



Regular Board Meeting

May 27, 2021

Item 4: Administrative and Regulatory Update

Item 4: Administrative & Regulatory Update

- Recommendation:
 - Receive and File Operational & Administrative Update Report.
 - Receive CCA Regulatory Affairs Report.

Item 4: Administrative & Regulatory Update

- Call Center Activity through 5/16/21
 - Total Calls - 1,370
 - Connected to agent - 1,339
 - Average answer time - 9 seconds
- Opt Outs
 - Total Non-SEA - 2,262
 - Participation - 96.1%
 - Total including SEA - 3,071
 - Participation - 95.33%
- Opt up to Green Impact - 66
- Opt Down to Clean Impact - 0

5/27/21

Item 4: Administrative & Regulatory Update

- Customer Outreach
 - Chamber Green Business Expo Booth
 - Encinitas and North County Democratic Club Presentation
 - Carlsbad Unified School District meetings
 - Solana Beach School District meeting

Item 4: Administrative & Regulatory Update

- Regulatory Update - Ty Tosdal, Tosdal APC

Item 5: CEA Proposed Fiscal Year 21/22 Budget

Item 5: Proposed CEA FY 21/22 Budget

- Recommendation:
 - Review proposed Clean Energy Alliance Fiscal Year 21/22 Budget and Schedule adoption for June 24, 2021.

Item 5: Proposed CEA FY 21/22 Budget

- Assumptions:
 - 7% opt out rate - current opt out rate under 5%
 - Power supply costs based on actual executed contracts and April forward price curves
 - Consulting services based on approved contracts
 - Reserve contribution to achieve 5% of revenue
 - Reflects Board direction to continue existing contracts through FY 21/22
- Sufficient revenue generated to cover costs based on assumptions listed above

Item 5: Proposed CEA FY 21/22 Budget

- Current Energy Market
 - Forward price curves have been increasing
 - Concerns about summer reliability
 - Impacts of Texas winter weather events on gas prices
 - Low California reservoir levels
 - Diablo Canyon unit 2 concerns
 - If prices continue to increase, CEA will need to adjust rates to cover costs
- Staff is monitoring market and anticipates bringing updates to Board in fall

Item 5: Proposed CEA FY 21/22 Budget

- Proposed additions:
 - Programs/Key Account Manager - \$50,000
 - Identify and develop initial CEA programs
 - Work with Key Accounts
 - Can be provided on interim contract basis
 - Human Resources Consultant - \$40,000
 - Develop staffing plan, job descriptions, personnel policies
 - Provide recruitment services
- Not included in draft budget

Item 5: Proposed CEA FY 21/22 Budget

Projected Revenue from Energy Sales	\$53,573,000
Estimated Expenditures	\$51,547,500
Net Results of Operations	\$2,025,500
Beginning Reserves	\$1,050,000
Projected Ending Reserves	\$3,075,500
% of Revenue	5.74%

Questions/Discussion

Item 6: Adopt Resolution Establishing Policy for Adding New Members to Clean Energy Alliance

Item 6: Policy Adding New Members to CEA

- Recommendation:
 - Adopt Resolution No. 2021-011 Establishing Policy for Adding New Members to Clean Energy Alliance.

Item 6: Policy Adding New Members to CEA

- Section 2.4 of CEA Joint Powers Agreement, for new members after October 1, 2020:
 - Adoption of Resolution by 2/3 vote of entire CEA Board authorizing membership
 - Adoption of Ordinance by proposed member
 - Payment of a membership fee, if any
 - Satisfaction of any other condition established by the CEA Board

Item 6: Policy Adding New Members to CEA

- Proposed Policy:
 - Positive feasibility for prospective member load using CEA's pro forma and assumptions
 - Addition does not create financial burden for CEA
 - Addition is consistent with goals of CEA
 - Costs related to adding new member to CEA borne by prospective member
 - New member eligible for reimbursement within three years of CCA service
 - Costs related to CCA launch in new member territory
 - CEA would consider using reserves or other financing sources
 - Board has flexibility to waive or add conditions as appropriate

Questions/Discussion

Item 7: Response to San Diego County re: CCE Inquiry

Item 7: Approve Response to County re: CCE Inquiry

- Recommendation:
 - Approve response to County of San Diego requesting CCE information.

