

**Clean Energy Alliance**  
**JOINT POWERS AUTHORITY**

Regular Board Meeting  
June 18, 2020, 2 p.m.  
Hosted by the City of Carlsbad

# Item 3: Administrative, Operational and Regulatory Affairs Update

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Barbara Boswell, Interim Chief Executive Officer  
Ty Tosdal, Special Counsel Regulatory Affairs

# Item 3: Administrative, Operational and Regulatory Affairs Update

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- Recommendation
  - 1) Receive and File Community Choice Aggregation Update Report from Interim Chief Financial Officer
  - 2) Receive and File Community Choice Aggregation Regulatory Affairs Report from Special Counsel
  - 3) Approve collaborating with San Diego Community Power (SDCP) in the 2021 San Diego Gas & Electric ERRA proceeding and engaging NewGen to provide analytical support, for an amount not to exceed \$28,358, which represents 50% of the estimated cost. Authorize the Interim Executive Director to sign all documents related to the partnership with SDCP, subject to General Counsel approval.

## Item 3: Administrative, Operational and Regulatory Affairs Update

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- Continue to meet all tasks and regulatory compliance requirements to meet the May 2021 launch
- Update Pro-Forma reflecting three energy mix assumptions:
  - Base
    - 50% Renewable Default Energy product increasing to 100% by 2035
    - 82% PCC1/18% PCC 2 – allowable by state
  - Option 1 – 100% PCC1 at launch
  - Option 2 – 100% PCC1 by 2023
  - All three modeled at rate parity, 1% generation discount, 2% generation discount

# Base – Rate Parity

Annual DRAFT Pro Forma Projections for a Community Choice Aggregation Program - Base Clean Energy Alliance						
Fiscal Year Ending:	2020	2021	2022	2023	2024	2025
I. Revenue	-	9,913,235	69,767,349	71,127,161	72,508,987	73,913,166
II. Operating Expenses						
Power Supply	-	8,988,017	60,976,876	59,978,716	61,512,028	62,261,087
Staff	50,000	235,000	600,000	618,000	636,540	655,636
Administrative Costs*	253,000	1,108,938	2,459,148	2,497,813	2,558,347	2,616,275
Subtotal Operating Expenses	303,000	10,331,956	64,036,023	63,094,529	64,706,915	65,532,998
Operating Margin	(303,000)	(418,721)	5,731,326	8,032,632	7,802,071	8,380,167
III. Financing						
Interest	-	107,250	113,819	70,047	24,944	0
Principal	-	450,000	1,343,143	1,507,125	1,552,116	131,416
Subtotal Financing	-	557,250	1,456,962	1,577,172	1,577,059	131,416
Operating Margin Less Financing	(303,000)	(975,971)	4,274,364	6,455,460	6,225,012	8,248,751
IV. Cash From Financing	450,000	4,450,000	-	-	-	-
V. Other Uses						
CPUC and CAISO Deposits	147,000	500,000	-	-	-	-
Collateral Deposits	0	2,500,000	-	-	-	-
Reserve Additions	-	495,662	3,488,367	3,556,358	3,625,449	3,695,658
Subtotal Other Uses	147,000	3,495,662	3,488,367	3,556,358	3,625,449	3,695,658
VI. Net Surplus/(Deficit)	-	(21,633)	785,996	2,899,102	2,599,562	4,553,092
VII. Cumulative Reserve	-	495,662	3,984,029	7,540,387	11,165,837	14,861,495
VIII. Cumulative Net Surplus	-	(21,633)	764,364	3,663,466	6,263,028	10,816,120
* Comprised of Technical and Legal Services, Customer Outreach and Communications, Utility Services Fees, Data Management Services, Uncollectibles						

- 50% Renewable
- 82% PCC1/18% PCC2
- Net deficit to be covered by adjustment to Reserve Addition

# Base – 1% Discount

Annual DRAFT Pro Forma Projections for a Community Choice Aggregation Program - 1% Discount Clean Energy Alliance						
Fiscal Year Ending:	2020	2021	2022	2023	2024	2025
I. Revenue	-	9,773,664	68,750,216	70,094,719	71,461,007	72,849,414
II. Operating Expenses						
Power Supply	-	8,988,017	60,976,876	59,978,716	61,512,028	62,261,087
Staff	50,000	235,000	600,000	618,000	636,540	655,636
Administrative Costs*	253,000	1,108,938	2,459,148	2,497,813	2,558,347	2,616,275
Subtotal Operating Expenses	303,000	10,331,956	64,036,023	63,094,529	64,706,915	65,532,998
Operating Margin	(303,000)	(558,292)	4,714,192	7,000,190	6,754,091	7,316,415
III. Financing						
Interest	-	107,250	113,819	70,047	24,944	0
Principal	-	450,000	1,343,143	1,507,125	1,552,116	131,416
Subtotal Financing	-	557,250	1,456,962	1,577,172	1,577,059	131,416
Operating Margin Less Financing	(303,000)	(1,115,542)	3,257,230	5,423,018	5,177,032	7,184,999
IV. Cash From Financing	450,000	4,450,000	-	-	-	-
V. Other Uses						
CPUC and CAISO Deposits	147,000	500,000	-	-	-	-
Collateral Deposits	0	2,500,000	-	-	-	-
Reserve Additions	-	488,683	3,437,511	3,504,736	3,573,050	3,642,471
Subtotal Other Uses	147,000	3,488,683	3,437,511	3,504,736	3,573,050	3,642,471
VI. Net Surplus/(Deficit)	-	(154,225)	(180,280)	1,918,282	1,603,982	3,542,528
VII. Cumulative Reserve	-	488,683	3,926,194	7,430,930	11,003,980	14,646,451
VIII. Cumulative Net Surplus	-	(154,225)	(334,505)	1,583,777	3,187,759	6,730,287
* Comprised of Technical and Legal Services, Customer Outreach and Communications, Utility Services Fees, Data Management Services, Uncollectibles						

- 50% Renewable
- 82% PCC1/18% PCC2
- Net deficit to be covered by adjustment to Reserve Addition

