



Regular Board Meeting

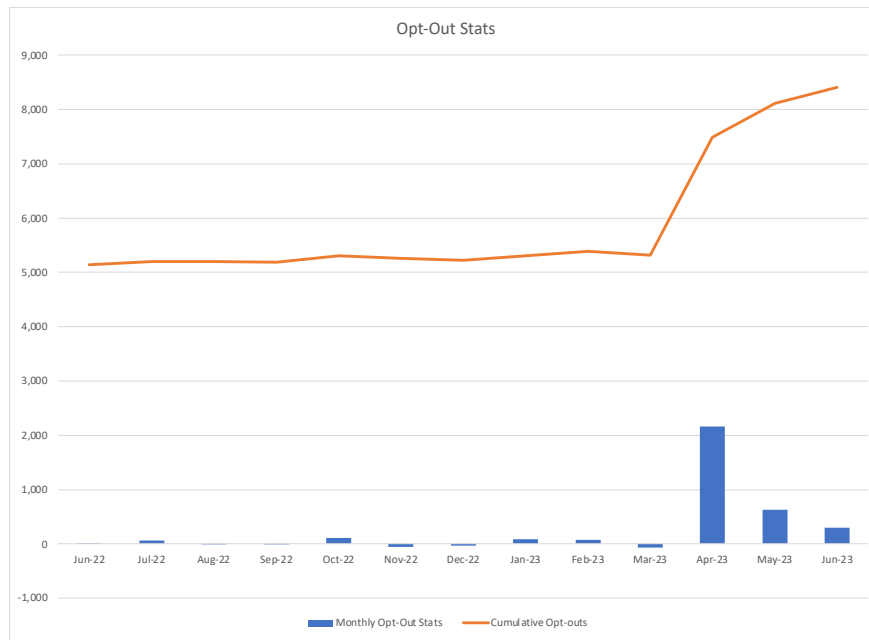
July 27, 2023

Item 5: CEO Administrative and Regulatory Update

Item 5: Administrative and Regulatory Update

- Recommendation:
 - Receive and file operational and administrative report from CEO.
 - Receive Regulatory Affairs Report from Regulatory Counsel.

Item 5: Administrative and Regulatory Update



| STAT | ESCONDIDO | SAN MARCOS | BOTH CITIES |
|--------------------------|-----------|------------|-------------|
| Total Eligible Customers | 58,099 | 38,162 | 96,261 |
| Opt-Outs | 1,824 | 1,248 | 3,072 |
| Opt-Out Percentage | 3.14% | 3.27% | 3.19% |

7/27/23

Item 5: Administrative and Regulatory Update

- AB 1373 – Energy
 - Introduced 2/17/23 - Garcia
 - Would impact CEA's procurement autonomy and costs
 - CalCCA launched an effort to have the bill amended
 - Good progress made
 - Amended in assembly 4/13/23 & 5/22/23
 - CalCCA now has a neutral position
 - CEA, San Diego Community Power and Orange County Power Authority continue to have concerns with bill as amended

Item 5: Administrative and Regulatory Update

- Bill was not heard by policy committee prior to recess
 - Risk that bill could still be heard
 - Contains urgency clause
- Planned and Activities to date (Board Chair & CEO):
 - Meetings with elected officials
 - Joint meetings between CCAs

Questions/Discussion

Item 6: Approval of Agreement with Calpine Energy Solutions and Recurve for Summer Peak Load Reduction Pilot Program

Item 6: Summer Peak Load Reduction Pilot Program

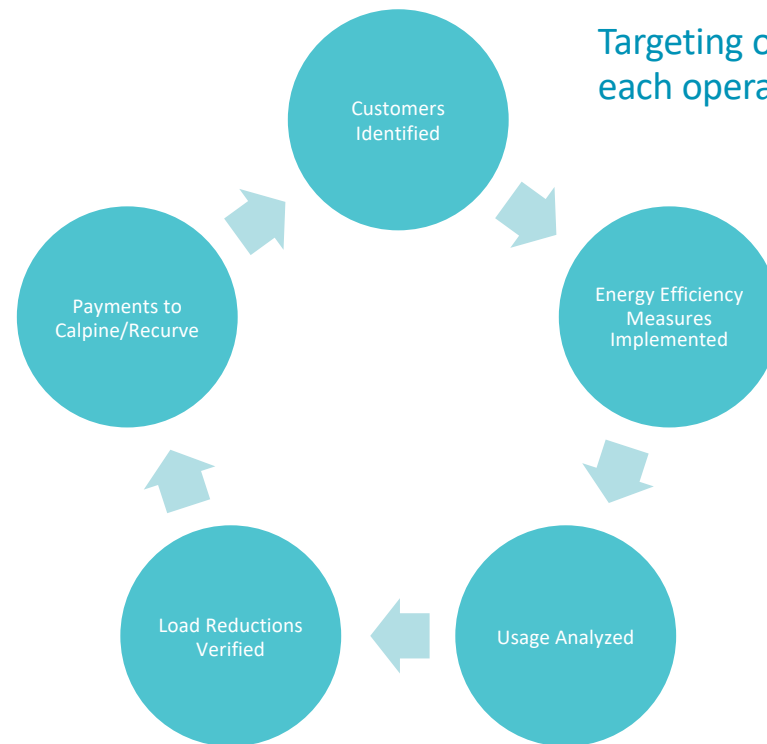
- Recommendation:
 - Approve agreement with Calpine Energy Solutions and Recurve Analytics, Inc. for Summer Peak Load Reduction Pilot Program for an amount not to exceed \$150,000 and authorize the Chief Executive Officer to execute all documents subject to General Counsel Approval