Item 7: Approve Response to County re: CCE Inquiry

- Background

- April 6, 2021 - County adopted Guiding Principles and directed staff to engage CEA and San Diego Community Power regarding CCE
- April 18, 2021 - County sent letter to CEA inquiring CEA and membership
- April 22, 2021 - CEA Board directed staff to prepare response to County Letter

Item 7: Approve Response to County re: CCE Inquiry

- Guiding Principles:

- Prioritize social equity and environmental stewardship
- Provide cost competitiveness compared to the incumbent utility
- Achieve 100% renewable electricity by 2030; encourage within-County buildout of renewable energy, battery storage and energy efficiency programs; and prioritize Category 1 renewable energy
- Support requirements for prevailing wages, as defined in California Labor Code section 1770 et seq., and skilled and trained workforce, as defined in California Public Contract Code section 2601, for CCE-owned generation, feed-in-tariff and energy efficiency projects.

Item 7: Approve Response to County re: CCE Inquiry

- Guiding Principles (cont):
 - Encourage the development of equitable jobs pipeline for individuals from communities of concern; the use of bid evaluation policy prioritizing the selection of new local renewable energy and storage projects; and the workforce development criteria prioritizing the use of State-certified apprenticeship and proper assignment of work to crafts that traditionally perform the work, as permitted by applicable law.
 - Limit General Fund Liability.

Item 7: Approve Response to County re: CCE Inquiry

	GP1	GP2	GP3	GP4	GP5	GP6
Joint Powers Agreement	✓	✓	✓			✓
Inclusive & Sustainable Workforce Policy	✓		✓	✓	✓	
Bid Criteria Policy	✓		✓	✓	✓	
Adopted Rates		✓				
Power Supply Product Offerings			✓			

* County Guiding Principles are aligned with CEA’s policies and commitments – meeting new member addition policy condition

* CEA official documents and policies reflect alignment with County Guiding Principles



Item 7: Approve Response to County re: CCE Inquiry

- Specific Questions
 - CEA Rates vs SDGE
 - Membership fees, if any
 - Current or anticipated payment obligations of JPA members
 - Liabilities County may incur by joining
 - Rates for new members vs current members
 - Process to join and deadlines
 - Rollout of CCE in 2023 - all at once or phases
 - Role of County staff
 - Recent pro forma

Item 7: Approve Response to County re: CCE Inquiry

- CEA response:
 - Response consistent with CEA policy
 - Consistent with practices related to founding members
 - Costs reimbursed within 3 years of CCE service
 - Generation rates same across cities
 - Timeline
 - Established to ensure meeting CPUC deadline for 2023 CCE implementation
- CEA will submit its response by June 1, as requested

Questions/Discussion

Item 8: Approve Long-Term Renewable Agreement with Shell Energy North America

Item 8: Long-Term Renewable Energy Agreement with Shell Energy North America

- Recommendation:
 - Approve entering into a long-term renewable energy agreement with Shell Energy North America for Portfolio Category 1 renewable energy and authorize the Interim Chief Executive Officer to execute Transaction Confirmation, for an amount not to exceed \$6,000,000, in a form substantially as attached, subject to Transactions Attorney approval.

Item 8: Long-Term Renewable Energy Agreement with Shell Energy North America

- Background:
 - SB350 requires 65% of state mandated renewable energy standards be in contracts of 10-years or longer, beginning in 2021.
 - Solana Energy Alliance was required to comply with that requirement since it served customers through May 2021.
 - Through its solicitation process, SEA selected Shell Energy North America to fulfill the requirement.
 - With the transfer of SEA customers to CEA, the long-term requirement for those customers transfers to CEA
 - Execution of this agreement ensures compliance with SB350

Item 8: Long-Term Renewable Energy Agreement with Shell Energy North America

- Consistent with CEA goals, the renewable energy will be from in-state category 1 sources.
- Pricing is within pro forma costs.
- Sufficient revenue will be generated to pay the costs through the term of the contract at CEA's current rates.
- CEA has long-term renewable contracting requirements beyond this agreement and continues to negotiate with other suppliers.

Questions/Discussion