



## Board of Directors Special Meeting Agenda

October 20, 2022, 2:00 p.m.

City of San Marcos | Virtual Meeting

Pursuant to Government Code Section 54953(3) (Assembly Bill 361), and in the interest of public health and safety, Clean Energy Alliance (CEA) is temporarily taking actions to prevent and mitigate the effects of the COVID-19 pandemic by holding CEA Joint Powers Authority meetings electronically or by teleconferencing. All public meetings will comply with public noticing requirements in the Brown Act and will be made accessible electronically to all members of the public seeking to observe and address the CEA Joint Powers Authority Board of Directors.

Members of the public can watch the meeting live through the You Tube Live Stream Link at:

<https://thecleanenergyalliance.org/agendas-minutes/>

or

<https://www.youtube.com/channel/UCGXJILzITUJOCZwVGpYoC8Q>

This is a view-only live stream. If the You Tube live stream experiences difficulties members of the public should access the meeting via the Zoom link below.

Members of the public can observe and participate in the meeting via Zoom by clicking:

<https://us06web.zoom.us/j/81376410530>

or telephonically by dialing:

(253) 215-8782

Meeting ID: 813 7641 0530

Members of the public can provide public comment in writing or orally as follows:

*Written Comments:* If you are unable to connect by Zoom or phone and you wish to make a comment, you may submit written comments prior to and during the meeting via email to: [Secretary@thecleanenergyalliance.org](mailto:Secretary@thecleanenergyalliance.org). All written comments will be posted online and become part of the meeting record. To ensure announcement of receipt of your written comments during the meeting, please submit all written comments at least an hour prior to the commencement of the meeting. Public comments received in writing will not be read aloud at the meeting.

*Oral Comments:* You can participate in the meeting by providing oral comments either: (1) online by using the raise hand function and speaking when called upon or (2) using your telephone by pressing \*9 to raise your hand and speaking when called upon.

If you are an individual with a disability and need a reasonable modification or accommodation pursuant to the Americans with Disabilities Act ("ADA"), please contact [Secretary@thecleanenergyalliance.org](mailto:Secretary@thecleanenergyalliance.org) prior to the meeting for assistance.



## CALL TO ORDER

## ROLL CALL

## FLAG SALUTE

## BOARD COMMENTS & ANNOUNCEMENTS

## PRESENTATIONS

Report from Clean Energy Alliance Community Advisory Committee (CAC) Chair Dwight Worden – CAC Meeting 10/6/22

## PUBLIC COMMENT

## APPROVAL OF MINUTES

September 22, 2022, Special Meeting  
July 23, 2020, Special Meeting; Link to Meeting Recording:  
<https://www.youtube.com/watch?v=cC92Fh9Gca4>

## Consent Calendar

**Item 1: Clean Energy Alliance Treasurer’s Report**

### **RECOMMENDATION**

Receive and file Clean Energy Alliance Treasurer’s Report for July 2022 activity.

**Item 2: Consider Adoption of Resolution 2022-009 Approving Clean Energy Alliance 2022 Integrated Resource Plan**

### **RECOMMENDATION**

Adopt Resolution 2022-009 Approving Clean Energy Alliance 2022 Integrated Resource Plan.

## New Business

**Item 3: Consider Adoption of Resolution No. 2022-008 Approving Clean Energy Alliance Addendum No. 2 to the Community Choice Aggregation Implementation Plan and Statement of Intent to Address Expansion to the Cities of Oceanside and Vista**

### **RECOMMENDATION**

Adopt Resolution No. 2022-008 Approving Clean Energy Alliance Addendum No. 2 to the Community Choice Aggregation Implementation Plan and Statement of Intent to



address expansion to the cities of Oceanside and Vista and direct staff to file with the California Public Utilities Commission no later than December 31, 2022.

**Item 4: Clean Energy Alliance Chief Executive Officer Operational, Administrative and Regulatory Affairs Update**

**RECOMMENDATION**

Receive and file Community Choice Aggregation Update Report from Chief Executive Officer and Regulatory Affairs Report from Special Counsel Tosdal APC.

**Item 5: Consideration of the Circumstances of the COVID-19 State of Emergency to Determine Whether the Legislative Bodies of Clean Energy Alliance will Continue to Hold Meetings Via Teleconferencing and Making Findings Pursuant to Government Code Section 54943(e)**

**RECOMMENDATION**

Continue meetings by teleconferencing pursuant to Government Code Section 54943(e), finding that: (1) the Board has considered the circumstances of the state of emergency created by the COVID-19 pandemic; and (2) the state of emergency continues to directly impact the ability of the members to meet safely in person; or

Find that: (1) the Board has considered the circumstances of the state of emergency created by the COVID-19 pandemic; and (2) the state of emergency no longer continues to directly impact the ability of the members to meet safely in person.

**Item 6: Provide Direction Regarding Amending Resolution No. 2022-002 Setting Time and Place for Clean Energy Alliance Board Meetings**

**RECOMMENDATION**

Provide direction regarding amending Resolution No. 2022-002 Setting Time and Place for Clean Energy Alliance Board Meetings.

**Item 7: Consider Approving Policy Establishing Term Limits for Clean Energy Alliance Chair and Vice Chair**

**RECOMMENDATION**

Approve CEA Policy No. CEA-020 Establishing Term Limits for Clean Energy Alliance Chair and Vice Chair.



**Item 8:** Consider Opening Applications for Clean Energy Alliance Community Advisory Committee for Terms Ending December 31, 2022

**RECOMMENDATION**

Open applications for Clean Energy Alliance Community Advisory Committee for terms ending December 31, 2022.

**BOARD MEMBER REQUESTS FOR FUTURE AGENDA ITEMS**

**NEXT MEETING:** Regular Board Meeting November 17, 2022, 2pm, City of San Marcos

**Clean Energy Alliance - Board of Directors  
Special Meeting Minutes  
September 22, 2022, 2:00 p.m.  
City of San Marcos | Virtual Meeting  
Teleconference Locations Per Government Code Section 54953(3) (Assembly Bill 361)**

**CALL TO ORDER:** Chair Becker called to order the regular meeting of the Clean Energy Alliance at 2:00 p.m.

**ROLL CALL:** Board Members: Musgrove, Bhat-Patel, Jensen, Inscoc, Vice Chair Druker, Chair Becker  
Member Melendez joined at 2:01 p.m.

**FLAG SALUTE:** Chair Becker led the flag salute.

**BOARD COMMENTS & ANNOUNCEMENTS:** None

**PRESENTATIONS:** None

**PUBLIC COMMENT:** None

**APPROVAL OF MINUTES**

August 25, 2022, Regular Meeting

**Motion by Vice Chair Druker, second by Board Member Morasco, to approve the minutes of the special meeting held August 25, 2022.**

**Motion carried unanimously, 7/0.**

**PUBLIC COMMENT:** None

**Consent Calendar**

**Item 1:           Reconsideration of the Circumstances of the COVID-19 State of Emergency to Determine Whether the Legislative Bodies of Clean Energy Alliance will Continue to Hold Meetings Via Teleconferencing and Making Findings Pursuant to Government Code Section 54943(e)**

**RECOMMENDATION**

Continue meetings by teleconferencing pursuant to Government Code Section 54943(e), finding that: (1) the Board has reconsidered the circumstances of the state of emergency created by the COVID-19 pandemic; and (2) the state of emergency continues to directly impact the ability of the members to meet safely in person.

**Item 2:           Clean Energy Alliance Treasurer's Report**

**RECOMMENDATION**

Receive and file Clean Energy Alliance Treasurer's Report for July 2022 activity.

**Item 3:           Consider Scheduling Clean Energy Alliance Special Board Meeting for October 20, 2022, and Canceling Regular Meeting of October 27, 2022**

**RECOMMENDATION**

Schedule Clean Energy Alliance Special Board Meeting for October 20, 2022, and cancel the regular meeting of October 27, 2022.

**Item 4: Consider Adoption of Resolution No. 2022-007 Approving Amendment to Conflict of Interest Code**

**RECOMMENDATION**

Adopt Resolution No. 2022-007 Approving Amendments to Conflict of Interest Code.

**ACTION: Chair Becker pulled items 1 and 3 from the consent calendar.**

**Motion by Board Member Morasco, second by Vice Chair Druker, to approve Items 2 and 4 of the consent calendar.**

**Motion carried unanimously, 7/0.**

Chair Becker commented that the majority of CEA cities have returned to in-person meetings and entertained discussion regarding CEA Board meetings returning to in-person in San Marcos. Board Members comments and questions included: support for returning to in-person meetings; using energy resources driving to meetings and suggesting in-person be delayed as long as possible; question if there is still a finding for state of emergency; possibility of hybrid meetings and the finding that San Marcos cannot accommodate hybrid due to limitation of technology; and the possibility of researching the use of City of Oceanside for hybrid meetings.

**Motion by Board Member Morasco, second by Vice Chair Druker, to approve Items 1 and 3 of the consent calendar.**

**Motion carried unanimously, 7/0.**

**New Business**

**Item 5: Clean Energy Alliance Chief Executive Officer Operational, Administrative and Regulatory Affairs Update**

**RECOMMENDATION**

Receive and file Community Choice Aggregation Update Report from Chief Executive Officer and Regulatory Affairs Report from Special Counsel Tosdal APC.

CEO Barbara Boswell commented that no CEO report will be given and deferred to Special Counsel Ty Tosdal who updated the Board on the following items: the passing of Senate Bill 846 (Diablo Canyon) which invalidates prior decision of the CPUC granting PG&E's request to retire the plant and allows Diablo Canyon to remain open for at least five years ordering the CPUC to establish new retirement dates consistent with new Nuclear Energy Regulatory Commission (NERC) permit. This bill also requires all customers including CEA customers to pay non-bybassable charges based on gross consumption, changes Integrated Resource Plan (IRP) requirements, and extends the loan by the state to PG&E for 1.4 billion dollars, but does not address what happens to the capacity that the facility generates; Assembly Bill 1249 (GhG Target) modifying the states Greenhouse Gas Policy to achieve net zero greenhouse gas emissions no later than 2045, and to achieve and maintain net negative

greenhouse gas emissions thereafter, and to ensure that by 2025, statewide anthropogenic greenhouse gas emissions are reduced to at least 85 percent below the statewide greenhouse gas emissions limit established pursuant to Section 38550; Senate Bill 1020 (Renewables Targets) revises state law to provide that it is the policy of the state that renewable and zero-carbon energy resources supply 90% of all retail sales of electricity to end-use customers by December 31, 2035, 95% by December 31, 2040, and 100% by December 31, 2045. State agencies must reach 100% renewable and zero-carbon energy supply by December 31, 2035; and PCIA: Changes to Methodology being discussed to require changes to the PCIA calculation and data collection, potential adverse effects that may result due to addition of long-term fixed price (LTFP) contracts. Cal CCA opposes incorporating LTFP transactions into the RPS benchmark as they are not currently included and noted that the method requires extracting a value from a contract, not the stated price and my result in negative RPS values while prices for resources are trading at \$13-17 per MHW.

**Board received and filed report.**

**Item 6: Consider Approval of 15-Year Power Purchase Agreement with Cape Generating Station 1 LLC**

**RECOMMENDATION**

Approve 15-Year Power Purchase Agreement with Cape Generating Station 1 LLC for geothermal renewable energy for an amount not to exceed \$38,200,000. Authorize the Chief Executive Officer to execute all documents, subject to Transactions Attorney approval.

CEO Barbara Boswell presented the item noting a joint solicitation was issued in December 2021 with Desert Community Energy and California Choice Energy Authority with responses representing 80 projects. A short list was created based on price, location and CPUC compliance and Cape Generating Station 1 LLC best meets the requirements of the solicitation.

Board questions and comments included: what the maximum number of years the contract provides for and if it creates rate stability for customers; how reliant CEA might be on this contract for mid-term reliability; and if any biomass providers were considered and where the energy will be produced.

CEO Boswell commented that there is no maximum number of years, but the 15-years allows for potential lower cost energy to be purchased at that 15 year mark and provides rate stability for customers. The contract is fixed pricing and CEA would only pay on energy produced and used, and the contract provides approximately 10% of mid-term reliability requirements set by the CPUC. Ms. Boswell indicated that biomass projects were considered but the Cape Generating Station 1 LLC met more of the requirements and that the project is in Utah and would connect directly with the California Grid.

**Motion by Chair Becker, second by Vice Chair Druker to approve the recommended action.  
Approved 6/1 with Board Member Morasco voting no.**

**BOARD MEMBER REQUESTS FOR FUTURE AGENDA ITEMS:** Consideration of holding CEA hybrid meetings.

**ADJOURN:** Chair Becker adjourned the meeting at 2:45 p.m.

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Susan Caputo, MMC  
Interim Board Secretary





## Staff Report

**DATE:** October 20, 2022

**TO:** Clean Energy Alliance Board of Directors

**FROM:** Andy Stern, Interim Chief Financial Officer/Treasurer

**ITEM 1:** Clean Energy Alliance Treasurer's Report

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### **RECOMMENDATION:**

Receive and File Clean Energy Alliance (CEA) Interim Treasurer's Report for August 2022.

### **BACKGROUND AND DISCUSSION:**

This report provides the Board with the following financial information through August 31, 2022:

- Statement of Financial Position (Unaudited and preliminary) – Reports assets, liabilities, and financial position of the CEA as of August 31, 2022.
- Statement of Revenues, Expenses and Changes in Net Position (Unaudited and preliminary) for the twelve months ended August 31, 2022.
- Budget to Actuals Comparison Schedule (Unaudited and preliminary) – Reports actual revenues and expenditures compared to the annual amended budget as of August 31, 2022.
- List of Payments Issued – Reports payments issued for August 2022.

As of August 31, 2022, liabilities represent invoices and estimated accruals for energy and services received but not yet paid. The noncurrent liabilities relate to debt with JPMorgan as well as amounts due to the member cities of Carlsbad, Del Mar and Solana Beach. CEA is currently making interest only payments on the debt from JPMorgan. The amounts due to the member agency were for start-up costs and services provided to CEA for the period December 2019 to June 2020. These invoices are scheduled to be paid three years from the time CEA is operational.

**CLEAN ENERGY ALLIANCE**  
**STATEMENT OF NET POSITION**  
**As of August 31, 2022**

**ASSETS**

Current assets

Cash and cash equivalents	\$ 7,161,660
Accounts receivable, net	9,208,733
Accrued revenue	5,146,953
Other receivables	141,300
Prepaid expenses	457,240
Deposits	500,000
Total current assets	<u>22,615,886</u>

Noncurrent assets

Restricted cash	227,000
Deposits	1,115,000
Total noncurrent assets	<u>1,342,000</u>
Total assets	<u>23,957,886</u>

**LIABILITIES**

Current liabilities

Accrued cost of energy	10,975,289
Accounts payable	160,952
Deferred revenue	232,400
Other accrued liabilities	225,395
Total current liabilities	<u>11,594,036</u>

Noncurrent liabilities

Due to member agencies	504,017
Bank note payable	13,820,000
Total noncurrent liabilities	<u>14,324,017</u>
Total liabilities	<u>25,918,053</u>

**NET POSITION**

Unrestricted (deficit)	<u>(1,960,167)</u>
Total net position	<u>\$ (1,960,167)</u>

These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them.

**CLEAN ENERGY ALLIANCE**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**Two Months ended August 31, 2022**

**OPERATING REVENUES**

Electricity sales, net	\$ 16,883,963
Total operating revenues	<u>16,883,963</u>

**OPERATING EXPENSES**

Cost of electricity	14,079,724
Contract services	413,793
General and administration	<u>24,838</u>
Total operating expenses	<u>14,518,355</u>
Operating income (loss)	<u>2,365,608</u>

**NONOPERATING REVENUES (EXPENSES)**

Interest income	1,578
Interest expense	<u>(130,216)</u>
Nonoperating revenues (expenses), net	<u>(128,638)</u>

**CHANGE IN NET POSITION**

	2,236,970
Net position at beginning of period	<u>(4,197,137)</u>
Net position at end of period	<u><u>\$ (1,960,167)</u></u>

These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them.

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BUDGET TO ACTUALS COMPARISON SCHEDULE

At its June 30, 2022, board meeting, the CEA Board approved the Fiscal Year (FY) 2022/23 budget approving \$76,745,240 in total operating and nonoperating expenses. For the year-to-date, \$14,648,571 has been expended. Revenues for the year-to-date reached \$16,883,963. The overall increase in net position (ignoring loan proceeds) for the year-to-date was \$2,236,970.

The Budget to Actuals Comparison Schedules as of August 31, 2022, is shown on the next page.

**CLEAN ENERGY ALLIANCE**  
**BUDGET TO ACTUALS COMPARISON SCHEDULE**  
**Two Months ended August 31, 2022**

	<b>ANNUAL BUDGET</b>	<b>ACTUAL YEAR-TO- DATE</b>	<b>BUDGET VARIANCE</b>
<b>Operating Revenues</b>			
Energy Sales	\$ 80,786,405	\$ 16,883,963	\$ 63,902,442
<b>Total Operating Revenue</b>	<b>80,786,405</b>	<b>16,883,963</b>	<b>63,902,442</b>
<b>Operating Expenses</b>			
Power Supply	73,000,000	14,079,724	58,920,276
Data Manager / Call Center	1,151,180	142,126	1,009,054
Staffing/Consultants	529,360	45,865	483,495
Legal Services	335,000	57,407	277,593
Professional Services	981,600	160,648	820,952
Audit Services	10,000	-	10,000
Software & Licenses	15,100	4,680	10,420
Membership Dues	121,000	19,857	101,143
Printing	55,000	5,059	49,941
Postage	50,000	2,929	47,071
Advertising	15,000	60	14,940
Insurance	30,000	-	30,000
Bank Fees	2,000	-	2,000
<b>Total Operating Expenses</b>	<b>76,295,240</b>	<b>14,518,355</b>	<b>61,776,885</b>
<b>Operating Income (Loss)</b>	<b>4,491,165</b>	<b>2,365,608</b>	<b>2,125,557</b>
<b>Non-Operating Revenues (Expenses)</b>			
Interest Income	5,000	1,578	3,422
Interest Expense	(450,000)	(130,216)	(319,784)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(445,000)</b>	<b>(128,638)</b>	<b>(316,362)</b>
<b>Net Increase (Decrease) in Available Fund Balance</b>	<b>\$ 4,046,165</b>	<b>\$ 2,236,970</b>	<b>\$ 1,809,195</b>

These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them.

LIST OF PAYMENTS ISSUED

The report on the following page provides the detail of payments issued by CEA for August 2022. All payments were within approved budget.

<u>Date</u>	<u>Type</u>	<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
08/01/2022	ACH/CK	USPS	August 2022 - Postage Payment	337.44
08/02/2022	Wire	THE ENERGY AUTHORITY	October 2022- Capacity Purchase	69,000.00
08/03/2022	ACH/CK	NEM CUSTOMER (MULTIPLE)	NEM Cash outs	462,980.23
08/03/2022	ACH/CK	Neyenesch Printers	July 2022 - New Move Letter	529.16
08/08/2022	ACH/CK	OneStream Networks, LLC	July 2022 Telephone	401.78
08/08/2022	Wire	THE ENERGY AUTHORITY	CAISO Weekly Settlement	229,846.64
08/15/2022	Wire	THE ENERGY AUTHORITY	CAISO Weekly Settlement	116,213.05
08/17/2022	ACH/CK	USPS	August 2022 - Postage Payment	102.94
08/22/2022	Wire	Direct Energy	JULY -2022 - Capacity SWAP	171,500.00
08/22/2022	Wire	EDF TRADING	JULY 2022 - Capacity Purchase	208,500.00
08/22/2022	Wire	SDG&E	July 2022 - RA Purchases	761,012.00
08/22/2022	Wire	SEMPRA	July 2022 - Capacity Purchases	274,400.00
08/22/2022	Wire	THE ENERGY AUTHORITY	CAISO Weekly Settlement	136,805.53
08/22/2022	ACH/CK	USPS	August 2022 - Postage Payment	338.90
08/25/2022	ACH/CK	Powerex	PCC1 REC SALES	189,407.74
08/26/2022	ACH/CK	Calpine Energy Solutions	July 2022 Services	71,002.00
08/26/2022	ACH/CK	Richards, Watson & Gershon	June 2022 - General Counsel Services	2,043.50
08/29/2022	ACH/CK	Braun Blaising Smith Wynne	July 2022 - Professional Services	3,888.81
08/29/2022	ACH/CK	Keyes & Fox LLP	July 2022 - Professional Services	6,021.25
08/29/2022	ACH/CK	Maher Accountancy	Accounting during August 2022	7,500.00
08/29/2022	ACH/CK	Marie Marron Berkuti	July 2021 - June 2022 Treasurer	65,222.88
08/29/2022	ACH/CK	Neyenesch Printers	August 2022 - New Move Letter	630.01
08/29/2022	ACH/CK	Pacific Energy Advisors, Inc	July 2022 - Technical Consulting	24,775.00
08/29/2022	ACH/CK	The Bayshore Consulting Group	July 2022 - CEO & Secretary Services	14,943.50
08/29/2022	Wire	THE ENERGY AUTHORITY	CAISO Weekly Settlement	91,586.89
08/29/2022	ACH/CK	Tosdal APC	July 2022 - Regulatory Services	10,978.00
08/29/2022	ACH/CK	Tullett Prebon Americas Corp	July 2022 - Broker Fees	25,800.00
08/29/2022	ACH/CK	USPS	August 2022 - Postage Payment	103.57
08/29/2022	ACH/CK	USPS	August 2022 - Postage Payment	1,957.32
08/29/2022	ACH/CK	USPS	August 2022 - Postage Payment	88.85
08/30/2022	ACH/CK	Hall Energy Law PC	July 2022 -Transaction Support	2,286.00
08/30/2022	ACH/CK	THE ENERGY AUTHORITY	July 2022 - Scheduling Fees	11,700.00
08/30/2022	ACH/CK	Tripepi, Smith & Associates	August 2022 - Marketing Service	12,012.33
08/31/2022	Wire	JPMorgan	JP Morgan - August 2022 Interest	69,706.20
08/31/2022	Wire	THE ENERGY AUTHORITY	November 2022 - Capacity Purchase	69,000.00
			<b>Total for Operating Account</b>	<b>(3,112,621.52)</b>
08/23/2022	Wire	Shell Oil North America	June 2022 - Energy purchase	344,661.20
08/23/2022	Wire	Exelon Generation Company, LLC	June 2022 - Power Purchase	1,263,782.23
08/23/2022	Wire	Morgan Stanley Capital Group,	July 2022 - Energy Purchase	1,624,235.45
08/23/2022	Wire	Morgan Stanley Capital Group,	Jan - Dec 2022 REC Energy	145,000.00
08/23/2022	Wire	Morgan Stanley Capital Group,	July 2022 - Carbon Free	100,000.00
			<b>Total for Lockbox Account</b>	<b>3,477,678.88</b>

**FISCAL IMPACT**

There is no fiscal impact associated with this report.

**Staff Report**

DATE: October 20, 2022

TO: Clean Energy Alliance Board of Directors

FROM: Barbara Boswell, Chief Executive Officer

ITEM 2: Consider Adoption of Resolution No. 2022-009 Approving Clean Energy Alliance 2022 Integrated Resource Plan

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**RECOMMENDATION:**

Adopt Resolution No. 2022-009 approving Clean Energy Alliance 2022 Integrated Resource Plan.

**BACKGROUND AND DISCUSSION:**

Senate Bill 350 (SB 350), approved by the Governor on October 7, 2015, added, among other actions, Public Utilities Code (PUC) Section 454.52 which established the requirement for load-serving entities, including CCAs, to file an Integrated Resource Plan (IRP) with the California Public Utilities Commission (CPUC).

PUC Section 454.52(b)(3) further requires that the IRP of a CCA be submitted to its governing board for approval and shall achieve the following:

*(A) Economic, reliability, environmental, security, and other benefits and performance characteristics that are consistent with the goals of achieving 40% reduction in GHG emissions from 1990 levels by 2030 and procure 60% renewable energy resources by December 31, 2030.*

*(B) A diversified procurement portfolio consisting of both short-term and long-term electricity and electricity-related and demand reduction products.*

*(C) Resource Adequacy requirements.*

Additionally, SB 350 made revisions to the Renewables Portfolio Standard (RPS) for California, with which Clean Energy Alliance (CEA) is required to comply. Specifically, it increased the minimum renewable energy standards from 33% by December 31, 2020 to 60% by December 31, 2030. CEA's Joint Powers Authority Agreement establishes a default renewable energy product for CEA that is sourced from a minimum 50% renewable energy projects increasing to 100% by 2035, exceeding the state's current goal and well on its way to meeting the 2030 goal.

To ensure CCAs are meeting these minimum standards, as well as meeting greenhouse gas reduction targets as established by the California Air Resources Board, an IRP is required to be filed with the CPUC for certification. The IRP looks at a 10-year time horizon and establishes a plan for CEA's procurement activities to meet the RPS and greenhouse gas reduction targets established by SB 350. The IRP is strictly a forecasted plan and does not commit CEA to the specific actions identified to meet the RPS and greenhouse gas reduction targets. As such, the CPUC requires the IRP to be revised every two years. The CEA Board of Directors approved its initial IRP on August 20, 2020, and per SB 350, the IRP will be updated and brought back to City Council for approval every two years.

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As both the Legislature and the CPUC have recognized, the Legislature has granted CCAs broad authority to procure resources on behalf of their respective customers, an authority limited only where “other generation procurement arrangements have been expressly authorized by statute”. Likewise, the Legislature has granted CCAs autonomy in setting their own rates and managing interactions with their customers. CEA understands that the Commission has three primary interests in the CCA IRP process:

- Ensuring that CCA IRPs provide requisite procurement information needed by the Commission to develop its statewide plan.
- Ensuring that CCAs’ current and planned procurement is consistent with the RA requirements established pursuant to PUC Section 380.5.
- Ensuring that CCAs’ current and planned procurement satisfies the CCA’s share of renewables integration resources identified in the Commission’s PSP, and that the CCA either self-provides or pays for investor-owned utility (“IOU”) procurement to support its share of any renewable integration shortfall.

CEA has prepared its IRP with these interests in mind, and thanks the CPUC for recognizing and preserving CCA procurement autonomy as well as the benefits of a collaborative planning approach with CCA organizations.

CEA and its technical consultants have been working closely with the CPUC to ensure the IRP meets all requirements as established by the CPUC. The proposed IRP, a complete copy of which is attached, follows the required template as provided by the CPUC.

The 2022 IRP filing is prepared using the California Public Utilities Commission (CPUC) provided Narrative Template, Resource Data Template, and the Clean Power Supply System Calculator. The IRP is required to be filed by November 1, 2022, and to include:

- 2030 38 MMT & 2035 30 MMT Resource Data Template and Clean System Power Calculator
- 2030 30 MMT & 2035 25 MMT Resource Data Template and Clean System Power Calculator
- IRP Verification

Assumptions for CEA’s IRP include a renewable energy portfolio target of 50% increasing to 100% by 2035, diversity in planned generation mix (solar, wind, natural gas, battery storage, etc.) for energy and resource adequacy, assumptions regarding new buildout vs. use of existing resources and geographic regions for planned resources.

CEA’s Resolution makes the following determinations:

- CEA’s Preferred Conforming Portfolios (PCPs) are expected to achieve economic, reliability, environmental, security, and other benefits and performance characteristics that are consistent with the goals set forth in Section 454.52(a)(1)(A-I).
- CEA’s PCPs include a diversified procurement portfolio consisting of both short-term and long-term electricity and electricity-related and demand reduction products.
- CEA’s PCPs achieve the resource adequacy requirements established pursuant to Public Utilities Code Section 380.
- CEA’s PCPs are consistent with the procurement timing, resource mix, and operational attributes of both the Commission’s Preferred System Portfolio (“PSP”).
- CEA’s PCPs are compliant with all CEA board-adopted procurement directives.

Staff is continuing to make final minor edits, but these edits will not make material changes to the data reflected in the draft attached. The IRP will be submitted to the CPUC by the due date of November 1, 2022.

**FISCAL IMPACT**

There is no fiscal impact associated with this item.

**ATTACHMENT**

Attachment A - Resolution No. 2022-009 Approving Clean Energy Alliance Integrated Resource Plan  
Attachment B – Draft 2022 Clean Energy Alliance Integrated Resource Plan

RESOLUTION NO. 2022-009

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CLEAN ENERGY ALLIANCE APPROVING 2022 INTEGRATED RESOURCE PLAN

**WHEREAS**, Community Choice Aggregation (CCA), authorized by Assembly Bill 117, is a state law that allows cities, counties and other authorized entities to aggregate electricity demand within their jurisdictions in order to purchase and/or generate alternative energy supplies for residents and businesses within their jurisdiction while maintaining the existing electricity provider for transmission and distribution services; and

**WHEREAS**, Senate Bill 350, approved October 7, 2015, establishes a requirement for Community Choice Aggregation Programs to develop an Integrated Resource Plan and submit it to the California Public Utilities Commission for certification; and

**WHEREAS**, Clean Energy Alliance's Integrated Resource Plan was developed consistent with the requirements as established by the California Public Utilities Commission.

**NOW, THEREFORE, BE IT RESOLVED**, BY THE BOARD OF DIRECTORS OF THE CLEAN ENERGY ALLIANCE, AS FOLLOWS:

SECTION 1. That based upon and in consideration of staff reports, presentations, public testimony and comment, and such other matters presented to the Board of Directors during the public meeting on this matter, the Board of Directors finds and declares the foregoing recitals to be true and correct and incorporates the same as substantive findings herein.

SECTION 2. That the Integrated Resource Plan for CEA has been developed in compliance with SB 350 and California Public Utilities Commission direction and is hereby approved.

SECTION 3. That CEA's Preferred Confirming Portfolios (PCPs) are expected to achieve economic, reliability, environmental, security, and other benefits and performance characteristics that are consistent with the goals set forth in Section 454.52(a)(1)(A-I).

SECTION 4. That CEA's PCPs include a diversified procurement portfolio consisting of both short-term and long-term electricity and electricity-related and demand reduction products.

SECTION 5. CEA's PCPs achieve the resource adequacy requirements established pursuant to Public Utilities Code Section 380.

SECTION 6. CEA's PCPs are consistent with the procurement timing, resource mix, and operational attributes of both the Commission's Preferred System Portfolio.

SECTION 7. CEA's PCPs are compliant with all CEA board-adopted procurement directives.

SECTION 8. That the Board Secretary shall certify to the adoption of this Resolution, and it shall become effective immediately upon adoption.

PASSED, APPROVED and ADOPTED this 20th day of October 2022 by the following vote:

AYES:

NOES: ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

\_\_\_\_\_  
Susan Caputo, Board Secretary

\_\_\_\_\_  
Kristi Becker, Chair

# Standard LSE Plan

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CLEAN ENERGY ALLIANCE

2022 INTEGRATED RESOURCE PLAN

NOVEMBER 1, 2022

DRAFT

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# I. Introduction and Executive Summary

## a. Introduction

### Description of CEA

Clean Energy Alliance is a Joint Powers Authority (“JPA”) formed by the communities of Carlsbad, Del Mar and Solana Beach in November 2019.

As a JPA, CEA is a local government agency. CEA is governed by a seven-member board composed of representatives of its member local governments. Through these representatives CEA is controlled by and accountable to the communities CEA serves.

CEA provides retail electric generation services and complementary energy programs to customers within the municipal boundaries of the following communities:

- City Carlsbad
- City of Del Mar
- City of Solana Beach

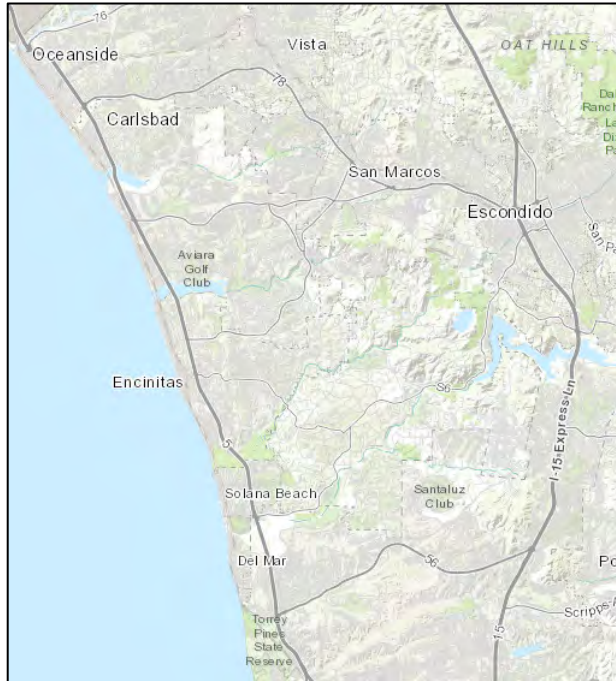
CEA plans to provide electric generation services and complementary energy programs to customers within the municipal boundaries of the following communities:

- City of Escondido
- City of Oceanside
- City of San Marcos
- City of Vista

CEA began serving load in May 2021, with a customer base of approximately 51,000 residential accounts and 8,000 commercial and industrial accounts. CEA serves (or will serve) as the default power provider for the cities of Carlsbad, Del Mar, Escondido, Oceanside, San Marcos, Solana Beach and Vista.



**Figure 1: Service Area Map**



CEA currently serves approximately 51,000 residential accounts and 8,300 commercial and industrial accounts. CEA provides retail generation service to a variety of customer classes, including residential, small and medium commercial accounts, large industrial consumers, and agricultural and pumping facilities. CEA’s current service area has a population of approximately 132,000, the majority of which live in households or work at businesses that receive generation service from CEA. In 2022, CEA had an estimated peak load of 139 MW, and an energy usage of 620 GWh.

*CEA’s Mission*

CEA was formed for the express purpose of empowering its member communities to choose the generation resources that reflect their specific values and needs, addressing climate change by reducing energy-related greenhouse gas emissions, promoting electrical rate stability and cost savings, and fostering community choice and local economic benefits such as job creation, local energy programs and local power development. CEA’s purpose is to be an energy services provider, which benefits the community through the delivery of cleaner and more locally produced electricity, demand reduction, economic investment and competitive rates for residents, businesses, and municipal facilities in the service territory. Consistent with Public Utilities Code Sections 366.2(a)(5) and 454.52 (b)(3),<sup>1</sup> all procurement by CEA, including the portfolios set forth in this Integrated Resource Plan (“IRP”), must comply with policy direction provided from CEA’s governing board.

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<sup>1</sup> All further citations to statute are to the California Public Utilities Code unless otherwise noted.

## Introduction to CEA's IRP

In accordance with the requirements of California Public Utilities Code (“PUC”) Sections 454.51 and 454.52 and California Public Utilities Commission (“Commission”) Decision (“D.”) D.22-02-004, *Administrative Law Judge's Ruling Finalizing Load Forecasts and Greenhouse Gas Emissions Benchmarks for 2022 Integrated Resource Plan Filings*,<sup>2</sup> and guidance provided by the Commission's Energy Division<sup>3</sup>, CEA is providing its load-serving entity (“LSE”)-specific IRP to the Commission for certification and use in the Commission's statewide planning process.

In addition to this narrative, CEA's IRP includes the following documents:

- CEA's 2030 38 MMT & 2035 30 MMT Resource Data Template and Clean System Power Calculator
- CEA's 2030 30 MMT & 2035 25 MMT Resource Data Template and Clean System Power Calculator
- CEA's IRP Verification

As directed in D.22-02-004<sup>4</sup> and the *Final Ruling*, CEA is submitting two Preferred Conforming Portfolios in this IRP. The first Preferred Conforming Portfolio achieves emissions that are equal to or less than the LSE's proportional share of the 38 million metric ton (“MMT”) greenhouse gas (“GHG”) target by 2030 and 30 MMT by 2035 (“30 MMT”). The second Preferred Conforming Portfolio achieves emissions that are equal to or less than the LSE's proportional share of 30 MMT by 2030 and 25 MMT by 2035 (“25 MMT”).

Projecting resource needs over the planning horizon covered by the IRP is a fluid process and CEA expects changes over time. The future resources identified in CEA's IRP represent CEA's current good-faith projection of the resource mix that will be procured over the IRP planning horizon. Such projections are based on best available information regarding planning directives, CEA policy, resource availability and other key considerations. The resources identified in future iterations of CEA's IRP may change due to new information and evolving circumstances, and the ultimate resource mix that CEA actually procures (in future years) may differ from what is reflected in this plan due to a number of variables, including availability of supply, technology changes, price of supply, and/or other market or regulatory considerations.

Examples of future regulatory changes include the upcoming “Slice of Day” framework for the Resource Adequacy (“RA”) program,<sup>5</sup> as well as structural, programmatic changes to the IRP

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<sup>2</sup> Rulemaking (“R.”) 20-05-003, *Administrative Law Judge's Ruling Finalizing Load Forecasts and Greenhouse Gas Emissions Benchmarks for 2022 Integrated Resource Plan Filings* (“Final Ruling”), June 15, 2022.

<sup>3</sup> Energy Division Guidance can be accessed at: <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-power-procurement/long-term-procurement-planning/2022-irp-cycle-events-and-materials>.

<sup>4</sup> D.22-02-004 at 2.

<sup>5</sup> Decision 22-06-050.

program.<sup>6</sup> Though the impact of these changes is uncertain at this time, such changes have the potential to materially reshape how capacity and energy are valued for reliability purposes, and in turn, such changes may impact CEA's future procurement decisions. Through its involvement and membership in the California Community Choice Association ("CalCCA"), CEA will continue to monitor and engage in Commission proceedings and incorporate pertinent planning and procurement adaptations as necessary.

#### Board Council Approval of IRP

In compliance with Public Utilities Code Section 454.52(b)(3), this IRP was formally submitted to the CEA's governing board for approval based on the IRP's compliance with Sections 454.51 and 454.52 (the "IRP Statute") and all relevant council-adopted procurement requirements of CEA's governing council. On October 20, 2022, the CEA's board adopted a Resolution which formally approved this IRP and adopted CEA's 30 MMT and 25 MMT Preferred Conforming Portfolios ("PCPs"). CEA's Resolution also made the following determinations regarding CEA's PCPs:

- CEA's PCPs are expected to achieve economic, reliability, environmental, security, and other benefits and performance characteristics that are consistent with the goals set forth in Section 454.52(a)(1)(A-I).
- CEA's PCPs include a diversified procurement portfolio consisting of both short-term and long-term electricity and electricity-related and demand reduction products.
- CEA's PCPs achieve the resource adequacy requirements established pursuant to Public Utilities Code Section 380.
- CEA's PCPs are consistent with the procurement timing, resource mix, and operational attributes of both the Commission's Preferred System Portfolio ("PSP").<sup>7</sup>
- CEA's PCPs are compliant with all CEA board-adopted procurement directives.

A copy of the final Resolution is available on the CEA website.<sup>8</sup>

#### Request for Certification

CEA respectfully requests that the Commission certify this IRP.

As both the Legislature and the Commission have recognized, the Legislature has granted CCAs broad authority to procure resources on behalf of their respective customers, an authority limited only where "other generation procurement arrangements have been expressly authorized by

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<sup>6</sup> See Rulemaking 20-05-003, *Administrative Law Judge's Ruling Seeking Comments on Staff Paper on Procurement Programs and Potential Near-Term Actions to Encourage Additional Procurement* (September 8, 2022), Attachment A.

<sup>7</sup> In Decision 22-02-004 at 105 and Ordering Paragraph ("OP") 8, the Commission adopted the 30 MMT Core Portfolio with 2020 IEPR Demand and High Electric Vehicle ("EV") Penetration Scenario.

<sup>8</sup> [www.TheCleanEnergyAlliance.org](http://www.TheCleanEnergyAlliance.org).

statute.”<sup>9</sup> Likewise, the Legislature has granted CCAs autonomy in setting their own rates and managing interactions with their customers.<sup>10</sup> CEA understands that the Commission has three primary interests in the CCA IRP process:

- Ensuring that CCA IRPs provide requisite procurement information needed by the Commission to develop its statewide plan.<sup>11</sup>
- Ensuring that CCAs’ current and planned procurement is consistent with the RA requirements established pursuant to PUC Section 380.5.<sup>12</sup>
- Ensuring that CCAs’ current and planned procurement satisfies the CCA’s share of renewables integration resources identified in the Commission’s PSP, and that the CCA either self-provides or pays for investor-owned utility (“IOU”) procurement to support its share of any renewable integration shortfall.<sup>13</sup>

CEA has prepared its IRP with these interests in mind, and thanks the Commission for recognizing and preserving CCA procurement autonomy as well as the benefits of a collaborative planning approach with CCA organizations in its certification review of CEA’s IRP.

## b. Executive Summary

This narrative provides a detailed description of the development and content of CEA’s PCPs, each portfolio’s compliance with applicable requirements, and an action plan detailing CEA’s next steps (to promote conformance with such requirements).

CEA developed its IRP through the following steps:

- CEA compiled data for its existing energy contracts, including Voluntary Allocation Market Offer and GHG-free allocations from SDG&E, as well as, RA capacity contracts, and its share of capacity for allocated Cost Allocation Mechanism (“CAM”) resources.
- For each IRP planning year, CEA identified its short positions relative to known planning targets and its assigned load forecast.

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<sup>9</sup> PUC Section 366.2(a)(5).

<sup>10</sup> D.05-12-041 at 9-11 (“Nothing in the statute directs the CPUC to regulate the CCA’s program except to the extent that its programs may affect utility operations and the rates and services to other customers. For example, the statute does not require the CPUC to set CCA rates or regulate the quality of its services... We are confident that existing law protects CCA customers. Entities of local government, such as CCAs, are subject to numerous laws that will have the effect of protecting CCA customers and promoting accountability by CCAs...”).

<sup>11</sup> D.19-04-040 at 17-18 (“The Commission’s portfolio aggregation and evaluation process, which relies of fulfillment of IRP filing requirements by LSEs, is the only process capable of assessing the overall needs of the CAISO grid and meeting the statewide GHG, reliability, and least-cost goals collectively. While LSEs may use their IRP process to meet local planning needs as well, the statewide planning function is the statutorily required process . . .”).

<sup>12</sup> Section 454.52(b)(3)(C).

<sup>13</sup> Section 454.51.

- CEA populated the Resource Data Template with all current contracts.
- CEA compiled detailed information on projects for which it is currently negotiating power purchase agreements, including information regarding project status and timing.
- CEA identified future contracts it expects to secure for new solar, storage, biomass, geothermal, hybrid and wind generation. CEA prioritized the selection of future resources to ensure that CEA's overall portfolio of new resources is varied, meets all regulatory goals, meets the goals expressed by CEA's governing board, and is estimated to minimize costs to customers, subject to applicable mandates. CEA added generic future contracts with existing resources, including large hydroelectric generators, to help fill its remaining open positions.
- CEA used the Commission's Clean System Power Calculator Tool to check the GHG emissions associated with the resulting portfolio to ensure that these emissions are less than, CEA's assigned share of the 30 MMT benchmarks; CEA added planned purchases of additional energy from renewable or GHG-free resources in sufficient volume to ensure that portfolio emissions were less than CEA's assigned share of the 30 MMT GHG benchmark.
- CEA identified the resulting portfolio as its 30 MMT PCP.
- Using the 30 MMT PCP as a starting point, CEA replaced planned system energy purchases with additional GHG-free energy procurement until the portfolio reflected emissions less than, CEA's assigned share of the 25 MMT GHG benchmarks.
- CEA identified the resulting portfolio as its 25 MMT PCP.
- CEA checked both its 30 MMT PCP and its 25 MMT PCP for reliability by comparing the total portfolio capacity against CEA's RA requirements as shown in the Reliability tab and adding in sufficient RA capacity to ensure reliability. CEA further established that its planned incremental capacity procurement met or exceeded its pro rata share of the related incremental capacity procurement obligation.

CEA reached the following findings regarding its 25 MMT Portfolio:

- CEA's 25 MMT Portfolio includes the procurement of the following new resources:
  - New hybrid resources totaling 122 MW solar/40 MW battery storage
  - New wind resources totaling 134 MW
  - New grid connected battery storage of 15 MW
  - New long duration storage of 35 MW
  - New geothermal resources of 30 MW
- CEA's 25 MMT Portfolio provides for the following overall resource mix in 2035:
  - 50 GWh of Biomass
  - 300 GWh of Geothermal
  - 15 GWh of Small Hydro
  - 820 GWh of Wind
  - 381 GWh of Solar
  - 320 GWh of hybrid Solar, with 40 MW of Battery Storage
  - 15 MW of Short Duration Battery Storage

- 35 MW of Long Duration Storage
- 213 MW of Natural Gas/Baseload/Other (Capacity-Only)

CEA's 25 MMT Portfolio is consistent with procurement timing, resource quantities, and general resource attributes identified in the PSP.

- CEA's 25 MMT portfolio would have 2030 emissions of .19 MMT and 2035 emissions of .09 MMT, which is equivalent to or less than CEA's assigned share of 2030 and 2035 emissions.
- CEA's 25 MMT portfolio meets all relevant reliability metrics.
- CEA's 25 MMT portfolio provides approximately CEA's load-proportional share of renewable integration resources.
- CEA's 25 MMT portfolio is also consistent with the Commission's PSP and can be used in a 25 MMT consolidated statewide portfolio.

CEA reached the following findings regarding its 30 MMT portfolio:

- CEA's 30 MMT portfolio includes the procurement of the following new resources:
  - New hybrid resources totaling 122 MW solar/40 MW battery storage
  - New wind resources totaling 134 MW
  - New grid connected battery storage of 15 MW
  - New long duration storage of 35 MW
  - New geothermal resources of 30 MW
- CEA's 30 MMT portfolio provides for the following overall resource mix in 2035:
  - 50 GWh of Biomass
  - 300 GWh of Geothermal
  - 15 GWh of Small Hydro
  - 820 GWh of Wind
  - 381 GWh of Solar
  - 320 GWh of hybrid Solar, with 40 MW of Battery Storage
  - 15 MW of Short Duration Battery Storage
  - 35 MW of Long Duration Storage
  - 219 MW of Natural Gas/Baseload/Other (Capacity-Only)

CEA's 30 MMT portfolio conforms to the procurement timing, resource quantities, and general resource attributes identified in the PSP.

- CEA's 30 MMT portfolio would have 2030 emissions of .20 MMT and 2035 emissions of .08 MMT, which is equivalent to or less than CEA's assigned share of 2030 and 2035 emissions.
- CEA's 30 MMT portfolio meets all relevant reliability metrics.
- CEA's 30 MMT portfolio provides approximately CEA's load-proportional share of renewable integration resources.
- CEA's 30 MMT portfolio is also consistent with the Commission's PSP and can be used in a 30 MMT consolidated statewide portfolio.

To implement its PCP, CEA is adopting the action plan described in Section IV, below. This action plan consists of the following steps:

- CEA will periodically solicit offers for new renewable generation and storage projects. These resources are typically secured through long-term power purchase agreements. CEA expects to secure power purchase agreements for new projects in multiple solicitations conducted over the next several years.
- Periodically throughout the year, CEA will solicit offers for short-term renewable energy, resource adequacy, system energy, and other products needed to balance the portfolio and adhere to position limits established through CEA’s risk management policy and practices. These solicitations may take the form of a formal request for offers processes, bilateral discussions, and/or transactions arranged through broker markets.
- CEA will continue to procure resources to meet any remaining assigned requirements from D.19-11-016 and D.21-06-035, as well as the specific sub-categories from that decision.

## II. Study Design

### a. Objectives

CEA had the following objectives in performing the analytical work to develop its IRP:

1. Identify a 30 MMT PCP with emissions less than CEA’s proportional share of the 30 MMT GHG reduction benchmarks, as determined using the Commission’s emissions calculator.
2. Identify a 25 MMT PCP and ensure that the emissions are less than CEA’s proportional share of the 25 MMT GHG reduction benchmarks, as determined using the Commission’s emissions calculator.
3. Identify 30 and 25 MMT PCPs that achieve economic, reliability, environmental, security, and other benefits and performance characteristics that are consistent with the goals set forth in Section 454.52(a)(1)(A-I).
4. Identify diverse and balanced 30 and 25 MMT PCPs that include both short-term and long-term electricity products as well as electricity-related demand reduction products.
5. Identify portfolios that achieve the resource adequacy requirements established pursuant to PUC Section 380 and provide CEA’s share of system reliability and renewable integration resources.
6. Identify portfolios that comply with all of CEA’s Board-adopted procurement directives.
7. Identify portfolios that are compliant with CEA’s obligations under the Renewables Portfolio Standard (“RPS”) program.
8. Identify portfolios that are cost-effective and minimize rate impacts on CEA’s customers.

## b. Methodology

### i. Modeling Tool(s)

In developing its planned portfolios, CEA used the modeling performed by the Energy Division using RESOLVE and SERVIM and incorporated applicable outputs into the RDTv3 and CSP templates as a starting point. After evaluating related results, CEA consulted with CalChoice, leveraging its extensive experience and expertise in the areas of resource planning and procurement, to construct CEA's own, internally developed models to quantify portfolio targets for renewable energy content, capacity, and portfolio GHG emissions, as well as physical and financial positions conforming with CEA's currently effective risk management policies and business practices.

CEA utilized its commercial energy trading and risk management system to develop and monitor its positions, market exposure, credit exposure, value-at-risk, and other risk management metrics. CEA has maintained a record of all such transactions in this system for several years and plans to continue using this system to facilitate transaction management, resource planning, and risk management activities.

CEA used the outputs of its energy trading and risk management system to develop reports and models which were then analyzed to assess annual, monthly, and hourly open positions by considering all forecasted electric loads and expected deliveries from CEA's resource portfolio. CEA also used a proprietary financial model to project power supply costs based on existing and planned procurements as well as an overall financial assessment of revenues, costs, and cash flows. Current market conditions were considered when compiling any costs associated with expected/planned purchases; actual costs, based on existing procurement contracts, were incorporated as appropriate. Similar to the aforementioned energy trading and risk management system, CEA has used this financial model for several years and has found it to be highly effective in supporting the financial planning needs of its CCA program.

For new resource selection, CEA relied upon the modeling and assumptions in the Preferred System Portfolio, CEA's ongoing and recent procurement experience, and consultation with CalChoice, which helped shape assumptions related to resource availability and cost. In addition, CEA's new resource selection reflected the preferences of its governing board, including considerations related to resource location and availability.

GHG emissions were assessed using the Commission's Clean System Power tool for the 30 MMT and 25 MMT portfolio variations.



i. Modeling Approach

Load Forecast

CEA developed this IRP using its assigned load forecast from the file 2022 Final GHG Emission Benchmarks for LSEs<sup>14</sup> (also contained in the CSP templates), as directed in the *Final Ruling*.

**Table 2: CEA’s 2023-2035 Load Forecast (GWh)**

Year	Load Forecast
2023	1,266.71
2024	1,487.19
2025	1,496.06
2026	1,504.22
2027	1,512.16
2028	1,520.15
2029	1,528.80
2030	1,538.83
2031	1,551.38
2032	1,560.79
2033	1,571.53
2034	1,580.06
2035	1,589.35

Load Shape

In developing its portfolio CEA used the default load shape from the Clean System Power Calculator, which reflects the California Independent System Operator (“CAISO”) hourly system average load shape forecast for the 2021 IEPR Mid Case.<sup>15</sup>

Use of this load shape does not change CEA’s total annual energy volumes for both load and load modifiers, and these energy volumes remain consistent with CEA’s assigned load forecast.

Load-Proportional GHG Emissions Benchmark

CEA’s modeling was assessed against its 2035 load-proportional share of the respective 30 MMT and 25 MMT benchmarks, as assigned in Commission’s *GHG Benchmarks*, which yielded the following results:<sup>16</sup>

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<sup>14</sup> See *2022 Final GHG Emission Benchmarks for LSEs, LSE Demand Forecast* (June 28, 2022) (hereinafter “GHG Benchmarks”), available at [https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan-irp-ltpp/2022-irp-cycle-events-and-materials/2022-final-ghg-emission-benchmarks-for-lses\\_public.xlsx](https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan-irp-ltpp/2022-irp-cycle-events-and-materials/2022-final-ghg-emission-benchmarks-for-lses_public.xlsx).

<sup>15</sup> *Final Ruling* at 3.

<sup>16</sup> See *2022 Final GHG Emission Benchmarks for LSEs*, (June 28, 2022) (hereinafter “GHG Benchmarks”), available at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy->

**Table 3: CEA’s Assigned Shares of GHG Reduction Benchmarks<sup>17</sup>**

2035 Load (GWh)	Proportion of 2035 Load within IOU Territory	2035 GHG Benchmark – 30 MMT Scenario	2035 GHG Benchmark – 25 MMT Scenario
1,589.35	8.84%	0.20	0.16

Compiling Existing Resources

To populate its baseline resource templates, CEA added existing resources from the following procurement categories:

- Energy Contracts.
- Capacity (Resource Adequacy) Contracts.
- CEA’s assigned share of capacity for CAM resources, taken from Energy Division’s *Aggregated CAM Resources for LSEs Plan Development* (September 29, 2022).
- CEA’s selected Voluntary Allocation and Market Opportunities (“VAMO”) allocation of RPS resources from San Diego Gas and Electric Company (“SDG&E”)
- CEA’s allocation of GHG-free resources from SDG&E

Selecting New Resources

To identify its new resource procurement opportunities, CEA first determined the new resource capacity it intends to add each year, which considered resource needs (open positions), long-term renewable contracting requirements, renewable portfolio standards, resource adequacy requirements, the need for incremental resource adequacy capacity to contribute to system reliability and renewable integration needs, the potential for technological improvements, and financial considerations. CEA selected resource types based on its experience with competitive solicitations for new renewable and storage resources and its experience in procuring resource adequacy resources, as well as consideration of the studies and modeling underlying the adopted PSP.

Confirming Reliability

CEA’s portfolios were evaluated to ensure that sufficient dependable capacity (net qualifying capacity) would be available to meet peak load requirements, as shown in the RDTv3. This included a 14% Perfect Capacity (“PCAP”) Planning Reserve Margin.<sup>18</sup> CEA used technology-specific Effective Load Carrying Capacity (“ELCC”) factors provided by the Commission to assess the contribution of each resource to system reliability. In order to ensure that its portfolio

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division/documents/integrated-resource-plan-and-long-term-procurement-plan-irp-ltpp/2022-irp-cycle-events-and-materials/2022-final-ghg-emission-benchmarks-for-lses\_public.xlsx.

<sup>17</sup> *GHG Benchmarks* at Tab “Benchmarks\_30 MMT” and “Benchmarks\_25 MMT”.

<sup>18</sup> See *Workshop: Reliability Filing Requirements for Load Serving Entities’ 2022 Integrated Resource Plans-Results of PRM and ELCC Studies* (July 29, 2022) at Slide 31.

met the reliability requirements, CEA added sufficient short-term RA capacity in each year. CEA's portfolios were designed to ensure that current incremental resource adequacy capacity obligations from D.19-11-016 and D.21-06-035 will be met.

### Calculating GHG Emissions

CEA calculated the emissions associated with its 30 MMT PCP and its 25 MMT PCP using the Commission's Clean System Power calculator. The assigned load forecast and default load shapes and behind the meter adjustments were used for this assessment, along with the planned supply portfolios. The results were checked against the assigned GHG benchmarks included in the Clean System Power tools.

## III. Study Results

### a. Conforming and Alternative Portfolios

As required by the Commission, CEA is submitting two conforming portfolios – a 30 MMT Conforming Portfolio that achieves CEA's share of the 38 MMT by 2030 and 30 MMT by 2035 GHG targets; and a 25 MMT Conforming Portfolio that achieves CEA's share of the 30 MMT by 2030 and 25 MMT by 2035 GHG targets. CEA is not submitting alternative portfolios.

#### CEA's 30 MMT Conforming Portfolio

Table 1 included in Appendix A to this Narrative provides a summary of CEA's 2035 30 MMT Portfolio, identifying resources by type and distinguishing between the following procurement categories:

- Existing resources (energy and capacity) that CEA owns or contracts with, consistent with definitions provided in the Resource Data Template.
- Existing resources (energy and capacity) that CEA plans to contract with in the future.
- Existing resources (capacity) that CEA partially pays for through CAM.
- New Resources (energy and capacity) that are under development that CEA is planning to procure.
- Future new resources (energy and capacity) that CEA is planning to procure.

In summary, to meet CEA's projected 2035 energy demand of 1,589.35GWh, CEA has selected a 2035 30 MMT Conforming Portfolio composed primarily of the following resources:

- Existing solar (planned procurement) – 350 GWh
- Existing wind (planned procurement) – 275 GWh
- Existing small hydro (planned procurement) – 15 MW
- Existing biomass (planned procurement) – 50 GWh
- Existing geothermal (planned procurement) 75 GWh
- New wind (future resources) – 525 GWh
- New short duration storage (in development) – 60 MWh
- New long duration storage (future resources) – 271 MWh

- New geothermal (future resources) – 225 GWh
- New hybrid (future resources) – 320 GWh solar/160 GWh

Additionally, CEA’s 2035 30 MMT Conforming Portfolio includes capacity-only resources composed primarily of the following resources:

- CAM, Demand Response and Energy Efficiency Allocations – 102 MW
- Existing natural gas, baseload, and other (planned procurement) – 219 MW

CEA’s portfolio includes a mix of existing and new resources. Approximately 375 MW of CEA’s 30 MMT portfolio is composed of new resources, reflecting CEA’s role as an active player in the State’s development of new renewable and storage resources. Furthermore, CEA’s 30 MMT portfolio is comprised of a mix of resources in which CEA can minimize customer rate impacts while still achieving the State’s GHG-reduction targets.

*CEA’s 30 MMT Conforming Portfolio Is Consistent with the Preferred System Plan*

The new resources included in CEA’s 30 MMT Conforming Portfolio are consistent with the PSP 2035 new resource mix. The Commission adopted the PSP, which established the 38 MMT GHG target by 2030 and 30 MMT GHG target by 2035 and adopted the resources in Tables 5 and 6 of D.22-02-004.<sup>19</sup>

The Decision requires that LSEs procure resources in the following categories: Gas, Biomass, Geothermal, Wind, Wind on New-Out-of-State Transmission, Offshore Wind, Utility-Scale Solar, Battery Storage, Pumped (Long-Duration) Storage, Shed Demand Response.

As demonstrated in the following table, CEA’s 30 MMT portfolio is generally consistent with CEA’s proportional share of new procurement for each of the “resource types” identified in D.22-02-004:

**Table 4: Comparison of CEA’s 30 MMT Conforming Portfolio vs PSP**

<b>Resource Category</b>	<b>PSP (MW)</b>	<b>CEA’s Proportional Share of PSP New Resources (MW)</b>	<b>CEA’s 30 MMT Conforming Portfolio (MW)</b>
Gas	-	-	-
Biomass	134	1	0
Geothermal	1,135	10	30
Wind	3,562	30	0
Wind On New OOS Transmission	4,636	39	71
Offshore Wind	4,707	40	63
Utility-Scale Solar	17,418	147	122

<sup>19</sup> D.22-02-004 at 101-105. Note the Decision references Tables 6 and 7, but this was presumably a typographical error since there was no foregoing Table 7. Thus, CEA understands the Decision to be referencing Tables 5 and 6.

Battery Storage	17,350	146	55
Pumped (Long-Duration) Storage <sup>20</sup>	1,000	8	35
Shed Demand Response	977	8	0

CEA’s proportional share of the PSP New Resources and the resources reflected in CEA’s 30 MMT Portfolio are relatively aligned. However, CEA has made choices that differ from the PSP. This reflects CEA’s decisions about what best meets the needs of its customers. CEA has chosen to increase its procurement of out-of-state and offshore wind and geothermal, which generally have higher capacity factors than the wind or solar that has been reduced. Further, CEA has procured a higher proportion of long-duration storage, and less shorter duration storage. These choices reflect CEA’s efforts to procure resources to match its load profile.

CEA’s 25 MMT Conforming Portfolio

Table 2 included in Appendix A to this Narrative provides a summary of CEA’s 25 MMT Conforming Portfolio (by 2035), identifying resources by type and distinguishing between the following procurement categories:

- Existing resources (energy and capacity) that CEA owns or contracts with, consistent with definitions provided in the Resource Data Template.
- Existing resources (energy and capacity) that CEA plans to contract with in the future.
- Existing resources (capacity) that CEA partially pays for through CAM.
- New Resources (energy and capacity) that are under development that CEA is planning to procure.
- Future new resources (energy and capacity) that CEA is planning to procure.

In summary, to meet CEA’s projected 2035 energy demand of 1589.35 GWh, CEA has selected a 2035 25 MMT Conforming Portfolio composed primarily of the following resources:

- Existing solar (planned procurement) – 350 GWh
- Existing wind (planned procurement) – 275 GWh
- Existing small hydro (planned procurement) – 15 MW
- Existing biomass (planned procurement) – 50 GWh
- Existing geothermal (planned procurement) 75 GWh
- New wind (future resources) – 525 GWh
- New short duration storage (in development) – 60 MWh
- New long duration storage (future resources) – 271 MWh
- New geothermal (future resources) – 225 GWh
- New hybrid (future resources) – 320 GWh solar/160 GWh

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<sup>20</sup> CEA understands the pumped storage to also incorporate long-duration energy storage with similar characteristics (i.e., maximum discharge for at least 8 hours). References throughout to “Pumped (Long-Duration) Storage” should be read consistently with this understanding.

Additionally, CEA’s 2035 25 MMT Conforming Portfolio includes capacity-only resources composed primarily of the following resources:

- CAM, Demand Response and Energy Efficiency Allocations – 102 MW
- Existing natural gas, baseload, and other (planned procurement) – 213 MW

CEA’s portfolio includes a mix of existing and new resources. Approximately 375 MW of CEA’s 2035 portfolio is composed of new resources, reflecting CEA’s role as an active player in the State’s development of new renewable and storage resources. Furthermore, CEA’s 2035 portfolio is comprised of a mix of resources in which CEA can minimize customer rate impacts while still achieving the State’s GHG-reduction targets.

*CEA’s 25 MMT Conforming Portfolio Is Consistent with the Preferred System Plan*

The new resources included in CEA’s 25 MMT Conforming Portfolio are consistent with the PSP new resource mix. The Commission adopted the PSP portfolio, which established the 38 MMT GHG target by 2030 and 30 MMT GHG target by 2035 and adopted the resources in Tables 5 and 6.<sup>21</sup> Subsequently, the Commission required load serving entities to also prepare a Conforming Portfolio meeting 30 MMT GHG by 2030 and 25 MMT GHG by 2035.<sup>22</sup>

The Decision requires that LSEs procure resources in the following categories: Gas, Biomass, Geothermal, Wind, Wind on New-Out-of-State Transmission, Offshore Wind, Utility-Scale Solar, Battery Storage, Pumped (Long-Duration) Storage, Shed Demand Response.

As demonstrated in the following table, CEA’s 25 MMT portfolio is generally consistent with CEA’s proportional share of new procurement for each of the “resource types” identified in D.22-02-004:

**Table 5: Comparison of CEA’s 25 MMT Conforming Portfolio vs PSP New Resources**

Resource Category	PSP (MW)	CEA’s Proportional Share of PSP New Resources (MW)	CEA’s 25 MMT Conforming Portfolio (MW)
Gas	-	-	-
Biomass	134	1	0
Geothermal	1,135	10	30
Wind	4,270	36	0
Wind On New OOS Transmission	4,828	41	71
Offshore Wind	4,707	40	63
Utility-Scale Solar	21,794	184	122
Battery Storage	17,742	150	55

<sup>21</sup> D.22-02-004 at 101-105. Note the Decision references Tables 6 and 7, but this was presumably a typographical error since there was no foregoing Table 7. Thus, CEA understands the Decision to be referencing Tables 5 and 6.

<sup>22</sup> *Final Ruling* at 9-10.

Pumped (Long-Duration) Storage <sup>23</sup>	1,000	8	35
Shed Demand Response	767	6	0

CEA’s proportional share of the PSP New Resources and the resources reflected in CEA’s 25 MMT Portfolio are relatively aligned. . However, CEA has made choices that differ from the PSP. This reflects CEA’s decisions about what best meets the needs of its customers. CEA has chosen to increase its procurement of out-of-state and offshore wind and geothermal, which generally have higher capacity factors than the wind or solar that has been reduced. Further, CEA has procured a higher proportion of long-duration storage, and less shorter duration storage. These choices reflect CEA’s efforts to procure resources to match its load profile.

## b. Preferred Conforming Portfolios

### ii. 30 MMT Preferred Conforming Portfolio

As demonstrated in Table 1 included in Appendix A to CEA’s IRP, CEA’s 30 MMT PCP consists of a combination of:

- Biomass
- Geothermal
- Wind
- Wind on New-Out-of-State Transmission
- Offshore Wind
- Utility-Scale Solar
- Battery Storage
- Pumped (Long-Duration) Storage
- Hybrid solar/storage
- Natural Gas/Baseload/Other (capacity only)

As stated above, in accordance with Section 454.51(b)(3), CEA’s governing board has determined that the resource mix in 30 MMT PCP achieves “economic, reliability, environmental, security, and other benefits and performance characteristics that are consistent with the goals set forth in [Section] 454.51(a)(1).” These benefits and characteristics are discussed as follows. CEA notes that both the 30 MMT and 25 MMT portfolios have the same resources in 2035, and differ only slightly in 2030, with the 25 MMT portfolio having more GHG-free resources. CEA prefers the 25 MMT portfolio discussed in the next section 30 MMT PCP. The 25MMT PCP moves CEA toward substantial emissions reductions slightly quicker for

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<sup>23</sup> CEA understands the pumped storage to also incorporate long-duration energy storage with similar characteristics (i.e., maximum discharge for at least 8 hours). References throughout to “Pumped (Long-Duration) Storage” should be read consistently with this understanding.

small cost, and also provides a diverse and reliable portfolio. These benefits and characteristics are discussed in the following sections.

### GHG Reduction Goals

CEA's 30 MMT PCP achieves results and performance characteristics consistent with the Section 454.52(a)(1)(A) goal of meeting the Commission's 30 MMT GHG reduction benchmark (38 MMT GHG by 2030).<sup>24</sup> The 2035 emissions from CEA's 30 MMT PCP are equivalent to CEA's load-proportional share of the 30 MMT by 2035 emissions target. CEA's proportional share of the 30 MMT GHG target is 0.26 MMT in 2030 and 0.20 MMT in 2035. According to the Commission's emissions calculator, CEA's 30 MMT PCP would account for 0.20 MMT in 2030 and 0.08 MMT in 2035 emissions, which is less than the GHG Benchmarks for CEA.

### Renewable Energy

CEA's 30 MMT PCP achieves results and performance characteristics consistent with the Section 454.52(a)(1)(B) goal of ensuring that portfolios are composed of at least 60% eligible renewable resources. In 2035 CEA's 30 MMT PCP portfolio would consist of 75% eligible renewable generation, which exceeds the 60% requirement.

### Enable Each Electrical Corporation to Fulfill Its Obligation to Serve Customers at Just and Reasonable Rates

CEA sets rates competitively with SDG&E's rates. As detailed in Section III.e below, CEA is committed to serving its customers at competitive rates. In addition to setting rates that are competitive with SDG&E, CEA works to minimize rate volatility by constructing a balanced and conservatively hedged power supply portfolio, building prudent financial reserves consistent with CEA's reserve policy, and minimizing rate changes to once per year, whenever possible.

### Minimizing Bill Impact

CEA's 30 MMT PCP achieves results and performance characteristics consistent with the Section 454.52(a)(1)(D) goal of minimizing the impact of planned procurement on ratepayers' bills. CEA's 30 MMT PCP portfolio consists primarily of renewable resources that generally support a least-cost, best-fit procurement strategy.

CEA prioritizes cost competitiveness, reliability, use of renewable energy and local economic development amongst its primary concerns. CEA anticipates that bill impacts will be minimized during its planned portfolio transition through the pursuit of a diversified resource mix that seeks to minimize exposure(s) that could otherwise occur by overemphasizing resources located within specific geographic areas, relying on a limited subset of technology types and/or purchasing from a limited pool of suppliers/developers, amongst other considerations. CEA is also aware of the risks associated with certain renewable-only generating configurations that limit the buyer's ability to re-shape deliveries to times of the day when negative prices and, possibly, curtailments are less likely to occur. With this concern in mind, CEA has carefully considered and incorporated energy storage opportunities within its resource mix, which should promote grid reliability during California's transition to an increasingly clean/renewable energy mix while

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<sup>24</sup> See D.22-02-004 at 105.



reducing the potential for unforeseen costs (due to negative pricing) and/or reduced renewable energy deliveries related to curtailment. For example, coupling new-build solar with battery storage increases the capacity value of such projects and provides limited dispatchability for the solar generation, reducing risks related to curtailment and negative pricing. Further, CEA's 30 MMT PCP reduces exposure to volatile natural gas prices as well as bill impacts that may result from periodic spikes in fossil fuel prices.

#### Ensuring System and Local Reliability

CEA's 30 MMT PCP achieves results and performance characteristics consistent with the Section 454.52(a)(1)(E) goal of ensuring system and local reliability. The 30 MMT PCP meets system resource adequacy requirements as detailed in Section III.f. CEA's portfolio assumes CAM allocations and CAM resources, consistent with what is described in the most recently issued CAM allocations. When possible, CEA prioritizes procurement in local areas to strengthen local reliability.

As it has done in the past, and as shown in most state planning studies, CEA anticipates that it will meet a portion of its reliability needs through capacity-only contracts with natural gas plants. CEA has contracted with demand response resources to fulfill some of its RA needs and is exploring other opportunities for demand response. CEA is hopeful that new technologies will be developed that will provide cleaner resources with the reliability characteristics of California's existing natural gas fleet, and it will continue to investigate such resources as appropriate. This noted, one of CEA's primary concerns is supporting ongoing grid reliability, which compels the CCA program, in the near term, to include natural gas resources amongst its resource adequacy purchases until such time that clean, reliable capacity becomes more readily available.

#### Ensure that at least 65% of RPS Procurement is From Long-Term Contracts

Consistent with Section 454.52(a)(1)(F), CEA is on pace to meet the requirement that 65% of its RPS procurement must come from contracts of 10 years (long-term or more for each compliance period. For the current compliance period, CEA has procured 87% from long-term contracts. Additionally, the majority of the resources shown in CEA's 30 MMT PCP are expected to be acquired through long-term contracts. CEA will continue to procure renewables through short-term contracts when opportunities present themselves for cost-efficient procurement and when doing so would reduce any remaining dependency on system power.

#### Strengthen the diversity, sustainability, and resilience of the bulk transmission and distribution systems, and local communities

CEA's 30 MMT PCP achieves results and performance characteristics that strengthen the diversity, sustainability and resilience of the bulk transmission and distribution systems, as well as local communities, meeting Section 454.52(a)(1)(G). CEA's 30 MMT PCP relies on procurement from a variety of resource types as well as storage resources incorporated in hybrid solar and storage configuration. CEA believes that the complementary nature of the solar and storage in hybrid resources makes better use of the existing transmission system. CEA carefully evaluates the long-term generation load-matching and congestion risks of new resources and

weighs its options in the context of its existing supply and net demand on an hourly basis for the full duration of any contract period.

As described below, CEA is actively pursuing the procurement of or has recently purchased capacity to meet the sub-category requirements of D.21-06-035, which includes long-duration storage, clean-firm resources like geothermal, and resources to replace the Diablo Canyon Power Plant. Additionally, CEA has recently procured demand response capacity resources, providing additional system diversity.

#### *Demand-Side Energy Management*

CEA's 30 MMT PCP achieves results and performance characteristics consistent with the Section 454.52(a)(1)(G) goal of enhancing demand-side energy management. CEA continues to explore and pursue demand-side management programs such as demand response, energy efficiency, and behind the meter energy storage solutions. As part of CEA's procurement toward D.21-06-035, as discussed in more detail in Section IV.a.ii., CEA has contracted for demand response resources to meet a portion of its requirements.

#### *Minimizing Localized Air Pollutants with Emphasis on Disadvantaged Communities ("DACs")*

CEA's 30 MMT PCP achieves results and performance characteristics consistent with the Section 454.52(a)(1)(I) goal of minimizing localized air pollutants and other GHG emissions with early priority on disadvantaged communities. CEA's 30 MMT PCP relies primarily on renewable generation, and this portfolio is expected to exhibit relatively low GHGs and localized air pollution emissions. CEA's 30 MMT PCP minimizes CEA's reliance on unspecified system power, instead opting for renewable and hydroelectric generation procurement/development whenever feasible. Results from the CSP tool indicate the following localized air pollutants associated with CEA's 30 MMT PCP in 2035:

- NO<sub>x</sub>: 47 tonnes/year
- PM 2.5: 16 tonnes/year
- SO<sub>2</sub>: 5 tonnes/year

These emissions are expected to result from the planned use of system energy and biomass energy in the 30 MMT PCP, as well as emissions from Combined Heat and Power ("CHP") resources and system energy assigned to the CEA portfolio by the CSP tool. In evaluating new biomass resources, CEA will prioritize development outside of DACs to the greatest practical extent.

#### iii. 25 MMT Preferred Conforming Portfolio

As demonstrated in Table 2 included in Appendix A to CEA's IRP, CEA's 25 MMT Preferred Conforming Portfolio consists of a combination of:

- Biomass
- Geothermal

- Wind
- Wind on New-Out-of-State Transmission
- Offshore Wind
- Utility-Scale Solar
- Battery Storage
- Pumped (Long-Duration) Storage
- Hybrid solar/storage

Natural Gas/Baseload/Other (capacity only) as stated above, in accordance with Section 454.51(b)(3), CEA’s governing board has determined that the resource mix in its 25 MMT PCP achieves “economic, reliability, environmental, security, and other benefits and performance characteristics that are consistent with the goals set forth in [Section] 454.51(a)(1).” These benefits and characteristics are discussed as follows.

#### GHG Reduction Goals

CEA’s 25 MMT PCP achieves results and performance characteristics consistent with the Section 454.52(a)(1)(A) goal of meeting the Commission’s 25 MMT GHG reduction benchmark (38 MMT GHG by 2030).<sup>25</sup> The 2035 emissions from CEA’s 25 MMT PCP are equivalent to CEA’s load-proportional share of the 25 MMT by 2035 emissions target. CEA’s proportional share of the 25 MMT GHG target is 0.197 MMT in 2030 and 0.16 MMT in 2035. According to the Commission’s emissions calculator, CEA’s 25 MMT PCP would account for 0.191 MMT in 2030 and 0.09 MMT in 2035 emissions, which is less than the GHG Benchmarks for CEA.

#### Renewable Energy

CEA’s 25 MMT PCP achieves results and performance characteristics that are consistent with the Section 454.52(a)(1)(B) goal of ensuring that portfolios are comprised of at least 60% eligible renewable resources. In 2030 CEA’s 25 MMT PCP would consist of 75% eligible renewable generation, which meaningfully exceeds the 60% target.

#### Enable Each Electrical Corporation to Fulfill Its Obligation to Serve Customers at Just and Reasonable Rates

CEA sets rates competitively with SDG&E’s rates. As detailed in Section III.e below, CEA is committed to serving its customers at reasonable rates. In addition to setting rates that are competitive with SDG&E, CEA works to minimize rate volatility by constructing a balanced and conservatively hedged power supply portfolio, building prudent financial reserves consistent with CEA’s Reserve Policy, and minimizing rate changes to once per year, whenever possible.

#### Minimizing Bill Impact

CEA’s 25 MMT PCP achieves results and performance characteristics consistent with the Section 454.52(a)(1)(D) goal of minimizing the impact of planned procurement on ratepayers’ bills. CEA’s portfolio consists primarily of renewable resources that are well suited to a least-cost, best-fit procurement strategy.

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<sup>25</sup> See D.22-02-004 at 105.

CEAs procurement in the both the 25 MMT and 30 MMT PSPs emphasize resources with higher capacity factors that are more useful for matching customer demand. This includes out-of-state and offshore wind, as well as geothermal resources and long-duration storage. These resources may cost more than other potential renewables, but CEA believes the benefits provided by increased capacity and resource adequacy make the resources cost effective.

