

Regular Board Meeting May 26, 2022





Item 8: CEO & Regulatory Report



Item 8: CEO Report

CEA Expansion

- Escondido & San Marcos April 2023 Launch
- Timeline:
 - Implementation Plan Amendment Certified by CPUC RECEIVED!
 - April 2022 Include energy usage in CEA Year Ahead Resource Adequacy(RA) Filing with CPUC – First Procurement Related Action - FILED
 - May 2022 Energy Hedge Procurement Begins
 - July 2022 RA requirements received from CPUC Procurement Obligations
 - August 2022 CAC Input into marketing and outreach strategy
 - October 2022 Contracts for RA finalized; submittal to CPUC
 - October 2022 Marketing & Outreach Begins
 - February 2023 Required Noticing begins
 - April 2023 Service Enrollments



Item 8: CEO Report

CEA Expansion

- Oceanside, Vista, San Clemente 2024 service
- Timeline:
 - April 2022 Results to cities
 - May 2022
 - May 3 Vista Council Workshop
 - May 26 CEA Board Update
 - June 2022 Cities consider resolution to join CEA and Ordinance establishing CCA
 - June 18 Oceanside City Council
 - June 26 Vista City Council
 - TBD San Clemente
 - July 2022 CEA approve cities joining; direct preparation of Implementation Plan Amendment
 - August 2022 New Board Members Oath of Office
 - October 2022 Draft Implementation Plan Amendment to CEA Board for approval
 - December 2022 File Implementation Plan Amendment with CPUC



Item 8: CEO Report

- General Counsel Request for Qualifications
 - Board Subcommittee: Vice Chair Druker; Board Member Acosta
 - April 18, 2022 RFQ Issued
 - May 16, 2022 Proposals Due
 - 4 Proposals Received
 - May 31, 2022 Subcommittee Interviews
 - June 30, 2022 Board Interviews/Selection





Questions/Discussion





Item 3: CEA Board Ad-Hoc Subcommittee – General Counsel Selection



- Recommendation:
 - Review Proposed FY 2022/23 Budget and Schedule Adoption for June 30, 2022 Meeting.



5/26/22

• FY 2021/22 Year End Estimates

	Midyear Adjusted Budget	Year End Estimate	Variance
Projected Revenue	\$63,282,755	\$63,297,755	\$15,000
Projected Expenditures	\$61,055,025	\$59,792,791	(\$1,262,234)
Net Results	\$2,227,730	\$3,504,964	\$1,277,234

- Expenditure savings
 - Power Supply Costs \$1.0M
 - Legal Services \$88,500
 - Professional Services \$91,200



- FY 22/23 Proposed Budget Assumptions
 - Revenues based on current adopted rates
 - Power supply costs based on actual executed contracts and May forward price curve
 - Consulting Services based on approved contracts
- Priorities & Goals
 - Financial Stability
 - Regulatory Compliance
 - Successful Expansion in Escondido and San Marcos

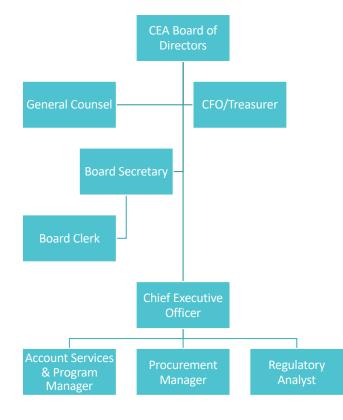


	FY 21/22 Year End Estimate	FY 22/23 Proposed Budget	Variance
Projected Revenue	\$63,297,755	\$80,791,405	\$17,493,650
Projected Expenditures	\$59,792,791	\$78,383,015	\$18,590,224
Net Results	\$3,504,964	\$2,408,390	(\$1,096,574)

- Proposed FY22/23 Budget in Balance
- Increase in revenue due to April 2023 Escondido & San Marcos Expansion
- Increase in expenditure due to energy purchases to servie LEAN Escondido & San Marcos & proposed positions

