



Special Board Meeting

November 18, 2021

Item 3: Resolution Authorizing City of Escondido to Join CEA

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- Recommendation:
 - Adopt Resolution 2021-014 Authorizing City of Escondido to Become a Party to the Joint Powers Authority and a Member of CEA;
 - Direct staff to prepare an Implementation Plan Amendment Reflecting an Escondido CCA launch in 2023 and return to Board for approval no later than December 30, 2021;
 - Direct staff to include San Marcos in the Implementation Plan Amendment contingent on San Marcos adopting an ordinance establishing a CCA program through CEA.

Item 3: Resolution Authorizing Escondido Join CEA

- Background
 - Escondido has been evaluating CCE options for several years
 - Determined joining CEA was best option for Escondido
 - October 27, 2021 Escondido City Council:
 - Adopted Resolution to Join CEA
 - Introduced Ordinance to Establish a CCA program
 - Appointed
 - November 17, 2021 Escondido City Council adopted Ordinance establishing CCA program – Ordinance effective in 30 days

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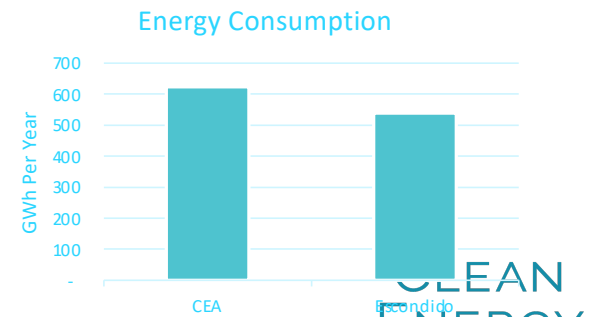
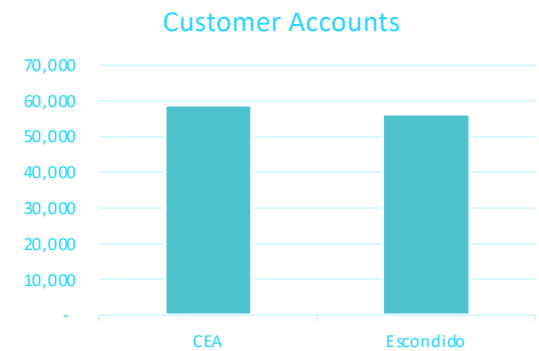
- CEA requested and received Escondido electric usage data to prepare fiscal analysis and assessment report
- San Marcos concurrently taking actions to join CEA
- CEA also received San Marcos electric usage data for analysis and assessment
- John Dalessi, Pacific Energy Advisors to present results of Escondido and San Marcos Assessment



Assessment of Extending Service to the
Cities of Escondido and San Marcos
November 2021

Escondido Customer Information

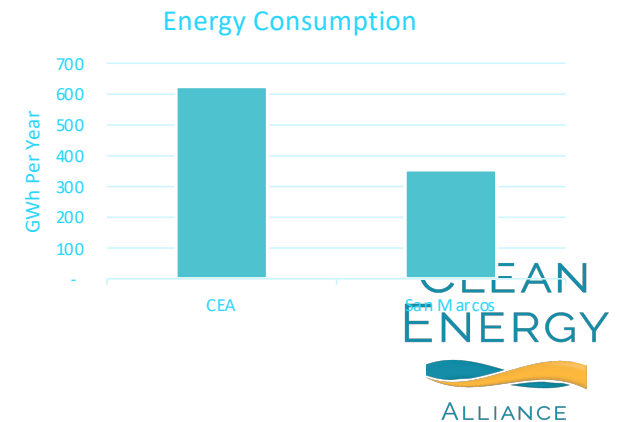
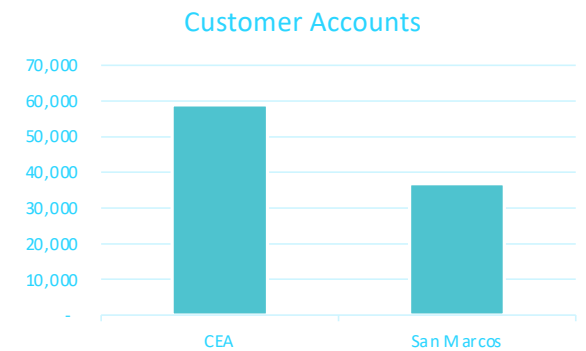
Classification	Accounts	Annual Energy (MWh)	Average Customer Usage (KWh/Mo.)
Residential	48,933	237,823	405
Small Commercial	6,277	92,109	1,223
Medium & Large Commercial	745	197,847	22,131
Agricultural	154	4,688	2,537
Street Lighting	239	5,922	2,065
Total	56,348	538,388	796
Peak Demand (MW)	125		



