

Special Board Meeting

March 4, 2021

Item 1: CEA Initial Rates & Power Supply Product Offerings

Item 1: CEA Initial Rates and Power Supply Options

- Recommendation:
 - Adopt Resolution Establishing Clean Energy Alliance Rates and Power Supply Options.
 - Direct staff to develop a Renewable Energy Self-Generation Bill Credit Transfer Program and Return to Board for Approval March 25, 2021.
 - Approve enrollment phasing of Net Energy Metering customers in Carlsbad and Del Mar

Item 1: CEA Initial Rates and Power Supply Product Offerings

- CEA Initial Rates
 - Set at levels sufficient to produce revenue to fund power supply, debt payments, and administrative costs and 5% operating reserve
 - Rate schedules mirror SDG&E for ease in customer understanding and comparison
 - Same time of use periods
 - JPA Goal to provide 2% generation costs savings compared to SDG&E

Item 1: CEA Initial Rates and Power Supply Product Offerings

Proposed Residential Rate Schedule DR

Residential Schedule DR	CEA (per kWh)	SDG&E (per kWh)	% Difference
Summer (July 1 – Oct 31)	\$.12627	\$.16964	(25.5%)
Winter (Nov 1 – June 30)	\$.04600	\$.08659	(46.9%)

Item 1: CEA Initial Rates and Power Supply Product Offerings

- Power Charge Indifference Adjustment (PCIA or Exit Fees)
 - Charged by SDG&E to CCA customers
 - Pay for losses incurred by SDG&E in liquidating energy supply contracts
 - Remaining SDG&E customers to be “indifferent” to customer choosing to enroll with CCA
 - Exit fees charged monthly to customers on a per kWh basis
 - Expected to be impactful for ~ 10 years
 - Customers are assigned a “vintage” based on when they begin CCA service

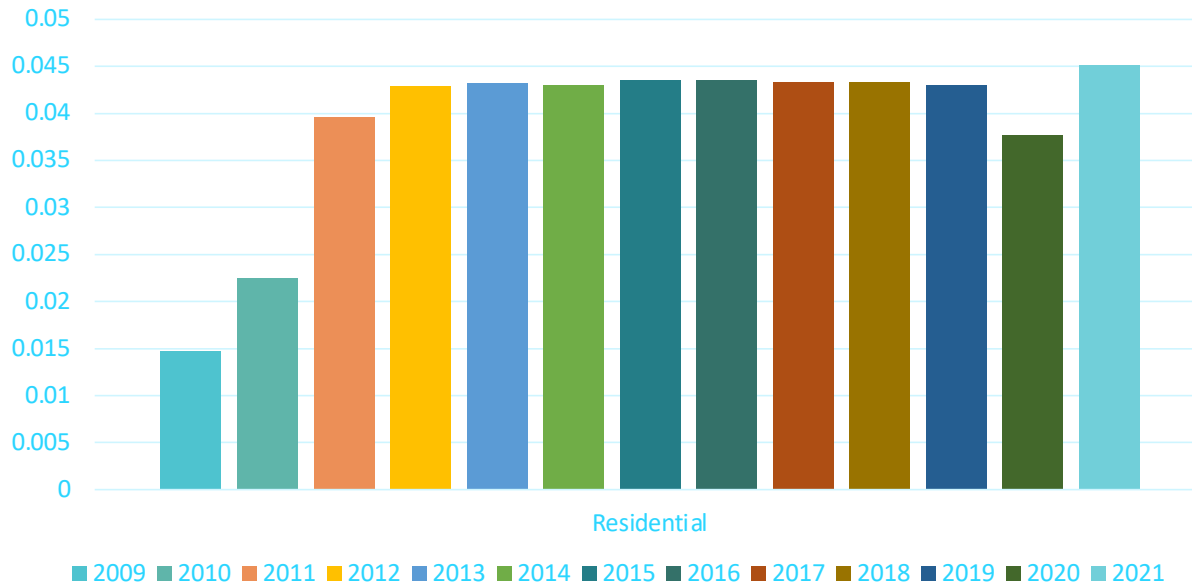
Item 1: CEA Initial Rates and Power Supply Product Offerings

- Power Charge Indifference Adjustment (PCIA or Exit Fees)
 - Solana Beach Customers departed June 2018
 - Assigned 2017 Vintage
 - New CEA customers enrolling in May/ June 2021
 - Assigned 2020 Vintage
 - 2021 rates by vintage:

SDG&E Schedule CCA-CRS (Eff. 3/1/21)	Carlsbad & Del Mar 2020 Vintage (per kWh)	Solana Beach 2017 Vintage (per kWh)
	\$.03769	\$.04340