# Base – 2% Discount

Annual DRAFT Pro Forma Projections for a Community Choice Aggregation Program - 2% Discount Clean Energy Alliance						
Fiscal Year Ending:	2020	2021	2022	2023	2024	2025
<b>I. Revenue</b>	-	9,634,093	67,733,082	69,062,278	70,413,027	71,785,662
<b>II. Operating Expenses</b>						
Power Supply	-	8,988,017	60,976,876	59,978,716	61,512,028	62,261,087
Staff	50,000	235,000	600,000	618,000	636,540	655,636
Administrative Costs*	253,000	1,108,938	2,459,148	2,497,813	2,558,347	2,616,275
<b>Subtotal Operating Expenses</b>	<b>303,000</b>	<b>10,331,956</b>	<b>64,036,023</b>	<b>63,094,529</b>	<b>64,706,915</b>	<b>65,532,998</b>
<b>Operating Margin</b>	<b>(303,000)</b>	<b>(697,862)</b>	<b>3,697,059</b>	<b>5,967,749</b>	<b>5,706,112</b>	<b>6,252,664</b>
<b>III. Financing</b>						
Interest	-	107,250	113,819	70,047	24,944	0
Principal	-	450,000	1,343,143	1,507,125	1,552,116	131,416
<b>Subtotal Financing</b>	<b>-</b>	<b>557,250</b>	<b>1,456,962</b>	<b>1,577,172</b>	<b>1,577,059</b>	<b>131,416</b>
<b>Operating Margin Less Financing</b>	<b>(303,000)</b>	<b>(1,255,112)</b>	<b>2,240,097</b>	<b>4,390,577</b>	<b>4,129,052</b>	<b>6,121,247</b>
<b>IV. Cash From Financing</b>	<b>450,000</b>	<b>4,450,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V. Other Uses</b>						
CPUC and CAISO Deposits	147,000	500,000	-	-	-	-
Collateral Deposits	0	2,500,000	-	-	-	-
Reserve Additions	-	481,705	3,386,654	3,453,114	3,520,651	3,589,283
<b>Subtotal Other Uses</b>	<b>147,000</b>	<b>3,481,705</b>	<b>3,386,654</b>	<b>3,453,114</b>	<b>3,520,651</b>	<b>3,589,283</b>
<b>VI. Net Surplus/(Deficit)</b>	<b>-</b>	<b>(286,817)</b>	<b>(1,146,557)</b>	<b>937,463</b>	<b>608,401</b>	<b>2,531,964</b>
<b>VII. Cumulative Reserve</b>	<b>-</b>	<b>481,705</b>	<b>3,868,359</b>	<b>7,321,473</b>	<b>10,842,124</b>	<b>14,431,407</b>
<b>VIII. Cumulative Net Surplus</b>	<b>-</b>	<b>(286,817)</b>	<b>(1,433,374)</b>	<b>(495,911)</b>	<b>112,490</b>	<b>2,644,454</b>
* Comprised of Technical and Legal Services, Customer Outreach and Communications, Utility Services Fees, Data Management Services, Uncollectibles						

- 50% Renewable
- 82% PCC1/18% PCC2
- Net deficit to be covered by adjustment to Reserve Addition

# Option 1 – Rate Parity

Annual DRAFT Pro Forma Projections for a Community Choice Aggregation Program - Rate Parity - All PCC 1 at Launch Clean Energy Alliance						
Fiscal Year Ending:	2020	2021	2022	2023	2024	2025
<b>I. Revenue</b>	-	9,913,235	69,767,349	71,127,161	72,508,987	73,913,166
<b>II. Operating Expenses</b>						
Power Supply	-	9,008,910	61,168,848	60,232,062	61,785,316	62,526,043
Staff	50,000	235,000	600,000	618,000	636,540	655,636
Administrative Costs*	253,000	1,108,938	2,459,148	2,497,813	2,558,347	2,616,275
<b>Subtotal Operating Expenses</b>	<b>303,000</b>	<b>10,352,848</b>	<b>64,227,996</b>	<b>63,347,875</b>	<b>64,980,203</b>	<b>65,797,955</b>
<b>Operating Margin</b>	<b>(303,000)</b>	<b>(439,613)</b>	<b>5,539,353</b>	<b>7,779,286</b>	<b>7,528,783</b>	<b>8,115,211</b>
<b>III. Financing</b>						
Interest	-	107,250	113,819	70,047	24,944	0
Principal	-	450,000	1,343,143	1,507,125	1,552,116	131,416
<b>Subtotal Financing</b>	<b>-</b>	<b>557,250</b>	<b>1,456,962</b>	<b>1,577,172</b>	<b>1,577,059</b>	<b>131,416</b>
<b>Operating Margin Less Financing</b>	<b>(303,000)</b>	<b>(996,863)</b>	<b>4,082,391</b>	<b>6,202,114</b>	<b>5,951,724</b>	<b>7,983,795</b>
<b>IV. Cash From Financing</b>	<b>450,000</b>	<b>4,450,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V. Other Uses</b>						
CPUC and CAISO Deposits	147,000	500,000	-	-	-	-
Collateral Deposits	0	2,500,000	-	-	-	-
Reserve Additions	-	495,662	3,488,367	3,556,358	3,625,449	3,695,658
<b>Subtotal Other Uses</b>	<b>147,000</b>	<b>3,495,662</b>	<b>3,488,367</b>	<b>3,556,358</b>	<b>3,625,449</b>	<b>3,695,658</b>
<b>VI. Net Surplus/(Deficit)</b>	<b>-</b>	<b>(42,525)</b>	<b>594,024</b>	<b>2,645,756</b>	<b>2,326,275</b>	<b>4,288,136</b>
<b>VII. Cumulative Reserve</b>	<b>-</b>	<b>495,662</b>	<b>3,984,029</b>	<b>7,540,387</b>	<b>11,165,837</b>	<b>14,861,495</b>
<b>VIII. Cumulative Net Surplus</b>	<b>-</b>	<b>(42,525)</b>	<b>551,499</b>	<b>3,197,255</b>	<b>5,523,529</b>	<b>9,811,666</b>
* Comprised of Technical and Legal Services, Customer Outreach and Communications, Utility Services Fees, Data Management Services, Uncollectibles						