CEA prioritizes cost competitiveness, reliability, use of renewable energy and local economic development amongst its primary concerns. CEA anticipates that bill impacts will be minimized during its planned portfolio transition through the pursuit of a diversified resource mix that seeks to minimize exposure(s) that could otherwise occur by overemphasizing resources located within specific geographic areas, relying on a limited subset of technology types and/or purchasing from a limited pool of suppliers/developers, amongst other considerations. CEA is also aware of the risks associated with certain renewable-only generating configurations that limit the buyer's ability to re-shape deliveries to times of the day when negative prices and, possibly, curtailments are less likely to occur. With this concern in mind, CEA has carefully considered and incorporated energy storage opportunities within its resource mix, which should promote grid reliability during California's transition to an increasingly clean/renewable energy mix while reducing the potential for unforeseen costs (due to negative pricing) and/or reduced renewable energy deliveries related to curtailment. For example, coupling new-build solar with battery storage increases the capacity value of such projects and provides limited dispatchability for the solar generation, reducing risks related to curtailment and negative pricing. Further, CEA's 25 MMT PCP reduces exposure to volatile natural gas prices and bill impacts that may result from periodic spikes in fossil fuel prices.

#### Ensuring System and Local Reliability

CEA's 25 MMT PCP achieves results and performance characteristics consistent with the Section 454.52(a)(1)(E) goal of ensuring system and local reliability. The 25 MMT PCP meets system resource adequacy requirements as detailed in Section III.f. CEA's portfolio assumes CAM allocations and CAM resources, consistent with what is described in the most recently issued CAM allocations. When possible, CEA prioritizes procurement in local areas to strengthen local reliability.

As it has done in the past, and as shown in most state planning studies, CEA anticipates that it will meet a portion of its reliability needs through capacity-only contracts with natural gas plants. CEA has contracted with demand response resources to fulfill some of its RA needs and is exploring other opportunities for demand response. CEA is hopeful that new technologies will be developed that will provide cleaner resources with the reliability characteristics of California's existing natural gas fleet, and it will continue to investigate such resources as appropriate. This noted, one of CEA's primary concerns is supporting ongoing grid reliability, which compels the CCA program, in the near term, to include natural gas resources amongst its resource adequacy purchases until such time that clean, reliable capacity becomes more readily available.

Ensure that at least 65% of RPS Procurement is From Long-Term Contracts

Consistent with Section 454.52(a)(1)(F), CEA is on pace to meet the requirement that 65% of its RPS procurement must come from contracts of 10 years (long-term or more for each compliance period). For the current compliance period, CEA has procured 87% from long-term contracts. Additionally, the majority of the resources shown in CEA's 25 MMT PCP are expected to be acquired through long-term contracts. CEA will continue to procure renewables through short-term contracts when opportunities present themselves for cost-efficient procurement and when doing so would reduce any remaining dependency on system power.

Strengthen the diversity, sustainability, and resilience of the bulk transmission and distribution systems, and local communities

CEA's 25 MMT PCP achieves results and performance characteristics that strengthen the diversity, sustainability and resilience of the bulk transmission and distribution systems, as well as local communities, meeting Section 454.52(a)(1)(G). CEA's 25 MMT PCP relies on procurement from a variety of resource types as well as storage resources, incorporated in hybrid solar and storage configuration. CEA believes that the complementary nature of the solar and storage in hybrid resources makes better use of the existing transmission system. CEA carefully evaluates the long-term generation load-matching and congestion risks of new resources and weighs its options in the context of its existing supply and net demand on an hourly basis for the full duration of any contract period.

As described below, CEA is actively pursuing the procurement of capacity to meet the sub-category requirements of D.21-06-035, which includes long-duration storage, clean-firm resources like geothermal, and resources to replace the Diablo Canyon Power Plant. Additionally, CEA has recently procured demand response capacity resources, providing additional system diversity.

Demand-Side Energy Management

CEA's 25 MMT PCP achieves results and performance characteristics consistent with the Section 454.52(a)(1)(H) goal of enhancing demand-side energy management. CEA continues to explore and pursue demand-side management programs such as demand response, energy efficiency, and behind the meter energy storage solutions. As part of CEA's procurement toward D.21-06-035, as discussed in more detail in Section IV.a.ii., CEA has contracted for demand response resources to meet a portion of its requirements.

Minimizing Localized Air Pollutants With Emphasis on DACs

CEA's 25 MMT PCP achieves results and performance characteristics consistent with the Section 454.52(a)(1)(I) goal of minimizing localized air pollutants and other GHG emissions with early priority on disadvantaged communities. CEA's 25 MMT PCP relies primarily on renewable generation, and this portfolio is expected to exhibit relatively low GHGs and localized air pollution emissions. CEA's 25 MMT PCP minimizes CEA's reliance on unspecified system power, instead opting for renewable and hydroelectric generation procurement/development whenever feasible. Results from the CSP tool indicate the following localized air pollutants

associated with CEA’s 25 MMT PCP in 2035:

- NOx: 46 tonnes/year
- PM 2.5: 16 tonnes/year
- SO2: 5 tonnes/year

These emissions are expected to result from the planned use of system energy and biomass energy in the 25 MMT PCP, as well as emissions from Combined Heat and Power (“CHP”) resources and system energy assigned to the CEA portfolio by the CSP tool. In evaluating new biomass resources, CEA will prioritize development outside of DACs to the greatest practical

### c. GHG Emissions Results

CEA used its load-based proportional share of the 30 and 25 MMT *GHG Benchmark* to determine the emissions compliance for its 30 MMT PCP and its 25 MMT PCP. CEA’s assigned load proportional share of the 30 MMT benchmark in 2030 is 0.259 MMT and in 2035 is 0.201 MMT. Based on the 30 MMT version of the CSP calculator, CEA’s 30 MMT PCP would result in total 2030 GHG emissions of 0.202 MMT and 2035 GHG emissions 0.082 MMT, which is less than CEA’s assigned share of the 30 MMT GHG reduction benchmark.

CEA’s assigned load proportional share of the 25 MMT *GHG Benchmark* in 2030 is 0.197 MMT and in 2035 is 0.162 MMT. Based on the 25 MMT version of the CSP calculator, CEA’s 25 MMT PCP would result in total 2030 GHG emissions of 0.191 MMT and 2035 GHG emissions of 0.091 MMT, which is less than CEA’s assigned share of the 25 MMT GHG reduction benchmark.

### d. Local Air Pollutant Minimization and Disadvantaged Communities

#### i. Local Air Pollutants

The 30 MMT version of the CSP calculator estimates the following emissions associated with CEA’s 30 MMT portfolio:

**Table 6: 30 MMT Portfolio Air Pollutants**

	2024	2026	2030	2035
NOx	14	15	12	16
SOx	2	3	2	5
PM2.5	27	32	28	47

The 25 MMT version of the CSP calculator estimates the following emissions associated with CEA’s 25 MMT portfolio:

**Table 7: 25 MMT Portfolio Air Pollutants**

	2024	2026	2030	2035
NOx	14	14	11	16

SOx	2	3	2	5
PM2.5	27	31	27	46

CEA’s contribution to air pollutants is a result of a combination of electricity procured from fossil-fuel plants and system power exclusively from reliance on system power. The tables below show the portion of load that is being served from fossil fuel resources and system power each year for the respective portfolios.

**Table 8: 30 MMT Portfolio Demand, Fossil Fuel Resources and System Power**

	2024	2026	2030	2035
Demand (at generator bus bar)	1,606	1,624	1,662	1,717
Net System Power	794	619	393	152
% of Load Served by System Power	49%	38%	24%	9%

**Table 9: 25 MMT Portfolio Demand, Fossil Fuel Resources and System Power**

	2024	2026	2030	2035
Demand (at generator bus-bar)	1,606	1,624	1,662	1,717
Net System Power	795	626	361	172
% of Load Served by System Power	49%	39%	22%	10%

CEA discusses its plans to reduce reliance on system power in Section IV., Action Plan.

**ii. Focus on Disadvantaged Communities**

CEA’s IRP is consistent with the goal of minimizing local air pollutants, with early priority on DACs. As defined by the CalEPA’s designation, a Disadvantaged Community includes four categories:

- Census tracts receiving the highest 25 percent of overall scores in CalEnviroScreen 4.0 (1,984 tracts).
- Census tracts lacking overall scores in CalEnviroScreen 4.0 due to data gaps but receiving the highest 5 percent of CalEnviroScreen 4.0 cumulative pollution burden scores (19 tracts).
- Census tracts identified in the 2017 DAC designation as disadvantaged, regardless of their scores in CalEnviroScreen 4.0 (307 tracts).

- Lands under the control of federally recognized Tribes.

CEA does not serve any customers in DACs.

#### *Power Procurement in DACs*

CEA does not currently procure electricity directly from any natural gas or other fossil fuel power plants. However, CEA 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 and the need for economic development in areas with high unemployment and poverty

CEA additionally evaluated its indirect impacts on disadvantaged communities throughout the state. Looking forward, CEA's 25 MMT PCP will reduce reliance on system power from 49% in 2024 to 10% in 2035. While CEA strives to reduce its dependence on resources that emit GHGs and other local pollutants, CEA must also balance that goal against reliability and affordability, which is what CEA has strived to do in its PCPs.

#### *LSE Activities and Programs Impacting DACs*

While not specific to DACs, CEA maintains rates that are competitive to SDG&E rates. CEA saved its customers an estimated \$2.0MM in its first year of operation.

Additionally, CEA provides a California Alternate Rates for Energy ("CARE") and Family Electric Rate Assistance ("FERA") to customers. CARE customers save approximately 30-35% on their total bill.

CEA also provides a medical baseline program, which gives residential customers with qualified medical devices or conditions a higher usage base at the lowest rate available on their rate schedule.

CEA provides an Arrearage Management Plan ("AMP"), which may forgive 1/12<sup>th</sup> of a customer's overall debt for each month a payment is made on time. Additionally, CEA has a Low-Income Home Energy Assistance Program ("LIHEAP"), which provides income-qualified households with financial assistance with the goal of meeting immediate heating or cooling needs. LIHEAP assistance may include one-time financial assistance for disconnecting notices or potentially life-threatening situations like the replacement of a combustible applicable and other energy support programs.



CEA has established a Community Advisory Committee, (CAC) the purpose of which is to advise the CEA Board of Directors on those matters concerning the operation of CEA, provide feedback to the Board, act as a liaison between the Board and community and serve as a forum for community input. The CAC has established a subcommittee to focus on outreach to underserved communities.

#### e. Cost and Rate Analysis

CEA's 30 MMT and 25 MMT PCPs are reasonable from a cost perspective. In selecting resources for its portfolios, CEA carefully considered the cost implications of specific resource selections and procurement timing. This analysis was informed by CEA's procurement experience and the standard assumptions and results of the Commission's RESOLVE/SERVM modeling.

CEA strives to keep customer costs as low as possible. This is reflected both in the resources procured and in the timing of those procurements. CEA employs risk-management that considers risk associated with under-procurement, as well as risks of potential over-procurement which could occur from unforeseen changes in load going forward. Risk management also involves assessing the currently available technologies, expected technological developments, and potential for radically different technologies in the future. The assessment of potential resources is not strictly on price issues but includes information on how well the resources match the specific needs of CEA's customers' load. For example, solar resources are often the least expensive on a simple cost per MWh basis, but other resources which may cost more on a simple MWh basis may provide additional benefits in terms of RA capacity, better matching CEA's load profile, or serving the needs of the CEA service area.

In general, CEA sought to balance the need to procure resources with enough lead time to meet CEA's LSE-specific procurement shortfalls and the Commission-identified overall system new resource needs with the cost-saving benefits of waiting to procure renewable and storage resources with downward sloping cost projections. CEA also recognizes that future resource costs are highly uncertain, and technological advancement can happen unexpectedly; CEA's procurement cycle is designed to take advantage of technological and cost improvements by incrementally adding new resource commitments over time.

CEA's PCPs also take advantage of the fact that, compared to the IOUs, CCAs significantly shorter generation project development timelines, in part due to the fact that CCAs do not require Commission approval of such projects. These shorter timelines result in significant direct savings and give CEA more flexibility to time its procurement activities in a way that takes advantage of falling renewable generation prices or other cost-effective procurement opportunities that may arise over time.

CEA continuously monitors the energy markets and reassesses current market prices, expected future prices, technological progress, and its expected needs. When opportunities arise CEA will take advantage of them.

#### f. System Reliability Analysis

Both CEA’s 30 MMT PCP and its 25 MMT PCP are expected to be reliable and will contribute CEA’s fair share to system reliability needs.

##### CEA 30 MMT PCP

The effective capacity of CEA’s 30 MMT PCP is provided in the following “System Reliability Progress Tracking Table” from the 30 MMT Resource Data Template dashboard (note that the row containing peak demand is confidential and has been excluded from this table). The net qualifying capacity for the month of September is shown for each year in the following table:

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As demonstrated in Table 10, CEA’s 30 MMT PCP contributes 371 MW of peak monthly NQC in 2035. Combined with CEA’s allocation of 19 MW of behind-the-meter PV, this makes for an LSE total supply of 390 MW. As shown in the table above, this NQC equals CEA’s reliability need. Of this total, 94 MW are related to new renewable and hybrid resources as well as new short- and long-duration storage resources. CEA’s 30 MMT PCP includes planned contracts with existing resources, which are expected to include resources within the existing natural gas generator fleet, for a total of 199 MW of NQC. This balanced portfolio of flexible capacity works to effectively and reliably integrate a renewables-heavy portfolio, thus exceeding CEA’s share of any system-wide renewable integration resource requirements.

CEA 25 MMT PCP

The effective capacity of CEA’s 25 MMT PCP is provided in the following “System Reliability Progress Tracking Table” from the 25 MMT Resource Data Template dashboard (note that the row containing peak demand is confidential and has been excluded from this table). The net qualifying capacity for the month of September is shown for each year in the following table:

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As demonstrated in this Table, CEA's 25 MMT PCP contributes 365 MW of peak monthly NQC in 2035. Combined with CEA's allocation of 19 MW of behind-the-meter PV, this makes for an LSE total supply of 384MW. As shown in the table above, this NQC exceeds [equals] CEA's reliability need. As shown in the table above, this NQC exceeds CEA's reliability need. Of this total, 94 MW are related to new renewable and hybrid resources as well as new short- and long-duration storage resources. CEA's 25 MMT PCP includes planned contracts with existing resources, which are expected to include resources within the existing natural gas generator fleet, for a total of 193 MW of NQC. This balanced portfolio of flexible capacity works to effectively and reliably integrate a renewables-heavy portfolio, thus exceeding CEA's share of any system-wide renewable integration resource requirements.

### **g. High Electrification Planning**

Under the Commission's High Electrification TPP case, the increase in loads remain small through 2030. System peak load in 2030 under the HE TPP case is only 1.5% higher than in the standard case, and the load is only 3.7% higher. For CEA, this translates into an additional 7 MW of peak demand and 57 GWh of additional load. By 2035 the impacts are higher. Peak load is now 5.8% or 22 MW higher, and load is 14.4% or 229 GWh higher. In 2045 peak load is estimated to be 20.2% higher and load is estimated to be 21.5% higher. Because these increases in the near future are small, CEA expects it will have time to see how the high electrification situation impacts load before deciding on any additional procurement. CEA anticipates that it might procure additional resources in the 2030-2035 time frame and may meet earlier needs by potentially moving up some of the procurement it already has in its plans.

In considering how it might meet any addition needs during the 2030-2035 or later time frame, CEA desires to further diversify its portfolio. At this point, it seems that the best option would be to add additional offshore wind to the portfolio. By the 2030-2035 time frame the expected offshore resources should be well on their way to being developed and high-capacity values of offshore wind, as compared with other wind and solar resources, along with its complementary nature to the solar hybrid resources that are currently in CEA's projected portfolio make offshore wind the best choice for CEA.

CEA has already included 63 MW of Morro Bay Offshore Wind in its portfolios. For any additional offshore wind CEA would look to source from a different location in order to ensure additional diversity in its portfolio. CEA would look to procure the additional offshore wind from the Humboldt Bay Offshore CREZ as this would achieve the greatest amount of diversity. If Humboldt Bay Offshore Wind is not available, CEA would consider an alternative location at Diablo Canyon.

**Table 12: High Electrification Planning by 2035**

Resource Type	MWs	Annual GWh	2035 GHG Target	Transmission Zone	Substation/Bus	Alternative Location	Note
Humboldt Bay Offshore Wind	48	229	Both	xx	xx	Diablo Canyon	At this time, it is not realistic to project the Transmission Zone or Substation/Bus for new resources tentatively planned for 2030+.

#### h. Existing Resource Planning

Over the last several years, CEA has been ramping up its procurement of new resources as it gains experience in contracting for new resources. CEA’s portfolios still reflect a sizeable number of existing resources, but much of this is already under contract.

Existing resources that CEA plans to contract with are generally resources that CEA has seen have been available. CEA has chosen these resources because of their lower delivery risks compared to new resources. However, CEA recognizes that there is a risk that these existing resources may not be available to meet CEA’s plans. CEA’s portfolios attempt to balance out these competing risks, and, as CEA has explained elsewhere in this document, CEA does not view its proposed portfolio as written in stone, but rather a map to be followed. CEA is always ready to change its path should the energy market change. If expected existing resources are not available, CEA will consider other possible alternatives. Even if the existing resources are available, CEA may procure new resources if doing so would reduce emissions or reduce costs.

In CEA’s portfolio, the main existing resources that are not already under contract with CEA are in-state large hydro, wind, biomass, geothermal, small hydro, solar and northwest hydro. These are resources that in CEA’s experience have been generally available and meet the needs of CEA’s customer for carbon-free energy at competitive prices with minimal risks.

#### i. Hydro Generation Risk Management

In developing its portfolios, CEA took several steps to manage the risk of reduced hydro availability that may result from future in-state drought. First, CEA has developed a network of Pacific Northwest-based hydroelectric power suppliers, including entities that have substantial Asset Controlling Supplier (“ACS”) supply and are thus able to sell firm low-carbon supply to CEA. CEA’s PCP includes hydroelectric resources located within California as well as imported hydroelectric power from the Pacific Northwest for years before 2035. The amount of in-state large hydro includes both the amount from the GHG-free allocation provided by SDG&E, as well as planned hydro procurement in the CEA portfolio. Second, CEA prioritizes hydroelectric contracts with marketers that provide firm delivery volumes, helping to reduce the planning

uncertainty associated with drought and variable hydroelectric conditions within California. Third, CEA’s planned use of hydroelectric supply within its 25 MMT PCP is less than CEA’s proportionate amount per the PSP (see table below). For its 25 MMT PCP, CEA increased its planned use of hydroelectricity, which could be at risk under certain drought conditions. However, under both portfolios, due to CEA’s small hydroelectric needs, and the fact that CEA does not require any hydro in 2035 because of its expected amount of renewable resources, CEA will have a greater probability of filling its annual positions than other, larger LSEs. With that noted, under a drought scenario or in the event that other factors restrict the availability of hydroelectricity and CEA is unsuccessful in filling related shortfalls through short-term contracting opportunities, CEA would plan to substitute with renewable energy resources to ensure it meets its assigned GHG benchmark.

**Table 13: Comparison of Proportional Hydrogeneration to PCPs**

Hydro Resource	30 and 25 MMT PSP MW	CEA Proportionate Share	CEA 30 MMT PCP	CEA 25 MMT PCP
CAISO	7073	60	0	0
Imports	2852	24	0	0

#### j. Long-Duration Storage Planning

The Commission’s PSP included 1,000 MW of new long-duration storage to be operational by 2028. CEA has begun discussions with various suppliers for capacity to meet its D.21-06-035 long-duration storage requirement of 3.5MW. These discussions are still in the initial stages, but CEA is confident that it will be able to procure long-duration storage with a commercial online date on or before 2028.

In its PCPs, CEA has planned for 5 MW of long-duration batteries in order to achieve its D.21-06-035 long duration storage requirement of 3.5 MW, and at this time is planning to procure an additional 30 MW long-duration storage beyond its D.21-06-035 requirement. CEA’s experience in attempting to procure long-duration storage resources is that very few developers are able to meet the current demand within timeframes required by D.21-06-035. As additional technologies are market-proven and more developers offer long-duration storage, CEA will consider further procurement of these resources. CEA sees the possibility for substantial benefits from long-duration storage to the grid and for aiding LSEs in compliance with the Commission’s Slide-of-Day reforms to the RA program.

#### k. Clean Firm Power Planning

The Commission’s PSP included 1,000 MW of “clean firm” power by 2035, of which CEA’s proportional share is 3.5 MW. CEA currently plans to procure 4 MW of new “clean firm” geothermal power to meet its D.21-06-035 requirements.



## 1. Out-of-State Wind Planning

The Commission's Preferred System Plan calls for over 4,600 MW of new out-of-state wind generation ("OOS Wind") to be developed and operational by 2035. CEA's proportional share of this would be approximately 39 MW, and CEA's PCPs include 71MW of OOS Wind.

CEA understands that the transmission projects needed to connect OOS Wind to the CAISO grid require significant lead-times; however, CEA is currently in discussions with OOS Wind developers that are also building and securing the transmission needed to deliver necessary wind energy directly to California. Therefore, CEA has reflected OOS Wind in both of its portfolios.

### m. Offshore Wind Planning

The Commission's PSP calls for 4,704 MW of new offshore wind generation to be developed and operational by 2035. CEA's proportional share of this would be approximately 40 MW, and CEA's PCPs include 63 MW of Offshore Wind. Since California has little experience with offshore wind development, CEA conservatively planned procurement later in the planning horizon for this category, with a focus on areas with existing transmission capacity in the Central Coast or current plans to develop capacity and infrastructure for offshore wind (e.g., in and around Humboldt County). Additionally, though expected to provide benefits in comparison to existing wind resources, it is unclear what exact resource and reliability benefits offshore wind may provide and at what cost. Therefore, CEA has planned conservative offshore wind procurement in both of its portfolios and will be ready to substitute other resources if the expected offshore wind is not developed.

### n. Transmission Planning

In identifying resource locations for all portfolios, CEA was guided by the following considerations:

- CEA has a general preference for resources located within its service area and the community it serves, but more generally, within Southern California.
- CEA prefers projects located in areas that can utilize existing transmission infrastructure with minimal upgrade/modification costs.
- CEA prefers low-impact renewable energy projects that provide economic benefit to DACs, subject to community interest in siting projects within such locations.

Unlike the IOUs, CEA is not a transmission and distribution ("T&D") system operator. CEA does not enjoy the benefits of a granular knowledge of SDG&E's T&D system or the CAISO grid, and CEA is not in the best position to identify optimal resource locations and does not have the expertise inhouse to determine the best locations for new resources. In practice, CEA relies on project developers to conduct the research and technical studies necessary for siting potential generation projects. CEA evaluates projects offered by developers based on a variety of criteria, including transmission availability, nodal prices and potential for congestion, project viability, environmental, workforce, and other factors. As such, CEA generally utilized the PSP selected candidate resources as a guide for likely resource locations in its 30 MMT PCP and its 25 MMT

PCP. These should be treated as general expectations based on the aforementioned considerations, not definitive selections – actual project locations will be selected during CEA’s future solicitation processes. CEA believes that the best way to keep costs down during resource solicitations is to not limit the potential locations of the resources. Competition among the responders to resource solicitations ensures that CEA can avail itself of the best possible resources, including allowing developers to explore different locations and select what they feel is the best location for their resource taking into account numerous factors, including the costs of any potential transmission upgrades or curtailment issues. Like most LSEs, CEA doesn’t have the necessary resources to examine all possible resource locations to find optimal one from a transmission perspective but relies on the developers of projects doing just that.

As discussed in prior sections, CEA is very nimble in administering pertinent resource planning processes. More specifically, if CEA’s expected resource locations become infeasible due to various constraints, or if the Commission’s modeling efforts happen to indicate that certain resource locations are no longer feasible/desirable, then CEA would ultimately locate and contract for alternative resources that fall in preferred locations. CEA also remains open to interesting opportunities, and should developers find locations that have not been anticipated but through the developer’s analysis offer benefits CEA will consider them without feeling locked into the existing expected locations.

Most of the resources in the CEA’s PCPs are not expected to require transmission upgrades beyond the standard interconnection process. Those resources in CEA’s PCP that might require substantial transmission upgrades or new transmission lines are generally planned for much later in the plans and CEA expects that the developers will have determined that the transmission will be available before CEA enters into agreements with them. These resources in the CEA PCPs would include the OOS Wind and Offshore Wind. It is obvious that both offshore and out-of-state wind will require additional transmission, and this is a part of any discussion of these resources. In addition, in selecting these future resources for its portfolios CEA has considered transmission and chosen projects for which any transmission concerns should be minimized or already addressed. CEA’s choice of Wyoming Wind was made because of the existing plans for transmission to bring that energy to California; indeed, developers of that transmission have approached the CAISO about having that transmission become part of the CAISO. CEA’s choice of Morro Bay offshore wind was made because of the existing transmission capacity in the area.

## IV. Action Plan

### a. Proposed Procurement Activities and Potential Barriers

CEA has a well-established procurement process that it uses and will continue to use to steadily achieve its PCP over the coming years (i.e., by 2035). CEA’s procurement process includes the following key activities:

- Identification of planned resources by type, desired online date, and capacity.

- Planning for procurement activities in consideration of CEA’s risk management policy; resource acquisition lead times including, where applicable, development timelines; staff capacity; and financial considerations.
- Design and administration of resource solicitations, which are often conducted with CalChoice. For new resources, these typically take the form of periodic request for offers processes, while for existing resources, procurement activity is more frequent and routinized.
- Careful negotiation of contract terms to ensure positive outcomes for CEA customers with appropriate risk mitigation.
- Ongoing contract management, including where applicable, careful monitoring of development milestones.
- Ongoing contract management, including where applicable, careful monitoring of generator performance after a resource has achieved commercial operation date (“COD”).
- Conduct and participate in joint CCA solicitation processes in order to expand procurement opportunities available to CEA.

i. Resources to meet D.19-11-016 procurement requirements

As a relatively recently launched CCA, CEA does not have a specific D.19-11-016 requirement, and therefore has not planned for any D.19-11-035 procurement.

ii. Resources to meet D.21-06-035 procurement requirements, including:

d. 1,000 MW of firm zero-emitting resource requirements

CEA’s required portion of firm zero-emitting resources under D.21-06-035 are 3.5 MW. CEA has not yet finalized a resource for this but is examining several possibilities. In its PCPs, CEA has included 4 MW of new geothermal capacity, which it expects will meet this D.21-06-035 requirement. CEA does not expect any barriers to achieving its D.21-06-035 clean, firm, resource requirements and is hoping to finalize a contract for these resources over the next few months

b. 1,000 MW of long-duration storage resource requirements.

CEA’s required portion of long-duration storage resources under D.21-06-035 are 3.5 MW. CEA has not yet determined a specific resource for this need but is currently considering how to fill this need. Because of the small amount of this type of resource that CEA needs, it does not anticipate having any barriers to being able to find candidate resources. At this point, CEA

expects that long term battery storage will supply this need. CEA is currently working on filling this need and hopes to finalize a contract in the next few months.

c. 2,500 MW of zero-emissions generation, generation paired with storage, or demand response resource requirements

CEA's required portion of zero-emissions generation, generation paired with storage, or demand response resources are 8 MW. CEA has signed a contract for 2 MW of demand response and is consider options such as hybrid resources to fulfill the remaining requirements Because of the small amount of this required by CEA, it does not anticipate any barriers to procuring these resources.

d. All other procurement requirements

CEA's overall D.21-06-035 requirements, excluding the previously discussed sub-category requirements, are 24 MW. CEA plans to meet these needs with wind, demand response and battery storage. CEA sees no barriers to meeting these requirements.

iii. Offshore wind

As mentioned previously in this document, CEA is planning on procuring 71 MW of offshore wind, and potentially another 48 MW of offshore wind if the needs described in the High Electrification case materialize. CEA is following the development of these resources, but as the leases for the offshore locations have not even been issued these resources remain somewhat speculative. CEA will continue to monitor the development of these resources and when they are offered to LSEs expects to participate in that process. Should unforeseen barriers arise, there will be sufficient lead time for CEA to adjust its portfolios and contract with other appropriate resources.

iv. Out-of-state wind

CEA's expected procurement of out-of-state wind resources is still several years out. CEA is beginning to examine potential resources and discuss with developers. As explained above, CEA has included OOS wind resources in its PCPs. CEA does not expect any barriers to the procurement of these resources but should any arise there remains sufficient time for CEA to adjust its portfolio.

v. Other renewable energy not described above

As previously mentioned, CEA's PCPs are not set in stone. CEA continually monitors the renewable energy space through RFOs and discussions with developers, as well as monitoring various news reports, and regulatory proceedings, CEA is ready to modify its expected portfolio

if new resources or specific opportunities arise. CEA strives to be a nimble and adaptable energy buyer in order to offer its customers the lowest cost power.

vi. Other energy storage not described above

CEA expects that except for the long-duration storage required under D.21-06-035, the storage it will acquire will mostly be part of hybrid resources associated with solar resources. CEA remains open to considering other possibilities, especially if new storage technologies arise that reduce the costs of storage or situations arise where storage can help fulfill other needs, such as reducing the need for new transmission or distribution. CEA will continue to monitor developments in the energy storage markets and adjust its portfolio if advantageous opportunities arise.

vii. Other demand response not described above

CEA has already contracted for a modest amount of demand response resources. CEA remains open to other opportunities should they arise, and consistent with the current maximum cumulative capacity (“MCC”) bucket requirements.

viii. Other energy efficiency not described above

CEA does not currently have any energy efficiency investment plans but may consider these proposals in the future.

ix. Other distributed generation not described above

CEA does not currently have any distributed generation investment plans but may consider these proposals in the future.

x. Transportation electrification, including any investments above and beyond what is included in Integrated Energy Policy Report (IEPR)

CEA does not currently have any transportation electrification investment plans but may consider these proposals in the future.

xi. Building electrification, including any investments above and beyond what is included in Integrated Energy Policy Report (IEPR)

CEA does not currently have any building electrification investment plans but may consider these proposals in the future.

xii. Other

CEA continuously explores new methods of lowering electricity demand and increasing clean energy supply.

## b. Disadvantaged Communities

CEA is committed to considering the impacts of its resource planning and procurement activities on disadvantaged communities. While no specific outreach activities have been completed to date – that is, soliciting direct input from disadvantaged communities located within CEA’s service territory, or beyond – CAC has established a CAC subcommittee to focus on outreach to underserved communities and CEA will consider the staff resources and time commitments that would be needed to effectively gather feedback from these constituents for purposes of evaluating and, potentially, adapting future resource planning and procurement decisions. The schedule for such activities will be developed after evaluating the staffing resources best suited to participate in such outreach and/or any outside resources that may be necessary to credibly and competently gather and evaluate feedback compiled through this process. In addition to identifying necessary staff resources and/or outside support related to this process, CEA will also determine a suitable framework for gathering feedback from disadvantaged communities, including an assessment of logistics (for example, completion of an in-person workshop versus another method of feedback gathering) and potential communication requirements (notably, whether materials and/or presenters will need to accommodate multiple languages, etc.). When such feedback is gathered, CEA will determine whether existing planning and procurement processes are sufficiently responsive to the concerns and priorities expressed by members of participating disadvantaged communities during this outreach exercise. If existing processes satisfactorily address noted concerns and preferences, CEA may leave its current planning and procurement processes as-is. If, however, there are noteworthy gaps or oversights that are highlighted during future outreach efforts, procedural adaptations will be incorporated in the future. This process will take some time to administer, and CEA anticipates completing it prior to California’s next Integrated Resource Planning process in 2024 – CEA will, of course, highlight any feedback gathered during the aforementioned outreach process as well as any adaptations to its resource planning and procurement process at that time.

For now, CEA has adopted bid selection protocols and evaluative criteria that will be applied when administering solicitations intended to facilitate the achievement of future renewable energy and other portfolio needs. Such selection protocols are outlined in CEA’s most recent Updated Draft 2022 Renewables Portfolio Procurement Plan, as recently submitted to the Commission on August 15, 2022. In this document, CEA indicates that it will gather information regarding the following important considerations, amongst others, when evaluating any offers for renewable energy resources that may be needed to meet California’s RPS procurement mandate:

- Environmental impacts and related mitigation requirements, including impacts to air pollution within communities that have been disproportionately impacted by the existing generating fleet; and
- Potential economic benefits created within communities with high levels of poverty and unemployment.

Gathering information in these areas will provide CEA with valuable insight when determining whether certain projects may further impact or alleviate impacts within disadvantaged

communities, which often reflect the characteristics identified in the aforementioned criteria, but will also provide for broader consideration of CEA's resource planning and procurement decisions on sensitive communities. In addition, CEA has indicated that it will 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," Pursuant to Public Utilities Code 399.13(a)(8)(A).<sup>26</sup> To the extent that CEA procures RPS resources through solicitations where qualitative factors are considered, the impact on disadvantaged communities will be evaluated in relation to these bid and evaluation protocols. Necessary 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);
- 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.

Certain of these considerations were incorporated during the administration of CEA's most recent solicitation for long-term renewable energy supply; others will be reflected in future solicitations. Based on the success of its ongoing solicitation process(es), CEA may adapt these considerations over time, maintaining awareness of the impacts of its resource planning and procurement process on disadvantaged communities.

To achieve (or fall below) its prescribed emission targets, CEA clearly must adapt its portfolio planning targets to ensure that sufficient quantities of clean energy are procured over time. When managing these transitions, CEA will be considerate of the impacts on disadvantaged communities by taking the steps outlined above, including the completion of outreach within disadvantaged communities and observance of the aforementioned bid protocols. CEA looks forward to updating the Commission on the success of these efforts during the California's IRP cycle.

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<sup>26</sup> 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.").

### c. Commission Direction of Actions

CEA encourages the Commission to adopt durable rules and processes to bring greater stability to the regulatory framework within which CEA and other suppliers must plan and operate. Frequent rule changes disrupt CEA's ability to execute long-term planning activities and adopted planning elements while minimizing customer costs. Such regulatory changes can also result in disproportionately high costs and administrative burdens, which would prompt related customer rate increases – certain regulatory changes may necessitate duplicative procurement efforts and/or stranded investments that are expected to impact a larger portion of CEA's portfolio.

For example, the Commission is currently considering a programmatic approach to the IRP, a Slice-of-Day Resource Adequacy Program. Each of these changes on their own represent significant regulatory uncertainty, which leads to market uncertainty. These changes together represent a complex, wholesale change to the regulatory landscape, which LSEs cannot reasonably account for in planning.

## V. Lessons Learned

CEA recognizes the improvements made to the data templates relative to the 2020 planning cycle, including consolidation of the new and baseline templates and enhancements to better capture the full range of resources in LSE existing and planned portfolios. CEA believes that additional improvements in the data templates can be made, and CEA looks forward to further discussions with Energy Division staff in this regard. CEA's experience completing the Resource Data Template and the Clean System Power tools leads to the following observations and suggestions:

- The Commission should remain mindful that the implied precision of both reliability analysis and CSP calculator are illusory, especially for years towards the end of period. The usefulness of this exercise for periods over 5 years out is questionable. It is unclear how much additional information is gained beyond what the Commission's own RESOLVE and SERVM analysis provide, since LSEs generally choose resources based on the results of that analysis. LSE's procurement decisions are determined by what is offered to them when they have a need for resources. Asking them to consider how they expect to meet those needs in the future is fine, but the purpose of the effort should be ensuring that the LSEs are at least considering this, not requiring them to create a specific plan that will likely never materialize.
- There is considerable time required/spent to complete necessary templates, and this remains a concern for CEA and other LSEs. While CEA appreciates efforts in recent years to simplify the IRP templates, the narrative template has only become more burdensome. Additionally, CEA requests that Energy Division staff consider whether all requested data is necessary/critically important to the IRP process, and if not, CEA respectfully requests that any/all non-critical data requirements be eliminated from future processes. For example, requesting the substation for potential resources that may be used to meet additional load many years in the future seems to be asking the unknowable. Such procurement is likely more ten or more years away and in the intervening time, the



renewable energy market and potentially the transmission grid will likely have evolved in significant unforeseen ways. At this point, most LSEs cannot be so specific in their procurement plans and requiring such a level of specificity does not add anything to this process. CEA also found that the directions and guidance provided by the Commission and staff for this IRP cycle, while improved over prior years, still lacks clarity and consistency in certain key respects. Again, CEA recognizes that the IRP process is evolving, but there is room for improvement in providing clear and consistent instructions in a timely manner.

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## **Glossary of Terms**

**Alternative Portfolio:** LSEs are permitted to submit “Alternative Portfolios” developed from scenarios using different assumptions from those used in the Preferred System Plan with updates. Any deviations from the “Conforming Portfolio” must be explained and justified.

**Approve (Plan):** the CPUC’s obligation to approve an LSE’s integrated resource plan derives from Public Utilities Code Section 454.52(b)(2) and the procurement planning process described in Public Utilities Code Section 454.5, in addition to the CPUC obligation to ensure safe and reliable service at just and reasonable rates under Public Utilities Code Section 451.

**Balancing Authority Area (CAISO):** the collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

**Baseline resources:** Those resources assumed to be fixed as a capacity expansion model input, as opposed to Candidate resources, which are selected by the model and are incremental to the Baseline. Baseline resources are existing (already online) or owned or contracted to come online within the planning horizon. Existing resources with announced retirements are excluded from the Baseline for the applicable years. Being “contracted” refers to a resource holding signed contract/s with an LSE/s for much of its energy and capacity, as applicable, for a significant portion of its useful life. The contracts refer to those approved by the CPUC and/or the LSE’s governing board, as applicable. These criteria indicate the resource is relatively certain to come online. Baseline resources that are not online at the time of modeling may have a failure rate applied to their nameplate capacity to allow for the risk of them failing to come online.

**Candidate resource:** those resources, such as renewables, energy storage, natural gas generation, and demand response, available for selection in IRP capacity expansion modeling, incremental to the Baseline resources.

**Capacity Expansion Model:** a capacity expansion model is a computer model that simulates generation and transmission investment to meet forecast electric load over many years, usually with the objective of minimizing the total cost of owning and operating the electrical system. Capacity expansion models can also be configured to only allow solutions that meet specific requirements, such as providing a minimum amount of capacity to ensure the reliability of the system or maintaining greenhouse gas emissions below an established level.

**Certify (a Community Choice Aggregator Plan):** Public Utilities Code 454.52(b)(3) requires the CPUC to certify the integrated resource plans of CCAs. “Certify” requires a formal act of the Commission to determine that the CCA’s Plan complies with the requirements of the statute and the process established via Public Utilities Code 454.51(a). In addition, the Commission must review the CCA Plans to determine any potential impacts on public utility bundled customers under Public Utilities Code Sections 451 and 454, among others.

**Clean System Power (CSP) methodology:** the methodology used to estimate GHG, and criteria pollutant emissions associated with an LSE’s Portfolio based on how the LSE will expect to rely on system power on an hourly basis.

**Community Choice Aggregator:** a governmental entity formed by a city or county to procure electricity for its residents, businesses, and municipal facilities.

**Conforming Portfolio:** the LSE portfolio that conforms to IRP Planning Standards, the 2030 LSE-specific GHG Emissions Benchmark, use of the LSE's assigned load forecast, use of inputs and assumptions matching those used in developing the Reference System Portfolio, as well as other IRP requirements including the filing of a complete Narrative Template, a Resource Data Template and Clean System Power Calculator.

**Effective Load Carrying Capacity:** a percentage that expresses how well a resource is able avoid loss-of-load events (considering availability and use limitations). The percentage is relative to a reference resource, for example a resource that is always available with no use limitations. It is calculated via probabilistic reliability modeling and yields a single percentage value for a given resource or grouping of resources.

**Effective Megawatts (MW):** perfect capacity equivalent MW, such as the MW calculated by applying an ELCC % multiplier to nameplate MW.

**Electric Service Provider:** an entity that offers electric service to a retail or end-use customer, but which does not fall within the definition of an electrical corporation under Public Utilities Code Section 218.

**Filing Entity:** an entity required by statute to file an integrated resource plan with CPUC.

**Future:** a set of assumptions about future conditions, such as load or gas prices.

**GHG Benchmark (or LSE-specific 2030 GHG Benchmark):** the mass-based GHG emission planning targets calculated by staff for each LSE based on the methodology established by the California Air Resources Board and required for use in LSE Portfolio development in IRP.

**GHG Planning Price:** the systemwide marginal GHG abatement cost associated with achieving a specific electric sector 2030 GHG planning target.

**Integrated Resources Planning Standards (Planning Standards):** the set of CPUC IRP rules, guidelines, formulas and metrics that LSEs must include in their LSE Plans.

**Integrated Resource Planning (IRP) process:** integrated resource planning process; the repeating cycle through which integrated resource plans are prepared, submitted, and reviewed by the CPUC

**Long term:** more than 5 years unless otherwise specified.

**Load Serving Entity:** an electrical corporation, electric service provider, community choice aggregator, or electric cooperative.

**Load Serving Entity (LSE) Plan:** an LSE's integrated resource plan; the full set of documents and information submitted by an LSE to the CPUC as part of the IRP process.

**Load Serving Entity (LSE) Portfolio:** a set of supply- and/or demand-side resources with certain attributes that together serve the LSE's assigned load over the IRP planning horizon.

**Loss of Load Expectation (LOLE):** a metric that quantifies the expected frequency of loss-of-load events per year. Loss-of-load is any instance where available generating capacity is insufficient to serve electric demand. If one or more instances of loss-of-load occurring within the same day regardless of duration

are counted as one loss-of-load event, then the LOLE metric can be compared to a reference point such as the industry probabilistic reliability standard of “one expected day in 10 years,” i.e., an LOLE of 0.1.

**Maximum Import Capability:** a California ISO metric that represents a quantity in MWs of imports determined by the CAISO to be simultaneously deliverable to the aggregate of load in the ISO’s Balancing Authority (BAA) Area and thus eligible for use in the Resource Adequacy process. The California ISO assess a MIC MW value for each intertie into the ISO’s BAA and allocated yearly to the LSEs. A LSE’s RA import showings are limited to its share of the MIC at each intertie.

**Net Qualifying Capacity (NQC):** *Qualifying Capacity reduced, as applicable, based on: (1) testing and verification; (2) application of performance criteria; and (3) deliverability restrictions. The Net Qualifying Capacity determination shall be made by the California ISO pursuant to the provisions of this California ISO Tariff and the applicable Business Practice Manual.*

**Non-modeled costs:** *embedded fixed costs in today’s energy system (e.g., existing distribution revenue requirement, existing transmission revenue requirement, and energy efficiency program cost).*

**Nonstandard LSE Plan:** *type of integrated resource plan that an LSE may be eligible to file if it serves load outside the CAISO balancing authority area.*

**Optimization:** *an exercise undertaken in the CPUC’s Integrated Resource Planning (IRP) process using a capacity expansion model to identify a least-cost portfolio of electricity resources for meeting specific policy constraints, such as GHG reduction or RPS targets, while maintaining reliability given a set of assumptions about the future. Optimization in IRP considers resources assumed to be online over the planning horizon (baseline resources), some of which the model may choose not to retain, and additional resources (candidate resources) that the model is able to select to meet future grid needs.*

**Planned resource:** *any resource included in an LSE portfolio, whether already online or not, that is yet to be procured. Relating this to capacity expansion modeling terms, planned resources can be baseline resources (needing contract renewal, or currently owned/contracted by another LSE), candidate resources, or possibly resources that were not considered by the modeling, e.g., due to the passage of time between the modeling taking place and LSEs developing their plans. Planned resources can be specific (e.g., with a CAISO ID) or generic, with only the type, size and some geographic information identified.*

**Qualifying capacity:** *the maximum amount of Resource Adequacy Benefits a generating facility could provide before an assessment of its net qualifying capacity.*

**Preferred Conforming Portfolio:** *the conforming portfolio preferred by an LSE as the most suitable to its own needs; submitted to CPUC for review as one element of the LSE’s overall IRP plan.*

**Preferred System Plan:** *The Commission’s integrated resource plan composed of both the aggregation of LSE portfolios (i.e., Preferred System Portfolio) and the set of actions necessary to implement that portfolio (i.e., Preferred System Action Plan).*

**Preferred System Portfolio:** *the combined portfolios of individual LSEs within the CAISO, aggregated, reviewed and possibly modified by Commission staff as a proposal to the Commission, and adopted by the Commission as most responsive to statutory requirements per Pub. Util. Code 454.51; part of the Preferred System Plan.*

**Short term:** *1 to 3 years (unless otherwise specified).*

**Staff:** CPUC Energy Division staff (unless otherwise specified).

**Standard LSE Plan:** type of integrated resource plan that an LSE is required to file if it serves load within the CAISO balancing authority area (unless the LSE demonstrates exemption from the IRP process).

**Transmission Planning Process (TPP):** annual process conducted by the California Independent System Operator (CAISO) to identify potential transmission system limitations and areas that need reinforcements over a 10-year horizon.

DRAFT

## Appendix A

**Table 1: 30 MMT Resources**

DRAFT

	Existing Resources (Owned/Contracted)	Existing Resources (Planned Procurement)	Existing Resources (CAM, VAMO, GHG-free Allocation, DR Allocation)	New Resources (CAM, VAMO, GHG-free Allocation, DR)	New Resources (In Development)	Future New Resources	Total
30 MMT							
Nuclear GWh	-	-	-	-	-	-	-
CHP GWh	-	-	-	-	-	-	-
Natural Gas GWh	-	-	-	-	-	-	-
Coal GWh	-	-	-	-	-	-	-
Hydro (large) GWh	-	-	-	-	-	-	-
Hydro Import GWh	-	-	-	-	-	-	-
Biomass GWh	-	50	-	-	-	-	50
Geothermal GWh	-	75	-	-	-	225	300
Hydro (small) GWh	-	15	-	-	-	-	15
Wind GWh	-	275	20	-	-	-	295
Out-of-State Wind on	-	-	-	-	-	250	250
Off Shore Wind GWh	-	-	-	-	-	275	275
Solar WWh	-	350	31	-	-	-	381
Customer Solar	-	-	-	-	-	-	-
Battery Storage GWh	-	-	23	82	60	-	165
Hybrid	-	-	-	-	-	-	-
Solar GWh	-	-	-	-	-	320	320
Storage MWh capac	-	-	-	-	-	160	160
Pumped (long-duratio	-	-	-	-	-	271	271
Shed Demand Respon	-	-	-	-	-	-	-
RPS Custom Profile M	-	-	-	-	-	-	-
0	-	-	-	-	-	-	-
Capacity Only	-	-	-	-	-	-	-
Natural Gas MW	-	219	-	-	-	-	219
Battery Storage MW	-	-	-	-	-	-	-
Long Duration Storage	-	-	-	-	-	-	-

**Table 2: 25 MMT Resources**



	Existing Resources (Owned/Contracted)	Existing Resources (Planned Procurement)	Existing Resources (CAM, VAMO, GHG-free Allocation, DR Allocation)	New Resources (CAM, VAMO, GHG-free Allocation, DR)	New Resources (In Development)	Future New Resources	Total
25 MMT							
Nuclear GWh	-	-	-	-	-	-	-
CHP GWh	-	-	-	-	-	-	-
Natural Gas GWh	-	-	-	-	-	-	-
Coal GWh	-	-	-	-	-	-	-
Hydro (large) GWh	-	-	-	-	-	-	-
Hydro Import GWh	-	-	-	-	-	-	-
Biomass GWh	-	50	-	-	-	-	50
Geothermal GWh	-	75	-	-	-	225	300
Hydro (small) GWh	-	15	-	-	-	-	15
Wind GWh	-	275	20	-	-	-	295
Out-of-State Wind on	-	-	-	-	-	250	250
Off Shore Wind GWh	-	-	-	-	-	275	275
Solar WWh	-	350	31	-	-	-	381
Customer Solar	-	-	-	-	-	-	-
Battery Storage GWh	-	-	23	82	60	-	165
Hybrid	-	-	-	-	-	-	-
Solar GWh	-	-	-	-	-	320	320
Storage MWh capac	-	-	-	-	-	160	160
Pumped (long-duratio	-	-	-	-	-	271	271
Shed Demand Respon	-	-	-	-	-	-	-
RPS Custom Profile M	-	-	-	-	-	-	-
Capacity Only	-	-	-	-	-	-	-
Natural Gas MW	-	213	-	-	-	-	213
Battery Storage MW	-	-	-	-	-	-	-
Long Duration Storage	-	-	-	-	-	-	-





## Staff Report

**DATE:** October 20, 2022

**TO:** Clean Energy Alliance Board of Directors

**FROM:** Barbara Boswell, Chief Executive Officer

**ITEM 3:** Consider Adoption of Resolution 2022-008 Approving Implementation Plan Addendum No. 2 Addressing Service Expansion to the Cities of Oceanside and Vista

---

### **RECOMMENDATION**

Adopt Resolution 2022-008 approving Implementation Plan Addendum No. 2 addressing service expansion to the cities of Oceanside and Vista and direct staff to file the Implementation Plan with the California Public Utilities Commission no later than December 31, 2022.

### **BACKGROUND AND DISCUSSION**

The cities of Oceanside and Vista have recently joined Clean Energy Alliance (CEA) for the purpose of offering CEA service to its residents and businesses. As part of the evaluation of the impact of the cities joining CEA, an assessment of expanding CEA operations into the two communities was performed, utilizing historical energy usage data from San Diego Gas & Electric (SDG&E). The results of the assessment reflected that service expansion to Oceanside and Vista would have a positive impact on CEA and was consistent with CEA's goals. At its regular meeting July 28, 2022, the CEA Board adopted Resolution 2022-004, authorizing the cities of Oceanside and Vista to join CEA.

The assessment report determined the optimal time to begin service in Oceanside and Vista to be April 2024. In order to be eligible to offer service in 2024, CEA is required by the California Public Utilities Commission (CPUC) to update its Implementation Plan, highlighting key impacts and consequences associated with serving the new communities. Through adoption of Resolution E-4907, the CPUC established a timeline related to CCA service expansion, which specifies that the Implementation Plan Addendum must be submitted to the CPUC no later than January 1 of the year prior to the desired CCA service establishment date. Consistent with this timing, CEA must file its Implementation Plan Addendum No. 1 (Addendum No. 1), no later than January 1, 2023, for service commencement in April 2024. CEA staff intends to file Addendum No. 2 (Attachment A) no later than December 31, 2022.

Addendum No. 2 has been prepared in conformance with CPUC requirements pursuant to CPUC Resolution E-4907 and direction provided in subsequent CPUC rulings. The information below summarizes the key elements in Addendum No. 2.

**Power Charge Indifference Adjustment (PCIA):** Eligible Oceanside and Vista customers who enroll with CEA in April 2024 will be assigned a 2023 PCIA vintage by San Diego Gas & Electric (SDG&E). The PCIA is

charged to customers monthly based on energy usage to make up any difference in what is recovered through liquidation of energy contracts SDG&E has entered into on behalf of the departing customers and the costs of those contracts.

**Program Phase-In:** Enrollment of Oceanside and Vista customers will begin in April 2024, with non-Net Energy Metering customers enrolling on their meter read date in April. Customers with rooftop solar systems (or similar self-generation) served under SDG&E’s Net Energy Metering (NEM) tariff will be enrolled monthly, beginning in April, in the month of their regular NEM true-up. Phasing in the NEM customers will avoid an early true-up of their NEM account. As CEA prepares to serve the customers on Oceanside and Vista, CEA may evaluate other phase-in options based on then-current market conditions, statutory requirements, and regulatory considerations. Should there be a recommendation to change the enrollment schedule, a subsequent update will be brought to the CEA Board for approval.

**CEA Load Forecast and Resource Plan**

The following table that details CEA’s proposed resource plan through 2030 has been updated to reflect the additional cities.

<b>Clean Energy Alliance Proposed Resource Plan (MWh) 2021 to 2030</b>										
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Demand (MWh)</b>										
Retail	398,536	661,827	1,266,775	2,090,736	2,336,407	2,348,089	2,359,830	2,371,629	2,383,487	2,395,404
Losses	17,137	28,459	54,471	89,902	100,466	100,968	101,473	101,980	102,490	103,002
Wholesale	415,673	690,285	1,321,247	2,180,637	2,436,873	2,449,057	2,461,302	2,473,609	2,485,977	2,498,407
<b>Supply (MWh)</b>										
Renewable	203,253	337,532	646,055	1,066,275	1,477,777	1,485,166	1,492,592	1,790,580	1,799,533	1,808,530
System	212,420	352,754	675,191	1,114,362	959,095	963,891	968,710	683,029	686,444	689,876
Total Supply	415,673	690,285	1,321,247	2,180,637	2,436,873	2,449,057	2,461,302	2,473,609	2,485,977	2,498,407

**Customer Forecast**

The following tables reflect changes to CEA’s customer forecast.

**Total Customer Accounts  
(End of Month)**

	May-21	Apr-23	Apr-24
<b>Residential</b>	50,089	124,749	217,547
<b>Commercial &amp; Agriculture</b>	8,294	19,565	29,814
<b>Street Lighting &amp; Traffic</b>	188	517	842
<b>Total</b>	58,571	144,831	248,203

### Customer Accounts by Year

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Residential</b>	50,089	50,339	124,749	217,547	218,635	219,728	220,827	221,931	223,040	224,156
<b>Commercial &amp; Agriculture</b>	8,294	8,331	19,565	29,814	29,963	30,113	30,263	30,415	30,567	30,720
<b>Street Lighting &amp; Traffic</b>	188	189	517	842	846	850	855	859	863	868
<b>Total</b>	58,571	58,859	144,831	248,203	249,444	250,691	251,945	253,204	254,470	255,743

### Sales Forecast

The following table reflects CEA's updated sales forecast through 2030:

#### Demand Forecast in MWh, 2021-2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Demand (MWh)</b>										
Retail	398,536	661,827	1,266,775	2,090,736	2,336,407	2,348,089	2,359,830	2,371,629	2,383,487	2,395,404
Losses	17,137	28,459	54,471	89,902	100,466	100,968	101,473	101,980	102,490	103,002
Wholesale	415,673	690,285	1,321,247	2,180,637	2,436,873	2,449,057	2,461,302	2,473,609	2,485,977	2,498,407

### Capacity Requirements

With the expansion, CEA's annual maximum local capacity requirement for the ten-year planning period ranges between 103-453 MW as shown in the following table:

#### Annual Maximum Local Capacity Requirements 2021-2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Max Wholesale Demand</b>	137	149	408	586	589	592	595	598	601	604
<b>Local Capacity (% of Total)</b>	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
<b>San Diego -IV (MW)</b>	103	111	306	440	442	444	446	449	451	453

Additional capacity requirement updates are reflected in the following tables:

### Forward Capacity Requirements (Total) for 2021-2024 in MW

Month	2021	2022	2023	2024
January		122	131	267
February		110	133	269
March		104	122	269
April		87	232	322
May	88	90	272	359
June	80	93	269	373
July	97	112	297	426
August	106	111	335	458
September	119	129	352	506
October	95	114	313	443
November	108	101	269	376
December	93	104	267	390

### Annual Maximum Capacity Requirements 2021-2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Max Wholesale Demand	119	129	352	506	508	511	513	516	518	521
Reserve Requirement %	15%	15%	16%	16%	16%	16%	16%	16%	16%	16%
Reserve Requirement	18	19	56	81	81	82	82	83	83	83
Total Capacity Requirement	137	149	408	586	589	592	595	598	601	604

#### Renewable Portfolio Standards Energy Requirements

CEA’s annual Renewable Portfolio Standards Energy requirements will also change with the expansion. This related to the minimum requirements as established by the state and does not reflect CEA’s voluntary goal of procuring a minimum 50% renewable energy, increasing to 100% by 2035.

The following table details the minimum state requirements as well as CEA’s voluntary targets adjusted for the expansion.

## Renewable Procurement Obligation and Target Percentages and Volumes 2021-2030

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Retail Load (MWh)	398,536	661,827	1,266,775	2,090,736	2,336,407	2,348,089	2,359,830	2,371,629	2,383,487	2,395,404
RPS % Target	36%	39%	41%	44%	47%	49%	52%	55%	57%	60%
RPS Obligation (MWh)	142,676	254,803	523,178	919,924	1,091,102	1,157,608	1,227,111	1,297,281	1,365,738	1,437,243
CEA % Target*	51%	51%	51%	51%	63%	63%	63%	76%	76%	76%
CEA Target (MWh)	203,253	337,532	646,055	1,066,275	1,477,777	1,485,166	1,492,592	1,790,580	1,799,533	1,808,530

\*Includes assumed 2% participation in 100% voluntary renewable service option ("Green Impact")

### Financial Plan

CEA's evaluation of the financial impact of service expansion is summarized in the updated FY 2021 – 2026 Pro Forma below. The Pro Forma is based on projected rates, power supply costs that are under contract as well as current forward price curve for energy not under contract. The Pro Forma will change as CEA contracts for its energy needs which results in cost stability and reliability.

Fiscal Year Ending:	2021	2022	2023	2024	2025	2026
<b>I. Revenue</b>	7,299,164	60,917,780	85,254,673	184,811,732	255,843,862	243,965,802
Interest Income			5,000			
Revenue - Voluntary 100% Green	10,499	165,723	120,604	241,361	344,668	346,392
<b>Subtotal Revenue</b>	<b>7,309,663</b>	<b>61,083,503</b>	<b>85,380,276</b>	<b>185,053,093</b>	<b>256,188,531</b>	<b>244,312,194</b>
<b>II. Operating Expenses</b>						
Power Supply	8,388,484	59,858,715	67,146,646	162,857,826	227,312,768	223,489,363
Staff	-	148,215	529,360	1,000,000	1,030,000	1,060,900
Professional/Technical services	315,553	575,503	591,600	449,185	462,661	476,540
Legal	414,633	308,908	335,000	295,036	303,887	313,004
Communications, Mktg, Enrollment	101,440	152,327	270,000	396,259	196,691	202,592
Other General and Administrative	300,376	20,839	47,100	-	-	-
Regulatory and CalCCA Fees	-	119,138	121,000	43,709	45,020	46,371
Data Management	119,193	842,777	1,151,180	2,436,805	3,578,564	3,596,457
Utility Service Fees	17,118	183,511	250,000	521,422	780,423	807,855
Uncollectibles/Other	-	-	-	840,001	1,168,550	1,149,965
<b>Subtotal Operating Expenses</b>	<b>9,656,797</b>	<b>62,209,933</b>	<b>70,441,886</b>	<b>168,840,245</b>	<b>234,878,565</b>	<b>231,143,047</b>
<b>Operating Margin</b>	<b>(2,347,134)</b>	<b>(1,126,430)</b>	<b>14,938,390</b>	<b>16,212,848</b>	<b>21,309,966</b>	<b>13,169,147</b>
<b>III. Financing</b>						
Interest	81,596	363,293	450,000	325,000	240,625	-
Principal	-	-	-	6,053,800	8,000,000	-
Reserve Contribution	-	-	-	-	-	-
<b>Subtotal Financing</b>	<b>81,596</b>	<b>363,293</b>	<b>450,000</b>	<b>6,378,800</b>	<b>8,240,625</b>	<b>-</b>
<b>Operating Margin Less Financing</b>	<b>(2,428,730)</b>	<b>(1,489,723)</b>	<b>14,488,390</b>	<b>9,834,048</b>	<b>13,069,341</b>	<b>13,169,147</b>
<b>IV. Cash From Financing</b>	<b>5,000,000</b>	<b>8,520,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V. Other Uses</b>						
CPUC and CAISO Deposits	647,000	-	-	-	-	-
Collateral	585,000	385,000	-	-	-	-
Reserve Additions	365,483	3,054,175	4,269,014	9,252,655	12,809,427	12,215,610
<b>Subtotal Other Uses</b>	<b>1,597,483</b>	<b>3,439,175</b>	<b>4,269,014</b>	<b>9,252,655</b>	<b>12,809,427</b>	<b>12,215,610</b>
<b>VI. Net Surplus/(Deficit)</b>	<b>973,787</b>	<b>3,591,102</b>	<b>10,219,377</b>	<b>581,393</b>	<b>259,914</b>	<b>953,537</b>
<b>VII. Cumulative Reserve</b>	<b>365,483</b>	<b>3,419,658</b>	<b>7,688,672</b>	<b>16,941,327</b>	<b>29,750,753</b>	<b>41,966,363</b>
<b>VIII. Cumulative Net Surplus</b>	<b>695,103</b>	<b>4,286,205</b>	<b>14,505,581</b>	<b>15,086,974</b>	<b>15,346,888</b>	<b>16,300,426</b>

### FISCAL IMPACT

Based on the results of the analysis of serving the new customers in Oceanside and Vista, revenue generated from energy sales within the cities is sufficient to cover the anticipated expenses related to providing CCA services to those cities. Operational costs will be included in the Fiscal Year 2023/24 budget.

### ATTACHMENTS

Resolution 2022-008 approving Implementation Plan Addendum No. 2 Addressing Service Expansion to the cities of Oceanside and Vista.

Attachment A Clean Energy Alliance Implementation Plan and Statement of Intent Addendum No. 2



CLEAN ENERGY ALLIANCE  
RESOLUTION NO. 2022-008

A RESOLUTION OF THE CLEAN ENERGY ALLIANCE  
APPROVING THE COMMUNITY CHOICE AGGREGATION  
IMPLEMENTATION PLAN ADDENDUM NO. 2  
AND STATEMENT OF INTENT

**WHEREAS**, the Clean Energy Alliance (CEA) is a joint powers agency formed on November 4, 2019, under the Joint Exercise of Power Act, California Government Code section 6500 *et seq.*, among the Cities of Carlsbad, Solana Beach and Del Mar created by the cities of Carlsbad, Del Mar and Solana Beach; and

**WHEREAS**, CEA authorized the cities of Oceanside and Vista joining as a members of CEA through adoption of Resolution 2022-004 on July 28, 2022; and

**WHEREAS**, the cities of Oceanside and Vista desire to establish a community choice aggregation (CCA) program in support of meeting their respective Climate Action Plan goals; and

**WHEREAS**, Public Utilities Code Section 366.2(c)(3) requires that prior to establishing electrical load aggregation, a community choice aggregator must prepare an implementation plan and statement of intent detailing the process and consequences of aggregation, and that the implementation plan, and any subsequent changes to it, must be considered and adopted at a duly noticed public meeting; and

**WHEREAS**, pursuant to Public Utilities Code Section 366.2(c)(3) and provide electrical load aggregation to the cities of Oceanside and Vista, CEA has prepared an Addendum No. 2 to the CEA Community Choice Aggregation Implementation Plan and Statement of Intent (Addendum No. 1) which will be submitted to the California Public Utilities Commission on or before December 31, 2022; and

**WHEREAS**, Addendum No. 2 was presented to the CEA Board of Directors for consideration at a duly noticed public meeting on October 20, 2022.

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Clean Energy Alliance, as follows:

Section 1. In accordance with California Public Utilities Code Section 366.3(c)(3), the CEA Board of Directors hereby considers and adopts the Implementation Plan Addendum No. 2 at a duly noticed public meeting held on October 20, 2022, held via teleconference in compliance with certain provisions of the Ralph M. Brown Act pursuant to Government Code Section 54953(e)(1)(A), in relation to the COVID-19 State of Emergency, at 2:00 p.m., after

allowing interested persons the opportunity to provide public comment on the Implementation Plan Addendum No. 2.

Section 2. The Board of Directors hereby directs the Chief Executive Officer to file the Implementation Plan Addendum No. 2 with the California Public Utilities Commission no later than December 31, 2022.

The foregoing Resolution was passed and adopted this 20<sup>h</sup> day of October 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

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Kristi Becker, Chair

ATTEST:

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Susan Caputo, Board Secretary



**CLEAN ENERGY ALLIANCE**

**ADDENDUM NO. 2 TO THE COMMUNITY  
CHOICE AGGREGATION  
IMPLEMENTATION PLAN AND  
STATEMENT OF INTENT**

**TO ADDRESS EXPANSION TO  
THE CITIES OF OCEANSIDE AND VISTA**

**OCTOBER 20, 2022**

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## CHAPTER 1 – INTRODUCTION

The purpose of this document is to make certain revisions to the Clean Energy Alliance Implementation Plan and Statement of Intent to address the expansion of Clean Energy Alliance (“CEA”) to the Cities of Vista and Oceanside. CEA is a California Joint Powers Agency formed on November 4, 2019 with the primary purpose of administering a Community Choice Aggregation (“CCA”) program to serve the retail electric service accounts of the current five CEA communities, including the Cities of Carlsbad, Del Mar, Solana Beach, Escondido, and San Marcos. In anticipation of CCA program implementation and in compliance with state law, CEA submitted the Clean Energy Alliance Community Choice Aggregation Implementation Plan and Statement of Intent (“Implementation Plan”) to the California Public Utilities Commission (“CPUC” or “Commission”) on December 23, 2019, which was certified by the CPUC on March 16, 2020. Consistent with its expressed intent, CEA successfully launched the Clean Energy Alliance CCA program (“CEA” or “Program”) on May 1, 2021 and has been serving customers since that time.

CEA’s Board approved the membership request of the City of Escondido on November 18, 2021 via Resolution No. 2021-014, and similarly approved the membership request of the City of San Marcos on December 17, 2021 via Resolution No. 2021-015. CEA’s Board also approved the related Addendum No. 1 to CEA’s Revised Community Choice Aggregation Implementation Plan and Statement of Intent (“Addendum No. 1”), addressing service delivery within the cities of San Marcos and Escondido. Addendum No. 1 was submitted to the Commission on December 30, 2021; Addendum No. 1 was certified by the Commission thereafter on April 7, 2022.

More recently, CEA’s Board approved the membership request of the cities of Vista and Oceanside on July 28, 2022 via Resolution No. 2022-004 (attached hereto as Appendix A). These additions to the membership of CEA require certain changes that are addressed within this Addendum No. 2 to CEA’s Community Choice Aggregation Implementation Plan and Statement of Intent (“Addendum No. 2”).

The CEA program currently provides electric generation service to approximately 60,000 customers, including a cross section of commercial and agricultural accounts, street lighting and traffic accounts, and residential accounts. When other municipalities request membership in CEA, related evaluations may be conducted, as directed by CEA’s Board, and to the extent such membership evaluations demonstrate favorable results, the subject community(ies) may be invited to join CEA. In such instances, CEA’s Implementation Plan will be revised through a related addendum, highlighting key impacts and consequences associated with the addition of such new community/communities to CEA’s membership.

In response to public interest and CEA’s successful CCA launch, the cities of Vista and Oceanside requested CEA membership, and adopted the requisite ordinances for offering CCA service within their respective jurisdictions; these ordinances are attached hereto as Appendices B and C, respectively. As previously noted, CEA’s Board approved the membership request of cities of

Vista and Oceanside at a duly noticed public meeting on July 28, 2022 through Resolution 2022-004.

This Addendum No. 2 describes CEA's expansion plans to include the Cities of Vista and Oceanside. CEA currently intends to enroll such customers in its CCA Program during the month of April 2024, consistent with the Commission's requirements described in Resolution E-4907, which define relevant timing for Implementation Plan filing in advance of service commencement. According to the Commission, the Energy Division is required to receive and review a revised CEA implementation plan reflecting changes/consequences of additional members. With this in mind, CEA has reviewed its Implementation Plan, which was filed with the Commission in December 2019, as well as the previously filed and certified Addendum No. 1, and identified certain information that requires updating to reflect the changes and consequences of adding the cities of Vista and Oceanside as well as other forecast modifications. This Addendum No. 2 reflects pertinent changes that are expected to result from the new member additions as well as updated projections that are considerate of recent operations. This document format, including references to CEA's Implementation Plan filed December 23, 2019, addresses all requirements identified in Public Utilities Code Section 366.2(c)(4), including universal access, reliability, equitable treatment of all customer classes and any requirements established by state law or by the CPUC concerning aggregated service, while streamlining public review of pertinent changes related to CEA's anticipated expansion. The original Implementation Plan and Addendum No. 1 are attached hereto as Appendix D.

## **CHAPTER 2 – CHANGES TO ADDRESS CEA EXPANSION TO THE CITIES OF VISTA AND OCEANSIDE**

As previously noted, this Addendum No. 2 addresses the anticipated impacts of CEA's planned expansion to the cities of Vista and Oceanside. As a result of this member addition, certain assumptions regarding CEA's future operations have changed, including customer energy requirements, peak demand, renewable energy purchases, revenues, expenses and various other items. The following section highlights pertinent changes related to this planned expansion. To the extent that certain details related to membership expansion are not specifically discussed within this Addendum No. 2, CEA represents that such information shall remain unchanged relative to its previously certified Implementation Plan.

With regard to the defined terms Members and Member Agencies, the following Communities are now signatories to the CEA Joint Powers Agreement and represent CEA's current membership:

Member Agencies	
City of Carlsbad	City of San Marcos
City of Del Mar	City of Oceanside
City of Solana Beach	City of Vista
City of Escondido	

Throughout this document, use of the terms Members and Member Agencies refer to the aforementioned Communities. To the extent that the discussion herein addresses the process of aggregation and CEA organization, each of these communities is now an CEA Member and the electric customers of such jurisdictions have been or will be offered CCA service consistent with the noted phase-in schedule.

***Aggregation Process***

CEA’s aggregation process was discussed in Chapter 2 of CEA’s December 2019 Implementation Plan. The fifth paragraph in section 2.1 Introduction should have the following sentence added at the end:

On October 20, 2022, the CEA Board of Directors, at a duly noticed public meeting, considered and adopted an amendment to this Implementation Plan, by Resolution, which expanded service to the Cities of Vista and Oceanside.

***Consequences of Aggregation***

The following sentence should be added to the fourth paragraph of section 2.3.1 Rate Impacts:

Eligible Vista and Oceanside customers who transition to CEA service will be assigned a 2023 Power Charge Indifference Adjustment vintage.

***Organization and Governance Structure***

Under section 3.2 Governance, the second sentence is replaced with the following sentence:

The Members of CEA include seven (7) municipalities within the County of San Diego, Carlsbad Del Mar, Solana Beach, Escondido, San Marcos, Vista, and Oceanside, all of which have elected to allow CEA to provide electric generation service within their respective jurisdictions.

***Program Phase-In***

Program phase-in was discussed in Chapter 5 of CEA’s December 2019 Implementation Plan filing. The following paragraph is added after the existing paragraphs in Chapter 5:

As approved by the CEA Board of Directors at their October 20, 2022 meeting in Resolution 2022-008, Phase 3 of the Program will commence at the earliest possible date during the month of April 2024, enrolling eligible customer accounts within the cities of Vista and

Oceanside on each customer’s regularly scheduled meter reading date. Customers served under San Diego Gas & Electric’s Net Energy Metering Tariff will be enrolled monthly beginning in April 2024 over the course of a year, based on their relevant period true-up date. It is anticipated that approximately 102,000 additional customers, comprised of residential, commercial, industrial, agriculture, municipal, street lighting and traffic control accounts will be included in Phase 3.

To the extent that additional customers require enrollment after the completion of Phase 3, CEA will evaluate a subsequent phase of CCA enrollments. CEA may also evaluate other phase-in options based on then-current market conditions, statutory requirements and regulatory considerations as well as other factors potentially affecting the integration of additional customer accounts.

**Load Forecast and Resource Plan**

With regard to CEA’s load forecast and resource plan overview, which is addressed in Chapter 6, Load Forecast and Resource Plan, the following is added to the fourth paragraph in Section 6.2, Resource Plan Overview:

The following table has been updated by Resolution 2022-008 approved by the CEA Board of Directors at a duly noted public meeting on October 20 2022, which expanded CEA’s membership to include the cities of Vista and Oceanside.

Due to the change in planned customer enrollments, certain information in CEA’s Implementation Plan needs to be updated. Table 1 (Revised) reflects the changes that were made to the enrollment schedule and is intended to replace Table 1 from the amended Implementation Plan:

**Table 1 (Revised): CEA Proposed Resource Plan**

Clean Energy Alliance  
Proposed Resource Plan (MWh)  
2021 to 2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Demand (MWh)</b>										
Retail	398,536	661,827	1,266,775	2,090,736	2,336,407	2,348,089	2,359,830	2,371,629	2,383,487	2,395,404
Losses	17,137	28,459	54,471	89,902	100,466	100,968	101,473	101,980	102,490	103,002
Wholesale	415,673	690,285	1,321,247	2,180,637	2,436,873	2,449,057	2,461,302	2,473,609	2,485,977	2,498,407
<b>Supply (MWh)</b>										
Renewable	203,253	337,532	646,055	1,066,275	1,477,777	1,485,166	1,492,592	1,790,580	1,799,533	1,808,530
System	212,420	352,754	675,191	1,114,362	959,095	963,891	968,710	683,029	686,444	689,876
Total Supply	415,673	690,285	1,321,247	2,180,637	2,436,873	2,449,057	2,461,302	2,473,609	2,485,977	2,498,407

**Customer Forecast**

The expansion to include the new members also necessitates changes to Section 6.5, Customer Forecasts. The following sentences should be added to the first paragraph in this section:



The tables have been updated by a resolution approved on October 20, 2022, which expanded CEA to include the cities of Vista and Oceanside.

Table 2 and Table 3 from the amended Implementation Plan, are updated as follows:

**Table 2 (Revised): Total Customer Accounts  
(End of Month)**

	May-21	Apr-23	Apr-24
Residential	50,089	124,749	217,547
Commercial & Agriculture	8,294	19,565	29,814
Street Lighting & Traffic	188	517	842
<b>Total</b>	<b>58,571</b>	<b>144,831</b>	<b>248,203</b>

**Table 3 (Revised): Customer Accounts by Year**

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Residential	50,089	50,339	124,749	217,547	218,635	219,728	220,827	221,931	223,040	224,156
Commercial & Agriculture	8,294	8,331	19,565	29,814	29,963	30,113	30,263	30,415	30,567	30,720
Street Lighting & Traffic	188	189	517	842	846	850	855	859	863	868
<b>Total</b>	<b>58,571</b>	<b>58,859</b>	<b>144,831</b>	<b>248,203</b>	<b>249,444</b>	<b>250,691</b>	<b>251,945</b>	<b>253,204</b>	<b>254,470</b>	<b>255,743</b>

**Sales Forecast**

With regard to CEA’s sales forecast, which is addressed in Section 6.6, Sales Forecast, CEA assumes that total annual retail sales will increase to approximately 2,500 GWh following the expansion. Table 4 from the amended Implementation Plan is updated as follows:

**Table 4 (Revised): Demand Forecast in MWh, 2021-2030**

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Demand (MWh)</b>										
Retail	398,536	661,827	1,266,775	2,090,736	2,336,407	2,348,089	2,359,830	2,371,629	2,383,487	2,395,404
Losses	17,137	28,459	54,471	89,902	100,466	100,968	101,473	101,980	102,490	103,002
Wholesale	415,673	690,285	1,321,247	2,180,637	2,436,873	2,449,057	2,461,302	2,473,609	2,485,977	2,498,407

**Capacity Requirements**

The expansion to include new members requires changes to the proposed resources secured by CEA. The last sentence in the paragraph between Table 6 and Table 7 should be replaced with:

A preliminary estimate of CEA’s annual maximum local capacity requirement for the ten-year planning period ranges between 103-453 MW as shown in Table 7.

