



Board of Directors Meeting

October 31, 2024

Item 2: CEO Report

Completed Community Events

DATE	DESCRIPTION
September 29, 2024	City of Vista Cyclovia
October 9, 2024	CPUC Small and Diverse Business Expo
October 9, 2024	Del Mar Climate Coalition
October 8, 2024	Carlsbad City Council Presentation
October 10, 2024	CPUC Supplier Diversity En Banc
October 18, 2024	NEXUS: San Diego Climate Summit
October 26, 2024	Kiwanis' Oceanside Pacific Spaghetti Dinner
October 24, 2024	AWWEE Conference
October 30, 2024	CAISO Stakeholder Symposium
October 30, 2024	SD Regional Economic Development Corporation - Manufacturing Report Launch

Upcoming Community Events

DATE	DESCRIPTION
November 13, 2024	Dr. Bronner's Green Team Presentation
November 20, 2024	Power Association of California (PANC) "Fireside Chat" – <i>Evolving Landscape of Energy Storage in the San Diego Region</i>
December 2024	Various Tree Lighting Ceremonies for Member Agencies

Oceanside & Vista Enrollment Stats

City	# of Eligible Customers	# of Opt-Downs to 50% Renewable	# of Opt-Ups to 100% Renewable	# of Opt-Outs	Participation Rate
Oceanside	69,422	186	68	3,689	94.7%
Vista	37,230	78	266	1,509	96.0%
TOTAL	106,652	264	344	5,198	95.1%

CEA Enrollment Stats

Member City	Clean Impact – 50% Renewable	Clean Impact Plus - 75% Carbon Free	Green Impact – 100% Renewable
Carlsbad	161	49,288	215
Del Mar	4	2,766	67
Escondido	139	53,013	63
Oceanside	175	63,116	64
San Marcos	118	34,560	63
Solana Beach	15	6,897	157
Vista	73	34,016	262
TOTAL ACCOUNTS	685	243,656	891

Solar Plus Update

- 19 Enrolled Contracts (as of 10/16/24)
 - Solana Beach - 1
 - Carlsbad - 2
 - Escondido - 4
 - San Marcos - 5
 - Oceanside - 5
 - Vista - 4

Solar Plus Update

- 2 Systems installed and live!
 - Vista, Carlsbad
- 3 more systems soon to go live
- Channel Partner agreements in progress
- Expanding Marketing

Item 3: Amending Clean Energy Alliance Rate Schedule to Add Wholesale Market Access Tariff (WMAT) Rate

Item 3: WMAT Rate Setting Public Hearing

Recommendation:

1. Conduct the Public Hearing by opening the hearing, receiving public testimony and closing the Public Hearing
2. Approve Resolution No. 2024-018 Amending the Clean Energy Alliance Rate Schedule to add the Wholesale Market Access Tariff (WMAT) Rate Effective January 1, 2025

Background

- WMAT Program, Terms and Conditions approved by the Board on October 26, 2023
- WMAT Terms and Conditions set WMAT rate calculation and specified that the rate be adopted at a future public hearing
- Staff has been procuring energy and power supply products to serve the Carlsbad Desalination Plant (Channelside) beginning on January 1, 2025, which is enrolled in the WMAT Program
- The proposed WMAT Rate was developed per the WMAT Terms and Conditions which provides revenues to cover costs for 2025 including power supply, CAISO energy, Long- and Short-Term Renewable Energy and Resource Adequacy
- The proposed WMAT Rate also includes CEA administrative costs equivalent to other CEA rates

Proposed WMAT Rate

- The proposed WMAT Rate to be effective January 1, 2025 is:
\$0.10150 per kWh
- Per CEA's policy and applicable requirements, a notice of public hearing was published in the San Diego Union Tribune on October 18 and October 25, 2024
- As proposed, the WMAT Rate provides sufficient revenue to cover costs as currently estimated and to fund a proportionate share of CEA administrative costs and reserves