- 50% Renewable
- 100% PCC1 at Launch
- Net deficit to be covered by adjustment to Reserve Addition

# Option 1 – 1% Discount

Annual DRAFT Pro Forma Projections for a Community Choice Aggregation Program - 1% Discount and No PCC2 Clean Energy Alliance						
Fiscal Year Ending:	2020	2021	2022	2023	2024	2025
I. Revenue	-	9,773,664	68,750,216	70,094,719	71,461,007	72,849,414
II. Operating Expenses						
Power Supply	-	9,008,910	61,168,848	60,232,062	61,785,316	62,526,043
Staff	50,000	235,000	600,000	618,000	636,540	655,636
Administrative Costs*	253,000	1,109,006	2,460,107	2,499,080	2,559,714	2,617,600
Subtotal Operating Expenses	303,000	10,352,916	64,228,956	63,349,142	64,981,570	65,799,279
Operating Margin	(303,000)	(579,252)	4,521,260	6,745,577	6,479,437	7,050,134
III. Financing						
Interest	-	107,250	113,819	70,047	24,944	0
Principal	-	450,000	1,343,143	1,507,125	1,552,116	131,416
Subtotal Financing	-	557,250	1,456,962	1,577,172	1,577,059	131,416
Operating Margin Less Financing	(303,000)	(1,136,502)	3,064,298	5,168,406	4,902,378	6,918,718
IV. Cash From Financing	450,000	4,450,000	-	-	-	-
V. Other Uses						
CPUC and CAISO Deposits	147,000	500,000	-	-	-	-
Collateral Deposits	0	2,500,000	-	-	-	-
Reserve Additions	-	488,683	3,437,511	3,504,736	3,573,050	3,642,471
Subtotal Other Uses	147,000	3,488,683	3,437,511	3,504,736	3,573,050	3,642,471
VI. Net Surplus/(Deficit)	-	(175,185)	(373,213)	1,663,670	1,329,327	3,276,247
VII. Cumulative Reserve	-	488,683	3,926,194	7,430,930	11,003,980	14,646,451
VIII. Cumulative Net Surplus	-	(175,185)	(548,398)	1,115,272	2,444,599	5,720,846
* Comprised of Technical and Legal Services, Customer Outreach and Communications, Utility Services Fees, Data Management Services, Uncollectibles						

- 50% Renewable
- 100% PCC1 at Launch
- Net deficit to be covered by adjustment to Reserve Addition

# Option 1 – 2% Discount

Annual DRAFT Pro Forma Projections for a Community Choice Aggregation Program - 2% Discount and No PCC2 Clean Energy Alliance						
Fiscal Year Ending:	2020	2021	2022	2023	2024	2025
I. Revenue	-	9,634,093	67,733,082	69,062,278	70,413,027	71,785,662
II. Operating Expenses						
Power Supply	-	9,008,910	61,168,848	60,232,062	61,785,316	62,526,043
Staff	50,000	235,000	600,000	618,000	636,540	655,636
Administrative Costs*	253,000	1,109,006	2,460,107	2,499,080	2,559,714	2,617,600
Subtotal Operating Expenses	303,000	10,352,916	64,228,956	63,349,142	64,981,570	65,799,279
Operating Margin	(303,000)	(718,823)	3,504,126	5,713,136	5,431,458	5,986,383
III. Financing						
Interest	-	107,250	113,819	70,047	24,944	0
Principal	-	450,000	1,343,143	1,507,125	1,552,116	131,416
Subtotal Financing	-	557,250	1,456,962	1,577,172	1,577,059	131,416
Operating Margin Less Financing	(303,000)	(1,276,073)	2,047,164	4,135,964	3,854,398	5,854,966
IV. Cash From Financing	450,000	4,450,000	-	-	-	-
V. Other Uses						
CPUC and CAISO Deposits	147,000	500,000	-	-	-	-
Collateral Deposits	0	2,500,000	-	-	-	-
Reserve Additions	-	481,705	3,386,654	3,453,114	3,520,651	3,589,283
Subtotal Other Uses	147,000	3,481,705	3,386,654	3,453,114	3,520,651	3,589,283
VI. Net Surplus/(Deficit)	-	(307,777)	(1,339,490)	682,850	333,747	2,265,683
VII. Cumulative Reserve	-	481,705	3,868,359	7,321,473	10,842,124	14,431,407
VIII. Cumulative Net Surplus	-	(307,777)	(1,647,267)	(964,417)	(630,670)	1,635,013
* Comprised of Technical and Legal Services, Customer Outreach and Communications, Utility Services Fees, Data Management Services, Uncollectibles						

- 50% Renewable
- 100% PCC1 at Launch
- Net deficit to be covered by adjustment to Reserve Addition

# Option 2 – Rate Parity

Annual DRAFT Pro Forma Projections for a Community Choice Aggregation Program - Rate Parity - All PCC 1 at Launch Clean Energy Alliance						
Fiscal Year Ending:	2020	2021	2022	2023	2024	2025
I. Revenue	-	9,913,235	69,767,349	71,127,161	72,508,987	73,913,166
II. Operating Expenses						
Power Supply	-	8,988,017	61,018,825	60,161,460	61,785,316	62,526,043
Staff	50,000	235,000	600,000	618,000	636,540	655,636
Administrative Costs*	253,000	1,108,938	2,459,148	2,497,813	2,558,347	2,616,275
Subtotal Operating Expenses	303,000	10,331,956	64,077,973	63,277,274	64,980,203	65,797,955
Operating Margin	(303,000)	(418,721)	5,689,376	7,849,887	7,528,783	8,115,211
III. Financing						
Interest	-	107,250	113,819	70,047	24,944	0
Principal	-	450,000	1,343,143	1,507,125	1,552,116	131,416
Subtotal Financing	-	557,250	1,456,962	1,577,172	1,577,059	131,416
Operating Margin Less Financing	(303,000)	(975,971)	4,232,414	6,272,715	5,951,724	7,983,795
IV. Cash From Financing	450,000	4,450,000	-	-	-	-
V. Other Uses						
CPUC and CAISO Deposits	147,000	500,000	-	-	-	-
Collateral Deposits	0	2,500,000	-	-	-	-
Reserve Additions	-	495,662	3,488,367	3,556,358	3,625,449	3,695,658
Subtotal Other Uses	147,000	3,495,662	3,488,367	3,556,358	3,625,449	3,695,658
VI. Net Surplus/(Deficit)	-	(21,633)	744,047	2,716,357	2,326,275	4,288,136
VII. Cumulative Reserve	-	495,662	3,984,029	7,540,387	11,165,837	14,861,495
VIII. Cumulative Net Surplus	-	(21,633)	722,414	3,438,771	5,765,046	10,053,182
* Comprised of Technical and Legal Services, Customer Outreach and Communications, Utility Services Fees, Data Management Services, Uncollectibles						