Table 5: Forward Capacity Requirements (Total) for 2021-2024 in MW, Table 6: Annual Maximum Capacity Requirements 2021-2030, and Table 7: Annual Maximum Local Capacity Requirements 2021-2030 from the amended Implementation Plan, are updated below:

**Table 5 (Revised): Forward Capacity Requirements (Total) for 2021-2024 in MW**

Month	2021	2022	2023	2024
January		122	131	267
February		110	133	269
March		104	122	269
April		87	232	322
May	88	90	272	359
June	80	93	269	373
July	97	112	297	426
August	106	111	335	458
September	119	129	352	506
October	95	114	313	443
November	108	101	269	376
December	93	104	267	390

**Table 6 (Revised): Annual Maximum Capacity Requirements 2021-2030**

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Max Wholesale Demand	119	129	352	506	508	511	513	516	518	521
Reserve Requirement %	15%	15%	16%	16%	16%	16%	16%	16%	16%	16%
Reserve Requirement	18	19	56	81	81	82	82	83	83	83
Total Capacity Requirement	137	149	408	586	589	592	595	598	601	604

**Table 7 (Revised): Annual Maximum Local Capacity Requirements 2021-2030**

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Max Wholesale Demand	137	149	408	586	589	592	595	598	601	604
Local Capacity (% of Total)	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
San Diego -IV (MW)	103	111	306	440	442	444	446	449	451	453

***Renewables Portfolio Standards Energy Requirements***

CEA's annual Renewable Portfolio Standards Energy Requirements will also change with the expansion. Table 8: Renewable Procurement Obligation and Target Percentages and Volumes 2021-2030 is revised as follows:

**Table 8 (Revised): Renewable Procurement Obligation and Target Percentages and Volumes 2021-2030**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Retail Load (MWh)	398,536	661,827	1,266,775	2,090,736	2,336,407	2,348,089	2,359,830	2,371,629	2,383,487	2,395,404
RPS % Target	36%	39%	41%	44%	47%	49%	52%	55%	57%	60%
RPS Obligation (MWh)	142,676	254,803	523,178	919,924	1,091,102	1,157,608	1,227,111	1,297,281	1,365,738	1,437,243
CEA % Target*	51%	51%	51%	51%	63%	63%	63%	76%	76%	76%
CEA Target (MWh)	203,253	337,532	646,055	1,066,275	1,477,777	1,485,166	1,492,592	1,790,580	1,799,533	1,808,530

\*Includes assumed 2% participation in 100% voluntary renewable service option ("Green Impact")

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## Financial Plan

With regard to CEA's financial plan, which is addressed in Chapter 7, Financial Plan, CEA has updated its expected operating results, which now include projected impacts related to service expansion to the cities of Vista and Oceanside. It is important to note this pro forma represents a snapshot in time for informational purposes and will change regularly with regular operations. It is also important to recognize that the pro forma is based on fiscal year totals so it may not align with other tables in this Implementation Plan that are presented on a calendar year basis. Table 9: Pro Forma including Reserves Accumulation in Section 7.5 Program Implementation Pro-Forma is updated as follows:

**Table 9 (Revised): Pro Forma including Reserves Accumulation 2021-2026**

Fiscal Year Ending:	2021	2022	2023	2024	2025	2026
<b>I. Revenue</b>	7,299,164	60,917,780	85,254,673	184,811,732	255,843,862	243,965,802
Interest Income			5,000			
Revenue - Voluntary 100% Green	10,499	165,723	120,604	241,361	344,668	346,392
<b>Subtotal Revenue</b>	<b>7,309,663</b>	<b>61,083,503</b>	<b>85,380,276</b>	<b>185,053,093</b>	<b>256,188,531</b>	<b>244,312,194</b>
<b>II. Operating Expenses</b>						
Power Supply	8,388,484	59,858,715	67,146,646	162,857,826	227,312,768	223,489,363
Staff	-	148,215	529,360	1,000,000	1,030,000	1,060,900
Professional/Technical services	315,553	575,503	591,600	449,185	462,661	476,540
Legal	414,633	308,908	335,000	295,036	303,887	313,004
Communications, Mktg, Enrollment	101,440	152,327	270,000	396,259	196,691	202,592
Other General and Administrative	300,376	20,839	47,100	-	-	-
Regulatory and CalCCA Fees	-	119,138	121,000	43,709	45,020	46,371
Data Management	119,193	842,777	1,151,180	2,436,805	3,578,564	3,596,457
Utility Service Fees	17,118	183,511	250,000	521,422	780,423	807,855
Uncollectibles/Other	-	-	-	840,001	1,168,550	1,149,965
<b>Subtotal Operating Expenses</b>	<b>9,656,797</b>	<b>62,209,933</b>	<b>70,441,886</b>	<b>168,840,245</b>	<b>234,878,565</b>	<b>231,143,047</b>
<b>Operating Margin</b>	<b>(2,347,134)</b>	<b>(1,126,430)</b>	<b>14,938,390</b>	<b>16,212,848</b>	<b>21,309,966</b>	<b>13,169,147</b>
<b>III. Financing</b>						
Interest	81,596	363,293	450,000	325,000	240,625	-
Principal	-	-	-	6,053,800	8,000,000	-
Reserve Contribution	-	-	-	-	-	-
<b>Subtotal Financing</b>	<b>81,596</b>	<b>363,293</b>	<b>450,000</b>	<b>6,378,800</b>	<b>8,240,625</b>	<b>-</b>
<b>Operating Margin Less Financing</b>	<b>(2,428,730)</b>	<b>(1,489,723)</b>	<b>14,488,390</b>	<b>9,834,048</b>	<b>13,069,341</b>	<b>13,169,147</b>
<b>IV. Cash From Financing</b>	<b>5,000,000</b>	<b>8,520,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V. Other Uses</b>						
CPUC and CAISO Deposits	647,000	-	-	-	-	-
Collateral	585,000	385,000	-	-	-	-
Reserve Additions	365,483	3,054,175	4,269,014	9,252,655	12,809,427	12,215,610
<b>Subtotal Other Uses</b>	<b>1,597,483</b>	<b>3,439,175</b>	<b>4,269,014</b>	<b>9,252,655</b>	<b>12,809,427</b>	<b>12,215,610</b>
<b>VI. Net Surplus/(Deficit)</b>	<b>973,787</b>	<b>3,591,102</b>	<b>10,219,377</b>	<b>581,393</b>	<b>259,914</b>	<b>953,537</b>
<b>VII. Cumulative Reserve</b>	<b>365,483</b>	<b>3,419,658</b>	<b>7,688,672</b>	<b>16,941,327</b>	<b>29,750,753</b>	<b>41,966,363</b>
<b>VIII. Cumulative Net Surplus</b>	<b>695,103</b>	<b>4,286,205</b>	<b>14,505,581</b>	<b>15,086,974</b>	<b>15,346,888</b>	<b>16,300,426</b>

*Expansion Addendum Appendices*

Appendix A: Clean Energy Alliance Resolution No. 2022-008

Appendix B: City of Oceanside CCA Ordinance 22-OR0396-1

Appendix C: City of Vista CCA Ordinance 2022-9

Appendix D: Clean Energy Alliance Implementation Plan and Statement of Intent  
(December 23, 2019)

Appendix E: Clean Energy Alliance Implementation Plan and Statement of Intent  
Addendum 1 (December 30, 2021)

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# Appendix B

## Clean Energy Alliance Addendum No. 2

ORDINANCE NO. 22-OR0396-1

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF  
OCEANSIDE ESTABLISHING COMMUNITY CHOICE  
AGGREGATION IN THE CITY OF OCEANSIDE

WHEREAS, Assembly Bill 117 (Stat. 2002, ch. 838; see California Public Utilities Code section 366.2; the "Act"), added statutes to the Public Utilities Code authorizing local governmental bodies to individually or jointly provide retail electric commodity service to an aggregation of customers within their jurisdictions, a service referred to as Community Choice Aggregation ("CCA"); and

WHEREAS, the City of Oceanside adopted a Climate Action Plan in 2019 which contains a goal for 75% percent of electricity used in the City to be generated from renewable fuel sources by 2030; and

WHEREAS, the City has investigated the feasibility of commencing CCA service for electric customers within the City, with the objective of making greater renewable electric portfolio content available to customers, providing greater local involvement over the provision of electric commodity services, and promoting competitive commodity rates; and

WHEREAS, the City completed a CCA Feasibility Study in 2019 which determined that a CCA program could result in local benefits, including the use of renewable energy at levels above the State Renewables Portfolio Standard, the provision of competitive electric rates to consumers, economic opportunity for the City and substantial progress towards its Climate Action Plan goals; and

WHEREAS, pursuant to Sections 331.1(b) and 366.2 of the Act, two or more entities authorized to be a community choice aggregator may participate jointly in a CCA program through a Joint Powers Authority established pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code, if each entity adopts the ordinance required by Public Utilities Section 366.2; and

WHEREAS, the City wishes to join an existing CCA program, the Clean Energy Alliance ("CEA") through adoption of its Joint Powers Authority Agreement under Resolution

1 22-R0372-1, collectively with the North County cities of San Marcos, Vista and Escondido in  
2 addition to its original founding members; and

3 WHEREAS, under Public Utilities Code Section 366.2, customers have the right to opt  
4 out of the CCA program and continue to receive bundled electric commodity service from the  
5 incumbent utility (San Diego Gas & Electric); and

6 WHEREAS, Public Utilities Code Section 366.2(c)(12) provides that an entity which  
7 elects to implement a CCA program within its jurisdiction must do so by ordinance; and

8 WHEREAS, this ordinance is exempt from the requirements of the California  
9 Environmental Quality Act (CEQA) pursuant to the State CEQA Guidelines, as it is not a  
10 "project" and has no potential to result in a direct or reasonably foreseeable indirect physical  
11 change to the environment. (14 Cal. Code Regs. § 15378(a).) Further, the ordinance is exempt  
12 from CEQA as there is no possibility that the ordinance or its implementation would have a  
13 significant negative effect on the environment. (14 Cal. Code Regs. § 15061(b)(3).)

14  
15 NOW, THEREFORE, the City Council of the City of Oceanside does ordain as follows:

16  
17 SECTION 1. That the recitals set forth above are true and correct and are incorporated as  
18 though fully set forth herein.

19  
20 SECTION 2. Based upon the findings and declarations set forth in this ordinance, and to  
21 provide businesses and residents within the jurisdictional boundaries of the City with a choice  
22 of electric commodity providers and with the benefits described in the recitals above, the City  
23 Council hereby elects pursuant to Public Utilities Code Section 366.2(c)(12) to implement a  
24 CCA program within the jurisdiction of the City of Oceanside as a member of the Clean Energy  
25 Alliance, under the terms and conditions provided in its Joint Powers Agreement, on file with  
26 the Office of the City Clerk as Document No. 22-R0372-1.

1           SECTION 3. Construction

2   The City Council of the City of Oceanside intends this ordinance to supplement, not to  
3   duplicate or contradict, applicable state and federal law and this ordinance shall be construed in  
4   light of that intent.

5  
6           SECTION 4. Effective Date

7   This ordinance shall take effect and be in force on the thirtieth (30<sup>th</sup>) day from and after its final  
8   passage.

9  
10          SECTION 5. Publication

11   The City Clerk of the City of Oceanside is hereby directed to publish this ordinance, or the title  
12   hereof as a summary, pursuant to state statute, once within fifteen (15) days after its passage in  
13   the San Diego Union Tribune, North County edition, a newspaper of general circulation  
14   published in the City of Oceanside.

15  
16          SECTION 6. Severability.

17   If any section, sentence, clause or phrase of this Ordinance is for any reason held to be invalid  
18   or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not  
19   affect the validity of the remaining portions of this Ordinance. The City Council hereby declares  
20   that it would have passed this ordinance and adopted this Ordinance and each section, sentence,  
21   clause or phrase thereof, irrespective of the fact that any one or more sections, subsections,  
22   sentences, clauses or phrases be declared invalid or unconstitutional.

23  
24          SECTION 7. Uncodified Ordinance.

25   This ordinance shall be uncodified.  
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INTRODUCED at a regular meeting of the City Council of the City of Oceanside, California, held on the 8<sup>th</sup> day of June, 2022 and, thereafter,

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Oceanside California, held on the 22<sup>nd</sup> day of June, 2022, by the following vote:

AYES: Sanchez, Keim, Jensen, Weiss

NAYS: Rodriguez

ABSENT: N/A

ABSTAIN: N/A

  
\_\_\_\_\_  
MAYOR OF THE CITY OF OCEANSIDE

ATTEST:

APPROVED AS TO FORM:

  
\_\_\_\_\_  
CITY CLERK

  
\_\_\_\_\_  
CITY ATTORNEY

# Appendix C

## Clean Energy Alliance Addendum No. 2

### ORDINANCE NO. 2022-9

**AN ORDINANCE OF THE CITY COUNCIL OF THE CHARTERED CITY OF VISTA, CALIFORNIA, OBTAINING THE CITY COUNCIL'S DECISION, PURSUANT TO PUBLIC UTILITIES CODE SECTION 366.2(c)(12), TO IMPLEMENT A COMMUNITY CHOICE AGGREGATION PROGRAM WITHIN THE JURISDICTION OF THE CITY OF VISTA BY PARTICIPATING IN THE CLEAN ENERGY ALLIANCE, UNDER THE TERMS AND CONDITIONS PROVIDED IN ITS JOINT POWERS AGREEMENT**

**The City Council of the City of Vista does ordain as follows:**

1. **Findings.** The City Council hereby finds and declares all of the following:
  - A. California Public Utilities Code (the "Act") Section 366.2 authorizes cities and counties to provide retail electric service individually or jointly to an aggregation of customers within their jurisdictions, which is referred to as community choice aggregation (CCA); and
  - B. Measure E-3 of the City's 2021 Climate Action Plan aims to increase grid-supply renewable and zero-carbon electricity in the City of Vista (City); and
  - C. The City completed a CCA feasibility study, which determined that a CCA program could result in local benefits including the use of renewable energy at levels above the State Renewables Portfolio Standard, the provision of competitive rates to consumers, and economic opportunity for the City; and
  - D. Pursuant to Section 366.2 of the Act, if each entity adopts the ordinance required by Public Utilities Section 366.2(c)(12), two or more public entities authorized to be a community choice aggregator under Section 331.1 of the Act may participate jointly in a CCA program through a Joint Powers Authority established pursuant to Government Code Section 6500 et seq.; and
  - E. The City wishes to implement a CCA program at this time, joining as a member the Joint Powers Authority known as Clean Energy Alliance, consisting of the member agencies of Carlsbad, Del Mar, Solana Beach, Escondido, and San Marcos; and
  - F. Under section 366.2 of the Act, customers have the right to opt out of the CCA program and continue to receive bundled electric service from the incumbent utilities; and
  - G. 366.2(c)(12) of the Act provides that an entity which elects to implement a CCA program within its jurisdiction must do so by ordinance; and
  - H. This ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the State CEQA Guidelines, as it is not a "project" and has no potential to result in a direct or reasonably foreseeable indirect physical change to the environment. (14 Cal. Code Regs. § 15378(a).) Further, the ordinance is exempt from CEQA as there is no possibility that the ordinance or its implementation would have significant negative effect on the environment. (14 Cal. Code Regs. § 15061(b)(3).) The ordinance is also categorically exempt because it is an action taken by a regulatory agency to assure the maintenance, restoration, enhancement or protection of the environment. (14 Cal. Code Regs. § 15308.) To the extent necessary, the City Manager or designee shall cause a Notice of Exemption to be filed as authorized by CEQA and the State CEQA guidelines.

**2. Action.**

A. The above recitals are true and correct.

B. In order to provide businesses and residents within the jurisdictional boundaries of the City with a choice of electric service providers and with the benefits described in the recitals above, the City Council hereby elects, pursuant to Section 366.2(c)(12) of the Act, to implement a CCA program within the jurisdiction of the City of Vista by participating in the CCA program of the Clean Energy Alliance, under the terms and conditions provided in its Joint Powers Agreement, on file with the City Clerk.

**3. Effective Date.** This ordinance shall be effective on the thirty-first day following the date of its adoption. The City Clerk is authorized and directed to publish a copy in the manner provided by law.

**4. Adoption.** INTRODUCED and ADOPTED at a meeting of the City Council of the City of Vista held on June 28, 2022, by the following vote:

AYES: Mayor Ritter, Franklin, Green, Contreras, Melendez

NOES: None

ABSTAIN: None

APPROVED AS TO FORM:  
WALTER CHUNG, ACTING CITY ATTORNEY

By: 

APPROVED  
Walter C. Chung  
20220609144426

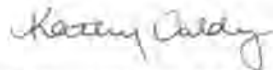
By:   
JOEY RITTER, Mayor

ATTEST:  
KATHY VALDEZ, CITY CLERK

By: 

**CERTIFICATION**

I, Kathy Valdez, City Clerk of the City of Vista, California, certify that I caused the foregoing Ordinance No. 2022-9 to be posted on June 30, 2022, at the following locations within the City of Vista: 1) the Reference Desk of the Vista Branch of the San Diego County Public Library, 700 Eucalyptus Avenue; 2) the Lobby Counter at the Gloria E. McClellan Senior Center, 1400 Vale Terrace Drive; and 3) the City Clerk's Office, 200 Civic Center Drive.



Kathy Valdez, City Clerk

Appendix D  
Clean Energy Alliance Addendum No. 2

**CLEAN ENERGY ALLIANCE**

**Community Choice Aggregation  
Implementation Plan  
and  
Statement of Intent**

**December 2019**

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# 1 INTRODUCTION

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The Clean Energy Alliance (“CEA” or “Alliance”), located within San Diego County, is a Joint Powers Authority (“JPA”) pursuing the implementation of a community choice aggregation program (“CCA” or “Program”). Founding Member Agencies of CEA include the following three (3) municipalities within the County of San Diego, which have elected to allow the JPA to provide electric generation service within their respective jurisdictions:

City of Carlsbad  
City of Del Mar  
City of Solana Beach

This Implementation Plan and Statement of Intent (“Implementation Plan”) describes CEA’s plans to implement a voluntary CCA program for electric customers within the jurisdictional boundaries of the Member Agencies. Electric customers within the Cities of Carlsbad and Del Mar currently take bundled electric service from San Diego Gas and Electric (“SDG&E”). Electric customers within the City of Solana Beach currently have the option of taking electric service from Solana Energy Alliance (“SEA”), an existing Community Choice Aggregation program, or as a bundled customer of SDG&E. The Program will provide electricity customers the opportunity to jointly procure electricity from competitive suppliers, with such electricity being delivered over SDG&E’s transmission and distribution system. The planned start date for the Program is May 1, 2021. All current SDG&E customers within the Del Mar and Carlsbad service area will receive information describing the CEA Program and will have multiple opportunities to opt out and choose to remain full requirement (“bundled”) customers of SDG&E, in which case they will not be enrolled. Current SEA customers will receive information describing the CEA Program and their transition from SEA to CEA. They will also have multiple opportunities to opt out. Thus, participation in the CEA Program is completely voluntary. However, as provided by law, customers will be automatically enrolled according to the anticipated schedule later described in Chapter 5 unless they affirmatively elect to opt-out. Once, and as long as CEA is operational and all SEA customers have transitioned to CEA, SEA will cease to be an operational CCA.

Implementation of CEA will enable customers within CEA’s service area to take advantage of the opportunities granted by Assembly Bill 117 (“AB 117”), the Community Choice Aggregation Law.

CEA’s primary objectives in implementing this Program are to:

- 1) Procure an electric supply portfolio with higher renewable content than SDG&E;
- 2) Provide cost competitive electric services when compared to SDG&E;
- 3) Gain local control in rate setting to provide long-term rate stability for residents and businesses;
- 4) Meet Climate Action Plan goals of the Member Agencies.

The California Public Utilities Code provides the relevant legal authority for the Alliance to become a Community Choice Aggregator and invests the California Public Utilities Commission (“CPUC” or “Commission”) with the responsibility for establishing the cost recovery mechanism that must be in place before customers can begin receiving electrical service through the CEA Program. The CPUC also has responsibility for registering the JPA as a Community Choice Aggregator and ensuring compliance with

## Clean Energy Alliance Implementation Plan

basic consumer protection rules. The Public Utilities Code requires adoption of an Implementation Plan at a duly noticed public hearing. The plan must then be filed with the Commission.

The Alliance is also aware that a CCA Program-specific Renewables Portfolio Standard (“RPS”) Procurement Plan must be completed and submitted to the CPUC during its CCA registration process – the Alliance anticipates that the renewable energy targets reflected in this Implementation Plan will meet or exceed applicable procurement mandates, including prudent planning reserves.

On December 19, 2019, the JPA, at a duly noticed public hearing, adopted this Implementation Plan, through Resolution No. 2019-003 (a copy of which is included as part of Appendix A).

The Commission has established the methodology to use to determine the cost recovery mechanism, and SDG&E has approved tariffs for imposition of the cost recovery mechanism. The cities of Del Mar and Carlsbad have adopted an ordinance to implement a CCA program through its participation in CEA and Solana Beach adopted its ordinance to implement a CCA program as part of implementing SEA. Each of the Members has adopted a resolution permitting CEA to provide service within its jurisdiction<sup>1</sup>. Having accomplished these milestones, CEA submits this Implementation Plan to the CPUC. Following the CPUC’s acknowledgement of its receipt of this Implementation Plan and resolution of any outstanding issues, CEA will submit a draft customer notice, file a draft Renewable Portfolio Standards Procurement Plan, submit the Financial Security Requirement and execute the Service Agreement with San Diego Gas & Electric as established in CPUC Resolution E-4907. CEA will take the final steps needed to register as a CCA and participate in the year-ahead Resource Adequacy (“RA”) process prior to initiating the customer notification and enrollment process.

### 1.1 STATEMENT OF INTENT

The content of this Implementation Plan complies with the statutory requirements of AB 117. As required by Public Utilities Code Section 366.2(c)(3), this Implementation Plan details the process and consequences of aggregation and provides the Alliance’s statement of intent for implementing a CCA program that includes all of the following:

- Universal access;
- Reliability;
- Equitable treatment of all customer classes; and
- Any requirements established by state law or by the CPUC concerning aggregated service.

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<sup>1</sup> Copies of individual ordinances adopted by the Clean Energy Alliance’s Members are included within Appendix A

## **Clean Energy Alliance Implementation Plan**

### **1.2 ORGANIZATION OF THIS IMPLEMENTATION PLAN**

The remainder of this Implementation Plan is organized as follows:

Chapter 2: Aggregation Process

Chapter 3: Organizational Structure

Chapter 4: Startup Plan & Funding

Chapter 5: Program Phase-In

Chapter 6: Load Forecast & Resource Plan

Chapter 7: Financial Plan

Chapter 8: Rate setting

Chapter 9: Customer Rights and Responsibilities

Chapter 10: Procurement Process

Chapter 11: Contingency Plan for Program Termination

Appendix A: Clean Energy Alliance Resolution No. 2019-XXX (Adopting Implementation Plan)

The requirements of AB 117 are cross-referenced to Chapters of this Implementation Plan in the following table.

## Clean Energy Alliance Implementation Plan

### AB 117 Cross References

AB 117 REQUIREMENT	IMPLEMENTATION PLAN CHAPTER
Statement of Intent	Chapter 1: Introduction
Process and consequences of aggregation	Chapter 2: Aggregation Process
Organizational structure of the program, its operations and funding	Chapter 3: Organizational Structure Chapter 4: Startup Plan & Funding Chapter 7: Financial Plan
Disclosure and due process in setting rates and allocating costs among participants	Chapter 8: Rate setting
Rate setting and other costs to participants	Chapter 8: Rate setting Chapter 9: Customer Rights and Responsibilities
Participant rights and responsibilities	Chapter 9: Customer Rights and Responsibilities
Methods for entering and terminating agreements with other entities	Chapter 10: Procurement Process
Description of third parties that will be supplying electricity under the program, including information about financial, technical and operational capabilities	Chapter 10: Procurement Process
Termination of the program	Chapter 11: Contingency Plan for Program Termination
Methods for ensuring procurement from small, local, and diverse business enterprises in all categories, including, but not limited to, renewable energy, energy storage system, and smart grid projects.	Chapter 6: Load Forecast and Resource Plan

## 2 AGGREGATION PROCESS

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### 2.1 INTRODUCTION

This Chapter describes the background leading to the development of this Implementation Plan and describes the process and consequences of aggregation, consistent with the requirements of AB 117.

## **Clean Energy Alliance Implementation Plan**

In 2017 the cities of Del Mar, Carlsbad and other interested partner agencies engaged the assistance of a technical consultant to evaluate the feasibility of establishing a CCA program, considering various agency member formations. The studies revealed that a CCA program was viable, offering customers rates competitive with SDG&E. Throughout early 2019 the Member Agencies evaluated several different options related to the provision of CCA services to their service territories. SEA has been a financially stable CCA since launching in June 2018. The financial model reflected in Section 7, Table 9, demonstrates that the proposed CEA is a financially viable CCA program.

The CEA was formed with the following objectives: 1) procure a power supply from a minimum 50% renewable energy sources; 2) help meet the goals of the Member Agency's Climate Action Plans to reduce GHG emissions; 3) provide cost-competitive electric services to the customers of CEA; 4) gain local control of the territory's energy procurement needs; and 5) provide local clean energy programs and benefits.

The City of Solana Beach ("Solana Beach") currently operates SEA, the only CCA that is currently serving customers in SDG&E territory. Solana Beach intends to transition its customers from SEA to CEA during CEA's launch month of May 2021. Once its customers are fully transferred to CEA, Solana Beach will no longer operate SEA. Solana Beach will submit an amended Implementation Plan, concurrent with this CEA Implementation Plan, that reflects its customers transitioning to CEA.

The Alliance released a draft Implementation Plan in November 2019, which described the planned organization, governance and operation of the CCA Program. Following consideration of comments related to the draft document, a final Implementation Plan was prepared and duly adopted by the CEA Board of Directors.

The CEA Program represents a culmination of planning efforts that are responsive to the expressed needs and priorities of the residents and business community within the service territory. The Alliance plans to expand the energy choices available to eligible customers through creation of innovative new programs for voluntary purchases of renewable energy and net energy metering to promote customer-owned renewable generation.

## **2.2 PROCESS OF AGGREGATION**

Before they are enrolled in the Program, prospective CEA customers in Carlsbad and Del Mar will receive two written notices in the mail that will provide information needed to understand the Program's terms and conditions of service and explain how customers, if they desire, can opt-out of the Program. All customers that do not follow the opt-out process specified in the customer notices will be automatically enrolled, and service will begin at their next regularly scheduled meter read date following the date of automatic enrollment, subject to the service phase-in plan described in Chapter 5. The initial enrollment notices will be provided to customers in March 2021, with a second notice being provided in April 2021.

Customers currently being served by SEA were provided the required enrollment notices during their transition from SDG&E service in 2018. These customers are not subject to the four required notices for customers leaving SDG&E service, however, they will be provided at least one notice notifying them of the transition from SEA service to CEA service and any rate or service impacts.

Customers enrolled in the CEA Program will continue to have their electric meters read and to be billed for electric service by the distribution utility (SDG&E). The electric bill for Program customers will show

## Clean Energy Alliance Implementation Plan

separate charges for generation procured by CEA as well as other charges related to electricity delivery and other utility charges assessed by SDG&E.

After service cutover, customers will have approximately 60 days (two billing cycles) to opt-out of the CEA Program without penalty and return to the distribution utility (SDG&E). CEA customers will be advised of these opportunities via the distribution of two additional enrollment notices provided within the first two months of service. Customers that opt-out between the initial cutover date and the close of the post enrollment opt-out period will be responsible for program charges for the time they were served by CEA but will not otherwise be subject to any penalty for leaving the program. Customers that have not opted-out within thirty days of the fourth enrollment notice will be deemed to have elected to become a participant in the CEA Program and to have agreed to the CEA Program's terms and conditions, including those pertaining to requests for termination of service, as further described in Chapter 8.

### 2.3 CONSEQUENCES OF AGGREGATION

#### 2.3.1 Rate Impacts

CEA customers will pay the generation charges set by the Alliance and no longer pay the costs of SDG&E generation. Customers enrolled in the Program will be subject to the Program's terms and conditions, including responsibility for payment of all Program charges as described in Chapter 9.

The Alliance's rate setting policies described in Chapter 7 establish a goal of providing rates that are competitive with the projected generation rates offered by the incumbent distribution utility (SDG&E). The Alliance will establish rates sufficient to recover all costs related to operation of the Program, and the CEA Board will adopt actual rates.

Initial CEA Program rates will be established following approval of the Alliance's inaugural program budget, reflecting final costs from the CEA Program's energy procurement. The Alliance's rate policies and procedures are detailed in Chapter 7. Information regarding final CEA Program rates will be disclosed along with other terms and conditions of service in the pre-enrollment and post-enrollment notices sent to potential customers.

Once CEA gives definitive notice to SDG&E that it will commence service, CEA customers will generally not be responsible for costs associated with SDG&E's future electricity procurement contracts or power plant investments. Certain pre-existing generation costs and new generation costs that are deemed to provide system-wide benefits will continue to be charged by SDG&E to CCA customers through separate rate components, called the Cost Responsibility Surcharge and the New System Generation Charge. These charges are shown in SDG&E's electric service tariffs, which can be accessed from the utility's website, and the costs are included in charges paid by both SDG&E bundled customers as well as CCA and Direct Access customers<sup>2</sup>. SEA customers that transition to CEA will maintain their current Power Charge Indifference Adjustment ("PCIA") vintage of 2017, having already departed from SDG&E generation services. Eligible Del Mar and Carlsbad customers who transition to CEA service will be assigned a 2020 PCIA vintage.

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<sup>2</sup> For SDG&E bundled service customers, the Power Charge Indifference Adjustment element of the Cost Responsibility Surcharge is contained within the CCA-CRS rate tariff.

## Clean Energy Alliance Implementation Plan

### 2.3.2 Renewable Energy Impacts

A second consequence of the Program will be an increase in the proportion of energy generated and supplied by RPS-eligible renewable resources. The resource plan includes procurement of renewable energy in excess of California's renewable energy procurement mandate, and SDG&E's forecast renewable percentage, with a goal of providing a minimum of 50% renewable energy at launch, for all enrolled customers. Consistent with Senate Bill 100, CEA renewable energy will increase toward 60% by 2030. CEA customers may also voluntarily participate in a higher renewable supply option, potentially up to 100%. To the extent that customers choose CEA's voluntary renewable energy option, the renewable content of CEA's aggregate supply portfolio will further increase. Initially, requisite renewable energy supply will be sourced through one or more short-term power purchase agreements; however, shortly after launching operations, long-term procurement of renewable energy will begin to meet California's long-term renewable energy contracting requirements that become effective in Compliance Period 4 and beyond<sup>3</sup>. Over time, the Alliance will also consider independent development of new renewable generation resources.

### 2.3.3 Greenhouse Gas Reduction

A third consequence of the Program will be an anticipated reduction in the greenhouse gas emissions attributed to the CEA supply portfolio as compared to SDG&E. An important objective of the CEA formation is to support the Climate Action Plans of the Member Agencies. Therefore, CEA will set aggressive GHG-emissions reduction targets and acquire zero or low GHG-emitting supply to achieve those targets.

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<sup>3</sup> Under California's RPS Program, 65 percent of mandated renewable energy purchases must be sourced from eligible long-term contracts beginning in calendar year 2021.

### 3 ORGANIZATION AND GOVERNANCE STRUCTURE

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This section provides an overview of the organizational structure of CEA and its proposed implementation of the CCA program. Specifically, the key agreements, governance, management, and organizational functions of CEA are outlined and discussed below.

#### 3.1 ORGANIZATIONAL OVERVIEW

CEA is a joint powers authority formed under the California Joint Exercise of Powers Act. It was established on November 4, 2019 with a Board of Directors serving as its Governing Board. The Board is responsible for establishing CEA's Program policies and objectives and overseeing CEA's operation. In December 2019, the Board appointed an Interim Chief Executive Officer ("CEO") to manage the operation of the Alliance in accordance with policies adopted by the Board.

#### 3.2 GOVERNANCE

The CEA Program will be governed by the CEA Board, which shall include one appointed designee from each of the Member Agencies. The Members of CEA include three (3) municipalities within the County of San Diego, Del Mar, Carlsbad and Solana Beach, all of which have elected to allow CEA to provide electric generation service within their respective jurisdictions. The Alliance's Board will be comprised of representatives appointed by each of the Members in accordance with the JPA agreement. The CEA Program will be operated under the direction of an CEO appointed by the Board, with legal and regulatory support provided by a Board appointed General Counsel.

The Board's primary duties are to establish program policies, approve rates and provide policy direction to the CEO, who has general responsibility for program operations, consistent with the policies established by the Board. The Board will elect a Chair and Vice Chair and may form various standing and ad hoc committees, as appropriate, which would have responsibility for evaluating various issues that may affect the Alliance and its customers, including rate-related and power contracting issues, and would provide analytical support and recommendations to the Board in these regards.

#### 3.3 MANAGEMENT

The CEA CEO has management responsibilities over the functional areas of Administration & Finance, Marketing & Public Affairs, Power Resources & Energy Programs, and Government Affairs, as well as the assisting the Board with overall supervision of the legal services provided by the Alliance's General Counsel. In performing the defined obligations to CEA, the CEO may utilize a combination of internal staff and/or contractors. Certain specialized functions needed for program operations, namely the electric supply and customer account management functions described below, will be performed by experienced third-party contractors.

Major functions of the Alliance that will be managed by the CEO are summarized below.



## **Clean Energy Alliance Implementation Plan**

### **3.4 ADMINISTRATION**

CEA's CEO will be responsible for managing the organization's human resources and administrative functions and will coordinate with the CEA Board, as necessary, with regard to these functions. The functional area of administration will include oversight of any employee hiring and termination, compensation and benefits management, identification and procurement of requisite office space and various other issues. It is likely that existing Member Agency staff will initially assist with this function.

### **3.5 FINANCE**

The CEO is also responsible for managing the financial affairs of the Alliance, including the development of an annual budget, revenue requirement and rates; managing and maintaining cash flow requirements; arranging potential bridge loans as necessary; and other financial tools.

Revenues via rates and other funding sources (such as a rate stabilization fund, when necessary) must, at a minimum, meet the annual budgetary revenue requirement, including recovery of all expenses and any reserves or coverage requirements set forth in bond covenants or other agreements. The Alliance will have the flexibility to consider rate adjustments, administer a standardized set of electric rates, and may offer optional rates to encourage policy goals such as encouraging renewable generation and incentivizing peak demand reduction, provided that the overall revenue requirement is achieved.

CEA's finance function will be responsible for preparing the annual budget, arranging financing necessary for any capital projects, preparing financial reports, managing required audits and ensuring sufficient cash flow for successful operation of the CEA Program. The finance function will play an important role in risk management by monitoring the credit of energy suppliers so that credit risk is properly understood and mitigated. In the event that changes in a supplier's financial condition and/or credit rating are identified, the Alliance will be able to take appropriate action, as would be provided for in the electric supply agreement(s).

### **3.6 MARKETING & PUBLIC AFFAIRS**

The marketing and public affairs functions include general program marketing and communications as well as direct customer interface ranging from management of key account relationships to call center and billing operations. The Alliance will conduct program marketing to raise consumer awareness of the CEA Program and to establish its "brand" in the minds of the public, with the goal of retaining and attracting as many customers as possible into the CEA Program. Communications will also be directed at key policy-makers at the state and local level, community business and opinion leaders, and the media.

In addition to general program communications and marketing, a significant focus on customer service, particularly representation for key accounts, will enhance the Alliance's ability to differentiate itself as a highly customer-focused organization that is responsive to the needs of the community. CEA, through its data services provider, will also establish a customer call center designed to field customer inquiries and routine interaction with customer accounts.

The customer service function also encompasses management of customer data. Customer data management services include retail settlements/billing-related activities and management of a customer database. This function processes customer service requests and administers customer enrollments and departures from the CEA Program, maintaining a current database of enrolled customers. This function

## Clean Energy Alliance Implementation Plan

coordinates the issuance of monthly bills through SDG&E's billing process and tracks customer payments. Activities include the electronic exchange of usage, billing, and payments data with SDG&E and CEA, tracking of customer payments and accounts receivable, issuance of late payment and/or service termination notices (which would return affected customers to bundled service), and administration of customer deposits in accordance with credit policies of the Alliance.

The customer data management services function also manages billing-related communications with customers, customer call centers, and routine customer notices. The Alliance will contract with an experienced third party to perform the customer account and billing services functions.

### 3.7 POWER RESOURCES & ENERGY PROGRAMS

CEA must plan for meeting the electricity needs of its customers utilizing resources consistent with its policy goals and objectives as well as applicable legislative and/or regulatory mandates. CEA's long-term resource plans (addressing the 10-20-year planning horizon) will comply with California Law and other pertinent requirements of California regulatory bodies. In particular, CEA is aware of compulsory Integrated Resource Planning requirements, as identified in Senate Bill 350 (de León, 2015), which require, among other provisions, that CCAs periodically submit integrated resource planning documents and related materials to the CPUC. Specifically, the Public Utilities Code requires that, "The plan of a community choice aggregator shall be submitted to its governing board for approval and provided to the commission for certification, consistent with paragraph (5) of subdivision (a) of section 366.2". The Alliance intends to comply with this requirement similar to the manner in which other CCA organizations have complied and will rely on the experience gained by such organizations in completing pertinent data templates and documentation during future processes. Integrated resource planning efforts of the Alliance will make use of demand side energy efficiency, distributed generation and demand response programs as well as traditional supply options, which rely on structured wholesale transactions to meet customer energy requirements. Integrated resource plans will be updated and adopted by the Board as required by state law and applicable regulations. The Alliance is also aware of the need to periodically prepare and submit RPS Procurement Plans, which shall address the manner in which the CEA Program will achieve compliance with pertinent provisions of California's RPS mandate. As required, the first RPS Procurement Plans will be developed and submitted during the 90-day certification period related to this Implementation Plan.

The Alliance may develop and administer complementary energy programs that may be offered to CEA customers, including green pricing, energy efficiency, net energy metering and various other programs that may be identified to support the overarching goals and objectives of the Alliance.

#### 3.7.1 Electric Supply Operations

Electric supply operations encompass the activities necessary for wholesale procurement of electricity to serve end use customers. These highly specialized activities include the following:

- *Electricity Procurement* – assemble a portfolio of electricity resources to supply the electric needs of Program customers.
- *Risk Management* – application of standard industry techniques to reduce exposure to the volatility of energy and credit markets and insulate customer rates from sudden changes in wholesale market prices.

## Clean Energy Alliance Implementation Plan

- *Load Forecasting* – develop load forecasts, both long-term for resource planning, short-term for the electricity purchases, and sales needed to maintain a balance between hourly resources and loads.
- *Scheduling Coordination* – scheduling and settling electric supply transactions with the California Independent System Operator (“CAISO”).

The Alliance will contract with one or more experienced and financially sound third-party energy services firms to perform most of the electric supply operations for the CEA Program. These requirements include the procurement of energy, capacity and ancillary services, scheduling coordinator services, short-term load forecasting and day-ahead and real-time electricity trading.

### 3.8 GOVERNMENTAL AFFAIRS & LEGAL SUPPORT

The CEA Program will require ongoing regulatory and legislative representation to manage various regulatory compliance filings related to resource plans, RA, compliance with California’s RPS program and overall representation on issues that will impact CEA customers. The Alliance will maintain an active role at the CPUC, the California Energy Commission, the California Independent System Operator (“CAISO”), the California legislature and, as necessary, the Federal Energy Regulatory Commission with either in-house staff or contracted third parties with experience in the energy market arena.

CEA’s General Counsel is hired by and reports to the Board of Directors. However, the CEO will assist the Board in supervising the legal services as provided by General Counsel. The Alliance may retain specialized outside legal services, as necessary, to review power purchase agreements, give advice on regulatory matters, and provide other specialized legal services related to activities of the CEA Program. In addition, CEA’s wholesale services provider may assist with regulatory filings related to wholesale procurement.

## 4 STARTUP PLAN AND FUNDING

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This Chapter presents the Alliance's plans for the start-up period, including necessary expenses and capital outlays. As described in the previous Chapter, the Alliance will utilize a mix of internal staff and contractors in its CCA Program implementation and operation.

### 4.1 STARTUP ACTIVITIES

The initial program startup activities include the following:

- Hire staff and/or contractors to manage implementation
- Adopt policies and procedures for the operation of CEA
- Identify qualified suppliers (of requisite energy products and related services) and negotiate supplier contracts
  - Electric supplier and scheduling coordinator
  - Data management provider (if separate from energy supply)
- Define and execute communications plan
  - Customer research/information gathering
  - Media campaign
  - Key customer/stakeholder outreach
  - Informational materials and customer notices
  - Customer call center
  - Website
- Post financial security requirement and complete requisite registration requirements
- Establish reserves that may be required by energy suppliers
- Pay utility service initiation, notification and switching fees
- Perform customer notification, opt-out and transfers
- Conduct load forecasting
- Establish rates
- Legal and regulatory support
- Financial management and reporting

Some costs related to starting up the CEA Program may be the responsibility of the CEA Program's contractors. These may include capital requirements needed for collateral/credit support for electric

## Clean Energy Alliance Implementation Plan

supply expenses, customer information system costs, bond requirements, electronic data exchange system costs, call center costs, and billing administration/settlements systems costs.

### 4.2 STAFFING AND CONTRACT SERVICES

Personnel in the form of Alliance staff, Member Agency staff, or contractors will be utilized as needed to match workloads involved in forming CEA, managing contracts, and initiating customer outreach/marketing during the pre-operations period. During the startup period, minimal personnel requirements may include a CEO, legal support, and other personnel needed to support regulatory, procurement, finance, legal, marketing, and communications activities. This support will come from existing Member Agency staff and contractors. Once operational, additional staff and/or contractors may be retained, as needed, to support the rollout of additional value-added services (e.g., efficiency projects) and local generation projects and programs.

### 4.3 CAPITAL REQUIREMENTS

The start-up of the CCA Program will require capital for three major functions: (1) staffing and contractor costs; (2) deposits and reserves; and (3) operating cash flow. Based on the Alliance's anticipated start-up activities and implementation schedule, a total need of \$4.4M has been identified to support the aforementioned functions. Out of the \$4.4 capital requirements, \$450,000 will be funded from member advances for costs incurred in fiscal year 19/20, \$959,000 is related to the implementation/startup efforts (i.e., rate setting, power procurement and contract negotiations, marketing and communications, regulatory compliance, SDG&E security deposit, etc.) in order to serve customers by May 2021. A deposit in the amount of \$500,000 will also need to be posted to CAISO for the Alliance to be a Congestion Revenue Rights Holder. The remaining \$2,500,000 is the "float" required for CEA to pay its monthly bills before the program generates enough internal cash to self-fund its working capital needs.

The capital requirement is further broken down as follows:

**Clean Energy Alliance  
Draft Budget  
Fiscal Years 19/20 and 20/21**

	FY 19/20	FY 20/21
Staffing/Consultants	\$ 50,000.00	\$ 235,000.00
Legal Services	130,000.00	200,000.00
Professional Services	115,000.00	200,000.00
CCA Bond	147,000.00	
CAISO Fee		500,000.00
CalCCA Membership & Dues	1,500.00	130,000.00
Print/Mail Services		132,000.00
Advertising		10,000.00
Graphic Design Services	6,500.00	10,000.00
Website Maintenance		2,500.00
Audit Services		40,000.00
Cash Flow & Lockbox Reserves		2,500,000.00
<b>TOTAL PROJECTED BUDGET</b>	<b>\$ 450,000.00</b>	<b>\$ 3,959,500.00</b>

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The finance plan in Chapter 7 provides additional detail regarding the Alliance's expected capital requirements and general Program finances. All the capital required for start-up will be provided through in-kind support from Member Agencies, deferred fees, Member advances and direct loans.

Related to the Alliance's initial capital requirement, this amount is expected to cover staffing and contractor costs during startup and pre-startup activities, including direct costs related to public relations support, technical support, and customer communications. Requisite deposits and operating reserves are also reflected in the initial capital requirement, including the following items: 1) operating reserves to address anticipated cash flow variations; 2) deposit with the CAISO prior to commencing market operations (if required); 3) Financial Security Requirement (CCA bond posted with the CPUC); and 4) SDG&E service fee deposit, if required.

Operating revenues from sales of electricity will be remitted to CEA beginning approximately sixty days after the initial customer enrollments. This lag is due to the distribution utility's standard meter reading cycle of 30 days and a 30-day payment/collections cycle. CEA will need working capital to support electricity procurement and costs related to program management, which is included in CEA's initial \$4,400,000 capital requirement.

### **4.4 FINANCING PLAN**

CEA's initial capital requirement will be met through a combination of financing mechanisms. CEA will be seeking assistance through deferred fees from contractors and vendors, loans and/or lines of credit from financial institutions and in-kind services and advances provided by Member Agencies (to be reimbursed in the future). CEA will repay back the principal and interest costs associated with the start-up funding via retail generation rates charged to CEA customers. It is anticipated that the start-up costs will be fully recovered through such customer generation rates within the first three years of operations.

## **5 PROGRAM PHASE-IN**

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CEA plans to roll out its service offering to all eligible customers in a single phase at start-up. There are approximately 58,000 eligible customer accounts within the Alliance’s boundaries, resulting in a single-phase roll-out being reasonable and the most efficient way for CEA to serve customers beginning in May 2021.

Solana Beach is currently providing energy to its residents and businesses through SEA, its community choice aggregation program. During May 2021, SEA customers will transfer from SEA to CEA. Once, and as long as CEA is operational and all SEA customers have transitioned to CEA, SEA will cease operating as a community choice aggregation program.

It is possible that Net Energy Metering (“NEM”) customers may be enrolled over multiple periods to mitigate the impact of SDG&E NEM true-up treatment.

## 6 LOAD FORECAST & RESOURCE PLAN

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### 6.1 INTRODUCTION

This Chapter describes the planned mix of electric resources that will meet the energy demands of CEA customers using a diversified portfolio of electricity supplies. Several overarching policies govern the resource plan and the ensuing resource procurement activities that will be conducted in accordance with the plan. The key policies are as follows:

- Develop a portfolio with a minimum 50% renewable energy and lower greenhouse gas (“GHG”) emissions than SDG&E.
- Manage a diverse resource portfolio to increase control over energy costs and maintain competitive and stable electric rates.
- Comply with RA procurement requirements as established by CPUC Resolution E-4907.
- Comply with applicable renewable energy procurement mandates, as increased under Senate Bill 100 (“SB 100”; de León, 2018).
- Comply with SB 350, periodically preparing and submitting (for certification by the CPUC) an Integrated Resource Plan (“IRP”).
- Comply with applicable requirements for ensuring procurement from small, local and diverse business enterprises in all categories, including, but not limited to, renewable energy, energy storage system, and smart grid projects as required by SB 255 (“SB 255”; Bradford, 2019).
- As applicable, annually prepare and submit a detailed and verifiable plan to the CPUC for increasing procurement from small, local and diverse business enterprises in all categories, including, but not limited to, renewable energy, energy storage system, and smart grid projects as required by SB 255.
- As applicable, annually prepare and submit a report to the CPUC regarding its procurement from women, minority, disabled veteran and LGBTQ business enterprises in all categories, including, but not limited to, renewable energy, energy storage system, and smart grid projects as required by SB 255.

The plan described in this section would accomplish the following:

- **Procure Competitive Supply:** Procure energy, RA, renewables and low-GHG supply through competitive processes in the open market to support the potential offering of service options to include a 100% renewable energy voluntary opt-up product.
- **Use Best Practices Risk Management:** Maintain rate competitiveness by using a dollar-cost-averaging approach with particular attention to the methodology used in the power charge indifference adjustment (“PCIA”) calculation. Use stochastic modeling to measure and achieve risk management objectives.
- **Achieve Environmental Objectives:** Procure supply to offer two distinct generation rate tariffs: 1) a voluntary 100% renewable energy offered to CEA customers on a price premium basis relative



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to CEA's default retail option; and 2) a default CEA service option that is sourced from a minimum 50% renewable energy.

- **Provide NEM Tariff:** Encourage distributed renewable generation in the local area through the offering of a net energy metering tariff that is more remunerative than SDG&E's NEM tariff.
- **Compliance:** Ensure compliance with participation in the Annual and Monthly RA process.
- **Diversity:** Encourage procurement from small, local and diverse business enterprises.

CEA will comply with regulatory rules applicable to California load serving entities. CEA will arrange for the scheduling of sufficient electric supplies to meet the demands of its customers. CEA will adhere to capacity reserve requirements established by the CPUC and the CAISO designed to address uncertainty in load forecasts and potential supply disruptions caused by generator outages and/or transmission contingencies. These rules also ensure that physical generation capacity is in place to serve CEA's customers, even if there were a need for the Alliance's Program to cease operations and return customers to SDG&E. In addition, the Alliance will be responsible for ensuring that its resource mix contains sufficient production from renewable energy resources needed to comply with the statewide RPS mandate (33 percent renewable energy by 2020, increasing to 60 percent by 2030). The resource plan will meet or exceed all of the applicable regulatory requirements related to RA and the RPS.

In relation to its RPS procurement obligation, CEA is aware that SB 100 was signed into law by Governor Brown on September 10, 2018, with an effective date of January 1, 2019. One of SB 100's key requirements is to increase California's RPS procurement mandate to 44 percent by December 31, 2024, 52 percent by December 31, 2027, and 60 percent by December 31, 2030. The Alliance is also aware of applicable long-term renewable energy contracting requirements and plans to satisfy such requirements with one or more eligible contracts put in place prior to or during early-stage operation of the CCA Program. As a local governmental agency, the Alliance's resource planning and procurement activities are subject to and overseen by its Board through an open and public process.

In relation to its small, local and diverse business enterprise procurement requirement, the Alliance is aware that SB 255 was signed into law by Governor Newsom on October 2, 2019. SB 255 requires the CEA Implementation Plan that to include the methods for ensuring procurement from small, local and diverse business enterprises in all categories, including, but not limited to, renewable energy, energy storage system, and smart grid projects. These methods are described in the Small, Local and Diverse Business Enterprise Procurement section.

## 6.2 RESOURCE PLAN OVERVIEW

To meet the aforementioned objectives and satisfy the applicable regulatory requirements pertaining to CEA's status as a California load serving entity, CEA's resource plan includes a diverse mix of power purchases, renewable energy, and potentially, new energy efficiency programs, demand response, and distributed generation. A diversified resource plan minimizes risk and volatility that can occur from over-reliance on a single resource type or fuel source, and thus increases the likelihood of rate stability. The planned power supply will initially be comprised of power purchases from third party electric suppliers and, in the longer-term, may include renewable generation assets owned and/or controlled by CEA.

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Once the CEA Program demonstrates it can operate successfully, CEA may begin evaluating opportunities for investment in renewable generating assets, subject to then-current market conditions, statutory requirements and regulatory considerations. Any renewable generation owned by CEA or controlled under a long-term power purchase agreement with a proven public power developer, could provide a portion of CEA’s electricity requirements on a cost-of-service basis. Depending upon market conditions and, importantly, the applicability of tax incentives for renewable energy development, electricity purchased under a cost-of-service arrangement can be more cost-effective than purchasing renewable energy from third party developers, which will allow the CEA Program to pass on cost savings to its customers through competitive generation rates. Any investment decisions in new renewable generating assets will be made following appropriate environmental reviews and in consultation with qualified financial and legal advisors.

As an alternative to direct investment, CEA may consider partnering with an experienced public power developer or other Joint Powers Authorities and could enter into a long-term (15-to-30 year) power purchase agreement that would support the development of new renewable generating capacity. Such an arrangement could be structured to reduce the CEA Program’s operational risk associated with capacity ownership while providing its customers with all renewable energy generated by the facility under contract.

CEA’s indicative resource plan for the years 2021 through 2030 is summarized in the following table. Note that CEA’s projections reflect a portfolio mix of renewable energy compliant with the annual RPS requirement and all other supply coming in the form of conventional resources or CAISO system power<sup>4</sup>.

Table 1: Proposed Resource Plan

Clean Energy Alliance Proposed Resource Plan (MWh) 2021 - 2030										
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Demand (MWh)</b>										
Retail	144,022	928,654	949,406	965,616	980,219	990,867	997,196	1,017,140	1,037,482	1,058,232
Losses	6,193	39,932	40,824	41,521	42,149	42,607	42,879	43,737	44,612	45,504
Wholesale	150,215	968,586	990,230	1,007,137	1,022,368	1,033,474	1,040,075	1,060,877	1,082,094	1,103,736
<b>Supply (MWh)</b>										
Renewable	72,011	464,327	474,703	482,808	490,109	495,433	518,542	556,036	594,823	634,939
System	78,204	504,259	515,527	524,329	532,259	538,041	521,533	504,840	487,271	468,797
Total Supply	150,215	968,586	990,230	1,007,137	1,022,368	1,033,474	1,040,075	1,060,877	1,082,094	1,103,736

### 6.3 SUPPLY REQUIREMENTS

The starting point for CEA’s resource plan is a projection of participating customers and associated electric consumption. Projected electric consumption is evaluated on an hourly basis and matched with resources best suited to serving the aggregate of hourly demands or the program’s “load profile.” The electric sales forecast and load profile will be affected by CEA’s plan to introduce the CEA Program to customers in one

<sup>4</sup> The Alliance has applied known RPS procurement targets, as reflected in SB 100, for calendar years 2024, 2027 and 2030. In the intervening years, the Alliance has assumed a general straight-line trajectory between each of the aforementioned years (which are associated with the final years of Compliance Periods 4, 5 and 6 respectively).

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single phase and the degree to which customers choose to remain with SDG&E during the customer enrollment and opt-out period. The Alliance’s rollout plan and assumptions regarding customer participation rates are discussed below.

**6.4 CUSTOMER PARTICIPATION RATES**

Customers will be automatically enrolled in the CEA Program unless they opt-out during the customer notification process conducted during the 60-day period prior to enrollment and continuing through the 60-day period following commencement of service. The Alliance anticipates an overall customer participation rate of approximately 90 percent of eligible SDG&E bundled service customers, based on reported opt-out rates for already operating CCAs. It is assumed that customers taking direct access service from a competitive electricity provider will continue to remain with their current supplier.

The participation rate is not expected to vary significantly among customer classes, in part because the Alliance will offer two distinct rate tariffs that will address the needs of cost-sensitive customers as well as the needs of both residential and business customers that prefer a highly renewable energy product. The assumed participation rates will be refined as CEA’s public outreach and market research efforts continue to develop.

**6.5 CUSTOMER FORECAST**

Once customers enroll, they will be transferred to service by CEA on their regularly scheduled meter read date over an approximately thirty-one-day period. Approximately 2,900 service accounts per day will be transferred during the first month of service. The number of accounts anticipated to be served by CEA at the end of the enrollment period is shown in Table 2.

*Table 2: Total Customer Counts at the end of First Month of Operation, here presuming enrollment occurs in May 2021.*

	<b><u>May-21</u></b>
Residential	49,800
Commercial & Agriculture	8,000
Street Lighting & Traffic	200

The Alliance assumes that customer growth will generally offset customer attrition (opt-outs) over time, resulting in a relatively stable customer base (<1% annual growth) over the noted planning horizon. While the successful operating track record of California CCA programs continues to grow, there is a relatively short history with regard to CCA operations, which makes it difficult to anticipate the actual levels of customer participation within the CEA Program. The Alliance believes that its assumptions regarding the offsetting effects of growth and attrition are reasonable in consideration of the historical customer growth (based on SDG&E data) within the JPA and the potential for continuing customer opt-outs following mandatory customer notification periods. The following table shows the forecast of service accounts (customers) served by CEA for each of the next ten years.

*Table 3: Customer Accounts by Year*

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Residential	49,800	49,800	49,900	49,900	50,000	50,100	50,100	51,100	52,200	53,200
Commercial & Agriculture	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,200	8,400	8,500
Street Lighting & Traffic	200	200	200	200	200	200	200	200	200	200

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### 6.6 SALES FORECAST

The Alliance’s forecast reflects the rollout and customer enrollment schedule shown above.

Annual energy requirements are shown in Table 4.

Table 4: Demand Forecast in MWh, 2021-2030

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Demand (MWh)										
Retail	144,022	928,654	949,406	965,616	980,219	990,867	997,196	1,017,140	1,037,482	1,058,232
Losses	6,193	39,932	40,824	41,521	42,149	42,607	42,879	43,737	44,612	45,504
Wholesale	150,215	968,586	990,230	1,007,137	1,022,368	1,033,474	1,040,075	1,060,877	1,082,094	1,103,736

### 6.7 CAPACITY REQUIREMENTS

The CPUC’s RA standards applicable to the CEA Program require a demonstration one year in advance that CEA has secured physical capacity for 90 percent of its projected peak loads for each of the five months May through September, plus a minimum 15 percent reserve margin.

Additionally, the Alliance must demonstrate one year in advance that it has secured physical capacity for 100 percent of its local RA obligation across all months in the upcoming compliance year 2021 and the following compliance year 2022 and 50 percent across all months in 2023. On a month-ahead basis, CEA must demonstrate 100 percent of the peak load plus a minimum 15 percent reserve margin. Per CPUC Resolution E-4907, the Alliance must participate in the year-ahead RA compliance cycle in order to serve customers in the following calendar year. The Alliance will follow the prescribed year-ahead RA compliance timeline outlined within Appendix A of Resolution E-4907; this includes:

- Submission of year-ahead load forecast to the CEC and CPUC in April 2020;
- Submission of updated year-ahead load forecast to the CEC and CPUC in August 2020;
- Submission of year-ahead compliance materials in October 2020; and
- Submission of month-ahead load migration forecast by February 2021.

A portion of CEA’s capacity requirements must be procured locally, from the San Diego – Imperial Valley local capacity area as defined by the CAISO. The Alliance would be required to demonstrate its local capacity requirement for each month of the following calendar year. The local capacity requirement is a percentage of the total (SDG&E service area) local capacity requirements adopted by the CPUC based on CEA’s forecasted peak load. CEA must demonstrate compliance or request a waiver from the CPUC requirement as provided for in cases where local capacity is not available.

CEA is also required to demonstrate that a specified portion of its capacity meets certain operational flexibility requirements under the CPUC and CAISO’s flexible RA framework.

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The estimated forward RA requirements for 2021 through 2023 are shown in the following tables<sup>5</sup>:

*Table 5: Forward Capacity Requirements (Total) for 2021-2023 in MW, presuming service starts in May 2021*

<b>Month</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
January		182.8	186.1
February		171.2	174.2
March		151.2	153.8
April		144.1	152.4
May	139.9	143.7	140.5
June	165.6	170.1	172.9
July	176.0	188.0	191.2
August	168.8	167.0	169.8
September	172.7	177.4	180.5
October	164.5	168.9	171.7
November	155.3	159.5	162.2
December	172.1	176.7	186.9

CEA's plan ensures that sufficient reserves will be procured to meet its peak load at all times. The projected CEA annual capacity requirements are shown in the following table:

*Table 6: Annual Maximum Capacity Requirements 2021-2030*

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Max Wholesale Demand	176.0	188.0	191.2	191.2	189.2	190.6	194.6	198.5	202.5	206.5
Reserve Requirement (15%)	26.4	28.2	28.7	28.7	28.4	28.6	29.2	29.8	30.4	31.0
Total Capacity Requirement	202.4	216.2	219.8	219.9	217.5	219.2	223.8	228.3	232.9	237.5

Local capacity requirements are a function of the SDG&E area RA requirements and CEA's projected peak demand. CEA will need to work with the CPUC's Energy Division and staff at the California Energy Commission to obtain the data necessary to calculate its monthly local capacity requirement. A preliminary estimate of CEA's annual maximum local capacity requirement for the ten-year planning period ranges between 132-155 MW as shown in Table 7.

*Table 7: Annual Maximum Local Capacity Requirements 2021-2030*

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Max Wholesale Demand	176.0	188.0	191.2	191.2	189.2	190.6	194.6	198.5	202.5	206.5
Local Capacity (% of Total)	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
San Diego - IV (MW)	132.0	141.0	143.4	143.4	141.9	142.9	146.0	148.9	151.9	154.9

The CPUC assigns local capacity requirements during the year prior to the compliance period; thereafter, the CPUC provides local capacity requirement true-ups for the second half of each compliance year.

CEA will coordinate with SDG&E and appropriate state agencies to manage the transition of responsibility for RA from SDG&E to CEA during CCA program phase-in. For system RA requirements, CEA will make month-ahead showings for each month that CEA plans to serve load, and load migration issues would be addressed through the CPUC's approved procedures. CEA will work with the California Energy

<sup>5</sup> The figures shown in the tables are estimates. CEA's RA requirements will be subject to modification due to application of certain coincidence adjustments and resource allocations relating to utility demand response and energy efficiency programs, as well as generation capacity allocated through the Cost Allocation Mechanism. These adjustments are addressed through the CPUC's RA compliance process.

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Commission and CPUC prior to commencing service to customers to ensure it meets its local and system RA obligations through its agreement(s) with its chosen electric supplier(s).

### 6.8 RENEWABLES PORTFOLIO STANDARDS ENERGY REQUIREMENTS

#### 6.8.1 Basic RPS Requirements

CEA will be required by statute and CPUC regulations to procure a certain minimum percentage of its retail electricity sales from qualified renewable energy resources. For purposes of determining CEA's renewable energy requirements, many of the same standards for RPS compliance that are applicable to the distribution utilities will apply to CEA.

California's RPS program is currently undergoing reform. On October 7, 2015, Governor Brown signed Senate Bill 350 ("SB 350"; De Leon and Leno), the Clean Energy and Pollution Reduction Act of 2015, which increased California's RPS procurement target from 33 percent by 2020 to 50 percent by 2030 amongst other clean-energy initiatives. The RPS program was further amended on September 10, 2018 when Governor Brown signed SB 100, increasing California's RPS procurement target to 60 percent by 2030 amongst other clean-energy initiatives. Many details related to SB 100 implementation will be developed over time with oversight by designated regulatory agencies. However, it is reasonable to assume that interim annual renewable energy procurement targets will be imposed on CCAs and other retail electricity sellers to facilitate progress towards the 60 percent procurement mandate. For planning purposes, CEA has assumed straight-line annual increases (1.7 percent per year) to the RPS procurement target beginning in 2021, as the state advances on the 60 percent RPS in 2030. CEA will also adopt an integrated resource plan in compliance with SB 350. Furthermore, the Alliance will ensure that all long-term renewable energy contracting requirements, as imposed by SB 350, will be satisfied through appropriate transactions with qualified suppliers and will also reflect this intent in ongoing resource planning and procurement efforts.

#### 6.8.2 CEA's Renewables Portfolio Standards Requirement

CEA's annual RPS procurement requirements, as specified under California's RPS program, are shown in Table 8.

*Table 8: Renewable Procurement Obligation and Target Percentages and Volumes 2021-2030*

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Retail Load (MWh)	144,022	928,654	949,406	965,616	980,219	990,867	997,196	1,017,140	1,037,482	1,058,232
RPS % Target	36%	39%	41%	44%	47%	49%	52%	55%	57%	60%
RPS Obligation (MWh)	51,560	357,532	392,105	424,871	457,762	488,497	518,542	556,036	594,823	634,939
CEA % Target	50%	50%	50%	50%	50%	50%	52%	55%	57%	60%
CEA Target (MWh)	72,011	464,327	474,703	482,808	490,109	495,433	518,542	556,036	594,823	634,939

### 6.9 PURCHASED POWER

Power purchased from power marketers, public agencies, generators, and/or utilities will be a significant source of supply during the first several years of CEA Program operation. CEA will initially contract to obtain all of its electricity from one or more third party electric providers under one or more power supply agreements, and the supplier(s) will be responsible for procuring the specified resource mix, including CEA's desired quantities of renewable energy, to provide a stable and cost-effective resource portfolio for the CEA Program.

### 6.10 RENEWABLE RESOURCES

CEA will initially secure necessary renewable power supply from its third-party electric supplier(s). CEA may supplement the renewable energy provided under the initial power supply contract(s) with direct purchases of renewable energy from renewable energy facilities or from renewable generation developed and owned by CEA. At this point in time, it is not possible to predict what projects might be proposed in response to future renewable energy solicitations administered by CEA, unsolicited proposals or discussions with other agencies. Renewable projects that are located virtually anywhere in the Western Interconnection can be considered as long as the electricity is deliverable to the CAISO control area, as required to meet the Commission's RPS rules and any additional guidelines ultimately adopted by the Alliance. The costs of transmission access and the risk of transmission congestion costs would need to be considered in the bid evaluation process if the delivery point is outside of CEA's load zone, as defined by the CAISO.

### 6.11 SMALL, LOCAL AND DIVERSE BUSINESS ENTERPRISE PROCUREMENT

CEA's procurement processes will be developed to ensure compliance with SB 255 regarding procurement from small, local and diverse business enterprises as applicable. These methods may include, but are not limited to, providing preferences to small, local and diverse business enterprises as permitted by law, developing specifications that encourage responses by small, local and diverse business enterprises, conducting outreach to these enterprises and other methods as may be directed by the CEA Board. CEA will request from contractors and information related to the hiring of small, local and diverse business enterprises that will be reported to commission.

### 6.12 ENERGY EFFICIENCY

CEA does not currently anticipate running locally managed energy efficiency programs. In the future, CEA may apply to become EE program administrators. In the meantime, CEA will support already existing energy efficiency efforts within its service territory.

## 7 FINANCIAL PLAN

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This Chapter examines the monthly cash flows expected during the startup and customer phase-in period of the CEA Program and identifies the anticipated financing requirements. It includes estimates of program startup costs, including necessary expenses and capital outlays. It also describes the requirements for working capital and long-term financing for the potential investment in renewable generation, consistent with the resource plan contained in Chapter 6.

### 7.1 DESCRIPTION OF CASH FLOW ANALYSIS

The Alliance's cash flow analysis estimates the level of capital that will be required during the startup and phase-in period. The analysis focuses on the CEA Program's monthly costs and revenues and the lags between when costs are incurred and revenues received.

### 7.2 COST OF PROGRAM OPERATIONS

The first category of the cash flow analysis is the Cost of CCA Program Operations. To estimate the overall costs associated with CCA Program Operations, the following components were taken into consideration:

- Electricity Procurement;
- Ancillary Service Requirements;
- Exit Fees;
- Staffing and Professional Services;
- Data Management Costs;
- Administrative Overhead;
- Billing Costs;
- Scheduling Coordination;
- Grid Management and other CAISO Charges;
- CCA Bond and Security Deposit; and,
- Pre-Startup Cost Reimbursement.

### 7.3 REVENUES FROM CCA PROGRAM OPERATIONS

The cash flow analysis also provides estimates for revenues generated from CCA operations or from electricity sales to customers. In determining the level of revenues, the analysis assumes the customer phase-in schedule described herein, and assumes that CEA charges a standard, default electricity tariff similar to the generation rates of SDG&E for each customer class and an optional renewable energy tariff (with a renewable energy content that exceeds the CEA default retail option) at a premium reflective of incremental renewable power costs. More detail on CEA Program rates can be found in Chapter 8.



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### 7.4 CASH FLOW ANALYSIS RESULTS

The results of the cash flow analysis provide an estimate of the level of capital required for the Alliance to move through the CCA startup and phase-in periods. This estimated level of capital is determined by examining the monthly cumulative net cash flows (revenues from CCA operations minus cost of CCA operations) based on assumptions for payment of costs or other cash requirements (e.g., deposits) by CEA, along with estimates for when customer payments will be received. This identifies, on a monthly basis, what level of cash flow is available in terms of a surplus or deficit.

The cash flow analysis identifies funding requirements in recognition of the potential lag between revenues received and payments made during the phase-in period. The estimated financing requirements for the startup and phase-in period, including working capital needs associated with the customer enrollments, is determined to be \$4.4M. Of the \$4.4M in capital requirements, \$1.4 is related to the implementation/startup efforts, to be incurred during fiscal years 19/20 and 20/21, (i.e., rate setting, power procurement and contract negotiations, marketing and communications, regulatory compliance, CPUC bond, SDG&E security deposit, etc.) in order to serve customers by May 2021. A deposit in the amount of \$500,000 will also need to be posted to CAISO for the Alliance to be a Congestion Revenue Rights Holder. The other \$2,500,000 is the “float” required for CEA to pay its monthly bills before the program generates enough internal cash to self-fund its working capital needs. Working capital requirements peak soon after enrollment of all CEA customers.

### 7.5 PROGRAM IMPLEMENTATION PRO FORMA

In addition to developing a cash flow analysis that estimates the level of working capital required to move CEA through full CCA phase-in, a summary pro forma analysis that evaluates the financial performance of the CCA program during the phase-in period is shown in Table 9. The difference between the cash flow analysis and the CCA pro forma analysis is that the pro forma analysis does not include a lag associated with payment streams. In essence, costs and revenues are reflected in the month in which service is provided. All other items, such as costs associated with CCA Program operations and rates charged to customers remain the same. Cash provided by financing activities are not shown in the pro forma analysis, although payments for loan repayments are included as a cost item.

The results of the pro forma analysis are shown in Table 9. In particular, the summary of CCA program startup and phase-in addresses projected CEA Program operations for the period beginning May 2021 through June 2030. The Alliance has also included a summary of Program reserves, which are expected to accrue over this same period.

Table 9: Pro Forma including Reserves Accumulation 2021-2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Revenues from Operations (\$)</b>										
Electric Sales Revenues	\$ 11,461,369	\$ 71,583,581	\$ 73,964,197	\$ 76,857,180	\$ 79,688,575	\$ 83,285,097	\$ 88,240,950	\$ 90,005,769	\$ 91,805,885	\$ 93,642,002
Uncollected Accounts	\$ (34,384)	\$ (214,751)	\$ (221,893)	\$ (230,572)	\$ (239,066)	\$ (249,855)	\$ (264,723)	\$ (270,017)	\$ (275,418)	\$ (280,926)
<b>Total Revenues</b>	<b>\$ 11,426,985</b>	<b>\$ 71,368,830</b>	<b>\$ 73,742,304</b>	<b>\$ 76,626,609</b>	<b>\$ 79,449,510</b>	<b>\$ 83,035,242</b>	<b>\$ 87,976,228</b>	<b>\$ 89,735,752</b>	<b>\$ 91,530,467</b>	<b>\$ 93,361,076</b>
<b>Cost of Operations (\$)</b>										
Staffing & Consulting	\$ 421,013	\$ 2,570,281	\$ 2,647,390	\$ 2,726,811	\$ 2,808,616	\$ 2,892,874	\$ 2,979,660	\$ 3,039,254	\$ 3,100,039	\$ 3,162,040
Wholesale Services	\$ 152,250	\$ 929,318	\$ 957,197	\$ 985,913	\$ 1,015,490	\$ 1,045,955	\$ 1,077,334	\$ 1,098,880	\$ 1,120,858	\$ 1,143,275
Data Management Services	\$ 146,492	\$ 879,504	\$ 880,609	\$ 881,725	\$ 882,853	\$ 883,992	\$ 885,142	\$ 902,845	\$ 920,902	\$ 939,320
IOU Fees	\$ 33,662	\$ 203,090	\$ 205,339	\$ 207,615	\$ 209,919	\$ 212,252	\$ 214,613	\$ 218,906	\$ 223,284	\$ 227,749
Energy Procurement	\$ 5,866,343	\$ 54,089,555	\$ 59,546,313	\$ 61,419,452	\$ 62,917,913	\$ 64,521,128	\$ 66,312,081	\$ 67,638,323	\$ 68,991,089	\$ 70,370,911
<b>Total Operations</b>	<b>\$ 6,619,760</b>	<b>\$ 58,671,747</b>	<b>\$ 64,236,847</b>	<b>\$ 66,221,516</b>	<b>\$ 67,834,791</b>	<b>\$ 69,556,202</b>	<b>\$ 71,468,831</b>	<b>\$ 72,898,208</b>	<b>\$ 74,356,172</b>	<b>\$ 75,843,295</b>
<b>Net Program Revenues</b>	<b>\$ 4,807,225</b>	<b>\$ 12,697,083</b>	<b>\$ 9,505,457</b>	<b>\$ 10,405,092</b>	<b>\$ 11,614,718</b>	<b>\$ 13,479,041</b>	<b>\$ 16,507,397</b>	<b>\$ 16,837,545</b>	<b>\$ 17,174,295</b>	<b>\$ 17,517,781</b>
<b>Cumulative Reserves</b>	<b>\$ 4,807,225</b>	<b>\$ 17,504,308</b>	<b>\$ 27,009,765</b>	<b>\$ 37,414,858</b>	<b>\$ 49,029,576</b>	<b>\$ 62,508,617</b>	<b>\$ 79,016,013</b>	<b>\$ 95,853,558</b>	<b>\$ 113,027,853</b>	<b>\$ 130,545,635</b>

## **Clean Energy Alliance Implementation Plan**

The surpluses achieved during the phase-in period serve to build CEA's net financial position and credit profile and to provide operating reserves for CEA in the event that operating costs (such as power purchase costs) exceed collected revenues for short periods of time.

### **7.6 CLEAN ENERGY ALLIANCE FINANCINGS**

It is anticipated that CEA will need financing for its start-up activities. CEA plans to seek financing through its service providers that will amortize their start-up costs over the subsequent months following when revenues begin flowing, through a loan or line of credit from a financial institution and through in-kind services and advances from its Member Agencies that will be repaid in the future. Subsequent capital requirements will be self-funded from accrued CEA financial reserves.

### **7.7 RENEWABLE RESOURCE PROJECT FINANCING**

CEA may consider project financings for renewable resources, likely local wind and solar projects. These financings would only occur after a sustained period of successful CEA Program operation and after appropriate project opportunities are identified and subjected to appropriate environmental review.

In the event that such financing occurs, funds would include any short-term financing for the renewable resource project development costs and would likely extend over a 20 to 30-year term. The security for such bonds would be the revenue from sales to the retail customers of CEA.

## 8 RATE SETTING, PROGRAM TERMS AND CONDITIONS

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### 8.1 INTRODUCTION

This Chapter describes the initial policies proposed for CEA in setting its rates for electric aggregation services. These include policies regarding rate design, rate objectives, and provision for due process in setting Program rates. Program rates are ultimately approved by the CEA Board. The Alliance would retain authority to modify program policies from time to time at its discretion.

### 8.2 RATE POLICIES

The Alliance will establish rates sufficient to recover all costs related to operation of the CEA Program, including any reserves that may be required as a condition of financing and other discretionary reserve funds that may be approved by CEA. As a general policy, rates will be uniform for all similarly situated customers enrolled in the CEA Program throughout the JPA service territory.

The primary objectives of the rate setting plan are to set rates that achieve the following:

- Rate competitive tariff option (default service offering), including a proportionate quantity of renewable energy in excess of California's prevailing renewable energy procurement mandate;
- Voluntary renewable energy supply option (renewable content greater than the CEA default retail service offering);
- Rate stability;
- Equity among customers in each tariff;
- Customer understanding; and
- Revenue sufficiency.

Each of these objectives is described below.

### 8.3 RATE COMPETITIVENESS

The primary goal is to offer competitive rates for electric services that CEA would provide to participating customers. For participants in the CEA default energy product, the goal would be for CEA Program target generation rates to be initially at least two percent below, subject to actual energy product pricing and decisions of the Board, similar generation rates offered by SDG&E. For participants in the CEA's Program's voluntary 100% renewable energy product, the goal would be to offer the lowest possible customer rates with an incremental monthly cost premium reflective of the actual cost of additional renewable energy supply required to serve such customers.

Competitive rates will be critical to attracting and retaining key customers. In order for CEA to be successful, the combination of price and value must be perceived as superior when compared to the bundled SDG&E alternative. As planned, the value provided by the CEA Program will include a local community focus, investment and control.

## **Clean Energy Alliance Implementation Plan**

As previously discussed, the CEA Program will increase renewable energy supply to program customers by offering two distinct energy products. The default product for CEA Program customers will increase renewable energy supply to a minimum 50%, while maintaining generation rates that are targeted to provide a minimum two percent discount from comparable SDG&E rates. The initial renewable energy content provided under CEA's default product will exceed California's prevailing renewable energy procurement mandate during the initial years of operation, increasing to 60% by 2030. CEA will also offer its customers a voluntary 100% renewable energy tariff at rates that reflect CEA's cost for procuring related energy supplies.

Participating qualified low- or fixed-income households, such as those currently enrolled in the California Alternate Rates for Energy ("CARE") program, will be automatically enrolled in the default energy product and will continue to receive related discounts on monthly electricity bills through SDG&E.

### **8.4 RATE STABILITY**

CEA will offer stable rates by hedging its supply costs over multiple time horizons and by including renewable energy supplies that exhibit stable costs. Rate stability considerations may prevent CEA Program rates from directly tracking similar rates offered by the distribution utility, SDG&E, and may result in differences from the general rate-related targets initially established for the CEA Program. The Alliance plans to offer the most competitive rates possible after all Program operating costs are recovered and reserve targets are achieved.

### **8.5 EQUITY AMONG CUSTOMER CLASSES**

Initial rates of the CEA Program will be set based on cost-of-service considerations with reference to the rates customers would otherwise pay to SDG&E. Rate differences among customer classes will reflect the rates charged by the local distribution utility as well as differences in the costs of providing service to each class. Rate benefits may also vary among customers within the major customer class categories, depending upon the specific rate designs adopted by the Alliance.