Item 6: Summer Peak Load Reduction Pilot Program

- Background:
 - Calpine and Recurve have developed and operates a peak load reduction program in other CCAs using their FLEXmarket Platform
 - The Platform identifies non-residential customers through usage analysis that would be good candidates for energy efficiency projects that result in a reduction in usage during peak times
 - The CCA does not incur any costs or pay for any projects unless there is proven reduction in usage through the projects
 - The FLEXmarket program has proved successful in the CCAs where they are in place

Item 6: Summer Peak Load Reduction Pilot Program

Calpine Contributing \$50,000
CEA Budget \$150,000
Total Pilot \$200,000



Targeting one non-residential customer in each operational city

Goal: projects complete by end of August

Item 6: Summer Peak Load Reduction Pilot Program

- Benefit to CEA
 - Peak load reductions
 - Reduces exposure to energy costs during heat events
 - Reduces Resource Adequacy requirements in future years
 - On-going cost savings
- Benefit to Customer
 - Energy efficiency measures at no cost to customer
 - Bill savings
 - Generation & Delivery savings

Questions/Discussion

Item 7: Approval of MOU with Poseidon Resources, LP and San Diego County Water Authority for service to Carlsbad Desalination Plant

Item 7: MOU with Poseidon Resources and SDCWA

- Recommendation:
 - Approve MOU with Poseidon Resources, LP and San Diego County Water Authority regarding enrollment of Carlsbad Desalination Plant and authorize the Chief Executive Officer to execute all documents subject to General Counsel Approval

Item 7: MOU with Poseidon Resources and SDCWA

- Background:
 - Carlsbad Desalination Plant owned by Poseidon Resources (Channelside)
 - Located in City of Carlsbad
 - San Diego County Water Authority has decision-making authority related to energy provided through Water Purchase Agreement
 - Desalination Plant is largest in US, delivering nearly 50 million gallons of desalinated water, 1/3 of water generated in County

Item 7: MOU with Poseidon Resources and SDCWA

- Channelside opted out of CEA service during 2021 mass enrollment
- CEA and SDCWA have kept in contact over past 2 years regarding CEA serving load
- Channelside load represented 40% of CEA's total load of the original 3 cities
 - Unique considerations related to serving load of this size
 - Risk of opt-out has significant financial implications to CEA
 - With CEA's expansion the load represents ~10% of CEA total load

Item 7: MOU with Poseidon Resources and SDCWA

- CEA & SDCWA have identified a unique opportunity to serve the Plant while mitigating risks to CEA
 - New CEA Program Offering - Wholesale Market Access Tariff
 - CEA manages energy portfolio specific to Plant's load
 - Includes all products including Resource Adequacy and Renewable Energy requirements
 - SDCWA participates in procurement activities
 - Wholesale cost of energy passed to the Channelside account
 - Administrative, overhead and fee charged on top of wholesale energy
 - Incidental costs of managing portfolio also passed to Channelside

Item 7: MOU with Poseidon Resources and SDCWA

- Positive Enrollment Agreement
 - Establishes a minimum opt-out period (at least 3-years)
 - Sets enrollment date no earlier than January 2025
 - Accounts would be in San Diego Gas & Electric 2024 PCIA Vintage based on enrollment between January – June 2025
- Rancho Peñasquitos Hydroelectric Generation Facility
 - Good faith negotiations between CEA and SDCWA PPA of energy produced

Item 7: MOU with Poseidon Resources and SDCWA

- Benefits to CEA
 - Meeting greenhouse gas emissions reductions by serving large load
 - Predictable revenue stream
- Benefits to SDCWA/Channelside
 - Electric cost savings
 - Control over energy portfolio
 - In alignment with future goals for Channelside

Item 7: MOU with Poseidon Resources and SDCWA

- Key Next Steps
 - With Board Approval, CEA/SDCWA/Channelside execute MOU
 - CEA develops Wholesale Market Access Tariff and Positive Enrollment Agreement for Board approval no later than October 26, 2023
 - Rancho Peñasquitos PPA negotiations
 - November 2023 Agreements Executed
 - Throughout 2024
 - Channelside load included in April 2024 Year Ahead RA filing
 - Energy procurement for load

Questions/Discussion