- 50% Renewable
- 100% PCC1 by 2023
- Net deficit to be covered by adjustment to Reserve Addition

# Option 2 – 1% Discount

Annual DRAFT Pro Forma Projections for a Community Choice Aggregation Program - 1% Discount and Phase Out of PCC2 Clean Energy Alliance						
Fiscal Year Ending:	2020	2021	2022	2023	2024	2025
<b>I. Revenue</b>	-	9,773,664	68,750,216	70,094,719	71,461,007	72,849,414
<b>II. Operating Expenses</b>						
Power Supply	-	8,988,017	61,018,825	60,161,460	61,785,316	62,526,043
Staff	50,000	235,000	600,000	618,000	636,540	655,636
Administrative Costs*	253,000	1,108,938	2,459,357	2,498,727	2,559,714	2,617,600
<b>Subtotal Operating Expenses</b>	<b>303,000</b>	<b>10,331,956</b>	<b>64,078,183</b>	<b>63,278,187</b>	<b>64,981,570</b>	<b>65,799,279</b>
<b>Operating Margin</b>	<b>(303,000)</b>	<b>(558,292)</b>	<b>4,672,033</b>	<b>6,816,532</b>	<b>6,479,437</b>	<b>7,050,134</b>
<b>III. Financing</b>						
Interest	-	107,250	113,819	70,047	24,944	0
Principal	-	450,000	1,343,143	1,507,125	1,552,116	131,416
<b>Subtotal Financing</b>	<b>-</b>	<b>557,250</b>	<b>1,456,962</b>	<b>1,577,172</b>	<b>1,577,059</b>	<b>131,416</b>
<b>Operating Margin Less Financing</b>	<b>(303,000)</b>	<b>(1,115,542)</b>	<b>3,215,071</b>	<b>5,239,360</b>	<b>4,902,378</b>	<b>6,918,718</b>
<b>IV. Cash From Financing</b>	<b>450,000</b>	<b>4,450,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V. Other Uses</b>						
CPUC and CAISO Deposits	147,000	500,000	-	-	-	-
Collateral Deposits	0	2,500,000	-	-	-	-
Reserve Additions	-	488,683	3,437,511	3,504,736	3,573,050	3,642,471
<b>Subtotal Other Uses</b>	<b>147,000</b>	<b>3,488,683</b>	<b>3,437,511</b>	<b>3,504,736</b>	<b>3,573,050</b>	<b>3,642,471</b>
<b>VI. Net Surplus/(Deficit)</b>	<b>-</b>	<b>(154,225)</b>	<b>(222,440)</b>	<b>1,734,624</b>	<b>1,329,327</b>	<b>3,276,247</b>
<b>VII. Cumulative Reserve</b>	<b>-</b>	<b>488,683</b>	<b>3,926,194</b>	<b>7,430,930</b>	<b>11,003,980</b>	<b>14,646,451</b>
<b>VIII. Cumulative Net Surplus</b>	<b>-</b>	<b>(154,225)</b>	<b>(376,665)</b>	<b>1,357,959</b>	<b>2,687,287</b>	<b>5,963,534</b>
* Comprised of Technical and Legal Services, Customer Outreach and Communications, Utility Services Fees, Data Management Services, Uncollectibles						

- 50% Renewable
- 100% PCC1 by 2023
- Net deficit to be covered by adjustment to Reserve Addition

# Option 2 – 2% Discount

Annual DRAFT Pro Forma Projections for a Community Choice Aggregation Program - 2% Discount and Phase Out of PCC2 Clean Energy Alliance						
Fiscal Year Ending:	2020	2021	2022	2023	2024	2025
I. Revenue	-	9,634,093	67,733,082	69,062,278	70,413,027	71,785,662
II. Operating Expenses						
Power Supply	-	8,988,017	61,018,825	60,161,460	61,785,316	62,526,043
Staff	50,000	235,000	600,000	618,000	636,540	655,636
Administrative Costs*	253,000	1,108,938	2,459,357	2,498,727	2,559,714	2,617,600
Subtotal Operating Expenses	303,000	10,331,956	64,078,183	63,278,187	64,981,570	65,799,279
Operating Margin	(303,000)	(697,862)	3,654,899	5,784,091	5,431,458	5,986,383
III. Financing						
Interest	-	107,250	113,819	70,047	24,944	0
Principal	-	450,000	1,343,143	1,507,125	1,552,116	131,416
Subtotal Financing	-	557,250	1,456,962	1,577,172	1,577,059	131,416
Operating Margin Less Financing	(303,000)	(1,255,112)	2,197,937	4,206,919	3,854,398	5,854,966
IV. Cash From Financing	450,000	4,450,000	-	-	-	-
V. Other Uses						
CPUC and CAISO Deposits	147,000	500,000	-	-	-	-
Collateral Deposits	0	2,500,000	-	-	-	-
Reserve Additions	-	481,705	3,386,654	3,453,114	3,520,651	3,589,283
Subtotal Other Uses	147,000	3,481,705	3,386,654	3,453,114	3,520,651	3,589,283
VI. Net Surplus/(Deficit)	-	(286,817)	(1,188,717)	753,805	333,747	2,265,683
VII. Cumulative Reserve	-	481,705	3,868,359	7,321,473	10,842,124	14,431,407
VIII. Cumulative Net Surplus	-	(286,817)	(1,475,534)	(721,729)	(387,982)	1,877,701