### **8.6 CUSTOMER UNDERSTANDING**

The goal of customer understanding involves rate designs that are relatively straightforward so that customers can readily understand how their bills are calculated. This not only minimizes customer confusion and dissatisfaction but will also result in fewer billing inquiries to the CEA Program's customer service call center. Customer understanding also requires rate structures to reflect rational rate design principles (i.e., there should not be differences in rates that are not justified by costs or by other policies such as providing incentives for conservation).

### **8.7 REVENUE SUFFICIENCY**

CEA Program rates must collect sufficient revenue from participating customers to fully fund the annual CEA operating budget. Rates will be set to collect the adopted budget based on a forecast of electric sales for the budget year. Rates will be adjusted as necessary to maintain the ability to fully recover all costs of the CEA Program, subject to the disclosure and due process policies described later in this chapter. To ensure rate stability, funds available in CEA's rate stabilization reserve may be used from time to time to augment operating revenues.

### 8.8 RATE DESIGN

CEA will generally match the rate structures from SDG&E's standard rates to avoid the possibility that customers would see significantly different bill impacts as a result of changes in rate structures that would take effect following enrollment in the CEA Program.

### 8.9 NET ENERGY METERING

As planned, customers with on-site generation eligible for net metering from SDG&E will be offered a net energy metering rate from CEA. Net energy metering allows for customers with certain qualified solar or wind distributed generation to be billed on the basis of their net energy consumption. CEA's net energy metering tariff will apply to the generation component of the bill, and the SDG&E net energy metering tariff will apply to the utility's portion of the bill. CEA plans to pay customers for excess power produced from net energy metered generation systems in accordance with the rate designs adopted by the JPA. The goal is to offer a higher payout for surplus generation than SDG&E. In order to minimize the impact of mid-relevant period true-ups, NEM customers may be enrolled over multiple phases.

### 8.10 DISCLOSURE AND DUE PROCESS IN SETTING RATES AND ALLOCATING COSTS AMONG PARTICIPANTS

Initial program rates will be adopted by the CEA Board following the establishment of the first year's operating budget prior to initiating the customer notification process. Subsequently, CEA will prepare an annual budget and corresponding customer rates. Following the commencement of service, any proposed rate adjustment will be made to the Board and affected customers will be given the opportunity to provide comment on the proposed rate changes.

After proposing a rate adjustment, CEA will furnish affected customers with a notice of its intent to adjust rates, either by mailing such notices postage prepaid to affected customers, by including such notices as an insert to the regular bill for charges transmitted to affected customers, by including a related message directly on the customer's monthly electricity bill (on the page addressing CEA charges) or by following CEA's public hearing noticing procedures adopted by the Board. The notice will provide a summary of the proposed rate adjustment and will include a link to the CEA Program website where information will be posted regarding the amount of the proposed adjustment, a brief statement of the reasons for the adjustment, and the mailing address of the CEA Program to which any customer inquiries relative to the proposed adjustment, including a request by the customer to receive notice of the date, time, and place of any hearing on the proposed adjustment, may be directed.

## 9 CUSTOMER RIGHTS AND RESPONSIBILITIES

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This Chapter discusses customer rights, including the right to opt-out of the CEA Program and the right to privacy of customer usage information, as well as obligations customers undertake upon agreement to enroll in the CCA Program. All customers that do not opt out within 30 days of the fourth enrollment notice will have agreed to become full status program participants and must adhere to the obligations set forth below, as may be modified and expanded by the Board from time to time.

By adopting this Implementation Plan, the Alliance will have approved the customer rights and responsibilities policies contained herein to be effective at Program initiation. The Alliance retains authority to modify program policies from time to time at its discretion.

### 9.1 CUSTOMER NOTICES

At the initiation of the customer enrollment process, four notices will be provided to customers describing the Program, informing them of their opt-out rights to remain with utility bundled generation service, and containing a simple mechanism for exercising their opt-out rights. The first notice will be mailed to customers approximately sixty days prior to the date of automatic enrollment. A second notice will be sent approximately thirty days later. The Alliance will likely use its own mailing service for requisite enrollment notices rather than including the notices in SDG&E's monthly bills. This is intended to increase the likelihood that customers will read the enrollment notices, which may otherwise be ignored if included as a bill insert. Customers may opt out by notifying CEA using the CEA Program's designated telephone-based or Internet opt-out processing service. Should customers choose to initiate an opt-out request by contacting SDG&E, they would be transferred to the CEA Program's call center to complete the opt-out request. Consistent with CPUC regulations, notices returned as undelivered mail would be treated as a failure to opt out, and the customer would be automatically enrolled.

Following automatic enrollment, at least two notices will be mailed to customers within the first two billing cycles (approximately sixty days) after CEA service commences. Opt-out requests made on or before the sixtieth day following start of CEA Program service will result in customer transfer to bundled utility service with no penalty. Such customers will be obligated to pay charges associated with the electric services provided by CEA during the time the customer took service from the CEA Program, but will otherwise not be subject to any penalty or transfer fee from CEA.

Customers who establish new electric service accounts within the Program's service area will be automatically enrolled in the CEA Program and will have sixty days from the start of service to opt out if they so desire. Such customers will be provided with two enrollment notices within this sixty-day post-enrollment period. Such customers will also receive a notice detailing CEA's privacy policy regarding customer usage information. CEA will have the authority to implement entry fees for customers that initially opt out of the Program, but later decide to participate. Entry fees, if deemed necessary, would aid in resource planning by providing additional control over the CEA Program's customer base.

### 9.2 TERMINATION FEE

Customers that are automatically enrolled in the CEA Program can elect to transfer back to the incumbent utility without penalty within the first two months of service. After this free opt-out period, customers will be allowed to terminate their participation but may be subject to payment of a Termination Fee, which CEA reserves the right to impose, if deemed necessary. Customers that relocate within CEA's service territory would have CEA service continued at their new address. If a customer relocating to an address within CEA's service territory elected to cancel CCA service, the Termination Fee could be applied. Program customers that move out of CEA's service territory would not be subject to the Termination Fee. If deemed applicable by CEA, SDG&E would collect the Termination Fee from returning customers as part of CEA's final bill to the customer.

If adopted, the Termination Fee would be clearly disclosed in the four enrollment notices sent to customers during the sixty-day period before automatic enrollment and following commencement of service. The fee could also be adopted or changed by the CEA Board subject to applicable customer noticing requirements. Other CCAs have adopted small or zero-dollar termination fees, and CEA would likely do the same initially.

Customers electing to terminate service after the initial notification period would be transferred to SDG&E on their next regularly scheduled meter read date if the termination notice is received a minimum of fifteen days prior to that date. Such customers would also be liable for the reentry fees imposed by SDG&E and would be subject to SDG&E's current terms and conditions, including being required to remain on bundled utility service for a period of one year, as described in the utility CCA tariffs.

### 9.3 CUSTOMER CONFIDENTIALITY

CEA will establish policies covering confidentiality of customer data that are fully compliant with the required privacy protection rules for CCA customer energy usage information, as detailed within Decision 12-08-045. CEA will maintain the confidentiality of individual customers' names, service addresses, billing addresses, telephone numbers, account numbers, and electricity consumption, except where reasonably necessary to conduct business of the CEA Program or to provide services to customers, including but not limited to where such disclosure is necessary to (a) comply with the law or regulations; (b) enable CEA to provide service to its customers; (c) collect unpaid bills; (d) obtain and provide credit reporting information; or (e) resolve customer disputes or inquiries. CEA will not disclose customer information for telemarketing, e-mail, or direct mail solicitation. Aggregate data may be released at CEA's discretion.

### 9.4 RESPONSIBILITY FOR PAYMENT

Customers will be obligated to pay CEA Program charges for service provided through the date of transfer including any applicable Termination Fees. Pursuant to current CPUC regulations, CEA will not be able to direct that electricity service be shut off for failure to pay CEA bills. However, SDG&E has the right to shut off electricity to customers for failure to pay electricity bills, and SDG&E Electric Rule 23 mandates that partial payments are to be allocated pro rata between SDG&E and the CCA. In most circumstances, customers would be returned to utility service for failure to pay bills in full and customer deposits (if any) would be withheld in the case of unpaid bills. SDG&E would attempt to collect any outstanding balance from customers in accordance with Rule 23 and the related CCA Service Agreement. The proposed process is for two late payment notices to be provided to the customer within 30 days of the original bill

## Clean Energy Alliance Implementation Plan

due date. If payment is not received within 45 days from the original due date, service would be transferred to the utility on the next regular meter read date, unless alternative payment arrangements have been made. Consistent with the CCA tariffs, Rule 23, service cannot be discontinued to a residential customer for a disputed amount if that customer has filed a complaint with the CPUC, and that customer has paid the disputed amount into an escrow account.

### 9.5 CUSTOMER DEPOSITS

Under certain circumstances, CEA customers may be required to post a deposit equal to the estimated charges for two months of CCA service prior to obtaining service from the CEA Program. A deposit would be required for an applicant who previously had been a customer of SDG&E or CEA and whose electric service has been discontinued by SDG&E or CEA during the last twelve months of that prior service arrangement as a result of bill nonpayment. Such customers may be required to reestablish credit by depositing the prescribed amount. Additionally, a customer who fails to pay bills before they become past due as defined in SDG&E Electric Rule 11 (Discontinuance and Restoration of Service), and who further fails to pay such bills within five days after presentation of a discontinuance of service notice for nonpayment of bills, may be required to pay said bills and reestablish credit by depositing the prescribed amount. This rule will apply regardless of whether or not service has been discontinued for such nonpayment<sup>6</sup>. Failure to post deposit as required would cause the account service transfer request to be rejected, and the account would remain with SDG&E.

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<sup>6</sup> A customer whose service is discontinued by Clean Energy Alliance is returned to SDG&E generation service.



## 10 PROCUREMENT PROCESS

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### 10.1 INTRODUCTION

This Chapter describes CEA's initial procurement policies and the key third party service agreements by which the Alliance will obtain operational services for the CEA Program. By adopting this Implementation Plan, the Alliance will have approved the general procurement policies contained herein to be effective at Program initiation. CEA retains authority to modify Program policies from time to time at its discretion.

### 10.2 PROCUREMENT METHODS

CEA will enter into agreements for a variety of services needed to support program development, operation and management. It is anticipated that CEA will generally utilize competitive procurement methods for services but may also utilize direct procurement or sole source procurement, depending on the nature of the services to be procured. Direct procurement is the purchase of goods or services without competition when multiple sources of supply are available. Sole source procurement is generally to be performed only in the case of emergency or when a competitive process would be an idle act.

CEA will utilize a competitive solicitation process to enter into agreements with entities providing electrical services for the program. Agreements with entities that provide professional legal or consulting services, and agreements pertaining to unique or time sensitive opportunities, may be entered into on a direct procurement or sole source basis at CEA's discretion. Authority for terminating agreements will generally mirror the authority for entering into such agreements.

### 10.3 KEY CONTRACTS

#### 10.3.1 Electric Supply

CEA will procure initial energy supply, as well as Scheduling Coordinator Services, through competitive solicitation in the over-the-counter electricity markets. Suppliers will be selected to hedge CEA's financial risk, meet its capacity obligations and achieve its environmental objectives. CEA will administer Request for Proposal processes for energy supply. Procurement will commence once this implementation plan has been approved and the CEA Board has made the final determination to proceed to going live with the CCA.

Procurement will be an ongoing process in order to achieve desired levels of risk mitigation by dollar-cost-averaging supply costs. In addition, particular strategies will be employed to mitigate the risk of changes to the PCIA impacting CEA's rate competitiveness. Specifically, this entails procuring a certain amount of supply annually during the month of October when the PCIA market price benchmark is set for the coming year.

CEA's wholesale services provider will also serve as the Scheduling Coordinator for scheduling loads, resources and Inter-SC trades into the CAISO market. In addition, the provider will be responsible for ensuring CEA's compliance with all applicable RA and regulatory requirements imposed by the CPUC or FERC.

## Clean Energy Alliance Implementation Plan

### 10.3.2 Data Management Contract

A data manager will provide the retail customer services of billing and other customer account services (electronic data interchange or EDI with SDG&E, billing, remittance processing, and account management). The data management contract will be awarded to an experienced data management services provider.

The data manager is responsible for the following services:

- Data exchange with SDG&E;
- Technical testing;
- Customer information system;
- Customer call center;
- Billing administration/retail settlements;
- Settlement quality meter data reporting; and
- Reporting and audits of utility billing.

Utilizing a third party for account services eliminates a significant expense associated with implementing a customer information system. Such systems can impose significant information technology costs and take significant time to deploy. Separation of the data management contract from the energy supply contract provides the JPA with greater flexibility to change energy suppliers, if desired, without facing an expensive data migration issue.

## 11 CONTINGENCY PLAN FOR PROGRAM TERMINATION

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### 11.1 INTRODUCTION

This Chapter describes the process to be followed in the case of CEA Program termination. By adopting the original Implementation Plan, the Alliance will have approved the general termination process contained herein to be effective at Program initiation. In the unexpected event that the JPA would terminate the CEA Program and return its customers to SDG&E service, the proposed process is designed to minimize the impacts on its customers and on SDG&E. The proposed termination plan follows the requirements set forth in SDG&E's tariff Rule 27 governing service to CCAs. The JPA retains authority to modify program policies from time to time at its discretion.

### 11.2 TERMINATION BY CLEAN ENERGY ALLIANCE

CEA will offer services for the long term with no planned Program termination date. In the unanticipated event that the JPA decides to terminate the Program, the Board would vote on Program termination.

After any applicable restrictions on such termination have been satisfied, notice would be provided to customers six months in advance that they will be transferred back to SDG&E. A second notice would be provided during the final sixty-days in advance of the transfer. The notice would describe the applicable

## Clean Energy Alliance Implementation Plan

distribution utility bundled service requirements for returning customers then in effect, such as any transitional or bundled portfolio service rules.

At least one-year advance notice would be provided to SDG&E and the CPUC before transferring customers, and CEA would coordinate the customer transfer process to minimize impacts on customers and ensure no disruption in service. Once the customer notice period is complete, customers would be transferred *en masse* on the date of their regularly scheduled meter read date.

CEA will post a bond or maintain funds held in reserve to pay for potential transaction fees charged to the Program for switching customers back to distribution utility service. Reserves would be maintained against the fees imposed for processing customer transfers (CCA Service Requests). The Public Utilities Code requires demonstration of insurance or posting of a bond sufficient to cover reentry fees imposed on customers that are involuntarily returned to distribution utility service under certain circumstances. The cost of reentry fees is the responsibility of the energy services provider or the community choice aggregator, except in the case of a customer returned for default or because its contract has expired. CEA will post financial security in the appropriate amount as part of its registration materials and will maintain the financial security in the required amount, as necessary.

## 12 APPENDIX A: CLEAN ENERGY ALLIANCE RESOLUTION No. 2019-003 (ADOPTING IMPLEMENTATION PLAN)

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

RESOLUTION NO. 2019-003

A RESOLUTION OF THE CLEAN ENERGY ALLIANCE APPROVING THE  
COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN AND  
STATEMENT OF INTENT

**WHEREAS**, the Clean Energy Alliance (Alliance) is a joint powers agency created by the cities of Carlsbad, Del Mar and Solana Beach; and

**WHEREAS**, the members of the Alliance desire to establish a community choice aggregation (CCA) program in support of meeting their respective Climate Action Plan goals; and

**WHEREAS**, Public Utilities Code Section 366.2(c)(3) requires a prospective CCA to file an implementation plan and statement of intent ("Plan") with the California Public Utilities Commission (CPUC) for review and certification; and

**WHEREAS**, an Implementation Plan and Statement of Intent was drafted and presented to the CEA Board of Directors for review on November 19, 2019; and

**WHEREAS**, the final Implementation Plan and Statement of Intent was presented to the CEA Board of Directors at a duly noticed public hearing for its consideration and adoption on December 19, 2019.

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Clean Energy Alliance, as follows:

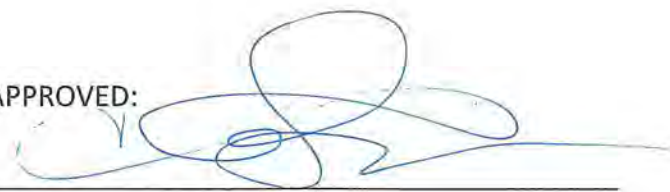
Section 1. The Board of Directors of the Clean Energy Alliance hereby approves the Clean Energy Alliance Community Choice Aggregation Implementation Plan and Statement of Intent.

Section 2. CEA staff is directed to file the Implementation Plan and Statement of Intent with the California Public Utilities Commission no later than December 31, 2019.

The foregoing Resolution was passed and adopted this 19th day of December, 2019, by the following vote:

AYES: Schumacher, Haviland, Becker.  
NAYS: None.  
ABSENT: None.  
ABSTAIN: None.

APPROVED:

  
\_\_\_\_\_  
Cori Schumacher, Chair

ATTEST:

  
\_\_\_\_\_  
Sheila Cobian, Board Secretary

**ORDINANCE NO. CS-362**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF  
CARLSBAD AUTHORIZING THE IMPLEMENTATION OF A  
COMMUNITY CHOICE AGGREGATION PROGRAM**

WHEREAS, California Public Utilities Code (the "Act") Section 366.2 authorizes cities and counties to individually or jointly provide retail electric service to an aggregation of customers within their jurisdictions, which is referred to as community choice aggregation (CCA); and

WHEREAS, since 2017 the City has been actively investigating the feasibility of commencing CCA service for electric customers within the City, with the objective of addressing climate change by reducing energy-related greenhouse gas emissions, promoting electrical rate price stability and cost savings and fostering consumer choice and local economic benefits such as job creation, local energy programs and local renewable energy development; and

WHEREAS, the City completed a CCA feasibility study which determined that a CCA program could result in local benefits including the use of renewable energy at levels above the State Renewables Portfolio Standard, the provision of competitive rates to consumers, and economic opportunity for the City; and

WHEREAS, pursuant to Section 366.2 of the Act, if each entity adopts the ordinance required by Public Utilities Section 366.2(c)(12), two or more public entities authorized to be a community choice aggregator under Section 331.1 of the Act may participate jointly in a CCA program through a Joint Powers Authority established pursuant to Government Code Section 6500 et seq.; and

WHEREAS, the City wishes to implement a CCA program at this time through a Joint Powers Authority together with other Founding Members, which will be called the Clean Energy Alliance; and

WHEREAS, under section 366.2 of the Act, customers have the right to opt out of the CCA program and continue to receive bundled electric service from the incumbent utility; and

WHEREAS, 366.2(c)(12) of the Act provides that an entity which elects to implement a CCA program within its jurisdiction must do so by ordinance; and

WHEREAS, this ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the State CEQA Guidelines, as it is not a "project" and has no potential to result in a direct or reasonably foreseeable indirect physical change to the environment. (14 Cal. Code Regs. § 15378(a).) Further, the ordinance is exempt from CEQA as there is no possibility that the ordinance or its implementation would have a significant negative effect on the environment. (14 Cal. Code Regs. § 15061(b)(3).) The ordinance is also categorically exempt because it is an action taken by a regulatory agency to assure the maintenance, restoration, enhancement or protection of the environment. (14 Cal. Code Regs.

§ 15308.) To the extent necessary, the Director of Community and Economic Development shall cause a Notice of Exemption to be filed as authorized by CEQA and the State CEQA Guidelines.

NOW, THEREFORE, the City Council of the City of Carlsbad, California, ordains as follows:

1. The above recitations are true and correct.

2. In order to provide businesses and residents within the jurisdictional boundaries of the City with a choice of electric service providers and with the benefits described in the recitals above, the City Council hereby elects pursuant to Section 366.2(c)(12) of the Act to implement a CCA program within the jurisdiction of the City of Carlsbad by participating in the CCA program of the Clean Energy Alliance, under the terms and conditions provided in its Joint Powers Agreement, on file with the City Clerk.

EFFECTIVE DATE: This ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

INTRODUCED AND FIRST READ at a regular meeting of the Carlsbad City Council on the 8<sup>th</sup> day of October 2019, and thereafter

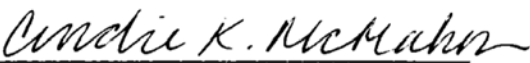
PASSED, APPROVED AND ADOPTED at a regular meeting of the City Council of the City of Carlsbad on the 15<sup>th</sup> day of October 2019, by the following vote, to wit:

AYES: Hall, Blackburn, Bhat-Patel, Schumacher.


NAYS: None.

ABSENT: None.

APPROVED AS TO FORM AND LEGALITY:

  
CELIA A. BREWER, City Attorney

  
MATT HALL, Mayor

 *Hector Gomez, Deputy City Clerk*  
for BARBARA ENGLESON, City Clerk

(SEAL)



**RESOLUTION NO. 2019-197**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARLSBAD  
APPROVING AND AUTHORIZING THE EXECUTION OF THE JOINT  
EXERCISE OF POWERS AGREEMENT CREATING THE CLEAN ENERGY  
ALLIANCE, A COMMUNITY CHOICE AGGREGATION JOINT POWERS  
AUTHORITY

WHEREAS, Section 6500 et seq. of the Government Code authorizes the joint exercise by two or more public agencies of any power common to them as a Joint Powers Authority ("JPA"); and

WHEREAS, Public Utilities Code Section 366.2(c)(12) specifically authorizes two or more cities, counties or a combination of two or more cities and counties to conduct a community choice aggregation (CCA) program through the creation of a JPA; and

WHEREAS, the creation of a CCA JPA would allow its members to share resources and jointly provide and achieve the environmental and economic benefits of a CCA program on a regional basis; and

WHEREAS, the City of Carlsbad desires to enter into a Joint Exercise of Powers Agreement to establish the Clean Energy Alliance, a CCA JPA along with the Cities of Del Mar, Santee, Solana Beach and the County of San Diego, and any additional members approved by the JPA Board in the future.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Carlsbad, California as follows:

1. The Joint Exercise of Powers Agreement Creating the Clean Energy Alliance, a Community Choice Aggregation Joint Powers Authority (Clean Energy Alliance) ("Agreement") is hereby approved, and the City Manager is authorized to execute the Agreement in substantially the form attached hereto as Attachment A, together with minor technical or clerical corrections, if any.
2. Staff is authorized and directed to take such further actions as may be necessary and appropriate to implement the intent and purposes of this Resolution.
3. This Resolution and the creation of the Clean Energy Alliance is exempt from the requirements of the California Environmental Quality Act (CEQA), as it involves organizational and administrative activities of government that will not result in direct or indirect physical changes on the environment, and therefore is not considered a "project." (14 Cal. Code Regs. § 15378(b)(5).)



PASSED, APPROVED AND ADOPTED at a Regular Meeting of the City Council of the City of Carlsbad on the 8<sup>th</sup> day of October 2019, by the following vote, to wit:

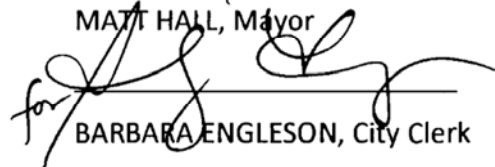
AYES: Hall, Blackburn, Bhat-Patel, Schumacher, Hamilton.

NAYS: None.

ABSENT: None.



MATT HALL, Mayor



BARBARA ENGLESON, City Clerk

(SEAL)



**Clean Energy Alliance Joint Powers Agreement**

Effective 10/10/19

## CLEAN ENERGY ALLIANCE JOINT POWERS AGREEMENT

This Joint Powers Agreement (the "Agreement"), effective as of 10/10/19, is made by the Founding Members of the Clean Energy Alliance and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Section 6500 et seq.) of the California Government Code relating to the joint exercise of powers among the public agencies set forth in **Exhibit B**.

### RECITALS

1. The Parties are public agencies sharing various powers under California law, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and their customers.
2. SB 350, adopted in 2015, mandates a reduction in greenhouse gas emissions to 40 percent below 1990 levels by 2030 and to 80 percent below 1990 levels by 2050. In 2018, the State Legislature adopted SB 100, which directs the Renewable Portfolio Standard to be increased to 60% renewable by 2030 and establishes a policy for eligible renewable energy resources and zero-carbon resources to supply 100 percent of electricity retail sales to California end-use customers by 2045.
3. The purposes for the Founding Members (as such term is defined in Exhibit A) entering into this Agreement include procuring/developing electrical energy for customers in participating jurisdictions, addressing climate change by reducing energy-related greenhouse gas emissions, promoting electrical rate price stability and cost savings, and fostering consumer choice and local economic benefits such as job creation, local energy programs and local power development. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to state, regional, and local solar and wind energy production and energy storage.
4. The Parties to this Agreement desire to establish a separate public agency, known as the Clean Energy Alliance ("Authority"), under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) ("Act") in order to collectively study, promote, develop, conduct, operate, and manage energy programs.
5. The Founding Members have each adopted an ordinance electing to implement through the Authority a Community Choice Aggregation program pursuant to California Public Utilities Code Section 366.2 ("CCA Program"). The first priority of the Authority will be the consideration of those actions necessary to implement the CCA Program on behalf of participating jurisdictions.
6. By establishing the Authority, the Parties seek to:
  - (a) Provide electricity service to residents and businesses located within the jurisdictional boundaries of the public agencies that are members of the Authority in a responsible, reliable, innovative, and efficient manner;

- (b) Provide electric generation rates to all ratepayers that are competitive with those offered by the Investor Owned Utility, San Diego Gas & Electric (SDG&E), for similar products with a target generation rate at least 2 percent below SDG&E's base product generation rate;
- (c) Offer a mix of energy products for standard commodity electric service that provide a cleaner power portfolio than that offered by SDG&E for similar service and other options, including a 90 percent and a 100 percent renewable content options in which communities and customers may "opt-up" and voluntarily participate, with the ultimate objective of achieving—and sustaining—the Climate Action Plan goals of the Parties, at competitive rates;
- (d) Develop an aggregate electric supply portfolio with overall lower greenhouse gas (GHG) emissions than SDG&E, and one that supports near-term achievement of the Parties' greenhouse gas reduction goals and renewable electricity goals;
- (e) Promote an energy portfolio that incorporates energy efficiency and demand response programs and pursues ambitious energy consumption reduction goals;
- (f) Pursue the procurement of local generation of renewable power developed by or within member jurisdictions with an emphasis on local jobs, where appropriate, without limiting fair and open competition for projects or programs implemented by the Authority;
- (g) Provide a range of energy product and program options, available to all Parties and customers, that best serve their needs, their local communities, and support regional sustainability efforts;
- (h) Support low-income households having access to special utility rates including California Alternative Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs;
- (i) Use discretionary program revenues to support the Authority's long-term financial viability, enhance customer rate stability, and provide all Parties and their customers with access to innovative energy programs, projects and services throughout the jurisdiction of the Authority; and
- (j) Create an administering Authority that seeks to maximize economic benefits and is financially sustainable, well-managed and responsive to regional and local priorities.

### **AGREEMENT**

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:

1. **DEFINITIONS AND EXHIBITS**

1.1 **Definitions.** Capitalized terms used in this Agreement shall have the meanings specified in **Exhibit A**, unless the context requires otherwise.

1.2 **Documents Included.** This Agreement consists of this document and the following exhibits, all of which are hereby incorporated into this Agreement:

Exhibit A: Definitions

Exhibit B: List of Founding Members

2. **FORMATION OF THE COMMUNITY CHOICE ENERGY AUTHORITY**

2.1 **Effective Date and Term.** This Agreement shall become effective and the Authority shall exist as a separate public agency on the date this Agreement is executed by at least three Founding Members after the adoption of the ordinances required by Public Utilities Code Section 366.2(c)(12). The Authority shall provide notice to the Parties of the Effective Date. The Authority shall continue to exist, and this Agreement shall be effective, until the Agreement is terminated in accordance with Section 8.4 (Mutual Termination), subject to the rights of the Parties to withdraw from the Authority under Section 8.1.

2.2 **Formation of the Authority.** Under the Act, the Parties hereby create a separate joint exercise of power agency named the Clean Energy Alliance. Pursuant to Sections 6506 and 6507 of the Act, the Authority is a public agency separate from the Parties. The jurisdiction of the Authority shall be all territory within the geographic boundaries of the Parties; however, the Authority may, as authorized under applicable law, undertake any action outside such geographic boundaries as is necessary to the accomplishment of its purpose.

2.3 **Purpose.** The purpose of this Agreement is to establish the Authority, to provide for its governance and administration, and to define the rights and obligations of the Parties. This Agreement authorizes the Authority to provide opportunities by which the Parties can work cooperatively to create economies of scale and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient, and renewable resources in the region for the benefit of all the Parties and their constituents, including, but not limited to, establishing and operating a CCA Program.

2.4 **Addition of Parties.** After the initial formation of the Authority and prior to October 1, 2020, any incorporated municipality, county, or other public agency authorized to be a community choice aggregator under Public Utilities Code Section 331.1 and located within the service territory of SDG&E may become a member of the Authority if it has completed a positive CCE Feasibility Study, adopted a CCA ordinance pursuant to Public Utilities Code Section 366.2(c)(12), approved and executed this Agreement, and paid or agrees to pay its share of the Initial Costs pursuant to Section 7.3.2 of this Agreement. Notwithstanding the foregoing, such public agency may be denied membership in the Authority if the

Board determines within 60 days after the submittal of the CCE Feasibility Study that the addition of the public agency would create an undue risk or financial burden to the Authority or to the achievement of the CAP goals of the Parties.

On or after October 1, 2020, any incorporated municipality, county, or other public agency authorized to be a community choice aggregator under Public Utilities Code Section 331.1 and located within the service territory of SDG&E may apply to and become a member of the Authority if all the following conditions are met:

- 2.4.1 Adoption of a resolution by a two-thirds vote of the entire Board authorizing membership in the Authority;
  - 2.4.2 Adoption by the proposed member of a CCA ordinance as required by Public Utilities Code Section 366.2(c)(12) and approval and execution of this Agreement and other necessary program agreements by the proposed member;
  - 2.4.3 Payment of a membership fee, if any, as may be required by the Board to cover Authority costs incurred in connection with adding the new party; and
  - 2.4.4 Satisfaction of any other conditions established by the Board.
- 2.5 **Continuing Participation.** The Parties acknowledge that membership in the Authority may change by the addition, withdrawal and/or termination of Parties. The Parties agree to participate with such other Parties as may later be added by the Board, as described in Section 2.4 (Addition of Parties) of this Agreement. The Parties also agree that the withdrawal or termination of a Party shall not affect this Agreement or the remaining Parties' continuing obligations under this Agreement.

### 3. **POWERS**

- 3.1 **General Powers.** The Authority shall have the powers common to the Parties which are necessary or appropriate to the accomplishment of the purposes of this Agreement, subject to the restrictions set forth in Section 3.4 (Limitation on Powers) of this Agreement.
- 3.2 **Specific Powers.** Specific powers of the Authority shall include, but not be limited to, each of the following powers, which may be exercised at the discretion of the Board:
  - 3.2.1 make and enter into contracts;
  - 3.2.2 employ agents and employees, including but not limited to a Chief Executive Officer;

- 3.2.3 acquire, own, contract, manage, maintain, and operate any buildings, public works, improvements or other assets including but not limited to public electric generation resources;
- 3.2.4 acquire property for the public purposes of the Authority by eminent domain, or otherwise, except as limited under Section 6508 of the Act and Sections 3.6 and 4.12.3 of this Agreement, and to hold or dispose of any property; provided, however, the Authority shall not exercise the power of eminent domain within the jurisdiction of a Party without its affirmative vote under Section 4.12.2;
- 3.2.5 lease any property;
- 3.2.6 sue and be sued in its own name;
- 3.2.7 incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers authorized by law pursuant to Government Code Section 53850 et seq. and authority under the Act;
- 3.2.8 issue revenue bonds and other forms of indebtedness;
- 3.2.9 apply for, accept, and receive all licenses, permits, grants, loans or other aids from any federal, state or local public agency;
- 3.2.10 form independent corporations or entities, if necessary, to carry out energy supply and energy conservation programs;
- 3.2.11 submit documentation and notices, register, and comply with applicable orders, tariffs and agreements for the establishment and implementation of the CCA Program and other energy programs;
- 3.2.12 adopt rules, regulations, policies, bylaws and procedures governing the operation of the Authority;
- 3.2.13 make and enter into service agreements relating to the provision of services necessary to plan, implement, operate and administer the CCA Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services;
- 3.2.14 receive revenues from sale of electricity and other energy-related programs; and
- 3.2.15 Partner or otherwise work cooperatively with other CCA's on the acquisition of electric resources, joint programs, advocacy and other efforts in the interests of the Authority.

- 3.3 **Additional Powers to be Exercised.** In addition to those powers common to each of the Parties, the Authority shall have those powers that may be conferred upon it by law and by subsequently enacted legislation.
- 3.4 **Limitation on Powers.** As required by Section 6509 of the Act, the powers of the Authority are subject to the restrictions upon the manner of exercising power possessed by the City of Solana Beach and any other restrictions on exercising the powers of the Authority that may be adopted by the Board.
- 3.5 **Obligations of the Authority.** The debts, liabilities, and obligations of the Authority shall not be the debts, liabilities, and obligations of any of the Parties unless a Party agrees in writing to assume any of the debts, liabilities, and obligations of the Authority with the approval of its Governing Body, in its sole discretion. A Party that has not agreed in writing, as duly authorized by its Governing Body, to assume an Authority debt, liability, or obligation shall not be responsible in any way for such debt, liability, or obligation, regardless of any action by the Board. Further, the debts, liabilities and obligations of the City of Solana Beach related to or arising from its existing CCA program, commonly known as the Solana Energy Alliance, shall not be the debts, liabilities or obligations of the Authority or any of the Parties except the City of Solana Beach unless the Board approves assuming specific contracts entered into by the City of Solana Beach. Any such contracts assumed by the Authority shall be obligations of the Authority only and not of any of the Parties. Notwithstanding Sections 4.12.1 and 9.8 of this Agreement, this Section 3.5 shall not be amended or its liability limitations otherwise modified by an amendment to another part of this Agreement unless such amendment is approved by the Governing Body of each Party.
- 3.6 **Compliance with Local Zoning and Building Laws.** Notwithstanding any other provisions of this Agreement or state law, any facilities, buildings, structures or other projects (the “project”) developed, constructed or installed or caused to be developed, constructed or installed by the Authority within the territory of the Authority (which consists of the territorial jurisdiction of the Parties) shall comply with the General Plan, zoning, land use regulations, building laws and any applicable local Coastal Plan of the local jurisdiction within which the project is located.
- 3.7 **Compliance with the Political Reform Act and Government Code Section 1090.** The Authority and its officers and employees shall comply with the Political Reform Act (Government Code Section 81000 et seq.) and Government Code Section 1090 et seq. The Board shall adopt a Conflict of Interest Code pursuant to Government Code Section 87300. The Board may adopt additional conflict of interest regulations in the Operating Policies and Procedures.



#### 4. **GOVERNANCE**

##### 4.1 **Board of Directors.**

- 4.1.1 The Governing Body of the Authority shall be a Board of Directors ("Board") consisting of one Director for each Party appointed in accordance with Section 4.2 (Appointment and Removal of Directors) of this Agreement.
- 4.1.2 Each Director must be a member of the Governing Body of the appointing Party. Each Director shall serve at the pleasure of the Governing Body of the Party that appointed such Director and may be removed as Director by such Governing Body at any time. If at any time a vacancy occurs on the Board, then a replacement shall be appointed to fill the position of the previous Director within 45 days after the date that position becomes vacant.
- 4.1.3 The Governing Body of each Party also shall appoint an alternate to serve in the absence of the primary Director. The alternate also shall be a member of the Governing Body of the appointing Party. The alternate shall have all the rights and responsibilities of the primary Director when serving in his/her absence.
- 4.1.4 Any change to the size and composition of the Board other than what is described in this section shall require an amendment of this Agreement in accordance with Section 4.12.

##### 4.2 **Appointment and Removal of Directors.** The Directors shall be appointed and may be removed as follows:

- 4.2.1 The Governing Body of each Party shall appoint and designate in writing one regular Director, who shall be authorized to act for and on behalf of the Party on matters within the powers of the Authority. The Governing Body of each Party shall appoint and designate in writing one alternate Director who may vote on matters when the regular Director is absent from a Board meeting. The alternate Director may vote on matters in committee, chair committees, and fully participate in discussion and debate during meetings. All Directors and alternates shall be subject to the Board's adopted Conflict of Interest Code.
- 4.2.2 A Director may be removed by the Board for cause in accordance with procedures adopted by the Board. Cause shall be defined for the purposes of this section as follows:
  - a. Unexcused absences from three consecutive Board meetings.
  - b. Unauthorized disclosure of confidential information or documents from a closed session or the unauthorized disclosure of information

or documents provided to the Director on a confidential basis and whose public disclosure may be harmful to the interests of the Authority.

- c. Violation of any ethics policies or code of conduct adopted by the Board.

Notwithstanding the foregoing, no Party shall be deprived of its right to seat a Director on the Board and any such Party for which its Director and/or alternate Director has been removed may appoint a replacement.

4.3 **Director Compensation.** The Board may adopt by resolution a policy relating to the compensation or expense reimbursement of its Directors.

4.4 **Terms of Office.** Each Party shall determine the term of office for its regular and alternate Director.

4.5 **Purpose of Board.** The general purpose of the Board is to:

- 4.5.1 Provide structure for administrative and fiscal oversight;
- 4.5.2 Retain a Chief Executive Officer to oversee day-to-day operations of the Authority;
- 4.5.3 Retain legal counsel;
- 4.5.4 Identify and pursue funding sources;
- 4.5.5 Set policy;
- 4.5.6 Optimize the utilization of available resources; and
- 4.5.7 Oversee all Committee activities.

4.6 **Specific Responsibilities of the Board.** The specific responsibilities of the Board shall be as follows:

- 4.6.1 Formulate and adopt an annual budget prior to the commencement of the fiscal year;
- 4.6.2 Develop and implement a financing and/or funding plan for ongoing Authority operations and capital improvements, if applicable;
- 4.6.3 Retain necessary and sufficient staff and adopt personnel and compensation policies, rules and regulations;
- 4.6.4 Adopt policies for procuring electric supply and operational needs such as professional services, equipment and supplies;

- 4.6.5 Develop and implement a Strategic Plan to guide the development, procurement, and integration of renewable energy resources consistent with the intent and priorities identified in this Agreement;
  - 4.6.6 Establish standing and ad hoc committees as necessary;
  - 4.6.7 Set retail rates for power sold by the Authority and set charges for any other category of retail service provided by the Authority;
  - 4.6.8 Wind down and resolve all obligations of the Authority in the event the Authority is terminated pursuant to Section 8.2;
  - 4.6.9 Conduct and oversee Authority operational audits at intervals not to exceed three years including review of customer access to Authority programs and benefits, where applicable;
  - 4.6.10 Arrange for an annual independent fiscal audit;
  - 4.6.11 Adopt such bylaws, rules and regulations necessary or desirable for the purposes set forth in this Agreement and consistent with this Agreement;
  - 4.6.12 Exercise the Specific Powers identified in Sections 3.2 and 4.6 except as those which the Board may elect to delegate to the Chief Executive Officer; and
  - 4.6.13 Discharge other duties as appropriate or necessary under this Agreement or required by law.
- 4.7 **Startup Responsibilities.** The Authority shall promptly act on the following matters:
- 4.7.1 Oversee the preparation of, adopt, and update an implementation plan for electrical load aggregation pursuant to Public Utilities Code Section 366.2(c)(3);
  - 4.7.2 Prepare a statement of intent for electrical load aggregation pursuant to Public Utilities Code Section 366.2(c)(4);
  - 4.7.3 Obtain financing and/or funding as is necessary to support start up and ongoing working capital for the CCA Program; and
  - 4.7.4 Acquire and maintain insurance in accordance with Section 9.3.
- 4.8 **Meetings and Special Meetings of the Board.** The Board shall hold at least four regular meetings per year, but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour, and place of each regular meeting shall be fixed annually by resolution of the Board. The location of regular meetings may rotate for the convenience of the Parties, subject to Board

approval and availability of appropriate meeting space. Regular meetings may be adjourned to another meeting time. Special meetings of the Board may be called in accordance with the provisions of Government Code Section 54956. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law. Board meeting agendas generally shall be set, in consultation with the Board Chair, by the Chief Executive Officer appointed by the Board pursuant to Section 5.5. The Board itself may add items to the agenda upon majority vote pursuant to Section 4.11.1.

- 4.9 **Brown Act Applicable.** All meetings of the Board shall be conducted in accordance with the provisions of the Ralph M. Brown Act (Government Code Section 54950, et seq.).
- 4.10 **Quorum.** A simple majority of the Directors shall constitute a quorum. No actions may be taken by the Board without a quorum of the Directors present.
- 4.11 **Board Voting.** Except for matters subject to Special Voting under Section 4.12, Board action shall require the affirmative votes of a majority of the Directors on the entire Board. The consequence of a tie vote shall be “no action” taken.
- 4.12 **Special Voting.**
- 4.12.1 The affirmative vote of two-thirds of the Directors of the entire Board shall be required to take any action on the following:
- (a) Issuing bonds or other forms of debt;
  - (b) Adding or removing Parties or removing Directors; and
  - (c) Amending or terminating this Agreement or adopting or amending the bylaws of the Authority except as provided in Sections 3.5 and 4.12.3. At least 30 days advance written notice to the Parties shall be provided for such actions. Such notice shall include a copy of any proposed amendment to this Agreement or the bylaws of the Authority. The Authority shall also provide prompt written notice to all Parties of the action taken and attach the adopted amendment, resolution or agreement.
- 4.12.2 An affirmative vote of three-fourths of the entire Board shall be required to initiate any action for Eminent Domain and no eminent domain action shall be approved within the jurisdiction of a Party without the affirmative vote of such Party’s Director.
- 4.12.3 An unanimous vote of the entire Board shall be required to amend the following provisions in this Agreement:
- (a) Section 2.3 (Purpose of Agreement)

- (b) Section 3.6 (Compliance with Local Zoning)
- (c) Sections 4.11 and 4.12 (Voting Requirements)
- (d) Section 4.12.2 (Eminent Domain)
- (e) Section 6.5 (Power Supply Requirements)
- (f) Section 6.6 (Solana Energy Alliance Transition)

**5. INTERNAL ORGANIZATION**

- 5.1 **Elected and Appointed Officers.** For each fiscal year, the Board shall elect a Chair and Vice Chair from among the Directors and shall appoint a Secretary and a Treasurer as provided in Government Code section 6505.5. No Director may hold more than one such office at any time. Appointed officers shall not be elected officers of the Board.
- 5.2 **Chair and Vice Chair.** For each fiscal year, the Board shall elect a Chair and Vice Chair from among the Directors. The term of office of the Chair and Vice Chair shall continue for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair. The Chair shall be the presiding officer of all Board meetings, and the Vice Chair shall serve in the absence of the Chair. The Chair shall perform duties as may be required by the Board. In the absence of the Chair, the Vice-Chair shall perform all of the Chair's duties. The office of the Chair or Vice Chair shall be declared vacant and a new selection shall be made if: (a) the person serving dies, resigns, or the Party that the person represents removes the person as its representative on the Board, or (b) the Party that he or she represents withdraws from the Authority pursuant to the provisions of this Agreement. Upon a vacancy, the position shall be filled at the next regular meeting of the Board held after such vacancy occurs or as soon as practicable thereafter.
- 5.3 **Secretary.** The Board shall appoint a qualified person who is not on the Board to serve as Secretary. The Secretary shall be responsible for keeping the minutes of all meetings of the Board and all other office records of the Authority. If the appointed Secretary is an employee of any Party, such Party shall be entitled to reimbursement for any documented out of pocket costs it incurs in connection with such employee's service as Secretary of the Authority, and full cost recovery for any documented hours of service provided by such employee during such Party's normal working hours.
- 5.4 **Treasurer/Chief Financial Officer and Auditor.** The Board of Directors shall appoint a Treasurer who shall function as the combined offices of Treasurer and Auditor and shall strictly comply with the statutes related to the duties and responsibilities specified in Section 6505.5 of the Act. The Treasurer for the Authority shall be the depository and have custody of all money of the Authority from whatever source and shall draw all warrants and pay demands against the

Authority as approved by the Board. The Treasurer shall cause an independent audit(s) of the finances of the Authority to be made by a certified public accountant, or public accountant, in compliance with Section 6505 of the Act. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any qualified person or entity as the law allows at the time. The duties and obligations of the Treasurer are further specified in Section 7. The Treasurer shall serve at the pleasure of the Board. If the appointed Treasurer is an employee of any Party, such Party shall be entitled to reimbursement for any documented out of pocket costs it incurs in connection with such employee's service as Treasurer of the Authority, and full cost recovery for any documented hours of service provided by such employee during such Party's normal working hours.

- 5.5 **Chief Executive Officer.** The Board shall appoint a Chief Executive Officer for the Authority, who shall be responsible for the day-to-day operation and management of the Authority and the CCA Program. The Chief Executive Officer may not be an elected member of the Board or otherwise represent any Party to the Authority. The Chief Executive Officer may exercise all powers of the Authority, except those powers specifically reserved to the Board, including but not limited to those set forth in Section 4.6 (Specific Responsibilities of the Board) of this Agreement or the Authority's bylaws, or those powers which by law must be exercised by the Board. The Chief Executive Officer may enter into and execute power purchase agreements and other contracts, in accordance with criteria and policies established by the Board.
- 5.6 **General Counsel.** The Board shall appoint a qualified person to act as the Authority's General Counsel, who shall not be a member of the Board, or an elected official or employee of a Party.
- 5.7 **Bonding of Persons Having Access to Property.** Pursuant to the Act, the Board shall designate the public officer or officers or person or persons who have charge of, handle, or have access to any property of the Authority exceeding a value as established by the Board, and shall require such public officer or officers or person or persons to file an official bond in an amount to be fixed by the Board.
- 5.8 **Privileges and Immunities from Liability.** All of the privileges and immunities from liability, exemption from laws, ordinances and rules, all pension, relief, disability, workers' compensation and other benefits which apply to the activities of officers, agents or employees of a public agency when performing their respective functions shall apply to the officers, agents or employees of the Authority to the same degree and extent while engaged in the performance of any of the functions and other duties of such officers, agents or employees under this Agreement. None of the officers, agents or employees directly employed by the Board shall be deemed, by reason of their employment by the Authority to be employed by the Parties or by reason of their employment by the Authority, to be subject to any of the requirements of the Parties.

5.9 **Commissions, Boards and Committees.** The Board may establish any advisory commissions, boards, and committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the CCA Program, related energy programs, and the provisions of this Agreement. To the extent possible, the commissions, boards, and committees should have equal representation from each Party. The Board may establish criteria to qualify for appointment on its commissions, boards, and committees. The Board may establish rules, regulations, policies, or procedures to govern any such commissions, boards, or committees and shall determine whether members shall be entitled to reimbursement for expenses. The meetings of the commissions, boards, or committees shall be held in accordance with the requirements of the Ralph M. Brown Act, as applicable.

## 6. IMPLEMENTATION ACTION AND AUTHORITY DOCUMENTS

### 6.1 **Preliminary Implementation of the CCA Program.**

6.1.1 **Enabling Ordinance.** In addition to the execution of this Agreement, each Party shall adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(12) for the purpose of specifying that the Party intends to implement a CCA Program by and through its participation in the Authority.

6.1.2 **Implementation Plan.** The Authority shall secure Board approval of an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations, and consistent with the terms of this Agreement, as soon after the Effective Date as reasonably practicable but no later than December 31, 2019.

6.2 **Authority Documents.** The Parties acknowledge and agree that the affairs of the Authority will be implemented through various documents duly adopted by the Board through Board resolution or minute action, including but not necessarily limited to operational procedures and policies, the annual budget, and specific plans such as a local renewable energy development and integration plan and other policies defined as the Authority Documents by this Agreement. All such Authority Documents shall be consistent with and designed to advance the goals and objectives of the Authority as expressed in this Agreement. The Parties agree to abide by and comply with the terms and conditions of all such Authority Documents that may be adopted by the Board, subject to the Parties' right to withdraw from the Authority as described in Section 8 (Withdrawal and Termination) of this Agreement.

6.3 **Integrated Resource Plan and Regulatory Compliance.** The Authority shall cause to be prepared an Integrated Resource Plan in accordance with California Public Utilities Commission regulations, and consistent with the terms of this Agreement, that will ensure the long-term development and administration of a

variety of energy programs that promote local renewable resources, conservation, demand response, and energy efficiency, while maintaining compliance with other regulatory requirements including the State Renewable Portfolio Standard (RPS) and customer rate competitiveness.

- 6.4 **Renewable Portfolio Standards.** The Authority shall provide its customers energy primarily from Category 1 and Category 2 eligible renewable resources, as defined under the California RPS and consistent with the goals of the CCA Program. The Authority shall avoid the procurement of energy from Category 3 eligible renewable resources (unbundled Renewable Energy Credits or RECs) to the extent feasible. The Authority's ultimate objective shall be to achieve—and sustain—a renewable energy portfolio with 100 percent renewable energy availability and usage, at competitive rates, within the Authority service territory by no later than 2035, and then beyond.
- 6.5 **Power Supply Requirements.** The Authority's power supply base product will be greater than or equal to 50% qualified renewable resources. The Board shall establish product options with higher renewable and/or GHG-free content that each Party may select (such as 75% or 100% renewable content). In no event will the Authority's power supply base product contain a lesser amount of renewable resources than the base product provided by SDG&E to its customers. Power supply options established by the Board will allow each Party the flexibility to achieve its CAP goals without impeding any other Party from doing the same.
- 6.6 **Continuation and Transition of City of Solana Beach's Existing CCA Program.** The City of Solana Beach has been operating a CCA program within its jurisdiction since 2018. The City of Solana Beach shall be permitted to continue to operate its existing CCA program until the Authority's CCA Program commences service to customers within the jurisdiction of the City of Solana Beach. The transition of CCA customers within the City of Solana Beach to the Authority's CCA Program shall be implemented in accordance with the Authority's implementation plan approved by the Board and certified by the CPUC and any policies and requirements established by the Board.

## 7. **FINANCIAL PROVISIONS**

- 7.1 **Fiscal Year.** The Authority's fiscal year shall be 12 months commencing July 1 and ending June 30. The fiscal year may be changed by Board resolution.
- 7.2 **Depository.**
- 7.2.1 All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with funds of any Party or any other person or entity.



- 7.2.2 All funds of the Authority shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of the Authority shall be open to inspection and duplication by the Parties at all reasonable times. Annual financial statements shall be prepared in accordance with Generally Accepted Accounting Principles of the United States of America within 6 months of the close of the fiscal year. The Board shall contract with a certified public accountant to make an annual audit of the financial statements of the Authority, which shall be conducted in accordance with the requirements of Section 6505 of the Act.
- 7.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures.

**7.3 Budget and Recovery Costs.**

- 7.3.1 Budget. The initial budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of the Authority shall be prepared and approved by the Board in accordance with its fiscal management policies that should include a deadline for approval.
- 7.3.2 Funding of Initial Costs. The Initial Costs of establishing the Authority and implementing its CCA Program shall be divided equally among the Founding Members. In the event that the CCA Program becomes operational, these Initial Costs paid by the Founding Members shall be included in the customer charges for electric services to the extent permitted by law. The Authority may establish a reasonable time period over which such costs are recovered and reimbursed to the Founding Members. In the event that the CCA Program does not become operational, the Founding Members shall not be entitled to any reimbursement of the Initial Costs they have paid from the Authority or any Party.
- 7.3.3 CCA Feasibility and Governance Report Costs. In the event that the CCA Program becomes operational, any costs incurred by the Parties in preparing CCA Feasibility or Governance Reports in connection with establishing the Authority shall be included in the customer charges for electric services to the extent permitted by law. The Authority may establish a reasonable time period over which such costs are recovered and reimbursed to the Parties that incurred such costs. In the event that the CCA Program does not become operational, no Party shall be entitled to any reimbursement of these costs from the Authority or any Party.

7.3.4 **Program Costs.** The Parties intend that all costs incurred by the Authority that are directly or indirectly attributable to the provision of electric or other services under the CCA Program, including the establishment and maintenance of various reserve and performance funds, shall be recovered through appropriate charges to CCA customers receiving such services.

7.3.5 **No Requirement for Contributions or Payments.** Parties are not required under this Agreement to make any financial contributions or payments to the Authority, and the Authority shall have no right to require such a contribution or payment unless expressly set forth herein (for example, as provided in Section 2.4.3, with respect to Additional Members, Section 7.3.2 with respect to Initial Costs and Section 8.1, with respect to Withdrawal), or except as otherwise required by law.

Notwithstanding the foregoing, a Party may voluntarily enter into an agreement with the Authority to provide the following:

- (a) contributions of public funds for the purposes set forth in this Agreement;
- (b) advances of public funds for the purposes set forth in this Agreement, such advances to be repaid as provided by such written agreement; or
- (c) its personnel, equipment or property in lieu of other contributions or advances.

No Party shall be required, by or for the benefit of the Authority, to adopt any local tax, assessment, fee or charge under any circumstances.

7.4 **Accounts and Reports.** The Treasurer shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of any trust agreement entered into with respect to the proceeds of any bonds issued by the Authority. The books and records of the Authority in the hands of the Treasurer shall be open to inspection and duplication at all reasonable times by duly appointed representatives of the Parties. The Treasurer, within 180 days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Parties. The Treasurer shall cooperate with all audits required by this Agreement.

7.5 **Funds.** The Treasurer shall receive, have custody of and/or disburse Authority funds in accordance with the laws applicable to public agencies and generally accepted accounting practices, and shall make the disbursements required by this Agreement in order to carry out any of the purposes of this Agreement.

7.6 **Discretionary Revenues.** The Board shall establish policies concerning the expenditure of discretionary revenues. As determined by the Board in such policies, discretionary revenues may be used to (1) provide programs and develop

projects of the Authority or (2) allow Parties to direct funds into qualified Authority programs and projects, or provide other ratepayer benefits. The Board shall endeavor to achieve a balanced distribution of program and project benefits substantially commensurate with each Party's energy load ("balanced distribution"). The Board shall conduct periodic audits no less than every two years in order to verify the balanced distribution of program and project benefits and take any corrective action necessary to achieve or continue to maintain a balanced distribution.

7.7 **Rate Related Programs.** The Authority will maintain residential net energy metering and low-income rate discount programs.

## 8. **WITHDRAWAL AND TERMINATION**

### 8.1 **Withdrawal**

8.1.1 **Withdrawal by Parties.** Any Party may withdraw its membership in the Authority, effective as of the beginning of the Authority's fiscal year, by giving no less than one year advance written notice of its election to do so, which notice shall be given to the Authority and each Party. The Board, in its discretion, may approve a shorter notice period on a case by case basis. In addition, a Party may immediately withdraw its membership in the Authority upon written notice to the Board at any time prior to the Authority filing its first year-ahead load forecast with the CPUC that included the Party's load (anticipated to occur in April 2020) without any financial obligation other than its share of Initial Costs that shall not be reimbursed and any costs directly related to the resulting amendment of the Implementation Plan. Withdrawal of a Party shall require an affirmative vote of the Party's Governing Body.

8.1.2 **Amendment.** Notwithstanding Section 8.1.1 (Withdrawal by Parties) of this Agreement, a Party may withdraw its membership in the Authority upon approval and execution of an amendment to this Agreement provided that the requirements of this Section 8.1.2 are strictly followed. A Party shall be deemed to have withdrawn its membership in the Authority effective one year (or earlier if approved by the Board) after the Board approves an amendment to this Agreement if the Director representing such Party has provided notice to the other Directors immediately preceding the Board's vote of the Party's intention to withdraw its membership in the Authority, should the amendment be approved by the Board.

8.1.3 **Continuing Liability; Further Assurances.** A Party that withdraws its membership in the Authority may be subject to certain continuing liabilities, as described in Section 8.5 (Continuing Liability; Refund) of this Agreement, including, but not limited to, power purchase

agreements and other Authority contracts and operational obligations. The withdrawing Party and the Authority shall execute and deliver all further instruments and documents and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party from membership in the Authority. The Board shall also consider, pursuant to Section 3.2.12, adoption of a policy that allows a withdrawing Party to negotiate assignment to the Party of costs of electric power or other resources procured on behalf of its customers by the Authority upon its withdrawal. In the implementation of this Section 8.1.3, the Parties intend, to the maximum extent possible, without compromising the viability of ongoing Authority operations, that any claims, demands, damages, or liabilities covered hereunder, be funded from the rates paid by CCA Program customers located within the service territory of the withdrawing Party, and not from the general fund of the withdrawing Party itself.

- 8.2 **Termination of CCA Program.** Nothing contained in Section 6 or elsewhere in this Agreement shall be construed to limit the discretion of the Authority to terminate the implementation or operation of the CCA Program at any time in accordance with any applicable requirements of state law.
- 8.3 **Involuntary Termination.** This Agreement may be terminated with respect to a Party for material non-compliance with provisions of this Agreement or Authority Documents upon a two-thirds vote of the entire Board excluding the vote of the Party subject to possible termination. Prior to any vote to terminate this Agreement with respect to a Party, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party whose termination is proposed at least 30 days prior to the regular Board meeting at which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or the Authority Documents that the Party has allegedly violated. The Party, subject to possible termination, shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination. A Party that has had its membership in the Authority terminated may be subject to certain continuing liabilities, as described in Section 8.5 (Continuing Liability; Refund) of this Agreement.
- 8.4 **Mutual Termination.** This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Party to withdraw its membership in the Authority, and thus terminate this Agreement with respect to such withdrawing Party, as described in Section 8.1 (Withdrawal) of this Agreement.
- 8.5 **Continuing Liability; Refund.** Upon a withdrawal or involuntary termination of a Party, the Party shall be responsible for any claims, demands, damages, or

liabilities attributable to the Party through the effective date of its withdrawal or involuntary termination, it being agreed that the Party shall not be responsible for any claims, demands, damages, or liabilities commencing or arising after the effective date of the Party's withdrawal or involuntary termination.

Notwithstanding the foregoing or any other provisions of this Agreement, such Party also shall be liable to the Authority for (a) any damages, losses, or costs incurred by the Authority which result directly from the Party's withdrawal or termination, including but not limited to costs arising from the resale of capacity, electricity, or any attribute thereof no longer needed to serve such Party's load; and (b) any costs or obligations associated with the Party's participation in any program in accordance with the program's terms, provided such costs or obligations were incurred prior to the withdrawal of the Party. From and after the date a Party provides notice of its withdrawal or is terminated, the Authority shall reasonably and in good faith seek to mitigate any costs and obligations to be incurred by the withdrawing or terminated Party under this Section through measures reasonable under the circumstances, provided that this obligation to mitigate does not impose any obligation on the Authority to transfer any cost or obligation directly attributable to the membership and withdrawal or termination of the withdrawing or terminated party to the ratepayers of the remaining members. Further, the liability of the withdrawing or terminated Party shall be based on actual costs or damages incurred by the Authority and shall not include any penalties or punitive charges imposed by the Authority. The Authority may withhold funds otherwise owing to the Party or may require the Party to deposit sufficient funds with the Authority, as reasonably determined by the Authority, to cover the Party's liability for the costs described above. The withdrawing or terminated Party agrees to pay any such deposit determined by the Authority. Any amount of the Party's funds held on deposit with the Authority above that which is required to pay any liabilities or obligations shall be returned to the Party. In the implementation of this Section 8.5, the Parties intend, to the maximum extent possible, without compromising the viability of ongoing Authority operations, that any claims, demands, damages, or liabilities covered hereunder, be funded from the rates paid by CCA Program customers located within the service territory of the withdrawing Party, and not from the general fund of the withdrawing Party itself. The liability of a withdrawing Party under this Section shall be only to the Authority and not to any other Party.

- 8.6 **Disposition of Authority Assets.** Upon termination of this Agreement and dissolution of the Authority by all Parties, after payment of all obligations of the Authority, the Board may sell or liquidate Authority property and shall distribute any remaining assets to the Parties in proportion to the contributions made by the existing Parties. Any assets provided by a Party to the Authority shall remain the asset of that Party and shall not be subject to distribution under this section.

## 9. MISCELLANEOUS PROVISIONS

- 9.1 **Dispute Resolution.** The Parties and the Authority shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. Before

exercising any remedy provided by law, a Party or the Parties and the Authority shall engage in nonbinding mediation in the manner agreed upon by the Party or Parties and the Authority. The Parties agree that each Party may specifically enforce this section. In the event that nonbinding mediation is not initiated or does not result in the settlement of a dispute within 60 days after the demand for mediation is made, any Party and the Authority may pursue any remedies provided by law.

- 9.2 **Liability of Directors, Officers, and Employees.** The Directors, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. The Authority shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Section 995 et seq. Nothing in this section shall be construed to limit the defenses available under the law, to the Parties, the Authority, or its Directors, officers, or employees. In addition, pursuant to the Act, no Director shall be personally liable on the Authority's bonds or be subject to any personal liability or accountability by reason of the issuance of bonds.
- 9.3 **Insurance and Indemnification of Parties.** The Authority shall acquire such insurance coverage as is necessary to protect the interests of the Authority and the Parties. The Authority shall defend, indemnify and hold harmless the Parties and each of their respective governing board members, officers, agents and employees, from any and all claims, losses, damages, deductibles or self-insured retentions, costs, fines, penalties, injuries and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts, errors, omissions or negligence of the Authority or its officers, employees, agents, contractors, licensees or volunteers.
- 9.4 **No Third Party Beneficiaries.** The provisions of this Agreement are for the sole benefit of the Parties and the Authority and not for the benefit of any other person or entity. No third party beneficiary shall be created by or arise from the provisions of this Agreement.
- 9.5 **Notices.** Any notice required or permitted to be made hereunder shall be in writing and shall be delivered in the manner prescribed herein at the principal place of business of each Party. The Parties may give notice by (1) personal delivery; (2) e-mail; (3) U.S. Mail, first class postage prepaid, or a faster delivery method; or (3) by any other method deemed appropriate by the Board.

Upon providing written notice to all Parties, any Party may change the designated address or e-mail for receiving notice.

All written notices or correspondence sent in the described manner will be deemed given to a party on whichever date occurs earliest: (1) the date of personal delivery; (2) the third business day following deposit in the U.S. mail, when sent by “first class” mail; or (3) the date of transmission, when sent by e-mail or facsimile.

- 9.6 **Successors.** This Agreement shall be binding upon and shall inure to the benefit of the successors of each Party.
- 9.7 **Assignment.** Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the advance written consent of all of the other Parties, and any attempt to assign or delegate such rights or duties in contravention of this section shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the approved assigns of the Parties. This section does not prohibit a Party from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party’s contributions to the Authority, or the disposition of the proceeds which that Party receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Authority or the Parties under this Agreement.
- 9.8 **Amendment.** This Agreement may be amended by a written amendment approved by the Board in accordance with the Special Voting requirements of Section 4.12.
- 9.9 **Severability.** If any one or more of the terms, provisions, promises, covenants, or conditions of this Agreement were adjudged invalid or void by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants, and conditions of this Agreement shall not be affected thereby and shall remain in full force and effect to the maximum extent permitted by law.
- 9.10 **Governing Law.** This Agreement is made and to be performed in the State of California, and as such California substantive and procedural law shall apply.
- 9.11 **Headings.** The section headings herein are for convenience only and are not to be construed as modifying or governing the language of this Agreement.
- 9.12 **Counterparts.** This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

The Parties hereto have executed this Joint Powers Agreement establishing the Clean Energy Alliance.

CITY OF CARLSBAD

By: [Signature]  
City Manager

DATE: 10 Oct 19

ATTEST:

By: Jamara B. McManis  
for City Clerk

APPROVED AS TO FORM:

By: Allison Brewer  
City Attorney



## Exhibit A: Definitions

"AB 117" means Assembly Bill 117 (Stat. 2002, Ch. 838, codified at Public Utilities Code Section 366.2), which created Community Choice Aggregation.

"Act" means the Joint Exercise of Powers Act of the State of California (Chapter 5, Division 7, Title 1 of the Government Code commencing with Section 6500).

"Agreement" means this Joint Powers Agreement.

"Authority" means the Clean Energy Alliance.

"Authority Document(s)" means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions and activities of the Authority, including but not limited to the Operating Policies and Procedures, the annual budget, and plans and policies.

"Board" means the Board of Directors of the Authority.

"Community Choice Aggregation" or "CCA" means an electric service option available to cities, counties, and other public agencies pursuant to Public Utilities Code Section 366.2.

"CCA Program" means the Authority's Community Choice Aggregation program established, conducted and operated under Public Utilities Code Section 366.2.

"Days" shall mean calendar days unless otherwise specified by this Agreement.

"Director" means a member of the Board representing a Party appointed in accordance with Sections 4.1 (Board of Directors) and 4.2 (Appointment and Removal of Directors) of this Agreement.

"Effective Date" means the date on which the Agreement shall become effective and the Authority shall exist as a separate public agency, as further described in Section 2.1 (Effective Date and Term) of this Agreement.

"Founding Member" means any jurisdiction that becomes a member of the Authority before October 1, 2020, as identified in Exhibit B.

"Governing Body" means for any city, its City Council; and for any other public agency, the equivalent policy making body that exercises ultimate decision-making authority over such agency.

"Initial Costs" means reasonable and necessary implementation costs advanced by the Founding Members in support of the formation of the Authority and approved by the Board for reimbursement, which are (a) directly related to the establishment of the Authority and its CCA program, and (b) incurred by the Authority or its Members relating to the initial operation of the Authority, such as the hiring of the executive and operations staff, any required accounting, administrative, technical and legal services in support of the

Authority's initial formation activities or in support of the negotiation, preparation and approval of power purchase agreements, and activities associated with drafting and obtaining approval of the Authority's implementation plan. Initial Costs do not include costs associated with the investigation of the CCA model, attendance at routine planning meetings, or a Party's pre-formation reports related to their decision to pursue CCA or join the Authority. Initial costs also do not include the costs incurred by the City of Solana Beach relating to the termination of its CCA program. The Authority Board shall determine the repayment timing and termination date for the Initial Costs.

"Investor Owned Utilities" means a privately-owned electric utility whose stock is publicly traded and is subject to CPUC regulation.

"Parties" means, collectively, the signatories to this Agreement that have satisfied the conditions as defined above for "Founding Members" or in Section 2.4 (Addition of Parties) of this Agreement, such that they are considered members of the Authority.

"Party" means, singularly, a signatory to this Agreement that has satisfied the conditions as defined above for "Founding Members" or in Section 2.4 (Addition of Parties) of this Agreement, such that it is considered a member of the Authority.

**Exhibit B: List of Founding Members**

**Any public agency that becomes a member by October 1, 2020**

ORDINANCE NO. 954

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF DEL MAR, CALIFORNIA AUTHORIZING IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM

WHEREAS, California Public Utilities Code Section 366.2 (the "Act") authorizes cities and counties to individually or jointly provide retail electric service to an aggregation of customers within their jurisdictions, which is referred to as Community Choice Aggregation ("CCA"); and

WHEREAS, on October 3, 2016, the Del Mar City Council approved Resolution 2016-52 stating the City's interest in exploring the feasibility of a CCA program; and

WHEREAS, since January 2018, the City of Del Mar ("City"), working in cooperation with other cities in northern San Diego County, has been actively investigating the feasibility of commencing CCA service for electric customers within the City, with the objective of addressing climate change by reducing energy-related greenhouse gas emissions, promoting electrical rate price stability and cost savings and fostering consumer choice and local economic benefits such as job creation, local energy programs and local renewable energy development; and

WHEREAS, on April 15, 2019, the Del Mar City Council received the final North San Diego County Cities Community Choice Energy Technical Feasibility Study, dated March 28, 2019 ("Feasibility Study"); and

WHEREAS, the Feasibility Study determined that a CCA program would be both technically and financially feasible and could result in local benefits including the use of renewable energy at levels above the State Renewables Portfolio Standard, the provision of competitive rates to consumers, and economic opportunity for the City; and

WHEREAS, pursuant to Section 366.2 of the Act, two or more public entities authorized to be a community choice aggregator under Section 331.1 of the Act may participate jointly in a CCA program through a Joint Powers Authority established pursuant to Government Code Section 6500 et seq., if each entity adopts the ordinance required by Public Utilities Section 366.2(c)(12); and

WHEREAS, the City wishes to implement a CCA program at this time through a Joint Powers Authority together with other Founding Members which will be called the Clean Energy Alliance; and

WHEREAS, under Public Utilities Code section 366.2, customers have the right to opt out of the CCA program and continue to receive bundled electric service from the incumbent utility; and

WHEREAS, Public Utilities Code section 366.2(c)(12) provides that an entity which elects to implement a CCA program within its jurisdiction must do so by ordinance; and

WHEREAS, this ordinance is exempt from the requirements of the California Environmental Quality Act ("CEQA") pursuant to the State CEQA Guidelines, as it is not a "project" and has no potential to result in a direct or reasonably foreseeable indirect physical change to the environment. (14 Cal. Code Regs. § 15378(a).) Further, the ordinance is exempt from CEQA as there is no possibility that the ordinance or its implementation would have a significant negative effect on the environment. (14 Cal. Code Regs. § 15061(b)(3).) The ordinance is also categorically exempt because it is an action taken by a regulatory agency to assure the maintenance, restoration, enhancement or protection of the environment. (14 Cal. Code Regs. § 15308.) The Planning Director shall cause a Notice of Exemption to be filed as authorized by CEQA and the State CEQA Guidelines.

NOW, THEREFORE, the City Council of the City of Del Mar, California, hereby ordains as follows:

#### **SECTION ONE**

That the recitals set forth above are true and correct and are incorporated as though fully set forth herein.

#### **SECTION TWO**

In order to provide businesses and residents within the jurisdictional boundaries of the City with a choice of electric service providers and with the benefits described in the recitals above, the City Council hereby elects pursuant to Public Utilities Code Section 366.2(c)(12) to implement a CCA program within the jurisdiction of the City of Del Mar, California, by participating in the CCA program of the Clean Energy Alliance, under the terms and conditions provided in its Joint Powers Agreement, on file with the City Clerk.

#### **SECTION THREE**

This Ordinance was introduced by the City Council on October 7, 2019.

#### **SECTION FOUR**

The City Clerk is directed to prepare and have published a summary of this Ordinance no less than five days prior to the consideration of its adoption and again within 15 days following adoption indicating votes cast.

#### **SECTION FIVE**

If any section, subsection, sentence, clause, phrase or portion of this Ordinance is, for any reason, held invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this Ordinance.

**SECTION SIX**

This Ordinance shall take effect and be in force on the thirtieth (30th) day from and after its final passage.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Del Mar, California, at the Regular Meeting held this 21st day of October, 2019.



\_\_\_\_\_  
David Druker, Mayor  
City of Del Mar

APPROVED AS TO FORM:



\_\_\_\_\_  
Leslie E. Devaney, City Attorney  
City of Del Mar

ATTEST AND CERTIFICATION:

STATE OF CALIFORNIA  
COUNTY OF SAN DIEGO  
CITY OF DEL MAR

I, ASHLEY JONES, Administrative Services Director/City Clerk of the City of Del Mar, California, DO HEREBY CERTIFY, that the foregoing is a true and correct copy of Ordinance No. 954, which has been published pursuant to law, and adopted by the City Council of the City of Del Mar, California, at a Regular Meeting held the 21st day of October, 2019, by the following vote:

AYES: Mayor Druker, Deputy Mayor Haviland, Council Members  
Gaasterland, Parks and Worden

NOES: None

ABSENT: None

ABSTAIN: None



\_\_\_\_\_  
Ashley Jones, Administrative Services  
Director/ City Clerk  
City of Del Mar



RESOLUTION NO.2019-52

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DEL MAR APPROVING AND AUTHORIZING THE EXECUTION OF THE JOINT EXERCISE OF POWERS AGREEMENT CREATING THE CLEAN ENERGY ALLIANCE

WHEREAS, Section 6500 et seq. of the Government Code authorizes the joint exercise by two or more public agencies of any power common to them as a Joint Powers Authority (“JPA”); and

WHEREAS, Public Utilities Code Section 366.2(c)(12) specifically authorizes two or more cities and counties to conduct a Community Choice Aggregation (“CCA”) program through the creation of a Joint Powers Authority; and

WHEREAS, the creation of a JPA would allow its members to share resources and jointly provide and achieve the environmental and economic benefits of a CCA program on a regional basis; and

WHEREAS, on October 3, 2016, the Del Mar City Council approved Resolution 2016-52 stating the City’s interest in exploring the feasibility of a CCA program; and

WHEREAS, since January 2018, the City of Del Mar (“City”), working in cooperation with other cities in northern San Diego County, has been actively investigating the feasibility of commencing CCA service for electric customers within the City, with the objective of addressing climate change by reducing energy-related greenhouse gas emissions, promoting electrical rate price stability and cost savings and fostering consumer choice and local economic benefits such as job creation, local energy programs and local renewable energy development; and

WHEREAS, on April 15, 2019, the Del Mar City Council received the final North San Diego County Cities Community Choice Energy Technical Feasibility Study, dated March 28, 2019 (“Feasibility Study”); and

WHEREAS, the Feasibility Study, which determined that a CCA program would be both technically and financially feasible, examined a number of organizational structures by which a CCA program could be implemented including a JPA; and

WHEREAS, the City of Del Mar (“City”) desires to enter into a JPA Agreement (“Agreement”) to establish the Clean Energy Alliance along with the Founding Members identified in the Agreement, and any additional members approved by the JPA Board in the future.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Del Mar, California, that:

1. The Joint Exercise of Powers Agreement creating the Clean Energy Alliance (“CEA”) is hereby approved, and the City Manager is authorized to execute the



Agreement in substantially the form attached to the Staff Report as Attachment B, together with minor technical or clerical corrections, if any.

2. Staff is authorized and directed to take such further actions as may be necessary and appropriate to implement the intent and purposes of this Resolution.
3. This Resolution and the creation of the CEA is exempt from the requirements of the California Environmental Quality Act ("CEQA"), as it involves organizational and administrative activities of government that will not result in direct or indirect physical changes on the environment, and therefore is not considered a "project." (14 Cal. Code Regs. § 15378(b)(5).)


PASSED, APPROVED, AND ADOPTED by the City Council of the City of Del Mar, California at the Regular Meeting held this 7th day of October, 2019.



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Dave Druker, Mayor  
City of Del Mar

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Leslie E. Devaney, City Attorney  
City of Del Mar

ATTEST AND CERTIFICATION:

STATE OF CALIFORNIA  
COUNTY OF SAN DIEGO  
CITY OF DEL MAR

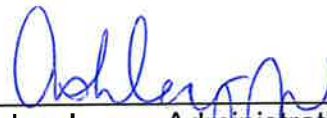
I, ASHLEY JONES, Administrative Services Director/City Clerk of the City of Del Mar, California, DO HEREBY CERTIFY, that the foregoing is a true and correct copy of Resolution No. 2019-52 adopted by the City Council of the City of Del Mar, California, at a Regular Meeting held the 7th day of October 2019, by the following vote:

AYES: Mayor Druker, Deputy Mayor Haviland, Council Members Parks and Worden

NOES: Council Member Gaasterland

ABSENT: None

ABSTAIN: None

  
\_\_\_\_\_  
Ashley Jones, Administrative Services  
Director/City Clerk  
City of Del Mar



## RESOLUTION 2019-136

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLANA BEACH, CALIFORNIA, APPROVING AND AUTHORIZING THE EXECUTION OF THE JOINT EXERCISE OF POWERS AGREEMENT CREATING THE CLEAN ENERGY ALLIANCE

**WHEREAS**, Section 6500 et seq. of the Government Code authorizes the joint exercise by two or more public agencies of any power common to them as a Joint Powers Authority ("JPA"); and

**WHEREAS**, Public Utilities Code Section 366.2(c)(12) specifically authorizes two or more cities and counties to conduct a Community Choice Aggregation (CCA) program through the creation of a Joint Powers Authority; and

**WHEREAS**, the creation of a JPA would allow its members to share resources and jointly provide and achieve the environmental and economic benefits of a CCA program on a regional basis; and

**WHEREAS**, the City of Solana Beach desires to enter into a Joint Exercise of Powers Agreement to establish the Clean Energy Alliance Community Choice Energy Authority along with the cities of Carlsbad and Del Mar, and any additional members approved by the JPA Board in the future.