Item 1: CEA Initial Rates and Power Supply Product Offerings

2021 PCIA Rates by Vintage – all vintages



Bill Comparison - Residential Rate DR

Carlsbad & Del Mar 2020 PCIA Vintage Customers

Rate: DR (2020 PCIA)	CEA 50% Renewable	SDG&E 39% Renewable	% Difference
Generation	\$28.33	\$43.06	-34.2%
SDG&E PCIA & FF	\$13.77	\$0	
Generation Related Costs	\$42.10	\$43.06	-2.2%
SDG&E Delivery	\$67.00	\$67.00	
Total Average Monthly Bill	\$109.10	\$110.06	-0.9%

Bill Comparison - Residential Rate DR

Solana Beach 2017 PCIA Vintage Customers

Rate: DR (2017 PCIA)	CEA 50% Renewable	SDG&E 39% Renewable	% Difference
Generation	\$28.33	\$43.06	-34.2%
SDG&E PCIA & FF	\$15.78	\$0	
Generation Related Costs	\$44.11	\$43.06	2.4%
SDG&E Delivery	\$67.00	\$67.00	
Total Average Monthly Bill	\$111.11	\$110.06	0.9%

Other Product Options

PRODUCT	Proposed Per kWh Rate	Average Monthly Cost (Savings) based on 353 kWh
Green Impact - 100% Renewable Energy	\$.00750	\$2.65
50% Renewable/75% Carbon Free Product	\$.00100	\$.35
Local Impact - Minimum State Renewable Energy	(\$0.00210)	(\$.74)

These costs would be in addition to the generation rate for Clean Impact Power Supply.

Due to the low savings by the Local Impact product, staff does not recommend implementing this program.

Annual cost increase CEA default Clean Impact to 75% carbon free territory wide - \$600,000



Clean Energy Alliance - Pro Forma based on 50% renewable; Proposed Rates; 10% opt Out Rate

Fiscal Year Ending:	2020	2021	2022	2023	2024	2025
Revenue	-	6,576,938	50,779,369	50,863,537	50,962,230	51,217,041
Cash From Financing	450,000	5,650,000				
Available Funds	450,000	12,226,938	50,779,369	50,863,537	50,962,230	51,217,041
Operating Expenses	279,360	7,678,526	47,601,471	45,331,740	44,223,677	43,347,147
Operating Margin	170,640	4,548,411	3,177,899	5,531,797	6,738,552	7,869,894
Financing						
Interest	-	81,594	187,500	167,344	122,299	75,535
Principal	-	650,000	-	1,080,609	1,755,724	1,268,542
Subtotal Financing	-	731,594	187,500	1,247,953	1,878,023	1,344,077
Operating Margin Less Financing	170,640	3,816,818	2,990,399	4,283,845	4,860,529	6,525,817
Other Uses						
CPUC and CAISO Deposits	147,000	500,000	-	-	-	-
Collateral Deposits	0	1,000,000	-	-	-	-
Reserve Additions	-	328,847	2,538,968	2,543,177	2,548,111	2,560,852
Subtotal Other Uses	147,000	1,828,847	2,538,968	2,543,177	2,548,111	2,560,852
Net Surplus/(Deficit)	23,640	1,987,971	451,430	1,740,668	2,312,418	3,964,965
Cumulative Reserve	-	328,847	2,867,815	5,410,992	7,959,104	10,519,956
Cumulative Net Surplus	23,640	2,011,611	2,463,041	4,203,709	6,516,127	10,481,092

Personal Impact Net Surplus Compensation

- SDG&E provides Net Energy Metering Customers with excess generation over a 12-month relevant period with Net Surplus compensation
 - During 2020 SDG&E's rates ranged from \$.01392/kWh to \$.04452/kWh
 - Solana Energy Alliance current Net Surplus Compensation is \$.06/kWh
- The proposed CEA Net Surplus Compensation Rate is \$.06/kWh
- Exceeds SDG&E's rates during 2020

Power Supply Product Offerings

- Recommendations:
 - Clean Impact - Minimum 50% Renewable Energy Default
 - Clean Impact 75 - 50% Renewable/75% Carbon Free Energy option for Members to select as default
 - Not available for customers to individually opt up to
 - Customers may opt down to Clean Impact 50% renewable
 - Green Impact - 100% Renewable

Net Energy Metering Customer Phasing

- Staff has been working with SDG&E regarding phasing of Net Energy Metering (NEM) customers
- Staff had proposed phasing of NEM customers to avoid mid-relevant period true-ups
- Staff was recently made aware that NEM customer enrolling beginning in July 2021 would be in the 2021 PCIA vintage
- Staff recommends postponing this decision for further impact analysis related to the 2021 PCIA vintage

Board Questions/Discussion