\* Comprised of Technical and Legal Services, Customer Outreach and Communications, Utility Services Fees, Data Management Services, Uncollectibles

- 50% Renewable
- 100% PCC1 by 2023
- Net deficit to be covered by adjustment to Reserve Addition

# Item 3: Administrative, Operational and Regulatory Affairs Update

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Administrative Policies to be brought to Board for consideration:

- July 2020 Board Meeting
  - Inclusive & Sustainable Workforce Policy
  - Unsolicited Proposals Policy
  - Non-Energy Procurement Policy
  - Records Retention Policy
  - Investment Policy
  - Reserve Policy
  - Bid Evaluation & Scoring System Policy
  
- August Board Meeting
  - Energy Risk Management Policy

## Item 3: Administrative, Operational and Regulatory Affairs Update

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- Regulatory Affairs Report – Ty Tosdal, Tosdal APC
  - SDG&E 2021 ERRRA Forecast Proceeding
  - Resource Adequacy
  - Renewable Portfolio Standard

# Item 4: WSPP Membership

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Barbara Boswell, Interim Chief Executive Officer

# Item 4: WSPP Membership

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- Recommendation
  - Approve membership in WSPP for purposes of energy procurement transactions, authorize Interim Chief Executive Officer to execute WSPP agreement and one-time membership dues payment of \$25,000.
  - Designate a representative and an alternate to serve on the WSPP Executive and Operating Committees
    - Not required to be a board member

## Item 4: WSPP Membership

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- WSPP – member organization that provides a standardized energy procurement agreement that streamlines & reduces costs related to the energy transactions process.
- Membership is seen as a best practice, and the WSPP agreement is required by some suppliers in energy transactions
- All current operational CCAs are members of WSPP
- One-time membership fee of \$25,000

## Item 4: WSPP Membership

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- Opportunity to have representative on the WSPP Executive and Operational Committees.
- Provide name of representatives and alternates as part of application process
- Executive handles administrative functions such as amending bylaws and approving budgets
- Operational handles operational functions related to procedures and business practices of employees in the electric industry
- Committees meet a couple of times per year

# Item 4: WSPP Membership

## Board Discussion

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# Item 5: Clean Energy Alliance FY 20/21 Financing Plan

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Barbara Boswell, Interim Chief Executive Officer

# Item 5: Clean Energy Alliance FY 20/21 Financing Plan

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- Recommendation
  - Authorize Interim Chief Executive Officer and Interim Treasurer to work with the member agencies to determine if there is an opportunity for one or all to provide security requirements for the River City Bank credit option and if a solution is identified return to Board for approval. Direct staff to return for final approval to finalize the agreements with River City Bank, Calpine and the provider of the credit security should one be identified.
  - Should a solution for the security requirements for the River City Bank credit option not be identified approve selection of JP Morgan to provide \$4.5M credit solution and authorize Interim Chief Executive Officer to submit documents, complete due diligence requirements and execute loan agreements with JP Morgan, subject to General Counsel approval.

# Item 5: Clean Energy Alliance FY 20/21 Financing Plan

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- Recommendation
  - Authorize Interim Chief Executive Officer and Interim Treasurer to work with the member agencies to determine if there is an opportunity for one or all to provide security requirements for the River City Bank credit option and if a solution is identified return to Board for approval. Direct staff to return for final approval to finalize the agreements with River City Bank, Calpine and the provider of the credit security should one be identified.
  - Should a solution for the security requirements for the River City Bank credit option not be identified approve selection of JP Morgan to provide \$4.5M credit solution and authorize Interim Chief Executive Officer to submit documents, complete due diligence requirements and execute loan agreements with JP Morgan, subject to General Counsel approval.

# Item 5: Clean Energy Alliance FY 20/21 Financing Plan

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- Background:
  - November 19, 2019 CEA Board authorized issuance of an RFP for Banking Services and Credit Solution
  - February 20, 2020 CEA Board awarded banking services to River City Bank
  - Credit Solution offers were received from River City Bank and JP Morgan
  - Updated term sheets were provided in May 2020

# Item 5: Clean Energy Alliance FY 20/21 Financing Plan

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- Financing Needed:

\$ 2.5M	– Collateral Deposits and Cash Flow
\$ 1.0M	– FY 20/21 CEA Budget including start-up costs
\$500,000	– CAISO Deposit
<u>\$450,000</u>	– Repayment of initial start-up loans from member cities
\$ 4.5M	– Total financing

# Item 5: JP Morgan Option

Option 1 – JP Morgan	
<b>Credit Facility</b>	Revolving Line of Credit (RLOC)
<b>Amount</b>	\$4,500,000 (offered up to \$10.0M with an additional \$5.0M available for Standby Letters of Credit for power purchase agreements)
<b>Term</b>	3 Years
<b>Security</b>	CEA only – Nonrecourse to the member agencies
<b>Interest Rate</b>	One-month or three-month LIBOR plus 3.35%
<b>Undrawn Fee</b>	1.95% calculated on the undrawn portion of the \$4.5M RLOC
<b>Loan Fees</b>	\$50,000
<b>Total Estimated Interest &amp; Fees</b>	Estimated \$575,300 over 3-year period