- Proposed Positions Transition from Interim to Permanent
 - Chief Financial Officer/Treasurer
 - Board Secretary
- Proposed New Positions
 - Accounts Services/Program Manager
 - Procurement Manager
 - Regulatory Analyst







REVENUE		FY 21/22 Midyear Adjusted Budget	E	Y 21/22 Year nd Estimate (5/2022 Pro Forma		(22/23 Proposed udget - Summary
	\$		\$		ć	90 796 405
Energy Sales Revenue Interest Income	Ş	57,282,755	ې \$	57,282,755 15,000	\$ \$	80,786,405 5,000
	\$	6,000,000	ې \$		Ş	5,000
Funds provided by Financing TOTAL REVENUE	ې \$	63,282,755	ې \$	6,000,000	\$	90 701 405
IOTAL REVENUE	Ş	03,282,755	Ş	63,297,755	Ş	80,791,405
EXPENDITURES						
Power Supply	\$	58,222,525	\$	57,150,291	\$	74,134,855
Data Management/Call Center	\$	840,000	\$	840,000	\$	1,151,180
Staffing/Consultants	\$	235,700	\$	200,000	\$	985,280
Legal Services	\$	375,000	\$	286,500	\$	390,000
Professional Services	\$	888,600	\$	797,400	\$	963,600
Audit Services	\$	41,000	\$	26,000	\$	15,000
Software & Licenses	\$	9,100	\$	11,600	\$	15,100
Memberships & Dues	\$	121,000	\$	120,500	\$	121,000
Printing	\$	27,000	\$	25,000	\$	55,000
Postage	\$	21,100	\$	26,000	\$	50,000
Advertising	\$	15,000	\$	1,500	\$	15,000
Insurance	\$	32,000	\$	6,000	\$	35,000
Bank Fees	\$	2,000	\$	2,000	\$	2,000
Debt Service	\$	225,000	\$	300,000	\$	450,000
TOTAL PROJECTED BUDGET	\$	61,055,025	\$	59,792,791	\$	78,383,015
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Net Results of Operations	\$	2,227,730	\$	3,504,964	\$	2,408,390
Beginning Fund Balance		(2,707,414)		(2,707,414)		797,550
Ending Fund Balance	\$	(479,684)	\$	797,550	\$	3,205,940

- Proposed Budget results in 4% Reserve
- Policy sets minimum reserve at 5%
- Staff to continue refining budget to achieve 5% Reserve



- Next Step
 - Staff to continue refining budget to achieve 5% reserve contribution
 - June 30, 2022 Regular Board Meeting Budget Adoption



5/26/22



Questions/Discussion





Item 10: Assessment Report – Oceanside, San Clemente, Vista



- Recommendation:
 - Receive Update and Assessment Report related to the cities of Oceanside, San Clemente and Vista Joining CEA.



5/26/22

• New Member Policy:

- Analysis of proposed member usage data results in a positive financial result using CEA's pro forma model;
- Addition of new member does not create an undue risk or financial burden to CEA
- Does not create an undue risk to the achievement of the goals of CEA, including the achievement of the Climate Action Plan goals of the current Members.



- Analysis
 - Usage data for calendar year 2021 input into CEA's current pro forma model
 - April 2024 Enrollment
 - Current CEA adopted rates used
 - 90% Participation Rate
 - CEA's current cost of power supply



	FYE 2024	FYE 2025	FYE 2026
Revenue	\$20.51	\$110.34	\$110.89
Power Supply Costs	-\$18.48	-\$104.43	-\$102.29
Staffing	-\$0.35	-\$0.35	-\$0.35
Billing and Other Costs	-\$0.83	-\$2.76	-\$2.77
Net Operating Margin	\$0.85	\$2.79	\$5.48
5% Reserve Contribution	\$1.03	\$5.52	\$5.54
Reserve Shortfall/Excess	-\$0.18	-\$2.72	-\$0.06

Reserve by year:

2024 – 4% 2025 – 2.5% 2026 – 4.9%



Rates would need to be increased 2.5% to achieve a minimum 5% reserve contribution in each year.