Expansion would represent an approximate 85% increase to SDCP retail sales.
 Data above are unadjusted for opt-out assumptions.

San Marcos Customer Information

Classification	Accounts	Annual Energy (MWh)	Average Customer Usage (KWh/Mo.)
Residential	31,708	163,320	429
Small Commercial	4,480	62,809	1,168
Medium & Large Commercial	433	120,580	23,215
Agricultural	83	4,682	4,690
Street Lighting	117	1,382	988
Total	36,820	352,773	798
Peak Demand (MW)	80		



Expansion would represent an approximate 52% increase to SDCP retail sales.
 Data above are unadjusted for opt-out assumptions.

Key Assumptions

- Start Date: earliest possible enrollment date is January 2023 per CPUC rules; optimized enrollment timing is April 2023
- Customers and Sales: forecast based on historical SDG&E data and assumes 90% customer participation
- Revenues: assumes CEA rates maintain 2% discount to SDG&E
- Incremental Costs: include power supply (per CEA portfolio specifications), customer billing, and SDG&E service fees

Fiscal Impact Summary for Service to Escondido (\$MM)

	FYE 2023*	FYE 2024	FYE 2025
Revenue	\$10.3	\$52.1	\$52.4
Power Supply Costs	-\$8.1	-\$43.6	-\$41.1
Billing and Other Costs	-\$0.3	-\$1.2	-\$1.2
Net Operating Margin	\$1.9	\$7.3	\$10.1
Reserve contribution	\$0.5	\$2.6	\$2.6
Net Surplus	\$1.4	\$4.7	\$7.5
Electric Sales (MWh)	108,316	497,908	500,397

* Reflects partial year of service for fiscal year ending June 30, 2023, with enrollments commencing in April 2023.

General implementation costs would be incurred leading up to expansion. Such costs include staff and other costs related to marketing and outreach, customer noticing, regulatory and legal representation, internal operations, resource planning and electric procurement.



Fiscal Impact Summary for Service to San Marcos (\$MM)

	FYE 2023*	FYE 2024	FYE 2025
Revenue	\$6.9	\$34.1	\$34.2
Power Supply Costs	-\$5.4	-\$28.6	-\$27.0
Billing and Other Costs	-\$0.2	-\$0.8	-\$0.8
Net Operating Margin	\$1.4	\$4.7	\$6.4
Reserve contribution	\$0.3	\$1.7	\$1.7
Net Surplus	\$1.1	\$3.0	\$4.7
Electric Sales (MWh)	71,901	326,255	327,886

* Reflects partial year of service for fiscal year ending June 30, 2023, with enrollments commencing in April 2023.

General implementation costs would be incurred leading up to expansion. Such costs include staff and other costs related to marketing and outreach, customer noticing, regulatory and legal representation, internal operations, resource planning and electric procurement.



Conclusions

- Overall positive fiscal impact under base case assumptions
- Due to wholesale power market volatility, actual outcomes may vary from projections
- Expansion would require a meaningful increase in CEA resource acquisition
- Advance coordination with SDG&E for RA and RPS resource transfers would be strongly advised
- Achieving long-term RPS compliance in Compliance Period 4 (2021-2024) will require early procurement attention

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- Next Steps

- November 23, 2021 San Marcos Adopt Ordinance Establishing CCE
 - Ordinance effective 30 days after adoption
- December 17 – CEA Special Meeting – Swear in Escondido Board representatives; Approve San Marcos Joining CEA
- December 30 – CEA Regular Meeting – Approve Implementation Plan Amendment and filing with CPUC by December 31

Questions/Discussion