# Item 5: JP Morgan Option- Pro-Forma Impact – Base Scenario

Annual DRAFT Pro Forma Projections for a Community Choice Aggregation Program - Base - JPMorgan Credit Solution Clean Energy Alliance						
Fiscal Year Ending:	2020	2021	2022	2023	2024	2025
I. Revenue	-	9,913,235	69,767,349	71,127,161	72,508,987	73,913,166
II. Operating Expenses						
Power Supply	-	8,988,017	60,976,876	59,978,716	61,512,028	62,261,087
Staff	50,000	120,000	600,000	618,000	636,540	655,636
Administrative Costs*	253,000	1,223,938	2,459,148	2,497,813	2,558,347	2,616,275
Subtotal Operating Expenses	303,000	10,331,956	64,036,023	63,094,529	64,706,915	65,532,998
Operating Margin	(303,000)	(418,721)	5,731,326	8,032,632	7,802,071	8,380,167
III. Financing						
Interest	-	197,288	182,250	195,750	-	-
Principal	-	450,000	-	4,500,000	-	-
Subtotal Financing	-	647,288	182,250	4,695,750	-	-
Operating Margin Less Financing	(303,000)	(1,066,009)	5,549,076	3,336,882	7,802,071	8,380,167
IV. Cash From Financing	450,000	4,500,000	-	-	-	-
V. Other Uses						
CPUC and CAISO Deposits	147,000	500,000	-	-	-	-
Collateral Deposits	0	2,500,000	-	-	-	-
Reserve Additions	-	495,662	3,488,367	3,556,358	3,625,449	3,695,658
Subtotal Other Uses	147,000	3,495,662	3,488,367	3,556,358	3,625,449	3,695,658
VI. Net Surplus/(Deficit)	-	(61,671)	2,060,708	(219,476)	4,176,622	4,684,509
VII. Cumulative Reserve	-	495,662	3,984,029	7,540,387	11,165,837	14,861,495
VIII. Cumulative Net Surplus	-	(61,671)	1,999,038	1,779,561	5,956,183	10,640,692
* Comprised of Technical and Legal Services, Customer Outreach and Communications, Utility Services Fees, Data Management Services, Uncollectibles						

# JP Morgan Due Diligence to Support no Security

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- Due diligence call related to the impacts of COVID-19;
- Satisfactory review of a final implementation timeline and implementation budget (including startup costs, resource adequacy requirements, etc.);
- Receipt/satisfactory review of a near final drawn-down schedule for the implementation budget;
- In-person or virtual meeting with CEA and the Member Agencies to discuss its commitment to moving forward with launching CEA in FY 2021 and any major risks that could lead the CEA and the Member Agencies to terminate the program pre-launch to customers;
- CEA shall have adopted operating rules and regulations satisfactory to the Bank;
- Evidence that CEA shall have established policies around the funding of an operating reserve;
- CEA shall have delivered to the Bank copies of any Power Purchase Agreements;
- Evidence that the Bank has a security interest in the net revenues after payments to power providers and O&M payments;
- Completion of satisfactory legal documentation;
- Delivery of satisfactory opinions of counsel which will include counsel to CEA; and
- Board approval of the Facility and definitive documents.

# JP Morgan Covenants

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- CEA shall establish an operating reserve sized at a minimum of 90 of operating costs which will be funded on a TBD schedule overtime (to be discussed upon finalizing the pro-forma model);
- CEA shall set rates to cover operating and debt service costs;
- CEA shall be required to maintain a minimum Debt Service Coverage ratio of 1.40x, tested quarterly on a rolling last twelve months basis of which such covenant may be waived at any time by the Bank;
- CEA may not issue any new debt during the term of the Facility other than an upsize of this Facility as referenced in “Facility Amount” above and/or any additional increments above the total Facility Amount to be approved by the Bank debt or other than the Member Agency Subordinate Loans.

# JP Morgan Option

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- Does not require any guarantor or collateral deposit
- Covenants may restrict Board flexibility in rate setting and energy product mix options
- Overall cost \$105,000 higher than RCB/Calpine option over the 3-year period.

# Item 5: River City Bank/Calpine Option

Option 2 – River City Bank	
<b>Credit Facility</b>	Nonrevolving Line of Credit (NRLOC)/Revolving Line of Credit (RLOC)
<b>Amount</b>	\$2,500,000 NRLOC \$1,500,000 RLOC Total \$4.0M (\$500,000 CAISO deposit not included; would require separate loan from 3 <sup>rd</sup> party such as Calpine Energy Solutions)
<b>Term</b>	2 years with option to convert both NRLOC and RLOC to term loan for up to an additional 3 years
<b>Security</b>	\$2.5M NRLOC secured by one of the following options: 1) Guarantee from one or all of the JPA Members or other creditworthy party 2) Cash Collateral for 100% of NRLOC loan amount 3) Combination of guarantees and cash collateral at levels acceptable to RCB
<b>Interest Rate</b>	NRLOC - One-month US Treasury Bill yield plus 2.5% subject to a 3.00% floor RLOC - One-month US Treasury Bill yield plus 3.0% subject to a 3.50% floor Term Loan – 3-Year US Treasury Note yield plus 3.00% subject to a 3.50% floor
<b>Loan Fees</b>	\$15,000
<b>Total Estimated Interest &amp; Fees over five years</b>	Estimated \$460,000 over 5-year period

# Item 5: River City Bank/Calpine

Option 2a – Calpine	
<b>Credit Facility</b>	Cash Advance
<b>Amount</b>	\$500,000 (offer up to \$650,000)
<b>Term</b>	Principal and accrued interest repayment to begin within 90 days of serving customers with full reimbursement made on or before fifteen months of serving customers.
<b>Security</b>	None
<b>Interest Rate</b>	1-Month LIBOR plus 2% up to maximum 5%
<b>Loan Fees</b>	None
<b>Total Interest &amp; Fees over three years</b>	Estimated \$9,375
<b>TOTAL ESTIMATED INTEREST &amp; FEES RCB &amp; CALPINE</b>	\$469,375