Item 4: Regulatory Update

Clean Energy Alliance: Regulatory Update

Tim Lindl – Keyes & Fox LLP

October 31, 2024

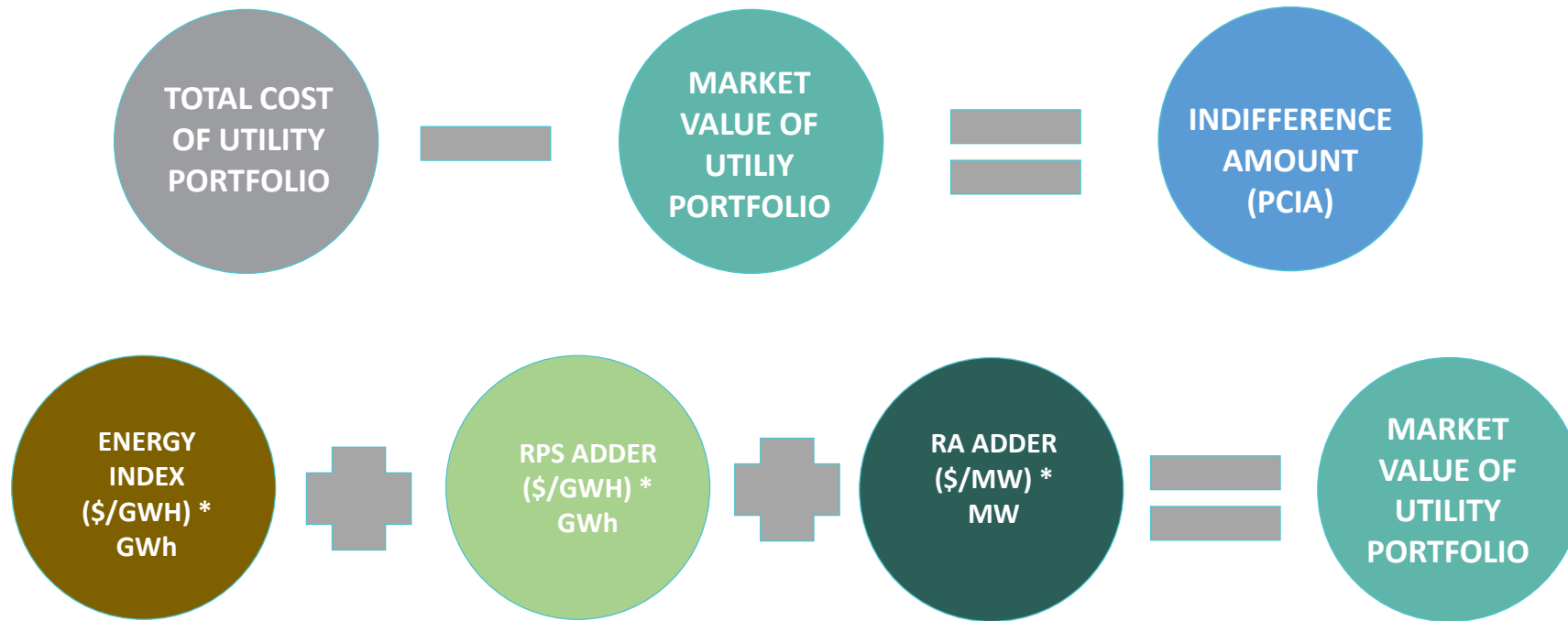
Overview

- SDG&E 2025 Energy Resource Recovery Account (ERRA) Forecast Case (A.24-05-010)
- SDG&E Phase I General Rate Case

Setting PCIA Rates



Setting PCIA Rates



Developments in the ERRRA

- Judge's October 8 Ruling Renewed Questions re the RA Adder
- CEA Comments in Response to ALJ Ruling urged staying the course
- SDG&E filed its October Update on October 21

2025 Rates in the October Update*

Vintage	Current (2024)	October Update (2025)	Increase/ (Decrease)	Cost/Credit (-)
Bundled Customer Generation + PCIA	\$0.15017/kWh	\$0.15027/kWh	\$0.00010/kWh	15.03 cents/kWh
Solana Beach PCIA (Vintage 2017)	\$0.00689/kWh	\$0.00061/kWh	(\$0.00628)/kWh	0.06 cents/kWh
Carlsbad & Del Mar PCIA (Vintage 2020)	(\$0.00073)/kWh	(\$0.02161)/kWh	(\$0.02088)/kWh	-2.16 cents/kWh
Escondido & San Marcos PCIA (Vintage 2022)	\$0.02815/kWh	(\$0.01909)/kWh	(\$0.04363)/kWh	-1.91 cents/kWh
Oceanside & Vista PCIA (Vintage 2023)	\$0.00684/kWh	(\$0.03679)/kWh	(\$0.04363)/kWh	-3.68 cents/kWh

* These will change twice more between now and January 1.