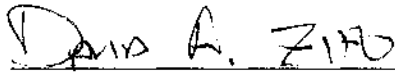
**NOW, THEREFORE**, the City Council of the City of Solana Beach hereby resolves as follows:

1. That the foregoing recitations are true and correct.
2. The Joint Exercise of Powers Agreement creating the Clean Energy Alliance ("CEA") is hereby approved, and the City Manager is authorized to execute the Agreement in substantially the form attached hereto as Exhibit A, together with minor technical or clerical corrections, if any.
3. City Manager, or his designee, is authorized and directed to take such further actions as may be necessary and appropriate to implement the intent and purposes of this Resolution.

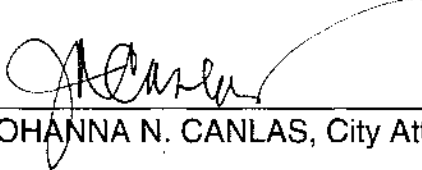
4. This Resolution and the creation of CEA is exempt from the requirements of the California Environmental Quality Act (CEQA), as it involves organizational and administrative activities of government that will not result in direct or indirect physical changes on the environment, and therefore is not considered a "project." (14 Cal. Code Regs. § 15378(b)(5).)

**PASSED AND ADOPTED** this 9th day of October 2019, at a regularly scheduled meeting of the City Council of the City of Solana Beach, California by the following vote:

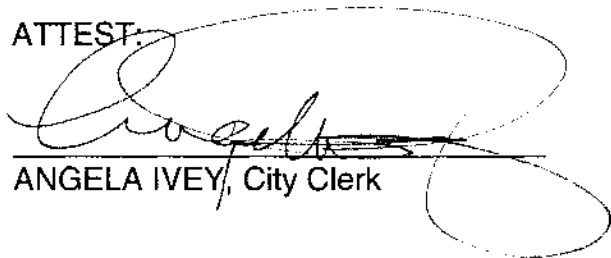
AYES: Councilmembers – Zito, Edson, Hegenauer, Becker  
NOES: Councilmembers – None  
ABSENT: Councilmembers – Harless  
ABSTAIN: Councilmembers – None

  
\_\_\_\_\_  
DAVID A. ZITO, Mayor

APPROVED AS TO FORM:

  
\_\_\_\_\_  
JOHANNA N. CANLAS, City Attorney

ATTEST:

  
\_\_\_\_\_  
ANGELA IVEY, City Clerk

**Exhibit A**  
**Resolution 2019-136**

**Clean Energy Alliance Joint Powers Agreement**

Effective \_\_\_\_\_

## CLEAN ENERGY ALLIANCE JOINT POWERS AGREEMENT

This Joint Powers Agreement (the "Agreement"), effective as of \_\_\_\_\_, is made by the Founding Members of the Clean Energy Alliance and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Section 6500 et seq.) of the California Government Code relating to the joint exercise of powers among the public agencies set forth in **Exhibit B**.

### RECITALS

1. The Parties are public agencies sharing various powers under California law, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and their customers.
2. SB 350, adopted in 2015, mandates a reduction in greenhouse gas emissions to 40 percent below 1990 levels by 2030 and to 80 percent below 1990 levels by 2050. In 2018, the State Legislature adopted SB 100, which directs the Renewable Portfolio Standard to be increased to 60% renewable by 2030 and establishes a policy for eligible renewable energy resources and zero-carbon resources to supply 100 percent of electricity retail sales to California end-use customers by 2045.
3. The purposes for the Founding Members (as such term is defined in Exhibit A) entering into this Agreement include procuring/developing electrical energy for customers in participating jurisdictions, addressing climate change by reducing energy-related greenhouse gas emissions, promoting electrical rate price stability and cost savings, and fostering consumer choice and local economic benefits such as job creation, local energy programs and local power development. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to state, regional, and local solar and wind energy production and energy storage.
4. The Parties to this Agreement desire to establish a separate public agency, known as the Clean Energy Alliance ("Authority"), under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) ("Act") in order to collectively study, promote, develop, conduct, operate, and manage energy programs.
5. The Founding Members have each adopted an ordinance electing to implement through the Authority a Community Choice Aggregation program pursuant to California Public Utilities Code Section 366.2 ("CCA Program"). The first priority of the Authority will be the consideration of those actions necessary to implement the CCA Program on behalf of participating jurisdictions.
6. By establishing the Authority, the Parties seek to:
  - (a) Provide electricity service to residents and businesses located within the jurisdictional boundaries of the public agencies that are members of the Authority in a responsible, reliable, innovative, and efficient manner;

- (b) Provide electric generation rates to all ratepayers that are competitive with those offered by the Investor Owned Utility, San Diego Gas & Electric (SDG&E), for similar products with a target generation rate at least 2 percent below SDG&E's base product generation rate;
- (c) Offer a mix of energy products for standard commodity electric service that provide a cleaner power portfolio than that offered by SDG&E for similar service and other options, including a 90 percent and a 100 percent renewable content options in which communities and customers may "opt-up" and voluntarily participate, with the ultimate objective of achieving—and sustaining—the Climate Action Plan goals of the Parties, at competitive rates;
- (d) Develop an aggregate electric supply portfolio with overall lower greenhouse gas (GHG) emissions than SDG&E, and one that supports near-term achievement of the Parties' greenhouse gas reduction goals and renewable electricity goals;
- (e) Promote an energy portfolio that incorporates energy efficiency and demand response programs and pursues ambitious energy consumption reduction goals;
- (f) Pursue the procurement of local generation of renewable power developed by or within member jurisdictions with an emphasis on local jobs, where appropriate, without limiting fair and open competition for projects or programs implemented by the Authority;
- (g) Provide a range of energy product and program options, available to all Parties and customers, that best serve their needs, their local communities, and support regional sustainability efforts;
- (h) Support low-income households having access to special utility rates including California Alternative Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs;
- (i) Use discretionary program revenues to support the Authority's long-term financial viability, enhance customer rate stability, and provide all Parties and their customers with access to innovative energy programs, projects and services throughout the jurisdiction of the Authority; and
- (j) Create an administering Authority that seeks to maximize economic benefits and is financially sustainable, well-managed and responsive to regional and local priorities.

### **AGREEMENT**

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:



1. **DEFINITIONS AND EXHIBITS**

1.1 **Definitions.** Capitalized terms used in this Agreement shall have the meanings specified in **Exhibit A**, unless the context requires otherwise.

1.2 **Documents Included.** This Agreement consists of this document and the following exhibits, all of which are hereby incorporated into this Agreement:

Exhibit A: Definitions

Exhibit B: List of Founding Members

2. **FORMATION OF THE COMMUNITY CHOICE ENERGY AUTHORITY**

2.1 **Effective Date and Term.** This Agreement shall become effective and the Authority shall exist as a separate public agency on the date this Agreement is executed by at least three Founding Members after the adoption of the ordinances required by Public Utilities Code Section 366.2(c)(12). The Authority shall provide notice to the Parties of the Effective Date. The Authority shall continue to exist, and this Agreement shall be effective, until the Agreement is terminated in accordance with Section 8.4 (Mutual Termination), subject to the rights of the Parties to withdraw from the Authority under Section 8.1.

2.2 **Formation of the Authority.** Under the Act, the Parties hereby create a separate joint exercise of power agency named the Clean Energy Alliance. Pursuant to Sections 6506 and 6507 of the Act, the Authority is a public agency separate from the Parties. The jurisdiction of the Authority shall be all territory within the geographic boundaries of the Parties; however, the Authority may, as authorized under applicable law, undertake any action outside such geographic boundaries as is necessary to the accomplishment of its purpose.

2.3 **Purpose.** The purpose of this Agreement is to establish the Authority, to provide for its governance and administration, and to define the rights and obligations of the Parties. This Agreement authorizes the Authority to provide opportunities by which the Parties can work cooperatively to create economies of scale and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient, and renewable resources in the region for the benefit of all the Parties and their constituents, including, but not limited to, establishing and operating a CCA Program.

2.4 **Addition of Parties.** After the initial formation of the Authority and prior to October 1, 2020, any incorporated municipality, county, or other public agency authorized to be a community choice aggregator under Public Utilities Code Section 331.1 and located within the service territory of SDG&E may become a member of the Authority if it has completed a positive CCE Feasibility Study, adopted a CCA ordinance pursuant to Public Utilities Code Section 366.2(c)(12), approved and executed this Agreement, and paid or agrees to pay its share of the Initial Costs pursuant to Section 7.3.2 of this Agreement. Notwithstanding the foregoing, such public agency may be denied membership in the Authority if the

Board determines within 60 days after the submittal of the CCE Feasibility Study that the addition of the public agency would create an undue risk or financial burden to the Authority or to the achievement of the CAP goals of the Parties.

On or after October 1, 2020, any incorporated municipality, county, or other public agency authorized to be a community choice aggregator under Public Utilities Code Section 331.1 and located within the service territory of SDG&E may apply to and become a member of the Authority if all the following conditions are met:

- 2.4.1 Adoption of a resolution by a two-thirds vote of the entire Board authorizing membership in the Authority;
  - 2.4.2 Adoption by the proposed member of a CCA ordinance as required by Public Utilities Code Section 366.2(c)(12) and approval and execution of this Agreement and other necessary program agreements by the proposed member;
  - 2.4.3 Payment of a membership fee, if any, as may be required by the Board to cover Authority costs incurred in connection with adding the new party; and
  - 2.4.4 Satisfaction of any other conditions established by the Board.
- 2.5 **Continuing Participation.** The Parties acknowledge that membership in the Authority may change by the addition, withdrawal and/or termination of Parties. The Parties agree to participate with such other Parties as may later be added by the Board, as described in Section 2.4 (Addition of Parties) of this Agreement. The Parties also agree that the withdrawal or termination of a Party shall not affect this Agreement or the remaining Parties' continuing obligations under this Agreement.

### 3. **POWERS**

- 3.1 **General Powers.** The Authority shall have the powers common to the Parties which are necessary or appropriate to the accomplishment of the purposes of this Agreement, subject to the restrictions set forth in Section 3.4 (Limitation on Powers) of this Agreement.
- 3.2 **Specific Powers.** Specific powers of the Authority shall include, but not be limited to, each of the following powers, which may be exercised at the discretion of the Board:
  - 3.2.1 make and enter into contracts;
  - 3.2.2 employ agents and employees, including but not limited to a Chief Executive Officer;

- 3.2.3 acquire, own, contract, manage, maintain, and operate any buildings, public works, improvements or other assets including but not limited to public electric generation resources;
- 3.2.4 acquire property for the public purposes of the Authority by eminent domain, or otherwise, except as limited under Section 6508 of the Act and Sections 3.6 and 4.12.3 of this Agreement, and to hold or dispose of any property; provided, however, the Authority shall not exercise the power of eminent domain within the jurisdiction of a Party without its affirmative vote under Section 4.12.2;
- 3.2.5 lease any property;
- 3.2.6 sue and be sued in its own name;
- 3.2.7 incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers authorized by law pursuant to Government Code Section 53850 et seq. and authority under the Act;
- 3.2.8 issue revenue bonds and other forms of indebtedness;
- 3.2.9 apply for, accept, and receive all licenses, permits, grants, loans or other aids from any federal, state or local public agency;
- 3.2.10 form independent corporations or entities, if necessary, to carry out energy supply and energy conservation programs;
- 3.2.11 submit documentation and notices, register, and comply with applicable orders, tariffs and agreements for the establishment and implementation of the CCA Program and other energy programs;
- 3.2.12 adopt rules, regulations, policies, bylaws and procedures governing the operation of the Authority;
- 3.2.13 make and enter into service agreements relating to the provision of services necessary to plan, implement, operate and administer the CCA Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services;
- 3.2.14 receive revenues from sale of electricity and other energy-related programs; and
- 3.2.15 Partner or otherwise work cooperatively with other CCA's on the acquisition of electric resources, joint programs, advocacy and other efforts in the interests of the Authority.

- 3.3 **Additional Powers to be Exercised.** In addition to those powers common to each of the Parties, the Authority shall have those powers that may be conferred upon it by law and by subsequently enacted legislation.
- 3.4 **Limitation on Powers.** As required by Section 6509 of the Act, the powers of the Authority are subject to the restrictions upon the manner of exercising power possessed by the City of Solana Beach and any other restrictions on exercising the powers of the Authority that may be adopted by the Board.
- 3.5 **Obligations of the Authority.** The debts, liabilities, and obligations of the Authority shall not be the debts, liabilities, and obligations of any of the Parties unless a Party agrees in writing to assume any of the debts, liabilities, and obligations of the Authority with the approval of its Governing Body, in its sole discretion. A Party that has not agreed in writing, as duly authorized by its Governing Body, to assume an Authority debt, liability, or obligation shall not be responsible in any way for such debt, liability, or obligation, regardless of any action by the Board. Further, the debts, liabilities and obligations of the City of Solana Beach related to or arising from its existing CCA program, commonly known as the Solana Energy Alliance, shall not be the debts, liabilities or obligations of the Authority or any of the Parties except the City of Solana Beach unless the Board approves assuming specific contracts entered into by the City of Solana Beach. Any such contracts assumed by the Authority shall be obligations of the Authority only and not of any of the Parties. Notwithstanding Sections 4.12.1 and 9.8 of this Agreement, this Section 3.5 shall not be amended or its liability limitations otherwise modified by an amendment to another part of this Agreement unless such amendment is approved by the Governing Body of each Party.
- 3.6 **Compliance with Local Zoning and Building Laws.** Notwithstanding any other provisions of this Agreement or state law, any facilities, buildings, structures or other projects (the "project") developed, constructed or installed or caused to be developed, constructed or installed by the Authority within the territory of the Authority (which consists of the territorial jurisdiction of the Parties) shall comply with the General Plan, zoning, land use regulations, building laws and any applicable local Coastal Plan of the local jurisdiction within which the project is located.
- 3.7 **Compliance with the Political Reform Act and Government Code Section 1090.** The Authority and its officers and employees shall comply with the Political Reform Act (Government Code Section 81000 et seq.) and Government Code Section 1090 et seq. The Board shall adopt a Conflict of Interest Code pursuant to Government Code Section 87300. The Board may adopt additional conflict of interest regulations in the Operating Policies and Procedures.

## 4. GOVERNANCE

### 4.1 **Board of Directors.**

- 4.1.1 The Governing Body of the Authority shall be a Board of Directors ("Board") consisting of one Director for each Party appointed in accordance with Section 4.2 (Appointment and Removal of Directors) of this Agreement.
- 4.1.2 Each Director must be a member of the Governing Body of the appointing Party. Each Director shall serve at the pleasure of the Governing Body of the Party that appointed such Director and may be removed as Director by such Governing Body at any time. If at any time a vacancy occurs on the Board, then a replacement shall be appointed to fill the position of the previous Director within 45 days after the date that position becomes vacant.
- 4.1.3 The Governing Body of each Party also shall appoint an alternate to serve in the absence of the primary Director. The alternate also shall be a member of the Governing Body of the appointing Party. The alternate shall have all the rights and responsibilities of the primary Director when serving in his/her absence.
- 4.1.4 Any change to the size and composition of the Board other than what is described in this section shall require an amendment of this Agreement in accordance with Section 4.12.

### 4.2 **Appointment and Removal of Directors.** The Directors shall be appointed and may be removed as follows:

- 4.2.1 The Governing Body of each Party shall appoint and designate in writing one regular Director, who shall be authorized to act for and on behalf of the Party on matters within the powers of the Authority. The Governing Body of each Party shall appoint and designate in writing one alternate Director who may vote on matters when the regular Director is absent from a Board meeting. The alternate Director may vote on matters in committee, chair committees, and fully participate in discussion and debate during meetings. All Directors and alternates shall be subject to the Board's adopted Conflict of Interest Code.
- 4.2.2 A Director may be removed by the Board for cause in accordance with procedures adopted by the Board. Cause shall be defined for the purposes of this section as follows:
  - a. Unexcused absences from three consecutive Board meetings.
  - b. Unauthorized disclosure of confidential information or documents from a closed session or the unauthorized disclosure of information

or documents provided to the Director on a confidential basis and whose public disclosure may be harmful to the interests of the Authority.

- c. Violation of any ethics policies or code of conduct adopted by the Board.

Notwithstanding the foregoing, no Party shall be deprived of its right to seat a Director on the Board and any such Party for which its Director and/or alternate Director has been removed may appoint a replacement.

- 4.3 **Director Compensation.** The Board may adopt by resolution a policy relating to the compensation or expense reimbursement of its Directors.
- 4.4 **Terms of Office.** Each Party shall determine the term of office for its regular and alternate Director.
- 4.5 **Purpose of Board.** The general purpose of the Board is to:
  - 4.5.1 Provide structure for administrative and fiscal oversight;
  - 4.5.2 Retain a Chief Executive Officer to oversee day-to-day operations of the Authority;
  - 4.5.3 Retain legal counsel;
  - 4.5.4 Identify and pursue funding sources;
  - 4.5.5 Set policy;
  - 4.5.6 Optimize the utilization of available resources; and
  - 4.5.7 Oversee all Committee activities.
- 4.6 **Specific Responsibilities of the Board.** The specific responsibilities of the Board shall be as follows:
  - 4.6.1 Formulate and adopt an annual budget prior to the commencement of the fiscal year;
  - 4.6.2 Develop and implement a financing and/or funding plan for ongoing Authority operations and capital improvements, if applicable;
  - 4.6.3 Retain necessary and sufficient staff and adopt personnel and compensation policies, rules and regulations;
  - 4.6.4 Adopt policies for procuring electric supply and operational needs such as professional services, equipment and supplies;

- 4.6.5 Develop and implement a Strategic Plan to guide the development, procurement, and integration of renewable energy resources consistent with the intent and priorities identified in this Agreement;
  - 4.6.6 Establish standing and ad hoc committees as necessary;
  - 4.6.7 Set retail rates for power sold by the Authority and set charges for any other category of retail service provided by the Authority;
  - 4.6.8 Wind down and resolve all obligations of the Authority in the event the Authority is terminated pursuant to Section 8.2;
  - 4.6.9 Conduct and oversee Authority operational audits at intervals not to exceed three years including review of customer access to Authority programs and benefits, where applicable;
  - 4.6.10 Arrange for an annual independent fiscal audit;
  - 4.6.11 Adopt such bylaws, rules and regulations necessary or desirable for the purposes set forth in this Agreement and consistent with this Agreement;
  - 4.6.12 Exercise the Specific Powers identified in Sections 3.2 and 4.6 except as those which the Board may elect to delegate to the Chief Executive Officer; and
  - 4.6.13 Discharge other duties as appropriate or necessary under this Agreement or required by law.
- 4.7 **Startup Responsibilities.** The Authority shall promptly act on the following matters:
- 4.7.1 Oversee the preparation of, adopt, and update an implementation plan for electrical load aggregation pursuant to Public Utilities Code Section 366.2(c)(3);
  - 4.7.2 Prepare a statement of intent for electrical load aggregation pursuant to Public Utilities Code Section 366.2(c)(4);
  - 4.7.3 Obtain financing and/or funding as is necessary to support start up and ongoing working capital for the CCA Program; and
  - 4.7.4 Acquire and maintain insurance in accordance with Section 9.3.
- 4.8 **Meetings and Special Meetings of the Board.** The Board shall hold at least four regular meetings per year, but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour, and place of each regular meeting shall be fixed annually by resolution of the Board. The location of regular meetings may rotate for the convenience of the Parties, subject to Board

approval and availability of appropriate meeting space. Regular meetings may be adjourned to another meeting time. Special meetings of the Board may be called in accordance with the provisions of Government Code Section 54956. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law. Board meeting agendas generally shall be set, in consultation with the Board Chair, by the Chief Executive Officer appointed by the Board pursuant to Section 5.5. The Board itself may add items to the agenda upon majority vote pursuant to Section 4.11.1.

- 4.9 **Brown Act Applicable.** All meetings of the Board shall be conducted in accordance with the provisions of the Ralph M. Brown Act (Government Code Section 54950, et seq.).
- 4.10 **Quorum.** A simple majority of the Directors shall constitute a quorum. No actions may be taken by the Board without a quorum of the Directors present.
- 4.11 **Board Voting.** Except for matters subject to Special Voting under Section 4.12, Board action shall require the affirmative votes of a majority of the Directors on the entire Board. The consequence of a tie vote shall be “no action” taken.
- 4.12 **Special Voting.**
  - 4.12.1 The affirmative vote of two-thirds of the Directors of the entire Board shall be required to take any action on the following:
    - (a) Issuing bonds or other forms of debt;
    - (b) Adding or removing Parties or removing Directors; and
    - (c) Amending or terminating this Agreement or adopting or amending the bylaws of the Authority except as provided in Sections 3.5 and 4.12.3. At least 30 days advance written notice to the Parties shall be provided for such actions. Such notice shall include a copy of any proposed amendment to this Agreement or the bylaws of the Authority. The Authority shall also provide prompt written notice to all Parties of the action taken and attach the adopted amendment, resolution or agreement.
  - 4.12.2 An affirmative vote of three-fourths of the entire Board shall be required to initiate any action for Eminent Domain and no eminent domain action shall be approved within the jurisdiction of a Party without the affirmative vote of such Party’s Director.
  - 4.12.3 An unanimous vote of the entire Board shall be required to amend the following provisions in this Agreement:
    - (a) Section 2.3 (Purpose of Agreement)



- (b) Section 3.6 (Compliance with Local Zoning)
- (c) Sections 4.11 and 4.12 (Voting Requirements)
- (d) Section 4.12.2 (Eminent Domain)
- (e) Section 6.5 (Power Supply Requirements)
- (f) Section 6.6 (Solana Energy Alliance Transition)

5. **INTERNAL ORGANIZATION**

- 5.1 **Elected and Appointed Officers.** For each fiscal year, the Board shall elect a Chair and Vice Chair from among the Directors and shall appoint a Secretary and a Treasurer as provided in Government Code section 6505.5. No Director may hold more than one such office at any time. Appointed officers shall not be elected officers of the Board.
- 5.2 **Chair and Vice Chair.** For each fiscal year, the Board shall elect a Chair and Vice Chair from among the Directors. The term of office of the Chair and Vice Chair shall continue for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair. The Chair shall be the presiding officer of all Board meetings, and the Vice Chair shall serve in the absence of the Chair. The Chair shall perform duties as may be required by the Board. In the absence of the Chair, the Vice-Chair shall perform all of the Chair's duties. The office of the Chair or Vice Chair shall be declared vacant and a new selection shall be made if: (a) the person serving dies, resigns, or the Party that the person represents removes the person as its representative on the Board, or (b) the Party that he or she represents withdraws from the Authority pursuant to the provisions of this Agreement. Upon a vacancy, the position shall be filled at the next regular meeting of the Board held after such vacancy occurs or as soon as practicable thereafter.
- 5.3 **Secretary.** The Board shall appoint a qualified person who is not on the Board to serve as Secretary. The Secretary shall be responsible for keeping the minutes of all meetings of the Board and all other office records of the Authority. If the appointed Secretary is an employee of any Party, such Party shall be entitled to reimbursement for any documented out of pocket costs it incurs in connection with such employee's service as Secretary of the Authority, and full cost recovery for any documented hours of service provided by such employee during such Party's normal working hours.
- 5.4 **Treasurer/Chief Financial Officer and Auditor.** The Board of Directors shall appoint a Treasurer who shall function as the combined offices of Treasurer and Auditor and shall strictly comply with the statutes related to the duties and responsibilities specified in Section 6505.5 of the Act. The Treasurer for the Authority shall be the depository and have custody of all money of the Authority from whatever source and shall draw all warrants and pay demands against the

Authority as approved by the Board. The Treasurer shall cause an independent audit(s) of the finances of the Authority to be made by a certified public accountant, or public accountant, in compliance with Section 6505 of the Act. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any qualified person or entity as the law allows at the time. The duties and obligations of the Treasurer are further specified in Section 7. The Treasurer shall serve at the pleasure of the Board. If the appointed Treasurer is an employee of any Party, such Party shall be entitled to reimbursement for any documented out of pocket costs it incurs in connection with such employee's service as Treasurer of the Authority, and full cost recovery for any documented hours of service provided by such employee during such Party's normal working hours.

- 5.5 **Chief Executive Officer.** The Board shall appoint a Chief Executive Officer for the Authority, who shall be responsible for the day-to-day operation and management of the Authority and the CCA Program. The Chief Executive Officer may not be an elected member of the Board or otherwise represent any Party to the Authority. The Chief Executive Officer may exercise all powers of the Authority, except those powers specifically reserved to the Board, including but not limited to those set forth in Section 4.6 (Specific Responsibilities of the Board) of this Agreement or the Authority's bylaws, or those powers which by law must be exercised by the Board. The Chief Executive Officer may enter into and execute power purchase agreements and other contracts, in accordance with criteria and policies established by the Board.
- 5.6 **General Counsel.** The Board shall appoint a qualified person to act as the Authority's General Counsel, who shall not be a member of the Board, or an elected official or employee of a Party.
- 5.7 **Bonding of Persons Having Access to Property.** Pursuant to the Act, the Board shall designate the public officer or officers or person or persons who have charge of, handle, or have access to any property of the Authority exceeding a value as established by the Board, and shall require such public officer or officers or person or persons to file an official bond in an amount to be fixed by the Board.
- 5.8 **Privileges and Immunities from Liability.** All of the privileges and immunities from liability, exemption from laws, ordinances and rules, all pension, relief, disability, workers' compensation and other benefits which apply to the activities of officers, agents or employees of a public agency when performing their respective functions shall apply to the officers, agents or employees of the Authority to the same degree and extent while engaged in the performance of any of the functions and other duties of such officers, agents or employees under this Agreement. None of the officers, agents or employees directly employed by the Board shall be deemed, by reason of their employment by the Authority to be employed by the Parties or by reason of their employment by the Authority, to be subject to any of the requirements of the Parties.

- 5.9 **Commissions, Boards and Committees.** The Board may establish any advisory commissions, boards, and committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the CCA Program, related energy programs, and the provisions of this Agreement. To the extent possible, the commissions, boards, and committees should have equal representation from each Party. The Board may establish criteria to qualify for appointment on its commissions, boards, and committees. The Board may establish rules, regulations, policies, or procedures to govern any such commissions, boards, or committees and shall determine whether members shall be entitled to reimbursement for expenses. The meetings of the commissions, boards, or committees shall be held in accordance with the requirements of the Ralph M. Brown Act, as applicable.

## 6. IMPLEMENTATION ACTION AND AUTHORITY DOCUMENTS

### 6.1 **Preliminary Implementation of the CCA Program.**

6.1.1 **Enabling Ordinance.** In addition to the execution of this Agreement, each Party shall adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(12) for the purpose of specifying that the Party intends to implement a CCA Program by and through its participation in the Authority.

6.1.2 **Implementation Plan.** The Authority shall secure Board approval of an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations, and consistent with the terms of this Agreement, as soon after the Effective Date as reasonably practicable but no later than December 31, 2019.

6.2 **Authority Documents.** The Parties acknowledge and agree that the affairs of the Authority will be implemented through various documents duly adopted by the Board through Board resolution or minute action, including but not necessarily limited to operational procedures and policies, the annual budget, and specific plans such as a local renewable energy development and integration plan and other policies defined as the Authority Documents by this Agreement. All such Authority Documents shall be consistent with and designed to advance the goals and objectives of the Authority as expressed in this Agreement. The Parties agree to abide by and comply with the terms and conditions of all such Authority Documents that may be adopted by the Board, subject to the Parties' right to withdraw from the Authority as described in Section 8 (Withdrawal and Termination) of this Agreement.

6.3 **Integrated Resource Plan and Regulatory Compliance.** The Authority shall cause to be prepared an Integrated Resource Plan in accordance with California Public Utilities Commission regulations, and consistent with the terms of this Agreement, that will ensure the long-term development and administration of a

variety of energy programs that promote local renewable resources, conservation, demand response, and energy efficiency, while maintaining compliance with other regulatory requirements including the State Renewable Portfolio Standard (RPS) and customer rate competitiveness.

- 6.4 **Renewable Portfolio Standards.** The Authority shall provide its customers energy primarily from Category 1 and Category 2 eligible renewable resources, as defined under the California RPS and consistent with the goals of the CCA Program. The Authority shall avoid the procurement of energy from Category 3 eligible renewable resources (unbundled Renewable Energy Credits or RECs) to the extent feasible. The Authority's ultimate objective shall be to achieve—and sustain—a renewable energy portfolio with 100 percent renewable energy availability and usage, at competitive rates, within the Authority service territory by no later than 2035, and then beyond.
- 6.5 **Power Supply Requirements.** The Authority's power supply base product will be greater than or equal to 50% qualified renewable resources. The Board shall establish product options with higher renewable and/or GHG-free content that each Party may select (such as 75% or 100% renewable content). In no event will the Authority's power supply base product contain a lesser amount of renewable resources than the base product provided by SDG&E to its customers. Power supply options established by the Board will allow each Party the flexibility to achieve its CAP goals without impeding any other Party from doing the same.
- 6.6 **Continuation and Transition of City of Solana Beach's Existing CCA Program.** The City of Solana Beach has been operating a CCA program within its jurisdiction since 2018. The City of Solana Beach shall be permitted to continue to operate its existing CCA program until the Authority's CCA Program commences service to customers within the jurisdiction of the City of Solana Beach. The transition of CCA customers within the City of Solana Beach to the Authority's CCA Program shall be implemented in accordance with the Authority's implementation plan approved by the Board and certified by the CPUC and any policies and requirements established by the Board.

## 7. FINANCIAL PROVISIONS

- 7.1 **Fiscal Year.** The Authority's fiscal year shall be 12 months commencing July 1 and ending June 30. The fiscal year may be changed by Board resolution.
- 7.2 **Depository.**
  - 7.2.1 All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with funds of any Party or any other person or entity.

- 7.2.2 All funds of the Authority shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of the Authority shall be open to inspection and duplication by the Parties at all reasonable times. Annual financial statements shall be prepared in accordance with Generally Accepted Accounting Principles of the United States of America within 6 months of the close of the fiscal year. The Board shall contract with a certified public accountant to make an annual audit of the financial statements of the Authority, which shall be conducted in accordance with the requirements of Section 6505 of the Act.
- 7.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures.

**7.3 Budget and Recovery Costs.**

- 7.3.1 Budget. The initial budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of the Authority shall be prepared and approved by the Board in accordance with its fiscal management policies that should include a deadline for approval.
- 7.3.2 Funding of Initial Costs. The Initial Costs of establishing the Authority and implementing its CCA Program shall be divided equally among the Founding Members. In the event that the CCA Program becomes operational, these Initial Costs paid by the Founding Members shall be included in the customer charges for electric services to the extent permitted by law. The Authority may establish a reasonable time period over which such costs are recovered and reimbursed to the Founding Members. In the event that the CCA Program does not become operational, the Founding Members shall not be entitled to any reimbursement of the Initial Costs they have paid from the Authority or any Party.
- 7.3.3 CCA Feasibility and Governance Report Costs. In the event that the CCA Program becomes operational, any costs incurred by the Parties in preparing CCA Feasibility or Governance Reports in connection with establishing the Authority shall be included in the customer charges for electric services to the extent permitted by law. The Authority may establish a reasonable time period over which such costs are recovered and reimbursed to the Parties that incurred such costs. In the event that the CCA Program does not become operational, no Party shall be entitled to any reimbursement of these costs from the Authority or any Party.

- 7.3.4 **Program Costs.** The Parties intend that all costs incurred by the Authority that are directly or indirectly attributable to the provision of electric or other services under the CCA Program, including the establishment and maintenance of various reserve and performance funds, shall be recovered through appropriate charges to CCA customers receiving such services.
- 7.3.5 **No Requirement for Contributions or Payments.** Parties are not required under this Agreement to make any financial contributions or payments to the Authority, and the Authority shall have no right to require such a contribution or payment unless expressly set forth herein (for example, as provided in Section 2.4.3, with respect to Additional Members, Section 7.3.2 with respect to Initial Costs and Section 8.1, with respect to Withdrawal), or except as otherwise required by law.

Notwithstanding the foregoing, a Party may voluntarily enter into an agreement with the Authority to provide the following:

- (a) contributions of public funds for the purposes set forth in this Agreement;
- (b) advances of public funds for the purposes set forth in this Agreement, such advances to be repaid as provided by such written agreement; or
- (c) its personnel, equipment or property in lieu of other contributions or advances.

No Party shall be required, by or for the benefit of the Authority, to adopt any local tax, assessment, fee or charge under any circumstances.

- 7.4 **Accounts and Reports.** The Treasurer shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of any trust agreement entered into with respect to the proceeds of any bonds issued by the Authority. The books and records of the Authority in the hands of the Treasurer shall be open to inspection and duplication at all reasonable times by duly appointed representatives of the Parties. The Treasurer, within 180 days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Parties. The Treasurer shall cooperate with all audits required by this Agreement.
- 7.5 **Funds.** The Treasurer shall receive, have custody of and/or disburse Authority funds in accordance with the laws applicable to public agencies and generally accepted accounting practices, and shall make the disbursements required by this Agreement in order to carry out any of the purposes of this Agreement.
- 7.6 **Discretionary Revenues.** The Board shall establish policies concerning the expenditure of discretionary revenues. As determined by the Board in such policies, discretionary revenues may be used to (1) provide programs and develop

projects of the Authority or (2) allow Parties to direct funds into qualified Authority programs and projects, or provide other ratepayer benefits. The Board shall endeavor to achieve a balanced distribution of program and project benefits substantially commensurate with each Party's energy load ("balanced distribution"). The Board shall conduct periodic audits no less than every two years in order to verify the balanced distribution of program and project benefits and take any corrective action necessary to achieve or continue to maintain a balanced distribution.

7.7 **Rate Related Programs.** The Authority will maintain residential net energy metering and low-income rate discount programs.

## 8. WITHDRAWAL AND TERMINATION

### 8.1 **Withdrawal**

8.1.1 **Withdrawal by Parties.** Any Party may withdraw its membership in the Authority, effective as of the beginning of the Authority's fiscal year, by giving no less than one year advance written notice of its election to do so, which notice shall be given to the Authority and each Party. The Board, in its discretion, may approve a shorter notice period on a case by case basis. In addition, a Party may immediately withdraw its membership in the Authority upon written notice to the Board at any time prior to the Authority filing its first year-ahead load forecast with the CPUC that included the Party's load (anticipated to occur in April 2020) without any financial obligation other than its share of Initial Costs that shall not be reimbursed and any costs directly related to the resulting amendment of the Implementation Plan. Withdrawal of a Party shall require an affirmative vote of the Party's Governing Body.

8.1.2 **Amendment.** Notwithstanding Section 8.1.1 (Withdrawal by Parties) of this Agreement, a Party may withdraw its membership in the Authority upon approval and execution of an amendment to this Agreement provided that the requirements of this Section 8.1.2 are strictly followed. A Party shall be deemed to have withdrawn its membership in the Authority effective one year (or earlier if approved by the Board) after the Board approves an amendment to this Agreement if the Director representing such Party has provided notice to the other Directors immediately preceding the Board's vote of the Party's intention to withdraw its membership in the Authority, should the amendment be approved by the Board.

8.1.3 **Continuing Liability; Further Assurances.** A Party that withdraws its membership in the Authority may be subject to certain continuing liabilities, as described in Section 8.5 (Continuing Liability; Refund) of this Agreement, including, but not limited to, power purchase

agreements and other Authority contracts and operational obligations. The withdrawing Party and the Authority shall execute and deliver all further instruments and documents and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party from membership in the Authority. The Board shall also consider, pursuant to Section 3.2.12, adoption of a policy that allows a withdrawing Party to negotiate assignment to the Party of costs of electric power or other resources procured on behalf of its customers by the Authority upon its withdrawal. In the implementation of this Section 8.1.3, the Parties intend, to the maximum extent possible, without compromising the viability of ongoing Authority operations, that any claims, demands, damages, or liabilities covered hereunder, be funded from the rates paid by CCA Program customers located within the service territory of the withdrawing Party, and not from the general fund of the withdrawing Party itself.

- 8.2 **Termination of CCA Program.** Nothing contained in Section 6 or elsewhere in this Agreement shall be construed to limit the discretion of the Authority to terminate the implementation or operation of the CCA Program at any time in accordance with any applicable requirements of state law.
- 8.3 **Involuntary Termination.** This Agreement may be terminated with respect to a Party for material non-compliance with provisions of this Agreement or Authority Documents upon a two-thirds vote of the entire Board excluding the vote of the Party subject to possible termination. Prior to any vote to terminate this Agreement with respect to a Party, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party whose termination is proposed at least 30 days prior to the regular Board meeting at which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or the Authority Documents that the Party has allegedly violated. The Party, subject to possible termination, shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination. A Party that has had its membership in the Authority terminated may be subject to certain continuing liabilities, as described in Section 8.5 (Continuing Liability; Refund) of this Agreement.
- 8.4 **Mutual Termination.** This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Party to withdraw its membership in the Authority, and thus terminate this Agreement with respect to such withdrawing Party, as described in Section 8.1 (Withdrawal) of this Agreement.
- 8.5 **Continuing Liability; Refund.** Upon a withdrawal or involuntary termination of a Party, the Party shall be responsible for any claims, demands, damages, or



liabilities attributable to the Party through the effective date of its withdrawal or involuntary termination, it being agreed that the Party shall not be responsible for any claims, demands, damages, or liabilities commencing or arising after the effective date of the Party's withdrawal or involuntary termination.

Notwithstanding the foregoing or any other provisions of this Agreement, such Party also shall be liable to the Authority for (a) any damages, losses, or costs incurred by the Authority which result directly from the Party's withdrawal or termination, including but not limited to costs arising from the resale of capacity, electricity, or any attribute thereof no longer needed to serve such Party's load; and (b) any costs or obligations associated with the Party's participation in any program in accordance with the program's terms, provided such costs or obligations were incurred prior to the withdrawal of the Party. From and after the date a Party provides notice of its withdrawal or is terminated, the Authority shall reasonably and in good faith seek to mitigate any costs and obligations to be incurred by the withdrawing or terminated Party under this Section through measures reasonable under the circumstances, provided that this obligation to mitigate does not impose any obligation on the Authority to transfer any cost or obligation directly attributable to the membership and withdrawal or termination of the withdrawing or terminated party to the ratepayers of the remaining members. Further, the liability of the withdrawing or terminated Party shall be based on actual costs or damages incurred by the Authority and shall not include any penalties or punitive charges imposed by the Authority. The Authority may withhold funds otherwise owing to the Party or may require the Party to deposit sufficient funds with the Authority, as reasonably determined by the Authority, to cover the Party's liability for the costs described above. The withdrawing or terminated Party agrees to pay any such deposit determined by the Authority. Any amount of the Party's funds held on deposit with the Authority above that which is required to pay any liabilities or obligations shall be returned to the Party. In the implementation of this Section 8.5, the Parties intend, to the maximum extent possible, without compromising the viability of ongoing Authority operations, that any claims, demands, damages, or liabilities covered hereunder, be funded from the rates paid by CCA Program customers located within the service territory of the withdrawing Party, and not from the general fund of the withdrawing Party itself. The liability of a withdrawing Party under this Section shall be only to the Authority and not to any other Party.

- 8.6 **Disposition of Authority Assets.** Upon termination of this Agreement and dissolution of the Authority by all Parties, after payment of all obligations of the Authority, the Board may sell or liquidate Authority property and shall distribute any remaining assets to the Parties in proportion to the contributions made by the existing Parties. Any assets provided by a Party to the Authority shall remain the asset of that Party and shall not be subject to distribution under this section.

## 9. MISCELLANEOUS PROVISIONS

- 9.1 **Dispute Resolution.** The Parties and the Authority shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. Before

exercising any remedy provided by law, a Party or the Parties and the Authority shall engage in nonbinding mediation in the manner agreed upon by the Party or Parties and the Authority. The Parties agree that each Party may specifically enforce this section. In the event that nonbinding mediation is not initiated or does not result in the settlement of a dispute within 60 days after the demand for mediation is made, any Party and the Authority may pursue any remedies provided by law.

- 9.2 **Liability of Directors, Officers, and Employees.** The Directors, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. The Authority shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Section 995 et seq. Nothing in this section shall be construed to limit the defenses available under the law, to the Parties, the Authority, or its Directors, officers, or employees. In addition, pursuant to the Act, no Director shall be personally liable on the Authority's bonds or be subject to any personal liability or accountability by reason of the issuance of bonds.
- 9.3 **Insurance and Indemnification of Parties.** The Authority shall acquire such insurance coverage as is necessary to protect the interests of the Authority and the Parties. The Authority shall defend, indemnify and hold harmless the Parties and each of their respective governing board members, officers, agents and employees, from any and all claims, losses, damages, deductibles or self-insured retentions, costs, fines, penalties, injuries and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts, errors, omissions or negligence of the Authority or its officers, employees, agents, contractors, licensees or volunteers.
- 9.4 **No Third Party Beneficiaries.** The provisions of this Agreement are for the sole benefit of the Parties and the Authority and not for the benefit of any other person or entity. No third party beneficiary shall be created by or arise from the provisions of this Agreement.
- 9.5 **Notices.** Any notice required or permitted to be made hereunder shall be in writing and shall be delivered in the manner prescribed herein at the principal place of business of each Party. The Parties may give notice by (1) personal delivery; (2) e-mail; (3) U.S. Mail, first class postage prepaid, or a faster delivery method; or (3) by any other method deemed appropriate by the Board.

Upon providing written notice to all Parties, any Party may change the designated address or e-mail for receiving notice.

All written notices or correspondence sent in the described manner will be deemed given to a party on whichever date occurs earliest: (1) the date of personal delivery; (2) the third business day following deposit in the U.S. mail, when sent by "first class" mail; or (3) the date of transmission, when sent by e-mail or facsimile.

- 9.6 **Successors.** This Agreement shall be binding upon and shall inure to the benefit of the successors of each Party.
- 9.7 **Assignment.** Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the advance written consent of all of the other Parties, and any attempt to assign or delegate such rights or duties in contravention of this section shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the approved assigns of the Parties. This section does not prohibit a Party from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party's contributions to the Authority, or the disposition of the proceeds which that Party receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Authority or the Parties under this Agreement.
- 9.8 **Amendment.** This Agreement may be amended by a written amendment approved by the Board in accordance with the Special Voting requirements of Section 4.12.
- 9.9 **Severability.** If any one or more of the terms, provisions, promises, covenants, or conditions of this Agreement were adjudged invalid or void by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants, and conditions of this Agreement shall not be affected thereby and shall remain in full force and effect to the maximum extent permitted by law.
- 9.10 **Governing Law.** This Agreement is made and to be performed in the State of California, and as such California substantive and procedural law shall apply.
- 9.11 **Headings.** The section headings herein are for convenience only and are not to be construed as modifying or governing the language of this Agreement.
- 9.12 **Counterparts.** This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

The Parties hereto have executed this Joint Powers Agreement establishing the Clean Energy Alliance.

CITY OF \_\_\_\_\_

By: \_\_\_\_\_  
City Manager

DATE: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

By: \_\_\_\_\_  
City Attorney

**Exhibit A: Definitions**

"AB 117" means Assembly Bill 117 (Stat. 2002, Ch. 838, codified at Public Utilities Code Section 366.2), which created Community Choice Aggregation.

"Act" means the Joint Exercise of Powers Act of the State of California (Chapter 5, Division 7, Title 1 of the Government Code commencing with Section 6500).

"Agreement" means this Joint Powers Agreement.

"Authority" means the Clean Energy Alliance.

"Authority Document(s)" means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions and activities of the Authority, including but not limited to the Operating Policies and Procedures, the annual budget, and plans and policies.

"Board" means the Board of Directors of the Authority.

"Community Choice Aggregation" or "CCA" means an electric service option available to cities, counties, and other public agencies pursuant to Public Utilities Code Section 366.2.

"CCA Program" means the Authority's Community Choice Aggregation program established, conducted and operated under Public Utilities Code Section 366.2.

"Days" shall mean calendar days unless otherwise specified by this Agreement.

"Director" means a member of the Board representing a Party appointed in accordance with Sections 4.1 (Board of Directors) and 4.2 (Appointment and Removal of Directors) of this Agreement.

"Effective Date" means the date on which the Agreement shall become effective and the Authority shall exist as a separate public agency, as further described in Section 2.1 (Effective Date and Term) of this Agreement.

"Founding Member" means any jurisdiction that becomes a member of the Authority before October 1, 2020, as identified in Exhibit B.

"Governing Body" means for any city, its City Council; and for any other public agency, the equivalent policy making body that exercises ultimate decision-making authority over such agency.

"Initial Costs" means reasonable and necessary implementation costs advanced by the Founding Members in support of the formation of the Authority and approved by the Board for reimbursement, which are (a) directly related to the establishment of the Authority and its CCA program, and (b) incurred by the Authority or its Members relating to the initial operation of the Authority, such as the hiring of the executive and operations staff, any required accounting, administrative, technical and legal services in support of the

Authority's initial formation activities or in support of the negotiation, preparation and approval of power purchase agreements, and activities associated with drafting and obtaining approval of the Authority's implementation plan. Initial Costs do not include costs associated with the investigation of the CCA model, attendance at routine planning meetings, or a Party's pre-formation reports related to their decision to pursue CCA or join the Authority. Initial costs also do not include the costs incurred by the City of Solana Beach relating to the termination of its CCA program. The Authority Board shall determine the repayment timing and termination date for the Initial Costs.

"Investor Owned Utilities" means a privately-owned electric utility whose stock is publicly traded and is subject to CPUC regulation.

"Parties" means, collectively, the signatories to this Agreement that have satisfied the conditions as defined above for "Founding Members" or in Section 2.4 (Addition of Parties) of this Agreement, such that they are considered members of the Authority.

"Party" means, singularly, a signatory to this Agreement that has satisfied the conditions as defined above for "Founding Members" or in Section 2.4 (Addition of Parties) of this Agreement, such that it is considered a member of the Authority.

**Exhibit B: List of Founding Members**

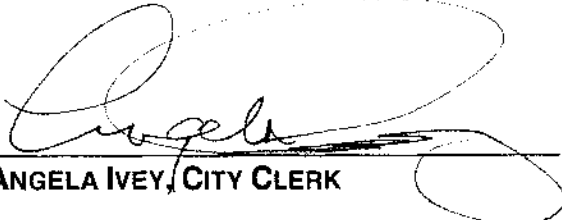
**Any public agency that becomes a member by October 1, 2020**



## RESOLUTION CERTIFICATION

STATE OF CALIFORNIA }  
COUNTY OF SAN DIEGO } SS.  
CITY OF SOLANA BEACH }

I, ANGELA IVEY, City Clerk of the City of Solana Beach, California, DO HEREBY CERTIFY that the foregoing is a full, true and correct copy of **Resolution 2019-136** *approving and authorizing the execution of the Joint Exercise of Powers Agreement creating the Clean Energy Alliance* as duly passed and adopted at a Regular Solana Beach City Council meeting held on the 9<sup>th</sup> day of October, 2019. The original is on file in the City Clerk's Office.

  
ANGELA IVEY, CITY CLERK

CERTIFICATION DATE: Oct 31, 2019



Appendix E  
Clean Energy Alliance Addendum No. 2



**CLEAN ENERGY ALLIANCE**  
**ADDENDUM NO. 1 TO THE COMMUNITY**  
**CHOICE AGGREGATION**  
**IMPLEMENTATION PLAN AND**  
**STATEMENT OF INTENT**  
**TO ADDRESS EXPANSION TO**  
**THE CITIES OF ESCONDIDO AND SAN**  
**MARCOS**

**DECEMBER 30, 2021**

Clean Energy Alliance  
Implementation Plan Addendum No. 1

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## CHAPTER 1 – INTRODUCTION

The purpose of this document is to make certain revisions to the Clean Energy Alliance Implementation Plan and Statement of Intent to address the expansion of Clean Energy Alliance (“CEA”) to the Cities of Escondido and San Marcos. CEA is a California Joint Powers Agency formed on November 4, 2019 with the primary purpose of administering a Community Choice Aggregation (“CCA”) program to serve the retail electric service accounts of the original three CEA communities, including the Cities of Carlsbad, Del Mar, and Solana Beach. In anticipation of CCA program implementation and in compliance with state law, CEA submitted the Clean Energy Alliance Community Choice Aggregation Implementation Plan and Statement of Intent (“Implementation Plan”) to the California Public Utilities Commission (“CPUC” or “Commission”) on December 23, 2019, which was certified by the CPUC on March 16, 2020. Consistent with its expressed intent, CEA successfully launched the Clean Energy Alliance CCA program (“CEA” or “Program”) on May 1, 2021 and has been serving customers since that time.

CEA’s Board approved the membership request of the City of Escondido on November 18, 2021 via Resolution No. 2021-014 (attached hereto as Appendix A). CEA’s Board similarly approved the membership request of the City of San Marcos on December 17, 2021 via Resolution No. 2021-015 (attached hereto as Appendix B). These additions to the membership of CEA require certain changes that are addressed within this Addendum No. 1 to CEA’s Community Choice Aggregation Implementation Plan and Statement of Intent (“Addendum No. 1”).

The CEA program currently provides electric generation service to approximately 60,000 customers, including a cross section of commercial and agricultural accounts, street lighting and traffic accounts, and residential accounts. When other municipalities request membership in CEA, related evaluations may be conducted, as directed by CEA’s Board, and to the extent such membership evaluations demonstrate favorable results, the subject community(ies) may be invited to join CEA. In such instances, CEA’s Implementation Plan will be revised through a related addendum, highlighting key impacts and consequences associated with the addition of such new community/communities to CEA’s membership.

In response to public interest and CEA’s successful CCA launch, the Cities of Escondido and San Marcos requested CEA membership, and adopted the requisite ordinances for offering CCA service within their respective jurisdictions; these ordinances are attached hereto as Appendices C and D, respectively. As previously noted, CEA’s Board approved the membership request of City of Escondido at a duly noticed public meeting on November 18, 2021 through Resolution 2021-014 and similarly approved the membership request of the City of San Marcos at a duly noticed public meeting on December 17, 2021 through Resolution 2021-015.

This Addendum No. 1 describes CEA’s expansion plans to include the Cities of Escondido and San Marcos. CEA intends to enroll such customers in its CCA Program during the month of April 2023, consistent with the Commission’s requirements described in Resolution E-4907, which define relevant timing for Implementation Plan filing in advance of service commencement. According to the Commission, the Energy Division is required to receive and review a revised

CEA implementation plan reflecting changes/consequences of additional members. With this in mind, CEA has reviewed its Implementation Plan, which was filed with the Commission in December 2019, and identified certain information that requires updating to reflect the changes and consequences of adding the Cities of Escondido and San Marcos as well as other forecast modifications. This Addendum No. 1 reflects pertinent changes that are expected to result from the new member additions as well as updated projections that are considerate of recent operations. This document format, including references to CEA's Implementation Plan filed December 23, 2019, addresses all requirements identified in Public Utilities Code Section 366.2(c)(4), including universal access, reliability, equitable treatment of all customer classes and any requirements established by state law or by the CPUC concerning aggregated service, while streamlining public review of pertinent changes related to CEA's anticipated expansion. The original Implementation Plan is attached hereto as Appendix E.

**CHAPTER 2 – CHANGES TO ADDRESS CEA EXPANSION TO THE CITIES OF ESCONDIDO AND SAN MARCOS**

As previously noted, this Addendum No. 1 addresses the anticipated impacts of CEA's planned expansion to the Cities of Escondido and San Marcos. As a result of this member addition, certain assumptions regarding CEA's future operations have changed, including customer energy requirements, peak demand, renewable energy purchases, revenues, expenses and various other items. The following section highlights pertinent changes related to this planned expansion. To the extent that certain details related to membership expansion are not specifically discussed within this Addendum No. 1, CEA represents that such information shall remain unchanged relative to the December 2019 Implementation Plan filing.

With regard to the defined terms Members and Member Agencies, the following Communities are now signatories to the CEA Joint Powers Agreement and represent CEA's current membership:

<b>Member Agencies</b>	
City of Carlsbad	City of Escondido
City of Del Mar	City of San Marcos
City of Solana Beach	

Throughout this document, use of the terms Members and Member Agencies refer to the aforementioned Communities. To the extent that the discussion herein addresses the process of aggregation and CEA organization, each of these communities is now an CEA Member and the electric customers of such jurisdictions have been or will be offered CCA service consistent with the noted phase-in schedule.

### ***Aggregation Process***

CEA's aggregation process was discussed in Chapter 2 of CEA's December 2019 Implementation Plan. The fifth paragraph in section 2.1 Introduction should have the following sentence added at the end:

On December 30, 2021, the CEA Board of Directors, at a duly noticed public hearing, considered and adopted an amendment to this Implementation Plan, by Resolution, which expanded service to the Cities of Escondido and San Marcos.

### ***Consequences of Aggregation***

The following sentence should be added to the fourth paragraph of section 2.3.1 Rate Impacts:

Eligible Escondido and San Marcos customers who transition to CEA service will be assigned a 2022 vintage.

### ***Organization and Governance Structure***

Under section 3.2 Governance, the second sentence is replaced with the following sentence:

The Members of CEA include five (5) municipalities within the County of San Diego, Del Mar, Carlsbad, Solana Beach, Escondido, and San Marcos, all of which have elected to allow CEA to provide electric generation service within their respective jurisdictions.

### ***Program Phase-In***

Program phase-in was discussed in Chapter 5 of CEA's December 2019 Implementation Plan filing. The following paragraph is added after the existing paragraphs in Chapter 5:

As approved by the CEA Board of Directors at their December 30, 2021 meeting in Resolution 2021-019, Phase 2 of the Program will commence at the earliest possible date during the month of April 2023, enrolling eligible customer accounts within the Cities of Escondido and San Marcos on each customer's regularly scheduled meter reading date. It is anticipated that approximately 86,000 additional customers, comprised of residential, commercial, industrial, agriculture, municipal, street lighting and traffic control accounts will be included in Phase 2.

To the extent that additional customers require enrollment after the completion of Phase 2, CEA will evaluate a subsequent phase of CCA enrollments. CEA may also evaluate other phase-in options based on then-current market conditions, statutory requirements and regulatory considerations as well as other factors potentially affecting the integration of additional customer accounts.

**Load Forecast and Resource Plan**

With regard to CEA’s load forecast and resource plan overview, which is addressed in Chapter 6, Load Forecast and Resource Plan, the following is added to the fourth paragraph in Section 6.2, Resource Plan Overview:

The following table has been updated by a Resolution 2021-019 approved by the CEA Board of Directors at a duly noted public meeting on December 30, 2021, which expanded CEA’s membership to include the Cities of Escondido and San Marcos.

Due to the change in planned customer enrollments, certain information in CEA’s Implementation Plan needs to be updated. Table 1 (Revised) reflects the changes that were made to the enrollment schedule and is intended to replace Table 1 from the original Implementation Plan:

**Table 1 (Revised): CEA Proposed Resource Plan**

Clean Energy Alliance Proposed Resource Plan (MWh) 2021-2030										
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Demand (MWh)</b>										
Retail	393,573	623,808	1,253,365	1,453,337	1,460,603	1,467,906	1,475,246	1,482,622	1,490,035	1,497,486
Losses	16,924	26,824	53,895	62,493	62,806	63,120	63,436	63,753	64,072	64,392
Wholesale	410,497	650,632	1,307,260	1,515,830	1,523,409	1,531,026	1,538,682	1,546,375	1,554,107	1,561,877
<b>Supply (MWh)</b>										
Renewable	200,722	339,975	726,952	893,802	949,392	1,005,516	1,062,177	1,119,380	1,177,128	1,235,426
System	209,775	310,656	580,308	622,028	574,017	525,511	476,504	426,995	376,979	326,452
Total Supply	410,497	650,632	1,307,260	1,515,830	1,523,409	1,531,026	1,538,682	1,546,375	1,554,107	1,561,877

CEA also adds the following paragraphs at the end of sub-section 6.2, Resource Plan Overview:

SB 255 (2019) added Section 366.2(c)(3)(H), which requires community choice aggregators to include in their implementation plans “[t]he methods for ensuring procurement from small, local, and diverse business enterprises in all categories, including, but not limited to, renewable energy, energy storage system [sic], and smart grid projects.” As a public agency, CEA is prohibited by Article 1, Section 31 of the California Constitution from granting any preferential treatment to “any individual group on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education, or public contracting.” While these restrictions prevent CEA from “ensuring” procurement from certain diverse businesses, CEA remains committed to local economic development, and has taken several steps to diversify its procurement to the extent possible. CEA will continue to build its strategy and consider new methods for diversifying its procurement as appropriate.

CEA will continue to engage with the diverse business community in its service area and statewide, to inform businesses of the benefits of certification as a diverse business, as well as upcoming Requests for Proposals and other solicitations. While CEA cannot give any preference in the selection process to any business on the basis of race, sex, color, ethnicity, or national origin, CEA can ensure that diverse businesses are aware of upcoming contract opportunities.

CEA will, to the extent possible and reasonable, consider preferences for procurement from diverse business categories that are not prohibited, including but not limited to small and/or local businesses and businesses owned by disabled veterans or lesbian, gay, bisexual and/or transgender individuals (“LGBT”). CEA will consider parallel preferences for prime contractors that demonstrate an intent to contract with diverse subcontractors, as permitted by law.

**Customer Forecast**

The expansion to include the new members also necessitates changes to Section 6.5, Customer Forecasts. The following sentences should be added to the first paragraph in this section:

The tables have been updated by a resolution approved on December 30, 2021, which expanded CEA to include the Cities of Escondido and San Marcos.

Table 2 and Table 3 from the original Implementation Plan, are updated as follows:

**Table 2 (Revised): Total Customer Accounts (End of Month)**

	May-21	Apr-23
Residential	50,089	124,749
Commercial & Agriculture	8,294	19,565
Street Lighting & Traffic	<u>188</u>	<u>517</u>
<b>Total</b>	<b>58,571</b>	<b>144,831</b>

**Table 3 (Revised): Customer Accounts by Year**

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Residential	50,089	50,339	124,749	125,372	125,999	126,629	127,262	127,899	128,538	129,181
Commercial & Agriculture	8,294	8,331	19,565	19,662	19,760	19,859	19,958	20,058	20,158	20,259
Street Lighting & Traffic	<u>188</u>	<u>189</u>	<u>517</u>	<u>519</u>	<u>522</u>	<u>524</u>	<u>527</u>	<u>530</u>	<u>532</u>	<u>535</u>
<b>Total</b>	<b>58,571</b>	<b>58,859</b>	<b>144,831</b>	<b>145,553</b>	<b>146,281</b>	<b>147,012</b>	<b>147,748</b>	<b>148,486</b>	<b>149,229</b>	<b>149,975</b>

### **Sales Forecast**

With regard to CEA’s sales forecast, which is addressed in Section 6.6, Sales Forecast, CEA assumes that total annual retail sales will increase to approximately 1,500 GWh following the expansion. Table 4 from the original Implementation Plan is updated as follows:

**Table 4 (Revised): Demand Forecast in MWh, 2021-2030**

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Demand (MWh)</b>										
Retail	393,573	623,808	1,253,365	1,453,337	1,460,603	1,467,906	1,475,246	1,482,622	1,490,035	1,497,486
Losses	16,924	26,824	53,895	62,493	62,806	63,120	63,436	63,753	64,072	64,392
<u>Wholesale</u>	410,497	650,632	1,307,260	1,515,830	1,523,409	1,531,026	1,538,682	1,546,375	1,554,107	1,561,877

### **Capacity Requirements**

The expansion to include new members requires changes to the proposed resources secured by CEA. The last sentence in the paragraph between Table 6 and Table 7 should be replaced with:

A preliminary estimate of CEA’s annual maximum local capacity requirement for the ten-year planning period ranges between 103-297 MW as shown in Table 7.

Table 5: Forward Capacity Requirements (Total) for 2021-2023 in MW, Table 6: Annual Maximum Capacity Requirements 2021-2030, and Table 7: Annual Maximum Local Capacity Requirements 2021-2030 from the original Implementation Plan, are updated below:

**Table 5 (Revised): Forward Capacity Requirements (Total) for 2021-2023 in MW**

<b>Month</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>January</b>		123	127
<b>February</b>		108	112
<b>March</b>		108	112
<b>April</b>		95	223
<b>May</b>	88	88	209
<b>June</b>	80	93	217
<b>July</b>	97	113	265
<b>August</b>	106	117	285
<b>September</b>	119	128	333
<b>October</b>	95	108	284
<b>November</b>	108	101	251
<b>December</b>	93	102	234



**Table 6 (Revised): Annual Maximum Capacity Requirements 2021-2030**

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Max Wholesale Demand	119	128	333	334	336	338	340	341	343	345
Reserve Requirement (15%)	18	19	50	50	50	51	51	51	51	52
Total Capacity Requirement	137	148	383	385	387	389	390	392	394	396

**Table 7 (Revised): Annual Maximum Local Capacity Requirements 2021-2030**

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Max Wholesale Demand	137	148	383	385	387	389	390	392	394	396
Local Capacity (% of Total)	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
San Diego - IV (MW)	103	111	287	288	290	291	293	294	296	297

**Renewables Portfolio Standards Energy Requirements**

CEA's annual Renewable Portfolio Standards Energy Requirements will also change with the expansion. Table 8: Renewable Procurement Obligation and Target Percentages and Volumes 2021-2030 is revised as follows:

**Table 8 (Revised): Renewable Procurement Obligation and Target Percentages and Volumes 2021-2030**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Retail Load (MWh)	393,573	623,808	1,253,365	1,453,337	1,460,603	1,467,906	1,475,246	1,482,622	1,490,035	1,497,486
RPS % Target	36%	39%	41%	44%	47%	49%	52%	55%	57%	60%
RPS Obligation (MWh)	140,899	240,166	517,640	639,468	682,102	723,678	767,128	810,994	853,790	898,491
CEA % Target*	51%	55%	58%	62%	65%	69%	72%	76%	79%	83%
CEA Target (MWh)	200,722	339,975	726,952	893,802	949,392	1,005,516	1,062,177	1,119,380	1,177,128	1,235,426

\*Includes assumed 2% participation in voluntary 100% renewable service option ("Green Impact").

With regard to CEA's financial plan, which is addressed in Chapter 7, Financial Plan, CEA has updated its expected operating results, which now include projected impacts related to service expansion to the Cities of Escondido and San Marcos. It is important to note this pro forma is just a snapshot in time for informational purposes and will change regularly with regular operations. It is also important to recognize that the pro forma is based on fiscal year totals so it may not match other tables in this Implementation Plan. Table 9: Pro Forma including Reserves Accumulation in Section 7.5 Program Implementation Pro-Forma is updated as follows:

**Table 9 (Revised): Pro Forma including Reserves Accumulation 2021-2025**

<b>Fiscal Year Ending:</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>I. Revenue</b>	6,763,869	57,950,474	82,400,157	151,487,446	152,244,884
<b>Revenue - Voluntary 100% Green</b>	10,499	93,438	120,604	217,420	218,507
<b>Subtotal Revenue</b>	6,774,368	58,043,912	82,520,760	151,704,867	152,463,391
<b>II. Operating Expenses</b>					
<b>Power Supply</b>	8,237,063	58,254,052	70,512,221	125,033,793	120,894,562
<b>Staff</b>	120,000	300,000	600,000	1,000,000	1,030,000
<b>Professional/Technical services</b>	313,000	423,400	436,102	449,185	462,661
<b>Legal</b>	270,000	278,100	286,443	295,036	303,887
<b>Communications, Mktg, Enrollment</b>	194,666	180,000	185,400	190,962	196,691
<b>Other General and Administrative</b>	-	-	-	-	-
<b>Regulatory and CalCCA Fees</b>	40,000	41,200	42,436	43,709	45,020
<b>Data Management</b>	119,000	775,038	1,060,646	1,935,749	1,964,629
<b>Utility Service Fees</b>	40,027	264,615	374,452	694,197	718,593
<b>Uncollectibles/Other</b>	20,193	302,582	367,489	648,213	628,080
<b>Subtotal Operating Expenses</b>	9,353,950	60,818,986	73,865,189	130,290,845	126,244,124
<b>Operating Margin</b>	(2,579,581)	(2,775,074)	8,655,572	21,414,022	26,219,267
<b>III. Financing</b>					
<b>Interest</b>					
<b>Principal</b>	93,313	313,281	450,000	325,000	240,625
<b>Subtotal Financing</b>	650,000	-	-	5,533,800	7,000,000
<b>Operating Margin Less Financing</b>	743,313	313,281	450,000	5,858,800	7,240,625
<b>IV. Cash From Financing</b>	(3,322,894)	(3,088,355)	8,205,572	15,555,222	18,978,642
<b>V. Other Uses</b>	6,400,000	6,250,000	-	-	-
<b>CPUC and CAISO Deposits</b>					
<b>Collateral</b>					
<b>Reserve Additions</b>	500,000	-	-	-	-
<b>Subtotal Other Uses</b>	685,000	-	-	-	-
<b>VI. Net Surplus/(Deficit)</b>	338,718	2,902,196	4,126,038	7,585,243	7,623,170
	1,523,718	2,902,196	4,126,038	7,585,243	7,623,170
	1,553,388	259,449	4,079,534	7,969,979	11,355,473
<b>VII. Cumulative Reserve</b>	338,718	3,240,914	7,366,952	14,952,195	22,575,365

*Expansion Addendum Appendices*

Appendix A: Clean Energy Alliance Resolution No. 2021-014

Appendix B: Clean Energy Alliance Resolution No. 2021-015

Appendix C: City of Escondido CCA Ordinance 2021-12

Appendix D: City of San Marcos CCA Ordinance 2021-1508

Appendix E: Clean Energy Alliance Implementation Plan and Statement of Intent  
(December 23, 2019)

Appendix F: Clean Energy Alliance Resolution No. 2021-019

Appendix A:  
Clean Energy Alliance Resolution No. 2021-014

## RESOLUTION NO. 2021-014

### A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CLEAN ENERGY ALLIANCE AUTHORIZING THE CITY OF ESCONDIDO TO BECOME A PARTY TO THE JOINT POWERS AGREEMENT AND A MEMBER OF THE CLEAN ENERGY ALLIANCE

THE BOARD OF DIRECTORS OF THE CLEAN ENERGY ALLIANCE DOES HEREBY FIND, RESOLVE AND ORDER AS FOLLOWS:

**WHEREAS**, on September 24, 2002, the Governor of California signed into law Assembly Bill 117 (Stat. 2002, Ch. 838; see California Public Utilities Code section 366.2; hereinafter referred to as the “Act”), which authorizes any California city or county, whose governing body so elects, to combine the electricity load of its residents and businesses in a community-wide electricity aggregation program known as Community Choice Aggregation (“CCA”); and

**WHEREAS**, the Act expressly authorizes participation in a CCA program through a joint powers agency; and on November 4, 2019, the Clean Energy Alliance (“CEA” or “the Agency”) was formed under the Joint Exercise of Power Act, California Government Code section 6500 *et seq.*, among the Cities of Carlsbad, Solana Beach and Del Mar to work cooperatively to create economies of scale and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient, and renewable resources in the region for the benefit of all the parties and their constituents, including, but not limited to, establishing and operating a CCA program; and

**WHEREAS**, on March 16, 2020, the California Public Utilities Commission (“CPUC”) certified the “Implementation Plan” of CEA, confirming CEA’s compliance with the requirements of the Act; and

**WHEREAS**, Section 2.4 of the CEA Joint Powers Agreement (“Agreement”) sets forth the procedures for the addition of new member jurisdictions; and

**WHEREAS**, including new member jurisdictions within CEA’s Joint Powers Authority can benefit CEA communities, customers, and the general public by 1) expanding access to competitively-priced renewable and carbon-free energy; 2) achieving greater economies of scale while accelerating the reduction of greenhouse gas emissions; 3) enhancing CEA’s financial strength through increased revenues and reserves; 4) expanding the opportunities for local renewable energy and decarbonization projects and programs and the creation of local jobs; and 5) empowering local stakeholders with more direct representation before State-level regulators and elected officials; and

**WHEREAS**, on October 27, 2021, through a unanimous vote of its City Council, the City of Escondido adopted Resolution No. 2021-169 authorizing the execution of the Joint Exercise of Powers Agreement of the Clean Energy Alliance and authorizing staff to take other actions necessary for the City of Escondido to join CEA, and introduced Ordinance No. 2021-12 ordaining the City Council's decision, pursuant to Public Utilities Code Section 366.2 to implement a CCA program within the jurisdiction of the City of Escondido by participating in CEA, under the terms and conditions of its Joint Powers Agreement; and

**WHEREAS**, on November 17, 2021, the City of Escondido conducted a second reading and adopted ordinance No. 2021-12 ordaining the City Council's decision, pursuant to Public Utilities Code Section 366.2 to implement a CCA program within the jurisdiction of the City of Escondido by participating in CEA, under the terms and conditions of its Joint Powers Agreement; and

**WHEREAS**, Pacific Energy Advisors on behalf of CEA conducted an assessment of the financial and resource planning impacts of adding Escondido as a member of CEA and concluded that there would be an overall positive financial effect; and

**WHEREAS**, per CPUC rules, prospective member jurisdictions must join CEA before the end of calendar year 2021 in order to begin customer enrollments in CEA's service options by 2023; and

**WHEREAS**, Section 2.4 of the Agreement requires the Board of Directors to adopt a resolution by a two-thirds vote of the entire Board authorizing the membership of additional member jurisdictions, and specifying the conditions for membership, if any.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE CLEAN ENERGY ALLIANCE DOES HEREBY RESOLVE AS FOLLOWS:**

Section 1. The City of Escondido is hereby authorized to become a party to the Agreement and a member of CEA, subject to the following conditions:

- (a) The Community Choice Aggregation ordinance adopted by the City of Escondido becoming effective.
- (b) The execution of the Agreement by the duly authorized official of the City of Escondido.
- (c) Reimbursement to CEA by City of Escondido of CEA costs incurred in connection with adding a new agency, including, but not limited to, the cost of analysis of historical usage data using CEA's financial pro forma model to determine impact to CEA of the proposed member; and preparation of an Amended Implementation Plan and related activities of the expansion.

PASSED AND ADOPTED by the Board of Directors of the Clean Energy Alliance this 18th day of November 2021, by the following vote:

**AYES: Druker, Bhat-Patel, Becker**

**NOES: None**

**ABSENT: None**

DocuSigned by:  
*Kristi Becker*  
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Kristi Becker, Chair

ATTEST:

DocuSigned by:  
*Sheila R. Cobian, Board Secretary*  
23A78749740246C...  
Sheila Cobian, Interim Board Secretary

Appendix B:  
Clean Energy Alliance Resolution No. 2021-015



**RESOLUTION NO. 2021-015**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE CLEAN ENERGY ALLIANCE AUTHORIZING THE CITY OF SAN MARCOS TO BECOME A  
PARTY TO THE JOINT POWERS AGREEMENT AND A MEMBER OF THE CLEAN ENERGY ALLIANCE**

THE BOARD OF DIRECTORS OF THE CLEAN ENERGY ALLIANCE DOES HEREBY FIND, RESOLVE AND ORDER AS FOLLOWS:

**WHEREAS**, on September 24, 2002, the Governor of California signed into law Assembly Bill 117 (Stat. 2002, Ch. 838; see California Public Utilities Code section 366.2; hereinafter referred to as the “Act”), which authorizes any California city or county, whose governing body so elects, to combine the electricity load of its residents and businesses in a community-wide electricity aggregation program known as Community Choice Aggregation (“CCA”); and

**WHEREAS**, the Act expressly authorizes participation in a CCA program through a joint powers agency; and on November 4, 2019, the Clean Energy Alliance (“CEA” or “the Agency”) was formed under the Joint Exercise of Power Act, California Government Code section 6500 *et seq.*, among the Cities of Carlsbad, Solana Beach and Del Mar to work cooperatively to create economies of scale and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient, and renewable resources in the region for the benefit of all the parties and their constituents, including, but not limited to, establishing and operating a CCA program; and

**WHEREAS**, on March 16, 2020, the California Public Utilities Commission (“CPUC”) certified the “Implementation Plan” of CEA, confirming CEA’s compliance with the requirements of the Act; and

**WHEREAS**, Section 2.4 of the CEA Joint Powers Agreement (“Agreement”) sets forth the procedures for the addition of new member jurisdictions; and

**WHEREAS**, including new member jurisdictions within CEA’s Joint Powers Authority can benefit CEA communities, customers, and the general public by 1) expanding access to competitively-priced renewable and carbon-free energy; 2) achieving greater economies of scale while accelerating the reduction of greenhouse gas emissions; 3) enhancing CEA’s financial strength through increased revenues and reserves; 4) expanding the opportunities for local renewable energy and decarbonization projects and programs and the creation of local jobs; and 5) empowering local stakeholders with more direct representation before State-level regulators and elected officials; and

**WHEREAS**, on November 9, 2021, through a unanimous vote of its City Council, the City of San Marcos adopted Resolution No. 2021-8950 authorizing the execution of the Joint Exercise of Powers Agreement of the Clean Energy Alliance and authorizing staff to take other

actions necessary for the City of San Marcos to join CEA, and introduced Ordinance No. 2021-1508 ordaining the City Council's decision, pursuant to Public Utilities Code Section 366.2 to implement a CCA program within the jurisdiction of the City of Escondido by participating in CEA, under the terms and conditions of its Joint Powers Agreement; and

**WHEREAS**, on November 23, 2021, the City of San Marcos conducted a second reading and adopted ordinance No. 2021-1508 ordaining the City Council's decision, pursuant to Public Utilities Code Section 366.2 to implement a CCA program within the jurisdiction of the City of Escondido by participating in CEA, under the terms and conditions of its Joint Powers Agreement; and

**WHEREAS**, Pacific Energy Advisors on behalf of CEA conducted an assessment of the financial and resource planning impacts of adding San Marcos as a member of CEA and concluded that there would be an overall positive financial effect; and

**WHEREAS**, per CPUC rules, prospective member jurisdictions must join CEA before the end of calendar year 2021 in order to begin customer enrollments in CEA's service options by 2023; and

**WHEREAS**, Section 2.4 of the Agreement requires the Board of Directors to adopt a resolution by a two-thirds vote of the entire Board authorizing the membership of additional member jurisdictions, and specifying the conditions for membership, if any.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE CLEAN ENERGY ALLIANCE DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1.** The City of San Marcos is hereby authorized to become a party to the Agreement and a member of CEA, subject to the following conditions:

- (a) The Community Choice Aggregation ordinance adopted by the City of San Marcos becoming effective.
- (b) The execution of the Agreement by the duly authorized official of the City of San Marcos.
- (c) Reimbursement to CEA by City of San Marcos of CEA costs incurred in connection with adding a new agency, including, but not limited to, the cost of analysis of historical usage data using CEA's financial pro forma model to determine impact to CEA of the proposed member; and preparation of an Amended Implementation Plan and related activities of the expansion.

PASSED AND ADOPTED by the Board of Directors of the Clean Energy Alliance this 17th day of December 2021, by the following vote:

**AYES: Druker, Inscoe, Bhat-Patel, Becker**

**NOES: None**

**ABSENT: None**

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Kristi Becker, Chair

ATTEST:

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Sheila Cobian, Interim Board Secretary

Appendix C:  
City of Escondido CCA Ordinance 2021-12

ORDINANCE NO. 2021-12

AN ORDINANCE OF THE CITY COUNCIL OF  
THE CITY OF ESCONDIDO, CALIFORNIA,  
AUTHORIZING MEMBERSHIP IN CLEAN  
ENERGY ALLIANCE, A COMMUNITY CHOICE  
AGGREGATION PROGRAM

The City Council of the City of Escondido, California, DOES HEREBY ORDAIN as follows:

WHEREAS, California Public Utilities Code section 366.2 (the "Act") authorizes cities and counties to individually or jointly provide retail electric service to an aggregation of customers within their jurisdictions, which is referred to as Community Choice Aggregation ("CCA"); and

WHEREAS, the Community Choice Technical Feasibility Study, dated May 24, 2021 ("Feasibility Study"), determined that a Community Choice Aggregation program would be both technically and financially feasible and beneficial in the City of Escondido; and

WHEREAS, on October 27, 2021, the Escondido City Council adopted Resolution 2021-169 authorizing the City Manager to execute the Clean Energy Alliance Joint Powers Agreement, and related documents, for membership in the Clean Energy Alliance ("CEA") formed pursuant to the provisions of the Joint Exercise of Powers Act on or about November 4, 2019; and

WHEREAS, under Public Utilities Code section 366.2, customers have the right to opt-out of electric service through CEA and instead continue to receive electric service from the incumbent utility; and

WHEREAS, Public Utilities Code section 366.2(c)(12) provides that an entity which elects to implement a CCA program within its jurisdiction must do so by ordinance; and

WHEREAS, this ordinance is exempt from the requirements of the California Environmental Quality Act ("CEQA") pursuant to the State CEQA Guidelines, as (1) it is not a "project" and has no potential to result in a direct or reasonably foreseeable indirect physical change to the environment (14 Cal. Code Regs, § 15378(a)); (2) there is no possibility that the ordinance or its implementation would have a significant negative effect on the environment (14 Cal. Code Regs. § 15061(b)(3)); and, (3) because it is an action taken by a regulatory agency to assure the maintenance, restoration, enhancement or protection of the environment. (14 Cal. Code Regs. § 15308).