# Item 5: River City Bank/Calpine Pro-Forma Impact Base Scenario

Annual DRAFT Pro Forma Projections for a Community Choice Aggregation Program - Base RCB/Calpine Credit Solution Clean Energy Alliance						
Fiscal Year Ending:	2020	2021	2022	2023	2024	2025
I. Revenue	-	9,913,235	69,767,349	71,127,161	72,508,987	73,913,166
II. Operating Expenses						
Power Supply	-	8,988,017	60,976,876	59,978,716	61,512,028	62,261,087
Staff	50,000	120,000	600,000	618,000	636,540	655,636
Administrative Costs*	253,000	1,223,938	2,459,148	2,497,813	2,558,347	2,616,275
Subtotal Operating Expenses	303,000	10,331,956	64,036,023	63,094,529	64,706,915	65,532,998
Operating Margin	(303,000)	(418,721)	5,731,326	8,032,632	7,802,071	8,380,167
III. Financing						
Interest	-	123,333	146,250	116,038	69,822	22,280
Principal	-	450,000	500,000	1,287,015	1,332,791	1,380,194
Subtotal Financing	-	573,333	646,250	1,403,053	1,402,613	1,402,474
Operating Margin Less Financing	(303,000)	(992,054)	5,085,076	6,629,579	6,399,458	6,977,693
IV. Cash From Financing	450,000	4,500,000	-	-	-	-
V. Other Uses						
CPUC and CAISO Deposits	147,000	500,000	-	-	-	-
Collateral Deposits	0	2,500,000	-	-	-	-
Reserve Additions	-	495,662	3,488,367	3,556,358	3,625,449	3,695,658
Subtotal Other Uses	147,000	3,495,662	3,488,367	3,556,358	3,625,449	3,695,658
VI. Net Surplus/(Deficit)	-	12,284	1,596,708	3,073,221	2,774,009	3,282,035
VII. Cumulative Reserve	-	495,662	3,984,029	7,540,387	11,165,837	14,861,495
VIII. Cumulative Net Surplus	-	12,284	1,608,993	4,682,213	7,456,222	10,738,257
* Comprised of Technical and Legal Services, Customer Outreach and Communications, Utility Services Fees, Data Management Services, Uncollectibles						

## Item 5: River City Bank/Calpine

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- Requires Security in either guarantor or collateral deposit for \$2.5M NRLOC from one or all member agencies or a creditworthy party approved by RCB
- No additional due diligence requirements or covenants

# Item 5: CEA FY 20/21 Financing Plan

## Board Discussion

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# Item 6: Clean Energy Alliance Proposed Fiscal Year 20/21 Budget

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Barbara Boswell, Interim Chief Executive Officer

# Draft CEA FY 20/21 Budget

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- Presented to Board May 21, 2020
- Continue existing consulting services agreements through FY 20/21
- Anticipated additional consulting services
  - Communications & Marketing – Transition from City of Carlsbad
  - Technical Consultants
  - Board Clerk Services – Transition from Member Agencies
  - Accounting Services – Transition from Solana Beach
- Customer Outreach/Communications & Required Mailers
- Cash flow & estimated minimum lockbox reserves
- Funding through credit solution

# Item 6: Clean Energy Alliance

## FY 20/21 Draft Budget

**Clean Energy Alliance**  
**FY 19/20 Estimates and FY 20/21 Proposed Budget**

	FY 19/20 Budget	FY 19/20 Estimates	FY 20/21 Proposed	NOTES
Staffing/Consultants	\$ 50,000.00	\$ 40,000.00	\$ 120,000.00	Interim CEO, other staffing needs
Legal Services	130,000.00	75,000.00	320,000.00	General Counsel & Special Counsel
Professional Services	115,000.00	79,000.00	310,000.00	Energy Consultants, Communications & Marketing & Other Support
CalCCA Membership & Dues	1,500.00	1,500.00	15,000.00	Affiliate Membership 19/20, Operational Membership 20/21
Print/Mail Services			132,000.00	Required mailers (58,000 * 4 mailers * \$.56)
Advertising			10,000.00	Public Hearing Notices
Graphic Design Services	6,500.00		10,000.00	Logo/Mailers/Letterhead etc
Website Maintenance			2,500.00	Monthly Website Maintenance
Audit Services			40,000.00	Annual Financial Audit
CCA Bond	147,000.00	100,000.00	47,000.00	
<b>OPERATING EXPENDITURES</b>	<b>450,000.00</b>	<b>295,500.00</b>	<b>1,006,500.00</b>	
CAISO Deposit			500,000.00	Required Participation in Congestion Revenue Rights
Cash Flow & Lockbox Reserves			2,500,000.00	Lockbox Reserve/Cash Flow
<b>NON-OPERATING EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>3,000,000.00</b>	
<b>TOTAL</b>	<b>\$ 450,000.00</b>	<b>\$ 295,500.00</b>	<b>\$ 4,006,500.00</b>	

# Item 6: Clean Energy Alliance FY 20/21 Draft Budget

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- Staff will return in January 2021 to coincide with rate setting
- Budget adjustment related to CEA operations revenues and expenditures for May & June 2021
- Assumptions for operational revenues and most solicitations for energy related costs will be completed with pricing known.

# Item 6: CEA FY 20/21 Budget

## Board Discussion

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# Item 7: Clean Energy Alliance Citizen Advisory Committee Policy

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Barbara Boswell, Interim Chief Executive Officer

# Item 7: Clean Energy Alliance Citizen Advisory Committee

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- Recommendation
  - Review and provide input to draft Clean Energy Alliance Citizen Advisory Committee Policy.

# Item 7: Clean Energy Alliance Citizen Advisory Committee

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- Recommendation
  - Review and provide input to draft Clean Energy Alliance Citizen Advisory Committee Policy.

# Item 7: Clean Energy Alliance Citizen Advisory Committee

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- Background
  - May 7, 2020 Board provided input into purpose, scope and application process for Citizen Advisory Committee (CAC).
  - Directed staff to return with a CAC policy taking into account direction provided
  - Section 4.6 of CEA JPA Agreement sets responsibility and authority for Board to establish committees
  - Purpose of CAC is to advise the Board in implementing and operating its CCA program.

# Item 7: Clean Energy Alliance Citizen Advisory Committee

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- Initial Scope
  - Community Outreach and Public Information Strategy
  - Input into CEA 5-Year Goals
  - Comment on CEA Strategic Plan and annual review of Strategic Plan
  - Review CEA programs to ensure program meets CEA goals related to social equity, perspective of underrepresented community and innovation
  - Monitor progress toward Climate Action Plan goals of member agencies.