SDG&E Phase I General Rate Case

- **CCA Position:** No “Forever” PCIA assets
 - Miramar: The cost of investments to increase capacity by 20 MW should not go to the 2004/2008 PCIA vintages
 - Vintaging Framework: Analytical tool to ensure new investment in older plants, extensions of life, or changes in nature of an asset all mean re-vintaging those investments (or the entire resource)
- Proposed Decision denies Miramar investments and (largely) supports CCA position.

QUESTIONS?

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Item 5: Board & CAC Policy Amendments

Item 5: Policy Amendments

- Recommendation: That the CEA Board adopt Resolution No. 2024-019 approving amendments to the CAC Policy and the Vice Chair Term Limit Policy.

Background

- At the September 26, 2024 Board meeting, staff provided a list of recommended changes to the current CAC Policy.
- The Board supported most of the amendments but directed staff to return to the Board to provide options for the Board to consider on appointing a CAC Chair.
- Currently, CEA Policy No. 20, Chair-Vice Chair Term Limit Policy, states that the CEA Board will appoint a Board Alternate to serve as the CAC Chair, while the CAC Policy states the CAC appoints their Chair.

Proposed Amendments – CAC Policy

- Staff is recommending that following language be added to the CAC Policy:

The CAC Chair shall be appointed by the CEA Board and shall be an Alternate Board Member of the CEA Board. Should an Alternate Board Member be unavailable to serve as Chair, the CEA Board shall appoint a Board Member to serve as CEA Chair. Should a Board Member not be available to serve, the CEA Board shall direct the CAC to appoint a Chair from a member of the CAC.

Other Amendments – CAC Policy

- Terms of CAC Members will change from three-year terms to two-year terms to closer align with Board Member terms
- CAC meetings will take place bi-monthly
- Removing the term limit for CAC Members
 - CAC Members who wish to continue serving at the end of their term may apply for reappointment

Proposed Amendments – Chair & Vice Chair Term Policy

- To implement this CAC Chair selection process, Section 2.2 of CEA Policy 20 must similarly be amended as follows:

At the beginning of each calendar year, the Board appoints a Chair for CAC which shall be an Alternate Board Member. Should an Alternate Board Member be unavailable to serve as Chair, the CEA Board shall appoint a Board Member to serve as CEA Chair. Should a Board Member not be available to serve, the CEA Board shall direct the CAC to appoint a Chair from a member of the CAC.

Questions/Discussion

Item 6: Approve Amendment to Cape Station PPA

Item 6: Approve Amendment to Cape Station PPA

- Recommendation:
 - That the CEA Board approve Amendment No. 1 to 15-Year Power Purchase Agreement with Cape Generating Station I LLC for geothermal renewable energy and capacity.
 - Authorize the Chief Executive Officer to execute the Amendment, subject to Transactions Attorney approval.

Background

- CPUC Decisions 21-06-035 (Mid-Term Reliability Requirement) & 23-02-040 (Supplemental Mid-Term Reliability Procurement)
 - Procurement of additional resources to ensure sufficient resources are available for reliability as older non-renewable resources are retired;
 - Incremental requirements for each LSE for new capacity online on or before each year from 2023 through 2028
 - Goal to increase resource diversity with clean firm resources such as geothermal and long-duration storage, in addition to battery storage
- Fervo Energy proposed a geothermal project into an earlier CEA solicitation for Cape Generating Station, and a PPA was executed in September 2022.

Proposed PPA Amendments

- Fervo has indicated challenges with project financing and their procurement of key project equipment components, and has proposed the following PPA amendments:
 - Commercial Operation Date (COD) pushed back to January 2031
 - Price increase, resulting in increased costs to CEA of approximately \$900,000 per year
 - Various other tweaks to align across Fervo's various PPAs for the Cape Station site

Questions/Discussion

Item 7: Receive Annual Audited Financial Report for the Fiscal Year Ended June 30, 2024

CLEAN
ENERGY



ALLIANCE

**FY2023/2024 Audited Financials
and
September 30, 2024 Financial Update
(Preliminary)**

October 31, 2024

Item 7: Audited Financials Summary

- Piseni & Brinker, LLP
 - Brett Bradford, partner
 - 2nd year as independent auditors
 - Audit completed as of October 24, 2024
- Audit Results
 - Clean opinion
 - Material Weakness: Deficiency in Internal Control
 - Voluntary Allocation and Market Offer (VAMO) costs were not accrued at June 30, 2023
 - New CPUC program beginning 01/01/2023 to enable SDG&E to allocate RECs to CEA
 - Issues in the implementation resulted in late receipt of first invoice in Fall of 2023
 - Invoice received after audit was complete in the prior year
 - Isolated, one-time event
 - Management proactively proposed the restatement to the auditor and elected to restate prior year financial statements
 - CEA implemented complete procedures for appropriate accruals in FY2024 and going forward