NOW, THEREFORE, the City Council of the City of Escondido hereby ordains as follows:

SECTION 1. That the recitals set forth above are true and correct and are incorporated as though fully set forth herein.

SECTION 2. In order to provide a choice of electric service providers to the customers within the City, the City Council hereby elects pursuant to Public Utilities Code section 366.2(c)(12) to implement a Community Choice Aggregation ("CCA") program within the jurisdiction of the City of Escondido, by participating in the Clean Energy Alliance ("CEA"), under the terms and conditions provided in its Clean Energy Alliance Joint Powers Agreement, as amended, on file with the City Clerk.

SECTION 3. This Ordinance was introduced by the City Council October 27, 2021, along with City Council Resolution No. 2021-169.

SECTION 4. SEPARABILITY. If any section, subsection sentence, clause, phrase or portion of this ordinance is held invalid or unconstitutional for any reason by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions.

SECTION 5. That as of the effective date of this ordinance, all ordinances or parts of ordinances in conflict herewith are hereby repealed.

SECTION 6. That the City Clerk is hereby directed to certify to the passage of this ordinance and to cause the same or a summary to be published one time within 15 days of its passage in a newspaper of general circulation for the City of Escondido.

SECTION 7. This Ordinance shall take effect and be in force on the thirtieth (30th) day from and after its final passage.

PASSED, ADOPTED AND APPROVED by the City Council of the City of Escondido at a regular meeting thereof this 17<sup>th</sup> day of November, 2021 by the following vote to wit:

AYES : Councilmembers: GARCIA, INSCOE, MORASCO, MARTINEZ, MCNAMARA

NOES : Councilmembers: NONE

ABSENT : Councilmembers: NONE

APPROVED:

DocuSigned by:  
*Paul McNamara*  
PAUL MCNAMARA, Mayor of the  
City of Escondido, California

ATTEST:

DocuSigned by:  
*Zack Beck*  
ZACK BECK, City Clerk of the  
City of Escondido, California

\*\*\*\*\*

STATE OF CALIFORNIA )  
COUNTY OF SAN DIEGO : ss.  
CITY OF ESCONDIDO )

I, Zack Beck, City Clerk of the City of Escondido, hereby certify that the foregoing ORDINANCE NO. 2021-12 passed at a regular meeting of the City Council of the City of Escondido held on the 17<sup>th</sup> day of November, 2021, after having been read at the regular meeting of said City Council held on the 27<sup>th</sup> day of October, 2021.

DocuSigned by:  
*Zack Beck*  
ZACK BECK, City Clerk of the  
City of Escondido, California

ORDINANCE NO. 2021-12



Appendix D:  
City of San Marcos CCA Ordinance 2021-1508

ORDINANCE NO 2021 - 1508

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SAN MARCOS, CALIFORNIA, AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM

WHEREAS, California Public Utilities Code (the "Act") Section 366.2 authorizes cities and counties to individually or jointly provide retail electric service to an aggregation of customers within their jurisdictions, which is referred to as community choice aggregation (CCA); and

WHEREAS, Measure E-3 of the City's 2020 Climate Action Plan aims to increase grid-supply renewable and zero-carbon electricity in the City of San Marcos; and

WHEREAS, the City completed a CCA feasibility study which determined that a CCA program could result in local benefits including the use of renewable energy at levels above the State Renewables Portfolio Standard, the provision of competitive rates to consumers, and economic opportunity for the City; and

WHEREAS, pursuant to Section 366.2 of the Act, if each entity adopts the ordinance required by Public Utilities Section 366.2(c)(12), two or more public entities authorized to be a community choice aggregator under Section 331.1 of the Act may participate jointly in a CCA program through a Joint Powers Authority established pursuant to Government Code Section 6500 et seq.; and

WHEREAS, the City wishes to implement a CCA program at this time joining as a member to the Joint Powers Authority known as Clean Energy Alliance, consisting of the member agencies of Carlsbad, Del Mar, and Solana Beach; and

WHEREAS, under section 366.2 of the Act, customers have the right to opt out of the CCA program and continue to receive bundled electric service from the incumbent utilities; and

WHEREAS, 366.2(c)(12) of the Act provides that an entity which elects to implement a CCA program within its jurisdiction must do so by ordinance; and

WHEREAS, this ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the State CEQA Guidelines, as it is not a "project" and has no potential to result in a direct or reasonably foreseeable indirect physical change to the environment. (14 Cal. Code Regs. § 15378(a).) Further, the ordinance is exempt from CEQA as there is no possibility that the ordinance or its implementation would have significant negative effect on the environment. (14 Cal. Code Regs. § 15061(b)(3).) The ordinance is also categorically exempt because it is an action taken by a regulatory agency to assure the maintenance, restoration, enhancement or protection of the environment. (14 Cal. Code Regs. § 15308.) To the extent necessary, the City Manager or designee shall cause a Notice of Exemption to be filed as authorized by CEQA and the State CEQA guidelines.

NOW THEREFORE, the City Council of the City of San Marcos, in accordance with the freedom accorded to charter cities generally, and by the Charter of the City of San Marcos specifically, does ordain as follows:

Section 1. The above recitals are true and correct.

Section 2. In order to provide businesses and residents within the jurisdictional boundaries of the City with a choice of electric service providers and with the benefits described in the recitals above, the City Council hereby elects pursuant to Section 366.2(c)(12) of the Act to implement a CCA program within the jurisdiction of the City of San Marcos by participating in the CCA program of the Clean Energy Alliance, under the terms and conditions provided in its Joint Powers Agreement, on file with the City Clerk.

Section 3. Effective Date. This Ordinance shall take effect and be in force thirty (30) days after its passage.

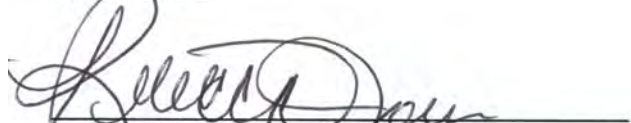
Section 4. Publication. Within fifteen (15) days following its adoption, the City Clerk shall certify to the passage of this Ordinance and cause the same to be published, or the title thereof as a summary, in accordance with the provisions of State law in a newspaper of general circulation designated for legal notices publication in the City of San Marcos.

INTRODUCED at a regular meeting of the City Council of the City of San Marcos, California, held on the November 9, 2021; and

PASSED, APPROVED AND ADOPTED at a regular meeting of the City Council of the City of San Marcos, California, held on the 23rd day of November, 2021, by the following roll call vote:

- AYES: COUNCIL MEMBERS: JENKINS, MUSGROVE, NUNEZ, WALTON, JONES
- NOES: COUNCIL MEMBERS: NONE
- ABSENT: COUNCIL MEMBERS: NONE

APPROVED:

  
\_\_\_\_\_  
Rebecca D. Jones, Mayor

ATTEST:

APPROVED AS TO FORM:

  
\_\_\_\_\_

Phil Scollick, City Clerk  
City of San Marcos

\_\_\_\_\_  
Helen Holmes Peak, City Attorney  
City of San Marcos

ORDINANCE NO 2021 - 1508

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SAN MARCOS, CALIFORNIA, AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM

WHEREAS, California Public Utilities Code (the "Act") Section 366.2 authorizes cities and counties to individually or jointly provide retail electric service to an aggregation of customers within their jurisdictions, which is referred to as community choice aggregation (CCA); and

WHEREAS, Measure E-3 of the City's 2020 Climate Action Plan aims to increase grid-supply renewable and zero-carbon electricity in the City of San Marcos; and

WHEREAS, the City completed a CCA feasibility study which determined that a CCA program could result in local benefits including the use of renewable energy at levels above the State Renewables Portfolio Standard, the provision of competitive rates to consumers, and economic opportunity for the City; and

WHEREAS, pursuant to Section 366.2 of the Act, if each entity adopts the ordinance required by Public Utilities Section 366.2(c)(12), two or more public entities authorized to be a community choice aggregator under Section 331.1 of the Act may participate jointly in a CCA program through a Joint Powers Authority established pursuant to Government Code Section 6500 et seq.; and

WHEREAS, the City wishes to implement a CCA program at this time joining as a member to the Joint Powers Authority known as Clean Energy Alliance, consisting of the member agencies of Carlsbad, Del Mar, and Solana Beach; and

WHEREAS, under section 366.2 of the Act, customers have the right to opt out of the CCA program and continue to receive bundled electric service from the incumbent utilities; and

WHEREAS, 366.2(c)(12) of the Act provides that an entity which elects to implement a CCA program within its jurisdiction must do so by ordinance; and

WHEREAS, this ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the State CEQA Guidelines, as it is not a "project" and has no potential to result in a direct or reasonably foreseeable indirect physical change to the environment. (14 Cal. Code Regs. § 15378(a).) Further, the ordinance is exempt from CEQA as there is no possibility that the ordinance or its implementation would have significant negative effect on the environment. (14 Cal. Code Regs. § 15061(b)(3).) The ordinance is also categorically exempt because it is an action taken by a regulatory agency to assure the maintenance, restoration, enhancement or protection of the environment. (14 Cal. Code Regs. § 15308.) To the extent necessary, the City Manager or designee shall cause a Notice of Exemption to be filed as authorized by CEQA and the State CEQA guidelines.

NOW THEREFORE, the City Council of the City of San Marcos, in accordance with the freedom accorded to charter cities generally, and by the Charter of the City of San Marcos specifically, does ordain as follows:

Section 1. The above recitals are true and correct.

Section 2. In order to provide businesses and residents within the jurisdictional boundaries of the City with a choice of electric service providers and with the benefits described in the recitals above, the City Council hereby elects pursuant to Section 366.2(c)(12) of the Act to implement a CCA program within the jurisdiction of the City of San Marcos by participating in the CCA program of the Clean Energy Alliance, under the terms and conditions provided in its Joint Powers Agreement, on file with the City Clerk.

Section 3. Effective Date. This Ordinance shall take effect and be in force thirty (30) days after its passage.

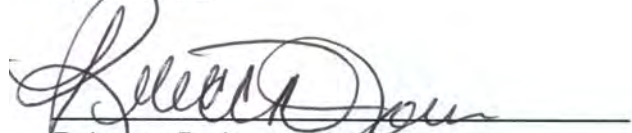
Section 4. Publication. Within fifteen (15) days following its adoption, the City Clerk shall certify to the passage of this Ordinance and cause the same to be published, or the title thereof as a summary, in accordance with the provisions of State law in a newspaper of general circulation designated for legal notices publication in the City of San Marcos.

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- AYES: COUNCIL MEMBERS: JENKINS, MUSGROVE, NUNEZ, WALTON, JONES
- NOES: COUNCIL MEMBERS: NONE
- ABSENT: COUNCIL MEMBERS: NONE

APPROVED:

  
\_\_\_\_\_  
Rebecca D. Jones, Mayor

ATTEST:

APPROVED AS TO FORM:

  
\_\_\_\_\_

Phil Scollick, City Clerk  
City of San Marcos

\_\_\_\_\_  
Helen Holmes Peak, City Attorney  
City of San Marcos

Appendix E:  
Clean Energy Alliance Implementation Plan and Statement of Intent (December 23, 2019)

# **CLEAN ENERGY ALLIANCE**

## **Community Choice Aggregation Implementation Plan and Statement of Intent**

**December 2019**

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# 1 INTRODUCTION

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The Clean Energy Alliance (“CEA” or “Alliance”), located within San Diego County, is a Joint Powers Authority (“JPA”) pursuing the implementation of a community choice aggregation program (“CCA” or “Program”). Founding Member Agencies of CEA include the following three (3) municipalities within the County of San Diego, which have elected to allow the JPA to provide electric generation service within their respective jurisdictions:

City of Carlsbad  
City of Del Mar  
City of Solana Beach

This Implementation Plan and Statement of Intent (“Implementation Plan”) describes CEA’s plans to implement a voluntary CCA program for electric customers within the jurisdictional boundaries of the Member Agencies. Electric customers within the Cities of Carlsbad and Del Mar currently take bundled electric service from San Diego Gas and Electric (“SDG&E”). Electric customers within the City of Solana Beach currently have the option of taking electric service from Solana Energy Alliance (“SEA”), an existing Community Choice Aggregation program, or as a bundled customer of SDG&E. The Program will provide electricity customers the opportunity to jointly procure electricity from competitive suppliers, with such electricity being delivered over SDG&E’s transmission and distribution system. The planned start date for the Program is May 1, 2021. All current SDG&E customers within the Del Mar and Carlsbad service area will receive information describing the CEA Program and will have multiple opportunities to opt out and choose to remain full requirement (“bundled”) customers of SDG&E, in which case they will not be enrolled. Current SEA customers will receive information describing the CEA Program and their transition from SEA to CEA. They will also have multiple opportunities to opt out. Thus, participation in the CEA Program is completely voluntary. However, as provided by law, customers will be automatically enrolled according to the anticipated schedule later described in Chapter 5 unless they affirmatively elect to opt-out. Once, and as long as CEA is operational and all SEA customers have transitioned to CEA, SEA will cease to be an operational CCA.

Implementation of CEA will enable customers within CEA’s service area to take advantage of the opportunities granted by Assembly Bill 117 (“AB 117”), the Community Choice Aggregation Law.

CEA’s primary objectives in implementing this Program are to:

- 1) Procure an electric supply portfolio with higher renewable content than SDG&E;
- 2) Provide cost competitive electric services when compared to SDG&E;
- 3) Gain local control in rate setting to provide long-term rate stability for residents and businesses;
- 4) Meet Climate Action Plan goals of the Member Agencies.

The California Public Utilities Code provides the relevant legal authority for the Alliance to become a Community Choice Aggregator and invests the California Public Utilities Commission (“CPUC” or “Commission”) with the responsibility for establishing the cost recovery mechanism that must be in place before customers can begin receiving electrical service through the CEA Program. The CPUC also has responsibility for registering the JPA as a Community Choice Aggregator and ensuring compliance with

## Clean Energy Alliance Implementation Plan

basic consumer protection rules. The Public Utilities Code requires adoption of an Implementation Plan at a duly noticed public hearing. The plan must then be filed with the Commission.

The Alliance is also aware that a CCA Program-specific Renewables Portfolio Standard (“RPS”) Procurement Plan must be completed and submitted to the CPUC during its CCA registration process – the Alliance anticipates that the renewable energy targets reflected in this Implementation Plan will meet or exceed applicable procurement mandates, including prudent planning reserves.

On December 19, 2019, the JPA, at a duly noticed public hearing, adopted this Implementation Plan, through Resolution No. 2019-003 (a copy of which is included as part of Appendix A).

The Commission has established the methodology to use to determine the cost recovery mechanism, and SDG&E has approved tariffs for imposition of the cost recovery mechanism. The cities of Del Mar and Carlsbad have adopted an ordinance to implement a CCA program through its participation in CEA and Solana Beach adopted its ordinance to implement a CCA program as part of implementing SEA. Each of the Members has adopted a resolution permitting CEA to provide service within its jurisdiction<sup>1</sup>. Having accomplished these milestones, CEA submits this Implementation Plan to the CPUC. Following the CPUC’s acknowledgement of its receipt of this Implementation Plan and resolution of any outstanding issues, CEA will submit a draft customer notice, file a draft Renewable Portfolio Standards Procurement Plan, submit the Financial Security Requirement and execute the Service Agreement with San Diego Gas & Electric as established in CPUC Resolution E-4907. CEA will take the final steps needed to register as a CCA and participate in the year-ahead Resource Adequacy (“RA”) process prior to initiating the customer notification and enrollment process.

### 1.1 STATEMENT OF INTENT

The content of this Implementation Plan complies with the statutory requirements of AB 117. As required by Public Utilities Code Section 366.2(c)(3), this Implementation Plan details the process and consequences of aggregation and provides the Alliance’s statement of intent for implementing a CCA program that includes all of the following:

- ▶ Universal access;
- ▶ Reliability;
- ▶ Equitable treatment of all customer classes; and
- ▶ Any requirements established by state law or by the CPUC concerning aggregated service.

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<sup>1</sup> Copies of individual ordinances adopted by the Clean Energy Alliance’s Members are included within Appendix A

## **Clean Energy Alliance Implementation Plan**

### **1.2 ORGANIZATION OF THIS IMPLEMENTATION PLAN**

The remainder of this Implementation Plan is organized as follows:

Chapter 2: Aggregation Process

Chapter 3: Organizational Structure

Chapter 4: Startup Plan & Funding

Chapter 5: Program Phase-In

Chapter 6: Load Forecast & Resource Plan

Chapter 7: Financial Plan

Chapter 8: Rate setting

Chapter 9: Customer Rights and Responsibilities

Chapter 10: Procurement Process

Chapter 11: Contingency Plan for Program Termination

Appendix A: Clean Energy Alliance Resolution No. 2019-XXX (Adopting Implementation Plan)

The requirements of AB 117 are cross-referenced to Chapters of this Implementation Plan in the following table.

## Clean Energy Alliance Implementation Plan

### AB 117 Cross References

AB 117 REQUIREMENT	IMPLEMENTATION PLAN CHAPTER
Statement of Intent	Chapter 1: Introduction
Process and consequences of aggregation	Chapter 2: Aggregation Process
Organizational structure of the program, its operations and funding	Chapter 3: Organizational Structure Chapter 4: Startup Plan & Funding Chapter 7: Financial Plan
Disclosure and due process in setting rates and allocating costs among participants	Chapter 8: Rate setting
Rate setting and other costs to participants	Chapter 8: Rate setting Chapter 9: Customer Rights and Responsibilities
Participant rights and responsibilities	Chapter 9: Customer Rights and Responsibilities
Methods for entering and terminating agreements with other entities	Chapter 10: Procurement Process
Description of third parties that will be supplying electricity under the program, including information about financial, technical and operational capabilities	Chapter 10: Procurement Process
Termination of the program	Chapter 11: Contingency Plan for Program Termination
Methods for ensuring procurement from small, local, and diverse business enterprises in all categories, including, but not limited to, renewable energy, energy storage system, and smart grid projects.	Chapter 6: Load Forecast and Resource Plan

## 2 AGGREGATION PROCESS

---

### 2.1 INTRODUCTION

This Chapter describes the background leading to the development of this Implementation Plan and describes the process and consequences of aggregation, consistent with the requirements of AB 117.

## Clean Energy Alliance Implementation Plan

In 2017 the cities of Del Mar, Carlsbad and other interested partner agencies engaged the assistance of a technical consultant to evaluate the feasibility of establishing a CCA program, considering various agency member formations. The studies revealed that a CCA program was viable, offering customers rates competitive with SDG&E. Throughout early 2019 the Member Agencies evaluated several different options related to the provision of CCA services to their service territories. SEA has been a financially stable CCA since launching in June 2018. The financial model reflected in Section 7, Table 9, demonstrates that the proposed CEA is a financially viable CCA program.

The CEA was formed with the following objectives: 1) procure a power supply from a minimum 50% renewable energy sources; 2) help meet the goals of the Member Agency's Climate Action Plans to reduce GHG emissions; 3) provide cost-competitive electric services to the customers of CEA; 4) gain local control of the territory's energy procurement needs; and 5) provide local clean energy programs and benefits.

The City of Solana Beach ("Solana Beach") currently operates SEA, the only CCA that is currently serving customers in SDG&E territory. Solana Beach intends to transition its customers from SEA to CEA during CEA's launch month of May 2021. Once its customers are fully transferred to CEA, Solana Beach will no longer operate SEA. Solana Beach will submit an amended Implementation Plan, concurrent with this CEA Implementation Plan, that reflects its customers transitioning to CEA.

The Alliance released a draft Implementation Plan in November 2019, which described the planned organization, governance and operation of the CCA Program. Following consideration of comments related to the draft document, a final Implementation Plan was prepared and duly adopted by the CEA Board of Directors.

The CEA Program represents a culmination of planning efforts that are responsive to the expressed needs and priorities of the residents and business community within the service territory. The Alliance plans to expand the energy choices available to eligible customers through creation of innovative new programs for voluntary purchases of renewable energy and net energy metering to promote customer-owned renewable generation.

### 2.2 PROCESS OF AGGREGATION

Before they are enrolled in the Program, prospective CEA customers in Carlsbad and Del Mar will receive two written notices in the mail that will provide information needed to understand the Program's terms and conditions of service and explain how customers, if they desire, can opt-out of the Program. All customers that do not follow the opt-out process specified in the customer notices will be automatically enrolled, and service will begin at their next regularly scheduled meter read date following the date of automatic enrollment, subject to the service phase-in plan described in Chapter 5. The initial enrollment notices will be provided to customers in March 2021, with a second notice being provided in April 2021.

Customers currently being served by SEA were provided the required enrollment notices during their transition from SDG&E service in 2018. These customers are not subject to the four required notices for customers leaving SDG&E service, however, they will be provided at least one notice notifying them of the transition from SEA service to CEA service and any rate or service impacts.

Customers enrolled in the CEA Program will continue to have their electric meters read and to be billed for electric service by the distribution utility (SDG&E). The electric bill for Program customers will show

## Clean Energy Alliance Implementation Plan

separate charges for generation procured by CEA as well as other charges related to electricity delivery and other utility charges assessed by SDG&E.

After service cutover, customers will have approximately 60 days (two billing cycles) to opt-out of the CEA Program without penalty and return to the distribution utility (SDG&E). CEA customers will be advised of these opportunities via the distribution of two additional enrollment notices provided within the first two months of service. Customers that opt-out between the initial cutover date and the close of the post enrollment opt-out period will be responsible for program charges for the time they were served by CEA but will not otherwise be subject to any penalty for leaving the program. Customers that have not opted-out within thirty days of the fourth enrollment notice will be deemed to have elected to become a participant in the CEA Program and to have agreed to the CEA Program's terms and conditions, including those pertaining to requests for termination of service, as further described in Chapter 8.

### 2.3 CONSEQUENCES OF AGGREGATION

#### 2.3.1 Rate Impacts

CEA customers will pay the generation charges set by the Alliance and no longer pay the costs of SDG&E generation. Customers enrolled in the Program will be subject to the Program's terms and conditions, including responsibility for payment of all Program charges as described in Chapter 9.

The Alliance's rate setting policies described in Chapter 7 establish a goal of providing rates that are competitive with the projected generation rates offered by the incumbent distribution utility (SDG&E). The Alliance will establish rates sufficient to recover all costs related to operation of the Program, and the CEA Board will adopt actual rates.

Initial CEA Program rates will be established following approval of the Alliance's inaugural program budget, reflecting final costs from the CEA Program's energy procurement. The Alliance's rate policies and procedures are detailed in Chapter 7. Information regarding final CEA Program rates will be disclosed along with other terms and conditions of service in the pre-enrollment and post-enrollment notices sent to potential customers.

Once CEA gives definitive notice to SDG&E that it will commence service, CEA customers will generally not be responsible for costs associated with SDG&E's future electricity procurement contracts or power plant investments. Certain pre-existing generation costs and new generation costs that are deemed to provide system-wide benefits will continue to be charged by SDG&E to CCA customers through separate rate components, called the Cost Responsibility Surcharge and the New System Generation Charge. These charges are shown in SDG&E's electric service tariffs, which can be accessed from the utility's website, and the costs are included in charges paid by both SDG&E bundled customers as well as CCA and Direct Access customers<sup>2</sup>. SEA customers that transition to CEA will maintain their current Power Charge Indifference Adjustment ("PCIA") vintage of 2017, having already departed from SDG&E generation services. Eligible Del Mar and Carlsbad customers who transition to CEA service will be assigned a 2020 PCIA vintage.

---

<sup>2</sup> For SDG&E bundled service customers, the Power Charge Indifference Adjustment element of the Cost Responsibility Surcharge is contained within the CCA-CRS rate tariff.



## Clean Energy Alliance Implementation Plan

### 2.3.2 Renewable Energy Impacts

A second consequence of the Program will be an increase in the proportion of energy generated and supplied by RPS-eligible renewable resources. The resource plan includes procurement of renewable energy in excess of California's renewable energy procurement mandate, and SDG&E's forecast renewable percentage, with a goal of providing a minimum of 50% renewable energy at launch, for all enrolled customers. Consistent with Senate Bill 100, CEA renewable energy will increase toward 60% by 2030. CEA customers may also voluntarily participate in a higher renewable supply option, potentially up to 100%. To the extent that customers choose CEA's voluntary renewable energy option, the renewable content of CEA's aggregate supply portfolio will further increase. Initially, requisite renewable energy supply will be sourced through one or more short-term power purchase agreements; however, shortly after launching operations, long-term procurement of renewable energy will begin to meet California's long-term renewable energy contracting requirements that become effective in Compliance Period 4 and beyond <sup>3</sup>. Over time, the Alliance will also consider independent development of new renewable generation resources.

### 2.3.3 Greenhouse Gas Reduction

A third consequence of the Program will be an anticipated reduction in the greenhouse gas emissions attributed to the CEA supply portfolio as compared to SDG&E. An important objective of the CEA formation is to support the Climate Action Plans of the Member Agencies. Therefore, CEA will set aggressive GHG-emissions reduction targets and acquire zero or low GHG-emitting supply to achieve those targets.

---

<sup>3</sup> Under California's RPS Program, 65 percent of mandated renewable energy purchases must be sourced from eligible long-term contracts beginning in calendar year 2021.

### 3 ORGANIZATION AND GOVERNANCE STRUCTURE

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This section provides an overview of the organizational structure of CEA and its proposed implementation of the CCA program. Specifically, the key agreements, governance, management, and organizational functions of CEA are outlined and discussed below.

#### 3.1 ORGANIZATIONAL OVERVIEW

CEA is a joint powers authority formed under the California Joint Exercise of Powers Act. It was established on November 4, 2019 with a Board of Directors serving as its Governing Board. The Board is responsible for establishing CEA's Program policies and objectives and overseeing CEA's operation. In December 2019, the Board appointed an Interim Chief Executive Officer ("CEO") to manage the operation of the Alliance in accordance with policies adopted by the Board.

#### 3.2 GOVERNANCE

The CEA Program will be governed by the CEA Board, which shall include one appointed designee from each of the Member Agencies. The Members of CEA include three (3) municipalities within the County of San Diego, Del Mar, Carlsbad and Solana Beach, all of which have elected to allow CEA to provide electric generation service within their respective jurisdictions. The Alliance's Board will be comprised of representatives appointed by each of the Members in accordance with the JPA agreement. The CEA Program will be operated under the direction of an CEO appointed by the Board, with legal and regulatory support provided by a Board appointed General Counsel.

The Board's primary duties are to establish program policies, approve rates and provide policy direction to the CEO, who has general responsibility for program operations, consistent with the policies established by the Board. The Board will elect a Chair and Vice Chair and may form various standing and ad hoc committees, as appropriate, which would have responsibility for evaluating various issues that may affect the Alliance and its customers, including rate-related and power contracting issues, and would provide analytical support and recommendations to the Board in these regards.

#### 3.3 MANAGEMENT

The CEA CEO has management responsibilities over the functional areas of Administration & Finance, Marketing & Public Affairs, Power Resources & Energy Programs, and Government Affairs, as well as the assisting the Board with overall supervision of the legal services provided by the Alliance's General Counsel. In performing the defined obligations to CEA, the CEO may utilize a combination of internal staff and/or contractors. Certain specialized functions needed for program operations, namely the electric supply and customer account management functions described below, will be performed by experienced third-party contractors.

Major functions of the Alliance that will be managed by the CEO are summarized below.

## Clean Energy Alliance Implementation Plan

### 3.4 ADMINISTRATION

CEA's CEO will be responsible for managing the organization's human resources and administrative functions and will coordinate with the CEA Board, as necessary, with regard to these functions. The functional area of administration will include oversight of any employee hiring and termination, compensation and benefits management, identification and procurement of requisite office space and various other issues. It is likely that existing Member Agency staff will initially assist with this function.

### 3.5 FINANCE

The CEO is also responsible for managing the financial affairs of the Alliance, including the development of an annual budget, revenue requirement and rates; managing and maintaining cash flow requirements; arranging potential bridge loans as necessary; and other financial tools.

Revenues via rates and other funding sources (such as a rate stabilization fund, when necessary) must, at a minimum, meet the annual budgetary revenue requirement, including recovery of all expenses and any reserves or coverage requirements set forth in bond covenants or other agreements. The Alliance will have the flexibility to consider rate adjustments, administer a standardized set of electric rates, and may offer optional rates to encourage policy goals such as encouraging renewable generation and incentivizing peak demand reduction, provided that the overall revenue requirement is achieved.

CEA's finance function will be responsible for preparing the annual budget, arranging financing necessary for any capital projects, preparing financial reports, managing required audits and ensuring sufficient cash flow for successful operation of the CEA Program. The finance function will play an important role in risk management by monitoring the credit of energy suppliers so that credit risk is properly understood and mitigated. In the event that changes in a supplier's financial condition and/or credit rating are identified, the Alliance will be able to take appropriate action, as would be provided for in the electric supply agreement(s).

### 3.6 MARKETING & PUBLIC AFFAIRS

The marketing and public affairs functions include general program marketing and communications as well as direct customer interface ranging from management of key account relationships to call center and billing operations. The Alliance will conduct program marketing to raise consumer awareness of the CEA Program and to establish its "brand" in the minds of the public, with the goal of retaining and attracting as many customers as possible into the CEA Program. Communications will also be directed at key policy-makers at the state and local level, community business and opinion leaders, and the media.

In addition to general program communications and marketing, a significant focus on customer service, particularly representation for key accounts, will enhance the Alliance's ability to differentiate itself as a highly customer-focused organization that is responsive to the needs of the community. CEA, through its data services provider, will also establish a customer call center designed to field customer inquiries and routine interaction with customer accounts.

The customer service function also encompasses management of customer data. Customer data management services include retail settlements/billing-related activities and management of a customer database. This function processes customer service requests and administers customer enrollments and departures from the CEA Program, maintaining a current database of enrolled customers. This function

## Clean Energy Alliance Implementation Plan

coordinates the issuance of monthly bills through SDG&E's billing process and tracks customer payments. Activities include the electronic exchange of usage, billing, and payments data with SDG&E and CEA, tracking of customer payments and accounts receivable, issuance of late payment and/or service termination notices (which would return affected customers to bundled service), and administration of customer deposits in accordance with credit policies of the Alliance.

The customer data management services function also manages billing-related communications with customers, customer call centers, and routine customer notices. The Alliance will contract with an experienced third party to perform the customer account and billing services functions.

### 3.7 POWER RESOURCES & ENERGY PROGRAMS

CEA must plan for meeting the electricity needs of its customers utilizing resources consistent with its policy goals and objectives as well as applicable legislative and/or regulatory mandates. CEA's long-term resource plans (addressing the 10-20-year planning horizon) will comply with California Law and other pertinent requirements of California regulatory bodies. In particular, CEA is aware of compulsory Integrated Resource Planning requirements, as identified in Senate Bill 350 (de León, 2015), which require, among other provisions, that CCAs periodically submit integrated resource planning documents and related materials to the CPUC. Specifically, the Public Utilities Code requires that, "The plan of a community choice aggregator shall be submitted to its governing board for approval and provided to the commission for certification, consistent with paragraph (5) of subdivision (a) of section 366.2". The Alliance intends to comply with this requirement similar to the manner in which other CCA organizations have complied and will rely on the experience gained by such organizations in completing pertinent data templates and documentation during future processes. Integrated resource planning efforts of the Alliance will make use of demand side energy efficiency, distributed generation and demand response programs as well as traditional supply options, which rely on structured wholesale transactions to meet customer energy requirements. Integrated resource plans will be updated and adopted by the Board as required by state law and applicable regulations. The Alliance is also aware of the need to periodically prepare and submit RPS Procurement Plans, which shall address the manner in which the CEA Program will achieve compliance with pertinent provisions of California's RPS mandate. As required, the first RPS Procurement Plans will be developed and submitted during the 90-day certification period related to this Implementation Plan.

The Alliance may develop and administer complementary energy programs that may be offered to CEA customers, including green pricing, energy efficiency, net energy metering and various other programs that may be identified to support the overarching goals and objectives of the Alliance.

#### 3.7.1 Electric Supply Operations

Electric supply operations encompass the activities necessary for wholesale procurement of electricity to serve end use customers. These highly specialized activities include the following:

- ▶ *Electricity Procurement* – assemble a portfolio of electricity resources to supply the electric needs of Program customers.
- ▶ *Risk Management* – application of standard industry techniques to reduce exposure to the volatility of energy and credit markets and insulate customer rates from sudden changes in wholesale market prices.

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- ▶ *Load Forecasting* – develop load forecasts, both long-term for resource planning, short-term for the electricity purchases, and sales needed to maintain a balance between hourly resources and loads.
- ▶ *Scheduling Coordination* – scheduling and settling electric supply transactions with the California Independent System Operator (“CAISO”).

The Alliance will contract with one or more experienced and financially sound third-party energy services firms to perform most of the electric supply operations for the CEA Program. These requirements include the procurement of energy, capacity and ancillary services, scheduling coordinator services, short-term load forecasting and day-ahead and real-time electricity trading.

### 3.8 GOVERNMENTAL AFFAIRS & LEGAL SUPPORT

The CEA Program will require ongoing regulatory and legislative representation to manage various regulatory compliance filings related to resource plans, RA, compliance with California’s RPS program and overall representation on issues that will impact CEA customers. The Alliance will maintain an active role at the CPUC, the California Energy Commission, the California Independent System Operator (“CAISO”), the California legislature and, as necessary, the Federal Energy Regulatory Commission with either in-house staff or contracted third parties with experience in the energy market arena.

CEA’s General Counsel is hired by and reports to the Board of Directors. However, the CEO will assist the Board in supervising the legal services as provided by General Counsel. The Alliance may retain specialized outside legal services, as necessary, to review power purchase agreements, give advice on regulatory matters, and provide other specialized legal services related to activities of the CEA Program. In addition, CEA’s wholesale services provider may assist with regulatory filings related to wholesale procurement.

## 4 STARTUP PLAN AND FUNDING

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This Chapter presents the Alliance's plans for the start-up period, including necessary expenses and capital outlays. As described in the previous Chapter, the Alliance will utilize a mix of internal staff and contractors in its CCA Program implementation and operation.

### 4.1 STARTUP ACTIVITIES

The initial program startup activities include the following:

- ▶ Hire staff and/or contractors to manage implementation
- ▶ Adopt policies and procedures for the operation of CEA
- ▶ Identify qualified suppliers (of requisite energy products and related services) and negotiate supplier contracts
  - Electric supplier and scheduling coordinator
  - Data management provider (if separate from energy supply)
- ▶ Define and execute communications plan
  - Customer research/information gathering
  - Media campaign
  - Key customer/stakeholder outreach
  - Informational materials and customer notices
  - Customer call center
  - Website
- ▶ Post financial security requirement and complete requisite registration requirements
- ▶ Establish reserves that may be required by energy suppliers
- ▶ Pay utility service initiation, notification and switching fees
- ▶ Perform customer notification, opt-out and transfers
- ▶ Conduct load forecasting
- ▶ Establish rates
- ▶ Legal and regulatory support
- ▶ Financial management and reporting

Some costs related to starting up the CEA Program may be the responsibility of the CEA Program's contractors. These may include capital requirements needed for collateral/credit support for electric

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supply expenses, customer information system costs, bond requirements, electronic data exchange system costs, call center costs, and billing administration/settlements systems costs.

### 4.2 STAFFING AND CONTRACT SERVICES

Personnel in the form of Alliance staff, Member Agency staff, or contractors will be utilized as needed to match workloads involved in forming CEA, managing contracts, and initiating customer outreach/marketing during the pre-operations period. During the startup period, minimal personnel requirements may include a CEO, legal support, and other personnel needed to support regulatory, procurement, finance, legal, marketing, and communications activities. This support will come from existing Member Agency staff and contractors. Once operational, additional staff and/or contractors may be retained, as needed, to support the rollout of additional value-added services (e.g., efficiency projects) and local generation projects and programs.

### 4.3 CAPITAL REQUIREMENTS

The start-up of the CCA Program will require capital for three major functions: (1) staffing and contractor costs; (2) deposits and reserves; and (3) operating cash flow. Based on the Alliance's anticipated start-up activities and implementation schedule, a total need of \$4.4M has been identified to support the aforementioned functions. Out of the \$4.4 capital requirements, \$450,000 will be funded from member advances for costs incurred in fiscal year 19/20, \$959,000 is related to the implementation/startup efforts (i.e., rate setting, power procurement and contract negotiations, marketing and communications, regulatory compliance, SDG&E security deposit, etc.) in order to serve customers by May 2021. A deposit in the amount of \$500,000 will also need to be posted to CAISO for the Alliance to be a Congestion Revenue Rights Holder. The remaining \$2,500,000 is the "float" required for CEA to pay its monthly bills before the program generates enough internal cash to self-fund its working capital needs.

The capital requirement is further broken down as follows:

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Draft Budget  
Fiscal Years 19/20 and 20/21**

	FY 19/20	FY 20/21
Staffing/Consultants	\$ 50,000.00	\$ 235,000.00
Legal Services	130,000.00	200,000.00
Professional Services	115,000.00	200,000.00
CCA Bond	147,000.00	
CAISO Fee		500,000.00
CalCCA Membership & Dues	1,500.00	130,000.00
Print/Mail Services		132,000.00
Advertising		10,000.00
Graphic Design Services	6,500.00	10,000.00
Website Maintenance		2,500.00
Audit Services		40,000.00
Cash Flow & Lockbox Reserves		2,500,000.00
<b>TOTAL PROJECTED BUDGET</b>	<b>\$ 450,000.00</b>	<b>\$ 3,959,500.00</b>

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The finance plan in Chapter 7 provides additional detail regarding the Alliance's expected capital requirements and general Program finances. All the capital required for start-up will be provided through in-kind support from Member Agencies, deferred fees, Member advances and direct loans.

Related to the Alliance's initial capital requirement, this amount is expected to cover staffing and contractor costs during startup and pre-startup activities, including direct costs related to public relations support, technical support, and customer communications. Requisite deposits and operating reserves are also reflected in the initial capital requirement, including the following items: 1) operating reserves to address anticipated cash flow variations; 2) deposit with the CAISO prior to commencing market operations (if required); 3) Financial Security Requirement (CCA bond posted with the CPUC); and 4) SDG&E service fee deposit, if required.

Operating revenues from sales of electricity will be remitted to CEA beginning approximately sixty days after the initial customer enrollments. This lag is due to the distribution utility's standard meter reading cycle of 30 days and a 30-day payment/collections cycle. CEA will need working capital to support electricity procurement and costs related to program management, which is included in CEA's initial \$4,400,000 capital requirement.

### 4.4 FINANCING PLAN

CEA's initial capital requirement will be met through a combination of financing mechanisms. CEA will be seeking assistance through deferred fees from contractors and vendors, loans and/or lines of credit from financial institutions and in-kind services and advances provided by Member Agencies (to be reimbursed in the future). CEA will repay back the principal and interest costs associated with the start-up funding via retail generation rates charged to CEA customers. It is anticipated that the start-up costs will be fully recovered through such customer generation rates within the first three years of operations.



## 5 PROGRAM PHASE-IN

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CEA plans to roll out its service offering to all eligible customers in a single phase at start-up. There are approximately 58,000 eligible customer accounts within the Alliance's boundaries, resulting in a single-phase roll-out being reasonable and the most efficient way for CEA to serve customers beginning in May 2021.

Solana Beach is currently providing energy to its residents and businesses through SEA, its community choice aggregation program. During May 2021, SEA customers will transfer from SEA to CEA. Once, and as long as CEA is operational and all SEA customers have transitioned to CEA, SEA will cease operating as a community choice aggregation program.

It is possible that Net Energy Metering ("NEM") customers may be enrolled over multiple periods to mitigate the impact of SDG&E NEM true-up treatment.

## 6 LOAD FORECAST & RESOURCE PLAN

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### 6.1 INTRODUCTION

This Chapter describes the planned mix of electric resources that will meet the energy demands of CEA customers using a diversified portfolio of electricity supplies. Several overarching policies govern the resource plan and the ensuing resource procurement activities that will be conducted in accordance with the plan. The key policies are as follows:

- Develop a portfolio with a minimum 50% renewable energy and lower greenhouse gas (“GHG”) emissions than SDG&E.
- Manage a diverse resource portfolio to increase control over energy costs and maintain competitive and stable electric rates.
- Comply with RA procurement requirements as established by CPUC Resolution E-4907.
- Comply with applicable renewable energy procurement mandates, as increased under Senate Bill 100 (“SB 100”; de Léon, 2018).
- Comply with SB 350, periodically preparing and submitting (for certification by the CPUC) an Integrated Resource Plan (“IRP”).
- Comply with applicable requirements for ensuring procurement from small, local and diverse business enterprises in all categories, including, but not limited to, renewable energy, energy storage system, and smart grid projects as required by SB 255 (“SB 255”; Bradford, 2019).
- As applicable, annually prepare and submit a detailed and verifiable plan to the CPUC for increasing procurement from small, local and diverse business enterprises in all categories, including, but not limited to, renewable energy, energy storage system, and smart grid projects as required by SB 255.
- As applicable, annually prepare and submit a report to the CPUC regarding its procurement from women, minority, disabled veteran and LGBTQ business enterprises in all categories, including, but not limited to, renewable energy, energy storage system, and smart grid projects as required by SB 255.

The plan described in this section would accomplish the following:

- ▶ **Procure Competitive Supply:** Procure energy, RA, renewables and low-GHG supply through competitive processes in the open market to support the potential offering of service options to include a 100% renewable energy voluntary opt-up product.
- ▶ **Use Best Practices Risk Management:** Maintain rate competitiveness by using a dollar-cost-averaging approach with particular attention to the methodology used in the power charge indifference adjustment (“PCIA”) calculation. Use stochastic modeling to measure and achieve risk management objectives.
- ▶ **Achieve Environmental Objectives:** Procure supply to offer two distinct generation rate tariffs: 1) a voluntary 100% renewable energy offered to CEA customers on a price premium basis relative

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to CEA's default retail option; and 2) a default CEA service option that is sourced from a minimum 50% renewable energy.

- ▶ **Provide NEM Tariff:** Encourage distributed renewable generation in the local area through the offering of a net energy metering tariff that is more remunerative than SDG&E's NEM tariff.
- ▶ **Compliance:** Ensure compliance with participation in the Annual and Monthly RA process.
- ▶ **Diversity:** Encourage procurement from small, local and diverse business enterprises.

CEA will comply with regulatory rules applicable to California load serving entities. CEA will arrange for the scheduling of sufficient electric supplies to meet the demands of its customers. CEA will adhere to capacity reserve requirements established by the CPUC and the CAISO designed to address uncertainty in load forecasts and potential supply disruptions caused by generator outages and/or transmission contingencies. These rules also ensure that physical generation capacity is in place to serve CEA's customers, even if there were a need for the Alliance's Program to cease operations and return customers to SDG&E. In addition, the Alliance will be responsible for ensuring that its resource mix contains sufficient production from renewable energy resources needed to comply with the statewide RPS mandate (33 percent renewable energy by 2020, increasing to 60 percent by 2030). The resource plan will meet or exceed all of the applicable regulatory requirements related to RA and the RPS.

In relation to its RPS procurement obligation, CEA is aware that SB 100 was signed into law by Governor Brown on September 10, 2018, with an effective date of January 1, 2019. One of SB 100's key requirements is to increase California's RPS procurement mandate to 44 percent by December 31, 2024, 52 percent by December 31, 2027, and 60 percent by December 31, 2030. The Alliance is also aware of applicable long-term renewable energy contracting requirements and plans to satisfy such requirements with one or more eligible contracts put in place prior to or during early-stage operation of the CCA Program. As a local governmental agency, the Alliance's resource planning and procurement activities are subject to and overseen by its Board through an open and public process.

In relation to its small, local and diverse business enterprise procurement requirement, the Alliance is aware that SB 255 was signed into law by Governor Newsom on October 2, 2019. SB 255 requires the CEA Implementation Plan that to include the methods for ensuring procurement from small, local and diverse business enterprises in all categories, including, but not limited to, renewable energy, energy storage system, and smart grid projects. These methods are described in the Small, Local and Diverse Business Enterprise Procurement section.

## 6.2 RESOURCE PLAN OVERVIEW

To meet the aforementioned objectives and satisfy the applicable regulatory requirements pertaining to CEA's status as a California load serving entity, CEA's resource plan includes a diverse mix of power purchases, renewable energy, and potentially, new energy efficiency programs, demand response, and distributed generation. A diversified resource plan minimizes risk and volatility that can occur from over-reliance on a single resource type or fuel source, and thus increases the likelihood of rate stability. The planned power supply will initially be comprised of power purchases from third party electric suppliers and, in the longer-term, may include renewable generation assets owned and/or controlled by CEA.

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Once the CEA Program demonstrates it can operate successfully, CEA may begin evaluating opportunities for investment in renewable generating assets, subject to then-current market conditions, statutory requirements and regulatory considerations. Any renewable generation owned by CEA or controlled under a long-term power purchase agreement with a proven public power developer, could provide a portion of CEA’s electricity requirements on a cost-of-service basis. Depending upon market conditions and, importantly, the applicability of tax incentives for renewable energy development, electricity purchased under a cost-of-service arrangement can be more cost-effective than purchasing renewable energy from third party developers, which will allow the CEA Program to pass on cost savings to its customers through competitive generation rates. Any investment decisions in new renewable generating assets will be made following appropriate environmental reviews and in consultation with qualified financial and legal advisors.

As an alternative to direct investment, CEA may consider partnering with an experienced public power developer or other Joint Powers Authorities and could enter into a long-term (15-to-30 year) power purchase agreement that would support the development of new renewable generating capacity. Such an arrangement could be structured to reduce the CEA Program’s operational risk associated with capacity ownership while providing its customers with all renewable energy generated by the facility under contract.

CEA’s indicative resource plan for the years 2021 through 2030 is summarized in the following table. Note that CEA’s projections reflect a portfolio mix of renewable energy compliant with the annual RPS requirement and all other supply coming in the form of conventional resources or CAISO system power<sup>4</sup>.

*Table 1: Proposed Resource Plan*

Clean Energy Alliance Proposed Resource Plan (MWh) 2021 - 2030										
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<b>Demand (MWh)</b>										
Retail	144,022	928,654	949,406	965,616	980,219	990,867	997,196	1,017,140	1,037,482	1,058,232
Losses	6,193	39,932	40,824	41,521	42,149	42,607	42,879	43,737	44,612	45,504
Wholesale	150,215	968,586	990,230	1,007,137	1,022,368	1,033,474	1,040,075	1,060,877	1,082,094	1,103,736
<b>Supply (MWh)</b>										
Renewable	72,011	464,327	474,703	482,808	490,109	495,433	518,542	556,036	594,823	634,939
System	78,204	504,259	515,527	524,329	532,259	538,041	521,533	504,840	487,271	468,797
Total Supply	150,215	968,586	990,230	1,007,137	1,022,368	1,033,474	1,040,075	1,060,877	1,082,094	1,103,736

**6.3 SUPPLY REQUIREMENTS**

The starting point for CEA’s resource plan is a projection of participating customers and associated electric consumption. Projected electric consumption is evaluated on an hourly basis and matched with resources best suited to serving the aggregate of hourly demands or the program’s “load profile.” The electric sales forecast and load profile will be affected by CEA’s plan to introduce the CEA Program to customers in one

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<sup>4</sup> The Alliance has applied known RPS procurement targets, as reflected in SB 100, for calendar years 2024, 2027 and 2030. In the intervening years, the Alliance has assumed a general straight-line trajectory between each of the aforementioned years (which are associated with the final years of Compliance Periods 4, 5 and 6 respectively).

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single phase and the degree to which customers choose to remain with SDG&E during the customer enrollment and opt-out period. The Alliance’s rollout plan and assumptions regarding customer participation rates are discussed below.

**6.4 CUSTOMER PARTICIPATION RATES**

Customers will be automatically enrolled in the CEA Program unless they opt-out during the customer notification process conducted during the 60-day period prior to enrollment and continuing through the 60-day period following commencement of service. The Alliance anticipates an overall customer participation rate of approximately 90 percent of eligible SDG&E bundled service customers, based on reported opt-out rates for already operating CCAs. It is assumed that customers taking direct access service from a competitive electricity provider will continue to remain with their current supplier.

The participation rate is not expected to vary significantly among customer classes, in part because the Alliance will offer two distinct rate tariffs that will address the needs of cost-sensitive customers as well as the needs of both residential and business customers that prefer a highly renewable energy product. The assumed participation rates will be refined as CEA’s public outreach and market research efforts continue to develop.

**6.5 CUSTOMER FORECAST**

Once customers enroll, they will be transferred to service by CEA on their regularly scheduled meter read date over an approximately thirty-one-day period. Approximately 2,900 service accounts per day will be transferred during the first month of service. The number of accounts anticipated to be served by CEA at the end of the enrollment period is shown in Table 2.

*Table 2: Total Customer Counts at the end of First Month of Operation, here presuming enrollment occurs in May 2021.*

	<b><u>May-21</u></b>
Residential	49,800
Commercial & Agriculture	8,000
Street Lighting & Traffic	200

The Alliance assumes that customer growth will generally offset customer attrition (opt-outs) over time, resulting in a relatively stable customer base (<1% annual growth) over the noted planning horizon. While the successful operating track record of California CCA programs continues to grow, there is a relatively short history with regard to CCA operations, which makes it difficult to anticipate the actual levels of customer participation within the CEA Program. The Alliance believes that its assumptions regarding the offsetting effects of growth and attrition are reasonable in consideration of the historical customer growth (based on SDG&E data) within the JPA and the potential for continuing customer opt-outs following mandatory customer notification periods. The following table shows the forecast of service accounts (customers) served by CEA for each of the next ten years.

*Table 3: Customer Accounts by Year*

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Residential	49,800	49,800	49,900	49,900	50,000	50,100	50,100	51,100	52,200	53,200
Commercial & Agriculture	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,200	8,400	8,500
Street Lighting & Traffic	200	200	200	200	200	200	200	200	200	200

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### 6.6 SALES FORECAST

The Alliance's forecast reflects the rollout and customer enrollment schedule shown above.

Annual energy requirements are shown in Table 4.

Table 4: Demand Forecast in MWh, 2021-2030

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Demand (MWh)										
Retail	144,022	928,654	949,406	965,616	980,219	990,867	997,196	1,017,140	1,037,482	1,058,232
Losses	6,193	39,932	40,824	41,521	42,149	42,607	42,879	43,737	44,612	45,504
Wholesale	150,215	968,586	990,230	1,007,137	1,022,368	1,033,474	1,040,075	1,060,877	1,082,094	1,103,736

### 6.7 CAPACITY REQUIREMENTS

The CPUC's RA standards applicable to the CEA Program require a demonstration one year in advance that CEA has secured physical capacity for 90 percent of its projected peak loads for each of the five months May through September, plus a minimum 15 percent reserve margin.

Additionally, the Alliance must demonstrate one year in advance that it has secured physical capacity for 100 percent of its local RA obligation across all months in the upcoming compliance year 2021 and the following compliance year 2022 and 50 percent across all months in 2023. On a month-ahead basis, CEA must demonstrate 100 percent of the peak load plus a minimum 15 percent reserve margin. Per CPUC Resolution E-4907, the Alliance must participate in the year-ahead RA compliance cycle in order to serve customers in the following calendar year. The Alliance will follow the prescribed year-ahead RA compliance timeline outlined within Appendix A of Resolution E-4907; this includes:

- Submission of year-ahead load forecast to the CEC and CPUC in April 2020;
- Submission of updated year-ahead load forecast to the CEC and CPUC in August 2020;
- Submission of year-ahead compliance materials in October 2020; and
- Submission of month-ahead load migration forecast by February 2021.

A portion of CEA's capacity requirements must be procured locally, from the San Diego – Imperial Valley local capacity area as defined by the CAISO. The Alliance would be required to demonstrate its local capacity requirement for each month of the following calendar year. The local capacity requirement is a percentage of the total (SDG&E service area) local capacity requirements adopted by the CPUC based on CEA's forecasted peak load. CEA must demonstrate compliance or request a waiver from the CPUC requirement as provided for in cases where local capacity is not available.

CEA is also required to demonstrate that a specified portion of its capacity meets certain operational flexibility requirements under the CPUC and CAISO's flexible RA framework.

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The estimated forward RA requirements for 2021 through 2023 are shown in the following tables<sup>5</sup>:

Table 5: Forward Capacity Requirements (Total) for 2021-2023 in MW, presuming service starts in May 2021

<b>Month</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
January		182.8	186.1
February		171.2	174.2
March		151.2	153.8
April		144.1	152.4
May	139.9	143.7	140.5
June	165.6	170.1	172.9
July	176.0	188.0	191.2
August	168.8	167.0	169.8
September	172.7	177.4	180.5
October	164.5	168.9	171.7
November	155.3	159.5	162.2
December	172.1	176.7	186.9

CEA's plan ensures that sufficient reserves will be procured to meet its peak load at all times. The projected CEA annual capacity requirements are shown in the following table:

Table 6: Annual Maximum Capacity Requirements 2021-2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Max Wholesale Demand	176.0	188.0	191.2	191.2	189.2	190.6	194.6	198.5	202.5	206.5
Reserve Requirement (15%)	26.4	28.2	28.7	28.7	28.4	28.6	29.2	29.8	30.4	31.0
Total Capacity Requirement	202.4	216.2	219.8	219.9	217.5	219.2	223.8	228.3	232.9	237.5

Local capacity requirements are a function of the SDG&E area RA requirements and CEA's projected peak demand. CEA will need to work with the CPUC's Energy Division and staff at the California Energy Commission to obtain the data necessary to calculate its monthly local capacity requirement. A preliminary estimate of CEA's annual maximum local capacity requirement for the ten-year planning period ranges between 132-155 MW as shown in Table 7.

Table 7: Annual Maximum Local Capacity Requirements 2021-2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Max Wholesale Demand	176.0	188.0	191.2	191.2	189.2	190.6	194.6	198.5	202.5	206.5
Local Capacity (% of Total)	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
San Diego - IV (MW)	132.0	141.0	143.4	143.4	141.9	142.9	146.0	148.9	151.9	154.9

The CPUC assigns local capacity requirements during the year prior to the compliance period; thereafter, the CPUC provides local capacity requirement true-ups for the second half of each compliance year.

CEA will coordinate with SDG&E and appropriate state agencies to manage the transition of responsibility for RA from SDG&E to CEA during CCA program phase-in. For system RA requirements, CEA will make month-ahead showings for each month that CEA plans to serve load, and load migration issues would be addressed through the CPUC's approved procedures. CEA will work with the California Energy

<sup>5</sup> The figures shown in the tables are estimates. CEA's RA requirements will be subject to modification due to application of certain coincidence adjustments and resource allocations relating to utility demand response and energy efficiency programs, as well as generation capacity allocated through the Cost Allocation Mechanism. These adjustments are addressed through the CPUC's RA compliance process.

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Commission and CPUC prior to commencing service to customers to ensure it meets its local and system RA obligations through its agreement(s) with its chosen electric supplier(s).

### 6.8 RENEWABLES PORTFOLIO STANDARDS ENERGY REQUIREMENTS

#### 6.8.1 Basic RPS Requirements

CEA will be required by statute and CPUC regulations to procure a certain minimum percentage of its retail electricity sales from qualified renewable energy resources. For purposes of determining CEA's renewable energy requirements, many of the same standards for RPS compliance that are applicable to the distribution utilities will apply to CEA.

California's RPS program is currently undergoing reform. On October 7, 2015, Governor Brown signed Senate Bill 350 ("SB 350"; De Leon and Leno), the Clean Energy and Pollution Reduction Act of 2015, which increased California's RPS procurement target from 33 percent by 2020 to 50 percent by 2030 amongst other clean-energy initiatives. The RPS program was further amended on September 10, 2018 when Governor Brown signed SB 100, increasing California's RPS procurement target to 60 percent by 2030 amongst other clean-energy initiatives. Many details related to SB 100 implementation will be developed over time with oversight by designated regulatory agencies. However, it is reasonable to assume that interim annual renewable energy procurement targets will be imposed on CCAs and other retail electricity sellers to facilitate progress towards the 60 percent procurement mandate. For planning purposes, CEA has assumed straight-line annual increases (1.7 percent per year) to the RPS procurement target beginning in 2021, as the state advances on the 60 percent RPS in 2030. CEA will also adopt an integrated resource plan in compliance with SB 350. Furthermore, the Alliance will ensure that all long-term renewable energy contracting requirements, as imposed by SB 350, will be satisfied through appropriate transactions with qualified suppliers and will also reflect this intent in ongoing resource planning and procurement efforts.

#### 6.8.2 CEA's Renewables Portfolio Standards Requirement

CEA's annual RPS procurement requirements, as specified under California's RPS program, are shown in Table 8.

*Table 8: Renewable Procurement Obligation and Target Percentages and Volumes 2021-2030*

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Retail Load (MWh)	144,022	928,654	949,406	965,616	980,219	990,867	997,196	1,017,140	1,037,482	1,058,232
RPS % Target	36%	39%	41%	44%	47%	49%	52%	55%	57%	60%
RPS Obligation (MWh)	51,560	357,532	392,105	424,871	457,762	488,497	518,542	556,036	594,823	634,939
CEA % Target	50%	50%	50%	50%	50%	50%	52%	55%	57%	60%
CEA Target (MWh)	72,011	464,327	474,703	482,808	490,109	495,433	518,542	556,036	594,823	634,939

### 6.9 PURCHASED POWER

Power purchased from power marketers, public agencies, generators, and/or utilities will be a significant source of supply during the first several years of CEA Program operation. CEA will initially contract to obtain all of its electricity from one or more third party electric providers under one or more power supply agreements, and the supplier(s) will be responsible for procuring the specified resource mix, including CEA's desired quantities of renewable energy, to provide a stable and cost-effective resource portfolio for the CEA Program.



## **Clean Energy Alliance Implementation Plan**

### **6.10 RENEWABLE RESOURCES**

CEA will initially secure necessary renewable power supply from its third-party electric supplier(s). CEA may supplement the renewable energy provided under the initial power supply contract(s) with direct purchases of renewable energy from renewable energy facilities or from renewable generation developed and owned by CEA. At this point in time, it is not possible to predict what projects might be proposed in response to future renewable energy solicitations administered by CEA, unsolicited proposals or discussions with other agencies. Renewable projects that are located virtually anywhere in the Western Interconnection can be considered as long as the electricity is deliverable to the CAISO control area, as required to meet the Commission's RPS rules and any additional guidelines ultimately adopted by the Alliance. The costs of transmission access and the risk of transmission congestion costs would need to be considered in the bid evaluation process if the delivery point is outside of CEA's load zone, as defined by the CAISO.

### **6.11 SMALL, LOCAL AND DIVERSE BUSINESS ENTERPRISE PROCUREMENT**

CEA's procurement processes will be developed to ensure compliance with SB 255 regarding procurement from small, local and diverse business enterprises as applicable. These methods may include, but are not limited to, providing preferences to small, local and diverse business enterprises as permitted by law, developing specifications that encourage responses by small, local and diverse business enterprises, conducting outreach to these enterprises and other methods as may be directed by the CEA Board. CEA will request from contractors and information related to the hiring of small, local and diverse business enterprises that will be reported to commission.

### **6.12 ENERGY EFFICIENCY**

CEA does not currently anticipate running locally managed energy efficiency programs. In the future, CEA may apply to become EE program administrators. In the meantime, CEA will support already existing energy efficiency efforts within its service territory.

## 7 FINANCIAL PLAN

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This Chapter examines the monthly cash flows expected during the startup and customer phase-in period of the CEA Program and identifies the anticipated financing requirements. It includes estimates of program startup costs, including necessary expenses and capital outlays. It also describes the requirements for working capital and long-term financing for the potential investment in renewable generation, consistent with the resource plan contained in Chapter 6.

### 7.1 DESCRIPTION OF CASH FLOW ANALYSIS

The Alliance's cash flow analysis estimates the level of capital that will be required during the startup and phase-in period. The analysis focuses on the CEA Program's monthly costs and revenues and the lags between when costs are incurred and revenues received.

### 7.2 COST OF PROGRAM OPERATIONS

The first category of the cash flow analysis is the Cost of CCA Program Operations. To estimate the overall costs associated with CCA Program Operations, the following components were taken into consideration:

- ▶ Electricity Procurement;
- ▶ Ancillary Service Requirements;
- ▶ Exit Fees;
- ▶ Staffing and Professional Services;
- ▶ Data Management Costs;
- ▶ Administrative Overhead;
- ▶ Billing Costs;
- ▶ Scheduling Coordination;
- ▶ Grid Management and other CAISO Charges;
- ▶ CCA Bond and Security Deposit; and,
- ▶ Pre-Startup Cost Reimbursement.

### 7.3 REVENUES FROM CCA PROGRAM OPERATIONS

The cash flow analysis also provides estimates for revenues generated from CCA operations or from electricity sales to customers. In determining the level of revenues, the analysis assumes the customer phase-in schedule described herein, and assumes that CEA charges a standard, default electricity tariff similar to the generation rates of SDG&E for each customer class and an optional renewable energy tariff (with a renewable energy content that exceeds the CEA default retail option) at a premium reflective of incremental renewable power costs. More detail on CEA Program rates can be found in Chapter 8.

## Clean Energy Alliance Implementation Plan

### 7.4 CASH FLOW ANALYSIS RESULTS

The results of the cash flow analysis provide an estimate of the level of capital required for the Alliance to move through the CCA startup and phase-in periods. This estimated level of capital is determined by examining the monthly cumulative net cash flows (revenues from CCA operations minus cost of CCA operations) based on assumptions for payment of costs or other cash requirements (e.g., deposits) by CEA, along with estimates for when customer payments will be received. This identifies, on a monthly basis, what level of cash flow is available in terms of a surplus or deficit.

The cash flow analysis identifies funding requirements in recognition of the potential lag between revenues received and payments made during the phase-in period. The estimated financing requirements for the startup and phase-in period, including working capital needs associated with the customer enrollments, is determined to be \$4.4M. Of the \$4.4M in capital requirements, \$1.4 is related to the implementation/startup efforts, to be incurred during fiscal years 19/20 and 20/21, (i.e., rate setting, power procurement and contract negotiations, marketing and communications, regulatory compliance, CPUC bond, SDG&E security deposit, etc.) in order to serve customers by May 2021. A deposit in the amount of \$500,000 will also need to be posted to CAISO for the Alliance to be a Congestion Revenue Rights Holder. The other \$2,500,000 is the “float” required for CEA to pay its monthly bills before the program generates enough internal cash to self-fund its working capital needs. Working capital requirements peak soon after enrollment of all CEA customers.

### 7.5 PROGRAM IMPLEMENTATION PRO FORMA

In addition to developing a cash flow analysis that estimates the level of working capital required to move CEA through full CCA phase-in, a summary pro forma analysis that evaluates the financial performance of the CCA program during the phase-in period is shown in Table 9. The difference between the cash flow analysis and the CCA pro forma analysis is that the pro forma analysis does not include a lag associated with payment streams. In essence, costs and revenues are reflected in the month in which service is provided. All other items, such as costs associated with CCA Program operations and rates charged to customers remain the same. Cash provided by financing activities are not shown in the pro forma analysis, although payments for loan repayments are included as a cost item.

The results of the pro forma analysis are shown in Table 9. In particular, the summary of CCA program startup and phase-in addresses projected CEA Program operations for the period beginning May 2021 through June 2030. The Alliance has also included a summary of Program reserves, which are expected to accrue over this same period.

Table 9: Pro Forma including Reserves Accumulation 2021-2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Table 9: Pro Forma including Reserves Accumulation 2021-2030</b>										
<b>Revenues from Operations (\$)</b>										
Electric Sales Revenues	\$ 11,461,369	\$ 71,583,581	\$ 73,964,197	\$ 76,857,180	\$ 79,688,575	\$ 83,285,097	\$ 88,240,950	\$ 90,005,769	\$ 91,805,885	\$ 93,647,002
Uncollected Accounts	\$ (34,384)	\$ (214,751)	\$ (221,893)	\$ (230,572)	\$ (239,066)	\$ (249,855)	\$ (264,723)	\$ (270,017)	\$ (275,418)	\$ (280,926)
<b>Total Revenues</b>	<b>\$ 11,426,985</b>	<b>\$ 71,368,830</b>	<b>\$ 73,742,304</b>	<b>\$ 76,626,609</b>	<b>\$ 79,449,510</b>	<b>\$ 83,035,242</b>	<b>\$ 87,976,228</b>	<b>\$ 89,735,752</b>	<b>\$ 91,530,467</b>	<b>\$ 93,366,076</b>
<b>Cost of Operations (\$)</b>										
Staffing & Consulting	\$ 421,013	\$ 2,570,281	\$ 2,647,390	\$ 2,726,811	\$ 2,808,616	\$ 2,892,874	\$ 2,979,660	\$ 3,039,254	\$ 3,100,039	\$ 3,162,040
Wholesale Services	\$ 152,250	\$ 929,318	\$ 957,197	\$ 985,913	\$ 1,015,490	\$ 1,045,955	\$ 1,077,334	\$ 1,098,880	\$ 1,120,858	\$ 1,143,275
Data Management Services	\$ 146,492	\$ 879,504	\$ 880,609	\$ 881,725	\$ 882,853	\$ 883,992	\$ 885,142	\$ 902,845	\$ 920,902	\$ 939,320
IDU Fees	\$ 33,662	\$ 203,090	\$ 205,339	\$ 207,615	\$ 209,919	\$ 212,252	\$ 214,613	\$ 218,906	\$ 223,284	\$ 227,749
Energy Procurement	\$ 5,866,343	\$ 54,089,555	\$ 59,546,313	\$ 61,419,452	\$ 62,917,913	\$ 64,521,128	\$ 66,312,081	\$ 67,638,323	\$ 68,991,089	\$ 70,370,911
<b>Total Operations</b>	<b>\$ 6,619,760</b>	<b>\$ 58,671,747</b>	<b>\$ 64,236,847</b>	<b>\$ 66,221,516</b>	<b>\$ 67,834,791</b>	<b>\$ 69,556,202</b>	<b>\$ 71,468,831</b>	<b>\$ 72,898,208</b>	<b>\$ 74,356,172</b>	<b>\$ 75,843,295</b>
<b>Net Program Revenues</b>	<b>\$ 4,807,225</b>	<b>\$ 12,697,083</b>	<b>\$ 9,505,457</b>	<b>\$ 10,405,092</b>	<b>\$ 11,614,718</b>	<b>\$ 13,479,041</b>	<b>\$ 16,507,397</b>	<b>\$ 16,837,545</b>	<b>\$ 17,174,295</b>	<b>\$ 17,517,781</b>
<b>Cumulative Reserves</b>	<b>\$ 4,807,225</b>	<b>\$ 17,504,308</b>	<b>\$ 27,009,765</b>	<b>\$ 37,414,858</b>	<b>\$ 49,029,576</b>	<b>\$ 62,508,617</b>	<b>\$ 79,016,013</b>	<b>\$ 95,853,558</b>	<b>\$ 113,027,853</b>	<b>\$ 130,545,635</b>

## **Clean Energy Alliance Implementation Plan**

The surpluses achieved during the phase-in period serve to build CEA's net financial position and credit profile and to provide operating reserves for CEA in the event that operating costs (such as power purchase costs) exceed collected revenues for short periods of time.

### **7.6 CLEAN ENERGY ALLIANCE FINANCINGS**

It is anticipated that CEA will need financing for its start-up activities. CEA plans to seek financing through its service providers that will amortize their start-up costs over the subsequent months following when revenues begin flowing, through a loan or line of credit from a financial institution and through in-kind services and advances from its Member Agencies that will be repaid in the future. Subsequent capital requirements will be self-funded from accrued CEA financial reserves.

### **7.7 RENEWABLE RESOURCE PROJECT FINANCING**

CEA may consider project financings for renewable resources, likely local wind and solar projects. These financings would only occur after a sustained period of successful CEA Program operation and after appropriate project opportunities are identified and subjected to appropriate environmental review.

In the event that such financing occurs, funds would include any short-term financing for the renewable resource project development costs and would likely extend over a 20 to 30-year term. The security for such bonds would be the revenue from sales to the retail customers of CEA.

## 8 RATE SETTING, PROGRAM TERMS AND CONDITIONS

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### 8.1 INTRODUCTION

This Chapter describes the initial policies proposed for CEA in setting its rates for electric aggregation services. These include policies regarding rate design, rate objectives, and provision for due process in setting Program rates. Program rates are ultimately approved by the CEA Board. The Alliance would retain authority to modify program policies from time to time at its discretion.

### 8.2 RATE POLICIES

The Alliance will establish rates sufficient to recover all costs related to operation of the CEA Program, including any reserves that may be required as a condition of financing and other discretionary reserve funds that may be approved by CEA. As a general policy, rates will be uniform for all similarly situated customers enrolled in the CEA Program throughout the JPA service territory.

The primary objectives of the rate setting plan are to set rates that achieve the following:

- ▶ Rate competitive tariff option (default service offering), including a proportionate quantity of renewable energy in excess of California's prevailing renewable energy procurement mandate;
- ▶ Voluntary renewable energy supply option (renewable content greater than the CEA default retail service offering);
- ▶ Rate stability;
- ▶ Equity among customers in each tariff;
- ▶ Customer understanding; and
- ▶ Revenue sufficiency.

Each of these objectives is described below.

### 8.3 RATE COMPETITIVENESS

The primary goal is to offer competitive rates for electric services that CEA would provide to participating customers. For participants in the CEA default energy product, the goal would be for CEA Program target generation rates to be initially at least two percent below, subject to actual energy product pricing and decisions of the Board, similar generation rates offered by SDG&E. For participants in the CEA's Program's voluntary 100% renewable energy product, the goal would be to offer the lowest possible customer rates with an incremental monthly cost premium reflective of the actual cost of additional renewable energy supply required to serve such customers.

Competitive rates will be critical to attracting and retaining key customers. In order for CEA to be successful, the combination of price and value must be perceived as superior when compared to the bundled SDG&E alternative. As planned, the value provided by the CEA Program will include a local community focus, investment and control.

## Clean Energy Alliance Implementation Plan

As previously discussed, the CEA Program will increase renewable energy supply to program customers by offering two distinct energy products. The default product for CEA Program customers will increase renewable energy supply to a minimum 50%, while maintaining generation rates that are targeted to provide a minimum two percent discount from comparable SDG&E rates. The initial renewable energy content provided under CEA's default product will exceed California's prevailing renewable energy procurement mandate during the initial years of operation, increasing to 60% by 2030. CEA will also offer its customers a voluntary 100% renewable energy tariff at rates that reflect CEA's cost for procuring related energy supplies.

Participating qualified low- or fixed-income households, such as those currently enrolled in the California Alternate Rates for Energy ("CARE") program, will be automatically enrolled in the default energy product and will continue to receive related discounts on monthly electricity bills through SDG&E.

### 8.4 RATE STABILITY

CEA will offer stable rates by hedging its supply costs over multiple time horizons and by including renewable energy supplies that exhibit stable costs. Rate stability considerations may prevent CEA Program rates from directly tracking similar rates offered by the distribution utility, SDG&E, and may result in differences from the general rate-related targets initially established for the CEA Program. The Alliance plans to offer the most competitive rates possible after all Program operating costs are recovered and reserve targets are achieved.

### 8.5 EQUITY AMONG CUSTOMER CLASSES

Initial rates of the CEA Program will be set based on cost-of-service considerations with reference to the rates customers would otherwise pay to SDG&E. Rate differences among customer classes will reflect the rates charged by the local distribution utility as well as differences in the costs of providing service to each class. Rate benefits may also vary among customers within the major customer class categories, depending upon the specific rate designs adopted by the Alliance.

### 8.6 CUSTOMER UNDERSTANDING

The goal of customer understanding involves rate designs that are relatively straightforward so that customers can readily understand how their bills are calculated. This not only minimizes customer confusion and dissatisfaction but will also result in fewer billing inquiries to the CEA Program's customer service call center. Customer understanding also requires rate structures to reflect rational rate design principles (i.e., there should not be differences in rates that are not justified by costs or by other policies such as providing incentives for conservation).

### 8.7 REVENUE SUFFICIENCY

CEA Program rates must collect sufficient revenue from participating customers to fully fund the annual CEA operating budget. Rates will be set to collect the adopted budget based on a forecast of electric sales for the budget year. Rates will be adjusted as necessary to maintain the ability to fully recover all costs of the CEA Program, subject to the disclosure and due process policies described later in this chapter. To ensure rate stability, funds available in CEA's rate stabilization reserve may be used from time to time to augment operating revenues.

### 8.8 RATE DESIGN

CEA will generally match the rate structures from SDG&E's standard rates to avoid the possibility that customers would see significantly different bill impacts as a result of changes in rate structures that would take effect following enrollment in the CEA Program.

### 8.9 NET ENERGY METERING

As planned, customers with on-site generation eligible for net metering from SDG&E will be offered a net energy metering rate from CEA. Net energy metering allows for customers with certain qualified solar or wind distributed generation to be billed on the basis of their net energy consumption. CEA's net energy metering tariff will apply to the generation component of the bill, and the SDG&E net energy metering tariff will apply to the utility's portion of the bill. CEA plans to pay customers for excess power produced from net energy metered generation systems in accordance with the rate designs adopted by the JPA. The goal is to offer a higher payout for surplus generation than SDG&E. In order to minimize the impact of mid-relevant period true-ups, NEM customers may be enrolled over multiple phases.

### 8.10 DISCLOSURE AND DUE PROCESS IN SETTING RATES AND ALLOCATING COSTS AMONG PARTICIPANTS

Initial program rates will be adopted by the CEA Board following the establishment of the first year's operating budget prior to initiating the customer notification process. Subsequently, CEA will prepare an annual budget and corresponding customer rates. Following the commencement of service, any proposed rate adjustment will be made to the Board and affected customers will be given the opportunity to provide comment on the proposed rate changes.

After proposing a rate adjustment, CEA will furnish affected customers with a notice of its intent to adjust rates, either by mailing such notices postage prepaid to affected customers, by including such notices as an insert to the regular bill for charges transmitted to affected customers, by including a related message directly on the customer's monthly electricity bill (on the page addressing CEA charges) or by following CEA's public hearing noticing procedures adopted by the Board. The notice will provide a summary of the proposed rate adjustment and will include a link to the CEA Program website where information will be posted regarding the amount of the proposed adjustment, a brief statement of the reasons for the adjustment, and the mailing address of the CEA Program to which any customer inquiries relative to the proposed adjustment, including a request by the customer to receive notice of the date, time, and place of any hearing on the proposed adjustment, may be directed.

## 9 CUSTOMER RIGHTS AND RESPONSIBILITIES

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This Chapter discusses customer rights, including the right to opt-out of the CEA Program and the right to privacy of customer usage information, as well as obligations customers undertake upon agreement to enroll in the CCA Program. All customers that do not opt out within 30 days of the fourth enrollment notice will have agreed to become full status program participants and must adhere to the obligations set forth below, as may be modified and expanded by the Board from time to time.

By adopting this Implementation Plan, the Alliance will have approved the customer rights and responsibilities policies contained herein to be effective at Program initiation. The Alliance retains authority to modify program policies from time to time at its discretion.