Bill Comparison – Current Rates

Bill Comparison – 2.5% Rate Increase

City of Oceanside				CEA	Cle	CEA an Impact	CEA City of Oceanside		City of Oceanside				CEA	Cle	CEA an Impact		CEA Green				
	9	SDG&E		50%		Plus		mpact			SDG&E		50%	Plus		Impact					
		31%	Re	newable	75	% Carbon		100%			31%	Re	Renewable		% Carbon	100%					
Residential: DR	Re	newable	Clea	an Impact		Free	Re	newable	Residential: DR	Re	Renewable		Renewable		Renewable		an Impact		Free	Re	newable
Generation	\$	49.86	\$	35.80	\$	35.80	\$	35.80	Generation	\$	49.86	\$	36.70	\$	36.70	\$	36.70				
Clean Impact Plus/Green Impact Premium	\$	-	\$	-	\$	0.32	\$	2.43	Clean Impact Plus/Green Impact Premium	\$	-	\$	-	\$	0.32	\$	2.43				
SDG&EPCIA+FFS - 2022 Vintage	\$	-	\$	9.73	\$	9.73	\$	9.73	SDG&EPCIA+FFS - 2022 Vintage	\$	-	\$	9.73	\$	9.73	\$	9.73				
Generation Related Costs	\$	49.86	\$	45.53	\$	45.85	\$	47.96	Generation Related Costs	\$	49.86	\$	46.43	\$	46.75	\$	48.86				
SDG&E Delivery	\$	73.08	\$	73.08	\$	73.08	\$	73.08	SDG&E Delivery	\$	73.08	\$	73.08	\$	73.08	\$	73.08				
Total Average Monthly Bill	\$	122.94	\$	118.61	\$	118.93	\$	121.04	Total Average Monthly Bill	\$	122.94	\$	119.51	\$	119.83	\$	121.94				
Average 324 kWh Usage									Average 324 kWh Usage												
\$ Savings to SDG&E % Savings to SDG&E			\$	(4.33) -3.52%		(4.01) -3.26%	•	(1.90) -1.55%	\$ Savings to SDG&E % Savings to SDG&E			\$	(3.44) -2.79%		(3.11) -2.53%	\$	(1.00) -0.81%				



Bill Comparison – Current Rates

Bill Comparison – 2.5% Rate Increase

City of San Clemente	9	5DG&E 31%	Re	CEA 50% newable	CEA an Impact Plus % Carbon	Green Impact		Green Impact 100%		Green Impact 100%		Green Impact		City of San Clemente	SDG&E 31%		CEA 50% Renewable		CEA Clean Impact Plus 75% Carbon		I	CEA Green mpact 100%
Residential: DR	Re	newable	Clea	an Impact	Free	Re	newable	Residential: DR	Re	Renewable		Renewable		Clean Impact		Free		Renewable				
Generation	\$	60.94	\$	43.75	\$ 43.75	\$	43.75	Generation	\$	60.94	\$	44.85	\$	44.85	\$	44.85						
Clean Impact Plus/Green Impact								Clean Impact Plus/Green Impact														
Premium	\$	-	\$	-	\$ 0.40	\$	2.97	Premium	\$	-	\$	-	\$	0.40	\$	2.97						
SDG&EPCIA+FFS - 2022 Vintage	\$	-	\$	11.90	\$ 11.90	\$	11.90	SDG&EPCIA+FFS - 2022 Vintage	\$	-	\$	11.90	\$	11.90	\$	11.90						
Generation Related Costs	\$	60.94	\$	55.65	\$ 56.05	\$	58.62	Generation Related Costs	\$	60.94	\$	56.74	\$	57.14	\$	59.71						
SDG&E Delivery	\$	89.32	\$	89.32	\$ 89.32	\$	89.32	SDG&E Delivery	\$	89.32	\$	89.32	\$	89.32	\$	89.32						
Total Average Monthly Bill	\$	150.27	\$	144.97	\$ 145.37	\$	147.94	Total Average Monthly Bill	\$	150.27	\$	146.07	\$	146.47	\$	149.04						
Average 396 kWh Usage								Average 396 kWh Usage														
\$ Savings to SDG&E % Savings to SDG&E			\$	(5.29) -3.52%	\$ (4.89) -3.26%	\$	(2.32) -1.55%	\$ Savings to SDG&E % Savings to SDG&E			\$	(4.20) -2.80%	•	(3.80) -2.53%	\$	(1.23) -0.82%						