Audited Financials Compared to Budget Estimate

- At the time of the Board's FY2024/25 Budget Review and Approval
 - Actual financials were only through April 2024
 - Estimated financials for the remainder of the year
 - Estimated VAMO impact was not yet included in the year-end forecast as complete procedures for estimating had not yet been developed
- VAMO Impact in FY2024
 - \$4.4 million accrued after Board reviewed the estimated FY2024 Year-end Projections

Audited Financials Compared to Budget Estimate

	Full Year FY2023-2024		
	Projected Year-end FY2023-24 at Budget Approval	Audited Year-end FY2023-24	Difference: Favorable / (Unfavorable)
OPERATING REVENUES			
Total Operating Revenues	\$196,122,886	\$198,067,134	\$1,944,248
OPERATING EXPENSES			
Total Cost of Goods Sold (Energy Expense)	191,407,169	197,129,829	(5,722,660)
Other Operating Expenses (excluding COGS)	5,919,624	6,103,355	(183,731)
Total Operating Expenses	\$197,326,793	\$203,233,184	(\$5,906,391)
OPERATING INCOME/(LOSS)	(\$1,203,907)	(\$5,166,050)	(\$3,962,143)
NON-OPERATING REVENUES (EXP.)			-
Total Nonoperating Income/(Expense)	(1,265,040)	(1,261,688)	3,352
CHANGE IN NET POSITION	(\$2,468,947)	(\$6,427,738)	(\$3,958,791)

- Revenue was higher than expected – difficult to estimate the impact of April 2024 expansion
- Cost of Energy was higher than expected – mostly due to VAMO expense of \$4.4 million

Preliminary September 2024 Results – Q1 FY2025

- Preliminary results for September 2024
 - YTD Change in Net Income - \$44.2 million through September
 - Compared to Budget of \$32.7 million
- Full-year forecast - \$43.7 million
 - Slightly below the current September level – losses in most months expected for the for the rest of the fiscal year due to normal seasonality
 - Losses expected in months that winter rates apply, but should be significantly lower than last year due to recent increase in Winter Rates
 - For comparison, the prior YTD through September was \$25.8 million although the full year ended up being negative
 - Forecasted full-year forecast is sufficient to make-up for the prior year-end Net Position with significant positive Net Position remaining
- Forecasted FY2025 year-end Net Position of approximately \$26.7 million
 - Will enable building of reserves consistent with CEA Policy and CCA best practices

Preliminary September 2024 Results – Q1 FY2025

	Year-to-date					Full Year FY2024-2025		
	Preliminary	Budget	Variance: Favorable / (Unfavorable)	YTD Actual as % of YTD Budget	Prior Year-to- Date Actual	Full Year Forecast FY2024-2025	Full Year Budget FY2024-2025	Full Year Forecast as % of Full Year Budget
OPERATING REVENUES								
Total Operating Revenues	\$128,449,242	\$119,747,675	\$8,701,567	107%	\$77,735,103	\$366,454,205	\$360,839,549	102%
OPERATING EXPENSES								
Total Cost of Goods Sold (Energy Expense)	81,363,085	84,392,313	3,029,228	96%	50,286,457	315,981,269	317,090,165	100%
Other Operating Expenses (excluding COGS)	2,146,134	2,132,578	(13,556)	101%	1,156,070	9,557,652	9,378,650	102%
Total Operating Expenses	\$83,509,219	\$86,524,891	\$3,015,673	97%	\$51,442,527	\$325,538,921	\$326,468,815	100%
OPERATING INCOME/(LOSS)	\$44,940,023	\$33,222,783	\$11,717,240	135%	\$26,292,577	\$40,915,284	\$34,370,733	119%
NON-OPERATING REVENUES (EXP.)								
Total Nonoperating Income/(Expense)	(696,472)	(562,578)	(133,894)	124%	(521,403)	(1,249,019)	(1,063,383)	117%
CHANGE IN NET POSITION	\$44,243,551	\$32,660,205	\$11,583,346	135%	\$25,771,174	\$39,666,265	\$33,307,350	119%
	\$84,205,691							
Ending Net Position	\$23,158,872	\$23,738,971	(\$580,099)		\$15,234,077	\$22,701,431	\$24,386,116	