consideration.

Case Study; Chula Vista (2004)

- 10 year Term w/ automatic extensions
- Relocation and undergrounding of SDG&E assets
- Creation of parks along its transmission corridor
- One time payment to the city (250k)
- Allocate \$2 million annually for energy conservation projects
- Increase electricity franchise fee from 1.1% to 1.25% of the gas and electric receipts to generate \$2.1 million new revenues.

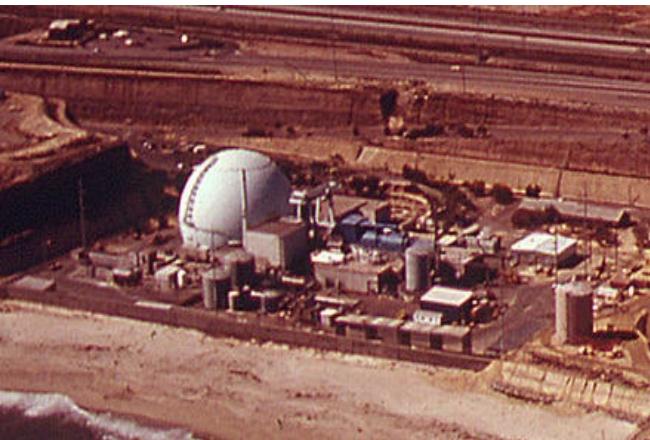
Source: <https://www.sandiegouniontribune.com/sdut-chula-vista-sdge-sign-10-year-utility-contract-2004oct13-story.html>

Projected Timeline - Tentative



** If bids are unresponsive, or if Council does not approve a proposed franchise, an extension of the current franchise may be necessary.

Energy Past – Present – Future



San Onofre Nuclear Power Plant



Encina Power Plant



Otay Mesa Generating Project



NRG Solar Borrego

Energy Past – Present – Future



USVA Rooftop Solar



Vanadium Redox Flow Battery



UCSD Microgrid

Thank you!

Questions & Answers

For any additional questions please feel free to reach out to Lee Friedman at
lfriedman@sandiego.gov



Item 1: Approval of Minutes

Approval of minutes for the Board of
Directors of San Diego Community Power
Regular Meeting held Thursday, February
27, 2020.

Item 2: Operations and Administration Report

Report from the Interim Executive Officer:

Receive update on various operational and administrative activities and file this report.
Report includes:

- COVID-19 Impact
- Vendor RFPs
- Discussions with SDG&E and Other Compliance Matters
- Regulatory Update



Item 3: Ad Hoc Subcommittee Update on CEO Recruitment

Recommendation:
Receive report and provide direction
as needed.



Item 4: Report from Finance and Risk Management Committee

Recommendation:

Receive report and committee recommendations regarding banking agreement and customer phasing schedule.

Item 5: Review of SDCP Bylaws

Recommendation:

Discuss and provide direction on draft SDCP Bylaws. Direct staff to provide SDCP Member Agencies with a copy of the proposed Bylaws and place the Bylaws on a future SDCP agenda for final approval.

Item 6: Procurement Policy

Recommendation:

Adopt Resolution No. 2020-02 adopting a Procurement Policy for SDCP.

Item 7:

Delegation of Authority to Chief Executive Officer For Regulatory and Legislative Matters

Recommendation:

Adopt Resolution No. 2020-03 adopting a policy on delegation of authority to the Chief/Interim Executive Officer on regulatory and legislative matters impacting SDCP functions.



Item 8: Approve Conflict of Interest Code

Recommendation:

Adopt Resolution No. 2020-04 adopting the Conflict of Interest Code for San Diego Community Power and authorize staff to execute the appropriate documents and submit the adopted Code to the Board of Supervisors of San Diego County as SDCP's code-reviewing body and request approval of the Code pursuant to Government Code Section 87303.

Item 9: Agreements with River City Bank and Emerald Blue for Credit and Banking Services

Recommendation:

- A. Authorize the Interim Executive Director to execute an agreement and other necessary documents with River City Bank for credit and banking services in a form approved by the Interim Executive Officer and reviewed and approved as to form by the General Counsel.
- B. Authorize the Interim Executive Director to execute a collateral agreement and other necessary documents with Emerald Blue, LLC in a form approved by the Interim Executive Officer and reviewed and approved as to form by the General Counsel.

Item 10:

Approval of Agreement with Calpine for Data Management and Customer Call Center Services

Recommendation:

Authorize the Interim Executive Officer to execute a Data Management and Customer Service Center agreement with Calpine Energy Solutions, LLC for a three-year term (with optional one-year extension) beginning in March 2021 in a form approved by the Interim Executive Officer and reviewed and approved as to form by the General Counsel.

Item 11: Approval of CCA Registration and Bond Agreement

Recommendation:

- A. Authorize the Interim Executive Officer to execute the Community Choice Aggregator (CCA) Service Agreement between SDCP and SDG&E.
- B. Authorize River City Bank to post the \$100,000 bond with CPUC.
- C. Authorize staff to submit SDCP's CCA Registration Packet to CPUC for approval.



Item 12: Approval of Community Advisory Committee nominees

Recommendation:

Approve nominees from member cities
to serve as members of the SDCP
Community Advisory Committee.

Closed Session

Item 13:

Title: Chief Executive Officer

Item 14:

Agency designated representative:
Shawn Marshall, LEAN.

Unrepresented employee: Chief
Executive Officer.

Closed Session

Any announcements from the Closed Session will be given afterwards via the public-facing Zoom link.

San Diego Community Power

NEXT BOARD MEETING:
May 28, 2020