# Item 7: Clean Energy Alliance Citizen Advisory Committee

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- Committee Make-up, Membership Criteria & Application Process
  - 7 initial committee members- 2 committee appointees from each member agency and 1 Board Alternate selected by full Board
  - CAC is subject to Ralph M. Brown Act and members subject to applicable conflict of interest laws
  - Applicants must be residents or business owners within CEA
  - Priority given to those with relevant background or experience in the energy sector, energy development, public education/outreach and assistance with social equity and perspective of underrepresented community
  - Applicants complete application and submit to Board member of community they will be serving
  - Board member will bring top selection to full Board for final approval.

# Item 7: Citizen Advisory Committee Policy

## Board Discussion

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# Item 8: Clean Energy Alliance Long-Term Renewable Energy Solicitation

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Barbara Boswell, Interim Chief Executive Officer  
Kirby Dusel, Pacific Energy Advisors

# Long-Term Renewable RFP: Purpose & Overview

- Senate Bill 350 increased long-term renewable energy contracting requirements under California’s Renewables Portfolio Standard (“RPS”) Program:
  - New long-term contracting requirements take effect in 2021
  - 65% of mandated renewable energy purchases must be procured via long-term contract
  - Long-term = a delivery term of 10 years or longer
- RPS procurement mandate imposes the following general requirements:

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Total RPS Requirement</b>	36%	39%	41%	44%	47%	49%	52%	55%	57%	60%
<b>LT RPS Requirement</b>	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
<b>Effective LT RPS (as % of total supply)</b>	23%	25%	27%	29%	30%	32%	34%	36%	37%	39%

- CEA’s estimated long-term contract volumes:

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>LT RPS MWh</b>	152,000	250,000	269,000	288,000	307,000	326,000	346,000	365,000	385,000	405,000

# General Approach

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- Staff of CEA and San Diego Community Power (SDCP) have corresponded regarding the benefits of joint procurement related to long-term RPS-eligible resources
- Management agreed that administration of a joint RPS solicitation would be advantageous to both organizations
- Bid review and evaluation will be administered in a coordinated manner
- Proposal evaluation may result in shared or independent project participation
  - Joint project/offer participation would result in two separate supply contracts (one for each CCA) with approval separately required by each CCA
  - Independent participation would result in a single supply contract
- Solicitation document would address the Long-Term RPS needs of both organizations
- Joint participation is expected to foster and streamline future coordination related to procurement

# Key Requirements

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- **Product:** Portfolio Content Category 1 and 2 (no unbundled RECs)
- **Resource Location:** Generator must be located within or physically interconnected to the California Independent System Operator – *preference for resources located directly within or near the member communities of CEA and SDCP*
- **Project Size:** Minimum 10 Megawatts
- **Annual Energy Deliveries:**
  - Minimum annual deliveries range from 75,000 to 100,000 MWh – production roughly equivalent to a 35-45 MW solar generator or a 10-12 MW landfill gas-to-energy generator
  - Maximum annual deliveries range from 250,000 to 500,000 MWh – production roughly equivalent to a 100-200 MW solar generator or a 30-60 MW landfill gas-to-energy generator
- **Initial Energy Delivery:** No sooner than March 1, 2021; no later than June 30, 2023

## Key Evaluative Criteria

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- Price
- Overall quality of response and conformance with requirements
- Project location, including benefits to the local economy and workforce
- Interconnection status
- Siting, zoning and permitting status (new projects)
- Qualifications of project team
- Proposed financing plan and ownership structure
- Environmental impacts and related mitigation requirements
- Financing plan & financial stability of project owner/developer
- Proposed security obligations
- Development milestone schedule (new projects)
- Supplier diversity
- California development experience
- Experience selling renewable energy to CCAs

## Recommended RFP Schedule

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

## RPS Procurement from SDG&E

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- On May 29<sup>th</sup>, SDG&E released a solicitation (as seller) for RPS-eligible renewable energy
- Offers for both long-term and short-term renewable energy products are requested
- Responses must be submitted no later than June 22<sup>nd</sup>
- Bidder's are required to pre-register with SDG&E and submit offers via a designated online portal
- Participation in SDG&E's solicitation is recommended and would be complementary to CEA's jointly administered solicitation for long-term renewable energy supply

# Item 8: Long-Term Renewable Solicitation

## Board Discussion

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# Item 9: Resource Adequacy Procurement

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Barbara Boswell, Interim Chief Executive Officer  
Brian Goldstein, Pacific Energy Advisors

## Item 9: Resource Adequacy Procurement

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- Recommendation
  - Authorize Interim Chief Executive Officer to execute agreements for resource adequacy procurement, subject to Special Counsel approval.

## Item 9: Resource Adequacy Procurement

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- CEA required to procure Resource Adequacy (RA)
  - Ensure sufficient generating capacity to meet energy demands
  - Ensure reliability
- Three RA products are required:
  - Local – Identified by the state grid operator (CAISO) to serve local region
  - System – Can be located anywhere in the state
  - Flex – Satisfied Local or System
- Local required to be Multi-Year contract

## Item 9: Resource Adequacy Procurement

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- RA becoming increasingly more difficult to procure
  - Diminishing supply due to fewer natural gas plants
  - Clean energy replacements slow to come online
  - Multi-year local requirement increasing demand
- CEA must show compliance through procurements by October 31, 2020 for 2021 requirements
- On behalf of CEA, Pacific Energy Advisors initiated a solicitation for local RA

## Item 9: Resource Adequacy Procurement

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- Solicitation resulted in several offers of local RA as well as local RA with flex
  - Pricing was higher than original pro-forma assumed
  - Updated pro-forma reflects sufficient revenues to meet cost
- Recommended that the following quantities be fulfilled through initial solicitation:
  - 50% of 2021 – 2022 Requirements
  - 25% – 30% of 2023 Requirements

## Item 9: Resource Adequacy Procurement

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- In parallel with this procurement, SDG&E has a solicitation underway for the sale of RA, which CEA is participating in
- Results of that process will inform CEA of any remaining open positions for which subsequent solicitation or process may be needed

# Item 9: Resource Adequacy Procurement

## Board Discussion

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**Clean Energy Alliance**  
**JOINT POWERS AUTHORITY**

Regular Board Meeting  
June 18, 2020, 2 p.m.  
Hosted by the City of Carlsbad