### 9.1 CUSTOMER NOTICES

At the initiation of the customer enrollment process, four notices will be provided to customers describing the Program, informing them of their opt-out rights to remain with utility bundled generation service, and containing a simple mechanism for exercising their opt-out rights. The first notice will be mailed to customers approximately sixty days prior to the date of automatic enrollment. A second notice will be sent approximately thirty days later. The Alliance will likely use its own mailing service for requisite enrollment notices rather than including the notices in SDG&E's monthly bills. This is intended to increase the likelihood that customers will read the enrollment notices, which may otherwise be ignored if included as a bill insert. Customers may opt out by notifying CEA using the CEA Program's designated telephone-based or Internet opt-out processing service. Should customers choose to initiate an opt-out request by contacting SDG&E, they would be transferred to the CEA Program's call center to complete the opt-out request. Consistent with CPUC regulations, notices returned as undelivered mail would be treated as a failure to opt out, and the customer would be automatically enrolled.

Following automatic enrollment, at least two notices will be mailed to customers within the first two billing cycles (approximately sixty days) after CEA service commences. Opt-out requests made on or before the sixtieth day following start of CEA Program service will result in customer transfer to bundled utility service with no penalty. Such customers will be obligated to pay charges associated with the electric services provided by CEA during the time the customer took service from the CEA Program, but will otherwise not be subject to any penalty or transfer fee from CEA.

Customers who establish new electric service accounts within the Program's service area will be automatically enrolled in the CEA Program and will have sixty days from the start of service to opt out if they so desire. Such customers will be provided with two enrollment notices within this sixty-day post-enrollment period. Such customers will also receive a notice detailing CEA's privacy policy regarding customer usage information. CEA will have the authority to implement entry fees for customers that initially opt out of the Program, but later decide to participate. Entry fees, if deemed necessary, would aid in resource planning by providing additional control over the CEA Program's customer base.



## Clean Energy Alliance Implementation Plan

### 9.2 TERMINATION FEE

Customers that are automatically enrolled in the CEA Program can elect to transfer back to the incumbent utility without penalty within the first two months of service. After this free opt-out period, customers will be allowed to terminate their participation but may be subject to payment of a Termination Fee, which CEA reserves the right to impose, if deemed necessary. Customers that relocate within CEA's service territory would have CEA service continued at their new address. If a customer relocating to an address within CEA's service territory elected to cancel CCA service, the Termination Fee could be applied. Program customers that move out of CEA's service territory would not be subject to the Termination Fee. If deemed applicable by CEA, SDG&E would collect the Termination Fee from returning customers as part of CEA's final bill to the customer.

If adopted, the Termination Fee would be clearly disclosed in the four enrollment notices sent to customers during the sixty-day period before automatic enrollment and following commencement of service. The fee could also be adopted or changed by the CEA Board subject to applicable customer noticing requirements. Other CCAs have adopted small or zero-dollar termination fees, and CEA would likely do the same initially.

Customers electing to terminate service after the initial notification period would be transferred to SDG&E on their next regularly scheduled meter read date if the termination notice is received a minimum of fifteen days prior to that date. Such customers would also be liable for the reentry fees imposed by SDG&E and would be subject to SDG&E's current terms and conditions, including being required to remain on bundled utility service for a period of one year, as described in the utility CCA tariffs.

### 9.3 CUSTOMER CONFIDENTIALITY

CEA will establish policies covering confidentiality of customer data that are fully compliant with the required privacy protection rules for CCA customer energy usage information, as detailed within Decision 12-08-045. CEA will maintain the confidentiality of individual customers' names, service addresses, billing addresses, telephone numbers, account numbers, and electricity consumption, except where reasonably necessary to conduct business of the CEA Program or to provide services to customers, including but not limited to where such disclosure is necessary to (a) comply with the law or regulations; (b) enable CEA to provide service to its customers; (c) collect unpaid bills; (d) obtain and provide credit reporting information; or (e) resolve customer disputes or inquiries. CEA will not disclose customer information for telemarketing, e-mail, or direct mail solicitation. Aggregate data may be released at CEA's discretion.

### 9.4 RESPONSIBILITY FOR PAYMENT

Customers will be obligated to pay CEA Program charges for service provided through the date of transfer including any applicable Termination Fees. Pursuant to current CPUC regulations, CEA will not be able to direct that electricity service be shut off for failure to pay CEA bills. However, SDG&E has the right to shut off electricity to customers for failure to pay electricity bills, and SDG&E Electric Rule 23 mandates that partial payments are to be allocated pro rata between SDG&E and the CCA. In most circumstances, customers would be returned to utility service for failure to pay bills in full and customer deposits (if any) would be withheld in the case of unpaid bills. SDG&E would attempt to collect any outstanding balance from customers in accordance with Rule 23 and the related CCA Service Agreement. The proposed process is for two late payment notices to be provided to the customer within 30 days of the original bill

## Clean Energy Alliance Implementation Plan

due date. If payment is not received within 45 days from the original due date, service would be transferred to the utility on the next regular meter read date, unless alternative payment arrangements have been made. Consistent with the CCA tariffs, Rule 23, service cannot be discontinued to a residential customer for a disputed amount if that customer has filed a complaint with the CPUC, and that customer has paid the disputed amount into an escrow account.

### 9.5 CUSTOMER DEPOSITS

Under certain circumstances, CEA customers may be required to post a deposit equal to the estimated charges for two months of CCA service prior to obtaining service from the CEA Program. A deposit would be required for an applicant who previously had been a customer of SDG&E or CEA and whose electric service has been discontinued by SDG&E or CEA during the last twelve months of that prior service arrangement as a result of bill nonpayment. Such customers may be required to reestablish credit by depositing the prescribed amount. Additionally, a customer who fails to pay bills before they become past due as defined in SDG&E Electric Rule 11 (Discontinuance and Restoration of Service), and who further fails to pay such bills within five days after presentation of a discontinuance of service notice for nonpayment of bills, may be required to pay said bills and reestablish credit by depositing the prescribed amount. This rule will apply regardless of whether or not service has been discontinued for such nonpayment<sup>6</sup>. Failure to post deposit as required would cause the account service transfer request to be rejected, and the account would remain with SDG&E.

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<sup>6</sup> A customer whose service is discontinued by Clean Energy Alliance is returned to SDG&E generation service.

## 10 PROCUREMENT PROCESS

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### 10.1 INTRODUCTION

This Chapter describes CEA's initial procurement policies and the key third party service agreements by which the Alliance will obtain operational services for the CEA Program. By adopting this Implementation Plan, the Alliance will have approved the general procurement policies contained herein to be effective at Program initiation. CEA retains authority to modify Program policies from time to time at its discretion.

### 10.2 PROCUREMENT METHODS

CEA will enter into agreements for a variety of services needed to support program development, operation and management. It is anticipated that CEA will generally utilize competitive procurement methods for services but may also utilize direct procurement or sole source procurement, depending on the nature of the services to be procured. Direct procurement is the purchase of goods or services without competition when multiple sources of supply are available. Sole source procurement is generally to be performed only in the case of emergency or when a competitive process would be an idle act.

CEA will utilize a competitive solicitation process to enter into agreements with entities providing electrical services for the program. Agreements with entities that provide professional legal or consulting services, and agreements pertaining to unique or time sensitive opportunities, may be entered into on a direct procurement or sole source basis at CEA's discretion. Authority for terminating agreements will generally mirror the authority for entering into such agreements.

### 10.3 KEY CONTRACTS

#### 10.3.1 Electric Supply

CEA will procure initial energy supply, as well as Scheduling Coordinator Services, through competitive solicitation in the over-the-counter electricity markets. Suppliers will be selected to hedge CEA's financial risk, meet its capacity obligations and achieve its environmental objectives. CEA will administer Request for Proposal processes for energy supply. Procurement will commence once this implementation plan has been approved and the CEA Board has made the final determination to proceed to going live with the CCA.

Procurement will be an ongoing process in order to achieve desired levels of risk mitigation by dollar-cost-averaging supply costs. In addition, particular strategies will be employed to mitigate the risk of changes to the PCIA impacting CEA's rate competitiveness. Specifically, this entails procuring a certain amount of supply annually during the month of October when the PCIA market price benchmark is set for the coming year.

CEA's wholesale services provider will also serve as the Scheduling Coordinator for scheduling loads, resources and Inter-SC trades into the CAISO market. In addition, the provider will be responsible for ensuring CEA's compliance with all applicable RA and regulatory requirements imposed by the CPUC or FERC.

## Clean Energy Alliance Implementation Plan

### 10.3.2 Data Management Contract

A data manager will provide the retail customer services of billing and other customer account services (electronic data interchange or EDI with SDG&E, billing, remittance processing, and account management). The data management contract will be awarded to an experienced data management services provider.

The data manager is responsible for the following services:

- ▶ Data exchange with SDG&E;
- ▶ Technical testing;
- ▶ Customer information system;
- ▶ Customer call center;
- ▶ Billing administration/retail settlements;
- ▶ Settlement quality meter data reporting; and
- ▶ Reporting and audits of utility billing.

Utilizing a third party for account services eliminates a significant expense associated with implementing a customer information system. Such systems can impose significant information technology costs and take significant time to deploy. Separation of the data management contract from the energy supply contract provides the JPA with greater flexibility to change energy suppliers, if desired, without facing an expensive data migration issue.

## 11 CONTINGENCY PLAN FOR PROGRAM TERMINATION

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### 11.1 INTRODUCTION

This Chapter describes the process to be followed in the case of CEA Program termination. By adopting the original Implementation Plan, the Alliance will have approved the general termination process contained herein to be effective at Program initiation. In the unexpected event that the JPA would terminate the CEA Program and return its customers to SDG&E service, the proposed process is designed to minimize the impacts on its customers and on SDG&E. The proposed termination plan follows the requirements set forth in SDG&E's tariff Rule 27 governing service to CCAs. The JPA retains authority to modify program policies from time to time at its discretion.

### 11.2 TERMINATION BY CLEAN ENERGY ALLIANCE

CEA will offer services for the long term with no planned Program termination date. In the unanticipated event that the JPA decides to terminate the Program, the Board would vote on Program termination.

After any applicable restrictions on such termination have been satisfied, notice would be provided to customers six months in advance that they will be transferred back to SDG&E. A second notice would be provided during the final sixty-days in advance of the transfer. The notice would describe the applicable

## Clean Energy Alliance Implementation Plan

distribution utility bundled service requirements for returning customers then in effect, such as any transitional or bundled portfolio service rules.

At least one-year advance notice would be provided to SDG&E and the CPUC before transferring customers, and CEA would coordinate the customer transfer process to minimize impacts on customers and ensure no disruption in service. Once the customer notice period is complete, customers would be transferred *en masse* on the date of their regularly scheduled meter read date.

CEA will post a bond or maintain funds held in reserve to pay for potential transaction fees charged to the Program for switching customers back to distribution utility service. Reserves would be maintained against the fees imposed for processing customer transfers (CCA Service Requests). The Public Utilities Code requires demonstration of insurance or posting of a bond sufficient to cover reentry fees imposed on customers that are involuntarily returned to distribution utility service under certain circumstances. The cost of reentry fees is the responsibility of the energy services provider or the community choice aggregator, except in the case of a customer returned for default or because its contract has expired. CEA will post financial security in the appropriate amount as part of its registration materials and will maintain the financial security in the required amount, as necessary.

12 APPENDIX A: CLEAN ENERGY ALLIANCE RESOLUTION No. 2019-003  
(ADOPTING IMPLEMENTATION PLAN)

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

RESOLUTION NO. 2019-003

A RESOLUTION OF THE CLEAN ENERGY ALLIANCE APPROVING THE  
COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN AND  
STATEMENT OF INTENT

**WHEREAS**, the Clean Energy Alliance (Alliance) is a joint powers agency created by the cities of Carlsbad, Del Mar and Solana Beach; and

**WHEREAS**, the members of the Alliance desire to establish a community choice aggregation (CCA) program in support of meeting their respective Climate Action Plan goals; and

**WHEREAS**, Public Utilities Code Section 366.2(c)(3) requires a prospective CCA to file an implementation plan and statement of intent ("Plan") with the California Public Utilities Commission (CPUC) for review and certification; and

**WHEREAS**, an Implementation Plan and Statement of Intent was drafted and presented to the CEA Board of Directors for review on November 19, 2019; and

**WHEREAS**, the final Implementation Plan and Statement of Intent was presented to the CEA Board of Directors at a duly noticed public hearing for its consideration and adoption on December 19, 2019.

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Clean Energy Alliance, as follows:

Section 1. The Board of Directors of the Clean Energy Alliance hereby approves the Clean Energy Alliance Community Choice Aggregation Implementation Plan and Statement of Intent.

Section 2. CEA staff is directed to file the Implementation Plan and Statement of Intent with the California Public Utilities Commission no later than December 31, 2019.

The foregoing Resolution was passed and adopted this 19th day of December, 2019, by the following vote:

AYES: Schumacher, Haviland, Becker.

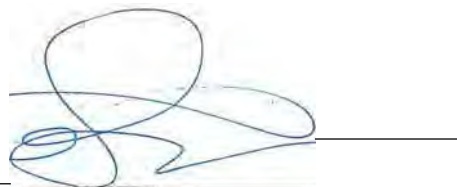
NAYS: None.

ABSENT: None.

ABSTAIN: None.

APPROVED:

• | v



Cori Schumacher, Chair

ATTEST:

·- 'Oo v-  
SWa i;{, Board Secretary

**ORDINANCE NO. CS-362**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF  
CARLSBAD AUTHORIZING THE IMPLEMENTATION OF A  
COMMUNITY CHOICE AGGREGATION PROGRAM

WHEREAS, California Public Utilities Code (the "Act") Section 366.2 authorizes cities and counties to individually or jointly provide retail electric service to an aggregation of customers within their jurisdictions, which is referred to as community choice aggregation (CCA); and

WHEREAS, since 2017 the City has been actively investigating the feasibility of commencing CCA service for electric customers within the City, with the objective of addressing climate change by reducing energy-related greenhouse gas emissions, promoting electrical rate price stability and cost savings and fostering consumer choice and local economic benefits such as job creation, local energy programs and local renewable energy development; and

WHEREAS, the City completed a CCA feasibility study which determined that a CCA program could result in local benefits including the use of renewable energy at levels above the State Renewables Portfolio Standard, the provision of competitive rates to consumers, and economic opportunity for the City; and

WHEREAS, pursuant to Section 366.2 of the Act, if each entity adopts the ordinance required by Public Utilities Section 366.2(c)(12), two or more public entities authorized to be a community choice aggregator under Section 331.1 of the Act may participate jointly in a CCA program through a Joint Powers Authority established pursuant to Government Code Section 6500 et seq.; and

WHEREAS, the City wishes to implement a CCA program at this time through a Joint Powers Authority together with other Founding Members, which will be called the Clean Energy Alliance; and

WHEREAS, under section 366.2 of the Act, customers have the right to opt out of the CCA program and continue to receive bundled electric service from the incumbent utility; and

WHEREAS, 366.2(c)(12) of the Act provides that an entity which elects to implement a CCA program within its jurisdiction must do so by ordinance; and

WHEREAS, this ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the State CEQA Guidelines, as it is not a "project" and has no potential to result in a direct or reasonably foreseeable indirect physical change to the environment. (14 Cal. Code Regs. § 15378(a).) Further, the ordinance is exempt from CEQA as there is no possibility that the ordinance or its implementation would have a significant negative effect on the environment. (14 Cal. Code Regs. § 15061(b)(3).) The ordinance is also categorically exempt because it is an action taken by a regulatory agency to assure the maintenance, restoration, enhancement or protection of the environment. (14 Cal. Code Regs.





**RESOLUTION NO. 2019-197**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARLSBAD  
APPROVING AND AUTHORIZING THE EXECUTION OF THE JOINT  
EXERCISE OF POWERS AGREEMENT CREATING THE CLEAN ENERGY  
ALLIANCE, **A COMMUNITY CHOICE AGGREGATION JOINT POWERS  
AUTHORITY**

WHEREAS, Section 6500 et seq. of the Government Code authorizes the joint exercise by two or more public agencies of any power common to them as a Joint Powers Authority ("JPA"); and

WHEREAS, Public Utilities Code Section 366.2(c)(12) specifically authorizes two or more cities, counties or a combination of two or more cities and counties to conduct a community choice aggregation (CCA) program through the creation of a JPA; and

WHEREAS, the creation of a CCA JPA would allow its members to share resources and jointly provide and achieve the environmental and economic benefits of a CCA program on a regional basis; and

WHEREAS, the City of Carlsbad desires to enter into a Joint Exercise of Powers Agreement to establish the Clean Energy Alliance, a CCA JPA along with the Cities of Del Mar, Santee, Solana Beach and the County of San Diego, and any additional members approved by the JPA Board in the future.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Carlsbad, California as follows:

1. The Joint Exercise of Powers Agreement Creating the Clean Energy Alliance, a Community Choice Aggregation Joint Powers Authority (Clean Energy Alliance) ("Agreement") is hereby approved, and the City Manager is authorized to execute the Agreement in substantially the form attached hereto as Attachment A, together with minor technical or clerical corrections, if any.
2. Staff is authorized and directed to take such further actions as may be necessary and appropriate to implement the intent and purposes of this Resolution.
3. This Resolution and the creation of the Clean Energy Alliance is exempt from the requirements of the California Environmental Quality Act (CEQA), as it involves organizational and administrative activities of government that will not result in direct or indirect physical changes on the environment, and therefore is not considered a "project." (14 Cal. Code Regs. § 15378(6)(5).)

PASSED, APPROVED AND ADOPTED at a Regular Meeting of the City Council of the City of Carlsbad on the 8<sup>th</sup> day of October 2019, by the following vote, to wit:

AYES: Hall, Blackburn, Bhat-Patel, Schumacher, Hamilton.

NAYS: None.

ABSENT: None.

*:Jdi;l:J//*

MATT HALL, Mayor

*for [Signature]*

BARBARA ENGLESON, City Clerk

(SEAL)



**Clean Energy Alliance Joint Powers Agreement**

Effective 10/10/19

## CLEAN ENERGY ALLIANCE JOINT POWERS AGREEMENT

This Joint Powers Agreement (the "Agreement") effective as of 10/10/19, is made by the Founding Members of the Clean Energy Alliance and entered into pursuant to the provisions of Title 1, Division 7 Chapter 5 Article 11 (Section 6500 et seq.) of the California Government Code relating to the joint exercise of powers among the public agencies set forth in **Exhibit B**.

### RECITALS

1. The Parties are public agencies having various powers under California law including but not limited to the power to purchase, supply and aggregate electricity for themselves and their customers.
2. AB 350 adopted in 2015, mandates a reduction in greenhouse gas emissions to 40 percent below 1990 levels by 2030 and to 80 percent below 1990 level by 2050. In 2018 the State Legislature adopted SB 100, which directs the Renewable Portfolio Standard to be increased to 60% renewable by 2030 and establishes a policy for eligible renewable energy resource and zero-carbon resources to supply 100 percent of electricity retail sales to California end-use customers by 2045.
3. The purposes for the Founding Members (as such term is defined in Exhibit A) entering into this Agreement include producing/developing electrical energy for use in participating jurisdiction addressing climate change by reducing energy-related greenhouse gas emission, promoting electrical rate price stability and cost saving and fostering economic benefit such as job creation, local energy programs and local power development. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy source and energy efficiency program, including but not limited to state, regional and local solar and wind energy production and energy storage.
4. The Parties to this Agreement desire to establish a separate public agency, known as the Clean Energy Alliance ("Authority"), under the provision of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq. ("Act")) in order to jointly promote, develop, conduct operations and manage energy programs.
5. The Founding Members have each adopted an ordinance electing to implement through the Authority a community choice Aggregation program pursuant to California Public Utilities Code Section 366.2 ("CCA Program"). The first priority of the Authority will be the consideration of those actions necessary to implement the CCA Program on behalf of participating jurisdiction.
6. By establishing the Authority, the Parties seek to:
  - (a) Provide electricity service to residents and business located within the jurisdictional boundaries of the public agencies that are members of the Authority in a responsible, reliable, innovative and efficient manner

- (b) Provide electric generation rates to all ratepayers that are competitive with those offered by the Investor Owned Utility, San Diego Gas & Electric (SDG&E), for similar products with a target generation rate at least 2 percent below SDG&E's base product generation rate;
- (c) Offer a mix of energy products for standard commodity electric service that provide a cleaner power portfolio than that offered by SDG&E for similar service and other options, including a 90 percent and a 100 percent renewable content options in which communities and customers may "opt-up" and voluntarily participate, with the ultimate objective of achieving- and sustaining-the Climate Action Plan goals of the Parties, at competitive rates;
- (d) Develop an aggregate electric supply portfolio with overall lower greenhouse gas (GHG) emissions than SDG&E, and one that supports near-term achievement of the Parties' greenhouse gas reduction goals and renewable electricity goals;
- (e) Promote an energy portfolio that incorporates energy efficiency and demand response programs and pursues ambitious energy consumption reduction goals;
- (f) Pursue the procurement of local generation of renewable power developed by or within member jurisdictions with an emphasis on local jobs, where appropriate, without limiting fair and open competition for projects or programs implemented by the Authority;
- (g) Provide a range of energy product and program options, available to all Parties and customers, that best serve their needs, their local communities, and support regional sustainability efforts;
- (h) Support low-income households having access to special utility rates including California Alternative Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs;
- (i) Use discretionary program revenues to support the Authority's long-term financial viability, enhance customer rate stability, and provide all Parties and their customers with access to innovative energy programs, projects and services throughout the jurisdiction of the Authority; and
- (i) Create an administering Authority that seeks to maximize economic benefits and is financially sustainable, well-managed and responsive to regional and local priorities.

### **AGREEMENT**

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:

1. **DEFINITIONS AND EXHIBITS**

1.1 **Definitions.** Capitalized terms used in this Agreement shall have the meanings specified in **Exhibit A**, unless the context requires otherwise.

1.2 **Documents Included.** This Agreement consists of this document and the following exhibits, all of which are hereby incorporated into this Agreement:

Exhibit A: Definitions

Exhibit B: List of Founding Members

2. **FORMATION OF THE COMMUNITY CHOICE ENERGY AUTHORITY**

2.1 **Effective Date and Term.** This Agreement shall become effective and the Authority shall exist as a separate public agency on the date this Agreement is executed by at least three Founding Members after the adoption of the ordinances required by Public Utilities Code Section 366.2(c)(12). The Authority shall provide notice to the Parties of the Effective Date. The Authority shall continue to exist, and this Agreement shall be effective, until the Agreement is terminated in accordance with Section 8.4 (Mutual Termination), subject to the rights of the Parties to withdraw from the Authority under Section 8.1.

2.2 **Formation of the Authority.** Under the Act, the Parties hereby create a separate joint exercise of power agency named the Clean Energy Alliance. Pursuant to Sections 6506 and 6507 of the Act, the Authority is a public agency separate from the Parties. The jurisdiction of the Authority shall be all territory within the geographic boundaries of the Parties; however, the Authority may, as authorized under applicable law, undertake any action outside such geographic boundaries as is necessary to the accomplishment of its purpose.

2.3 **Purpose.** The purpose of this Agreement is to establish the Authority, to provide for its governance and administration, and to define the rights and obligations of the Parties. This Agreement authorizes the Authority to provide opportunities by which the Parties can work cooperatively to create economies of scale and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient, and renewable resources in the region for the benefit of all the Parties and their constituents, including, but not limited to, establishing and operating a CCA Program.

2.4 **Addition of Parties.** After the initial formation of the Authority and prior to October 1, 2020, any incorporated municipality, county, or other public agency authorized to be a community choice aggregator under Public Utilities Code Section 331.1 and located within the service territory of SDG&E may become a member of the Authority if it has completed a positive CCE Feasibility Study, adopted a CCA ordinance pursuant to Public Utilities Code Section 366.2(c)(12), approved and executed this Agreement, and paid or agrees to pay its share of the Initial Costs pursuant to Section 7.3.2 of this Agreement. Notwithstanding the foregoing, such public agency may be denied membership in the Authority if the

Board determines within 60 days after the submittal of the CCE Feasibility Study that the addition of the public agency would create an undue risk or financial burden to the Authority or to the achievement of the CAP goals of the Parties.

On or after October 1, 2020, any incorporated municipality, county, or other public agency authorized to be a community choice aggregator under Public Utilities Code Section 331.1 and located within the service territory of SDG&E may apply to and become a member of the Authority if all the following conditions are met:

- 2.4.1 Adoption of a resolution by a two-thirds vote of the entire Board authorizing membership in the Authority;
  - 2.4.2 Adoption by the proposed member of a CCA ordinance as required by Public Utilities Code Section 366.2(c)(12) and approval and execution of this Agreement and other necessary program agreements by the proposed member;
  - 2.4.3 Payment of a membership fee, if any, as may be required by the Board to cover Authority costs incurred in connection with adding the new party; and
  - 2.4.4 Satisfaction of any other conditions established by the Board.
- 2.5 **Continuing Participation.** The Parties acknowledge that membership in the Authority may change by the addition, withdrawal and/or termination of Parties. The Parties agree to participate with such other Parties as may later be added by the Board, as described in Section 2.4 (Addition of Parties) of this Agreement. The Parties also agree that the withdrawal or termination of a Party shall not affect this Agreement or the remaining Parties' continuing obligations under this Agreement.

### 3. **POWERS**

- 3.1 **General Powers.** The Authority shall have the powers common to the Parties which are necessary or appropriate to the accomplishment of the purposes of this Agreement, subject to the restrictions set forth in Section 3.4 (Limitation on Powers) of this Agreement.
- 3.2 **Specific Powers.** Specific powers of the Authority shall include, but not be limited to, each of the following powers, which may be exercised at the discretion of the Board:
  - 3.2.1 make and enter into contracts;
  - 3.2.2 employ agents and employees, including but not limited to a Chief Executive Officer;



- 3.2.3 acquire, own, contract, manage, maintain, and operate any buildings, public works, improvements or other assets including but not limited to public electric generation resources;
- 3.2.4 acquire property for the public purposes of the Authority by eminent domain, or otherwise, except as limited under Section 6508 of the Act and Sections 3.6 and 4.12.3 of this Agreement, and to hold or dispose of any property; provided, however, the Authority shall not exercise the power of eminent domain within the jurisdiction of a Party without its affirmative vote under Section 4.12.2;
- 3.2.5 lease any property;
- 3.2.6 sue and be sued in its own name;
- 3.2.7 incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers authorized by law pursuant to Government Code Section 53850 et seq. and authority under the Act;
- 3.2.8 issue revenue bonds and other forms of indebtedness;
- 3.2.9 apply for, accept and receive all licenses, permits, grants, loans or other aids from any federal, state or local public agency;
- 3.2.10 form independent corporations or entities, if necessary, to carry out energy supply and energy conservation programs;
- 3.2.11 submit documentation and notices, register, and comply with applicable orders, tariffs and agreements for the establishment and implementation of the CCA Program and other energy programs;
- 3.2.12 adopt rules, regulations, policies, bylaws and procedures governing the operation of the Authority;
- 3.2.13 make and enter into service agreements relating to the provision of services necessary to plan, implement, operate and administer the CCA Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services;
- 3.2.14 receive revenues from sale of electricity and other energy-related programs; and
- 3.2.15 Partner or otherwise work cooperatively with other CCA 'son the acquisition of electric resources, joint programs, advocacy and other efforts in the interests of the Authority.

- 3.3 **Additional Powers to be Exercised.** In addition to those powers common to each of the Parties, the Authority shall have those powers that may be conferred upon it by law and by subsequently enacted legislation.
- 3.4 **Limitation on Powers.** As required by Section 6509 of the Act, the powers of the Authority are subject to the restrictions upon the manner of exercising power possessed by the City of Solana Beach and any other restrictions on exercising the powers of the Authority that may be adopted by the Board.
- 3.5 **Obligations of the Authority.** The debts, liabilities, and obligations of the Authority shall not be the debts, liabilities, and obligations of any of the Parties unless a Party agrees in writing to assume any of the debts, liabilities, and obligations of the Authority with the approval of its Governing Body, in its sole discretion. A Party that has not agreed in writing, as duly authorized by its Governing Body, to assume an Authority debt, liability, or obligation shall not be responsible in any way for such debt, liability, or obligation, regardless of any action by the Board. Further, the debts, liabilities and obligations of the City of Solana Beach related to or arising from its existing CCA program, commonly known as the Solana Energy Alliance, shall not be the debts, liabilities or obligations of the Authority or any of the Parties except the City of Solana Beach unless the Board approves assuming specific contracts entered into by the City of Solana Beach. Any such contracts assumed by the Authority shall be obligations of the Authority only and not of any of the Parties. Notwithstanding Sections 4.12.1 and 9.8 of this Agreement, this Section 3.5 shall not be amended or its liability limitations otherwise modified by an amendment to another part of this Agreement unless such amendment is approved by the Governing Body of each Party.
- 3.6 **Compliance with Local Zoning and Building Laws.** Notwithstanding any other provisions of this Agreement or state law, any facilities, buildings, structures or other projects (the "project") developed, constructed or installed or caused to be developed, constructed or installed by the Authority within the territory of the Authority (which consists of the territorial jurisdiction of the Parties) shall comply with the General Plan, zoning, land use regulations, building laws and any applicable local Coastal Plan of the local jurisdiction within which the project is located.
- 3.7 **Compliance with the Political Reform Act and Government Code Section 1090.** The Authority and its officers and employees shall comply with the Political Reform Act (Government Code Section 81000 et seq.) and Government Code Section 1090 et seq. The Board shall adopt a Conflict of Interest Code pursuant to Government Code Section 87300. The Board may adopt additional conflict of interest regulations in the Operating Policies and Procedures.

#### 4. **GOVERNANCE**

##### 4.1 **Board of Directors.**

4.1.1 The Governing Body of the Authority shall be a Board of Directors ("Board") consisting of one Director for each Party appointed in accordance with Section 4.2 (Appointment and Removal of Directors) of this Agreement.

4.1.2 Each Director must be a member of the Governing Body of the appointing Party. Each Director shall serve at the pleasure of the Governing Body of the Party that appointed such Director and may be removed as Director by such Governing Body at any time. If at any time a vacancy occurs on the Board, then a replacement shall be appointed to fill the position of the previous Director **within** 45 days after the date that position becomes vacant.

4.1.3 The Governing Body of each Party also shall appoint an alternate to serve in the absence of the primary Director. The alternate also shall be a member of the Governing Body of the appointing Party. The alternate shall have all the rights and responsibilities of the primary Director when serving in his/her absence.

4.1.4 Any change to the size and composition of the Board other than what is described in this section shall require an amendment of this Agreement in accordance with Section 4.12.

##### 4.2 **Appointment and Removal of Directors.** The Directors shall be appointed and may be removed as follows:

4.2.1 The Governing Body of each Party shall appoint and designate in writing one regular Director, who shall be authorized to act for and on behalf of the Party on matters within the powers of the Authority. The Governing Body of each Party shall appoint and designate in writing one alternate Director who may vote on matters when the regular Director is absent from a Board meeting. The alternate Director may vote on matters in committee, chair committees, and fully participate in discussion and debate during meetings. All Directors and alternates shall be subject to the Board's adopted Conflict of Interest Code.

4.2.2 A Director may be removed by the Board for cause in accordance with procedures adopted by the Board. Cause shall be defined for the purposes of this section as follows:

- a. Unexcused absences from three consecutive Board meetings.
- b. Unauthorized disclosure of confidential information or documents from a closed session or the unauthorized disclosure of information

or documents provided to the Director on a confidential basis and whose public disclosure may be harmful to the interests of the Authority.

- c. Violation of any ethics policies or code of conduct adopted by the Board.

Notwithstanding the foregoing, no Party shall be deprived of its right to seat a Director on the Board and any such Party for which its Director and/or alternate Director has been removed may appoint a replacement.

- 4.3 **Director Compensation.** The Board may adopt by resolution a policy relating to the compensation or expense reimbursement of its Directors.
- 4.4 **Terms of Office.** Each Party shall determine the term of office for its regular and alternate Director.
- 4.5 **Purpose of Board.** The general purpose of the Board is to:
  - 4.5.1 Provide structure for administrative and fiscal oversight;
  - 4.5.2 Retain a Chief Executive Officer to oversee day-to-day operations of the Authority;
  - 4.5.3 Retain legal counsel;
  - 4.5.4 Identify and pursue funding sources;
  - 4.5.5 Set policy;
  - 4.5.6 Optimize the utilization of available resources; and
  - 4.5.7 Oversee all Committee activities.
- 4.6 **Specific Responsibilities of the Board.** The specific responsibilities of the Board shall be as follows:
  - 4.6.1 Formulate and adopt an annual budget prior to the commencement of the fiscal year;
  - 4.6.2 Develop and implement a financing and/or funding plan for ongoing Authority operations and capital improvements, if applicable;
  - 4.6.3 Retain necessary and sufficient staff and adopt personnel and compensation policies, rules and regulations;
  - 4.6.4 Adopt policies for procuring electric supply and operational needs such as professional services, equipment and supplies;

- 4.6.5 Develop and implement a Strategic Plan to guide the development, procurement, and integration of renewable energy resources consistent with the intent and priorities identified in this Agreement;
  - 4.6.6 Establish standing and ad hoc committees as necessary;
  - 4.6.7 Set retail rates for power sold by the Authority and set charges for any other category of retail service provided by the Authority;
  - 4.6.8 Wind down and resolve all obligations of the Authority in the event the Authority is terminated pursuant to Section 8.2;
  - 4.6.9 Conduct and oversee Authority operational audits at intervals not to exceed three years including review of customer access to Authority programs and benefits, where applicable;
  - 4.6.10 Arrange for an annual independent fiscal audit;
  - 4.6.11 Adopt such bylaws, rules and regulations necessary or desirable for the purposes set forth in this Agreement and consistent with this Agreement;
  - 4.6.12 Exercise the Specific Powers identified in Sections 3.2 and 4.6 except as to those which the Board may elect to delegate to the Chief Executive Officer; and
  - 4.6.13 Discharge other duties as appropriate or necessary under this Agreement or required by law.
- 4.7 **Startup Responsibilities.** The Authority shall promptly act on the following matters:
- 4.7.1 Oversee the preparation of, adopt, and update an implementation plan for electrical load aggregation pursuant to Public Utilities Code Section 366.2(c)(3);
  - 4.7.2 Prepare a statement of intent for electrical load aggregation pursuant to Public Utilities Code Section 366.2(c)(4);
  - 4.7.3 Obtain financing and/or funding as is necessary to support start up and ongoing working capital for the CCA Program; and
  - 4.7.4 Acquire and maintain insurance in accordance with Section 9.3.
- 4.8 **Meetings and Special Meetings of the Board.** The Board shall hold at least four regular meetings per year, but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour, and place of each regular meeting shall be fixed annually by resolution of the Board. The location of regular meetings may rotate for the convenience of the Parties, subject to Board

approval and availability of appropriate meeting space. Regular meetings may be adjourned to another meeting time. Special meetings of the Board may be called in accordance with the provisions of Government Code Section 54956. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law. Board meeting agendas generally shall be set, in consultation with the Board Chair, by the Chief Executive Officer appointed by the Board pursuant to Section 5.5. The Board itself may add items to the agenda upon majority vote pursuant to Section 4.11.1.

- 4.9 **Brown Act Applicable.** All meetings of the Board shall be conducted in accordance with the provisions of the Ralph M. Brown Act (Government Code Section 54950, et seq.).
- 4.10 **Quorum.** A simple majority of the Directors shall constitute a quorum. o actions may be taken by the Board without a quorum of the Directors present.
- 4.11 **Board Voting.** Except for matters subject to Special Voting under Section 4.12, Board action shall require the affirmative votes of a majority of the Directors on the entire Board. The consequence of a tie vote shall be "no action" taken.
- 4.12 **Special Voting.**
- 4.12.1 The affirmative vote of two-thirds of the Directors of the entire Board shall be required to take any action on the following:
- (a) Issuing bonds or other forms of debt;
  - (b) Adding or removing Parties or removing Directors; and
  - (c) Amending or terminating this Agreement or adopting or amending the bylaws of the Authority except as provided in Sections 3.5 and 4.12.3. At least 30 days advance written notice to the Parties shall be provided for such actions. Such notice shall include a copy of any proposed amendment to this Agreement or the bylaws of the Authority. The Authority shall also provide prompt written notice to all Parties of the action taken and attach the adopted amendment, resolution or agreement.
- 4.12.2 An affirmative vote of three-fourths of the entire Board shall be required to initiate any action for Eminent Domain and no eminent domain action shall be approved within the jurisdiction of a Party without the affirmative vote of such Party's Director.
- 4.12.3 An unanimous vote of the entire Board shall be required to amend the following provisions in this Agreement:
- (a) Section 2.3 (Purpose of Agreement)

- (b) Section 3.6 (Compliance with Local Zoning)
- (c) Sections 4.11 and 4.12 (Voting Requirements)
- (d) Section 4.12.2 (Eminent Domain)
- (e) Section 6.5 (Power Supply Requirements)
- (f) Section 6.6 (Solana Energy Alliance Transition)

5. **INTERNAL ORGANIZATION**

- 5.1 **Elected and Appointed Officers.** For each fiscal year, the Board shall elect a Chair and Vice Chair from among the Directors and shall appoint a Secretary and a Treasurer as provided in Government Code section 6505.5. No Director may hold more than one such office at any time. Appointed officers shall not be elected officers of the Board.
- 5.2 **Chair and Vice Chair.** For each fiscal year, the Board shall elect a Chair and Vice Chair from among the Directors. The term of office of the Chair and Vice Chair shall continue for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair. The Chair shall be the presiding officer of all Board meetings, and the Vice Chair shall serve in the absence of the Chair. The Chair shall perform duties as may be required by the Board. In the absence of the Chair, the Vice-Chair shall perform all of the Chair's duties. The office of the Chair or Vice Chair shall be declared vacant and a new selection shall be made if: (a) the person serving dies, resigns, or the Party that the person represents removes the person as its representative on the Board, or (b) the Party that he or she represents withdraws from the Authority pursuant to the provisions of this Agreement. Upon a vacancy, the position shall be filled at the next regular meeting of the Board held after such vacancy occurs or as soon as practicable thereafter.
- 5.3 **Secretary.** The Board shall appoint a qualified person who is not on the Board to serve as Secretary. The Secretary shall be responsible for keeping the minutes of all meetings of the Board and all other office records of the Authority. If the appointed Secretary is an employee of any Party, such Party shall be entitled to reimbursement for any documented out of pocket costs it incurs in connection with such employee's service as Secretary of the Authority, and full cost recovery for any documented hours of service provided by such employee during such Party's normal working hours.
- 5.4 **Treasurer/Chief Financial Officer and Auditor.** The Board of Directors shall appoint a Treasurer who shall function as the combined offices of Treasurer and Auditor and shall strictly comply with the statutes related to the duties and responsibilities specified in Section 6505.5 of the Act. The Treasurer for the Authority shall be the depository and have custody of all money of the Authority from whatever source and shall draw all warrants and pay demands against the

Authority as approved by the Board. The Treasurer shall cause an independent audit(s) of the finances of the Authority to be made by a certified public accountant, or public accountant, in compliance with Section 6505 of the Act. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any qualified person or entity as the law allows at the time. The duties and obligations of the Treasurer are further specified in Section 7. The Treasurer shall serve at the pleasure of the Board. If the appointed Treasurer is an employee of any Party, such Party shall be entitled to reimbursement for any documented out of pocket costs it incurs in connection with such employee's service as Treasurer of the Authority, and full cost recovery for any documented hours of service provided by such employee during such Party's normal working hours.

- 5.5 **Chief Executive Officer.** The Board shall appoint a Chief Executive Officer for the Authority, who shall be responsible for the day-to-day operation and management of the Authority and the CCA Program. The Chief Executive Officer may not be an elected member of the Board or otherwise represent any Party to the Authority. The Chief Executive Officer may exercise all powers of the Authority, except those powers specifically reserved to the Board, including but not limited to those set forth in Section 4.6 (Specific Responsibilities of the Board) of this Agreement or the Authority's bylaws, or those powers which by law must be exercised by the Board. The Chief Executive Officer may enter into and execute power purchase agreements and other contracts, in accordance with criteria and policies established by the Board.
- 5.6 **General Counsel.** The Board shall appoint a qualified person to act as the Authority's General Counsel, who shall not be a member of the Board, or an elected official or employee of a Party.
- 5.7 **Bonding of Persons Having Access to Property.** Pursuant to the Act, the Board shall designate the public officer or officers or person or persons who have charge of, handle, or have access to any property of the Authority exceeding a value as established by the Board, and shall require such public officer or officers or person or persons to file an official bond in an amount to be fixed by the Board.
- 5.8 **Privileges and Immunities from Liability.** All of the privileges and immunities from liability, exemption from laws, ordinances and rules, all pension, relief, disability, workers' compensation and other benefits which apply to the activities of officers, agents or employees of a public agency when performing their respective functions shall apply to the officers, agents or employees of the Authority to the same degree and extent while engaged in the performance of any of the functions and other duties of such officers, agents or employees under this Agreement. None of the officers, agents or employees directly employed by the Board shall be deemed, by reason of their employment by the Authority to be employed by the Parties or by reason of their employment by the Authority, to be subject to any of the requirements of the Parties.



5.9 **Commissions, Boards and Committees.** The Board may establish any advisory commissions, boards, and committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the CCA Program, related energy programs, and the provisions of this Agreement. To the extent possible, the commissions, boards, and committees should have equal representation from each Party. The Board may establish criteria to qualify for appointment on its commissions, boards, and committees. The Board may establish rules, regulations, policies, or procedures to govern any such commissions, boards, or committees and shall determine whether members shall be entitled to reimbursement for expenses. The meetings of the commissions, boards, or committees shall be held in accordance with the requirements of the Ralph M. Brown Act, as applicable.

## 6. **IMPLEMENTATION ACTION AND AUTHORITY DOCUMENTS**

### 6.1 **Preliminary Implementation of the CCA Program.**

6.1.1 **Enabling Ordinance.** In addition to the execution of this Agreement, each Party shall adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(12) for the purpose of specifying that the Party intends to implement a CCA Program by and through its participation in the Authority.

6.1.2 **Implementation Plan.** The Authority shall secure Board approval of an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations, and consistent with the terms of this Agreement, as soon after the Effective Date as reasonably practicable but no later than December 31, 2019.

6.2 **Authority Documents.** The Parties acknowledge and agree that the affairs of the Authority will be implemented through various documents duly adopted by the Board through Board resolution or minute action, including but not necessarily limited to operational procedures and policies, the annual budget, and specific plans such as a local renewable energy development and integration plan and other policies defined as the Authority Documents by this Agreement. All such Authority Documents shall be consistent with and designed to advance the goals and objectives of the Authority as expressed in this Agreement. The Parties agree to abide by and comply with the terms and conditions of all such Authority Documents that may be adopted by the Board, subject to the Parties' right to withdraw from the Authority as described in Section 8 (Withdrawal and Termination) of this Agreement.

6.3 **Integrated Resource Plan and Regulatory Compliance.** The Authority shall cause to be prepared an Integrated Resource Plan in accordance with California Public Utilities Commission regulations, and consistent with the terms of this Agreement, that will ensure the long-term development and administration of a

variety of energy programs that promote local renewable resources, conservation, demand response, and energy efficiency, while maintaining compliance with other regulatory requirements including the State Renewable Portfolio Standard (RPS) and customer rate competitiveness.

- 6.4 **Renewable Portfolio Standards.** The Authority shall provide its customers energy primarily from Category 1 and Category 2 eligible renewable resources, as defined under the California RPS and consistent with the goals of the CCA Program. The Authority shall avoid the procurement of energy from Category 3 eligible renewable resources (unbundled Renewable Energy Credits or RECs) to the extent feasible. The Authority's ultimate objective shall be to achieve- and sustain-a renewable energy portfolio with 100 percent renewable energy availability and usage, at competitive rates, within the Authority service territory by no later than 2035, and then beyond.
- 6.5 **Power Supply Requirements.** The Authority's power supply base product will be greater than or equal to 50% qualified renewable resources. The Board shall establish product options with higher renewable and/or GHG-free content that each Party may select (such as 75% or 100% renewable content). In no event will the Authority's power supply base product contain a lesser amount of renewable resources than the base product provided by SDG&E to its customers. Power supply options established by the Board will allow each Party the flexibility to achieve its CAP goals without impeding any other Party from doing the same.
- 6.6 **Continuation and Transition of City of Solana Beach's Existing CCA Program.** The City of Solana Beach has been operating a CCA program within its jurisdiction since 2018. The City of Solana Beach shall be permitted to continue to operate its existing CCA program until the Authority's CCA Program commences service to customers within the jurisdiction of the City of Solana Beach. The transition of CCA customers within the City of Solana Beach to the Authority's CCA Program shall be implemented in accordance with the Authority's implementation plan approved by the Board and certified by the CPUC and any policies and requirements established by the Board.

## 7. **FINANCIAL PROVISIONS**

- 7.1 **Fiscal Year.** The Authority's fiscal year shall be 12 months commencing July 1 and ending June 30. The fiscal year may be changed by Board resolution.
- 7.2 **Depository.**
- 7.2.1 All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with funds of any Party or any other person or entity.

- 7.2.2 All funds of the Authority shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of the Authority shall be open to inspection and duplication by the Parties at all reasonable times. Annual financial statements shall be prepared in accordance with Generally Accepted Accounting Principles of the United States of America within 6 months of the close of the fiscal year. The Board shall contract with a certified public accountant to make an annual audit of the financial statements of the Authority, which shall be conducted in accordance with the requirements of Section 6505 of the Act.
- 7.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures.

**7.3 Budget and Recovery Costs.**

- 7.3.1 Budget. The initial budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of the Authority shall be prepared and approved by the Board in accordance with its fiscal management policies that should include a deadline for approval.
- 7.3.2 Funding of Initial Costs. The Initial Costs of establishing the Authority and implementing its CCA Program shall be divided equally among the Founding Members. In the event that the CCA Program becomes operational, these Initial Costs paid by the Founding Members shall be included in the customer charges for electric services to the extent permitted by law. The Authority may establish a reasonable time period over which such costs are recovered and reimbursed to the Founding Members. In the event that the CCA Program does not become operational, the Founding Members shall not be entitled to any reimbursement of the Initial Costs they have paid from the Authority or any Party.
- 7.3.3 CCA Feasibility and Governance Report Costs. In the event that the CCA Program becomes operational, any costs incurred by the Parties in preparing CCA Feasibility or Governance Reports in connection with establishing the Authority shall be included in the customer charges for electric services to the extent permitted by law. The Authority may establish a reasonable time period over which such costs are recovered and reimbursed to the Parties that incurred such costs. In the event that the CCA Program does not become operational, no Party shall be entitled to any reimbursement of these costs from the Authority or any Party.

- 7.3.4 **Program Costs.** The Parties intend that all costs incurred by the Authority that are directly or indirectly attributable to the provision of electric or other services under the CCA Program, including the establishment and maintenance of various reserve and performance funds, shall be recovered through appropriate charges to CCA customers receiving such services.
- 7.3.5 **No Requirement for Contributions or Payments.** Parties are not required under this Agreement to make any financial contributions or payments to the Authority and the Authority shall have no right to require such a contribution or payment unless expressly set forth herein (for example, as provided in Section 2.4.3, with respect to Additional Members, Section 7.3.2 with respect to Initial Costs and Section **8.1**, with respect to Withdrawal), or except as otherwise required by law.

Notwithstanding the foregoing, a Party may voluntarily enter into an agreement with the Authority to provide the following:

- (a) contributions of public funds for the purposes set forth in this Agreement;
- (b) advances of public funds for the purposes set forth in this Agreement, such advances to be repaid as provided by such written agreement; or
- (c) its personnel, equipment or property in lieu of other contributions or advances.

o Party shall be required, by or for the benefit of the Authority, to adopt any local tax, assessment, fee or charge under any circumstances.

- 7.4 **Accounts and Reports.** The Treasurer shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of any trust agreement entered into with respect to the proceeds of any bonds issued by the Authority. The books and records of the Authority in the hands of the Treasurer shall be open to inspection and duplication at all reasonable times by duly appointed representatives of the Parties. The Treasurer, within 180 days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Parties. The Treasurer shall cooperate with all audits required by this Agreement.
- 7.5 **Funds.** The Treasurer shall receive, have custody of and/or disburse Authority funds in accordance with the laws applicable to public agencies and generally accepted accounting practices, and shall make the disbursements required by this Agreement in order to carry out any of the purposes of this Agreement.
- 7.6 **Discretionary Revenues.** The Board shall establish policies concerning the expenditure of discretionary revenues. As determined by the Board in such policies, discretionary revenues may be used to (1) provide programs and develop

projects of the Authority or (2) allow Parties to direct funds into qualified Authority programs and projects, or provide other ratepayer benefits. The Board shall endeavor to achieve a balanced distribution of program and project benefits substantially commensurate with each Party's energy load ("balanced distribution"). The Board shall conduct periodic audits no less than every two years in order to verify the balanced distribution of program and project benefits and take any corrective action necessary to achieve or continue to maintain a balanced distribution.

7.7 **Rate Related Programs.** The Authority will maintain residential net energy metering and low-income rate discount programs.

## 8. **WITHDRAWAL AND TERMINATION**

### 8.1 **Withdrawal**

8.1.1 **Withdrawal by Parties.** Any Party may withdraw its membership in the Authority effective as of the beginning of the Authority's fiscal year, by giving no less than one year advance written notice of its election to do so, which notice shall be given to the Authority and each Party. The Board, in its discretion, may approve a shorter notice period on a case by case basis. In addition, a Party may immediately withdraw its membership in the Authority upon written notice to the Board at any time prior to the Authority filing its first year-ahead load forecast with the CPUC that included the Party's load (anticipated to occur in April 2020) without any financial obligation other than its share of Initial Costs that shall not be reimbursed and any costs directly related to the resulting amendment of the Implementation Plan. Withdrawal of a Party shall require an affirmative vote of the Party's Governing Body.

8.1.2 **Amendment.** Notwithstanding Section 8.1.1 (Withdrawal by Parties) of this Agreement, a Party may withdraw its membership in the Authority upon approval and execution of an amendment to this Agreement provided that the requirements of this Section 8.1.2 are strictly followed. A Party shall be deemed to have withdrawn its membership in the Authority effective one year (or earlier if approved by the Board) after the Board approves an amendment to this Agreement if the Director representing such Party has provided notice to the other Directors immediately preceding the Board's vote of the Party's intention to withdraw its membership in the Authority, should the amendment be approved by the Board.

8.1.3 **Continuing Liability; Further Assurances.** A Party that withdraws its membership in the Authority may be subject to certain continuing liabilities, as described in Section 8.5 (Continuing Liability; Refund) of this Agreement including, but not limited to, power purchase

agreements and other Authority contracts and operational obligations. The withdrawing Party and the Authority shall execute and deliver all further instruments and documents and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party from membership in the Authority. The Board shall also consider, pursuant to Section 3.2.12, adoption of a policy that allows a withdrawing Party to negotiate assignment to the Party of costs of electric power or other resources procured on behalf of its customers by the Authority upon its withdrawal. In the implementation of this Section 8.1.3, the Parties intend, to the maximum extent possible, without compromising the viability of ongoing Authority operations, that any claims, demands, damages, or liabilities covered hereunder, be funded from the rates paid by CCA Program customers located within the service territory of the withdrawing Party, and not from the general fund of the withdrawing Party itself.

- 8.2 **Termination of CCA Program.** Nothing contained in Section 6 or elsewhere in this Agreement shall be construed to limit the discretion of the Authority to terminate the implementation or operation of the CCA Program at any time in accordance with any applicable requirements of state law.
- 8.3 **Involuntary Termination.** This Agreement may be terminated with respect to a Party for material non-compliance with provisions of this Agreement or Authority Documents upon a two-thirds vote of the entire Board excluding the vote of the Party subject to possible termination. Prior to any vote to terminate this Agreement with respect to a Party, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party whose termination is proposed at least 30 days prior to the regular Board meeting at which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or the Authority Documents that the Party has allegedly violated. The Party, subject to possible termination, shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination. A Party that has had its membership in the Authority terminated may be subject to certain continuing liabilities, as described in Section 8.5 (Continuing Liability; Refund) of this Agreement.
- 8.4 **Mutual Termination.** This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Party to withdraw its membership in the Authority, and thus terminate this Agreement with respect to such withdrawing Party, as described in Section 8.1 (Withdrawal) of this Agreement.
- 8.5 **Continuing Liability; Refund.** Upon a withdrawal or involuntary termination of a Party the Party shall be responsible for any claims, demands, damages, or

liabilities attributable to the Party through the effective date of its withdrawal or involuntary termination, it being agreed that the Party shall not be responsible for any claims, demands, damages, or liabilities commencing or arising after the effective date of the Party's withdrawal or involuntary termination.

Notwithstanding the foregoing or any other provisions of this Agreement, such Party also shall be liable to the Authority for (a) any damages, losses, or costs incurred by the Authority which result directly from the Party's withdrawal or termination, including but not limited to costs arising from the resale of capacity, electricity, or any attribute thereof no longer needed to serve such Party's load; and (b) any costs or obligations associated with the Party's participation in any program in accordance with the program's terms, provided such costs or obligations were incurred prior to the withdrawal of the Party. From and after the date a Party provides notice of its withdrawal or is terminated, the Authority shall reasonably and in good faith seek to mitigate any costs and obligations to be incurred by the withdrawing or terminated Party under this Section through measures reasonable under the circumstances, provided that this obligation to mitigate does not impose any obligation on the Authority to transfer any cost or obligation directly attributable to the membership and withdrawal or termination of the withdrawing or terminated party to the ratepayers of the remaining members. Further, the liability of the withdrawing or terminated Party shall be based on actual costs or damages incurred by the Authority and shall not include any penalties or punitive charges imposed by the Authority. The Authority may withhold funds otherwise owing to the Party or may require the Party to deposit sufficient funds with the Authority, as reasonably determined by the Authority, to cover the Party's liability for the costs described above. The withdrawing or terminated Party agrees to pay any such deposit determined by the Authority. Any amount of the Party's funds held on deposit with the Authority above that which is required to pay any liabilities or obligations shall be returned to the Party. In the implementation of this Section 8.5, the Parties intend, to the maximum extent possible, without compromising the viability of ongoing Authority operations, that any claims, demands, damages, or liabilities covered hereunder, be funded from the rates paid by CCA Program customers located within the service territory of the withdrawing Party, and not from the general fund of the withdrawing Party itself. The liability of a withdrawing Party under this Section shall be only to the Authority and not to any other Party.

8.6 **Disposition of Authority Assets.** Upon termination of this Agreement and dissolution of the Authority by all Parties, after payment of all obligations of the Authority, the Board may sell or liquidate Authority property and shall distribute any remaining assets to the Parties in proportion to the contributions made by the existing Parties. Any assets provided by a Party to the Authority shall remain the asset of that Party and shall not be subject to distribution under this section.

## 9. MISCELLANEOUS PROVISIONS

9.1 **Dispute Resolution.** The Parties and the Authority shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. Before

exercising any remedy provided by law, a Party or the Parties and the Authority shall engage in nonbinding mediation in the manner agreed upon by the Party or Parties and the Authority. The Parties agree that each Party may specifically enforce this section. In the event that nonbinding mediation is not initiated or does not result in the settlement of a dispute within 60 days after the demand for mediation is made, any Party and the Authority may pursue any remedies provided by law.

- 9.2 **Liability of Directors, Officers, and Employees.** The Directors, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. The Authority shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Section 995 et seq. Nothing in this section shall be construed to limit the defenses available under the law, to the Parties, the Authority, or its Directors, officers, or employees. In addition, pursuant to the Act, no Director shall be personally liable on the Authority's bonds or be subject to any personal liability or accountability by reason of the issuance of bonds.
- 9.3 **Insurance and Indemnification of Parties.** The Authority shall acquire such insurance coverage as is necessary to protect the interests of the Authority and the Parties. The Authority shall defend, indemnify and hold harmless the Parties and each of their respective governing board members, officers, agents and employees, from any and all claims, losses, damages, deductibles or self-insured retentions, costs, fines, penalties, injuries and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts, errors, omissions or negligence of the Authority or its officers, employees, agents, contractors, licensees or volunteers.
- 9.4 **No Third Party Beneficiaries.** The provisions of this Agreement are for the sole benefit of the Parties and the Authority and not for the benefit of any other person or entity. No third party beneficiary shall be created by or arise from the provisions of this Agreement.
- 9.5 **Notices.** Any notice required or permitted to be made hereunder shall be in writing and shall be delivered in the manner prescribed herein at the principal place of business of each Party. The Parties may give notice by (1) personal delivery; (2) e-mail; (3) U.S. Mail, first class postage prepaid, or a faster delivery method; or (3) by any other method deemed appropriate by the Board.

Upon providing written notice to all Parties, any Party may change the designated address or e-mail for receiving notice.



All written notices or correspondence sent in the described manner will be deemed given to a party on whichever date occurs earliest: (1) the date of personal delivery; (2) the third business day following deposit in the U.S. mail, when sent by "first class" mail; or (3) the date of transmission, when sent by e-mail or facsimile.

- 9.6 **Successors.** This Agreement shall be binding upon and shall inure to the benefit of the successors of each Party.
- 9.7 **Assignment.** Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the advance written consent of all of the other Parties, and any attempt to assign or delegate such rights or duties in contravention of this section shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the approved assigns of the Parties. This section does not prohibit a Party from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party's contributions to the Authority, or the disposition of the proceeds which that Party receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Authority or the Parties under this Agreement.
- 9.8 **Amendment.** This Agreement may be amended by a written amendment approved by the Board in accordance with the Special Voting requirements of Section 4.12.
- 9.9 **Severability.** If any one or more of the terms, provisions, promises, covenants, or conditions of this Agreement were adjudged invalid or void by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants, and conditions of this Agreement shall not be affected thereby and shall remain in full force and effect to the maximum extent permitted by law.
- 9.10 **Governing Law.** This Agreement is made and to be performed in the State of California, and as such California substantive and procedural law shall apply.
- 9.11 **Headings.** The section headings herein are for convenience only and are not to be construed as modifying or governing the language of this Agreement.
- 9.12 **Counterparts.** This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

The Parties hereto have executed this Joint Powers Agreement establishing the Clean Energy Alliance.

CITY OF CARLSBAD

By: [Signature]  
City Manager

DATE: 10 OCT 19

ATTEST:

By: [Signature] -.b 1 JirtJ  
for City Clerk

APPROVED AS TO FORM:

By: [Signature]  
City Attorney

## Exhibit A: Definitions

"AB 117" means Assembly Bill 117 (Stat. 2002, Ch. 838, codified at Public Utilities Code Section 366.2), which created Community Choice Aggregation.

"Act" means the Joint Exercise of Powers Act of the State of California (Chapter 5, Division 7, Title I of the Government Code commencing with Section 6500).

"Agreement" means this Joint Powers Agreement.

"Authority" means the Clean Energy Alliance.

"Authority Document(s)" means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions and activities of the Authority, including but not limited to the Operating Policies and Procedures, the annual budget, and plans and policies.

"Board" means the Board of Directors of the Authority.

"Community Choice Aggregation" or "CCA" means an electric service option available to cities, counties, and other public agencies pursuant to Public Utilities Code Section 366.2.

"CCA Program" means the Authority's Community Choice Aggregation program established, conducted and operated under Public Utilities Code Section 366.2.

"Days" shall mean calendar days unless otherwise specified by this Agreement.

"Director" means a member of the Board representing a Party appointed in accordance with Sections 4.1 (Board of Directors) and 4.2 (Appointment and Removal of Directors) of this Agreement.

"Effective Date" means the date on which the Agreement shall become effective and the Authority shall exist as a separate public agency, as further described in Section 2.1 (Effective Date and Term) of this Agreement.

"Founding Member" means any jurisdiction that becomes a member of the Authority before October 1, 2020, as identified in Exhibit B.

"Governing Body" means for any city, its City Council; and for any other public agency, the equivalent policy making body that exercises ultimate decision-making authority over such agency.

"Initial Costs" means reasonable and necessary implementation costs advanced by the Founding Members in support of the formation of the Authority and approved by the Board for reimbursement, which are (a) directly related to the establishment of the Authority and its CCA program, and (b) incurred by the Authority or its Members relating to the initial operation of the Authority, such as the hiring of the executive and operations staff, any required accounting, administrative, technical and legal services in support of the

Authority's initial formation activities or in support of the negotiation, preparation and approval of power purchase agreements, and activities associated with drafting and obtaining approval of the Authority's implementation plan. Initial Costs do not include costs associated with the investigation of the CCA model, attendance at routine planning meetings, or a Party's pre-formation reports related to their decision to pursue CCA or join the Authority. Initial costs also do not include the costs incurred by the City of Solana Beach relating to the termination of its CCA program. The Authority Board shall determine the repayment timing and termination date for the Initial Costs.

"Investor Owned Utilities" means a privately-owned electric utility whose stock is publicly traded and is subject to CPUC regulation.

"Parties" means, collectively, the signatories to this Agreement that have satisfied the conditions as defined above for "Founding Members" or in Section 2.4 (Addition of Parties) of this Agreement, such that they are considered members of the Authority.

"Party" means, singularly, a signatory to this Agreement that has satisfied the conditions as defined above for "Founding Members" or in Section 2.4 (Addition of Parties) of this Agreement, such that it is considered a member of the Authority.

**Exhibit B: List of Founding Members**

**Any public agency that becomes a member by October 1, 2020**

## ORDINANCE NO. 954

### AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF DEL MAR, CALIFORNIA AUTHORIZING IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM

WHEREAS, California Public Utilities Code Section 366.2 (the "Act") authorizes cities and counties to individually or jointly provide retail electric service to an aggregation of customers within their jurisdictions, which is referred to as Community Choice Aggregation ("CCA"); and

WHEREAS, on October 3, 2016, the Del Mar City Council approved Resolution 2016-52 stating the City's interest in exploring the feasibility of a CCA program; and

WHEREAS, since January 2018, the City of Del Mar ("City"), working in cooperation with other cities in northern San Diego County, has been actively investigating the feasibility of commencing CCA service for electric customers within the City, with the objective of addressing climate change by reducing energy-related greenhouse gas emissions, promoting electrical rate price stability and cost savings and fostering consumer choice and local economic benefits such as job creation, local energy programs and local renewable energy development; and

WHEREAS, on April 15, 2019, the Del Mar City Council received the final North San Diego County Cities Community Choice Energy Technical Feasibility Study, dated March 28, 2019 ("Feasibility Study"); and

WHEREAS, the Feasibility Study determined that a CCA program would be both technically and financially feasible and could result in local benefits including the use of renewable energy at levels above the State Renewables Portfolio Standard, the provision of competitive rates to consumers, and economic opportunity for the City; and

WHEREAS, pursuant to Section 366.2 of the Act, two or more public entities authorized to be a community choice aggregator under Section 331.1 of the Act may participate jointly in a CCA program through a Joint Powers Authority established pursuant to Government Code Section 6500 et seq., if each entity adopts the ordinance required by Public Utilities Section 366.2(c)(12); and

WHEREAS, the City wishes to implement a CCA program at this time through a Joint Powers Authority together with other Founding Members which will be called the Clean Energy Alliance; and

WHEREAS, under Public Utilities Code section 366.2, customers have the right to opt out of the CCA program and continue to receive bundled electric service from the incumbent utility; and

WHEREAS, Public Utilities Code section 366.2(c)(12) provides that an entity which elects to implement a CCA program within its jurisdiction must do so by ordinance; and

WHEREAS, this ordinance is exempt from the requirements of the California Environmental Quality Act ("CEQA") pursuant to the State CEQA Guidelines, as it is not a "project" and has no potential to result in a direct or reasonably foreseeable indirect physical change to the environment. (14 Cal. Code Regs. § 15378(a).) Further, the ordinance is exempt from CEQA as there is no possibility that the ordinance or its implementation would have a significant negative effect on the environment. (14 Cal. Code Regs. § 15061(b)(3).) The ordinance is also categorically exempt because it is an action taken by a regulatory agency to assure the maintenance, restoration, enhancement or protection of the environment. (14 Cal. Code Regs. § 15308.) The Planning Director shall cause a Notice of Exemption to be filed as authorized by CEQA and the State CEQA Guidelines.

NOW, THEREFORE, the City Council of the City of Del Mar, California, hereby ordains as follows:

#### **SECTION ONE**

That the recitals set forth above are true and correct and are incorporated as though fully set forth herein.

#### **SECTION TWO**

In order to provide businesses and residents within the jurisdictional boundaries of the City with a choice of electric service providers and with the benefits described in the recitals above, the City Council hereby elects pursuant to Public Utilities Code Section 366.2(c)(12) to implement a CCA program within the jurisdiction of the City of Del Mar, California, by participating in the CCA program of the Clean Energy Alliance, under the terms and conditions provided in its Joint Powers Agreement, on file with the City Clerk.

#### **SECTION THREE**

This Ordinance was introduced by the City Council on October 7, 2019.

#### **SECTION FOUR**

The City Clerk is directed to prepare and have published a summary of this Ordinance no less than five days prior to the consideration of its adoption and again within 15 days following adoption indicating votes cast.

#### **SECTION FIVE**

If any section, subsection, sentence, clause, phrase or portion of this Ordinance is, for any reason, held invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this Ordinance.

**SECTION SIX**

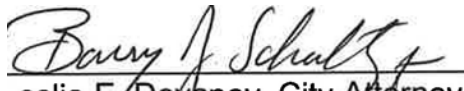
This Ordinance shall take effect and be in force on the thirtieth (30th) day from and after its final passage.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Del Mar, California, at the Regular Meeting held this 21st day of October, 2019.



\_\_\_\_\_  
David Druker, Mayor  
City of Del Mar

APPROVED AS TO FORM:



\_\_\_\_\_  
Leslie E. Devaney, City Attorney  
City of Del Mar

ATTEST AND CERTIFICATION:

STATE OF CALIFORNIA  
COUNTY OF SAN DIEGO  
CITY OF DEL MAR

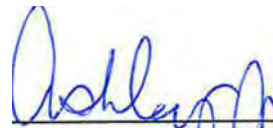
I, ASHLEY JONES, Administrative Services Director/City Clerk of the City of Del Mar, California, DO HEREBY CERTIFY, that the foregoing is a true and correct copy of Ordinance No. 954, which has been published pursuant to law, and adopted by the City Council of the City of Del Mar, California, at a Regular Meeting held the 21st day of October, 2019, by the following vote:

AYES: Mayor Druker, Deputy Mayor Haviland, Council Members  
Gaasterland, Parks and Worden

NOES: None

ABSENT: None

ABSTAIN: None



\_\_\_\_\_  
Ashley Jones, Administrative Services  
Director/ City Clerk  
City of Del Mar





RESOLUTION NO.2019-52

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DEL MAR APPROVING AND AUTHORIZING THE EXECUTION OF THE JOINT EXERCISE OF POWERS AGREEMENT CREATING THE CLEAN ENERGY ALLIANCE

WHEREAS, Section 6500 et seq. of the Government Code authorizes the joint exercise by two or more public agencies of any power common to them as a Joint Powers Authority ("JPA"); and

WHEREAS, Public Utilities Code Section 366.2(c)(12) specifically authorizes two or more cities and counties to conduct a Community Choice Aggregation ("CCA") program through the creation of a Joint Powers Authority; and

WHEREAS, the creation of a JPA would allow its members to share resources and jointly provide and achieve the environmental and economic benefits of a CCA program on a regional basis; and

WHEREAS, on October 3, 2016, the Del Mar City Council approved Resolution 2016-52 stating the City's interest in exploring the feasibility of a CCA program; and

WHEREAS, since January 2018, the City of Del Mar ("City"), working in cooperation with other cities in northern San Diego County, has been actively investigating the feasibility of commencing CCA service for electric customers within the City, with the objective of addressing climate change by reducing energy-related greenhouse gas emissions, promoting electrical rate price stability and cost savings and fostering consumer choice and local economic benefits such as job creation, local energy programs and local renewable energy development; and

WHEREAS, on April 15, 2019, the Del Mar City Council received the final North San Diego County Cities Community Choice Energy Technical Feasibility Study, dated March 28, 2019 ("Feasibility Study"); and

WHEREAS, the Feasibility Study, which determined that a CCA program would be both technically and financially feasible, examined a number of organizational structures by which a CCA program could be implemented including a JPA; and

WHEREAS, the City of Del Mar ("City") desires to enter into a JPA Agreement ("Agreement") to establish the Clean Energy Alliance along with the Founding Members identified in the Agreement, and any additional members approved by the JPA Board in the future.

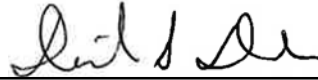
NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Del Mar, California, that:

1. The Joint Exercise of Powers Agreement creating the Clean Energy Alliance ("CEA") is hereby approved, and the City Manager is authorized to execute the

Agreement in substantially the form attached to the Staff Report as Attachment B, together with minor technical or clerical corrections, if any.

2. Staff is authorized and directed to take such further actions as may be necessary and appropriate to implement the intent and purposes of this Resolution.
3. This Resolution and the creation of the CEA is exempt from the requirements of the California Environmental Quality Act ("CEQA"), as it involves organizational and administrative activities of government that will not result in direct or indirect physical changes on the environment, and therefore is not considered a "project." (14 Cal. Code Regs. § 15378(b)(5).)

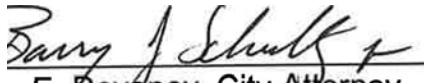
PASSED, APPROVED, AND ADOPTED by the City Council of the City of Del Mar, California at the Regular Meeting held this 7th day of October, 2019.



---

Dave Druker, Mayor  
City of Del Mar

APPROVED AS TO FORM:



Lesā E. Devaney, City Attorney  
City of Del Mar

ATTEST AND CERTIFICATION:

STATE OF CALIFORNIA  
COUNTY OF SAN DIEGO  
CITY OF DEL MAR

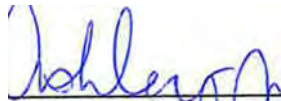
I, ASHLEY JONES, Administrative Services Director/City Clerk of the City of Del Mar, California, DO HEREBY CERTIFY, that the foregoing is a true and correct copy of Resolution No. 2019-52 adopted by the City Council of the City of Del Mar, California, at a Regular Meeting held the 7th day of October 2019, by the following vote:

AYES: Mayor Druker, Deputy Mayor Haviland, Council Members Parks and Worden

NOES: Council Member Gaasterland

ABSENT: None

ABSTAIN: None



Ashley Jones, Administrative Services  
Director/City Clerk  
City of Del Mar



## RESOLUTION 2019-136

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLANA BEACH, CALIFORNIA, APPROVING AND AUTHORIZING THE EXECUTION OF THE JOINT EXERCISE OF POWERS AGREEMENT CREATING THE CLEAN ENERGY ALLIANCE

**WHEREAS**, Section 6500 et seq. of the Government Code authorizes the joint exercise by two or more public agencies of any power common to them as a Joint Powers Authority ("JPA"); and

**WHEREAS**, Public Utilities Code Section 366.2(c)(12) specifically authorizes two or more cities and counties to conduct a Community Choice Aggregation (CCA) program through the creation of a Joint Powers Authority; and

**WHEREAS**, the creation of a JPA would allow its members to share resources and jointly provide and achieve the environmental and economic benefits of a CCA program on a regional basis; and

**WHEREAS**, the City of Solana Beach desires to enter into a Joint Exercise of Powers Agreement to establish the Clean Energy Alliance Community Choice Energy Authority along with the cities of Carlsbad and Del Mar, and any additional members approved by the JPA Board in the future.

**NOW, THEREFORE**, the City Council of the City of Solana Beach hereby resolves as follows:

1. That the foregoing recitations are true and correct.
2. The Joint Exercise of Powers Agreement creating the Clean Energy Alliance ("CEA") is hereby approved, and the City Manager is authorized to execute the Agreement in substantially the form attached hereto as Exhibit A, together with minor technical or clerical corrections, if any.
3. City Manager, or his designee, is authorized and directed to take such further actions as may be necessary and appropriate to implement the intent and purposes of this Resolution.

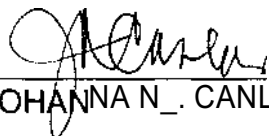
4. This Resolution and the creation of CEA is exempt from the requirements of the California Environmental Quality Act (CEQA), as it involves organizational and administrative activities of government that will not result in direct or indirect physical changes on the environment, and therefore is not considered a "project." (14 Cal. Code Regs. § 15378(b)(5).)

**PASSED AND ADOPTED** this 9th day of October 2019, at a regularly scheduled meeting of the City Council of the City of Solana Beach, California by the following vote:

AYES: Councilmembers - Zito, Edson, Hegenauer, Becker  
NOES: Councilmembers - None  
ABSENT: Councilmembers - Harless  
ABSTAIN: Councilmembers - None

  
DAVID A. ZITO, Mayor

APPROVED AS TO FORM:

  
JOHANNA N. CANLAS, City Attorney

ATTEST:

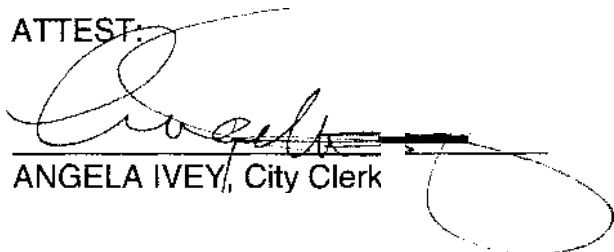
  
ANGELA IVEY, City Clerk

Exhibit A  
Resolution 2019-136

Clean Energy Alliance Joint Powers Agreement

Effective \_\_\_\_\_



## CLEAN ENERGY ALLIANCE JOINT POWERS AGREEMENT

This Joint Powers Agreement (the "Agreement"), effective as of \_\_\_\_\_, is made by the Founding Members of the Clean Energy Alliance and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Section 6500 et seq.) of the California Government Code relating to the joint exercise of powers among the public agencies set forth in **Exhibit B**.

### RECITALS

1. The Parties are public agencies sharing various powers under California law, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and their customers.
2. SB 350, adopted in 2015, mandates a reduction in greenhouse gas emissions to 40 percent below 1990 levels by 2030 and to 80 percent below 1990 levels by 2050. In 2018, the State Legislature adopted SB 100, which directs the Renewable Portfolio Standard to be increased to 60% renewable by 2030 and establishes a policy for eligible renewable energy resources and zero-carbon resources to supply 100 percent of electricity retail sales to California end-use customers by 2045.
3. The purposes for the Founding Members (as such term is defined in Exhibit A) entering into this Agreement include procuring/developing electrical energy for customers in participating jurisdictions, addressing climate change by reducing energy-related greenhouse gas emissions, promoting electrical rate price stability and cost savings, and fostering consumer choice and local economic benefits such as job creation, local energy programs and local power development. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to state, regional, and local solar and wind energy production and energy storage.
4. The Parties to this Agreement desire to establish a separate public agency, known as the Clean Energy Alliance ("Authority"), under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) ("Act") in order to collectively study, promote, develop, conduct, operate, and manage energy programs.
5. The Founding Members have each adopted an ordinance electing to implement through the Authority a Community Choice Aggregation program pursuant to California Public Utilities Code Section 366.2 ("CCA Program"). The first priority of the Authority will be the consideration of those actions necessary to implement the CCA Program on behalf of participating jurisdictions.
6. By establishing the Authority, the Parties seek to:
  - (a) Provide electricity service to residents and businesses located within the jurisdictional boundaries of the public agencies that are members of the Authority in a responsible, reliable, innovative, and efficient manner;

- (b) Provide electric generation rates to all ratepayers that are competitive with those offered by the Investor Owned Utility, San Diego Gas & Electric (SDG&E), for similar products with a target generation rate at least 2 percent below SDG&E's base product generation rate;
- (c) Offer a mix of energy products for standard commodity electric service that provide a cleaner power portfolio than that offered by SDG&E for similar service and other options, including a 90 percent and a 100 percent renewable content options in which communities and customers may "opt-up" and voluntarily participate, with the ultimate objective of achieving- and sustaining-the Climate Action Plan goals of the Parties, at competitive rates;
- (d) Develop an aggregate electric supply portfolio with overall lower greenhouse gas (GHG) emissions than SDG&E, and one that supports near-term achievement of the Parties' greenhouse gas reduction goals and renewable electricity goals;
- (e) Promote an energy portfolio that incorporates energy efficiency and demand response programs and pursues ambitious energy consumption reduction goals;
- (f) Pursue the procurement of local generation of renewable power developed by or within member jurisdictions with an emphasis on local jobs, where appropriate, without limiting fair and open competition for projects or programs implemented by the Authority;
- (g) Provide a range of energy product and program options, available to all Parties and customers, that best serve their needs, their local communities, and support regional sustainability efforts;
- (h) Support low-income households having access to special utility rates including California Alternative Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs;
- (i) Use discretionary program revenues to support the Authority's long-term financial viability, enhance customer rate stability, and provide all Parties and their customers with access to innovative energy programs, projects and services throughout the jurisdiction of the Authority; and
- (j) Create an administering Authority that seeks to maximize economic benefits and is financially sustainable, well-managed and responsive to regional and local priorities.