Bill Comparison – Current Rates

City of Vista	SDG&E 31%	-	CEA 50% newable	75	CEA an Impact Plus % Carbon	Impact 100%			
Residential: DR	newable		an Impact	-	Free		newable		
Generation	\$ 52.63	\$	37.79	\$	37.79	\$	37.79		
Clean Impact Plus/Green Impact									
Premium	\$ -	\$	-	\$	0.34	\$	2.57		
SDG&EPCIA+FFS - 2022 Vintage	\$ -	\$	10.26	\$	10.26	\$	10.26		
Generation Related Costs	\$ 52.63	\$	48.05	\$	48.39	\$	50.62		
SDG&E Delivery	\$ 77.14	\$	77.14	\$	77.14	\$	77.14		
Total Average Monthly Bill	\$ 129.77	\$	125.19	\$	125.53	\$	127.76		
Average 342 kWh Usage									
\$ Savings to SDG&E		\$	(4.58)	\$	(4.24)	\$	(2.02)		
% Savings to SDG&E			-3.53%		-3.27%		-1.55%		

Bill Comparison – 2.5% Rate Increase

City of Vista Residential: DR	SDG&E 31% newable	 CEA 50% enewable an Impact	75	CEA an Impact Plus % Carbon Free	mpact Gre us Imp arbon 100				
Generation	\$ 52.63	\$ 38.73	\$	38.73	\$	38.73			
Clean Impact Plus/Green Impact Premium	\$ -	\$ -	\$	0.34	\$	2.57			
SDG&EPCIA+FFS - 2022 Vintage	\$ -	\$ 10.26	\$	10.26	\$	10.26			
Generation Related Costs	\$ 52.63	\$ 48.99	\$	49.34	\$	51.56			
SDG&E Delivery	\$ 77.14	\$ 77.14	\$	77.14	\$	77.14			
Total Average Monthly Bill	\$ 129.77	\$ 126.13	\$	126.48	\$	128.70			
Average 342 kWh Usage									
\$ Savings to SDG&E		\$ (3.64)	\$	(3.29)	\$	(1.07)			

\$ Savings to SDG&E % Savings to SDG&E (3.64) \$ (3.29) \$ (1.07) -2.80% -2.54% -0.83%



Procurement Considerations

- Resource Adequacy
 - Requires working closely with SDG&E to acquire excess RA related to the departures of the new members from SDG&E to CEA
 - Risk of non-compliance to CEA if unable to reach agreement with SDG&E
- Long-Term Renewable Energy
 - Long-Term Renewable Energy contracts required for existing generating facilities immediately upon service establishment
 - Cooperation with SDG&E to acquire excess long-term renewable energy supply related to the departures of the new members
 - Risk to non-compliance to CEA if unable to reach agreement with SDG&

• Next Steps

ACTIVITY	TIMING
Assessment Report Results to CEA Board	May 26, 2022
Cities - Resolution to Join CEA and 1 st Reading of	June 2022
Ordinance to Establish a CCA	
Cities - 2 nd Reading of Ordinance	June/July 2022
CEA - Resolution approving Cities joining CEA/Direct	July 2022
preparation of Implementation Plan Amendment –	
Review Updated Financial Impact	
Draft Implementation Plan Amendment to CEA Board	October 2022
Review Updated Financial Impact	
File Implementation Plan Amendment with CPUC	December 2022





Questions/Discussion