## **AGREEMENT**

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:

1. **DEFINITIONS AND EXHIBITS**

1.1 **Definitions.** Capitalized terms used in this Agreement shall have the meanings specified in **Exhibit A**, unless the context requires otherwise.

1.2 **Documents Included.** This Agreement consists of this document and the following exhibits, all of which are hereby incorporated into this Agreement:

Exhibit A: Definitions

Exhibit B: List of Founding Members

2. **FORMATION OF THE COMMUNITY CHOICE ENERGY AUTHORITY**

2.1 **Effective Date and Term.** This Agreement shall become effective and the Authority shall exist as a separate public agency on the date this Agreement is executed by at least three Founding Members after the adoption of the ordinances required by Public Utilities Code Section 366.2(c)(12). The Authority shall provide notice to the Parties of the Effective Date. The Authority shall continue to exist, and this Agreement shall be effective, until the Agreement is terminated in accordance with Section 8.4 (Mutual Termination), subject to the rights of the Parties to withdraw from the Authority under Section 8.1.

2.2 **Formation of the Authority.** Under the Act, the Parties hereby create a separate joint exercise of power agency named the Clean Energy Alliance. Pursuant to Sections 6506 and 6507 of the Act, the Authority is a public agency separate from the Parties. The jurisdiction of the Authority shall be all territory within the geographic boundaries of the Parties; however, the Authority may, as authorized under applicable law, undertake any action outside such geographic boundaries as is necessary to the accomplishment of its purpose.

2.3 **Purpose.** The purpose of this Agreement is to establish the Authority, to provide for its governance and administration, and to define the rights and obligations of the Parties. This Agreement authorizes the Authority to provide opportunities by which the Parties can work cooperatively to create economies of scale and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient, and renewable resources in the region for the benefit of all the Parties and their constituents, including, but not limited to, establishing and operating a CCA Program.

2.4 **Addition of Parties.** After the initial formation of the Authority and prior to October 1, 2020, any incorporated municipality, county, or other public agency authorized to be a community choice aggregator under Public Utilities Code Section 331.1 and located within the service territory of SDG&E may become a member of the Authority if it has completed a positive CCE Feasibility Study, adopted a CCA ordinance pursuant to Public Utilities Code Section 366.2(c)(12), approved and executed this Agreement, and paid or agrees to pay its share of the Initial Costs pursuant to Section 7.3.2 of this Agreement. Notwithstanding the foregoing, such public agency may be denied membership in the Authority if the

Board determines within 60 days after the submittal of the CCE Feasibility Study that the addition of the public agency would create an undue risk or financial burden to the Authority or to the achievement of the CAP goals of the Parties.

On or after October 1, 2020, any incorporated municipality, county, or other public agency authorized to be a community choice aggregator under Public Utilities Code Section 331.1 and located within the service territory of SDG&E may apply to and become a member of the Authority if all the following conditions are met:

- 2.4.1 Adoption of a resolution by a two-thirds vote of the entire Board authorizing membership in the Authority;
  - 2.4.2 Adoption by the proposed member of a CCA ordinance as required by Public Utilities Code Section 366.2(c)(12) and approval and execution of this Agreement and other necessary program agreements by the proposed member;
  - 2.4.3 Payment of a membership fee, if any, as may be required by the Board to cover Authority costs incurred in connection with adding the new party; and
  - 2.4.4 Satisfaction of any other conditions established by the Board.
- 2.5 **Continuing Participation.** The Parties acknowledge that membership in the Authority may change by the addition, withdrawal and/or termination of Parties. The Parties agree to participate with such other Parties as may later be added by the Board, as described in Section 2.4 (Addition of Parties) of this Agreement. The Parties also agree that the withdrawal or termination of a Party shall not affect this Agreement or the remaining Parties' continuing obligations under this Agreement.

### 3. **POWERS**

- 3.1 **General Powers.** The Authority shall have the powers common to the Parties which are necessary or appropriate to the accomplishment of the purposes of this Agreement, subject to the restrictions set forth in Section 3.4 (Limitation on Powers) of this Agreement.
- 3.2 **Specific Powers.** Specific powers of the Authority shall include, but not be limited to, each of the following powers, which may be exercised at the discretion of the Board:
  - 3.2.1 make and enter into contracts;
  - 3.2.2 employ agents and employees, including but not limited to a Chief Executive Officer;

- 3.2.3 acquire, own, contract, manage, maintain, and operate any buildings, public works, improvements or other assets including but not limited to public electric generation resources;
- 3.2.4 acquire property for the public purposes of the Authority by eminent domain, or otherwise, except as limited under Section 6508 of the Act and Sections 3.6 and 4.12.3 of this Agreement, and to hold or dispose of any property; provided, however, the Authority shall not exercise the power of eminent domain within the jurisdiction of a Party without its affirmative vote under Section 4. \2.2;
- 3.2.5 lease any property;
- 3.2.6 sue and be sued in its own name;
- 3.2.7 incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers authorized by law pursuant to Government Code Section 53850 et seq. and authority under the Act;
- 3.2.8 issue revenue bonds and other forms of indebtedness;
- 3.2.9 apply for, accept, and receive all licenses, permits, grants, loans or other aids from any federal, state or local public agency;
- 3.2.10 form independent corporations or entities, if necessary, to carry out energy supply and energy conservation programs;
- 3.2.11 submit documentation and notices, register, and comply with applicable orders, tariffs and agreements for the establishment and implementation of the CCA Program and other energy programs;
- 3.2.12 adopt rules, regulations, policies, bylaws and procedures governing the operation of the Authority;
- 3.2.13 make and enter into service agreements relating to the provision of services necessary to plan, implement, operate and administer the CCA Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services;
- 3.2.14 receive revenues from sale of electricity and other energy-related programs; and
- 3.2.15 Partner or otherwise work cooperatively with other CCA's on the acquisition of electric resources, joint programs, advocacy and other efforts in the interests of the Authority.

- 3.3 **Additional Powers to be Exercised.** In addition to those powers common to each of the Parties, the Authority shall have those powers that may be conferred upon it by law and by subsequently enacted legislation.
- 3.4 **Limitation on Powers.** As required by Section 6509 of the Act, the powers of the Authority are subject to the restrictions upon the manner of exercising power possessed by the City of Solana Beach and any other restrictions on exercising the powers of the Authority that may be adopted by the Board.
- 3.5 **Obligations of the Authority.** The debts, liabilities, and obligations of the Authority shall not be the debts, liabilities, and obligations of any of the Parties unless a Party agrees in writing to assume any of the debts, liabilities, and obligations of the Authority with the approval of its Governing Body, in its sole discretion. A Party that has not agreed in writing, as duly authorized by its Governing Body, to assume an Authority debt, liability, or obligation shall not be responsible in any way for such debt, liability, or obligation, regardless of any action by the Board. Further, the debts, liabilities and obligations of the City of Solana Beach related to or arising from its existing CCA program, commonly known as the Solana Energy Alliance, shall not be the debts, liabilities or obligations of the Authority or any of the Parties except the City of Solana Beach unless the Board approves assuming specific contracts entered into by the City of Solana Beach. Any such contracts assumed by the Authority shall be obligations of the Authority only and not of any of the Parties. Notwithstanding Sections 4.12.1 and 9.8 of this Agreement, this Section 3.5 shall not be amended or its liability limitations otherwise modified by an amendment to another part of this Agreement unless such amendment is approved by the Governing Body of each Party.
- 3.6 **Compliance with Local Zoning and Building Laws.** Notwithstanding any other provisions of this Agreement or state law, any facilities, buildings, structures or other projects (the "project") developed, constructed or installed or caused to be developed, constructed or installed by the Authority within the territory of the Authority (which consists of the territorial jurisdiction of the Parties) shall comply with the General Plan, zoning, land use regulations, building laws and any applicable local Coastal Plan of the local jurisdiction within which the project is located.
- 3.7 **Compliance with the Political Reform Act and Government Code Section 1090.** The Authority and its officers and employees shall comply with the Political Reform Act (Government Code Section 81000 et seq.) and Government Code Section 1090 et seq. The Board shall adopt a Conflict of Interest Code pursuant to Government Code Section 87300. The Board may adopt additional conflict of interest regulations in the Operating Policies and Procedures.

## 4. **GOVERNANCE**

### 4.1 **Board of Directors.**

- 4.1.1 The Governing Body of the Authority shall be a Board of Directors ("Board") consisting of one Director for each Party appointed in accordance with Section 4.2 (Appointment and Removal of Directors) of this Agreement.
- 4.1.2 Each Director must be a member of the Governing Body of the appointing Party. Each Director shall serve at the pleasure of the Governing Body of the Party that appointed such Director and may be removed as Director by such Governing Body at any time. If at any time a vacancy occurs on the Board, then a replacement shall be appointed to fill the position of the previous Director within 45 days after the date that position becomes vacant.
- 4.1.3 The Governing Body of each Party also shall appoint an alternate to serve in the absence of the primary Director. The alternate also shall be a member of the Governing Body of the appointing Party. The alternate shall have all the rights and responsibilities of the primary Director when serving in his/her absence.
- 4.1.4 Any change to the size and composition of the Board other than what is described in this section shall require an amendment of this Agreement in accordance with Section 4.12.

### 4.2 **Appointment and Removal of Directors.** The Directors shall be appointed and may be removed as follows:

- 4.2.1 The Governing Body of each Party shall appoint and designate in writing one regular Director, who shall be authorized to act for and on behalf of the Party on matters within the powers of the Authority. The Governing Body of each Party shall appoint and designate in writing one alternate Director who may vote on matters when the regular Director is absent from a Board meeting. The alternate Director may vote on matters in committee, chair committees, and fully participate in discussion and debate during meetings. All Directors and alternates shall be subject to the Board's adopted Conflict of Interest Code.
- 4.2.2 A Director may be removed by the Board for cause in accordance with procedures adopted by the Board. Cause shall be defined for the purposes of this section as follows:
  - a. Unexcused absences from three consecutive Board meetings.
  - b. Unauthorized disclosure of confidential information or documents from a closed session or the unauthorized disclosure of information

or documents provided to the Director on a confidential basis and whose public disclosure may be harmful to the interests of the Authority.

- c. Violation of any ethics policies or code of conduct adopted by the Board.

Notwithstanding the foregoing, no Party shall be deprived of its right to seat a Director on the Board and any such Party for which its Director and/or alternate Director has been removed may appoint a replacement.

- 4.3 **Director Compensation.** The Board may adopt by resolution a policy relating to the compensation or expense reimbursement of its Directors.
- 4.4 **Terms of Office.** Each Party shall determine the term of office for its regular and alternate Director.
- 4.5 **Purpose of Board.** The general purpose of the Board is to:
  - 4.5.1 Provide structure for administrative and fiscal oversight;
  - 4.5.2 Retain a Chief Executive Officer to oversee day-to-day operations of the Authority;
  - 4.5.3 Retain legal counsel;
  - 4.5.4 Identify and pursue funding sources;
  - 4.5.5 Set policy;
  - 4.5.6 Optimize the utilization of available resources; and
  - 4.5.7 Oversee all Committee activities.
- 4.6 **Specific Responsibilities of the Board.** The specific responsibilities of the Board shall be as follows:
  - 4.6.1 Formulate and adopt an annual budget prior to the commencement of the fiscal year;
  - 4.6.2 Develop and implement a financing and/or funding plan for ongoing Authority operations and capital improvements, if applicable;
  - 4.6.3 Retain necessary and sufficient staff and adopt personnel and compensation policies, rules and regulations;
  - 4.6.4 Adopt policies for procuring electric supply and operational needs such as professional services, equipment and supplies;



- 4.6.5 Develop and implement a Strategic Plan to guide the development, procurement, and integration of renewable energy resources consistent with the intent and priorities identified in this Agreement;
  - 4.6.6 Establish standing and ad hoc committees as necessary;
  - 4.6.7 Set retail rates for power sold by the Authority and set charges for any other category of retail service provided by the Authority;
  - 4.6.8 Wind down and resolve all obligations of the Authority in the event the Authority is terminated pursuant to Section 8.2;
  - 4.6.9 Conduct and oversee Authority operational audits at intervals not to exceed three years including review of customer access to Authority programs and benefits, where applicable;
  - 4.6.10 Arrange for an annual independent fiscal audit;
  - 4.6.11 Adopt such bylaws, rules and regulations necessary or desirable for the purposes set forth in this Agreement and consistent with this Agreement;
  - 4.6.12 Exercise the Specific Powers identified in Sections 3.2 and 4.6 except as those which the Board may elect to delegate to the Chief Executive Officer; and
  - 4.6.13 Discharge other duties as appropriate or necessary under this Agreement or required by law.
- 4.7 **Startup Responsibilities.** The Authority shall promptly act on the following matters:
- 4.7.1 Oversee the preparation of, adopt, and update an implementation plan for electrical load aggregation pursuant to Public Utilities Code Section 366.2(c)(3);
  - 4.7.2 Prepare a statement of intent for electrical load aggregation pursuant to Public Utilities Code Section 366.2(c)(4);
  - 4.7.3 Obtain financing and/or funding as is necessary to support start up and ongoing working capital for the CCA Program; and
  - 4.7.4 Acquire and maintain insurance in accordance with Section 9.3.
- 4.8 **Meetings and Special Meetings of the Board.** The Board shall hold at least four regular meetings per year, but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour, and place of each regular meeting shall be fixed annually by resolution of the Board. The location of regular meetings may rotate for the convenience of the Parties, subject to Board

approval and availability of appropriate meeting space. Regular meetings may be adjourned to another meeting time. Special meetings of the Board may be called **in** accordance with the provisions of Government Code Section 54956. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law. Board meeting agendas generally shall be set, in consultation with the Board Chair, by the Chief Executive Officer appointed by the Board pursuant to Section 5.5. The Board itself may add items to the agenda upon majority vote pursuant to Section 4.11.1.

- 4.9 **Brown Act Applicable.** All meetings of the Board shall be conducted in accordance with the provisions of the Ralph M. Brown Act (Government Code Section 54950, et seq.).
- 4.10 **Quorum.** A simple majority of the Directors shall constitute a quorum. No actions may be taken by the Board without a quorum of the Directors present.
- 4.11 **Board Voting.** Except for matters subject to Special Voting under Section 4.12, Board action shall require the affirmative votes of a majority of the Directors on the entire Board. The consequence of a tie vote shall be "no action" taken.
- 4.12 **Special Voting.**
  - 4.12.1 The affirmative vote of two-thirds of the Directors of the entire Board shall be required to take any action on the following:
    - (a) Issuing bonds or other forms of debt;
    - (b) Adding or removing Parties or removing Directors; and
    - (c) Amending or terminating this Agreement or adopting or amending the bylaws of the Authority except as provided in Sections 3.5 and 4.12.3. At least 30 days advance written notice to the Parties shall be provided for such actions. Such notice shall include a copy of any proposed amendment to this Agreement or the bylaws of the Authority. The Authority shall also provide prompt written notice to all Parties of the action taken and attach the adopted amendment, resolution or agreement.
  - 4.12.2 An affirmative vote of three-fourths of the entire Board shall be required to initiate any action for Eminent Domain and no eminent domain action shall be approved within the jurisdiction of a Party without the affirmative vote of such Party's Director.
  - 4.12.3 An unanimous vote of the entire Board shall be required to amend the following provisions in this Agreement
    - (a) Section 2.3 (Purpose of Agreement)

- (b) Section 3.6 (Compliance with Local Zoning)
- (c) Sections 4.11 and 4.12 (Voting Requirements)
- (d) Section 4.12.2 (Eminent Domain)
- (e) Section 6.5 (Power Supply Requirements)
- (f) Section 6.6 (Solana Energy Alliance Transition)

5 . **INTERNAL ORGANIZATION**

- 5.1 **Elected and Appointed Officers.** For each fiscal year, the Board shall elect a Chair and Vice Chair from among the Directors and shall appoint a Secretary and a Treasurer as provided in Government Code section 6505.5. No Director may hold more than one such office at any time. Appointed officers shall not be elected officers of the Board.
- 5.2 **Chair and Vice Chair.** For each fiscal year, the Board shall elect a Chair and Vice Chair from among the Directors. The term of office of the Chair and Vice Chair shall continue for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair. The Chair shall be the presiding officer of all Board meetings, and the Vice Chair shall serve in the absence of the Chair. The Chair shall perform duties as may be required by the Board. In the absence of the Chair, the Vice-Chair shall perform all of the Chair's duties. The office of the Chair or Vice Chair shall be declared vacant and a new selection shall be made if: (a) the person serving dies, resigns, or the Party that the person represents removes the person as its representative on the Board, or (b) the Party that he or she represents withdraws from the Authority pursuant to the provisions of this Agreement. Upon a vacancy, the position shall be filled at the next regular meeting of the Board held after such vacancy occurs or as soon as practicable thereafter.
- 5.3 **Secretary.** The Board shall appoint a qualified person who is not on the Board to serve as Secretary. The Secretary shall be responsible for keeping the minutes of all meetings of the Board and all other office records of the Authority. If the appointed Secretary is an employee of any Party, such Party shall be entitled to reimbursement for any documented out of pocket costs it incurs in connection with such employee's service as Secretary of the Authority, and full cost recovery for any documented hours of service provided by such employee during such Party's normal working hours.
- 5.4 **Treasurer/Chief Financial Officer and Auditor.** The Board of Directors shall appoint a Treasurer who shall function as the combined offices of Treasurer and Auditor and shall strictly comply with the statutes related to the duties and responsibilities specified in Section 6505.5 of the Act. The Treasurer for the Authority shall be the depository and have custody of all money of the Authority from whatever source and shall draw all warrants and pay demands against the

Authority as approved by the Board. The Treasurer shall cause an independent audit(s) of the finances of the Authority to be made by a certified public accountant, or public accountant, in compliance with Section 6505 of the Act. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any qualified person or entity as the law allows at the time. The duties and obligations of the Treasurer are further specified in Section 7. The Treasurer shall serve at the pleasure of the Board. If the appointed Treasurer is an employee of any Party, such Party shall be entitled to reimbursement for any documented out of pocket costs it incurs in connection with such employee's service as Treasurer of the Authority, and full cost recovery for any documented hours of service provided by such employee during such Party's normal working hours.

- 5.5 **Chief Executive Officer.** The Board shall appoint a Chief Executive Officer for the Authority, who shall be responsible for the day-to-day operation and management of the Authority and the CCA Program. The Chief Executive Officer may not be an elected member of the Board or otherwise represent any Party to the Authority. The Chief Executive Officer may exercise all powers of the Authority, except those powers specifically reserved to the Board, including but not limited to those set forth in Section 4.6 (Specific Responsibilities of the Board) of this Agreement or the Authority's bylaws, or those powers which by law must be exercised by the Board. The Chief Executive Officer may enter into and execute power purchase agreements and other contracts, in accordance with criteria and policies established by the Board.
- 5.6 **General Counsel.** The Board shall appoint a qualified person to act as the Authority's General Counsel, who shall not be a member of the Board, or an elected official or employee of a Party.
- 5.7 **Bonding of Persons Having Access to Property.** Pursuant to the Act, the Board shall designate the public officer or officers or person or persons who have charge of, handle, or have access to any property of the Authority exceeding a value as established by the Board, and shall require such public officer or officers or person or persons to file an official bond in an amount to be fixed by the Board.
- S.8 **Privileges and Immunities from Liability.** All of the privileges and immunities from liability, exemption from laws, ordinances and rules, all pension, relief, disability, workers' compensation and other benefits which apply to the activities of officers, agents or employees of a public agency when performing their respective functions shall apply to the officers, agents or employees of the Authority to the same degree and extent while engaged in the performance of any of the functions and other duties of such officers, agents or employees under this Agreement. None of the officers, agents or employees directly employed by the Board shall be deemed, by reason of their employment by the Authority to be employed by the Parties or by reason of their employment by the Authority, to be subject to any of the requirements of the Parties.

- 5.9 **Commissions, Boards and Committees.** The Board may establish any advisory commissions, boards, and committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the CCA Program, related energy programs, and the provisions of this Agreement. To the extent possible, the commissions, boards, and committees should have equal representation from each Party. The Board may establish criteria to qualify for appointment on its commissions, boards, and committees. The Board may establish rules, regulations, policies, or procedures to govern any such commissions, boards, or committees and shall determine whether members shall be entitled to reimbursement for expenses. The meetings of the commissions, boards, or committees shall be held in accordance with the requirements of the Ralph M. Brown Act, as applicable.

## 6. **IMPLEMENTATION ACTION AND AUTHORITY DOCUMENTS**

### 6.1 **Preliminary Implementation of the CCA Program.**

6.1.1 **Enabling Ordinance.** In addition to the execution of this Agreement, each Party shall adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(12) for the purpose of specifying that the Party intends to implement a CCA Program by and through its participation in the Authority.

6.1.2 **Implementation Plan.** The Authority shall secure Board approval of an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations, and consistent with the terms of this Agreement, as soon after the Effective Date as reasonably practicable but no later than December 31, 2019.

6.2 **Authority Documents.** The Parties acknowledge and agree that the affairs of the Authority will be implemented through various documents duly adopted by the Board through Board resolution or minute action, including but not necessarily limited to operational procedures and policies, the annual budget, and specific plans such as a local renewable energy development and integration plan and other policies defined as the Authority Documents by this Agreement. All such Authority Documents shall be consistent with and designed to advance the goals and objectives of the Authority as expressed in this Agreement. The Parties agree to abide by and comply with the terms and conditions of all such Authority Documents that may be adopted by the Board, subject to the Parties' right to withdraw from the Authority as described in Section 8 (Withdrawal and Termination) of this Agreement.

6.3 **Integrated Resource Plan and Regulatory Compliance.** The Authority shall cause to be prepared an Integrated Resource Plan in accordance with California Public Utilities Commission regulations, and consistent with the terms of this Agreement, that will ensure the long-term development and administration of a

variety of energy programs that promote local renewable resources, conservation, demand response, and energy efficiency, while maintaining compliance with other regulatory requirements including the State Renewable Portfolio Standard (RPS) and customer rate competitiveness.

- 6.4 **Renewable Portfolio Standards.** The Authority shall provide its customers energy primarily from Category 1 and Category 2 eligible renewable resources, as defined under the California RPS and consistent with the goals of the CCA Program. The Authority shall avoid the procurement of energy from Category 3 eligible renewable resources (unbundled Renewable Energy Credits or RECs) to the extent feasible. The Authority's ultimate objective shall be to achieve- and sustain-a renewable energy portfolio with 100 percent renewable energy availability and usage, at competitive rates, within the Authority service territory by no later than 2035, and then beyond.
- 6.5 **Power Supply Requirements.** The Authority's power supply base product will be greater than or equal to 50% qualified renewable resources. The Board shall establish product options with higher renewable and/or GHG-free content that each Party may select (such as 75% or 100% renewable content). In no event will the Authority's power supply base product contain a lesser amount of renewable resources than the base product provided by SDG&E to its customers. Power supply options established by the Board will allow each Party the flexibility to achieve its CAP goals without impeding any other Party from doing the same.
- 6.6 **Continuation and Transition of City of Solana Beach's Existing CCA Program.** The City of Solana Beach has been operating a CCA program within its jurisdiction since 2018. The City of Solana Beach shall be permitted to continue to operate its existing CCA program until the Authority's CCA Program commences service to customers within the jurisdiction of the City of Solana Beach. The transition of CCA customers within the City of Solana Beach to the Authority's CCA Program shall be implemented in accordance with the Authority's implementation plan approved by the Board and certified by the CPUC and any policies and requirements established by the Board.

## 7. **FINANCIAL PROVISIONS**

- 7.1 **Fiscal Year.** The Authority's fiscal year shall be 12 months commencing July 1 and ending June 30. The fiscal year may be changed by Board resolution.
- 7.2 **Depository.**
- 7.2.1 All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with funds of any Party or any other person or entity.

- 7.2.2 All funds of the Authority shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of the Authority shall be open to inspection and duplication by the Parties at all reasonable times. Annual financial statements shall be prepared in accordance with Generally Accepted Accounting Principles of the United States of America within 6 months of the close of the fiscal year. The Board shall contract with a certified public accountant to make an annual audit of the financial statements of the Authority, which shall be conducted in accordance with the requirements of Section 6505 of the Act.
- 7.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures.

**7.3 Budget and Recovery Costs.**

- 7.3.1 Budget. The initial budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of the Authority shall be prepared and approved by the Board in accordance with its fiscal management policies that should include a deadline for approval.
- 7.3.2 Funding of Initial Costs. The Initial Costs of establishing the Authority and implementing its CCA Program shall be divided equally among the Founding Members. In the event that the CCA Program becomes operational, these Initial Costs paid by the Founding Members shall be included in the customer charges for electric services to the extent permitted by law. The Authority may establish a reasonable time period over which such costs are recovered and reimbursed to the Founding Members. In the event that the CCA Program does not become operational, the Founding Members shall not be entitled to any reimbursement of the Initial Costs they have paid from the Authority or any Party.
- 7.3.3 CCA Feasibility and Governance Report Costs. In the event that the CCA Program becomes operational, any costs incurred by the Parties in preparing CCA Feasibility or Governance Reports in connection with establishing the Authority shall be included in the customer charges for electric services to the extent permitted by law. The Authority may establish a reasonable time period over which such costs are recovered and reimbursed to the Parties that incurred such costs. In the event that the CCA Program does not become operational, no Party shall be entitled to any reimbursement of these costs from the Authority or any Party.

7.3.4 **Program Costs.** The Parties intend that all costs incurred by the Authority that are directly or indirectly attributable to the provision of electric or other services under the CCA Program, including the establishment and maintenance of various reserve and performance funds, shall be recovered through appropriate charges to CCA customers receiving such services.

7.3.5 **No Requirement for Contributions or Payments.** Parties are not required under this Agreement to make any financial contributions or payments to the Authority, and the Authority shall have no right to require such a contribution or payment unless expressly set forth herein (for example, as provided in Section 2.4.3, with respect to Additional Members, Section 7.3.2 with respect to Initial Costs and Section 8.1, with respect to Withdrawal), or except as otherwise required by law.

Notwithstanding the foregoing, a Party may voluntarily enter into an agreement with the Authority to provide the following:

- (a) contributions of public funds for the purposes set forth in this Agreement;
- (b) advances of public funds for the purposes set forth in this Agreement, such advances to be repaid as provided by such written agreement; or
- (c) its personnel, equipment or property in lieu of other contributions or advances.

No Party shall be required, by or for the benefit of the Authority, to adopt any local tax, assessment, fee or charge under any circumstances.

7.4 **Accounts and Reports.** The Treasurer shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of any trust agreement entered into with respect to the proceeds of any bonds issued by the Authority. The books and records of the Authority in the hands of the Treasurer shall be open to inspection and duplication at all reasonable times by duly appointed representatives of the Parties. The Treasurer, within 180 days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Parties. The Treasurer shall cooperate with all audits required by this Agreement.

7.5 **Funds.** The Treasurer shall receive, have custody of and/or disburse Authority funds in accordance with the laws applicable to public agencies and generally accepted accounting practices, and shall make the disbursements required by this Agreement in order to carry out any of the purposes of this Agreement.

7.6 **Discretionary Revenues.** The Board shall establish policies concerning the expenditure of discretionary revenues. As determined by the Board in such policies, discretionary revenues may be used to (I) provide programs and develop



projects of the Authority or (2) allow Parties to direct funds into qualified Authority programs and projects, or provide other ratepayer benefits. The Board shall endeavor to achieve a balanced distribution of program and project benefits substantially commensurate with each Party's energy load ("balanced distribution"). The Board shall conduct periodic audits no less than every two years in order to verify the balanced distribution of program and project benefits and take any corrective action necessary to achieve or continue to maintain a balanced distribution.

- 7.7 **Rate Related Programs.** The Authority will maintain residential net energy metering and low-income rate discount programs.

## **8. WITHDRAWAL AND TERMINATION**

### **8.1 Withdrawal**

8.1.1 **Withdrawal by Parties.** Any Party may withdraw its membership in the Authority, effective as of the beginning of the Authority's fiscal year, by giving no less than one year advance written notice of its election to do so, which notice shall be given to the Authority and each Party. The Board, in its discretion, may approve a shorter notice period on a case by case basis. In addition, a Party may immediately withdraw its membership in the Authority upon written notice to the Board at any time prior to the Authority filing its first year-ahead load forecast with the CPUC that included the Party's load (anticipated to occur in April 2020) without any financial obligation other than its share of Initial Costs that shall not be reimbursed and any costs directly related to the resulting amendment of the Implementation Plan. Withdrawal of a Party shall require an affirmative vote of the Party's Governing Body.

8.1.2 **Amendment.** Notwithstanding Section 8.1.1 (Withdrawal by Parties) of this Agreement, a Party may withdraw its membership in the Authority upon approval and execution of an amendment to this Agreement provided that the requirements of this Section 8.1.2 are strictly followed. A Party shall be deemed to have withdrawn its membership in the Authority effective one year (or earlier if approved by the Board) after the Board approves an amendment to this Agreement if the Director representing such Party has provided notice to the other Directors immediately preceding the Board's vote of the Party's intention to withdraw its membership in the Authority, should the amendment be approved by the Board.

8.1.3 **Continuing Liability; Further Assurances.** A Party that withdraws its membership in the Authority may be subject to certain continuing liabilities, as described in Section 8.5 (Continuing Liability; Refund) of this Agreement, including, but not limited to, power purchase

agreements and other Authority contracts and operational obligations. The withdrawing Party and the Authority shall execute and deliver all further instruments and documents and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party from membership in the Authority. The Board shall also consider, pursuant to Section 3.2.12, adoption of a policy that allows a withdrawing Party to negotiate assignment to the Party of costs of electric power or other resources procured on behalf of its customers by the Authority upon its withdrawal. In the implementation of this Section 8.1.3, the Parties intend, to the maximum extent possible, without compromising the viability of ongoing Authority operations, that any claims, demands, damages, or liabilities covered hereunder, be funded from the rates paid by CCA Program customers located within the service territory of the withdrawing Party, and not from the general fund of the withdrawing Party itself.

- 8.2 **Termination of CCA Program.** Nothing contained in Section 6 or elsewhere in this Agreement shall be construed to limit the discretion of the Authority to terminate the implementation or operation of the CCA Program at any time in accordance with any applicable requirements of state law.
- 8.3 **Involuntary Termination.** This Agreement may be terminated with respect to a Party for material non-compliance with provisions of this Agreement or Authority Documents upon a two-thirds vote of the entire Board excluding the vote of the Party subject to possible termination. Prior to any vote to terminate this Agreement with respect to a Party, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party whose termination is proposed at least 30 days prior to the regular Board meeting at which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or the Authority Documents that the Party has allegedly violated. The Party, subject to possible termination, shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination. A Party that has had its membership in the Authority terminated may be subject to certain continuing liabilities, as described in Section 8.5 (Continuing Liability; Refund) of this Agreement.
- 8.4 **Mutual Termination.** This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Party to withdraw its membership in the Authority, and thus terminate this Agreement with respect to such withdrawing Party, as described in Section 8.1 (Withdrawal) of this Agreement.
- 8.5 **Continuing Liability; Refund.** Upon a withdrawal or involuntary termination of a Party, the Party shall be responsible for any claims, demands, damages, or

liabilities attributable to the Party through the effective date of its withdrawal or involuntary termination, it being agreed that the Party shall not be responsible for any claims, demands, damages, or liabilities commencing or arising after the effective date of the Party's withdrawal or involuntary termination. .

Notwithstanding the foregoing or any other provisions of this Agreement, such Party also shall be liable to the Authority for (a) any damages, *losses*, or costs incurred by the Authority which result directly from the Party's withdrawal or termination, including but not limited to costs arising from the resale of capacity, electricity, or any attribute thereof no longer needed to serve such Party's load; and (b) any costs or obligations associated with the Party's participation in any program in accordance with the program's terms, provided such costs or obligations were incurred prior to the withdrawal of the Party. From and after the date a Party provides notice of its withdrawal or is terminated, the Authority shall reasonably and in good faith seek to mitigate any costs and obligations to be incurred by the withdrawing or terminated Party under this Section through measures reasonable under the circumstances, provided that this obligation to mitigate does not impose any obligation on the Authority to transfer any cost or obligation directly attributable to the membership and withdrawal or termination of the withdrawing or terminated party to the ratepayers of the remaining members. Further, the liability of the withdrawing or terminated Party shall be based on actual costs or damages incurred by the Authority and shall not include any penalties or punitive charges imposed by the Authority. The Authority may withhold funds otherwise owing to the Party or may require the Party to deposit sufficient funds with the Authority, as reasonably determined by the Authority, to cover the Party's liability for the costs described above. The withdrawing or terminated Party agrees to pay any such deposit determined by the Authority. Any amount of the Party's funds held on deposit with the Authority above that which is required to pay any liabilities or obligations shall be returned to the Party. In the implementation of this Section 8.5, the Parties intend, to the maximum extent possible, without compromising the viability of ongoing Authority operations, that any claims, demands, damages, or liabilities covered hereunder, be funded from the rates paid by CCA Program customers located within the service territory of the withdrawing Party, and not from the general fund of the withdrawing Party itself. The liability of a withdrawing Party under this Section shall be only to the Authority and not to any other Party.

- 8.6 **Disposition of Authority Assets.** Upon termination of this Agreement and dissolution of the Authority by all Parties, after payment of all obligations of the Authority, the Board may sell or liquidate Authority property and shall distribute any remaining assets to the Parties in proportion to the contributions made by the existing Parties. Any assets provided by a Party to the Authority shall remain the asset of that Party and shall not be subject to distribution under this section.

## 9. **MISCELLANEOUS PROVISIONS**

- 9.1 **Dispute Resolution.** The Parties and the Authority shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. Before

exercising any remedy provided by law, a Party or the Parties and the Authority shall engage in nonbinding mediation in the manner agreed upon by the Party or Parties and the Authority. The Parties agree that each Party may specifically enforce this section. In the event that nonbinding mediation is not initiated or does not result in the settlement of a dispute within 60 days after the demand for mediation is made, any Party and the Authority may pursue any remedies provided by law.

- 9.2 **Liability of Directors, Officers, and Employees.** The Directors, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. The Authority shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Section 995 et seq. Nothing in this section shall be construed to limit the defenses available under the law, to the Parties, the Authority, or its Directors, officers, or employees. In addition, pursuant to the Act, no Director shall be personally liable on the Authority's bonds or be subject to any personal liability or accountability by reason of the issuance of bonds.
- 9.3 **Insurance and Indemnification of Parties.** The Authority shall acquire such insurance coverage as is necessary to protect the interests of the Authority and the Parties. The Authority shall defend, indemnify and hold harmless the Parties and each of their respective governing board members, officers, agents and employees, from any and all claims, losses, damages, deductibles or self-insured retentions, costs, fines, penalties, injuries and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts, errors, omissions or negligence of the Authority or its officers, employees, agents, contractors, licensees or volunteers.
- 9.4 **No Third Party Beneficiaries.** The provisions of this Agreement are for the sole benefit of the Parties and the Authority and not for the benefit of any other person or entity. No third party beneficiary shall be created by or arise from the provisions of this Agreement.
- 9.5 **Notices.** Any notice required or permitted to be made hereunder shall be in writing and shall be delivered in the manner prescribed herein at the principal place of business of each Party. The Parties may give notice by (1) personal delivery; (2) e-mail; (3) U.S. Mail, first class postage prepaid, or a faster delivery method; or (3) by any other method deemed appropriate by the Board.

Upon providing written notice to all Parties, any Party may change the designated address or e-mail for receiving notice.

All written notices or correspondence sent in the described manner will be deemed given to a party on whichever date occurs earliest: (1) the date of personal delivery; (2) the third business day following deposit in the U.S. mail, when sent by "first class" mail; or (3) the date of transmission, when sent by e-mail or facsimile.

- 9.6 **Successors.** This Agreement shall be binding upon and shall inure to the benefit of the successors of each Party.
- 9.7 **Assignment.** Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the advance written consent of all of the other Parties, and any attempt to assign or delegate such rights or duties in contravention of this section shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the approved assigns of the Parties. This section does not prohibit a Party from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party's contributions to the Authority, or the disposition of the proceeds which that Party receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Authority or the Parties under this Agreement.
- 9.8 **Amendment.** This Agreement may be amended by a written amendment approved by the Board in accordance with the Special Voting requirements of Section 4.12.
- 9.9 **Severability.** If any one or more of the terms, provisions, promises, covenants, or conditions of this Agreement were adjudged invalid or void by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants, and conditions of this Agreement shall not be affected thereby and shall remain in full force and effect to the maximum extent permitted by law.
- 9.10 **Governing Law.** This Agreement is made and to be performed in the State of California, and as such California substantive and procedural law shall apply.
- 9.11 **Headings.** The section headings herein are for convenience only and are not to be construed as modifying or governing the language of this Agreement.
- 9.12 **Counterparts.** This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

The Parties hereto have executed this Joint Powers Agreement establishing the Clean Energy Alliance.

CITY OF \_\_\_\_\_

By: \_\_\_\_\_  
City Manager

DATE: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

By: \_\_\_\_\_  
City Attorney

**Exhibit A: Definitions**

- "AB 117" means Assembly Bill 117 (Stat. 2002, Ch. 838, codified at Public Utilities Code Section 366.2), which created Community Choice Aggregation.
- "Act" means the Joint Exercise of Powers Act of the State of California (Chapter 5, Division 7, Title 1 of the Government Code commencing with Section 6500).
- "Agreement" means this Joint Powers Agreement.
- "Authority" means the Clean Energy Alliance.
- "Authority Document(s)" means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions and activities of the Authority, including but not limited to the Operating Policies and Procedures, the annual budget, and plans and policies.
- "Board" means the Board of Directors of the Authority.
- "Community Choice Aggregation" or "CCA" means an electric service option available to cities, counties, and other public agencies pursuant to Public Utilities Code Section 366.2.
- "CCA Program" means the Authority's Community Choice Aggregation program established, conducted and operated under Public Utilities Code Section 366.2.
- "Days" shall mean calendar days unless otherwise specified by this Agreement.
- "Director" means a member of the Board representing a Party appointed in accordance with Sections 4.1 (Board of Directors) and 4.2 (Appointment and Removal of Directors) of this Agreement.
- "Effective Date" means the date on which the Agreement shall become effective and the Authority shall exist as a separate public agency, as further described in Section 2.1 (Effective Date and Term) of this Agreement.
- "Founding Member" means any jurisdiction that becomes a member of the Authority before October 1, 2020, as identified in Exhibit B.
- "Governing Body" means for any city, its City Council; and for any other public agency, the equivalent policy making body that exercises ultimate decision-making authority over such agency.
- "Initial Costs" means reasonable and necessary implementation costs advanced by the Founding Members in support of the formation of the Authority and approved by the Board for reimbursement, which are (a) directly related to the establishment of the Authority and its CCA program, and (b) incurred by the Authority or its Members relating to the initial operation of the Authority, such as the hiring of the executive and operations staff, any required accounting, administrative, technical and legal services in support of the

Authority's initial formation activities or in support of the negotiation, preparation and approval of power purchase agreements, and activities associated with drafting and obtaining approval of the Authority's implementation plan. Initial Costs do not include costs associated with the investigation of the CCA model, attendance at routine planning meetings, or a Party's pre-formation reports related to their decision to pursue CCA or join the Authority. Initial costs also do not include the costs incurred by the City of Solana Beach relating to the termination of its CCA program. The Authority Board shall determine the repayment timing and termination date for the Initial Costs.

"Investor Owned Utilities" means a privately-owned electric utility whose stock is publicly traded and is subject to CPUC regulation.

"Parties" means, collectively, the signatories to this Agreement that have satisfied the conditions as defined above for "Founding Members" or in Section 2.4 (Addition of Parties) of this Agreement, such that they are considered members of the Authority.

"Party" means, singularly, a signatory to this Agreement that has satisfied the conditions as defined above for "Founding Members" or in Section 2.4 (Addition of Parties) of this Agreement, such that it is considered a member of the Authority.



Exhibit B: List of Founding Members

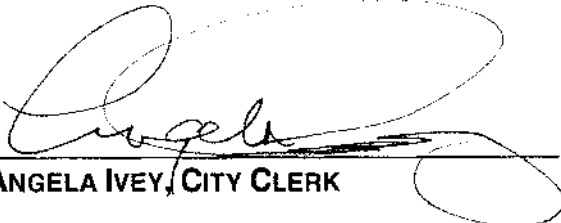
Any public agency that becomes a member by October 1, 2020



## RESOLUTION CERTIFICATION

STATE OF CALIFORNIA }  
COUNTY OF SANDIEGO      SS.  
CITY OF SOLANA BEACH      .

I, ANGELA IVEY, City Clerk of the City of Solana Beach, California, DO HEREBY CERTIFY that the foregoing is a full, true and correct copy of **Resolution 2019-136** *approving and authorizing the execution of the Joint Exercise of Powers Agreement creating the Clean Energy Alliance* as duly passed and adopted at a Regular Solana Beach City Council meeting held on the 9<sup>th</sup> day of October, 2019. The original is on file in the City Clerk's Office.

  
ANGELA IVEY, CITY CLERK

CERTIFICATION DATE: Oct 31, 2019

Appendix F:  
Clean Energy Alliance Resolution No. 2021-019

CLEAN ENERGY ALLIANCE  
RESOLUTION NO. 2021-019

A RESOLUTION OF THE CLEAN ENERGY ALLIANCE  
APPROVING THE COMMUNITY CHOICE AGGREGATION  
IMPLEMENTATION PLAN ADDENDUM NO. 1  
AND STATEMENT OF INTENT

**WHEREAS**, the Clean Energy Alliance (CEA) is a joint powers agency formed on November 4, 2019, under the Joint Exercise of Power Act, California Government Code section 6500 *et seq.*, among the Cities of Carlsbad, Solana Beach and Del Mar created by the cities of Carlsbad, Del Mar and Solana Beach; and

**WHEREAS**, CEA authorized the City of Escondido joining as a member of CEA through adoption of Resolution 2021-014 on November 18, 2021; and

**WHEREAS**, CEA authorized the City of San Marcos joining as a member of CEA through adoption of Resolution 2021-015 on December 17, 2021; and

**WHEREAS**, the cities of Escondido and San Marcos desire to establish a community choice aggregation (CCA) program in support of meeting their respective Climate Action Plan goals; and

**WHEREAS**, Public Utilities Code Section 366.2(c)(3) requires that prior to establishing electrical load aggregation, a community choice aggregator must prepare an implementation plan and statement of intent detailing the process and consequences of aggregation, and that the implementation plan, and any subsequent changes to it, must be considered and adopted at a duly noticed public meeting; and

**WHEREAS**, pursuant to Public Utilities Code Section 366.2(c)(3) and provide electrical load aggregation to the cities of Escondido and San Marcos, CEA has prepared an Addendum No. 1 to the CEA Community Choice Aggregation Implementation Plan and Statement of Intent (Addendum No. 1) which will be submitted to the California Public Utilities Commission on or before December 31, 2021 ; and

**WHEREAS**, Addendum No. 1 was presented to the CEA Board of Directors for consideration at a duly noticed public meeting on December 30, 2021.

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Clean Energy Alliance, as follows:

Section 1. In accordance with California Public Utilities Code Section 366.3(c)(3), the CEA Board of Directors hereby considers and adopts the Implementation Plan Addendum No. 1

at a duly noticed public meeting held on December 30, 2021, held via teleconference in compliance with certain provisions of the Ralph M. Brown Act pursuant to Government Code Section 54953(e)(1)(A), in relation to the COVID-19 State of Emergency, at 2:00 p.m., after allowing interested persons the opportunity to provide public comment on the Implementation Plan Addendum No. 1.

Section 2. The Board of Directors hereby directs the Chief Executive Officer to file the Implementation Plan Addendum No. 1 with the California Public Utilities Commission no later than December 31, 2021.

The foregoing Resolution was passed and adopted this 30<sup>th</sup> day of December 2021, by the following vote:

AYES: Musgrove, Druker, Inscoc, Bhat-Patel, Becker

NOES: None

ABSENT: None

ABSTAIN: None

APPROVED:

---

Kristi Becker, Chair

ATTEST:

---

Susan Caputo, Interim Board Clerk



## Staff Report

**DATE:** October 20, 2022  
**TO:** Clean Energy Alliance Board of Directors  
**FROM:** Barbara Boswell, Chief Executive Officer  
**ITEM 4:** Clean Energy Alliance Operational, Administrative and Regulatory Affairs Update

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### **RECOMMENDATION**

- 1) Receive and File Operational and Administrative Update Report from Chief Executive Officer.
- 2) Receive Community Choice Aggregation Regulatory Affairs Report from Special Counsel.

### **BACKGROUND AND DISCUSSION**

This report provides an update to the Clean Energy Alliance (CEA) Board regarding the status of operational, administrative, and regulatory affairs activities.

#### **OPERATIONAL UPDATE**

##### *Community Advisory Committee Vacancy Recruitments*

CEA is currently recruiting for Community Advisory Committee members for the cities of Oceanside and Vista. There are two openings for each city, one with a term ending December 31, 2024, and the second with a term ending December 31, 2025. The application period has been extended through November 15, 2022, to provide additional time to advertise the opportunities to the residents and business owners in the communities. Recommendations for appointment will be brought before the Board at its December 22 meeting.

##### *Expansion of Clean Energy Alliance*

Clean Energy Alliance (CEA) is planning two service expansions over the next two years:

April 2023 – Escondido and San Marcos Service Enrollments

April 2024 – Oceanside and Vista Service Enrollments

The chart below reflects activities related to the expansions over the six months:

<b>ACTIVITY</b>	<b>TIMING</b>	<b>STATUS</b>
Draft Implementation Plan Amendment – Oceanside & Vista to CEA Board	October 2022	Presenting 10/20/22

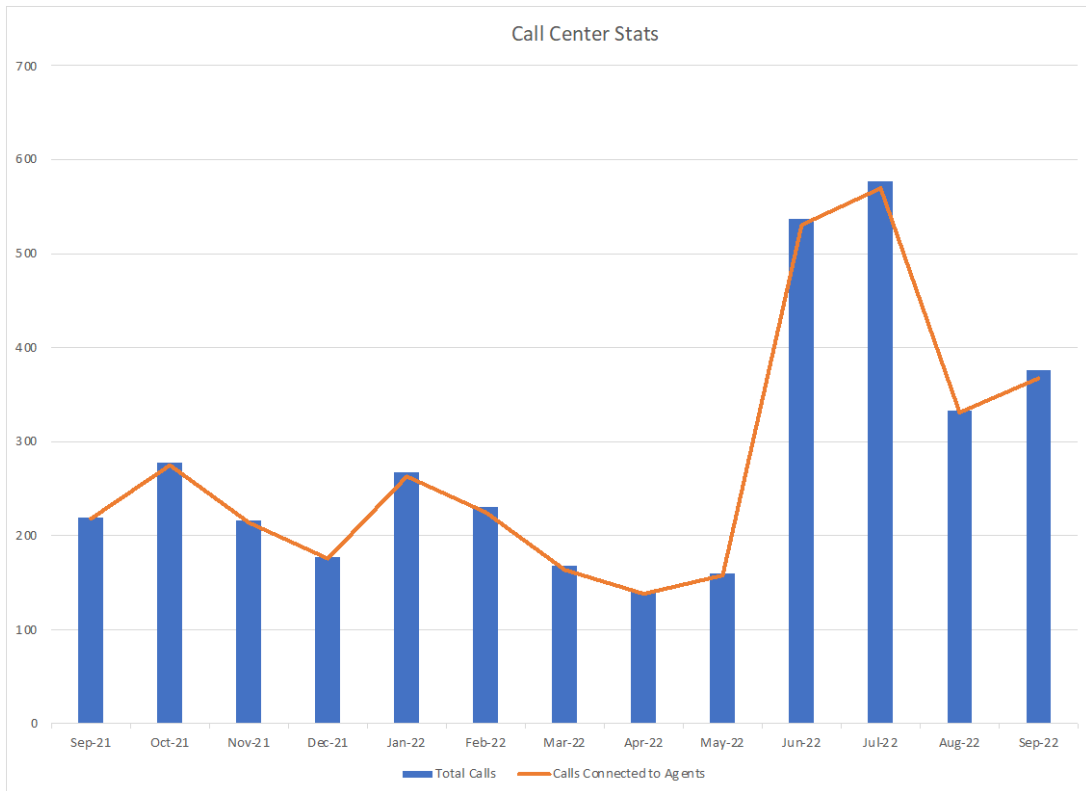
Marketing & Outreach – Escondido & San Marcos	December 2022 – April 2023	
CEA: File Implementation Plan Amendment	By December 31, 2022	
Default Power Supply Selection – Escondido & San Marcos	November/December 2022	
Noticing – Escondido & San Marcos	February/March/May June 2023	
Year-Ahead Resource Adequacy Filing to include Oceanside & Vista	April 2023	
Marketing & Outreach – Oceanside & Vista	December 2023 – April 2024	
Default Power Supply Selection – Oceanside & Vista	November/December 2024	
Noticing – Oceanside & Vista	February/March/May/June 2024	

*Risk Oversight Committee*

Pursuant to CEA’s Energy Risk Management Policy, the Risk Oversight Committee met September 1, 2022. The Committee reviewed CEA’s recent procurement activity, current portfolio positions and future procurement targets, and portfolio mark to market and counterparty exposure. The Committee confirmed that CEA is in compliance with its Energy Risk Management Policy. The next meeting of the Committee is scheduled for December 1, 2022.

*Call Center Activity*

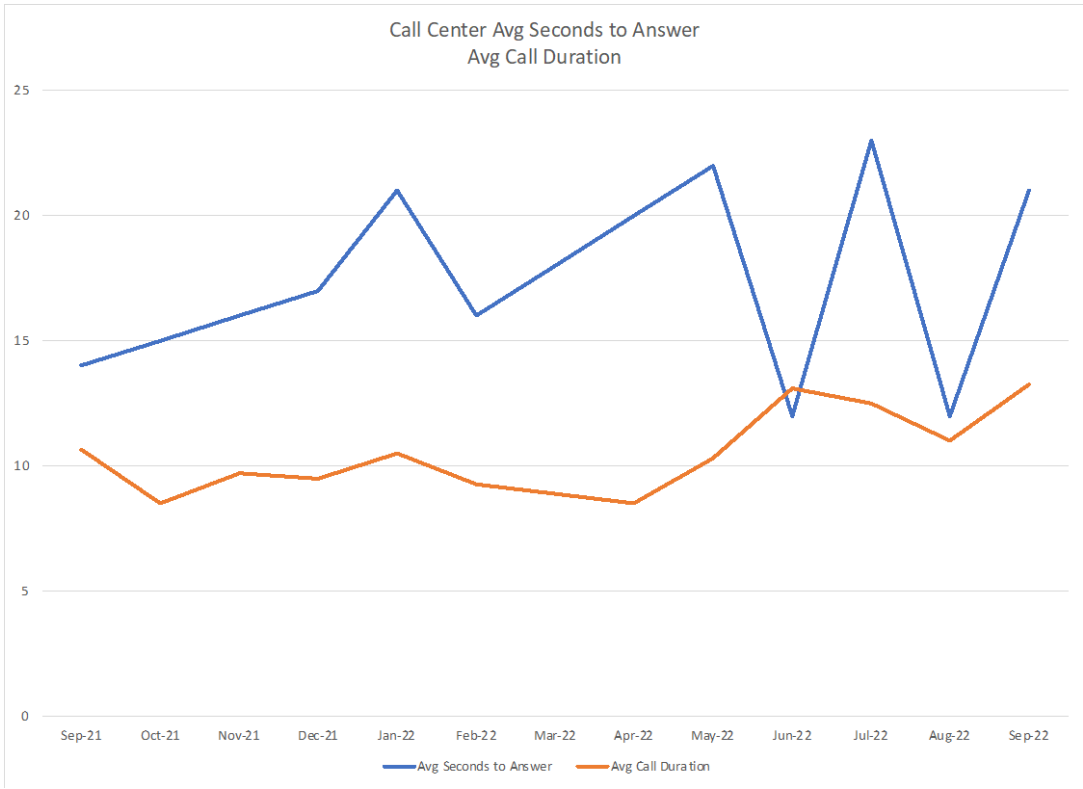
The charts below reflect customer activity through September 30, 2022:



The 40% of the calls received were for Net Energy metering inquiries followed by billing questions (17%).

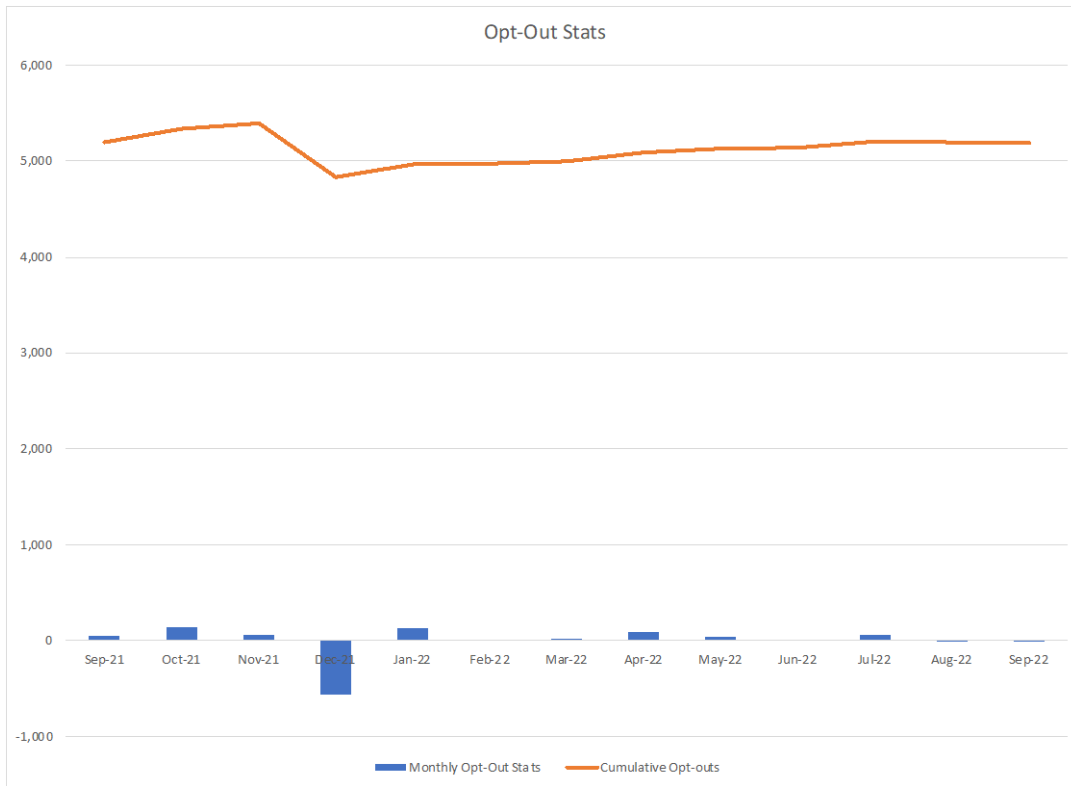
The chart below reflects call center average seconds to answer and average call duration:





Calls are being answered within an average of 21 seconds, lasting an average 13 minutes.

The following chart reflects the monthly and cumulative opt-outs for CEA.



CEA realized a slight net decrease in opt outs again in September with an overall participation rate of 92.25%.

The following chart reflects enrollments in CEA’s power supply products:

POWER SUPPLY PRODUCT	AUG 2022	SEPT 2022	Net Change
Clean Impact – 50% Renewable	163	169	+ 6
Clean Impact Plus - 75% Carbon Free	59,335	59,322	- 13
Green Impact – 100% Renewable	413	428	+ 15
<b>TOTAL ACCOUNTS</b>	<b>59,911</b>	<b>59,919</b>	<b>+8</b>

*Contracts \$50,000 - \$100,000 entered into by Chief Executive Officer*

VENDOR	DESCRIPTION	AMOUNT
Lupa Affairs	Grant/Program Funding research; Customer outreach strategy development; Supplier Diversity program establishment; other special projects	No to Exceed \$70,000

REGULATORY UPDATE

CEA’s regulatory attorney, Ty Tosdal, will provide an update to the Board on current regulatory activities (Attachment A).

**FISCAL IMPACT**

There is no fiscal impact by this action.

**ATTACHMENTS**

Attachment A – Tosdal APC Regulatory Update Report



## Staff Report

**DATE:** October 20, 2022

**TO:** Clean Energy Alliance Board of Directors

**FROM:** Barbara Boswell, Chief Executive Officer

**ITEM 5:** Consideration of the circumstances of the COVID-19 state of emergency to determine whether the legislative bodies of Clean Energy Alliance will continue to hold meetings via teleconferencing and making findings pursuant to Government Code Section 54953(e)

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### **RECOMMENDATION**

Continue meetings by teleconferencing pursuant to Government Code Section 54953(e), find that: (1) the Board has considered the circumstances of the state of emergency created by the COVID-19 pandemic; and (2) the state of emergency continues to directly impact the ability of the members to meet safely in person;

or

Find that: (1) the Board has considered the circumstances of the state of emergency created by the COVID-19 pandemic; and (2) the state of emergency no longer continues to directly impact the ability of the members to meet safely in person.

### **BACKGROUND AND DISCUSSION**

On September 16, 2021, Governor Newsom signed AB 361 amending the Brown Act to allow local agencies to meet remotely during declared emergencies under certain conditions. AB 361 authorizes local agencies to continue meeting remotely without following the Brown Act's standard teleconferencing provisions, including the requirement that meetings be conducted in physical locations, under specified conditions. Namely, the meeting is held during a state of emergency proclaimed by the Governor and either of the following applies: (1) state or local officials have imposed or recommended measures to promote social distancing; or (2) the agency has already determined or is determining whether, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

The Board of Directors and CEA's other legislative bodies have met using teleconferencing throughout the COVID-19 pandemic to protect the health and safety of the public and staff. On October 28, 2021, the Board of Directors determined that the factual circumstances exist for CEA to continue to hold meetings pursuant to AB 361. Specifically, on March 4, 2020, Governor Newsom declared a State of Emergency in response to the COVID-19 pandemic (the "Emergency"). The Emergency continues to exist. In addition, the Centers for Disease Control and Prevention continue to advise that COVID-19

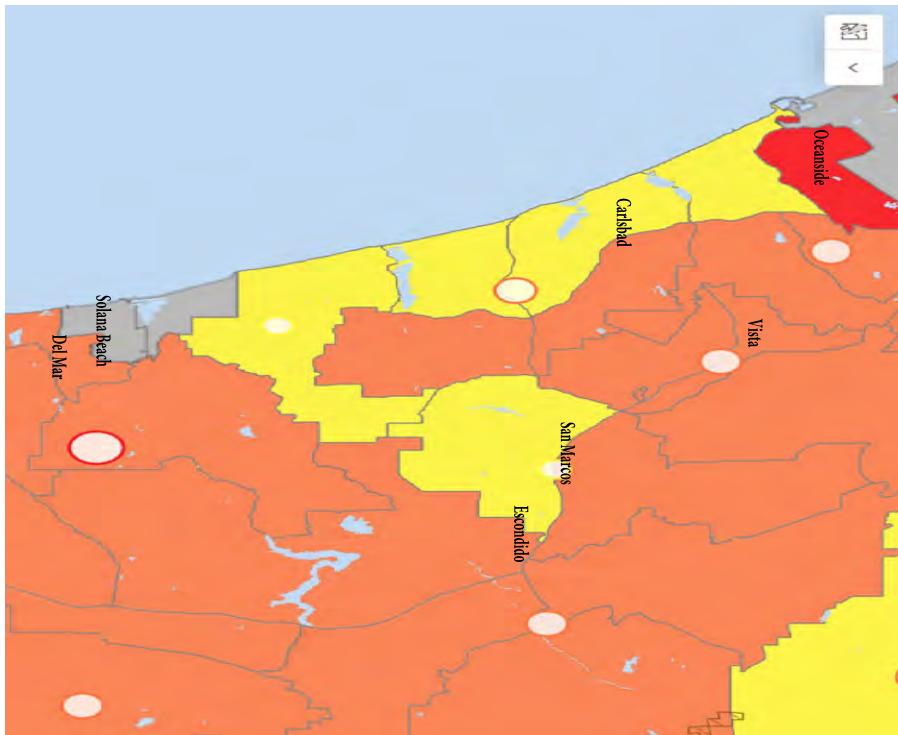
spreads more easily indoors than outdoors and that people are more likely to be exposed to COVID-19 when they are closer than six feet apart from others for longer periods of time. Based on this advice and as a result of the emergency, the Board determined that meeting in person presents imminent risks to the health or safety of attendees.

To continue meeting remotely pursuant to AB 361, an agency must make periodic findings that: (1) the body has reconsidered the circumstances of the declared emergency; and (2) the emergency impacts the ability of the body’s members to meet safely in person, or state or local officials continue to impose or recommend measures to promote social distancing. These findings should be made not later than 30 days after teleconferencing for the first time pursuant to AB 361, and every 30 days thereafter.

The County of San Diego Health and Human Services Agency (HHSA) tracks COVID-19 cases and hospitalizations by zip codes and prepares a map reflecting the COVID-19 case level which is updated weekly. The color-coded map utilizes the following color system:

- Blue – Low Transmission
- Yellow – Moderate Transmission
- Orange – Substantial Transmission
- Red – High Transmission

The map below is taken from the County HHSA website, updated as of October 6, 2022:



Based on the cases and hospitalization data, Oceanside has a high transmission rate, Vista and Del Mar moderate transmission, San Marcos and Escondido have areas of high and moderate transmission and Solana Beach does not have sufficient data to provide a reliable rate.

On June 17, 2022, Governor Newsom extended the state of emergency to maintain testing and vaccinations program and protect hospital capacity while at the same time lifting several COVID-19 related executive order provisions.

With the exception of Del Mar, all City Councils within CEA's service territory have returned to in-person meetings.

**FISCAL IMPACT**

There is no fiscal impact by this action.

**ATTACHMENTS**

None.



## Staff Report

**DATE:** October 20, 2022

**TO:** Clean Energy Alliance Board of Directors

**FROM:** Barbara Boswell, Chief Executive Officer

**ITEM 6:** Provide Direction Regarding Amending Resolution No. 2022-002 Setting Time and Place for Clean Energy Alliance Board Meetings

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### **RECOMMENDATION**

Provide direction regarding amending Resolution No. 2022-002 Setting Time and Place for Clean Energy Alliance Board Meetings.

### **BACKGROUND AND DISCUSSION**

At its September 22, 2022, Board meeting, the Clean Energy Alliance (CEA) Board requested staff to bring back an agenda item for consideration of amending Resolution No. 2022-002 Setting the Time and Place for Clean Energy Alliance Board meetings.

Resolution No. 2022-002 (attached), adopted May 26, 2022, established San Marcos City Council chambers as the location for Board meetings for the period July 28, 2022, through June 29, 2023. At the time the Resolution was adopted the members were Carlsbad, Del Mar, Escondido, San Marcos, and Solana Beach. San Marcos was selected after considering the other member cities due to the ability to livestream via YouTube. CEA has standardized its livestreaming to its YouTube channel in order to provide consistency for our customers and other interested parties to view meetings.

Since that decision, the cities of Oceanside and Vista have joined CEA and the Board directed staff to research Oceanside as a possible location for Board meetings and bring back the findings.

Oceanside staff was helpful in discussing the option with Oceanside management and approval was received for CEA to hold its Board meetings in the Oceanside Council Chambers. Upon reviewing the Oceanside Council Chambers calendar it was determined that conflicts existed for the November 17 Board meeting and December 1 Community Advisory Committee Meetings. Otherwise, the Council Chambers is available for the other meeting dates.

With regards to the livestreaming via YouTube, currently Oceanside is broadcasting its meetings via Zoom and posts the recording to YouTube after the meeting. This would be an option for CEA as CEA does currently also livestream its meetings via Zoom.

Should the Board desire to change location of in-person Board meetings from San Marcos to Oceanside, staff would recommend that a test be completed of the livestreaming capabilities and, assuming there

are no issues, that a Resolution be brought to the Board at a subsequent meeting that changes the location of in-person meetings from San Marcos to Oceanside.

**FISCAL IMPACT**

There is no fiscal impact by this action.

**ATTACHMENTS**

Resolution 2022-002 Setting Time and Place for Clean Energy Alliance Board Meetings



CLEAN ENERGY ALLIANCE  
RESOLUTION NO. 2022-002

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CLEAN ENERGY ALLIANCE  
SETTING TIME AND PLACE FOR CLEAN ENERGY ALLIANCE BOARD MEETINGS  
JULY 2022 – JUNE 2023

**WHEREAS**, the Clean Energy Alliance (CEA) is a joint powers agency, formed in November 2019, whose members include the cities of Carlsbad, Del Mar, Escondido, San Marcos, and Solana Beach; and

**WHEREAS**, the CEA Board of Directors has determined it will establish its regular meetings annually by resolution; and

**WHEREAS**, the Ralph M. Brown Act (Government Code §54954) provides for the establishment of an annual regular meeting calendar procedure; and

**WHEREAS**, special meetings of the Board of Directors will be called as necessary and following the requirements of the Brown Act (Government Code §54954).

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Clean Energy Alliance, as follows:

Section 1. The Board of Directors of the Clean Energy Alliance hereby establishes the following dates, times, and location, for regular Board meetings during fiscal year 2021/22:

Location: City of San Marcos, City Council Chambers  
1 Civic Center Dr  
San Marcos, CA 92069

July 28, 2022	2 p.m.
August 25, 2022	2 p.m.
September 29, 2022	2 p.m.
October 27, 2022	2 p.m.
November 17, 2022	2 p.m.
December 22, 2022	2 p.m.
January 26, 2023	2 p.m.
February 23, 2023	2 p.m.
March 30, 2023	2 p.m.
April 27, 2023	2 p.m.
May 25, 2023	2 p.m.
June 29, 2023	2 p.m.

Section 2. That the fiscal year 2022-23 meeting calendar will be posted to the Clean Energy Alliance website.

The foregoing Resolution was passed and adopted this 26th day of May 2022, by the following vote:

AYES: Acosta, Musgrove, Inscoe, Druker, Becker

NOES: None

ABSENT: None

APPROVED:

DocuSigned by:

*Kristi Becker*

7E04F23CDA04F8...

Kristi Becker, Chair

ATTEST:

DocuSigned by:

*Sheila R. Cobian*

D87CF7B87878476...

Sheila Cobian, Board Secretary



## Staff Report

**DATE:** October 20, 2022

**TO:** Clean Energy Alliance Board of Directors

**FROM:** Barbara Boswell, Chief Executive Officer

**ITEM 7:** Consider Approval of Clean Energy Alliance Policy #CEA-020 Chair and Vice Chair Term Limits Policy

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### RECOMMENDATION

Approve Clean Energy Alliance Policy #CEA-020 Chair and Vice Chair Term Limits Policy.

### BACKGROUND AND DISCUSSION

The Clean Energy Alliance Joint Powers Agreement (JPA) Section 5.2, Chair and Vice Chair, establishes that for each calendar year, the Board shall elect a Chair and Vice Chair from among the Directors, and that the term of office of the Chair and Vice Chair shall continue for one year, with no limit on the number of terms held by either the Chair or Vice Chair.

At its regular meeting December 30, 2021, the Clean Energy Alliance Board requested that consideration of amending the JPA regarding Chair and Vice Chair term limits be brought back at a future meeting for consideration. At its regular August 25, 2022 meeting, the Board directed that an administrative policy be brought back to the Board for consideration reflecting that the maximum number of consecutive terms for the Chair and the Vice Chair be two years.

#### Proposed Policy #CEA-020 Chair and Vice-Chair Term Limits

The proposed policy for the Board's consideration is:

Pursuant to Section 5.2 of the Clean Energy Alliance Joint Powers Agreement, at the beginning of each calendar year, the Board elects a Chair and Vice Chair from among the Directors, and those terms of office for the Chair and Vice Chair continue for one year. The offices of Chair and Vice Chair belong to the Director and not to the Member city.

It shall be the Policy of the Board that no Director shall be elected to serve as the Chair for more than two full consecutive one-year terms and no Director shall be elected to serve as the Vice Chair for more than two full consecutive one-year terms. There is no limit on the total number of years that a Director can be elected to serve as either the Chair or the Vice Chair as long as the consecutive limit is observed. A Director may be elected to serve as Chair directly following

service as the Vice Chair and may serve as the Vice Chair directly following service as the Chair in succession.

**FISCAL IMPACT**

There is no fiscal impact of this action.

**ATTACHMENTS**

Proposed Clean Energy Alliance Policy #CEA-020 Chair and Vice Chair Term Limits Policy

## **Chair and Vice Chair Term Limits Policy**

### **1.0 PURPOSE**

The purpose of this Chair and Vice Chair Term Limits (“Policy”) is to clarify the terms of the Chair and Vice Chair of the Board of Directors of Clean Energy Alliance (CEA).

### **2.0 POLICY**

Pursuant to Section 5.2 of the Clean Energy Alliance Joint Powers Agreement, at the beginning of each calendar year, the Board elects a Chair and Vice Chair from among the Directors, and those terms of office for the Chair and Vice Chair continue for one year. The offices of Chair and Vice Chair belongs to the Director and not to the Member city.

It shall be the Policy of the Board that no Director shall be elected to serve as the Chair for more than two full consecutive one-year terms and no Director shall be elected to serve as the Vice Chair for more than two full consecutive one-year terms. There is no limit on the total number of years that a Director can be elected to serve as either the Chair or the Vice Chair as long as the consecutive limit is observed. A Director may be elected to serve as Chair directly following service as the Vice Chair and may serve as the Vice Chair directly following service as the Chair in succession.



## Staff Report

**DATE:** October 20, 2022

**TO:** Clean Energy Alliance Board of Directors

**FROM:** Barbara Boswell, Chief Executive Officer

**ITEM 8:** Consider Opening Applications for Clean Energy Alliance Community Advisory Committee for Terms Ending December 31, 2022

---

### **RECOMMENDATION**

Direct the opening applications for Clean Energy Alliance Community Advisory Committee for terms ending December 31, 2022.

### **BACKGROUND AND DISCUSSION**

Clean Energy Alliance's (CAC) Community Advisory Committee Policy (attached) establishes that the CAC consist of two appointees from each member agency that serve staggered three (3) year terms, with a two-term limit. For the initial term one member serves a two-year term to establish the staggering. The following CAC members have terms that expire December 31, 2022:

Carlsbad – Seth Krauss  
Del Mar – Dolores Davies Jamison  
Solana Beach – Debra Schade

Alternatives for Board consideration include:

- Open application period for the three positions through December 31, 2022, with appointments to be made at the January 26, 2023, Board meeting;
- Extend the appointment for the CAC members through 12/31/25, for those interested in continuing and open application period for those that do not wish to continue;
- Other action as the Board determines.

### **FISCAL IMPACT**

There is no fiscal impact by this action.

### **ATTACHMENTS**

Clean Energy Alliance Community Advisory Committee Policy

# Clean Energy Alliance

## JOINT POWERS AUTHORITY

### COMMUNITY ADVISORY COMMITTEE PURPOSE AND SCOPE

#### Community Advisory Committee (CAC) Authorization

Section 5.9 of the Clean Energy Alliance (CEA) Joint Powers Authority (JPA) Agreement provides the authority for the CEA Board to establish an advisory committee to assist the Board in implementing and operating its CCA program. Pursuant to the JPA Agreement, the committee should have equal representation from the member agencies. The Board may establish criteria to qualify for appointment to the committee, and establish rules, regulations, policies or procedures to govern the committee.

#### CAC Membership Criteria

- The CAC membership shall consist of two (2) appointees from each CEA member agency and 1 Board Alternate. CAC committee members shall serve staggered three (3) year terms with a two-term limit. In the inaugural year, one appointee seat from each member agency shall serve two (2) years.
- Committee members serve at the pleasure of the Board.
- CAC members will be subject to all applicable conflict of interest laws and may be required to disclose potential conflicts by filing a Form 700. (Information about conflicts of interest and Form 700 can be found here: <http://www.fppc.ca.gov/Form700.html>.)
- Members shall be residents (property owners or renters) or business owners within the service territory of CEA.
- CAC membership will be considered for those that have a relevant background in or expertise related to one or more of the following fields: electricity, community outreach or engagement, or policy advocacy.
- Applicants must be committed to serving on the CAC and attending regular committee meetings, and occasional CEA Board meetings. Committee meetings will be held quarterly unless additional meetings are directed by the Board. Members are expected to maintain a good attendance record. A committee member will be removed from the CAC if the member has two consecutive unexcused absences from CAC meetings or has unexcused absences from more than 25% of the CAC meetings in a calendar year.

- The CAC is subject to Brown Act and all meetings will be publicly noticed and held in public settings pursuant to requirements of the Brown Act.
- CAC meetings, times and location will be determined by the CEA Board.
- The CAC will elect a Chair who will facilitate meetings and provide reports to the Board as needed.

### CAC Purpose & Objectives

The purpose of the CAC is to advise the CEA Board of Directors on those matters concerning the operation of its Community Choice Aggregation (CCA) program as directed by the Board of Directors in an annual workplan for the CAC that is adopted by the Board. The objectives of the CAC are to provide feedback to the Board, act as a liaison between the Board and the community and serve as a forum for community input on those matters assigned to the CAC in the annual workplan. The CAC shall not have any decision-making authority but will serve as an advisory body to the Board of Directors.

### CAC Member Selection Process

Applicants must complete and submit the Clean Energy Alliance Community Advisory Committee Application (Attachment A). Board Members will nominate two applicants from their respective communities to the full Board for approval. In addition, the full Board will select one Board Alternate to participate on the CAC.



Attachment A  
Clean Energy Alliance  
Community Advisory Committee Application

CAC Purpose & Objectives

The purpose of the CAC is to advise the CEA Board of Directors on those matters concerning the operation of its Community Choice Aggregation (CCA) program as directed by the Board of Directors in an annual workplan for the CAC that is adopted by the Board. The objectives of the CAC are to provide feedback to the Board, act as a liaison between the Board and the community and serve as a forum for community input on those matters assigned to the CAC in the annual workplan. The CAC shall not have any decision-making authority but will serve as an advisory body to the Board of Directors.

NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

PHONE: \_\_\_\_\_ EMAIL: \_\_\_\_\_

Are you a resident/business owner of one of the CEA member cities?

If yes, which city: \_\_\_\_\_

Please attach a current resume and respond to the following questions. Please attach a separate sheet if additional space is needed.

*What experience/perspective will you bring to the committee?*

*Describe any relevant background in or expertise related to one or more of the following fields: electricity, community outreach or engagement, or policy advocacy.*

*Do you have any interests or associations that might present a conflict of interest? If yes, please explain:*

*What do you hope to accomplish as a member of the Clean Energy Alliance Community Advisory Committee?*

Please provide three references

NAME	Phone Number	Relationship

By signing below I acknowledge that I have sufficient time to actively participate in the Clean Energy Alliance Community Advisory Committee for the benefit of the program and the communities it serves. I understand that committee members are subject to conflict of interest laws and required to disclose potential conflicts by filing Form 700.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Completed applications should be emailed to: [Secretary@TheCleanEnergyAlliance.org](mailto:Secretary@TheCleanEnergyAlliance.org)